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Contact:/Cysylltwch â: Democratic Services



THIS IS A MEETING WHICH THE PUBLIC ARE ENTITLED TO ATTEND

11th November, 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, 17th November, 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. **AUDIT COMMITTEE** 5 - 14

To receive the minutes of the Audit Committee held on 29th September, 2020.

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

5. **ACTION SHEET** 15 - 16

To receive the Action Sheet arising from the meeting of the Audit Committee held on 29th September, 2020.

6. **STATEMENT OF ACCOUNTS 2016/17, 2017/18 & 2018/19** 17 - 568

To consider the report of the Chief Officer Resources.

7. **EXTERNAL AUDIT OF 2016/17 STATEMENT OF ACCOUNTS – BLAENAU GWENT COUNTY BOROUGH COUNCIL** 569 - 590

To consider the report of Audit Wales.

8. **EXTERNAL AUDIT OF 2017/18 STATEMENT OF ACCOUNTS – BLAENAU GWENT COUNTY BOROUGH COUNCIL** 591 - 612

To consider the report of Audit Wales.

9. **EXTERNAL AUDIT OF 2018/19 STATEMENT OF ACCOUNTS – BLAENAU GWENT COUNTY BOROUGH COUNCIL** 613 - 632

To consider the report of Audit Wales.

10. **ANNUAL GOVERNANCE STATEMENT** 633 - 680

To consider the report of the Chief Officer Resources.

11. **THE ANNUAL REPORT OF THE PUBLIC SERVICES** 681 - 688

OMBUDSMAN FOR WALES 2019/2020

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

12. WAO ACTION PLAN UPDATE 689 - 702

To consider the report of the Corporate Director Social Services.

13. AUDIT WALES CERTIFICATE OF COMPLIANCE FOR THE AUDIT OF BLAENAU GWENT COUNTY BOROUGH COUNCIL'S ASSESSMENT OF 2019-20 PERFORMANCE 703 - 706

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

To: 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

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COUNTY BOROUGH OF BLAENAU GWENT

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

SUBJECT: **AUDIT COMMITTEE – 29th SEPTEMBER, 2020**

REPORT OF: **DEMOCRATIC SUPPORT OFFICER**

PRESENT: COUNCILLOR S. HEALY (VICE-CHAIR IN THE CHAIR)

Councillors D. Davies

D. Hancock

J. Hill

W. Hodgins

J. Holt

J. Millard

K. Rowson

B. Summers

S. Thomas

H. Trollope

L. Winnett

WITH: Chief Officer Resources
 Audit & Risk Manager
 Professional Lead - Internal Audit
 Senior Business Partner - Capital and Corporate Accounting
 Head of Legal & Corporate Compliance
 Data Protection & Governance Officer

AND: Charlotte Owen (Audit Wales Representative)

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	<p><u>APOLOGIES</u></p> <p>Apologies for absence were received from Mr. Peter Williams, Councillors M. Cross and M. Moore</p>	
No. 3	<p><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></p> <p>Councillor B. Summers declared an interest in the following item:</p> <p>Item No. 10 Draft Statement of Accounts 2019/20 (Silent Valley Waste Services)</p>	
No. 4	<p><u>APPOINTMENT OF CHAIR</u></p> <p>Nominations were sought for the appointment of Chair of the Audit Committee for 2020/2021.</p> <p>A Member proposed that Mr. Peter Williams be appointed to the role, and this proposal was seconded.</p> <p>Upon a vote being taken it was</p> <p>RESOLVED that Mr. Peter Williams be appointed as Chair of the Audit Committee for 2020/21.</p>	
No. 5	<p><u>TIME OF FUTURE MEETINGS</u></p> <p>RESOLVED that future meetings continue to be held at 9.30 a.m.</p>	
No. 6	<p><u>AUDIT COMMITTEE</u></p> <p>The minutes of the special Audit Committee held on 10th March, 2020 were submitted, whereupon:-</p> <p><i><u>Business Resource Centre - Decommissioning</u></i></p> <p>A Member pointed out that there was an action arising from the minutes and expressed concern that there was no Action Sheet on the agenda highlighting progress of this action. He</p>	

	<p>RESOLVED that the report be accepted and the Audit Committee note the content of the report and receive future reports from Audit Wales.</p>	
<p>No. 8</p>	<p><u>SUPPORTING FINANCIAL RESILIENCE – AUDIT WALES FOLLOW UP REVIEW</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Chief Officer Resources presented the report which outlined the findings of the follow-up review undertaken by Audit Wales on their Supporting Financial Resilience work stream.</p> <p>The follow-up audit found that the Council had responded positively and was making progress against the proposals for improvement, and had future work planned to fully address them. The report and the attached Audit Wales review highlighted the progress that had been made against each of the areas for improvement identified in 2018.</p> <p>A Member said very good work had been done to achieve this from Audit Wales and commended all the Officers and teams involved.</p> <p>Another Member said he was particularly pleased with the work undertaken around Council Tax collection.</p> <p>The Audit Wales representative said the actions taken by the Council since the initial proposals for improvement was pleasing, particularly during difficult times, and the steps taken by the Council and actions going forward would help to strengthen its financial position.</p> <p>RESOLVED that the report be accepted and the Audit Committee considered the findings of Audit Wales and was assured that progress had been made against the proposals for improvement. (The report was considered by the Corporate Overview Scrutiny Committee on 11th September, 2020 and Members supported the recommendation).</p>	

<p>No. 9</p>	<p><u>RESPONSE TO AUDIT WALES ENQUIRY TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Audit & Risk Manager presented the report which informed Members of the management response to Audit Wales and sought commentary from the Committee in respect of some of the queries raised in the correspondence. She stated that a letter of enquiry was received on an annual basis from Audit Wales which sought the Council's documented consideration and understanding of the management and governance arrangements in place for the Authority with regard to the prevention and detection of fraud.</p> <p>A Member asked when a report on Silent Valley Waste Services could be expected.</p> <p>The Chief Officer Resources reported that discussions were ongoing with Audit Wales, and hopefully the 3 year open Statement of Accounts would be presented in October to finalise that element. Following that, a wider report on the findings of our arrangements with Silent Valley would be prepared by Audit Wales and reported to Committee. Whilst she was unable to provide a timeline the Officer confirmed that matters were progressing quite quickly.</p> <p>RESOLVED that the report be accepted and the Audit Committee endorsed the attached Management Response to the Audit Wales query and considered that the draft response of the Committee accurately reflected their views.</p>	
<p>No. 10</p>	<p><u>DRAFT STATEMENT OF ACCOUNTS 2019/2020</u></p> <p>Councillor B. Summers declared an interest in this item (<i>Silent Valley Waste Services</i>).</p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Chief Officer Resources presented the Draft Statement of Accounts for 2019/20 and the Authority's financial standing as</p>	

at 31st March, 2020 (subject to audit). The Officer went through the report and highlighted points contained therein.

A Member sought an update on the Authority's outstanding accounts, and also the Bedwellty House & Park charitable accounts.

In response the Officer said it was anticipated that the outstanding Statement of Accounts for 2016/17, 2017/18 and 2018/19 would be presented to a special meeting of the Audit Committee in October. In relation to the Authority's charitable accounts, she understood that these were now up to date.

In terms of accessibility to the public, the Officer confirmed that the Draft Statement of Accounts were available to view on the Council website, and a paper copy could be provided if requested. Also as part of the public inspection period, which would run from 5th to 30th October (inclusive) the accounts would be available to view at the General Offices, where Officers would be on hand to respond to any queries, albeit with the appropriate COVID health and safety measures in place.

In response to a question raised by a Member regarding additional funding for projects, the Chief Officer Resources said she was not aware of any requests for additional funding or support for any services. However, this was consistently monitored through the year and any changes would be reported to Members as part of the quarterly financial monitoring reports submitted to Joint Scrutiny (Budget Monitoring).

A Member asked whether the Council would incur a financial penalty in relation to the outstanding accounts.

The Officer said there was no financial implications in respect of the outstanding accounts, but it was a reputational issue for the Council. She confirmed that the Council had completed and produced the accounts within the statutory requirements and deadlines, however, an audit opinion was awaited due to an ongoing review by Audit Wales.

	<p>RESOLVED that the report be accepted and the Audit Committee noted the Draft 2019/2020 Statement of Accounts for information, prior to the requirement to consider for approval in November.</p>	
<p>No. 11</p>	<p><u>INTERNAL AUDIT CHARTER</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Professional Lead Internal Audit presented the revised Internal Audit Charter for 2020/21 for Members' consideration. The Charter must be reviewed periodically by both the Corporate Leadership Team and the Audit Committee and this was undertaken on an annual basis. The Officer confirmed that no significant changes had been to the Charter since approval last year.</p> <p>A Member asked whether any new processes had been adopted to continue to undertake audits, taking homeworking into account</p> <p>The Audit & Risk Manager explained that homeworking had already been established prior to the COVID pandemic and with more electronic systems in place the majority of audits could be undertaken remotely, subject to identification of critical services. However, there were instances when visits to premises was required and Officers were currently working around this.</p> <p>RESOLVED that the report be accepted and the Committee approve the Audit Charter in line with good practice and the requirements of the Public Sector Internal Audit Standards (PSIAS).</p>	
<p>No. 12</p>	<p><u>CODE OF GOVERNANCE</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Audit & Risk Manager presented the revised Code of Governance for Members' consideration.</p>	

	<p>The Officer went through the report and highlighted points contained therein. Responsibility for reviewing and approving the Code had been delegated to the Audit Committee. The revised Code was agreed by the Corporate Leadership Team prior to the COVID 19 outbreak, and the Officer confirmed that The Code had not been changed in light of COVID, as the Governance Framework remained the same. Any changes to processes as a result of emergency measures would be reflected in the Annual Governance Statement.</p> <p>RESOLVED that the report be accepted and the Committee approve and adopt the revised Code of Governance (Option1).</p>	
<p>No. 13</p>	<p><u>AUDIT PLAN OUTTURN 2019-20</u></p> <p>Consideration was given to report of the Chief Officer Resources.</p> <p>The Audit & Risk Manager presented the report which updated Members on the overall outturn position of the Audit Plan for the financial year 2019/20. The Internal Audit Service completed 65.31% of the Audit Plan against a target of 75%, and 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 delay in the issue of some systems audits usually concluded during March.</p> <p>Members commended the Audit Section for the volume of work undertaken under the circumstances.</p> <p>The Officer said the full impact of the pandemic would become evident in next year's outturn report.</p> <p>RESOLVED that the report be accepted and the Committee note 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.</p>	
<p>No. 14</p>	<p><u>ANNUAL UPDATE – USE OF POWERS UNDER THE</u></p>	

REGULATION OF INVESTIGATORY POWERS ACT (RIPA) 2000

Consideration was given to report of the Head of Legal & Corporate Compliance.

The Head of Legal & Corporate Compliance presented the report which provided Members with information relating to the Council's use of statutory powers under the Regulation of Investigatory Powers Act (RIPA) 2000 for the period 2019/20, as required under the Council's RIPA policy and procedures. The Audit Committee monitored activity in this area, and the report contained information which sought to provide an assurance on the effective operation of the Council's policy in relation to the Act.

The Officer reported that the information provided covered the period 1st August, 2019 – 31st July, 2020, and during this period two applications were made to the Magistrates' Court, and granted, in relation to directed surveillance, both of which related to Trading Standards investigations.

She confirmed that updated training on the use of RIPA was due to take place in 2020, but it was likely that this would now be held in 2021. The IPCO undertook an audit of all Councils every three years, and due to the COVID-19 pandemic, Blaenau Gwent's inspection would undertaken remotely later in October. An internal review of the policy and procedure would also be undertaken following the inspection.

A Member referred to the pandemic and asked whether surveillance under RIPA could be used in the event of non-compliance with COVID-19 regulations.

In response the Officer said she was unsure if the penalties associated with non-compliance of COVID regulations would fall under the RIPA criteria. She confirmed that Officers had various powers to enforce COVID regulations and were able to make inspections of premises, and there had been tremendous support from the public in assisting Officers, and those that had been served improvement notices had complied without the need for further action.

	RESOLVED that the report be accepted and the Audit Committee accepts the information in the report as assurance that appropriate oversight and monitoring was taking place.	
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		the premises being purchased, and asked that an update on this be actioned for the next meeting.	& Community Services	
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Agenda Item 6

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: **17 November 2020**

Report Subject: **Statement of Accounts 2016/17, 2017/18 & 2018/19**

Portfolio Holder: **Cllr N. Daniels, Leader / 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)
			17.11.20					

1. **Purpose of the Report**
 - 1.1 To present for consideration and approval the 2016/17, 2017/18 & 2018/19 Statement of Accounts (Appendix 1, 2 & 3) as at 31 March in each year.
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 During September 2017, Audit Wales received correspondence which raised a number of concerns in relation to the Council's relationship with Silent Valley Waste Services Ltd (SVWS). Audit Wales' investigation has been ongoing and as a result the Auditor General has been unable to give an opinion on the Council's accounts for 2016/17, 2017/18 & 2018/19.
 - 2.3 Audit Wales continue to examine a number of matters relating to the Council's historic relationship with SVWS that will be reported on in due course. However, Audit Wales do not consider that any of the ongoing matters to be material to the Auditor General's opinion on the Council's financial statements and the audit opinion can therefore now be provided.
 - 2.4 To this end, the Statement of Accounts for 2016/17, 2017/18 & 2019/20 are being represented to the Audit Committee at this meeting for approval. The Chief Officer – Resources must certify the Accounts prior to approval by the Committee. If agreed, the Chair of the Audit Committee (as the person presiding over the meeting) should then sign and date the Accounts on behalf of the Authority.
 - 2.5 Subsequently the Authority anticipates receiving a signed audit opinion from the Auditor General for Wales.

- 2.6 The Auditor General's opinion is that for each of the three financial years (2016/17, 2017/18 & 2018/19) the Blaenau Gwent's financial statements:-
- give a true and fair view of the financial position of Blaenau Gwent County Borough Council as at 31 March each year; and
 - have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.
- 2.7 However, for 2016/17 and 2017/18, it is the Auditor General's intention to issue a modified opinion on the Council's financial statements. The Auditor General considers that the pension contributions paid on behalf of the Chief Finance Officer and the Corporate Director of Environment & Regeneration for their roles as directors of a wholly-owned subsidiary of the Council, Silent Valley Waste Services Ltd (SVWS) appear to be contrary to law and the Council should have disclosed the nature and impact of these additional pension contributions for the financial statements to give a true and fair view, but it has failed to do so.
- 2.8 The Council has sought independent legal advice on this matter and accepts that there were procedural errors in the way in which employer pension contributions were administered, but it considers that these did not have the effect of rendering the payments contrary to law.
- 2.9 The Council in early 2018 revised the governance arrangements with regard to Directors of Silent Valley Waste Services and as a result the issue identified in 2.7 does not impact upon 2018/19, it is therefore anticipated that the Auditor General will issue an unqualified opinion on the Council's Statement of Accounts for 2018/19.
- 2.10 In addition to the above issue, Audit Wales' reports (on this agenda) also highlights the corrected and uncorrected misstatements identified as part of the audit of accounts.
- 2.11 For 2016/17 & 2017/18 the misstatements have been corrected within the respective statement of accounts. For 2018/19 there are a small number of misstatements that remain uncorrected. All misstatements have been considered previously by the Audit Committee who agreed the Officer recommendation not to amend the misstatements identified on the basis that these would not have a material impact on the accounting statements.
- 2.12 If the final statutory reports presented by Audit Wales were to contain any material qualification issues, the audited Statement of Accounts may also need to be reported to Council.
3. **Options for Recommendation**
- 3.1 **Option 1 (preferred)**
The Audit Committee considers and approves the 2016/17, 2017/18 & 2018/19 Statement of Accounts.

3.2 **Option 2**

The Audit Committee considers and does not approve the 2016/17, 2017/18 & 2018/19 Statement of Accounts.

4. **Evidence of how does this topic supports the achievement of the**

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 financial year and the value of assets, liabilities and reserves at the balance sheet date (31 March).

5. **Implications Against Each Option**

5.1 **Financial**

5.1.1 The Narrative Report section of each of Statement of Accounts highlights the most significant matters affecting the Accounts and outlines the Authority's overall financial position.

5.2 **Risk**

5.2.1 Failure to approve the Council's Statements of Accounts could result in reputational damage to the Council.

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 The report identifies that, in the opinion of the Auditor General, pension contribution payments made on behalf of two officers in relation to their Directorships of Silent Valley Waste Services were contrary to law.

5.4.2 The Council accepts that there were procedural errors in the way in which employer pension contributions were administered, but it considers that these did not have the effect of rendering the payments contrary to law.

6. **Supporting Evidence**

6.1 **Performance Information and Data**

6.1.1 The Statements of Accounts attached have been prepared in accordance with the relevant statutes, regulations, accounting codes and standards. For

each of the three years under consideration, the External Auditor (i.e. Audit Wales) has concluded the detailed financial audits of the individual disclosure notes and accounts that comprise the overall Statement. Their Audit of Financial Statements Report for each of these years is included within the agenda of this meeting.

6.2 **Expected outcome for the public**

6.2.1 Preparation, publication and approval 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**

Not applicable.

6.6 **Collaboration / partnership working**

Not applicable.

6.7 **Integration (across service areas)**

Not applicable.

6.8 **EqIA**

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**

7.1 The Council takes into consideration the financial standing of the Authority when setting & monitoring budgets and in developing future medium term spending plans.

Background Documents /Electronic Links

Appendix 1 – Statement of Accounts 2016/17

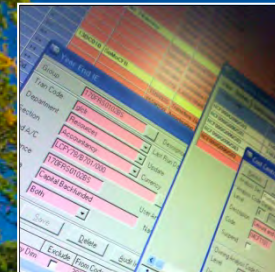
Appendix 2 - Statement of Accounts 2017/18

Appendix 3 - Statement of Accounts 2018/19

2016/2017

Statement of Accounts

November 2020



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Cyngor Bwrdeistref Sirol

Blaenau Gwent

County Borough Council

The Bandstand in Bedwellty Park, Tredegar, was constructed at the expense of the Bedwellty Park Athletic Club and presented to the Urban District Council on 3 June 1912.

The bandstand, along with Bedwellty House and the park in which it is situated, were presented to the people of Tredegar by the Morgan family, to be held in trust for recreational purposes.



Cover Photo: The Bandstand, Bedwellty Park, Tredegar.



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Blaenau Gwent

County Borough Council

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Blaenau Gwent

County Borough Council

Abbreviations and Terms Used in the Statement of Accounts

AEF	Aggregate External Finance	GJRC	Gwent Joint Records Committee
AW	Audit Wales	GMiRS	Group Movement in Reserves Statement
BCIS	Building Cost Information Service	GTU	Gwent Transport Unit
BS	Balance Sheet	GWICES	Gwent Wide Integrated Community Equipment Service
CARE	Care Average Revalued Earnings	HMRC	HM Revenue and Customs
CBC	County Borough Council	HNA	Highways Network Asset
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
CIES	Comprehensive Income and Expenditure Statement	IFRS	International Financial Reporting Standard
CIPFA	Chartered Institute of Public Finance and Accountancy	IPSAS	International Public Sector Accounting Standard
CPFA	Chartered Public Finance Accountant	IR	Inland Revenue
CPI	Consumer Price Index	ISB	Individual Schools Budget
DfE	Department for Education	LAS	Local Authorities
DRC	Depreciated Replacement Cost	LASAAC	Local Authority (Scotland) Accounts Advisory Committee
EA	Environment Agency	LGPS	Local Government Pension Scheme
EAS	Education Achievement Service (for South-East Wales)	LLP	Limited Liability Partnership
EEA	European Economic Area	LMS	Local Management of Schools
EFA	Expenditure and Funding Analysis	LOBO	Lender's Option Borrower's Option
EFTA	European Free Trade Association	MiRS	Movement in Reserves Statement
EU	European Union	MMI	Municipal Mutual Insurance
EUV	Existing Use Value	MPC	Monetary Policy Committee
FRS	Financial Reporting Standard	MRICS	Member of the Royal Institution of Chartered Surveyors
FSS	Funding Strategy Statement	MRP	Minimum Revenue Provision
FTSE	Financial Times Stock Exchange	MTFS	Medium Term Financial Strategy
GBS	Group Balance Sheet	NHS	National Health Service
GCIES	Group Comprehensive Income and Expenditure Statement	NNDR	National Non-Domestic Rates
GGCJC	Greater Gwent Cremation Joint Committee	NPV	Net Present Value

Abbreviations and Terms Used in the Statement of Accounts

NRW	Natural Resources Wales
OAG	Outcome Agreement Grant
PPE	Property, Plant and Equipment
PWLB	Public Works Loan Board
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
SRS	Shared Resource Services
STCA	Short-Term (Accumulating) Compensated Absences
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

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 2016 to 31 March 2017 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/2017 (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.

2. Background - Impact of Current Economic Climate on the Authority and the Services it Provides

The economic situation remains a major concern to the public sector both in Wales and the UK. The overall Welsh Government (WG) Revenue Settlement for 2017/2018 saw the first increase for local government since 2013/2014 with figures across Wales ranging from 1.1% to -0.5%. The reduction for Blaenau Gwent CBC was -0.4% resulting in a real cash decrease compared to 2016/2017 of £0.273m. There are no financial forecasts from Welsh Government to work on for 2018/2019 onwards at this stage, which makes financial planning, even in the short term, more challenging, however the recent trend of reducing settlements is expected to continue.

Low interest rates continue to result in a lower return on any investments held by the Authority. On a positive note, correspondingly low levels of inflation have proved beneficial.

The settlement posed a continuing challenge (following the unprecedented level of savings required in the previous year) for the Authority, both in terms of developing a robust and balanced revenue budget (where savings of £4.76m and a planned use of reserves of up to £1.476m were required) and managing its financial affairs during the year with the aim of achieving a relatively sustainable financial position.

Despite the considerable challenges the Authority faced in terms of the WG Financial Settlement, the Council was able to set its budget for 2017/2018.

3. Background - Significant Events

A number of significant events occurred either during the financial year or prior to the signing of the Accounts after year-end that have had an impact on the financial statements themselves or the environment in which the Authority operates. These were:

3.1 Wales Audit Office (WAO) Statutory Recommendations

The Wales Audit Office continues to monitor the Council's progress through its Annual Improvement Report and Improvement Assessment Letters. In its Annual Audit Letter issued in October 2013, WAO made a statutory recommendation to the Authority under S.25(2) of the Public Audit (Wales) Act 2004. This required the Authority to deliver a legal and balanced budget for 2014/2015 and to agree a sustainable Medium Term Financial Strategy (MTFS) to live within its means.

The Wales Audit Office has monitored progress through a three phase review and in the Annual Improvement Report issued in August 2015 stated that, based on the work of the Wales Audit Office and relevant regulators, the Auditor General considers that as long as current momentum is maintained the Council is likely to comply with the requirements of the Local Government Measure during 2016/2017.

During the course of the year, the Auditor General did not need to issue any further formal recommendations. However, lower priority issues, known as proposals for improvement, were issued throughout the year.

3.2 Qualified Audit Opinion on the 2016/2017 Statutory Accounts

In his opinion on these accounting statements the Auditor General outlines his reasons for issuing a qualified audit opinion (*page 20a*) as he considers that employer pension payments made to officers appointed as directors of Silent Valley Waste Services Ltd. were contrary to law.

The Council has received independent legal advice on this matter and is of the view that there has been no breach of the LGPS Regulations in relation to the 'additional' pensionable pay, as the definition of 'pensionable pay' within the regulations is considered wide enough to allow the payments made.

However the Council agrees that it may appear not to have followed correct internal practices when making the decisions on the remuneration aspect of the nomination to the Silent Valley Board of Directors for the individuals identified.

In addition, the Council agrees that it did not maintain separate pension accounts for the two employments (with the Local Authority & Silent Valley Waste Services). This was based upon the treatment of previous appointments to these directorships, where the Council agreed that the additional element would be incorporated within the salary of the appointed individual.

3.3 Annual Governance Statement

In the Annual Governance Statement presented to Audit Committee alongside this document, the Head of Internal Audit has concluded that there has been a notable improvement in the internal control environment and has judged that Blaenau Gwent County Borough Council's system of internal control during the financial year 2016/2017 operated to a level which gives Reasonable Assurance on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion has been given with a caveat that the Environment Directorate will require additional audit coverage during 2017/2018 to provide further assurance in this area. However, the general direction of travel for the Authority as a whole is positive.

A copy of the Annual Governance Statement for 2016/2017 can be found at the following address:

<http://www.blaenau-gwent.gov.uk/council/budgets-spending/statement-of-accounts/>

3.4 Monwel Ltd.

Monwel Ltd., a social enterprise established in September 2013, was placed into liquidation at the end of July 2015. On establishment, Blaenau Gwent CBC agreed to act as guarantor of last resort in respect of pension liabilities, which allowed Monwel Ltd. to gain admittance into the Greater Gwent (Torfaen) Pension Scheme. During 2016/2017, having failed to obtain reimbursement in full from any other source, the scheme administrators required the Council to discharge the £57,315 outstanding pension liabilities of Monwel Ltd.. This sum has been charged to the provision which had been retained for this purpose. The remaining £15,000 provision has been unwound and, as there are no further outstanding obligations, the £110,000 contingent liability has also been removed.

3.5 Revised waste collection and recycling service

Throughout 2016/2017 the Waste Services department has continued to work closely with Welsh Government and its advisors, WRAP (the Waste and Resources Action Programme) and Silent Valley Waste Services Ltd., to embed the revised kerbside recycling and refuse services. The Council recognises the challenges it faces in meeting the statutory targets and continues to seek Welsh Government support through the Collaborative Change Programme (CCP). The Council is committed to improving its waste and recycling performance, but a long term business plan and engagement with users are needed to deliver the service effectively, improve performance and avoid financial penalties.

Provisional figures demonstrate that the final outturn recycling performance has significantly improved from 48.7% in 2015/2016 to 56.77% in 2016/2017. This figure is still below the Welsh Government target of 58%. Consequently, it is possible that a financial penalty will be levied against the Authority, with a decision expected not later than March 2018. A reserve has been maintained in the accounting statements to reflect the possibility of fines in 2016/2017 and future years.

3.6 Transfer of ICT services

The Authority is actively seeking collaborative and other solutions to deliver its services within the limited resources it has available. To this end, on 1 June 2016, the Authority transferred the provision of its ICT services to Shared Resource Services - the SRS. This is a joint venture established by Torfaen CBC, Monmouthshire CC and Gwent Police which provides ICT services at arms-length to those authorities, in addition to other clients. Most of the Authority's existing ICT staff were transferred to the SRS, in addition to other related budgets. This arrangement should result in financial savings relating to the provision of an ICT service, whilst also providing additional service capacity and resilience. Newport City Council transferred their ICT service into the SRS with effect from the 1 April 2017 and Caerphilly CBC are actively considering a transfer, both of which will further increase the resilience and sustainability of the ICT service.

3.7 European Union Membership

On 23 June 2016, the United Kingdom voted to leave the European Union (EU). Given that there is currently limited data for the post-referendum period and consequently inadequate verifiable evidence of permanent changes to the environment in which the Authority operates, there has consequently been no impact on the transactions and balances reported for the 2016/2017 financial year. Further consideration of the future impact of the vote to leave the EU is included in note 17.4 to this Narrative Report (pages 16-17).

3.8 Material Events After the Reporting Date

There were no material adjusting or non-adjusting post-balance sheet events.

4. Summary of Outturn

In setting the 2016/2017 budget, the Authority set a Council Tax increase of 3.6% and identified savings of £4.76m. This included a proposed use of reserves up to £1.476m, £1.3m of which was to fund the increased costs within the care sector as a result of the introduction of the minimum living wage. Overall, the management accounts have reported an underspend against budget of £71,000, after application of earmarked and general reserves totalling £3.3m. A number of budget pressures were identified during the year, the most significant relating to looked after children and the need for residential placements. This cost pressure was forecast early on in the financial year and a number of actions were put in place across the Council to assist in mitigating the forecast overspend, including:

- Freezing or delaying non-essential expenditure;
- Requiring budget holders to maintain forecast underspends and to review expenditure & income commitments to identify further savings of £1.1m; and
- Reviewing specific reserves to release funding of £1m.

These ongoing cost implications have been built into the budget for 2017/2018, which has increased pressure on other service areas to deliver savings by reducing expenditure and/or increasing income. In addition, further use of general and earmarked reserves has been agreed as a short-term measure to assist with cost pressures.

5. Revenue Expenditure Outturn and Funding

5.1 2016/2017 Outturn

The following table reconciles the net service expenditure reported on a statutory basis in the Comprehensive Income & Expenditure Statement (page 21) with net outturn as reported to Management during the year. The Expenditure and Funding Analysis on page 49, together with the accompanying notes, provide details of the adjustments that have been made in reconciling between the statutory and management accounts. The table also indicates the Authority's net service expenditure, as reported to management, compared with the budget for the year.

Service Expenditure Compared to Budget	2016/2017					
	CIES Net Expenditure £000	Accounting Code Adjustments £000	Funding and Accounting Basis Adjustments £000	Net Outturn - Management Accounts £000	Revised Budget £000	Variance: Adverse/ (Favourable) £000
Portfolio/Committee:						
Financial Management & Strategy	12,545	(1,489)	(1,173)	9,883	10,604	(721)
Corporate Services	4,168	(274)	(300)	3,594	3,872	(278)
Social Services	42,640	(2,885)	(1,121)	38,634	37,957	677
Infrastructure	7,817	2,597	(2,004)	8,410	8,161	249
Active Living	5,192	695	(1,478)	4,409	4,404	5
Education *	17,882	44,498	(7,207)	55,173	55,357	(184)
Environment	14,490	3,903	(3,363)	15,030	14,914	116
Economy	1,875	0	(656)	1,219	1,151	68
Planning	1,222	(168)	(10)	1,044	1,047	(3)
Licensing	51	(2)	2	51	51	0
Sub-Total:	107,882	46,875	(17,310)	137,447	137,518	(71)
Education - Schools **	42,329	(42,811)	(101)	(583)	0	(583)
Total:	150,211	4,064	(17,411)	136,864	137,518	(654)

*: *Education* refers to centralised education functions and non-school transactions.

** : *Education - Schools* refers to financial transactions related specifically to school entities.

5.2 Impact of Inflation on Revenue Expenditure

Consumer price inflation during 2016/2017 ranged between 0.3% and 2.3%, rising above the Bank of England target rate of 2% in February 2017. The Bank of England's May 2017 inflation report projected that CPI inflation would rise further above the 2% target in the coming months, peaking a little below 3% in the fourth quarter of 2017/2018 and is expected to remain above the Monetary Policy Committee (MPC) target throughout the forecast period to 2020.

The impact of inflationary pressures on the Authority varies according to specific areas of spend. Much of the Authority's expenditure relates to employee costs. Continued wage restraint and below-inflation settlements should reduce cost increases in the short-term. However, potential increases in employers contributions to the Local Government and Teachers' Pension Schemes, implementation of the Apprenticeship Levy and IR35 Intermediaries Legislation could all result in upward pressure on employee costs. A 1% increase in employee costs equates to £0.935m.

The impact of inflation in 2016/2017 on other significant areas of spend (as calculated by the Bank of England) was:

- Gas: -1.8%;
- Electricity: 0.8%;
- Fuels and lubricants: 17.1%;
- Postal Services: 1.5%; and
- Food and beverages: 1.2%.

Falls in the Sterling Exchange Rate since late 2015 have begun to impact on the price of imported goods and services, contributing to an increase in inflation above the 2% target. It is forecast that the devaluation of Sterling will be a factor in levels of inflation remaining above the MPC 2% target throughout the next three years. However, despite the decrease in the value of Sterling, the current Bank of England forecast is that market interest rates will only rise by 0.25% over the next three years. Inflationary increases in prices at which the Authority procures goods and services, in excess of related income from fees and charges or general government grants, will most likely have a detrimental impact on a wide range of service budgets including, schools, street lighting, catering and meals on wheels.

5.3 Funding Sources

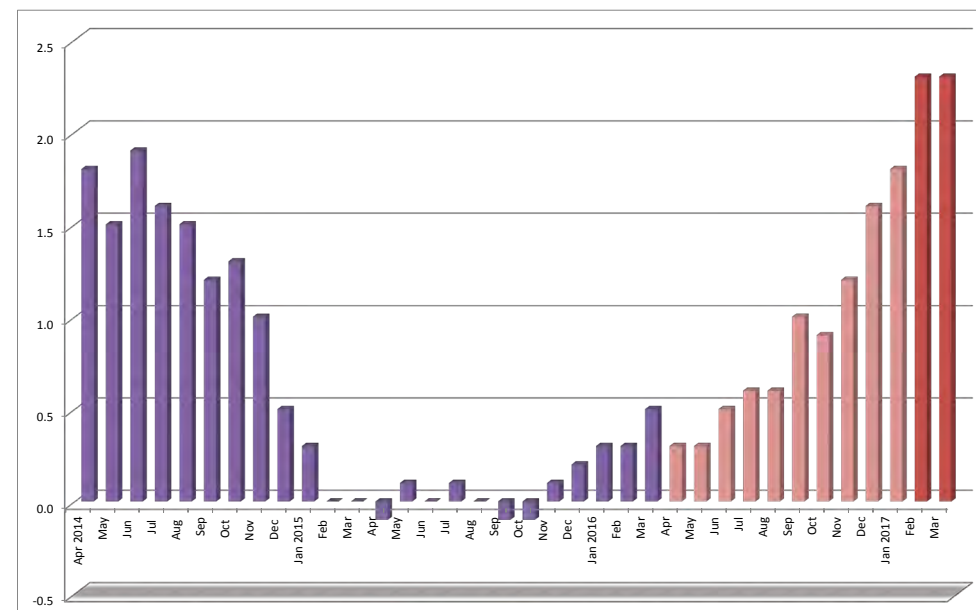
Central Government provides the majority of the Authority's funding, through Revenue Support Grant, Specific Grants and Non-Domestic Rates (67.2% of funding in 2016/2017). The spending review covering the period to 2019/2020 indicated increases to the Welsh Government budget of less than 0.8% per annum and consequently the level of funding to Welsh local authorities is likely to be similarly constrained.

A 1% reduction in RSG compared to 2015/2016 levels represents a reduction of £0.907m, which equates to 0.40% of the Authority's total funding. In real terms the impact of this reduction is increased by the impact of inflation.

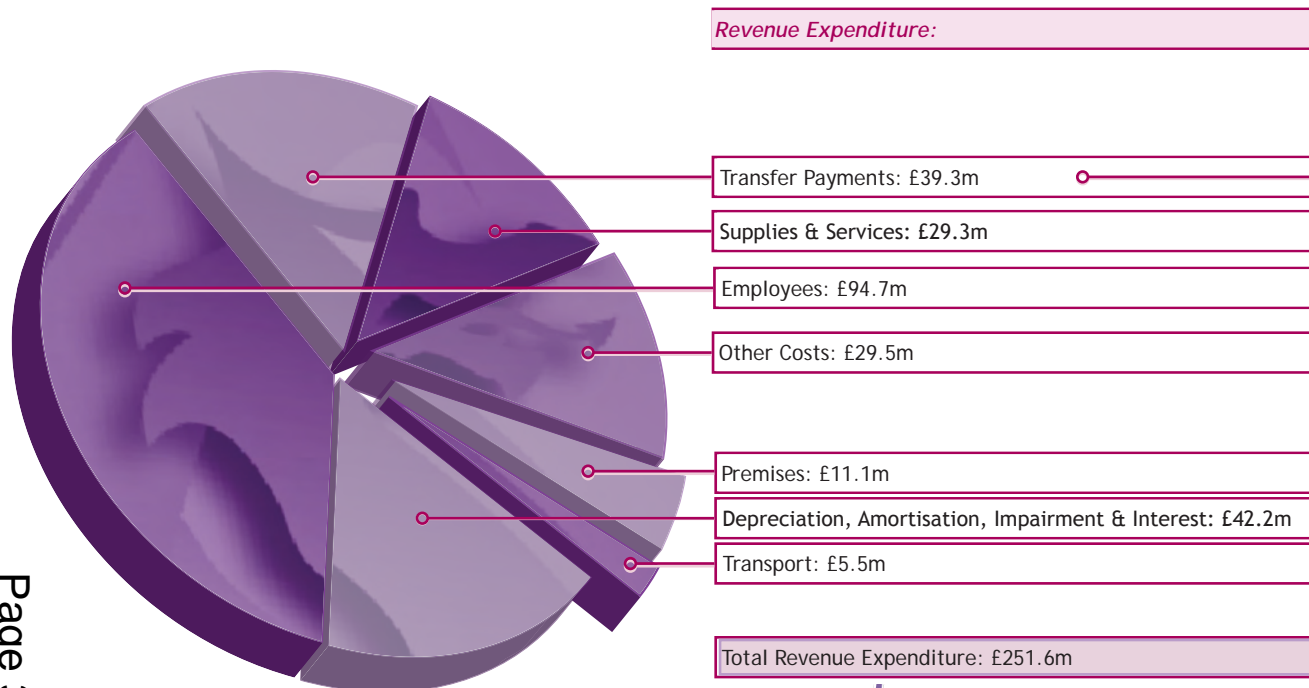
Interest rates were reduced to the historically low level of 0.25% in August 2016, which has further curtailed the amount of investment income available to the Authority. In May 2017, the Bank of England indicated that projections of long-term and real interest rates suggest that rates will remain low for some time.

The combination of low interest rates and reduced grant funding create an environment in which there is continued pressure to control costs. For 2017/2018, Aggregate External Financing at Blaenau Gwent is reducing by 0.4%, which is lower than the average Welsh Unitary Authority increase of 0.2% (source: *Welsh Government Local Government Revenue and Capital Settlement: 2017-18*).

Consumer Price Index (CPI) Inflation: April 2014 - March 2017



For 2016/2017, revenue expenditure and funding can be analysed as follows:



Transfer Payments are amounts paid for which no goods or services are received in return by the Authority, including Housing Benefits (Rent Allowances and Rebates); Voluntary Sector Grants; Direct payments to Social Services clients; and Mandatory and Discretionary Awards to schoolchildren and students.

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Summary	2016/2017 £000
Total Revenue Expenditure	251,623
Total Revenue Funding	(230,771)
Net Revenue Expenditure	20,852
Adjustments between accounting basis and funding basis under statutory provisions	(15,777)
Net Decrease in Reserves	5,075
Transfers from Earmarked Reserves	(4,271)
Decrease in Council Fund General Reserve	804



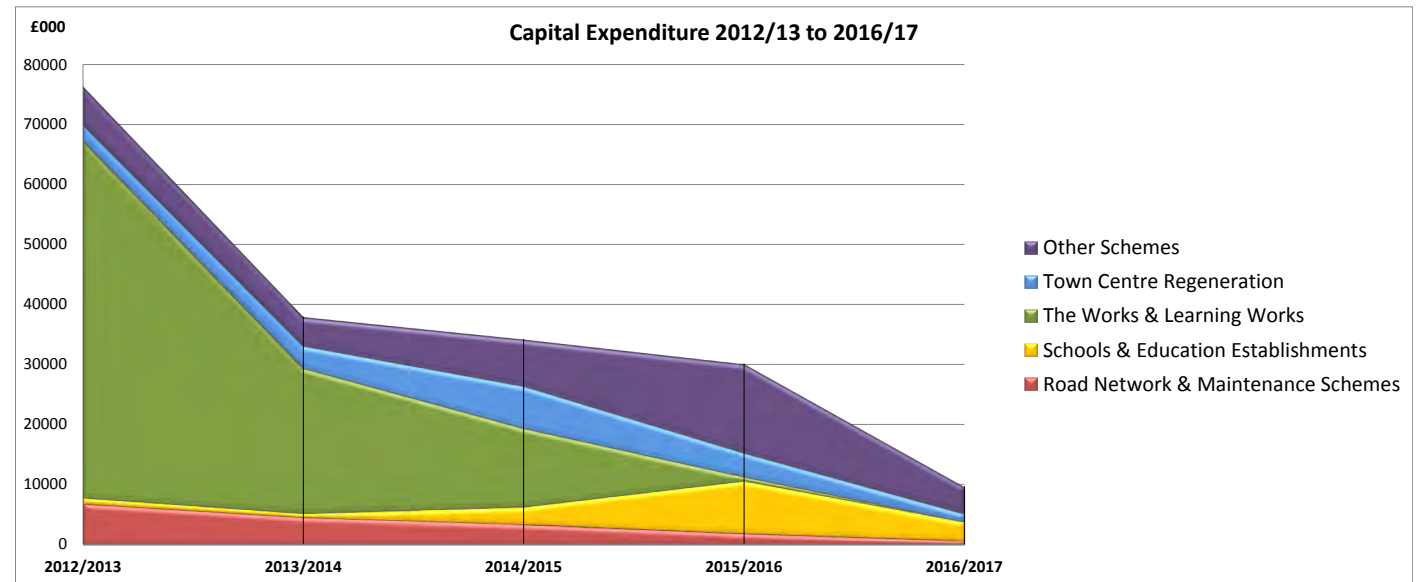
6. Capital Expenditure Outturn and Funding

Capital Expenditure

Total capital expenditure continued to decline in 2016/2017, in line with reductions in Welsh/Central Government funding and the completion of significant capital schemes.

In year, total capital expenditure amounted to £9.698m, a reduction of £20.458m compared to the previous year, largely due to the completion of the following:

- Energy Efficiency Project (approx. £3m);
- Town Centre Regeneration Schemes (approx. £4m);
- Waste Management Project (approx £6m); and
- 21st Century Schools Project (approx £5m).



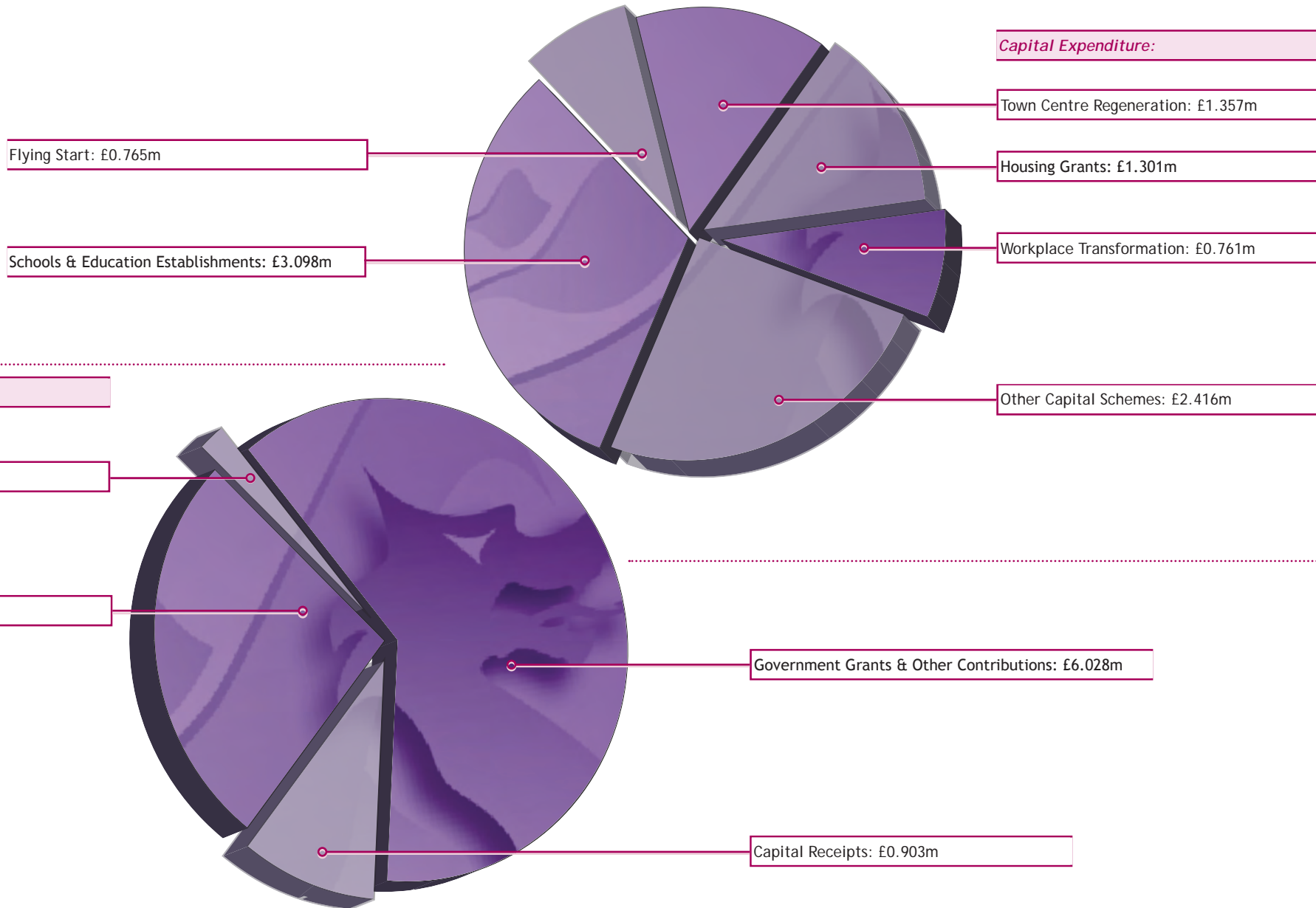
The major items of expenditure, categorised by scheme type, are identified in the table (right).

Further details of capital expenditure are contained in notes 29.4 (page 86) and 29.6 (page 88) to the Core Statements.

Capital Expenditure by Scheme	2016/2017 £000	2015/2016 £000
Schools & Education Establishments	3,098	8,695
Town Centre Regeneration	1,357	4,004
Housing General	1,301	4,764
Flying Start Schemes	765	1,049
Workplace Transformation	761	2,125
Road Network & Maintenance Schemes	743	1,933
Waste Management	591	5,668
Leisure Schemes	479	610
Social Services Adults	282	299
Housing Renewal Areas	170	75
The Works & Learning Works	60	769
Capitalisation Direction	0	15
Other	91	150
Total:	9,698	30,156

Financing of Capital Expenditure

Capital expenditure totalling £9.698m was financed by local authority borrowing (£2.586m), grants (£6.028m) and other sources (£1.084m). Capital expenditure and funding are summarised in the graphs below.



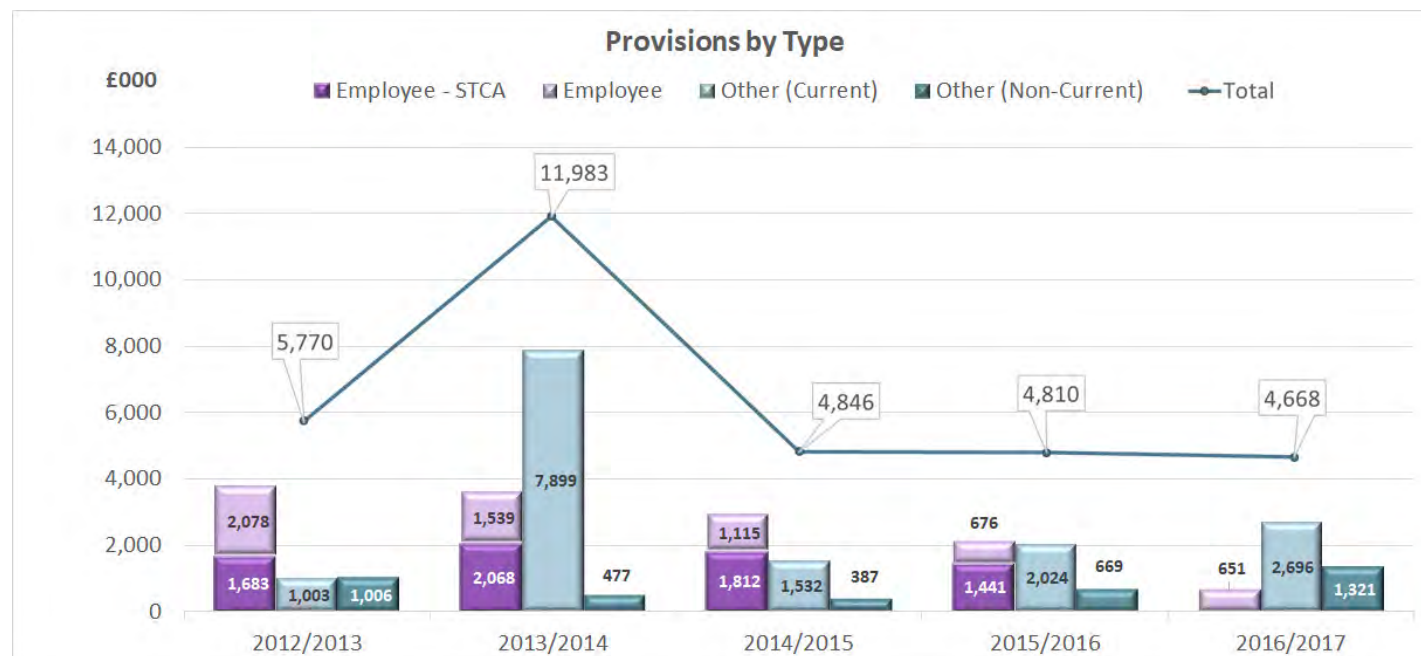
7. Provisions, Reserves, Contingencies and Write Offs

7.1 Provisions

The level of provisions held by the Authority varies each year in relation to the level of liabilities identified. Total provisions held by the Authority at the beginning of the year amounted to £4.810m, decreasing by £0.142m to £4.668m during 2016/2017. This was largely due to the identification of additional provisions for Lease Dilapidation and the establishment of a Contaminated Land provision, offset by a reduction in the provision for Ebbw Vale Sports Centre Flood Damage and the reclassification of the Short Term Accumulating Compensated Absences (STCA) provision as a creditor.

All provisions have been assessed to reflect payments made against them during the financial year and have been increased or decreased in line with anticipated outstanding liabilities.

Details of the movements of individual provisions are shown in note 40.2 to the Core Statements (see page 105).

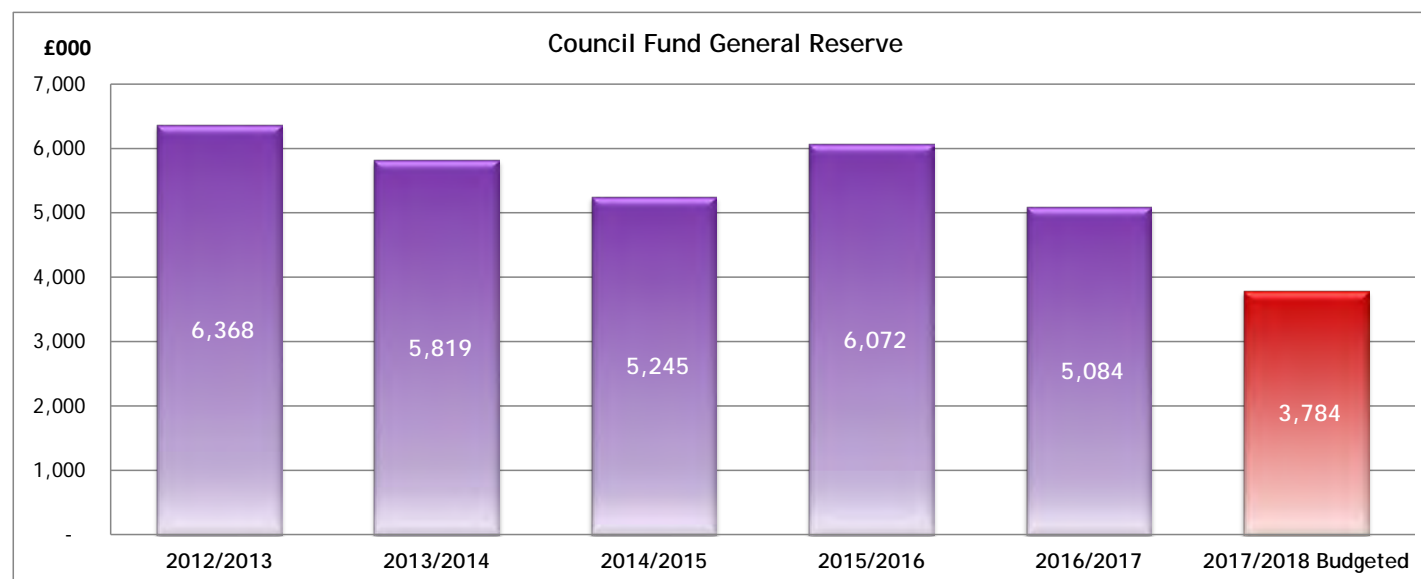


7.2 Reserves

Total General Reserves have reduced from £6.368m in 2012/2013 to £5.084m in 2016/2017. This represents 3.75% of Revenue Outturn Net Revenue Expenditure.

It is estimated that Council Fund reserves will reduce by a further £1.3m in 2017/2018 as a result of budgeted transfers to and from reserves.

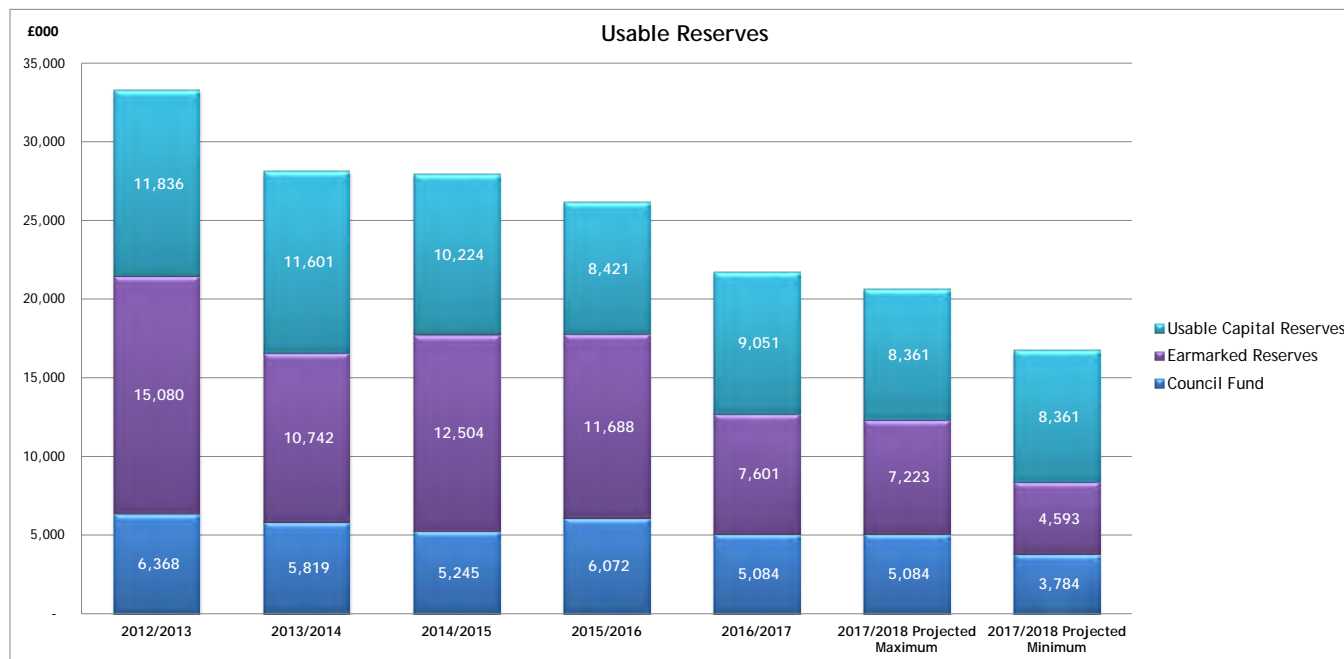
However, to understand the Authority's overall financial position, the level of general reserves needs to be viewed in the context of total usable reserves.



Aggregate Usable Reserves have reduced from £33.284m in 2012/2013 to £21.736m in 2016/2017. This represents 16.03% of Net Revenue Outturn Expenditure.

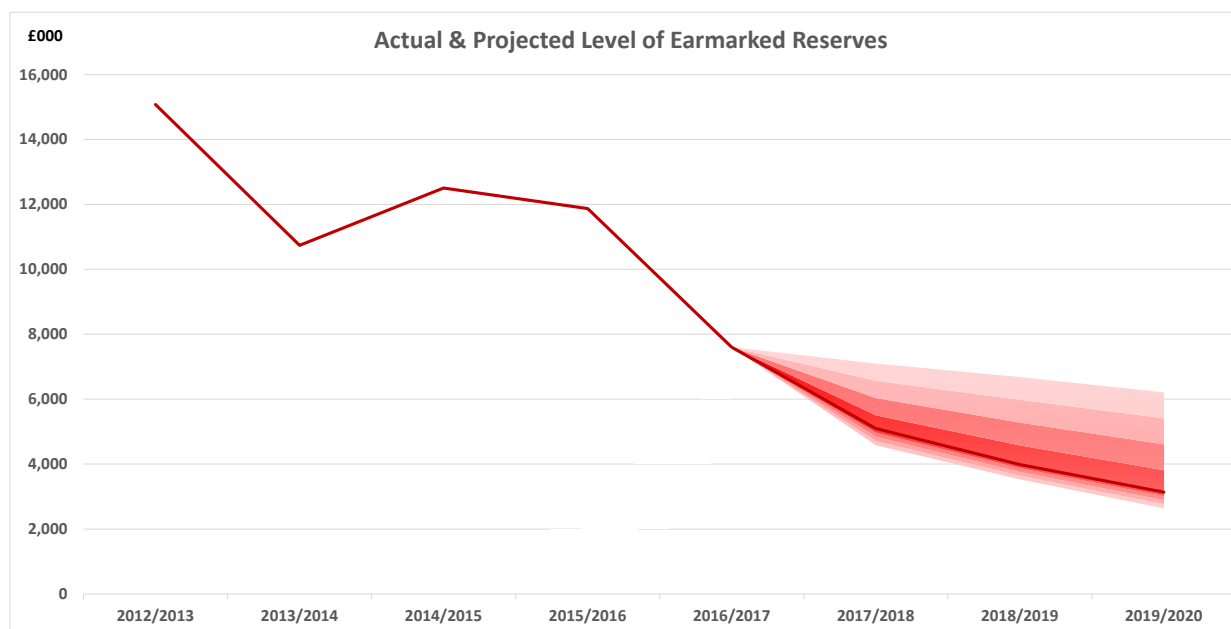
Within this aggregate figure, the level of General Reserves has reduced from £6.368m in 2012/2013 to £5.084m in 2016/2017. This relative stability is due to the management of the reserve in accordance with the Authority's policy of maintaining General Reserves at a target level of 4% of Revenue Outturn Expenditure.

In contrast, the level of other usable reserves has declined over that period from £26.916m to £16.652m (-£10.264m, -38.1%), highlighting the use of these reserves for their intended purposes and to some extent the impact of reduced levels of funding for the Authority as a consequence of austerity.



For 2017/2018, the net draw on earmarked reserves is projected to be in the range of £0.376m to £3.020m. As indicated in the fan chart (right), it is more probable that the draw from reserves will be towards the higher end of this projected range. The 'most likely' range of projections is a net reduction of between £1.973m and £2.634m. This would result in total earmarked reserves balances at 31 March 2018 in the range of £4.967m and £5.628m. (For 2016/2017, the 'most likely' projected range for aggregate earmarked reserve balances at year-end was between £7.594m and £8.685m, with actual earmarked reserves of £7.601m at 31 March 2017 falling just within the 'most likely' projection).

Use of earmarked reserves and balances to be held are subject to review during the year in accordance with the Authority's risk-assessment based Reserves Management Protocol.



Movements on reserves are detailed in note 46 to the Core Statements (pages 124-134). Total usable reserves at the commencement of the year amounted to £26.181m, decreasing by £4.445m to £21.736m at 31 March 2017. The most significant net contributions to/from usable reserves were:

Summary Reserves Movements	2016/2017		2015/2016	
	£000	£000	£000	£000
Balance at 1 April		(26,181)		(28,316)
Significant net contributions (to)/from earmarked reserves:				
Anvil Court	179			
Budget Contingency Fund	165		(52)	
Budget Implementation	1,246		425	
Downsizing, Redundancy & Transitional Costs	412		469	
Future Interest Rate Increase Protection	200			
ICT	401		(353)	
ICT Infrastructure (Capital)	350			
Insurance Liabilities	(302)			
LMS	88		385	
Revenue Grants & Contributions Unapplied	400			
Superannuation	164			
Waste Services	200			
		3,503		874
Significant net contributions (to)/from other usable reserves:				
Usable Capital Receipts	(611)		1,377	
Other net contributions (to)/from usable reserves	1,553		(116)	
		942		1,261
Balance at 31 March		(21,736)		(26,181)

Impact of Pension Deficit on Reserves

The Authority holds total usable reserves of £21.736m at 31 March 2017 (£26.181m at 31 March 2016). The effect of applying the net superannuation fund deficit of £275.527m to the Authority's usable reserves would be a deficit of £253.791m (2015/2016: the superannuation deficit of £243.578m exceeded usable reserves by £217.397m).

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).

Further details on Pension balances and transactions can be found in notes 44-45, pages 113-123.

7.3 Contingencies

A number of contingent liabilities are disclosed in relation to issues where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority, where it is not probable that an outflow of resources will be required or where the amount of the obligation cannot be measured reliably. For 2016/2017, disclosures covered:

- The Municipal Mutual Insurance run-off claims and liability under the Scheme of Arrangement;
- Warranties and indemnities to Tai Calon arising from the transfer of housing stock;
- Potential costs relating to land transferred to Tai Calon;
- Part 1 compensation claims arising from the a range of public works projects; and
- Guarantees to the Greater Gwent (Torfaen) Pension Fund in the event that pension liabilities are not settled by Aneurin Leisure Trust;

No contingent assets have been included.

It is not possible to place a value on these contingent assets and liabilities, which may or may not crystallize at a point in the future. In the event of these issues and the sums involved becoming more certain, the appropriate accounting treatment will be applied and relevant credits or charges made to the accounting statements.

Further details of contingent liabilities can be found in note 40.3, page 106.

8. Treasury Management Activities

In March 2016, the Authority approved the Treasury Strategy Statement, Annual Investment Strategy and MRP Policy Statement for the 2016/2017 financial year. The prime objectives of these policies were firstly to ensure the security of capital and secondly to maximise the liquidity of investments. In doing so, the policies sought to minimise the revenue costs of debt whilst maintaining a prudent level of debt redemption.

Transactions relating to external loan debt during the year were as follows:

	2016/2017			2015/2016		
	Temporary	Other	Total	Temporary	Other	Total
	Loans	Loans		Loans	Loans	
	£000	£000	£000	£000	£000	£000
Borrowing						
Balance at 1 April	(21,071)	(126,460)	(147,531)	(13,070)	(123,161)	(136,231)
Loans Raised	(74,500)	(7,585)	(82,085)	(61,991)	(11,683)	(73,674)
Loans Repaid	66,500	16,337	82,837	53,990	8,423	62,413
Effective Interest Adjustment	0	(39)	(39)	0	(39)	(39)
Balance at 31 March	(29,071)	(117,747)	(146,818)	(21,071)	(126,460)	(147,531)

Total external loan debt at 31 March 2017 amounted to £146.818m (31 March 2016: £147.531m). Long Term Loans of £7.585m were raised during the year in order to fund capital expenditure and replace internal borrowing, hence reducing the reliance on temporary borrowing.

Investing Activities

During the year, transactions related to investments were as follows:

Investments	2016/2017	2015/2016
	£000	£000
Balance at 1 April	0	0
Investments Made	120,000	89,000
Investments Repaid	(118,000)	(89,000)
Balance at 31 March	2,000	0

All borrowing and investing activities have been conducted within the framework set out in the Treasury Strategy. In particular the Authority has adopted a low risk strategy in order to give priority to the security of its investments.

The 2003 Capital Finance Regulations require amounts to be set aside from revenue for the repayment of external loans. This is known as the Minimum Revenue Provision (MRP) and in 2016/2017 the sum of £3.903m (2015/2016: £3.623m) has been set by the Authority based on statutory guidance, as disclosed in note 1.22 (pages 40-41).

Interest on external loan debt of £4.296m has been charged to the Comprehensive Income & Expenditure Statement in 2016/2017 (2015/2016: £4.345m).

9. Pension Assets and Liabilities

The value of pension assets and liabilities disclosed in the accounting statements is:

Pension Assets and Liabilities	31 March 2017			31 March 2016		
	LGPS	uTPS	Total	LGPS	uTPS	Total
	£000	£000	£000	£000	£000	£000
Assets	347,737	0	347,737	279,818	0	279,818
Liabilities	(584,529)	(38,735)	(623,264)	(488,055)	(35,341)	(523,396)
Net Liabilities	(236,792)	(38,735)	(275,527)	(208,237)	(35,341)	(243,578)

10. Movement in Valuation of Non-Current Assets

During 2016/2017, the net cost or valuation of non-current assets (Property, Plant & Equipment) recorded on the Authority's Balance Sheet showed a net decrease of £6.773m, from £279.825m to £273.052m. This movement was the result of additions, disposals, appropriations, depreciation and revaluations, of which the most significant changes related to the following:

- The value of Abertillery Primary School included on the balance sheet during construction was based on the cost of works undertaken. On completion, Abertillery Primary School was revalued at replacement cost, resulting in a reduction from £10.136m (cost) to £5.625m (replacement cost). This downwards valuation is due to a number of factors, including reductions in land values due to economic conditions; the adoption of Building Cost Information Service (BCIS) build costs opposed to actual build costs, which generally has resulted in overall lower construction cost valuations; and the use of pupil numbers forecast up to 2020 by birth/trend to arrive at a recommended minimum area and site area for the school.
- From 2016/2017, Depreciated Replacement Cost (DRC) has been adopted as the valuation method for car parks. This change in policy has resulted in an increase in the valuation of car parks of £3.816m.

Note 29.1 (page 81) provides further detail of the additions, disposals, appropriations, depreciation and revaluation that comprise the overall net decrease in value of £6.773m during 2016/2017.

Highways Network Asset

2016/2017 was to have seen the implementation of the requirements of the CIPFA Code of Practice on the Highways Network Asset (the HNA Code). This would have required the recognition of the highways network asset (HNA) as a separate category of Property, Plant and Equipment, valued at depreciated replacement cost. It was estimated that the value of the highways network asset at 31 March 2017 would increase from approximately £100m to £990m.

However, further to its meeting on March 8th 2017, the CIPFA/LASAAC Code Board issued a statement that it had “*decided not to proceed with the introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities. The Board decided that, currently and in particular in the absence of central support for key elements of the valuation, the benefits are outweighed by the costs of implementation for local authorities. The Board determined that it will give further consideration to this issue only if provided with clear evidence that benefits outweigh costs for local authorities.*”

As a result, the Accounting Code of Practice was amended to remove the requirement to revalue and separately identify the Highways Network Asset. It is not yet known when this requirement will be reinstated.

11. Adjustments to Prior Period Figures

In preparing the 2016/2017 Accounts, a revised approach to the preparation of the Cash Flow Statement and associated notes has been implemented. This identified a number of errors in relation to entries made in the 2015/2016 Cash Flow. The following material errors have therefore been included as prior period adjustments:

- Net IAS19 charges made for Retirement Benefits (+£35.576m);
- IAS19 Employers Contributions Paid to Pension Fund (-£25.260m); and
- Purchase of Non-Current Assets (increased by £11.682m).

In addition, the classification of EAS grants in the ‘Grants and Contributions’ note has been adjusted, increasing Welsh Government Grants by £5.390m (decreasing Other Grants & Contributions by the same amount).

Grants disclosed in the ‘Grants and Contributions Credited to Services’ note (page 70) have also been increased by £4.459m in respect of sums that were not previously identified as being grants.

None of these adjustments has had an impact on the overall bottom-line position of the Authority, or on the total level of assets and liabilities held. Further detail of these transactions can be found in Note 3 to the Accounts, page 45.

12. Significant Changes in Accounting Policies

12.1 CIPFA Code of Practice on Local Authority Accounting, 2016/2017

Where applicable, amendments or clarifications to IAS19 *Employee Benefits*, IAS16 *Property, Plant and Equipment*, IAS38 *Intangible Assets* and IAS1 *Presentation of Financial Statements* have been included in the 2016/2017 Accounts. In addition, amendments required by the IFRS improvement cycle have also been adopted if necessary.

The most significant changes resulting from the adoption of the 2016/2017 Accounting Code of Practice stem from the CIPFA ‘Telling the Story’ review, resulting in changes to the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the Expenditure and Funding Analysis. Where required, prior period figures in these statements or disclosures have been restated or reclassified.

13. Main Financial Statements

The Code interprets the requirements of IAS1 *Presentation of Financial Statements* for the local government context and requires the following main financial statements to be included:

13.1 The Comprehensive Income and Expenditure Statement (CIES) (Pages 21-22)

The Income and Expenditure Account and Statement of Total Recognised Gains and Losses (STRGL) required by UK GAAP have been combined into one statement that records the full accounting cost of providing services during the financial year.

13.2 The Movement in Reserves Statement (MIRS) (Pages 23-24)

Equivalent to the IAS1 Statement of Changes in Equity, this records the movement in the year on the different reserves held by the Authority, analysed into usable (those that can be used to fund expenditure or reduce local taxation) and unusable reserves (those that typically arise from timing differences between the identification of liabilities and the funding or settlement of those liabilities, which could be over a long period). Whilst increases in usable reserves represent additional sums that can be utilised in the short term to provide funding for services, increases in unusable reserves represent an increasing burden on future taxpayers. In some cases, e.g. the Unequal Pay Back Pay Account, charges related to unusable reserves may arise within a relatively short period of time (2-3 years).

The MIRS includes adjustments that remove accounting entries made in accordance with proper accounting practice in order that the Council Taxpayer is charged only with amounts required by statute and regulations.

13.3 The Balance Sheet (Pages 25-26)

Derived from the IAS1 requirement for a Statement of Financial Position, the Balance Sheet sets out the assets and liabilities of the Authority, and the usable and unusable reserves and balances that underlie those net assets. Much of the detail is presented within notes to the Balance Sheet, rather than in the Statement itself.

13.4 The Cash Flow Statement (Page 27)

The Cash Flow Statement summarises the cash and cash equivalents arising from transactions with third parties for revenue and capital purposes 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.

14. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The following table summarises the transactions recorded in the EFA for 2016/2017 - more detail is included in the full EFA on page 49.

Expenditure & Funding Analysis - Summary	2016/2017				
	Management Account Net Expenditure	Accounting Code Adjustments	Net Expenditure Chargeable to the Council Fund	Funding and Accounting Basis Adjustments	CIES Net Expenditure
	£000	£000	£000	£000	£000
(Surplus)/Deficit on the Provision of Services	136,864	(131,789)	5,075	15,777	20,852
Transfers to/(from) earmarked reserves			(4,271)		
(Increase)/Decrease in year			804		
Opening Council Fund Balance as at 1 April			(5,888)		
Closing Council Fund Balance as at 31 March			(5,084)		

15. Group Accounts

In May 2012, the Authority amended the structure and membership of the Board of Directors of Silent Valley Waste Services Limited, a wholly-owned subsidiary, in order to control the activities of the company. As a result of a change in these governance arrangements, the Authority is required to prepare Group Accounting Statements, consolidating the Accounts of the parent (Blaenau Gwent County Borough Council) and the subsidiary (Silent Valley Waste Services Ltd.).

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.

Group Accounts have been prepared in compliance with the Accounting Policies set out on pages 28-43 and 148-150 and are included in the Statement of Accounts on pages 141-168.

16. Future Developments

16.1 Budget-Setting Process

The Authority, through its design principles, agreed a number of service re-design projects in order to instigate £4.8m of revenue savings for the 2017/2018 financial year. Some of these projects will generate savings over a number of years, but will require substantial resources (both time and money) for implementation. Welsh Government has indicated that future settlements will be less favourable and therefore the Authority is making savings plans based on assumptions of 3-4% funding reductions.

16.2 Welfare Reform

Welsh Government successfully introduced a Council Tax Reduction Scheme for 2013/2014, mitigating the impact on benefit claimants. However, there is a financial risk for all Authorities and at present it is likely that Welsh Government will not be able to sustain this level of mitigation beyond 2017/2018. Other areas of Welfare reform are providing financial challenges to benefit claimants, notably the "bedroom cap". The phased introduction of universal credit from October 2015 has started to impact benefit claimants in Blaenau Gwent and will continue to do so until the full live implementation in April 2018.

16.3 Cardiff City Region City Deal (CCRCD)

On 1 March 2017, the Cardiff City 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 small 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.

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%.

16.4 Impact of the Referendum to Leave the European Union

On 23 June 2016, the United Kingdom voted to leave the European Union (EU). Whilst the outcome of the referendum has no impact on the transactions and balances reported for the 2016/2017 financial year, the decision has the potential to have a significant impact on the Authority across a wide range of areas in future years, including:

European Structural and Other Transnational European Funding Streams;

Blaenau Gwent has received, and continues to receive, funding from various EU structural and other transnational European funding schemes. Following the referendum result, there are uncertainties regarding when these funding streams will terminate, whether UK organisations will be able to participate in specific schemes after formally leaving the EU, and whether this funding will be replaced by sums from Central Government and for what period of time. The Authority will need to consider these issues when determining its future Revenue and Capital budgets.

Pension Scheme Asset and Liability Valuations and Employer Contributions;

The reduction in the value of sterling will have reduced the value of equities, bonds, gilts and other assets held by pension funds that are denominated in foreign currencies. However, UK equities (as represented by the FTSE All-Share Index) have seen a rise in value of around 15% since 23 June 2016, due in part to the improved trading position for exports resulting from the depreciation in sterling, combined with a slight upturn in global economic activity. To some extent, the short-term impact of the vote to leave the European Union will therefore depend on the portfolio and geographic dispersal of assets held by the pension fund. The long-term impact remains uncertain, but will be dependent on the interaction of the currency and equity markets and other factors, such as the level of domestic and international growth.

Changes to costs and prices;

The Bank of England's most recent forecast for inflation is an increase to 2.8% during 2017/2018 Quarter 4, above the 2% target, before falling back to a level above the target rate over the medium-term. This is in part due to the fall in the sterling exchange rate index by 10% since June 2016, with subsequent increases in costs of imported goods and services. These higher costs will have a detrimental impact on the Authority's service and capital budgets.

The policy and legal framework affecting various activities, including Energy Efficiency, Waste Collection and Disposal, Trading Standards, Employees, Data Protection, Debt Recovery, State Aid and Public Procurement.

The legal framework regarding these areas is unlikely to change significantly in the short term, as much EU law is implemented by specific national law which will not lapse on leaving the EU. However, at that point in time, it may be possible to amend or repeal this body of legislation. In some cases, for example in respect of State Aid and Public Procurement, this will be limited by the requirements for similar regulations by other bodies to which the UK has or may have membership (e.g. the European Free Trade Association (EFTA), European Economic Area (EEA) or World Trade Organisation (WTO)).

The impact of these issues will need to be considered by the Authority when planning its financial activities, including the preparation of budgets, the medium term financial strategy and statutory accounts.

17. Conclusion

The production of the IFRS-compliant annual Statement of Accounts continues to provide a considerable challenge.

In presenting this Statement of Accounts I am grateful to the staff of the Resources Department for their planning, professionalism, and unstinting commitment in order to produce a high quality publication. The support and assistance from colleagues in other departments also requires recognition and thanks because collaboration across departments is now more essential than ever in the production of this document.

R. Hayden, CPFA

Chief Officer - Resources



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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 2017, and of their expenditure and income for the year then ended.

.....
Chief Officer - Resources

.....
Date

I confirm that these Accounts were approved at the Audit Committee Meeting on 17 November 2020. Signed on behalf of Blaenau Gwent County Borough Council:

.....
Chair of Meeting

.....
Date



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Cyngor Bwrdeistref Sirol

Blaenau Gwent

County Borough Council

Auditor's Report

Auditor General for Wales' report to the Members of Blaenau Gwent County Borough Council

I have audited the accounting statements and related notes of:

- Blaenau Gwent County Borough Council; and
- Blaenau Gwent County Borough Council Group

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

Blaenau Gwent County Borough Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the Cash Flow Statement.

Blaenau Gwent County Borough Council's Group accounting statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016/2017 based on International Financial Reporting Standards (IFRSs).

Respective Responsibilities of the Responsible Financial Officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts (set out on page 18 of the Statement of Accounts), the responsible financial officer is responsible for the preparation of the Statement of Accounts, and Group accounting statements, which give a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the Audit of the Accounting Statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to Blaenau Gwent County Borough Council and Blaenau Gwent County Borough Council Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the responsible financial officer; and
- the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Blaenau Gwent County Borough Council

In my opinion, except for the effect on the financial statements of the matter referred to in the Basis for Qualified Opinion paragraph, the accounting statements and related notes:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-2017.

Opinion on the accounting statements of Blaenau Gwent County Borough Council Group

In my opinion, except for the effect on the financial statements of the matter referred to in the Basis for Qualified Opinion paragraph, the accounting statements and related notes:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council Group as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-2017.

Basis for Qualified Opinion

In Note 16.3 *Senior Officer Remuneration*, the Council includes pension payments totalling £4,975 that in my opinion appear to be contrary to law. The Council should have disclosed the nature and impact of these additional pension contributions for the financial statements to give a true and fair view, but it has failed to do so.

These payments relate to employer pension contributions paid into the Greater Gwent Pension Fund on behalf of the Chief Finance Officer and the Corporate Director of Environment & Regeneration for their roles as directors of a wholly-owned subsidiary of the Council, Silent Valley Waste Services Ltd (SVWS).

The Council paid remuneration to these officers for undertaking SVWS director roles. The Council treated these payments as pensionable within the scope of the Local Government Pension Scheme (LGPS) and made employer pension contributions into the Greater Gwent Pension Fund as though the SVWS payments were part of the officers' core Council employments. The cost of these pension contributions was met by the Council.

I consider that those employer pension contributions appear to be contrary to law on the basis that:

- the SVWS directorships of the officers concerned appear to have been SVWS engagements. The Council could not lawfully incur pension costs relating to SVWS engagement;
- the Council did not approve the amount of remuneration to be paid to the officers concerned for undertaking their SVWS roles, or that any remuneration they received for performance of these roles be treated as pensionable pay. The amount to be paid to these officers for the SVWS roles was determined by SVWS and not the Council;
- the payments appear to be in breach of Regulation 22 (2) of the Local Government Pension Scheme Regulations 2013 which required separate pension accounts to be opened for each Scheme employment. It appears that the SVWS engagements were separate employments to the officers' core Council employments, but separate pensions accounts were not opened.

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Blaenau Gwent County Borough Council and its Group. In accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion on other matters

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit; and
- the Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

I am unable to certify that I have completed the audit of the accounts of Blaenau Gwent County Borough Council, as I have ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services Ltd.

Adrian Crompton
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

Date

...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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Blaenau Gwent

County Borough Council



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Blaenau Gwent

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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	2016/2017			2015/2016 (Reclassified*)			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Continuing Operations								
Financial Management & Strategy	42,148	(29,603)	12,545	40,142	(28,116)	12,026	3, 20	45, 65
Corporate Services	4,972	(804)	4,168	6,215	(846)	5,369		
Social Services	58,995	(16,355)	42,640	54,436	(15,255)	39,181	14	58-59
Infrastructure	9,652	(1,835)	7,817	12,993	(1,781)	11,212		
Active Living	6,514	(1,322)	5,192	8,485	(1,823)	6,662		
Education	24,611	(6,729)	17,882	53,480	(6,270)	47,210		
Education - Schools	45,933	(3,604)	42,329	44,481	(2,908)	41,573	34	97-98
Environment	21,063	(6,573)	14,490	21,879	(10,086)	11,793		
Economy	4,694	(2,819)	1,875	5,693	(1,807)	3,886		
Planning	1,489	(267)	1,222	1,601	(506)	1,095		
Licensing	193	(142)	51	228	(164)	64		
Total Deficit on Continuing Services	220,264	(70,053)	150,211	249,633	(69,562)	180,071	2, 8, 17, 18, 19, 24	44, 49, 63, 64, 65, 69-70

Comprehensive Income & Expenditure Statement (Continued)	2016/2017			2015/2016			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Total Deficit on Continuing Services	220,264	(70,053)	150,211	249,633	(69,562)	180,071		
Other Operating Expenditure	8,782	(1,515)	7,267	8,123	(379)	7,744	9, 23	56, 68-69
Financing and Investment Income & Expenditure	22,577	(10,113)	12,464	21,203	(9,831)	11,372	10	57
Taxation & Non-Specific Grant Income	0	(149,090)	(149,090)	0	(154,707)	(154,707)	11, 21, 22, 24	57, 66, 67, 69
(Surplus)/Deficit on Provision of Services	251,623	(230,771)	20,852	278,959	(234,479)	44,480	MiRS, 8	23-24, 49
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(2,303)			3,670		
Remeasurement of the net defined benefit pension liability			24,243			15,196	45	114-123
Other Comprehensive Income & Expenditure			21,940			18,866	MiRS, 26	23-24, 73
Total Comprehensive Income & Expenditure			42,792			63,346	MiRS	23-24

* Reclassified: 2015/2016 Expenditure and Income for continuing operations have been reclassified in line with the Authority's internal reporting arrangements.

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					
2015/2016	£000	£000	£000	£000	£000	£000	£000		
Revised Balance at 1 April 2015	(5,374)	(12,718)	(9,132)	(1,092)	(28,316)	61,162	32,846		
Total Comprehensive Income and Expenditure	44,480	0	0	0	44,480	18,866	63,346	CIES	22
Adjustments between accounting basis & funding basis under statutory provisions	(44,148)	0	1,377	426	(42,345)	42,345	0	27	76-78
Net (Increase)/Decrease before transfers to Earmarked Reserves	332	0	1,377	426	2,135	61,211	63,346		
Transfers (to) Council Fund from Earmarked Reserves	(1,030)	1,030	0	0	0	0	0	28	79
(Increase)/Decrease in 2015/2016	(698)	1,030	1,377	426	2,135	61,211	63,346		
Balance at 31 March 2016	(6,072)	(11,688)	(7,755)	(666)	(26,181)	122,373	96,192	BS	26

Movement in Reserves Statement 2016/2017	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 2016	(6,072)	(11,688)	(7,755)	(666)	(26,181)	122,373	96,192	BS	26
Adjustments to brought forward balances	184 *	(184) *	0	0	0	(638)**	(638)		
Revised Balance at 1 April 2016	(5,888)	(11,872)	(7,755)	(666)	(26,181)	121,735	95,554		
Total Comprehensive Income and Expenditure	20,852	0	0	0	20,852	21,940	42,792	CIES	22
Adjustments between accounting basis & funding basis under statutory provisions	(15,777)	0	(611)	(19)	(16,407)	16,407	0	27	73-75
Net (Increase)/Decrease before transfers to Earmarked Reserves	5,075	0	(611)	(19)	4,445	38,347	42,792		
Transfers (to) Council Fund from Earmarked Reserves	(4,271)	4,271	0	0	0	0	0	28	79
(Increase)/Decrease in 2016/2017	804	4,271	(611)	(19)	4,445	38,347	42,792		
Balance at 31 March 2017	(5,084)	(7,601)	(8,366)	(685)	(21,736)	160,082	138,346	BS	26

Brought Forward Balances were adjusted (*) to correct a misposting of costs to Schools Balances, resulting in an increase in LMS Balances and a decrease in the Council Fund of £0.184m; and (**) to adjust Unusable Reserves (reducing the Capital Adjustment Account by £0.282m and Revaluation Reserve by £1.083m) for a revaluation increase related to previous years, and also for a cumulative adjustment increasing the Capital Adjustment Account by £0.727m in respect of an understatement of depreciation relating to specific assets.

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 2017		31 March 2016		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	273,052		279,187		29, 31, 34	80-88, 91, 97
Heritage Assets	413		413		30	89-90
Non-Current Investments	250		250		32	95
Non-Current Debtors	5,221		5,313		33	96
Sub Total: Long-Term Assets		278,936		285,163		
Assets Held for Sale	510		1,056		35	99
Current Investments	4		4		42	107-109
Inventories	857		1,119		36	100
Current Debtors	17,393		21,491		37	101
Cash and Cash Equivalents	5,375		4,209		49	137
Sub Total: Current Assets		24,139		27,879		

Balance Sheet (Continued)	31 March 2017		31 March 2016		Note:	Page:
	£000	£000	£000	£000		
Current Borrowing	(47,899)		(37,407)		42,43	107-112
Current Creditors	(12,220)		(12,721)		38	102
Current Grants Receipts in Advance	(1,744)		0		39	102
Current Provisions	(3,347)		(4,141)		40	103-105
Sub Total: Current Liabilities		(65,210)		(54,269)		
Non-Current Borrowing	(98,919)		(110,124)		42,43	107-112
Non-Current Provisions	(1,321)		(669)		40	103-105
Other Long-Term Liabilities	(275,971)		(244,172)		41, 45	106, 114-123
Sub Total: Long-Term Liabilities		(376,211)		(354,965)		
Total Net Assets/(Liabilities)		(138,346)		(96,192)		
Usable Reserves	(21,736)		(26,181)		46.1	124-128
Unusable Reserves	160,082		122,373		46.2	129-134
Total Reserves		138,346		96,192		

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	2016/2017		2015/2016 (Restated)		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services	(20,852)		(44,480)		CIES	22
Adjustments to the provision of services for non-cash movements	28,324		64,857		47.1	135
Adjustments for items included in the provision of services that are investing and financing activities	(6,818)		(15,000)		47.2	135
Net Cash Inflows/(Outflows) from Operating Activities		654		5,377		
Investing activities		1,493		(14,358)	48.1	136
Financing activities		(981)		11,044	48.2	136
Net increase or (decrease) in cash and cash equivalents		1,166		2,063		
Cash and cash equivalents at the beginning of the reporting period		4,209		2,146	BS, 49	25, 137
Cash and cash equivalents at the end of the reporting period		5,375		4,209	BS, 49	25, 137

* Restated: Improvements have been made to the process of preparing the Cash Flow Statement, resulting in adjustments to prior-year figures for 'Non-Cash Movements' and 'Investing Activities'. Other cashflows and overall balances have not been affected.



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 2016/2017 financial year and its position at the year-end of 31 March 2017. 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 2016/2017 and the Service Reporting Code of Practice 2016/2017, 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 accounting 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 Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is impaired and a charge made to revenue for the income that might not be collected. Debtors are classified as current where the Authority expects to realise the asset within 12 months of the end of the reporting period - all other debtors are classified as non-current. Creditors are classified as current where the liability is either due to be settled or expected to be realised within 12 months of the end of the reporting period - all other creditors are classified as non-current.

1.3 Acquisitions and Discontinued Operations

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

1.4 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 2014, 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 2018 and have effect until 31 March 2023. 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.

1.5 Cash and Cash Equivalents

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

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

1.6 Contingent Assets

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

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

1.7 Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in note 40.3, page 106 to the Accounts.

1.8 Employee Benefits

1.8.1 Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which can be carried forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee is expected to take the benefit. The accrual is charged to relevant service headings in the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

1.8.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. A provision has been established to charge services with termination (redundancy) costs known at the end of the financial year but not paid until the following year.

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

1.8.3 Post Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

- The liabilities of the 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 2017			31 March 2016		
	Discount			Discount		
	Rate	RPI	CPI	Rate	RPI	CPI
	%	%	%	%	%	%
Short (less than 17 years)	2.5	3.4	2.4	3.4	3.1	2.1
Medium (between 17 and 23 years)	2.6	3.4	2.4	3.5	3.2	2.2
Long (over 23 years)	2.7	3.4	2.4	3.6	3.2	2.2

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.

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

Service Costs

- Current service cost - the increase in the present value of defined benefit obligations (liabilities) as a result of employee service in the current period. This also includes any interest attributable to current service costs - allocated in the CIES to the services for which the employees worked.
- Past service cost - the increase or decrease in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs (included within the Financial Management & Strategy Portfolio).
- Curtailements - the increase or decrease in liabilities arising from decisions made in the current year that significantly reduce the number of employees covered by the Scheme - debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs (included within the Financial Management & Strategy Portfolio).
- Gains or losses on settlements - the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs (included within the Financial Management & Strategy Portfolio).
- Net Interest on the net defined benefit liability - the net income or expenditure arising from the expected increase in the present value of liabilities during the year as they move one year closer to being paid, less interest income on Scheme assets - debited or credited to the Financing and Investment Income & Expenditure line in the CIES.
- Administration Costs - the costs of administering the portfolio of scheme assets - charged to Corporate Management (Corporate & Democratic Core) in the CIES, included within the Financial Management & Strategy Portfolio.

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.

Other Items

- Employer Contributions - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the 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.

1.8.4 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.

1.9 Events After the Reporting Period

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

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

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

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

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

1.11 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 2017) for an instrument with the same duration, i.e. equal to the outstanding period from valuation date to maturity. For Public Works Loan Board (PWL) 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.
- Newport City Council Debt & Investment - on a nominal basis.
- Temporary Loans & Investments - on a nominal basis

1.12 Government Grants and Contributions

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

- The conditions attached to the payments have been complied with, and
- The grants or contributions have been, or will be, received.

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

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

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

Where only restrictions exist in relation to grants and contributions (i.e. there is no term specifying repayment of the amount), the grant has been recognised immediately as income in the CIES. Subsequently, where appropriate, transfers have been made to the Revenue or Capital Grants Unapplied Reserves to earmark the sums involved until matched with the relevant expenditure.

1.13 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.

1.14 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.

1.15 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.

1.16 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 their carrying amount before reclassification and their Fair Value (in accordance with accounting policy 1.17).

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 29 to the Balance Sheet.

1.17 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 1.16*).

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.

1.18 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 1.16*).

1.19 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 2016/2017 (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 within the Financial Management and Strategy and Corporate Services Portfolios in the Comprehensive Income and Expenditure Statement, 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.

1.20 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.

1.20.1 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 exception to this are highways 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.

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.

From 2016/2017, Depreciated Replacement Cost (DRC) has been adopted as the valuation method for car parks. Previously, the market value income approach was based on a notional rental value as the Council has a nil charging policy for car parks. However, the only income-producing car park in Blaenau Gwent is in third party ownership and charges for this car park are used to regulate use, not generate income. In this respect the Council is unable to demonstrate that there is an active market for this type of asset and thus the DRC method of valuation is considered to be the more appropriate method to adopt. This change in policy has resulted in an increase in the valuation of car parks.

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.

1.20.2 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.

1.20.3 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.

1.20.4 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 required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the 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.

1.20.5 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.

1.21 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 1.20.

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.

1.22 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 2016/2017 has been calculated in accordance with the amended MRP policy that was approved by full Council in December 2015, using the following method:

- Supported Borrowing - For all debt incurred prior to April 2008, and subsequent capital expenditure funded by supported borrowing, the MRP provision is calculated at 3% of the opening capital financing requirement (a measure of the Authority’s indebtedness).
- 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.

1.23 Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

1.24 Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Council Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

The Authority has a reserves management protocol in place that includes a risk assessment process to assist in determining the level of earmarked reserves that will be held at year end.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority.

1.25 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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

1.26 Value Added Tax

In the absence of specific IFRS or IPSAS provisions relating to Value Added Tax (VAT), the Authority accounts for VAT in accordance with the domestic accounting standard FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

1.27 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.

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.

1.28 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. In each case, the Comprehensive Income and Expenditure Account reflects the transactions occurring between the Authority and the joint arrangement.

1.29 Accounting for Schools

The Accounting Code has introduced 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.

1.30 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.

2. Impact of changes in Accounting Policies

The following amendments or clarifications to accounting policies have been considered in preparing the 2016/2017 Accounts:

Source	Requirement
IAS19 <i>Employee Benefits</i>	Amendments to simplify the accounting for employee/third party contributions.
Annual Improvements to IFRSs 2010-2012 Cycle	Various amendments to standards, including IFRS8 <i>Operating Segments</i> , IFRS13 <i>Fair Value Measurement</i> , IAS16 <i>Property, Plant and Equipment</i> , IAS24 <i>Related Party Disclosures</i> and IAS38 <i>Intangible Assets</i> .
IFRS11 <i>Joint Arrangements</i>	Amendments to the accounting treatment of acquisitions of interests in joint operations.
IAS16 <i>Property, Plant and Equipment</i> and IAS38 <i>Intangible Assets</i>	Clarification that revenue-based methods of calculating the depreciation and amortisation of assets are not appropriate.
Annual Improvements to IFRSs 2012-2014 Cycle	Various amendments to standards, including IFRS5 <i>Non-Current Assets Held for Sale and Discontinued Operations</i> , IFRS7 <i>Financial Instruments: Disclosures</i> and IAS19 <i>Employee Benefits</i> .
IAS1 <i>Presentation of Financial Statements</i>	Amendments designed to encourage the application of professional judgement in determining information to be disclosed.
CIPFA 'Telling the Story' Review	Changes to the format of the CIES, the MiRS and the introduction of the EFA.

No significant changes have resulted from the implementation of the above, with the exception of the changes to the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the Expenditure and Funding Analysis. Where required, prior period figures for these statements/disclosures have been reclassified. The following reclassification has been made to net service expenditure in the CIES, which was based on SeRCOP mandatory service headings in 2015/2016, but is reported according to organisational structure with effect from 2016/2017:

Reclassification of 2015/2016 Net Service Expenditure	Financial Management & Strategy	Corporate Services	Social Services	Infrastructure	Active Living	Education	Education: Schools	Environment	Economy	Planning	Licensing	Net Service Cost (2015/2016 CIES)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Central Services	9,534	1,811	(31)	(79)	0	(43)	0	2,012	130	72	0	13,406
Cultural & Related Services	26	241	0	6	6,668	0	0	1,057	72	0	0	8,070
Environmental & Regulatory Services	60	341	0	122	0	0	0	7,953	107	0	64	8,647
Planning Services	6	94	0	259	0	0	0	0	3,480	1,023	0	4,862
Children's & Education Services	0	0	12,436	0	(6)	47,253	41,573	389	(2)	0	0	101,643
Highways & Transport Services	0	0	0	10,904	0	0	0	0	0	0	0	10,904
Housing Services	419	0	0	0	0	0	0	304	97	0	0	820
Adult Social Care	6	0	26,776	0	0	0	0	78	2	0	0	26,862
Corporate & Democratic Core	1,143	2,882	0	0	0	0	0	0	0	0	0	4,025
Non-Distributed Costs	832	0	0	0	0	0	0	0	0	0	0	832
Net Service Cost (Reclassified)	12,026	5,369	39,181	11,212	6,662	47,210	41,573	11,793	3,886	1,095	64	180,071

3. Correction of Prior Period Errors

In preparing the 2016/2017 Accounts, the following material errors have been identified and included as prior period adjustments for 2015/2016:

Prior Period Adjustments	2015/2016 Original Disclosure £000	Restated 2015/2016 Disclosure £000	Variance £000
Cash Flow: Adjustment for Non-Cash Movements (page 135)			
<i>Correction of arithmetic error - positive figures entered as negative and vice versa.</i>			
Net IAS19 charges made for Retirement Benefits	(17,788)	17,788	35,576
IAS19 Employers Contributions Paid to Pension Fund	12,630	(12,630)	(25,260)
Net Adjustment:	(5,158)	5,158	10,316
Cash Flow: Investing Activities (page 136)			
<i>Correction of error - compensating understatement of asset purchase figures arising from arithmetic error (above).</i>			
Purchase of Non-Current Assets	(18,115)	(29,797)	(11,682)
Net Adjustment:	(18,115)	(29,797)	(11,682)
Grants & Contributions - Revenue Grants Credited to Services (page 70)			
<i>Correction of classification error - EAS grants recorded as 'Other', reclassified as 'Welsh Government'.</i>			
Welsh Government	(11,180)	(16,570)	(5,390)
Other Grants & Contributions	(5,475)	(85)	5,390
Net Adjustment:	(16,655)	(16,655)	0
<i>Correction of classification error - Additional receipts not previously identified as grants.</i>			
Welsh Government	(16,570) *	(18,375)	(1,805)
Other Central Government	0	(653)	(653)
Local Authorities	(122)	(1,497)	(1,375)
NHS	0	(598)	(598)
Other Grants & Contributions	(85) *	(113)	(28)
Net Adjustment:	(16,777)	(21,236)	(4,459)
*: Adjusted disclosure further to reclassification of EAS Grants (above).			

These adjustments had no impact on the Council Fund General Reserve and no amendments have been required to the Comprehensive Income & Expenditure Statement, the Movement in Reserves Statement or the Balance Sheet.

In addition, a Prior Period Adjustment was made to the Senior Officers' Remuneration disclosure:

Prior Period Adjustments	2015/2016 Original Disclosure £	Restated 2015/2016 Disclosure £	Variance £
Senior Officers' Remuneration (page 61)			
<i>Correction of Employer Pension Contributions to include additional pension scheme liabilities arising on early retirement.</i>			
Chief Executive	22,798	234,421	211,623

This correction was specific to the Senior Officers' disclosure note, had no impact on the Council Fund General Reserve and no amendments were required to the Comprehensive Income & Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet or Cash Flow.

4. Accounting Standards Issued but not yet Adopted

The 2017/2018 Accounting Code of Practice includes the following new or revised accounting standards that have effect from 1 April 2017.

Source	Requirement and Potential Impact
IFRS10 <i>Consolidated Financial Statements</i>	These amendments address issues arising in relation to the exemption from consolidation (in certain circumstances) for investment entities. As Local Authorities are not investment entities, these amendments do not apply.
IFRS12 <i>Disclosure of Interests in Other Entities</i>	
IAS28 <i>Investments in Associates and Joint Ventures: Investment Entities</i>	

None of the above amendments will be applicable to the Accounts prepared by the Authority for 2017/2018.

5. 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 17 to the Narrative Report, pages 16-17).
- ii. Aggregate External Finance (AEF) figures have not been provided by Welsh Government for financial years after 2016/2017, increasing the difficulties in forward planning.
- iii. 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.
- 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. The definition of finance leases is not definitive 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 is currently insufficient indication that this funding uncertainty will result in reduction of service provision with a consequent impairment of assets held by the Authority.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the 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 2017 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 firm of consulting actuaries engaged to provide the Authority with expert advice about the assumptions to be applied was changed with effect from 1 April 2015. Relatively minor variations in the assumptions used by the two firms could have a significant impact on reported results.	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 £59.730m (<i>see page 122 for further sensitivity analysis</i>). However, the assumptions interact in complex ways. During 2016/2017, the Authority's actuaries advised that the net pensions liability had increased by £20.174m as a result of remeasurements of pension assets and liabilities. This increase comprised a £60.147m gain on assets (representing the difference between actual and expected asset return for the year) and net increases in liabilities of £80.321m (arising from changes in demographic/financial assumptions and other experience gains (<i>see pages 116-119</i>)).
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 Property, Plant and Equipment of £3.158m. 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, Comprehensive Income & Expenditure Statement and the level of the Authority's Reserves.
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.

Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (Continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
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. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.</p>

7. Events After the Reporting Period

The Statement of Accounts was authorised for issue by Ms R. Hayden, CPFA, Chief Officer - Resources, on 6 November 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 2017, 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

8. 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	2016/2017					2015/2016				
	Management Account Net Expenditure	Accounting Code Adjustments (Note 8.1)	Net Expenditure Chargeable to the Council Fund (Note 8.3)	Funding and Accounting Basis Adjustments (Note 8.2)	CIES Net Expenditure	Management Account Net Expenditure	Accounting Code Adjustments (Note 8.1)	Net Expenditure Chargeable to the Council Fund (Note 8.3)	Funding and Accounting Basis Adjustments (Note 8.2)	CIES Net Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Financial Management & Strategy	9,883	1,489	11,372	1,173	12,545	9,508	3,035	12,543	(517)	12,026
Corporate Services	3,594	274	3,868	300	4,168	3,695	719	4,414	955	5,369
Social Services	38,634	2,885	41,519	1,121	42,640	37,607	386	37,993	1,188	39,181
Infrastructure	8,410	(2,597)	5,813	2,004	7,817	7,865	(2,751)	5,114	6,098	11,212
Active Living	4,409	(695)	3,714	1,478	5,192	4,678	(651)	4,027	2,635	6,662
Education	55,173	(44,498)	10,675	7,207	17,882	54,784	(43,807)	10,977	36,233	47,210
Education - Schools	(583)	42,811	42,228	101	42,329	(1,170)	43,293	42,123	(550)	41,573
Environment	15,030	(3,903)	11,127	3,363	14,490	14,316	(4,448)	9,868	1,925	11,793
Economy	1,219	0	1,219	656	1,875	1,315	194	1,509	2,377	3,886
Planning	1,044	168	1,212	10	1,222	1,007	65	1,072	23	1,095
Licensing	51	2	53	(2)	51	62	(1)	61	3	64
Capital Adjustments*	0	(43)	(43)	43	0	0	(265)	(265)	265	0
Pension Adjustments**	0	1,069	1,069	(1,069)	0	0	496	496	(496)	0
Net Expenditure on Continuing Operations	136,864	(3,038)	133,826	16,385	150,211	133,667	(3,735)	129,932	50,139	180,071
Other Operating Expenditure	0	8,038	8,038	(771)	7,267	0	7,744	7,744	0	7,744
Financing & Investment Income & Expenditure	0	7,907	7,907	4,557	12,464	0	7,776	7,776	3,596	11,372
Taxation & Non-Specific Grant Income	0	(144,696)	(144,696)	(4,394)	(149,090)	0	(145,120)	(145,120)	(9,587)	(154,707)
(Surplus)/Deficit on the Provision of Services	136,864	(131,789)	5,075	15,777	20,852	133,667	(133,335)	332	44,148	44,480
Transfers to/(from) earmarked reserves			(4,271)					(1,030)		
(Increase)/Decrease in year			804					(698)		
Opening Council Fund Balance as at 1 April			(5,888)†					(5,374)		
Closing Council Fund Balance as at 31 March			(5,084)					(6,072)		

*: 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.

†: The opening Council Fund Balance at 1 April 2016 has been reduced in respect of £0.184m costs incorrectly charged to Schools Reserves in previous years.

8.1 Code-Compliant Adjustments to Management Accounts

This table shows the adjustments made to the 2016/2017 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	2016/2017							
	Capital Charges (Note 8.1.1)	Elimination of Internal Recharges (Note 8.1.2)	Pension Liabilities (Note 8.1.3)	Precepts & Levies (Note 8.1.4)	Provisions (Note 8.1.5)	Reserves (Note 8.1.6)	Other (Note 8.1.7)	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Financial Management & Strategy	(60)	(341)	109	0	3	237	1,541	1,489
Corporate Services	(56)	58	160	0	5	108	(1)	274
Social Services	(109)	361	341	0	56	2,042	194	2,885
Infrastructure	(3,330)	45	131	0	537	0	20	(2,597)
Active Living	(885)	4	0	0	0	181	5	(695)
Education	(3,393)	(40,816)	84	0	(121)	(110)	(142)	(44,498)
Education - Schools	(33)	41,052	277	0	24	1,486	5	42,811
Environment	(1,314)	(902)	145	(3,275)	1,444	29	(30)	(3,903)
Economy	(554)	509	29	0	(11)	27	0	0
Planning	0	30	23	0	(25)	138	2	168
Licensing	0	0	2	0	0	0	0	2
Capital Adjustments	0	0	0	0	0	0	(43)	(43)
Pension Adjustments	0	0	1,069	0	0	0	0	1,069
Net Expenditure on Continuing Operations	(9,734)	0	2,370	(3,275)	1,912	4,138	1,551	(3,038)
Other Operating Expenditure	0	0	0	3,275	0	0	4,763	8,038
Financing & Investment Income & Expenditure	3,903	0	(8,511)	0	0	0	12,515	7,907
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(144,696)	(144,696)
(Surplus)/Deficit on the Provision of Services	(5,831)	0	(6,141)	0	1,912	4,138	(125,867)	(131,789)

This table shows the adjustments made to the 2015/2016 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	2015/2016							Total £000
	Capital Charges (Note 8.1.1)	Elimination of Internal Recharges (Note 8.1.2)	Pension Liabilities (Note 8.1.3)	Precepts & Levies (Note 8.1.4)	Provisions (Note 8.1.5)	Reserves (Note 8.1.6)	Other (Note 8.1.7)	
	£000	£000	£000	£000	£000	£000	£000	
Financial Management & Strategy	0	(327)	144	0	(3)	980	2,241	3,035
Corporate Services	(37)	51	165	0	(111)	652	(1)	719
Social Services	(133)	377	328	0	(132)	(43)	(11)	386
Infrastructure	(3,211)	38	83	0	216	(92)	215	(2,751)
Active Living	(896)	8	0	0	0	369	(132)	(651)
Education	(2,944)	(41,211)	53	0	423	(169)	41	(43,807)
Education - Schools	(1)	41,460	280	0	2	1,552	0	43,293
Environment	(873)	(985)	187	(3,265)	200	444	(156)	(4,448)
Economy	(443)	562	32	0	(299)	262	80	194
Planning	0	27	24	0	26	(52)	40	65
Licensing	0	0	2	0	0	0	(3)	(1)
Capital Adjustments	0	0	0	0	0	0	(265)	(265)
Pension Adjustments	0	0	496	0	0	0	0	496
Net Expenditure on Continuing Operations	(8,538)	0	1,794	(3,265)	322	3,903	2,049	(3,735)
Other Operating Expenditure	0	0	0	3,265	0	0	4,479	7,744
Financing & Investment Income & Expenditure	3,623	0	(7,319)	0	0	0	11,472	7,776
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(145,120)	(145,120)
(Surplus)/Deficit on the Provision of Services	(4,915)	0	(5,525)	0	322	3,903	(127,120)	(133,335)

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

8.1.1 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.

8.1.2 Elimination of Internal Recharges

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 overstatement of income and expenditure. The most significant adjustment relates to the transfer of £40m of funding to schools.

8.1.3 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.

8.1.4 Precepts & Levies

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

8.1.5 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*.

8.1.6 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.

8.1.7 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; and
- Correction of entries in relation to Housing Benefit Overpayments and associated impairment.

8.2 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	2016/2017				2015/2016			
	Adjustments for Capital Purposes (Note 8.2.1)	Net Change for Pensions Adjustments (Note 8.2.2)	Other Adjustments (Note 8.2.3)	Total Adjustments	Adjustments for Capital Purposes (Note 8.2.1)	Net Change for Pensions Adjustments (Note 8.2.2)	Other Adjustments (Note 8.2.3)	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000
Financial Management & Strategy	126	1,125	(78)	1,173	(102)	(421)	6	(517)
Corporate Services	172	126	2	300	1,012	(57)	0	955
Social Services	786	333	2	1,121	892	338	(42)	1,188
Infrastructure	1,901	103	0	2,004	6,190	(63)	(29)	6,098
Active Living	1,478	0	0	1,478	2,626	10	(1)	2,635
Education	8,468	(1,295)	34	7,207	37,563	(1,322)	(8)	36,233
Education - Schools	13	(278)	366	101	0	(281)	(269)	(550)
Environment	3,269	113	(19)	3,363	1,872	62	(9)	1,925
Economy	649	29	(22)	656	2,352	44	(19)	2,377
Planning	0	18	(8)	10	0	23	0	23
Licensing	0	2	(4)	(2)	0	3	0	3
Capital Adjustments	43	0	0	43	265	0	0	265
Pension Adjustments	0	(1,069)	0	(1,069)	0	(496)	0	(496)
Net Expenditure on Continuing Operations	16,905	(793)	273	16,385	52,670	(2,160)	(371)	50,139
Other Operating Expenditure	(771)	0	0	(771)	0	0	0	0
Financing & Investment Income & Expenditure	(3,903)	8,511	(51)	4,557	(3,677)	7,319	(46)	3,596
Taxation & Non-Specific Grant Income	(4,394)	0	0	(4,394)	(9,587)	0	0	(9,587)
(Surplus)/Deficit on the Provision of Services	7,837	7,718	222	15,777	39,406	5,159	(417)	44,148

8.2.1 Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- 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.

8.2.2 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.

8.2.3 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.

8.3 Subjective Analysis of Expenditure and Income Charged to the Council Fund

These tables provide a more detailed analysis of Portfolio/Committee expenditure and income charged to the Council Fund:

Expenditure & Income Charged to Council Fund 2016/2017	Education - Schools £000	Social Services £000	Environment £000	Financial Management & Strategy £000	Other Portfolios £000	Total £000
External Fees, Charges & Other Service Income	(3,603)	(5,968)	(3,991)	(3,331)	(2,384)	(19,277)
Government Grants	0	(10,387)	(1,945)	(26,714)	(10,570)	(49,616)
Total Income	(3,603)	(16,355)	(5,936)	(30,045)	(12,954)	(68,893)
Employee Expenses	36,537	19,439	9,619	5,083	24,688	95,366
Other Service Expenses	9,327	34,176	7,210	40,167	16,783	107,663
Support Service Recharges	0	4,259	113	(3,833)	(1,009)	(470)
Depreciation, amortisation & impairment	(33)	0	121	0	72	160
Total Expenditure	45,831	57,874	17,063	41,417	40,534	202,719
Net Expenditure	42,228	41,519	11,127	11,372	27,580	133,826

Expenditure & Income Charged to Council Fund 2015/2016	Education - Schools £000	Social Services £000	Environment £000	Financial Management & Strategy £000	Other Portfolios £000	Total £000
External Fees, Charges & Other Service Income	(2,668)	(5,397)	(8,318)	(978)	(3,098)	(20,459)
Government Grants	(240)	(9,585)	(1,768)	(27,138)	(9,597)	(48,328)
Total Income	(2,908)	(14,982)	(10,086)	(28,116)	(12,695)	(68,787)
Employee Expenses	36,356	18,540	8,989	7,365	23,659	94,909
Other Service Expenses	8,610	29,189	6,861	29,243	4,922	78,825
Support Service Recharges	0	5,246	4,235	4,051	12,072	25,604
Depreciation, amortisation & impairment	65	0	(131)	0	(553)	(619)
Total Expenditure	45,031	52,975	19,954	40,659	40,100	198,719
Net Expenditure	42,123	37,993	9,868	12,543	27,405	129,932

9. Other Operating Expenditure

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

	2016/2017			2015/2016		
	Gross	Gross	Net	Gross	Gross	Net
	Expenditure £000	Income £000	Expenditure £000	Expenditure £000	Income £000	Expenditure £000
Other Operating Expenditure						
(Gains)/losses on the Disposal of Non-Current Assets	744	(1,515)	(771)	325	(379)	(54)
Precepts & Levies:						
Gwent Police Authority Precept	4,409	0	4,409	4,193	0	4,193
South Wales Fire Authority Levy	3,171	0	3,171	3,162	0	3,162
Community Council Precepts	354	0	354	340	0	340
Coroners' Courts	75	0	75	72	0	72
National Park Levy	29	0	29	31	0	31
Total	8,782	(1,515)	7,267	8,123	(379)	7,744

In 2016/2017, the Comprehensive Income and Expenditure Statement net gain on disposal of assets included £0.744m of asset valuations written off on disposal together with associated capital receipts of £1.515m, giving a gain on disposal of assets held for sale of £0.771m. (In 2015/2016, the Comprehensive Income and Expenditure Statement net gain on disposal of assets included £0.325m of asset valuations written off on disposal together with associated capital receipts of £0.379m, giving a gain on disposal of assets held for sale of £0.054m).

10. Financing and Investment Income and Expenditure

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

Financing and Investment Income and Expenditure	2016/2017			2015/2016		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Interest payable and similar charges - Financial Instruments	4,274	0	4,274	4,320	0	4,320
Interest payable and similar charges - Other *	22	0	22	26	0	26
Interest receivable and similar income - Financial Instruments	0	(32)	(32)	0	(26)	(26)
Interest receivable and similar income - Other **	0	(311)	(311)	0	(267)	(267)
Net Pensions Interest Cost	18,281	(9,770)	8,511	16,857	(9,538)	7,319
Total	22,577	(10,113)	12,464	21,203	(9,831)	11,372

*: Interest on finance leases and school balances.

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

11. 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	2016/2017	2015/2016
	£000	£000
Taxation & Non-Specific Revenue Grants		
Council Tax Income	(35,444)	(34,184)
Non-Domestic Rates	(21,003)	(20,201)
Revenue Support Grant/OAG	(88,249)	(90,735)
Total Taxation and Non-Specific Revenue Grants	(144,696)	(145,120)
Capital grants and contributions	(4,394)	(9,587)
Total	(149,090)	(154,707)

12. Material Items of Income or Expense

There were no material items of income or expense in 2016/2017 or 2015/2016.

13. Acquired or Discontinued Operations

There were no material acquisitions or discontinuations of service during the financial year.

14. Partnership Schemes Under Section 33 of the NHS (Wales) Act 2006**14.1 The Gwent Wide Integrated Community Equipment Service (GWICES)**

The Gwent Wide Integrated Community Equipment Service (GWICES) is a Section 33 Partnership Agreement between the five Local Authorities in the Gwent area and the Aneurin Bevan Local Health Board for the provision of an efficient and effective integrated community equipment service to users who are resident in the partner localities. This agreement came into effect on 1 October 2008. The Authority's transactions are included in the Social Services Portfolio line of the CIES. Income and expenditure for the pooled budget arrangements for the financial year ending 31 March 2017 is as follows.

Partnership Schemes: GWICES	2016/2017 £000	2015/2016 £000
Expenditure		
Staff	138	87
Non-Staff	3,078	2,594
Total Expenditure	3,216	2,681
Funding		
Blaenau Gwent County Borough Council	(246)	(276)
Caerphilly County Borough Council	(455)	(505)
Monmouthshire County Borough Council	(286)	(350)
Newport City Council	(324)	(439)
Torfaen County Borough Council	(813)	(467)
Aneurin Bevan Health Board	(702)	(496)
Other	(390)	(148)
Total Funding	(3,216)	(2,681)

14.2 The Gwent Frailty Programme

The Gwent Frailty Programme is a Section 33 Partnership Agreement between the five Local Authorities in the Gwent area and the Aneurin Bevan Local Health Board for the delivery of a range of services to avoid hospital admissions, facilitate early discharge and help individuals remain “happily independent”. The Community Resource Teams (CRTs) provide integrated Urgent Response, Reablement and Falls services within each Locality in line with agreed Locality Annual Commissioning Plans (LCPs). This agreement came into effect on 4 April 2011. The Authority’s transactions are included in the Social Services Portfolio line of the CIES. Income and expenditure for the pooled budget arrangements for the financial year ending 31 March 2017 is as follows.

Partnership Schemes Gwent Frailty	2016/2017 £000	2015/2016 £000
Expenditure		
Base Declarations	13,695	13,049
Invest to Save	830	890
Central Costs	456	539
Total Expenditure	14,981	14,478
Funding		
Blaenau Gwent County Borough Council	(553)	(536)
Caerphilly County Borough Council	(2,212)	(2,057)
Monmouthshire County Borough Council	(1,291)	(1,173)
Newport City Council	(1,639)	(1,511)
Torfaen County Borough Council	(780)	(755)
Aneurin Bevan Health Board	(8,963)	(8,236)
Welsh Government Invest to Save	0	0
Total Funding	(15,438)	(14,268)
Net In-Year (Under) / Overspend	(457)	210

15. Members’ Allowances

The total amount of allowances and expenses paid to Members during the year was £733,906 (2015/2016: £743,757), analysed as follows:

Members’ Allowances	2016/2017 £000	2015/2016 £000
Allowances	730	740
Expenses	4	4
Total:	734	744

16. Officers' Remuneration

16.1 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 2016/2017 this was as follows:

	2016/2017	2015/2016
Ratio of Chief Executive pay to median pay of all staff	1:4.81	1:5.36

For 2016/2017 the salary paid to the Head of Paid Service was lower than the previous year (during 2015/2016, the Chief Executive's salary included an element relating to his Directorship of Silent Valley Waste Services Ltd.). This change has impacted upon the pay ratio between the median full time equivalent earnings of employees of the Council and that of the Chief Executive/Head of Paid Service.

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

Officers Emoluments Remuneration Band	2016/2017					2015/2016				
	Teaching	Other	Total	Left During Year	Total excluding leavers	Teaching	Other	Total	Left During Year	Total excluding leavers
£60,000 - £64,999	8	5	13	1	12	9	12	21	8	13
£65,000 - £69,999	2	1	3	0	3	2	0	2	0	2
£70,000 - £74,999	4	2	6	1	5	3	2	5	0	5
£75,000 - £79,999	0	0	0	0	0	2	0	2	0	2
£80,000 - £84,999	3	0	3	0	3	1	0	1	0	1
£85,000 - £89,999	0	0	0	0	0	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	0	0	0	0	0
£100,000 - £104,999	0	0	0	0	0	1	0	1	1	0
£105,000 - £109,999	0	0	0	0	0	1	0	1	1	0
Total	17	8	25	2	23	19	14	33	10	23

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

The 2016/2017 total of 25 includes 2 members of teaching staff who would not have been included in the note if it were not for one-off severance payments. (The 2015/2016 total of 33 includes 3 members in the 'Teaching' category and 2 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 18-19 (pages 64-65).

16.3 Senior Officers' Remuneration

The following table sets out the remuneration in 2016/2017 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.

Post Title	Notes	Salary	Expense	Compensation	Benefits	Total	Employers	Total
		(Including Fees & Allowances)	Allowances	for Loss of Office	in Kind	Remuneration excluding Pension Contributions 2016/2017	Pension Contributions	Remuneration including Pension Contributions 2016/2017
		£	£	£	£	£	£	£
Lead Corporate Director/Head of Paid Service		101,338	0	0	0	101,338	21,788	123,126
Corporate Director Social Services (to 30 September 2016)	Note 1	41,895	78	0	0	41,973	9,008	50,981
Corporate Director Social Services (from 1 October 2016)	Note 2	76,402	62	0	0	76,464	16,427	92,891
Corporate Director of Environment & Regeneration	Note 3	95,360	96	0	0	95,456	20,502	115,958
Chief Finance Officer	Note 3	86,942	37	0	0	86,979	18,598	105,577
Corporate Director of Education		97,457	0	0	0	97,457	20,953	118,410
Head of Organisational Development	Note 4	63,465	0	0	0	63,465	13,645	77,110
Head of Policy & Performance	Note 4	63,465	71	0	0	63,536	13,645	77,181
Total		626,324	344	0	0	626,668	134,566	761,234

Note 1: Corporate Director left post on 30 September 2016.

Note 2: Assumed Corporate Director duties on an interim basis from 1 October 2016; appointed on a permanent basis from April 2017. Disclosure includes sums paid by the Authority in relation to the postholders previous responsibilities as Head of Adult Services.

Note 3: For each officer (*Corporate Director of Environment & Regeneration, Chief Finance Officer*), salary includes £11,568.96 paid to the post-holder on behalf of Silent Valley Waste Services Ltd. (a company wholly owned by the Council) for acting in the capacity of a director of that Company. The amount paid was recharged to the Company. The Council also paid £2,487.33 of employer pension contributions into the Local Government Pension Scheme in respect of each of the Silent Valley Waste Services Ltd directorships.

The Auditor General for Wales considers that the employer pension contributions paid by the Council into the Local Government Pension Scheme were contrary to law on the basis that the Council did not have the power to make pension payments on behalf of Silent Valley Waste Services Ltd..

The Council accepts that there were procedural errors in the way in which employer pension contributions were administered, but it considers that these did not have the effect of rendering the payments contrary to law.

Note 4: The Head of Organisational Development and Head of Policy & Performance report to the Head of Paid Service and are included in this disclosure on that basis.

The following table sets out the remuneration in 2015/2016 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.

Post Title	Notes	Salary (Including Fees & Allowances) £	Expense Allowances £	Compensation for Loss of Office £	Benefits in Kind £	Total Remuneration excluding Pension Contributions 2015/2016 £	Employers Pension Contributions (Restated) £	Total Remuneration including Pension Contributions 2015/2016 (Restated) £
Chief Executive	Notes 1, 2 & 3	109,693	7	24,121	0	133,821	234,421	368,242
Lead Corporate Director/Head of Paid Service	Note 4	87,164	0	0	0	87,164	18,740	105,904
Corporate Director Social Services		82,961	264	0	0	83,225	17,837	101,062
Corporate Director of Environment & Regeneration	Note 5	83,925	13	0	0	83,938	17,837	101,775
Chief Finance Officer	Note 6	82,251	32	0	0	82,283	17,629	99,912
Corporate Director of Education		96,627	0	0	0	96,627	20,775	117,402
Head of Organisational Development	Note 7	61,380	0	0	0	61,380	13,197	74,577
Head of Policy & Performance	Note 7	61,380	7	0	0	61,387	13,197	74,584
Total		665,381	323	24,121	0	689,825	353,633	1,043,458

Note 1: Salary includes £10,604.88 remuneration relating to directorship of Silent Valley Waste Services Ltd., ending 29 February 2016.

Note 2: Salary includes payments of £3,458.00 in respect of the duties as Returning Officer.

Note 3: The Chief Executive retired on 29 February 2016. A review of the senior management structure during 2015/2016, agreed by Council, decided to permanently delete this post from the staffing structure. A new role of 'Lead Corporate Director and Head of Paid Service' was created to which the Corporate Director Strategy, Transformation & Culture was appointed on an interim basis for 12 months. A further review of this arrangement is to be undertaken after twelve months giving consideration to a range of internal and factors, including the potential for local government reorganisation or other forms of reconfigured service delivery.

Note 4: New role with effect from 4 January 2016. Prior to this, employed as Corporate Director Strategy/Transformation & Culture.

Note 5: Salary includes £964.08 remuneration relating to directorship of Silent Valley Waste Services Ltd., commencing 1 March 2016.

Note 6: Salary includes £11,568.96 paid to the post-holder on behalf of Silent Valley Waste Services Ltd. (a company wholly owned by the Council) for acting in the capacity of a director of that Company. The amount paid was recharged to the Company. The Council also paid £2,487.33 of employer pension contributions into the Local Government Pension Scheme in respect of the Silent Valley Waste Services Ltd directorship.

The Auditor General for Wales considers that the employer pension contributions paid by the Council into the Local Government Pension Scheme were contrary to law on the basis that the Council did not have the power to make pension payments on behalf of Silent Valley Waste Services Ltd..

The Council accepts that there were procedural errors in the way in which employer pension contributions were administered, but it considers that these did not have the effect of rendering the payments contrary to law.

Note 7: Further to the departure of the former Chief Executive at the end of February and the subsequent interim arrangements for this post (Note 3), the Head of Organisational Development and Head of Policy & Performance report to the Head of Paid Service with effect from 1 March 2016 and are included in this disclosure on that basis. Remuneration reported for these officers is for the full year of account.

17. Benefits Payable During Employment

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Authority. The most significant benefit covered by this heading is holiday pay, but also covers entitlement to time-in-lieu and accrued flexitime balances.

Employees build up an entitlement to paid holidays as they work. As a result, the Authority is required to accrue for any annual leave, time-in-lieu and flexitime earned but not taken at 31 March each year.

The government has issued mitigation regulations that mean Local Authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Compensating amounts are therefore transferred to the Accumulated Absences Account until the benefits are used.

The following sums have been included for short-term accumulating compensated absences in the 2016/2017 financial statements:

	2016/2017			2015/2016 (Reclassified)		
	Reversal of prior year accrual	Current Year Accrual	Net In-year Movement	Reversal of prior year accrual	Current Year Accrual	Net In-year Movement
	£000	£000	£000	£000	£000	£000
Short-term Accumulating Compensated Absences						
Financial Management & Strategy	(151)	73	(78)	(145)	151	6
Corporate Services	(124)	126	2	(124)	124	0
Social Services	(357)	358	1	(399)	357	(42)
Infrastructure	(95)	96	1	(124)	95	(29)
Active Living	0	0	0	(1)	0	(1)
Education	(81)	115	34	(89)	81	(8)
Education - Schools	(428)	794	366	(698)	428	(270)
Environment	(119)	101	(18)	(128)	119	(9)
Economy	(49)	27	(22)	(68)	49	(19)
Planning	(33)	25	(8)	(32)	33	1
Licensing	(4)	0	(4)	(4)	4	0
Total - Provision of Services:	(1,441)	1,715	274	(1,812)	1,441	(371)

* Reclassified: Short-term accumulating compensated absences for continuing operations have been reclassified in line with the Authority's internal reporting arrangements.

18. 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	2016/2017				2015/2016			
	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	15	40	55	315	7	70	77	392
£20,000 - £39,999	0	8	8	224	0	9	9	221
£40,000 - £59,999	0	4	4	178	0	3	3	142
£60,000 - £99,999	0	3	3	227	0	4	4	302
£100,000 - £149,999	1	2	3	354	0	2	2	232
£150,000 - £249,999	0	0	0	0	0	2	2	407
Total	16	57	73	1,298	7	90	97	1,696

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 2016/2017, the contracts of 73 employees were terminated, incurring total liabilities of £1.298m (2015/2016: 97 employees, incurring liabilities of £1.696m). These payments can be disaggregated as follows:

Termination Benefits & Exit Packages	2016/2017	2015/2016
	£000	£000
Pay in Lieu of Notice	78	39
Pension Costs	565	928
Redundancy Costs	487	586
Other Payments	168	143
Total	1,298	1,696

Included in the Authority's Early Terminations Provision are sums totalling £0.412m payable to 33 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. (2015/2016: Early Terminations provision included £0.389m payable to 12 staff). Details of the Early Terminations Provision can be found in notes 40.1-40.2, pages 103-105.

The Authority has also paid £0.124m in respect of exit packages for 12 staff at Aneurin Leisure Trust, in accordance with the agreement to transfer staff to the charity in 2014 (2015/2016: exit package payments of £0.370m were made in respect of 20 staff).

19. **Termination Benefits and Exit Packages - Causes**

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

Termination Benefits	2016/2017		2015/2016	
	No	£000	No	£000
Closure of Facilities/Cessation of Services	8	200	1	2
Early Retirements/Efficiency/Flexible Retirements	6	154	21	212
Financial Efficiency Project	11	403	41	1,136
School Downsizing Restructuring & Reorganisation - Crossmatching	12	312	7	130
Termination benefits arising for other reasons	36	229	27	216
Total	73	1,298	97	1,696

20. **External Audit Fees**

The Authority's appointed external auditors for the 2016/2017 financial year were the Wales Audit Office (WAO). The following fees, included in Financial Management & Strategy Portfolio expenditure in the CIES, were incurred in relation to external audit and inspection:

External Audit Fees	2016/2017	2015/2016	CIES Service Line
	£000	£000	
Fees payable in respect of:			
External audit services relating to audit of the accounts	191	191	<i>Financial Management & Strategy Portfolio</i>
External audit services relating to Local Government Measures	105	109	<i>Corporate Services Portfolio</i>
Certification of grant claims and returns	70	70	<i>Portfolio responsible for the specific grant claim or return</i>
Other services	38	0	<i>Financial Management & Strategy Portfolio</i>
Total Audit Fees	404	370	

Other Services consists of charges for the statutory audit of 3 years of charitable trust accounts required for Bedwellty House and Park, of which the Authority is the trustee.

21. **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 transactions in the Non-Domestic Ratepayers Accounts for the year were as follows:

Non-Domestic Ratepayers Account	2016/2017			2015/2016		
	Agency £000	Authority £000	Total £000	Agency £000	Authority £000	Total £000
Rate Debits including adjustments	16,711	0	16,711	16,918	0	16,918
Reliefs & Allowances	(4,137)	0	(4,137)	(4,367)	0	(4,367)
Refunds	464	0	464	167	0	167
Court Costs	0	6	6	0	2	2
Write Offs	(1)	0	(1)	0	0	0
	13,037	6	13,043	12,718	2	12,720
Cash Collected	(12,564)	0	(12,564)	(12,243)	0	(12,243)
Net In-Year NDR Transactions	473	6	479	475	2	477

- The total non-domestic rateable value at 31 March 2017 was £34,792,585 (31 March 2016: £34,889,459).
- The national non-domestic rate multiplier for the year 2016/2017 was 0.486 (2015/2016: 0.482).

22. 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.

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

Council Tax Transactions	2016/2017		2015/2016	
	£000	£000	£000	£000
Council Tax Collected	(35,650)		(34,315)	
Less: Impairment of bad & doubtful debts	206		131	
Net Total Proceeds from Council Tax		(35,444)		(34,184)
Less: Gwent Police Authority Precept	4,409		4,193	
Community Council Precepts	354		340	
		4,763		4,533
Council Tax attributable to this Authority:		(30,681)		(29,651)

22.2 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 2016/2017 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	59.00	18,459.00	7,763.00	2,467.00	1,547.00	822.00	296.00	51.00	15.00	7.00	31,486.00
Exemptions, Reliefs & Discounts	(5.75)	(2,398.50)	(687.50)	(189.50)	(92.25)	(39.00)	(13.50)	(2.50)	(6.00)	(1.50)	(3,436.00)
Effective Properties	53.25	16,060.50	7,075.50	2,277.50	1,454.75	783.00	282.50	48.50	9.00	5.50	28,050.00
Ratio	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	-
Band D Equivalents	29.58	10,707.01	5,503.17	2,024.44	1,454.75	957.00	408.06	80.83	18.00	12.83	21,195.67
Impairment											(1,161.32)
Council Tax Base											20,034.35

23. Precepts & Demands

23.1 Precepting Authorities

The bodies precepting on this Authority are Gwent Constabulary and the Community Councils of Abertillery & Llanhilleth, Brynmawr, Nantyglo & Blaina and Tredegar. The precepts for these bodies were:

Precepting Authorities	2016/2017	2015/2016
	£000	£000
Gwent Constabulary	4,409	4,193
Abertillery & Llanhilleth Community Council	95	90
Brynmawr Town Council	43	43
Nantyglo & Blaina Town Council	78	68
Tredegar Town Council	138	139
Total	4,763	4,533

23.2 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	2016/2017 £000	2015/2016 £000
Brecon Beacons National Park Authority	29	31
Coroners' Courts	75	72
South Wales Fire Authority	3,171	3,162
Total:	3,275	3,265

24. 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	2016/2017 £000	2015/2016 £000
Newport City Council	(500)	0
Welsh European Funding Office	0	(512)
Welsh Government	(891)	(4,493)
Other Grants & Contributions	(286)	(354)
Total:	(1,677)	(5,359)

Capital Grants Credited to taxation and non-specific grant income	2016/2017 £000	2015/2016 £000
Newport City Council	(25)	0
Welsh European Funding Office	(4)	(1,223)
Welsh Government	(4,442)	(8,091)
Other Grants & Contributions	77	(273)
Total:	(4,394)	(9,587)

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	2016/2017	2015/2016
	£000	(Restated) £000
Welsh Government	(19,591)	(18,375)
Department for Work and Pensions	(26,696)	(27,092)
Other Central Government	(602)	(653)
Local Authorities	(1,970)	(1,497)
NHS	(694)	(598)
Other Grants & Contributions	(63)	(113)
Total:	(49,616)	(48,328)

* Restated: £5.390m of revenue grants awarded by the Education Achievement Service for South East Wales have been reclassified from 'Other to 'Welsh Government', on the basis that the EAS act as agents for Welsh Government in distributing these amounts. In addition, £4.459m of receipts have been correctly reclassified as Grants.

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:

Capital Receipts in Advance	2016/2017	2015/2016
	£000	£000
Welsh European Funding Office	(28)	(32)
Welsh Government	(703)	(450)
Other Grants & Contributions	(58)	(248)
Total:	(789)	(730)

Revenue Receipts in Advance	2016/2017	2015/2016
	£000	£000
Welsh European Funding Office	(139)	0
Welsh Government	(582)	(182)
Other Central Government	(35)	0
Local Authorities	(16)	(73)
NHS	(19)	0
Other Grants & Contributions	(164)	(219)
Total:	(955)	(474)

25. Related Parties

25.1 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 2016/2017 can be found in note 24 (pages 69-70); details of the amounts owed to or from central government are included in notes 38 (page 102) and 37 (page 101) respectively.

25.2 Silent Valley Waste Services Limited

The Authority is the sole shareholder of the waste disposal company Silent Valley Waste Services Limited (SVWS Ltd.). For the 2016/2017 financial year, the Authority's Director of Environment and Regeneration and the Authority's Chief Finance Officer were non-executive directors of the company. The Authority's former Chief Executive was appointed as a director on 6 July 2016. As at 31 March 2017, the Authority effectively holds 67% of the board membership. The following related party transactions took place with SVWS Ltd. during the year:

The Authority made payments to SVWS Ltd. totalling £855,621 in 2016/2017 (2015/2016: £615,670), comprising the following:

- Payments totalling £855,621 in relation to the collection of waste, management of the Authority's civic amenity sites and haulage charges (2015/2016: £597,015). Of this amount, £54,531 was in respect of services provided in 2015/2016, and at 31 March 2017 the Authority owed £66,811 (2015/2016: £45,090 was in respect of services provided in 2014/2015 and £54,862 was owed at 31 March 2016).
- In 2016/2017 no payments were made towards professional advice and reports at the Silent Valley site (2015/2016: £5,278).
- In 2016/2017 no NNDR refunds were made to the Silent Valley Site (2015/2016: £13,377)

The Authority received income from SVWS Ltd. totalling £155,038 in 2016/2017 (2015/2016: £173,138), including the following:

- No income was received in relation to services provided by the Authority's former Chief Executive in his role as a director of SVWS Ltd., which ended on 29 February 2016. (2015/2016: £11,569). At 31 March 2017 the Authority was owed £0 in relation to this income (2015/2016: £0);
- £11,569 was received in relation to services provided by the Authority's Chief Finance Officer in his role as a director of SVWS Ltd. (2015/2016: £11,569). At 31 March 2017 the Authority was owed £964 in relation to this income (2015/2016: £964);
- £11,569 was received in relation to services provided by the Authority's Corporate Director of Environment and Regeneration in his role as a director of SVWS Ltd. (2015/2016: £0). At 31 March 2017 the Authority was owed £964 in relation to this income (2015/2016: £0);
- £130,000 was received as a contribution towards leachate (2015/2016: £150,000);
- £1,650 was received in relation to vehicle servicing & repairs (2015/2016: £0);
- £250 was received for a Noise Assessment and Survey (2015/2016: £0);
- £11,000 was owed to the Authority for works carried out at the Silent Valley Transfer Station (2015/2016: £0); and
- At 31 March 2017 the Authority was owed £0 in relation to scrap metal (2015/2016: £814).

25.3 Members

Related Party Disclosures for Members relate to Councillors for the 2016/2017 financial year, prior to the Local Authority elections in May 2017.

The Authority made payments of £12,623 to Glenn Willis Plumbing Ltd. during 2016/2017 (2015/2016: £12,905). The Director of the company is the son of a Council Member.

The Authority made payments of £599,709 to Jim Davies Civil Engineering Limited during 2016/2017 mainly in relation to works at the Silent Valley Waste Transfer Station and Authority-wide capital works such as drainage and retaining wall maintenance (2015/2016: £2,266,636). A Member of the Council is the brother-in-law of one of the Directors of the company.

Payments of £100 were made to Deano's Sandwich Bar during 2016/2017 (2015/2016: £652), the proprietor being the daughter of a Council Member.

TJ Brown & Sons funeral directors carry out pauper and other burial services on behalf of the Authority. No payments were made in 2016/2017 (2015/2016: £1,119). A Member of the Council has an interest in this company.

No payments were made to Malcolm Cross Building Services during 2016/2017 (2015/2016: £500). A member of the Council is a Director of the organisation.

Payments of £7,943 for tenants' Rent Allowances were made to Highfield Properties (Tredegar) during 2016/2017 (2015/2016: £16,268). A member of the Council is a Director of the organisation.

Payments of £4,463 relating to maintenance of public toilets in Brynmawr and other supplies were made to Hodge Municipal Services during 2016/2017. Income of £85 was received from Hodge Municipal Services during 2016/2017. A Member of the Council is the proprietor of the organisation.

Income of £750 was received from Hodge Distributions during 2016/2017, relating to the rental of an industrial unit. A Member of the Council is the proprietor of the organisation.

Payments of £170,782 were made to Henley's Bus Services during 2016/2017 (2015/2016: £259,776). No income was received from Henley's Bus Services during 2016/2017 (2015/2016: £677). The son-in-law and grandson of a Council Member are directors of the company.

Payment of a Voluntary Sector Service Grant and contract sums in relation to Support for Independent Living and Safety at Home were made to Care & Repair Blaenau Gwent/Caerphilly. In 2016/2017 these amounted to £265,701 (2015/2016: £140,991). A Member of the Council is the Chair of the organisation. Blaenau Gwent Care and Repair merged with Caerphilly Care and Repair on 3 January 2017.

25.4 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 commits the authority to participating in the EAS Company for a minimum period of four years, commencing September 2013.

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

In 2016/2017, net contributions of £0.395m were due to the EAS (2015/2016: £0.414m). The total summarised transactions of the Service were as follows:

Education Achievement Service	2016/2017 £000	2015/2016 £000
Expenditure	7,997	8,818
Income	(8,102)	(8,920)
Net Expenditure	(105)	(102)

Movements in Reserves Notes

26. Other Comprehensive Income & Expenditure

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

Other Comprehensive Income & Expenditure	2016/2017 £000	2015/2016 £000
(Surplus)/Deficit arising on the revaluation of non-current assets	(2,303)	3,670
Remeasurement of the net defined benefit pension liability	24,243	15,196
Other Comprehensive Income & Expenditure	21,940	18,866

27. 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 2016/2017:

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions 2016/2017	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Transactions between Funds & Usable Reserves:				
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	2,031	0	(2,031)	0
Transfer of cash sale proceeds credited as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	1,515	(1,515)	0	0
Contribution from the Capital Receipts Reserve towards funding of prudential borrowing schemes	(51)	51	0	0

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions 2016/2017	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Transactions involving Unusable Reserves:				
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	(10,695)	0	0	10,695
Revaluation losses on Property, Plant & Equipment	(5,057)	0	0	5,057
Capital grants & contributions applied	4,016	0	0	(4,016)
Revenue expenditure funded from capital under statute	(2,936)	0	0	2,936
Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive Income & Expenditure Statement	(744)	0	0	744
Items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Statutory provision for the financing of capital investment	3,903	0	0	(3,903)
Capital expenditure charged against the Council Fund	181	0	0	(181)
Items involving Usable Capital Reserves:				
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	2,012	(2,012)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	979	0	(979)

Note: Additional transactions occur between the Capital Adjustment Account and the Revaluation Reserve. These are detailed in note 46.2 on pages 129-131.

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions 2016/2017	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to/from the Deferred Capital Receipts Reserve:				
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	(126)	0	126
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	51	0	0	(51)
Adjustments to/from the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(19,949)	0	0	19,949
Employer's pensions contributions and direct payments to pensioners payable in the year	12,232	0	0	(12,232)
Adjustment to/from the Unequal Pay Back Pay Adjustment Account:				
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	0	0	0	0
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	(274)	0	0	274
Total Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	(15,777)	(611)	(19)	16,407

The following transactions adjusting between accounting basis and funding basis were made in 2015/2016:

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions 2015/2016	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Transactions between Funds & Usable Reserves:				
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	1,998	0	(1,998)	0
Transfer of cash sale proceeds credited as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	379	(379)	0	0
Contribution from the Capital Receipts Reserve towards funding of prudential borrowing schemes	(49)	49	0	0

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions 2015/2016	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Transactions Involving Unusable Reserves:				
Adjustments to/from the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:				
Charges for depreciation & impairment of non-current assets	(13,590)	0	0	13,590
Revaluation losses on Property Plant & Equipment	(37,746)	0	0	37,746
Capital grants & contributions applied	12,947	0	0	(12,947)
Revenue expenditure funded from capital under statute	(7,274)	0	0	7,274
Amounts of non-current assets written off on disposal or sale as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	(325)	0	0	325
Items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Statutory provision for the financing of capital investment	3,623	0	0	(3,623)
Capital expenditure charged against the Council Fund	630	0	0	(630)
Items involving Usable Capital Reserves:				
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	2,424	(2,424)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	2,030	0	(2,030)

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions 2015/2016	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to/from the Deferred Capital Receipts Reserve:				
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	(323)	0	323
Adjustment to/from the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	46	0	0	(46)
Adjustments to/from the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(17,788)	0	0	17,788
Employer's pensions contributions and direct payments to pensioners payable in the year	12,630	0	0	(12,630)
Adjustment to/from the Unequal Pay Back Pay Adjustment Account:				
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	0	0	0	0
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	371	0	0	(371)
Total Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	(44,148)	1,377	426	42,345

28. Transfers to/from Earmarked Reserves

The following transactions with earmarked reserves took place in the financial year, representing amounts set aside from the Council Fund to provide financing for future expenditure plans and amounts posted back to meet expenditure incurred during the year.

Usable Reserves	Transfers In		Transfers Out		Adjustments	Transfers In		Transfers Out	
	1 April 2015	2015/2016	2015/2016	31 March 2016		2016/2017	2016/2017	31 March 2017	
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget Contingency Fund	(275)	(713)	661	(327)	0	(281)	446	(162)	
Budget Implementation	(2,000)	(1,758)	2,183	(1,575)	0	0	1,246	(329)	
Building Control	(236)	(161)	115	(282)	0	(33)	79	(236)	
Downsizing, Redundancy & Transitional Costs	(1,364)	0	469	(895)	0	(500)	912	(483)	
ICT	(401)	(449)	96	(754)	0	0	401	(353)	
Implementation Delay Reserve	0	0	0	0	0	(172)	56	(116)	
Insurance Liabilities	(1,436)	(696)	860	(1,272)	0	(1,860)	1,558	(1,574)	
LMS Balances	(1,377)	(935)	1,320	(992)	(184)	(786)	874	(1,088)	
Revenue Grants & Contributions Unapplied	(1,259)	(531)	593	(1,197)	0	(969)	1,310	(856)	
Revenue Grants & Contributions Unapplied - Section 106 Schemes	(128)	0	0	(128)	0	0	59	(69)	
Superannuation	(667)	0	2	(665)	0	0	164	(501)	
Waste Services	(121)	(521)	0	(642)	0	0	200	(442)	
Other Usable Revenue Reserves	(2,166)	(2,687)	2,913	(1,940)	0	(1,420)	2,247	(1,113)	
Sub-Total (Revenue Reserves):	(11,430)	(8,451)	9,212	(10,669)	(184)	(6,021)	9,552	(7,322)	
Earmarked for Capital Purposes	(1,288)	(254)	523	(1,019)	0	(46)	786	(279)	
Total:	(12,718)	(8,705)	9,735	(11,688)	(184)	(6,067)	10,338	(7,601)	

Note: The most significant reserve transfers (by value) have been disclosed in the above table. As a result, reserves disclosed for 2015/2016 have been adjusted to provide comparative figures for 2016/2017. Aggregate transfers and balances have not been amended.

LMS Balances have been adjusted at 1 April 2016 to remove costs incorrectly charged to these reserves in previous years.

Further details of earmarked reserves are included in note 46, pages 124-128.

Balance Sheet Notes

29. Property Plant & Equipment

29.1 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 2017 £000	31 March 2016 £000
Gross Carrying Amount	315,836	313,280
Accumulated Depreciation	(42,784)	(34,093)
Net Book Value	273,052	279,187

Details of the transactions relating to the carrying amounts and depreciation of non-current assets are set out below.

Movements in 2016/2017:

Property, Plant & Equipment							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 2016	157,982	12,201	124,557	138	4,920	13,482	313,280
Adjustment to Opening Balances	1,365 ¹	0	0	0	0	0	1,365
Revised Cost or Valuation as at 1 April 2016	159,347	12,201	124,557	138	4,920	13,482	314,645
Appropriations	12,214	0	1,347	0	180	(13,741)	0
Assets reclassified to/from held for sale	(681)	0	0	0	(50)	0	(731)
Additions	0	413	701	0	0	0	1,114
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,132	0	0	0	(75)	0	2,057
Revaluation increases/(decreases) recognised in the Provision of Services	(4,928)	0	0	0	(89)	0	(5,017)
Capital expenditure written off	(1,806)	0	0	0	0	0	(1,806)
Derecognition - disposals	(22)	(165)	0	0	0	0	(187)
Other movements in cost or valuation *	1,806	0	244	0	0	3,711	5,761
Cost or Valuation as at 31 March 2017	168,062	12,449	126,849	138	4,886	3,452	315,836

Property, Plant & Equipment: Depreciation & Impairment							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 2016	(3,560)	(6,734)	(23,749)	(9)	(41)	0	(34,093)
Adjustment to Opening Balances	(45) ^{††}	0	(682) ^{††}	0	0	0	(727)
Revised Depreciation & Impairment as at 1 April 2016	(3,605)	(6,734)	(24,431)	(9)	(41)	0	(34,820)
Depreciation charge	(4,526)	(1,165)	(3,192)	(1)	(5)	0	(8,889)
Depreciation written out to the Revaluation Reserve	246	0	0	0	0	0	246
Depreciation written out to the Surplus/Deficit on the Provision of Services	561	0	0	0	0	0	561
Appropriations	(32)	0	0	0	32	0	0
Derecognition - disposals	0	118	0	0	0	0	118
Accumulated Depreciation & Impairment as at 31 March 2017	(7,356)	(7,781)	(27,623)	(10)	(14)	0	(42,784)

†: The correction of a revaluation relating to previous years has increased the gross book value of Other Land & Buildings by £1.365m.

††: A small number of assets were identified on which no depreciation had been charged in previous years and consequently an adjustment has been made to correct the cumulative understatement of £0.727m.

Net Book Value:

Property, Plant & Equipment							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
Net Book Value as at 31 March 2017	160,706	4,668	99,226	128	4,872	3,452	273,052
Net Book Value as at 31 March 2016	154,422	5,467	100,808	129	4,879	13,482	279,187
Net Book Value as at 1 April 2015	194,397	2,286	98,437	123	8,126	9,831	313,200

Movements in 2015/2016:

Property, Plant & Equipment	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation as at 1 April 2015	204,360	8,527	119,377	131	8,271	9,831	350,497
Appropriations	3,770	607	2,965	0	(478)	(6,864)	0
Assets reclassified to/from held for sale	(438)	0	0	0	(295)	0	(733)
Additions	0	3,432	2,088	0	0	2,826	8,346
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(7,592)	0	0	7	(596)	0	(8,181)
Revaluation increases/(decreases) recognised in the Provision of Services	(42,067)	0	0	0	(1,982)	0	(44,049)
Capital expenditure written off	(5,421)	0	(186)	0	0	(16)	(5,623)
Derecognition - disposals	(51)	(365)	0	0	0	0	(416)
Other movements in cost or valuation **	5,421	0	313	0	0	7,705	13,439
Cost or Valuation as at 31 March 2016	157,982	12,201	124,557	138	4,920	13,482	313,280

Property, Plant & Equipment: Depreciation & Impairment	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation & Impairment as at 1 April 2015	(9,963)	(6,241)	(20,940)	(8)	(145)	0	(37,297)
Depreciation Charge & Appropriations	(5,034)	(858)	(2,809)	(1)	(95)	0	(8,797)
Depreciation written out to the Revaluation Reserve	5,063	0	0	0	101	0	5,164
Depreciation written out to the Surplus/Deficit on the Provision of Services	6,356	0	0	0	98	0	6,454
Derecognition - disposals	18	365	0	0	0	0	383
Accumulated Depreciation & Impairment as at 31 March 2016	(3,560)	(6,734)	(23,749)	(9)	(41)	0	(34,093)

Notes * & **: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £3.9 million of which has been added to the asset base and £1.8 million of which has been written off as there has been no increase to the asset value in 2016/2017(*); £7.8 million of which has been added to the asset base and £5.6 million of which has been written off as no increase to the asset value resulted in 2015/2016(**).

29.2 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 2017			31 March 2016		
	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)	4,872	510	5,382	4,879	455	5,334
Fair Value	4,872	510	5,382	4,879	455	5,334

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between levels of the 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 who in agreement with the Chief Finance Officer identify the most appropriate valuation techniques to determine fair value, being the Head of Estates and Strategic Asset Management, P.J. Miles BSc. (Hons), MRICS.

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	2016/2017			2015/2016		
	Surplus	Assets Held for	Total	Surplus	Assets Held for	Total
	Assets	Sale		Assets	Sale	
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	4,879	455	5,334	8,126	224	8,350
Adjustment to Opening Balance	0	601	601			
Revised Balance at 1 April:	4,879	1,056	5,935			
Appropriations (to)/from Property, Plant & Equipment Operational Assets	212	681	893	(483)	137	(346)
Appropriations (to)/from Assets Held for Sale	(50)	0	(50)	(295)	0	(295)
Appropriations (to)/from Surplus Assets	0	50	50	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	0	31	31	72	0	72
Total Losses for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(89)	(632)	(721)	(1,955)	(151)	(2,106)
Total Gains/(Losses) for the period included in the Revaluation Reserve resulting from changes in the fair value	(75)	0	(75)	(495)	0	(495)
Disposals	0	(676)	(676)	0	(50)	(50)
In-Year Depreciation	(5)	0	(5)	(91)	0	(91)
Balance at 31 March:	4,872	510	5,382	4,879	455	5,334

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:

Reconciliation of Assets measured at Fair Value	31 March 2017			31 March 2016		
	Surplus Assets £000	Assets Held for Sale £000	Total £000	Surplus Assets £000	Assets Held for Sale £000	Total £000
Assets measured at Fair Value	4,872	510	5,382	4,879	455	5,334
Assets measured at carrying amount	0	0	0	0	601	601
Assets carried on Balance Sheet	4,872	510	5,382	4,879	1,056	5,935

29.3 Depreciation Methods and Useful Lives

Depreciation calculated on a straight-line basis has been charged on all operational assets, with the exception of assets under construction. 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 ¹	10
I.T. Equipment	5
Infrastructure Assets	40
Street Lighting	40

¹: In some cases the relevant technical officer may provide a different assessment of the useful life.

29.4 Capital Commitments

Within the Authority's 2016/2017 capital programme, £7.396m relates to schemes that were contractually committed as at 31 March 2017 (£3.328m contractually committed as at 31 March 2016):

Capital Commitments	Commitment Value 2016/2017 £000	Estimated Timescale for Completion No of Years	Commitment Value 2015/2016 £000	Estimated Timescale for Completion No of Years
21st Century Schools - Six Bells Project	5,811	2	0	0
Collaborative Change Programme	809	1	0	0
Leisure Centre Demolitions	114	1	0	0
Ebbw Fawr Autism Spectrum Disorder & Inclusion Unit	105	1	0	0
Highways Maintenance Works (Tarmac)	75	1	102	1
21st Century Schools - Tredegar Comp	71	1	134	1
Remodelling - Civic Centre	51	1	241	0
Flying Start Projects	50	1	161	1
Six Bells Renewal Area	35	1	155	1
Abertillery Town Centre Prominent Buildings & Foundry Bridge	31	1	238	0
Remodelling - Anvil Court	16	1	19	1
Ebbw Vale Library Lift Extension	6	1	162	1
21st Century Schools - Abertillery Primary	0	0	1,638	0
Abertillery Multi Storey Car Park	0	0	80	1
Ebbw Vale Town Centre - Mechanical Link	0	0	62	1
Local Government Borrowing Initiative - Trinant Hall	0	0	47	1
Other*	202	1	289	1
Total	7,376		3,328	

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

29.5 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 2016/2017, the Authority's car park 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 (page 38), in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors and resulted in a net decrease in value to the Authority's non-current assets of £2.153million. This is largely attributable to a decrease in the value of Abertillery Primary School on completion (reduction from £10.136m actual cost to £5.625m replacement cost), offset by an increase in the valuation of car parks.

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 2016/2017, 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 following statement shows the total gross value of assets re-valued during each relevant financial year using historical cost and current valuation methods. This provides an indication of the progress of the Authority's 5-year rolling programme for the revaluation of fixed assets.

	31 March 2017 £000	31 March 2016 £000	31 March 2015 £000	31 March 2014 £000	31 March 2013 £000	Total £000
Non-Current Asset Valuations						
Current Value:						
Heritage Assets	0	0	0	0	0	0
Other Land & Buildings	33,492	108,642	129,062	84,125	55,846	411,167
Community Assets	0	32	0	3	0	35
	33,492	108,674	129,062	84,128	55,846	411,202
Historic Cost:						
Vehicles Plant & Equipment	112	80	0	622	513	1,327
	112	80	0	622	513	1,327
Total cost or valuation:	33,604	108,754	129,062	84,750	56,359	412,529

29.6 Capital Expenditure and Financing

Of the £9.698m capital investment made in 2016/2017, £7.112m was financed in-year through the application of capital receipts, government grants and contributions from revenue. The remaining £2.586m capital financing requirement has been funded through borrowing, as indicated below:

Capital Expenditure & Financing	2016/2017		2015/2016	
	£000	£000	£000	£000
Capital Investment: Property, Plant & Equipment	6,762		22,282	
Capitalisation Direction	0		16	
REFCUS	2,936		7,858	
		9,698		30,156
Sources of Finance:				
Revenue Provision	(181)		(630)	
Capital Receipts	(903)		(1,958)	
Government Grants & Other Contributions	(6,028)		(15,372)	
		(7,112)		(17,960)
Increase in capital financing requirement:		2,586		12,196
Explanation of in-year movements:				
Borrowing Supported by Government Financial Assistance		1,988		2,022
Borrowing Unsupported by Government Financial Assistance		598		10,174
Total borrowing:		2,586		12,196

30. **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	259	'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	154	Unveiled September 24th 1924 by Sir Frederick Mills. Listed as an unusually elaborate war memorial, in a prominent setting.
Total Value:	413	

These monuments have been valued on an insurance replacement cost basis and are not depreciated as their useful life is deemed to be indefinite. There were no movements in the carrying amounts of these assets during 2016/2017 or 2015/2016.

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.

31. Leases

31.1 Authority as Lessee - Finance Leases

The Council has acquired a number of material assets under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

Lessee: Finance Leases	31 March 2017	31 March 2016
	£000	£000
Vehicles, Plant & Equipment	434	472
Total	434	472

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 are made up of the following amounts:

Finance Lease Minimum Payments	31 March 2017	31 March 2016
	£000	£000
Finance lease liability	467	614
Finance costs payable in future years	23	34
Minimum lease payments	490	648

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

Minimum Lease Payments	31 March 2017		31 March 2016	
	Minimum Lease	Finance Lease	Minimum Lease	Finance Lease
	Payments	Liabilities	Payments	Liabilities
	£000	£000	£000	£000
Not later than one year	242	229	243	229
Later than 1 year and not later than 5 years	248	238	405	385
Total	490	467	648	614

31.2 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 future minimum lease payments due under non-cancellable leases in future years are:

Operating Lease Minimum Payments	31 March 2017		31 March 2016	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Not later than one year	137	218	191	257
Later than 1 year and not later than 5 years	134	872	98	950
Later than 5 years	0	1,535	0	1,951
Total Minimum Lease Payments	271	2,625	289	3,158

The expenditure charges to service revenue accounts in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

Operating Leases	2016/2017		2015/2016	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Minimum lease payments	236	257	246	257
Total	236	257	246	257

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

31.3 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.

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

Finance Lease Debtor	31 March 2017		31 March 2016	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Current	75	54	73	52
Non-Current	155	4,201	230	4,254
Unguaranteed Residual Value of Property	0	(566)	0	(566)
Total	230	3,689	303	3,740

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

Finance Leases - Lessor	Gross Investment in Lease			
	31 March 2017		31 March 2016	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Not later than one year	75	54	73	52
Later than 1 year and not later than 5 years	155	243	230	231
Later than 5 years	0	3,392	0	3,457
Total	230	3,689	303	3,740

	Minimum Lease Payments			
	31 March 2017		31 March 2016	
	Vehicles, plant & equipment £000	Other land & buildings £000	Vehicles, plant & equipment £000	Other land & buildings £000
Finance Leases - Lessor				
Not later than one year	80	269	80	269
Later than 1 year and not later than 5 years	160	1,074	241	1,074
Later than 5 years	0	7,881	0	8,149
Total	240	9,224	321	9,492

31.4 Authority as Lessor - Operating Leases

The Authority leases out land and buildings under operating leases. From 2014/2015, these include a number of lease arrangements with Aneurin Leisure Trust in relation to plant and equipment.

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

	31 March 2017		31 March 2016	
	Vehicles, plant & equipment £000	Other land & buildings £000	Vehicles, plant & equipment £000	Other land & buildings £000
	Operating Lease Minimum Payments Receivable			
Not later than one year	0	412	11	521
Later than 1 year and not later than 5 years	0	1,364	0	1,875
Later than 5 years	0	772	0	942
Total Minimum Lease Payments Receivable	0	2,548	11	3,338

32. Non-Current Investments

Non-current investments consist of the Authority's 100% shareholding in Silent Valley Waste Services Ltd.

32.1 Summary of Non-Current Investments in Balance Sheet

Non-Current Investments	31 March 2017 £000	31 March 2016 £000
Silent Valley Waste Services Ltd.	250	250
Total Non-Current Investments	250	250

32.2 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 2017, the company had three registered directors, two of whom (the Chief Finance Officer and the Corporate Director of Environment and Regeneration) are senior employees of Blaenau Gwent CBC. The other director is the former Chief Executive of the Authority, appointed on 6 July 2016.

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 141-168, based on the company's final accounts which were approved by the Silent Valley Board on 31 May 2017.

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

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

33. **Non-Current Debtors**

From 2016/2017, Debtor balances have been re-analysed in accordance with the Accounting Code definitions of current and non-current. This has resulted in the reclassification of current debtors as non-current, as it is not expected that these sums will be recovered within 12 months of the end of the reporting period. Impairment of these debtors has also been reclassified from current to non-current.

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

Non-Current Debtors	31 March 2017				31 March 2016			
	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	4,201	0	279	4,480	4,333	0	747	5,080
Other Entities & Individuals	1,013	(272)	0	741	233	0	0	233
Total	5,214	(272)	279	5,221	4,566	0	747	5,313

Impairment of Non-Current Debtors

Where possible, 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.

Impairment of Non-Current Debtors	31 March 2017			31 March 2016		
	Gross Debtor £000	Impairment £000	Net Debtor £000	Gross Debtor £000	Impairment £000	Net Debtor £000
Dangerous Structures	163	(163)	0	0	0	0
Land & Property Charges	160	(109)	51	0	0	0
Total	323	(272)	51	0	0	0

34. Consolidation of Schools in Single Entity Accounts

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 accounting statements where required. The non-current assets of community and foundation schools are included on the Balance Sheet, the value of which are detailed below, but non-current assets relating to voluntary aided or controlled schools are not recognised in the Authority's Accounts as these are owned by the respective Diocese and are used by the Authority under licence. The Authority has the following types of maintained schools under its control:

Analysis of School by Type	2016/2017				2015/2016			
	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total
Primary Schools	15	4	0	19	19	4	0	23
Middle Schools	2	0	0	2	1	0	0	1
Secondary Schools	1	0	1	2	2	0	1	3
Special Schools	1	0	0	1	1	0	0	1
Total	19	4	1	24	23	4	1	28

Abertillery Comprehensive School, Abertillery Primary School, Bryngwyn Primary School, Queen Street Primary and Roseheyworth Primary School were closed on 31 August 2016 with school provision being merged into the Abertillery Learning Community which opened on 1 September 2016. Consequently, the number of Primary Community Schools disclosed has decreased by four in comparison to 2015/2016, with the number of Secondary Schools reducing by one and Middle Schools increasing by one.

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. The value of school assets included in the Balance Sheet is as follows:

Value of School Assets	2016/2017				2015/2016			
	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
Land & Buildings	75,953	0	3,478	79,431	72,970	0	3,827	76,797

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.

The valuation of school non-current assets increased by £2.634m during 2016/2017, largely due to the completion of the Abertillery Primary School new build (which was not included in the balance for schools in 2015/2016) offset by depreciation for the year.

Further details of the revaluation of non-current assets can be found in note 29.5 on page 87.

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 Balances - In-Year (Surplus)/Deficit	2016/2017				2015/2016			
	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	330	79	0	409	137	39	0	176
Middle Schools	(77)	0	0	(77)	97	0	0	97
Secondary Schools	117	0	(2)	115	85	0	91	176
Special Schools	139	0	0	139	34	0	0	34
Total In-Year (Surplus)/Deficit	509	79	(2)	586	353	39	91	483

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

School Balances	2016/2017				2015/2016			
	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	(467)	(66)	0	(533)	(797)	(145)	0	(942)
Middle Schools	(128)	0	0	(128)	(51)	0	0	(51)
Secondary Schools	78	0	(35)	43	(39)	0	(33)	(72)
Special Schools	35	0	0	35	(104)	0	0	(104)
Total	(482)	(66)	(35)	(583)	(991)	(145)	(33)	(1,169)

35. **Assets Held for Sale**

Assets Held for Sale are items of property, plant or equipment or a group of assets and liabilities whose carrying amount is to be recovered principally through a sale rather than its continued use by the Authority. The asset must be available for immediate sale in its present condition, the sale must be highly probable, the asset must be actively marketed for a sale at a price that is reasonable in relation to its current fair value, and the sale should be expected to qualify for recognition as a completed sale within one year of the date of classification.

Transactions relating to these assets were as follows:

	2016/2017 Current £000	2015/2016 Current £000
Assets Held for Sale		
Balance Outstanding at Start of Year	1,056	765
Assets newly classified as held for sale:		
Property, Plant & Equipment	681	438
Property, Plant & Equipment Surplus	125	295
Revaluation Losses	(632)	(178)
Revaluation Gains	31	27
Assets declassified as held for sale:		
Property, Plant & Equipment	(75)	0
Assets Sold:	(676)	(291)
Balance Outstanding at Year-end	510	1,056

36. Inventories

The following transactions occurred in respect of inventories (stocks and work-in-progress):

Inventories	General & Other Stores £000	Transport Stores £000	Catering & Cleaning Stocks £000	Total £000
Balance at 1 April 2015	946	221	76	1,243
Purchases	598	479	95	1,172
Recognised as an expense in the year	(730)	(449)	(117)	(1,296)
Transfers	0	0	0	0
Balance at 31 March 2016	814	251	54	1,119
Purchases	126	139	684	949
Recognised as an expense in the year	(327)	(199)	(685)	(1,211)
Transfers	(22)	22	0	0
Balance at 31 March 2017	591	213	53	857

'General & Other Stores' comprises stock held by the central stores function in addition to stock held across the Authority for specific purposes, including street lighting and theatres.

37. Current Debtors

From 2016/2017, Debtor balances have been re-analysed in accordance with the Accounting Code definitions of current and non-current. This has resulted in the reclassification of current debtors as non-current, as it is not expected that these sums will be recovered within 12 months of the end of the reporting period. Impairment of these debtors has also been reclassified from current to non-current.

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

Current Debtors	31 March 2017				31 March 2016			
	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	5,713	(36)	0	5,677	8,723	(27)	0	8,696
Other Central Government	1,292	0	0	1,292	988	(2)	0	986
Local Authorities	2,481	(118)	469	2,832	2,353	(40)	562	2,875
NHS	892	(27)	0	865	531	(7)	0	524
Council Tax Arrears	4,248	(1,933)	0	2,315	4,107	(1,850)	0	2,257
Other Entities and Individuals	5,232	(2,167)	1,347	4,412	7,435	(1,287)	5	6,153
Total	19,858	(4,281)	1,816	17,393	24,137	(3,213)	567	21,491

Impairment of Current Debtors

Where possible, current debtor balances have been reduced to eliminate sums that have not been written off but are potentially irrecoverable. Impairment allowance accounts have been established for the following debtors.

Impairment of Current Debtors	31 March 2017			31 March 2016		
	Gross Debtor	Impairment	Net Debtor	Gross Debtor	Impairment	Net Debtor
	£000	£000	£000	£000	£000	£000
Council Tax	4,248	(1,933)	2,315	4,107	(1,850)	2,257
Housing Benefits	1,450	(1,408)	42	317	(94)	223
Land & Property Charges	347	(258)	89	664	(545)	119
Dangerous Structures	0	0	0	163	(163)	0
Sundry Debtors	2,725	(682)	2,043	2,305	(561)	1,744
Total	8,770	(4,281)	4,489	7,556	(3,213)	4,343

38. Current Creditors

Amounts owed by the Authority were as follows:

Current Creditors	31 March 2017			31 March 2016		
	Creditors £000	Receipts in Advance £000	Total Current Creditors £000	Creditors £000	Receipts in Advance £000	Total Current Creditors £000
Welsh Government	(114)	0	(114)	(232)	(727)	(959)
Other Central Government	(704)	(6)	(710)	(2,302)	0	(2,302)
Local Authorities	(1,923)	(67)	(1,990)	(609)	(94)	(703)
NHS	(252)	(5)	(257)	(84)	(8)	(92)
Capital Creditors	(525)	0	(525)	(1,031)	0	(1,031)
Council Tax Credits	(740)	0	(740)	(729)	0	(729)
Other Entities and Individuals	(7,520)	(364)	(7,884)	(6,529)	(376)	(6,905)
Total	(11,778)	(442)	(12,220)	(11,516)	(1,205)	(12,721)

39. Grants Receipts in Advance

With effect from 2016/2017, creditor balances have been re-analysed in accordance with the Accounting Code of practice and Grants Receipts in Advance have been separately disclosed. The Authority has receipts in advance in respect of grants from the following:

Grants Receipts in Advance	31 March 2017 £000	31 March 2016 £000
Welsh European Funding Office	(167)	0
Welsh Government	(1,285)	0
Other Central Government	(35)	0
Local Authorities	(16)	0
NHS	(19)	0
Other Entities	(222)	0
Total	(1,744)	0

40. Provisions, Contingent Liabilities and Contingent Assets

40.1 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 2017/2018.	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 2017/2018.	The provision for early terminations comprises the known value of redundancy payments occurring after 31 March 2017 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.
Short Term Compensated Absences	To provide for known liabilities arising from the costs of accruing staff leave, flexi-time and lieu time balances at the end of the financial year.	Utilised in 2016/2017. Reclassified as a creditor.	In some cases the accrual is based on estimates of annual leave/ flexi leave entitlements. It has been assumed that entitlement data provided is accurate and up to date.

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.	To be utilised in 2017/2018.	Provision is based on relevant utility readings for 2016/2017, some of which have been estimated.
Contaminated Land	To provide for the costs in relation to a possession order and also the clearance of waste and remediation of the site.	To be utilised in 2017/2018.	Provision is based on the findings of an independent expert, who has assessed the cost for the disposal of the waste stockpiles, remediation of the underlying footprints and general site clearance to be in the range of £0.656m to £1.566m. The report concluded that the median cost of £1.111m would be a reasonable estimate for the required clearance works. A court order requires the previous site owner to pay £0.339m, but it is uncertain how much of this sum will be received by the Authority.

Other Provisions (Continued):

Provision	Purpose	Timescale for Utilisation	Uncertainties, Assumptions and Potential Reimbursement
Ebbw Vale Sports Centre Flood Damage	To provide for repairs to Ebbw Vale Sports Centre arising from flooding event on 6 February 2016.	Utilised in 2016/2017.	Reimbursement of costs incurred is subject to assessment by the Authority's insurers. It is currently estimated that reimbursement will be approximately £0.363m against a spend of £0.569m.
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 2017/2018 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 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 £0.017m in the Insurance Provision, set at 25% of total outstanding claims. In addition, £0.057m has been included in respect of MMI claims for the former Gwent County Council.
Lease Dilapidation	To provide for works to two leased assets - Anvil Court, Abertillery and Ebbw Vale Multi-Storey Car Park - to return the assets to their condition as at the inception of the respective lease agreements.	The lease for Ebbw Vale Multi-Storey Car Park is for 99 years, ending in 2070. The Anvil Court lease is for 20 years, ending in 2026.	Sums provided are for estimated costs to restore leased assets to original condition. No allowance has been made for improvement works undertaken which may be retained by the lessor. Provisions have not been discounted as the estimated sums involved are not material. However, it is difficult to estimate the actual cost of works required at points up to 53 years in the future.
Monwel Ltd. Liquidation	To provide for specific pension costs relating to Monwel Ltd. following closure of the social enterprise in July 2015.	Utilised in 2016/2017.	It has been assumed that the Authority will receive no compensation for outstanding liabilities. However, there is a possibility that full or partial reimbursement may be received on realisation of net assets.
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.
Reservoir Act	To provide for known costs of studies, investigations and remedial works arising from EA/NRW enforcement notices.	Utilised in 2016.	This provision is for the estimated contract cost for works involved. The Authority is pursuing appropriate cost reimbursement from the owners.
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.	To be utilised in 2017/2018.	Reimbursement of costs incurred is subject to assessment by the Authority's insurers. It is currently estimated that reimbursement will be approximately £0.238m against an anticipated spend of £0.238m.

40.2 Provisions - Movements

Movements in employee-related and other provisions during 2016/2017 were as follows:

Provision Movements	Balance at	Net	Balance at	Additional	Amounts	Unused	Unwinding of	Balance at
	1 April 2015	Movements		1 April 2016	Provisions	Used in		
	£000	£000	£000	made in	2016/2017	Reversed in	2016/2017	£000
				2016/2017	£000	2016/2017	£000	£000
Current Provisions								
Employee Provisions:								
Back Pay	(146)	0	(146)	0	0	0	0	(146)
Early Terminations	(969)	439	(530)	(504)	512	17	0	(505)
Short Term Compensated Absences	(1,812)	371	(1,441)	0	1,441	0	0	0
Other Provisions:								
Carbon Reduction Commitment	(178)	(52)	(230)	(171)	167	63	0	(171)
Contaminated Land	0	0	0	(1,111)	0	0	0	(1,111)
Ebbw Vale Sports Centre Flood Damage	0	(406)	(406)	(53)	459	0	0	0
Insurance	(529)	(366)	(895)	(212)	168	105	0	(834)
Monwel Ltd. Liquidation	(231)	159	(72)	0	57	15	0	0
Part 1 Land Compensation Claims	(481)	75	(406)	0	27	0	0	(379)
Reservoir Act	(113)	98	(15)	(1)	16	0	0	0
Waun Y Pound Unit 1	0	0	0	(201)	0	0	0	(201)
	(4,459)	318	(4,141)	(2,253)	2,847	200	0	(3,347)
Non-Current Provisions								
Insurance	(387)	(282)	(669)	(605)	289	414	0	(571)
Lease Dilapidation - Anvil Court	0	0	0	(250)	0	0	0	(250)
Lease Dilapidation - Ebbw Vale Multi Storey Car Park	0	0	0	(500)	0	0	0	(500)
	(387)	(282)	(669)	(1,355)	289	414	0	(1,321)
Total Provisions:	(4,846)	36	(4,810)	(3,608)	3,136	614	0	(4,668)

40.3 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 may be required to repossess a parcel of land transferred to Tai Calon, or contribute towards the costs of remedial works to bring the land into a usable state. Negotiations are ongoing, as are discussions with the original site contractor, but have yet to be concluded. It is not possible to determine either the outcome or the cost of resolving the issue.
- 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.

41. Other Long-Term Liabilities

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

Other Long-Term Liabilities	31 March 2017	31 March 2016
	£000	£000
Deferred Liabilities	(436)	(583)
Net Pensions Liability	(275,527)	(243,578)
Receipts in Advance	(8)	(11)
Total	(275,971)	(244,172)

- 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.
- Receipts in advance are sums held in respect of fees covering a 3 year period for taxi driver licences.

42. 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

Fair values calculated are as follows:

Financial Assets	Fair Value Level	31 March 2017		31 March 2016	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£000	£000	£000	£000
Temporary Investments - Cash Deposits	n/a	0	0	0	0
Temporary Investments - Fixed Term Deposits	n/a	0	0	0	0
War Bonds	n/a	4	4	4	4
Total		4	4	4	4

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

Financial Liabilities	Fair Value Level	31 March 2017		31 March 2016	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£000	£000	£000	£000
PWLB loans	2	(73,485)	(95,394)	(75,698)	(94,298)
LOBO loan	2	(4,045)	(6,191)	(4,045)	(6,131)
Market	2	(37,900)	(38,693)	(44,400)	(45,879)
Temporary Loans	n/a	(29,070)	(29,070)	(21,070)	(21,070)
Other Loans	n/a	(2,318)	(2,318)	(2,318)	(2,318)
Total		(146,818)	(171,666)	(147,531)	(169,696)

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 2017			31 March 2016		
	Non-Current £000	Current £000	Total £000	Non-Current £000	Current £000	Total £000
Financial Liabilities						
Financial liabilities at amortised cost	(98,919)	(47,899)	(146,818)	(110,124)	(37,407)	(147,531)
Total Borrowings	(98,919)	(47,899)	(146,818)	(110,124)	(37,407)	(147,531)
Financial Assets						
Loans & receivables	0	4	4	0	4	4
Available for Sale - Unquoted equity investment at cost	250	0	250	250	0	250
Total Investments	250	4	254	250	4	254

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 10, page 57) in relation to financial instruments are made up as follows:

Financial Instrument Gains/Losses	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2016/2017 £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2015/2016 £000
	Interest payable and similar charges:					
Interest expense	4,274	0	4,274	4,320	0	4,320
Interest and investment income:						
Interest income	0	(32)	(32)	0	(26)	(26)
Net gain/(loss) for the year:	4,274	(32)	4,242	4,320	(26)	4,294

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 2017, 132 car loans were outstanding with a total value of £0.666m (31 March 2016: 150 loans with a value of £0.753m).

43. 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 which incorporates the Prudential Indicators was approved by Council on 24 March 2016 and is available on the Authority's website:

http://democracy.blaenau-gwent.gov.uk/aksblaenau_gwent/images/att4728.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 key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term F1+, Long Term A+ (Fitch or equivalent rating), with the lowest available rating being applied to the criteria;
- The Authority's Corporate Bank;
- Debt Management Office;
- Other local authorities.

The full Investment Strategy for 2016/2017 was approved by Council on 24 March 2016 and is available on the Authority's website:

http://democracy.blaenau-gwent.gov.uk/aksblaenau_gwent/images/att4728.pdf

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 2017		31 March 2016	
	£000	%	£000	%
Source of Loan				
Public Works Loan Board	(74,186)	50.31	(76,438)	51.57
Lenders Option Borrowers Option (LOBO)	(4,000)	2.71	(4,000)	2.70
Market Loans	(37,900)	25.70	(44,400)	29.95
Temporary Loans	(29,070)	19.71	(21,070)	14.22
Other Loans	(2,318)	1.57	(2,318)	1.56
Total:	(147,474)	100.00	(148,226)	100.00

The maturity analysis of financial liabilities is as follows:

Maturity of Loan	31 March 2017		31 March 2016	
	£000	%	£000	%
Maturing in less than 1 year	(47,899)	32.49	(37,407)	25.24
Maturing in 1-2 years	(10,625)	7.20	(16,429)	11.08
Maturing in 2-5 years	(22,255)	15.09	(25,161)	16.97
Maturing in 5-10 years	(22,821)	15.47	(14,331)	9.67
Maturing in more than 10 years	(43,874)	29.75	(54,898)	37.04
Total:	(147,474)	100.00	(148,226)	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	2016/2017 £000	2015/2016 £000
Increase in interest payable on current variable rate borrowings	216	104
Increase in interest receivable on current variable rate investments	(29)	(17)
Increase in interest payable on non-current variable rate borrowings	40	40
Net impact upon Comprehensive Income & Expenditure Statement:	227	127

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.

44. 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, for 2016/2017 the net cash requirement was £3.306bn and total net scheme liabilities amounted to £347.3bn.

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 9.6%. The next actuarial valuation is due to be completed in 2018 based on scheme data for the period ending 31 March 2016. Subsequent valuations are to be undertaken on a four-yearly basis.

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 comprising 8,762 contributing employers that administers over 1.2 million active/deferred members and makes payments to 704,472 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 2016/2017, the Authority paid employers contributions of £3.184 million to Capita Teachers' Pensions in respect of teachers' pension costs, representing 16.5% of teachers' pensionable pay (2015/2016: £2.977 million, representing 15.5%). At 31 March 2017, £0.266 million remained payable to the Teachers' Pension Scheme relating to employers contributions arising in the March payroll (31 March 2016: £0.262m).

The total employers contributions to be made by the Authority to the Teachers' Pension Scheme in the year to 31 March 2018 is estimated at £3.216m.

The Authority made total contributions (employees and employers) to the TPS amounting to £5.037m in 2016/2017, which represented approximately 0.08% of the total contributions receivable by the TPS.

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 45.

45. **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 44).

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 contribution receivable by the Fund in 2015/2016.

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.

Effect of Business Combinations and Disposals - Capita Gwent Consultancy

In 2002, Capita Gwent Consultancy was formed as a joint venture arrangement for the provision of transport consultancy, engineering and related services. The Capita Symonds group were the majority shareholders with a 51% stake, with Blaenau Gwent CBC, Caerphilly CBC, Monmouthshire CC and Torfaen CBC each having a minority shareholding of 12.25%. Capita Gwent was admitted into the Greater Gwent (Torfaen) Pension Fund in September 2002. This arrangement ended on 31 August 2012 at the end of the contract agreement and consequently Capita Gwent Consultancy left the pension fund. The former Gwent Local Authorities have negotiated a final settlement in respect of pension past service liabilities arising, which has resulted in an increase in actuarially calculated IAS19 pension scheme liabilities for Blaenau Gwent of £1.617m. This has been charged to the CIES as the 'Effect of Business Combinations and Disposals', but has been adjusted by a transfer from the Pensions Reserve and consequently there is no immediate bottom line impact. Settlement of these additional liabilities has been considered by the Fund Actuary and has been included in the revised employer contributions resulting from the 2016 Actuarial Valuation.

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

	2016/2017			2015/2016		
	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	9,930	0	9,930	9,544	0	9,544
Past Service Costs and Curtailments	(279)	0	(279)	761	0	761
Effect of Business Combinations and Disposals	1,617	0	1,617	0	0	0
Administration Expenses	170	0	170	164	0	164
Total Service Cost:	11,438	0	11,438	10,469	0	10,469
Financing and Investment Income and Expenditure:						
Interest on plan assets	(9,770)	0	(9,770)	(9,538)	0	(9,538)
Interest on defined benefit liabilities	17,077	1,204	18,281	15,866	991	16,857
Net Interest:	7,307	1,204	8,511	6,328	991	7,319
Total Charged to the Surplus/Deficit on Provision of Services:	18,745	1,204	19,949	16,797	991	17,788
Remeasurement of the Net Defined Liability, comprising:						
Return on plan assets (excluding amounts included in Net Interest)	(60,147)	0	(60,147)	17,426	0	17,426
Actuarial (Gains)/Losses arising from changes in demographic assumptions	(13,952)	(2,119)	(16,071)	0	0	0
Actuarial (Gains)/Losses arising from changes in financial assumptions	86,166	4,965	91,131	141	11	152
Experience (Gains)/Losses on defined benefit liabilities	8,107	1,223	9,330	(5,684)	3,302	(2,382)
Total remeasurements recognised in Other Comprehensive Income & Expenditure	20,174	4,069	24,243	11,883	3,313	15,196
Total Charged to the Comprehensive Income & Expenditure Statement:	38,919	5,273	44,192	28,680	4,304	32,984
Movement in Reserves Statement:						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(18,745)	(1,204)	(19,949)	(16,797)	(991)	(17,788)
Actual Amount Charged Against Council Tax for Pensions in year:						
Employers' Contributions Payable to Scheme	10,353	0	10,353	10,762	0	10,762
Retirement Benefits Payable to Pensioners	0	1,879	1,879	0	1,868	1,868

At 31 March 2017, £0.958m remained payable to the LGPS relating to contributions arising in the March payroll (31 March 2016: £0.984m). This amount has been excluded from the Pensions Asset in the Balance Sheet.

Assets and Liabilities in Relation to Post-Employment Benefits

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

	2016/2017			2015/2016		
	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:	279,818	0	279,818	289,892	0	289,892
Employer Contributions	10,364	1,879	12,243	10,789	1,868	12,657
Member Contributions	2,618	0	2,618	2,625	0	2,625
Benefits Paid	(15,144)	(1,879)	(17,023)	(15,436)	(1,868)	(17,304)
Interest on Plan Assets	9,770	0	9,770	9,538	0	9,538
Administration Expenses	164	0	164	(164)	0	(164)
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	60,147	0	60,147	(17,426)	0	(17,426)
Balance at 31 March:	347,737	0	347,737	279,818	0	279,818

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

Reconciliation of the Movements in Present Value of Scheme Liabilities	2016/2017			2015/2016		
	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:	(488,055)	(35,341)	(523,396)	(480,238)	(32,905)	(513,143)
Current Service Cost	(9,930)	0	(9,930)	(9,544)	0	(9,544)
Past Service Cost and Curtailments	279	0	279	(761)	0	(761)
Administration Expenses	(334)	0	(334)	0	0	0
Interest Cost	(17,077)	(1,204)	(18,281)	(15,866)	(991)	(16,857)
Member Contributions	(2,618)	0	(2,618)	(2,625)	0	(2,625)
Benefits Paid	15,144	1,879	17,023	15,436	1,868	17,304
Remeasurement Gains/(Losses):						
Experience Gains/(Losses)	(8,107)	(1,223)	(9,330)	5,684	(3,302)	2,382
Actuarial Gains/(Losses) arising from changes in demographic assumptions	13,952	2,119	16,071	0	0	0
Actuarial Gains/(Losses) arising from changes in financial assumptions	(86,166)	(4,965)	(91,131)	(141)	(11)	(152)
Effect of Business Combinations and Disposals	(1,617)	0	(1,617)	0	0	0
Balance at 31 March:	(584,529)	(38,735)	(623,264)	(488,055)	(35,341)	(523,396)

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

Pension Assets & Liabilities Recognised in the Balance Sheet	31 March 2017 £000	31 March 2016 £000
Present Value of Scheme Liabilities:		
Local Government Pension Scheme	(584,529)	(488,055)
Teachers' Unfunded Discretionary Pensions	(38,735)	(35,341)
Total Present Value of Scheme Liabilities:	(623,264)	(523,396)
Fair Value of Scheme Assets:		
Local Government Pension Scheme	347,737	279,818
Teachers' Unfunded Discretionary Pensions	0	0
Total Fair Value of Scheme Assets:	347,737	279,818
Net Liability:		
Local Government Pension Scheme	(236,792)	(208,237)
Teachers' Unfunded Discretionary Pensions	(38,735)	(35,341)
Total Net Liability arising from Defined Benefit Scheme Obligations	(275,527)	(243,578)

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 2017				31 March 2016			
	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:	65,679	0	65,679	18.89	53,992	0	53,992	19.30
Investment Funds and Unit Trusts:								
Equities	0	200,706	200,706	57.72	0	162,891	162,891	58.21
Bonds	0	61,575	61,575	17.71	0	43,224	43,224	15.45
Other	0	9,220	9,220	2.65	0	9,415	9,415	3.36
Real Estate: UK Property Funds	0	8,834	8,834	2.54	0	8,246	8,246	2.95
Cash and Cash Equivalents:	0	1,723	1,723	0.49	0	2,050	2,050	0.73
Total:	65,679	282,058	347,737	100.00	53,992	225,826	279,818	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.

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 2017	31 March 2016
Financial Assumptions:		
Rate of Increase in Salaries	2.8%	3.7%
Rate of Increase in Pensions	2.4%	2.2%
Discount Rate	2.6%	3.5%
Mortality Assumptions:		
Current Pensioners:	CMI 2012 Tables with 1.5%p.a. long-term improvements	CMI 2012 Tables with 1.5%p.a. long-term improvements
Future Pensioners:	CMI 2012 Tables with 1.5%p.a. long-term improvements	CMI 2012 Tables with 1.5%p.a. long-term improvements
Life Expectancy:		
Longevity of current pensioners aged 65:		
Males	21.5	23.0
Females	23.9	25.4
Longevity of future pensioners aged 65 in 20 years' time:		
Males	23.6	25.2
Females	26.1	27.8

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 2016.

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 2017		31 March 2016	
	Increase in Employer Liabilities		Increase in Employer Liabilities	
	£000	%	£000	%
0.5% decrease in Real Discount Rate	59,730	9.58	58,097	11.10
0.5% increase in the Salary Increase Rate	11,028	1.77	22,297	4.26
0.5% increase in the Pension Increase Rate	47,691	7.65	34,647	6.62
1 year increase in Member Life Expectancy	18,698	3.00	15,702	3.00

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

Sensitivity Analysis	31 March 2017					31 March 2016				
	Base	Discount Rate: -0.5% p.a.	Salary Increase: +0.5% p.a.	Pension Increase: +0.5% p.a.	Life Expectancy: +1 Year	Base	Discount Rate: -0.5% p.a.	Salary Increase: +0.5% p.a.	Pension Increase: +0.5% p.a.	Life Expectancy: +1 Year
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Liabilities	(623,264)	(682,994)	(634,292)	(670,955)	(641,962)	(523,396)	(581,641)	(545,750)	(558,131)	(539,138)
Assets	347,737	347,737	347,737	347,737	347,737	279,818	279,818	279,818	279,818	279,818
Net Deficit	(275,527)	(335,257)	(286,555)	(323,218)	(294,225)	(243,578)	(301,823)	(265,932)	(278,313)	(259,320)

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.

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 valuation was at 31 March 2016.

In terms of funding via investment earnings then 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 £21.736m at 31 March 2017 (£26.181m at 31 March 2016). The effect of applying the net superannuation fund deficit of £275.527m to the Authority's usable reserves would be a deficit of £253.791m (2015/2016: the superannuation deficit of £243.578m exceeded usable reserves by £217.397m).

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 2018 are estimated by the Fund Actuary as £9.124m.

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.

Contingent Liabilities (see also note 40.3, page 106)

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.

46. Reserves

46.1 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:

Anvil Court	To meet future premises-related expenditure (transferred to Lease Dilapidation Provision in 2016/2017).
Budget Contingency Fund	To provide initial assistance in meeting new and emerging budget pressures.
Budget Implementation	To provide the investment required to deliver business transformation projects over 2016/2017 and 2017/2018.
Building Control Fees	To hold surpluses generated for future re-investment to improve the quality and performance of the Building Control Service.
Corporate Services Portfolio	To provide for a variety of specific costs falling to the Corporate Services Portfolio, including: CCTV camera repairs; additional future costs of elections; job evaluation; review of the Authority's asset management systems; supply of training/skills to Business Support Staff; and maintenance of retaining walls across the County Borough.
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 utilise income generated from town centre commercial bookings, falling within the Economy Portfolio.
Education Portfolio	To provide for the delivery of the Welsh Government national model for school improvement through the Education Achievement Service (EAS), falling within the Learning Portfolio.
Environment Portfolio	To provide for a variety of specific costs falling to the Environment Portfolio including: maintaining a stable transport oncost rate; and ensuring application of full cost recovery principles to the catering service.
Financial Management & Strategy Portfolio	To provide for a variety of specific costs falling to the Financial Management & Strategy Portfolio including: funding the Digital Inclusion project; implementation of payroll system functionality; holding deposits & bonds; maintaining stable stores oncost rates; and meeting taxation liabilities.
Future Interest Rate Increase Protection	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.
I.C.T.	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.

Usable Earmarked Revenue Reserves (Continued):

I.C.T. 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: rent reviews in relation to Ebbw Vale multi storey car park; and costs associated with clearing the highways network in adverse winter weather.
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	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.
LMS Balances	The aggregate amount of balances held by individual schools.
Local 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 a social worker in relation to Deprivation of Liberty Safeguards; and printing of materials required by the Social Services & Wellbeing Act.
Superannuation	To provide for liabilities arising from guarantees made to the Greater Gwent (Torfaen) Pension Fund to allow admission of entities to the Fund (e.g. Aneurin Leisure Trust).
Waste Services	To fund any potential financial penalties arising from a failure to meet the statutory recycling recovery target in 2016/2017 and future years.

Usable Reserves Earmarked for Capital Purposes:

Bryn Bach Park	To meet any future liabilities that may arise in respect of problems with the lake at Bryn Bach Park.
Canolfan yr Afon	To meet renovation costs at the Canolfan yr Afon centre in Ebbw Vale, in order to provide facilities for the benefit of vulnerable pupils.
Demimis 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.
Flying Start	To fund capital expenditure on approved Flying Start projects.
Highways	To fund capital expenditure on Safer Routes and Local Transport Fund Grant projects.
IT Infrastructure	To fund capital expenditure in relation to the upgrade of IT infrastructure to support workplace transformation.
Landfill Directive	To meet future expenditure in respect of the Landfill Directive targets.
Structural Maintenance Work	To fund expenditure on structural maintenance work in relation to education.
Victoria End Use	To fund future capital expenditure together with any future liabilities that may arise in respect of claims from developers.

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:

Fund Balances	Balance at	Net transfers		Adjustments	Net transfers	
	1 April 2015	(to) or from	31 March 2016		Fund Balances	31 March 2017
	£000	£000	£000	£000	£000	£000
Council Fund	(5,374)	(698)	(6,072)	184	804	(5,084)
Total: Fund Balances	(5,374)	(698)	(6,072)	184	804	(5,084)

Usable Earmarked Revenue Reserves	Balance at	Net transfers			Net transfers	
	1 April 2015	(to) or from	31 March 2016	Adjustments	(to) or from	31 March 2017
	£000	Reserves	£000	£000	Fund Balances	£000
		£000			£000	
Anvil Court	(179)	0	(179)	0	179	0
Budget Contingency Fund	(275)	(52)	(327)	0	165	(162)
Budget Implementation	(2,000)	425	(1,575)	0	1,246	(329)
Building Control Fees	(236)	(46)	(282)	0	46	(236)
Corporate Services Portfolio	(143)	21	(122)	0	(101)	(223)
Downsizing, Redundancy & Transitional Costs	(1,364)	469	(895)	0	412	(483)
Economy Portfolio	(3)	0	(3)	0	0	(3)
Education Portfolio	(43)	12	(31)	0	0	(31)
Environment Portfolio	(117)	9	(108)	0	62	(46)
Financial Management & Strategy Portfolio	(723)	458	(265)	0	163	(102)
Future Interest Rate Increase Protection	(224)	24	(200)	0	200	0
I.C.T	(401)	(353)	(754)	0	401	(353)
I.C.T for Elected Members	(101)	0	(101)	0	81	(20)
Implementation Delay Reserve	0	0	0	0	(116)	(116)
Individual Schools Budget (ISB)	(45)	(252)	(297)	0	93	(204)
Infrastructure Portfolio	(130)	25	(105)	0	89	(16)
Insurance Liabilities	(1,436)	164	(1,272)	0	(302)	(1,574)
Land & Property Charges	(138)	19	(119)	0	(21)	(140)
LMS Balances	(1,377)	385	(992)	(184)	88	(1,088)
Local Development Plan	(73)	(33)	(106)	0	0	(106)
Members Local Grants	(47)	(10)	(57)	0	35	(22)
Prudential Borrowing	(200)	0	(200)	0	0	(200)
Revenue Grants & Contributions Unapplied	(1,387)	62	(1,325)	0	400	(925)
Social Services Portfolio	0	(47)	(47)	0	47	0
Superannuation	(667)	2	(665)	0	164	(501)
Waste Services	(121)	(521)	(642)	0	200	(442)
Total: Usable Earmarked Revenue Reserves	(11,430)	761	(10,669)	(184)	3,531	(7,322)

Adjustments were made to the Council Fund and LMS Balances on 1 April 2016, to correct for the misposting of costs in previous years.

Usable Revenue Reserves Earmarked for Capital Purposes	Balance at	Net transfers	31 March 2016	Adjustments	Net transfers	31 March 2017
	1 April 2015	(to) or from			(to) or from	
	£000	Reserves	£000	£000	Fund Balances	£000
Bryn Bach Park	(56)	34	(22)	0	22	0
Canolfan yr Afon	(30)	30	0	0	0	0
Deminimis Capital Works	(121)	13	(108)	0	24	(84)
Flying Start	(45)	38	(7)	0	7	0
Highways	0	(197)	(197)	0	197	0
IT Infrastructure	(738)	193	(545)	0	350	(195)
Landfill Directive	(206)	206	0	0	0	0
Structural Maintenance Work	(61)	(48)	(109)	0	109	0
Victoria End Use	(31)	0	(31)	0	31	0
Total: Usable Revenue Reserves Earmarked for Capital Purposes	(1,288)	269	(1,019)	0	740	(279)

Usable Capital Reserves	Balance at	Net transfers	31 March 2016	Adjustments	Net transfers	31 March 2017
	1 April 2015	(to) or from			(to) or from	
	£000	Reserves	£000	£000	Fund Balances	£000
Capital Grants Unapplied	(1,092)	426	(666)	0	(19)	(685)
Usable Capital Receipts	(9,132)	1,377	(7,755)	0	(611)	(8,366)
Total: Usable Capital Reserves	(10,224)	1,803	(8,421)	0	(630)	(9,051)

Summary: Usable Reserves	Balance at	Net Transfers	31 March 2016	Adjustments	Net transfers	31 March 2017
	1 April 2015	2015/2016			(to) or from	
	£000	£000	£000	£000	Fund Balances	£000
Fund Balances	(5,374)	(698)	(6,072)	184	804	(5,084)
Earmarked Revenue Reserves	(11,430)	761	(10,669)	(184)	3,531	(7,322)
Revenue Reserves Earmarked for Capital Purposes	(1,288)	269	(1,019)	0	740	(279)
Capital Reserves	(10,224)	1,803	(8,421)	0	(630)	(9,051)
Total: Usable Reserves	(28,316)	2,135	(26,181)	0	4,445	(21,736)

Adjustments were made to the Council Fund and LMS Balances on 1 April 2016, to correct for the misposting of costs in previous years.

46.2 Unusable Reserves

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

Unusable Reserves	01 April 2015	Net transfers (to)/ from Reserves	31 March 2016	Adjustments	Net transfers (to)/ from Reserves	31 March 2017
	£000	£000	£000	£000	£000	£000
Revaluation Reserve	(17,979)	4,499	(13,480)	(1,083)	(1,528)	(16,091)
Capital Adjustment Account	(144,420)	36,452	(107,968)	445	7,566	(99,957)
Financial Instruments Adjustment Account	4,006	(46)	3,960	0	(51)	3,909
Deferred Capital Receipts Reserve	(4,937)	323	(4,614)	0	126	(4,488)
Pensions Reserve	222,534	20,354	242,888	0	31,960	274,848
Unequal Pay Back Pay Account	146	0	146	0	0	146
Accumulated Absences Account	1,812	(371)	1,441	0	274	1,715
Total Unusable Reserves:	61,162	61,211	122,373	(638)	38,347	160,082

Balances brought forward have been adjusted to correct a cumulative understatement of depreciation relating to specific assets and a revaluation increase related to previous years.

46.2.1 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	2016/2017		2015/2016	
	£000	£000	£000	£000
Balance at 1 April		(13,480)		(17,979)
Adjustments to Opening Balance		(1,083)*		0
Revised Balance at 1 April		(14,563)		(17,979)
Upward revaluation of assets	(2,890)		(733)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	833		9,567	
Depreciation - write back revaluation reserve	(246)		(5,164)	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(2,303)		3,670
Difference between fair value depreciation and historical cost depreciation	430		760	
Accumulated gains on assets sold or scrapped	345		69	
Amount written off to the Capital Adjustment Account		775		829
Balance at 31 March		(16,091)		(13,480)

*: Reserve balances at 1 April 2016 were amended by £1.083m as a result of the correction of a revaluation increase related to previous years.

The balance is reduced when assets with accumulated gains are:

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

The Reserve 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.

46.2.2 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.

Note 27 (pages 74 & 77) provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2016/2017		2015/2016	
	£000	£000	£000	£000
Balance at 1 April	(107,968)		(144,930)	
Adjustments to Opening Balance	445*		510**	
Revised Balance at 1 April		(107,523)		(144,420)
Reversal of items relating to capital expenditure debited or credited to the CIES:				
Charges for depreciation & impairment of non-current assets	10,695		13,590	
Revaluation losses on Property, Plant & Equipment	5,057		37,746	
Revenue expenditure funded from capital under statute	2,936		7,274	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	744		325	
Capital grants and contributions applied to capital financing	(4,016)		(12,947)	
		15,416		45,988

Capital Adjustment Account (Continued)	2016/2017		2015/2016	
	£000	£000	£000	£000
Items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment charged against the Council Fund	(3,903)		(3,623)	
Capital expenditure charged against the Council Fund	(181)		(630)	
		(4,084)		(4,253)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(979)		(2,030)	
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,012)		(2,424)	
		(2,991)		(4,454)
Sub-Total: Capital Adjustment Transactions included in the Movement in Reserves Statement:		8,341		37,281
Adjusting Amounts written out of the Revaluation Reserve:				
Charges for depreciation & impairment of non-current assets	(430)		(760)	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	(345)		(69)	
		(775)		(829)
Balance at 31 March		(99,957)		(107,968)

Adjustments to Balances Brought Forward:

***: 1 April 2016**

A small number of assets were identified on which no depreciation had been charged in previous years. Consequently, an adjustment of £0.727m has been made to correct the cumulative understatement of depreciation relating these assets. In addition, balances have been reduced by £0.282m as a result of the correction of a revaluation increase related to previous years.

****: 1 April 2015**

The Authority acts as sole trustee for a number of charitable trusts. In 2015/2016, Capital expenditure and grant funding on assets at Bedwellty House and Park was transferred to the accounts of the Charitable Trust. However, on further examination it has been necessary to adjust these transfers and consequently the Capital Adjustment Account balance has been decreased by £0.510m on 1 April 2015.

46.2.3 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	2016/2017		2015/2016	
	£000	£000	£000	£000
Balance at 1 April		3,960		4,006
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(51)		(46)	
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		(51)		(46)
Balance at 31 March		3,909		3,960

46.2.4 Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory 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	2016/2017	2015/2016
	£000	£000
Balance at 1 April	(4,614)	(4,937)
Transfer to the Capital Receipts Reserve upon receipt of cash	126	323
Balance at 31 March	(4,488)	(4,614)

46.2.5 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	2016/2017		2015/2016	
	£000		£000	
Balance at 1 April	242,888		222,534	
Remeasurement of pensions assets & liabilities	24,243		15,196	
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	19,949		17,788	
Employer's pensions contributions and direct payments to pensioners payable in the year	(12,232)		(12,630)	
Balance at 31 March	274,848		242,888	

46.2.6 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.

Unequal Pay Back Pay Account	2016/2017		2015/2016	
	£000	£000	£000	£000
Balance at 1 April	146		146	
Increase/(Decrease) in provision for back pay in relation to Equal Pay cases	0		0	
Cash settlements paid in the year	0		0	
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	0		0	
Balance at 31 March	146		146	

46.2.7 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.

Accumulated Absences Account	2016/2017		2015/2016	
	£000	£000	£000	£000
Balance at 1 April		1,441		1,812
Settlement or cancellation of accrual made at the end of the preceding year	(1,441)		(1,812)	
Amounts accrued at the end of the current year	1,715		1,441	
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		274		(371)
Balance at 31 March		1,715		1,441

Cash Flow Notes

47. 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.

47.1 Non-Cash Movements

Cash Flow - Adjustments for Non-Cash Movements	2016/2017		2015/2016 (Restated)	
	£000	£000	£000	£000
Depreciation & Impairment	15,752		51,336	
REFCUS (deferred charges)	2,936		7,274	
Effective interest adjustment	38		38	
Net IAS19 charges made for Retirement Benefits	19,949		17,788	
IAS19 Employers Contributions Paid to Pension Fund	(12,232)		(12,630)	
		26,443		63,806
Increase/(Decrease) in Provisions		(142)		(36)
(Increase)/Decrease in Inventories		262		124
(Increase)/Decrease in Revenue Debtors		371		846
Increase/(Decrease) in Revenue Creditors		1,390		117
Total		28,324		64,857

* Restated: Improvements have been made to the process of preparing the Cash Flow Statement, resulting in adjustments to the entries for IAS19 (pensions) and re-classification of a capital creditor to revenue.

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

Cash Flow - Adjustments for Investing & Financing Activities	2016/2017	2015/2016
	£000	£000
(Gain)/Loss on Disposal of fixed assets	(771)	(55)
Capital Grants credited to CIES	(6,047)	(14,945)
Total	(6,818)	(15,000)

48. Analysis of the Amounts of Major Classes of Gross Cash Receipts and Gross Cash Payments

48.1 Investing Activities

The cash flows for investing activities consist of the following:

Cash Flow - Investing Activities	2016/2017			2015/2016 (Restated)		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Purchase of Non-Current Assets	(10,329)			(29,797)		
		(10,329)		(29,797)		
Cash Inflows						
Sale of Non-Current Assets	1,515			379		
Other Receipts from Investing Activities	10,307			15,060		
		11,822		15,439		
Total			1,493			(14,358)

* Restated: Adjustments have been made to prior-year figures for 'Purchase of Non-Current Assets' and 'Other Receipts from Investing Activities' as a result of the revised process for preparing the Cash Flow Statement.

48.2 Financing Activities

The cash flows for financing activities consist of the following:

Cash Flow - Financing Activities	2016/2017			2015/2016		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Repayments of Amounts Borrowed	(82,837)			(62,413)		
Capital Element of Finance Lease Rental Payments	(259)			(243)		
		(83,096)		(62,656)		
Cash Inflows						
New Loans Raised	7,585			11,683		
New Short-Term Loans	74,500			61,991		
Long-Term Investments Repaid	30			26		
		82,115		73,700		
Total			(981)			11,044

49. **Cash and Cash Equivalents**

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

Cash and Cash Equivalents	2016/2017	2015/2016
	£000	£000
Cash Held by the Authority	43	42
Bank Accounts	3,332	4,167
Short Term Investments	2,000	0
Total Cash & Cash Equivalents	5,375	4,209

Other Notes

50. **Joint Arrangements**

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	2016/2017			2015/2016		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Greater Gwent Cremation Joint Committee	0	(132)	(132)	0	(132)	(132)
Gwent Joint Records Committee	143	0	143	143	0	143
Gwent Transport Unit	1,276	0	1,276	1,354	0	1,354
South East Wales Strategic Planning Group	1	0	1	1	0	1
Total	1,420	(132)	1,288	1,498	(132)	1,366

50.1 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.

50.2 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.

50.3 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 BGC for the GTU is also 49.54%.

50.4 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 2016/2017, Blaenau Gwent was the host Authority, overseeing the following transactions:

South East Wales Strategic Planning Group	2016/2017 £000	2015/2016 £000
Balance at 1 April	(68)	0
Balance transferrred to Blaenau Gwent	0	(80)
Receipts (Member Subscriptions)	(5)	(5)
Payments	37	17
Balance at 31 March	(36)	(68)

51. 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 recently been subject to 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	2016/2017					2015/2016 (Restated)				
	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)	(14)	(38)	(14)	(170)	(104)	(8)	(79)	(56)	(247)
Other	0	0	(2)	0	(2)	0	0	0	0	0
Total Income	(104)	(14)	(40)	(14)	(172)	(104)	(8)	(79)	(56)	(247)
Expenditure										
Charitable Activities	117	14	40	14	185	117	8	79	56	260
Other	104	0	0	0	104	104	0	0	0	104
Total Resources Expended	221	14	40	14	289	221	8	79	56	364
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

* Restated: Prior-year figures for Charitable Trusts have been restated and re-analysed into a summary 'Statement of Financial Activities' format, representative of the outturn figures submitted to the Charities Commission. The Cwm and Ebbw Vale Recreation Trusts have also been separately identified.

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

Charitable Trusts - Property, Plant & Equipment	2016/2017			2015/2016 (Re-analysed)		
	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	(335)	5,236	5,571	(226)	5,345
Cwm Recreation Ground	15	(15)	0	15	(15)	0
Ebbw Vale Recreation Ground	298	(27)	271	298	(14)	284
Tredegar Recreation Ground	86	(38)	48	86	(32)	54
Total	5,970	(415)	5,555	5,970	(287)	5,683

* Re-Analysed: Prior-year asset values have been re-analysed to separately identify the Cwm and Ebbw Vale Recreation Trusts.

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	2016/2017	2015/2016
	£000	£000
Investments	4	4
Cash	52	52
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	2016/2017			2015/2016 (Reclassified)			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Continuing Operations								
Financial Management & Strategy	42,148	(29,603)	12,545	40,142	(28,116)	12,026	8	155
Corporate Services	4,972	(804)	4,168	6,215	(846)	5,369		
Social Services	58,995	(16,355)	42,640	54,436	(15,255)	39,181		
Infrastructure	9,652	(1,835)	7,817	12,993	(1,781)	11,212		
Active Living	6,514	(1,322)	5,192	8,485	(1,823)	6,662		
Education	24,611	(6,729)	17,882	53,480	(6,270)	47,210		
Education - Schools	45,933	(3,604)	42,329	44,481	(2,908)	41,573		
Environment	20,217	(6,427)	13,790	21,276	(9,933)	11,343		
Economy	4,694	(2,819)	1,875	5,693	(1,807)	3,886		
Planning	1,489	(267)	1,222	1,601	(506)	1,095		
Licensing	193	(142)	51	228	(164)	64		
Silent Valley	1,270	(146)	1,124	953	(61)	892	8	155
Total Deficit on Continuing Services	220,688	(70,053)	150,635	249,983	(69,470)	180,513	4	151-152

Group Comprehensive Income & Expenditure Statement (Continued)	2016/2017			2015/2016			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Total Deficit on Continuing Services	220,688	(70,053)	150,635	249,983	(69,470)	180,513		
Other Operating Expenditure	8,782	(1,623)	7,159	8,123	(493)	7,630	5	153
Financing and Investment Income and Expenditure	22,588	(10,158)	12,430	21,214	(9,884)	11,330	6	154
Taxation and Non-Specific Grant Income	0	(149,090)	(149,090)	0	(154,707)	(154,707)	7	154
(Surplus)/Deficit on Provision of Services	252,058	(230,924)	21,134	279,320	(234,554)	44,766		
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(2,303)			3,670		
Remeasurement of the net defined benefit pension liability			24,237			15,244		
Other Comprehensive Income & Expenditure			21,934			18,914	9	155
Total Group Comprehensive Income & Expenditure			43,068			63,680	GMiRS	143-144

* Reclassified: Expenditure and Income for continuing operations have been reclassified in line with the Group's internal reporting arrangements.

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, 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 Group's services, more details of which are shown in the Group Comprehensive Income and Expenditure Statement. 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.

Group Movement in Reserves Statement	Council Fund	Earmarked Council Fund	Capital Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of Reserves of Subsidiary	Total Group Reserves	Note	Page
2015/2016	£000	£000	£000	£000	£000	£000	£000	£000		
Balance at 31 March 2015	(5,941)	(12,718)	(10,224)	(28,883)	61,162	32,279	(2,963)	29,316		
Total Group Comprehensive Income and Expenditure	44,480	0	0	44,480	18,866	63,346	334	63,680	GCIES, 9	142, 155
Adjustments between Group Accounts and Authority Accounts	180	0	0	180	0	180	(180)	0	10	156
Net (Increase)/Decrease before transfers	44,660	0	0	44,660	18,866	63,526	154	63,680		
Adjustments between Accounting basis & Funding basis under statutory provisions	(44,148)	0	1,803	(42,345)	42,345	0	0	0		
Net (Increase)/Decrease before transfers to Earmarked Reserves	512	0	1,803	2,315	61,211	63,526	154	63,680		
Transfers (to) Council Fund from Earmarked Reserves	(1,030)	1,030	0	0	0	0	0	0		
(Increase)/Decrease in 2015/2016	(518)	1,030	1,803	2,315	61,211	63,526	154	63,680	17	165
Balance at 31 March 2016	(6,459)	(11,688)	(8,421)	(26,568)	122,373	95,805	(2,809)	92,996	GBS, 17	146, 165

Group Movement in Reserves Statement 2016/2017	Council Fund £000	Earmarked Council Fund Reserves £000	Capital Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's share of Reserves of Subsidiary £000	Total Group Reserves £000	Note	Page
Opening balance at 1 April	(6,459)	(11,688)	(8,421)	(26,568)	122,373	95,805	(2,809)	92,996		
Adjustments to brought forward balances	184 *	(184) *	0	0	(638)**	(638)	0	(638)		
Balance at 31 March 2016	(6,275)	(11,872)	(8,421)	(26,568)	121,735	95,167	(2,809)	92,358		
Total Group Comprehensive Income & Expenditure	20,852	0	0	20,852	21,940	42,792	276	43,068	GCIES, 9	142, 155
Adjustments between Group Accounts and Authority Accounts	32	0	0	32	0	32	(32)	0	10	156
Net (Increase)/Decrease before transfers	20,884	0	0	20,884	21,940	42,824	244	43,068		
Adjustments between Accounting basis & Funding basis under statutory provisions	(15,777)	0	(630)	(16,407)	16,407	0	0	0		
Net (Increase)/Decrease before transfers to Earmarked Reserves	5,107	0	(630)	4,477	38,347	42,824	244	43,068		
Transfers (to) Council Fund from Earmarked Reserves	(4,271)	4,271	0	0	0	0	0	0		
(Increase)/Decrease in 2016/2017	836	4,271	(630)	4,477	38,347	42,824	244	43,068	17	165
Balance at 31 March 2017	(5,439)	(7,601)	(9,051)	(22,091)	160,082	137,991	(2,565)	135,426	GBS, 17	146, 165

Brought Forward Balances were adjusted (*) to correct a misposting of costs to Schools Balances, resulting in an increase in LMS Balances and a decrease in the Council Fund of £0.184m; and (**) to adjust Unusable Reserves (reducing the Capital Adjustment Account by £0.282m and Revaluation Reserve by £1.083m) for a revaluation increase related to previous years, and also for a cumulative adjustment increasing the Capital Adjustment Account by £0.727m in respect of an understatement of depreciation relating to specific assets.

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 2017		31 March 2016		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	273,154		279,317		11	156-158
Heritage Assets	413		413			
Non-Current Debtors	5,221		5,313			
Sub Total: Long Term Assets		278,788		285,043		
Assets Held for Sale	510		1,056			
Current Investments	4		4			
Inventories	857		1,119			
Current Debtors	17,516		21,640		12	159
Cash and Cash Equivalents	11,168		10,552		20	168
Sub Total: Current Assets		30,055		34,371		

Group Balance Sheet (Continued)	31 March 2017		31 March 2016		Note:	Page:
	£000	£000	£000	£000		
Current Borrowing	(47,899)		(37,407)			
Current Creditors	(12,223)		(12,709)		13	159
Current Grants Receipts in Advance	(1,744)		0			
Current Provisions	(3,517)		(4,178)		14	160
Sub Total: Current Liabilities		(65,383)		(54,294)		
Non-Current Borrowing	(98,919)		(110,124)			
Non-Current Provisions	(3,754)		(3,422)		14	160
Other Long-Term Liabilities	(276,213)		(244,570)		15, 16	161, 161-164
Sub Total: Long-Term Liabilities		(378,886)		(358,116)		
Total Net Assets/(Liabilities)		(135,426)		(92,996)		
Usable Reserves	(24,656)		(29,377)		17	165
Unusable Reserves	160,082		122,373		17	165
Total Reserves		135,426		92,996		

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	2016/2017		2015/2016 (Restated)		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services	(21,134)		(44,766)		GCIES	142
Adjustments to the provision of services for non-cash movements	28,012		63,777		18.1	166
Adjustments for items included in the provision of services that are investing and financing activities	(6,851)		(15,042)		18.2	166
Net Cash Inflows from Operating Activities		27		3,969		
Investing activities		1,570		(14,305)	19.1	167
Financing activities		(981)		11,044	19.2	167
Net increase or (decrease) in cash and cash equivalents		616		708		
Cash and cash equivalents at the beginning of the reporting period		10,552		9,844	GBS, 20	145, 168
Cash and cash equivalents at the end of the reporting period		11,168		10,552	GBS, 20	145, 168

* Restated: Improvements have been made to the process of preparing the Cash Flow Statement, resulting in adjustments to prior-year figures for 'Non-Cash Movements' and 'Investing Activities'. Other cashflows and overall balances have not been affected.



Notes to the Group Accounts

1. Group Accounting Policies

1.1 General Principles

The Group Accounts summarise the transactions of the Authority and its Subsidiaries for the 2016/2017 financial year and its position at the year-end of 31 March 2017. 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 2016/2017 and the Service Reporting Code of Practice 2016/2017, 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 accounting 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 28-43. However, where Policies differ, the Group Policy is included in this section.

1.2 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 £0.801m (2015/2016: £0.558m) and are therefore not considered to be material, any differences between identified and actual sums are therefore also not material.

1.3 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 2016/2017 and there were no acquisitions or discontinuations of service (or transfers under machinery of government arrangements) during the financial year.

1.4 Employee Benefits

1.4.1 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 2016/2017 and consequently no short term compensated absences accrual has been calculated.

1.5 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.

1.6 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.

1.6.1 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 exception to this are highways assets that individually fall below this de-minimus level but are capitalised because they are treated as one single item of expenditure in the year.

1.6.2 Measurement

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

1.6.3 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.

1.7 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.

2. 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.

3. Intra-Group Transactions & Balances

Where necessary, transactions between the constituent parts of the Group have been eliminated from the Accounting Statements and Notes, so as not to overstate the level of income or expenditure. Similarly, balances owing to/from other Group members have been eliminated in the preparation of the Group Balance Sheet. From the perspective of the Parent, the following transactions and balances have been eliminated:

Comprehensive Income and Expenditure Statement	2016/2017 £000	2015/2016 £000	Balance Sheet	2016/2017 £000	2015/2016 £000
Sales to Blaenau Gwent CBC	801	558	Non-current investment in SVWS	250	250
Payments to SVWS - NNDR refund	0	13	Debtor balances	3	3
Vehicle Servicing & Repairs	(2)	0	Creditor balances	(68)	(55)
Contribution - Leachate	(130)	(150)	Usable Reserves: Dividends received	(725)	(725)
Income received from SVWS - Directors' Fees	(23)	(23)	Retained Profit	380	662

Group Comprehensive Income & Expenditure Statement Notes

4. 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	2016/2017					2015/2016				
	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
Financial Management & Strategy	9,883	1,489	11,372	1,173	12,545	9,508	3,035	12,543	(517)	12,026
Corporate Services	3,594	274	3,868	300	4,168	3,695	719	4,414	955	5,369
Social Services	38,634	2,885	41,519	1,121	42,640	37,607	386	37,993	1,188	39,181
Infrastructure	8,410	(2,597)	5,813	2,004	7,817	7,865	(2,751)	5,114	6,098	11,212
Active Living	4,409	(695)	3,714	1,478	5,192	4,678	(651)	4,027	2,635	6,662
Education	55,173	(44,498)	10,675	7,207	17,882	54,784	(43,807)	10,977	36,233	47,210
Education - Schools	(583)	42,811	42,228	101	42,329	(1,170)	43,293	42,123	(550)	41,573
Environment	14,330	(3,903)	10,427	3,363	13,790	13,866	(4,448)	9,418	1,925	11,343
Economy	1,219	0	1,219	656	1,875	1,315	194	1,509	2,377	3,886
Planning	1,044	168	1,212	10	1,222	1,007	65	1,072	23	1,095
Licensing	51	2	53	(2)	51	62	(1)	61	3	64
Capital Adjustments	0	(43)	(43)	43	0	0	(265)	(265)	265	0
Pension Adjustments	0	1,069	1,069	(1,069)	0	0	496	496	(496)	0
Silent Valley	1,124	0	1,124	0	1,124	892	0	892	0	892
Net Expenditure on Continuing Operations	137,288	(3,038)	134,250	16,385	150,635	134,109	(3,735)	130,374	50,139	180,513
Other Operating Expenditure	(108)	8,038	7,930	(771)	7,159	(114)	7,744	7,630	0	7,630
Financing & Investment Income & Expenditure	(34)	7,907	7,873	4,557	12,430	(42)	7,776	7,734	3,596	11,330
Taxation & Non-Specific Grant Income	0	(144,696)	(144,696)	(4,394)	(149,090)	0	(145,120)	(145,120)	(9,587)	(154,707)
(Surplus)/Deficit on the Provision of Services	137,146	(131,789)	5,357	15,777	21,134	133,953	(133,335)	618	44,148	44,766
Transfers to/(from) earmarked reserves			(4,521)					(1,136)		
(Increase)/Decrease in year			836					(518)		
Opening Group Balances as at 1 April			(6,275) [†]					(5,941)		
Closing Group Balances as at 31 March			(5,439)					(6,459)		

†: The opening Council Fund Balance at 1 April 2016 has been reduced in respect of £0.184m costs incorrectly charged to Schools Reserves in previous years.

5. Other Operating Expenditure

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

Other Operating Expenditure	2016/2017			2015/2016		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
(Gains)/losses on the Disposal of Non-Current Assets	744	(1,515)	(771)	325	(379)	(54)
Precepts & Levies:						
Gwent Police Authority Precept	4,409	0	4,409	4,193	0	4,193
South Wales Fire Authority Levy	3,171	0	3,171	3,162	0	3,162
Community Council Precepts	354	0	354	340	0	340
Coroners' Courts	75	0	75	72	0	72
National Park Levy	29	0	29	31	0	31
Subsidiary's Other Operating Income	0	(108)	(108)	0	(114)	(114)
Total	8,782	(1,623)	7,159	8,123	(493)	7,630

6. Financing and Investment Income and Expenditure

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

Financing and Investment Income and Expenditure	2016/2017			2015/2016		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Interest payable and similar charges - Financial Instruments	4,274	0	4,274	4,320	0	4,320
Interest payable and similar charges - Other *	22	0	22	26	0	26
Interest receivable and similar income - Financial Instruments	0	(32)	(32)	0	(26)	(26)
Interest receivable and similar income - Other **	0	(356)	(356)	0	(320)	(320)
Net Pensions Interest	18,292	(9,770)	8,522	16,868	(9,538)	7,330
Total	22,588	(10,158)	12,430	21,214	(9,884)	11,330

*: Interest on finance leases and school balances.

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

7. Taxation and Non-Specific Grant Income

Taxation and Non-Specific Grant income in the Group Comprehensive Income and Expenditure Statement consists of the following:

Taxation & Non-Specific Grant Income	2016/2017	2015/2016
	£000	£000
Non-Specific grants		
Council Tax Income	(35,444)	(34,184)
Non-Domestic Rates	(21,003)	(20,201)
Revenue Support Grant/OAG	(88,249)	(90,735)
Total Non-Specific grants	(144,696)	(145,120)
Capital grants and contributions	(4,394)	(9,587)
Total	(149,090)	(154,707)

8. External Audit Fees

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

External Audit Fees	2016/2017 £000	2015/2016 £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	109
Certification of grant claims and returns	70	70
Other services	38	0
Total Audit Fees	414	380

External Audit services for Blaenau Gwent CBC are provided by the Wales Audit Office; for Silent Valley Waste Services Ltd. by Broomfield & Alexander Limited. Other Services consists of charges for the statutory audit of 3 years of charitable trust accounts required for Bedwellty House and Park, of which the Authority is the trustee.

Group Movements in Reserves Notes

9. Other Comprehensive Income and Expenditure

Other Comprehensive Income & Expenditure	2016/2017 £000	2015/2016 £000
(Surplus)/Deficit arising on the revaluation of Non-Current Assets	(2,303)	3,670
Remeasurement of the net defined benefit pension liability	24,237	15,244
Other Comprehensive Income & Expenditure	21,934	18,914

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

10. Adjustments between Parent and Group Movement in Reserves Statements

In preparing the Group Movement in Reserves Statement, the following adjustments were made to the Parent MiRS:

Adjustments between Single Entity and Group Movement in Reserves Statements	31 March 2017		31 March 2016	
	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	(801)	801	(571)	571
Income	166	(166)	173	(173)
Debtors & Creditors	(65)	65	(52)	52
Retained Profits	(380)	380	(662)	662
Accumulating Dividend	725	(725)	725	(725)
Less cumulative adjustments brought forward	387	(387)	567	(567)
Total intra-group adjustments	32	(32)	180	(180)

Group Balance Sheet Notes

11. Property Plant & Equipment

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

Property, Plant & Equipment	31 March 2017	31 March 2016
	£000	£000
Gross Carrying Amount	316,817	314,261
Accumulated Depreciation	(43,663)	(34,944)
Net Book Value	273,154	279,317

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 2016	158,632	12,532	124,557	138	4,920	13,482	314,261
Adjustment to Opening Balances	1,365 [†]	0	0	0	0	0	1,365
Revised Cost or Valuation as at 1 April 2016	159,997	12,532	124,557	138	4,920	13,482	315,626
Appropriations	12,214	0	1,347	0	180	(13,741)	0
Assets reclassified to/from held for sale	(681)	0	0	0	(50)	0	(731)
Additions	0	413	701	0	0	0	1,114
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,132	0	0	0	(75)	0	2,057
Revaluation increases/(decreases) recognised in the Provision of Services	(4,928)	0	0	0	(89)	0	(5,017)
Capital expenditure written off	(1,806)	0	0	0	0	0	(1,806)
Derecognition - disposals	(22)	(165)	0	0	0	0	(187)
Other movements in cost or valuation *	1,806	0	244	0	0	3,711	5,761
Cost or Valuation as at 31 March 2017	168,712	12,780	126,849	138	4,886	3,452	316,817
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 2016	(4,134)	(7,011)	(23,749)	(9)	(41)	0	(34,944)
Adjustment to Opening Balances	(45) ^{††}	0	(682) ^{††}	0	0	0	(727)
Revised Depreciation & Impairment as at 1 April 2016	(4,179)	(7,011)	(24,431)	(9)	(41)	0	(35,671)
Depreciation Charge & Appropriations	(4,558)	(1,165)	(3,192)	(1)	27	0	(8,889)
Depreciation written out to the Revaluation Reserve	246	0	0	0	0	0	246
Depreciation written out to the Surplus/Deficit on the Provision of Services	561	0	0	0	0	0	561
Derecognition - disposals	(14)	104	0	0	0	0	90
Accumulated Depreciation & Impairment as at 31 March 2017	(7,944)	(8,072)	(27,623)	(10)	(14)	0	(43,663)
Net Book Value as at 31 March 2017	160,768	4,708	99,226	128	4,872	3,452	273,154
Net Book Value as at 31 March 2016	154,498	5,521	100,808	129	4,879	13,482	279,317
Net Book Value as at 1 April 2015	194,487	2,317	98,437	123	8,126	9,831	313,321

Movements in 2015/2016:

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 2015	205,010	8,916	119,377	131	8,271	9,831	351,536
Appropriations	3,770	607	2,965	0	(478)	(6,864)	0
Assets reclassified to/from held for sale	(438)	0	0	0	(295)	0	(733)
Additions	0	3,374	2,088	0	0	2,826	8,288
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(7,592)	0	0	7	(596)	0	(8,181)
Revaluation increases/(decreases) recognised in the Provision of Services	(42,067)	0	0	0	(1,982)	0	(44,049)
Capital expenditure written off	(5,421)	0	(186)	0	0	(16)	(5,623)
Derecognition - disposals	(51)	(365)	0	0	0	0	(416)
Other movements in cost or valuation **	5,421	0	313	0	0	7,705	13,439
Cost or Valuation as at 31 March 2016	158,632	12,532	124,557	138	4,920	13,482	314,261

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 2015	(10,523)	(6,599)	(20,940)	(8)	(145)	0	(38,215)
Depreciation Charge & Appropriations	(5,034)	(759)	(2,809)	(1)	(95)	0	(8,698)
Depreciation written out to the Revaluation Reserve	5,063	0	0	0	101	0	5,164
Depreciation written out to the Surplus/Deficit on the Provision of Services	6,356	0	0	0	98	0	6,454
Derecognition - disposals	4	347	0	0	0	0	351
Accumulated Depreciation & Impairment as at 31 March 2016	(4,134)	(7,011)	(23,749)	(9)	(41)	0	(34,944)

†(2016/2017): The correction of a revaluation increase relating to previous years has increased the gross book value of Other Land & Buildings by £1.365m.

††(2016/2017): A small number of assets were identified on which no depreciation had been charged in previous years and consequently an adjustment has been made to correct the cumulative understatement of £0.727m.

Notes * & **: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £3.9 million of which has been added to the asset base and £1.8 million of which has been written off as there has been no increase to the asset value in 2016/2017(*); £7.8 million of which has been added to the asset base and £5.6 million of which has been written off as no increase to the asset value resulted in 2015/2016(**).

12. Current Debtors

From 2016/2017, Debtor balances have been re-analysed in accordance with the Accounting Code definitions of current and non-current. This has resulted in the reclassification of current debtors as non-current, as it is not expected that these sums will be recovered within 12 months of the end of the reporting period. Amounts owing to the Group were as follows:

Current Debtors	31 March 2017				31 March 2016			
	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Current Debtors £000	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Current Debtors £000
Welsh Government	5,713	(36)	0	5,677	8,723	(27)	0	8,696
Other Central Government	1,292	0	0	1,292	988	(2)	0	986
Local Authorities	2,481	(118)	469	2,832	2,353	(40)	562	2,875
NHS	892	(27)	0	865	531	(7)	0	524
Council Tax Arrears	4,248	(1,933)	0	2,315	4,107	(1,850)	0	2,257
Other Entities and Individuals	5,355	(2,167)	1,347	4,535	7,584	(1,287)	5	6,302
Total Current Debtors:	19,981	(4,281)	1,816	17,516	24,286	(3,213)	567	21,640

13. Current Creditors

From 2016/2017, Creditor balances have been re-analysed in accordance with the Accounting Code of practice and Grants Receipts in Advance have been separately disclosed. Amounts owed by the Group were as follows:

Current Creditors	31 March 2017			31 March 2016		
	Creditors £000	Receipts in Advance £000	Total Current Creditors £000	Creditors £000	Receipts in Advance £000	Total Current Creditors £000
Welsh Government	(114)	0	(114)	(232)	(727)	(959)
Other Central Government	(704)	(6)	(710)	(2,302)	0	(2,302)
Local Authorities	(1,923)	(67)	(1,990)	(609)	(94)	(703)
NHS	(252)	(5)	(257)	(84)	(8)	(92)
Capital Creditors	(525)	0	(525)	(1,031)	0	(1,031)
Council Tax Credits	(740)	0	(740)	(729)	0	(729)
Other Entities & Individuals	(7,523)	(364)	(7,887)	(6,517)	(376)	(6,893)
Total Current Creditors:	(11,781)	(442)	(12,223)	(11,504)	(1,205)	(12,709)

14. Provisions

Details of the purposes of the Authority's provisions can be found in notes 40.1-40.2, pages 103-105. 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 2016/2017 were as follows:

Provision Movements	Balance at 1 April 2015 £000	Net Movements 2015/2016 £000	Balance at 1 April 2016 £000	Additional Provisions made in 2016/2017 £000	Amounts Used in 2016/2017 £000	Unused Amounts Reversed in 2016/2017 £000	Unwinding of Discount in 2016/2017 £000	Balance at 31 March 2017 £000
Current Provisions								
Employee Provisions:								
Parent's Employee Provisions	(2,927)	810	(2,117)	(504)	1,953	17	0	(651)
Other Provisions:								
Parent's Other Provisions	(1,532)	(492)	(2,024)	(1,749)	894	183	0	(2,696)
Silent Valley Aftercare	(37)	0	(37)	(320)	187	0	0	(170)
	(4,496)	318	(4,178)	(2,573)	3,034	200	0	(3,517)
Non-Current Provisions								
Parent's Provisions	(387)	(282)	(669)	(1,355)	289	414	0	(1,321)
Silent Valley Aftercare	(3,693)	940	(2,753)	0	0	320	0	(2,433)
	(4,080)	658	(3,422)	(1,355)	289	734	0	(3,754)
Total Provisions:	(8,576)	976	(7,600)	(3,928)	3,323	934	0	(7,271)

15. Other Long-Term Liabilities

The Group holds the following balances as long-term liabilities:

Other Long-Term Liabilities	31 March 2017 £000	31 March 2016 £000
Deferred Liabilities	(436)	(583)
Net Pensions Liability	(275,769)	(243,976)
Receipts in Advance	(8)	(11)
Total	(276,213)	(244,570)

16. 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.

16.1 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 2016/2017, the total pension costs payable in respect of the defined contribution scheme was £0.057m (2015/2016: £0.047m). Outstanding contributions to the scheme at 31 March 2017 were £0 (31 March 2016: £0).

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 44 & 45, pages 113-123)

16.2 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 2016.

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 and the Group Movement in Reserves Statement during the year:

Pension Scheme Transactions	2016/2017			2015/2016		
	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 Comprehensive Income & Expenditure Statement:						
Cost of Services:						
Current Service Costs	9,957	0	9,957	9,568	0	9,568
Past Service Costs and Curtailments	(279)	0	(279)	761	0	761
Effect of Business Combinations and Disposals	1,617	0	1,617	0	0	0
Administration Expenses	170	0	170	164	0	164
Total Service Cost:	11,465	0	11,465	10,493	0	10,493
Financing and Investment Income and Expenditure:						
Interest on Plan Assets	(9,759)	0	(9,759)	(9,527)	0	(9,527)
Interest on Defined Benefit Liabilities	17,077	1,204	18,281	15,866	991	16,857
Net Interest:	7,318	1,204	8,522	6,339	991	7,330
Total Charged to the Surplus/Deficit on Provision of Services:	18,783	1,204	19,987	16,832	991	17,823
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:						
Return on plan assets (excluding amounts included in Net Interest)	(60,147)	0	(60,147)	17,426	0	17,426
Actuarial (Gains)/Losses arising from changes in demographic assumptions	(13,952)	(2,119)	(16,071)	0	0	0
Actuarial (Gains)/Losses arising from changes in financial assumptions	86,166	4,965	91,131	141	11	152
Experience (Gains)/Losses on defined benefit liabilities	8,101	1,223	9,324	(5,636)	3,302	(2,334)
Total remeasurement recognised in Other Comprehensive Income & Expenditure	20,168	4,069	24,237	11,931	3,313	15,244
Total Charged to the Group Comprehensive Income & Expenditure Statement:	38,951	5,273	44,224	28,763	4,304	33,067
Group Movement in Reserves Statement:						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(18,745)	(1,204)	(19,949)	(16,797)	(991)	(17,788)
Actual Amount Charged Against Council Tax for Pensions in year:						
Employers' Contributions Payable to Scheme	10,353	-	10,353	10,762	-	10,762
Retirement Benefits Payable to Pensioners	-	1,879	1,879	-	1,868	1,868

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

	2016/2017			2015/2016		
	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:	280,811	0	280,811	290,903	0	290,903
Interest on Plan Assets	9,808	0	9,808	9,572	0	9,572
Administration Expenses	164	0	164	(164)	0	(164)
Employer Contributions	10,552	1,879	12,431	10,819	1,868	12,687
Member Contributions	2,625	0	2,625	2,631	0	2,631
Benefits Paid	(15,172)	(1,879)	(17,051)	(15,462)	(1,868)	(17,330)
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	60,309	0	60,309	(17,488)	0	(17,488)
Balance at 31 March:	349,097	0	349,097	280,811	0	280,811
Reconciliation of the Movements in Present Value of Scheme Liabilities						
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	(489,446)	(35,341)	(524,787)	(481,594)	(32,905)	(514,499)
Current Service Cost	(9,957)	0	(9,957)	(9,568)	0	(9,568)
Past Service Cost and Curtailments	279	0	279	(761)	0	(761)
Administration Expenses	(334)	0	(334)	0	0	0
Interest Cost	(17,126)	(1,204)	(18,330)	(15,911)	(991)	(16,902)
Member Contributions	(2,625)	0	(2,625)	(2,631)	0	(2,631)
Benefits Paid	15,172	1,879	17,051	15,462	1,868	17,330
Experience Gains/(Losses)	(8,107)	(1,223)	(9,330)	5,684	(3,302)	2,382
Actuarial Gains/(Losses) arising from changes in demographic assumptions	13,952	2,119	16,071	0	0	0
Actuarial Gains/(Losses) arising from changes in financial assumptions	(86,322)	(4,965)	(91,287)	(127)	(11)	(138)
Effect of Business Combinations and Disposals	(1,617)	0	(1,617)	0	0	0
Balance at 31 March:	(586,131)	(38,735)	(624,866)	(489,446)	(35,341)	(524,787)

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

Pension Assets & Liabilities Recognised in the Balance Sheet	31 March 2017 £000	31 March 2016 £000
Present Value of Scheme Liabilities:		
Local Government Pension Scheme	(586,131)	(489,446)
Teachers' Unfunded Discretionary Pensions	(38,735)	(35,341)
Total Present Value of Scheme Liabilities:	(624,866)	(524,787)
Fair Value of Scheme Assets:		
Local Government Pension Scheme	349,097	280,811
Teachers' Unfunded Discretionary Pensions	0	0
Total Fair Value of Scheme Assets:	349,097	280,811
Net Liability:		
Local Government Pension Scheme	(237,034)	(208,635)
Teachers' Unfunded Discretionary Pensions	(38,735)	(35,341)
Total Net Liability arising from Defined Benefit Scheme Obligations:	(275,769)	(243,976)

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 £24.656m at 31 March 2017 (£29.377m at 31 March 2016). The effect of applying the net superannuation fund deficit of £275.769m to the Authority's usable reserves would be a deficit of £251.113m (2015/2016: the superannuation deficit of £243.976m exceeded usable reserves by £214.599m).

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).

17. Reserves

Details of the Authority's Reserves can be found in note 46, pages 124-134.

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			Adjustments	Net Transfers	
	1 April 2015	2015/2016	31 March 2016		2016/2017	31 March 2017
	£000	£000	£000	£000	£000	£000
Council Fund	(5,941)	(518)	(6,459)	184*	836	(5,439)
Silent Valley Profit & Loss Reserve	(2,963)	154	(2,809)	0	244	(2,565)
Parent's Usable Reserves	(22,942)	2,833	(20,109)	(184)*	3,641	(16,652)
Group Usable Reserves	(31,846)	2,469	(29,377)	0	4,721	(24,656)
Parent's Unusable Reserves	61,162	61,211	122,373	(638)**	38,347	160,082
Total: Reserves	29,316	63,680	92,996	(638)	43,068	135,426

Brought Forward Balances were adjusted on 1 April 2016:

(*) to correct a misposting of costs to Schools Balances, resulting in an increase in Usable Earmarked Reserves and a decrease in the Council Fund of £0.184m; and

(**) to account for a cumulative adjustment of £0.727m to the Capital Adjustment Account in respect of prior period understatement of depreciation relating to specific assets and a further amendment of £1.083m as a result of the correction of a revaluation increase related to previous years.

Group Cash Flow Notes**18. 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.

18.1 Non-Cash Movements

Cash Flow - Adjustments for Non-Cash Movements	2016/2017		2015/2016 (Restated)	
	£000	£000	£000	£000
Depreciation & Impairment	15,780		51,368	
REFCUS (deferred charges)	2,936		7,274	
Effective interest adjustment	38		38	
Net IAS19 charges made for Retirement Benefits	19,949		17,788	
IAS19 Employers Contributions Paid to Pension Fund	(12,393)		(12,625)	
		26,310		63,843
Increase/(Decrease) in Provisions		(329)		(975)
(Increase)/Decrease in Inventories		262		124
(Increase)/Decrease in Revenue Debtors		422		837
Increase/(Decrease) in Revenue Creditors		1,347		(52)
Total		28,012		63,777

* Restated: Improvements have been made to the process of preparing the single-entity Cash Flow Statement, resulting in adjustments to the entries for IAS19 (pensions) and re-classification of a capital creditor to revenue.

18.2 Investing or Financing Activities included in the Deficit on Provision of Services

Cash Flow - Adjustments for Investing & Financing Activities	2016/2017	2015/2016
	£000	£000
(Gain)/Loss on Disposal of fixed assets	(804)	(97)
Capital Grants credited to CIES	(6,047)	(14,945)
Total	(6,851)	(15,042)

19. Analysis of the Amounts of Major Classes of Gross Cash Receipts and Gross Cash Payments

19.1 Investing Activities

The cash flows for investing activities consist of the following:

Cash Flow - Investing Activities	2016/2017			2015/2016 (Restated)		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Purchase of Non-Current Assets	(10,329)			(29,839)		
		(10,329)			(29,839)	
Cash Inflows						
Sale of Non-Current Assets	1,548			421		
Other Receipts from Investing Activities	10,351			15,113		
		11,899			15,534	
Total			1,570			(14,305)

* Restated: Adjustments have been made to prior-year figures for 'Purchase of Non-Current Assets' and 'Other Receipts from Investing Activities' as a result of the revised process for preparing the Single-Entity Cash Flow Statement.

19.2 Financing Activities

The cash flows for financing activities consist of the following:

Cash Flow - Financing Activities	2016/2017			2015/2016		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Repayments of Amounts Borrowed	(82,837)			(62,413)		
Capital Element of Finance Lease Rental Payments	(259)			(243)		
		(83,096)			(62,656)	
Cash Inflows						
New Loans Raised	7,585			11,683		
New Short Term Loans	74,500			61,991		
Long Term Investments Repaid	30			26		
		82,115			73,700	
Total			(981)			11,044

20. **Cash and Cash Equivalents**

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

Cash and Cash Equivalents	2016/2017 £000	2015/2016 £000
Cash Held by the Authority	43	42
Bank Accounts	9,125	10,510
Short-term investments	2,000	0
Total Cash & Cash Equivalents	11,168	10,552

Other Group Notes

21. **Deferred Taxation**

Deferred tax assets and liabilities are offset where Silent Valley East Service 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 £189,524 (2015/2016: £120,472) in respect of losses for the year.



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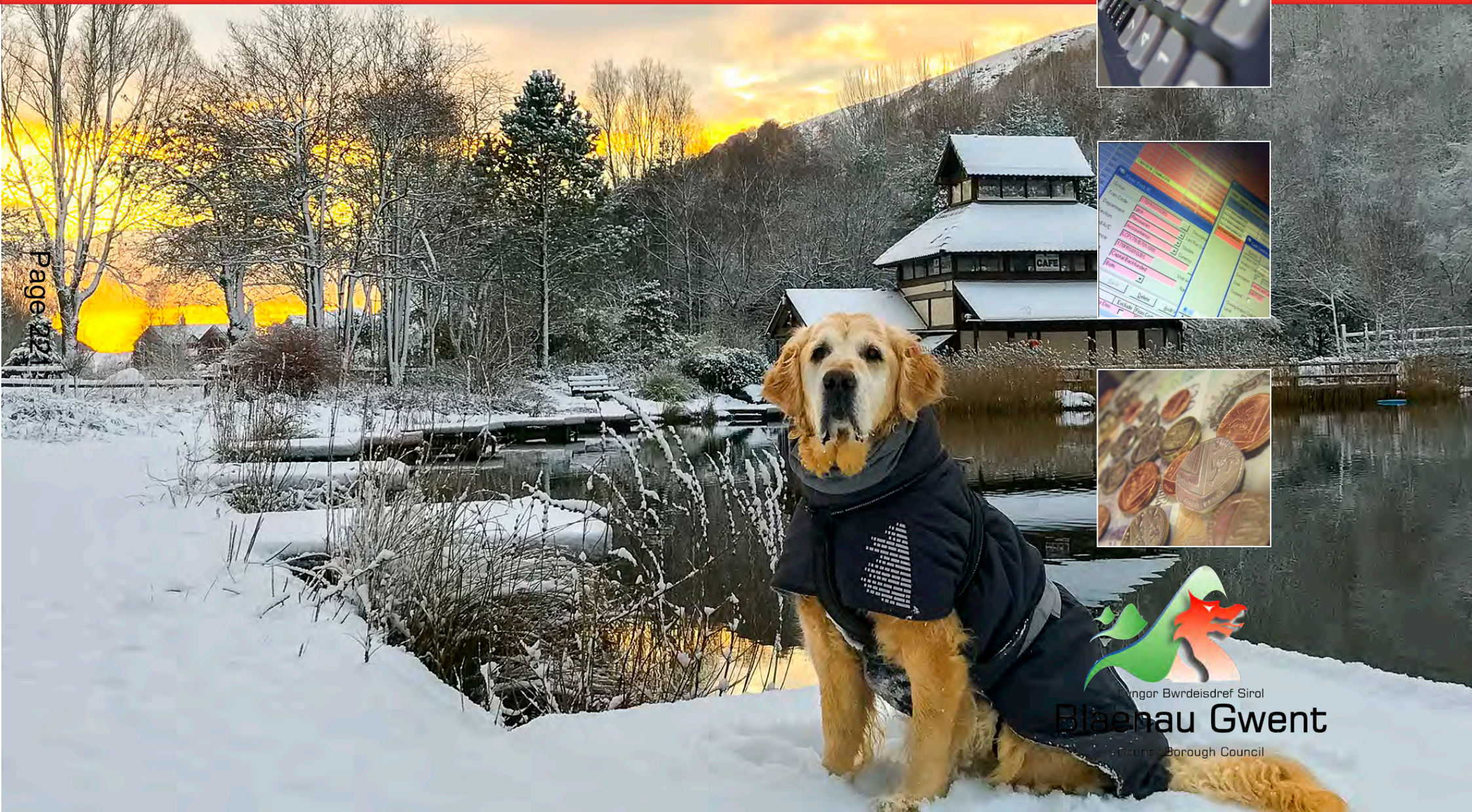
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2017/2018 Statement of Accounts

November 2020

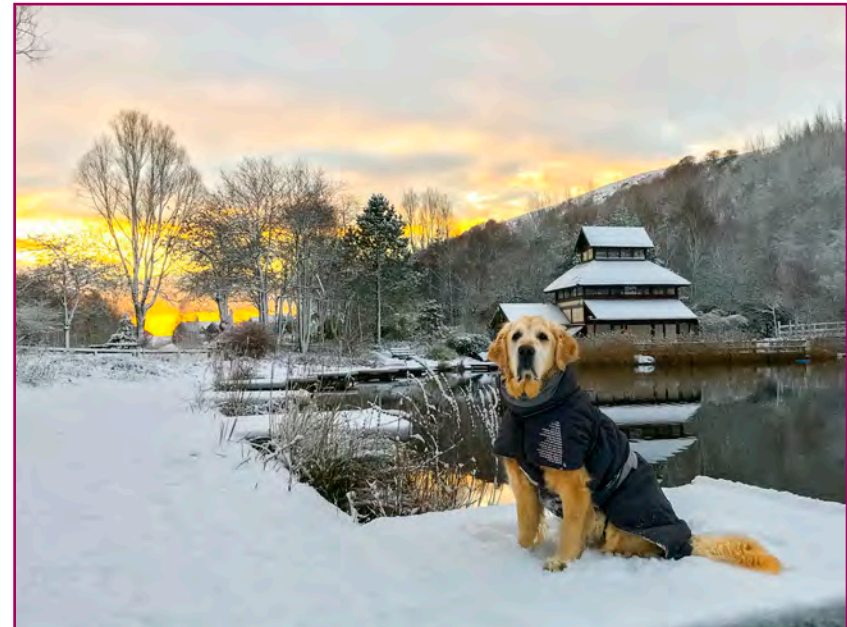


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The lake and Japanese Pavilion are among the legacy features situated within around 70 acres of parkland on the site of the 1992 Garden Festival in Ebbw Vale.



Cover Photo: Festival Park, Ebbw Vale.

In Memoriam: 'SGP' passed away peacefully on Christmas Eve, 2018.



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Abbreviations and Terms Used in the Statement of Accounts

AEF	Aggregate External Finance	GJRC	Gwent Joint Records Committee
AW	Audit Wales	GMIRS	Group Movement in Reserves Statement
BCIS	Building Cost Information Service	GTU	Gwent Transport Unit
BS	Balance Sheet	GWICES	Gwent Wide Integrated Community Equipment Service
CARE	Care 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	IR	Inland Revenue
CPFA	Chartered Public Finance Accountant	ISB	Individual Schools Budget
CPI	Consumer Price Index	LASAAC	Local Authority (Scotland) Accounts Advisory Committee
DRC	Depreciated Replacement Cost	LGPS	Local Government Pension Scheme
EA	Environment Agency	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	MPC	Monetary Policy Committee
EUV	Existing Use Value	MRICS	Member of the Royal Institution of Chartered Surveyors
FRS	Financial Reporting Standard	MRP	Minimum Revenue Provision
FSS	Funding Strategy Statement	MTFS	Medium Term Financial Strategy
FTSE	Financial Times Stock Exchange	NHS	National Health Service
GBS	Group Balance Sheet	NNDR	National Non-Domestic Rates
GCIES	Group Comprehensive Income and Expenditure Statement	NPV	Net Present Value
GGCJC	Greater Gwent Cremation Joint Committee	NRW	Natural Resources Wales

Abbreviations and Terms Used in the Statement of Accounts

OAG	Outcome Agreement Grant
PPE	Property, Plant and Equipment
PWLB	Public Works Loan Board
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
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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County Borough Council

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 2017 to 31 March 2018 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/2018 (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.

2. Background - Impact of Current Economic Climate on the Authority and the Services it Provides

The economic situation remains a major concern to the public sector both in Wales and the UK. The overall Welsh Government (WG) Revenue Settlement for 2017/2018 saw the first increase for local government since 2013/2014 with figures across Wales ranging from 1.1% to -0.5%. The reduction for Blaenau Gwent CBC was -0.4% resulting in a real cash decrease compared to 2016/2017 of £0.273m. There are no financial forecasts from Welsh Government to work on for 2019/2020 at this stage, which makes financial planning, even in the short term, quite challenging. However the recent trend of reducing settlements is expected to continue, albeit there is the potential for additional funding to come to local government through what is called the Barnett consequential, as a result of additional central government financing for the NHS in England.

Low interest rates continue to result in a lower return on any investments held by the Authority. On a positive note, correspondingly low levels of inflation have proved beneficial.

The settlement posed a continuing challenge (following the unprecedented level of savings required in the previous year) for the Authority, both in terms of developing a robust and balanced revenue budget (where savings of £4.8m and a planned use of reserves of £1.3m were required) and managing its financial affairs during the year with the aim of achieving a relatively sustainable financial position.

Despite the considerable challenges the Authority faced in terms of the WG Financial Settlement, the Council was able to set its budget for 2017/2018.

3. Background - Significant Events

A number of significant events occurred either during the financial year or prior to the signing of the Accounts after year-end that have had an impact on the financial statements themselves or the environment in which the Authority operates. These were:

3.1 Audit of 2016/2017 Statutory Accounts by Audit Wales (AW) (formerly Wales Audit Office (WAO))

Audit Wales received external correspondence towards the planned end of its 2016/2017 audit, relating to the arrangements between the Council and Silent Valley Waste Services Ltd. (a wholly owned company of the Council). As the resulting investigation had not been finalised, the Council did not receive an audit opinion or certificate of completion in relation to the 2016/2017 audit at that time.

Audit Wales' investigation is now coming to a conclusion and the Council has been advised that the element of the review specifically impacting upon the Statement of Accounts relates to the treatment of employer pension contributions for the Council-nominated Directors on the Company's Board. The Auditor General for Wales considers that these contributions paid by the Council into the Local Government Pension Scheme were contrary to law on the basis that the Council did not have the power to make pension payments on behalf of Silent Valley Waste Services Ltd..

The Council has taken its own legal advice and whilst accepting that there were procedural errors in the way in which employer pension contributions were administered, it considers that these did not have the effect of rendering the payments contrary to law.

On conclusion of the investigation, the Council anticipates receiving an opinion on its 2016/2017 and 2017/2018 Statement of Accounts.

3.2 Annual Governance Statement

In the Annual Governance Statement presented to Audit Committee alongside this document, the Head of Internal Audit has concluded that the general direction of travel for the Authority has continued to be positive regarding the internal control environment and has judged that Blaenau Gwent County Borough Council's system of internal control during the financial year 2017/2018 operated to a level which gives Reasonable Assurance on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

3.3 Silent Valley Waste Services Ltd.

In December 2017, Council made an in-principle decision to transfer the assets and liabilities of Silent Valley Waste Services Limited back to the Council in order for the service to be delivered in-house. A process of commercial, legal and financial due diligence will be undertaken to inform detailed options to be considered by the Executive Committee in due course. In addition, revised governance arrangements were put in place, with the two officer nominations on the board replaced with two Elected Members as the Council Appointed (non-executive) Directors to sit upon the board during the due diligence process.

3.4 European Union Membership

On 23 June 2016, the United Kingdom voted to leave the European Union (EU). Given that there is currently limited data for the post-referendum period and consequently inadequate verifiable evidence of permanent changes to the environment in which the Authority operates, there has consequently been no impact on the transactions and balances reported for the 2017/2018 financial year. Further consideration of the future impact of the vote to leave the EU is included in note 16.4 to this Narrative Report (page 17).

3.5 Review of Minimum Revenue Provision (MRP) Policy

Following a review of policy, carried out by the Council with its Treasury Management advisors (Link Asset Services), a revised policy was agreed in December 2017.

3.6 Material Events After the Reporting Date

There were no material adjusting or non-adjusting post-balance sheet events.

4. Summary of Outturn

In setting the 2017/2018 budget, the Authority agreed a Council Tax increase of 3.46% and identified savings of £4.8m. This included a proposed use of general reserves of £1.3m. Overall, the management accounts have reported an overspend against budget of £0.66m, after application of earmarked reserves totalling £1.2m. A number of budget pressures continued, including Children's Services and services in the Environment Portfolio. These pressures were forecast early on in the financial year and a number of actions were put in place across the Council to assist in mitigating the forecast overspend, including:

- Freezing or delaying non-essential expenditure;
- Requiring budget holders to produce action plans to address cost pressures; and
- Increased governance arrangements relating to the appointment of staff.

These ongoing cost implications have been built into the budget for 2018/2019, which has increased pressure on other service areas to deliver savings by reducing expenditure and/or increasing income.

5. Revenue Expenditure Outturn and Funding

5.1 2017/2018 Outturn

The following table reconciles the net service expenditure reported on a statutory basis in the Comprehensive Income & Expenditure Statement (page 21) with net outturn as reported to Management during the year. The Expenditure and Funding Analysis on page 44, together with the accompanying notes, provide details of the adjustments that have been made in reconciling between the statutory and management accounts. The table also indicates the Authority's net service expenditure, as reported to management, compared with the budget for the year.

Service Expenditure Compared to Budget	2017/2018					
	CIES Net Expenditure £000	Accounting Code Adjustments £000	Funding and Accounting Basis Adjustments £000	Net Outturn - Management Accounts £000	Revised Budget £000	Variance: Adverse/ (Favourable) £000
Portfolio/Committee:						
Financial Management & Strategy	12,185	(903)	(780)	10,502	10,562	(60)
Corporate Services	5,032	(270)	(1,038)	3,724	3,790	(66)
Social Services	45,306	(482)	(3,116)	41,708	41,608	100
Infrastructure	10,862	7,055	(5,319)	12,598	12,462	136
Active Living	6,213	736	(2,593)	4,356	4,228	128
Education *	15,712	43,085	(4,441)	54,356	54,284	72
Environment	16,303	5,092	(5,771)	15,624	15,197	427
Economy	2,232	(644)	(299)	1,289	1,352	(63)
Planning	1,268	(92)	(126)	1,050	1,050	0
Licensing	90	(2)	(14)	74	83	(9)
Sub-Total:	115,203	53,575	(23,497)	145,281	144,616	665
Education - Schools **	42,132	(42,300)	(114)	(282)	0	(282)
Cardiff Capital Region City Deal ***	(1,088)	(30)	1,118	0	0	0
Total:	156,247	11,245	(22,493)	144,999	144,616	383

*: *Education* refers to centralised education functions and non-school transactions.

** : *Education - Schools* refers to financial transactions related specifically to school entities.

***: *Cardiff Capital Region City Deal* refers to the Authority's contributions to revenue and capital costs, as apportioned in accordance with the terms of the joint arrangement.

5.2 Impact of Inflation on Revenue Expenditure

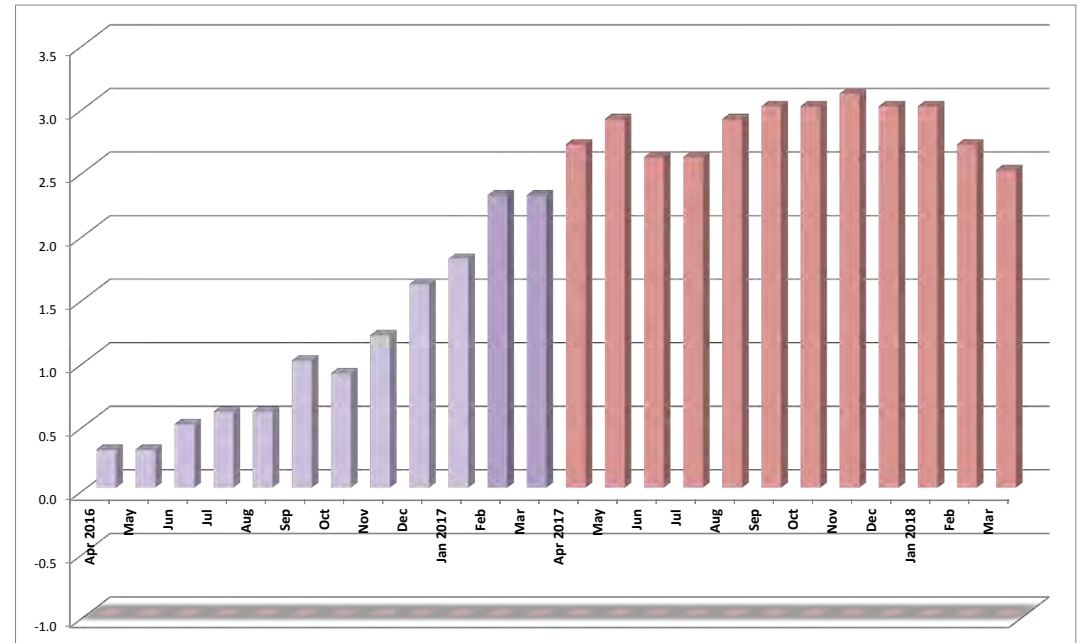
Consumer price inflation during 2017/2018 ranged between 2.5% and 3.1%, which is above the Bank of England target rate of 2%. However, it has fallen by more than expected since the start of the year, to 2.5% in March 2018. The Bank of England’s May 2018 inflation report projected that due to the impact of sterling’s depreciation appearing to have diminished slightly more quickly than expected, inflation is expected to fall further towards the 2% target as it continues to diminish. It is expected to settle at the 2% target around mid 2020.

The impact of inflationary pressures on the Authority varies according to specific areas of spend. Much of the Authority’s expenditure relates to employee costs. In the economy as a whole, regular pay growth has picked up and there are continuing signs that domestic inflationary pressures are building gradually. This could result in upward pressure on employee costs.

An extended period of wage restraint and below-inflation settlements has given way to increased public sector pay awards, including headline 2% settlements for APT&C staff (with additional weighting for lower grades) and payment of the national living wage. Further employee cost pressures could arise if the Employers contribution rate for the Teachers Pension Scheme increases further to the latest actuarial valuation of the scheme. A 1% increase in employee costs equates to £1.012m.

The current Bank of England forecast is that market interest rates will rise by 0.75% over the next three years, resulting in additional inflationary pressures. Overall, increases in prices at which the Authority procures goods and services, in excess of related income from fees and charges or general government grants, will most likely have a detrimental impact on a wide range of service budgets including, schools, street lighting, catering and meals on wheels.

Consumer Price Index (CPI) Inflation: April 2016 - March 2018



5.3 Funding Sources

Central Government provides the majority of the Authority’s funding, through Revenue Support Grant, Specific Grants and Non-Domestic Rates (67.4% of funding in 2017/2018). The spending review covering the period to 2019/2020 indicated increases to the Welsh Government budget of less than 0.8% per annum and consequently the level of funding to Welsh local authorities is likely to be similarly constrained.

A 1% reduction in RSG compared to 2016/2017 levels represents a reduction of £0.882m, which equates to 0.39% of the Authority’s total funding. In real terms the impact of this reduction is increased by the impact of inflation.

Interest rates were reduced to the historically low level of 0.25% in August 2016, which has further curtailed the amount of investment income available to the Authority. In May 2018, the Bank of England indicated that projections of long-term and real interest rates suggest that rates will remain low for some time.

The combination of low interest rates and reduced grant funding create an environment in which there is continued pressure to control costs. For 2017/2018, Aggregate External Financing at Blaenau Gwent reduced by 0.4%, which is lower than the average Welsh Unitary Authority increase of 0.2% (source: Welsh Government Local Government Revenue and Capital Settlement: 2017-18).

For 2017/2018, revenue expenditure and funding can be analysed as follows:

Revenue Expenditure:

Employees: £101.2m

Transfer Payments: £39.2m

Supplies & Services: £29.1m

Other Costs: £32.8m

Premises: £9.9m

Depreciation, Amortisation, Impairment & Interest: £37.8m

Transport: £5.6m

Total Revenue Expenditure: £255.6m

Transfer Payments are amounts paid for which no goods or services are received in return by the Authority, including Housing Benefits (Rent Allowances and Rebates); Voluntary Sector Grants; Direct payments to Social Services clients; and Mandatory and Discretionary Awards to schoolchildren and students.

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Revenue Funding:

RSG: £86.3m

Non-Domestic Rates: £22.7m

Council Tax: £36.8m

Grants & Other Service Income: £82.2m

Total Revenue Funding: £227.9m

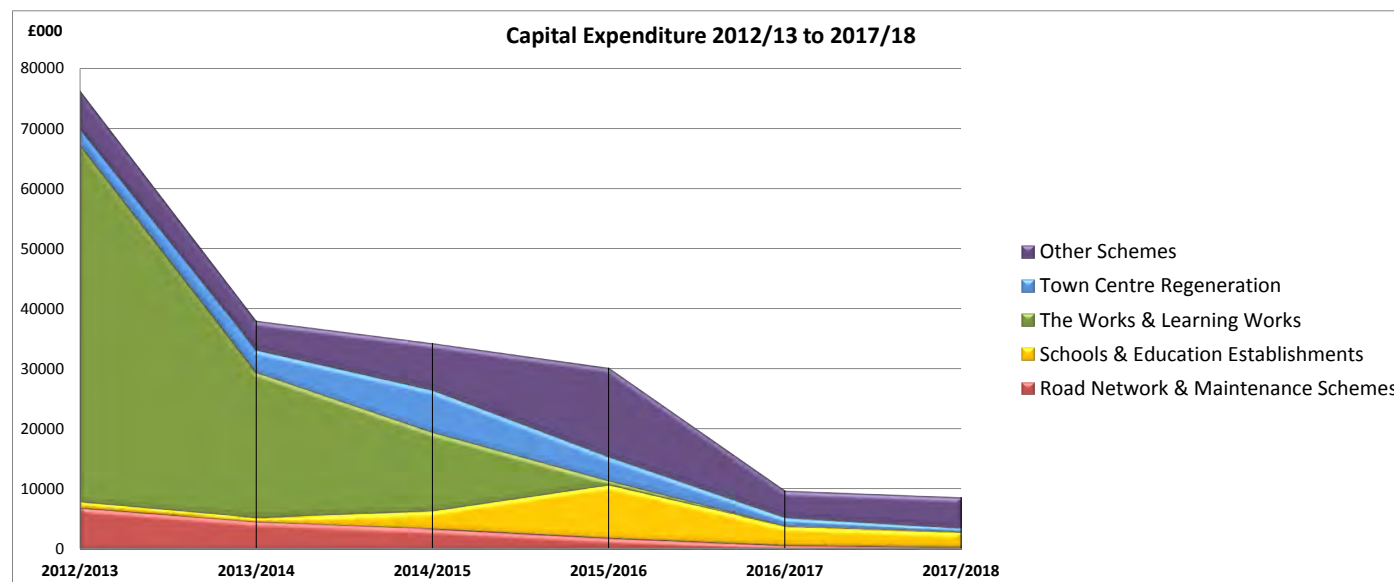
Summary	2017/2018 £000
Total Revenue Expenditure	255,585
Total Revenue Funding	(227,977)
Net Revenue Expenditure	27,608
Adjustments between accounting basis and funding basis under statutory provisions	(25,431)
Net Decrease in Reserves	2,177
Transfer from Earmarked Reserves	(2,593)
Increase in Council Fund General Reserve	(416)

6. Capital Expenditure Outturn and Funding

Capital Expenditure

Total capital expenditure continued to decline in 2017/2018, in line with reductions in Welsh/Central Government funding and the completion of significant capital schemes.

In year, total capital expenditure amounted to £8.589m, a reduction of £1.109m compared to the previous year, largely due to the reduction in expenditure on schools and education establishments, housing and town centre regeneration, offset by increases in waste management and contributions to the Cardiff Capital Region City Deal.



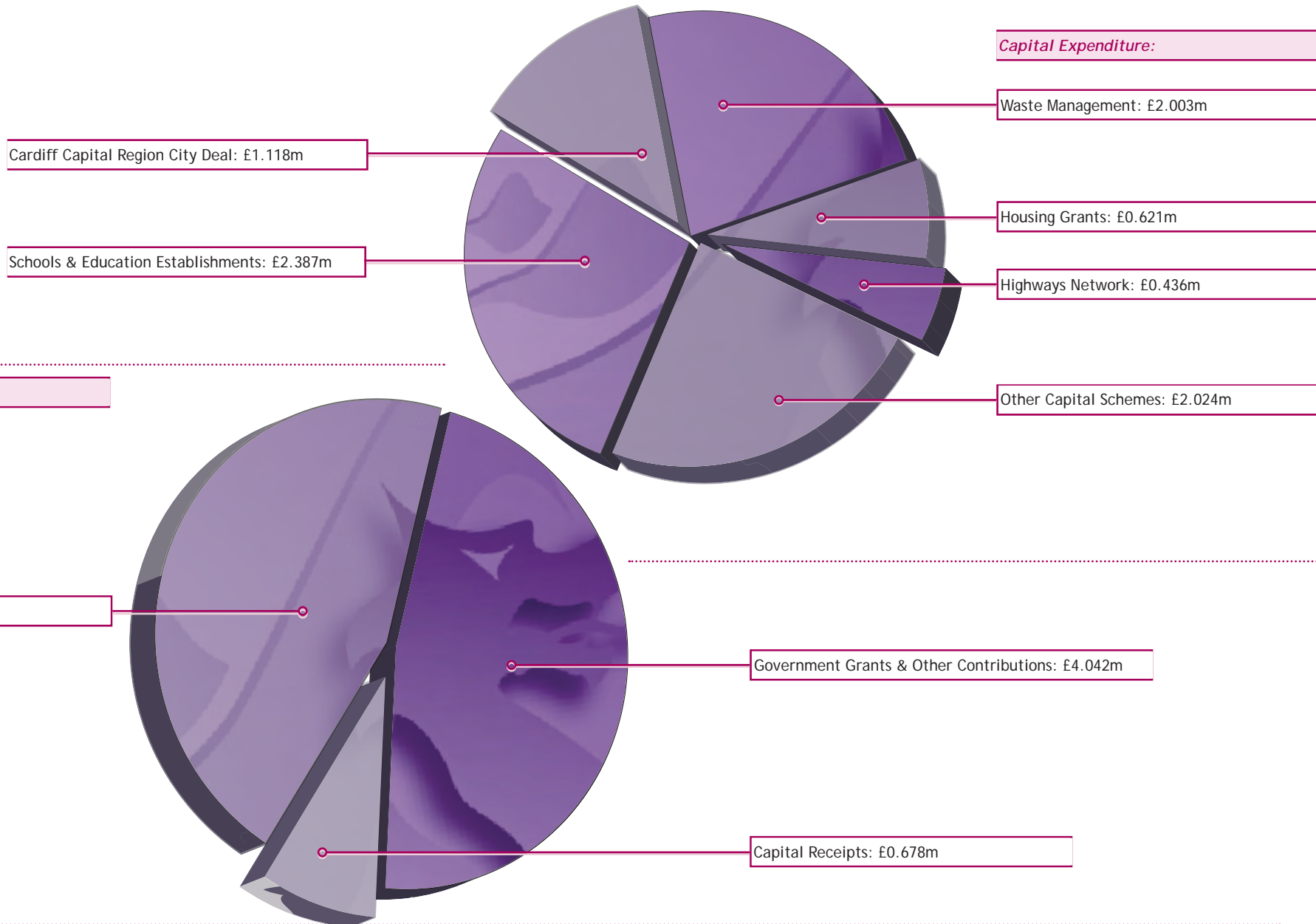
Capital Expenditure by Scheme	2017/2018		2016/2017	
	£000	£000	£000	£000
Schools & Education Establishments	2,387		3,098	
Waste Management	2,003		591	
Cardiff Capital Region City Deal	1,118		0	
Leisure Schemes	809		479	
Housing General	621		1,301	
Road Network & Maintenance Schemes	436		743	
Town Centre Regeneration	362		1,357	
Social Services Adults	354		282	
Regeneration Programme	282		0	
Flying Start Schemes	77		765	
Workplace Transformation	52		761	
Housing Renewal Areas	49		170	
The Works & Learning Works	23		60	
Other	16		91	
Total:		8,589		9,698

The major items of expenditure, categorised by scheme type, are identified in the table (right).

Further details of capital expenditure are contained in notes 25.3 (page 72) and 25.5 (page 74) to the Core Statements.

Financing of Capital Expenditure

Capital expenditure totalling £8.589m was financed by local authority borrowing (£3.869m), grants (£4.042m) and capital receipts (£0.678m). Capital expenditure and funding are summarised in the graphs below.



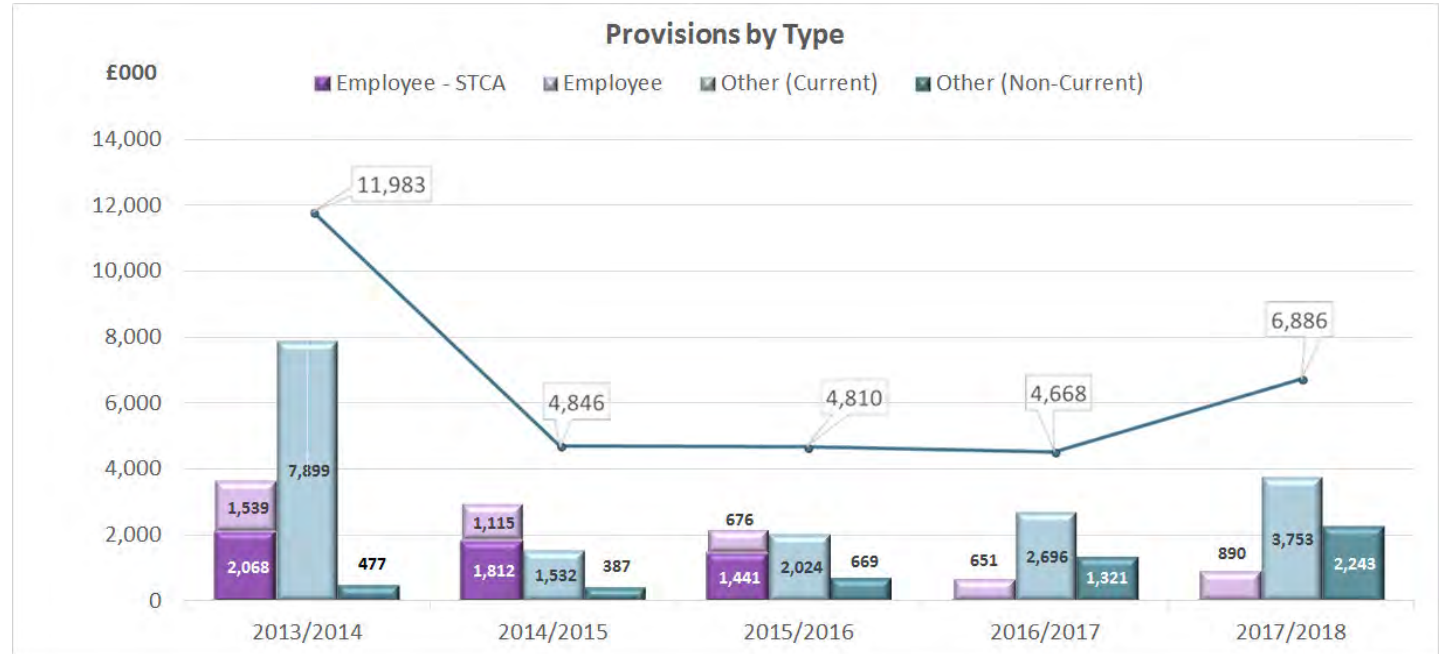
7. Provisions, Reserves, Contingencies and Write Offs

7.1 Provisions

The level of provisions held by the Authority varies each year in relation to the level of liabilities identified. Total provisions held by the Authority at the beginning of the year amounted to £4.668m, increasing by £2.218m to £6.886m during 2017/2018. This was largely due to the establishment of a Waste Services Penalties provision and increases in provisions for Lease Dilapidation, Insurance and Early Terminations.

All provisions have been assessed to reflect payments made against them during the financial year and have been increased or decreased in line with anticipated outstanding liabilities.

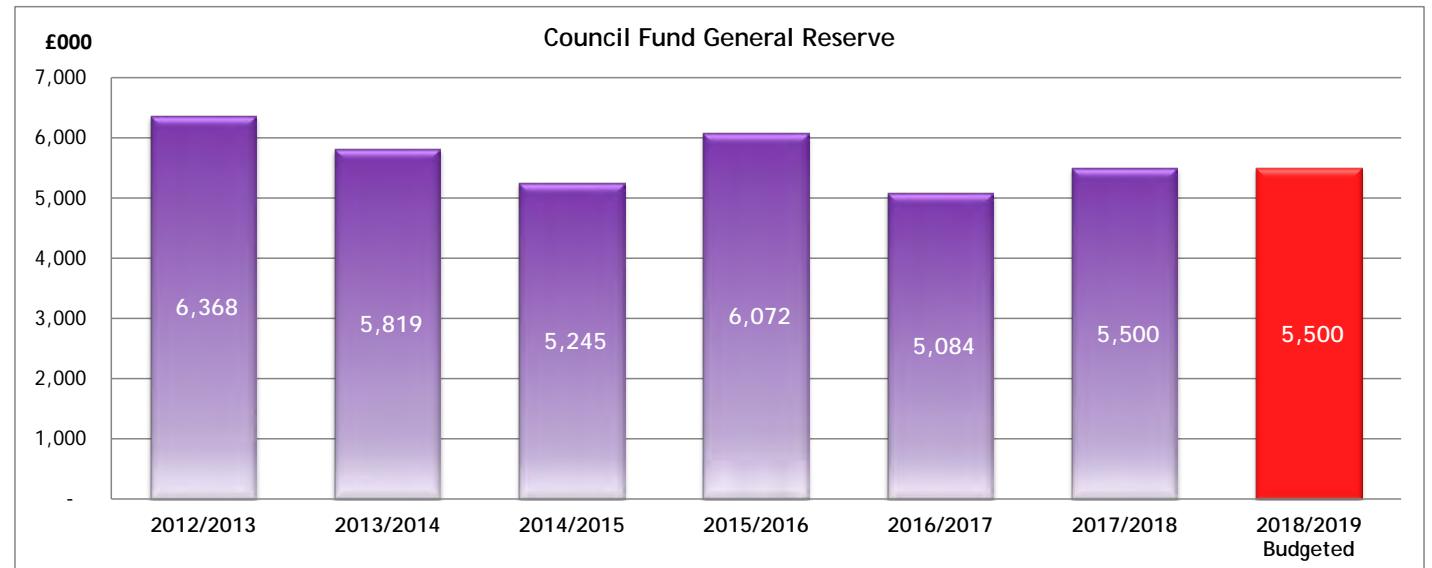
Details of the movements of individual provisions are shown in note 33.2 to the Core Statements (see page 85).



7.2 Reserves

Total General Reserves have reduced from £6.368m in 2012/2013 to £5.500m in 2017/2018. This represents 4.09% of 2017/2018 Revenue Outturn Net Revenue Expenditure.

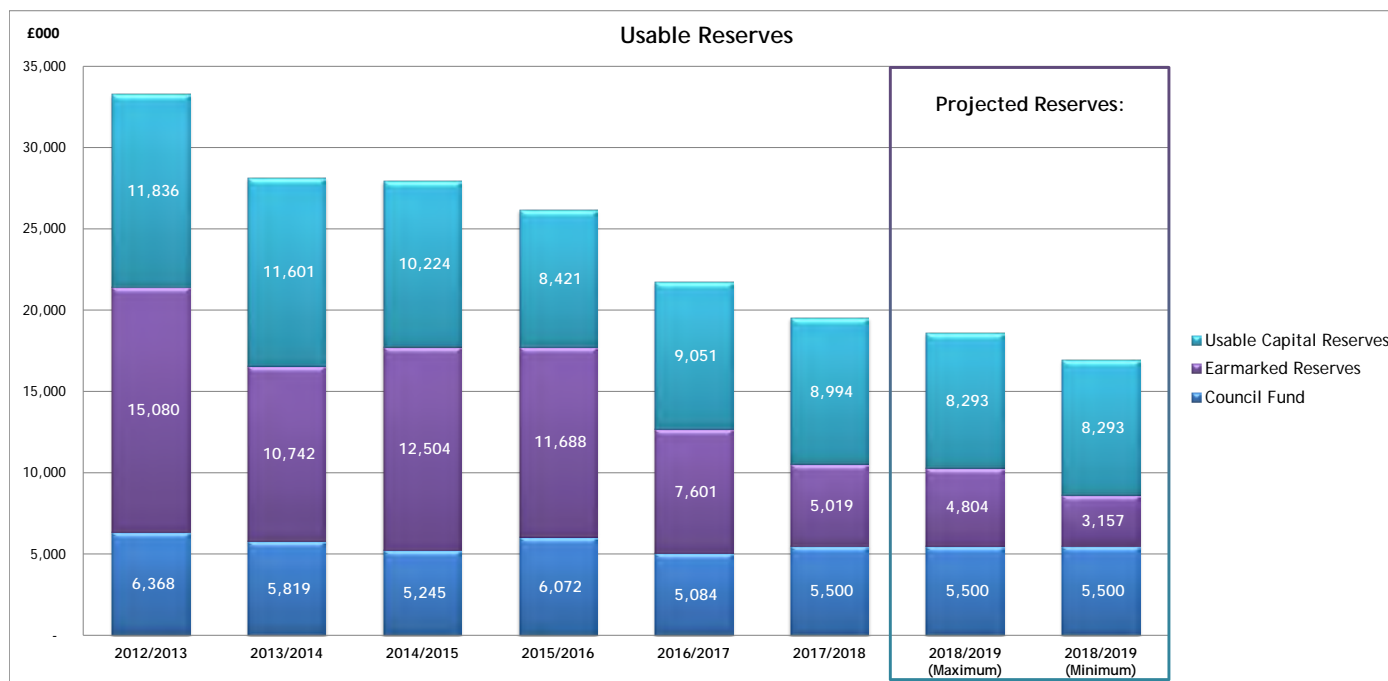
The 2018/2019 budget does not include any additional draw from the Council Fund reserves, subject to the emergence of specific cost pressures during the year. In order to understand the Authority's overall financial position, the level of general reserves needs to be viewed in the context of total usable reserves.



Aggregate Usable Reserves have reduced from £33.284m in 2012/2013 to £19.513m in 2017/2018. This represents 14.52% of 2017/2018 Net Revenue Outturn Expenditure.

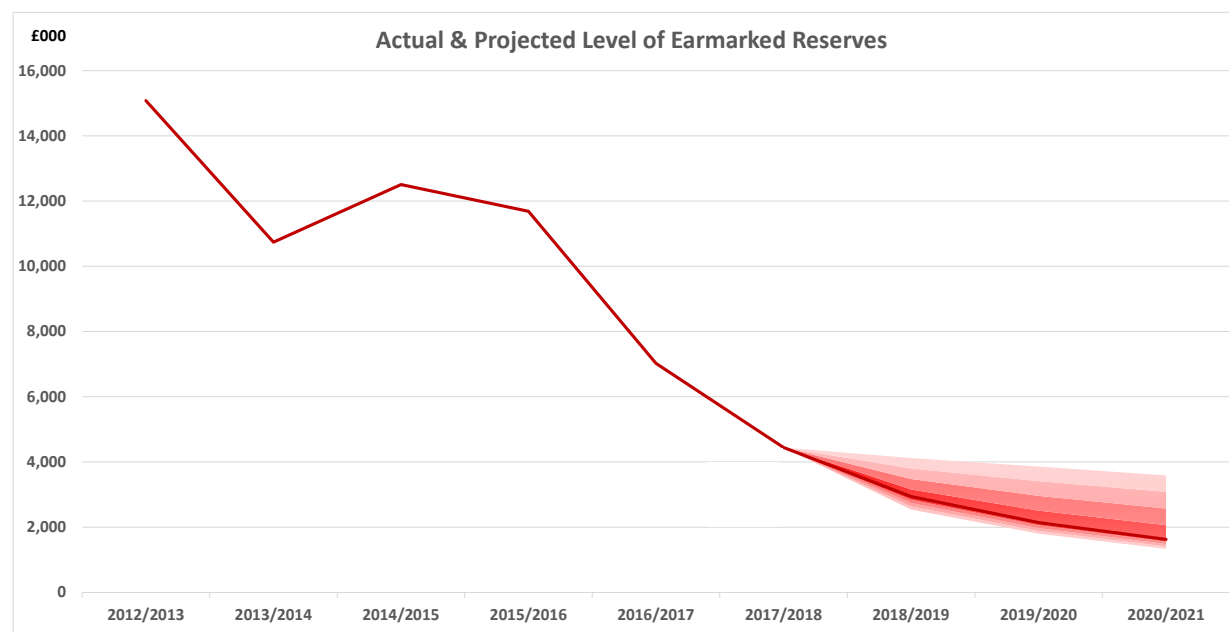
Within this aggregate figure, the level of General Reserves has reduced from £6.368m in 2012/2013 to £5.500m in 2017/2018. This relative stability is due to the management of the reserve in accordance with the Authority's policy of maintaining General Reserves at a target level of 4% of Revenue Outturn Expenditure.

In contrast, the level of other usable reserves has declined over that period from £26.916m to £14.013m (-£12.903m, -47.9%), highlighting the use of these reserves for their intended purposes and to some extent the impact of reduced levels of funding for the Authority as a consequence of austerity.



For 2018/2019, the net draw on earmarked reserves is projected to be in the range of £0.225m to £1.862m. As indicated in the fan chart (right), it is anticipated that the draw from reserves will be towards the higher end of this projected range. The 'most likely' range of projections is a net reduction of between £1.127m and £1.539m. This would result in total earmarked reserves balances at 31 March 2019 in the range of £3.480m and £3.892m. (For 2017/2018, the 'most likely' projected range for aggregate earmarked reserve balances at year-end was between £4.967m and £5.628m, with actual earmarked reserves of £5.019m at 31 March 2018 being 1.5% lower than the 'most likely' projection).

Use of earmarked reserves and balances to be held are subject to review during the year in accordance with the Authority's risk-assessment based Reserves Management Protocol.



Movements on reserves are detailed in note 39 to the Core Statements (pages 103-111). Total usable reserves at the commencement of the year amounted to £21.736m, decreasing by £2.223m to £19.513m at 31 March 2018. The most significant net contributions to/from usable reserves were:

Summary Reserves Movements	2017/2018		2016/2017	
	£000	£000	£000	£000
Balance at 1 April		(21,736)	Balance at 1 April	(26,181)
Adjustment to Opening Balance		35		
Revised Balance at 1 April		(21,701)		
Significant net contributions (to)/from earmarked reserves:			Significant net contributions (to)/from earmarked reserves:	
Budget Contingency Fund	125		Anvil Court	179
Budget Implementation	243		Budget Contingency Fund	165
Downsizing, Redundancy & Transitional Costs	364		Budget Implementation	1,246
ICT	122		Downsizing, Redundancy & Transitional Costs	412
ICT Infrastructure (Capital)	44		Future Interest Rate Increase Protection	200
Insurance Liabilities	1,222		ICT	401
Invest to Save	(516)		ICT Infrastructure (Capital)	350
LMS	841		Insurance Liabilities	(302)
Revenue Grants & Contributions Unapplied	(225)		LMS	88
Waste Services	248		Revenue Grants & Contributions Unapplied	400
			Superannuation	164
			Waste Services	200
		2,468		3,503
Significant net contributions (to)/from other usable reserves:			Significant net contributions (to)/from other usable reserves:	
Usable Capital Receipts	40		Usable Capital Receipts	(611)
Other net contributions (to)/from usable reserves	(320)		Other net contributions (to)/from usable reserves	1,553
		(280)		942
Balance at 31 March		(19,513)		(21,736)

Impact of Pension Deficit on Reserves

The Authority holds total usable reserves of £19.513m at 31 March 2018 (£21.736m at 31 March 2017). The effect of applying the net superannuation fund deficit of £271.599m to the Authority's usable reserves would be a deficit of £252.086m (2016/2017: the superannuation deficit of £275.527m exceeded usable reserves by £253.791m).

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).

Further details on Pension balances and transactions can be found in notes 37-38, pages 93-102.

7.3 Contingencies

A number of contingent liabilities are disclosed in relation to issues where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority, where it is not probable that an outflow of resources will be required or where the amount of the obligation cannot be measured reliably. For 2017/2018, disclosures covered:

- The Municipal Mutual Insurance run-off claims and liability under the Scheme of Arrangement;
- Warranties and indemnities to Tai Calon arising from the transfer of housing stock;
- Part 1 compensation claims arising from the a range of public works projects; and
- Guarantees to the Greater Gwent (Torfaen) Pension Fund in the event that pension liabilities are not settled by Aneurin Leisure Trust;

A contingent asset for VAT reimbursement has also been included, where it is probable that income will be received from HMRC.

It is not possible to place a value on these contingent assets and liabilities, which may or may not crystallize at a point in the future. In the event of these issues and the sums involved becoming more certain, the appropriate accounting treatment will be applied and relevant credits or charges made to the accounting statements.

Further details of contingent liabilities can be found in note 33.3, page 86.

8. Treasury Management Activities

In March 2017, the Authority approved the Treasury Strategy Statement, Annual Investment Strategy and MRP Policy Statement for the 2017/2018 financial year. The prime objectives of these policies were firstly to ensure the security of capital and secondly to maximise the liquidity of investments. In doing so, the policies sought to minimise the revenue costs of debt whilst maintaining a prudent level of debt redemption.

Transactions relating to external loan debt during the year were as follows:

	2017/2018			2016/2017		
	Temporary	Other	Total	Temporary	Other	Total
	Loans	Loans		Loans	Loans	
	£000	£000	£000	£000	£000	£000
Borrowing						
Balance at 1 April	(29,071)	(117,747)	(146,818)	(21,071)	(126,460)	(147,531)
Adjustment to Balance Brought Forward (transfer to agency)	0	1,629	1,629	0	0	0
Loans Raised	(135,579)	0	(135,579)	(74,500)	(7,585)	(82,085)
Loans Repaid	113,400	18,829	132,229	66,500	16,337	82,837
Effective Interest Adjustment	0	(40)	(40)	0	(39)	(39)
Balance at 31 March	(51,250)	(97,329)	(148,579)	(29,071)	(117,747)	(146,818)

Total external loan debt at 31 March 2018 amounted to £148.579m (31 March 2017: £146.818m). No long-term loans were raised during the year as increased temporary borrowing was undertaken in order to benefit from the lower interest rates payable.

Investing Activities

During the year, transactions related to investments were as follows:

	2017/2018	2016/2017
	£000	£000
Balance at 1 April	2,000	0
Investments Made	141,500	120,000
Investments Repaid	(141,500)	(118,000)
Balance at 31 March	2,000	2,000

All borrowing and investing activities have been conducted within the framework set out in the Treasury Strategy. In particular the Authority has adopted a low risk strategy in order to give priority to the security of its investments.

The 2003 Capital Finance Regulations require amounts to be set aside from revenue for the repayment of external loans. This is known as the Minimum Revenue Provision (MRP) and in 2017/2018 the sum of £1.130m (2016/2017: £3.903m) has been set by the Authority based on statutory guidance, as disclosed in note 1.14 (page 38).

Interest on external loan debt of £3.996m has been charged to the Comprehensive Income & Expenditure Statement in 2017/2018 (2016/2017: £4.296m).

9. Pension Assets and Liabilities

The value of pension assets and liabilities disclosed in the accounting statements is:

Pension Assets and Liabilities	31 March 2018			31 March 2017		
	LGPS	uTPS	Total	LGPS	uTPS	Total
	£000	£000	£000	£000	£000	£000
Assets	359,245	0	359,245	347,737	0	347,737
Liabilities	(593,874)	(36,970)	(630,844)	(584,529)	(38,735)	(623,264)
Net Liabilities	(234,629)	(36,970)	(271,599)	(236,792)	(38,735)	(275,527)

10. Movement in Valuation of Non-Current Assets

During 2017/2018, the net cost or valuation of non-current assets (Property, Plant & Equipment) recorded on the Authority's Balance Sheet showed a net decrease of £9.480m, from £273.052m to £263.572m. This movement was the result of additions, disposals, appropriations, revaluations and, most significantly, depreciation charges of £9.070m.

Note 25.1 (pages 67-68) provides further detail of the additions, disposals, appropriations, depreciation and revaluation that comprise the overall net decrease in value during the year.

11. Significant Changes in Accounting Policies

11.1 CIPFA Code of Practice on Local Authority Accounting, 2017/2018

The 2017/2018 Accounting Code of Practice includes the following new or revised accounting standards: IFRS10 *Consolidated Financial Statements*, IFRS12 *Disclosure of Interests in Other Entities* and IAS28 *Investments in Associates and Joint Ventures: Investment Entities*. These amendments address issues relating to the exemption from consolidation (in certain circumstances) of investment entities. As Local Authorities are not investment entities, these amendments do not apply.

12. Main Financial Statements

The Code interprets the requirements of IAS1 *Presentation of Financial Statements* for the local government context and requires the following main financial statements to be included:

12.1 The Comprehensive Income and Expenditure Statement (CIES) (Pages 21-22)

The Income and Expenditure Account and Statement of Total Recognised Gains and Losses (STRGL) required by UK GAAP have been combined into one statement that records the full accounting cost of providing services during the financial year.

12.2 The Movement in Reserves Statement (MIRS) (Pages 23-24)

Equivalent to the IAS1 Statement of Changes in Equity, this records the movement in the year on the different reserves held by the Authority, analysed into usable (those that can be used to fund expenditure or reduce local taxation) and unusable reserves (those that typically arise from timing differences between the identification of liabilities and the funding or settlement of those liabilities, which could be over a long period). Whilst increases in usable reserves represent additional sums that can be utilised in the short term to provide funding for services, increases in unusable reserves represent an increasing burden on future taxpayers. In some cases, e.g. the Unequal Pay Back Pay Account, charges related to unusable reserves may arise within a relatively short period of time (2-3 years).

The MIRS includes adjustments that remove accounting entries made in accordance with proper accounting practice in order that the Council Taxpayer is charged only with amounts required by statute and regulations.

12.3 The Balance Sheet (Pages 25-26)

Derived from the IAS1 requirement for a Statement of Financial Position, the Balance Sheet sets out the assets and liabilities of the Authority, and the usable and unusable reserves and balances that underlie those net assets. Much of the detail is presented within notes to the Balance Sheet, rather than in the Statement itself.

12.4 The Cash Flow Statement (Page 27)

The Cash Flow Statement summarises the cash and cash equivalents arising from transactions with third parties for revenue and capital purposes 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.

13. Expenditure and Funding Analysis

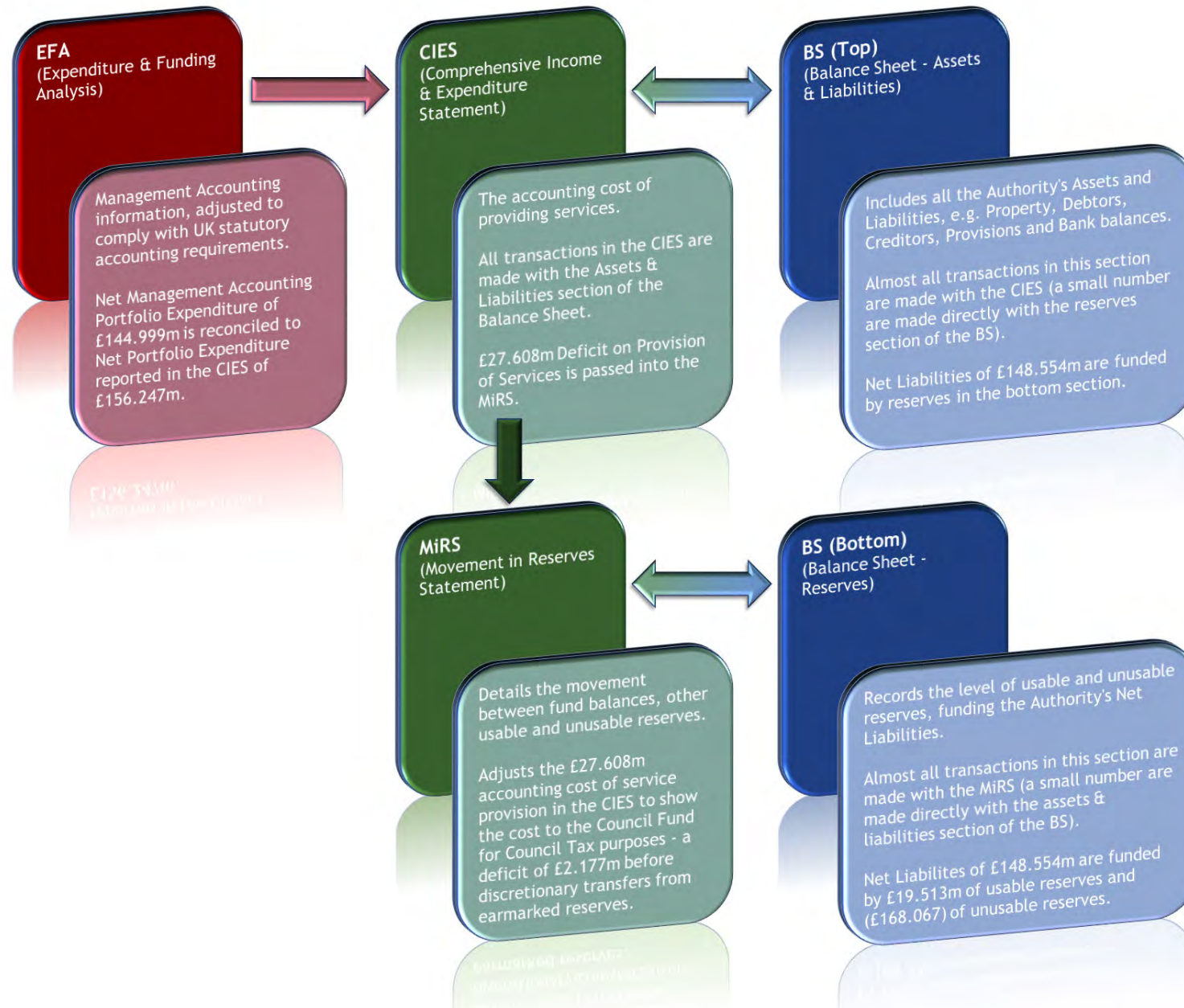
The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The following table summarises the transactions recorded in the EFA for 2017/2018 - more detail is included in the full EFA on page 44.

Expenditure & Funding Analysis - Summary	2017/2018					2016/2017				
	Management Account Net Expenditure £000	Accounting Code Adjustments £000	Net Expenditure Chargeable to the Council Fund £000	Funding and Accounting Basis Adjustments £000	CIES Net Expenditure £000	Management Account Net Expenditure £000	Accounting Code Adjustments £000	Net Expenditure Chargeable to the Council Fund £000	Funding and Accounting Basis Adjustments £000	CIES Net Expenditure £000
(Surplus)/Deficit on the Provision of Services	144,999	(142,822)	2,177	25,431	27,608	136,864	(131,789)	5,075	15,777	20,852
Transfers to/(from) earmarked reserves			(2,593)					(4,271)		
(Increase)/Decrease in year			(416)					804		
Opening council Fund Balance as at 1 April			(5,084)					(5,888)		
Closing Council Fund Balance as at 31 March			(5,500)					(5,084)		

14. Interaction of Main Financial Statements

The following illustration demonstrates the relationships between the main financial statements (CIES, MiRS and Balance Sheet) and also the EFA.



15. Group Accounts

In May 2012, the Authority amended the structure and membership of the Board of Directors of Silent Valley Waste Services Limited, a wholly-owned subsidiary, in order to control the activities of the company. As a result of a change in these governance arrangements, the Authority is required to prepare Group Accounting Statements, consolidating the Accounts of the parent (Blaenau Gwent County Borough Council) and the subsidiary (Silent Valley Waste Services Ltd.).

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.

Group Accounts have been prepared in compliance with the Accounting Policies set out on pages 28-40 and 126-128 and are included in the Statement of Accounts on pages 121-142.

16. Future Developments

16.1 Budget-Setting Process

The Authority, through its design principles, agreed a number of service re-design projects in order to instigate £4.8m of revenue savings for the 2017/2018 financial year. Some of these projects will generate savings over a number of years, but will require substantial resources (both time and money) for implementation. Welsh Government has indicated that future settlements will be less favourable and therefore the Authority is making savings plans based on a range of assumptions.

16.2 Welfare Reform

Welsh Government successfully introduced a Council Tax Reduction Scheme for 2013/2014, mitigating the impact on benefit claimants. However, there is a financial risk for all Authorities and at present it is likely that Welsh Government will not be able to sustain this level of mitigation beyond 2018/2019. The phased introduction of universal credit in Blaenau Gwent from July 2018 will see an increasing impact on benefit claimants and all support agencies. This will continue until all eligible claimants have migrated to Universal Credit.

16.3 Cardiff City Region City Deal (CCRCD)

On 1 March 2017, the Cardiff City 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 small 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 for the first significant investment, i.e. the Compound Semi-Conductor project, was agreed.

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%.

16.4 Impact of the Referendum to Leave the European Union

On 23 June 2016, the United Kingdom voted to leave the European Union (EU). Whilst the outcome of the referendum has no impact on the transactions and balances reported for the 2017/2018 financial year, the decision has the potential to have a significant impact on the Authority across a wide range of areas in future years, including:

European Structural and Other Transnational European Funding Streams;

Blaenau Gwent has received, and continues to receive, funding from various EU structural and other transnational European funding schemes. Following the referendum result, there are uncertainties regarding when these funding streams will terminate, whether UK organisations will be able to participate in specific schemes after formally leaving the EU, and whether this funding will be replaced by sums from Central Government and for what period of time. The Authority will need to consider these issues when determining its future Revenue and Capital budgets.

Pension Scheme Asset and Liability Valuations and Employer Contributions;

The long-term impact on the value of equities, bonds, gilts and other assets held by pension funds remains uncertain, but will be dependent on the interaction of the currency and equity markets and other factors, such as the level of domestic and international growth.

The policy and legal framework affecting various activities, including Energy Efficiency, Waste Collection and Disposal, Trading Standards, Employees, Data Protection, Debt Recovery, State Aid and Public Procurement.

The legal framework regarding these areas is unlikely to change significantly in the short term, as much EU law is implemented by specific national law which will not lapse on leaving the EU. However, at that point in time, it may be possible to amend or repeal this body of legislation. In some cases, for example in respect of State Aid and Public Procurement, this will be limited by the requirements for similar regulations by other bodies to which the UK has or may have membership (e.g. the European Free Trade Association (EFTA), European Economic Area (EEA) or World Trade Organisation (WTO)).

The impact of these issues will need to be considered by the Authority when planning its financial activities, including the preparation of budgets, the medium term financial strategy and statutory accounts.

17. Conclusion

The production of the IFRS-compliant annual Statement of Accounts continues to provide a considerable challenge.

In presenting this Statement of Accounts I am grateful to the staff of the Resources Department for their planning, professionalism, and unstinting commitment in order to produce a high quality publication. In addition, collaboration across departments is now more essential than ever in the production of this document and the support and assistance from colleagues in other departments requires recognition and thanks.

R Hayden, CPFA

Chief Officer - Resources



Cyngor Bwrdeistref Sirol

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 2018, and of their expenditure and income for the year then ended.

.....
Chief Officer - Resources

.....
Date

I confirm that these Accounts were approved at the Audit Committee Meeting on 17 November 2020. Signed on behalf of Blaenau Gwent County Borough Council:

.....
Chair of Meeting

.....
Date



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Cyngor Bwrdeistref Sirol

Blaenau Gwent

County Borough Council

Auditor's Report

Auditor General for Wales' report to the Members of Blaenau Gwent County Borough Council

I have audited the accounting statements and related notes of:

- Blaenau Gwent County Borough Council; and
- Blaenau Gwent County Borough Council Group

for the year ended 31 March 2018 under the Public Audit (Wales) Act 2004.

Blaenau Gwent County Borough Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the Cash Flow Statement.

Blaenau Gwent County Borough Council's Group accounting statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2017/2018 based on International Financial Reporting Standards (IFRSs).

Respective Responsibilities of the Responsible Financial Officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts (set out on page 18 of the Statement of Accounts), the responsible financial officer is responsible for the preparation of the Statement of Accounts, and Group accounting statements, which give a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the Audit of the Accounting Statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to Blaenau Gwent County Borough Council and Blaenau Gwent County Borough Council Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the responsible financial officer; and
- the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Blaenau Gwent County Borough Council

In my opinion, except for the effect on the financial statements of the matter referred to in the Basis for Qualified Opinion paragraph, the accounting statements and related notes:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council as at 31 March 2018 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-2018.

Opinion on the accounting statements of Blaenau Gwent County Borough Council Group

In my opinion, except for the effect on the financial statements of the matter referred to in the Basis for Qualified Opinion paragraph, the accounting statements and related notes:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council Group as at 31 March 2018 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-2018.

Basis for Qualified Opinion

In Note 14.3 *Senior Officer Remuneration*, the Council includes pension payments totalling £4,814 that in my opinion appear to be contrary to law. The Council should have disclosed the nature and impact of these additional pension contributions for the financial statements to give a true and fair view, but it has failed to do so.

These payments relate to employer pension contributions paid into the Greater Gwent Pension Fund on behalf of the Chief Finance Officer and the Corporate Director of Environment & Regeneration for their roles as directors of a wholly-owned subsidiary of the Council, Silent Valley Waste Services Ltd (SVWS).

The Council paid remuneration to these officers for undertaking SVWS director roles. The Council treated these payments as pensionable within the scope of the Local Government Pension Scheme (LGPS) and made employer pension contributions into the Greater Gwent Pension Fund as though the SVWS payments were part of the officers' core Council employments. The cost of these pension contributions was met by the Council.

I consider that those employer pension contributions appear to be contrary to law on the basis that:

- the SVWS directorships of the officers concerned appear to have been SVWS engagements. The Council could not lawfully incur pension costs relating to SVWS engagement;
- the Council did not approve the amount of remuneration to be paid to the officers concerned for undertaking their SVWS roles, or that any remuneration they received for performance of these roles be treated as pensionable pay. The amount to be paid to these officers for the SVWS roles was determined by SVWS and not the Council;
- the payments appear to be in breach of Regulation 22 (2) of the Local Government Pension Scheme Regulations 2013 which required separate pension accounts to be opened for each Scheme employment. It appears that the SVWS engagements were separate employments to the officers' core Council employments, but separate pensions accounts were not opened.

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Blaenau Gwent County Borough Council and its Group. In accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion on other matters

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit; and
- the Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

I am unable to certify that I have completed the audit of the accounts of Blaenau Gwent County Borough Council, as I have ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services Ltd.

Adrian Crompton
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

Date

...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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Blaenau Gwent

County Borough Council



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Blaenau Gwent

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	2017/2018			2016/2017			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Continuing Operations								
Financial Management & Strategy	39,572	(27,387)	12,185	42,148	(29,603)	12,545	17	57
Corporate Services	5,578	(546)	5,032	4,972	(804)	4,168	17	57
Social Services	63,593	(18,287)	45,306	58,995	(16,355)	42,640	12	52
Infrastructure	12,809	(1,947)	10,862	9,652	(1,835)	7,817		
Active Living	7,566	(1,353)	6,213	6,514	(1,322)	5,192		
Education	21,627	(5,915)	15,712	24,611	(6,729)	17,882		
Education - Schools	46,409	(4,277)	42,132	45,933	(3,604)	42,329	30	80
Environment	22,502	(6,199)	16,303	21,063	(6,573)	14,490		
Economy	5,007	(2,775)	2,232	4,694	(2,819)	1,875		
Planning	1,618	(350)	1,268	1,489	(267)	1,222		
Licensing	214	(124)	90	193	(142)	51		
Cardiff Capital Region City Deal	73	(1,161)	(1,088)	0	0	0	43	114
Total Deficit on Continuing Services	226,568	(70,321)	156,247	220,264	(70,053)	150,211	2, 7, 15, 16, 21	40, 44, 56, 57, 60

Comprehensive Income & Expenditure Statement (Continued)	2017/2018			2016/2017			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Total Deficit on Continuing Services	226,568	(70,321)	156,247	220,264	(70,053)	150,211		
Other Operating Expenditure	8,782	(634)	8,148	8,782	(1,515)	7,267	8, 19, 20	50, 58, 59
Financing and Investment Income & Expenditure	20,235	(9,278)	10,957	22,577	(10,113)	12,464	9	51
Taxation & Non-Specific Grant Income	0	(147,744)	(147,744)	0	(149,090)	(149,090)	10, 18-19, 21	51, 58-59, 60
(Surplus)/Deficit on Provision of Services	255,585	(227,977)	27,608	251,623	(230,771)	20,852	MiRS, 7	23-24, 44
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(253)			(2,303)		
Remeasurement of the net defined benefit pension liability			(17,182)			24,243	38	94-102
Other Comprehensive Income & Expenditure			(17,435)			21,940	MiRS, 23	23-24, 63
Total Comprehensive Income & Expenditure			10,173			42,792	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					
2016/2017	£000	£000	£000	£000	£000	£000	£000		
Balance at 31 March 2016	(6,072)	(11,688)	(7,755)	(666)	(26,181)	122,373	96,192		
Adjustments to brought forward balances	184*	(184)*	0	0	0	(638)**	(638)		
Revised Balance at 1 April 2016	(5,888)	(11,872)	(7,755)	(666)	(26,181)	121,735	95,554		
Total Comprehensive Income and Expenditure	20,852	0	0	0	20,852	21,940	42,792	CIES	22
Adjustments between accounting basis & funding basis under statutory provisions	(15,777)	0	(611)	(19)	(16,407)	16,407	0	24	64-66
Net (Increase)/Decrease before transfers to Earmarked Reserves	5,075	0	(611)	(19)	4,445	38,347	42,792		
Transfers (to) Council Fund from Earmarked Reserves	(4,271)	4,271	0	0	0	0	0	39	106-107
(Increase)/Decrease in 2016/2017	804	4,271	(611)	(19)	4,445	38,347	42,792		
Balance at 31 March 2017	(5,084)	(7,601)	(8,366)	(685)	(21,736)	160,082	138,346	BS	26

Brought Forward Balances were adjusted () to correct a misposting of costs to Schools Balances, resulting in an increase in LMS Balances and a decrease in the Council Fund of £0.184m; and (**) to adjust Unusable Reserves (reducing the Capital Adjustment Account by £0.282m and Revaluation Reserve by £1.083m) for a revaluation increase related to previous years, and also for a cumulative adjustment increasing the Capital Adjustment Account by £0.727m in respect of an understatement of depreciation relating to specific assets.*

Movement in Reserves Statement 2017/2018	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 2017	(5,084)	(7,601)	(8,366)	(685)	(21,736)	160,082	138,346	BS	26
Adjustments to brought forward balances*	0	(11)	0	46	35	0	35		
Revised Balance at 1 April 2017	(5,084)	(7,612)	(8,366)	(639)	(21,701)	160,082	138,381		
Total Comprehensive Income and Expenditure	27,608	0	0	0	27,608	(17,435)	10,173	CIES	22
Adjustments between accounting basis & funding basis under statutory provisions	(25,431)	0	40	(29)	(25,420)	25,420	0	24	64-66
Net (Increase)/Decrease before transfers to Earmarked Reserves	2,177	0	40	(29)	2,188	7,985	10,173		
Transfers (to) Council Fund from Earmarked Reserves	(2,593)	2,593	0	0	0	0	0	39	106-107
(Increase)/Decrease in 2017/2018	(416)	2,593	40	(29)	2,188	7,985	10,173		
Balance at 31 March 2018	(5,500)	(5,019)	(8,326)	(668)	(19,513)	168,067	148,554	BS	26

*: Reserve balances at 1 April 2017 were amended to include £0.011m as the Authority's share of Cardiff Capital Region City Deal reserves at that date, and also to remove £0.046m balances previously held in respect of Property Improvement Loans that from 2017/2018 have been accounted for on an agency basis.

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 2018		31 March 2017		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	263,572		273,052		25, 27, 30	67-74, 76-77, 79
Heritage Assets	413		413		26	74-75
Non-Current Investments	250		250		28	78
Non-Current Debtors	4,731		5,221		29	79
Sub Total: Long-Term Assets		268,966		278,936		
Assets Held for Sale	425		510			
Current Investments	0		4			
Inventories	719		857			
Current Debtors	16,049		17,393		31	81
Cash and Cash Equivalents	7,397		5,375		42	114
Sub Total: Current Assets		24,590		24,139		

Balance Sheet (Continued)	31 March 2018		31 March 2017		Note:	Page:
	£000	£000	£000	£000		
Current Borrowing	(68,374)		(47,899)		35 - 36	87-92
Current Creditors	(11,171)		(12,220)		32	82
Current Grants Receipts in Advance	(2,656)		(1,744)		21	60
Current Provisions	(4,643)		(3,347)		33	83-85
Sub Total: Current Liabilities		(86,844)		(65,210)		
Non-Current Borrowing	(80,205)		(98,919)		35 - 36	87-92
Non-Current Provisions	(2,243)		(1,321)		33	83-85
Other Long-Term Liabilities	(272,818)		(275,971)		34, 38	86, 94-102
Sub Total: Long-Term Liabilities		(355,266)		(376,211)		
Total Net Assets/(Liabilities)		(148,554)		(138,346)		
Usable Reserves	(19,513)		(21,736)		39.1	103-107
Unusable Reserves	168,067		160,082		39.2	108-111
Total Reserves		148,554		138,346		

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	2017/2018		2016/2017		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services	(27,608)		(20,852)		CIES	22
Adjustments to the provision of services for non-cash movements	33,520		28,324		40.1	112
Adjustments for items included in the provision of services that are investing and financing activities	(4,226)		(6,818)		40.2	112
Net Cash Inflows/(Outflows) from Operating Activities		1,686		654		
Investing activities		(2,787)		1,493	41.1	113
Financing activities		3,123		(981)	41.2	113
Net increase or (decrease) in cash and cash equivalents		2,022		1,166		
Cash and cash equivalents at the beginning of the reporting period		5,375		4,209	BS, 42	25, 114
Cash and cash equivalents at the end of the reporting period		7,397		5,375	BS, 42	25, 114



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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 2017/2018 financial year and its position at the year-end of 31 March 2018. 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 2017/2018 and the Service Reporting Code of Practice 2017/2018, 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 2018			31 March 2017		
	Discount Rate	RPI	CPI	Discount Rate	RPI	CPI
	%	%	%	%	%	%
Short (Less than 17 years)	2.6	3.4	2.4	2.5	3.4	2.4
Medium (between 17 and 23 years)	2.7	3.4	2.4	2.6	3.4	2.4
Long (over 23 years)	2.7	3.3	2.3	2.7	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 2018) 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.
- Newport City Council Debt & Investment - 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 their carrying amount before reclassification and their Fair Value (in accordance with accounting policy 1.9).

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 25.2 to the Balance Sheet (pages 70-71).

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 2017/2018 (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 within the Financial Management and Strategy and Corporate Services Portfolios in the Comprehensive Income and Expenditure Statement, 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.

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 2017/2018 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. In 2017/2018, this was applied retrospectively for any expenditure incurred from 2007/2008.
- 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. In 2017/2018 this was applied retrospectively to 2007/2008.
- 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 2017/2018, the level of MRP made in 2017/2018 has been reduced in order to provide those Taxpayers with the policy benefits arising within a reasonable time-frame. In 2017/2018, MRP has therefore been reduced by £2.7m, with planned reductions of £3.2m per annum for the financial years 2018/2019 to 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 (CCRCD) 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.

2. Impact of changes in Accounting Policies

In preparing the 2017/2018 Accounts, amendments to IFRS10 *Consolidated Financial Statements*, IFRS12 *Disclosure of Interests in Other Entities* and IAS28 *Investments in Associates and Joint Ventures - Investment Entities* have been considered. As Local Authorities are not investment entities, these amendments do not apply.

3. Accounting Standards Issued but not yet Adopted

The 2018/2019 Accounting Code of Practice includes the following new or revised accounting standards that have effect from 1 April 2018.

Source	Requirement and Potential Impact
IFRS 9 <i>Financial Instruments</i>	IFRS 9 introduces extensive changes to the classification and measurement of financial assets, in addition to a forward looking 'expected loss' model for impairment of financial assets rather than the 'incurred loss' model under IAS 39. The anticipated impact will include the reclassification of assets currently classified as <i>loans and receivables</i> and <i>available for sale</i> to <i>amortised cost</i> and <i>fair value through other comprehensive income</i> , based on the contractual cashflows.
IFRS15 <i>Revenue from Contracts with Customers</i>	IFRS 15 establishes a new comprehensive framework for revenue recognition and replaces IAS 18 <i>Revenue</i> and IAS 11 <i>Construction Contracts</i> . IFRS 15 changes the basis for deciding whether revenue is recognised at a point in time or over a period of time and introduces five steps for recognition, but as the Council has relatively predictable income streams the impact is expected to be minimal.

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. Aggregate External Finance (AEF) figures have not been provided by Welsh Government for financial years after 2018/2019, increasing the difficulties in forward planning.
- iii. 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.
- 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 is currently 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 2018 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	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The firm of consulting actuaries engaged to provide the Authority with expert advice about the assumptions to be applied was changed with effect from 1 April 2015. Relatively minor variations in the assumptions used by the two firms could have a significant impact on reported results.</p>	<p>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 £62.215m (see page 101 for further sensitivity analysis). However, the assumptions interact in complex ways. During 2017/2018, the Authority's actuaries advised that the net pensions liability had decreased by £16.313m as a result of remeasurements of pension assets and liabilities. This decrease comprised a £4.588m gain on assets (representing the difference between actual and expected asset return for the year) and net decreases in liabilities of £11.725m (arising from changes in demographic/financial assumptions and other experience gains (see pages 96-98)).</p>
Revaluation of Property, Plant and Equipment	<p>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.</p>	<p>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 Property, Plant and Equipment of £3.144m. 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, Comprehensive Income & Expenditure Statement and the level of the Authority's Reserves.</p>
Depreciation of Property, Plant and Equipment	<p>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.</p>	<p>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.</p>
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. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.</p>

6. Events After the Reporting Period

The Statement of Accounts was authorised for issue by Ms R. Hayden CPFA, Chief Officer - Resources, on 6 November 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 2018, 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	2017/2018					2016/2017				
	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
Financial Management & Strategy	10,502	903	11,405	780	12,185	9,883	1,489	11,372	1,173	12,545
Corporate Services	3,724	270	3,994	1,038	5,032	3,594	274	3,868	300	4,168
Social Services	41,708	482	42,190	3,116	45,306	38,634	2,885	41,519	1,121	42,640
Infrastructure	12,598	(7,055)	5,543	5,319	10,862	8,410	(2,597)	5,813	2,004	7,817
Active Living	4,356	(736)	3,620	2,593	6,213	4,409	(695)	3,714	1,478	5,192
Education	54,356	(43,085)	11,271	4,441	15,712	55,173	(44,498)	10,675	7,207	17,882
Education - Schools	(282)	42,300	42,018	114	42,132	(583)	42,811	42,228	101	42,329
Environment	15,624	(5,092)	10,532	5,771	16,303	15,030	(3,903)	11,127	3,363	14,490
Economy	1,289	644	1,933	299	2,232	1,219	0	1,219	656	1,875
Planning	1,050	92	1,142	126	1,268	1,044	168	1,212	10	1,222
Licensing	74	2	76	14	90	51	2	53	(2)	51
Cardiff Capital Region City Deal	0	30	30	(1,118)	(1,088)	0	0	0	0	0
Capital Adjustments*	0	(21)	(21)	21	0	0	(43)	(43)	43	0
Pension Adjustments**	0	1,017	1,017	(1,017)	0	0	1,069	1,069	(1,069)	0
Net Expenditure on Continuing Operations	144,999	(10,249)	134,750	21,497	156,247	136,864	(3,038)	133,826	16,385	150,211
Other Operating Expenditure	0	8,305	8,305	(157)	8,148	0	8,038	8,038	(771)	7,267
Financing & Investment Income & Expenditure	0	4,927	4,927	6,030	10,957	0	7,907	7,907	4,557	12,464
Taxation & Non-Specific Grant Income	0	(145,805)	(145,805)	(1,939)	(147,744)	0	(144,696)	(144,696)	(4,394)	(149,090)
(Surplus)/Deficit on the Provision of Services	144,999	(142,822)	2,177	25,431	27,608	136,864	(131,789)	5,075	15,777	20,852
Transfers to/(from) earmarked reserves			(2,593)					(4,271)		
(Increase)/Decrease in year			(416)					804		
Opening Council Fund Balance as at 1 April			(5,084)					(5,888)		
Closing Council Fund Balance as at 31 March			(5,500)					(5,084)		

*: 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 2017/2018 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	2017/2018							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	
Financial Management & Strategy	(126)	(669)	0	0	35	233	1,430	903
Corporate Services	(34)	61	0	0	57	102	84	270
Social Services	(163)	433	0	0	172	(5)	45	482
Infrastructure	(7,612)	68	0	0	436	99	(46)	(7,055)
Active Living	(849)	29	0	0	0	87	(3)	(736)
Education	(2,723)	(40,952)	0	0	550	(4)	44	(43,085)
Education - Schools	(52)	41,312	0	0	(13)	970	83	42,300
Environment	(1,547)	(873)	0	(3,339)	591	141	(65)	(5,092)
Economy	(454)	524	0	0	621	13	(60)	644
Planning	0	67	0	0	16	1	8	92
Licensing	0	0	0	0	1	1	0	2
Cardiff Capital Region City Deal	0	0	0	0	0	0	30	30
Capital Adjustments	0	0	0	0	0	0	(21)	(21)
Pension Adjustments	0	0	1,017	0	0	0	0	1,017
Net Expenditure on Continuing Operations	(13,560)	0	1,017	(3,339)	2,466	1,638	1,529	(10,249)
Other Operating Expenditure	0	0	0	3,339	0	0	4,966	8,305
Financing & Investment Income & Expenditure	1,130	0	(7,220)	0	0	0	11,017	4,927
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(145,805)	(145,805)
(Surplus)/Deficit on the Provision of Services	(12,430)	0	(6,203)	0	2,466	1,638	(128,293)	(142,822)

This table shows the adjustments made to the 2016/2017 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	2016/2017							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	
Financial Management & Strategy	(60)	(341)	109	0	3	237	1,541	1,489
Corporate Services	(56)	58	160	0	5	108	(1)	274
Social Services	(109)	361	341	0	56	2,042	194	2,885
Infrastructure	(3,330)	45	131	0	537	0	20	(2,597)
Active Living	(885)	4	0	0	0	181	5	(695)
Education	(3,393)	(40,816)	84	0	(121)	(110)	(142)	(44,498)
Education - Schools	(33)	41,052	277	0	24	1,486	5	42,811
Environment	(1,314)	(902)	145	(3,275)	1,444	29	(30)	(3,903)
Economy	(554)	509	29	0	(11)	27	0	0
Planning	0	30	23	0	(25)	138	2	168
Licensing	0	0	2	0	0	0	0	2
Cardiff Capital Region City Deal	0	0	0	0	0	0	0	0
Capital Adjustments	0	0	0	0	0	0	(43)	(43)
Pension Adjustments	0	0	1,069	0	0	0	0	1,069
Net Expenditure on Continuing Operations	(9,734)	0	2,370	(3,275)	1,912	4,138	1,551	(3,038)
Other Operating Expenditure	0	0	0	3,275	0	0	4,763	8,038
Financing & Investment Income & Expenditure	3,903	0	(8,511)	0	0	0	12,515	7,907
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(144,696)	(144,696)
(Surplus)/Deficit on the Provision of Services	(5,831)	0	(6,141)	0	1,912	4,138	(125,867)	(131,789)

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

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 overstatement of income and expenditure. The most significant adjustment relates to the transfer of £41m of funding to schools.

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	2017/2018 £000	2016/2017 £000
External Fees, Charges & Other Service Income	(18,727)	(19,277)
Government Grants	(49,996)	(49,616)
Total Income	(68,723)	(68,893)
Employee Expenses	95,696	95,366
Other Service Expenses	107,744	107,663
Support Service Recharges	0	(470)
Depreciation, amortisation & impairment	33	160
Total Expenditure	203,473	202,719
Net Expenditure	134,750	133,826

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	2017/2018				2016/2017			
	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
Financial Management & Strategy	126	668	(14)	780	126	1,125	(78)	1,173
Corporate Services	136	939	(37)	1,038	172	126	2	300
Social Services	541	2,603	(28)	3,116	786	333	2	1,121
Infrastructure	4,505	804	10	5,319	1,901	103	0	2,004
Active Living	2,593	0	0	2,593	1,478	0	0	1,478
Education	3,963	484	(6)	4,441	8,468	(1,295)	34	7,207
Education - Schools	0	0	114	114	13	(278)	366	101
Environment	4,894	913	(36)	5,771	3,269	113	(19)	3,363
Economy	88	212	(1)	299	649	29	(22)	656
Planning	0	134	(8)	126	0	18	(8)	10
Licensing	0	15	(1)	14	0	2	(4)	(2)
Cardiff Capital Region City Deal	(1,118)	0	0	(1,118)	0	0	0	0
Capital Adjustments	21	0	0	21	43	0	0	43
Pension Adjustments	0	(1,017)	0	(1,017)	0	(1,069)	0	(1,069)
Net Expenditure on Continuing Operations	15,749	5,755	(7)	21,497	16,905	(793)	273	16,385
Other Operating Expenditure	(157)	0	0	(157)	(771)	0	0	(771)
Financing & Investment Income & Expenditure	(1,130)	7,220	(60)	6,030	(3,903)	8,511	(51)	4,557
Taxation & Non-Specific Grant Income	(1,939)	0	0	(1,939)	(4,394)	0	0	(4,394)
(Surplus)/Deficit on the Provision of Services	12,523	12,975	(67)	25,431	7,837	7,718	222	15,777

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:

	2017/2018			2016/2017		
	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	477	(634)	(157)	744	(1,515)	(771)
Precepts & Levies:						
Gwent Police Authority Precept	4,607	0	4,607	4,409	0	4,409
South Wales Fire Authority Levy	3,221	0	3,221	3,171	0	3,171
Community Council Precepts	359	0	359	354	0	354
Coroners' Courts	89	0	89	75	0	75
National Park Levy	29	0	29	29	0	29
Total	8,782	(634)	8,148	8,782	(1,515)	7,267

9. Financing and Investment Income and Expenditure

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

Financing and Investment Income and Expenditure	2017/2018			2016/2017		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Interest payable and similar charges - Financial Instruments	3,978	0	3,978	4,274	0	4,274
Interest payable and similar charges - Other *	13	0	13	22	0	22
Interest receivable and similar income - Financial Instruments	0	(15)	(15)	0	(32)	(32)
Interest receivable and similar income - Other **	0	(239)	(239)	0	(311)	(311)
Net Pensions Interest Cost	16,244	(9,024)	7,220	18,281	(9,770)	8,511
Total	20,235	(9,278)	10,957	22,577	(10,113)	12,464

*: 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	2017/2018	2016/2017
	£000	£000
Taxation & Non-Specific Revenue Grants		
Council Tax Income	(36,826)	(35,444)
Non-Domestic Rates	(22,677)	(21,003)
Revenue Support Grant	(86,302)	(88,249)
Total Taxation and Non-Specific Revenue Grants	(145,805)	(144,696)
Capital grants and contributions	(1,939)	(4,394)
Total	(147,744)	(149,090)

11. Material Items of Income or Expense

There were no material items of income or expense in 2017/2018 or 2016/2017.

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

The Authority participates in two partnership agreements operated under the provisions of Section 33 of the NHS (Wales) Act 2006 between the five Local Authorities in the Gwent area and the Aneurin Bevan University Health Board:

12.1 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.

12.2 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.

For both arrangements, the Authority’s transactions are included in the Social Services Portfolio line of the CIES. Summarised transactions for the pooled budget arrangements for the financial year ending 31 March 2018 were as follows.

Partnership Schemes:	2017/2018			2016/2017		
	GWICES £000	Gwent Frailty £000	Total £000	GWICES £000	Gwent Frailty £000	Total £000
Total Expenditure	3,295	15,484	18,779	3,216	14,981	18,197
Funding						
Blaenau Gwent County Borough Council	(272)	(559)	(831)	(246)	(553)	(799)
Caerphilly County Borough Council	(474)	(2,168)	(2,642)	(455)	(2,212)	(2,667)
Monmouthshire County Borough Council	(307)	(1,286)	(1,593)	(286)	(1,291)	(1,577)
Newport City Council	(348)	(1,637)	(1,985)	(324)	(1,639)	(1,963)
Torfaen County Borough Council	(754)	(783)	(1,537)	(813)	(780)	(1,593)
Aneurin Bevan University Health Board	(759)	(9,034)	(9,793)	(702)	(8,963)	(9,665)
Other	(381)	0	(381)	(390)	0	(390)
Total Funding	(3,295)	(15,467)	(18,762)	(3,216)	(15,438)	(18,654)
Net In-Year (Under)/Overspend	0	17	17	0	(457)	(457)
Balance Brought Forward	0	(457)	(457)	0	0	0
Balance Carried Forward	0	(440)	(440)	0	(457)	(457)

13. Members' Allowances

The total amount of allowances and expenses paid to Members during the year was £680,590 (2016/2017: £733,906), analysed as follows:

Members' Allowances	2017/2018 £000	2016/2017 £000
Allowances	678	730
Expenses	3	4
Total:	681	734

14. Officers' Remuneration

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

Officers Emoluments Remuneration Band	2017/2018					2016/2017				
	Teaching	Other	Total	Left During Year	Total excluding leavers	Teaching	Other	Total	Left During Year	Total excluding leavers
£60,000 - £64,999	11	1	12	0	12	8	5	13	1	12
£65,000 - £69,999	3	6	9	2	7	2	1	3	0	3
£70,000 - £74,999	2	2	4	0	4	4	2	6	1	5
£75,000 - £79,999	3	1	4	1	3	0	0	0	0	0
£80,000 - £84,999	1	0	1	0	1	3	0	3	0	3
£85,000 - £89,999	0	0	0	0	0	0	0	0	0	0
£90,000 - £94,999	1	0	1	0	1	0	0	0	0	0
£95,000 - £99,999	1	0	1	0	1	0	0	0	0	0
Total	22	10	32	3	29	17	8	25	2	23

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

The 2017/2018 total of 32 includes 2 members of staff in the 'Teaching' category 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. (The 2016/2017 total of 25 includes 2 members of teaching staff 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 15-16 (pages 56-57).

14.2 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 2017/2018 this was as follows:

	2017/2018	2016/2017
Ratio of Chief Executive pay to median pay of all staff	1:4.81	1:4.81

14.3 Senior Officers' Remuneration

The following table sets out the remuneration in 2017/2018 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.

2017/2018		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	Note 1	47,048	0	0	0	47,048	10,115	57,163
Lead Corporate Director/Head of Paid Service; Corporate Director Strategy, Transformation & Culture	Note 2	73,047	0	32,195	0	105,242	277,708	382,950
Corporate Director of Environment & Regeneration	Note 3	95,825	0	0	0	95,825	20,602	116,427
Chief Finance Officer	Note 3	88,436	26	0	0	88,462	19,014	107,476
Corporate Director of Social Services		82,706	138	0	0	82,844	17,782	100,626
Corporate Director of Education		98,295	0	0	0	98,295	21,133	119,428
Head of Organisational Development	Note 4	65,588	0	0	0	65,588	14,101	79,689
Head of Policy & Performance	Note 4	65,588	12	0	0	65,600	14,101	79,701
Total		616,533	176	32,195	0	648,904	394,556	1,043,460

Note 1: Commenced 16 October 2017.

Note 2: Lead Corporate Director / Head of Paid Service until 15 October 2017, reverted to his substantive responsibilities as Corporate Director Strategy, Transformation & Culture at that time following the appointment of the Managing Director and subsequently left the Council on 31 December 2017.

Note 3: For each officer (*Corporate Director of Environment & Regeneration, Chief Finance Officer*), salary includes £11,195.77 paid to the post-holder on behalf of Silent Valley Waste Services Ltd. (a company wholly owned by the Council) for acting in the capacity of a director of that Company. The amount paid was recharged to the Company. The Council also paid £2,407.09 of employer pension contributions into the Local Government Pension Scheme in respect of each Silent Valley Waste Services Ltd directorship.

The Auditor General for Wales considers that the employer pension contributions paid by the Council into the Local Government Pension Scheme were contrary to law on the basis that the Council did not have the power to make pension payments on behalf of Silent Valley Waste Services Ltd..

Note 3 (Cont.): The Council accepts that there were procedural errors in the way in which employer pension contributions were administered, but it considers that these did not have the effect of rendering the payments contrary to law.

These Directorships ended on 19 March 2018.

Note 4: The Head of Organisational Development and Head of Policy & Performance report to the Managing Director/Head of Paid Service and are included in this disclosure on that basis.

The following table sets out the remuneration in 2016/2017 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.

2016/2017		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	£	£	£	£	£	£	£
Lead Corporate Director/Head of Paid Service		101,338	0	0	0	101,338	21,788	123,126
Corporate Director Social Services (to 30 September 2016)	Note 1	41,895	78	0	0	41,973	9,008	50,981
Corporate Director Social Services (from 1 October 2016)	Note 2	76,402	62	0	0	76,464	16,427	92,891
Corporate Director of Environment & Regeneration	Note 3	95,360	96	0	0	95,456	20,502	115,958
Chief Finance Officer	Note 3	86,942	37	0	0	86,979	18,598	105,577
Corporate Director of Education		97,457	0	0	0	97,457	20,953	118,410
Head of Organisational Development	Note 4	63,465	0	0	0	63,465	13,645	77,110
Head of Policy & Performance	Note 4	63,465	71	0	0	63,536	13,645	77,181
Total		626,324	344	0	0	626,668	134,566	761,234

Note 1: Corporate Director left post on 30 September 2016.

Note 2: Assumed Corporate Director duties on an interim basis from 1 October 2016; appointed on a permanent basis from April 2017. Disclosure includes sums paid by the Authority in relation to the postholders previous responsibilities as Head of Adult Services.

Note 3: For each officer (*Corporate Director of Environment & Regeneration, Chief Finance Officer*), salary includes £11,568.96 paid to the post-holder on behalf of Silent Valley Waste Services Ltd. (a company wholly owned by the Council) for acting in the capacity of a director of that Company. The amount paid was recharged to the Company. The Council also paid £2,487.33 of employer pension contributions into the Local Government Pension Scheme in respect of each Silent Valley Waste Services Ltd directorship.

The Auditor General for Wales considers that the employer pension contributions paid by the Council into the Local Government Pension Scheme were contrary to law on the basis that the Council did not have the power to make pension payments on behalf of Silent Valley Waste Services Ltd..

The Council accepts that there were procedural errors in the way in which employer pension contributions were administered, but it considers that these did not have the effect of rendering the payments contrary to law.

Note 4: The Head of Organisational Development and Head of Policy & Performance report to the Head of Paid Service and are included in this disclosure on that basis.

15. 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	2017/2018				2016/2017			
	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 - £39,999	12	56	68	691	15	48	63	538
£40,000 - £79,999	0	5	5	251	0	5	5	240
£80,000 - £300,000	0	2	2	367	1	4	5	520
Total	12	63	75	1,309	16	57	73	1,298

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 2017/2018, the contracts of 75 employees were terminated, incurring total liabilities of £1.309m (2016/2017: 73 employees, incurring liabilities of £1.298m). These payments can be disaggregated as follows:

Termination Benefits & Exit Packages	2017/2018	2016/2017
	£000	£000
Pay in Lieu of Notice	122	78
Pension Costs	487	565
Redundancy Costs	572	487
Other Payments	128	168
Total	1,309	1,298

Included in the Authority's Early Terminations Provision are sums totalling £0.710m payable to 33 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. (2016/2017: Early Terminations provision included £0.412m payable to 33 staff). Details of the Early Terminations Provision can be found in notes 33.1-33.2, pages 83-85.

The Authority has also paid £0.021m in respect of exit packages for 1 member of staff at Aneurin Leisure Trust, in accordance with the agreement to transfer staff to the charity in 2014 (2016/2017: exit package payments of £0.124m were made in respect of 12 staff).

16. Termination Benefits and Exit Packages - Causes

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

Termination Benefits	2017/2018		2016/2017	
	No	£000	No	£000
Closure of Facilities / Cessation of Services	2	9	8	200
Early Retirements/Efficiency/Flexible Retirements	4	334	6	154
Financial Efficiency Project	9	323	11	403
School Downsizing Restructuring & Reorganisation - Crossmatching	28	474	12	312
Termination benefits arising for other reasons	32	169	36	229
Total	75	1,309	73	1,298

17. External Audit Fees

The Authority's appointed external auditors for the 2017/2018 financial year were the Wales Audit Office (WAO). The following fees were incurred in relation to external audit and inspection:

External Audit Fees	2017/2018	2016/2017	CIES Service Line
	£000	£000	
Fees payable in respect of:			
External audit services relating to audit of the accounts	191	191	<i>Financial Management & Strategy Portfolio</i>
External audit services relating to Local Government Measures	105	105	<i>Corporate Services Portfolio</i>
Certification of grant claims and returns	70	70	<i>Portfolio responsible for the specific grant claim or return</i>
Other services	0	38	<i>Financial Management & Strategy Portfolio</i>
Total Audit Fees	366	404	

Other Services in 2016/2017 consists of charges for the statutory audit of 3 years of charitable trust accounts required for Bedwellty House and Park, of which the Authority is the trustee.

18. 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 2018 was £31,793,608 (31 March 2017: £34,792,585).
- The national non-domestic rate multiplier for the year 2017/2018 was 0.499 (2016/2017: 0.486).
- The contribution received from the NNDR pool in 2017/2018 was £22,676,854 (2016/2017: £21,003,008).

19. 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.

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

Council Tax Transactions	2017/2018		2016/2017	
	£000	£000	£000	£000
Council Tax Collected	(37,030)		(35,650)	
Less: Impairment of bad & doubtful debts	205		206	
Net Total Proceeds from Council Tax		(36,825)		(35,444)
Less: Gwent Police Authority Precept	4,607		4,409	
Community Council Precepts:				
Abertillery & Llanhilleth Community Council	99		95	
Brynmawr Town Council	43		43	
Nantyglo & Blaina Town Council	78		78	
Tredegar Town Council	139		138	
		4,966		4,763
Council Tax attributable to this Authority:		(31,859)		(30,681)

19.2 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 2017/2018 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	57.00	18,561.00	7,817.00	2,491.00	1,569.00	800.00	303.00	55.00	15.00	6.00	31,674.00
Exemptions, Reliefs & Discounts	(5.25)	(2,411.25)	(702.00)	(197.25)	(95.00)	(40.00)	(13.75)	(1.75)	(6.50)	(2.00)	(3,474.75)
Effective Properties	51.75	16,149.75	7,115.00	2,293.75	1,474.00	760.00	289.25	53.25	8.50	4.00	28,199.25
Ratio	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	-
Band D Equivalents	28.75	10,766.51	5,533.89	2,038.89	1,474.00	928.89	417.81	88.75	17.00	9.33	21,303.82
Impairment											(1,169.93)
Council Tax Base											20,133.89

20. Precepts & Demands

20.1 Precepting Authorities

Details of precepting bodies and amounts are included in note 19.1.

20.2 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	2017/2018 £000	2016/2017 £000
Brecon Beacons National Park Authority	29	29
Coroners' Courts	81	75
South Wales Fire Authority	3,221	3,171
Total:	3,331	3,275

21. 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	2017/2018 £000	2016/2017 £000	Capital Grants Credited to taxation and non-specific grant income	2017/2018 £000	2016/2017 £000
Newport City Council	0	(500)	Newport City Council	0	(25)
Welsh European Funding Office	(18)	0	Welsh European Funding Office	0	(4)
Welsh Government	(1,839)	(891)	Welsh Government	(1,716)	(4,442)
Other Grants & Contributions	(274)	(286)	Other Grants & Contributions	(223)	77
Total:	(2,131)	(1,677)	Total:	(1,939)	(4,394)

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	2017/2018 £000	2016/2017 £000
Welsh Government	(20,407)	(19,591)
Department for Work and Pensions	(26,213)	(26,696)
Other Central Government	(637)	(602)
Local Authorities	(1,958)	(1,970)
NHS	(668)	(694)
Other Grants & Contributions	(113)	(63)
Total:	(49,996)	(49,616)

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	2017/2018			2016/2017		
	Capital £000	Revenue £000	Total £000	Capital £000	Revenue £000	Total £000
Welsh European Funding Office	(10)	(139)	(149)	(28)	(139)	(167)
Welsh Government	(914)	(742)	(1,656)	(703)	(582)	(1,285)
Other Central Government	(51)	(55)	(106)	0	(35)	(35)
Local Authorities	0	(272)	(272)	0	(16)	(16)
NHS	0	(240)	(240)	0	(19)	(19)
Other Grants & Contributions	0	(233)	(233)	(58)	(164)	(222)
Total	(975)	(1,681)	(2,656)	(789)	(955)	(1,744)

22. Related Parties

22.1 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 2017/2018 can be found in note 21 (page 60); details of the amounts owed to or from central government are included in notes 32 (page 82) and 31 (page 81) respectively.

22.2 Silent Valley Waste Services Limited

The Authority is the sole shareholder of the waste disposal company Silent Valley Waste Services Limited (SVWS Ltd.). The Authority's Director of Environment & Regeneration and the Authority's Chief Finance Officer were non-executive directors of the company between 1 April 2017 and 19 March 2018. The Authority's former Chief Executive was a director for the full year. Two of the Authority's Elected Members assumed the responsibilities of Director on 19 March 2018. As at 31 March 2018, 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 2018				Year Ended 31 March 2017			
	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	759,481	-	69,880	-	801,090	-	66,811	-
Payments relating to previous year	66,811	-	-	-	54,531	-	-	-
Vehicle purchase:	111,242	-	-	-	-	-	-	-
Reimbursement of payments made to directors of SVWS Ltd.:								
Payments to Chief Finance Officer	-	(10,605)	-	(591)	-	(11,569)	-	(964)
Payments to Corporate Director of Environment and Regeneration	-	(10,605)	-	(591)	-	(11,569)	-	(964)
Leachate	-	(130,000)	-	-	-	(130,000)	-	-
Vehicle servicing & repairs	-	-	-	-	-	(1,650)	-	-
Noise assessment & survey	-	-	-	-	-	(250)	-	-
Works carried out at Silent Valley Waste Transfer Station	-	(11,000)	-	-	-	-	-	(11,000)
Total (Silent Valley Waste Services Ltd.):	937,534	(162,210)	69,880	(1,182)	855,621	(155,038)	66,811	(12,928)

22.3 Members

Related Party Disclosures for Members relate to all Councillors for the 2017/2018 financial year, including those prior to the Local Authority elections in May 2017. For each related party, transactions reported are for the full 2017/2018 financial year, including where the relevant Members were not re-elected on 4 May 2017.

No balances were outstanding with related parties at the end of 2016/2017 or 2017/2018. The following related party transactions took place with Elected Members during the year:

Related Party	Related Party Relationship	Year Ended 31 March 2018		Year Ended 31 March 2017		Notes
		Amounts Paid by Authority	Amounts Received by Authority	Amounts Paid by Authority	Amounts Received by Authority	
		£	£	£	£	
Blaina Community Centre	A Member of the Council is a Director of this organisation.	100	(349)	0	0	Reimbursement of maintenance costs.
Blaina Community Institute	A Member of the Council is a Director of this organisation.	4,283	0	0	0	Payment for room hire (Town Council and Heritage Action Group).
Brynmawr Museum	A member of the Council is a Director of this organisation.	861	(154)	0	0	
Care and Repair Blaenau Gwent/ Caerphilly	A former Council Member was Chair of the organisation.	256,913	(13,184)	265,701	(12,778)	Payment of voluntary sector grant and emergency care contract sums.
Deano's Sandwich Bar	The proprietor is the daughter of a former Council Member.	205	0	100	0	Reimbursement for buffet and lunches provided.
Glenn Willis Plumbing Ltd.	The Director of the company is the son of a Council Member.	4,951	0	12,623	0	Disabled facilities grant.
Henley's Bus Services	The son-in-law and grandson of a former Council Member are directors of the company.	185,713	0	170,782	0	Provision of home to school transport.
Highfield Properties (Tredegar)	A member of the Council is a Director of the organisation.	10,311	0	7,943	0	Tenants' Rent Allowances.
Hodge Distributions	A Member of the Council is the proprietor of the organisation.	0	(1,500)	0	(750)	Rental of an industrial unit.
Hodge Municipal Services	A Member of the Council is the proprietor of the organisation.	1,910	(215)	4,463	(85)	Maintenance of public toilets in Brynmawr and other supplies.
Jim Davies Civil Engineering Limited	A Member of the Council is the brother-in-law of one of the Directors of the company.	233,653	0	599,709	0	Capital works including retaining wall maintenance and Silent Valley transfer station/overflow extension.
TJ Brown & Sons	A former Council Member has an interest in this company.	1,105	0	0	0	For pauper and other burial services on behalf of the Authority.
Total:		700,005	(15,402)	1,061,321	(13,613)	

22.4 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 2017/2018, net contributions of £0.382m were due to the EAS (2016/2017: £0.395m). The total summarised transactions of the Service were as follows:

Education Achievement Service	2017/2018 £000	2016/2017 £000
Expenditure	7,589	7,997
Income	(7,484)	(8,102)
Net Expenditure	105	(105)

Movements in Reserves Notes

23. Other Comprehensive Income & Expenditure

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

Other Comprehensive Income & Expenditure	2017/2018 £000	2016/2017 £000
(Surplus)/Deficit arising on the revaluation of non-current assets	(253)	(2,303)
Remeasurement of the net defined benefit pension liability	(17,182)	24,243
Other Comprehensive Income & Expenditure	(17,435)	21,940

24. 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 2017/2018:

	2017/2018			2016/2017		
	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	1,689	0	(1,689)	2,031	0	(2,031)
Transfer of cash sale proceeds credited as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	634	(634)	0	1,515	(1,515)	0
Contribution from the Capital Receipts Reserve towards funding of prudential borrowing schemes	(54)	54	0	(51)	51	0
Total: Transactions between Funds & Usable Reserves:	2,269	(580)	(1,689)	3,495	(1,464)	(2,031)

	2017/2018		2016/2017	
	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	60	(60)	51	(51)
Adjustments to/from the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(25,486)	25,486	(19,949)	19,949
Employer's pensions contributions and direct payments to pensioners payable in the year	12,511	(12,511)	12,232	(12,232)

	2017/2018		2016/2017	
	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	(11,666)	11,666	(10,695)	10,695
Revaluation losses on Property, Plant & Equipment	(4,775)	4,775	(5,057)	5,057
Capital grants & contributions applied	2,382	(2,382)	4,016	(4,016)
Revenue expenditure funded from capital under statute	(1,386)	1,386	(2,936)	2,936
Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive Income & Expenditure Statement	(477)	477	(744)	744
Items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Statutory provision for the financing of capital investment	1,130	(1,130)	3,903	(3,903)
Capital expenditure charged against the Council Fund	0	0	181	(181)
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	7	(7)	(274)	274
Total: Transactions between Funds & Unusable Reserves:	(27,700)	27,700	(19,272)	19,272

Note: Additional transactions occur between the Capital Adjustment Account and the Revaluation Reserve. These are detailed in note 39.2 on pages 108-109.

	2017/2018			2016/2017		
	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	(132)	0	132	(126)	0	126
Items involving Usable Capital Reserves:						
Application of grants to capital financing transferred to the Capital Adjustment Account	0	1,660	(1,660)	0	2,012	(2,012)
Use of the Capital Receipts Reserve to finance new capital expenditure	752	0	(752)	979	0	(979)
Total: Other Capital Reserve Transactions:	620	1,660	(2,280)	853	2,012	(2,865)

	2017/2018				2016/2017			
	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:	2,269	(580)	(1,689)	0	3,495	(1,464)	(2,031)	0
Total: Transactions involving Unusable Reserves:	(27,700)	0	0	27,700	(19,272)	0	0	19,272
Total: Other Capital Reserve Transactions:	0	620	1,660	(2,280)	0	853	2,012	(2,865)
Total Adjustments:	(25,431)	40	(29)	25,420	(15,777)	(611)	(19)	16,407

Balance Sheet Notes

25. Property Plant & Equipment

25.1 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 2018 £000	31 March 2017 £000
Gross Carrying Amount	314,435	315,836
Accumulated Depreciation	(50,863)	(42,784)
Net Book Value	263,572	273,052

Details of the transactions relating to the carrying amounts and depreciation of non-current assets are set out on pages 68-69.

Movements in 2017/2018:

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 2017	168,062	12,449	126,849	138	4,886	3,452	315,836
Appropriations	(176)	20	176	(20)	0	0	0
Assets reclassified to/from held for sale	(387)	0	0	0	(5)	0	(392)
Additions	177	1,356	281	0	0	1,445	3,259
Revaluation increases/(decreases) recognised in the Revaluation Reserve	261	0	0	1	0	0	262
Revaluation increases/(decreases) recognised in the Provision of Services	(4,799)	0	0	1	(360)	0	(5,158)
Capital expenditure written off	(2,469)	(144)	(43)	0	0	0	(2,656)
Derecognition - disposals	0	(557)	0	0	0	0	(557)
Other movements in cost or valuation *	2,641	144	43	0	0	1,013	3,841
Cost or Valuation as at 31 March 2018	163,310	13,268	127,306	120	4,521	5,910	314,435

Property, Plant & Equipment: Depreciation & Impairment	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation & Impairment as at 1 April 2017	(7,356)	(7,781)	(27,623)	(10)	(14)	0	(42,784)
Depreciation Charge & Appropriations	(4,687)	(1,279)	(3,096)	(1)	(7)	0	(9,070)
Depreciation written out to the Revaluation Reserve	51	0	0	0	0	0	51
Depreciation written out to the Surplus/Deficit on the Provision of Services	383	0	0	0	0	0	383
Derecognition - disposals	0	557	0	0	0	0	557
Accumulated Depreciation & Impairment as at 31 March 2018	(11,609)	(8,503)	(30,719)	(11)	(21)	0	(50,863)
Net Book Value as at 31 March 2018	151,701	4,765	96,587	109	4,500	5,910	263,572
Net Book Value as at 31 March 2017	160,706	4,668	99,226	128	4,872	3,452	273,052
Revised Net Book Value as at 1 April 2016	155,742	5,467	100,126	129	4,879	13,482	279,825

Movements in 2016/2017:

Property, Plant & Equipment	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation as at 1 April 2016	157,982	12,201	124,557	138	4,920	13,482	313,280
Adjustment to Opening Balances	1,365†	0	0	0	0	0	1,365
Revised Cost or Valuation as at 1 April 2016	159,347	12,201	124,557	138	4,920	13,482	314,645
Appropriations	12,214	0	1,347	0	180	(13,741)	0
Assets reclassified to/from held for sale	(681)	0	0	0	(50)	0	(731)
Additions	0	413	701	0	0	0	1,114
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,132	0	0	0	(75)	0	2,057
Revaluation increases/(decreases) recognised in the Provision of Services	(4,928)	0	0	0	(89)	0	(5,017)
Capital expenditure written off	(1,806)	0	0	0	0	0	(1,806)
Derecognition - disposals	(22)	(165)	0	0	0	0	(187)
Other movements in cost or valuation **	1,806	0	244	0	0	3,711	5,761
Cost or Valuation as at 31 March 2017	168,062	12,449	126,849	138	4,886	3,452	315,836

Property, Plant & Equipment: Depreciation & Impairment	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation & Impairment as at 1 April 2016	(3,560)	(6,734)	(23,749)	(9)	(41)	0	(34,093)
Adjustment to Opening Balances	(45) ^{††}	0	(682) ^{††}	0	0	0	(727)
Revised Depreciation & Impairment as at 1 April 2016	(3,605)	(6,734)	(24,431)	(9)	(41)	0	(34,820)
Depreciation Charge & Appropriations	(4,558)	(1,165)	(3,192)	(1)	27	0	(8,889)
Depreciation written out to the Revaluation Reserve	246	0	0	0	0	0	246
Depreciation written out to the Surplus/Deficit on the Provision of Services	561	0	0	0	0	0	561
Derecognition - disposals	0	118	0	0	0	0	118
Accumulated Depreciation & Impairment as at 31 March 2017	(7,356)	(7,781)	(27,623)	(10)	(14)	0	(42,784)

[†]: The correction of a revaluation relating to previous years has increased the gross book value of Other Land & Buildings by £1.365m.

^{††}: A small number of assets were identified on which no depreciation had been charged in previous years and consequently an adjustment has been made to correct the cumulative understatement of £0.727m.

Notes * & **: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £1.18 million of which has been added to the asset base and £2.66 million of which has been written off as there has been no increase to the asset value in 2017/2018(*); £3.9 million of which has been added to the asset base and £1.8 million of which has been written off as no increase to the asset value resulted in 2016/2017(**).

25.2 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 2018			31 March 2017		
	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)	4,500	125	4,625	4,872	510	5,382
Fair Value	4,500	125	4,625	4,872	510	5,382

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between levels of the 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	2017/2018			2016/2017		
	Surplus	Assets Held for	Total	Surplus	Assets Held for	Total
	Assets	Sale		Assets	Sale	
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	4,872	510	5,382	4,879	455	5,334
Adjustment to Opening Balance	0	0	0	0	601	601
Revised Balance at 1 April:	4,872	510	5,382	4,879	1,056	5,935
Appropriations (to)/from Property, Plant & Equipment Operational Assets	0	87	87	212	681	893
Appropriations (to)/from Assets Held for Sale	(5)	0	(5)	(50)	0	(50)
Appropriations (to)/from Surplus Assets	0	5	5	0	50	50
Total Gains for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	40	0	40	0	31	31
Total Losses for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(400)	0	(400)	(89)	(632)	(721)
Total Gains/(Losses) for the period included in the Revaluation Reserve resulting from changes in the fair value	0	0	0	(75)	0	(75)
Disposals	0	(477)	(477)	0	(676)	(676)
In-Year Depreciation	(7)	0	(7)	(5)	0	(5)
Balance at 31 March:	4,500	125	4,625	4,872	510	5,382

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 2018			31 March 2017		
	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	4,500	125	4,625	4,872	510	5,382
Assets measured at carrying amount	0	300	300	0	0	0
Assets carried on Balance Sheet	4,500	425	4,925	4,872	510	5,382

25.3 Capital Commitments

Within the Authority's 2017/2018 capital programme, £9.045m relates to schemes that were contractually committed as at 31 March 2018 (£7.376m contractually committed as at 31 March 2017):

	Commitment Value 2017/2018 £000	Estimated Timescale for Completion No of Years	Commitment Value 2016/2017 £000	Estimated Timescale for Completion No of Years
Capital Commitments				
21st Century Schools - Six Bells Project	7,111	2	5,811	2
Collaborative Change Programme	522	1	809	1
Leisure Centre Demolitions	454	1	114	1
21st Century Schools - Ystruth Project	268	1	0	0
Highways Improvement Works	127	1	75	1
21st Century Schools - Tredegar Comprehensive	75	1	71	1
Civic Centre Remodelling	51	1	51	1
Flying Start Projects	26	1	50	1
Ebbw Fawr Autism Spectrum Disorder & Inclusion Unit	15	1	105	1
Other*	396	1	290	1
Total	9,045		7,376	

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

25.4 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 2017/2018, 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 34-35), in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors and resulted in a net decrease in value to the Authority's non-current assets of £4.462 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 2017/2018, 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 2017. The Authority does not consider the difference in valuations between this date and 31 March 2018 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 2018 £000	31 March 2017 £000	31 March 2016 £000	31 March 2015 £000	31 March 2014 £000	Total £000
Current Value:						
Heritage Assets	0	0	0	0	0	0
Other Land & Buildings	22,185	33,492	108,642	129,062	84,125	377,506
Community Assets	30	0	32	0	3	65
	22,215	33,492	108,674	129,062	84,128	377,571
Historic Cost:						
Vehicles Plant & Equipment	0	112	80	0	622	814
	0	112	80	0	622	814
Total cost or valuation:	22,215	33,604	108,754	129,062	84,750	378,385

25.5 Capital Expenditure and Financing

Of the £8.589m capital investment made in 2017/2018, £4.720m was financed in-year through the application of capital receipts and government grants. The remaining £3.869m capital financing requirement has been funded through borrowing, as indicated below:

Capital Expenditure & Financing	2017/2018		2016/2017	
	£000	£000	£000	£000
Capital Investment: Property, Plant & Equipment	7,203		6,762	
REFCUS	1,386		2,936	
		8,589		9,698
Sources of Finance:				
Revenue Provision	0		(181)	
Capital Receipts	(678)		(903)	
Government Grants & Other Contributions	(4,042)		(6,028)	
		(4,720)		(7,112)
Increase in capital financing requirement:		3,869		2,586
Explanation of in-year movements:				
Borrowing Supported by Government Financial Assistance		1,988		1,988
Borrowing Unsupported by Government Financial Assistance		1,881		598
Total Borrowing:		3,869		2,586

26. 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	259	'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	154	Unveiled September 24th 1924 by Sir Frederick Mills. Listed as an unusually elaborate war memorial, in a prominent setting.
Total Value:	413	

These monuments have been valued on an insurance replacement cost basis and are not depreciated as their useful life is deemed to be indefinite. There were no movements in the carrying amounts of these assets during 2017/2018 or 2016/2017.

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.

27. Leases

27.1 Authority as Lessee - Finance Leases

The Council has acquired a number of assets under finance leases, the net value of which total £0.373m (2016/2017: £0.434m). 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 £0.328m (2016/2017: £0.490m).

27.2 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 2018 due under non-cancellable leases in future years are:

	31 March 2018		31 March 2017	
	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	52	226	137	218
Later than 1 year and not later than 5 years	90	887	134	872
Later than 5 years	0	1,316	0	1,535
Total Minimum Lease Payments	142	2,429	271	2,625

Charges to service revenue accounts in the Comprehensive Income and Expenditure Statement during the year in relation to these leases totalled £0.406m (2016/2017: £0.493m).

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

27.3 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 2018		31 March 2017	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Finance Lease Debtor				
Current	77	56	75	54
Non-Current	78	4,144	155	4,201
Unguaranteed Residual Value of Property	0	(566)	0	(566)
Total	155	3,634	230	3,689

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

	Gross Investment in Lease			
	31 March 2018		31 March 2017	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Finance Leases - Lessor				
Not later than one year	77	56	75	54
Later than 1 year and not later than 5 years	78	255	155	243
Later than 5 years	0	3,323	0	3,392
Total	155	3,634	230	3,689

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

	Minimum Lease Payments			
	31 March 2018		31 March 2017	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Finance Leases - Lessor				
Not later than one year	80	269	80	269
Later than 1 year and not later than 5 years	80	1,074	160	1,074
Later than 5 years	0	7,612	0	7,881
Total	160	8,955	240	9,224

27.4 Authority as Lessor - Operating Leases

The Authority leases out land and buildings under operating leases which, from 2014/2015, include a number of lease arrangements with Aneurin Leisure Trust in relation to plant and equipment. The minimum lease payments receivable under non-cancellable leases in future years are £2.911m (2016/2017: £2.548m).

	31 March 2018	31 March 2017
	Other land & buildings £000	Other land & buildings £000
Operating Lease Minimum Payments Receivable		
Not later than one year	506	412
Later than 1 year and not later than 5 years	1,593	1,364
Later than 5 years	812	772
Total Minimum Lease Payments Receivable	2,911	2,548

28. 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 2018 was £0.250m (31 March 2017: £0.250m).

28.1 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 2018, the company had three registered directors, two of whom are Elected Members of Blaenau Gwent CBC, appointed with effect from 19 March 2018. The other director is the former Chief Executive of the Authority, appointed on 6 July 2016. The Authority's Chief Finance Officer and Corporate Director of Environment & Regeneration were non-executive directors between 1 April 2017 and 19 March 2018.

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 121-142, based on the company's final accounts which were approved by the Silent Valley Board on 21 June 2018.

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

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

29. Non-Current Debtors

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

Non-Current Debtors	31 March 2018				31 March 2017			
	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	4,145	0	29	4,174	4,201	0	279	4,480
Other Entities & Individuals	852	(295)	0	557	1,013	(272)	0	741
Total	4,997	(295)	29	4,731	5,214	(272)	279	5,221

Impairment of Non-Current Debtors

Where possible, 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.

Impairment of Non-Current Debtors	31 March 2018			31 March 2017		
	Gross Debtor £000	Impairment £000	Net Debtor £000	Gross Debtor £000	Impairment £000	Net Debtor £000
Dangerous Structures	163	(163)	0	163	(163)	0
Land & Property Charges	163	(132)	31	160	(109)	51
Total	326	(295)	31	323	(272)	51

30. 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 39). The value of school assets included in the Balance Sheet is as follows:

Value of School Assets	2017/2018				2016/2017			
	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
Land & Buildings	74,410	0	3,130	77,540	75,953	0	3,478	79,431

The valuation of school non-current assets decreased by £1.891m during 2017/2018, largely due asset depreciation and a correction to the valuation of Abertillery Primary School, offset by the inclusion of assets related to the River Centre Learning Community. Further details of the revaluation of non-current assets can be found in note 25.4 on page 73.

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

Analysis of School by Type	2017/2018				2016/2017			
	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	1	0	0	1
Total	20	4	1	25	19	4	1	24

River Centre Learning Community opened in January 2018, increasing the number of special schools by one.

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 Balances - In-Year (Surplus)/Deficit	2017/2018				2016/2017			
	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	(254)	(69)	0	(323)	330	79	0	409
Middle Schools	975	0	0	975	(77)	0	0	(77)
Secondary Schools	(362)	0	129	(233)	117	0	(2)	115
Special Schools	(116)	0	0	(116)	139	0	0	139
Total In-Year (Surplus)/Deficit	243	(69)	129	303	509	79	(2)	586

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

School Balances	31 March 2018				31 March 2017			
	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	(721)	(135)	0	(856)	(467)	(66)	0	(533)
Middle Schools	847	0	0	847	(128)	0	0	(128)
Secondary Schools	(284)	0	94	(190)	78	0	(35)	43
Special Schools	(81)	0	0	(81)	35	0	0	35
Total	(239)	(135)	94	(280)	(482)	(66)	(35)	(583)

31. Current Debtors

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

Current Debtors	31 March 2018				31 March 2017			
	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	6,348	(1)	0	6,347	5,713	(36)	0	5,677
Other Central Government	1,524	0	0	1,524	1,292	0	0	1,292
Local Authorities	1,321	(64)	250	1,507	2,481	(118)	469	2,832
NHS	127	(6)	0	121	892	(27)	0	865
Council Tax Arrears	4,259	(1,814)	0	2,445	4,248	(1,933)	0	2,315
Other Entities and Individuals	4,761	(2,041)	1,385	4,105	5,232	(2,167)	1,347	4,412
Total	18,340	(3,926)	1,635	16,049	19,858	(4,281)	1,816	17,393

Impairment of Current Debtors

Where possible, current debtor balances have been reduced to eliminate sums that have not been written off but are potentially irrecoverable. Impairment allowance accounts have been established for the following debtors.

Impairment of Current Debtors	31 March 2018			31 March 2017		
	Gross Debtor	Impairment	Net Debtor	Gross Debtor	Impairment	Net Debtor
	£000	£000	£000	£000	£000	£000
Council Tax	4,259	(1,814)	2,445	4,248	(1,933)	2,315
Housing Benefits	1,546	(1,277)	269	1,450	(1,408)	42
Land & Property Charges	320	(258)	62	347	(258)	89
Sundry Debtors	2,238	(577)	1,661	2,725	(682)	2,043
Total	8,363	(3,926)	4,437	8,770	(4,281)	4,489

32. **Current Creditors**

Amounts owed by the Authority were as follows:

Current Creditors	31 March 2018			31 March 2017		
	Creditors	Receipts in Advance	Total Current Creditors	Creditors	Receipts in Advance	Total Current Creditors
	£000	£000	£000	£000	£000	£000
Welsh Government	(216)	0	(216)	(114)	0	(114)
Other Central Government	(745)	0	(745)	(704)	(6)	(710)
Local Authorities	(1,001)	(75)	(1,076)	(1,923)	(67)	(1,990)
NHS	(49)	0	(49)	(252)	(5)	(257)
Capital Creditors	(184)	0	(184)	(525)	0	(525)
Council Tax Credits	(847)	0	(847)	(740)	0	(740)
Other Entities and Individuals	(7,713)	(341)	(8,054)	(7,520)	(364)	(7,884)
Total	(10,755)	(416)	(11,171)	(11,778)	(442)	(12,220)

33. Provisions, Contingent Liabilities and Contingent Assets

33.1 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 2018/2019.	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 2018/2019.	The provision for early terminations comprises the known value of redundancy payments occurring after 31 March 2018 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.
Short Term Compensated Absences	To provide for known liabilities arising from the costs of accruing staff leave, flexi-time and lieu time balances at the end of the financial year.	Utilised in 2016/2017. Reclassified as a creditor.	In some cases the accrual is based on estimates of annual leave/ flexi leave entitlements. It has been assumed that entitlement data provided is accurate and up to date.

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.	To be utilised in 2018/2019.	Provision is based on relevant utility readings for 2017/2018, some of which have been estimated.
Contaminated Land	To provide for the costs in relation to a possession order and also the clearance of waste and remediation of the site.	To be utilised in 2018/2019.	Provision is based on the findings of an independent expert, who has assessed the cost for the disposal of the waste stockpiles, remediation of the underlying footprints and general site clearance to be in the range of £0.656m to £1.566m. The report concluded that the median cost of £1.111m would be a reasonable estimate for the required clearance works. A court order requires the previous site owner to pay £0.339m, but it is uncertain how much of this sum will be received by the Authority.

Other Provisions (Continued):

Provision	Purpose	Timescale for Utilisation	Uncertainties, Assumptions and Potential Reimbursement
Ebbw Vale Sports Centre Flood Damage	To provide for repairs to Ebbw Vale Sports Centre arising from flooding event on 6 February 2016.	Utilised in 2016/2017.	Reimbursement of costs incurred was subject to assessment by the Authority's insurers and amounted to £0.396m against a spend of £0.569m.
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 2018/2019 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 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 £0.021m in the Insurance Provision, set at 25% of total outstanding claims. In addition, £0.057m has been included in respect of MMI claims for the former Gwent County Council.
Lease Dilapidation	To provide for works to leased assets (Anvil Court, Abertillery, Ebbw Vale Multi-Storey Car Park and Units 1-6 Cwmdraw) to return the assets to their condition as at the inception of the respective lease agreements.	The lease for Ebbw Vale Multi-Storey Car Park is for 99 years, ending in 2070. The Anvil Court lease is for 20 years, ending in 2026. The lease for the units at Cwmdraw has expired and is currently renewed annually.	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.
Monwel Ltd. Liquidation	To provide for specific pension costs relating to Monwel Ltd. following closure of the social enterprise in July 2015.	Utilised in 2016/2017.	It has been assumed that the Authority will receive no compensation for outstanding or settled liabilities.
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.
Reservoir Act	To provide for known costs of studies, investigations and remedial works arising from EA/NRW enforcement notices.	Utilised in 2016.	The Authority is pursuing appropriate cost reimbursement from the owners.
Waste Services - Penalties	To provide for any known or potential financial penalties arising from a failure to meet the statutory recycling recovery targets.	To be utilised in 2018/2019.	A financial penalty of £0.078m has been received in relation to 2016/2017. Penalties for 2017/2018 have not been confirmed but have been estimated at £0.120m for 2017/2018.
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.	To be utilised in 2018/2019.	The Authority's insurers reimbursed £0.222m against costs incurred of £0.229m. Settlement of additional claims by the unit tenants have yet to be resolved.

33.2 Provisions - Movements

Movements in employee-related and other provisions during 2017/2018 were as follows:

Provision Movements	Balance at 1 April 2016 £000	Net Movements 2016/2017 £000	Balance at 1 April 2017 £000	Additional Provisions made in 2017/2018 £000	Amounts Used in 2017/2018 £000	Unused Amounts Reversed in 2017/2018 £000	Unwinding of Discount in 2017/2018 £000	Balance at 31 March 2018 £000
Current Provisions								
Employee Provisions:								
Back Pay	(146)	0	(146)	0	0	0	0	(146)
Early Terminations	(530)	25	(505)	(744)	501	4	0	(744)
Short Term Compensated Absences	(1,441)	1,441	0	0	0	0	0	0
Other Provisions:								
Carbon Reduction Commitment	(230)	59	(171)	(175)	153	18	0	(175)
Contaminated Land	0	(1,111)	(1,111)	0	0	0	0	(1,111)
Ebbw Vale Sports Centre Flood Damage	(406)	406	0	0	0	0	0	0
Insurance	(895)	61	(834)	(575)	50	0	0	(1,359)
Lease Dilapidation - Industrial Units	0	0	0	(543)	0	0	0	(543)
Monwel Ltd. Liquidation	(72)	72	0	0	0	0	0	0
Part 1 Land Compensation Claims	(406)	27	(379)	0	21	0	0	(358)
Reservoir Act	(15)	15	0	0	0	0	0	0
Waste Services - Penalties	0	0	0	(198)	0	0	0	(198)
Waun Y Pound Unit 1	0	(201)	(201)	0	192	0	0	(9)
	(4,141)	794	(3,347)	(2,235)	917	22	0	(4,643)
Non-Current Provisions								
Insurance	(669)	98	(571)	(910)	158	97	0	(1,226)
Lease Dilapidation - Anvil Court	0	(250)	(250)	(161)	0	0	0	(411)
Lease Dilapidation - Ebbw Vale Multi Storey Car Park	0	(500)	(500)	(106)	0	0	0	(606)
	(669)	(652)	(1,321)	(1,177)	158	97	0	(2,243)
Total Provisions:	(4,810)	142	(4,668)	(3,412)	1,075	119	0	(6,886)

33.3 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.

33.4 Contingent Assets

- The Authority has submitted a claim to HMRC for reimbursement of VAT on the grounds of cultural exemption, where it is probable that payment will be received at a future date.

34. Other Long-Term Liabilities

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

Other Long-Term Liabilities	31 March 2018 £000	31 March 2017 £000
Cardiff Capital Region City Deal Non-Current Creditor	(934)	0
Deferred Liabilities	(285)	(436)
Net Pensions Liability	(271,599)	(275,527)
Receipts in Advance	0	(8)
Total	(272,818)	(275,971)

- 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.
- Receipts in advance are sums held in respect of fees covering a 3 year period for taxi driver licences.

35. 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

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.

Financial Liabilities	Fair Value Level	31 March 2018		31 March 2017	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Public Works Loan Board	2	(71,281)	(90,512)	(73,485)	(95,394)
Lenders Option Borrowers Option (LOBO)	2	(4,044)	(6,034)	(4,045)	(6,191)
Market Loans	2	(21,500)	(21,775)	(37,900)	(38,693)
Temporary Loans	n/a	(51,249)	(51,311)	(29,070)	(29,070)
Other Loans	n/a	(505)	(505)	(2,318)	(2,318)
Total		(148,579)	(170,137)	(146,818)	(171,666)

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 2018			31 March 2017		
	Non-Current £000	Current £000	Total £000	Non-Current £000	Current £000	Total £000
Financial Liabilities						
Financial liabilities at amortised cost	(80,205)	(68,374)	(148,579)	(98,919)	(47,899)	(146,818)
Total Borrowings	(80,205)	(68,374)	(148,579)	(98,919)	(47,899)	(146,818)
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 51) in relation to financial instruments are made up as follows:

Financial Instrument Gains/Losses	2017/2018			2016/2017		
	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2017/2018 £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2016/2017 £000
Interest payable and similar charges:						
Interest expense	3,978	0	3,978	4,274	0	4,274
Interest and investment income:						
Interest income	0	(15)	(15)	0	(32)	(32)
Net gain/(loss) for the year:	3,978	(15)	3,963	4,274	(32)	4,242

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 2018, 119 car loans were outstanding with a total value of £0.675m (31 March 2017 132 loans with a value of £0.666m).

36. 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 9 March 2017 and is available on the Authority's website:

http://democracy.blaenau-gwent.gov.uk/aksblaenau_gwent/images/att6269.pdf

http://democracy.blaenau-gwent.gov.uk/aksblaenau_gwent/images/att6270.pdf

http://democracy.blaenau-gwent.gov.uk/aksblaenau_gwent/images/att6271.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 2017/2018 was initially approved by Council on 9 March 2017. On 26 October 2017, the Strategy was revised in order to provide the Authority with greater scope in terms of its investments. The revision to the strategy is available on the Authority's website:

http://democracy.blaenau-gwent.gov.uk/aksblaenau_gwent/images/att7228.pdf

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 2018		31 March 2017	
	£000	%	£000	%
Source of Loan				
Public Works Loan Board	(71,942)	48.22	(74,186)	50.31
Lenders Option Borrowers Option (LOBO)	(4,000)	2.68	(4,000)	2.71
Market Loans	(21,500)	14.41	(37,900)	25.70
Temporary Loans	(51,249)	34.35	(29,070)	19.71
Other Loans	(505)	0.34	(2,318)	1.57
Total:	(149,196)	100.00	(147,474)	100.00

The maturity analysis of financial liabilities is as follows:

Maturity of Loan	31 March 2018		31 March 2017	
	£000	%	£000	%
Maturing in less than 1 year	(61,874)	41.47	(47,899)	32.49
Maturing in 1-2 years	(10,756)	7.21	(10,625)	7.20
Maturing in 2-5 years	(14,418)	9.66	(22,255)	15.09
Maturing in 5-10 years	(24,539)	16.45	(22,821)	15.47
Maturing in more than 10 years	(37,609)	25.21	(43,874)	29.75
Total:	(149,196)	100.00	(147,474)	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	2017/2018 £000	2016/2017 £000
Increase in interest payable on current variable rate borrowings	448	216
Increase in interest receivable on current variable rate investments	(30)	(29)
Increase in interest payable on non-current variable rate borrowings	40	40
Net impact upon Comprehensive Income & Expenditure Statement:	458	227

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.

37. 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, for 2017/2018 the net cash requirement was £3.392bn and total net scheme liabilities amounted to £361.7bn.

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 is currently in progress and is expected to be implemented in 2019. Subsequent valuations are to be undertaken on a four-yearly basis.

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 comprising 10,177 contributing employers that administers over 1.25 million active/deferred members and makes payments to 717,037 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 2017/2018, the Authority paid employers contributions of £3.183 million to Capita Teachers' Pensions in respect of teachers' pension costs, representing 16.5% of teachers' pensionable pay (2016/2017: £3.184 million, representing 16.5%). At 31 March 2018, £0.268 million remained payable to the Teachers' Pension Scheme relating to employers contributions arising in the March payroll (31 March 2017: £0.266m).

The total employers contributions to be made by the Authority to the Teachers' Pension Scheme in the year to 31 March 2019 is estimated at £3.2m.

The Authority made total contributions (employees and employers) to the TPS amounting to £5.041m in 2017/2018, which represented approximately 0.08% of the total contributions receivable by the TPS.

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 38.

38. 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 37).

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 11.2% of the total contribution receivable by the Fund in 2016/2017.

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:

	2017/2018			2016/2017		
	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	17,768	0	17,768	9,930	0	9,930
Past Service Costs and Curtailments	287	0	287	(279)	0	(279)
Effect of Business Combinations and Disposals	0	0	0	1,617	0	1,617
Administration Expenses	211	0	211	170	0	170
Total Service Cost:	18,266	0	18,266	11,438	0	11,438
Financing and Investment Income and Expenditure:						
Interest on plan assets	(9,024)	0	(9,024)	(9,770)	0	(9,770)
Interest on defined benefit liabilities	15,261	983	16,244	17,077	1,204	18,281
Net Interest:	6,237	983	7,220	7,307	1,204	8,511
Total Charged to the Surplus/Deficit on Provision of Services:	24,503	983	25,486	18,745	1,204	19,949
Remeasurement of the Net Defined Liability, comprising:						
Return on plan assets (excluding amounts included in Net Interest)	(4,588)	0	(4,588)	(60,147)	0	(60,147)
Actuarial (Gains)/Losses arising from changes in demographic assumptions	0	0	0	(13,952)	(2,119)	(16,071)
Actuarial (Gains)/Losses arising from changes in financial assumptions	(11,490)	(448)	(11,938)	86,166	4,965	91,131
Experience (Gains)/Losses on defined benefit liabilities	(235)	(421)	(656)	8,107	1,223	9,330
Total remeasurements recognised in Other Comprehensive Income & Expenditure:	(16,313)	(869)	(17,182)	20,174	4,069	24,243
Total Charged to the Comprehensive Income & Expenditure Statement:	8,190	114	8,304	38,919	5,273	44,192

At 31 March 2018, £1.039m remained payable to the LGPS relating to contributions arising in the March payroll (31 March 2017: £0.958m). 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:

	2017/2018			2016/2017		
	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>	(24,503)	(983)	(25,486)	(18,745)	(1,204)	(19,949)
Actual Amount Charged Against Council Tax for Pensions in year:						
Employers' Contributions Payable to Scheme	10,632	0	10,632	10,353	0	10,353
Retirement Benefits Payable to Pensioners	0	1,879	1,879	0	1,879	1,879
Total amounts charged against Council Tax:	10,632	1,879	12,511	10,353	1,879	12,232
Net adjustment between accounting basis and funding basis for pension transactions:	(13,871)	896	(12,975)	(8,392)	675	(7,717)

Assets and Liabilities in Relation to Post-Employment Benefits

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

	2017/2018			2016/2017		
	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:	347,737	0	347,737	279,818	0	279,818
Employer Contributions	10,353	1,879	12,232	10,364	1,879	12,243
Member Contributions	2,703	0	2,703	2,618	0	2,618
Benefits Paid	(15,160)	(1,879)	(17,039)	(15,144)	(1,879)	(17,023)
Interest on Plan Assets	9,024	0	9,024	9,770	0	9,770
Administration Expenses	0	0	0	164	0	164
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	4,588	0	4,588	60,147	0	60,147
Balance at 31 March:	359,245	0	359,245	347,737	0	347,737

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

	2017/2018			2016/2017		
	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 Present Value of Scheme Liabilities						
Balance at 1 April:	(584,529)	(38,735)	(623,264)	(488,055)	(35,341)	(523,396)
Current Service Cost	(17,768)	0	(17,768)	(9,930)	0	(9,930)
Past Service Cost and Curtailments	(287)	0	(287)	279	0	279
Administration Expenses	(211)	0	(211)	(334)	0	(334)
Interest Cost	(15,261)	(983)	(16,244)	(17,077)	(1,204)	(18,281)
Member Contributions	(2,703)	0	(2,703)	(2,618)	0	(2,618)
Benefits Paid	15,160	1,879	17,039	15,144	1,879	17,023
Remeasurement Gains/(Losses):						
Experience Gains/(Losses)	235	421	656	(8,107)	(1,223)	(9,330)
Actuarial Gains/(Losses) arising from changes in demographic assumptions	0	0	0	13,952	2,119	16,071
Actuarial Gains/(Losses) arising from changes in financial assumptions	11,490	448	11,938	(86,166)	(4,965)	(91,131)
Effect of Business Combinations and Disposals	0	0	0	(1,617)	0	(1,617)
Balance at 31 March:	(593,874)	(36,970)	(630,844)	(584,529)	(38,735)	(623,264)

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

Pension Assets & Liabilities Recognised in the Balance Sheet	31 March 2018			31 March 2017		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000	£000	£000	£000	£000
Fair Value of Scheme Assets	359,245	0	359,245	347,737	0	347,737
Present Value of Scheme Liabilities	(593,874)	(36,970)	(630,844)	(584,529)	(38,735)	(623,264)
Net Liability:	(234,629)	(36,970)	(271,599)	(236,792)	(38,735)	(275,527)

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 2018				31 March 2017			
	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:	67,211	0	67,211	18.71	65,679	0	65,679	18.89
Investment Funds and Unit Trusts:								
Equities	0	207,052	207,052	57.64	0	200,706	200,706	57.72
Bonds	0	58,249	58,249	16.21	0	61,575	61,575	17.71
Other	0	15,125	15,125	4.21	0	9,220	9,220	2.65
Real Estate: UK Property Funds	0	8,675	8,675	2.41	0	8,834	8,834	2.54
Cash and Cash Equivalents:	0	2,933	2,933	0.82	0	1,723	1,723	0.49
Total:	67,211	292,034	359,245	100.00	65,679	282,058	347,737	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.

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 2018	31 March 2017
Financial Assumptions:		
Rate of Increase in Salaries	2.8%	2.8%
Rate of Increase in Pensions	2.4%	2.4%
Discount Rate	2.7%	2.6%
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 2012 Tables with 1.5% p.a. long-term improvements
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 2012 Tables with 1.5% p.a. long-term improvements
Life Expectancy:		
Longevity of current pensioners aged 65:		
Males	21.5	21.5
Females	23.9	23.9
Longevity of future pensioners aged 65 in 20 years' time:		
Males	23.6	23.6
Females	26.1	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 2016.

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 2018		31 March 2017	
	Increase in Employer Liabilities		Increase in Employer Liabilities	
	£000	%	£000	%
0.5% decrease in Real Discount Rate	62,215	9.86	59,730	9.58
0.5% increase in the Salary Increase Rate	10,955	1.74	11,028	1.77
0.5% increase in the Pension Increase Rate	50,268	7.97	47,691	7.65
1 year increase in Member Life Expectancy	18,925	3.00	18,698	3.00

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

Sensitivity Analysis	31 March 2018					31 March 2017				
	Base	Discount Rate: -0.5% p.a.	Salary Increase: +0.5% p.a.	Pension Increase: +0.5% p.a.	Life Expectancy: +1 Year	Base	Discount Rate: -0.5% p.a.	Salary Increase: +0.5% p.a.	Pension Increase: +0.5% p.a.	Life Expectancy: +1 Year
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Liabilities	(630,844)	(693,059)	(641,799)	(681,112)	(649,769)	(623,264)	(682,994)	(634,292)	(670,955)	(641,962)
Assets	359,245	359,245	359,245	359,245	359,245	347,737	347,737	347,737	347,737	347,737
Net Deficit	(271,599)	(333,814)	(282,554)	(321,867)	(290,524)	(275,527)	(335,257)	(286,555)	(323,218)	(294,225)

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.

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 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 £19.513m at 31 March 2018 (£21.736m at 31 March 2017). The effect of applying the net superannuation fund deficit of £271.599m to the Authority's usable reserves would be a deficit of £252.086m (2016/2017: the superannuation deficit of £275.527m exceeded usable reserves by £253.791m).

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 2019 are estimated by the Fund Actuary as £9.496m.

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.

Contingent Liabilities (see also note 33.3, page 86)

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.

39. Reserves

39.1 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:

Anvil Court	To meet future premises-related expenditure (<i>transferred to Lease Dilapidation Provision in 2016/2017</i>).
Budget Contingency Fund	To provide initial assistance in meeting new and emerging budget pressures.
Budget Implementation	To provide the investment required to deliver business transformation projects over 2017/2018 and 2018/2019.
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 (CCRCD)	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: CCTV camera repairs; additional future costs of elections; job evaluation; review of the Authority's asset management systems; supply of training/skills to Business Support Staff; and maintenance of retaining walls across the County Borough.
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 utilise income generated from town centre commercial bookings, falling within the Economy Portfolio.
Education Portfolio	To provide for costs falling within the Education Portfolio, including: the delivery of the Welsh Government national model for school improvement through the Education Achievement Service (EAS); the provision of home to school transport for pupils in 2017/2018; 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.
Financial Management & Strategy Portfolio	To provide for a variety of specific costs falling to the Financial Management & Strategy Portfolio including: funding the Digital Inclusion project; implementation of payroll system functionality; holding deposits & bonds; maintaining a stable stores oncost rates; and meeting taxation liabilities.

Usable Earmarked Revenue Reserves (Continued):

Future Interest Rate Increase Protection	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.
I.C.T.	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.
I.C.T. 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: rent reviews in relation to Ebbw Vale multi storey car park; and costs associated with clearing the highways network in adverse winter weather.
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.
Invest to Save	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.
Land & Property Charges	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.
LMS Balances	The aggregate amount of balances held by individual schools.
Local 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.
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).
Waste Services	To fund any potential financial penalties arising from a failure to meet the statutory recycling recovery target in 2017/2018 and future years.

Usable Reserves Earmarked for Capital Purposes:

Bryn Bach Park	To meet any future liabilities that may arise in respect of problems with the lake at Bryn Bach Park.
Education Facilities	To fund renovations in relation to the schools programme of works.
Energy Centre	Provision for future repairs and maintenance of equipment in the Energy Centre.
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.
Flying Start	To fund capital expenditure on approved Flying Start projects.
Highways	To fund capital expenditure on Safer Routes and Local Transport Fund Grant projects.
IT Infrastructure	To fund capital expenditure in relation to the upgrade of IT infrastructure to support workplace transformation.
Structural Maintenance Work	To fund expenditure on structural maintenance work in relation to education.
Victoria End Use	To fund future capital expenditure together with any future liabilities that may arise in respect of claims from developers.

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 2016 £000	Transfers to Fund Balances £000	Transfers from Fund Balances £000	Balance at 31 March 2017 £000	Adjustments £000	Transfers to Fund Balances £000	Transfers from Fund Balances £000	Balance at 31 March 2018 £000
Fund Balances								
Council Fund	(5,888)	0	804	(5,084)	0	(416)	0	(5,500)
Total: Fund Balances	(5,888)	0	804	(5,084)	0	(416)	0	(5,500)

	Balance at 1 April 2016 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2017 £000	Adjustments * £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2018 £000
Usable Earmarked Revenue Reserves								
Anvil Court	(179)	0	179	0	0	0	0	0
Budget Contingency Fund	(327)	(281)	446	(162)	0	(221)	346	(37)
Budget Implementation	(1,575)	0	1,246	(329)	0	0	243	(86)
Building Control Fees	(282)	(33)	79	(236)	0	(9)	91	(154)
Cardiff Capital Region City Deal	0	0	0	0	(11)*	0	30	19
Corporate Services Portfolio	(122)	(123)	22	(223)	0	0	93	(130)
Downsizing, Redundancy & Transitional Costs	(895)	(500)	912	(483)	0	0	364	(119)
Economy Portfolio	(3)	0	0	(3)	0	(1)	2	(2)
Education Portfolio	(31)	0	0	(31)	0	(70)	30	(71)
Environment Portfolio	(108)	(12)	74	(46)	0	(102)	22	(126)
Financial Management & Strategy Portfolio	(265)	0	163	(102)	0	0	27	(75)
Future Interest Rate Increase Protection	(200)	0	200	0	0	0	0	0
I.C.T	(754)	0	401	(353)	0	(20)	142	(231)
I.C.T for Elected Members	(101)	0	81	(20)	0	0	20	0
Implementation Delay Reserve	0	(172)	56	(116)	0	0	116	0
Individual Schools Budget (ISB)	(297)	(54)	147	(204)	0	0	7	(197)
Infrastructure Portfolio	(105)	0	89	(16)	0	(46)	16	(46)
Insurance Liabilities	(1,272)	(1,860)	1,558	(1,574)	0	(1,302)	2,524	(352)
Invest to Save	0	0	0	0	0	(516)	0	(516)
Land & Property Charges	(119)	(21)	0	(140)	0	0	46	(94)
LMS Balances	(1,176)	(786)	874	(1,088)	0	(445)	1,286	(247)
Local Development Plan	(106)	0	0	(106)	0	(19)	0	(125)
Members Local Grants	(57)	(9)	44	(22)	0	(15)	0	(37)
Prudential Borrowing	(200)	(200)	200	(200)	0	(200)	200	(200)
Revenue Grants & Contributions Unapplied	(1,325)	(971)	1,371	(925)	0	(347)	122	(1,150)
Social Services Portfolio	(47)	0	47	0	0	(32)	0	(32)
Superannuation	(665)	0	164	(501)	0	0	0	(501)
Waste Services	(642)	0	200	(442)	0	0	248	(194)
Total: Usable Earmarked Revenue Reserves	(10,853)	(5,022)	8,553	(7,322)	(11)	(3,345)	5,975	(4,703)

*: Earmarked Reserve relating to this Authority's apportionment of the Cardiff Capital Region City Deal for year-ending 2016/2017 was brought onto the balance sheet on 1 April 2017.

	Balance at 1 April 2016 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2017 £000	Adjustments £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2018 £000
Usable Revenue Reserves Earmarked for Capital Purposes								
Bryn Bach Park	(22)	0	22	0	0	0	0	0
Deminimis Capital Works	(108)	(22)	46	(84)	0	(12)	23	(73)
Education Facilities	0	0	0	0	0	(42)	0	(42)
Energy Centre	0	0	0	0	0	(50)	0	(50)
Flying Start	(7)	(5)	12	0	0	0	0	0
Highways	(197)	0	197	0	0	0	0	0
IT Infrastructure	(545)	0	350	(195)	0	0	44	(151)
Structural Maintenance Work	(109)	(19)	128	0	0	0	0	0
Victoria End Use	(31)	0	31	0	0	0	0	0
Total: Usable Reserves Earmarked for Capital Purposes	(1,019)	(46)	786	(279)	0	(104)	67	(316)

	Balance at 1 April 2016 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2017 £000	Adjustments ** £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2018 £000
Usable Capital Reserves								
Capital Grants Unapplied	(666)	(698)	679	(685)	46**	(1,688)	1,659	(668)
Usable Capital Receipts	(7,755)	(1,640)	1,029	(8,366)	0	(765)	805	(8,326)
Total: Usable Capital Reserves	(8,421)	(2,338)	1,708	(9,051)	46	(2,453)	2,464	(8,994)

**: Capital Grants Unapplied relating to Property Improvement Loans were removed from this Authority's Balance Sheet on 1 April to reflect treatment as agency transactions.

	Balance at 1 April 2016 £000	Transfers to Funds & Reserves £000	Transfers from Funds & Reserves £000	Balance at 31 March 2017 £000	Adjustments £000	Transfers to Funds & Reserves £000	Transfers from Funds & Reserves £000	Balance at 31 March 2018 £000
Summary: Usable Reserves								
Fund Balances	(5,888)	0	804	(5,084)	0	(416)	0	(5,500)
Earmarked Revenue Reserves	(10,853)	(5,022)	8,553	(7,322)	(11)	(3,345)	5,975	(4,703)
Revenue Reserves Earmarked for Capital Purposes	(1,019)	(46)	786	(279)	0	(104)	67	(316)
Capital Reserves	(8,421)	(2,338)	1,708	(9,051)	46	(2,453)	2,464	(8,994)
Total: Usable Reserves	(26,181)	(7,406)	11,851	(21,736)	35	(6,318)	8,506	(19,513)

39.2 Unusable Reserves

39.2.1 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	2017/2018		2016/2017	
	£000	£000	£000	£000
Balance at 1 April		(99,957)		(107,523)
Reversal of items relating to capital expenditure debited or credited to the CIES:				
Charges for depreciation & impairment of non-current assets	11,666		10,695	
Revaluation losses on Property, Plant & Equipment	4,775		5,057	
Revenue expenditure funded from capital under statute	1,386		2,936	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	477		744	
Capital grants and contributions applied to capital financing	(2,382)		(4,016)	
Sub-Total: Capital Adjustment Transactions included in the Comprehensive Income & Expenditure Statement:		15,922		15,416
Items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment charged against the Council Fund	(1,130)		(3,903)	
Capital expenditure charged against the Council Fund	0		(181)	
		(1,130)		(4,084)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(752)		(979)	
Application of grants to capital financing from the Capital Grants Unapplied Account	(1,660)		(2,012)	
		(2,412)		(2,991)
Sub-Total: Capital Adjustment Transactions included in the Movement in Reserves Statement:		12,380		8,341
Adjusting Amounts written out of the Revaluation Reserve:				
Charges for depreciation & impairment of non-current assets	(436)		(430)	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	(55)		(345)	
		(491)		(775)
Balance at 31 March		(88,068)		(99,957)

39.2.2 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	2017/2018		2016/2017	
	£000	£000	£000	£000
Balance at 1 April		(16,091)		(14,563)
Upward revaluation of assets	(326)		(2,890)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	124		833	
Depreciation - write back revaluation reserve	(51)		(246)	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(253)		(2,303)
Difference between fair value depreciation and historical cost depreciation	436		430	
Accumulated gains on assets sold or scrapped	55		345	
Amount written off to the Capital Adjustment Account		491		775
Balance at 31 March		(15,853)		(16,091)

The balance is reduced when assets with accumulated gains are:

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

The Reserve 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.

39.2.3 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	2017/2018		2016/2017	
	£000	£000	£000	£000
Balance at 1 April		3,909		3,960
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(60)		(51)	
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		(60)		(51)
Balance at 31 March		3,849		3,909

39.2.4 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	2017/2018 £000	2016/2017 £000
Balance at 1 April	(4,488)	(4,614)
Transfer to the Capital Receipts Reserve upon receipt of cash	132	126
Balance at 31 March	(4,356)	(4,488)

39.2.5 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	2017/2018 £000	2016/2017 £000
Balance at 1 April	274,848	242,888
Remeasurement of pensions assets & liabilities	(17,182)	24,243
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	25,486	19,949
Employer's pensions contributions and direct payments to pensioners payable in the year	(12,511)	(12,232)
Balance at 31 March	270,641	274,848

39.2.6 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 2017/2018 (2016/2017: £0) and the balance on the account remains at £0.146m.

39.2.7 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 2017/2018, £1.715m of accruals for the preceding year were settled or cancelled and £1.708m was accrued at 31 March 2018 (2016/2017: £1.441m of accruals for the preceding year were settled or cancelled and £1.715m was accrued at year end).

39.2.8 Summary of Unusable Reserves

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

Unusable Reserves	01 April 2016	Net transfers (to)/ from Reserves	31 March 2017	Net transfers (to)/ from Reserves	31 March 2018
	£000	£000	£000	£000	£000
Capital Adjustment Account	(107,523)	7,566	(99,957)	11,889	(88,068)
Revaluation Reserve	(14,563)	(1,528)	(16,091)	238	(15,853)
Financial Instruments Adjustment Account	3,960	(51)	3,909	(60)	3,849
Deferred Capital Receipts Reserve	(4,614)	126	(4,488)	132	(4,356)
Pensions Reserve	242,888	31,960	274,848	(4,207)	270,641
Unequal Pay Back Pay Account	146	0	146	0	146
Accumulated Absences Account	1,441	274	1,715	(7)	1,708
Total Unusable Reserves:	121,735	38,347	160,082	7,985	168,067

*Cash Flow Notes***40. 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.

40.1 Non-Cash Movements

Cash Flow - Adjustments for Non-Cash Movements	2017/2018		2016/2017	
	£000	£000	£000	£000
Depreciation & Impairment	16,441		15,752	
REFCUS (deferred charges)	1,386		2,936	
Effective interest adjustment	40		38	
Net IAS19 charges made for Retirement Benefits	25,486		19,949	
IAS19 Employers Contributions Paid to Pension Fund	(12,511)		(12,232)	
		30,842		26,443
Increase/(Decrease) in Provisions		2,218		(142)
(Increase)/Decrease in Inventories		138		262
(Increase)/Decrease in Revenue Debtors		(416)		371
Increase/(Decrease) in Revenue Creditors		738		1,390
Total		33,520		28,324

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

Cash Flow - Adjustments for Investing & Financing Activities	2017/2018	2016/2017
	£000	£000
(Gain)/Loss on Disposal of fixed assets	(156)	(771)
Capital Grants credited to CIES	(4,070)	(6,047)
Total	(4,226)	(6,818)

41. Analysis of the Amounts of Major Classes of Gross Cash Receipts and Gross Cash Payments

41.1 Investing Activities

The cash flows for investing activities consist of the following:

Cash Flow - Investing Activities	2017/2018			2016/2017		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Purchase of Non-Current Assets	(9,322)			(10,329)		
		(9,322)			(10,329)	
Cash Inflows						
Sale of Non-Current Assets	634			1,515		
Other Receipts from Investing Activities	5,901			10,307		
		6,535			11,822	
Total			(2,787)			1,493

41.2 Financing Activities

The cash flows for financing activities consist of the following:

Cash Flow - Financing Activities	2017/2018			2016/2017		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Repayments of Amounts Borrowed	(132,308)			(82,837)		
Capital Element of Finance Lease Rental Payments	(256)			(259)		
		(132,564)			(83,096)	
Cash Inflows						
New Loans Raised	0			7,585		
New Short-Term Loans	135,579			74,500		
Long-Term Investments Repaid	108			30		
		135,687			82,115	
Total			3,123			(981)

42. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2017/2018	2016/2017
	£000	£000
Cash Held by the Authority	45	43
Bank Accounts	5,352	3,332
Short Term Investments	2,000	2,000
Total Cash & Cash Equivalents	7,397	5,375

*Other Notes***43. Joint Arrangements - Cardiff Capital Region City Deal (CCRC)**

On 1 March 2017, the Cardiff City 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 CCRC 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 CCRC 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 CCRC 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 £169.6m. 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 £0.193m.

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 CCRC Group are as follows:

43.1 Cardiff Capital Region City Deal - Summary Group Comprehensive Income & Expenditure Statement

Summary CCRC Group Comprehensive Income & Expenditure Statement	2017/2018		2016/2017	
	CCRC Group £000	Blaenau Gwent Apportionment £000	CCRC Group £000	Blaenau Gwent Apportionment £000
Cost of Services				
Operating Expenditure	1,584	73	180	8
Operating Income	(929)	(43)	(180)	(8)
Net Cost of Services	655	30	0	0
Financing and Investment Income & Expenditure	(17)	(1)	0	0
Taxation & Non-Specific Grant Income	(24,207)	(1,118)	0	0
(Surplus)/Deficit on Provision of Services	(23,569)	(1,089)	0	0

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

Summary CCRC Group Movement in Reserves Statement	CCRC 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 2016			0			0
(Surplus)/Deficit on Provision of Services	0	0	0	0	0	0
Adjustments between accounting basis & funding basis	(228)	0	(228)	(10)	0	(10)
Net(Increase)/Decrease	(228)	0	(228)	(10)	0	(10)
Balance at 31 March 2017	(228)	0	(228)	(10)	0	(10)
Balance at 1 April 2017	(228)	0	(228)	(10)	0	(10)
(Surplus)/Deficit on Provision of Services	(23,569)	0	(23,569)	(1,089)	0	(1,089)
Adjustments between accounting basis & funding basis	24,207	(24,207)	0	1,118	(1,118)	0
Net(Increase)/Decrease	638	(24,207)	(23,569)	29	(1,118)	(1,089)
Balance at 31 March 2018	410	(24,207)	(23,797)	19	(1,118)	(1,099)

43.3 Cardiff Capital Region City Deal - Summary Group Balance Sheet

Summary CCRC Group Balance Sheet	2017/2018		2016/2017	
	CCRC Group	Blaenau Gwent Apportionment	CCRC Group	Blaenau Gwent Apportionment
	£000	£000	£000	£000
Non-Current Assets	20,183	932	0	0
Current Assets	26,773	1,237	384	17
Current Liabilities	(2,955)	(137)	(156)	(7)
Non-Current Liabilities	(20,204)	(933)	0	0
Total Net Assets	23,797	1,099	228	10
Usable Reserve	410	19	(228)	(10)
Unusable Reserve	(24,207)	(1,118)	0	0
Total Reserves	(23,797)	(1,099)	(228)	(10)

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

Summary CCRC Group Cash Flow Statement	2017/2018		2016/2017	
	CCRC Group	Blaenau Gwent Apportionment	CCRC Group	Blaenau Gwent Apportionment
	£000	£000	£000	£000
Net Surplus/(Deficit) on the provision of services	(23,569)	(1,089)	0	0
Adjustments to the provision of Services for non-cash movements	26,043	1,203	(384)	(18)
Net Cash Inflows/(Outflows) from Operating Activities	2,474	114	(384)	(18)
Investing Activities	41,854	1,934	0	0
Financing Activities	(68,886)	(3,182)	0	0
Net increase or (decrease) in cash and cash equivalents	(24,558)	(1,134)	(384)	(18)
Cash and Cash equivalents at the beginning of the reporting period	(384)	(18)	0	0
Cash and cash equivalents at the end of the reporting period	(24,942)	(1,152)	(384)	(18)

44. 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	2017/2018			2016/2017		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Greater Gwent Cremation Joint Committee	0	(132)	(132)	0	(132)	(132)
Gwent Joint Records Committee	143	0	143	143	0	143
Gwent Transport Unit	1,206	0	1,206	1,276	0	1,276
South East Wales Strategic Planning Group	1	0	1	1	0	1
Total	1,350	(132)	1,218	1,420	(132)	1,288

44.1 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.

44.2 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.

44.3 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%.

44.4 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 2017/2018, Blaenau Gwent was the host Authority, overseeing the following transactions:

South East Wales Strategic Planning Group	2017/2018 £000	2016/2017 £000
Balance at 1 April	(36)	(68)
Balance transferred to Blaenau Gwent	0	0
Receipts (Member Subscriptions)	(5)	(5)
Payments	0	37
Balance at 31 March	(41)	(36)

45. 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 recently been subject to 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	2017/2018					2016/2017				
	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)	(47)	(12)	(170)	(104)	(14)	(38)	(14)	(170)
Income for Charitable Activities	0	0	0	0	0	0	0	0	0	0
Other Trading Activities	0	0	0	0	0	0	0	0	0	0
Other	0	0	(3)	0	(3)	0	0	(2)	0	(2)
Total Income	(104)	(7)	(50)	(12)	(173)	(104)	(14)	(40)	(14)	(172)
Expenditure										
Raising Funds	0	0	0	0	0	0	0	0	0	0
Charitable Activities	117	7	50	12	186	117	14	40	14	185
Other	104	0	0	0	104	104	0	0	0	104
Total Resources Expended	221	7	50	12	290	221	14	40	14	289
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	2017/2018			2016/2017		
	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	(452)	5,119	5,571	(335)	5,236
Cwm Recreation Ground	15	(15)	0	15	(15)	0
Ebbw Vale Recreation Ground	298	(41)	257	298	(27)	271
Tredegar Recreation Ground	86	(44)	42	86	(38)	48
Total	5,970	(552)	5,418	5,970	(415)	5,555

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	2017/2018	2016/2017
	£000	£000
Investments	0	4
Cash	56	52
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	2017/2018			2016/2017			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Continuing Operations								
Financial Management & Strategy	39,572	(27,387)	12,185	42,148	(29,603)	12,545	7	131
Corporate Services	5,578	(523)	5,055	4,972	(804)	4,168	7	131
Social Services	63,593	(18,287)	45,306	58,995	(16,355)	42,640		
Infrastructure	12,809	(1,947)	10,862	9,652	(1,835)	7,817		
Active Living	7,566	(1,353)	6,213	6,514	(1,322)	5,192		
Education	21,627	(5,915)	15,712	24,611	(6,729)	17,882		
Education - Schools	46,409	(4,277)	42,132	45,933	(3,604)	42,329		
Environment	21,562	(6,055)	15,507	20,217	(6,427)	13,790		
Economy	5,007	(2,775)	2,232	4,694	(2,819)	1,875		
Planning	1,618	(350)	1,268	1,489	(267)	1,222		
Licensing	214	(124)	90	193	(142)	51		
Cardiff Capital Region City Deal	73	(1,161)	(1,088)	0	0	0		
Silent Valley	1,101	16	1,117	1,270	(146)	1,124	7	131
Total Deficit on Continuing Services	226,729	(70,138)	156,591	220,688	(70,053)	150,635	3	129
Other Operating Expenditure	8,782	(728)	8,054	8,782	(1,623)	7,159	4	130
Financing and Investment Income and Expenditure	20,242	(9,314)	10,928	22,588	(10,158)	12,430	5	130
Taxation and Non-Specific Grant Income	0	(147,744)	(147,744)	0	(149,090)	(149,090)		
(Surplus)/Deficit on Provision of Services	255,753	(227,924)	27,829	252,058	(230,924)	21,134		
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(253)			(2,303)		
Remeasurement of the net defined benefit pension liability			(17,218)			24,237		
Other Comprehensive Income & Expenditure			(17,471)			21,934	7	131
Total Group Comprehensive Income & Expenditure			10,358			43,068	GMIRS	122

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, 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 Group's services, more details of which are shown in the Group Comprehensive Income and Expenditure Statement. 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.

Group Movement in Reserves Statement	2017/2018			2016/2017			Note	Page
	Total Authority Reserves	Authority's share of Reserves of Subsidiary	Total Group Reserves	Total Authority Reserves	Authority's share of Reserves of Subsidiary	Total Group Reserves		
	£000	£000	£000	£000	£000	£000		
Opening balance at 1 April	137,991	(2,565)	135,426	95,805	(2,809)	92,996		
Adjustments to brought forward balances	35*	0	35	(638)**	0	(638)		
Revised balance at 1 April	138,026	(2,565)	135,461	95,167	(2,809)	92,358		
Total Group Comprehensive Income & Expenditure	10,173	185	10,358	42,792	276	43,068	GCIES	121
Adjustments between Group Accounts and Authority Accounts	(264)	264	0	32	(32)	0	8	132
(Increase)/Decrease in year	9,909	449	10,358	42,824	244	43,068		
Balance at 31 March	147,935	(2,116)	145,819	137,991	(2,565)	135,426	GBS, 15	124, 140

*: Reserve balances at 1 April 2017 were amended to include £0.011m as the Authority's share of Cardiff Capital Region City Deal reserves at that date, and also to remove £0.046m balances previously held in respect of Property Improvement Loans that from 2017/2018 have been accounted for on an agency basis.

** : Unusable Reserve Balances were adjusted for a revaluation increase related to previous years (reducing the Capital Adjustment Account by £0.282m and Revaluation Reserve by £1.083m), and also for a cumulative adjustment increasing the Capital Adjustment Account by £0.727m in respect of an understatement of depreciation relating to specific assets.

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 2018		31 March 2017		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	263,750		273,154		9	132-134
Heritage Assets	413		413			
Non-Current Debtors	4,731		5,221			
Sub Total: Long Term Assets		268,894		278,788		
Assets Held for Sale	425		510			
Current Investments	0		4			
Inventories	719		857			
Current Debtors	16,158		17,516		10	135
Cash and Cash Equivalents	12,823		11,168		18	142
Sub Total: Current Assets		30,125		30,055		

Group Balance Sheet (Continued)	31 March 2018		31 March 2017		Note:	Page:
	£000	£000	£000	£000		
Current Borrowing	(68,374)		(47,899)			
Current Creditors	(11,287)		(12,223)		11	135
Current Grants Receipts in Advance	(2,656)		(1,744)			
Current Provisions	(4,813)		(3,517)		12	136
Sub Total: Current Liabilities		(87,130)		(65,383)		
Non-Current Borrowing	(80,205)		(98,919)			
Non-Current Provisions	(4,472)		(3,754)		12	136
Other Long-Term Liabilities	(273,031)		(276,213)		13-14	137-140
Sub Total: Long-Term Liabilities		(357,708)		(378,886)		
Total Net Assets/(Liabilities)		(145,819)		(135,426)		
Usable Reserves	(22,248)		(24,656)		15	140
Unusable Reserves	168,067		160,082		15	140
Total Reserves		145,819		135,426		

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	2017/2018		2016/2017		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services	(27,829)		(21,134)		GCIES	121
Adjustments to the provision of services for non-cash movements	33,448		28,012		16.1	141
Adjustments for items included in the provision of services that are investing and financing activities	(4,255)		(6,851)		16.2	141
Net Cash Inflows from Operating Activities		1,364		27		
Investing activities		(2,832)		1,570	17.1	142
Financing activities		3,123		(981)		
Net increase or (decrease) in cash and cash equivalents		1,655		616		
Cash and cash equivalents at the beginning of the reporting period		11,168		10,552	GBS, 18	123, 142
Cash and cash equivalents at the end of the reporting period		12,823		11,168	GBS, 18	123, 142



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Notes to the Group Accounts

1. Group Accounting Policies

1.1 General Principles

The Group Accounts summarise the transactions of the Authority and its Subsidiaries for the 2017/2018 financial year and its position at the year-end of 31 March 2018. 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 2017/2018 and the Service Reporting Code of Practice 2017/2018, 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 28-40. However, where Policies differ, the Group Policy is included in this section.

1.2 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 £0.759m (2016/2017: £0.801m) and are therefore not considered to be material, any differences between identified and actual sums are therefore also not material.

1.3 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 2017/2018 and there were no acquisitions or discontinuations of service (or transfers under machinery of government arrangements) during the financial year.

1.4 Employee Benefits

1.4.1 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 2017/2018 and consequently no short term compensated absences accrual has been calculated.

1.4.2 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.

1.5 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.

1.5.1 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.

1.5.2 Measurement

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

1.5.3 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.

1.6 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.

2. 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

3. 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	2017/2018					2016/2017				
	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
Financial Management & Strategy	10,502	903	11,405	780	12,185	9,883	1,489	11,372	1,173	12,545
Corporate Services	3,747	270	4,017	1,038	5,055	3,594	274	3,868	300	4,168
Social Services	41,708	482	42,190	3,116	45,306	38,634	2,885	41,519	1,121	42,640
Infrastructure	12,598	(7,055)	5,543	5,319	10,862	8,410	(2,597)	5,813	2,004	7,817
Active Living	4,356	(736)	3,620	2,593	6,213	4,409	(695)	3,714	1,478	5,192
Education	54,356	(43,085)	11,271	4,441	15,712	55,173	(44,498)	10,675	7,207	17,882
Education - Schools	(282)	42,300	42,018	114	42,132	(583)	42,811	42,228	101	42,329
Environment	14,828	(5,092)	9,736	5,771	15,507	14,330	(3,903)	10,427	3,363	13,790
Economy	1,289	644	1,933	299	2,232	1,219	0	1,219	656	1,875
Planning	1,050	92	1,142	126	1,268	1,044	168	1,212	10	1,222
Licensing	74	2	76	14	90	51	2	53	(2)	51
Cardiff Capital Region City Deal	0	30	30	(1,118)	(1,088)	0	0	0	0	0
Capital Adjustments	0	(21)	(21)	21	0	0	(43)	(43)	43	0
Pension Adjustments	0	1,017	1,017	(1,017)	0	0	1,069	1,069	(1,069)	0
Silent Valley	1,117	0	1,117	0	1,117	1,124	0	1,124	0	1,124
Net Expenditure on Continuing Operations	145,343	(10,249)	135,094	21,497	156,591	137,288	(3,038)	134,250	16,385	150,635
Other Operating Expenditure	(94)	8,305	8,211	(157)	8,054	(108)	8,038	7,930	(771)	7,159
Financing & Investment Income & Expenditure	(29)	4,927	4,898	6,030	10,928	(34)	7,907	7,873	4,557	12,430
Taxation & Non-Specific Grant Income	0	(145,805)	(145,805)	(1,939)	(147,744)	0	(144,696)	(144,696)	(4,394)	(149,090)
(Surplus)/Deficit on the Provision of Services	145,220	(142,822)	2,398	25,431	27,829	137,146	(131,789)	5,357	15,777	21,134
Transfers to/(from) earmarked reserves			(3,078)					(4,521)		
(Increase)/Decrease in year			(680)					836		
Opening Group Balances as at 1 April			(5,439)					(6,275)		
Closing Group Balances as at 31 March			(6,119)					(5,439)		

4. Other Operating Expenditure

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

	2017/2018			2016/2017		
	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	477	(634)	(157)	744	(1,515)	(771)
Precepts & Levies	8,305	0	8,305	8,038	0	8,038
Subsidiary:						
Income from energy generation	0	(94)	(94)	0	(108)	(108)
Total	8,782	(728)	8,054	8,782	(1,623)	7,159

5. Financing and Investment Income and Expenditure

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

	2017/2018			2016/2017		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Financing and Investment Income and Expenditure						
Interest payable and similar charges - Financial Instruments	3,978	0	3,978	4,274	0	4,274
Interest payable and similar charges - Other *	13	0	13	22	0	22
Interest receivable and similar income - Financial Instruments	0	(15)	(15)	0	(32)	(32)
Interest receivable and similar income - Other **	0	(275)	(275)	0	(356)	(356)
Net Pensions Interest	16,251	(9,024)	7,227	18,292	(9,770)	8,522
Total	20,242	(9,314)	10,928	22,588	(10,158)	12,430

*: Interest on finance leases and school balances.

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

6. External Audit Fees

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

External Audit Fees	2017/2018 £000	2016/2017 £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	70	70
Other services	0	38
Total Audit Fees	376	414

External Audit services for Blaenau Gwent CBC are provided by the Wales Audit Office; for Silent Valley Waste Services Ltd. by Broomfield & Alexander Limited. Other Services in 2016/2017 consists of charges for the statutory audit of 3 years of charitable trust accounts required for Bedwellty House and Park, of which the Authority is the trustee.

Group Movements in Reserves Notes

7. Other Comprehensive Income and Expenditure

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

Other Comprehensive Income & Expenditure	2017/2018 £000	2016/2017 £000
(Surplus)/Deficit arising on the revaluation of Non-Current Assets	(253)	(2,303)
Remeasurement of the net defined benefit pension liability	(17,218)	24,237
Other Comprehensive Income & Expenditure	(17,471)	21,934

8. 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 2018		31 March 2017	
	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	(870)	870	(801)	801
Income	163	(163)	166	(166)
Debtors & Creditors	(67)	67	(65)	65
Retained Profits	(570)	570	(380)	380
Accumulating Dividend	725	(725)	725	(725)
Less cumulative adjustments brought forward	355	(355)	387	(387)
Total intra-group adjustments	(264)	264	32	(32)

Group Balance Sheet Notes

9. Property Plant & Equipment

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

Property, Plant & Equipment	31 March 2018	31 March 2017
	£000	£000
Gross Carrying Amount	315,526	316,817
Accumulated Depreciation	(51,776)	(43,663)
Net Book Value	263,750	273,154

Movements in 2017/2018:

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 2017	168,712	12,780	126,849	138	4,886	3,452	316,817
Appropriations	(176)	20	176	(20)	0	0	0
Assets reclassified to/from held for sale	(387)	0	0	0	(5)	0	(392)
Additions	177	1,466	281	0	0	1,445	3,369
Revaluation increases/(decreases) recognised in the Revaluation Reserve	261	0	0	1	0	0	262
Revaluation increases/(decreases) recognised in the Provision of Services	(4,799)	0	0	1	(360)	0	(5,158)
Capital expenditure written off	(2,469)	(144)	(43)	0	0	0	(2,656)
Derecognition - disposals	0	(557)	0	0	0	0	(557)
Other movements in cost or valuation *	2,641	144	43	0	0	1,013	3,841
Cost or Valuation as at 31 March 2018	163,960	13,709	127,306	120	4,521	5,910	315,526

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 2017	(7,944)	(8,072)	(27,623)	(10)	(14)	0	(43,663)
Depreciation Charge & Appropriations	(4,687)	(1,279)	(3,096)	(1)	(7)	0	(9,070)
Depreciation written out to the Revaluation Reserve	51	0	0	0	0	0	51
Depreciation written out to the Surplus/Deficit on the Provision of Services	383	0	0	0	0	0	383
Derecognition - disposals	(14)	537	0	0	0	0	523
Accumulated Depreciation & Impairment as at 31 March 2018	(12,211)	(8,814)	(30,719)	(11)	(21)	0	(51,776)
Net Book Value as at 31 March 2018	151,749	4,895	96,587	109	4,500	5,910	263,750
Net Book Value as at 31 March 2017	160,768	4,708	99,226	128	4,872	3,452	273,154
Net Book Value as at 31 March 2016	154,498	5,521	100,808	129	4,879	13,482	279,317

Movements in 2016/2017:

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 2016	158,632	12,532	124,557	138	4,920	13,482	314,261
Adjustment to Opening Balances	1,365 [†]	0	0	0	0	0	1,365
Revised Cost or Valuation as at 1 April 2016	159,997	12,532	124,557	138	4,920	13,482	315,626
Appropriations	12,214	0	1,347	0	180	(13,741)	0
Assets reclassified to/from held for sale	(681)	0	0	0	(50)	0	(731)
Additions	0	413	701	0	0	0	1,114
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,132	0	0	0	(75)	0	2,057
Revaluation increases/(decreases) recognised in the Provision of Services	(4,928)	0	0	0	(89)	0	(5,017)
Capital expenditure written off	(1,806)	0	0	0	0	0	(1,806)
Derecognition - disposals	(22)	(165)	0	0	0	0	(187)
Other movements in cost or valuation **	1,806	0	244	0	0	3,711	5,761
Cost or Valuation as at 31 March 2017	168,712	12,780	126,849	138	4,886	3,452	316,817
Accumulated Depreciation & Impairment as at 1 April 2016	(4,134)	(7,011)	(23,749)	(9)	(41)	0	(34,944)
Adjustment to Opening Balances	(45) ^{††}	0	(682) ^{††}	0	0	0	(727)
Revised Depreciation & Impairment as at 1 April 2016	(4,179)	(7,011)	(24,431)	(9)	(41)	0	(35,671)
Depreciation Charge & Appropriations	(4,558)	(1,165)	(3,192)	(1)	27	0	(8,889)
Depreciation written out to the Revaluation Reserve	246	0	0	0	0	0	246
Depreciation written out to the Surplus/Deficit on the Provision of Services	561	0	0	0	0	0	561
Derecognition - disposals	(14)	104	0	0	0	0	90
Accumulated Depreciation & Impairment as at 31 March 2017	(7,944)	(8,072)	(27,623)	(10)	(14)	0	(43,663)

[†](2016/2017): The correction of a revaluation increase relating to previous years has increased the gross book value of Other Land & Buildings by £1.365m.

^{††}(2016/2017): A small number of assets were identified on which no depreciation had been charged in previous years and consequently an adjustment has been made to correct the cumulative understatement of £0.727m.

Notes * & **: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £1.18 million of which has been added to the asset base and £2.66 million of which has been written off as there has been no increase to the asset value in 2017/2018(*); £3.9 million of which has been added to the asset base and £1.8 million of which has been written off as no increase to the asset value resulted in 2016/2017(**).

10. Current Debtors

Amounts owing to the Group were as follows:

Current Debtors	31 March 2018				31 March 2017			
	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Current Debtors £000	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Current Debtors £000
Welsh Government	6,348	(1)	0	6,347	5,713	(36)	0	5,677
Other Central Government	1,524	0	0	1,524	1,292	0	0	1,292
Local Authorities	1,321	(64)	250	1,507	2,481	(118)	469	2,832
NHS	127	(6)	0	121	892	(27)	0	865
Council Tax Arrears	4,259	(1,814)	0	2,445	4,248	(1,933)	0	2,315
Other Entities & Individuals	4,870	(2,041)	1,385	4,214	5,355	(2,167)	1,347	4,535
Total Current Debtors:	18,449	(3,926)	1,635	16,158	19,981	(4,281)	1,816	17,516

11. Current Creditors

Amounts owed by the Group were as follows:

Current Creditors	31 March 2018			31 March 2017		
	Creditors £000	Receipts in Advance £000	Total Current Creditors £000	Creditors £000	Receipts in Advance £000	Total Current Creditors £000
Welsh Government	(216)	0	(216)	(114)	0	(114)
Other Central Government	(745)	0	(745)	(704)	(6)	(710)
Local Authorities	(1,001)	(75)	(1,076)	(1,923)	(67)	(1,990)
NHS	(49)	0	(49)	(252)	(5)	(257)
Capital Creditors	(184)	0	(184)	(525)	0	(525)
Council Tax Credits	(847)	0	(847)	(740)	0	(740)
Other Entities and Individuals	(7,829)	(341)	(8,170)	(7,523)	(364)	(7,887)
Total Current Creditors:	(10,871)	(416)	(11,287)	(11,781)	(442)	(12,223)

12. Provisions

Details of the purposes of the Authority's provisions can be found in notes 33.1-33.2, pages 83-85. 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 2017/2018 were as follows:

Provision Movements	Balance at 1 April 2016 £000	Net Movements 2016/2017 £000	Balance at 1 April 2017 £000	Additional Provisions made in 2017/2018 £000	Amounts Used in 2017/2018 £000	Unused Amounts Reversed in 2017/2018 £000	Unwinding of Discount in 2017/2018 £000	Balance at 31 March 2018 £000
Current Provisions								
Employee Provisions:								
Parent's Employee Provisions	(2,117)	1,466	(651)	(744)	501	4	0	(890)
Other Provisions:								
Parent's Other Provisions	(2,024)	(672)	(2,696)	(1,491)	416	18	0	(3,753)
Silent Valley Aftercare	(37)	(133)	(170)	(204)	204	0	0	(170)
	(4,178)	661	(3,517)	(2,439)	1,121	22	0	(4,813)
Non-Current Provisions								
Parent's Provisions	(669)	(652)	(1,321)	(1,177)	158	97	0	(2,243)
Silent Valley Aftercare	(2,753)	320	(2,433)	0	0	204	0	(2,229)
	(3,422)	(332)	(3,754)	(1,177)	158	301	0	(4,472)
Total Provisions:	(7,600)	329	(7,271)	(3,616)	1,279	323	0	(9,285)

13. Other Long-Term Liabilities

The Group holds the following balances as long-term liabilities:

Other Long-Term Liabilities	31 March 2018 £000	31 March 2017 £000
Cardiff Capital Region City Deal Non-Current Creditor	(934)	0
Deferred Liabilities	(285)	(436)
Net Pensions Liability	(271,812)	(275,769)
Receipts in Advance	0	(8)
Total	(273,031)	(276,213)

14. 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.

14.1 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 2017/2018, the total pension costs payable in respect of the defined contribution scheme was £0.065m (2016/2017: £0.057m). There were no outstanding contributions to the scheme at 31 March 2018 or 31 March 2017.

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 37 & 38, pages 93-102)

14.2 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 2016.

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:

	2017/2018			2016/2017		
	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	17,811	0	17,811	9,957	0	9,957
Other Service Costs	498	0	498	1,508	0	1,508
Total Service Cost:	18,309	0	18,309	11,465	0	11,465
Financing and Investment Income and Expenditure:						
Interest on Plan Assets	(9,017)	0	(9,017)	(9,759)	0	(9,759)
Interest on Defined Benefit Liabilities	15,261	983	16,244	17,077	1,204	18,281
Net Interest:	6,244	983	7,227	7,318	1,204	8,522
Total Charged to the Surplus/Deficit on Provision of Services:	24,553	983	25,536	18,783	1,204	19,987
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:						
Return on plan assets (excluding amounts included in Net Interest)	(4,588)	0	(4,588)	(60,147)	0	(60,147)
Actuarial (Gains)/Losses arising from changes in demographic assumptions	0	0	0	(13,952)	(2,119)	(16,071)
Actuarial (Gains)/Losses arising from changes in financial assumptions	(11,490)	(448)	(11,938)	86,166	4,965	91,131
Experience (Gains)/Losses on defined benefit liabilities	(281)	(421)	(702)	8,101	1,223	9,324
Total remeasurement recognised in Other Comprehensive Income & Expenditure	(16,359)	(869)	(17,228)	20,168	4,069	24,237
Total Charged to the Group Comprehensive Income & Expenditure Statement:	8,194	114	8,308	38,951	5,273	44,224

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:

	2017/2018			2016/2017		
	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:	349,097	0	349,097	280,811	0	280,811
Employer Contributions	10,386	1,879	12,265	10,552	1,879	12,431
Member Contributions	2,710	0	2,710	2,625	0	2,625
Benefits Paid	(15,189)	(1,879)	(17,068)	(15,172)	(1,879)	(17,051)
Interest on Plan Assets	9,059	0	9,059	9,808	0	9,808
Administration Expenses	0	0	0	164	0	164
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	4,603	0	4,603	60,309	0	60,309
Balance at 31 March:	360,666	0	360,666	349,097	0	349,097
Reconciliation of the Movements in Present Value of Scheme Liabilities						
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	(586,131)	(38,735)	(624,866)	(489,446)	(35,341)	(524,787)
Current Service Cost	(17,811)	0	(17,811)	(9,957)	0	(9,957)
Past Service Cost and Curtailments	(287)	0	(287)	279	0	279
Administration Expenses	(211)	0	(211)	(334)	0	(334)
Interest Cost	(15,303)	(983)	(16,286)	(17,126)	(1,204)	(18,330)
Member Contributions	(2,710)	0	(2,710)	(2,625)	0	(2,625)
Benefits Paid	15,189	1,879	17,068	15,172	1,879	17,051
Experience Gains/(Losses)	235	421	656	(8,107)	(1,223)	(9,330)
Actuarial Gains/(Losses) arising from changes in demographic assumptions	0	0	0	13,952	2,119	16,071
Actuarial Gains/(Losses) arising from changes in financial assumptions	11,521	448	11,969	(86,322)	(4,965)	(91,287)
Effect of Business Combinations and Disposals	0	0	0	(1,617)	0	(1,617)
Balance at 31 March:	(595,508)	(36,970)	(632,478)	(586,131)	(38,735)	(624,866)

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

Pension Assets & Liabilities Recognised in the Balance Sheet	31 March 2018			31 March 2017		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000	£000	£000	£000	£000
Fair Value of Scheme Assets	360,666	0	360,666	349,097	0	349,097
Present Value of Scheme Liabilities	(595,508)	(36,970)	(632,478)	(586,131)	(38,735)	(624,866)
Net Liability:	(234,842)	(36,970)	(271,812)	(237,034)	(38,735)	(275,769)

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 £22.248m at 31 March 2018 (£24.656m at 31 March 2017). The effect of applying the net superannuation fund deficit of £271.812m to the Authority's usable reserves would be a deficit of £249.564m (2016/2017: the superannuation deficit of £275.769m exceeded usable reserves by £251.113m).

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).

15. Reserves

Details of the Authority's Reserves can be found in note 39, pages 103-111.

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 2016	2016/2017	31 March 2017	Adjustments	2017/2018	31 March 2018
	£000	£000	£000	£000	£000	£000
Council Fund	(6,275)	836	(5,439)	0	(680)	(6,119)
Silent Valley Profit & Loss Reserve	(2,809)	244	(2,565)	0	449	(2,116)
Parent's Usable Earmarked Reserves	(20,293)	3,641	(16,652)	35	2,604	(14,013)
	(29,377)	4,721	(24,656)	35	2,373	(22,248)
Parent's Unusable Reserves	121,735	38,347	160,082	0	7,985	168,067
Total: Reserves	92,358	43,068	135,426	35	10,358	145,819

Group Cash Flow Notes

16. 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.

16.1 Non-Cash Movements

Cash Flow - Adjustments for Non-Cash Movements	2017/2018		2016/2017	
	£000	£000	£000	£000
Depreciation & Impairment	16,475		15,780	
REFCUS (deferred charges)	1,386		2,936	
Effective interest adjustment	40		38	
Net IAS19 charges made for Retirement Benefits	25,486		19,949	
IAS19 Employers Contributions Paid to Pension Fund	(12,511)		(12,393)	
		30,876		26,310
Increase/(Decrease) in Provisions		2,140		(329)
(Increase) / Decrease in Inventories		138		262
(Increase) / Decrease in Revenue Debtors		(367)		422
Increase / (Decrease) in Revenue Creditors		661		1,347
Total		33,448		28,012

16.2 Investing or Financing Activities included in the Deficit on Provision of Services

Cash Flow - Adjustments for Investing & Financing Activities	2017/2018	2016/2017
	£000	£000
(Gain)/Loss on Disposal of fixed assets	(185)	(804)
Capital Grants credited to CIES	(4,070)	(6,047)
Total	(4,255)	(6,851)

17. 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	2017/2018			2016/2017		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Purchase of Non-Current Assets	(9,432)			(10,329)		
		(9,432)			(10,329)	
Cash Inflows						
Sale of Non-Current Assets	663			1,548		
Other Receipts from Investing Activities	5,937			10,351		
		6,600			11,899	
Total			(2,832)			1,570

18. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2017/2018	2016/2017
	£000	£000
Cash Held by the Authority	45	43
Bank Accounts	10,778	9,125
Short-term investments	2,000	2,000
Total Cash & Cash Equivalents	12,823	11,168

*Other Group Notes***19. 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 £0.204m (2016/2017: £0.190m) in respect of losses for the year.



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Blaenau Gwent

County Borough Council

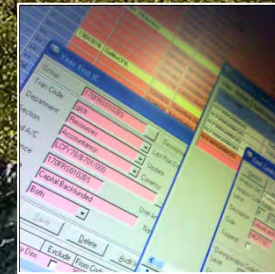
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Blaenau Gwent

County Borough Council

The lake, Japanese Pavilion and sculptures are among the legacy features situated within around 70 acres of parkland on the site of the 1992 Garden Festival in Ebbw Vale.



Cover Photo: Festival Park, Ebbw Vale.



Cyngor Bwrdeistref Sirol

Blaenau Gwent

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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Cyngor Bwrdeistref Sirol

Blaenau Gwent

County Borough Council

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 2018 to 31 March 2019 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 (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.

2. Background - Impact of Current Economic Climate on the Authority and the Services it Provides

The economic situation remains a major concern to the public sector both in Wales and the UK. The overall Welsh Government (WG) Revenue Settlement for 2018/2019 saw a slight increase for local government of 0.2% compared with 2017/2018, with figures across Wales ranging from +0.9% to -0.5%. The reduction for Blaenau Gwent CBC of -0.5% resulted in a real cash decrease of £0.555m. For 2019/2020, Blaenau Gwent CBC received a cash flat settlement. However, the absence of financial forecasts from Welsh Government for future years makes financial planning, even in the short term, quite challenging. Funding levels are not expected to increase substantially in the short to medium term and consequently current predictions assume the continuation of a cash flat settlement.

Low interest rates continue to result in a lower return on any investments held by the Authority. On a positive note, borrowing costs have remained low and correspondingly low levels of inflation have proved beneficial.

The 2018/2019 settlement posed a continuing challenge for the Authority (following the unprecedented level of savings required in previous years), both in terms of developing a robust and balanced revenue budget (where savings of £3.4m were required whilst also addressing £2.4m of cost pressures with no planned draw from general reserves) and managing its financial affairs during the year with the aim of achieving a relatively sustainable financial position.

Despite the considerable challenges the Authority faced in terms of the WG Financial Settlement, the Council was able to set its budget for 2018/2019 and subsequently for 2019/2020.

3. Background - Significant Events

Prior to the completion of the Accounts, the following significant events occurred that have had an impact on the financial statements themselves or the environment in which the Authority operates:

3.1 Audit of 2016/2017 Statutory Accounts by Audit Wales (AW) (formerly Wales Audit Office (WAO))

Audit Wales received external correspondence towards the planned end of its 2016/2017 audit, relating to the arrangements between the Council and Silent Valley Waste Services Ltd. (a wholly owned company of the Council). As the resulting investigation had not been finalised, the Council did not receive an audit opinion or certificate of completion in relation to the 2016/2017 audit at that time and subsequently it was not possible for Audit Wales to provide an opinion on, or conclude, the 2017/2018 Accounts.

Audit Wales' investigation is now coming to a conclusion and the Council has been advised that the element of the review specifically impacting upon the Statement of Accounts relates to the treatment of employer pension contributions for the Council-nominated Directors on the Company's Board. The Auditor General for Wales considers that these contributions paid by the Council into the Local Government Pension Scheme were contrary to law on the basis that the Council did not have the power to make pension payments on behalf of Silent Valley Waste Services Ltd..

The Council has taken its own legal advice and whilst accepting that there were procedural errors in the way in which employer pension contributions were administered, it considers that these did not have the effect of rendering the payments contrary to law.

On conclusion of the investigation, the Council anticipates receiving an opinion on its 2016/2017 and 2017/2018 Statement of Accounts.

3.2 Annual Governance Statement

In the Annual Governance Statement, the Head of Internal Audit has concluded that Blaenau Gwent County Borough Council's system of internal control during the financial year 2018/2019 operated to a level which gives Reasonable Assurance on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In general, positive movement has been evident with no individual findings being of such significance as to cause concern regarding the integrity of the Statement of Accounts.

3.3 Silent Valley Waste Services Ltd.

In December 2017, Council made an in-principle decision to transfer the assets and liabilities of Silent Valley Waste Services Limited back to the Council in order that the service would be delivered in-house. A process of commercial, legal and financial due diligence will be undertaken to inform detailed options to be considered by the Executive Committee in due course. In addition, revised governance arrangements were put in place, with the two officer nominations on the board replaced with two Elected Members as the Council Appointed (non-executive) Directors to sit upon the board during the due diligence process.

3.4 European Union Membership

On 23 June 2016, the United Kingdom voted to leave the European Union (EU). Given that there is currently no conclusion to the Brexit process and consequently no permanent changes to the legal and financial environment in which the Authority operates, there has therefore been no direct material impact on the transactions and balances reported for the 2018/2019 financial year. Further consideration of the potential impact of the vote to leave the EU is included in note 16.4 to this Narrative Report (page 17).

3.5 Aneurin Leisure Trust

The relationship between the Council and the Trust is now in its fourth year of operation, which provides a timely opportunity for a review of the service fee and the Trust's business plan for the next five years. The review of Leisure Services commenced in 2018 and sought to determine the future management options available to the Council for the provision of Leisure Services. On 29 November 2018 Council determined their preference as being Alternative Service Delivery options.

3.6 Material Events After the Reporting Date

There were no material adjusting or non-adjusting post-balance sheet events.

4. Summary of Outturn

In setting the 2018/2019 budget, the Authority agreed a Council Tax increase of 4.2%, identified savings of £3.4m and addressed £2.4m of cost pressures including £0.5m for Social Services, £0.3m for Street Scene Improvements and £0.5m relating to the Foundation Living Wage and employers pension contributions.

Overall, the management accounts have reported an overspend against budget of £0.07m, after the application of earmarked reserves totalling £0.8m. A number of budget pressures were identified during the year, the most significant being within Children's Services which is reporting an overspend of £0.96m against budget due to the high number and cost of placements.

The ongoing cost pressures have been built into the budget for 2019/2020, which has increased pressure on other service areas to deliver savings by reducing expenditure and/or increasing income. The 2019/2020 budget includes a contribution to general reserves.

5. Revenue Expenditure Outturn and Funding

5.1 2018/2019 Outturn

The following table reconciles the net service expenditure reported on a statutory basis in the Comprehensive Income & Expenditure Statement (page 21) with net outturn as reported to Management during the year. The Expenditure and Funding Analysis on page 43, together with the accompanying notes, provide details of the adjustments that have been made in reconciling between the statutory and management accounts. The table also indicates the Authority's net service expenditure, as reported to management, compared with the budget for the year.

Service Expenditure Compared to Budget	2018/2019					
	CIES Net Expenditure	Accounting Code Adjustments	Funding and Accounting Basis Adjustments	Net Outturn - Management Accounts	Revised Budget	Variance: Adverse/ (Favourable)
	£000	£000	£000	£000	£000	£000
Portfolio/Committee:						
Corporate Services	24,070	(8,063)	(1,427)	14,580	14,777	(197)
Education *	12,302	45,816	(3,043)	55,075	54,859	216
Environment	25,135	13,431	(9,241)	29,325	28,863	462
Regeneration & Economic Development	2,180	892	(1,615)	1,457	1,558	(101)
Social Services	44,712	2,128	(2,916)	43,924	44,147	(223)
Licensing	64	28	(21)	71	71	0
Planning	959	194	(124)	1,029	1,115	(86)
Sub-Total:	109,422	54,426	(18,387)	145,461	145,390	71
Education - School Spending **	41,235	(42,505)	216	(1,054)	0	(1,054)
Cardiff Capital Region City Deal ***	(134)	134	0	0	0	0
Total:	150,523	12,055	(18,171)	144,407	145,390	(983)

*: *Education* refers to centralised education functions and non-school transactions.

** : *Education - Schools* refers to financial transactions related specifically to school entities.

***: *Cardiff Capital Region City Deal* refers to the Authority's contributions to revenue and capital costs, as apportioned in accordance with the terms of the joint arrangement.

5.2 Impact of Inflation on Revenue Expenditure

Consumer price inflation during 2018/2019 ranged between 1.8% and 2.7%, remaining above the Bank of England target rate of 2% until January 2019. Current projections for inflation could be unusually volatile in the near term due to shifting expectations about Brexit in financial markets, businesses and households. The Bank of England's May 2019 inflation report projects CPI inflation as being slightly below the 2% target during the first 18 months of the forecast period, rising to above 2% in two years' time and continuing to rise by the end of the three year forecast.

The impact of inflationary pressures on the Authority varies according to specific areas of spend. Much of the Authority's expenditure relates to employee costs. In the economy as a whole, regular pay growth has remained at around 3.5% and this is expected to persist in the near-term, largely due to the tightness in the labour market.

An extended period of wage restraint and below-inflation settlements has given way to increased public sector pay awards, including headline 2% settlements for APT&C staff (with additional weighting for lower grades) and payment of the national living wage. Further employee cost pressures will arise on the expected increase in the Employers contribution rate for the Teachers' Pension Scheme in September 2019. A 1% increase in employee costs equates to £1.025m.

UK short and longer-term interest rates have fallen in recent months and as a result the current market-implied path is for Bank Rate to reach around 1.0% in three years' time. Consequently, the current estimate for additional inflationary pressures resulting from increased interest rates is significantly reduced compared with the previous year.

Overall, increases in prices at which the Authority procures goods and services (in excess of related income from fees and charges or general government grants) will have a detrimental impact on a wide range of service budgets including schools, street lighting, catering and meals on wheels.

5.3 Funding Sources

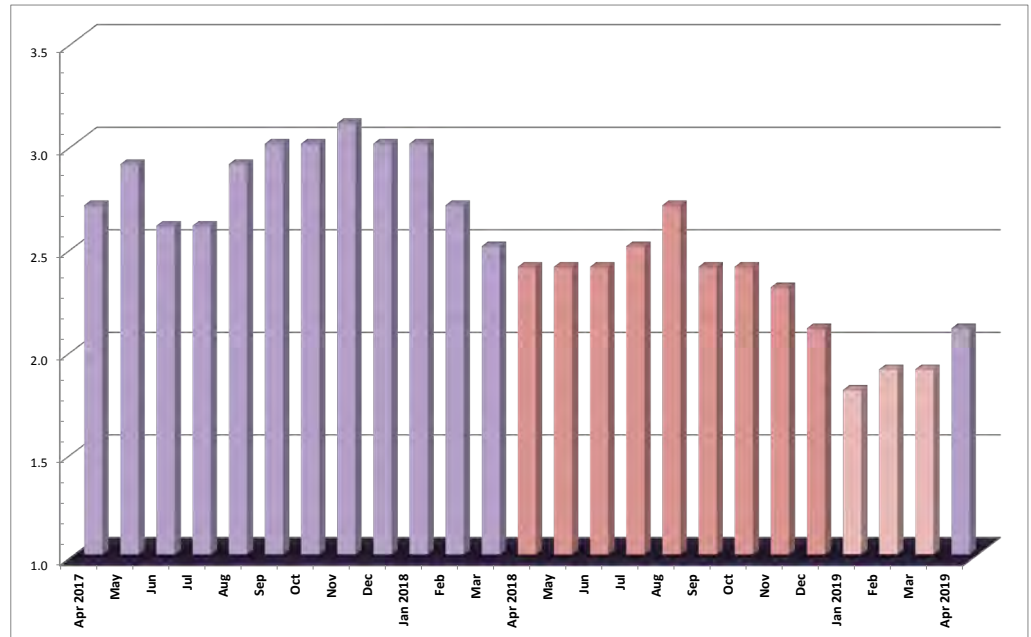
Central Government provides the majority of the Authority's funding, through Revenue Support Grant, Specific Grants and Non-Domestic Rates (68% of funding in 2018/2019). The spending review covering the period to 2019/2020 indicated increases to the Welsh Government budget of less than 0.8% per annum and consequently the level of funding to Welsh local authorities is likely to be similarly constrained.

A 1% reduction in RSG compared to 2017/2018 levels represents a reduction of £0.863m, which equates to 0.37% of the Authority's total funding. In real terms the impact of this reduction is increased by the impact of inflation.

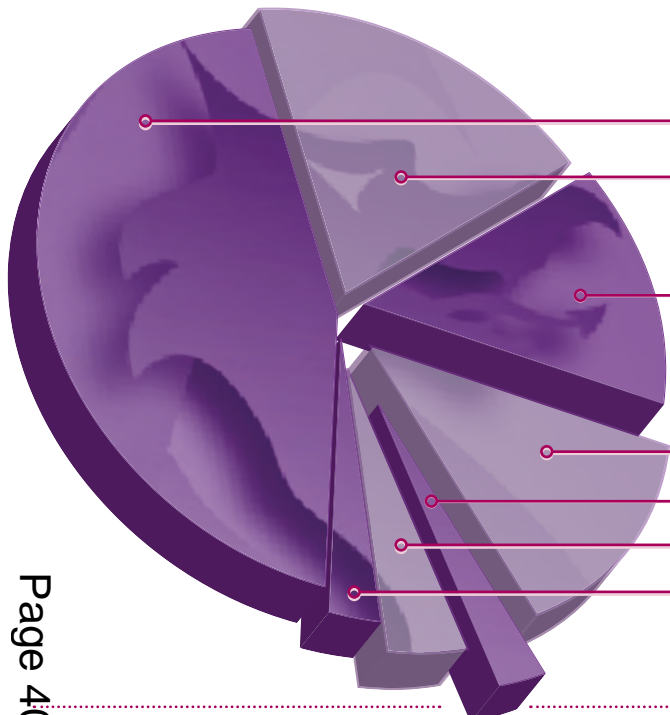
The flow of generally positive economic statistics after the quarter ended 30 June 2018 meant that it came as no surprise that the Monetary Policy Committee decided on 2 August 2018 to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Whilst interest rates remain low, the level of investment income available to the Authority is curtailed. However, this is offset by the reduced cost to the authority when borrowing. The Bank of England has subsequently indicated that projections of long-term and real interest rates will remain low for some time.

The combination of low interest rates and reduced grant funding create an environment in which there is continued pressure to control costs. For 2018/2019, Aggregate External Financing at Blaenau Gwent reduced by 0.5%, which is lower than the average Welsh Unitary Authority increase of 0.2% (source: *Welsh Local Government Revenue Settlement: 2018-19*).

Consumer Price Index (CPI) Inflation: April 2017 - April 2019



For 2018/2019, revenue expenditure and funding can be analysed as follows:



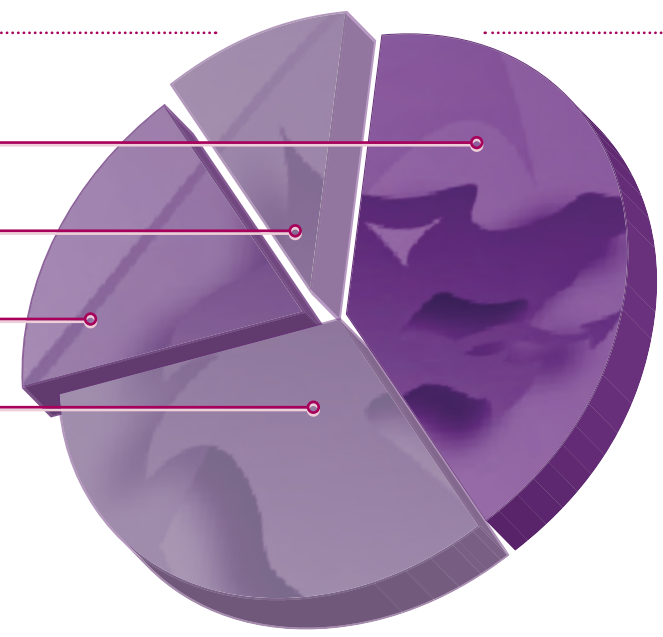
Revenue Expenditure:
Employees: £97.7m
Transfer Payments: £38.1m
Supplies & Services: £29.6m
Other Costs: £30.2m
Capital Financing: £5.6m
Premises: £9.9m
Transport: £5.8m
Total Revenue Expenditure: £216.9m

Transfer Payments are amounts paid for which no goods or services are received in return by the Authority, including Housing Benefits (Rent Allowances and Rebates); Voluntary Sector Grants; Direct payments to Social Services clients; and Mandatory and Discretionary Awards to schoolchildren and students.

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Summary	2018/2019 £000
Total Revenue Expenditure	216,938
Total Revenue Funding	(219,052)
Net Revenue Expenditure	(2,114)
Transfer to Earmarked Reserves	1,720
Increase in Council Fund General Reserve	(394)

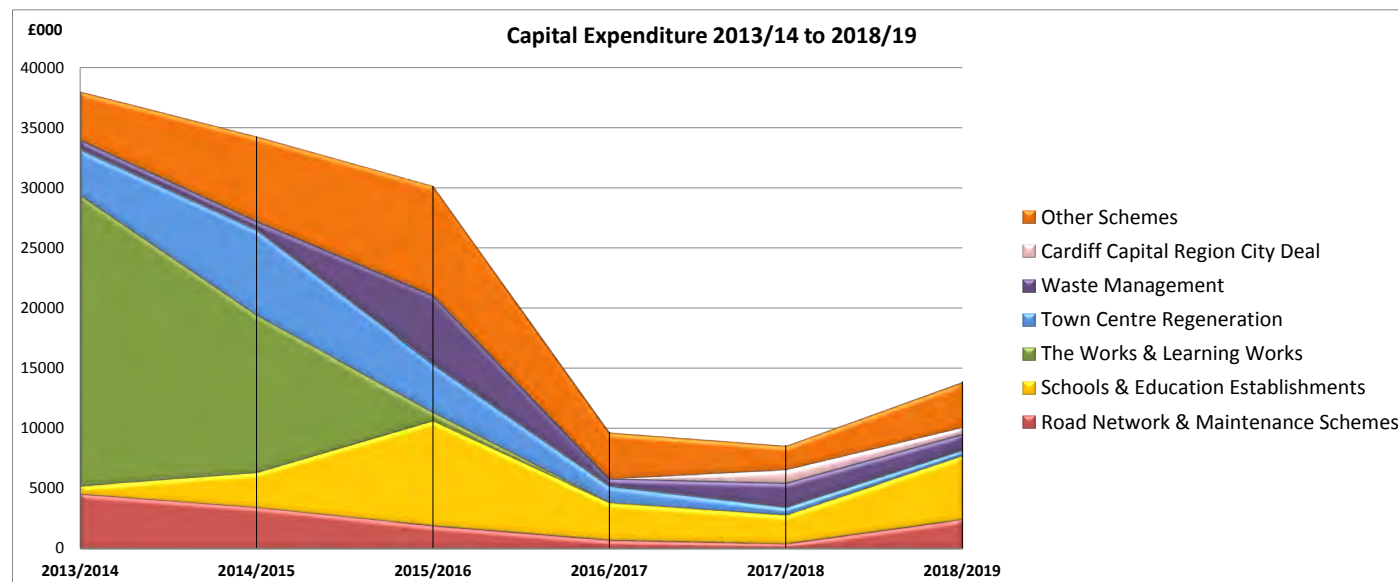
Revenue Funding:
RSG: £87.9m
Non-Domestic Rates: £22.4m
Council Tax: £38.4m
Grants & Other Service Income: £70.3m
Total Revenue Funding: £219.0m



6. Capital Expenditure Outturn and Funding

Capital Expenditure

In year, total capital expenditure amounted to £13.897m, an increase of £5.308m compared to the previous year, largely due to the increase in expenditure on schools and education establishments, the road network, land reclamation and industrial units, offset by reductions in waste management, leisure schemes and contributions to the Cardiff Capital Region City Deal.



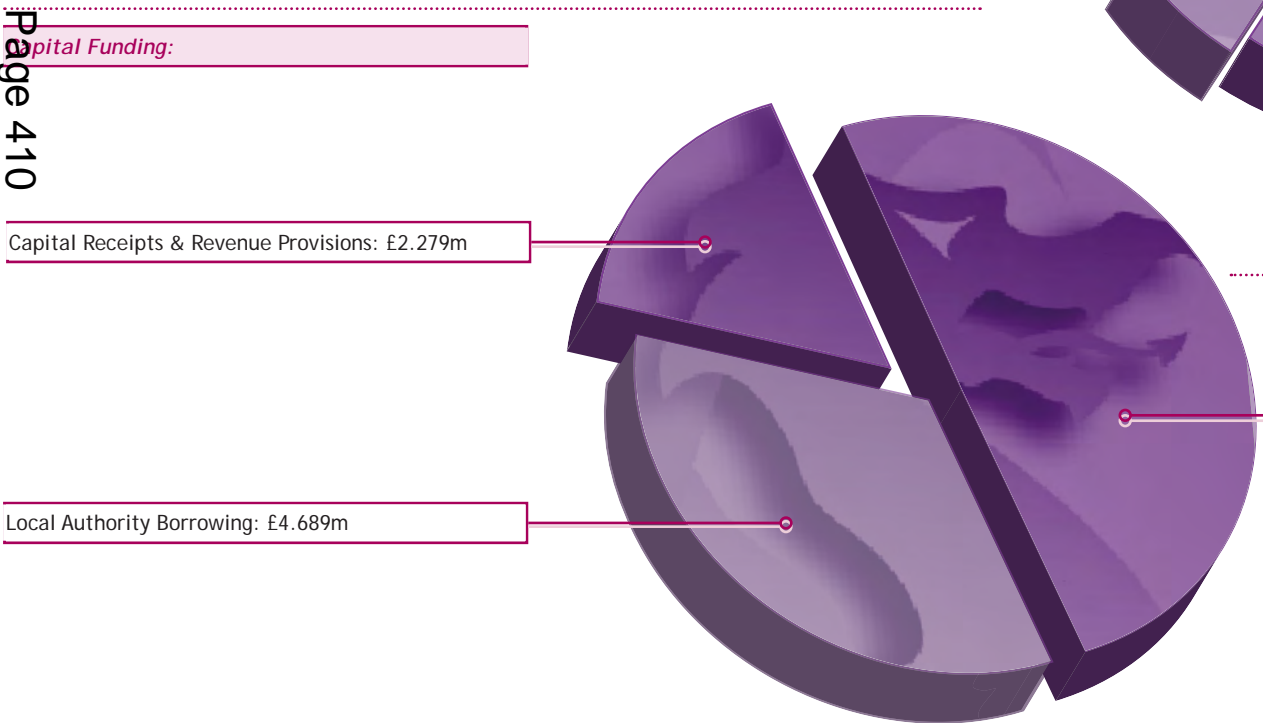
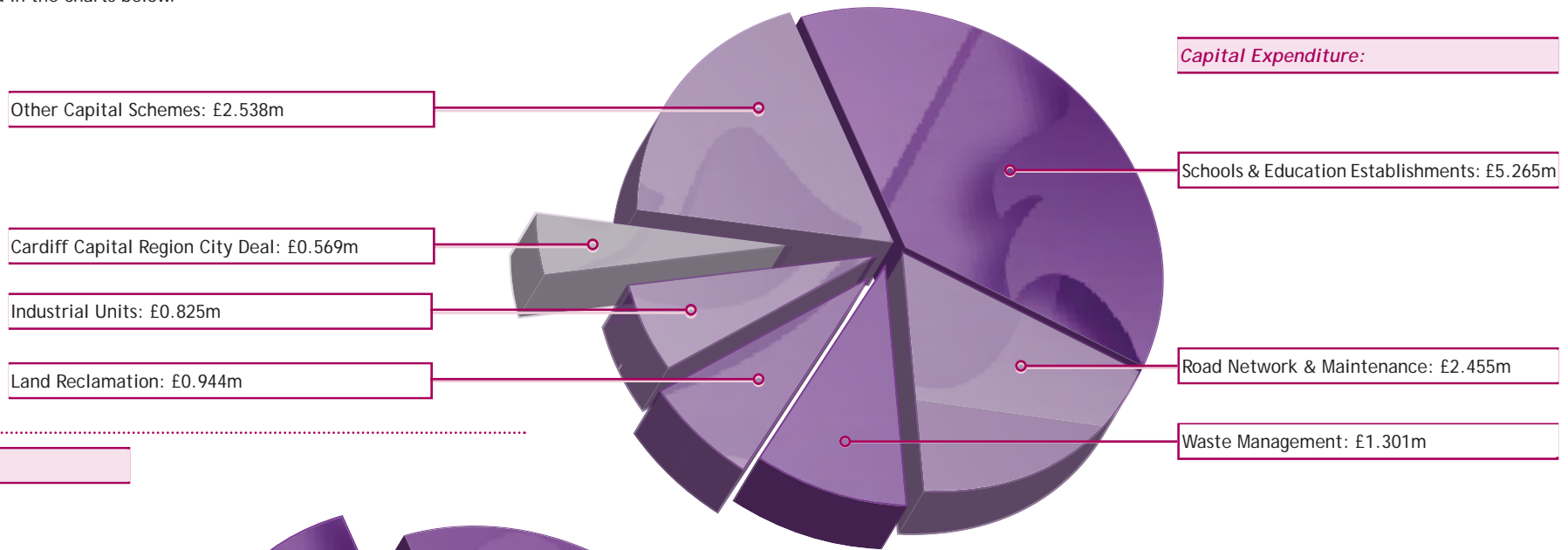
Capital Expenditure by Scheme	2018/2019		2017/2018	
	£000	£000	£000	£000
Schools & Education Establishments	5,265		2,387	
Road Network & Maintenance Schemes	2,455		436	
Waste Management	1,301		2,003	
Land Reclamation	944		0	
Industrial Units	825		0	
Cardiff Capital Region City Deal	569		1,118	
Social Services Adults	561		354	
Leisure Schemes	530		809	
Town Centre Regeneration	452		362	
Housing General	413		621	
Regeneration Programme	146		282	
The Works & Learning Works	81		23	
Workplace Transformation	78		52	
Flying Start Schemes	56		77	
Other	221		65	
Total:		13,897		8,589

The major items of expenditure, categorised by scheme type, are identified in the table (right).

Further details of capital expenditure are contained in Core Statement notes 24.3 (page 72) and 24.5 (page 74).

Financing of Capital Expenditure

Capital expenditure totalling £13.897m was financed by local authority borrowing (£4.689m), grants (£6.929m), capital receipts (£2.235m) and revenue contributions (£0.044m). Capital expenditure and funding are summarised in the charts below.



Page 410

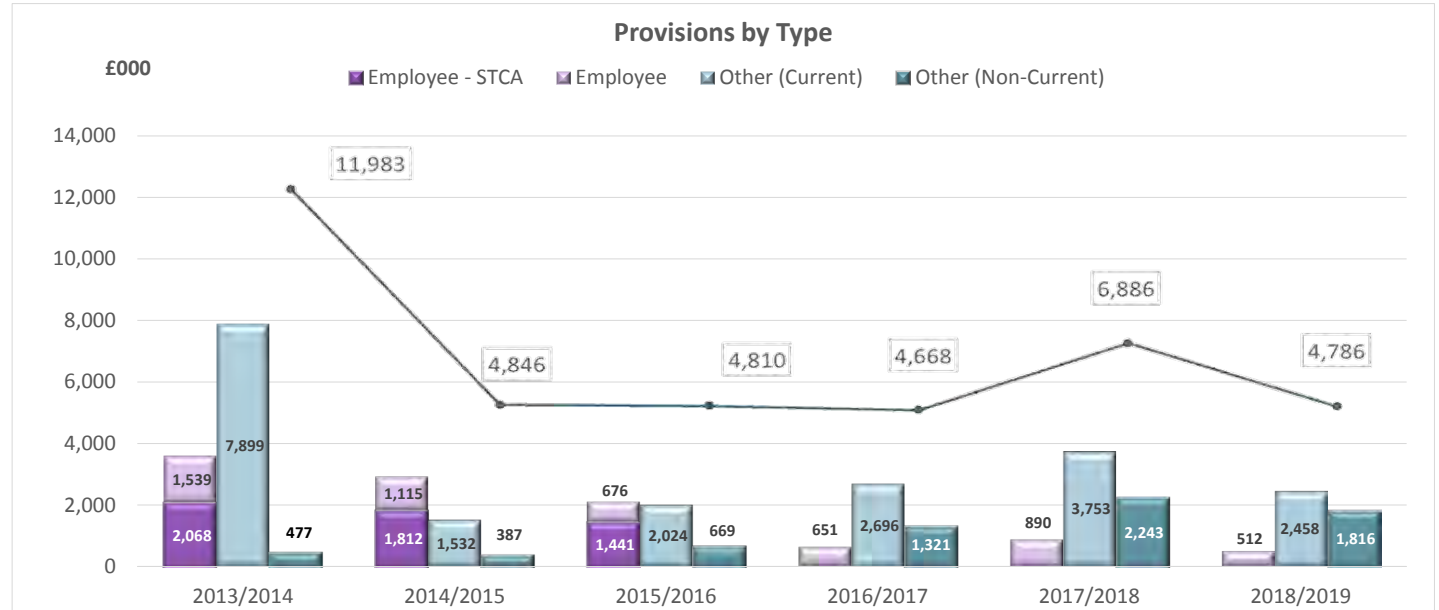
7. Provisions, Reserves, Contingencies and Write Offs

7.1 Provisions

The level of provisions held by the Authority varies each year in relation to the level of liabilities identified. Total provisions held by the Authority at the beginning of the year amounted to £6.886m, decreasing by £2.100m to £4.786m during 2018/2019. This was largely due to the unwinding of the Contaminated Land provision on completion of site clearance works and reduction in the Lease Dilapidation provisions further to the purchase of Cwm Draw Industrial Units and recalculation of amounts required in respect of other leased properties.

All provisions have been assessed to reflect payments made against them during the financial year and have been increased or decreased in line with anticipated outstanding liabilities.

Details of the movements of individual provisions are shown in note 32.2 to the Core Statements (see pages 85-86).



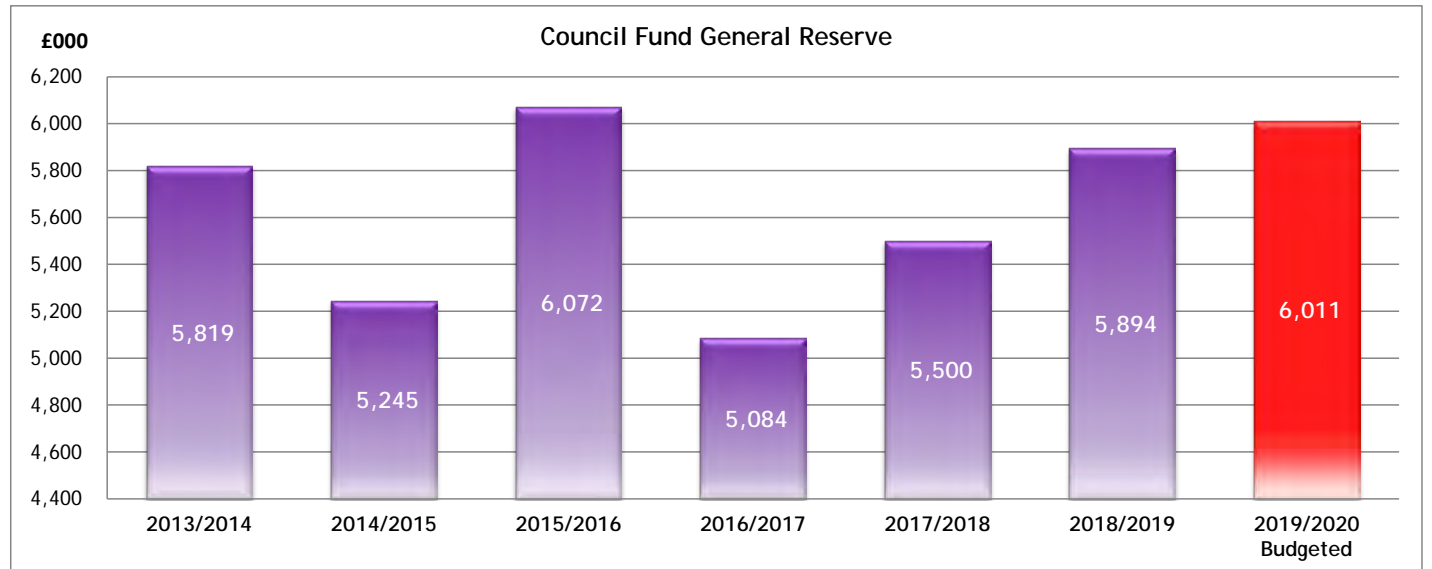
7.2 Reserves

Over the past five years the Council Fund General Reserve has increased by 1.3%, from £5.819m at 31 March 2014 to £5.894m at 31 March 2019.

This relative stability is due in part to the management of the reserve in accordance with the Authority's policy of maintaining General Reserves at a target level of 4% of Revenue Outturn Expenditure.

At 31 March 2019, the General Reserve equated to 4.40% of 2018/2019 Revenue Outturn Net Revenue Expenditure, an increase of 0.31% compared with the position at 31 March 2018.

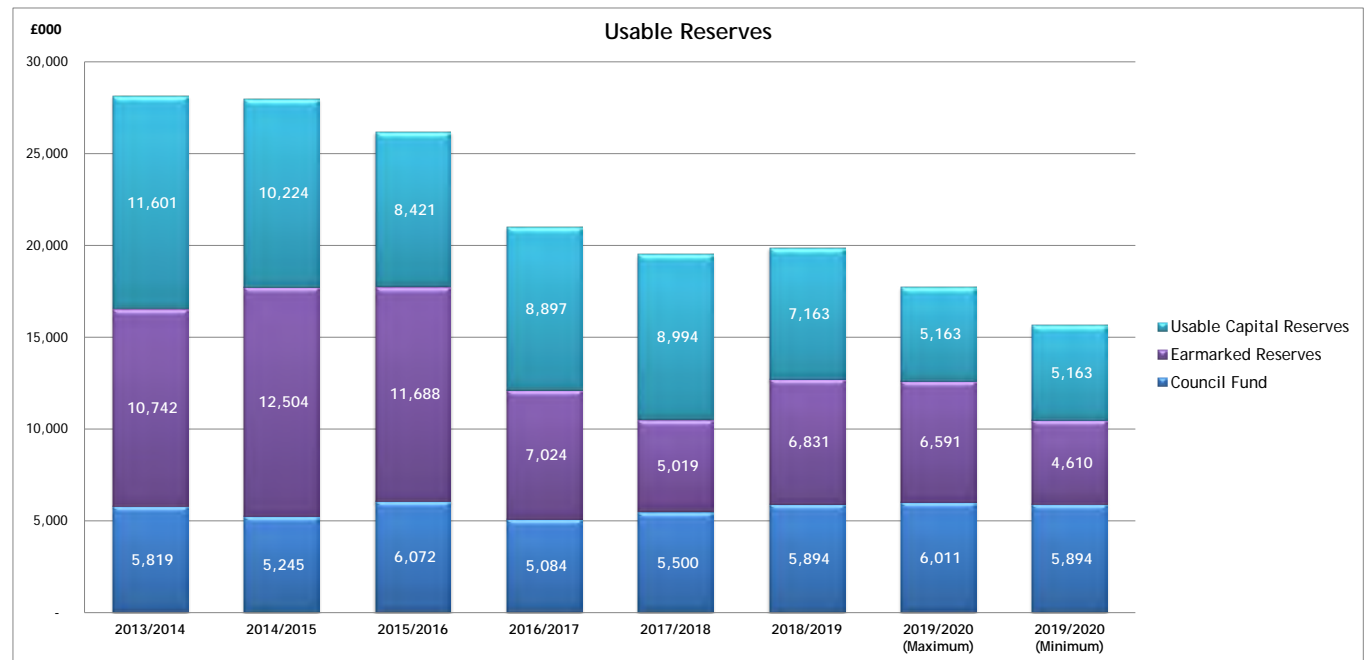
In order to understand the Authority's overall financial position, the level of general reserves needs to be viewed in the context of total usable reserves.



In their Annual Audit Letter to Blaenau Gwent County Borough Council regarding the 2017/2018 Accounts, the Wales Audit Office noted that the level of usable revenue reserves as a percentage of gross revenue expenditure was 4.63%. This was the lowest of any Council in Wales and compared unfavourably with the Welsh average of 11.44%. The Authority has accepted the need to maintain an appropriate level of reserves and as a first step towards the replenishment of General Reserves has included a contribution of £0.117m as part of the 2019/2020 budget (subject to the emergence of specific cost pressures during the year).

Aggregate Usable Reserves have reduced from £28.162m in 2013/2014 to £19.888m in 2018/2019. This represents 14.84% of 2018/2019 Net Revenue Outturn Expenditure.

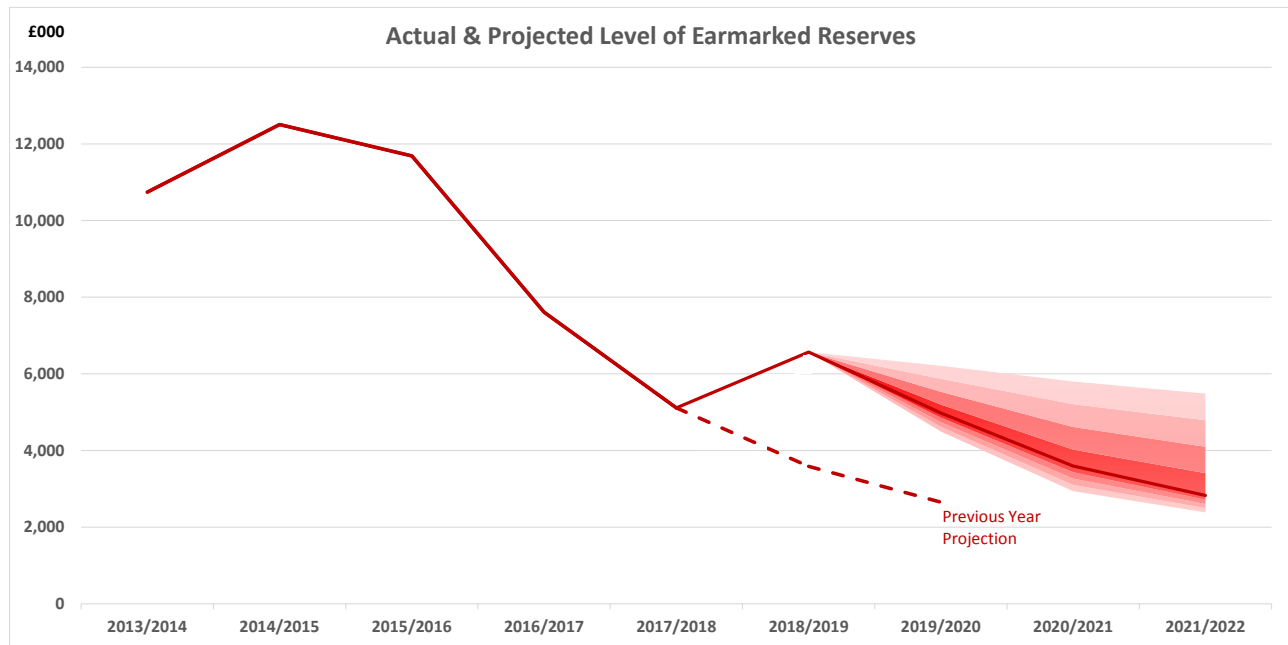
Within this figure, the level of usable capital reserves has declined over that period from £11.601m to £7.163m (-£4.438m, -38.3%) and earmarked revenue reserves have similarly reduced from £10.742m to £6.831m (-£3.911m, -36.4%). This highlights the use of these reserves for their intended purposes and to some extent the impact of reduced levels of funding for the Authority as a consequence of austerity.



For 2018/2019, the 'most likely' projected range for aggregate earmarked reserve balances at year-end was between £3.480m and £3.892m, with actual earmarked reserves of £6.831m at 31 March 2019 being 90.4% higher than the 'most likely' projection. This sharp increase in earmarked reserves was due to the unwinding of £2.100m of provisions (note 7.1), improvements in Schools balances resulting in part from the receipt of higher than anticipated grant funding, and control of in-year spend resulting in an overspend of only £0.07m (note 4.).

The net draw on earmarked reserves for 2019/2020 is projected to be in the range of £0.240m to £2.221m. As indicated in the fan chart (right), it is anticipated that the draw from reserves will be towards the higher end of this projected range. The 'most likely' range of projections is a net reduction of between £1.258m and £1.754m. This would result in total earmarked reserves balances at 31 March 2020 in the range of £5.077m and £5.573m.

Use of earmarked reserves and balances to be held are subject to review during the year in accordance with the Authority's risk-assessment based Reserves Management Protocol.



Movements on usable reserves are detailed in note 38 to the Core Statements (pages 104-109). Total usable reserves at the commencement of the year amounted to £19.513m, increasing by £0.375m to £19.888m at 31 March 2019. The most significant net contributions to/from usable reserves were:

Summary Reserves Movements	2018/2019		2017/2018	
	£000	£000	£000	£000
Balance at 1 April		(19,513)	Balance at 1 April	(21,736)
Adjustment to Opening Balance		(92)	Adjustment to Opening Balance	35
Revised Balance at 1 April		(19,605)	Revised Balance at 1 April	(21,701)
Significant net contributions (to)/from earmarked reserves:				
Budget Contingency Fund / Invest to Save	482		Budget Contingency Fund	125
Corporate Services Portfolio	(138)		Budget Implementation	243
Downsizing, Redundancy & Transitional Costs	(98)		Downsizing, Redundancy & Transitional Costs	364
Facilities (Capital)	(80)		ICT	122
Future Interest Rate	(106)		ICT Infrastructure (Capital)	44
Infrastructure Portfolio	(154)		Insurance Liabilities	1,222
Insurance Liabilities	(570)		Invest to Save	(516)
Land at Blaenant Road	(136)		LMS	841
Leisure Termination Costs	(165)		Revenue Grants & Contributions Unapplied	(225)
LMS	(763)		Waste Services	248
Revenue Grants & Contributions Unapplied	228			
		(1,500)		2,468
Significant net contributions (to)/from other usable reserves:				
Usable Capital Receipts	1,822		Usable Capital Receipts	40
Other net contributions (to)/from usable reserves	(605)		Other net contributions (to)/from usable reserves	(320)
		1,217		(280)
Balance at 31 March		(19,888)	Balance at 31 March	(19,513)

Impact of Pension Deficit on Reserves

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 (2017/2018: 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 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).

Further details on Pension balances and transactions can be found in notes 36-37, pages 94-104.

7.3 Contingencies

A number of contingent liabilities are disclosed in relation to issues where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority, where it is not probable that an outflow of resources will be required or where the amount of the obligation cannot be measured reliably. For 2018/2019, disclosures cover:

- The Municipal Mutual Insurance run-off claims and liability under the Scheme of Arrangement;
- Warranties and indemnities to Tai Calon arising from the transfer of housing stock;
- Part 1 compensation claims arising from the a range of public works projects;
- Guarantees to the Greater Gwent (Torfaen) Pension Fund in the event that pension liabilities are not settled by Aneurin Leisure Trust and Compass Contract Services (UK) Limited, trading as Chartwells; and
- Guaranteed Minimum Pension (GMP Equalisation/Indexation).

No contingent assets have been identified.

It is not possible to place a value on these contingent liabilities, which may or may not crystallize at a point in the future. In the event of these issues and the sums involved becoming more certain, the appropriate accounting treatment will be applied and relevant charges made to the accounting statements.

Further details of contingent liabilities can be found in note 32.3, pages 86-87.

8. Treasury Management Activities

In March 2018, the Authority approved the Treasury Strategy Statement, Annual Investment Strategy and MRP Policy Statement for the 2018/2019 financial year. The prime objectives of these policies were firstly to ensure the security of capital and secondly to maximise the liquidity of investments. In doing so, the policies sought to minimise the revenue costs of debt whilst maintaining a prudent level of debt redemption.

Transactions relating to external loan debt during the year were as follows:

	2018/2019			2017/2018		
	Temporary	Other	Total	Temporary	Other	Total
	Loans	Loans		Loans	Loans	
	£000	£000	£000	£000	£000	£000
Borrowing						
Balance at 1 April	(51,250)	(97,329)	(148,579)	(29,071)	(117,747)	(146,818)
<i>Adjustment to Balance Brought Forward (transfer to agency)</i>	0	0	0	0	1,629	1,629
Loans Raised	(129,500)	(8,448)	(137,948)	(135,579)	0	(135,579)
Loans Repaid	119,100	9,927	129,027	113,400	18,829	132,229
Effective Interest Adjustment	0	(42)	(42)	0	(40)	(40)
Balance at 31 March	(61,650)	(95,892)	(157,542)	(51,250)	(97,329)	(148,579)

Total external loan debt at 31 March 2019 amounted to £157.542m (31 March 2018: £148.579m). A long term loan for £3m was raised towards the end of the financial year to take advantage of favourable long term interest rates. Further opportunities to raise long term loans will be explored in 2019/2020.

Investing Activities

During the year, transactions related to investments were as follows:

Investments	2018/2019	2017/2018
	£000	£000
Balance at 1 April	2,000	2,000
Investments Made	216,300	141,500
Investments Repaid	(212,300)	(141,500)
Balance at 31 March	6,000	2,000

All borrowing and investing activities have been conducted within the framework set out in the Treasury Strategy. In particular the Authority has adopted a low risk strategy in order to give priority to the security of its investments.

The 2003 Capital Finance Regulations require amounts to be set aside from revenue for the repayment of external loans. This is known as the Minimum Revenue Provision (MRP) and in 2018/2019 the sum of £0.620m (2017/2018: £1.130m) has been set by the Authority based on statutory guidance, as disclosed in note 1.14 (page 37).

Interest on external loan debt of £4.376m has been charged to the Comprehensive Income & Expenditure Statement in 2018/2019 (2017/2018: £3.996m).

9. Pension Assets and Liabilities

The value of pension assets and liabilities disclosed in the accounting statements is:

Pension Assets and Liabilities	31 March 2019			31 March 2018		
	LGPS	uTPS	Total	LGPS	uTPS	Total
	£000	£000	£000	£000	£000	£000
Assets	378,786	0	378,786	359,245	0	359,245
Liabilities	(666,977)	(37,802)	(704,779)	(593,874)	(36,970)	(630,844)
Net Liabilities	(288,191)	(37,802)	(325,993)	(234,629)	(36,970)	(271,599)

10. Movement in Valuation of Non-Current Assets

During 2018/2019, the net cost or valuation of non-current assets (Property, Plant & Equipment) recorded on the Authority's Balance Sheet showed a net increase of £0.692m, from £263.572m to £264.264m. This movement was the result of additions, disposals, revaluations and, most significantly, depreciation charges and appropriations of £9.386m.

Note 24.1 (pages 67-69) provides further detail of the additions, disposals, appropriations, depreciation and revaluation that comprise the overall net decrease in value during the year.

11. Significant Changes in Accounting Policies

11.1 CIPFA Code of Practice on Local Authority Accounting, 2018/2019

The 2018/2019 Accounting Code of Practice includes the following new or revised accounting standards:

- IFRS9 *Financial Instruments* - replacing IAS39 *Financial Instruments: Recognition and Measurement*, the Standard includes requirements for the recognition and measurement, derecognition and impairment of financial assets and liabilities. The Authority's financial assets have been reviewed and are considered to be outside of the scope of IFRS9 and therefore assets currently carried on the Balance Sheet at amortised cost will continue to be recorded on that basis. The majority of financial assets are also considered to be outside of the scope of the revised requirements for the expected credit loss model of impairment. The 'simplified approach' has been applied to trade receivables (debtors). The implementation of IFRS9 has therefore not had a material impact on the accounting statements.
- IFRS15 *Revenue from Contracts with Customers* - replaces IAS11 *Construction Contracts* and IAS18 *Revenue* and establishes a single, comprehensive framework for revenue recognition. IFRS15 applies to exchange transactions where a contract exists and therefore the majority of the Authority's income falls outside the scope of the new standard (e.g. taxation revenues and government grants and contributions). No material contracts with service recipients have been identified and therefore the implementation of IFRS 15 has not had a material impact on the accounting statements.
- IAS7 *Statement of Cash Flows*: - the Standard has been amended to provide additional information to enable users of the financial statements to evaluate changes in liabilities from financing activities. An additional disclosure has been included in the accounting statements.
- IAS12 *Income Taxes* - amended to include recognition of deferred tax assets for unrealised losses. There has been no impact on the accounting statements resulting from the implementation of this Standard.

12. Main Financial Statements

The Code interprets the requirements of IAS1 *Presentation of Financial Statements* for the local government context and requires the following main financial statements to be included:

12.1 The Comprehensive Income and Expenditure Statement (CIES) (Pages 21-22)

The Income and Expenditure Account and Statement of Total Recognised Gains and Losses (STRGL) required by UK GAAP have been combined into one statement that records the full accounting cost of providing services during the financial year.

12.2 The Movement in Reserves Statement (MIRS) (Pages 23-24)

Equivalent to the IAS1 Statement of Changes in Equity, this records the movement in the year on the different reserves held by the Authority, analysed into usable (those that can be used to fund expenditure or reduce local taxation) and unusable reserves (those that typically arise from timing differences between the identification of liabilities and the funding or settlement of those liabilities, which could be over a long period). Whilst increases in usable reserves represent additional sums that can be utilised in the short term to provide funding for services, increases in unusable reserves represent an increasing burden on future taxpayers. In some cases, e.g. the Unequal Pay Back Pay Account, charges related to unusable reserves may arise within a relatively short period of time (2-3 years).

The MiRS includes adjustments that remove accounting entries made in accordance with proper accounting practice in order that the Council Taxpayer is charged only with amounts required by statute and regulations.

12.3 The Balance Sheet (Page 25)

Derived from the IAS1 requirement for a Statement of Financial Position, the Balance Sheet sets out the assets and liabilities of the Authority, and the usable and unusable reserves and balances that underlie those net assets. Much of the detail is presented within notes to the Balance Sheet, rather than in the Statement itself.

12.4 The Cash Flow Statement (Page 26)

The Cash Flow Statement summarises the cash and cash equivalents arising from transactions with third parties for revenue and capital purposes 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.

13. Expenditure and Funding Analysis

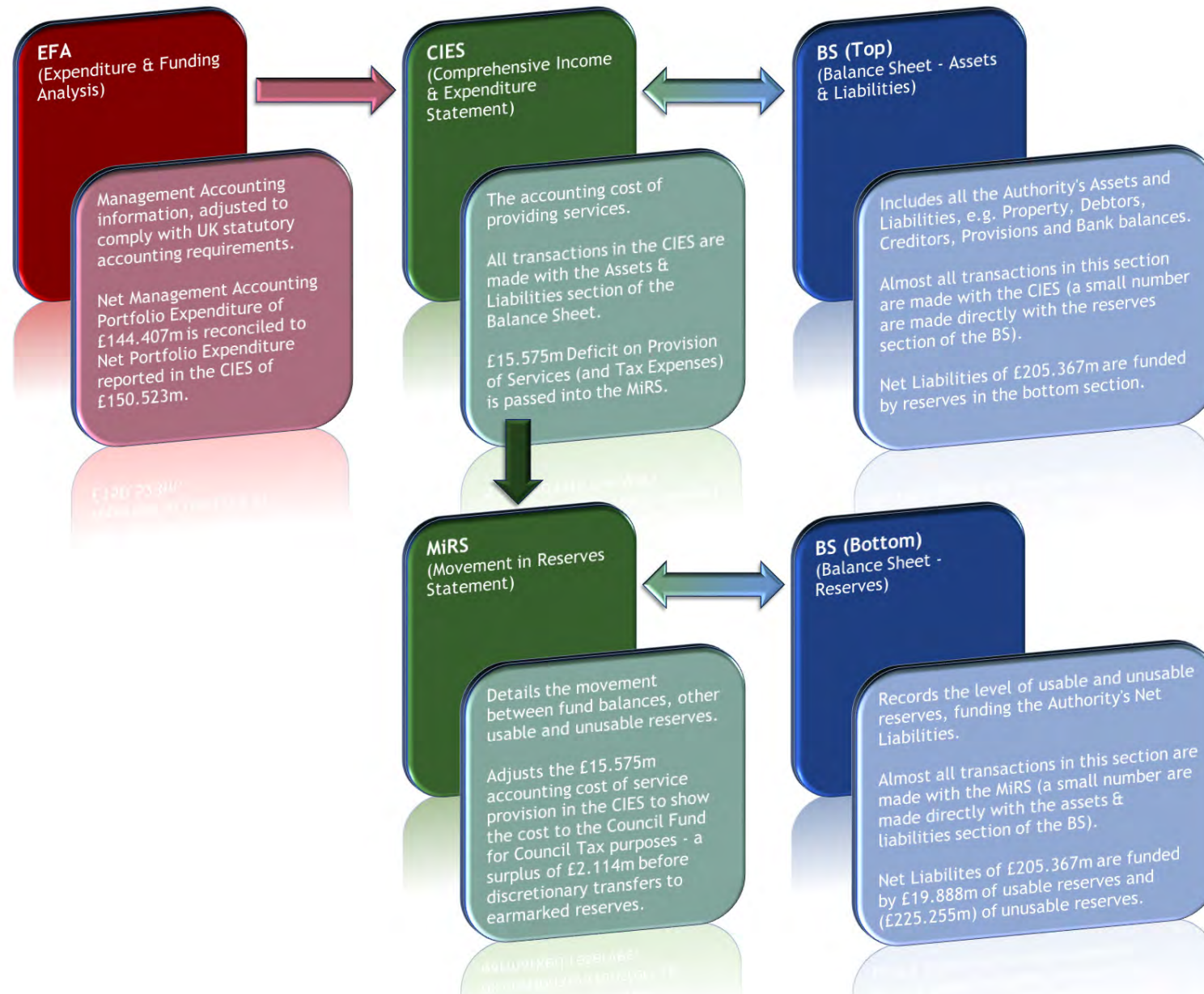
The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The following table summarises the transactions recorded in the EFA for 2018/2019 - more detail is included in the full EFA on page 43.

Expenditure & Funding Analysis - Summary	2018/2019					2017/2018				
	Management Account Net Expenditure £000	Accounting Code Adjustments £000	Net Expenditure Chargeable to the Council Fund £000	Funding and Accounting Basis Adjustments £000	CIES Net Expenditure £000	Management Account Net Expenditure £000	Accounting Code Adjustments £000	Net Expenditure Chargeable to the Council Fund £000	Funding and Accounting Basis Adjustments £000	CIES Net Expenditure £000
(Surplus)/Deficit on the Provision of Services	144,407	(146,546)	(2,139)	17,689	15,550	144,999	(142,822)	2,177	25,431	27,608
Tax Expenses			25					0		
Transfers to/(from) earmarked reserves			1,720					(2,593)		
(Increase)/Decrease in year			(394)					(416)		
Opening council Fund Balance as at 1 April			(5,500)					(5,084)		
Closing Council Fund Balance as at 31 March			(5,894)					(5,500)		

14. Interaction of Main Financial Statements

The following illustration demonstrates the relationships between the main financial statements (CIES, MiRS and Balance Sheet) and also the EFA.



15. Group Accounts

In May 2012, the Authority amended the structure and membership of the Board of Directors of Silent Valley Waste Services Limited, a wholly-owned subsidiary, in order to control the activities of the company. As a result of a change in these governance arrangements, the Authority is required to prepare Group Accounting Statements, consolidating the Accounts of the parent (Blaenau Gwent County Borough Council) and the subsidiary (Silent Valley Waste Services Ltd.).

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.

Group Accounts have been prepared in compliance with the Accounting Policies set out on pages 27-39 and 128-130 and are included in the Statement of Accounts on pages 124-144.

16. Future Developments

16.1 Budget-Setting Process

The Authority, through its design principles, agreed a number of service re-design projects in order to instigate £3.4m of revenue savings for the 2018/2019 financial year. Some of these projects will generate savings over a number of years, but will require substantial resources (both time and money) for implementation. Welsh Government has given no indication of future settlements and therefore the Authority is making savings plans based on a range of assumptions.

16.2 Welfare Reform

Welsh Government successfully introduced a Council Tax Reduction Scheme for 2013/2014, mitigating the impact on benefit claimants. However, there is a financial risk for all Authorities and at present it is likely that Welsh Government will not be able to sustain this level of mitigation in future. The phased introduction of universal credit in Blaenau Gwent from July 2018 will see an increasing impact on benefit claimants and all support agencies. This will continue until all eligible claimants have migrated to Universal Credit.

16.3 Cardiff Capital Region City Deal (CCRCD)

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 on 1 March 2017. 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 small 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.

All ten Councils agreed the Joint Working Agreement Business Plan in 2018, which provides detail on the key themes or workstreams for future investment activity. 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%.

16.4 Impact of the Referendum to Leave the European Union

On 23 June 2016, the United Kingdom voted to leave the European Union (EU). Whilst the outcome of the referendum has no direct material impact on the transactions and balances reported for the 2018/2019 financial year, the decision has the potential to have a significant impact on the Authority across a wide range of areas in future years, including:

European Structural and Other Transnational European Funding Streams;

Blaenau Gwent has received, and continues to receive, funding from various EU structural and other transnational European funding schemes. Following the referendum result, there remains some uncertainty regarding whether this funding will be replaced by sums from Central Government and for what period of time. The Authority will need to consider these issues when determining its future Revenue and Capital budgets.

Pension Scheme Asset and Liability Valuations and Employer Contributions;

The long-term impact on the value of equities, bonds, gilts and other assets held by pension funds remains uncertain, but will be dependent on the interaction of the currency and equity markets and other factors, such as the level of domestic and international growth.

The policy and legal framework affecting various activities, including Energy Efficiency, Waste Collection and Disposal, Trading Standards, Employees, Data Protection, Debt Recovery, State Aid and Public Procurement.

The legal framework regarding these areas is unlikely to change significantly in the short term, as much EU law is implemented by specific national law which will not lapse on leaving the EU. However, at that point in time, it may be possible to amend or repeal this body of legislation. In some cases, for example in respect of State Aid and Public Procurement, this will be limited by the requirements for similar regulations by other bodies to which the UK has or may have membership (e.g. the European Free Trade Association (EFTA), European Economic Area (EEA) or World Trade Organisation (WTO)).

The impact of these issues will need to be considered by the Authority when planning its financial activities, including the preparation of budgets, the medium term financial strategy and statutory accounts.

17. Conclusion

The production of the IFRS-compliant annual Statement of Accounts continues to provide a considerable challenge.

In presenting this Statement of Accounts I am grateful to the Resources Team for their planning, professionalism, and unstinting commitment in order to produce a high quality publication. In addition, collaboration across departments is now more essential than ever in the production of this document and the support and assistance from colleagues in other departments requires recognition and thanks.



R Hayden, CPFA

Chief Officer - Resources



Cyngor Bwrdeistref Sirol

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 2019, and of their expenditure and income for the year then ended.

.....
Chief Officer - Resources

.....
Date

I confirm that these Accounts were approved at the Audit Committee Meeting on 17 November 2020. Signed on behalf of Blaenau Gwent County Borough Council:

.....
Chair of Meeting

.....
Date



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Cyngor Bwrdeistref Sirol

Blaenau Gwent

County Borough Council

Auditor's Report

Auditor General for Wales' report to the Members of Blaenau Gwent County Borough Council

I have audited the accounting statements and related notes of:

- Blaenau Gwent County Borough Council; and
- Blaenau Gwent County Borough Council Group

for the year ended 31 March 2019 under the Public Audit (Wales) Act 2004.

Blaenau Gwent County Borough Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

Blaenau Gwent County Borough Council's Group accounting statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet the Group Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 based on International Financial Reporting Standards (IFRSs).

In my opinion, except for the effect on the financial statements of the matter referred to in the Basis for Qualified Opinion paragraph, the accounting statements and related notes:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council as at 31 March 2019 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018-2019.

Basis for Opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
 - the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's or group's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.
-

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19;
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the council and the group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

I am unable to certify that I have completed the audit of the accounts of Blaenau Gwent County Borough Council, as I have ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services Ltd.

Responsibilities of the Responsible Financial Officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 18 of the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Group financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the council's and group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the [Financial Reporting Council's website](#). This description forms part of my auditor's report.

Adrian Crompton
For and on behalf of the Auditor General for Wales

Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

...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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Blaenau Gwent

County Borough Council



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Blaenau Gwent

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	2018/2019			2017/2018 (Reclassified)			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Continuing Operations								
Corporate Services	52,527	(28,457)	24,070	45,150	(27,933)	17,217	16	55
Education	17,706	(5,404)	12,302	21,627	(5,915)	15,712		
Education - Schools	45,984	(4,749)	41,235	46,409	(4,277)	42,132	29	80
Environment	33,624	(8,489)	25,135	42,432	(9,333)	33,099		
Cardiff Capital Region City Deal	62	(196)	(134)	73	(1,161)	(1,088)	42	117
Regeneration & Economic Development	5,519	(3,339)	2,180	5,452	(2,941)	2,511		
Social Services	63,460	(18,748)	44,712	63,593	(18,287)	45,306	11	50
Licensing	197	(133)	64	214	(124)	90		
Planning	1,610	(651)	959	1,618	(350)	1,268		
Total Deficit on Continuing Services	220,689	(70,166)	150,523	226,568	(70,321)	156,247	7	43

* Reclassification of 2017/2018 Expenditure and Income:

Expenditure and Income in 2017/2018 has been reclassified to provide prior year comparative figures relevant to the revised Portfolio structure implemented from May 2018, in which:

- The Financial Management & Strategy and Corporate Services Portfolios were merged together into a Portfolio called 'Corporate Services';
- The Infrastructure, Active Living and Environment Portfolios were merged into a single Portfolio called 'Environment'; and
- The Estates function was moved from the Environment Portfolio to the Regeneration & Economic Development Portfolio.

These structural changes and subsequent reclassification of expenditure and income have no impact on the 'Total Deficit on Continuing Services' for 2017/2018.

Comprehensive Income & Expenditure Statement (Continued)	2018/2019			2017/2018			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Total Deficit on Continuing Services	220,689	(70,166)	150,523	226,568	(70,321)	156,247		
Other Operating Expenditure	9,042	(413)	8,629	8,782	(634)	8,148	8, 18, 19	48, 56, 57
Financing and Investment Income & Expenditure	21,287	(9,902)	11,385	20,235	(9,278)	10,957	9	49
Taxation & Non-Specific Grant Income	0	(154,987)	(154,987)	0	(147,744)	(147,744)	10, 17, 18, 20	49, 56, 58
(Surplus)/Deficit on Provision of Services	251,018	(235,468)	15,550	255,585	(227,977)	27,608	7	43
Tax Expenses			25			0	42	117
(Surplus)/Deficit on Provision of Services <i>less</i> Tax Expenses			15,575			27,608	MiRS	23-24
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(538)			(253)	38	111
Remeasurement of the net defined benefit pension liability			41,883			(17,182)	37	97
Other Comprehensive Income & Expenditure			41,345			(17,435)	MiRS, 22	23-24, 63
Total Comprehensive Income & Expenditure			56,920			10,173	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					
2017/2018	£000	£000	£000	£000	£000	£000	£000		
Balance at 31 March 2017	(5,084)	(7,601)	(8,366)	(685)	(21,736)	160,082	138,346		
Adjustments to brought forward balances	0	(11)*	0	46*	35	0	35		
Revised Balance at 1 April 2017	(5,084)	(7,612)	(8,366)	(639)	(21,701)	160,082	138,381		
Total Comprehensive Income and Expenditure	27,608	0	0	0	27,608	(17,435)	10,173	CIES	22
Adjustments between accounting basis & funding basis under statutory provisions	(25,431)	0	40	(29)	(25,420)	25,420	0	23	64-66
Net (Increase)/Decrease before transfers to Earmarked Reserves	2,177	0	40	(29)	2,188	7,985	10,173		
Transfers (to) Council Fund from Earmarked Reserves	(2,593)	2,593	0	0	0	0	0	38	108-109
(Increase)/Decrease in 2017/2018	(416)	2,593	40	(29)	2,188	7,985	10,173		
Balance at 31 March 2018	(5,500)	(5,019)	(8,326)	(668)	(19,513)	168,067	148,554	BS	25

*: Reserve balances at 1 April 2017 were amended to include £0.011m as the Authority's share of Cardiff Capital Region City Deal reserves at that date, and also to remove £0.046m balances previously held in respect of Property Improvement Loans that from 2017/2018 have been accounted for on an agency basis.

Movement in Reserves Statement 2018/2019	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 2018	(5,500)	(5,019)	(8,326)	(668)	(19,513)	168,067	148,554	BS	25
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	15,575	0	0	0	15,575	41,345	56,920	CIES	22
Adjustments between accounting basis & funding basis under statutory provisions	(17,689)	0	1,822	9	(15,858)	15,858	0	23	64-66
Net (Increase)/Decrease before transfers to Earmarked Reserves	(2,114)	0	1,822	9	(283)	57,203	56,920		
Transfers from Council Fund to 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.

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 2019		31 March 2018		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	264,264		263,572		24, 26, 29	67-74, 76, 79
Heritage Assets	413		413		25	74-75
Non-Current Investments	250		250		27	78
Non-Current Debtors	4,490		4,731		28	79
Sub Total: Long-Term Assets		269,417		268,966		
Assets Held for Sale	880		425		24	70-72
Inventories	461		719			
Current Debtors	16,987		16,049		30	81-83
Cash and Cash Equivalents	10,574		7,397		41	116
Sub Total: Current Assets		28,902		24,590		
Current Borrowing	(73,103)		(68,374)		34-35	88-93
Current Creditors	(11,414)		(11,171)		31	83
Current Grants Receipts in Advance	(2,301)		(2,656)		20	58
Current Provisions	(2,970)		(4,643)		32	84-86
Sub Total: Current Liabilities		(89,788)		(86,844)		
Non-Current Borrowing	(84,439)		(80,205)		34-35	88-93
Non-Current Provisions	(1,816)		(2,243)		32	84-86
Other Long-Term Liabilities	(327,643)		(272,818)		33, 37	87, 95-104
Sub Total: Long-Term Liabilities		(413,898)		(355,266)		
Total Net Assets/(Liabilities)		(205,367)		(148,554)		
Usable Reserves	(19,888)		(19,513)		38.1	104-109
Unusable Reserves	225,255		168,067		38.2	110-113
Total Reserves		205,367		148,554		

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	2018/2019		2017/2018		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services less tax expenses	(15,575)		(27,608)		CIES	22
Adjustments to the provision of services for non-cash movements	23,776		33,520		39.1	114
Adjustments for items included in the provision of services that are investing and financing activities	(6,844)		(4,226)		39.2	114
Net Cash Inflows/(Outflows) from Operating Activities		1,357		1,686		
Investing activities		(6,947)		(2,787)	40.1	115
Financing activities		8,767		3,123	40.2	115
Net increase or (decrease) in cash and cash equivalents		3,177		2,022		
Cash and cash equivalents at the beginning of the reporting period		7,397		5,375	BS, 41	25, 116
Cash and cash equivalents at the end of the reporting period		10,574		7,397	BS, 41	25, 116



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Cyngor Bwrdeistref Siro

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 2018/2019 financial year and its position at the year-end of 31 March 2019. 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 2018/2019 and the Service Reporting Code of Practice 2018/2019, 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 2019			31 March 2018		
	Discount Rate	RPI	CPI	Discount Rate	RPI	CPI
	%	%	%	%	%	%
Short (Less than 17 years)	2.4	3.5	2.5	2.6	3.4	2.4
Medium (between 17 and 23 years)	2.4	3.5	2.5	2.7	3.4	2.4
Long (over 23 years)	2.5	3.4	2.4	2.7	3.3	2.3

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 2019) 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 2018/2019 (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 2018/2019 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 2017/2018, 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 2018/2019 MRP has therefore been reduced by £3.2m, with further planned reductions of £3.2m per annum for the financial years 2019/2020 to 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 (CCRCD) 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

In preparing the 2018/2019 Accounts, IFRS9 *Financial Instruments* and IFRS15 *Revenue from Contracts with Customers* have been adopted with effect from 1 April 2018.

IFRS 9 introduced extensive changes to the classification and measurement of financial assets, in addition to a forward looking 'expected loss' model for impairment of financial assets rather than the 'incurred loss' model under IAS 39. The impact on the Authority's Accounts has been minimal, as there has been no requirement to reclassify financial instruments and the expected loss impairment model has applied only to an immaterial level of outstanding debt.

IFRS 15 established a new comprehensive framework for revenue recognition, replacing IAS 18 *Revenue* and IAS 11 *Construction Contracts*. The new framework included changes to the basis for deciding whether revenue is recognised at a point in time or over a period of time and the introduction of a five-step recognition process. However, the impact on adoption has not been material as the Authority has relatively predictable income streams including local taxation revenues and significant transactions involving central and other government bodies (e.g. specific grant funding), both of which fall outside the scope of IFRS15, and has not identified any material contracts with service recipients.

3. Accounting Standards Issued but not yet Adopted

The 2018/2019 Accounting Code of Practice includes the following new or revised accounting standards that have effect from 1 April 2019.

Source	Requirement and Potential Impact
Amendments to IFRS 9 <i>Financial Instruments</i>	IFRS 9 has been amended to clarify that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Authority has no financial instruments to which this will apply.
Amendments to IAS 40 <i>Investment Property</i>	This amendment to IAS 40 provides further explanation of the instances in which a property can be reclassified as investment property. The Authority anticipates no significant impact as a result of the implementation of this amendment.
<i>Annual Improvements to IFRS Standards 2014-2016 Cycle</i>	IFRS 1 has been amended to remove exemptions on first time adoption of IFRS; IAS 28 has been clarified in respect of the treatment of investments in associates or joint ventures. Neither of these has an impact on the Authority.
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i>	This clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Authority does not have any material transactions within the scope of this amendment.
IFRIC 23 <i>Uncertainty over Income Tax Treatment</i>	This provides additional guidance on income tax treatment in cases where there is uncertainty. The Authority anticipates no significant impact as a result of the implementation of this guidance.

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 2019 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	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. 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.</p>	<p>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 £73.233m (see pages 100-101 for further sensitivity analysis). However, the assumptions interact in complex ways. During 2018/2019, the Authority's actuaries advised that the net pensions liability had increased by £40.090m as a result of remeasurements of pension assets and liabilities. This increase comprised a £11.308m gain on assets (representing the difference between actual and expected asset return for the year) and net increases in liabilities of £51.398m (arising from changes in demographic/financial assumptions and other experience gains (see pages 98-99)).</p>
Revaluation of Property, Plant and Equipment	<p>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.</p>	<p>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 Property, Plant and Equipment of £3.241m. 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, Comprehensive Income & Expenditure Statement and the level of the Authority's Reserves.</p>
Depreciation of Property, Plant and Equipment	<p>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.</p>	<p>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.</p>
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. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
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 2019, impairment allowances represent 17.61% of debt outstanding. A 5% understatement in impairment would therefore represent a potential reduction in revenues of £1.218m.

6. Events After the Reporting Period

The Statement of Accounts was authorised for issue by Ms R. Hayden CPFA, Chief Officer - Resources, on 11 November 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 2019, 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	2018/2019					2017/2018 Reclassified				
	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	14,580	8,063	22,643	1,427	24,070	14,226	1,173	15,399	1,818	17,217
Education	55,075	(45,816)	9,259	3,043	12,302	54,356	(43,085)	11,271	4,441	15,712
Education - School Spending	(1,054)	42,505	41,451	(216)	41,235	(282)	42,300	42,018	114	42,132
Environment	29,325	(13,431)	15,894	9,241	25,135	32,414	(12,904)	19,510	13,589	33,099
Cardiff Capital Region City Deal	0	(134)	(134)	0	(134)	0	30	30	(1,118)	(1,088)
Regeneration & Economic Development	1,457	(892)	565	1,615	2,180	1,453	665	2,118	393	2,511
Social Services	43,924	(2,128)	41,796	2,916	44,712	41,708	482	42,190	3,116	45,306
Licensing	71	(28)	43	21	64	74	2	76	14	90
Planning	1,029	(194)	835	124	959	1,050	92	1,142	126	1,268
Capital Adjustments*	0	(1)	(1)	1	0	0	(21)	(21)	21	0
Pension Adjustments**	0	1,008	1,008	(1,008)	0	0	1,017	1,017	(1,017)	0
Net Expenditure on Continuing Operations	144,407	(11,048)	133,359	17,164	150,523	144,999	(10,249)	134,750	21,497	156,247
Other Operating Expenditure	0	8,549	8,549	80	8,629	0	8,305	8,305	(157)	8,148
Financing & Investment Income & Expenditure	0	4,672	4,672	6,713	11,385	0	4,927	4,927	6,030	10,957
Taxation & Non-Specific Grant Income	0	(148,719)	(148,719)	(6,268)	(154,987)	0	(145,805)	(145,805)	(1,939)	(147,744)
(Surplus)/Deficit on the Provision of Services	144,407	(146,546)	(2,139)	17,689	15,550	144,999	(142,822)	2,177	25,431	27,608
Tax Expenses			25					0		
Transfers to/(from) earmarked reserves			1,720					(2,593)		
(Increase)/Decrease in year			(394)					(416)		
Opening Council Fund Balance as at 1 April			(5,500)					(5,084)		
Closing Council Fund Balance as at 31 March			(5,894)					(5,500)		

*: 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 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)

This table shows the adjustments made to the 2017/2018 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	2017/2018 (Reclassified)							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	(160)	(608)	0	0	92	335	1,514	1,173
Education	(2,723)	(40,952)	0	0	550	(4)	44	(43,085)
Education - School Spending	(52)	41,312	0	0	(13)	970	83	42,300
Environment	(9,996)	(778)	0	(3,339)	1,024	302	(117)	(12,904)
Cardiff Capital Region City Deal	0	0	0	0	0	0	30	30
Regeneration & Economic Development	(466)	526	0	0	624	38	(57)	665
Social Services	(163)	433	0	0	172	(5)	45	482
Licensing	0	0	0	0	1	1	0	2
Planning	0	67	0	0	16	1	8	92
Capital Adjustments	0	0	0	0	0	0	(21)	(21)
Pension Adjustments	0	0	1,017	0	0	0	0	1,017
Net Expenditure on Continuing Operations	(13,560)	0	1,017	(3,339)	2,466	1,638	1,529	(10,249)
Other Operating Expenditure	0	0	0	3,339	0	0	4,966	8,305
Financing & Investment Income & Expenditure	1,130	0	(7,220)	0	0	0	11,017	4,927
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(145,805)	(145,805)
(Surplus)/Deficit on the Provision of Services	(12,430)	0	(6,203)	0	2,466	1,638	(128,293)	(142,822)

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	2018/2019 £000	2017/2018 £000
External Fees, Charges & Other Service Income	(20,345)	(18,727)
Government Grants	(50,411)	(49,996)
Total Income	(70,756)	(68,723)
Employee Expenses	97,923	95,696
Other Service Expenses	106,192	107,744
Support Service Recharges	0	0
Depreciation, amortisation & impairment	0	33
Total Expenditure	204,115	203,473
Net Expenditure	133,359	134,750

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	2018/2019				2017/2018 (Reclassified)			
	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	101	1,302	24	1,427	262	1,607	(51)	1,818
Education	2,798	291	(46)	3,043	3,963	484	(6)	4,441
Education - School Spending	30	0	(246)	(216)	0	0	114	114
Environment	7,698	1,553	(10)	9,241	11,946	1,678	(35)	13,589
Cardiff Capital Region City Deal	0	0	0	0	(1,118)	0	0	(1,118)
Regeneration & Economic Development	1,369	243	3	1,615	134	251	8	393
Social Services	393	2,524	(1)	2,916	541	2,603	(28)	3,116
Licensing	0	18	3	21	0	15	(1)	14
Planning	0	126	(2)	124	0	134	(8)	126
Capital Adjustments	1	0	0	1	21	0	0	21
Pension Adjustments	0	(1,008)	0	(1,008)	0	(1,017)	0	(1,017)
Net Expenditure on Continuing Operations	12,390	5,049	(275)	17,164	15,749	5,755	(7)	21,497
Other Operating Expenditure	80	0	0	80	(157)	0	0	(157)
Financing & Investment Income & Expenditure	(622)	7,406	(71)	6,713	(1,130)	7,220	(60)	6,030
Taxation & Non-Specific Grant Income	(6,268)	0	0	(6,268)	(1,939)	0	0	(1,939)
(Surplus)/Deficit on the Provision of Services	5,580	12,455	(346)	17,689	12,523	12,975	(67)	25,431

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:

Other Operating Expenditure	2018/2019			2017/2018		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
(Gains)/losses on the Disposal of Non-Current Assets	489	(413)	76	477	(634)	(157)
Precepts & Levies:						
Gwent Police Authority Precept	4,820	0	4,820	4,607	0	4,607
South Wales Fire Authority Levy	3,251	0	3,251	3,221	0	3,221
Community Council Precepts	372	0	372	359	0	359
Coroners' Courts	82	0	82	89	0	89
National Park Levy	28	0	28	29	0	29
Total	9,042	(413)	8,629	8,782	(634)	8,148

9. Financing and Investment Income and Expenditure

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

Financing and Investment Income and Expenditure	2018/2019			2017/2018		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Impairment *	(158)	0	(158)	0	0	0
Interest payable and similar charges - Financial Instruments	4,368	0	4,368	3,978	0	3,978
Interest payable and similar charges - Other **	7	0	7	13	0	13
Interest receivable and similar income - Financial Instruments	0	(48)	(48)	0	(15)	(15)
Interest receivable and similar income - Other ***	0	(190)	(190)	0	(239)	(239)
Net Pensions Interest Cost	17,070	(9,664)	7,406	16,244	(9,024)	7,220
Total	21,287	(9,902)	11,385	20,235	(9,278)	10,957

*: 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	2018/2019 £000	2017/2018 £000
Taxation & Non-Specific Revenue Grants		
Council Tax Income	(38,369)	(36,826)
Non-Domestic Rates	(22,443)	(22,677)
Revenue Support Grant	(87,908)	(86,302)
Total Taxation and Non-Specific Revenue Grants	(148,720)	(145,805)
Capital grants and contributions	(6,267)	(1,939)
Total	(154,987)	(147,744)

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 2019 were as follows.

Partnership Schemes:	2018/2019				2017/2018			
	GWICES £000	Gwent Frailty £000	Care Homes £000	Total £000	GWICES £000	Gwent Frailty £000	Care Homes £000	Total £000
Total Expenditure	3,366	16,515	98,596	118,477	3,295	15,484	0	18,779
Funding								
Blaenau Gwent County Borough Council	(252)	(580)	(7,060)	(7,892)	(272)	(559)	0	(831)
Caerphilly County Borough Council	(462)	(2,340)	(21,136)	(23,938)	(474)	(2,168)	0	(2,642)
Monmouthshire County Borough Council	(378)	(1,387)	(8,993)	(10,758)	(307)	(1,286)	0	(1,593)
Newport City Council	(325)	(1,720)	(16,449)	(18,494)	(348)	(1,637)	0	(1,985)
Torfaen County Borough Council	(636)	(809)	(9,986)	(11,431)	(754)	(783)	0	(1,537)
Aneurin Bevan University Health Board	(922)	(9,616)	(34,972)	(45,510)	(759)	(9,034)	0	(9,793)
Other	(391)	0	0	(391)	(381)	0	0	(381)
Total Funding	(3,366)	(16,452)	(98,596)	(118,414)	(3,295)	(15,467)	0	(18,762)
Net In-Year (Under)/Overspend	0	63	0	63	0	17	0	17
Balance Brought Forward	0	(440)	0	(440)	0	(457)	0	(457)
Balance Carried Forward	0	(377)	0	(377)	0	(440)	0	(440)

12. **Members' Allowances**

The total amount of allowances and expenses paid to Members during the year was £727,893 (2017/2018: £680,590), analysed as follows:

Members' Allowances	2018/2019 £000	2017/2018 £000
Allowances	724	678
Expenses	4	3
Total:	728	681

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	2018/2019					2017/2018				
	Teaching	Other	Total	Left During Year	Total excluding leavers	Teaching	Other	Total	Left During Year	Total excluding leavers
Remuneration Band										
£60,000 - £64,999	12	2	14	2	12	11	1	12	0	12
£65,000 - £69,999	5	4	9	2	7	3	6	9	2	7
£70,000 - £74,999	3	1	4	1	3	2	2	4	0	4
£75,000 - £79,999	3	1	4	0	4	3	1	4	1	3
£80,000 - £84,999	0	2	2	1	1	1	0	1	0	1
£85,000 - £89,999	0	0	0	0	0	0	0	0	0	0
£90,000 - £94,999	0	0	0	0	0	1	0	1	0	1
£95,000 - £99,999	1	0	1	0	1	1	0	1	0	1
£100,000 - £104,999	0	0	0	0	0	0	0	0	0	0
£105,000 - £109,999	0	1	1	1	0	0	0	0	0	0
Total	24	11	35	7	28	22	10	32	3	29

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

The 2018/2019 total of 35 includes 5 members of staff in the 'Teaching' category 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. (The 2017/2018 total of 32 includes 2 members of teaching staff 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 2018/2019 this was as follows:

	2018/2019	2017/2018
Ratio of Managing Director pay to median pay of all staff	1:4.66	1:4.81

13.3 Senior Officers' Remuneration

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.

The following table sets out the remuneration in 2017/2018 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.

2017/2018 Post Title	Notes	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) £
Managing Director	Note 1	47,048	0	0	0	47,048	10,115	57,163
Lead Corporate Director/Head of Paid Service; Corporate Director Strategy, Transformation & Culture	Note 2	73,047	0	32,195	0	105,242	277,708	382,950
Corporate Director of Environment & Regeneration	Note 3	95,825	0	0	0	95,825	20,602	116,427
Chief Finance Officer	Note 3	88,436	26	0	0	88,462	19,014	107,476
Corporate Director of Social Services		82,706	138	0	0	82,844	17,782	100,626
Corporate Director of Education		98,295	0	0	0	98,295	21,133	119,428
Head of Organisational Development	Note 4	65,588	0	0	0	65,588	14,101	79,689
Head of Policy & Performance	Note 4	65,588	12	0	0	65,600	14,101	79,701
Total		616,533	176	32,195	0	648,904	394,556	1,043,460

Note 1: Commenced 16 October 2017.

Note 2: Lead Corporate Director / Head of Paid Service until 15 October 2017, reverted to his substantive responsibilities as Corporate Director Strategy, Transformation & Culture at that time following the appointment of the Managing Director and subsequently left the Council on 31 December 2017.

Note 3: For each officer (*Corporate Director of Environment & Regeneration, Chief Finance Officer*), salary includes £11,195.77 paid to the post-holder on behalf of Silent Valley Waste Services Ltd. (a company wholly owned by the Council) for acting in the capacity of a director of that Company. The amount paid was recharged to the Company. The Council also paid £2,407.09 of employer pension contributions into the Local Government Pension Scheme in respect of each Silent Valley Waste Services Ltd directorship.

The Auditor General for Wales considers that the employer pension contributions paid by the Council into the Local Government Pension Scheme were contrary to law on the basis that the Council did not have the power to make pension payments on behalf of Silent Valley Waste Services Ltd..

The Council accepts that there were procedural errors in the way in which employer pension contributions were administered, but it considers that these did not have the effect of rendering the payments contrary to law.

These Directorships ended on 19 March 2018.

Note 4: The Head of Organisational Development and Head of Policy & Performance report to the Managing Director/Head of Paid Service 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	2018/2019				2017/2018			
	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	2	63	65	488	11	43	54	288
£20,000-£39,999	1	18	19	542	1	13	14	402
£40,000-£59,999	0	9	9	425	0	4	4	185
£60,000-£99,999	0	6	6	456	0	2	2	151
£100,000-£299,999	1	1	2	386	0	1	1	283
Total	4	97	101	2,297	12	63	75	1,309

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 2018/2019, the contracts of 101 employees were terminated, incurring total liabilities of £2.297m (2017/2018: 75 employees, incurring liabilities of £1.309m). These payments can be disaggregated as follows:

Termination Benefits & Exit Packages	2018/2019 £000	2017/2018 £000
Pay in Lieu of Notice	184	122
Pension Costs	872	487
Redundancy Costs	983	572
Other Payments	258	128
Total	2,297	1,309

Included in the Authority's Early Terminations Provision are sums totalling £0.141m payable to 11 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. (2017/2018: Early Terminations provision included £0.710m payable to 33 staff). Details of the Early Terminations Provision can be found in notes 32.1-32.2, pages 84-86.

Following the agreement to transfer staff to the charity in 2014, the Authority has exercised its discretion in funding £0.123m of exit packages for 9 staff at Aneurin Leisure Trust. (2017/2018: an exit package of £0.021m for 1 member of staff was funded).

15. Termination Benefits and Exit Packages - Causes

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

Termination Benefits	2018/2019		2017/2018	
	No	£000	No	£000
Closure of Facilities / Cessation of Services	11	211	2	9
Early Retirements/Efficiency/Flexible Retirements	14	161	4	334
Financial Efficiency Project	29	921	9	323
School Downsizing Restructuring & Reorganisation - Crossmatching	18	658	28	474
Termination benefits arising for other reasons	29	346	32	169
Total	101	2,297	75	1,309

16. External Audit Fees

The Authority's appointed external auditors for the 2018/2019 financial year were the Wales Audit Office (WAO). The following fees were incurred in relation to external audit and inspection:

External Audit Fees	2018/2019	2017/2018	CIES Service Line
	£000	£000	
Fees payable in respect of:			
External audit services relating to audit of the accounts	191	191	<i>Corporate Services Portfolio</i>
External audit services relating to Local Government Measures	105	105	<i>Corporate Services Portfolio</i>
Certification of grant claims and returns	70	70	<i>Portfolio responsible for the specific grant claim or return</i>
Total Audit Fees	366	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 2019 was £31,852,617 (31 March 2018: £31,793,608).
- The national non-domestic rate multiplier for the year 2018/2019 was 0.514 (2017/2018: 0.499).
- The contribution received from the NNDR pool in 2018/2019 was £22,442,550 (2017/2018: £22,676,854).

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	2018/2019		2017/2018	
	£000	£000	£000	£000
Council Tax Collected	(38,679)		(37,030)	
Less: Impairment of bad & doubtful debts	310		205	
Net Total Proceeds from Council Tax		(38,369)		(36,825)
Less: Gwent Police Authority Precept	4,820		4,607	
Community Council Precepts:				
Abertillery & Llanhilleth Community Council	113		99	
Brynmawr Town Council	43		43	
Nantyglo & Blaina Town Council	78		78	
Tredegar Town Council	138		139	
		5,192		4,966
Council Tax attributable to this Authority:		(33,177)		(31,859)

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 2018/2019 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	18,564.00	7,818.00	2,531.00	1,583.00	810.00	306.00	55.00	15.00	6.00	31,749.00
Exemptions, Reliefs & Discounts	(5.50)	(2,437.50)	(698.25)	(202.25)	(98.75)	(39.50)	(13.00)	(2.00)	(6.50)	(1.50)	(3,504.75)
Effective Properties	55.50	16,126.50	7,119.75	2,328.75	1,484.25	770.50	293.00	53.00	8.50	4.50	28,244.25
Ratio	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	-
Band D Equivalents	30.83	10,751.01	5,537.58	2,070.00	1,484.25	941.72	423.22	88.33	17.00	10.50	21,354.44
Impairment											(1,174.49)
Council Tax Base											20,179.95

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	2018/2019 £000	2017/2018 £000
Brecon Beacons National Park Authority	28	29
Coroners' Courts	77	81
South Wales Fire Authority	3,251	3,221
Total:	3,356	3,331

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	2018/2019 £000	2017/2018 £000	Capital Grants Credited to taxation and non-specific grant income	2018/2019 £000	2017/2018 £000
Welsh European Funding Office	0	(18)	Welsh Government	(5,820)	(1,716)
Welsh Government	(413)	(1,839)	Other Grants & Contributions	(446)	(223)
Other Grants & Contributions	(241)	(274)			
Total:	(654)	(2,131)	Total:	(6,266)	(1,939)

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	2018/2019 £000	2017/2018 £000
Welsh Government	(21,172)	(20,407)
Department for Work and Pensions	(25,626)	(26,213)
Other Central Government	(662)	(637)
Local Authorities	(2,173)	(1,958)
NHS	(680)	(668)
Other Grants & Contributions	(98)	(113)
Total:	(50,411)	(49,996)

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	2018/2019			2017/2018		
	Capital £000	Revenue £000	Total £000	Capital £000	Revenue £000	Total £000
Welsh European Funding Office	(5)	(287)	(292)	(10)	(139)	(149)
Welsh Government	(825)	(977)	(1,802)	(914)	(742)	(1,656)
Other Central Government	(17)	(110)	(127)	(51)	(55)	(106)
Local Authorities	0	(15)	(15)	0	(272)	(272)
NHS	0	(17)	(17)	0	(240)	(240)
Other Grants & Contributions	0	(48)	(48)	0	(233)	(233)
Total	(847)	(1,454)	(2,301)	(975)	(1,681)	(2,656)

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 2018/2019 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 2019				Year Ended 31 March 2018			
		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.	293,429	(15,881)	0	(3)	256,913	(13,184)	8,730	(46)
Blaina Community Centre: A Member of the Council is a Director.	Grants, room hire and reimbursement of maintenance costs.	7,234	(434)	160	0	100	(349)	0	(434)
Brynmawr Museum: A Member of the Council is a Director.	Member grants; donation for dignitaries attending Royal Welsh Regiment parade. Ground rent and insurance income.	713	(10)	0	(187)	861	(154)	0	0
Hodge Municipal Services: A Member of the Council is the proprietor.	Maintenance of public toilets in Brynmawr and other supplies.	2,521	0	0	(140)	1,910	(215)	90	0
Jim Davies Civil Engineering Ltd.: A Council Member is the brother-in-law of one of the Directors.	Capital works including retaining wall maintenance and Silent Valley transfer station/ overflow extension.	129,977	0	20,000	0	233,653	0	0	0
Total:		433,874	(16,325)	20,160	(330)	493,437	(13,902)	8,820	(480)

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 2019		Year Ended 31 March 2018		Notes
		Amounts Paid by Authority	Amounts Received by Authority	Amounts Paid by Authority	Amounts Received by Authority	
		£	£	£	£	
Blaina Community Institute	A Member of the Council is a Director of this organisation.	8,205	(163)	4,283	0	Payment for room hire (Town Council and Heritage Action Group) and waste transfer income.
Blaina Post Office	A Member of the Council is Post Master of this business.	0	(57)	0	0	Waste transfer.
Glenn Willis Plumbing Ltd.	The Director of the company is the son of a Council Member.	0	0	4,951	0	Disabled facilities grant.
Highfield Properties (Tredgar)	A member of the Council is a Director of the organisation.	15,314	0	10,311	0	Tenants' Rent Allowances.
Hodge Distributions	A Member of the Council is the proprietor of the organisation.	0	(1,149)	0	(1,500)	Rental of an industrial unit.
Sweets & Things	A Member of the Council is the proprietor of the organisation.	0	(46)	0	0	Waste transfer.
Total:		23,519	(1,415)	19,545	(1,500)	

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

Summary - Related Party Transactions and Balances	Year Ended 31 March 2019				Year Ended 31 March 2018			
	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
	£	£	£	£	£	£	£	£
Related Parties (with year end balances)	433,874	(16,325)	20,160	(330)	493,437	(13,902)	8,820	(480)
Related Parties (with no year end balances)	23,519	(1,415)	0	0	19,545	(1,500)	0	0
Total:	457,393	(17,740)	20,160	(330)	512,982	(15,402)	8,820	(480)

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, having assumed responsibility on 19 March 2018. 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 2019, 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 2019				Year Ended 31 March 2018			
	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	747,575	-	65,970	-	759,481	-	69,880	-
Payments relating to previous year	69,782	-	-	-	66,811	-	-	-
Vehicle purchase:	-	-	-	-	111,242	-	-	-
Reimbursement of payments made to directors of SVWS Ltd.:								
Payments to Chief Finance Officer	-	(591)	-	-	-	(10,605)	-	(591)
Payments to Corporate Director of Environment and Regeneration	-	(591)	-	-	-	(10,605)	-	(591)
Payments in respect of Nominated Representatives	-	(19,801)	-	-	-	-	-	-
Leachate	-	-	-	(130,000)	-	(130,000)	-	-
Damage to loading bay	-	(504)	-	-	-	-	-	-
Works carried out at Silent Valley Waste Transfer Station	-	-	-	-	-	(11,000)	-	-
Total (Silent Valley Waste Services Ltd.):	817,357	(21,487)	65,970	(130,000)	937,534	(162,210)	69,880	(1,182)

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 2018/2019, net contributions of £0.319m were due to the EAS (2017/2018: £0.382m). The total summarised transactions of the Service were as follows:

Education Achievement Service	2018/2019 £000	2017/2018 £000
Expenditure	6,922	7,589
Income	(6,941)	(7,484)
Net Expenditure	(19)	105

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 2019				Year Ended 31 March 2018			
	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	46,132	-	-	-	-	-	-	-
Contributions towards Capital Expenditure	568,613	-	-	-	1,118,438	-	-	-
Reimbursement of Seconded Post	-	-	-	(25,264)	-	-	-	-
Total (Cardiff Capital Region City Deal):	614,745	0	0	(25,264)	1,118,438	0	0	0

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	2018/2019 £000	2017/2018 £000
(Surplus)/Deficit arising on the revaluation of non-current assets	(538)	(253)
Remeasurement of the net defined benefit pension liability	41,883	(17,182)
Other Comprehensive Income & Expenditure	41,345	(17,435)

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 2018/2019:

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	2018/2019			2017/2018		
	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
Transactions between Funds & Usable Reserves:						
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	3,001	0	(3,001)	1,689	0	(1,689)
Transfer of cash sale proceeds credited as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	413	(413)	0	634	(634)	0
Contribution from the Capital Receipts Reserve towards funding of prudential borrowing schemes	(56)	56	0	(54)	54	0
Total: Transactions between Funds & Usable Reserves:	3,358	(357)	(3,001)	2,269	(580)	(1,689)

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	2018/2019		2017/2018	
	Council Fund Balance £000	Movement in Unusable Reserves £000	Council Fund Balance £000	Movement in Unusable Reserves £000
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	71	(71)	60	(60)
Adjustments to/from the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(25,964)	25,964	(25,486)	25,486
Employer's pensions contributions and direct payments to pensioners payable in the year	13,508	(13,508)	12,511	(12,511)

	2018/2019		2017/2018	
	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 (Continued):				
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	(11,299)	11,299	(11,666)	11,666
Revaluation losses on Property, Plant & Equipment	(55)	55	(4,775)	4,775
Capital grants & contributions applied	3,919	(3,919)	2,382	(2,382)
Revenue expenditure funded from capital under statute	(1,678)	1,678	(1,386)	1,386
Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive Income & Expenditure Statement	(489)	489	(477)	477
Items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Statutory provision for the financing of capital investment	620	(620)	1,130	(1,130)
Capital expenditure charged against the Council Fund	44	(44)	0	0
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	276	(276)	7	(7)
Total: Transactions between Funds & Unusable Reserves:	(21,047)	21,047	(27,700)	27,700

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

	2018/2019			2017/2018		
	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	(133)	0	133	(132)	0	132
Items involving Usable Capital Reserves:						
Application of grants to capital financing transferred to the Capital Adjustment Account	0	3,010	(3,010)	0	1,660	(1,660)
Use of the Capital Receipts Reserve to finance new capital expenditure	2,312	0	(2,312)	752	0	(752)
Total: Other Capital Reserve Transactions:	2,179	3,010	(5,189)	620	1,660	(2,280)

	2018/2019				2017/2018			
	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:	3,358	(357)	(3,001)	0	2,269	(580)	(1,689)	0
Total: Transactions involving Unusable Reserves:	(21,047)	0	0	21,047	(27,700)	0	0	27,700
Total: Other Capital Reserve Transactions:	0	2,179	3,010	(5,189)	0	620	1,660	(2,280)
Total Adjustments:	(17,689)	1,822	9	15,858	(25,431)	40	(29)	25,420

Balance Sheet Notes

24. Property Plant & Equipment

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 2019 £000	31 March 2018 £000
Gross Carrying Amount	324,067	314,435
Accumulated Depreciation	(59,803)	(50,863)
Net Book Value	264,264	263,572

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	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
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
Net Book Value as at 31 March 2017	160,706	4,668	99,226	128	4,872	3,452	273,052

Movements in 2018/2019:

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
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							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
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	155	0	0	0	0	0	155
Depreciation written out to the Surplus/Deficit on the Provision of Services	104	0	0	0	0	0	104
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)

Movements in 2017/2018:

Property, Plant & Equipment	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation as at 1 April 2017	168,062	12,449	126,849	138	4,886	3,452	315,836
Appropriations	(176)	20	176	(20)	0	0	0
Assets reclassified to/from held for sale	(387)	0	0	0	(5)	0	(392)
Additions	177	1,356	281	0	0	1,445	3,259
Revaluation increases/(decreases) recognised in the Revaluation Reserve	261	0	0	1	0	0	262
Revaluation increases/(decreases) recognised in the Provision of Services	(4,799)	0	0	1	(360)	0	(5,158)
Capital expenditure written off	(2,469)	(144)	(43)	0	0	0	(2,656)
Derecognition - disposals	0	(557)	0	0	0	0	(557)
Other movements in cost or valuation **	2,641	144	43	0	0	1,013	3,841
Cost or Valuation as at 31 March 2018	163,310	13,268	127,306	120	4,521	5,910	314,435

Property, Plant & Equipment: Depreciation & Impairment	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation & Impairment as at 1 April 2017	(7,356)	(7,781)	(27,623)	(10)	(14)	0	(42,784)
Depreciation Charge & Appropriations	(4,687)	(1,279)	(3,096)	(1)	(7)	0	(9,070)
Depreciation written out to the Revaluation Reserve	51	0	0	0	0	0	51
Depreciation written out to the Surplus/Deficit on the Provision of Services	383	0	0	0	0	0	383
Derecognition - disposals	0	557	0	0	0	0	557
Accumulated Depreciation & Impairment as at 31 March 2018	(11,609)	(8,503)	(30,719)	(11)	(21)	0	(50,863)

Notes * & **: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £5.36 million of which has been added to the asset base and £1.91 million of which has been written off as there has been no increase to the asset value in 2018/2019(*); £1.18 million of which has been added to the asset base and £2.66 million of which has been written off as no increase to the asset value resulted in 2017/2018(**).

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 2019			31 March 2018		
	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)	4,303	380	4,683	4,500	125	4,625
Fair Value	4,303	380	4,683	4,500	125	4,625

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	2018/2019			2017/2018		
	Surplus	Assets Held for	Total	Surplus	Assets Held for	Total
	Assets £000	Sale £000		Assets £000	Sale £000	
Balance at 1 April:	4,500	125	4,625	4,872	510	5,382
Appropriations (to)/from Property, Plant & Equipment Operational Assets	10	356	366	0	87	87
Appropriations (to)/from Assets Held for Sale	(295)	0	(295)	(5)	0	(5)
Appropriations (to)/from Surplus Assets	0	295	295	0	5	5
Total Gains for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	110	0	110	40	0	40
Total Losses for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(15)	0	(15)	(400)	0	(400)
Total Gains/(Losses) for the period included in the Revaluation Reserve resulting from changes in the fair value	0	0	0	0	0	0
Disposals	0	(396)	(396)	0	(477)	(477)
In-Year Depreciation	(7)	0	(7)	(7)	0	(7)
Balance at 31 March:	4,303	380	4,683	4,500	125	4,625

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:

Reconciliation of Assets measured at Fair Value	31 March 2019			31 March 2018		
	Surplus Assets £000	Assets Held for Sale £000	Total £000	Surplus Assets £000	Assets Held for Sale £000	Total £000
Assets measured at Fair Value	4,303	380	4,683	4,500	125	4,625
Assets measured at carrying amount	0	500	500	0	300	300
Assets carried on Balance Sheet	4,303	880	5,183	4,500	425	4,925

24.3 Capital Commitments

Within the Authority's 2018/2019 capital programme, £6.399m relates to schemes that were contractually committed as at 31 March 2019 (£9.045m contractually committed as at 31 March 2018):

Capital Commitments	Commitment Value 2018/2019 £000	Estimated Timescale for Completion No of Years	Commitment Value 2017/2018 £000	Estimated Timescale for Completion No of Years
21st Century Schools - Six Bells Project	2,739	1	7,111	2
Box Works	959	1	0	0
Highways Improvement Works	841	1	127	1
RE:FIT Wales (Energy Efficiency Projects)	442	1	0	0
Schools IT Infrastructure	374	1	0	0
Collaborative Change Programme	256	1	522	1
CCTV Upgrade	146	1	0	0
21st Century - Class Size Grant	139	1	0	0
Flying Start Projects	100	1	26	1
Other*	403	1	1,259	1
Total	6,399		9,045	

Other: Includes outstanding retentions on infrastructure & regeneration projects and various other scheme commitments, including leisure centre demolitions, development of Lime Avenue and 21st Century School projects.*

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 2018/2019, 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 £1.509 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 2018/2019, 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 2018. The Authority does not consider the difference in valuations between this date and 31 March 2019 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.

	31 March 2019 £000	31 March 2018 £000	31 March 2017 £000	31 March 2016 £000	31 March 2015 £000	Total £000
Non-Current Asset Valuations						
Current Value:						
Heritage Assets	0	0	0	0	0	0
Other Land & Buildings	31,683	22,185	33,492	108,642	129,062	325,064
Community Assets	0	30	0	32	0	62
	31,683	22,215	33,492	108,674	129,062	325,126
Historic Cost:						
Vehicles Plant & Equipment	86	0	112	80	0	278
	86	0	112	80	0	278
Total cost or valuation:	31,769	22,215	33,604	108,754	129,062	325,404

24.5 Capital Expenditure and Financing

Of the £13.897m capital investment made in 2018/2019, £9.208m was financed in-year through the application of capital receipts and government grants. The remaining £4.689m capital financing requirement has been funded through borrowing, as indicated below:

Capital Expenditure & Financing	2018/2019		2017/2018	
	£000	£000	£000	£000
Capital Investment: Property, Plant & Equipment	11,650		7,203	
REFCUS	2,247		1,386	
		13,897		8,589
Sources of Finance:				
Revenue Provision	(44)		0	
Capital Receipts	(2,235)		(678)	
Government Grants & Other Contributions	(6,929)		(4,042)	
		(9,208)		(4,720)
Increase in capital financing requirement:		4,689		3,869
Explanation of in-year movements:				
Borrowing Supported by Government Financial Assistance		1,975		1,988
Borrowing Unsupported by Government Financial Assistance		2,714		1,881
Total Borrowing:		4,689		3,869

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	259	'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	154	Unveiled September 24th 1924 by Sir Frederick Mills. Listed as an unusually elaborate war memorial, in a prominent setting.
Total Value:	413	

These monuments have been valued on an insurance replacement cost basis and are not depreciated as their useful life is deemed to be indefinite. There were no movements in the carrying amounts of these assets during 2018/2019 or 2017/2018.

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 £0.341m (2017/2018: £0.373m). 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 £0.260m (2017/2018: £0.328m).

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 2019 due under non-cancellable leases in future years are:

	31 March 2019		31 March 2018	
	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	65	226	52	226
Later than 1 year and not later than 5 years	98	880	90	887
Later than 5 years	0	1,098	0	1,316
Total Minimum Lease Payments	163	2,204	142	2,429

Charges to service revenue accounts in the Comprehensive Income and Expenditure Statement during the year in relation to these leases totalled £0.295m (2017/2018: £0.405m).

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 2019		31 March 2018	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Finance Lease Debtor				
Current	78	59	77	56
Non-Current	0	4,085	78	4,144
Unguaranteed Residual Value of Property	0	(566)	0	(566)
Total	78	3,578	155	3,634

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

	Gross Investment in Lease			
	31 March 2019		31 March 2018	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Finance Leases - Lessor				
Not later than one year	78	59	77	56
Later than 1 year and not later than 5 years	0	268	78	255
Later than 5 years	0	3,251	0	3,323
Total	78	3,578	155	3,634

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

	Minimum Lease Payments			
	31 March 2019		31 March 2018	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Finance Leases - Lessor				
Not later than one year	80	269	80	269
Later than 1 year and not later than 5 years	0	1,074	80	1,074
Later than 5 years	0	7,344	0	7,612
Total	80	8,687	160	8,955

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 £3.061m (2017/2018: £2.911m).

	31 March 2019	31 March 2018
	Other land & buildings £000	Other land & buildings £000
Operating Lease Minimum Payments Receivable		
Not later than one year	540	506
Later than 1 year and not later than 5 years	1,696	1,593
Later than 5 years	825	812
Total Minimum Lease Payments Receivable	3,061	2,911

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 2019 was £0.250m (31 March 2018: £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 2019, the company had three registered directors, two of whom are Elected Members of Blaenau Gwent CBC, appointed with effect from 19 March 2018.

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 2018/2019 accounts as approved by the board on 29 May 2019.

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:

Non-Current Debtors	31 March 2019				31 March 2018			
	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	4,085	0	0	4,085	4,145	0	29	4,174
Other Entities & Individuals	442	(37)	0	405	852	(295)	0	557
Total	4,527	(37)	0	4,490	4,997	(295)	29	4,731

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.

Impairment of Non-Current Debtors	31 March 2019			31 March 2018		
	Gross Debtor £000	Impairment £000	Net Debtor £000	Gross Debtor £000	Impairment £000	Net Debtor £000
Dangerous Structures	0	0	0	163	(163)	0
Land & Property Charges	51	(37)	14	163	(132)	31
Total	51	(37)	14	326	(295)	31

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:

Value of School Assets	31 March 2019				31 March 2018			
	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
Land & Buildings	73,326	0	2,608	75,934	74,410	0	3,130	77,540

The valuation of school non-current assets decreased by £1.606m during 2018/2019, largely due to asset depreciation.

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

Analysis of School by Type	31 March 2019				31 March 2018			
	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	2018/2019				2017/2018			
	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	(227)	(201)	0	(428)	(254)	(69)	0	(323)
Middle Schools	(86)	0	0	(86)	975	0	0	975
Secondary Schools	(19)	0	(76)	(95)	(362)	0	129	(233)
Special Schools	(165)	0	0	(165)	(116)	0	0	(116)
Total In-Year (Surplus)/Deficit	(497)	(201)	(76)	(774)	243	(69)	129	303

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

School Balances	31 March 2019				31 March 2018			
	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	(948)	(336)	0	(1,284)	(721)	(135)	0	(856)
Middle Schools	761	0	0	761	847	0	0	847
Secondary Schools	(303)	0	18	(285)	(284)	0	94	(190)
Special Schools	(246)	0	0	(246)	(81)	0	0	(81)
Total	(736)	(336)	18	(1,054)	(239)	(135)	94	(280)

30. Current Debtors

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

Current Debtors	31 March 2019				31 March 2018			
	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	5,473	0	0	5,473	6,348	(1)	0	6,347
Other Central Government	1,099	0	0	1,099	1,524	0	0	1,524
Local Authorities	2,379	(1)	32	2,410	1,321	(64)	250	1,507
NHS	929	(5)	0	924	127	(6)	0	121
Council Tax Arrears	4,546	(1,867)	0	2,679	4,259	(1,814)	0	2,445
Other Entities and Individuals	4,481	(2,295)	1,372	3,558	3,835	(1,925)	1,274	3,184
Trade	930	(86)	0	844	926	(116)	111	921
Total	19,837	(4,254)	1,404	16,987	18,340	(3,926)	1,635	16,049

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.

Impairment of Current Debtors	31 March 2019			31 March 2018		
	Gross Debtor	Impairment	Net Debtor	Gross Debtor	Impairment	Net Debtor
	£000	£000	£000	£000	£000	£000
<i>Impairment of Debtors within the scope of IFRS 9:</i>						
Land & Property Charges	312	(227)	85	320	(258)	62
Trade Debtors	919	(86)	833	702	(116)	586
Debtors related to Sales, Fees & Charges	490	(322)	168	455	(320)	135
<i>Impairment of Debtors outside of the scope of IFRS 9:</i>						
Council Tax	4,546	(1,867)	2,679	4,259	(1,814)	2,445
Housing Benefits	1,715	(1,688)	27	1,580	(1,281)	299
Public Sector Bodies	2,281	(4)	2,277	999	(70)	929
Other Debtors	17	(60)	(43)	48	(67)	(19)
Total	10,280	(4,254)	6,026	8,363	(3,926)	4,437

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

Overpayment of Housing Benefits recorded within the Housing Benefit System are impaired on the basis of past recovery history. Overpayment debtors recorded in the Sundry Debtor System are impaired according to the age of the debt.

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

Other Debtors are impaired on the basis of the age of the debt outstanding.

Impairment of Debtors Outside of the Scope of IFRS9	31 March 2019						31 March 2018					
	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	1,908	3	2,283	8	4,202	(105)	1,771	28	308	0	2,107	(93)
General Arrears > 1 year <5 years old	1,618	24	5	4	1,651	(866)	1,451	3	690	34	2,178	(838)
General Arrears > 5 years old	426	4	(7)	5	428	(441)	484	3	1	14	502	(508)
Recovered Through Housing Benefits	0	1,684	0	0	1,684	(1,670)	0	1,546	0	0	1,546	(1,277)
Absconders	445	0	0	0	445	(445)	423	0	0	0	423	(423)
Bankruptcy/Liquidation/Insolvency	43	0	0	0	43	(43)	10	0	0	0	10	(10)
Other	49	0	0	0	49	(49)	83	0	0	0	83	(83)
Arrears not impaired	57	0	0	0	57	0	37	0	0	0	37	0
Total	4,546	1,715	2,281	17	8,559	(3,619)	4,259	1,580	999	48	6,886	(3,232)

31. **Current Creditors**

Amounts owed by the Authority were as follows:

Current Creditors	31 March 2019			31 March 2018		
	Creditors	Receipts in Advance	Total Current Creditors	Creditors	Receipts in Advance	Total Current Creditors
	£000	£000	£000	£000	£000	£000
Welsh Government	(226)	0	(226)	(216)	0	(216)
Other Central Government	(810)	0	(810)	(745)	0	(745)
Local Authorities	(1,335)	(3)	(1,338)	(1,001)	(75)	(1,076)
NHS	(407)	0	(407)	(49)	0	(49)
Capital Creditors	(226)	0	(226)	(184)	0	(184)
Council Tax Credits	(835)	0	(835)	(847)	0	(847)
Other Entities and Individuals	(5,946)	(225)	(6,171)	(5,806)	(340)	(6,146)
Trade	(1,401)	0	(1,401)	(1,907)	(1)	(1,908)
Total	(11,186)	(228)	(11,414)	(10,755)	(416)	(11,171)

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 2019/2020.	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 2019/2020.	The provision for early terminations comprises the known value of redundancy payments occurring after 31 March 2019 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.	To be utilised in 2019/2020.	Provision is based on relevant utility readings for 2018/2019, some of which have been estimated.
Contaminated Land	To provide for the costs in relation to a possession order and also the clearance of waste and remediation of the site.	Utilised in 2018/2019.	This provision has now been unwound as the site has now been fully cleared. Total cost for clearance of the site was £1.076m, funded by capital receipts.
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 2019/2020 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. There is not expected to be any significant reimbursement by the Authority's insurers, if any. 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 leased assets (Anvil Court, Abertillery & Ebbw Vale Multi-Storey Car Park) to return the assets to their condition as at the inception of the respective lease agreements.	The lease for Ebbw Vale Multi-Storey Car Park is for 99 years, ending in 2070. The Anvil Court lease is for 20 years, ending in 2026. The Authority has purchased the industrial units at Cwm Draw.	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.
Waste Services - Penalties	To provide for any known or potential financial penalties arising from a failure to meet the statutory recycling recovery targets.	Utilised and unwound in 2018/2019.	Penalties for 2017/2018 were waived by Welsh Government and it has been assumed that the recycling target will be met for 2018/2019.
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.	To be utilised in 2019/2020.	Outstanding Legal fees relating to the claim are still to be resolved with the owners.

32.2 Provisions - Movements

Movements in employee-related and other provisions during 2018/2019 were as follows:

Provision Movements	Balance at	Net	Balance at	Amounts	Unused	Unwinding of	Additional	Balance at
	1 April 2017	Movements	1 April 2018	Used in	Amounts	Discount in	Provisions	Balance at
	£000	£000	£000	2018/2019	Reversed in	2018/2019	made in	31 March 2019
				£000	2018/2019	£000	2018/2019	£000
Current Provisions								
Employee Provisions:								
Back Pay	(146)	0	(146)	0	0	0	0	(146)
Early Terminations	(505)	(239)	(744)	682	62	0	(366)	(366)
Total Current Employee Provisions:	(651)	(239)	(890)	682	62	0	(366)	(512)

Provision Movements	Balance at	Net	Balance at	Amounts	Unused	Unwinding of	Additional	Balance at
	1 April 2017	Movements		1 April 2018	Used in		Amounts	
	£000	£000	£000	2018/2019	Reversed in	Discount in	made in	£000
				£000	2018/2019	2018/2019	2018/2019	£000
Other Provisions (Current):								
Carbon Reduction Commitment	(171)	(4)	(175)	150	25	0	(138)	(138)
Contaminated Land	(1,111)	0	(1,111)	0	1,111	0	0	0
Insurance	(834)	(525)	(1,359)	2	0	0	(597)	(1,954)
Lease Dilapidation - Industrial Units	0	(543)	(543)	0	543	0	0	0
Part 1 Land Compensation Claims	(379)	21	(358)	1	0	0	0	(357)
Waste Services - Penalties	0	(198)	(198)	78	120	0	0	0
Waun Y Pound Unit 1	(201)	192	(9)	0	0	0	0	(9)
Total Other Current Provisions:	(2,696)	(1,057)	(3,753)	231	1,799	0	(735)	(2,458)
Total Current Provisions:	(3,347)	(1,296)	(4,643)	913	1,861	0	(1,101)	(2,970)
Other Provisions (Non-Current):								
Insurance	(571)	(655)	(1,226)	300	0	0	(807)	(1,733)
Lease Dilapidation - Anvil Court	(250)	(161)	(411)	2	409	0	(69)	(69)
Lease Dilapidation - Ebbw Vale Multi Storey Car Park	(500)	(106)	(606)	8	598	0	(14)	(14)
Total Non-Current Provisions:	(1,321)	(922)	(2,243)	310	1,007	0	(890)	(1,816)
Total Provisions:	(4,668)	(2,218)	(6,886)	1,223	2,868	0	(1,991)	(4,786)

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 2019, 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 £3.335m 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 2019 £000	31 March 2018 £000
Cardiff Capital Region City Deal Non-Current Creditor	(1,433)	(934)
Deferred Liabilities	(217)	(285)
Net Pensions Liability	(325,993)	(271,599)
Total	(327,643)	(272,818)

- 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 2019		31 March 2018	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Public Works Loan Board	2	(72,081)	(91,778)	(71,281)	(90,512)
Lenders Option Borrowers Option (LOBO)	2	(4,044)	(6,149)	(4,044)	(6,034)
Market Loans	2	(19,000)	(19,264)	(21,500)	(21,775)
Temporary Loans	n/a	(61,649)	(61,803)	(51,249)	(51,311)
Other Loans	n/a	(768)	(768)	(505)	(505)
Total		(157,542)	(179,762)	(148,579)	(170,137)

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 2019			31 March 2018		
	Non-Current £000	Current £000	Total £000	Non-Current £000	Current £000	Total £000
Financial Liabilities						
Financial liabilities at amortised cost	(84,439)	(73,103)	(157,542)	(80,205)	(68,374)	(148,579)
Total Borrowings	(84,439)	(73,103)	(157,542)	(80,205)	(68,374)	(148,579)
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	2018/2019			2017/2018		
	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2018/2019 £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2017/2018 £000
Interest payable and similar charges:						
Interest expense	4,368	0	4,368	3,978	0	3,978
Interest and investment income:						
Interest income	0	(48)	(48)	0	(15)	(15)
Net (gain)/loss for the year:	4,368	(48)	4,320	3,978	(15)	3,963

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 2019, 117 car loans were outstanding with a total value of £0.591m (31 March 2018: 119 loans with a value of £0.675m).

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 22 March 2018 and is available on the Authority's website:

<http://democracy.blaenau-gwent.gov.uk/Data/Ordinary Meeting of the Council/201803221030/Agenda/att8034.pdf>

<http://democracy.blaenau-gwent.gov.uk/Data/Ordinary Meeting of the Council/201803221030/Agenda/att8035.pdf>

<http://democracy.blaenau-gwent.gov.uk/Data/Ordinary Meeting of the Council/201803221030/Agenda/att8036.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 2018/2019 was approved by Council on 22 March 2018.

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 2019		31 March 2018	
	£000	%	£000	%
Source of Loan				
Public Works Loan Board	(72,700)	45.98	(71,942)	48.22
Lenders Option Borrowers Option (LOBO)	(4,000)	2.53	(4,000)	2.68
Market Loans	(19,000)	12.02	(21,500)	14.41
Temporary Loans	(61,649)	38.99	(51,249)	34.35
Other Loans	(768)	0.48	(505)	0.34
Total:	(158,117)	100.00	(149,196)	100.00

The maturity analysis of financial liabilities is as follows:

Maturity of Loan	31 March 2019		31 March 2018	
	£000	%	£000	%
Maturing in less than 1 year	(73,103)	46.23	(61,874)	41.47
Maturing in 1-2 years	(8,802)	5.57	(10,756)	7.21
Maturing in 2-5 years	(13,538)	8.56	(14,418)	9.66
Maturing in 5-10 years	(21,998)	13.91	(24,539)	16.45
Maturing in more than 10 years	(40,676)	25.73	(37,609)	25.21
Total:	(158,117)	100.00	(149,196)	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	2018/2019 £000	2017/2018 £000
Increase in interest payable on current variable rate borrowings	667	448
Increase in interest receivable on current variable rate investments	(51)	(30)
Increase in interest payable on non-current variable rate borrowings	40	40
Net impact upon Comprehensive Income & Expenditure Statement:	656	458

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 £3.392bn and total net scheme liabilities amounted to £361.7bn for the last available year of account (2017/2018).

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 (2017/2018), comprised 10,177 contributing employers that administered over 1.25 million active/deferred members and made payments to 717,037 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 2018/2019, the Authority paid employers contributions of £3.188 million to Capita Teachers' Pensions in respect of teachers' pension costs, representing 16.5% of teachers' pensionable pay (2017/2018: £3.183 million, representing 16.5%). At 31 March 2019, £0.263 million remained payable to the Teachers' Pension Scheme relating to employers contributions arising in the March payroll (31 March 2018: £0.268m).

The total employers contributions to be made by the Authority to the Teachers' Pension Scheme in the year to 31 March 2020, assuming the employers contribution rate rises to 23.6% from September 2019, is estimated at £4.003m.

The Authority made total contributions (employees and employers) to the TPS amounting to £5.039m in 2018/2019, which would have represented approximately 0.08% of the total contributions receivable by the TPS in the last year of account (2017/2018).

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 (2018/2019).

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:

	2018/2019			2017/2018		
	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	18,066	0	18,066	17,768	0	17,768
Past Service Costs and Curtailments	270	0	270	287	0	287
Administration Expenses	222	0	222	211	0	211
Total Service Cost:	18,558	0	18,558	18,266	0	18,266
Financing and Investment Income and Expenditure:						
Interest on plan assets	(9,664)	0	(9,664)	(9,024)	0	(9,024)
Interest on defined benefit liabilities	16,133	937	17,070	15,261	983	16,244
Net Interest:	6,469	937	7,406	6,237	983	7,220
Total Charged to the Surplus/Deficit on Provision of Services:	25,027	937	25,964	24,503	983	25,486
Remeasurement of the Net Defined Liability, comprising:						
Return on plan assets (excluding amounts included in Net Interest)	(11,308)	0	(11,308)	(4,588)	0	(4,588)
Actuarial (Gains)/Losses arising from changes in financial assumptions	51,354	1,447	52,801	(11,490)	(448)	(11,938)
Experience (Gains)/Losses on defined benefit liabilities	44	346	390	(235)	(421)	(656)
Total remeasurements recognised in Other Comprehensive Income & Expenditure:	40,090	1,793	41,883	(16,313)	(869)	(17,182)
Total Charged to the Comprehensive Income & Expenditure Statement:	65,117	2,730	67,847	8,190	114	8,304

At 31 March 2019, £0.927m remained payable to the LGPS relating to contributions arising in the March payroll (31 March 2018: £0.922m). 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:

Pension Scheme Transactions - Movement in Reserves Statement	2018/2019			2017/2018		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Reversal of net charges for post employment benefits included in <i>'Total Charged to the Surplus/Deficit on Provision of Services'</i>	(25,027)	(937)	(25,964)	(24,503)	(983)	(25,486)
Actual Amount Charged Against Council Tax for Pensions in year:						
Employers' Contributions Payable to Scheme	11,610	0	11,610	10,632	0	10,632
Retirement Benefits Payable to Pensioners	0	1,898	1,898	0	1,879	1,879
Total amounts charged against Council Tax:	11,610	1,898	13,508	10,632	1,879	12,511
Net adjustment between accounting basis and funding basis for pension transactions:	(13,417)	961	(12,456)	(13,871)	896	(12,975)

Assets and Liabilities in Relation to Post-Employment Benefits

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

Reconciliation of the Movements in Fair Value of Scheme Assets	2018/2019			2017/2018		
	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:	359,245	0	359,245	347,737	0	347,737
Employer Contributions	11,555	1,898	13,453	10,353	1,879	12,232
Member Contributions	2,831	0	2,831	2,703	0	2,703
Benefits Paid	(15,817)	(1,898)	(17,715)	(15,160)	(1,879)	(17,039)
Interest on Plan Assets	9,664	0	9,664	9,024	0	9,024
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	11,308	0	11,308	4,588	0	4,588
Balance at 31 March:	378,786	0	378,786	359,245	0	359,245

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

Reconciliation of the Movements in Present Value of Scheme Liabilities	2018/2019			2017/2018		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	(593,874)	(36,970)	(630,844)	(584,529)	(38,735)	(623,264)
Current Service Cost	(18,066)	0	(18,066)	(17,768)	0	(17,768)
Past Service Cost and Curtailments	(270)	0	(270)	(287)	0	(287)
Administration Expenses	(222)	0	(222)	(211)	0	(211)
Interest Cost	(16,133)	(937)	(17,070)	(15,261)	(983)	(16,244)
Member Contributions	(2,831)	0	(2,831)	(2,703)	0	(2,703)
Benefits Paid	15,817	1,898	17,715	15,160	1,879	17,039
Remeasurement Gains/(Losses):						
Experience Gains/(Losses)	(44)	(346)	(390)	235	421	656
Actuarial Gains/(Losses) arising from changes in financial assumptions	(51,354)	(1,447)	(52,801)	11,490	448	11,938
Balance at 31 March:	(666,977)	(37,802)	(704,779)	(593,874)	(36,970)	(630,844)

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

Pension Assets & Liabilities Recognised in the Balance Sheet	31 March 2019			31 March 2018		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000	£000	£000	£000	£000
Fair Value of Scheme Assets	378,786	0	378,786	359,245	0	359,245
Present Value of Scheme Liabilities	(666,977)	(37,802)	(704,779)	(593,874)	(36,970)	(630,844)
Net Liability:	(288,191)	(37,802)	(325,993)	(234,629)	(36,970)	(271,599)

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 2019				31 March 2018			
	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:	55,945	0	55,945	14.77	67,211	0	67,211	18.71
Investment Funds and Unit Trusts:								
Equities	0	216,245	216,245	57.09	0	207,052	207,052	57.64
Bonds	0	65,812	65,812	17.37	0	58,249	58,249	16.21
Other	0	28,703	28,703	7.58	0	15,125	15,125	4.21
Real Estate: UK Property Funds	0	10,243	10,243	2.70	0	8,675	8,675	2.41
Cash and Cash Equivalents:	0	1,838	1,838	0.49	0	2,933	2,933	0.82
Total:	55,945	322,841	378,786	100.00	67,211	292,034	359,245	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 2019		31 March 2018	
	Increase in Employer Liabilities		Increase in Employer Liabilities	
	£000	%	£000	%
0.5% decrease in Real Discount Rate	73,233	10.39	62,215	9.86
0.5% increase in the Salary Increase Rate	12,315	1.75	10,955	1.74
0.5% increase in the Pension Increase Rate	59,550	8.45	50,268	7.97
1 year increase in Member Life Expectancy	21,143	3.00	18,925	3.00

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

Sensitivity Analysis	31 March 2019					31 March 2018				
	Base	Discount Rate: -0.5% p.a.	Salary Increase: +0.5% p.a.	Pension Increase: +0.5% p.a.	Life Expectancy: +1 Year	Base	Discount Rate: -0.5% p.a.	Salary Increase: +0.5% p.a.	Pension Increase: +0.5% p.a.	Life Expectancy: +1 Year
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Liabilities	(704,779)	(778,012)	(717,094)	(764,329)	(725,922)	(630,844)	(693,059)	(641,799)	(681,112)	(649,769)
Assets	378,786	378,786	378,786	378,786	378,786	359,245	359,245	359,245	359,245	359,245
Net Deficit	(325,993)	(399,226)	(338,308)	(385,543)	(347,136)	(271,599)	(333,814)	(282,554)	(321,867)	(290,524)

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 2019	31 March 2018
Financial Assumptions:		
Rate of Increase in Salaries	2.9%	2.8%
Rate of Increase in Pensions	2.5%	2.4%
Discount Rate	2.4%	2.7%
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 2019	31 March 2018
Life Expectancy:		
Longevity of current pensioners aged 65:		
Males	21.5	21.5
Females	23.6	23.9
Longevity of future pensioners aged 65 in 20 years' time:		
Males	23.9	23.6
Females	26.1	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 2016.

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 (2017/2018: 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.

Quantifying the impact of the judgement at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Fund's actuary has adjusted GAD's estimate to better reflect the Greater Gwent (Torfaen) Pension Fund's local assumptions, particularly salary increases and withdrawal rates. The revised estimate as it applies to Blaenau Gwent County Borough Council is that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be 0.30% higher as at 31 March 2019, an increase of approximately £1,958k.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, if the judgement is upheld then there will be unavoidable upward pressure on contributions in future years.

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 2018/2019 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 over 2018/2019.
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 (CCRCD)	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: To utilise 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	The purpose of the study is 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 2018/2019 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:

Fund Balances	Balance at	Transfers	Transfers	Balance at	Adjustments	Transfers	Transfers	Balance at
	1 April 2017	to	from	31 March 2018		to	from	31 March 2019
	£000	£000	£000	£000	£000	£000	£000	£000
Council Fund	(5,084)	(416)	0	(5,500)	0	(394)	0	(5,894)
Total: Fund Balances	(5,084)	(416)	0	(5,500)	0	(394)	0	(5,894)

	Balance at 1 April 2017 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2018 £000	Adjustments £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2019 £000
Usable Earmarked Revenue Reserves								
Budget Contingency Fund / Invest to Save	(162)	(737)	346	(553)	0	(260)	742	(71)
Budget Implementation	(329)	0	243	(86)	0	0	86	0
Building Control Fees	(236)	(9)	91	(154)	0	(41)	112	(83)
Cardiff Capital Region City Deal	(11)	0	30	19	(92)*	(114)	0	(187)
Corporate Services Portfolio	(325)	0	120	(205)	70**	(191)	53	(273)
Downsizing, Redundancy & Transitional Costs	(483)	0	364	(119)	0	(341)	243	(217)
Economy Portfolio	(3)	(1)	2	(2)	(70)**	0	59	(13)
Education Portfolio	(31)	(70)	30	(71)	0	0	63	(8)
Environment Portfolio	(46)	(102)	22	(126)	0	(25)	85	(66)
Future Interest Rate	0	0	0	0	0	(106)	0	(106)
I.C.T	(353)	(20)	142	(231)	0	(41)	0	(272)
I.C.T for Elected Members	(20)	0	20	0	0	0	0	0
Implementation Delay Reserve	(116)	0	116	0	0	0	0	0
Individual Schools Budget (ISB)	(204)	0	7	(197)	0	0	11	(186)
Infrastructure Portfolio	(16)	(46)	16	(46)	0	(200)	46	(200)
Insurance Liabilities	(1,574)	(1,302)	2,524	(352)	0	(770)	200	(922)
Land & Property Charges (Social Services)	(140)	0	46	(94)	0	(65)	60	(99)
Leisure Termination Costs	0	0	0	0	0	(200)	35	(165)
LMS Balances	(1,088)	(445)	1,286	(247)	0	(1,008)	245	(1,010)
Local / Strategic Development Plan	(106)	(19)	0	(125)	0	(67)	0	(192)
Members Local Grants	(22)	(15)	0	(37)	0	0	3	(34)
Prudential Borrowing	(200)	(200)	200	(200)	0	(200)	200	(200)
Revenue Grants & Contributions Unapplied	(925)	(347)	122	(1,150)	0	(233)	461	(922)
Social Services Portfolio	0	(32)	0	(32)	0	0	32	0
Specialist Commercial Advice (ALT Review)	0	0	0	0	0	(110)	45	(65)
Strategic Business Reviews	0	0	0	0	0	(250)	0	(250)
Superannuation	(501)	0	0	(501)	0	(75)	75	(501)
Technology Park Feasibility Study	0	0	0	0	0	(80)	0	(80)
Waste Services	(442)	0	248	(194)	0	0	74	(120)
Total: Usable Earmarked Revenue Reserves	(7,333)	(3,345)	5,975	(4,703)	(92)	(4,377)	2,930	(6,242)

*: Adjustments in the audited Cardiff Capital Region City Deal Accounts for 2017/2018 resulted in an increase in the Blaenau Gwent share of earmarked reserves of £0.092m.

**: In May 2018, responsibility for specific functions passed from the Corporate Services Portfolio to the Economy Portfolio requiring a transfer of the retaining walls & stock condition surveys earmarked reserve balances.

Usable Revenue Reserves Earmarked for Capital Purposes	Balance at 1 April 2017 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2018 £000	Adjustments £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2019 £000
Deminimis Capital Works	(84)	(12)	23	(73)	0	(38)	23	(88)
Facilities	0	(42)	0	(42)	0	(80)	0	(122)
Energy Centre	0	(50)	0	(50)	0	(6)	0	(56)
IT Infrastructure	(195)	0	44	(151)	0	(10)	26	(135)
Land at Blaenant Road	0	0	0	0	0	(136)	0	(136)
WRAP Regional Vehicles	0	0	0	0	0	(52)	0	(52)
Total: Usable Reserves Earmarked for Capital Purposes	(279)	(104)	67	(316)	0	(322)	49	(589)

Usable Capital Reserves	Balance at 1 April 2017 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2018 £000	Adjustments £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2019 £000
Capital Grants Unapplied	(639)	(1,688)	1,659	(668)	0	(3,001)	3,010	(659)
Usable Capital Receipts	(8,366)	(765)	805	(8,326)	0	(546)	2,368	(6,504)
Total: Usable Capital Reserves	(9,005)	(2,453)	2,464	(8,994)	0	(3,547)	5,378	(7,163)

Summary: Usable Reserves	Balance at 1 April 2017 £000	Transfers to Funds & Reserves £000	Transfers from Funds & Reserves £000	Balance at 31 March 2018 £000	Adjustments £000	Transfers to Funds & Reserves £000	Transfers from Funds & Reserves £000	Balance at 31 March 2019 £000
Fund Balances	(5,084)	(416)	0	(5,500)	0	(394)	0	(5,894)
Earmarked Revenue Reserves	(7,333)	(3,345)	5,975	(4,703)	(92)	(4,377)	2,930	(6,242)
Revenue Reserves Earmarked for Capital Purposes	(279)	(104)	67	(316)	0	(322)	49	(589)
Capital Reserves	(9,005)	(2,453)	2,464	(8,994)	0	(3,547)	5,378	(7,163)
Total: Usable Reserves	(21,701)	(6,318)	8,506	(19,513)	(92)	(8,640)	8,357	(19,888)

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	2018/2019		2017/2018	
	£000	£000	£000	£000
Balance at 1 April		(88,068)		(99,957)
Adjustments to Opening Balance		(15)*		0
Revised Balance at 1 April		(88,083)		(99,957)
Reversal of items relating to capital expenditure debited or credited to the CIES:				
Charges for depreciation & impairment of non-current assets	11,299		11,666	
Revaluation losses on Property, Plant & Equipment	55		4,775	
Revenue expenditure funded from capital under statute	1,678		1,386	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	489		477	
Capital grants and contributions applied to capital financing	(3,919)		(2,382)	
Sub-Total: Capital Adjustment Transactions included in the Comprehensive Income & Expenditure Statement:		9,602		15,922
Items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment charged against the Council Fund	(620)		(1,130)	
Capital expenditure charged against the Council Fund	(44)		0	
		(664)		(1,130)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(2,312)		(752)	
Application of grants to capital financing from the Capital Grants Unapplied Account	(3,010)		(1,660)	
		(5,322)		(2,412)
Sub-Total: Capital Adjustment Transactions included in the Movement in Reserves Statement:		3,616		12,380
Adjusting Amounts written out of the Revaluation Reserve:				
Charges for depreciation & impairment of non-current assets	(504)		(436)	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	(209)		(55)	
		(713)		(491)
Balance at 31 March		(85,180)		(88,068)

*: 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	2018/2019		2017/2018	
	£000	£000	£000	£000
Balance at 1 April		(15,853)		(16,091)
Upward revaluation of assets	(636)		(326)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	253		124	
Depreciation - write back revaluation reserve	(155)		(51)	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(538)		(253)
Difference between fair value depreciation and historical cost depreciation	504		436	
Accumulated gains on assets sold or scrapped	209		55	
Amount written off to the Capital Adjustment Account		713		491
Balance at 31 March		(15,678)		(15,853)

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	2018/2019		2017/2018	
	£000	£000	£000	£000
Balance at 1 April		3,849		3,909
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(71)		(60)	
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		(71)		(60)
Balance at 31 March		3,778		3,849

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	2018/2019 £000	2017/2018 £000
Balance at 1 April	(4,356)	(4,488)
Transfer to the Capital Receipts Reserve upon receipt of cash	133	132
Balance at 31 March	(4,223)	(4,356)

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	2018/2019 £000	2017/2018 £000
Balance at 1 April	270,641	274,848
Remeasurement of pensions assets & liabilities	41,883	(17,182)
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	25,964	25,486
Employer's pensions contributions and direct payments to pensioners payable in the year	(13,508)	(12,511)
Balance at 31 March	324,980	270,641

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 2018/2019 (2017/2018: £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 2018/2019, £1.708m of accruals for the preceding year were settled or cancelled and £1.432m was accrued at 31 March 2019 (2017/2018: £1.715m of accruals for the preceding year were settled or cancelled and £1.708m 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 2017 £000	Net transfers (to)/ from Reserves £000	31 March 2018 £000	Adjustments £000	Net transfers (to)/ from Reserves £000	31 March 2019 £000
Capital Adjustment Account	(99,957)	11,889	(88,068)	(15)*	2,903	(85,180)
Revaluation Reserve	(16,091)	238	(15,853)	0*	175	(15,678)
Financial Instruments Adjustment Account	3,909	(60)	3,849	0	(71)	3,778
Deferred Capital Receipts Reserve	(4,488)	132	(4,356)	0	133	(4,223)
Pensions Reserve	274,848	(4,207)	270,641	0	54,339	324,980
Unequal Pay Back Pay Account	146	0	146	0	0	146
Accumulated Absences Account	1,715	(7)	1,708	0	(276)	1,432
Total Unusable Reserves:	160,082	7,985	168,067	(15)	57,203	225,255

*: Changes in the audited Cardiff Capital Region City Deal Accounts for 2017/2018 resulted in an increase in the Capital Adjustment Account balance at 1 April 2018 of £0.015m.

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	2018/2019		2017/2018	
	£000	£000	£000	£000
Depreciation & Impairment	11,354		16,441	
REFCUS (deferred charges)	1,678		1,386	
Effective interest adjustment	42		40	
Net IAS19 charges made for Retirement Benefits	25,964		25,486	
IAS19 Employers Contributions Paid to Pension Fund	(13,508)		(12,511)	
		25,530		30,842
Increase/(Decrease) in Provisions		(2,100)		2,218
(Increase)/Decrease in Inventories		258		138
(Increase)/Decrease in Revenue Debtors		107		(416)
Increase/(Decrease) in Revenue Creditors		(19)		738
Total		23,776		33,520

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

Cash Flow - Adjustments for Investing & Financing Activities	2018/2019	2017/2018
	£000	£000
(Gain)/Loss on Disposal of fixed assets	76	(156)
Capital Grants credited to CIES	(6,920)	(4,070)
Total	(6,844)	(4,226)

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	2018/2019			2017/2018		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Purchase of Non-Current Assets	(13,510)			(9,322)		
		(13,510)		(9,322)		
Cash Inflows						
Sale of Non-Current Assets	413			634		
Other Receipts from Investing Activities	6,150			5,901		
		6,563		6,535		
Total			(6,947)			(2,787)

40.2 Financing Activities

The cash flows for financing activities consist of the following:

Cash Flow - Financing Activities	2018/2019			2017/2018		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Repayments of Amounts Borrowed	(129,027)			(132,308)		
Capital Element of Finance Lease Rental Payments	(154)			(256)		
		(129,181)		(132,564)		
Cash Inflows						
New Loans Raised	8,448			0		
New Short-Term Loans	129,500			135,579		
Long-Term Investments Repaid	0			108		
		137,948		135,687		
Total			8,767			3,123

40.3 Financing Activities

Movement in liabilities arising from financing activities are as follows:

Cash Flow - Liabilities arising from Financing Activities	2018/2019			2017/2018		
	£000	£000	£000	£000	£000	£000
Opening Liabilities arising from Financing Activities			148,864			145,625
Cash inflows relating to borrowing and investments	137,948			135,687		
Repayments of Amounts Borrowed	(129,027)			(132,308)		
Capital Element of Finance Lease Rental Payments	(154)			(256)		
Net Cash Flows from Financing Activities		8,767		3,123		
Adjustments for Non-Cash and Other Financing Activities						
Effective Interest Adjustment	42			40		
Finance Lease Additions	86			105		
City Deal Loan Repayment	0			79		
Former Gwent County Council Debt	0			(108)		
		128		116		
Closing Liabilities arising from Financing Activities			157,759			148,864

41. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2018/2019	2017/2018
	£000	£000
Cash Held by the Authority	47	45
Bank Accounts	4,527	5,352
Short Term Investments	6,000	2,000
Total Cash & Cash Equivalents	10,574	7,397

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	2018/2019		2017/2018	
	CCRCD Group £000	Blaenau Gwent Apportionment £000	CCRCD Group £000	Blaenau Gwent Apportionment £000
Cost of Services				
Operating Expenditure	1,340	62	1,584	73
Operating Income	(4,251)	(197)	(929)	(43)
Net Cost of Services	(2,911)	(135)	655	30
Financing and Investment Income & Expenditure	(113)	(5)	(17)	(1)
Taxation & Non-Specific Grant Income	(12,308)	(568)	(24,207)	(1,118)
Tax Expenses	551	25	0	0
(Surplus)/Deficit on Provision of Services	(14,781)	(683)	(23,569)	(1,089)

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 2017	(228)	0	(228)	(10)	0	(10)
(Surplus)/Deficit on Provision of Services	(23,569)	0	(23,569)	(1,089)	0	(1,089)
Adjustments between accounting basis & funding basis	24,207	(24,207)	0	1,118	(1,118)	0
Net(Increase)/Decrease	638	(24,207)	(23,569)	29	(1,118)	(1,089)
Balance at 31 March 2018	410	(24,207)	(23,797)	19	(1,118)	(1,099)
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)

42.3 Cardiff Capital Region City Deal - Summary Group Balance Sheet

Summary CCRCD Group Balance Sheet	2018/2019		2017/2018	
	CCRCD Group £000	Blaenau Gwent Apportionment £000	CCRCD Group £000	Blaenau Gwent Apportionment £000
Non-Current Assets	35,224	1,627	20,183	932
Current Assets	38,742	1,790	26,773	1,237
Current Liabilities	(2,041)	(94)	(2,955)	(137)
Non-Current Liabilities	(31,010)	(1,432)	(20,204)	(933)
Total Net Assets	40,915	1,891	23,797	1,099
Usable Reserve	(4,067)	(188)	410	19
Unusable Reserve	(36,848)	(1,703)	(24,207)	(1,118)
Total Reserves	(40,915)	(1,891)	(23,797)	(1,099)

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

Summary CCRCD Group Cash Flow Statement	2018/2019		2017/2018	
	CCRCD Group £000	Blaenau Gwent Apportionment £000	CCRCD Group £000	Blaenau Gwent Apportionment £000
Net Surplus/(Deficit) on the provision of services	(14,781)	(683)	(23,569)	(1,089)
Adjustments to the provision of Services for non-cash movements	14,109	651	26,043	1,203
Net Cash Inflows/(Outflows) from Operating Activities	(672)	(32)	2,474	114
Investing Activities	14,836	685	41,854	1,934
Financing Activities	(22,308)	(1,030)	(68,886)	(3,182)
Net increase or (decrease) in cash and cash equivalents	(8,144)	(377)	(24,558)	(1,134)
Cash and Cash equivalents at the beginning of the reporting period	(24,942)	(1,152)	(384)	(18)
Adjustment to Cash and Cash equivalents opening balance	(263)	(12)	0	0
Cash and cash equivalents at the end of the reporting period	(33,349)	(1,541)	(24,942)	(1,152)

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	2018/2019			2017/2018		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Greater Gwent Cremation Joint Committee	0	(378)	(378)	0	(132)	(132)
Gwent Joint Records Committee	143	0	143	143	0	143
Gwent Transport Unit	1,162	0	1,162	1,206	0	1,206
South East Wales Strategic Planning Group	1	0	1	1	0	1
Total	1,306	(378)	928	1,350	(132)	1,218

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 2018/2019, Blaenau Gwent was the host Authority, overseeing the following transactions:

South East Wales Strategic Planning Group	2018/2019 £000	2017/2018 £000
Balance at 1 April	(41)	(36)
Balance transferred to Blaenau Gwent	0	0
Receipts (Member Subscriptions)	(5)	(5)
Payments	4	0
Balance at 31 March	(42)	(41)

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	2018/2019					2017/2018				
	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)	(47)	(13)	(171)	(104)	(7)	(47)	(12)	(170)
Other	0	0	(2)	0	(2)	0	0	(3)	0	(3)
Total Income	(104)	(7)	(49)	(13)	(173)	(104)	(7)	(50)	(12)	(173)
Expenditure										
Charitable Activities	117	7	49	13	186	117	7	50	12	186
Other	104	0	0	0	104	104	0	0	0	104
Total Resources Expended	221	7	49	13	290	221	7	50	12	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	2018/2019			2017/2018		
	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	(569)	5,002	5,571	(452)	5,119
Cwm Recreation Ground	15	(15)	0	15	(15)	0
Ebbw Vale Recreation Ground	298	(54)	244	298	(41)	257
Tredegar Recreation Ground	86	(50)	36	86	(44)	42
Total	5,970	(688)	5,282	5,970	(552)	5,418

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	2018/2019	2017/2018
	£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	2018/2019			2017/2018 (Reclassified)			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Continuing Operations								
Corporate Services	52,527	(28,436)	24,091	45,150	(27,910)	17,240	G6	133
Education	17,706	(5,404)	12,302	21,627	(5,915)	15,712		
Education - Schools	45,984	(4,749)	41,235	46,409	(4,277)	42,132		
Environment	32,807	(8,358)	24,449	41,492	(9,189)	32,303		
Cardiff Capital Region City Deal	62	(196)	(134)	73	(1,161)	(1,088)		
Regeneration & Economic Development	5,519	(3,339)	2,180	5,452	(2,941)	2,511		
Social Services	63,460	(18,748)	44,712	63,593	(18,287)	45,306		
Licensing	197	(133)	64	214	(124)	90		
Planning	1,610	(651)	959	1,618	(350)	1,268		
Silent Valley	1,213	(131)	1,082	1,101	16	1,117	G6	133
Total Deficit on Continuing Services	221,085	(70,145)	150,940	226,729	(70,138)	156,591	G3	131
Other Operating Expenditure	9,042	(497)	8,545	8,782	(728)	8,054	G4	132
Financing and Investment Income and Expenditure	21,293	(9,938)	11,355	20,242	(9,314)	10,928	G5	132
Taxation and Non-Specific Grant Income	0	(154,987)	(154,987)	0	(147,744)	(147,744)		
(Surplus)/Deficit on Provision of Services	251,420	(235,567)	15,853	255,753	(227,924)	27,829	G3	131
Tax Expenses			25			0	42	117
Group (Surplus)/Deficit			15,878			27,829	G3	131
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(538)			(253)	G14.2	140
Remeasurement of the net defined benefit pension liability			41,968			(17,218)		
Other Comprehensive Income & Expenditure			41,430			(17,471)	G7	133
Total Group Comprehensive Income & Expenditure			57,308			10,358	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	2018/2019			2017/2018			Note	Page
	Total Authority Reserves	Authority's share of Reserves of Subsidiary	Total Group Reserves	Total Authority Reserves	Authority's share of Reserves of Subsidiary	Total Group Reserves		
	£000	£000	£000	£000	£000	£000		
Opening balance at 1 April	147,935	(2,116)	145,819	137,991	(2,565)	135,426		
Adjustments to brought forward balances	(107)*	0	(107)	35**	0	35		
Revised balance at 1 April	147,828	(2,116)	145,712	138,026	(2,565)	135,461		
Total Group Comprehensive Income & Expenditure	56,920	388	57,308	10,173	185	10,358	GCIES	124
Adjustments between Group Accounts and Authority Accounts	306	(306)	0	(264)	264	0	G8	134
(Increase)/Decrease in year	57,226	82	57,308	9,909	449	10,358		
Balance at 31 March	205,054	(2,034)	203,020	147,935	(2,116)	145,819	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).

** : Reserve balances at 1 April 2017 were amended to include £0.011m as the Authority's share of Cardiff Capital Region City Deal reserves at that date, and also to remove £0.046m balances previously held in respect of Property Improvement Loans that from 2018/2019 have been accounted for on an agency basis.

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 2019		31 March 2018		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	264,409		263,750		G9	134-136
Heritage Assets	413		413			
Non-Current Debtors	4,490		4,731			
Sub Total: Long Term Assets		269,312		268,894		
Assets Held for Sale	880		425		G10	137
Inventories	461		719			
Current Debtors	16,976		16,158		G18	144
Cash and Cash Equivalents	15,650		12,823			
Sub Total: Current Assets		33,967		30,125		
Current Borrowing	(73,103)		(68,374)		G11	137
Current Creditors	(11,507)		(11,287)			
Current Grants Receipts in Advance	(2,301)		(2,656)		G12	138
Current Provisions	(3,140)		(4,813)			
Sub Total: Current Liabilities		(90,051)		(87,130)		
Non-Current Borrowing	(84,439)		(80,205)		G12	138
Non-Current Provisions	(3,853)		(4,472)			
Other Long-Term Liabilities	(327,956)		(273,031)		G13-G14	139-142
Sub Total: Long-Term Liabilities		(416,248)		(357,708)		
Total Net Assets/(Liabilities)		(203,020)		(145,819)		
Usable Reserves	(22,235)		(22,248)		G15	142
Unusable Reserves	225,255		168,067		G15	142
Total Reserves		203,020		145,819		

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	2018/2019		2017/2018		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services less tax expenses	(15,878)		(27,829)		GCIES	124
Adjustments to the provision of services for non-cash movements	23,706		33,448		G16.1	143
Adjustments for items included in the provision of services that are investing and financing activities	(6,844)		(4,255)		G16.2	143
Interest received	36		0			
Net Cash Inflows from Operating Activities		1,020		1,364		
Investing activities		(6,960)		(2,832)	G17	144
Financing activities		8,767		3,123	40.2	115
Net increase or (decrease) in cash and cash equivalents		2,827		1,655		
Cash and cash equivalents at the beginning of the reporting period		12,823		11,168	GBS, G18	126, 144
Cash and cash equivalents at the end of the reporting period		15,650		12,823	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 2018/2019 financial year and its position at the year-end of 31 March 2019. 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 2018/2019 and the Service Reporting Code of Practice 2018/2019, 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 £0.751m (2017/2018: £0.759m) 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 2018/2019 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 2018/2019 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	2018/2019					2017/2018 (Reclassified)				
	Management Account Net Expenditure £000	Accounting Code Adjustments £000	Net Expenditure Chargeable to the Council Fund £000	Funding & Accounting Basis Adjustments £000	Group CIES Net Expenditure £000	Management Account Net Expenditure £000	Accounting Code Adjustments £000	Net Expenditure Chargeable to the Council Fund £000	Funding & Accounting Basis Adjustments £000	Group CIES Net Expenditure £000
Corporate Services	14,601	8,063	22,664	1,427	24,091	14,249	1,173	15,422	1,818	17,240
Education	55,075	(45,816)	9,259	3,043	12,302	54,356	(43,085)	11,271	4,441	15,712
Education - Schools	(1,054)	42,505	41,451	(216)	41,235	(282)	42,300	42,018	114	42,132
Environment	28,639	(13,431)	15,208	9,241	24,449	31,618	(12,904)	18,714	13,589	32,303
Cardiff Capital Region City Deal	0	(134)	(134)	0	(134)	0	30	30	(1,118)	(1,088)
Regeneration & Economic Development	1,457	(892)	565	1,615	2,180	1,453	665	2,118	393	2,511
Social Services	43,924	(2,128)	41,796	2,916	44,712	41,708	482	42,190	3,116	45,306
Licensing	71	(28)	43	21	64	74	2	76	14	90
Planning	1,029	(194)	835	124	959	1,050	92	1,142	126	1,268
Capital Adjustments	0	(1)	(1)	1	0	0	(21)	(21)	21	0
Pension Adjustments	0	1,008	1,008	(1,008)	0	0	1,017	1,017	(1,017)	0
Silent Valley	1,082	0	1,082	0	1,082	1,117	0	1,117	0	1,117
Net Expenditure on Continuing Operations	144,824	(11,048)	133,776	17,164	150,940	145,343	(10,249)	135,094	21,497	156,591
Other Operating Expenditure	(84)	8,549	8,465	80	8,545	(94)	8,305	8,211	(157)	8,054
Financing & Investment Income & Expenditure	(30)	4,672	4,642	6,713	11,355	(29)	4,927	4,898	6,030	10,928
Taxation & Non-Specific Grant Income	0	(148,719)	(148,719)	(6,268)	(154,987)	0	(145,805)	(145,805)	(1,939)	(147,744)
(Surplus)/Deficit on the Provision of Services	144,710	(146,546)	(1,836)	17,689	15,853	145,220	(142,822)	2,398	25,431	27,829
Tax expenses	25	0	25	0	25	0	0	0	0	0
Group (Surplus)/Deficit	144,735	(146,546)	(1,811)	17,689	15,878	145,220	(142,822)	2,398	25,431	27,829
Transfers to/(from) earmarked reserves			1,723					(3,078)		
(Increase)/Decrease in year			(88)					(680)		
Opening Group Balances as at 1 April			(6,119)					(5,439)		
Closing Group Balances as at 31 March			(6,207)					(6,119)		

G4. Other Operating Expenditure

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

	2018/2019			2017/2018		
	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	489	(413)	76	477	(634)	(157)
Precepts & Levies	8,553	0	8,553	8,305	0	8,305
Subsidiary:						
Income from energy generation	0	(84)	(84)	0	(94)	(94)
Total	9,042	(497)	8,545	8,782	(728)	8,054

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:

	2018/2019			2017/2018		
	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 *	(158)	0	(158)	0	0	0
Interest payable and similar charges - Financial Instruments	4,368	0	4,368	3,978	0	3,978
Interest payable and similar charges - Other **	7	0	7	13	0	13
Interest receivable and similar income - Financial Instruments	0	(48)	(48)	0	(15)	(15)
Interest receivable and similar income - Other ***	0	(226)	(226)	0	(275)	(275)
Net Pensions Interest	17,076	(9,664)	7,412	16,251	(9,024)	7,227
Total	21,293	(9,938)	11,355	20,242	(9,314)	10,928

*: 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	2018/2019 £000	2017/2018 £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	70	70
Total Audit Fees	376	376

External Audit services for Blaenau Gwent CBC are provided by 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	2018/2019 £000	2017/2018 £000
(Surplus)/Deficit arising on the revaluation of Non-Current Assets	(538)	(253)
Remeasurement of the net defined benefit pension liability	41,968	(17,218)
Other Comprehensive Income & Expenditure	41,430	(17,471)

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 2019		31 March 2018	
	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	(751)	751	(870)	870
Income	22	(22)	163	(163)
Debtors & Creditors	64	(64)	(67)	67
Retained Profits	(373)	373	(570)	570
Accumulating Dividend	725	(725)	725	(725)
Less cumulative adjustments brought forward	619	(619)	355	(355)
Total intra-group adjustments	306	(306)	(264)	264

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 2019	31 March 2018
	£000	£000
Gross Carrying Amount	325,164	315,526
Accumulated Depreciation	(60,755)	(51,776)
Net Book Value	264,409	263,750

Movements in 2018/2019:

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 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 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 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	155	0	0	0	0	0	155
Depreciation written out to the Surplus/Deficit on the Provision of Services	104	0	0	0	0	0	104
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)
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
Net Book Value as at 31 March 2017	160,768	4,708	99,226	128	4,872	3,452	273,154

Movements in 2017/2018:

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 2017	168,712	12,780	126,849	138	4,886	3,452	316,817
Appropriations	(176)	20	176	(20)	0	0	0
Assets reclassified to/from held for sale	(387)	0	0	0	(5)	0	(392)
Additions	177	1,466	281	0	0	1,445	3,369
Revaluation increases/(decreases) recognised in the Revaluation Reserve	261	0	0	1	0	0	262
Revaluation increases/(decreases) recognised in the Provision of Services	(4,799)	0	0	1	(360)	0	(5,158)
Capital expenditure written off	(2,469)	(144)	(43)	0	0	0	(2,656)
Derecognition - disposals	0	(557)	0	0	0	0	(557)
Other movements in cost or valuation **	2,641	144	43	0	0	1,013	3,841
Cost or Valuation as at 31 March 2018	163,960	13,709	127,306	120	4,521	5,910	315,526

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 2017	(7,944)	(8,072)	(27,623)	(10)	(14)	0	(43,663)
Depreciation Charge & Appropriations	(4,687)	(1,279)	(3,096)	(1)	(7)	0	(9,070)
Depreciation written out to the Revaluation Reserve	51	0	0	0	0	0	51
Depreciation written out to the Surplus/Deficit on the Provision of Services	383	0	0	0	0	0	383
Derecognition - disposals	(14)	537	0	0	0	0	523
Accumulated Depreciation & Impairment as at 31 March 2018	(12,211)	(8,814)	(30,719)	(11)	(21)	0	(51,776)

Notes * & **: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £5.36 million of which has been added to the asset base and £1.91 million of which has been written off as there has been no increase to the asset value in 2018/2019(*); £1.18 million of which has been added to the asset base and £2.66 million of which has been written off as no increase to the asset value resulted in 2017/2018(**).

G10. Current Debtors

Amounts owing to the Group were as follows:

Current Debtors	31 March 2019				31 March 2018			
	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	5,473	0	0	5,473	6,348	(1)	0	6,347
Other Central Government	1,099	0	0	1,099	1,524	0	0	1,524
Local Authorities	2,379	(1)	32	2,410	1,321	(64)	250	1,507
NHS	929	(5)	0	924	127	(6)	0	121
Council Tax Arrears	4,546	(1,867)	0	2,679	4,259	(1,814)	0	2,445
Other Entities & Individuals	4,449	(2,295)	1,372	3,526	3,931	(1,925)	1,274	3,280
Trade	951	(86)	0	865	939	(116)	111	934
Total Current Debtors:	19,826	(4,254)	1,404	16,976	18,449	(3,926)	1,635	16,158

G11. Current Creditors

Amounts owed by the Group were as follows:

Current Creditors	31 March 2019			31 March 2018		
	Creditors	Receipts in Advance	Total Current Creditors	Creditors	Receipts in Advance	Total Current Creditors
	£000	£000	£000	£000	£000	£000
Welsh Government	(226)	0	(226)	(216)	0	(216)
Other Central Government	(810)	0	(810)	(745)	0	(745)
Local Authorities	(1,335)	(3)	(1,338)	(1,001)	(75)	(1,076)
NHS	(407)	0	(407)	(49)	0	(49)
Capital Creditors	(226)	0	(226)	(184)	0	(184)
Council Tax Credits	(835)	0	(835)	(847)	0	(847)
Other Entities and Individuals	(6,021)	(225)	(6,246)	(5,911)	(340)	(6,251)
Trade	(1,419)	0	(1,419)	(1,918)	(1)	(1,919)
Total Current Creditors:	(11,279)	(228)	(11,507)	(10,871)	(416)	(11,287)

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 2018/2019 were as follows:

	Balance at 1 April 2017 £000	Net Movements 2017/2018 £000	Balance at 1 April 2018 £000	Amounts Used in 2018/2019 £000	Unused Amounts Reversed in 2018/2019 £000	Unwinding of Discount in 2018/2019 £000	Additional Provisions made in 2018/2019 £000	Balance at 31 March 2019 £000
Provision Movements								
Current Provisions								
Employee Provisions:								
Parent's Employee Provisions	(651)	(239)	(890)	682	62	0	(366)	(512)
Other Provisions:								
Parent's Other Provisions	(2,696)	(1,057)	(3,753)	231	1,799	0	(735)	(2,458)
Silent Valley Aftercare	(170)	0	(170)	192	0	0	(192)	(170)
	(3,517)	(1,296)	(4,813)	1,105	1,861	0	(1,293)	(3,140)
Non-Current Provisions								
Parent's Provisions	(1,321)	(922)	(2,243)	310	1,007	0	(890)	(1,816)
Silent Valley Aftercare	(2,433)	204	(2,229)	0	192	0	0	(2,037)
	(3,754)	(718)	(4,472)	310	1,199	0	(890)	(3,853)
Total Provisions:	(7,271)	(2,014)	(9,285)	1,415	3,060	0	(2,183)	(6,993)

G13. Other Long-Term Liabilities

The Group holds the following balances as long-term liabilities:

Other Long-Term Liabilities	31 March 2019 £000	31 March 2018 £000
Cardiff Capital Region City Deal Non-Current Creditor	(1,433)	(934)
Deferred Liabilities	(217)	(285)
Net Pensions Liability	(326,306)	(271,812)
Total	(327,956)	(273,031)

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 2018/2019, the total defined contribution scheme charge to the Group CIES was £0.071m (2017/2018: £0.065m). There were no outstanding contributions to the scheme at 31 March 2019 or 31 March 2018.

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 2016.

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:

	2018/2019			2017/2018		
	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	18,109	0	18,109	17,811	0	17,811
Other Service Costs	492	0	492	498	0	498
Total Service Cost:	18,601	0	18,601	18,309	0	18,309
Financing and Investment Income and Expenditure:						
Interest on Plan Assets	(9,658)	0	(9,658)	(9,017)	0	(9,017)
Interest on Defined Benefit Liabilities	16,133	937	17,070	15,261	983	16,244
Net Interest:	6,475	937	7,412	6,244	983	7,227
Total Charged to the Surplus/Deficit on Provision of Services:	25,076	937	26,013	24,553	983	25,536
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:						
Return on plan assets (excluding amounts included in Net Interest)	(11,308)	0	(11,308)	(4,588)	0	(4,588)
Actuarial (Gains)/Losses arising from changes in financial assumptions	51,354	1,447	52,801	(11,490)	(448)	(11,938)
Experience (Gains)/Losses on defined benefit liabilities	129	346	475	(281)	(421)	(702)
Total remeasurement recognised in Other Comprehensive Income & Expenditure	40,175	1,793	41,968	(16,359)	(869)	(17,228)
Total Charged to the Group Comprehensive Income & Expenditure Statement:	65,251	2,730	67,981	8,194	114	8,308

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:

	2018/2019			2017/2018		
	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:	360,666	0	360,666	349,097	0	349,097
Employer Contributions	11,589	1,898	13,487	10,386	1,879	12,265
Member Contributions	2,838	0	2,838	2,710	0	2,710
Benefits Paid	(15,847)	(1,898)	(17,745)	(15,189)	(1,879)	(17,068)
Interest on Plan Assets	9,702	0	9,702	9,059	0	9,059
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	11,355	0	11,355	4,603	0	4,603
Balance at 31 March:	380,303	0	380,303	360,666	0	360,666
Reconciliation of the Movements in Present Value of Scheme Liabilities						
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	(595,508)	(36,970)	(632,478)	(586,131)	(38,735)	(624,866)
Current Service Cost	(18,109)	0	(18,109)	(17,811)	0	(17,811)
Past Service Cost and Curtailments	(270)	0	(270)	(287)	0	(287)
Administration Expenses	(222)	0	(222)	(211)	0	(211)
Interest Cost	(16,177)	(937)	(17,114)	(15,303)	(983)	(16,286)
Member Contributions	(2,838)	0	(2,838)	(2,710)	0	(2,710)
Benefits Paid	15,847	1,898	17,745	15,189	1,879	17,068
Experience Gains/(Losses)	(44)	(346)	(390)	235	421	656
Actuarial Gains/(Losses) arising from changes in financial assumptions	(51,486)	(1,447)	(52,933)	11,521	448	11,969
Balance at 31 March:	(668,807)	(37,802)	(706,609)	(595,508)	(36,970)	(632,478)

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

Pension Assets & Liabilities Recognised in the Balance Sheet	31 March 2019			31 March 2018		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000	£000	£000	£000	£000
Fair Value of Scheme Assets	380,303	0	380,303	360,666	0	360,666
Present Value of Scheme Liabilities	(668,807)	(37,802)	(706,609)	(595,508)	(36,970)	(632,478)
Net Liability:	(288,504)	(37,802)	(326,306)	(234,842)	(36,970)	(271,812)

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 (2017/2018: 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 2017	2017/2018	31 March 2018	Adjustments	2018/2019	31 March 2019
	£000	£000	£000	£000	£000	£000
Council Fund	(5,439)	(680)	(6,119)	0	(88)	(6,207)
Silent Valley Profit & Loss Reserve	(2,565)	449	(2,116)	0	82	(2,034)
Parent's Usable Earmarked Reserves	(16,617)	2,604	(14,013)	(92)*	111	(13,994)
	(24,621)	2,373	(22,248)	(92)	105	(22,235)
Parent's Unusable Reserves	160,082	7,985	168,067	(15)*	57,203	225,255
Total: Reserves	135,461	10,358	145,819	(107)	57,308	203,020

*: Adjustments in the audited Cardiff Capital Region City Deal accounts for 2017/2018 resulted in an increase in the Blaenau Gwent share of earmarked reserves of £0.092m, and unusable reserves of £0.015m.

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	2018/2019		2017/2018	
	£000	£000	£000	£000
Depreciation & Impairment	11,400		16,475	
REFCUS (deferred charges)	1,678		1,386	
Effective interest adjustment	42		40	
Net IAS19 charges made for Retirement Benefits	25,964		25,486	
IAS19 Employers Contributions Paid to Pension Fund	(13,499)		(12,511)	
		25,585		30,876
Increase/(Decrease) in Provisions		(2,353)		2,140
(Increase) / Decrease in Inventories		258		138
(Increase) / Decrease in Revenue Debtors		197		(367)
Increase / (Decrease) in Revenue Creditors		19		661
Total		23,706		33,448

G16.2 Investing or Financing Activities included in the Deficit on Provision of Services

Cash Flow - Adjustments for Investing & Financing Activities	2018/2019	2017/2018
	£000	£000
(Gain)/Loss on Disposal of fixed assets	76	(185)
Capital Grants credited to CIES	(6,920)	(4,070)
Total	(6,844)	(4,255)

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	2018/2019			2017/2018		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Purchase of Non-Current Assets	(13,523)			(9,432)		
		(13,523)			(9,432)	
Cash Inflows						
Sale of Non-Current Assets	413			663		
Other Receipts from Investing Activities	6,150			5,937		
		6,563			6,600	
Total			(6,960)			(2,832)

G18. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2018/2019	2017/2018
	£000	£000
Cash Held by the Authority	47	45
Bank Accounts	9,603	10,778
Short-term investments	6,000	2,000
Total Cash & Cash Equivalents	15,650	12,823

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 (2017/2018: £0.204m) in respect of losses for the year.



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Cyngor Bwrdeistref Sirol

Blaenau Gwent

County Borough Council

a better place to live and work - lle gwell i fyw a gweithio

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: **17th November 2020**

Report Subject: **External Audit of 2016/17 Statement of Accounts –
Blaenau Gwent County Borough Council**

Report Submitted by: **Wales Audit Office**

Report Written by: **Wales Audit Office**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	10.11.20		17.11.20					

- Purpose of the Report**
To consider the attached report from the Council's External Auditors, Wales Audit Office.

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Audit of Financial Statements Report – Blaenau Gwent County Borough Council

Audit year: 2016-17

Date issued: November 2020

Document reference: 1882A2020-21

This document has been prepared as part of work performed in accordance with statutory functions.

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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.

Contents

The Auditor General intends to issue a modified audit report on your financial statements. In our opinion your financial statements present a true and fair view of your financial position and income and expenditure for the year, except for pension payments made on behalf of two Senior Officers relating to Directorships of Silent Valley Waste Services Ltd.

Summary report

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Blaenau Gwent County Borough Council (the Council) at 31 March 2017 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative levels at which we judge such misstatements to be material for the Council is £2,517,000. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity. For example, we consider the Senior Officers' Remuneration Note to be material by its nature and set a materiality level of £1. In other words, given this low level of materiality, we expect this particular note to be correct given it is publishing individual's remuneration and making this information publicly available.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of the Council, for 2016-17, that require reporting under ISA 260.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2017 on 26 June 2017, in line with the agreed deadline, and have now substantially completed the audit work. The completion of our audit work was significantly delayed due to the need to consider correspondence received which raised a number of concerns in relation to the Council's relationship with Silent Valley Waste Services Ltd (SVWS).
- 7 In July 2018, we met with officers in Gwent Police, and after the Police had carried out an initial examination of the information available, the Police decided to conduct its own investigation. In view of this decision, we concluded that it would not be appropriate to continue the audit until the Police enquiries had concluded.
- 8 In September 2019, Gwent Police, having sought advice from the Crown Prosecution Service, decided not to pursue criminal charges against any individual(s). We were therefore able to recommence the audit.
- 9 We are continuing to examine a number of other matters relating to the Council's historic relationship with SVWS that we will report on in due course. Our audit of

the Council's 2016-17 financial statements has therefore not yet been closed. However, we do not consider that any of the ongoing matters to be material to the Auditor General's opinion on the Council's financial statements and the audit opinion can therefore be provided.

- 10 We are reporting to you the more significant issues arising from the audit of the financial statements, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with Council officers.

Proposed audit report

- 11 It is the Auditor General's intention to issue a modified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 12 The Auditor General intends to modify the standard audit report in respect of employer pension contributions of £4,975 included within the Senior Officers' Remuneration report. These payments are considered to be material by their nature (as explained in paragraph 3).
- 13 The payments relate to the appointments of the Council's then Chief Finance Officer and its Corporate Director of Environment & Regeneration (the officers) as directors of a wholly-owned subsidiary of the Council, Silent Valley Waste Services Ltd (SVWS). The SVWS appointments were separate from the Council appointments of the officers concerned, and the remuneration for the SVWS director roles was determined by SVWS.
- 14 The officers concerned each received remuneration of £11,568.96 for the performance of their SVWS roles. The Council administered the payments through its payroll and invoiced SVWS to recover these costs. In administering the SVWS director remuneration, the Council treated the remuneration as pensionable within the Local Government Pension Scheme (LGPS) and in 2016-17 paid employer pension contributions totalling £4,975 into the LGPS as though the SVWS appointments formed part of the officers' Council roles. The Council did not recover these pension costs from SVWS.
- 15 In our view the employer pension contributions of £4,975 made by the Council to the LGPS appear to be contrary to law. For pension purposes, the Council treated the remuneration paid to the officers in respect of the SVWS director appointments as though the officers concerned were undertaking the SVWS roles as part of their core Council duties.
- 16 The Council did not establish adequate governance arrangements around the SVWS director appointments and related remuneration to enable us to determine definitively whether the appointments were Council or SVWS employments for pension purposes. However, we consider it likely that the employer pension contributions the Council made to the LGPS in respect of these appointments were contrary to law for the reasons set out below:

- The Council's constitution required that chief officer pay be determined by members meeting as full Council. However, members were not asked to approve the amount of remuneration to be paid for undertaking the roles as SVWS directors, or that any remuneration be treated as pensionable pay.
- The Council could not lawfully incur pension costs relating to SVWS engagements, and the SVWS engagements appear to have been SVWS engagements. The Council did not formally agree their SVWS roles as part of the officers' Council duties or determine the amount of remuneration to be paid for the role. Furthermore, in 2017, the Council wrote to the officers concerned stating that the SVWS roles were separate engagements, and that remuneration for these roles did not constitute additional remuneration for performing their core duties as Council officers.
- Regulation 22 (2) of the Local Government Pension Scheme Regulations 2013 requires that a separate pension account be opened in relation to each employment where a member is or was employed in two or more Scheme employments. We consider that the SVWS engagements appears to be separate scheme employments from the officers' core Council employments. However, separate pension accounts were not opened, and the Council treated the two engagements as a single employment for pension purposes.
- In December 2019, the Council wrote to SVWS requesting repayment of the employer pension costs on the basis that these costs should be considered to relate to SVWS employments and the liability for these costs should be borne by SVWS. However, we note that SVWS never designated its directors as a class of employees eligible for membership of the LGPS, and without this designation, SVWS could not lawfully make payments to the LGPS in respect of its directors, nor could the Council do so on SVWS's behalf. SVWS has not repaid the amount requested.

17 The proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

18 The most significant issue identified during the audit is detailed in paragraphs 12-16 above and has resulted in a qualified audit opinion. Other issues have been identified during the course of the audit which we are required to bring to your attention.

Uncorrected misstatements

19 We set out below the misstatements we identified in the financial statements, which have been discussed with management but remain uncorrected. If you decide not to correct these misstatements, we ask that you provide us with the reasons for non-correction.

Overstatement of Other Land & Buildings £442,432

- Our audit work identified that the valuation of a new primary school brought into use during the financial year had been overstated by £442,432. We are satisfied that was an isolated occurrence. Consequently, the 'revaluation increase recognised in the Revaluation Reserve' within Note 29.1 and the 'upward revaluation' within Note 46.2.1 of the Revaluation Reserve are overstated.

Understatement of Income and Expenditure £195,106

- Our audit work identified that items of expenditure had been incorrectly coded to income codes, resulting in expenditure being offset against income. Consequently, both income and expenditure are understated by £195,106 within the Comprehensive Income and Expenditure Statement.

Overstatement of Current Debtors £166,495

- Our testing of the current debtor balances identified that the 'Other Entities and Individuals' balance was overstated by £166,495. This relates to balances that have been in existence for a number of years which the Council was unable to substantiate.

Corrected misstatements

- 20 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in **Appendix 3**.

Independence and objectivity

- 21 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 22 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between Audit Wales and the Council that we consider to bear on our objectivity and independence.

Appendix 1

Requested Letter of Representation

Auditor General for Wales
Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of Blaenau Gwent County Borough Council (the council) for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and Code of Practice on Local Authority Accounting in the United Kingdom; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

[xxxx]

[Include here:

Representations by Blaenau Gwent County Borough Council

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on (insert date).

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

[Officer who signs on behalf of management]

Date:

Signed by:

[Officer or Member who signs on behalf of those charged with governance]

Date:

Appendix 2

Proposed audit report of the Auditor General

Auditor General for Wales' report to the Members of Blaenau Gwent County Borough Council

I have audited the accounting statements and related notes of:

- Blaenau Gwent County Borough Council; and
- Blaenau Gwent County Borough Council Group;

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

Blaenau Gwent County Borough Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement.

Blaenau Gwent County Borough Council's Group accounting statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts [set out on page 18 of the Statement of Accounts], the responsible financial officer is responsible for the preparation of Blaenau Gwent County Borough Council's statement of accounts, and Group accounting statements, which give a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Blaenau Gwent County Borough Council and Blaenau Gwent County Borough Council Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates

made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Blaenau Gwent County Borough Council

In my opinion except for the effect on the financial statements of the matter referred to in the Basis for Qualified Opinion paragraph, the accounting statements and related notes:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on the accounting statements of Blaenau Gwent County Borough Council Group

In my opinion except for the effect on the financial statements of the matter referred to in the Basis for Qualified Opinion paragraph, the accounting statements and related notes:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council Group as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Basis for Qualified Opinion

In Note 16.3, Senior Officer Remuneration, the Council includes pension payments totalling £4,975 that in my opinion appear to be contrary to law. The Council should have disclosed the nature and impact of these additional pension contributions for the financial statements to give a true and fair view, but it has failed to do so.

These payments relate to employer pension contributions paid into the Greater Gwent Pension Fund on behalf of the Chief Finance Officer and the Corporate Director of Environment & Regeneration for their roles as directors of a wholly-owned subsidiary of the Council, Silent Valley Waste Services Ltd (SVWS).

The Council paid remuneration to these officers for undertaking SVWS director roles. The Council treated these payments as pensionable within the scope of the Local Government Pension Scheme (LGPS) and made employer pension contributions into the Greater Gwent Pension Fund as though the SVWS payments were part of the officers' core Council employments. The cost of these pension contributions was met by the Council.

I consider that the employer pension contributions appear to be contrary to law on the basis that:

- the SVWS directorships of the officers concerned appear to have been SVWS engagements. The Council could not lawfully incur pension costs relating to SVWS engagements.
- the Council did not approve the amount of remuneration to be paid to the officers concerned for undertaking their SVWS roles, or that any remuneration they received for performance of these roles be treated as pensionable pay. The amount to be paid to these officers for the SVWS roles was determined by SVWS and not the Council.
- the payments appear to be in breach of Regulation 22 (2) of the Local Government Pension Scheme Regulations 2013 which required separate pension accounts to be opened for each Scheme employment. It appears that the SVWS engagements were separate employments to the officers' core Council employments, but separate pensions accounts were not opened.

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Blaenau Gwent County Borough Council and its Group. In accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion on other matters

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or

- I have not received all the information and explanations I require for my audit; and
- the Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

I am unable to certify that I have completed the audit of the accounts of Blaenau Gwent County Borough Council, as I have ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services Ltd.

Adrian Crompton
Auditor General for Wales
[Date]

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of corrections made to the draft financial statements

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: summary of corrections made to the draft financial statements

Value of correction	Nature of correction	Reason for correction
£4,604,000	Increase of the amounts disclosed within Note 24 (Grants and Contributions) for items that were Grants or Contributions in nature, but had not been classified as such (note: this does not impact on the Comprehensive Income and Expenditure Statement (CIES) as the items were classified correctly within this). Note: the comparative figure for 2015/16 has also been increased by £4,459,000.	To ensure that items are classified correctly.
£1,715,363	The amount for Short-Term Compensated Absences should be reclassified from Provisions to Creditors.	To ensure that the classification of Short-Term Compensated Absences is in line with the requirements of the Code of Practice on Local Authority Accounting (the Code).
£1,410,000	Reclassification of an asset from 'Infrastructure' to 'Other Land and Buildings' within Note 29.1 (Property, Plant & Equipment).	To ensure that items of property, plant and equipment are classified correctly.

Value of correction	Nature of correction	Reason for correction
£1,382,208	The Bank Account figure was overstated by £1,382,207.63 as the Council had accounted for prepayments relating to 2017-18 incorrectly. This error also impacted on 'Note 37 Current Debtors' and 'Note 38 Current Creditors' where the Debtor balance was understated by £82,898.04 and the Creditor balance was overstated by £1,299,309.59.	To ensure that amounts included in Notes 37, 38 and 49 are accurately stated.
£1,365,000	Increase in the gross brought forward value of Property, Plant and Equipment due to an asset being undervalued.	To ensure that assets are included in the accounts at the correct value.
£1,075,000	Increase in the income and debtor figures due to a previously unidentified income source. This then has to be impaired, leading to an increase in the debtor impairment (and therefore expenditure figure).	To ensure that the income and expenditure figures in the accounts are complete.
£1,070,000	Increase in the depreciation charged to Property, Plant and Equipment due to an error within the system which meant that certain assets were not being depreciated. This increase is split between an amendment to the brought forward balance, and in-year expenditure.	To ensure that depreciation is charged on all relevant assets.
£1,065,000	This should be reclassified from the 'Local Authorities' line to the 'Welsh Government' line within Note 37 (Current Debtors).	To ensure that items are classified correctly.

Value of correction	Nature of correction	Reason for correction
£940,000	A total of approximately £940,000 (£720,000 Council Tax and £220,000 Other Entities & Individuals) has been reclassified from Non-Current to Current debtors.	To ensure that the classification between Current and Non-Current is in line with the requirements of the Code.
£627,905	From an analysis of the asset figures provided by the Actuary, it was noted that as at 31 March 2017, the Local Government Pension Scheme Asset figures within the draft financial statements were overstated by £627,905. As a result, the Return on Plan Assets, which forms part of Other Comprehensive Income by £627,905 will decrease by the same amount.	To ensure that the figures that the Council includes for the Local Government Pension Scheme accurately reflect those provided by the Actuary.
£578,000	Increase in the Council Fund (and respective decrease in Earmarked Reserves) due to items being incorrectly coded to the Council Fund. This increase is split between an amendment to the brought forward balance, and an in-year transfer.	To ensure that the correct charges are made to the Council Fund.
£402,200	The figure for 'Other Entities and Individuals' includes £402,200 which should be classified within other categories of the Note (ie £295,880 should be classified as 'Local Authorities' and '£106,320' as 'NHS').	To ensure that the classification of creditor balances at the year-end are classified correctly.

Value of correction	Nature of correction	Reason for correction
£327,000	This is a reclassification of receipts in advance from both the 'Creditors' and 'Receipts in Advance' lines from Note 32 (Current Creditors) into Note 21 (Receipts in Advance).	To ensure that grant receipts in advance are correctly classified as such as per the disclosure notes and the Balance Sheet.
£154,000	Increase of the 'Capital Grants Credited to Services' and the income in CIES due to income being included in the wrong financial year (it had been included in 2017-18).	To ensure that income is included within the correct financial year and correctly classified as per the requirements of the Code.
Various	Several amendments were required to be made to the Cash Flow Statement and related notes. These included, for an example: <ul style="list-style-type: none"> • a reduction in the decrease in revenue creditors of £760,000 (Note 47.1); and • a reduction of £1.067,000 in the purchase of non-current assets (note 48). 	To ensure that the amounts disclosed within the Cash Flow Statement and related notes agreed to supporting information and balances throughout the financial statements.
Narrative and numerical amendments	Various other narrative and numerical amendments were required to aspects of the Narrative Report, Notes to the Financial Statements (eg Note 25 Related Parties) and the Annual Governance Statement.	To provide enhanced disclosures and understanding of the information contained within the financial statements and Annual Governance Statement, to ensure presentational accuracy and that the information was presented in line with appropriate guidance.



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Website: www.audit.wales

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

Agenda Item 8

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: **17th November 2020**

Report Subject: **External Audit of 2017/18 Statement of Accounts –
Blaenau Gwent County Borough Council**

Report Submitted by: **Wales Audit Office**

Report Written by: **Wales Audit Office**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	10.11.20		17.11.20					

- Purpose of the Report**
To consider the attached report from the Council's External Auditors, Wales Audit Office.

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Audit of Financial Statements Report – Blaenau Gwent County Borough Council

Audit year: 2017-18

Date issued: November 2020

Document reference: 2123A2020-21

This document has been prepared as part of work performed in accordance with statutory functions.

No responsibility is taken by the Auditor General, the staff of Audit Wales or, where applicable, the appointed auditor 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, Audit Wales and, where applicable, the appointed auditor are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@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.

Contents

The Auditor General intends to issue a modified audit report on your financial statements. In our opinion your financial statements present a true and fair view of your financial position and income and expenditure for the year, except for pension payments made on behalf of two Senior Officers relating to Directorships of Silent Valley Waste Services Ltd.

Summary report

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Blaenau Gwent County Borough Council (the Council) at 31 March 2018 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative levels at which we judge such misstatements to be material for the Council is £2,555,850. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity. For example, the Senior Officers' Remuneration Note. In other words, given this low level of materiality, we expect this particular note to be correct given it is publishing individual's remuneration and making this information publicly available.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of the Council, for 2017-18, that require reporting under ISA 260.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2018 on 29 June 2018, in line with the agreed deadline, and have now substantially completed the audit work. The completion of our audit work was significantly delayed due to the need to consider correspondence received which raised a number of concerns in relation to the Council's relationship with Silent Valley Waste Services Ltd (SVWS).
- 7 In July 2018, we met with officers in Gwent Police, and after the Police had carried out an initial examination of the information available, the Police decided to conduct its own investigation. In view of this decision, we concluded that it would not be appropriate to continue the audit until the Police enquiries had concluded.
- 8 In September 2019, Gwent Police, having sought advice from the Crown Prosecution Service, decided not to pursue criminal charges against any individual(s). We were therefore able to recommence the audit.
- 9 We are continuing to examine a number of other matters relating to the Council's historic relationship with SVWS that we will report on in due course. Our audit of the Council's 2017-18 financial statements has therefore not yet been closed.

However, we do not consider that any of the ongoing matters to be material to the Auditor General's opinion on the Council's financial statements and the audit opinion can therefore be provided.

- 10 We are reporting to you the more significant issues arising from the audit of the financial statements, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with Council officers.

Proposed audit report

- 11 It is the Auditor General's intention to issue a modified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 12 The Auditor General intends to modify the standard audit report in respect of employer pension contributions of £4,814 included within the Senior Officers' Remuneration report. These payments are considered to be material by their nature (as explained in **paragraph 3**).
- 13 The payments relate to the appointments of the Council's then Chief Finance Officer and its Corporate Director of Environment & Regeneration (the officers) as directors of a wholly-owned subsidiary of the Council, Silent Valley Waste Services Ltd (SVWS). The SVWS appointments were separate from the Council appointments of the officers concerned, and the remuneration for the SVWS director roles was determined by SVWS.
- 14 The officers concerned each received remuneration of £11,195.77 for the performance of their SVWS roles. The Council administered the payments through its payroll and invoiced SVWS to recover these costs. In administering the SVWS director remuneration, the Council treated the remuneration as pensionable within the Local Government Pension Scheme (LGPS) and in 2017-18 paid employer pension contributions totalling £4,814 into the LGPS as though the SVWS appointments formed part of the officers' Council roles. The Council did not recover these pension costs from SVWS.
- 15 We consider that the employer pension contributions of £4,814 made by the Council to the LGPS appear to be contrary to law. For pension purposes, the Council treated the remuneration paid to the officers in respect of the SVWS director appointments as though the officers concerned were undertaking the SVWS roles as part of their core Council duties.
- 16 The Council did not establish adequate governance arrangements around the SVWS director appointments and related remuneration to enable us to determine definitively whether the appointments were Council or SVWS employments for pension purposes. However, we consider it likely that the employer pension contributions the Council made to the LGPS in respect of these appointments were contrary to law for the reasons set out below:

- The Council's constitution required that chief officer pay be determined by members meeting as full Council. However, members were not asked to approve the amount of remuneration to be paid for undertaking the roles as SVWS directors, or that any remuneration be treated as pensionable pay.
- The Council could not lawfully incur pension costs relating to SVWS engagements, and the SVWS engagements appear to have been SVWS engagements. The Council did not formally agree their SVWS roles as part of the officers' Council duties or determine the amount of remuneration to be paid for the role. Furthermore, in 2017, the Council wrote to the officers concerned stating that the SVWS roles were separate engagements, and that remuneration for these roles did not constitute additional remuneration for performing their core duties as Council officers.
- Regulation 22 (2) of the Local Government Pension Scheme Regulations 2013 requires that a separate pension account be opened in relation to each employment where a member is or was employed in two or more Scheme employments. We consider that the SVWS engagements appears to be separate scheme employments from the officers' core Council employments. However, separate pension accounts were not opened, and the Council treated the two engagements as a single employment for pension purposes.
- In December 2019, the Council wrote to SVWS requesting repayment of the employer pension costs on the basis that these costs should be considered to relate to SVWS employments and the liability for these costs should be borne by SVWS. However, we note that SVWS never designated its directors as a class of employees eligible for membership of the LGPS, and without this designation, SVWS could not lawfully make payments to the LGPS in respect of its directors, nor could the Council do so on SVWS's behalf. SVWS has not repaid the amount requested.

17 The proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

18 The most significant issue identified during the audit is detailed in paragraphs 12-16 above and has resulted in a qualified audit opinion. Other issues have been identified during the course of the audit which we are required to bring to your attention.

Uncorrected misstatements

19 There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

- 20 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in **Appendix 3**.

Independence and objectivity

- 21 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 22 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between Audit Wales and the Council that we consider to bear on our objectivity and independence.

Appendix 1

Requested Letter of Representation

Auditor General for Wales
Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2017-18 financial statements

This letter is provided in connection with your audit of the financial statements of Blaenau Gwent County Borough Council (the council) for the year ended 31 March 2018 for the purpose of expressing an opinion on their truth and fairness and their proper preparation. We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and Code of Practice on Local Authority Accounting in the United Kingdom; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

[xxxx]

[Include here: ...]

Representations by Blaenau Gwent County Borough Council

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on (insert date).

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

[Officer who signs on behalf of management]

Date:

Signed by:

[Officer or Member who signs on behalf of those charged with governance]

Date:

Appendix 2

Proposed audit report of the Auditor General

Auditor General for Wales' report to the Members of Blaenau Gwent County Borough Council

I have audited the accounting statements and related notes of:

- Blaenau Gwent County Borough Council; and
- Blaenau Gwent County Borough Council Group;

for the year ended 31 March 2018 under the Public Audit (Wales) Act 2004.

Blaenau Gwent County Borough Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement.

Blaenau Gwent County Borough Council's Group accounting statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts [set out on page 18 of the Statement of Accounts], the responsible financial officer is responsible for the preparation of Blaenau Gwent County Borough Council's statement of accounts, and Group accounting statements, which give a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Blaenau Gwent County Borough Council and Blaenau Gwent County Borough Council Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates

made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Blaenau Gwent County Borough Council

In my opinion except for the effect on the financial statements of the matter referred to in the Basis for Qualified Opinion paragraph, the accounting statements and related notes:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council as at 31 March 2018 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

Opinion on the accounting statements of Blaenau Gwent County Borough Council Group

In my opinion except for the effect on the financial statements of the matter referred to in the Basis for Qualified Opinion paragraph, the accounting statements and related notes:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council Group as at 31 March 2018 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

Basis for Qualified Opinion

In Note 14.3, Senior Officers' Remuneration, the Council includes pension payments totalling £4,814 that in my opinion appear to be contrary to law. The Council should have disclosed the nature and impact of these additional pension contributions for the financial statements to give a true and fair view, but it has failed to do so.

These payments relate to employer pension contributions paid into the Greater Gwent Pension Fund on behalf of the Chief Finance Officer and the Corporate Director of Environment & Regeneration for their roles as directors of a wholly-owned subsidiary of the Council, Silent Valley Waste Services Ltd (SVWS).

The Council paid remuneration to these officers for undertaking SVWS director roles. The Council treated these payments as pensionable within the scope of the Local Government Pension Scheme (LGPS) and made employer pension contributions into the Greater Gwent Pension Fund as though the SVWS payments were part of the officers' core Council employments. The cost of these pension contributions was met by the Council.

I consider that the employer pension contributions appear to be contrary to law on the basis that:

- the SVWS directorships of the officers concerned appear to have been SVWS engagements. The Council could not lawfully incur pension costs relating to SVWS engagements.
- the Council did not approve the amount of remuneration to be paid to the officers concerned for undertaking their SVWS roles, or that any remuneration they received for performance of these roles be treated as pensionable pay. The amount to be paid to these officers for the SVWS roles was determined by SVWS and not the Council.
- the payments appear to be in breach of Regulation 22 (2) of the Local Government Pension Scheme Regulations 2013 which required separate pension accounts to be opened for each Scheme employment. It appears that the SVWS engagements were separate employments to the officers' core Council employments, but separate pensions accounts were not opened.

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Blaenau Gwent County Borough Council and its Group. In accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion on other matters

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or

- I have not received all the information and explanations I require for my audit; and
- the Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

I am unable to certify that I have completed the audit of the accounts of Blaenau Gwent County Borough Council, as I have ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services Ltd.

Adrian Crompton
Auditor General for Wales
[Date]

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of corrections made to the draft financial statements

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: summary of corrections made to the draft financial statements

Value of correction	Nature of correction	Reason for correction
£5,407,000	Increase of the amounts disclosed within Note 21 (Grants and Contributions) for items that were Grants or Contributions in nature, but had not been classified as such (note: this does not impact on the Comprehensive Income and Expenditure Statement (CIES) as the items were classified correctly within this).	To ensure that items are classified correctly.
£1,216,000	Reclassification of an asset from 'Infrastructure' to 'Other Land and Buildings' within Note 25.1. The asset was revalued in the year – the £1,216,000 refers to the 'Revaluation decreases recognised in the Provision of Services' line within Note 25.1 (Property, Plant & Equipment). The Net Book Value as at 31 March 2018 was £169,000.	To ensure that items of property, plant and equipment are classified correctly.

Value of correction	Nature of correction	Reason for correction
£1,187,000	Increase in the income and debtor figures due to a previously unidentified income source. This then has to be impaired, leading to an increase in the debtor impairment (and therefore expenditure figure).	To ensure that the income and expenditure figures in the accounts are complete.
£1,169,000	This is a reclassification of receipts in advance from both the 'Creditors' and 'Receipts in Advance' lines from Note 32 (Current Creditors) into Note 21 (Receipts in Advance).	To ensure that grant receipts in advance are correctly classified as such as per the disclosure notes and the Balance Sheet.
£1,118,000	This figure has been incorrectly included as REFCUS (Revenue expenditure funded from capital under statute) in Note 25.5 (Capital Expenditure and Financing), whereas it should have been included as 'Property, Plant & Equipment' Capital Investment.	To ensure that expenditure is classified correctly.
£806,000	This should be reclassified from the NHS line to the Welsh Government lines within Note 21 (Revenue Grants Credited to Services).	To ensure that Grants are correctly classified within the Grants and Contributions disclosure.
£535,000	The Provision for the Lease Dilapidation should be reclassified as Current rather than Non-Current, within Note 33.2 and on the Balance Sheet.	To ensure that Provisions are classified correctly based on when they are expected to be settled, as required by the Code.

Value of correction	Nature of correction	Reason for correction
£436,000	This amount should be included in the Capital Adjustment Account (Note 39.2.1) as a negative figure and the Revaluation Reserve (Note 39.2.2) as a positive figure, meaning that there is no net effect on the total of Unusable Reserves as per the Balance Sheet.	To correct a system error that had omitted this entry.
£343,000	Increase in the charge for depreciation within the year in Note 25.1 (Property, Plant & Equipment).	Several assets had incorrectly not had depreciation charged to them, which is required as per the Code.
£198,000	Grant income reclassified from Capital Grants Credited to taxation and non-specific grant income to Capital Grants Credited to Services.	To ensure that Grants are correctly classified as per the requirements of the Code.
£176,000	Reclassification of Assets within Note 25.1 (Property, Plant & Equipment) from 'Other Land and Buildings' to 'Infrastructure'.	To ensure that items of property, plant and equipment are classified correctly.
£154,000	Decrease of the 'Capital Grants Credited to Services' and the CIES due to income being included in the wrong financial year.	To ensure that income is included within the correct financial year.
£133,000	Reclassification of the Aftercare Provision in the Group Accounts from Current to Non-Current.	To ensure that Provisions are classified correctly based on when they are expected to be settled, as required by the Code.

Value of correction	Nature of correction	Reason for correction
£70,000	Reduction in the Members' Allowances figure.	To ensure consistency with prior years, in which employers' pension contributions had not been included.



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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: **17th November 2020**

Report Subject: **External Audit of 2018/19 Statement of Accounts –
Blaenau Gwent County Borough Council**

Report Submitted by: **Wales Audit Office**

Report Written by: **Wales Audit Office**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	10.11.20		17.11.20					

- Purpose of the Report**
To consider the attached report from the Council's External Auditors, Wales Audit Office.

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Audit of Financial Statements Report – Blaenau Gwent County Borough Council

Audit year: 2018-19

Date issued: November 2020

Document reference: 2136A2020-21

This document has been prepared as part of work performed in accordance with statutory functions.

No responsibility is taken by the Auditor General, the staff of Audit Wales or, where applicable, the appointed auditor 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, Audit Wales and, where applicable, the appointed auditor are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@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.

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements.

Summary report

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Blaenau Gwent County Borough Council (the Council) at 31 March 2019 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative levels at which we judge such misstatements to be material for the Council is £2,510,180. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity. For example, the Senior Officers' Remuneration Note. In other words, given this low level of materiality, we expect this particular note to be correct given it is publishing individual's remuneration and making this information publicly available.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of the Council, for 2018-19, that require reporting under ISA 260.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2019 on 31 May 2019, in line with the agreed deadline, and have now substantially completed the audit work. The completion of our audit work was significantly delayed due to the need to consider correspondence received which raised a number of concerns in relation to the Council's relationship with Silent Valley Waste Services Ltd (SVWS).
- 7 In July 2018, we met with officers in Gwent Police, and after the Police had carried out an initial examination of the information available, the Police decided to conduct its own investigation. In view of this decision, we concluded that it would not be appropriate to continue the audit until the Police enquiries had concluded.
- 8 In September 2019, Gwent Police, having sought advice from the Crown Prosecution Service, decided not to pursue criminal charges against any individual(s). We were therefore able to recommence the audit.
- 9 We are continuing to examine a number of other matters relating to the Council's historic relationship with SVWS that we will report on in due course. Our audit of the Council's 2018-19 financial statements has therefore not yet been closed.

However, we do not consider that any of the ongoing matters to be material to the Auditor General's opinion on the Council's financial statements and the audit opinion can therefore be provided.

- 10 We are reporting to you the more significant issues arising from the audit of the financial statements, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with Council officers.

Proposed audit report

- 11 It is the Auditor General's intention to issue an unqualified opinion on the financial statements once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 12 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 13 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards.
- 14 Our proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

Uncorrected misstatements

- 15 We set out below the non-material misstatements we identified in the financial statements, which have been discussed with management but remain uncorrected. If you decide not to correct these misstatements, we ask that you provide us with the reasons for non-correction.

The Pensions Liability is understated by £1,958k

- The McCloud Judgement has established that transitional protections in specific pension schemes (Judges' and Firefighters') were unlawful on the grounds of age discrimination and the implications of this ruling are expected to apply to other public sector schemes. As a result, there is a probable additional cost payable to the Pension Fund. This has been estimated by the actuary at £1.958 million and increases the overall Pension Fund liability to £325.993 million (£271.599 million 2017-18). If amended this would have no impact upon the usable reserves of the Council.

The Council are accounting for the Ebbw Vale Multi-Storey Car Park as an Operating Lease, but in our view should be classified as a Finance Lease.

- The Council make lease payments on the Ebbw Vale Multi-Storey Car Park. We believe that, due to the Council having use of the building for the vast majority of its useful life, it should be accounted for as a Finance Lease, and recognised as an asset on the balance sheet at a value of approximately £400k.

In-Year Depreciation is understated

- In our view the Council is applying an inappropriately long asset life to road resurfacing, and consequently the in-year depreciation charge is understated by approximately £200k.

Corrected misstatements

- 16 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in **Appendix 3**.

Independence and objectivity

- 17 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 18 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between Audit Wales and the Council that we consider to bear on our objectivity and independence.

Appendix 1

Requested Letter of Representation

Auditor General for Wales
Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

[Date]

Representations regarding the 2018-19 financial statements

This letter is provided in connection with your audit of the financial statements of Blaenau Gwent County Borough Council (the council) for the year ended 31 March 2019 for the purpose of expressing an opinion on their truth and fairness and their proper preparation. We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and Code of Practice on Local Authority Accounting in the United Kingdom; in particular the financial statements give a true and fair view in accordance therewith; and
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

1. The understatement of the Pension Liability

The McCloud Judgement has established that transitional protections in specific pension schemes (Judges' and Firefighters') were unlawful on the grounds of age discrimination and the implications of this ruling are expected to apply to other public sector schemes.

For 2018/2019 the Local Government Scheme Actuary provided a high level estimate figure for the potential increase in liabilities related to Blaenau Gwent, based on several key assumptions.

However, given the level of uncertainty around the manner in which any required restitution of benefits is implemented (and compensated) by Central Government; as the estimated increase in liabilities is not material (being 0.3% of gross scheme liabilities); and the required adjustments have no bottom-line impact on usable reserves, officers decided not to amend at that time.

An entry in respect of these estimated liabilities has subsequently been included in the 2019/2020 Accounts.

2. Classification of Ebbw Vale Multi-Storey Car Park Lease

Classification of leases as Finance or Operating is a matter of professional judgement, as the relevant accounting standards are not always clear on the distinguishing criteria.

Whilst the Authority has provided some evidence to support the classification of this particular lease as Operating, we do not necessarily disagree with the opinion of Audit Wales that this lease should be classified as Financing.

However, as reclassification would require a significant amount of work for a change that is not considered material to the accounts, officers of the Authority have decided not to amend at this time.

It should be noted that, on the implementation of IFRS 16 (Leases), this lease will have to be reclassified as Financing. This was originally to be with effect from April 2020 but has been delayed to April 2021.

3. Understatement of Depreciation

Enhancement to the Highways Network Asset resulting from road resurfacing works has been given an asset life of 40 years, which is considered inappropriate by Audit Wales.

As a result, depreciation of these enhancements results in a lower charge to the revenue account than if a lower asset life had been adopted (e.g. an asset life of 20 years would double the depreciation charge in comparison to an expected life of 40 years).

However, as the understatement is not considered to be material (approximately £0.200m) and the required accounting treatment reverses these charges such that there is no impact on the usable reserves of the Authority, officers have decided not to amend at this time.

Going forward, officers have agreed to review the useful lives of assets to ensure that the Accounts are not materially over or understated in terms of depreciation and the associated net book values.

Representations by Blaenau Gwent County Borough Council

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on (insert date).

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

[Officer who signs on behalf of management]

Date:

Signed by:

[Officer or Member who signs on behalf of those charged with governance]

Date:

Appendix 2

Proposed audit report of the Auditor General

Auditor General for Wales' report to the Members of Blaenau Gwent County Borough Council

I have audited the accounting statements and related notes of:

- Blaenau Gwent County Borough Council; and
- Blaenau Gwent County Borough Council Group;

for the year ended 31 March 2019 under the Public Audit (Wales) Act 2004.

Blaenau Gwent County Borough Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

Blaenau Gwent County Borough Council's Group financial statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council and Blaenau Gwent County Borough Council Group as at 31 March 2019 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for Opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's or group's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19;
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the council and the group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

I am unable to certify that I have completed the audit of the accounts of Blaenau Gwent County Borough Council, as I have ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services Ltd.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 18 of the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Group financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the council's and group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the [Financial Reporting Council's website](#). This description forms part of my auditor's report.

Adrian Crompton
For and on behalf of the Auditor General for Wales
[Date]

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of corrections made to the draft financial statements

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: summary of corrections made to the draft financial statements

Value of correction	Nature of correction	Reason for correction
£7,053,000	Increasing the disclosure for the Council's contribution to the Gwent Care Home Accommodation Functions Pooled Fund from £7k to £7,060k.	To ensure that amounts disclosed in respect of the Gwent Care Home Pooled Fund correctly reflect payments made during the year.
£2,314,000	Increase in the Transfers to and Transfers from Reserves within the Capital Grants Unapplied disclosure	To ensure consistency with supporting information and other areas of the accounts.
£1,328,000	Amending classification of expenditure within the Continuing Service lines of the Comprehensive Income and Expenditure Statement.	To remove internal recharges which are not deemed allowable as per the accounting standards.
£1,803,000	Moving income from the 'Education' line to the 'Education – Schools' line in the Comprehensive Income and Expenditure Statement.	To ensure that the income is treated correctly and consistently with prior years.
£1,486,000	Reducing the upwards in-year revaluation of a sports pitch, as a result of an increase to the brought forward value.	To correct a prior incorrect valuation of the asset.

Value of correction	Nature of correction	Reason for correction
£1,156,000	Reclassification of recharges within the Expenditure and Funding Analysis supporting notes.	To ensure that internal recharges of expenditure balance to nil within the note.
£979,000	Reducing the income included in 2018-19 that relates to the recovery of Housing Benefit overpayments.	To ensure that this income is included in the year to which it relates – The figure amended for relates to prior years.
£875,000	Reduction in the balance for Non-Current Provisions	To reduce provisions for lease dilapidations that were not recorded in line with accounting standards.
£661,000	Removing assets from the Property, Plant & Equipment note.	To correct an error which had resulted in assets that have been held for sale or sold not being removed from the note. Of this amount, £330k should be disclosed in the Assets Held for Sale note, and £331k was disposed of within the year.
£622,000	Amending classification of expenditure within the Continuing Service lines of the Comprehensive Income and Expenditure Statement.	To correct various adjustments which were incorrect as a result of errors in the working papers.
£569,000	Decreasing the Revenue Expenditure Funded from Capital Under Statute (REFCUS).	To ensure that the figure is consistent with other areas of the accounts.

Value of correction	Nature of correction	Reason for correction
£504,000	Increasing the 'Difference between fair value depreciation and historical cost depreciation' in the Revaluation Reserve by £504k, with a balancing entry in the Capital Adjustment Account	To ensure that the treatment is in line with supporting documentation and the proper accounting treatment.
£445,000	Increasing the Provisions balance	To take account of additional information received by the Council after the year-end.
£418,000	Adjusting the £209k 'Non-current assets written off on disposal or sale as part of the gain/loss on disposal' in the Capital Adjustment Account from a credit to a debit entry, with a balancing entry being made in the Revaluation Reserve.	To ensure that the treatment is in line with supporting documentation and the proper accounting treatment.
£311,000	Decreasing the amount in the Grants and Contributions note.	To ensure that amounts incorrectly included in the note were removed.
£300,000	Reducing the disclosure showing the Current Value of the Other Land & Buildings revalued in the year.	To ensure that the amount included in the note agrees to supporting documentation
£242,000	Adjusting various balances within the Property, Plant & equipment note.	To bring the transactions in line with those recorded in the Fixed Asset Register.

Value of correction	Nature of correction	Reason for correction
£235,000	Reducing the 'Capital expenditure written off' in the Property, Plant & equipment note, with the result that a larger amount of expenditure is included as capital expenditure.	To ensure that expenditure which should be treated as capital expenditure is treated as such.
£219,000	Reducing in Debtors with corresponding entries resulting in increase in expenditure and decrease in creditors.	To ensure corresponding debtor and creditor balances are not overstated.
£145,000	Reducing debtors with the corresponding entry resulting in an increase in expenditure and a decrease in creditors	To remove debtors that had been incorrectly transferred from the supporting system
Removing the Prior Period Errors as the amendment will be processed in the 2017-18 accounts.		
Correction of various narrative, disclosure and minor adjustments.		



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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 10

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: **17 November 2020**
Report Subject: **Annual Governance Statement**
Portfolio Holder: **Cllr Nigel Daniels**
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)
03.11.20	05.11.20		17.11.20					

1. **Purpose of the Report**
 - 1.1 To present to the Audit Committee the Annual Governance Statement (AGS) for 2019/20 (attached at Appendix A).
2. **Scope and Background**
 - 2.1 The report provides the AGS for 2019/20, providing an assessment of the effectiveness of the Authority's governance arrangements.
 - 2.2 Responsibility for reviewing the Annual Governance Statement has been delegated to the Audit Committee as 'those charged with Governance'. However, as is appropriate, the statement has been reviewed by the Corporate Leadership Team (CLT) in line with the principles of good governance, confirming that it reflects their understanding of the governance arrangements in place for Blaenau Gwent County Borough Council during the 2019/20 financial year.
 - 2.3 The statement is collated following an evidence gathering exercise which calls upon a number of sources including:
 - Internal and External Regulatory Reports
 - Senior Manager Assurance Statements
 - Draft Annual Report of the Audit and Risk Manager
 - An Evidence Framework illustrating how the Authority complies with the core principles of the Code of Governance.
 - 2.4 Unusually, for 2019/20, a draft AGS has not been presented to the Committee earlier in the year. This is a result of the Council prioritising the response to the Covid 19 pandemic. The statement reflects the 2019/20 position and includes a section on the Councils specific response to the pandemic.
3. **Options for Recommendation**
 - 3.1 The Audit Committee consider and challenge the content of the AGS ensuring it is consistent with their knowledge and understanding of the wider issues affecting the Council.

- 3.2 The Audit Committee may then choose to:
- Option 1
Approve and adopt the AGS
 - Option 2
Propose amendments / alterations to the AGS.
 - Option3
Not approve the AGS.
4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**
- 4.1 Production of an AGS assists the Authority in achieving its Corporate Plan Priority of Efficient Council by providing an assessment of the governance arrangements in place for Blaenau Gwent CBC.
- 4.2 Production of the AGS is a statutory requirement under the Accounts and Audit Regulations (Wales) 2014 to accompany the Statement of Accounts.
5. **Implications Against Each Option**
- 5.1 Impact on Budget (short and long term impact)
There are no direct financial implications arising from the production of the AGS.
- 5.2 Risk including Mitigating Actions
Options 1 and 2 are compliant with the requirements of the Accounts and Audit Regulations (Wales) 2014. Option 3 would result in non-compliance with these regulations and could affect the opinion of the external auditor. on the Statement of Accounts and require additional regulatory work to be undertaken.
- 5.3 Legal
There are no direct legal implications arising from the production of the AGS. If option 3 is selected, we would not comply with legislation.
- 5.4 Human Resources
The production of the AGS involves the investment of Senior Management time from across the Authority. The commitment is met from existing resources.
6. **Supporting Evidence**
- 6.1 Performance Information and Data
- 6.1.1 The production of the AGS is an element of the governance framework of the Authority.
- 6.1.2 The AGS has not been produced within the timeframes required for production of the Statement of Accounts, as required by the Accounts and Audit Regulations (Wales) (Amendment) 2018, due to the outbreak of the

Covid 19 pandemic. However, this delay has been agreed with Audit Wales and is in line with guideline dates provided by the Welsh Government.

6.2 Expected outcome for the public

The AGS sets out how the Council's governance framework has operated for the ultimate benefit of the citizens of Blaenau Gwent.

6.3 Involvement (consultation, engagement, participation)

The AGS informs the reader of the Authority's consultation and engagement activities during 2019/20. Officers from all directorates have contributed to the production of the AGS and Members consider & confirm that the AGS reflects their understanding of the Council's position for the previous year.

6.4 Thinking for the Long term (forward planning)

The statement provides a comparison of the governance activity for 2019/20 with the Code of Governance and identifies development activities for 2020/21 and future years.

6.5 Preventative focus

The AGS outlines how the Authority's governance arrangements have operated in the context of risk management and internal control, identifying weaknesses and developments for the future.

6.6 Collaboration / partnership working

The AGS acknowledges the Authority's collaborative working approach as part of the Blaenau Gwent Public Service Board and other partners.

6.7 Integration (across service areas)

Officers from all directorates have contributed to the production of the AGS and the document reflects a whole Authority perspective.

6.8 EgIA

The production of the AGS has a neutral impact against people or groups from the nine protected characteristics.

7. **Monitoring Arrangements**

7.1 The AGS provides the assessment of the Authority's governance framework against the Code of Governance. Recommendations for development are made in the statement and will be actioned throughout 2020/21. Progress against these recommendations will be reported via the 2020/21 AGS.

Background Documents /Electronic Links

- Appendix A – Annual Governance Statement
- Code of Governance

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**ANNUAL
GOVERNANCE
STATEMENT
2019/20**

Annual Governance Statement 2019 – 2020

Scope of Responsibility

Blaenau Gwent County Borough Council ('the Authority') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Authority also has a general duty under the Local Government Measure (Wales) 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Authority has approved and adopted a Code of Governance, which is consistent with the principles of the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government". A copy of the code is available from the Governance and Partnerships Section.

This statement explains how the Authority has complied with the code and also meets the requirements of regulation 5 of the Accounts and Audit (Wales) Regulations 2014 in relation to the publication of a statement on internal control to accompany the Statement of Accounts.

For 2019/20 an additional section has been included to specifically reference the measures taken to respond to and manage the impact of the Covid 19 pandemic. Reference to activities as a response to Covid 19 is also made throughout the document where it is appropriate to do so.

The Purpose of the Governance Framework

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

The system of internal control is a significant part of the framework and is designed to manage risk at a reasonable level. It cannot eliminate all risk and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an

ongoing process designed to identify the key risks of the Authority, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. These will include achievement or not of the Council's policies, aims and objectives.

The governance framework has been in place at the Authority for the year ended 31 March 2020 and up to the date of approval of the Annual Statement of Accounts.

In June 2019 the Audit Wales published their Annual Improvement Report for 2018-19. The conclusion of the report was, "The Council is meeting its statutory requirements in relation to continuous improvement but faces challenges going forward" and "based on, and limited to, the work carried out by Audit Wales and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2019-20. However, the Council faces significant financial pressures which will need continued attention in the short and medium term to reach a stable and sustainable position".

Details of the Proposals for Improvement issued by regulators during 2019/20 are available from the Corporate Performance Team, and progress against their achievement is included in the Joint Finance and Performance Report. These proposals are attached at Appendix A.

The Governance Framework

The governance framework includes the key elements of the systems and processes that comprise the Authority's governance arrangements, along with an assessment of their effectiveness. The ways in which the Authority demonstrates this are discussed below. Each core principle set out in the Authority's Code of Governance is identified, along with the self-assessment of how well it is applied and how we propose to improve in future. The review of effectiveness is informed by the work of the Senior Managers, who have responsibility for the development and maintenance of the governance environment, the draft Audit and Risk Manager's annual report, and by the commentary from the external auditors and other regulators.

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

How we do this:

A Governance Framework exists that sets out the standards and processes to be adopted by both Members and Officers. Codes of Conduct, detailing Member / Officer relations, are contained within the Constitution and all are required to make declarations of any interests that impact on their positions / functions. These documents are periodically reviewed and

updated, and are influenced by best practice and recommendations from both internal and external regulators.

Members' declarations are retained by the Monitoring Officer and Officers' declarations are held by Service Managers. All Council meetings are conducted in accordance with the agreed democratic process and have declarations of interest as part of the agenda, with any declarations noted in the minutes and Members withdrawing or not taking part in the debate as appropriate.

A Policy Framework exists to guide both Members and Officers in fulfilment of their roles. This includes a Whistle-Blowing policy enabling Members, Officers and the public to report any concerns regarding the integrity and operations of the Authority. In addition, policies such as disciplinary or grievance procedures have been formulated for dealing with breaches to the codes.

Both Officers and Members are advised through the induction process of the standards of behaviour required by the Council throughout their term of office or employment. Continued adherence to the ethical values of the Authority is confirmed through a performance review protocol for all Officers and a Personal Development Review (PDR) / Competency Framework (CF) in place for Members. The PDR / CF is a mandatory process for senior salary holders, and non-senior salary holders are also offered the opportunity to undertake a PDR / CF.

The Authority's constitution has a published Scheme of Delegation of Functions, which is agreed and published annually. This scheme details subject areas, and identifies the bodies or individuals responsible for decision making. It sets out the terms of reference for the various committees in operation. In addition, both the Monitoring Officer and the Section 151 Officer have oversight of the decisions made by the Authority to ensure their lawfulness and financial probity.

Review of Effectiveness:

Each Committee conforms to legislative requirements including compliance with the Local Government (Wales) Measure 2009, Social Services and Well-being (Wales) Act 2014 and the Well-being of Future Generations (Wales) Act 2015. The decision making process is documented and the Authority's Scrutiny Committees can 'call in' a decision which has been made by the Executive Committee but not yet implemented. No decisions were called in during 2019/20.

Work has continued to strengthen Blaenau Gwent's Scrutiny arrangements. A Scrutiny Action Plan continues to be implemented and monitored through the Democratic Services Committee and Council. This plan has been further enhanced by incorporating actions that relate to Democratic Services and Member Support.

Reference to the scrutiny function is also included within the Performance Management Framework.

Mandatory sessions on the Constitution including roles and responsibilities are held for all new Members.

The Ombudsman received one complaint against members in 2018/19 in relation to Blaenau Gwent. This was investigated and no finding of breach was notified to the Council. A further seven complaints of maladministration were made none of which were investigated by the Ombudsman. Information for 2019/20 is not yet available.

There were no whistle-blowing incidents reported to the Authority during the year.

Recommendations for Development:

- Continued adherence to the Authority's policies and procedures which exist to guide Members and Officers to comply with the Council's expectations in terms of acting with integrity.
- To evidence the robust application of the Authority's Code of Conduct, an Internal Audit review of the declarations of interest process will be undertaken.
- In line with good practice, an Annual review (as a minimum) of the Constitution and Scheme of Delegation to ensure the Authority's governance and decision making processes remain fit for purpose.
- Continued application of the Members Performance Development Review Scheme and competency framework.
- Continued application of the Officers Performance Review Scheme.
- Audit plans for future years will include testing a range of policies and procedures.

Core Principle B
Ensuring openness and comprehensive stakeholder engagement.

How we do this:

The Council continues to develop the way in which it engages with the community and new processes for engagement with the Town and Community Council have been developed. Over the last 12 months the Council has undertaken the following engagement activities:

- **Strategic Equalities Plan** - Engaging over 6,000 people over 6 events on identifying what the Council's key equalities priorities are. With 96 online questionnaire responses being received;
- **Active Travel & Blaenau Gwent on the Move** – Engaging over 4,000 people through a series of local community events and via social media promotion.
- **Street Scene** – 204 responses to survey. 750 people engaged with across the 9 events.
- **Period Equity** – All Primary and Secondary Schools engaged to promote the Period Equity Programme. Including a special session held with 44 members of the Children's Grand Council.
- **Staff survey / engagement sessions** – Over 700 staff completed the Staff Survey which provided insight into how staff feel about working for the council, where we are performing well as an employer and provided information on where we can make

improvements. Following the staff survey, a series of staff engagement sessions were also held which saw 191 in attendance, including a Special Managers Conference with 138 in attendance.

The Blaenau Gwent Local Well-being Plan 2018 to 2023 sets out the main priorities for strategic partnership working. To support the Plan for its implementation the PSB has developed a Strategic Work Programme which was signed off in January 2020. This Work Programme has identified five high level actions to be taken forward:

- First 1,000 days and Early Years Pathfinder;
- Building a healthier Gwent / Integrated Well-being Networks;
- Climate Change;
- Blaenau Gwent Sustainable Food Programme; and
- Foundational Economy.

Each of the high level actions has an identified PSB sponsor.

The Engagement Team successfully planned and implemented the PSB Well-being Events in March 2019. There were four events held across the borough with over 400 people coming along and getting involved in events covering Connecting Generations, Arts for our Hearts, Get out in Nature and Healthy Body, Healthy Mind. The Council has been proactively working with Audit Wales to consider the Council's opportunities and levers for change relating to public engagement. This audit was followed up with an additional audit regarding engagement called Service User Perspective. The Council has received feedback from Audit Wales regarding the Levers for Change Audit and Service User Perspective and a management response was prepared. In November 2019, the Executive approved a Council Engagement Strategy.

There has been a review of the Corporate Engagement Strategy & Action Plan and steps taken to progress key actions. In November 2019 a draft Involvement & Engagement Programme was developed building on the previous Blaenau Gwent We Want Engagement Programme. In August 2020 CLT considered an options paper for restarting the engagement service using digital and virtual platforms.

During 2018/19, the Council developed a Corporate Plan 2018/22 which included revised Well-being Objectives (which also act as Improvement Objectives). In summer 2020, the Council undertook a review of the Corporate Plan linked to the response and learning to date from Covid 19 and what the Council is aiming to achieve by the end of the Plan in 2022. This resulted in some amendments being made to the Well-being Objectives in order to better demonstrate the contribution different areas across the Council will contribute to achieving then, enhancing our One Council approach. The overall emphasis of each Well-being Objective has not changed:

- **Protect and enhance our environment and infrastructure to benefit our communities**
- **Support a fairer sustainable economy and community**
- **To enable people to maximise their independence, develop solutions and take an active role in their communities**

- **An ambitious and innovative council delivering the quality services we know matter to communities**

Blaenau Gwent continues to work with a wide range of partners where partnership opportunities provide better outcomes for local residents than the Council could achieve if working on its own. We work in partnership with a variety of stakeholders including staff, residents and businesses. Examples of collaborations and partnerships include:

- Education Achievement Service (EAS)
- Shared Resource Service (SRS)
- Public Service Board (PSB)
- Cardiff Capital Region City Deal
- Local Nature Partnership Blaenau Gwent and Torfaen
- Tech Valleys
- Valley Task Force
- South east Wales Safeguarding Board (GWASB)
- Greater Gwent Health, Social Care and Well-being Partnership;

The Council has an established engagement framework for staff and the Council's Trade Union and Consultation Framework has been reviewed and updated this year. The Partnership and Engagement Team has developed an overarching Council Engagement Framework which includes engagement with staff. A staff survey was distributed in 2019, the results were analysed and a set of high level actions were agreed by CLT.

Review of Effectiveness:

To ensure relevant stakeholders are engaged throughout the Council's policy development and decision making processes, comprehensive engagement events have been held throughout the year.

The Policy, Partnership and Engagement Team have supported a number of engagement and participation activities and events. The Council continues to hold a number of key engagement and participation activities and events including: monthly Youth Forums; School Grand Council each school term; quarterly Over 50's Network and Forum; and equality focused Access for all Forums. The Council also continues to develop its use of social media channels such as Twitter, Facebook and Flickr.

After another challenging year for Social Services in 2018/19, we were anticipating another difficult and challenging year ahead. The Strategy to Safely Reduce the number of Children Looked After 2017-2020 continues and the Supporting Change Team has been externally evaluated and shown to both prevent children going into care and been able to support some children to leave care and return home successfully

A co-produced commissioning strategy entitled 'Our Vision and Intentions for Adults Advocacy, 2019-24', has now been completed and was launched in October 2019 and the new advocacy helpline, Gwent Access to Advocacy (GATA), was also launched and rolled out to Partners.

The new model in the Information, Advice and Assistance (IAA) Team has embedded well across the operational teams within both adults and children's services with clearly scoped out roles and responsibilities to meet our citizens' expectations and to improve services in the community. Extensive work has been ongoing to plan for the launch of the new Wales Safeguarding Procedures (2019) during Safeguarding week 11th to 14th November 2019. The Project Board responsible for the new procedures are in the process of implementing a communications strategy. The Police now have a presence within the Children's IAA team which further strengthens their response time for safeguarding referrals.

Over the previous 12 months our Community Options staff in conjunction with Care Management have undertaken transport eligibility assessments with all individuals accessing day opportunities utilising Social Services assisted transport. A transport policy has been developed and approved by Council. This has resulted in the vast majority of service users accessing services independently.

An ICF funding application was successful to develop an additional 2 self-contained accommodation units in the grounds of Augusta house. The additional space will be fully adapted for people with complex physical and learning disabilities, supporting the priority of the LD Strategic Partnership by supporting people with a learning disability and young adults with complex needs through the transition process, supports assessment to ensure that independence is promoted.

The Brexit Core Planning Group (BCPG) have co-ordinated engagement activities with local business groups and individual businesses to determine their views, concerns and preparations for UK exiting the EU, as well as to understand any local reliance on skills and workers from the EU.

Engagement with staff regarding the process for staff supervision has been undertaken which has led to improvements to the process in order to encourage discussion in identified areas.

A staff survey was undertaken in January 2019 which led to further development of employee engagement to include; a suite of staff engagement events with the Managing Director and Leader of the Council meeting with staff to discuss the future direction of the Authority and answer questions on matters of interest: a leadership seminar in October 2019 with follow up sessions planned. These sessions have been put on hold due to the emergency response to Covid.

Engagement arrangements with Audit Wales are in place with monthly meetings with the Head of Governance and Partnerships, regular meetings with the Section 151 Officer and separate monthly meetings with the Managing Director. Quarterly meetings are also undertaken with the Leadership.

The Authority's Education Services have a regular termly Local Authority Link Inspector (LALI) meeting convened with Estyn in line with regulatory requirements. The Authority has update meetings between the Corporate Director Education, political leaders and the Welsh Government officials as and when required.

The Regional Partnership Board has submitted a 'Transformational Offer' to Welsh Government setting out proposals of how the Gwent region would support the continued development of a 'seamless system' of care, support and well-being, in response to the

Welsh Government's new long term plan for health and social care, 'A Healthier Wales'. The offer in total for Gwent amounted to £13.4 million of new limited funding over a two-year period. Four areas were selected, derived from the priority areas within the Area Plan and the considered directions of the Regional Partnership Board. These include:

- The development of early intervention and prevention services;
- The development of primary and community care services;
- The redesign of child and adolescent emotional and mental health services;
- The development of an integrated 'Home First' discharge model.

Recommendations for Development:

- Further work to be undertaken linked to the findings of the Audit Wales Levers of Change and Service User Perspective review.
- Implement the high level actions identified from the findings of the staff survey.
- Monitor progress of the Local Well-being Plan.
- Continued implementation of the Council's Engagement Programme as part of the Engagement Strategy.

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

How we do this:

The Authority has reviewed its priorities, vision and values and these are set out in the Council's Corporate Plan 2018/22. The Corporate Plan acts as the Council's business plan and is directly linked to the priorities in the Well-being Plan. The Corporate Plan was approved by Council on 26th April 2018 and covers the four-year period to 2022, in line with the remainder of the term of office until the next local elections. The plan sets out five priority areas, each of which are defined by a number of aims setting out the focus of our activity. The five priorities are:

- Improving the Well-being of People who need Care and Support (Social Services)
- Improving Pupil Outcomes and Well-being (Education)
- Strong and Environmentally Smart Communities
- Economic Development and Regeneration
- Efficient Council

The priority areas also act as our Improvement Objectives as required by the Local Government (Wales) Measure.

In October 2020, the Council published its assessment of Performance for 2019/20, detailing progress made throughout the year against the priorities identified within the Plan. It also included an assessment of the work undertaken as part of the response to the global pandemic, Covid 19.

The Wellbeing of Future Generations (Wales) Act 2015 established statutory Public Service Boards (PSBs) to improve the economic, social, environmental and cultural wellbeing across Wales by strengthening joint working across all public services. The Authority is one of five statutory members of the board.

The Blaenau Gwent PSB was established with an agreed Terms of Reference and a PSB Scrutiny Committee has also been set up through our agreed democratic processes. The Well-being Assessment and Well-being Plan have been developed and published with the Council leading on this work.

Audit Wales undertook a national review of PSBs in Wales which led to four proposals for improvement being received in October 2019 for consideration by PSBs across Wales.

The Authority has a Strategic Equality Plan that was subject to comprehensive engagement including through the Access for all Forum and the Older Peoples Network as part of its development. The Authority is committed to the principles of the Wales Procurement Policy that identifies Procurement as a strategic enabler, delivering key policy objectives to support the Council's economic, social and environmental priorities.

A consultation process was completed on the proposed approach for delivery of the Strategic Equalities Plan prior to the Member Equalities Task and Finish Group completing its work and the Strategic Equalities Plan presented for approval at Council in March 2020.

The Welsh Education Strategic Plan (WESP), is monitored via the Blaenau Gwent Education Forum (WEF) on a termly basis and presented to Scrutiny / Executive prior to the annual return to Welsh Government.

The Authority receives a capital allocation from Welsh Government that is used along with the capital receipt reserve to form a capital programme providing a range of sustainable benefits for the Authority. The funding is allocated based on departmental bids for projects. The bids are analysed and scored in line with a set of criteria that consider, amongst other things, the projects alignment with corporate and national priorities.

Review of Effectiveness:

To monitor progress and ensure their relevance there will be an annual review of the Corporate Plan in June 2020.

Equality Impact Assessments are undertaken against all relevant proposals, and included within the business planning framework and strategic business reviews. The Annual Report to the Equality and Human Rights Commission was published and submitted within the appropriate timescales.

The Council was issued with an updated Compliance Notice in August 2017. The Annual Welsh Language Report was sent to the Office of the Welsh Language Commissioner within the appropriate timescales. A Welsh Language internal implementation assurance audit was undertaken in early 2019. A Welsh Language Commissioners Performance meeting was held which led to positive outcomes for BGCBC. The most recent annual report was delayed owing to the global pandemic but is scheduled through the democratic process in November and December 2020.

It is a statutory responsibility for the Corporate Director of Social Services to assess the effectiveness of the delivery of Social Services and produce an Annual Report. The Annual Report contributes to and forms part of the Annual Council Reporting Framework (ACRF). The report of the Corporate Director of Social Services was presented to the Social Services Scrutiny Committee in September 2019. As part of legislative amendments made as part of the response to the global pandemic and due to the unprecedented challenges facing everyone at this time there is no requirement to submit performance data by the Director of Social Services until September 2021.

The Transformation Programme to support the continued development of a 'seamless system' of care, support and wellbeing in Gwent, in response to the Welsh Government's new long term plan for health and social care 'A Healthier Wales' has seen progress. The SPACE well-being (Single Point of Access for Children's Emotional Well-being and Mental Health) Programme hosted by Families First have shown early indications that the mental health needs of children and young people are being assessed early with the right agency taking the lead on providing the most appropriate interventions.

Compassionate Communities is also part of the Transformation Programme that aims to improve the well-being of people across Gwent. Work includes the development of IAA outreach across the Compassionate Communities within 11 GP practices and also at community and acute hospital sites, where initial positive outcomes have been reported. Compassionate Communities also include Community Connectors actively participating in Multi-Disciplinary Team Discussions and Hospital discharge follow up phone calls.

Recommendations for Development:

- Continued implementation and mainstreaming of the Welsh Language Standards across all areas of Blaenau Gwent.
- Continue to support the collective and individual body duties under the Well-being of Future Generations Act.
- Annual review of the Corporate Plan.
- To implement the new code of practice in relation to the performance and improvement framework of social services in Wales.

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

How we do this:

The Authority has strengthened its Performance Management Framework to ensure a consistent approach and accountability for performance improvement. This process has been aligned to the Risk Management Framework to provide one approach for data collection and monitoring.

A Strategic Procurement Board operates to oversee spending decisions, exercising stronger governance in line with its Medium Term Financial Strategy. The board provides challenge with regards to the merits of each spending proposal and ensures a consistent approach to spending in line with the objectives of the Authority.

The corporate reporting format has been designed to guide officers and members to consider the key implications of any proposals put forward. The report has defined areas for considering options appraisal, risk, staffing and financial impact, along with the contribution to the Sustainable Development Principles. This assists in the process for making informed and transparent decisions and ensures the links between budget and planning are considered.

Review of Effectiveness:

The Authority presents the Joint Finance and Performance Report to the Corporate Overview Scrutiny Committee and Executive Committee on a quarterly basis. This report highlights key messages, performance information, workforce information, financial analysis, Strategic Business Reviews progress, Audit Wales proposals for improvement and directorate and corporate risks.

Self-evaluation arrangements are in place and continue to be refined, requiring each service area to consider how its activities contributed to the achievement of its intended outcomes and support the Council to achieve its goals. The process enables us to gather and use good quality information to better understand how we are performing.

The remit of the Strategic Procurement Board has been extended, through amendment to Contract Procedure Rules, providing it with full responsibility for contract approval as agreed by the Constitutional Working Group and Council.

Recommendations for Development:

- Review of the Performance Management Framework to ensure alignment with the Corporate Plan.
- Review of the self-evaluation process.

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

How we do this:

Blaenau Gwent has 42 elected members who collectively make up the decision making body for the Authority. This is complemented by an officer structure of trained and experienced people.

Most policy decisions are developed by the Executive Committee, which for 2020/21 has comprised the Leader and four Members with individual portfolio responsibilities. The portfolios were agreed at the Annual General Meeting (AGM) of the Council in March 2020.

In addition to the Executive Committee, the Authority's Committee structure also comprises three decision making Committees (1 x Planning and 2 x Licensing), five Scrutiny Committees, two Joint Scrutiny Committees, a Public Service Board Scrutiny Committee, a Standards Committee, a Democratic Services Committee and an Audit Committee.

Members are appointed to these Committees, each of which is supported by relevant officers. Payments to Members who are in positions which attract a senior salary are in line with the determinations of the Independent Remuneration Panel for Wales.

There are four statutory posts in place namely the Head of Paid Service, the Monitoring Officer, the Head of Democratic Services and the Section 151 Officer. These are satisfied by the appointments of the Managing Director, the Head of Legal and Compliance, the Head of Governance and Partnerships and the Chief Officer - Resources, respectively. These post holders are charged with ensuring elected Members receive appropriate advice

There are two further officer roles, namely, the Corporate Director of Education and the Corporate Director of Social Services who undertake statutory functions for Education and Social Services respectively. Two more officer roles are taken up by the position of Corporate Director of Regeneration and Community Services and the Chief Officer – Commercial. The role of Corporate Director Education has been filled in November 2020, following the retirement of the previous post-holder in April 2020.

The Authority has a clear set of strategic outcomes, supporting actions and competencies which relate to service delivery. Both Members and Officers receive appropriate training to enable them to develop / enhance the necessary skills to fulfil their roles.

A Performance Coaching Scheme exists for Officers and a Personal Development Review Scheme (PDRs) and Competency Framework for Members to ensure an appropriate level of competency and to identify any further training needs or continuous professional development requirements that are required for the job role, or to prepare them for future roles. Most officer posts have a detailed job description and person specification, and selection is made through a robust recruitment process to meet the specific skills and competencies of the post.

Role descriptions for Members are established and include specific role descriptions for senior member roles.

Review of Effectiveness:

In November 2018 the Council received its Level 1 Wales Charter for Member Support and Development awarded by the Welsh Local Government Association, recognising the Authority's good practice in this area. The Member Development Strategy was updated as

part of this process. A Member Induction Programme has been implemented and was aligned to the forward work programmes following the local election on 4th May 2017. Procedures for Member Personal Development Reviews (PDR) are in place. The PDR process has been enhanced with the development of a Members Competency Framework which was considered and approved at the AGM in May 2018. This process is mandatory for all senior salary holders and offered to all members.

A revised mentoring scheme for Members has been agreed by Council. Three Members have undergone mentoring training and a further three requests from Members to become mentors have been received as part of the Personal Development Review (PDR) process. Currently two Members have requested to be mentees.

A Corporate Leadership Team (CLT) operates within the Authority, consisting of the Managing Director, supported by departmental Directors and Chief Officers. These meetings are minuted and key information is disseminated to all officers through an established reporting structure.

The Authority monitors performance reviews through the management structure, feeding concerns up to CLT as appropriate. There is an established Engagement and Consultation Framework agreed with and in place for trade union involvement which has been reviewed and updated with them in 2019/20. An Engagement Strategy was introduced during 2018 which includes staff engagement.

In house, on the job training continues and essential external training is undertaken. Managers and staff have the ability to discuss capability and capacity issues as part of the performance review process.

Four members of staff have been the subject of the capability process during the period April 2019 – March 2020, and two remained open at the close of the year.

Six internal grievance procedures were instigated between April 2019 and March 2020. All were closed by the end of the year.

The Authority has operated a Leadership Programme from January 2016 to 2018 designed to build leadership knowledge and skills in those with managerial responsibilities up to and including WCLT level. A staff survey was undertaken in January 2019 to gauge current opinions and identify further areas requiring support. A new Leadership Development Programme is currently being planned for the end of 2020.

The Managing Director undertook a Senior Management Review looking at the current and future requirements of leadership roles within the council. Appointment to these roles was concluded in 2019.

Recommendations for Development:

- Develop and implement a new Leadership Development Programme.
- Analyse the findings of the staff survey and implement required actions.

Core Principle F

Managing risks and performance through robust internal control and strong public financial management.

How we do this:

The Authority has in place a Risk Management Framework that includes a Risk Management Strategy and a Risk Management Handbook. The risk management arrangements are set out in the Performance Management Framework. These set out the risk appetite of the Council and provide a methodology to ensure the consistent assessment / prioritisation of the risks the Authority faces and any mitigating actions.

The Authority continues to produce the Joint Finance and Performance Report which highlights progress in relation to finance, performance and risk.

The Council has an adopted corporate policy in place to deal with complaints. A review of monitoring the complaints has been undertaken and new processes and nominated officers have been identified. The monitoring of complaints has been identified as a key measure within the Council's Corporate Plan. Complaints information is included within the Joint Finance and Performance Report and annual Corporate Plan report.

An Audit Committee has been established in line with the requirements of the Local Government (Wales) Measure receiving reports from internal and external regulators on the internal control environment, risk and governance. The Committee provides appropriate challenge and seeks assurance in line with its terms of reference that are laid in the constitution.

As a Local Authority it is necessary that we collect and use personal information to perform many of our day-to-day operations. The General Data Protection Act (GDPR) which came into force in May 2018 is the most comprehensive and significant change to Data Protection legislation in 20 years. The Council established a Corporate Project Group in April 2017 to manage the preparatory work for GDPR compliance. The Council's 'Information & Governance Officer' was assigned the statutory role of Data Protection Officer and the post retitled 'Data Protection and Governance Officer' to reflect this. The project group has since disbanded but reviews continue to be undertaken by the Information Governance Group (IGF) which is chaired by the Senior Information Risk Officer (SIRO).

The Council implemented an Information Asset Owner structure during the GDPR project to establish clear lines of responsibility for information management. Information Asset Registers are in place for each Department to provide corporate oversight of all key information systems and to risk assess in terms of confidentiality, integrity and availability. The Council also created a Record of Processing Activities to drill down into the necessary level of detail required under GDPR and identify the lawful basis for processing all the different types of personal data that it holds. The Council has a number of Information Governance policies and procedures to manage compliance with its statutory obligations.

Review of Effectiveness:

The Authority's key governance systems continue to be risk assessed and included in the annual audit plan. Two key governance systems were subject to an internal audit, namely

Business Planning Improvement and Data, and Strategic Policy (Welsh Language). The findings of these audits have not yet been reported to the Audit Committee due to timing but will be reported as appropriate during 2020/21. A number of follow-up audits were completed during 2019/20 and progress against recommendations was found to be good. An investigation into the decommissioning of a Council building was undertaken and the findings reported to the Audit Committee. Work is being undertaken by the departments concerned to address the issues raised, and a further report will be provided to the Audit Committee to provide assurance on the improvement in controls.

The Risk Management Strategy and Handbook were reviewed and adopted by Council in February 2018. The Professional Lead – Risk and Insurance advises Departmental Management Teams and CLT to facilitate challenge / discussions on directorate risks. This has resulted in a more consistent approach to risk evaluation and reporting becoming embedded across the Council.

The highest level risks faced by the Authority are recorded on the Corporate Risk Register. The main risks facing the Authority during the period were:

Risk Description	Potential Impact
Failure to deliver and sustain the changes required to ensure that vital services are prioritised within the financial constraints faced by the Council.	Vital services will not be protected if the Council fails to find more efficient ways of working and improvements to social, economic and environmental well-being of the areas will not be achieved.
Failure to ensure adequate safeguarding arrangements are in place for vulnerable people in Blaenau Gwent.	Potential significant harm or loss of life. Long term reputational damage and confidence in the Council undermined.
Failure to deliver the Council's priorities within the agreed annual budget.	Increased use of emergency finance measures and the drawdown of reserves.
Failure of the 2 schools in Blaenau Gwent currently in receipt of Council Intervention fail to make appropriate progress against the Statutory Warning Notice to improve and their Post Inspection Action Plan.	Implementation of further statutory inventions available under the provisions set out in the School Standards and Organisation Act Wales 2013 i.e. implementation of additional grounds.
Exiting the EU will have an adverse impact at a national and local level.	Impact on the community and on the Council funding and its ability to deliver public services.
Failure to improve staff attendance rates within the Council.	Unacceptable impact on the ability of the Council to deliver services effectively and financially support the cost of sickness absence.
Failure of the Council to manage its information assets in accordance with requirements set down within legislation	Financial penalties and possible sanctions that hinder service delivery.
Increasingly complex needs and demand for services provided by Social Services, in particular for Looked After Children.	Further significant pressure on the Council's budget.
The Financial resilience of the council could be at risk if the council does not ensure that financial planning and	Inability to deliver effective / lower quality services. Unplanned reduction of services provided.

management decisions support long term stability and sustainability.	
The on-going COVID 19 pandemic presents a continued risk to service delivery.	Potential for disruption to be on a medium / long term basis as a result of pandemic.

A copy of the full Corporate Risk Register can be obtained from the Risk Management and Insurance Section.

All Strategic Business Review projects are risk assessed using the Corporate Risk Management Framework. Decisions on managing those risks are agreed and monitored as part of the project management arrangements that are in place.

All Data Protection Impact Assessments are approved by the Data Protection and Governance Officer to ensure that there are effective controls in place to mitigate the risk of a Data Protection Breach. Where a Data Protection Incident is reported, the Data Protection & Governance Officer will investigate the cause and review the responsible service area controls to ensure they are effective. The Data Protection & Governance Officer, Information Governance Forum and the Council's Senior Information Risk Officer (SIRO) review the Council's information governance arrangements to ensure they are fit for purpose.

Recommendations for Development:

- To assess and demonstrate its compliance with the Local Government Measure and the aims and objectives of the Council, the annual report of the Audit Committee will be produced summarising the year's activity and evidencing their responsibilities as part of the governance arrangements.
- Regular review of Risk Management arrangements to ensure they remain fit for purpose and are implemented consistently.
- As part of the Authority's ongoing commitment to managing its risks, the Anti-Fraud, Anti-Corruption and Anti-Bribery Policy will be reviewed and updated as appropriate
- Continued inclusion of key governance systems in the internal audit plan to ensure key elements of the governance framework are prioritised and examined annually.

Core Principle G
Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

How we do this:

Decision making processes for both Officers and Members are set out in the Constitution. Boundaries are clearly defined and the Committee structure includes decision making, scrutiny and regulatory functions. A set of Financial Procedure Rules and Contract Procedure

Rules have been adopted to ensure consistency, transparency and value for money in financial management and procurement. The Chief Officer Resources ensures the Authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). An annual Statement of Accounts is produced and presented to Members for scrutiny. A period of public consultation is held where members of the public can inspect the accounts.

An Audit Committee is established that has the primary functions of reviewing financial reports and challenging governance arrangements. The Committee aims to seek assurance that the governance framework operating within the Authority is robust, effective and efficient. This is achieved in part through the Committee receiving this Annual Governance Statement. The role and scope of the Audit Committee are set out in the Constitution.

The Internal Audit Service works on a risk based approach, to an annual audit plan, in order to assess the internal control environment of the Authority. The work of the section is prioritised in line with the Authority's objectives. The results of all audit work are reported to the Audit Committee who can, if necessary, call Officers to account where weak control is identified. Policies are maintained for Anti-Fraud, Anti-Corruption and Anti-Bribery, and Anti-Money-Laundering. Adherence to these is considered as part of the work of the Internal Audit function.

The Social Services Directorate is subject to audit, inspection and review by the Care Inspectorate for Wales (CIW). On a quarterly basis the Director of Social Services and Heads of Adult and Children's Services meet with CIW to discuss achievements, performance and key challenges. The Directorate is scrutinised by the Social Services Scrutiny Committee. Regular liaison meetings are held with the Directorate, the Executive Member and the Chair and Vice Chair of the Scrutiny Committee.

The Social Services and Well-Being (Wales) Act 2014 places a statutory duty on all local authorities to produce an annual report on the discharge of its social services functions. The Council's arrangements to meet their safeguarding responsibilities are scrutinised by the Joint Education & Learning and Social Services (Safeguarding) Scrutiny Committee. The Committee exists to monitor and challenge, in order to make improvements and ensure the Council's safeguarding processes are effective.

Council meetings are held open to the public and minutes are published on the Authority's website. A number of meetings have previously been webcast. Since the global pandemic, arrangements for holding democratic meetings have been considered to ensure that the arrangements remain fit for purpose. As part of this, the Council introduced Microsoft Teams to support virtual meetings. All Elected Members were issued with laptops, enabling virtual meetings to be held. Each democratic meeting is recorded live and then uploaded onto the website. In future, 'Teams Live' is being considered whereby meetings will be streamed live. This development will enable the Council to embrace hybrid meetings in future and adhere to the remote meeting requirements as part of the forthcoming Local Government Bill.

The Council continues to fulfil its obligations under the Freedom of Information Act and provide information to requestors wherever possible in the interests of transparency. In addition, requests under GDPR legislation for access to information held on a person are also fulfilled in line with the legislation. Response rates for fulfilling the requirements here are reported

regularly to CLT. During the Covid-19 pandemic the ICO, who oversee the legislation, indicated that they would offer flexibility and leniency during this time to organisations.

Review of Effectiveness:

The Council strives to ensure continuous improvement in the delivery of its services through its improvement planning process and the Performance Management Framework. It has strengthened these arrangements to align them with risk management and project management as well as identifying levels of accountability.

The remit of the WCLT is to effectively support the CLT in its role of providing strategic direction to the organisation. It is a forum to disseminate information and communicate messages ensuring a one council approach as well as networking with colleagues and peers and providing personal development opportunities.

A performance management system, utilised by the whole Council is in place which incorporates the majority of the Councils business planning and performance arrangements, so that we have one place for information management and monitoring. The system works to avoid duplication and to provide a consistent approach across the Council. The system includes statutory monitoring as well as business plans, self-evaluations, equalities, risk, projects, business continuity, performance indicators and sustainable development.

The Authority's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit. The Internal Audit Service is subject to regular review by the Authority's external auditors, who place reliance on the work carried out by the section where possible. The service underwent an external quality assessment during 2016/17 that found the service to conform to the Public Sector Internal Audit Standards. The next external assessment is due in 2021/22.

Internal Audit Services issued 52 audit opinions during the year.

Audit Grading	No of audits
Full Assurance	20
Reasonable Assurance	24
Limited Assurance	7
No Assurance	1

There was 1 No Assurance audit grading issued during the financial year in relation to an investigation and 7 Limited Assurance audit gradings issued. The approach to financial systems audits changed during 2018/19, with a number of systems now being conducted via Control Risk Self-Assessment (CRSA), the numbers of audits using this methodology has further increase for 2019/20. The overall audit opinion on the adequacy of the internal control environment will continue to reflect Reasonable Assurance across the council. The WCLT continues to receive periodic reviews of Internal Audit findings to ensure appropriate corrective action is taken to maintain and / or improve internal controls.

The Authority received and processed 1052 Freedom of Information requests between 1st April 2019 and 31st March 2020. The service responded to 88.88% (935) within the 20

working day requirement. This falls below the required level of 90% so additional resource was put into the team in February 2020 to improve this.

Recommendations for Development:

- Managers to implement the actions identified to address weaknesses highlighted by Internal Audit. Meetings are undertaken with the Wider Corporate Leadership Team, in addition to responsible Officers, and timescales are set for implementation. Managers to ensure systems for which they have responsibility have robust internal controls to further improve the integrity of the Authority's processes.
- The Anti-Fraud, Anti-Corruption and Anti-Bribery Policy will be reviewed to ensure it remains fit for purpose.

Covid 19 Pandemic

On 2nd April 2020, the Council held its AGM early owing to the ongoing global pandemic and planning for the implementation of new emergency arrangements. The AGM took place via telephone conference, a new platform for Blaenau Gwent Council. Democratic meetings had not been held in this format previously and remote attendance had also not been utilised. Although the meeting was held early to accommodate emergency decision making powers, the usual formal AGM items were also agreed such as committee membership etc. A report was approved to put in place emergency temporary Governance arrangements in that decisions may continue to be taken given that all democratic meetings were cancelled for the foreseeable future.

The Council put in place the necessary temporary emergency steps to effectively respond to the potential impact of COVID 19, and to continue to deliver critical services and protect local communities and staff. It was agreed that in respect of the exercise of Executive Functions as outlined in the Council's Constitution, for the Council to temporarily delegate power and responsibility for exercising the Executive functions (which have not been delegated by virtue of existing arrangements within the Council's Constitution) to the Managing Director (and in her absence or incapacity to any of her nominated deputies being any officer of the Corporate Leadership Team) to make decisions and undertake any actions required to ensure critical services continue to operate based on business continuity plans, in order to ensure the Council and its residents are protected.

In order to ensure there was appropriate involvement of Elected Members, an Emergency Committee of elected Members was established comprising the Leader of the council, the Leader of the Labour Group, two Independent Elected Members and one Labour Elected Member, who were consulted on decisions which fell outside of the Council's current budget or policy framework. . Any urgent decisions which are required to be taken outside the Council's current policy and budgetary framework, must be taken in accordance with the existing provisions of Paragraph 15.5 of the Council's Constitution, with the additional proviso that the Emergency Committee must be consulted prior to any such decision being taken. The full report can be found on the Council's website <http://cc-mgov-01/mgChooseDocPack.aspx?ID=2119&LLL=0>

Under the national emergency legislation, it was agreed for democratic meetings to be held remotely. Blaenau Gwent utilised Microsoft Teams in order to achieve this. A small set of decision making committees were put in place as well as informal scrutiny meetings:

- Planning, Regulatory and Licensing Committee – 25th June 2020
- Standards Committee – 14th July 2020
- PSB Meeting – 20th July 2020
- Council – 23rd July 2020
- Informal Scrutiny (Education and Learning) – 27th July 2020
- Informal Scrutiny (Community Services) – 27th July 2020
- Informal Scrutiny (Social Services) – 29th July 2020
- Informal Scrutiny (Corporate Overview) – 30th July 2020
- Informal Scrutiny (Regeneration) – 30th July 2020
- Planning, Regulatory and Licensing Committee – 30th June 2020

At the Council meeting on 23rd July 2020, it was agreed that a full democratic committee cycle would be in operation, remotely from September 2020 onwards and as a consequence the emergency arrangements were no longer needed.

As part of the remote meeting arrangements, meetings are recorded live and then uploaded onto the website following the meeting. This is fully in-line with the emergency legislation put in place. Public speakers, the Press and members of the public can attend the meeting on request, or can view the meeting via the website once the meeting has been uploaded. In future, 'Teams Live' is being considered whereby meetings will be streamed live. This development will enable the Council to embrace hybrid meetings in future and adhere to the remote meeting requirements as part of the forthcoming Local Government Bill.

Working in partnership with Welsh Government we have deployed significant resources to support businesses in the area and delivered the Welsh Government Business Support Package. So far, we have paid 1420 grants to businesses totalling £15.8m.

In response to the Covid-19 pandemic we have developed an operating model in children's and adults for the Social Care Locality Teams which has been created to support the development of the locality clinical assessment centres as outlined in the Welsh Government Community Covid-19 Framework for Wales'.

We have developed a system of support for the most vulnerable and isolated members of their respective communities. This has included but not exclusively, the development of community networks via social media groups, development of volunteer services for collection of medication and food supplies, and befriending type support. This has in the main developed from within Corporate teams with support from wider partners (Leisure Trusts, Registered Social Landlords, Third Sector organisations etc.)

Each of the 5 local authorities have been provided with a list of people who the Welsh Government have identified as needing to shield themselves (issued until 2nd April 20) – further people have been defined by ABUHB primary care as 'vulnerable' and GP practices have been contracting this cohort of people to remind them that they also need to shield for 12 weeks from 1st April. To date the Local Authority have not received details of this second cohort of people / households who have not received a 'shielding letter' and therefore are

working from their own data sources – WCCIS databases etc. to identify people who may require support.

The impact of the pandemic has had significant impact on a number of Provider Services with the closure of both Augusta House Respite Centre and Community Options Day Opportunities.

The majority of staff from both of these services have been redeployed to those critical services which have continued to operate, including Home Care Domiciliary Support, Cwrt Mytton Residential Home and Supported Living Services for Adults with Learning Disabilities.

The redeployment of staff resource has been crucial in enabling the above services to maintain safe and appropriate staffing levels throughout, particularly given that each of the services has had their core staff teams depleted due to a number of factors, including individuals shielding, those identified as vulnerable, and those individuals or family members within the same household who may have developed symptoms and needed to self-isolate, pending testing and subsequent results.

The duration and ongoing closure of these services is without doubt beginning to place increasing strain on family support networks, as both services play a critical role in helping people to stay living at home and provide family members with help in their caring role. They also play an important part in preventing loneliness and social isolation.

To support those families / individuals where there is a critical risk of family breakdown, carer stress and / or impact on an individual's mental wellbeing, a small cohort of Community Options staff are operating a community outreach model of support.

Longer term recovery models for both Augusta House and Community Options are being developed reflecting current Welsh Government and Public Health Wales guidance, but plans are also very dependent on those staff returning that are currently redeployed.

The pandemic has resulted in different ways of working and delivering services. Remote installations of Technology Enable Care equipment are now taking place which supports social distancing ensuring people who require services receive them in a safe way.

The Council developed Locality Teams to provide a local response to support the citizens of Blaenau Gwent through the COVID 19 pandemic. The Locality Teams provide support and direct people to voluntary and business sectors for help with matters such as grocery shopping and collecting medication. A number of the Community Connectors from Adult Services IAA Team have been redeployed into the Locality Teams. Their knowledge of the local communities has greatly benefitted and assisted the Teams.

Working in partnership with colleagues in ABUHB, 'Attend anywhere' (a Health based communication and collaboration platform) has been introduced within the IAA Team. This enables the IAA Team to meet the GPs, patients and attend Multi-Disciplinary Teams remotely and securely.

As at July 2020 Blaenau Gwent Council have provided childcare for over 500 critical workers throughout the course of the previous 4 months, via school childcare hubs and/ or private childcare provision. 377 children accessed a key worker childcare place at a school

hub between March and July 2020. The Early years and child care team have provided significant support to child care providers during Covid which played a large part in 64% of providers remaining open throughout the crisis.

Risk assessments across all areas have been undertaken to consider the new working arrangements under Covid 19. These are considered by our Health and Safety Team and Trade Union and are available upon request.

The Council put in place a Gold Command meeting and an Emergency Response Team to respond to the requirements of keeping key services operational throughout the pandemic as well as creating new services, such as Locality Teams and a contact tracing team.

All of the Council's regulators 'stood down' throughout the initial phases of the pandemic. Audit Wales did request some learning information from the Council, however their intended 2020/2021 audit programme was temporarily put on hold.

Key policy areas such as equalities and the Welsh Language remained in place but with less scrutiny initially, however, this is now expected to run as usual. Throughout the pandemic there was a focus on the equalities agenda via the Black Lives Matter Campaign.

The Council has responded well to the pandemic and implemented emergency arrangements quickly which have operated well. No internal control or governance issues have arisen during the period.

Significant Governance Issues

We have been advised on the implications of the results of the review of the effectiveness of the governance framework, and that the arrangements continue to be regarded as fit for purpose subject to the significant governance issues to be specifically addressed as outlined below:

Issue	Action	Responsible Officer
<p>The uncertainty around the current and future economic impact of:</p> <ul style="list-style-type: none"> • Covid-19 • Exiting the European Union • WG financial settlements to local authorities is a cause for concern. <p>This may pose significant challenges for the Council and it will be critical for the Council to demonstrate that it has appropriate</p>	<p>Financial monitoring will continue to be undertaken and reported regularly into Scrutiny and Executive Committee via the quarterly portfolio budget forecast reports.</p> <p>For 2020/21 WG has committed additional financial support for local authorities of £300m. Monthly claims to WG are being submitted to fund the additional costs incurred by the Council in responding to Covid-19. In addition, quarterly claims</p>	Chief Officer Resources

<p>governance arrangements in place to manage its financial position.</p>	<p>are being made for income lost / deferred.</p> <p>WG are however unable to commit to any additional funding past 31 March 2021.</p> <p>Some commentators are expecting prices to increase by 4%, as a result of the UK exiting the EU without a trade deal. This will be monitored closely in coming months.</p> <p>To ensure the Council's financial resilience the Council intends to carry out a number of strategic business reviews which will focus on its core functions including:</p> <ul style="list-style-type: none"> • Maximising income • Maximising resources • Demand management • Maximising technology and data <p>Within this framework the Authority will be looking at ways to achieve savings whilst mitigating the impact on services.</p>	
<p>Uncertainty surrounding historic insurance claims.</p>	<p>In accordance with proper accounting practice, the Authority's Accounts include appropriate provisions and reserves to mitigate potential liabilities for historic claims, calculated on the basis of currently held information.</p>	<p>Corporate Leadership Team</p>
<p>Audit Wales received correspondence towards the end of its 2016/17 audit which resulted in an</p>	<p>Audit Wales continue to examine a number of matters relating to the Council's historic</p>	<p>Chief Officer Resources</p>

<p>investigation into the Council's historic relationship with its wholly owned company Silent Valley Waste Services Ltd (SVWS).</p> <p>As the investigation by Audit Wales into the issues raised has not been finalised, the Council is yet to receive an audit opinion or certificate of audit completion for the 2016/17, 2017/18 or 2018/19 accounts.</p>	<p>relationship with SVWS that will be reported on in due course. However, Audit Wales do not consider that any of the ongoing matters to be material to the Auditor General's opinion on the Council's financial statements and the audit opinion can therefore now be provided.</p> <p>The Authority's accounts for 2016/17, 2017/18 & 2018/19 will therefore be re-presented to the Council's Audit Committee on 17 November 2020.</p> <p>The Authority's Accounts have been prepared in compliance with statutory requirements, relevant accounting Codes and Standards.</p>	
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Certification of the Annual Governance Statement

In conclusion there has been positive movement for the Authority's Governance Framework during 2019/20 and the progress made against the areas for improvement identified in the 2018/19 Annual Governance Statement are shown in Appendix B.

Whilst there remain some areas that require development or further improvement, in considering the governance framework and its application as detailed in this statement, we are of the opinion that the governance arrangements in place for Blaenau Gwent County Borough Council are effective and remain fit for purpose, providing an adequate level of assurance for the Council.

(signed).....

(signed).....

Councillor Nigel Daniels

Rhian Hayden

Leader of the Council

Chief Officer Resources

November 2020

November 2020

(signed).....

Michelle Morris

Managing Director

November 2020

Audit, regulatory and inspection work reported during 2019/20

Audit Wales Well-being of Future Generations Act (wales)2015 (WFG Act) examinations (Issued May 2019)	
<i>Proposals for Improvement</i>	
Local actions developed to implement the report findings as proposals for improvement not provided in this study	
	<p>Outcome of the report</p> <p>The Council has acted in accordance with the sustainable development principle in setting the step 'Flying Start, Families First, Early Years Childcare and Play ensuring preventative services target the most vulnerable families in Blaenau Gwent who do not meet the criteria for a care and support plan' but there are opportunities to further embed the five ways of working:</p> <ul style="list-style-type: none"> • The Council has a thorough understanding of the short and long-term issues and challenges but does not yet have a sustainable long-term strategy; • The Council understands the needs of families and is working with them to limit or prevent problems escalating, but preventative programmes could be used more widely across Council services; • Whilst the Step links to strategies, it remains in the ownership of Children's Social Services; • The Council needs to do more to harness the support of other directorates to support delivery; • Collaborative working is a key component of the Council's early intervention and prevention approach but is aware it has more to do; and • The Council can demonstrate some strengths in its approach to involving parents and other stakeholders; there are areas which the council could further strengthen.
Audit Wales Leisure Services (Issued May 2019)	
<i>Proposals for Improvement</i>	
Learning from the existing leisure service arrangement	
1.	<p>Ensure that learning from the current Trust arrangement is considered when establishing the new leisure services arrangement; including</p> <ul style="list-style-type: none"> • Ensuring that the Council's responsibilities stated within legal agreements for any outsourced services are clearly understood by officers and members;

	<ul style="list-style-type: none"> • Clarifying and agreeing service development expectations as well as financial targets from the outset; • Ensuring financial targets are realistic and achievable; and • Monitoring performance in a timely way so that the Council can foresee any potential poor performance or concerns over future financial sustainability of the arrangement in good time to take corrective action.
Learning that the Council can draw from the leisure service review process to inform	
2.	<p>Ensure that the Council's programme of service reviews work to realistic project scopes; including by ensuring that:</p> <ul style="list-style-type: none"> • Timescales are realistic and achievable; • There is adequate and timely member involvement to allow for effective scrutiny; • Adequate resources are allocated to complete service reviews; • Options are well defined; and • Proposed options are fully costed with proposed timescales for implementation to support effective decision making.
Preparing for alternative delivery model(s):	
3.	Put plans in place to ensure continuity of leisure services and smooth transition to sustainable and efficient alternative delivery model(s).
Audit Wales Thematic Review – Service User Perspective: Community Engagement (Issued May 2019)	
<i>Recommendations for Improvement</i>	
Local people recognise the Council's commitment to community engagement although they are not always able to take part in a way that is effective and impactful:	
	<ul style="list-style-type: none"> • Local people can engage with the Council in many ways but these approaches are not always developed or made available with service users' needs in mind; • Most people said they were satisfied with the quality of the Councils' approach to community engagement when making service changes although many said they were unable to seek clarity about the question if they needed to; • There are some barriers to engagement that potentially limit local participation; and • Communication with service users tends to be time limited and subject specific. <p>Local actions developed to implement the report findings as proposals for improvement not provided in this study.</p>
Audit Wales Follow up review of corporate arrangements for safeguarding of children in Blaenau Gwent (Issued October 2019)	

Proposals for Improvement

- Corporate Safeguarding Policy: Update the structure; and include updated information from the All Wales Policy
- When adopted in April 2020, include information from the All Wales Safeguarding Procedures
- Development of a terms of reference for the Corporate Safeguarding Group (via a diagram)
- All Wales Policy App:
 - I. Request for work mobile phones to be able to receive the All Wales Policy App
 - II. Identify who needs the App
 - III. Include App on the internet, MD Message and Managers Brief
- Include Corporate Safeguarding Policy and Information on front page of Intranet and Internet highlighting everyone's responsibilities with safeguarding
- Identify a safeguarding lead for each directorate at Wider CLT and a supporting officer beneath this level
 - I. Include the Corporate Safeguarding Policy into the paperwork for contractors
 - II. Include in Contract Procedure Rules (above £25k)For both state that 'there is an expectation to follow the Corporate Safeguarding Policy' and include a requirement for a signature
- Include safeguarding in the Leadership Development Programme
- Raise the profile and importance of safeguarding in Safeguarding Week (November each year), include scenario based information and a small quiz for staff
- 7-minute Safeguarding briefing to be provided to staff for awareness raising
- Include safeguarding as a question in the bi-annual staff survey
- The Corporate Safeguarding Group to develop a diagram as part of the Corporate Safeguarding Policy to identify responsibilities and arrangements. The Corporate Safeguarding Group to develop a diagram as part of the Corporate Safeguarding Policy to identify responsibilities and arrangements
- Development of options for Scrutiny Committees going forward:
 - Broaden the remit of Corporate Overview to include corporate safeguarding; or
 - Development of a whole joint safeguarding scrutiny committee (replacing the current joint education and learning and social services safeguarding scrutiny committee)
- Development of a corporate policy for volunteers
- Include in recruitment contracts about DBS requirements
- Reminder information on DBS and renewals to be provided to contractors
- Checklist questions to be developed for contractors. This is already considered as part of procurement and commissioning strategies for contractors and agency staff. Need to ensure this references volunteers should they use them.
- Identify the contractors who would most require a DBS

	<ul style="list-style-type: none"> • Include in contract compliance meetings to discuss DBS and renewals, including monitoring safeguarding compliance • A training needs analysis needs to be undertaken to determine what level of training is required by each member of staff. A rolling training programme will then be developed on a 3 yearly basis. • Consider e-learning – what is already available from Health and Social Care Wales and Academy Wales • Categorise contractors who will need to be undertaking training – DBS/Level1/or more • Performance reporting to include DBS compliance, training, risks and issues <p>Corporate Safeguarding group has performance information</p> <p>DBS compliance is undertaken by OD</p> <ul style="list-style-type: none"> • Baseline of training – delivered strategically Education and Social Services and then plan to go to all directorates. Completion date April 2020 onwards • Approach EAS to include mandatory safeguarding as part of Governor training. To be checked annually • Discussion with Internal Audit to include safeguarding in the programme for Internal May AGM • Include the safeguarding audit information onto the relevant scrutiny forward work programme and audit forward work programme. May AGM • Linked to previous action re safeguarding into scrutiny committee – risk from all areas to be reported into this committee. For AGM and new cycle •
Audit Wales Commercialisation in Local Government (National Study) (issued October 2020)	
<i>Recommendations for Improvement</i>	
	<p>Undertaking commercialisation requires councils to have capacity, the right skills and robust agile systems to be in place. We recommend that councils use our self-evaluation tools to develop a strategy for the extent to which they want to pursue commercialisation.</p>
Audit Wales Financial Sustainability of Local Government as a result of the Covid 19 Pandemic (National Study) (issued October 2020)	
<i>Overall findings</i>	
	<p>Councils and WG have worked well together to mitigate the impact of the pandemic to date but the future sustainability of the sector is an ongoing challenge.</p>
Audit Wales Rough Sleeping in Wales – Everyone’s Problem, No One’s Responsibility (National Study) (issued July 2020)	
<i>Recommendations for Improvement</i>	

	<p>R1 Public bodies and third sector partners should ensure they use data to plan the right future services, and to put in place effective data sharing protocols to ensure they respond effectively and safely to people sleeping rough. We recommend that councils and their partners</p> <ul style="list-style-type: none"> • Invest in data analytical skills to better understand the current situation and predict future demand to prevent future homelessness; • Review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities effectively; and • Introduce a single data capture and risk assessment process for to help support safe decision making in dealing with people sleeping rough • Integrated services to tackle complex needs <p>R2 Because public bodies are responding to people in crisis, they often deal with acute issues in isolation and rarely address the fundamental cause of the crisis. To do this requires public bodies to design and create service delivery models that are responsive. We recommend that public bodies use our complex needs self-reflection tool to improve how they can jointly address complex needs in the future.</p>
<p>Audit Wales Welsh Community Care Information System (National Study) (issued October 2020)</p>	
<p><i>Recommendations for Improvement</i></p>	
	<p>R1 We recommend that before committing any further central funding, the welsh Government works with the WCCIS National Programme Team, health boards, local authorities and the supplier to:</p> <ul style="list-style-type: none"> • Produce an updated business case that takes account of local, regional and national costs and sets out expectations for further roll-out of the system, its use over the remainder of the contract term, the development of national data standards and planning for any successor arrangements; • Ensure the organisations involved have the necessary capacity to support implementation and are giving enough priority to the programme against a clearly agreed plan; and • Pull together a clear national picture on feedback from frontline users about the performance and general functionality of the system. <p>R2 We recommend that the Welsh Government works with the National Programme Team to consider:</p> <ul style="list-style-type: none"> • How the WCCIS contract might have been strengthened to support and incentivise delivery and manage risk; and • How relevant lessons can be applied to any successor contracting arrangements and wider public procurement

Well-being of Future Generations: An examination of ‘Improving access to, and the quality of open spaces for the benefit of our communities, businesses and visitors’ – Blaenau Gwent County Borough Council (issued October 2019)

In a workshop with Audit Wales and officers from the Council the following actions were agreed:

- Long term: Develop a clearer vision within the Corporate Plan – long term 30 years
- Increase areas of managed land (woodlands / grassland / habitats)
- Engage with parents at an early stage to support a greater level of early years’ engagement
- Encourage economic ventures that will ensure management of the resource through employment and education

Prevention:

- Ensure people feel, and are able to access open spaces, e.g. through:
 - Providing the right information
 - Maps, routes etc.
 - Promotion
 - Culture and behaviour change
 - Ensuring open spaces are accessible, inclusive and safe

Integration:

- Build on the Forward Environment Plan
- Ensure all business plans recognise the step and play an active role. Section 6 duty
- Ensure there are clear goals that all organisations can buy into and work towards

Collaboration:

- Expand ‘Blaenau Gwent we want’ to capture and help understand people’s views on open and green spaces
- Develop measures around recycling levels, antisocial behaviour issues and evidence of behaviour change

Involvement:

- Collate local evidence of groups with status and increase the number of constituted community groups involved in managing Green Open Spaces

Audit Wales Environmental Health Follow-up Review (issued November 2019)

Proposals for Improvement

The Council should ensure that it has assessed the impact of withdrawing from the collaborative working arrangement with Torfaen CBC on the financial and operational sustainability of the environmental health service. It also needs to consider how to continue to respond to the Council's budget challenge and to new legislation. This may include:

- Seeking new partnership arrangements with other Authorities (ensuring that appropriate governance arrangements are in place);
- Review of existing contracts with third party providers to maximise income generation opportunities; and
- Transformation and innovation, such as use of digital intelligence to predict future patterns of service delivery and / or inform decision-making around service provision.

In reconfiguring the service, the Council should ensure that statutory powers and duties are sufficiently prioritised alongside discretionary areas.

Audit Wales Progress in implementing the Violence Against Women, domestic abuse and sexual Violence Act (National study) (issued November 2019)

Recommendations for Improvement

R1 Part 1 of the report highlights that despite public bodies having an increasing understanding of, and demand for. VAWDASV services, significant gaps remain and engagement with survivors and victims in reviewing and developing services is inconsistent. To address this, we recommend that needs assessment and mapping of service provision by public bodies are revisited and involvement widened and enhanced to include all relevant stakeholders to build a more accurate picture of current service provision and identify gaps.

R2 Part 1 of the report describes how victims and survivors of VAWDASV often find it difficult to navigate a fragmented system of service delivery. To support victims and survivors to access and use services we recommend that that public bodies:

- Produce comprehensive and relevant information in a variety of media on the full range of services available to protect and support victims and survivors; and
- Create a joint pathway to access services and support for both victims and professionals and advertise access arrangements widely.

R3 Part 2 of the report notes that whilst it is important that organisations comply with relevant data protection legislation, they also need to share

	<p>data with partners to better meet the needs of victims and survivors. We recommend that authorities:</p> <ul style="list-style-type: none"> • Ensure staff that are likely to come in to contact with victims and survivor have appropriate VAWDASV training; • Provide refresher training to service managers to ensure they know when and what data they can and cannot share; and • Review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities. <p>R4 Part 2 of the report highlights that while some good progress has been made with regional working, there are not always appropriate levers in place to support service transformation in line with VAWDASV legislation. To ensure the benefits of regionalisation are realised, we recommend that delivery agencies (local authorities and the third sector) review their approach to regional working to better integrate services and maximise the positive impact they can make on victims and survivors.</p> <p>R5 Part3 of the report highlights that the complex and short-term funding mechanisms, lack of data and insufficient consultation with stakeholders, are not supporting sustainable commissioning of VAWDASV services. To address this, we recommend that local authorities review their commissioning arrangements to:</p> <ul style="list-style-type: none"> • Remove duplication and overlap between different approaches within the authority and with partner; • Rationalise administration arrangements to improve efficiency and value for money; • Streamline and standardise commissioning arrangements to reduce the burden of administration on all parties; and • Set appropriate performance measures, targets and benchmarks to judge the impact and outcome of commissioned services.
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Audit Wales The Effectiveness of Local Planning Authorities in Wales (National Study) (issued June 2019)

Recommendations for Improvement

	<p>R1 Part 1 of the report sets out the complexities of the planning system showing how challenging it is for local planning authorities to effectively engage with and involve stakeholders in choices and decisions. To improve involvement with stakeholders and ownership of decisions we recommend that:</p> <p>Local planning authorities:</p> <ul style="list-style-type: none"> • Test current engagement and involvement practices and consider the full range of other options available to ensure involvement activities are fit for purpose;
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- Use 'Place Plans' as a vehicle to engage and involve communities and citizens in planning choices and decision making; and
- Improve transparency and accountability by holding planning meetings at appropriate times, rotating meetings to take place in areas which are subject to proposed development, webcasting meetings and providing opportunities for stakeholders to address committee meetings

Welsh Government:

- Review the Development Management Procedure Order 2012 And update the engagement and involvement standards for local planning authorities.

R2 Part of the report highlights that local planning authorities have been subject to significant reductions in funding and struggle to deliver their statutory responsibilities. To improve resilience, we recommend that local planning authorities:

- Review their building control fee regimes to ensure levels set, better reflect the actual cost of providing these services and make the service self-funding; and
- Improve capacity by working regionally to:
 - Integrate services to address specialism gaps;
 - Develop joint supplementary planning guidance; and
 - Develop future local development plan regionally and in partnership with other local planning authorities

R3 Part 2 of the report highlights that the cost of development control services is not reflected in the charges set for these services and progress in developing regional responses to strengthen resilience has been slow. We recommend that the Welsh Government:

- Reviews development control fees to ensure the levels set, better reflect the actual cost of providing these services; and
- Consider how to use the powers in the Planning (Wales) Act to support and improve local planning authority capacity and resilience.

R4 Part 3 of the report summarises the effectiveness and impact of local planning authorities decision making and how well they are performing against national measures. We recommend that the local planning authorities improve the effectiveness of the planning committees by:

	<ul style="list-style-type: none"> • Reviewing their scheme of delegation to ensure planning committees are focused on the most important strategic issues relevant to their authority; • Revising reporting templates to ensure they are clear and unambiguous to help guide decision making and reduce the level of officer recommendations overturned; and • Enforcing the local planning authorities' standards of conduct for meetings. <p>R5 Part 4 of the report identifies the central role of planning to delivering the ambitions of the Wellbeing of Future Generations Act. We recommend that local planning authorities:</p> <ul style="list-style-type: none"> • Set a clear ambitious vision that shows how planning contributes to improving wellbeing; • Provide planning committee members with regular and appropriate measures for their administration of the planning system and the impact of their planning decisions on wellbeing; and • Annually publish these performance measures to judge planning authorities impact on wellbeing.
Audit Wales Review of Public Service Boards (National Study) (issued October 2019)	
<i>Recommendations for Improvement</i>	
	<p>R1 In Part 1 of the report we set out that understanding the impact of choices and decisions requires public bodies to fully involve citizens and stakeholders and undertake comprehensive Impact Assessments. However, we found that current practice is insufficient to provide assurance that the needs of people with protected characteristics are fully considered when reviewing choices and the voice of citizens is not sufficiently influencing decisions. We recommend that PSBs:</p> <ul style="list-style-type: none"> • conduct formal assessments to identify the potential impact on people with protected characteristics and the Welsh language and review agreed actions to ensure any adverse impacts are addressed; • improve transparency and accountability by making PSB meetings, agendas, papers and minutes accessible and available to the public; • strengthen involvement by working to the guidance in the National Principles for Public Engagement in Wales; and • feed back the outcome of involvement activity identifying where changes are made as a result of the input of citizens and stakeholders. <p>R2 In Part 2 of the report we review arrangements for PSB scrutiny and conclude that there are shortcomings and weaknesses in current performance and practice. To improve scrutiny, we recommend that:</p> <ul style="list-style-type: none"> • PSBs and public bodies use the findings of the Auditor General for Wales' Discussion Paper: Six themes to help make scrutiny 'Fit for the Future' to review their current performance and identify where they need to

	<p>strengthen oversight arrangements and activity; and • PSBs ensure scrutiny committees have adequate engagement with a wider range of relevant stakeholders who can help hold PSBs to account.</p> <p>R3 In Part 3 of the report we summarise the difficulty of developing, implementing and resourcing PSBs and the challenges of managing multiple partnerships that can often have overlap and duplication. To help build capacity, consistency and resourcing of activity we recommend that: • PSBs take the opportunity to discharge other plan and strategy obligations through the Local Wellbeing Plan; • the Welsh Government enables PSBs to develop flexible models of working including: – merging, reducing and integrating their work with other forums such as Regional Partnership Boards; and – giving PSBs flexibility to receive, manage and spend grant monies subject to PSBs ensuring they have adequate safeguards and appropriate systems in place for management of funding; effective budget and grant programme controls; and public reporting, scrutiny and oversight systems to manage expenditure.</p> <p>R4 To help build capacity, consistency and resourcing of activity we recommend that the Welsh Government and Welsh Local Government Association in their review of strategic partnerships take account of, and explore, the findings of this review.</p>
<p>Audit Wales Supporting Financial Resilience Follow-up Review – Blaenau Gwent County Borough Council (issued August 2020)</p>	
<p><i>Report findings:</i></p>	
	<p>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.</p>
<p>Audit Wales Integrated Care Fund – Greater Gwent Regional Partnership Board (issued September 2019)</p>	
<p><i>Report findings:</i></p>	
	<p>Our national report has identified that the fund has helped to bring organisations together to plan and provide services</p>
<p>Audit Wales Financial Sustainability Assessment – Blaenau Gwent County Borough Council (issued February 2020)</p>	
<p><i>Report findings:</i></p>	
	<p>Despite a history of service overspending, the Council has recently taken steps to increase the level of useable reserves and is developing a more sustainable financial strategy</p>

Recommendations for Improvement

Improving access to the front door R1 Part 1 of the report sets out how authorities promote access to the 'front door' and provide information, advice and assistance to help people to improve their wellbeing and prevent their needs from deteriorating. To improve awareness of the front door we recommend that:

Local Authorities:

- Review their current approaches, consider their audience, and ensure that good-quality information is made available in a timely manner to avoid needs deteriorating and people presenting for assistance in 'crisis';
- Work in partnership with public and third sector partners to help ensure people accessing via partner referrals, or other avenues, are given the best information to help them;
- Ensure that advocacy services are commissioned and proactively offered to those who need them at first point of contact; and
- To take local ownership and lead on the co-ordination and editing of local information published on Dewis Cymru locally.

The Welsh Government:

- Improve carers' awareness and understanding of their rights to be assessed for their own care and support needs, aimed at generating demand for local authorities' preventative services; and
- Undertake a full evaluation of the role of Dewis Cymru in the wider implementation of the act and use the data gained to build on its potential as a national information sharing portal.

Investing in prevention and understanding impact R2 art2 of the report highlights weaknesses in authorities' assurance of the availability and quality of third-sector, preventative, community based services that they signpost people to. We recommend that:

Local Authorities:

- Map the availability of preventative services in their area to better understand the current levels of provision and identify gaps and duplication;
- Involve third-sector partners in co-producing preventative solutions to meet peoples' needs and ensure people have equitable access to services;

	<ul style="list-style-type: none"> • Work with third-sector partners to tailor and commission new services where gaps are identified; and • Work with partners to improve data to evaluate the impact of preventative services on individuals and the population more generally. <p>Welsh Government:</p> <ul style="list-style-type: none"> • Improve the cost evaluation in relation to their impact of the Act in a national context, and support local authorities to ensure that the desired impact of prevention on overall social-care expenditure becomes a demonstrable reality.
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Details of progress against these proposals can be obtained from the Governance and Partnerships Department.

Appendix B

Recommendation for Improvement made in the 2018/19 Annual Governance Statement	Action Undertaken during 2019/20	Further Action Required
Core Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.		
Continued adherence to the Authority’s policies and procedures which exist to guide Members and Officers to comply with the Council’s expectations in terms of acting with integrity.	A risk based audit plan was operated for 2019/20 which included examination of the Authority’s policies and procedures.	
To evidence robust application of the Authority’s Code of Conduct, an Internal Audit review of the declarations of interest process will be undertaken	An audit of the Code of Conduct was not conducted during 2019/20. The item was deferred.	Code of Conduct audit to be included on future audit plans.
In line with good practice, an annual review (as a minimum) of the Constitution and Scheme of delegation to ensure the Authority’s governance and decision making processes remain fit for purpose	Emergency measures were put on place as a result of the Covid-19 pandemic.	
Approval by Council of the reviewed Whistleblowing Policy	The Whistle blowing policy is the subject of an ongoing review	
Continued application of the Members Performance Development Review scheme and competency framework review following the AGM in May 2019 and the Senior Salary holders will be reviewed in late 2019.	The PDRs took place last year and are scheduled for November this year. The sessions for SRA holders will be facilitated externally. Following this, the non SRA holders will be provided with the opportunity to undertake a PDR.	
Continued application of the Officers Performance Review Scheme.	The Officer Performance Review Scheme has been applied throughout 2019/20.	
The audit plan for 2019/20 will include testing a range of policies and procedures.	The 2019/20 audit plan included a range of policy and procedure audits.	Future audit plans will continue to include a range of policy and procedure audits.
Core Principle B – Ensuring openness and comprehensive stakeholder engagement.		
Further work to be undertaken linked to the	Report considered by Corporate Overview and	Audit Wales

Audit Wales Levers of Change and service User Perspective review.	Audit Committee in September 2019. Proposals for improvement included within the engagement team business plan.	
Evaluate the findings of the staff survey conducted during January 2019 and implement change.	The results of the staff survey have been analysed and a set of high level actions were agreed.	Implementation of the actions arising from the staff survey.
Monitor progress of the Local Well-Being Plan.	In early 2020 a performance management framework was approved for SSG and PSB to formalise reporting and monitoring arrangements of the Well-being Plan.	
Continued implementation of the Council's Engagement Programme as part of the Engagement Strategy.	The engagement programme has been reviewed to consider the impacts of the pandemic. Arrangements moving forward have been agreed by CLT.	
Core Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits.		
Continued implementation and mainstreaming of the Welsh Language standards across all areas of Blaenau Gwent.	This is ongoing and updates included within the annual report.	
Continue to support the collective and individual body duties under the Well-being of Future Generations Act.	This is ongoing for the Council and PSB. Progress is included in the Assessment of Performance and work of the PSB.	
Annual review of the Corporate Plan	This has been undertaken this year and resulted in a change to the well-being objectives.	
Core Principle D – Determining the interventions necessary to optimise the achievement of intended outcomes.		
Review of the Performance Management Framework to ensure alignment with the Corporate Plan.	The framework has been reviewed but needs to be agreed through CLT – delay owing to priorities regarding the pandemic.	
Review of the self-evaluation process.	The Council has decided to adopt the self-assessment process from the Well-being of Future Generations Commissioner.	

Core Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it.		
Conclude phase 2 of the Senior Management Review.	The Senior Management review was completed in 2019.	
Production of job descriptions and person specifications for the roles of chair and Vice-Chair of the Public Services Board Scrutiny Committee.	This has been completed and included in the Council’s Constitution.	
Analyse the findings of the staff survey and implement required actions.	The results of the staff survey have been analysed and a set of high level actions were agreed.	Implementation of the actions arising from the staff survey.
Core Principle F – Managing risks and performance through robust internal control and strong public financial management		
To assess and demonstrate its compliance with the Local Government Measure and the aims and objectives of the Council, the annual report of the audit committee will be produced summarising the 2018/19 year’s activity and evidencing their responsibilities as part of the governance arrangements.	Information was gathered for this report, but was delayed due to the Covid-19 pandemic.	The report for 2019/20 will be produced during 2020/21.
Regular review of Risk Management arrangements to ensure they remain fit for purpose and are implemented consistently.	Review of the Risk Management Strategy was planned for March 2020, but was delayed due to the Covid-19 pandemic. The Corporate Risk Register has continued to be managed by CLT.	
As part of the Authority’s ongoing commitment to managing its risks, the anti-fraud, anti-corruption and anti-bribery policy will be reviewed and updated as appropriate	The Anti-Fraud, Anti-Corruption and Anti-Bribery Policy was not reviewed during the period	The Anti-Fraud, Anti-Corruption and Anti-Bribery Policy will be reviewed during 2020/21.
Continued inclusion of key governance systems in the internal audit plan to ensure key elements of the governance framework are prioritised and examined annually	A number of key governance systems were audited during 2018/19 and findings reported to the appropriate service areas for action.	The risk based audit plan for 2019/20 has prioritised a number of key governance systems for audit during 2019/20.
Core Principle G – Implementing good practices in transparency, reporting, and audit, to deliver effective accountability		

<p>Managers to implement the actions identified to address weaknesses highlighted by Internal Audit. Meetings are undertaken with the Wider Corporate Leadership Team, in addition to responsible Officers, and timescales are set for implementation. Managers to ensure systems for which they have responsibility have robust internal controls to further improve the integrity of the Authority's processes.</p>	<p>Internal audit reports have been subject to follow up review where they are graded Limited Assurance or No Assurance</p>	
<p>The Anti-Fraud, Anti-Corruption and Anti-Bribery Policy will be reviewed to ensure it remains fit for purpose.</p>	<p>The Anti-Fraud, Anti-Corruption and Anti-Bribery Policy was not reviewed during the period.</p>	<p>The Anti-Fraud, Anti-Corruption and Anti-Bribery Policy will be reviewed during 2020/21.</p>
<p>CLT to consider a scoping exercise for webcasting meetings linked to the implementation of Office 365.</p>	<p>As part of the remote meeting arrangements, meetings are recorded live and then uploaded onto the website following the meeting. This is fully in line with the emergency legislation put in place. Public speakers, the Press and members of the public can attend the meeting on request, or can view the meeting via the website once the meeting has been uploaded. In future, 'Teams Live' is being considered whereby meetings will be streamed live. This development will enable the Council to embrace hybrid meetings in future and adhere to the remote meeting requirements as part of the forthcoming Local Government Bill.</p>	

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: **17th November 2020**

Report Subject: **The Annual Report of The Public Services Ombudsman for Wales 2019/2020**

Portfolio Holder: **The Leader/ Executive Member Corporate Services**

Report Submitted by: **Andrea Jones
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)
28/10/20	05/11/20		17/11/20			09/12/20		

1. Purpose of the Report

- 1.1 The report is to inform Members and Officers of the Council's performance with regard to complaints to the Public Services Ombudsman for Wales.

2. Scope and Background

- 2.1 The Public Services Ombudsman for Wales prepares an annual report which provides the number of service and code of conduct complaints for each Council in Wales, and compares the Council's performance with that of the average council in Wales.
- 2.2 In 2019, the National Assembly for Wales (now Senedd Cymru Welsh Parliament) passed the Public Services Ombudsman (Wales) Act 2019. The Ombudsman in Wales is now the first office in the UK to have full and operational powers to drive systemic improvement of public services through investigations on our 'own initiative' and the Complaints Standards role.
- 2.3 During 2019/20 the Ombudsman has engaged with Local Authorities on the new Complaints Standards powers and for the first time in 2019/20 Local Authorities submitted data about complaints to the Complaints Standards Authority (CSA)
- 2.4 The CSA will provide training to staff who deal with complaints. This training was originally planned for March 2020 but was cancelled due to Covid and it is hoped training will re-commence shortly.
- 2.5 The number of complaints to the Ombudsman for Blaenau Gwent during 2019/2020 was 17 which resulted in 1 intervention.
- 2.6 The overall number of complaints received by the Ombudsman relating to local authorities across Wales has decreased by 2.4% during 2019/20.

2.7 The number of Code of Conduct Complaints made to the Ombudsman in relation to this Council is 1.

2.8 The number of Code of Conduct Complaints made to the Ombudsman in relation to Town/Community Council is 6.

3. **Options for Recommendation**

3.1 **Option 1**

To provide the Audit Committee with assurance that the process for the monitoring of complaints is robust and the performance information provided reflects these practices.

3.2 **Option 2**

To seek further clarification on any areas within the report and or to highlight and any areas of interest or concern that need to be considered in future monitoring and reporting of complaints.

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

4.1 There is a legislative requirement to provide information on the number of complaints the Council received in order for the Public Services Ombudsman for Wales to prepare an annual report.

4.2 The monitoring of complaints and complements is a key performance indicator within the Council's Corporate Plan, under the Well-being Theme, 'Efficient Council'.

4.3 From the Well-being Plan the monitoring of complaints links into 'A resilient Wales' as it provides an opportunity for citizens to take an active and empowered role. The Council is required to present the Annual Report to members.

5. **Implications Against Each Option**

5.1 ***Impact on Budget (short and long term impact)***

The Ombudsman in certain circumstances may award compensation to the complainant. In such circumstances, the compensation will be paid by the relevant department/service area.

5.2 ***Risk including Mitigating Actions***

Complaints are investigated in accordance with the Councils Corporate Complaints Policy.

5.3 ***Legal***

There are no legal implications associated with this report.

5.4 **Human Resources**

There are no human resource implications associated with this report.

6. **Supporting Evidence**

6.1 **Performance Information and Data**

See appendix 1:

Section A: Complaints received and investigated with the local authority average adjusted by population

Section B: Complaints received by subject

Section C: Comparison of complaint outcome with average outcome for Local authorities, adjusted for population distribution

Section D: Provides the numbers and percentages of cases received by the Ombudsman in which an intervention has occurred. This includes all upheld complaints, early resolutions and voluntary settlements.

Section E: Provides a breakdown of all Code of Conduct complaint outcomes against Councillors during 2018/19.

Section F: Provides a breakdown of all Code of Conduct complaint Outcomes against town or community councils

6.2 **Expected outcome for the public**

This report is positive information to share with the public and is evidence that the Council's Corporate Complaints Policy is working effectively to resolve complaints at an early stage, and few complainants are seeking independent redress.

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

By providing a complaints process, the Council is enabling active participation of the public and partners to identify areas of concern that need to be addressed.

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

The Public Service Ombudsman (Wales) Act 2019 has now been introduced giving the Ombudsman new powers aimed at:

- Improving access to their office
- Allowing the Ombudsman to undertake own initiative investigations when required in the public interest
- Ensuring that complaints data from across Wales may be used to drive improvement in public services for citizens in Wales

6.5 ***Preventative focus***

The complaints process enables the Council to rectify processes that have been highlighted within a complaint. This in turn supports the Council to prevent similar complaints being provided.

6.6 ***Collaboration / partnership working***

As part of the report prepared by the Public Services Ombudsman for Wales comparisons are made across all Council's across Wales.

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

The Complaints process is undertaken across all sections of the Council in order to provide a full picture across the Council.

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

An Equalities Impact Assessment is not required for the performance monitoring of complaints, however, if a complaint requires consideration of the Equalities Act an EqlA would be undertaken for the specific complaint.

7. **Monitoring Arrangements**

7.1 The annual reports are presented to the Corporate Leadership Team and Audit Committee on an annual basis.

Complaints monitoring is undertaken across the Council and, as mentioned above, a review of this process is to be undertaken in due course.

Background Documents /Electronic Links

- Appendix 1

Factsheet

A. Complaints Received

Local Authority	Complaints Received	Complaints received per 1000 residents
Blaenau Gwent County Borough Council	17	0.24
Bridgend County Borough Council	34	0.23
Caerphilly County Borough Council	49	0.27
Cardiff Council*	122	0.33
Carmarthenshire County Council	42	0.22
Ceredigion County Council	31	0.42
Conwy County Borough Council	29	0.25
Denbighshire County Council	32	0.34
Flintshire County Council	61	0.39
Gwynedd Council	37	0.30
Isle of Anglesey County Council	26	0.37
Merthyr Tydfil County Borough Council	13	0.22
Monmouthshire County Council	16	0.17
Neath Port Talbot County Borough Council	22	0.15
Newport City Council	39	0.25
Pembrokeshire County Council	25	0.20
Powys County Council	72	0.54
Rhondda Cynon Taf County Borough Council	39	0.16
Swansea Council	92	0.37
Torfaen County Borough Council	5	0.05
Vale of Glamorgan Council	30	0.23
Wrexham County Borough Council	33	0.24
Wales	866	0.28

* inc 1 Rent Smart Wales

B. Complaints Received by Subject

Blaenau Gwent	Complaints Received	Complaints Percentage Share
Adult Social Services	1	5.88%
Children's Social Services	2	11.76%
Community Facilities, Recreation and Leisure	1	5.88%
Complaint Handling	2	11.76%
Education	2	11.76%
Environment and Environmental Health	3	17.65%
Housing	1	5.88%
Planning and Building Control	2	11.76%
Various Other	3	17.65%

C. Complaint Outcomes

(* denotes intervention)

Complaints Closed	Premature/ Out of Time/Right to Appeal	Out of Jurisdiction	Other cases closed after initial consideration	Early Resolution/voluntary settlement*	Discontinued	Other Reports- Not Upheld	Other Reports Upheld - in whole or in part*	Public Interest Report *	Grand Total
Blaenau Gwent County Borough Council	9	2	5	1	0	0	0	0	17
Percentage Share	52.94%	11.76%	29.41%	5.88%	0.00%	0.00%	0.00%	0.00%	

D. Number of cases with PSOW intervention

	No. of interventions	No. of closures	% of interventions
Blaenau Gwent County Borough Council	1	17	6%
Bridgend County Borough Council	1	34	3%
Caerphilly County Borough Council	6	50	12%
Cardiff Council	21	120	18%
Cardiff Council - Rent Smart Wales	-	1	0%
Cardarthen County Council	6	46	13%
Ceredigion County Council	4	30	13%
Conwy County Borough Council	6	34	18%
Denbighshire County Council	2	32	6%
Flintshire County Council	8	57	14%
Gwynedd Council	4	39	10%
Isle of Anglesey County Council	3	28	11%
Merthyr Tydfil County Borough Council	2	15	13%
Monmouthshire County Council	2	15	13%
Neath Port Talbot Council	4	25	16%
Newport City Council	4	38	11%
Pembrokeshire County Council	7	29	24%
Powys County Council	14	71	20%
Rhondda Cynon Taf County Borough Council	5	40	13%
Swansea Council	4	93	4%
Torfaen County Borough Council	1	5	20%
Vale of Glamorgan Council	4	27	15%
Wrexham County Borough Council	4	33	12%
Grand Total	113	879	13%

E. Code of Conduct Complaints Closed

County/County Borough Councils	Closed after initial consideration	Discontinued	No evidence of breach	No action necessary	Refer to Standards Committee	Refer to Adjudication Panel	Withdrawn	Total
Blaenau Gwent	1	-	-	-	-	-	-	1

F. Town/Community Council Code of Complaints

Town/Community Council	Closed after initial consideration	Discontinued	No evidence of breach	No action necessary	Refer to Standards Committee	Refer to Adjudication Panel	Withdrawn	Total
Abertillery & Llanhilleth CC	6	-	1	-	-	-	-	7

Agenda Item 12

Council and Executive Only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Audit Committee**

Date of meeting: **17th November 2020**

Report Subject: **WAO Action Plan update**

Portfolio Holder: **John Mason, Executive Member for Social Services**

Report Submitted by: **Damien McCann, Corporate Director of Social Services**

Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
			17.11.20					

1. Purpose of the Report

To update the Audit Committee regarding the formation of the Corporate Safeguarding Leads group and on the developments in respect of the Welsh Audit Office (WAO) recommendations following their review of the corporate arrangements for the safeguarding of children.

2. Scope and Background

- 2.1 Members may recall a previous report to Corporate Overview Scrutiny Committee on the 12th February 2020 regarding a WAO review of Corporate Safeguarding during the latter part of 2019. The recommendations were that progress would be reported back to the Audit Committee.
- 2.2 WAO undertook a review during June 2019 to seek assurance that the Council had acted upon their previous national and local recommendations. The Council were asked to complete a self-assessment and provide documentation to support its self-assessment. WAO then interviewed key officers and the lead member for Corporate safeguarding.
- 2.3 WAO conclusion was that the Council made limited progress in addressing our previous recommendations and proposals for improvement and safeguarding arrangements are not consistent enough to provide assurance across all areas.

3. Options for Recommendation

- 3.1 That members of the Audit Committee

Option 1

Accept the WAO revised Action Plan timescales.

Option 2

Consider the WAO revised Action Plan timescales and provide further comment.

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

The Safeguarding agenda is considered as part of the councils Strategies that includes:

- Corporate Plan
- Corporate Risk Register and Directorate Risk Register
- Safe Reduction of Looked after Children Strategy
- Early Intervention and Prevention Strategy

5. **Implications Against Each Option**

5.1 ***Impact on Budget***

Whilst the training framework has yet to be finalised there will likely be financial costs should Members agree to mandatory safeguarding training for all Council employees.

On completion of the corporate safeguarding training framework, it is anticipated that mandatory training commensurate to role and responsibility will be proposed.

In order to deliver on the proposed safeguarding training framework, there will need to be a council wide commitment and council wide investment into the proposed programme. Directorates within the Council will have to financially contribute towards the newly proposed training programme as well as ensure that all staff across the Council are given sufficient time to undertake the mandatory training which will be commensurate to their role/responsibility.

5.2 ***Risk***

As part of the WAO Action Plan safeguarding needs to be reflected in the corporate risk register.

5.3 ***Legal***

There are no legal implications.

5.4 ***Human Resources***

If it is agreed that mandatory safeguarding training is a requirement, then staff will have to be taken out of their daily work which may impact on service delivery.

6. **Supporting Evidence**

6.1 ***Performance Information and Data***

The WAO recommendations were formulated into an Action Plan (appendix 2) which was accepted by Corporate Overview Scrutiny Committee on the 12th February 2020. As a result, the action plan was then passed to the Corporate Safeguarding Leads (CSL) group for their oversight and management.

The CSL initially reviewed the terms of reference for these meetings and revisited the core membership from across the council. These meeting were necessary to ensure that the corporate safeguarding arrangements and requirements were being addressed and managed in accordance with statutory requirements.

Terms of Reference were redrafted and agreed (appendix 1) and an initial work plan was formulated that prioritised:

- Updating the Corporate Safeguarding Policy which included the Education Safeguarding Policy;
- Undertaking a review of the current corporate safeguarding training plan;
- Draft a proposal for a new corporate safeguarding training framework commensurate to role and responsibilities.

As a direct result of the COVID 19 pandemic the schedule of the CSL meetings needed to be revised. This resulted in the April CSL meeting being cancelled and these have only been able to resume in July 2020. However, as a direct result of the COVID 19 the Action Plan in response to the WAO recommendations has been amended to allow for the timescales for the completion of the actions to be extended. (Appendix 3).

6.2 ***Expected outcome for the public***

Those children who are assessed to be at risk of harm are protected and safeguarded and that the Local Authority adheres to legislations regarding statutory intervention.

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

The development of the Corporate Safeguarding Policy and the Departmental Safeguarding Leads Meeting was developed to help ensure all departments within the Authority are aware of their responsibilities for safeguarding and are kept updated with any emerging issues or trends within safeguarding. During COVID 19 the Departmental Safeguarding Leads meetings were put on hold however work continued on updating the Corporate Safeguarding Policy.

The Corporate Safeguarding Leads meetings resumed during July and it was agreed that the WAO Action Plan would take priority for forward work planning.

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

Implementation of the recommendations of the WAO Corporate Safeguarding review will ensure that we are appropriately corporately safeguarding children to the best of our ability moving forward.

6.5 ***Preventative focus***

Providing this report and the level of detailed safeguarding information and progress on the WAO Action Plan to Scrutiny Committee enables Members to ensure risk are identified and acted on

6.6 ***Collaboration / partnership working***

The updated Corporate Safeguarding Policy ensures that each department has identified Safeguarding Leads and that these leads meet together on a quarterly basis looking at safeguarding across the whole Authority.

6.7 ***EgIA***

There is no need to submit an impact assessment.

7. **Monitoring Arrangements**

7.1 The implementation of the management response and action plan will be monitored quarterly by the Corporate Leadership Team and reported to the Corporate Scrutiny Overview and Safeguarding Scrutiny Committees.

Background Documents /Electronic Links

- **Appendix 1: Terms of Reference**
- **Appendix 2: previous WAO Action Pan**
- **Appendix 3: revised WAO Work Plan**

Corporate Safeguarding Leads Group (CSLG)

Terms of Reference

Purpose/role of the Group:

To oversee the timely implementation of the WAO review of safeguarding recommendations as outlined in the agreed action plan

To ensure the corporate safeguarding policy is fit for purpose and responsive to emerging safeguarding issues

To lead on the development and implementation of a corporate safeguarding professional learning offer

To monitor compliance of the implementation of the learning offer at a Directorate and Council level

To offer peer challenge to individual Directorate on safeguarding matters

To share professional knowledge and experiences

To monitor risks in relation to safeguarding matters, taking a preventative approach to risk mitigation

To undertake the lead on other safeguarding work streams as allocated by CLT

Membership:

Directorate Safeguarding Leads – or appointed Deputies

Co-opted members – Safeguarding Manager, Safeguarding in Education Manager and Professional Lead for Community Safety

The membership of the group will commit to:

Attending all scheduled meetings and if necessary send a representative

Forwarding any agenda items to the CSLG Coordinator 10 working days prior to the meeting (exceptions will be made if urgent items need to be heard)

Accountability:

The group is accountable to the Chief Officer for Safeguarding – Damien McCann.

Minutes of the meetings will be reported to CLT within 10 working days of the meeting taking place

Review:

The group will undertake an annual self-assessment of its work to determine progress and impact.

The annual self-assessment will take after the Q4 reporting period

Meetings:

Meetings will be aligned to Scrutiny reporting of Safeguarding matters with a minimum of 4 meetings a year timetabled

The venue for the CSLG meetings will be The Integrated Children's Centre, Blaina

The Chair of the CSLG for 2020- 2021 will be Alison Ramshaw, Service Manager, Children's Services

The position of Chair of the CSLG will be for a period of 12months

The Vice Chair of the CSLG for 2020 – 2021 will be Clive Rogers, Safeguarding Lead Environment

The position of Vice Chair of the CSLG will be for a period of 12 months

The meetings will be convened and clerked by a CSLG Coordinator from Business Support

Agendas and papers for the meeting will be shared 5 working days before the meeting

Full copies of the minutes, including any attachments will be provided to all CSLG members no later than 5 working days following each meeting

Non-members will be invited to the group meetings as certain topics arise

Bespoke pieces of work may be discharged through any agreed sub groups who will report back to the CSLG

Sharing of information and resources (including confidential materials)

A secure porthole will be established on an agreed drive to which all members will have access. This drive will hold papers for the meetings and will enable the safe sharing of confidential information

Management Response – WAO Follow-up review of Corporate Arrangements for the Safeguarding of Children

Document Reference: 1521A2019-20

Date Issued: 10/10/19

Ref	Original Proposal for Improvement	Additional Areas from the WAO	Actions to take forward	Completion Date	Responsible Officer
R1	<p>Partially Met</p> <p>Improve corporate leadership and comply with Welsh Government policy on safeguarding through:</p> <ul style="list-style-type: none"> the appointment of a senior lead officer who is accountable for safeguarding and protecting children and young people with corporate responsibilities for planning improvements; the appointment of a lead member for safeguarding; and Regularly disseminating and updating information on these appointments to all staff and stakeholders. 	<p>In addressing this recommendation, the Council should also look to:</p> <ul style="list-style-type: none"> ensure that it communicates the names and roles of lead officers and members for corporate safeguarding to all staff, volunteers, agency workers and contractors when the Corporate Safeguarding policy is revised to reflect the new senior management restructure; ensure the new designated strategic safeguarding leads and the deputy leads are fully briefed on their safeguarding roles and responsibilities; strengthen the governance arrangements supporting the deputy designated strategic safeguarding leads' network; ensure that the Corporate Safeguarding Policy is easily accessible from the main Council website; ensure that contractors receive the corporate safeguarding policy prior to commencing work at the Council to fully understand the corporate safeguarding roles and responsibilities and procedures; and test employees' awareness of the safeguarding policy and procedures, and confidence to use the policy 	<p>1. Corporate Safeguarding Policy:</p> <ul style="list-style-type: none"> Update the Policy Update the structure Include updated information from the All Wales Policy When adopted in April 2020, include information from the All Wales Safeguarding Procedures 	April 2020	Alison Ramshaw (Corporate Safeguarding Group)
			<p>2. Development of a terms of reference for the Corporate Safeguarding Group (via a diagram)</p>	January 2020	Alison Ramshaw (Corporate Safeguarding Group)
			<p>3. All Wales Policy App:</p> <ul style="list-style-type: none"> Request for work mobile phones to be able to receive the All Wales Policy App Identify who needs the app 	Feb 2020 March 2020	Lee Williams Alison Ramshaw (Corporate Safeguarding Group) Sean Scannell
			<ul style="list-style-type: none"> Include App on Intranet, MD Message and Managers Brief 	March 2020	
			<p>4. Include Corporate Safeguarding Policy and Information on front page of Intranet and Internet highlighting everyone's responsibilities with safeguarding</p>	January 2020	Sean Scannell
			<p>5. Identify a safeguarding lead for each directorate at Wider CLT and a supporting officer beneath this level</p>	January 2020	Damien McCann
			<p>6. (i) Include the Corporate Safeguarding Policy into the paperwork for contractors (above £75k). (ii) Include in the Contract Procedural Rules (above £25k)</p> <p>For both state that 'there is an expectation to follow the Corporate Safeguarding Policy' and include a requirement for a signature.</p>	April 2020 April 2020	Lee Williams
<p>7. Include safeguarding in the Leadership Development Programme</p>	April 2020	Andrea Prosser			

Management Response – WAO Follow-up review of Corporate Arrangements for the Safeguarding of Children

Document Reference: 1521A2019-20

Date Issued: 10/10/19

		(for example, through a staff survey).	8. Raise the profile and importance of safeguarding in Safeguarding Week (November each year), include scenario based information and a small quiz for staff	November 2020	Damien McCann
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Ref	Original Proposal for Improvement	Additional Areas from the WAO	Actions to take forward	Completion Date	Responsible Officer
R1	Continued...		9. 7 minute Safeguarding briefing to be provided to staff for awareness raising	April 2020	Sean Scannell
			Include safeguarding as a question in the bi annual staff survey	July 2021	Andrea Prosser
R2	Fully Met Ensure there is a corporate-wide policy on safeguarding covering all council services to provide a clear strategic direction and clear lines of accountability across the Council.	The Council could consider the following options to further strengthen its arrangements: <ul style="list-style-type: none"> The Safeguarding Policy outlines the governance arrangements for Safeguarding and the individual role and responsibilities of key senior officers as well as the South East Wales Safeguarding Children's Board and Gwent-wide Adult Safeguarding Board. Presenting this information in a schematic would improve clarity of how the individuals and groups align; and Setting out the role of the Joint Safeguarding Scrutiny Committee and the role of individual scrutiny committees in the Safeguarding policy. 	1. As identified in R1, the Corporate Safeguarding Group to develop a diagram as part of the Corporate Safeguarding Policy to identify responsibilities and arrangements.	March 2020	Lee McDonald and Alison Ramshaw (Corporate Safeguarding Group)
			2. Development of options for Scrutiny Committees moving forward: <ul style="list-style-type: none"> Broaden the remit of Corporate Overview to include Corporate Safeguarding; or Development of a whole Joint Safeguarding Scrutiny Committee (replacing the current Joint Education and Learning and Social Services Safeguarding Scrutiny Committee) 	For AGM May	Gemma Wasley

Management Response – WAO Follow-up review of Corporate Arrangements for the Safeguarding of Children

Document Reference: 1521A2019-20

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Ref	Original Proposal for Improvement	Additional Areas from the WAO	Actions to take forward	Completion Date	Responsible Officer
R3	<p>Partially Met Strengthen safe recruitment of staff and volunteers by:</p> <ul style="list-style-type: none"> ensuring that Disclosure and Barring Service (DBS) checks and compliance with safe recruitment policies cover all services that come into contact with children; creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks; and requiring safe recruitment practices amongst partners in the third sector and for volunteers who provide services commissioned and/or used by the council which are underpinned by a contract or service level agreement. 	<p>In addressing this recommendation, the Council should also look to:</p> <ul style="list-style-type: none"> ensure that its monitoring systems enable tracking of safe recruitment and DBS renewal process for agency staff, volunteers and contractors; and strengthen arrangements for monitoring that services commissioned by the Council undertake safe recruitment practices. 	1. Development of a Corporate Policy for volunteers	September 2020	Andrea Prosser
			2. <ul style="list-style-type: none"> Include in recruitment contracts about DBS requirements; Reminder information on DBS and renewals to be provided to contractors; <ul style="list-style-type: none"> Check list questions to be developed for contractors. 	This is already considered as part of procurement & commissioning strategies for contractors and agency staff Need to ensure this references volunteers should they use them	Lee Williams / All Contract Managers
			3. Identify the contractors who would most require a DBS check	April 2020	Lee Williams and Damien McCann
			4. Every 2 years undertake a 'spot check' of contractors and compliance with DBS	May 2020 AGM	Internal Audit
			5 Include in contract compliance meetings to discuss DBS and renewals, including monitoring safeguarding compliance	April 2020	All Contract Managers

Management Response – WAO Follow-up review of Corporate Arrangements for the Safeguarding of Children

Document Reference: 1521A2019-20

Date Issued: 10/10/19

Ref	Original Proposal for Improvement	Additional Areas from the WAO	Actions to take forward	Completion Date	Responsible Officer
R4	<p>Not Met Ensure all relevant staff, members and partners understand their safeguarding responsibilities by:</p> <ul style="list-style-type: none"> ensuring safeguarding training is mandated and coverage extended to all relevant council service areas, and is included as standard on induction programmes; creating a corporate-wide system to identify, track and monitor compliance on attending safeguarding training in all council departments, elected members, schools, governors and volunteers; and requiring relevant staff in partner organisations who are commissioned to work for the council in delivering services to children and young people to undertake safeguarding training. 	<p>In addressing this recommendation, the Council should also look to:</p> <ul style="list-style-type: none"> include the Corporate Safeguarding Policy, safeguarding roles and responsibilities and safeguarding training in the corporate induction programme; ensure consistent recording of all staff safeguarding training to enable refresher training to be undertaken in a timely manner; and agree a minimum timescale within which staff, volunteers and contractors undertake basic initial training upon appointment. 	1. A training needs analysis needs to be undertaken to determine what level of training is required by each member of staff. A rolling training programme will then be developed on a 3 yearly basis.	April 2020	Andrea Prosser and Alison Ramshaw supported by Ceri Gay & Sarah Dixon
			2. Consider e-learning - what is already available from Health and Social Care Wales and Academy Wales	April 2020	Andrea Prosser
			3. Review of the Corporate Induction Checklist – Simon is reviewing this (Andrea Prosser)	Completed	Andrea Prosser and Simon Green
			4. Categorise contractors who will need to undertake training – DBS / Level 1 / or more	April 2020	Lee Williams and Damien McCann
			5. Director to speak to Gwent Directors on their findings and actions.	Complete	Damien McCann

Management Response – WAO Follow-up review of Corporate Arrangements for the Safeguarding of Children

Document Reference: 1521A2019-20

Date Issued: 10/10/19

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Ref	Original Proposal for Improvement	Additional Areas from the WAO	Actions to take forward	Completion Date	Responsible Officer
R6	<p>Partially Met Improve accountability for corporate safeguarding by regularly reporting safeguarding issues and assurances to scrutiny committee(s) against a balanced and council-wide set of performance information covering:</p> <ul style="list-style-type: none"> • benchmarking and comparisons with others; • conclusions of internal and external audit/inspection reviews; • service-based performance data; • key personnel data such as safeguarding training, and DBS recruitment checks; and • the performance of contractors and commissioned services on compliance with council safeguarding responsibilities. 	<p>In addressing this recommendation, the Council should also look to:</p> <ul style="list-style-type: none"> • ensure safeguarding reports include performance information, DBS compliance and attendance levels at safeguarding training; and • ensure the reporting of safeguarding issues and risks across all Council directorates, partners, volunteers and third parties delivering services on behalf of the Council. 	1. Performance Reporting to include DBS compliance, training, risks and issues: Corporate Safeguarding group has performance information DBS Compliance is undertaken by OD		Performance Team liaise with Corporate Safeguarding Group, and OD –
			2. Baseline of training – delivered strategically Education and Social Services and then plan to go to all directorates.	April 2020 onwards	see R4 1.
			3. Approach EAS to include mandatory safeguarding as part of Governor training. To be checked annually	April 2020	Damien McCann and Lynette Jones
R7 and PF13	<p>Partially Met Establish a rolling programme of internal audit reviews to undertake systems testing and compliance reviews on the council’s safeguarding practices</p>	<p>In addressing this recommendation, the Council should also look to:</p> <p>clarify the role of Internal Audit and Audit Committee in relation to assuring the effective operation and governance of Corporate</p>	1. Discussion with Internal Audit to include Safeguarding in the programme for Internal		Damien McCann and Louise Rosser

Management Response – WAO Follow-up review of Corporate Arrangements for the Safeguarding of Children

Document Reference: 1521A2019-20

Date Issued: 10/10/19

	Include safeguarding within the internal audit programme to strengthen accountability and challenge.	Safeguarding arrangements, including within the Corporate Safeguarding Policy; and ensure that relevant information and insight from Internal Audit’s programme of work are shared and feed into the Council’s oversight and assurance framework for safeguarding including with the Corporate Safeguarding Board.	2. Include the safeguarding audit information onto the relevant Scrutiny Forward Work Programme and Audit Forward Work Programme.		Louise Rosser and Gemma Wasley
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Ref	Original Proposal for Improvement	Additional Areas from the WAO	Actions to take forward	Completion Date	Responsible Officer
R8	Partially Met Ensure the risks associated with safeguarding are considered at both a corporate and service level in developing and agreeing risk management plans across the council.	In addressing this recommendation, the Council should also look to: consider safeguarding risks in services other than Social Services and Education.	1. Linked to R2 action re safeguarding into Scrutiny Committee – risk from all areas to be reported into this committee. .		Gemma Wasley Penny Jones Louise Rosser

Ref	Original Proposal for Improvement	Additional Areas from the WAO	Actions to take forward	Target Completion Date	Responsible Officer	Actions to date	Evidence	BRAG rating
R1	Partially Met Improve corporate leadership and comply with Welsh Government policy on safeguarding through: • the appointment of a senior lead officer who is accountable for safeguarding and protecting children and young people with corporate responsibilities for planning improvements; • the appointment of a lead member for safeguarding; and • Regularly disseminating and updating information on these appointments to all staff and stakeholders.	In addressing this recommendation, the Council should also look to: • ensure that it communicates the names and roles of lead officers and members for corporate safeguarding to all staff, volunteers, agency workers and contractors when the Corporate Safeguarding policy is revised to reflect the new senior management restructure; • ensure the new designated strategic safeguarding leads and the deputy leads are fully briefed on their safeguarding roles and responsibilities; • strengthen the governance arrangements supporting the deputy designated strategic safeguarding leads' network; • ensure that the Corporate Safeguarding Policy is easily accessible from the main Council website; • ensure that contractors receive the corporate safeguarding policy prior to commencing work at the Council to fully understand the corporate safeguarding roles and responsibilities and procedures; and • test employees' awareness of the safeguarding policy and procedures, and confidence to use the policy (for example, through a staff survey).	1. Corporate Safeguarding Policy: • Update the Policy • Update the structure • Include updated information from the All Wales Policy • When adopted in April 2020, include information from the All Wales Safeguarding Procedures	Apr-21	Alison Ramshaw (Corporate Safeguarding Group)			
			2. Development of a terms of reference for the Corporate Safeguarding Group (via a diagram)	Oct-20	Alison Ramshaw (Corporate Safeguarding Group)			
			3. All Wales Policy App: • Request for work mobile phones to be able to receive the All Wales Policy App	Feb-20	Lee Williams			
			• Identify who needs the app	Mar-21	Alison Ramshaw (Corporate Safeguarding Group)			
			• Include App on Intranet, MD Message and Managers Brief	Mar-21	Sean Scannell			
			4. Include Corporate Safeguarding Policy and Information on front page of Intranet and Internet highlighting everyone's responsibilities with safeguarding	Jan-21	Sean Scannell			
			5. Identify a safeguarding lead for each directorate at Wider CLT and a supporting officer beneath this level	Jan-21	Damien McCann			
			6. (i) Include the Corporate Safeguarding Policy into the paperwork for contractors (above £75k). (ii) Include in the Contract Procedural Rules (above £25k) For both state that 'there is an expectation to follow the Corporate Safeguarding Policy' and include a requirement for a signature.	Apr-21	Lee Williams			
			7. Include safeguarding in the Leadership Development Programme	Apr-21	Andrea Prosser			
			8. Raise the profile and importance of safeguarding in Safeguarding Week (November each year), include scenario based information and a small quiz for staff	Nov-20	Damien McCann			
			9. 7 minute Safeguarding briefing to be provided to staff for awareness raising	Apr-21	Sean Scannell, supported by Leanne Tetley/Sarah Dixon/Sarah Jones			
			Include safeguarding as a question in the bi annual staff survey	Jul-21	Andrea Prosser			
R2	Fully Met Ensure there is a corporate-wide policy on safeguarding covering all council services to provide a clear strategic direction and clear lines of accountability across the Council.	The Council could consider the following options to further strengthen its arrangements: • The Safeguarding Policy outlines the governance arrangements for Safeguarding and the individual role and responsibilities of key senior officers as well as the South East Wales Safeguarding Children's Board and Gwent-wide Adult Safeguarding Board. Presenting this information in a schematic would improve clarity of how the individuals and groups align; and • Setting out the role of the Joint Safeguarding Scrutiny Committee and the role of individual scrutiny committees in the Safeguarding policy.	1. As identified in R1, the Corporate Safeguarding Group to develop a diagram as part of the Corporate Safeguarding Policy to identify responsibilities and arrangements. 2. Development of options for Scrutiny Committees moving forward: • Broaden the remit of Corporate Overview to include Corporate Safeguarding; or • Development of a whole Joint Safeguarding Scrutiny Committee (replacing the current Joint Education and Learning and Social Services Safeguarding Scrutiny Committee)	Mar-21	Lee McDonald and Alison Ramshaw (Corporate Safeguarding Group)			
R3	Partially Met Strengthen safe recruitment of staff and volunteers by: • ensuring that Disclosure and Barring Service (DBS) checks and compliance with safe recruitment policies cover all services that come into contact with children; • creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks; and • requiring safe recruitment practices amongst partners in the third sector and for volunteers who provide services commissioned and/or used by the council which are underpinned by a contract or service level agreement.	In addressing this recommendation, the Council should also look to: • ensure that its monitoring systems enable tracking of safe recruitment and DBS renewal process for agency staff, volunteers and contractors; and • strengthen arrangements for monitoring that services commissioned by the Council undertake safe recruitment practices.	1. Development of a Corporate Policy for volunteers 2. • Include in recruitment contracts about DBS requirements; • Reminder information on DBS and renewals to be provided to contractors; • Check list questions to be developed for contractors. 3. Identify the contractors who would most require a DBS check	Sep-21	Andrea Prosser			
			This is already considered as part of procurement & commissioning strategies for contractors and agency staff Need to ensure this references volunteers should they use them		Lee Williams / All Contract Managers			
				Apr-21	Lee Williams & Damien McCann			
				May-21	Internal Audit ?			
			5 Include in contract compliance meetings to discuss DBS and renewals, including monitoring safeguarding compliance	Apr-21	All Contract Managers			
R4	Not Met Ensure all relevant staff, members and partners understand their safeguarding responsibilities by: • ensuring safeguarding training is mandated and coverage extended	In addressing this recommendation, the Council should also look to: • include the Corporate Safeguarding Policy, safeguarding roles and responsibilities and safeguarding training in the corporate induction	1. A training needs analysis needs to be undertaken to determine what level of training is required by each member of staff. A rolling training programme will then be developed on a 3 yearly basis.	Apr-21	Andrea Prosser & Alison Ramshaw			

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: **17th November 2020**

Report Subject: **Audit Wales Certificate of Compliance for the Audit of Blaenau Gwent County Borough Council's Assessment of 2019-20 Performance**

Portfolio Holder: **Cllr N. Daniels, Leader / 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)
			17.11.20					

1 Purpose of the Report

The purpose of the report is to present the Audit Wales Certificate of Compliance following the audit of the Council's Assessment of 2019-20 Performance (attached at Appendix 1).

2. Scope and Background

Under the Local Government (Wales) Measure, the Council is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish an assessment before 31st October in the financial year following that to which the information relates.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

Audit Wales certified that, following publication, audited Blaenau Gwent County Borough Council's assessment of performance in 2019-20 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and the auditor's Code of Audit Practice. As a result of the audit, Audit Wales believed that the Council has discharged its duties under section 15 of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

3. **Recommendation**

- 3.1 It is recommended that that Audit Committee note the compliance certificate dated October 2020.

Reference: 2096A2020-21

Date issued: October 2020

Audit of Blaenau Gwent County Borough Council's assessment of 2019-20 performance

Certificate

I certify that I have audited Blaenau Gwent County Borough Council's (the Council) assessment of its performance in 2019-20 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 sections 15(2), (3), (8) and (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 annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

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

Scope of the 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. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

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