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Contact:/Cysylltwch â: Gwasanaethau Democraidaidd



MAE HWN YN GYFARFOD Y MAE GAN Y CYHOEDD HAWL EI FYNYCHU

Dydd Iau, 28 Hydref 2021

Annwyl Syr/Madam

PWYLLGOR LLYWODRAETHIANT AC ARCHWILIO

Cynhelir cyfarfod o'r Pwyllgor Llywodraethiant ac Archwilio yn Hybrid Meeting: via Microsoft Team/Abraham Darby Room, General Offices, Ebbw Vale on Dydd Mawrth, 2ail Tachwedd, 2021 am 9.30 am.

Yn gywir

Michelle Morris
Rheolwr Gyfarwyddwr

AGENDA

1. CYFIEITHU AR Y PRYD

Mae croeso i chi ddefnyddio'r Gymraeg yn y cyfarfod, ond mae angen o leiaf 3 diwrnod gwaith o hysbysiad ymlaen llaw os dymunwch wneud hynny. Darperir gwasanaeth cyfieithu ar y pryd os gwneir cais.

2. YMDDIHEURIADAU

Derbyn ymddiheuriadau.

3. DATGANIADAU BUDDIANT A GODDEFEBAU

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

Derbyn datganiadau buddiant a goddefebau.

4. **PWYLLGOR LLYWODRAETHIANT AC ARCHWILIO** 5 - 12

Derbyn cofnodion y cyfarfod o'r Pwyllgor Llywodraethiant ac Archwilio a gynhaliwyd ar 27 Gorffennaf 2021.

(Dylid nodi y cyflwynir y cofnodion er pwyntiau cywirdeb yn unig).

5. **DALEN WEITHREDU**

Nid oedd unrhyw gamau gweithredu yn deillio o gyfarfod y cyfarfod o'r Pwyllgor Llywodraethiant ac Archwilio a gynhaliwyd ar 27 Gorffennaf 2021.

6. **ARCHWILIO CYMRU – ASESAD CYNALIADWYEDD ARIANNOL CYNGOR BWRDEISTREF SIROL BLAENAU GWENT** 13 - 34

Ystyried adroddiad y Prif Swyddog Adnoddau.

7. **ARCHWILIO CYMRU: ADOLYGIAD O BOBL, PERFFORMIAD A CHYDNERTHEDD ARIANNOL MEWN GWASANAETHAU CYMUNEDOL** 35 - 62

Ystyried adroddiad y Pennaeth Gwasanaethau Cymunedol.,

8. **ADRODDIAD CYNNYDD ARCHWILIAD MEWNOL** 63 - 76

Ystyried adroddiad yr Arweinydd Proffesiynol Archwilio Mewnol.

9. **DATGANIAD CYFRIFON 2020/2021** 77 - 246

Ystyried adroddiad y Prif Swyddog Adnoddau.

10. **ARCHWILIAD O DDATGANIADAU ARIANNOL** 247 - 266

Derbyn adroddiad Archwilio Cymru.

11. **DATGANIAD LLYWODRAETHIANT BLYNYDDOL** 267 - 298

Ystyried adroddiad y Rheolwr Archwilio a Risg.

12. **ADRODDIAD DIWEDDARIAD BLYNYDDOL –** 299 - 302

**DEFNYDDIO PWERAU DAN DDEDDF RHEOLEIDDIO
PWERAU YMCHWILIO (RIPA) 2000**

Ystyried adroddiad y Pennaeth Cydymffurfiaeth
Cyfreithiol a Chorfforaethol.

**13. ADRODDIAD BLYNYDDOL OMBWDSMON 303 - 312
GWASANAETHAU CYHOEDDUS CYMRU 2020/2021**

Ystyried adroddiad y Pennaeth Cydymffurfiaeth
Cyfreithiol a Chorfforaethol.

At: Cynghorwyr T. Edwards (Cadeirydd)
S. Healy (Is-gadeirydd)
P. Baldwin
D. Davies
D. Hancock
J. Hill
W. Hodgins
J. Holt
J. Millard
M. Moore
J. C. Morgan
K. Rowson
B. Summers
S. Thomas
H. Trollope
L. Winnett
M. Veale

Pob Aelod arall (er gwybodaeth)
Rheolwr Gyfarwyddwr
Prif Swyddogion

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COUNTY BOROUGH OF BLAENAU GWENT

REPORT TO: THE CHAIR AND MEMBERS OF THE AUDIT COMMITTEE

SUBJECT: GOVERNANCE & AUDIT COMMITTEE – 27TH JULY, 2021

REPORT OF: DEMOCRATIC SUPPORT OFFICER

PRESENT: Mr. Terry Edwards (Chair)

Councillors S. Healy
D. Davies
D. Hancock
J. Hill
J. Holt
W. Hodgins
J. Millard
M. Moore
K. Rowson
B. Summers
H. Trollope
L. Winnett

WITH: Audit & Risk Manager
Service Manager Accountancy
Senior Business Partner - Capital and Corporate Accounting
Professional Lead – Internal Audit
Principal Accountant
Senior Auditor
Finance Officer
Data Protection & Governance Officer

AND: Mike Jones, Audit Wales

DECISIONS UNDER DELEGATED POWERS

<u>ITEM</u>	<u>SUBJECT</u>	<u>ACTION</u>
No. 1	<p><u>SIMULTANEOUS TRANSLATION</u></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p>	
No. 2	<p><u>APOLOGIES</u></p> <p>Apologies for absence were received for Councillors J.C. Morgan, S. Thomas, P. Baldwin and Mr. Martin Veale.</p>	
No. 3	<p><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></p> <p>Councillor B. Summers declared an interest in any reference to Silent Valley Waste Services.</p>	
No. 4	<p><u>AUDIT COMMITTEE</u></p> <p>The minutes of the Audit Committee held on 29th June, 2021 were submitted.</p> <p>RESOLVED that the minutes be accepted as a true record of proceedings.</p>	
No. 5	<p><u>ACTION SHEET</u></p> <p>There were no actions arising from the meeting held on 29th June, 2021.</p>	
No. 6	<p><u>INTERNAL AUDIT PLAN (2021-2026)</u></p> <p>Consideration was given to report of the Audit & Risk Manager.</p>	

The Audit & Risk Manager presented the report which provided the strategic Audit Plan for the period 2021-2026, and the rationale for implementing a one-year operational plan.

The Officer reported that a number of changes had been made to the Plan this year, however, it still complied with the Public Sector Internal Audit Standards (PSIAS) and the criteria as detailed in section 2.2 of the report. The main differences for this year were highlighted at section 2.4 onwards, and the Officer highlighted the key points contained therein.

A Member asked whether there would be greater focus on overspending Portfolios moving forward, particularly in light of discussions at the Joint Scrutiny (Budget Monitoring) Committee held the previous day regarding the Environment Portfolio.

In response the Officer confirmed that any overspends would be considered as part of the risk matrix. However, she explained that whilst a particular Portfolio may score high on the budget position, it may score lower in other areas of the matrix and balance out. In terms of the Environment Portfolio, some systems were rated high risk but not the Department as whole.

Another Member pointed out that a number of the high risk budgets had been mitigated by the Welsh Government Hardship Fund. He asked whether these budgets would now be removed from a high risk rating, and also whether the Council's spend of WG Hardship Funding would be audited.

The Officer explained that an area would not be removed because it received WG Hardship Funding. The risk assessment was based on a broader range of issues, and not just finance. In terms of auditing the Council's spend of WG Hardship Funding, this was dependent on the requirements for audit under the terms of funding, or whether we choose to undertake an audit due to the money involved, as was the case with the NNDR Grants provided as part of the Covid pandemic support. Due to the large sums of money being passed through the Authority it was felt appropriate to

	<p>consider those as part of the Plan last year.</p> <p>RESOLVED that the report be accepted and the Committee note the basis for audit selection / prioritisation as described in section 2, and approve the audit plan attached at Appendix A, deeming it to provide sufficient coverage upon which the Audit and Risk Manager can provide an annual audit opinion, enabling the Governance & Audit Committee to fulfil its assurance role.</p>	
<p>No. 7</p>	<p><u>DRAFT STATEMENT OF ACCOUNTS 2020/2021</u></p> <p>Consideration was given to the report of the Chief Officer</p> <p>The Senior Business Partner Capital and Corporate Accounting presented the Draft Statement of Accounts 2020/21 and the Authority's financial standing as at 31st March, 2021 (subject to audit).</p> <p>The Officer went through the report and highlighted points contained therein.</p> <p>He reported that under Section 10A of the amended regulations, the deadline for the preparation of the draft Statement of Accounts was 31st May, 2021, and publication of the final audited accounts was 31st July, 2021. However, in recognition of the continuing impact of the Covid-19 pandemic, Welsh Government acknowledged that additional work could be required to finalise local authority accounts for the 2020/2021 financial year, and consequently Local Authorities are now able to prepare their accounts to the extended timetable implemented for 2019/20, i.e. preparation of Draft Statement of Accounts by 31st August, 2021 and publication of the final audited accounts by 31st November, 2021.</p> <p>The Officer confirmed that the Draft Statement of Accounts 2020/2021 was prepared and certified by 18th June, 2021 which represented a significant improvement on the previous year. Following detailed examination by Audit Wales it was anticipated that the Accounts will be re-presented to the Governance & Audit Committee for approval in September 2021. Following approval at that meeting the Chair was</p>	

required to sign and date the Accounts on behalf of the Council.

A Member enquired as to the implications for the Council in not meeting the statutory deadlines.

In response the Officer explained that the Council had failed the statutory deadline of 31st May, 2021 by two weeks, however, Audit Wales had extended the deadline for the Draft Statement of Accounts until the end of August, and that deadline had been met. The Statutory deadline for publication of the final accounts by 31st July, 2021 would not be met as the audit would not be completed by that time, however, the Council will publish a set of draft Accounts with a notice stating that they will be audited over the Summer period and presented back to the Governance & Audit Committee in September.

The Member also asked whether the Council had received the monies from Welsh Government for the railway investment.

The Officer confirmed that the £71m had been received at the end of March. The money had been put into short term investments ahead of due diligence being completed on the project. In the event of the project not being agreed, the money would be paid back to Welsh Government.

The Audit Wales Officer said prior to the Covid pandemic there were concerns around the timeliness of the Accounts process, not only with Blaenau Gwent Council but also other Councils. However, he assured Members that Blaenau Gwent was in a different place this year and well placed in comparison with other Councils. He said the Council had been working towards the extended deadline and timeliness of the Draft Accounts had improved.

RESOLVED that the report be accepted and the Committee receive the Draft 2020/2021 Statement of Accounts for information, prior to the anticipated consideration for approval in September.

No. 8

ANNUAL GOVERNANCE STATEMENT 2020/2021

Consideration was given to the report of the Audit & Risk Manager.

The Audit & Risk Manager presented Members with the Draft Annual Governance Statement (AGS) for 2020/21 (attached at Appendix A).

The Officer went through the report and highlighted points contained therein. She confirmed that the AGS had been collated following an evidence gathering exercise which called upon a number of sources including Internal and External Regulatory Reports; Annual Report of the Audit and Risk Manager; and an Evidence Framework illustrating how the Authority complied with the core principles of the Code of Governance.

As a consequence of Covid, some of the ways the Council operated changed during 2020/21, e.g moving to agile working, however, these changes have not weakened the governance framework. The AGS has been produced to reflect these changes, with notable updates being to the engagement activities conducted for the period under Core Principle B, development of wellbeing objectives under Core Principle B, expansion of self-assessment requirements under Core Principle D and changes to the Governance and Audit Committee under Core Principle G.

A Member referred to engagement activities and expressed concern regarding complaints received from members of the public regarding the time taken to contact the Council. Members had also experienced difficulties in contacting Officers.

In response the Officer explained that the engagement activities outlined in the AGS was the broader engagement undertaken by the Council. The complaints referred to was an operational issue and the Officer undertook to refer this matter to the relevant Officer.

RESOLVED that the report be accepted and the Committee approve and adopt the Draft AGS having considered and

	<p>challenged the content, ensuring it is consistent with their knowledge and understanding of the wider issues affecting the Council.</p>	
No. 9	<p><u>INTERNAL AUDIT CHARTER</u></p> <p>Consideration was given to the report of the Audit & Risk Manager.</p> <p>The Professional Lead Internal Audit presented the revised Internal Audit Charter for 2021/22 to the Committee.</p> <p>The Officer went through the report and highlighted points contained therein. The report outlined the basis for production of the Internal Audit Charter, incorporating amendments to reflect changes since the last update.</p> <p>In response to a question raised by a Member regarding future changes to the Committee membership, the Audit & Risk Manager explained that the Terms of Reference for the Committee would reflect the changes in membership. This document outlined how the Internal Audit Section operated in terms of its purpose and responsibilities.</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>	
No. 10	<p><u>AUDIT WALES – BLAENAU GWENT COUNTY BOROUGH COUNCIL ANNUAL AUDIT SUMMARY 2020</u></p> <p>Consideration was given to report of Audit Wales.</p> <p>The Audit & Risk Manager presented the Audit Wales - Blaenau Gwent County Borough Council Annual Audit Summary 2020 (attached at Appendix 1). The report was submitted by the Democratic Services section and provided an annual summary of the work undertaken by Audit Wales. The Officer said there was an error within the report in relation to the number of Members of the Council and confirmed that this would be amended.</p>	

	<p>RESOLVED that the Committee note the Annual Audit Summary published in May 2021.</p>	
<p>No. 11</p>	<p><u>AUDIT WALES - 2021 AUDIT PLAN – BLAENAU GWENT COUNTY BOROUGH COUNCIL</u></p> <p>Consideration was given to report of Audit Wales.</p> <p>The Audit Wales Officer presented the report which provided the 2021 Audit Plan for Blaenau Gwent.</p> <p>The Officer went through the report and highlighted points contained therein. The COVID-19 pandemic continued to have a significant impact across the UK and on the work of public sector organisations. As in 2020, it was likely to significantly impact on the preparation of the 2020-21 accounts, the financial audit and performance audit work. Consequently, while this Audit Plan sets out an initial timetable for completion of the audit, the ongoing uncertainties around the impact of COVID-19 meant that some timings may need to be revisited, and any amendments to the proposed timetable would be discussed with the Council moving forward.</p> <p>A Member said in light of the continued impact of the Covid pandemic he felt this year should be more about ‘steadyding the ship’ rather than continuous improvement as outlined in the Plan.</p> <p>In response the Officer said there was a requirement for the Council to have a plan for continuous improvement, and Audit Wales would be looking to ensure that was in place.</p> <p>In response to a question raised by a Member, the Service Manager Accountancy confirmed that the fees for Audit Wales were paid from the Corporate Management budget within the Corporate Services Portfolio.</p> <p>RESOLVED that the information contained in the report be noted.</p>	

Agenda Item 6

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: **2 November 2021**

Report Subject: **Audit Wales - Financial Sustainability Assessment
Blaenau Gwent County Borough Council**

Portfolio Holder: **Cllr Nigel Daniels, Leader of the Council & Executive
Member Corporate Services**

Report Submitted by: **Rhian Hayden, Chief Officer Resources**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	15/10/21		02/11/21		22/10/21			

1. **Purpose of the Report**
 - 1.1 To present the outcome of the assessment undertaken by Audit Wales relating to the Financial Sustainability of Blaenau Gwent County Borough Council.
2. **Scope and Background**
 - 2.1 Financial sustainability continues to be a risk to councils putting in place proper arrangements to secure value for money in the use of resources
 - 2.2 Audit Wales' 2020-21 assessment on councils' financial sustainability was undertaken in two phases. Phase 1 was a baseline assessment of the initial impact of COVID-19 on local councils' financial position. Following Phase 1, in October 2020 Audit Wales published a national summary report – Financial Sustainability of Local Government as a result of the COVID-19 Pandemic.
 - 2.3 The attached report provides the findings of Phase 2 of Audit Wales work on the financial sustainability of Blaenau Gwent County Borough Council.
3. **Options for Recommendation**
 - 3.1 **Option 1:**

The Audit Committee accept the findings of the Audit Wales report, as detailed in the report and appendix.
 - 3.2 **Option 2:**

The Audit Committee consider the findings of the Audit Wales report and provide specific comments as appropriate
4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 Financial sustainability underpins the Council's ability to deliver services to the public in the medium and long term.

5. Implications Against Each Option

5.1 *Impact on Budget (short and long term impact)*

There is no direct impact on the Council's budget as a result of this report however the report does highlight improved financial planning within Blaenau Gwent and concludes that this combined with better-than-expected Welsh Government settlements mean the Council is better placed to maintain its financial sustainability over the short term but challenges remain to address forecast budget gaps over the medium term.

5.2 *Risk including Mitigating Actions*

Financial sustainability is crucial to the Council being able to deliver statutory / priority services in the medium / long term.

5.3 *Legal*
n/a

5.4 *Human Resources*
n/a

6. Supporting Evidence

6.1 *Performance Information and Data*

In summary Audit Wales findings, as detailed in the attached report are:-

- a) Improved financial planning and better-than-expected Welsh Government settlements mean the Council is better placed to maintain its financial sustainability over the short term but challenges remain to fully close budget gaps over the medium term.
- b) The immediate impact of COVID-19 on the Council's financial sustainability has been mitigated by additional Welsh Government funding.
- c) The Council continues to develop a more sustainable approach to financial planning and recognises the need to understand the ongoing financial impact of the pandemic.
- d) The Council is increasing its useable reserves and remains committed to doing so over the medium term.
- e) The Council's overall performance against budget is improving and, whilst some service areas continue to overspend, the Council is taking steps to help address some of these budget pressures..
- f) The Council has developed a more sustainable approach to savings planning but further challenges remain to identify sufficient savings to fully close the estimated medium-term funding gap.
- g) The Council's liquidity position remains the lowest in Wales.

- 6.2 ***Expected outcome for the public***
The report provides the public with an independent assessment of the Council's Financial Sustainability in the short / medium and long term and highlights the challenges facing the Council.
- 6.3 ***Involvement (consultation, engagement, participation)***
n/a
- 6.4 ***Thinking for the Long term (forward planning)***
- 6.5 ***Preventative focus***
n/a
- 6.6 ***Collaboration / partnership working***
n/a
- 6.7 ***Integration (across service areas)***
n/a
- 6.8 ***Decarbonisation and Reducing Carbon Emissions***
n/a
- 6.9a ***Socio Economic Duty Impact Assessment*** (complete an impact assessment to consider how the decision might help to reduce the inequalities of outcome associated with socio-economic disadvantage).
n/a
- 6.9b. ***Equality Impact Assessment*** (screening and identifying if full impact assessment is needed)
n/a
7. **Monitoring Arrangements**
- 7.1 *State how the work will be monitored e.g. through scrutiny or directorate performance management arrangements*

Background Documents /Electronic Links

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Financial Sustainability Assessment – Blaenau Gwent County Borough Council

Audit year: 2020-21

Month/Year issued: July 2021

Document reference: 2511A2021-22

This document has been prepared as part of work performed in accordance with section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 18 of the Local Government (Wales) Measure 2009. It may also inform a study for improving value for money under section 41 of the 2004 Act, and/or an examination undertaken by the Auditor General under section 15 of the Wellbeing of Future Generations Act (Wales) 2015.

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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.

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

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The Council is increasing its useable reserves and remains committed to doing so over the medium term	10
The Council's overall performance against budget is improving and, whilst some service areas continue to overspend, the Council is taking steps to help address some of these budget pressures	12
The Council has developed a more sustainable approach to savings planning but further challenges remain to identify sufficient savings to fully close the estimated medium-term funding gap	14
The Council's liquidity position remains the lowest in Wales	16

What we looked at and why

- 1 We undertook this assessment as financial sustainability continues to be a risk to councils putting in place proper arrangements to secure value for money in the use of resources. In part, this was informed by the experiences of some councils in England, our knowledge of the financial situation in councils in Wales, and the general trend of decreasing resources for local government combined with rising demand for some services. We undertook a similar project in 2019-20, before the COVID-19 pandemic.
- 2 Our 2020-21 assessment on councils' financial sustainability was in two phases. Phase 1 was a baseline assessment of the initial impact of COVID-19 on local councils' financial position. Phase 1 drew on: the year-end position for 2019-20; the position at the end of quarter 1 for 2020-21; and projections for quarter 2 for 2020-21. Following Phase 1, in October 2020 we published a national summary report – **Financial Sustainability of Local Government as a result of the COVID-19 Pandemic**¹. We found that councils and the Welsh Government have worked well together to mitigate the impact of the pandemic to date, but the future sustainability of the sector is an ongoing challenge.
- 3 The pandemic has had an immediate and profound effect on public sector finances as a whole and, as a consequence, on councils' financial position. The summary report set a high-level baseline position, including the reserves position of local councils before the pandemic. It also set out the initial financial implications of the pandemic for local councils and the scale of the anticipated challenge going forward.
- 4 This report concludes phase 2 of our financial sustainability assessment work during 2020-21. As part of this we are producing a local report for each of the 22 principal councils in Wales.
- 5 We undertook this assessment during February 2021 and March 2021.

¹ Audit Wales, [Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic](#), October 2020.

Proposals for improvement

Exhibit 1: proposals for improvement

The table below sets out the proposals for improvement that we have identified following this review.

Proposals for improvement	
P1	<p>To ensure its Medium Term Financial Strategy predicts future funding requirements as accurately as possible, the Council should:</p> <ul style="list-style-type: none">regularly review its cost pressure estimates for years two to five to ensure they are reasonable and reflect recent levels of cost pressures.
P2	<p>To bridge its estimated future funding gap and contribute to strengthening its financial sustainability the Council should:</p> <ul style="list-style-type: none">continue to develop and deliver new proposals under its Bridging the Gap programme.

Improved financial planning and better-than-expected Welsh Government settlements mean the Council is better placed to maintain its financial sustainability over the short term but challenges remain to fully close budget gaps over the medium term

The immediate impact of COVID-19 on the Council's financial sustainability has been mitigated by additional Welsh Government funding

- 6 This section sets out the impact that COVID-19 has had to date on the Council's financial position and the extent to which this has been mitigated by additional funding from the Welsh Government.

What we found

- 7 The Council estimates that it will incur additional costs of £8 million and income losses of £3 million in 2020-21 due to the pandemic. The Council anticipates that most of these costs will be funded by the Welsh Government's Hardship Fund.
- 8 Further to this, the Council also received additional Welsh Government funding in relation to council tax support and a range of further COVID-19-related grants were awarded shortly before the year-end.
- 9 In total, the Council anticipates it will receive approximately £12.2 million of additional funding from the Welsh Government in 2020-21. This is set out in **Exhibit 2** below. The total excludes funding where the Council acts as an agent, distributing funds from the Welsh Government to third parties.

Exhibit 2: the cost to the Council of COVID-19 over 2020-21²

The table below shows the Council's estimated additional expenditure and lost income over 2020-21, as a result of COVID-19 and how much of this was mitigated by extra funding from the Welsh Government.

The additional amount the Council estimates it will have spent as a result of COVID-19 over 2020-21.	£8.4 million
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² Source: provided by the Council June 2021

The amount of income the Council estimates it will have lost as a result of COVID-19 over 2020-21.	£2.3 million
The amount of additional funding the Council estimates it will receive from the Welsh Government over 2020-21 to mitigate the impact of COVID-19: <ul style="list-style-type: none"> • Hardship fund – £10.4 million • Other COVID-19-related grants – £1.8 million 	£12.2 million
The cost to the Council of COVID-19 over 2020-21 after extra funding from the Welsh Government is taken into account.	£0.3 million

- 10 In June 2020, the Executive Committee received a report on the impact of the pandemic on the Council’s financial position and its Bridging the Gap programme. Since then, the Council has continued to review the financial risks of the pandemic and this is reflected in the Medium Term Financial Strategy (MTFS), budget monitoring reports for 2020-21 and the budget setting papers for 2021-22.
- 11 The Council has begun considering the impact of the pandemic on local residents and businesses and how this could affect some council services. For example, the Council has modified the forecast savings and timeframe for maximising income from its industrial units given the impact of COVID-19 on local businesses. The Council has also considered residents’ ability to pay more for council services when considering fees and charges increases for 2021-22.

The Council continues to develop a more sustainable approach to financial planning and recognises the need to understand the ongoing financial impact of the pandemic

Why strategic financial planning is important

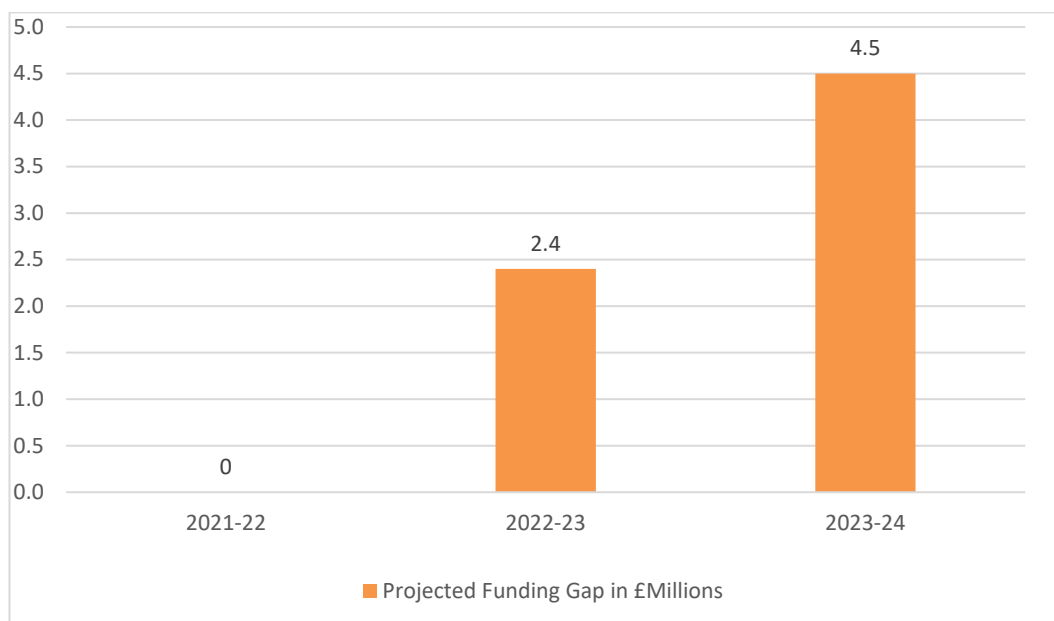
- 12 A clear and robust financial strategy is important to identify the likely level of funding available to a council, as well as the anticipated level of demand for, and cost of, providing services. Given the recent and anticipated funding pressures facing all councils it is also important to identify how it intends to respond to those pressures, and particularly how they will meet projected funding gaps.

What we found

- 13 Last year, we found that the Council was developing a more sustainable financial strategy, but it was too early to assess whether this would strengthen financial resilience over the medium term.
- 14 The Council has a well-developed MTFS which sets out the forecast funding gap for 2021-22 through to 2025-26. **Exhibit 3** shows that the Council has no forecast funding gap for 2021-22 (it estimates a surplus of £1.3 million) but there remains a £2.4 million gap for 2022-23 and £4.5 million for 2023-24.

Exhibit 3: the Council has a total projected funding gap for the three years 2021-22 to 2023-24 of £6.9 million

This graph shows the funding gap that the Council has identified for the following three years³.



- 15 The latest MTFS and budget papers contain detailed forecasts for financial pressures in 2021-22, but only limited cost pressures have been identified for the remaining four years of the MTFS. The MTFS includes a provision of £1 million a year for unidentified pressures from 2022-23. However, in recent years, cost and growth pressures identified as part of the budget setting process have exceeded £1 million, ranging from £1.5 million to £2.1 million. It would be prudent, therefore, for the Council to review this estimate each year to ensure it reflects recent levels of cost pressures.

³ Source: Revenue Budget 2021-22 report presented to the Council on 4 March 2021

- 16 The Council undertakes more detailed work to identify the extent of cost pressures through the annual budget process. This work considers the:
- likely continuation of existing cost pressures into the following year;
 - portfolios' ability to mitigate the pressures within existing budgets;
 - impact of COVID-19;
 - changes in demand for services; and
 - cost pressures experienced by other local authorities.
- 17 Pressures that cannot be managed within the portfolio are considered as part of the budget setting process and undergo challenge from both officers and members. Where deemed necessary, the Council adjusts base budgets to respond to budget pressures.
- 18 To inform financial planning and identify their projected funding gaps, all councils make assumptions about factors that will impact on the amount of funding they will have available in future years. The Council's assumptions in its MTFS provide a balanced forecast at the time of its publication when compared with the assumptions made by all councils across Wales.
- 19 The Council regularly reviews and challenges the assumptions in its MTFS. Officers broadly adopt a prudent approach and are able to explain the reasoning behind the assumptions. However, the funding gap may increase if cost pressures in future years exceed the £1 million estimate included in the MTFS and are not entirely offset by some of the other, more prudent, assumptions.
- 20 The Council has identified some changes in demand for services during the pandemic – an increase in community meals, for example – but has not yet completed a systematic review of the impact of COVID-19 on future demand for services. As the Council's focus shifts towards recovery from the pandemic, it plans to review the impact of COVID-19 on its communities and the future impact this is likely to have on services. This will help ensure that the MTFS reflects the ongoing financial impact of the pandemic.
- 21 Bridging the Gap remains the Council's main method of closing future funding gaps over the medium to long term. However, the Council has not been able to take forward all the Bridging the Gap savings and income generation initiatives intended in 2020-21 due to COVID-19. As a result, the Council has had to revise the amount of savings included for future years of the MTFS and now expects to achieve a minimum of £0.8 million to £1.1 million of new savings each year. The funding gap in **Exhibit 3** is the residual gap remaining once the minimum level of Bridging the Gap savings has been applied.
- 22 Further work is therefore required to identify additional savings to close the funding gap. The Council acknowledges that additional savings proposals may be required if existing Bridging the Gap proposals are insufficient to fully close the gap. However, the Council prefers to focus on long-term approaches to close the remaining gap rather than reinstating annual Financial Efficiency Projects. The Council has additional Bridging the Gap proposals to take forward and the

pandemic has presented other opportunities for savings. For example, changes to working arrangements as a result of the pandemic have accelerated the Council's plans to vacate the Civic Centre. In March 2021, the Council agreed to change its operating model and working arrangements, including permanently vacating the Civic Centre. This is expected to save the Council around £1.5 million over five years and will further reduce the forecast budget gap.

- 23 In addition, the Council is establishing an earmarked reserve using forecast budget surpluses to help mitigate against financial challenges in later years of the MTFS.

The Council is increasing its useable reserves and remains committed to doing so over the medium term

Why sustainable management of reserves is important

- 24 Healthy levels of useable reserves are an important safety net to support financial sustainability. As well as being available to fund unexpected funding pressures, useable reserves can also be an important funding source to support 'invest to save' initiatives designed to reduce the ongoing cost of providing services. Councils that show a pattern of unplanned use of reserves to plug gaps in their revenue budget that result in reductions of reserve balances reduce their resilience to fund unforeseen budget pressures in future years.

What we found

- 25 Last year, we found that the Council's general fund was in line with its reserves strategy and that the Council was taking steps to increase its level of useable reserves following unsustainable use in previous years.
- 26 In 2018-19, using contributions agreed as part of the budget setting process and from windfall payments, the Council added £0.4 million to its General Fund. In 2019-20, it added a further £0.5 million to the Fund, taking it to £6.4 million, an increase of 16% over two years.
- 27 **Exhibit 4** below sets out the Council's strengthening total useable reserves position. Although the Council's balances remain lower than the Wales average, its position has improved from the lowest in Wales in 2016-17 and 2017-18 to the sixth lowest in 2019-20.

Exhibit 4: amount of reserves versus annual budget

This exhibit shows the amount of usable reserves the Council had during 2020-21 and the previous four years as a proportion of the net cost of the services the Council delivers.

	2016-17	2017-18	2018-19	2019-20	2020-21
Net Cost of Services in £ millions ⁴	146.2	147.0	146.3	148.2	145.8
Total Useable Reserves in £ millions ⁵	12.9	10.6	12.7	14.7	28.6
Total Useable Reserves as a percentage of the net cost of services ⁶	8.8%	7.2%	8.7%	9.9%	19.6%
Comparison with the other councils of Wales	22	22	21	17	

- 28 The Council expects to add a further £1.4 million to the General Fund in 2020-21. The Council is also committed to strengthening its reserves over the medium term and its MTFS includes a £0.2 million contribution to the General Fund each year until 2025-26.
- 29 Further to this, the Council is also taking steps to strengthen its useable earmarked reserves. A report to elected members in March 2021 forecast a useable earmarked reserves balance of £9.2 million at the end of 2020-21 – up £0.9 million on the previous year. However, following additional year-end funding from the Welsh Government, the Council now expects to add £12.5 million to earmarked reserves. The final budget proposals for 2021-22 also include a £1.1 million contribution to earmarked reserves.
- 30 As well as increasing its low reserves balances, the Council recognises the need to effectively manage their use to ensure that reserves are not used in an unplanned manner or to support revenue budgets.
- 31 The Council's proactive actions to strengthen its useable reserves balances will place it in a stronger position to meet future financial challenges. This is particularly important given the uncertainty over Welsh Government funding for COVID-related

⁴ Value used is the net cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest. Source: 2016-17 to 2019-20: Statement of Accounts; 2020-21: provided by the Council

⁵ By usable reserves we mean the total general fund balance, together with earmarked reserves that councils are not legally prevented from redirecting to use for another purpose. Source: 2016-17 to 2019-20: Statement of Accounts; 2020-21: provided by the Council

⁶ Audit Wales calculation.

costs over the medium term and the potential ongoing impact the pandemic may have on achieving Bridging the Gap savings.

The Council's overall performance against budget is improving and, whilst some service areas continue to overspend, the Council is taking steps to help address some of these budget pressures

Why accurately forecasting expenditure is important

- 32 It is important that overspending and underspending are kept under control and that actual expenditure is as close to the levels planned as possible. A council that is unable to accurately forecast and plan expenditure runs the risk of creating unforeseen financial pressures that may compromise the ability to set a balanced budget. Significant patterns of underspending may be reducing the ability of a council to deliver its key objectives or meet its statutory responsibilities.

What we found

- 33 Last year, we found that the Council had a recent history of overspending against its budget, but the amount of year-end overspends was reducing.
- 34 In 2019-20, the Council subsequently delivered a £0.5 million (0.3%) surplus.
- 35 The Council's month-9 budget monitoring report forecasts a £0.55 million underspend in 2020-21 once COVID-related costs and funding are accounted for. However, at the time of our fieldwork, the Council had received notification from the Welsh Government of additional COVID-19-related grant funding. This has resulted in a year-end surplus of £9.2 million. The Council plans to use this surplus to increase its useable reserves balances to provide it with greater financial resilience.

Exhibit 5: amount of overspend/underspend relative to total net revenue budget

The following exhibit shows the amount of overspend or underspend for the Council's overall net revenue budget for the last five years.

	2016-17	2017-18	2018-19	2019-20	2020-21
Original Net revenue budget £ millions ⁷	137.5	144.6	145.4	147.3	152.1
Actual Net Revenue Outturn ⁸	137.4	145.3	145.5	146.8	142.9
Amount of overall surplus/overspend ⁹	0.07	(0.7)	(0.1)	0.5	9.2
Percentage difference from net revenue budget	0.05%	(0.5%)	(0.01%)	0.3%	6.4%

- 36 We reported last year that underspends in some service areas balanced overspends in other areas. This remained the case in 2019-20 and a similar position is forecast for 2020-21.
- 37 Many cost pressures and overspends in 2020-21 are related to additional expenditure or lost income caused by COVID-19. However, some Council services have recurring overspends which pre-date the pandemic. These include:
- Children's Services, particularly costs relating to looked after children; and
 - Community Services, particularly costs related to waste services.
- 38 In response to ongoing pressures in Children's Services, the Council implemented a range of preventative initiatives which has helped to reduce the number of looked-after children. Legal fees relating to looked-after children remain a key cost pressure and the Council is exploring options for collaborative legal services provision with neighbouring local authorities.
- 39 Overspending portfolios must develop action plans to mitigate forecast cost pressures, and, where possible, contain the overspend within the portfolio. For example, regular overspends in the looked-after children budget have been offset by underspends elsewhere in Social Services resulting in a net underspend.
- 40 Other portfolios, such as Environment (which includes Community Services), have not been able to completely offset overspends within the portfolio and so these overspends impact on the Council's overall budget position.

⁷ Source: Council Outturn reports for 2016-17 to 2019-20 and 2020-21 figures provided by the Council

⁸ Source: Council Outturn reports for 2016-17 to 2019-20 and 2020-21 figures provided by the Council

⁹ Audit Wales calculation

- 41 A Cost Pressure Subgroup meets quarterly to challenge and assess progress against overspending portfolios' action plans. Cost pressures and mitigating actions are also reported in quarterly budget monitoring reports to the Joint Budget Scrutiny Committee and Executive Committee. However, not all quarterly updates to the action plan clearly demonstrate progress and the lack of timescales makes it difficult to determine whether actions are on track. The Council should consider adjusting the format of the action plan so that it more clearly demonstrates mitigating actions against each individual cost pressure, the timescale for completion, and progress that has been made in each quarter. The Council should also ensure that there is sufficient challenge where action plans are not being properly updated or where mitigating actions are not working.

The Council has developed a more sustainable approach to savings planning but further challenges remain to identify sufficient savings to fully close the estimated medium-term funding gap

Why the ability to identify and deliver savings plans is important

- 42 The ability to identify areas where specific financial savings can be made, and to subsequently make those savings, is a key aspect of ensuring ongoing financial sustainability against a backdrop of increasing financial pressures. Where savings plans are not delivered, this can result in overspends that require the use of limited reserves whilst increasing the level of savings required in future years to compensate for this. Where savings plans are not delivered and service areas are required to make unplanned savings, this increases the risk either of savings not being aligned to the Council's priorities, or of 'short-term' solutions that are not sustainable over the medium term.

What we found

- 43 Last year, we found that the Council had a good track record of delivering planned savings but was shifting its approach to identify more sustainable long-term savings through Bridging the Gap programme.
- 44 In 2019-20, the Council continued to achieve most of its planned savings – 98% of the £3.3 million planned.
- 45 In previous years, the Council's approach to savings planning focussed on identifying high numbers of individual financial efficiency projects on an annual basis. The Council has a good track record of delivering these savings, as shown in **Exhibit 6** below.

Exhibit 6: savings delivered as a percentage of planned savings

The following exhibit sets out how much money the Council intended to save from its savings plans between 2017-18 and 2019-20, and how much of this it actually saved as well as estimated figures for 2020-21.

	2017-18	2018-19	2019-20	2020-21 estimate ¹⁰
Total planned savings in £ millions ¹¹	4.8	3.8	3.3	1.5
Planned savings achieved in £ millions ¹²	4.7	3.5	3.3	1.2
Planned savings not achieved in £ millions	0.4	0.3	0.07	0.25
Percentage of savings achieved	98%	91%	98%	83%

- 46 Following a better-than-expected settlement from the Welsh Government for 2020-21, the Council was able to close its budget gap using savings identified through the Bridging the Gap programme. As a result, it did not need to implement any financial efficiency projects.
- 47 The planned Bridging the Gap savings for 2020-21 totalled £1.5 million and were made up of savings and increased income. However, the pandemic has impacted on the Council's ability to implement all the planned savings. At the end of December 2020, the Council forecast that it would achieve 83% (£1.2 million) by the year-end. Most of the shortfall is due to the Council not being able to take forward new income generation initiatives during the pandemic. The Council understands that the Welsh Government funding will now cover this shortfall.
- 48 The Council has revised the forecast savings for future years to reflect the ongoing impact the pandemic is likely to have, for example, on local businesses, and this is reflected in the MTFS. The latest forecast position suggests total cumulative savings of £12.9 million will be achieved between 2021-22 and 2025-26. Based on current assumptions, this leaves a cumulative budget gap of £21.6 million over the same period. Over the coming years, the Council plans to develop new proposals under the Bridging the Gap programme to help it close the remaining forecast budget gap.

¹⁰ Source: Month-9 budget monitoring report

¹¹ Source: Council's Outturn reports to the Joint Budget Scrutiny Committee

¹² Source: Council's Outturn reports to the Joint Budget Scrutiny Committee

The Council's liquidity position remains the lowest in Wales

Why the Council's liquidity position is important

- 49 Why gauging current assets to current liabilities (liquidity) is important:
- it is an indicator of how a council manages its short-term finances.
 - while it is commonly used to examine whether organisations are able to pay their debts in the short term, this is unlikely to be a risk for councils given their ability to take short-term borrowing. It does also, however, act as an indicator of how a council manages its short-term finances.
 - councils with low liquidity ratios should ensure they have arrangements in place to meet their liabilities.
 - there may be additional costs for councils that rely on short-term borrowing to pay debts.
 - councils with very high liquidity ratios should consider whether they are managing their current assets in the most effective way.

What we found

- 50 The Council's liquidity ratio has consistently been the lowest in Wales over the last five years, ranging between 0.3 and 0.5.
- 51 **Exhibit 7** below shows that the Council's current liabilities increased by £33.5 million (62%) between 2015-16 and 2019-20. Over the same period, the Council's current assets increased by £4.3 million (15%).
- 52 The projected liquidity ratio for 2020-21 is 0.8.
- 53 The Council has chosen to hold its assets in short-notice accounts, which means it can access its assets quickly if needed. The Council also told us it chooses to pay its creditors promptly in order to support local businesses, even though this impacts on the balance between current assets and liabilities because the Council pays its creditors more quickly than it receives money from its debtors.

Exhibit 7: working capital ratio 2015-16 to 2020-21¹³

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 estimate
Current Assets ¹⁴	27.9	24.2	24.6	28.9	32.2	126.5
Current Liabilities ¹⁵	54.3	65.2	86.8	89.8	87.8	161.3
Working Capital Ratio	0.5	0.4	0.3	0.3	0.4	0.8
Working Capital Ratio ranking across all Welsh councils	22nd	22nd	22nd	22nd	22nd	

¹³ Source: 2015-16 to 2019-20 – Statement of Accounts; 2020-21: provided by the Council

¹⁴ Current Assets includes: Short Term Investments; Assets held for sale; Inventories; Short Term Debtors; and Cash and equivalent.

¹⁵ Current Liabilities includes: Short Term Borrowing; Short Term Creditors; and Provisions due in one year.



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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 7

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: **Governance and Audit Committee**
Date of meeting: **4th October 2020**
Report Subject: **Audit Wales: Review of People, Performance and Financial Resilience in Community Services**
Portfolio Holder: **Cllr J Wilkins, Executive Member Environment**
Report Submitted by: **Clive Rogers, Head of Community Services**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
7 Sept 21	9 Sep 21		02.11.21		4 Oct 21			

1. Purpose of the Report

- 1.1 The purpose of the report is to present the Audit Wales (AW) Report, 'Review of People, Performance and Financial Resilience in Community Services' (Appendix 1) to the Committee.

This report also includes the Community Services action plan in response to AW Proposals for Improvement.

2. Scope and Background

- 2.1 AW published their report 'Review of People, Performance and Financial Resilience in Community Services' in July 2021 following workshops and interviews of staff that took place early 2021.
- 2.2 AW undertook this review because their work had previously identified risks in the Council's financial management culture and its impact on the Council's ongoing resilience, in areas such as financial, people and performance management.
- 2.3 In agreement with the Council, AW selected Community Services as a tracer to explore the Council's resilience and its arrangements to support and drive sustainable improvement.
- 2.4 This review also provided AW with the opportunity to follow up on their 2017 'Review of Waste Services'.

This review undertaken at this time reported that whilst the Council was committed to improving its waste and recycling performance a long term well thought through business plan and engagement with users was needed to deliver the service effectively, improve performance and avoid potential financial penalties.

Key findings of the Audit Wales July 21 report

- 2.5 Waste Services has achieved substantial progress over the period since 2015 through sound strategic planning supported by the adoption of a learning culture to manage change effectively.
- 2.6 The Council is developing a new corporate workforce strategy and although Community Services understands its key workforce issues and is taking steps to address them, there is scope for closer collaboration with HR to improve workforce planning and resilience
- 2.7 Waste and recycling performance has improved significantly but the use of performance data is inconsistent across Community Services and some performance reports lack sufficient detail
- 2.8 Robust corporate budget monitoring arrangements have helped manage Community Services' overspends but the scope and focus of financial planning is overly short-term

Community Services Resilience – People & Finances

- 2.9 Attracting, retaining and managing an ageing workforce are key elements in managing resilience across the spectrum of activities undertaken by Community Services.
- 2.10 Neighbourhood Services adopted a new way of classifying frontline workforce with the introduction of the Integrated Workforce operative back in 2018. This consolidated all frontline Services into a single multi-functional role allowing far more flexibility to react to resource requirements across the whole range of frontline services.
- 2.11 This Integrated Workforce approach has really proved its worth particularly over the last 18 months enabling effective deployment of front line worker into priority areas of work.
- 2.12 The Division has also taken on 5 apprentices in Street lighting, Fleet, Engineering & Property and are key to long term succession planning within the service.
- 2.13 Every opportunity is given through both the academic attainment route and 'on the job' training to develop staff and to create career progression opportunities throughout all service areas. This not only provides opportunities for local sourced staff with its economic circular economy implications but creates resilience and belonging within the Service.
- 2.14 Community Services are working closely with Resources to look at how medium term financial resilience can be strengthened.

- 2.15 Large elements of the Community Services revenue budget are reactive led and can be significantly adversely effected by factors out of our control, these include:

Weather – Snow, ice, rain and the resultant costs associated with damaged highways, winter maintenance costs & reactive flood works

Public Behaviour – Rates of recycling, residual waste, littering & fly tipping costs.

- 2.16 The development of potential financial reserves to specific service areas when these areas have shown in year surpluses will help offset overspends in leaner times.
Trading Accounts are currently being developed around Trade Waste & Professional Services.

The AW Proposals for Improvement

- 2.17 In order to strengthen its resilience, Community Services should ensure that learning and good practice that exists within its different service areas is shared throughout the directorate.

AW have subsequently identified the following areas for improvement.

‘To strengthen its resilience, Community Services should ensure that learning and good practice that exists within its different service areas is shared throughout the directorate.

The Council should also consider whether it would benefit from sharing some examples more widely across the Council.’

- 2.18 The Community Services response to this identified ‘Areas for Improvement’ is found in the Appendix 2: Audit Wales Management Response

3. Options for Recommendation

- 3.1 CLT has responded to the AW that they approve of the information contained within the report.

The Community Services Scrutiny Committee supported this report on 4th October 2021.

Option 1

The Committee is assured that the management response will respond to the Audit Wales proposals for improvement.

Option 2

Provide comment on the Audit Wales review and management response to implement the proposals for improvement for officers to implement in order to provide continuous improvement.

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

The Well-being of Future Generations (Wales) Act 2015 has been used to scope out this AW review. This will also be the focus of future reviews undertaken by the AW.

5. **Implications Against Each Option**

5.1 ***Impact on Budget (short and long term impact)***

There are no direct financial implications as part of these audit reports and all proposals for improvement will be met within existing resources.

5.2 ***Risk including Mitigating Actions***

The Council recognises it needs to address the proposals for improvement from the AW in order to ensure compliance with legislation and audit reports. If these requirements are not met, the Council is at risk of reputational damage and intervention.

5.3 ***Legal***

There are no legal implications arising from this report.

5.4 ***Human Resources***

There are no additional workforce implications as part of the AW review as business plans already identify where capacity is required in order to deliver the service.

6. **Supporting Evidence**

6.1 ***Performance Information and Data***

In response to the AWs proposal for improvement the Council has identified the steps it will take to achieve these suggested improvements (Appendix 2: Management Response).

The activities delivering these improvements will be undertaken largely by the Community Services Department and will be monitored through business plans and reported within the Joint Finance and Performance Report.

6.2 ***Expected outcome for the public***

That front line services are effectively and efficiently delivered.

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

That future proofing, succession planning and financial prudence is in place to ensure continuity of services delivery over the long term.

6.4 ***Integration (across service areas)***

That Community Services service delivery is fully integrated with all elements of the Authority and plays its part in achieving the Council vision and meeting key corporate objectives.

6.5 ***Collaboration / partnership working***

The Community Services continues to use collaboration both within and outside the council to achieve its objectives.

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

Community Services continue to ensure appropriate consultation, engagement & participation across all areas in the delivery of its key services.

7. **Monitoring Arrangements**

7.1 The proposals for improvement from the AW will be included within the relevant business plan which will be updated with progress on a quarterly basis.

The information will be reported within the Joint Finance and Performance Report to Corporate Overview Scrutiny Committee and Executive Committee.

Background Documents /Electronic Links

Appendix 1 – Audit Wales: ‘Review of People, Performance and Financial Resilience in Community Services’

Appendix 2 – Audit Wales Management Response

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Review of People, Performance and Financial Resilience in Community Services – Blaenau Gwent County Borough Council

Audit year: 2019-20

Date issued: July 2021

Document reference: 2487A2021-22

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.

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

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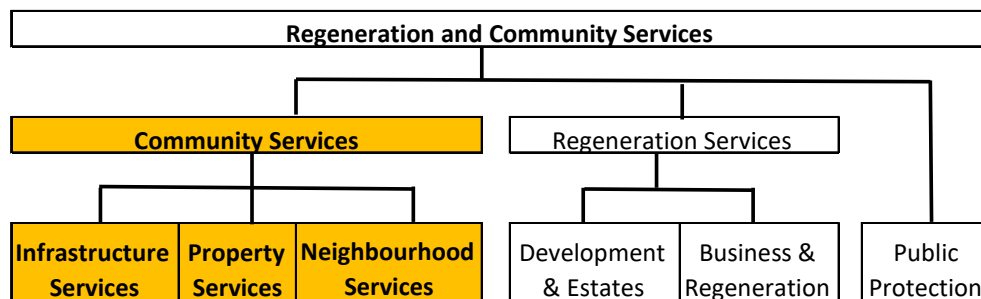
Summary report

What we looked at and why

- 1 We undertook this review because our work has previously identified risks in the Council's financial management culture and its impact on the Council's ongoing resilience, in areas such as financial, people and performance management.
- 2 In agreement with the Council, we selected Community Services as a tracer to explore the Council's resilience and its arrangements to support and drive sustainable improvement.
- 3 As set out in **Exhibit 1**, Community Services makes up part of the wider Regeneration and Community Services directorate. It consists of three service areas: Neighbourhood Services, Property Services and Infrastructure Services. These provide a varied portfolio of services, including waste, highways, built and natural environment, catering and cleaning services, and technical services such as architecture.

Exhibit 1: community services structure

The following exhibit shows how Community Services sits within the Regeneration and Community Services directorate.



- 4 As the Council's waste service sits within Community Services, the review also provided us with the opportunity to follow up on our 2017 [Review of Waste Services](#). At the time, we reported that the Council was committed to improving its waste and recycling performance, but a long term well thought through business plan and engagement with users were needed to deliver the service effectively, improve performance and avoid potential financial penalties. Our current review considers the Council's progress in addressing the three proposals for improvement included in our 2017 report:
 - **P1** – Develop and agree a long-term business plan that sets out how the Council will work towards achieving the current and future statutory waste performance targets, and makes clear the arrangements to monitor the delivery of the plan.

- **P2** – Evaluate the implementation of recent changes in waste collection services. In particular:
 - its overall management of the project;
 - the quality of service plans as drivers for improvement;
 - communication/engagement of the changes to local residents.
 - **P3** – Improve the quality, frequency and timeliness of the reporting of waste and recycling performance to the executive and to overview scrutiny committee.
- 5 The review sought to answer the question: **Is the Council’s Community Services directorate sustainable and resilient?** and we undertook this review between November 2020 and April 2021.

Proposals for improvement

Exhibit 1: proposals for improvement

The table below sets out the proposals for improvement that we have identified following this review.

Proposals for improvement	
P1	To strengthen its resilience, Community Services should ensure that learning and good practice that exists within its different service areas is shared throughout the directorate. The Council should also consider whether it would benefit from sharing some examples more widely across the Council.

Detailed report There are opportunities for the Community Services Directorate to build resilience by sharing the learning and good practice demonstrable in specific service areas to further develop its arrangements to manage performance, and strengthen strategic financial and workforce planning

The waste service has achieved substantial progress over the period since 2015 through sound strategic planning supported by the adoption of a learning culture to manage change effectively

- 6 This section sets out the Council’s progress in addressing the proposals for improvement reported in our previous review of waste services.

PFI 1: Develop and agree a long-term business plan that sets out how the Council will work towards achieving the current and future statutory waste performance targets, and makes clear the arrangements to monitor the delivery of the plan

We found that:

- 7 The Council now has a member approved waste management and recycling strategy, which was developed in collaboration with the Waste and Resources Action Programme (WRAP).
- 8 The strategy outlines the key service changes required over the coming years to direct the Council as it strives to achieve the 70% statutory recycling target in 2024.
- 9 Two action plans support the strategy: a long-term, high-level plan spanning the lifecycle of the strategy and an annual plan for 2019-20. We found that there is scope to strengthen the longer-term plan by including more detail on proposed actions, current performance if relevant, and targeted performance. This would assist officers and members in monitoring progress and gaining assurance that actions are being delivered as intended.
- 10 Officers meet with representatives from WRAP every six weeks to review progress against the waste strategy. However, the pandemic has affected the Council's original timescales for reporting progress against the strategy to members. Resources have understandably been focussed on the pandemic response and maintaining front line services and, at the time of our review, members had not yet received a waste strategy monitoring report.
- 11 Officers plan to review the strategy by early 2022 to ensure that all key actions remain relevant as well as considering any changes to the strategy. In reviewing the strategy, officers may wish to consider the benefits of estimating the costs of delivering the overall strategy. At the moment, it is unclear what the cost implications of implementing the whole strategy would be as this is done on an individual project basis as it goes through the democratic process for approval. Calculating indicative costs would also allow the Council to reflect the cost of delivering the waste strategy in its Medium Term Financial Strategy. Similarly, the Council could include an indicative assessment of the potential impact of each action on recycling rates. This would aid decision-making and provide assurance that investments to meet future recycling targets are sustainable and offer good value for money.

PFI 2: Evaluate the implementation of recent changes in waste collection services. In particular:

- **its overall management of the project;**
- **the quality of service plans as drivers for improvement; and**
- **communication/engagement of the changes to local residents**

We found that:

- 12 In 2015, the Council implemented significant changes to its waste service. This involved a move from fortnightly to three-weekly residual waste collections, new receptacles for recyclate materials, changes of vehicles, change of routes, and different collection days for residents. Our previous review of the waste service

found that the consequences of making such significant changes without piloting or phasing the new arrangements were considerable. Since then, there has been a noticeable change in the culture in the waste and recycling service. Management are more reflective, more evaluative and demonstrate a willingness to learn from others as well as from past experiences. For example, a major learning point from the 2015 service change was the need to trial new systems and consider the impact on residents before introducing wider roll out. Recently, the waste service trialled the use of hessian sacks for cardboard collection at 2000 properties. The Council then sought the views of these residents before rolling out hessian sacks throughout the County Borough.

- 13 Following the changes to the waste and recycling service in 2015, the Council set up a joint working board with WRAP, with WRAP acting as a critical friend. The relationship between WRAP and the Council has evolved over time into a mutually supportive partnership. WRAP uses the Council as an example to other local authorities on how to learn from service changes and the Council is receptive to helping other councils by sharing their experiences. The Council is also working alongside WRAP to trial new initiatives, for example a plastic film recycling stream. The lessons learnt from these trials will help inform future waste service changes in Blaenau Gwent and across Wales.
- 14 We also found improved communication and exchange of information within the waste service. Supervisors work closely with the waste and recycling crews and there are regular health and safety and briefing meetings.

PFI 3 – Improve the quality, frequency and timeliness of the reporting of waste and recycling performance to the executive and to overview scrutiny committee

We found that:

- 15 Community Services Scrutiny Committee and the Executive received a comprehensive annual waste and recycling performance report for 2018-19 and 2019-20.
- 16 The reports contain a wealth of data to interrogate and challenge and provide members with sufficient performance information to gain assurance over waste and recycling performance.
- 17 The 2019-20 performance report to members was delayed slightly during the Coronavirus pandemic due to the suspension of scrutiny committees from April 2020 to September 2020. Members usually receive interim waste performance data in the twice-yearly Community Services performance reports but these have been suspended during the pandemic. The Council expects to reinstate these in 2020-21.

The Council is developing a new corporate workforce strategy and although Community Services understands its key workforce issues and is taking steps to address them, there is scope for closer collaboration with HR to improve workforce planning and resilience

We found:

- 18 Officers understand the key workforce resilience issues within their service areas and are attempting to address these.
- 19 When we spoke to officers, workforce planning was highlighted as a key issue and all three areas of Community Services are taking steps to find solutions to their particular workforce planning challenges.
- 20 Neighbourhood Services has implemented several changes in recent years to address workforce planning and strengthen its workforce resilience. For example, Neighbourhood Services introduced an integrated workforce model a few years ago. This has created a flexible workforce where staff from across waste and recycling, highways, and green spaces are trained to work across the different departments to provide cover when needed. This flexibility to adapt to both planned and unplanned disruptions has strengthened the service's resilience. As a result, it was well placed to continue delivering services during the pandemic.
- 21 In 2020, Neighbourhood Services also implemented a new structure, creating new Assistant Team Leader roles. These roles have added resilience to the service by creating extra capacity to carry out frontline services as well as providing a direct link between frontline officers and the management team. This followed a decision by the service to bring several agency workers in-house in 2019, using the agency staff budget to cover the costs of direct employment and improve workforce resilience across front-line services. As part of the 2020 restructure, the service also considered its future workforce and is working with the Council's Aspire apprenticeship team and local colleges to fill future skills and knowledge gaps.
- 22 The steps taken by Neighbourhood Services to create a more flexible and resilient workforce may not be appropriate for all of Community Services, but the Council should ensure that positive learning is shared across Community Services, as well as more widely across the Council to other departments who might benefit from a similar approach.
- 23 Parts of Community Services have an aging workforce profile and this is a particular issue in the professional and technical job roles within Infrastructure and Property Services. In response, the services introduced apprenticeship programmes to help with succession planning and fill some of the gaps that will be created when colleagues retire. For example, to try and address ongoing difficulty in recruiting young, qualified people into technical engineering posts, the Council established technical apprenticeships. Currently, the service has two engineer apprentices. However, apprenticeships are not a short-term fix and the Council should ensure that this lead-in time is factored into its succession planning.
- 24 Although officers demonstrated good understanding of the key workforce issues affecting their areas, the Council lacks a comprehensive and up to date workforce strategy to support and guide officers. The existing Organisational Development Strategy 2015-20 is a high-level document and does not reflect recent changes

such as the impact of COVID-19 and Bridging the Gap on the way the Council operates and its subsequent workforce needs. The Council understands this and is developing a new corporate workforce strategy. At the time of our fieldwork the strategy was close to completion but not yet available for review; as such we cannot comment on its content.

- 25 A strong sense of team is a key element of a resilient workforce. Officers we spoke to in interviews and focus groups told us they feel part of a strong team. Some attributed this to recent restructures, such as in Neighbourhood Services, others to the co-location of different teams into the Civic Centre. None identified any changes or introductions that could further improve their strong sense of team.
- 26 Officers place great value in working physically alongside each other and it's therefore understandable that the feeling of being part of a strong team is wavering somewhat during the pandemic. This appears to be mainly due to the need to work from home where possible, resulting in limited social interaction, reduction in informal discussions, as well as technology not always supporting staff effectively to work remotely. Officers acknowledged that this change to working arrangements was unforeseen and not a result of a change in management style or culture. However, some expressed concern that the Council had not taken their worries about home-working seriously, shared as part of the future ways of working survey in late 2020.
- 27 Since we spoke to officers as part of this review, the Council has approved a new operating model based on agile working. In March 2021, the Council approved the decommissioning of the Civic Centre and the workforce divided into three groups: homeworkers, agile workers, and community workers. In developing the new arrangements, the Council should be mindful of the impact of the new model on the workforce's sense of team and consider how it can best manage any risks to staff well-being and resilience.
- 28 The Council expects all staff to receive an annual performance appraisal, but there was a relaxation of this expectation during the pandemic. It is managers' responsibility to update iTrent with completed appraisals, however the corporate centre was unable to provide us with any data on appraisal completion rates for current or prior years. We are therefore unable to comment on Community Services' performance in relation to annual appraisals. However, during focus groups, officers commented that they had regular opportunities to discuss their performance and personal development. The Community Services Scrutiny Committee may wish to request data on annual appraisal completion within the service to gain assurance in this area.
- 29 There was a range of views in the focus groups on the importance of staff personal development to the Council. Some officers were complimentary of the support they received from the Council to attend training and achieve qualifications. Officers shared several examples of opportunities to develop skills and consider their personal development.
- 30 The Council's sickness absence rates have increased over recent years and comparative data for 2017-18 and 2018-19 shows Blaenau Gwent had the highest rates in Wales (no comparative data was available for 2019-20). Sickness absence rates for Community Services are higher than the Council average. It is unclear if rates in these service areas are typically higher than overall council average at other local authorities as no benchmarking is done at a service level.

Exhibit 2: community services sickness absence rates

The following exhibit shows the number of days lost to sickness absence per full time equivalent employee between 2015-16 and 2019-20 for the Council as a whole and for Community Services¹

	2015-16	2016-17	2017-18	2018-19	2019-20
Council	11.39	12.49	11.23	12.66	13.91
Environment / Regeneration and Community Services	10.35	18.67	19.19	11.21	16.15
Community Services					19.35

Exhibit source: Sickness Absence Performance reported to Corporate Overview Scrutiny in December 2020 / Community Services 2019-20 figure from internal Council document

- 31 The latest report on sickness absence to Community Services Scrutiny Committee notes that there is evidence of managerial action in managing sickness. Figures for quarters 1 to 3 of 2020-21 show sickness absence rates in Community Services fell by 40% from the previous year: 8.2 days lost per full time equivalent compared to 13.6 days at the same point in 2019-20. It is unclear to what extent this is due to management of sickness or other factors, such as the pandemic. The Community Services Scrutiny Committee should ensure there is ongoing challenge of sickness absence rates and efforts to identify and address the key issues underlying performance.
- 32 There is a significant issue with the low percentage of Community Services sickness absence return to work interviews completed on iTrent. The completion rate only increased from 16.5% in 2019-20 to 17.2% by the end of December 2020. Some officers we spoke to were unaware of the requirement to record sickness absence return to work interviews on iTrent. The low completion rate may also be attributed to the fact that responsible officers have had no training on how to use iTrent.
- 33 There are opportunities for Community Services and HR to communicate and work together more effectively. Together they can pool their respective expertise to prioritise and resolve the issues highlighted above and build on the actions already underway to strengthen workforce resilience and ensure Community Services' workforce is fit for the future.

¹ Sickness absence is reported at directorate level, i.e. Regeneration and Community Services. Where the breakdown for Community Services alone is available, we have included this.

Waste and recycling performance has improved significantly but the use of performance data is inconsistent across Community Services and some performance reports lack sufficient detail

- 34 Community Services' performance measures are set out in its business plans. The overarching Community Services business plan is supported by separate business plans for Neighbourhood, Infrastructure and Property services. All cover the period 2018-22 and are written with support from the corporate business team.
- 35 Business plans demonstrate clear links to the Council's Corporate Plan priorities and include actions against each of the service priorities and specific key performance indicators (KPIs). However, members do not receive these plans so do not have the opportunity to understand, challenge and consider planned service actions and targets and how those support the corporate priorities. These arrangements are not unique to Community Services and are consistent with practice across the Council.
- 36 Operationally, the Head of Service uses the business plans to monitor progress. However, although the business plan actions are BRAG rated to show progress status, they lack targets and timescales for completion, making it difficult to see how progress is assessed.
- 37 KPIs in the business plans are a combination of national Public Accountability Measures (PAMs) and local measures. We saw little evidence that Community Services regularly reviews its locally set measures to ensure they remain appropriate and that targets continue to be achievable and sustainable over the longer-term.
- 38 Performance information in Community Services appears to be predominantly used for historic performance reporting but there are some examples of using it to plan service delivery. For example, Neighbourhood Services is using current data effectively in planning its recycling service to improve performance. Officers use data available from the different waste and recycling collection rounds to determine levels of participation in recycling. This data is then used to target specific areas of the Borough through the Council's 'Keeping up with the Joneses' campaign.
- 39 The waste service acknowledges that it doesn't have the capacity to undertake all necessary performance modelling, for example on potential future service delivery models for waste. In these circumstances, the service will work with WRAP on performance modelling information and cost benefit analysis of the options.
- 40 Neighbourhood Services is more efficient than other services within Community Services in gathering and using performance information, due to waste being a highly regulated service. Other services are not regulated to the same degree so are less advanced in gathering data and using it to improve planning and service delivery. Neighbourhood Services also benefits from the support of a Performance Data Officer who assists with analysing and reporting waste performance data. Other parts of Community Services may also benefit from support to explore opportunities to use performance data more effectively.

- 41 There is currently limited evidence of Community Services routinely linking its performance and financial data to demonstrate value for money. Such an approach would support informed decision-making, enable resources to be better targeted and provide assurance over sustainability. This could be considered further as part of the Council's wider work on developing its use of data.
- 42 Performance reporting to members paused during the pandemic as committee meetings were suspended and relevant officers redeployed to support the council's pandemic response planning. This meant that at a time when services were being adapted to respond to necessary service changes, members were not formally made aware of the impact of these changes on service performance. This information could be helpful in supporting members to make future decisions on any permanent changes to future service delivery.
- 43 Prior to the pandemic, the Community Services Scrutiny Committee received twice yearly performance reports which summarised activity and performance relating to the Council's corporate priority for Strong and Environmentally Smart Communities. The most recent report covers the first two quarters of 2019-20 and was received by Committee in December 2019. Although the format is engaging, with a range of qualitative and quantitative data, it lacks comparative data to enable members to challenge performance against targets, prior years and other authorities.
- 44 The Council's annual assessment of performance and quarterly joint finance and performance reports¹ to Corporate Overview Scrutiny Committee and the Executive also contain aspects of Community Services performance. However, performance data is presented by quarter, making it difficult to compare annual performance against prior years and a lack of targets makes it difficult to determine if performance is as expected.
- 45 A review of the above performance reports and service business plans found that Neighbourhood Services' performance against its performance indicators is improving. Between 2017-18 and 2019-20:
- the amount of waste reused, recycled or composted increased by 17%, improving the Council's ranking from 22nd to 11th in Wales;
 - the amount of municipal waste sent to landfill fell by 92% and the average kilogram of residual waste generated per person in the county fell by 65%;
 - the percentage of streets classified as clean increased by 7%; and
-
- the average number of working days taken to clear fly-tipping incidents decreased by 35%².

¹ The quarterly joint finance and performance reports have been suspended since the outbreak of COVID-19.

² This measure was introduced in 2018 and so relates to performance improvement between 2018-19 and 2019-20, rather than between 2017-18 and 2019-20.

- 46 The waste service remains on track to meet the 64% statutory recycling target for 2020-21, having continued to deliver all waste and recycling services during the pandemic.
- 47 Infrastructure Services' performance shows several improving areas. Between 2017-18 and 2019-20, the Council reduced the number of roads in poor condition with only B roads being below the Wales average:
- 23% reduction in number of A roads in poor condition
 - 11% reduction in number of B roads in poor condition
 - 11% reduction in number of C roads in poor condition
- Performance against local measures relating to trees and to Natural Resource Management activities in schools also improved but the Infrastructure Services business plan lacked data for some indicators.
- 48 Property Services' performance remains steady, achieving most of its quarterly performance targets, but the business plan we received lacked performance data beyond quarter 3 of 2019-20. Most of Property Services' indicators are local and are not reported to members.

Robust corporate budget monitoring arrangements have helped manage Community Services' overspends, but the scope and focus of financial planning is overly short-term

- 49 Our recent Financial Sustainability review found that although the Council's overall performance against budget is improving, some service areas continue to overspend. The Environment portfolio, which includes Community Services, is one area of the Council that has not been able to completely offset overspends within the portfolio. These overspends then impact on the Council's overall budget position.
- 50 A review of budget outturn reports shows that Community Services has a history of overspending against budget. But overspends are falling and in 2019-20 Community Services reported a total budget overspend of 1% against a budget of £12 million, as set out in **Exhibit 3** below.

Exhibit 3: community services performance against budget

The following exhibit shows how Community Services has performed against budget between 2017-18 and 2019-20 as well as forecast performance for 2020-21.

	Budget (£m)	Outturn (£m)	Overspend (£m)	Overspend (%)
2017-18	£10.28	£10.91	£0.63	6%

2018-19	£11.52	£12.00	£0.48	4%
2019-20	£12.05	£12.20	£0.15	1%
2020-21 (forecast)	£11.99	£12.28	£0.29	2%

Exhibit source: 2017-18 - 2019-20: Budget Outturn Reports; 2020-21: M9 budget monitoring report.

- 51 Because some of the budgets that sit within Community Services are split between more than one service area, we have not been able to produce a similar table showing performance against budget for the Neighbourhood, Property and infrastructure services. However, a breakdown by budget area is included in **Appendix 1**. These show that all budget areas that sit under Community Services have a trend of reducing overspends.
- 52 The Council has strengthened its arrangements to monitor and manage cost pressures and overspends. For example, it now has a Cost Pressure Subgroup, which meets quarterly to challenge and assess progress against overspending portfolios' action plans. The arrangements are robust and have contributed to reducing overspends across the Council, including Community Services.
- 53 There is some variability in the quality of quarterly updates to the action plans. For example, not all plans clearly demonstrate progress, with some cost pressures and actions remaining unchanged between quarters. The Subgroup could maximise the existing arrangements by ensuring it robustly challenges the quality of action plans. Plans also lack timescales, which makes it difficult to assess whether actions are on track. The Council should consider revising the action plan template, so officers have to include measurable targets and demonstrate progress between quarters more clearly.
- 54 Finance business partners effectively support officers within Community Services. They meet regularly with budget holders and managers and produce a range of financial data to support both budget monitoring and challenge.
- 55 Most officers we spoke to during focus groups received regular financial information. Neighbourhood Services officers referred to a change in culture since the service restructure, with greater staff accountability for monitoring finances and a standing agenda item on budgets for team leaders.
- 56 Community Services reviews its budgets annually with base budgets adjusted for inflation, agreed cost pressures, and planned savings. Business plans cover the period 2018-22 but do not contain financial data so we saw no evidence of longerterm financial planning within Community Services.
- 57 Our analysis identified that most overspends are non-recurring, suggesting that actions to tackle overspends and / or the incorporation of ongoing cost pressures into base budgets is effective. However, newly emerging cost pressures continue to cause problems in year.
- 58 Some officers we spoke to felt they had limited influence over the budget planning and income generation setting processes. Some areas, particularly within Infrastructure Services, are predominantly grant-funded and have very small core budgets. This presents particular challenges to robust financial planning. A further challenge to financial planning within Community Services is the difficulty of accurately anticipating the cost of responding to unpredictable events, for example, severe weather or fly tipping.

- 59 Community Services could strengthen its financial sustainability by taking a more strategic, medium-term approach to financial planning. By forecasting, where possible, future demand for, and cost of, services (including anticipated cost pressures and investment needs, eg to meet future performance targets), the Service can plan ahead to ensure it has sufficient resources to deliver future services and actions to mitigate against forecast cost pressures.
- 60 We compared the Council's spend on waste and highways (the two largest areas of spend within Community Services) to that of other local authorities. We found that the Council's waste service was the 5th most expensive in Wales in 2016-17, costing £93.52 per head of population. By 2019-20, the cost had increased by 6% to £99.47 per head, the 6th most expensive in Wales. To put this increase in context, the average increase in waste service costs in Wales over the period was 6% and 8% in valleys local authorities. It should also be noted that the Council's recycling performance improved during this time from 22nd in Wales to 11th. Four of the seven valleys local authorities saw their performance ranking fall over this period.

Exhibit 4: waste service net spend per head of population

The following exhibit sets how much money the Council spent per head of population on waste between 2016-17 and 2019-20. It also shows the average spends across Wales and valleys local authorities.

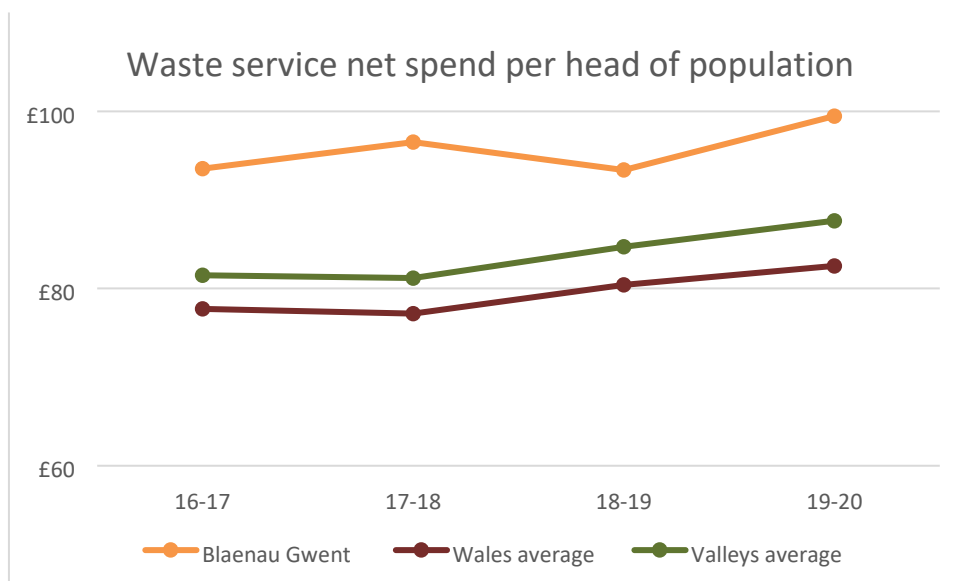


Exhibit source: Stats Wales Revenue Outturn and population data

- 61 We found that the Council's highways service was the 7th most expensive in Wales in 2016-17, costing £71.62 per head of population. By 19-20, the cost had fallen 26% to £52.77 per head, the 10th most expensive in Wales. Over the same period, the average cost per head in Wales fell by 3%, whereas in valleys councils the average cost increased by 8%.

Exhibit 5: highways service net spend per head of population

The following exhibit sets how much money the Council spent per head of population on highways between 2016-17 and 2019-20. It also shows the average spends across Wales and valleys local authorities.

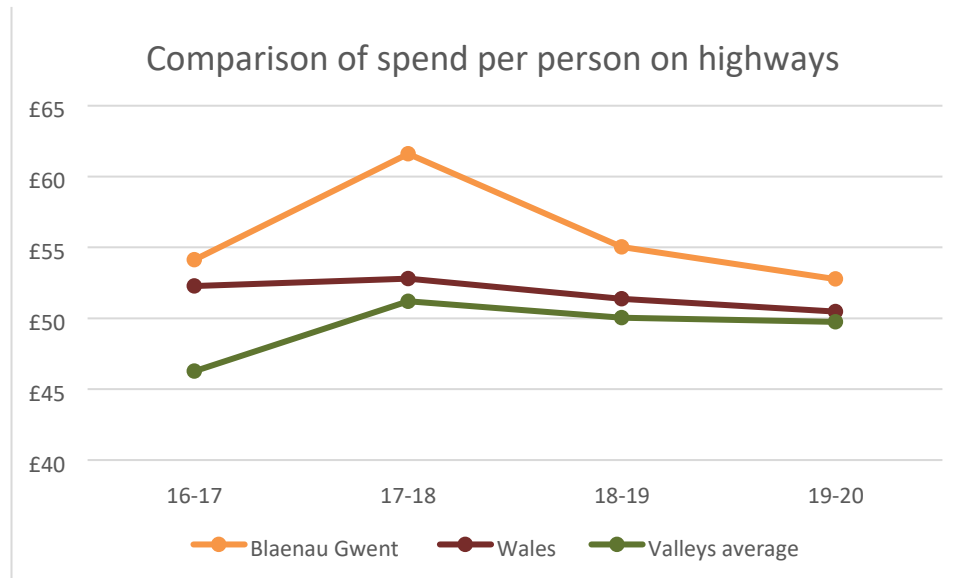


Exhibit source: Stats Wales Revenue Outturn and population data

62 Community Services has a good track record of achieving its planned savings, as set out in **Exhibit 6** below.

Exhibit 6: community services savings delivered as a percentage of planned savings

The following exhibit sets how much money Community Services intended to save from its savings plans during 2018-19 and 2019-20 and how much of this it actually saved as well as estimated figures for 2020-21.

	Total planned savings (£'000)	Planned savings achieved (£'000)	Planned savings unachieved (£'000)	Percentage of savings achieved
2018-19	718	718	0	100%
2019-20	732	727	5	99%
2020-21 estimate	553	439	37	79% ³

³ At the time of our fieldwork, the Council anticipated it would achieve a minimum of £439,000 (79%) of its planned savings for 2020-21, with £36.5,000 (7%) unachievable in year. A further £77,000 (14%) of planned savings relate to stretched income targets and increases to fees and charges, but we were unable to calculate what proportion of these savings will be achieved as no breakdown by service area was available.

Exhibit source: We calculated the value of planned and achieved savings relating to Community Services from Council documents, Budget Outturn Reports and M9 budget monitoring report.

- 63 In line with the rest of the Council, Community Services has moved away from an annual approach to identifying savings, which was unsustainable over the longer term. Savings for 2020-21 were identified through the Council's Bridging the Gap strategic business reviews, which aim to identify long-term savings opportunities, potential cost avoidance and new revenue streams. This approach will help strengthen the Council's financial sustainability by reducing its reliance on short term savings. In 2020-21, the Council planned to save £1.47 million through Bridging the Gap, of which £0.55 million (38%) related to Community Services.
- 64 However, the pandemic has impacted on Community Services' ability to achieve all its planned savings in 2020-21. For example, a new Commercial Waste Service with forecast income of £23,000 a year was due to be rolled out in April 2020. But the Council suspended the roll out because of the pandemic and, given the ongoing impact of COVID-19, has prudently revised future income expectations for the new service.

Appendix 1

Community services performance against budget

Exhibit 7: community Services performance against budget – breakdown by budget area

The following exhibit shows how each of the budget areas within Community Services has performed against budget between 2017-18 and 2019-20 as well as forecast performance for 2020-21.

Waste ⁴	Budget (£m)	Outturn (£m)	Overspend (£m)	Overspend (%)
2017-18	3.67	3.67	0	0%
2018-19	4.70	4.84	0.14	3%
2019-20	5.17	5.25	0.07	1%

⁴ This is the combined budget for waste collection, waste transfer and waste disposal.

2020-21 (forecast)	4.69	5.00	0.31	7%
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Highways & Roads	Budget (£m)	Outturn (£m)	Overspend (£m)	Overspend (%)
2017-18	3.26	3.58	0.32	10%
2018-19	2.60	2.75	0.15	6%
2019-20	2.55	2.58	0.03	1%
2020-21 (forecast)	3.01	3.02	0.01	0.5%

Public Services	Budget (£m)	Outturn (£m)	Overspend (£m)	Overspend (%)
2017-18	1.77	1.83	0.06	3%
2018-19	2.09	2.25	0.15	7%
2019-20	1.86	1.90	0.04	2%
2020-21 (forecast)	1.79	1.71	-0.08	-5%

Transport Services	Budget (£m)	Outturn (£m)	Overspend (£m)	Overspend (%)
2017-18				
2018-19	0.41	0.35	-0.06	-15%
2019-20	0.27	0.27	-0.005	-2%
2020-21 (forecast)	0.51	0.51	-0.002	-0.4%

Facilities Management	Budget (£m)	Outturn (£m)	Overspend (£m)	Overspend (%)
2017-18	1.61	1.89	0.28	17%
2018-19	1.89	1.93	0.04	2%
2019-20	2.20	2.21	0.01	0.1%
2020-21 (forecast)	1.88	1.93	0.05	3%

Cultural & Environmental Services	Budget (£m)	Outturn (£m)	Overspend (£m)	Overspend (%)
2017-18	-0.03	-0.04	-0.01	-54%
2018-19	0.02	0.08	0.06	425%

2019-20	0.11	0.11	0.006	6%
2020-21 (forecast)	0.13	0.13	0	0%

Departmental Services	Budget (£m)	Outturn (£m)	Overspend (£m)	Overspend (%)
2017-18	-0.004	-0.009	-0.005	-118%
2018-19	-0.199	-0.207	-0.008	-5%
2019-20	-0.110	-0.112	-0.002	-2%
2020-21 (forecast)	-0.006	-0.012	-0.006	-93%

Exhibit source: 17-18 - 19-20: Budget Outturn Reports; 20-21: M9 budget monitoring report.



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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.

APPENDIX 2: Audit Wales Management Response

Local Authority: Blaenau Gwent

Report title: Review of People, Performance and Financial Resilience in Community Services

Issue date: July 2021

Document reference: 2487A2021-22

Ref	Proposal for Improvement	Action	Completion date	Responsible officer
P1	<p>To strengthen its resilience, Community Services should ensure that learning and good practice that exists within its different service areas is shared throughout the directorate.</p> <p>The Council should also consider whether it would benefit from sharing some examples more widely across the Council.</p>	<p>1/ Waste Services to present Waste Strategy Plan 2018-2025, as an example of how the development, implementation and monitoring of this template has led to operational and performance improvement, ensured good practice and experiences whilst meeting targets.</p> <ul style="list-style-type: none"> • Present to Community Services Management Team • Present to Wider CLT. <p>2/ Technical Services Income Generation Model to be presented to Wider CLT, as an example of the professional services being delivered which support:-</p> <ul style="list-style-type: none"> - Income generation - Creation of a learning environment - Resilience and sustainability (retaining local jobs) <p>3/ Following the pandemic Community Services Performance Reports will be reinstated. The production of these reports will involve utilising up to date business plans and meaningful PI's which enables qualitative and quantitative comparative data to be provided to members to enable them to challenge performance against targets.</p>	<p>*Presentation to a special Community Services Management Team meeting to be set up early October 2021.</p> <p>* Presentation to Wider CLT by year end.</p> <p>* Presentation to Wider CLT by year end.</p> <p>*Six monthly</p>	<p>Matt Stent / Lisa Jones</p> <p>Mike Price / Jim Allen</p> <p>All Teams / Performance Team</p>

Agenda Item 8

Executive Committee and Council only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Governance & Audit Committee**
Date of meeting: **02nd November 2021**

Report Subject: **Internal Audit Progress Report**

Portfolio Holder: **Cllr Nigel Daniels**

Report Submitted by: **Andrea Owen Professional Lead - Internal Audit**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance & Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
Virtual	21/10/21		02/11/2021					

1. Purpose of the Report

The purpose of this report is to update the Governance & Audit Committee on the progress against the Internal Audit Plan for the period 1st April 2021 to 30th September 2021.

2. Scope and Background

- 2.1 The report highlights the work undertaken by the Internal Audit Service and complies with the Public Sector Internal Audit Standards (PSIAS).
- 2.2 The Internal Audit Plan for the year has been based upon Risk Assessments whereby each potential audit area is scored using a risk matrix against a set of criteria relating to the audit risks, the Authority's objectives and the views of the Head of Service. The scoring matrix has been revised to reflect the current objectives/priorities of the Authority and also to allow more flexibility.
- 2.3 The audit work allocated to staff for the period April to September 2021 is based on the risk assessment prioritisation of high, medium and low and taking into account an individual auditor's experience and skill set.

3. Options for Recommendation

- 3.1 The Governance & Audit Committee considers the report and findings within the attached Appendices, notes the progress on activities for the period 1st April 2021 to 30th September 2021, providing appropriate challenge where relevant.

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

4.1 In line with the Corporate Plan Priority of an ambitious and innovative council delivering the quality services we know matter to our communities, presentation of the Internal Audit progress report demonstrates the breadth and depth of the audit coverage of the Council's systems and internal controls. In doing this it also enables the Chief Officer – Resources to satisfy her statutory duties under Section 151 of the Local Government Act (1972) in providing an effective Internal Audit Service.

4.2 The Governance & Audit Committee, in their role as those responsible for governance, and in compliance with the PSIAS, have a responsibility to oversee the performance of the Internal Audit function including receiving a summary of the work upon which the Audit and Risk Manager will base her annual audit opinion.

5. **Implications Against Each Option**

5.1 Impact on Budget (short and long term impact)

There are no direct financial implications resulting from this report.

5.2 Risk including Mitigating Actions

The report demonstrates the breadth and depth of audit coverage to provide assurance that key areas of concern and areas deemed to have the highest risk priority are being examined during the financial year. Failure to cover sufficient audit areas exposes the Authority to the risk that weaknesses within specific systems in the Authority's internal control environment are not being identified, resulting in increased financial or reputational damage. This is mitigated by regular review of progress and reprioritisation as appropriate.

5.3 Legal

Provision of an adequate internal audit service, demonstrated in part through the production of a suitable audit plan, contributes to the Section 151 officer being able to fulfil her statutory duties under the Local Government Act (1972).

5.4 Human Resources

The section currently has a complement of six full time posts. This includes an Apprentice post via the Aspire Scheme administered by the Authority enabling a young person to attain the AAT qualification.

The section's sickness for the period 1st April 2021 to 30th September 2021 is an average of 0 days per person against a Corporate target of 8 days per person.

6. **Supporting Evidence**

6.1 Performance Information and Data

Activities during the period 1st April to 30th September 2021 including the audits concluded from the financial year 2020/21 are set out in Appendix A attached. The format shows a summary of findings from audit reports produced in the period, including a formal audit opinion where appropriate. Where individual audits are graded as Limited Assurance or No Assurance, an Internal Audit Summary Report is presented at Appendix B. For the purpose of this report there is one Internal Audit Summary report.

6.1.1 Performance data for the Section for the period to 30th September 2021 is presented at Appendix C. The grading's issued during the period and percentage coverage for each department is shown in the bar charts at Appendix D and E.

6.2 Expected outcome for the public

An effective Internal Audit Service and Governance & Audit Committee will assist with the stewardship of public money providing assurance to the communities of Blaenau Gwent on the robustness of the Authority's internal controls.

6.3 Involvement (consultation, engagement, participation)

Prior engagement has been undertaken with Heads of Services when determining the risk assessments for the audit plan.

6.4 Thinking for the Long term (forward planning)

The work of Internal Audit is intended to provide advice and guidance on system improvements resulting in an improved control environment for the future of the Authority.

6.5 Preventative focus

Internal Audit provides a cost effective and professional Audit review of the Authority's internal control environment with the aim of minimising the risk of loss from error, fraud, or irregularities.

6.6 Collaboration / partnership working

There are no collaboration / partnership working arrangements arising from this report.

6.7 Integration (across service areas)

The audit plan is developed with a view to providing assurance on the whole of the Authority's control environment. Audit assignments are conducted for a range of activities across all directorates in order for the Audit and Risk Manager to provide an annual audit opinion that an adequate internal audit service has been provided.

6.8 Decarbonisation and Reducing Carbon Emissions.
No impact for this report.

6.9a Socio Economic Duty Impact Assessment
No impact assessment is required for this report.

6.9b EQIA
No impact assessment is required for this report.

7. **Monitoring Arrangements**

7.1 Internal Audit Summary reports are presented to the Governance & Audit Committee as part of the progress report. Where audit assignments have been graded as Limited Assurance or No Assurance, the Internal Audit Summary reports will be provided as appendices for Members' consideration.

7.2 Performance data for the Section is periodically presented to members as part of the ongoing progress reports.

7.3 The levels of audit coverage and the grading's of individual audits will inform the annual opinion of the Audit and Risk Manager and supports the Governance & Audit Committee in fulfilling its assurance role to the citizens of Blaenau Gwent.

Background Documents /Electronic Links

- Appendix A - Audit activities for the period April 2021 to September 2021.
- Appendix B - Internal Audit Summary Report.
- Appendix C - Performance Indicators 2021/22.
- Appendix D - Grading's issued for the period April to September 2021.
- Appendix E - Percentage coverage for each department.

Directorate	Service Area	Audit Area	Audit Scope	Grading	Progress / Comments
Commercial	Customer Services	Cashiers Close Down Process	To determine the effectiveness of the internal controls with regards to the closure of the Cashiers Office at the Civic Centre.	Not Applicable	A review commenced in March 2021. Final report issued in June 2021 providing advice in respect of the closure of the Cashiers Office at the Civic Centre.
	Procurement	Purchasing	To determine the effectiveness of the internal controls operating with regards to the Purchasing system.	Not Applicable	A review commenced in July 2021. Audit report being reviewed.
		Purchasing (20/21)	To determine the effectiveness of the internal controls operating with regards to the Purchasing System.	Reasonable Assurance	Final report issued in May 2021. 4 weaknesses were identified of which 2 were classified as high risk and 2 were medium risk. The Manager has agreed appropriate actions to mitigate all weaknesses identified.
	Workforce Management	Health & Safety Follow Up	Follow up review to determine the action taken on the weaknesses made as a result of the audit.	Not Applicable	A review commenced in March 2021. Audit testing ongoing.
		Flexible Working Scheme (19/20)	To determine the effectiveness of the internal controls with regard to the application of the Flexible Working Scheme policy.	Limited Assurance	Final report issued in June 2021. 10 weaknesses were identified of which 3 were classified as high risk, 6 medium risk and 1 low risk. The Manager has agreed appropriate actions to mitigate the weaknesses identified. The Internal Audit Summary Report is attached at Appendix B.
		Standby Payments (20/21)	To determine the effectiveness of the internal controls operating in respect of Standby Payments.	Reasonable Assurance	Final report issued in June 2021. 4 weaknesses were identified of which 1 was classified as high risk, 2 were medium risk and 1 was low risk. The Manager has agreed appropriate actions to mitigate the weaknesses identified.
Education	Education Transformation	River Centre Follow Up	Follow up review to determine the action taken on the weaknesses made as a result of the audit.	Not Applicable	A review commenced in June 2021. Audit testing ongoing.
		School System - Sims	Internal Audit review of the SIMS system within all schools to determine the use and consistency applied by all schools.	Not Applicable	Draft report issued in September 2021. A meeting is to be arranged to agree an action plan.
		CRSA Schools	Internal Audit review of the Control Risk Self Assessment (CRSA) programme issued to all schools.	Not Applicable	A review commenced in July 2021. Audit testing ongoing.
	Youth Services	Youth Support Grant	Internal Audit review to ensure compliance with the grant terms and conditions including signing the Grant Certificate for Welsh Government.	Full Assurance	Audit certificate and audit report issued in May 2021. No weaknesses identified.
General	General Audit Areas	Quality Audit - Register of Interest	Internal Review to ensure compliance with the Code of Conduct in respect of the Register of Business Interest	Not Applicable	A review commenced in May 2021. Audit testing ongoing.
		Thematic review Recruitment-retention	To undertake a thematic review of the internal controls within the systems and processes involved in the recruitment and retention of employees, from the pre-recruitment stages through to end of an employee's probationary period.	Not Applicable	Internal review commenced in April 2020. Audit testing ongoing.
Legal and Corporate Compliance	Commercial, Property & Information Governance	Resilience	To determine the effectiveness of the internal controls in respect of Resilience in response to the Covid 19 Pandemic.	Not Applicable	A review commenced in September 2021. Audit testing is ongoing.
		GDPR Follow Up	Follow up review to determine the action taken on the weaknesses made as a result of the audit.	Not Applicable	A review commenced in May 2021 to ensure the 4 weaknesses agreed as a result of the audit had been implemented. All 4 weaknesses had been fully implemented during the review.
	Corporate Services & Registration	Local Land Charges	To determine the effectiveness of the internal controls operating in respect of the Land Charge process.	Reasonable Assurance	Final report issued in June 2021. 3 weaknesses were identified of which 1 was classified as high risk and 2 were medium risk. The Manager has agreed appropriate actions to mitigate all weaknesses identified.
Community Services - Frontline Integrated Services	Community Services - Frontline Integrated Services	Street Lighting	To determine the effectiveness of the internal controls with regard to Street Lighting.	Reasonable Assurance	Final report issued in June 2021. 3 weaknesses were identified of which 2 were classified as high risk and 1 was low risk. The Manager has agreed appropriate actions to mitigate the weaknesses identified.
		Waste Disposal	To determine the effectiveness of the internal controls with regard to the Waste Disposal processes.	Full Assurance	Final report issued in August 2021. No weaknesses were identified.
	Community Services - Infrastructure	Home to School / College Transport	To determine the effectiveness of the internal controls operating in respect of the Home to School Transport process.	Not Applicable	A review commenced in July 2021. Audit testing is ongoing.

Regeneration and Community Services	Community Services - Public Protection	Enable Grant	Internal Audit review to ensure compliance with the grant terms and conditions including signing the Grant Certificate for Welsh Government.	Full Assurance	Audit certificate and audit report issued in September 2021. No weaknesses identified.
		Housing Allocations Follow Up	Follow up review to determine the action taken on the weaknesses made as a result of the audit.	Not Applicable	A review commenced in July 2021 to ensure the 2 weaknesses agreed as a result of the audit had been implemented. Both weaknesses had been fully implemented during the review.
	Regeneration - Development Control	Building Control	To determine the effectiveness of the internal controls operating in respect of the Building Control Process.	Not Applicable	A review commenced in July 2021. Audit planning is ongoing.
		Dangerous Structures	To determine the effectiveness of the internal controls operating in respect of the Dangerous Structures Process.	Not Applicable	A review commenced in July 2021. Audit planning is ongoing.
	Regeneration - Estates and Asset Management	Planning Policy Follow Up	Follow up review to determine the action taken on the weaknesses made as a result of the audit.	Not Applicable	A review commenced in May 2021 to ensure the 2 weaknesses agreed as a result of the audit had been implemented. 1 weaknesses had been fully implemented and 1 had been partly implemented.
		Disposal Surplus Land Follow Up	Follow up review to determine the action taken on the weaknesses made as a result of the audit.	Not Applicable	A review commenced in July 2021 to ensure the 2 weaknesses agreed as a result of the audit had been implemented. 1 weakness had been fully implemented and 1 had not been implemented. The Manager has since agreed an appropriate action to mitigate the outstanding weakness.
Resources	Financial Services	Budgetary Control - Monitoring CRSA	To determine the effectiveness of the internal controls operating in respect of the Budget Monitoring process.	Not Applicable	A review commenced in August 2021. Audit testing is ongoing.
		Creditors - Central CRSA	To determine the effectiveness of the internal controls operating with regards to the Creditors System. A Control Risk Self Assessment (CRSA) methodology has been used for this audit.	Not Applicable	A review commenced in July 2021. Audit testing ongoing.
		Petty Cash	To determine the effectiveness of the internal controls operating in respect of Petty Cash	Not Applicable	A review commenced in May 2021. Audit report being prepared.
		Pupil Development Grant	Internal Audit review to ensure compliance with the grant terms and conditions including signing the Grant Certificate for Welsh Government.	Full Assurance	Audit certificate and audit report issued in July 2021. No weaknesses identified.
		Regional Consortia School Improvement Grant	Internal Audit review to ensure compliance with the grant terms and conditions including signing the Grant Certificate for Welsh Government.	Full Assurance	Audit certificate and audit report issued in August 2021. No weaknesses identified.
		Treasury Management - Bank Reconciliation (20/21)	To determine the effectiveness of the internal controls operating in respect of the Bank Reconciliation process.	Reasonable Assurance	Final report issued in April 2021. 3 weaknesses were identified of which all were classified as medium risk. The Manager has agreed appropriate actions to mitigate all weaknesses identified.
	Revenue Services	Council Tax CRSA	To determine the effectiveness of the internal controls operating with regards to the Council Tax System. A Control Risk Self Assessment (CRSA) methodology has been used for this audit.	Full Assurance	Final report issued in August 2021. 1 weakness was identified classified as medium risk. The Manager has agreed an appropriate action to mitigate the weakness identified.
		NNDR CRSA	To determine the effectiveness of the internal controls operating with regards to the NNDR System. A Control Risk Self Assessment (CRSA) methodology has been used for this audit.	Not Applicable	A review commenced in July 2021. Audit testing ongoing.
Social Services	Adult Services - Development & Commissioning	Supporting People Grant (RDC Post)	Internal Audit review to ensure compliance with the grant terms and conditions including signing the Grant Certificate for Welsh Government.	Full Assurance	Audit certificate and audit report issued in September 2021. No weaknesses identified.
		Housing Support Grant	Internal Audit review to ensure compliance with the grant terms and conditions including signing the Grant Certificate for Welsh Government.	Full Assurance	Audit certificate and audit report issued in September 2021. No weaknesses identified.
	Children Services - Flying Start, Early Years & Play	Flying Start	To determine the effectiveness of the internal controls operating in respect of the Flying Start process.	Reasonable Assurance	Final report issued in June 2021. 1 weakness was identified classified as high risk. The Manager has agreed an appropriate action to mitigate the weakness identified.

INTERNAL AUDIT SUMMARY REPORT

SYSTEMS AUDIT – FLEXIBLE WORKING SCHEME

1. INTRODUCTION

- 1.1. This audit was carried out in line with the Internal Audit Plan 2019/20, and in full consultation with operational staff and management.
- 1.2. The scope of the audit was to conduct a review of the internal controls operated across the Authority in respect of the application of the Flexible Working Scheme, including the fulfilment of responsibilities by employees and managers.
- 1.3. The audit was conducted by the Senior Auditor and took the form of a series of detailed tests and checks, together with discussions with operational staff and managers.

2. SUMMARY OF FINDINGS

- 2.1. Ten weaknesses were identified during the audit, three of which were classified as being High Risk, six were classified as Medium Risk, with the remaining weakness being classified as Low Risk. The areas involving the High Risk weaknesses were:
 - A working pattern set within the software system utilised by the Authority included no lunch element, resulting in the system not deducting a lunch break where excess of six hours was regularly worked.
Agreed Action – To be reviewed alongside the flexible working policy in line with agile working review planned after one year.
 - There was one instance identified within the sample where an excessive negative flexi balance had been accrued.
Agreed Action – To be reviewed alongside the flexible working policy in line with agile working review planned after one year. Review role of Super user in supporting quality assurance.
 - Four occasions were identified where thirty minute deductions were incorrectly made from the total hours worked by employees as they had not exceeded the six-hour limit.
Agreed Action – To be reviewed alongside the flexible working policy in line with agile working review planned after one year. Review role of Super user in supporting quality assurance.

3. CONCLUSION

- 3.1. The Audit Report is produced on an exception basis consequently the only points made are where weaknesses have been identified. The samples chosen would not be able to cover every transaction or eventuality; therefore reliance is placed in part on the information and explanations provided by the appropriate officers.
- 3.2. After reviewing all documentation and the current system, it was found that the internal controls operated in respect of the application of the Flexible Working Scheme were generally operating effectively however a large number of control weaknesses have been identified across the sample, indicating that the controls were not being applied consistently and therefore appropriate actions are required.
- 3.3. The Head of Organisational Development agreed to implement actions for seven of the weaknesses identified and determined that the risks of the remaining three weaknesses

were acceptable to the organisation and did not require the implementation of any further controls at this time.

4. INTERNAL CONTROL STANDARD GRADING

- 4.1. In accordance with the standard gradings, the systems examined indicate that the internal controls in respect of the application of the Flexible Working Scheme are generally working effectively. However, a number of weaknesses have been identified that require actions to be implemented. Therefore, the grading is assessed as '**Limited Assurance**'.

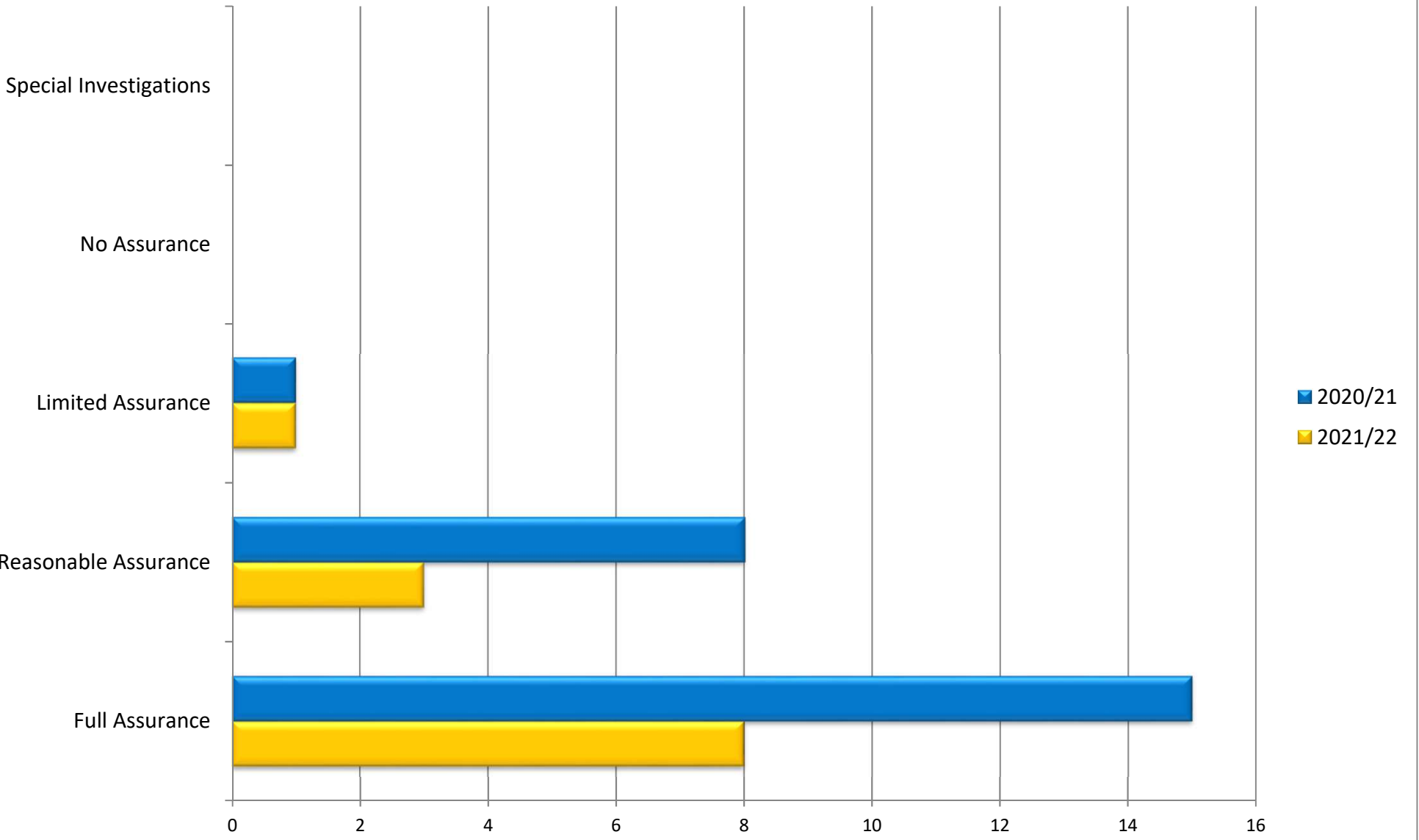
INTERNAL AUDIT SECTION

PERFORMANCE INDICATORS 2021/22

	Performance Indicator	2020/21 Target	2020/21 Actual	2020/21 Actual to Month 6	2021/22 Target	2021/22 Actual to Month 6	RAG Rating
Local PI	Audit Plan Completion %	N/A	N/A	N/A	70% 35%	33.24%	Amber
Local PI	% of Agreed Actions for Weaknesses Identified	90%	99%	96%	90%	100%	Green
Local PI	% of Agreed Actions completed after 6 months	80%	91%	67%	80%	80%	Green
Local PI	% of Audit Clients at least "satisfied" with the service	95%	100%	100%	95%	100%	Green
Local PI	Average number of days taken to issue Final Reports	5 days	2.42 days	4.46 days	5 days	6.44 days	Amber
Local PI	% of Audits completed within time allocated	75%	87%	92%	75%	81%	Green
Local PI	% of Performance Reviews undertaken within previous 12 months	100%	100%	100%	100%	100%	Green
Local PI	Average number of sick days per person (cumulative average)	6 days	6.67 days	0 days	8 days	0 days	Green

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Gradings 2020/21 vs 2021/22



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Department	Total Department %	Output %	Completed Audit Areas
Commercial	12.58%	3.89%	4
Education	10.55%	3.35%	1
General	28.15%	7.31%	0
Governance and Partnerships	3.52%	0.24%	0
Legal and Corporate Compliance	3.52%	0.68%	2
Regeneration and Community Services	15.29%	6.35%	6
Resources	15.83%	6.16%	4
Social Services	10.55%	5.28%	3
Total	100.00%	33.24%	20

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Agenda Item 9

Portfolio Holder:
Signed off by Chair:

Committee: Governance & Audit Committee

Date of meeting: 02 November 2021
Report Subject: Statement of Accounts 2020/2021
Report Submitted by: Rhian Hayden, Chief Officer, Resources
Report Written by: Tony Hagland, Senior Business Partner
- Finance

Reporting Pathway							
Directorate Management Team	Corporate Leadership Team	Governance & Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
		02/11/2021					Statutory Returns; Financial Governance

1. Purpose of the Report

1.1 To present for approval the 2020/2021 Statement of Accounts.

2. Scope and Background

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

2.2 Section 25 of The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 specifies that the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting ("the Code") represents proper practice in preparing local authority accounts in compliance with section 8(1) of the 2014 Regulations.

2.3 In recognition of the continuing impact of the Covid-19 pandemic, Welsh Government acknowledged that additional work could be required to finalise local authority accounts for the 2020/2021 financial year. Consequently, Authorities are again able to utilise the extended timetable initially implemented for 2019/2020. This recommends preparation of draft accounts by 31 August 2021 and publication of final audited accounts by 30 November 2021.

2.4 The Council's Draft Statement of Accounts were reported to the Governance & Audit Committee on 27 July. Since that time a number of adjustments have been identified and these are being reported to Committee before approval of the Final Accounts.

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

- 2.5 Section 11 of the 2014 Regulations and Section 29 of the 2004 Act require that the Accounts and other documents are made available for public inspection for 20 working days. The documents were made available from Monday 5 July until Friday 30 July 2021 inclusive. No requests for information or inspection were received during that period.
- 2.6 Section 31 of the 2004 Act provides for local electors to make objections to the External Auditor regarding any item of account that is contrary to law or any matter that could result in a report in the public interest. The auditor appointed 2 August 2021 as the date on or after which these rights could be exercised.
- 2.7 The External auditor (i.e. Audit Wales) has now finalised the detailed financial audit of the accounts and disclosure notes that comprise the overall Statement. Audit Wales has prepared its statutory Audit of Accounts Report (International Standards on Auditing or ISA 260 report) and this forms part of today's agenda.
- 2.8 The Authority anticipates receiving an unqualified (i.e. clear or satisfactory) signed audit opinion from the Appointed Auditor. At this stage, Audit Wales are unable to issue a certificate of completion of audit for 2020/2021, pending the certification of audits in respect of prior financial years.
- 2.9 Following this Governance & Audit Committee, if agreed, the Statement of Accounts will need to be signed by the Chief Officer Resources and the Chair of the Committee (as the person presiding over the meeting).
3. **Options for Recommendation** *To include Recommendation(s) / Endorsement by other groups, e.g. CMT/Committees/Other groups)*
- 3.1 **Option 1 (preferred)**
On consideration of this report and the External Auditor's report, the Accounts **are approved** by the Governance & Audit Committee under the delegated authority of the Council.
- 3.2 **Option 2**
The Governance & Audit Committee considers and does not approve the Statement of Accounts.

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

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

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 2020/2021 financial year and the value of assets, liabilities and reserves at the balance sheet date (31 March 2021).

5. **Implications Against Each Option**

5.1 **Impact on Budget** (*short and long term impact*)

5.1.1 The Final Statement of Accounts includes a number of adjustments to the Draft Accounts previously presented.

5.1.2 Two of these adjustments have a significant or material impact on the Authority's Balance Sheet Reserves:

- Correction of Agency Income and Expenditure (see 6.1.10 for further detail); and
- Post Balance Sheet Event – Ebbw Valley Railway Loan (see 6.1.14 for further detail).

5.1.3 The changes to Usable Reserves as a result of these adjustments is as follows:

Usable Reserves	Draft Accounts 2020/2021	Increase/ (Decrease)	Final Accounts 2020/2021
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Council Fund	7,820	(267)	7,553
Earmarked Reserves	20,781	0	20,781
Usable Capital Reserves	8,933	48,024	56,957
Total Usable Reserves	37,534	47,757	85,291

5.1.4 Further to the audit of the Accounts, the Council's Usable General and Earmarked Reserves have reduced by £0.267m from the Draft position. This represents an increase of £13.660m compared with 2019/2020.

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

- 5.1.5 Significant elements of earmarked reserves held at 31 March 2021 relate to grant funding in respect of specific projects or services that will be utilised in delivering the relevant service outcomes.
- 5.1.6 In future years it is possible that there will be restrictions on public spending in order to mitigate the extraordinary levels of borrowing incurred by Central Government in dealing with Covid-19. It would therefore be prudent to retain appropriate levels of earmarked and general reserves to assist with a funding situation potentially similar to that experienced during the last decade.
- 5.1.7 It should also be noted that the £48.024m increase in reserves in respect of the Ebbw Valley Railway Loan is an accounting adjustment and this sum is ring-fenced for utilisation solely in relation to this project over the next three years.

5.2 Risk including Mitigating Actions

- 5.2.1 Achievement of the statutory requirements in relation to the annual Accounts is important in demonstrating that the Authority has the appropriate governance arrangements in place to manage the reporting of its strategic financial affairs. Failure may result in reputational damage for the Council. A planned approach has ensured that statutory requirements have been met.
- 5.2.2 A clear audit opinion indicates that the Statement of Accounts presents a 'true and fair view' of the Council's financial position as at 31 March each year and that the accounting statements have been properly prepared in accordance with the Code of Practice on Local Authority Accounting.

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 Human Resources

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

6. Supporting Evidence

6.1 Performance Information and Data

Statutory Deadlines

6.1.1 The Accounts and Audit (Wales) (Amendment) Regulations 2014 stipulates the following deadlines for preparing, approving and publishing the Accounts:

Requirement	Deadline
A provisional (i.e. pre-audit) Statement of Accounts to be fully prepared and certified by the Chief Officer - Resources as presenting a true and fair view of the Authority's financial position and its income and expenditure for the year ended 31 March 2021	31 May 2021
Publication of a final audited Statement of Accounts	31 July 2021

6.1.2 As previously reported, the Draft Statement of Accounts was prepared and certified by 18 June 2021 and as the initial statutory deadline was not met, the required notice was published on the Council's website outlining the reasons for the lack of certification at 31 May 2021 and the intended course of action to be taken to resolve the situation.

6.1.3 As the Final Statement of Accounts was not completed and audited by the 31 July 2021 deadline, the Draft Statement of Accounts was published on the Council website ahead of that date together with the required statutory notice stating the position and intended action at that date.

6.1.4 The Council therefore complied with the statutory requirements in relation to preparing, approving and publishing the Accounts.

6.1.5 In recognition of the continuing impact of the Covid-19 pandemic, Welsh Government implemented the following extended timetable implemented for preparation and publication of the 2020/2021 Accounts:

Requirement	Deadline
A provisional (i.e. pre-audit) Statement of Accounts to be fully prepared and certified by the Chief Officer - Resources as presenting a true and fair view of the Authority's financial position and its income and expenditure for the year ended 31 March 2021	31 August 2021
Publication of a final audited Statement of Accounts	30 November 2021

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

- 6.1.6 The Authority prepared and certified its Draft Accounts by 18 June 2021, ahead of the 31 August deadline.
- 6.1.7 Subject to approval by Committee and subsequent receipt of an Audit Opinion from the Auditor General for Wales, the Final Audited Accounts should be published ahead of the 30 November deadline.

Unadjusted Misstatements

- 6.1.8 As noted in the *Audit Wales Audit of Accounts Report*, there are no significant or material unadjusted misstatements in the final 2020/2021 Accounts.

Adjusted Misstatements

- 6.1.9 Since the Draft Statement of Accounts was reported to Audit Committee, the audit of the Accounts has resulted in the correction of a number of misstatements. These are detailed in Appendix 3 of *The Audit Wales Audit of Accounts Report*, the most significant of which are:

6.1.10 ***Agency Income & Expenditure- NNDR Rate Relief (£3.530m Income; £3.263m Expenditure)***

- 6.1.10.1 In March 2020, Welsh Government initiated a scheme to provide non-domestic rate relief to specific businesses to mitigate the impact of Covid-19 pandemic lockdown measures.

- 6.1.10.2 During the year, £3.530m of grant was received to fund these reliefs, of which £3.263m had been applied by 31 March 2021. In the Draft Accounts, these amounts were included in the Income and Expenditure Account, resulting in a net credit to the General Reserve of £0.267m.

- 6.1.10.3 However, in applying this relief the Council was acting as an agent of Welsh Government and the transactions should therefore have been excluded.

- 6.1.10.4 The impact of this adjustment in the Final Accounts is a decrease in the previously reported Council Fund General Reserve figure of £0.267m.

6.1.11 ***Overstatement of Revaluation Increases/Decreases (£3.049m)***

- 6.1.11.1 Due to an error in the Fixed Asset Register System, the revaluation increases calculated in respect of two assets revalued during 2020/2021 were overstated by £3.049m.

- 6.1.11.2 In the Property, Plant & Equipment disclosure (Page 63), 'Revaluation Increases recognised in the Revaluation Reserve' was overstated by £3.049m, and 'Revaluation Decreases recognised in the Provision of Services' was also misstated by this amount.

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

6.1.11.3 In correcting this error, the Revaluation Reserve has been reduced by £3.049m and the Capital Adjustment Account increased by a compensating amount. There has been no impact on the value of assets or the Council's General Reserve.

6.1.11.4 As part of the evidence provided to Audit Wales during their audit of the accounts it was confirmed that these were the only two assets with this specific revaluation error that impacted on the 2020/2021 Accounts.

6.1.12 ***Understatement of Capital Grant Received and Applied (£2.089m)***

6.1.12.1 The Draft disclosure of Capital Grants Unapplied in the Reserves Note (page 99) did not include transactions related to General Capital Grant and Heritage Lottery Fund, totalling £2.089m.

6.1.12.2 As these grants were received and applied during the year, the balance of reserves at 31 March 2021 was unaffected, but 'Transfers to Reserves' and 'Transfers from Reserves' were both understated by the same amount.

6.1.12.3 Correction of this misstatement results in an adjustment between two unusable reserves and has no impact on the overall level of the Council's reserves.

6.1.13 ***Misstatement of Remuneration Ratio***

6.1.13.1 In the Draft Accounts, the Remuneration Ratio (note 14.2, page 46) repeated the 2019/2020 ratio for 2020/2021 in error.

6.1.13.2 This has been corrected to correctly disclose the 2020/2021 position.

6.1.14 **Post Balance Sheet Event - Ebbw Valley Railway Loan**

6.1.14.1 During March 2021 the Council agreed to accept a £70 million interest free loan from WG to progress infrastructure works on the Ebbw Valley Railway project. The acceptance of the loan was subject to the development and acceptance of a quadripartite agreement between Blaenau Gwent Council, Welsh Government, Transport for Wales and Transport for Wales (Rail).

6.1.14.2 At the time of preparing the Draft Accounts, this loan was included as Current (Short-Term) Borrowing, as it would have been repaid during 2021/2022 if no agreement had been reached.

6.1.14.3 An agreement was signed by all parties by September 2021, with the loan to be repaid over a 50-year period after the scheduled conclusion of the infrastructure works in 2023/2024. In order to meet the loan repayments, the Council will receive a guaranteed sum on an annual basis, generated

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

from the projected increase in income resulting from increased train frequency.

- 6.1.14.4 The agreement to undertake infrastructure works on the Ebbw Valley Railway project that was signed by September 2021 represents a material adjusting post-balance sheet event. In the Final Accounts for 2020/2021, the loan has been reclassified as non-current (long-term) borrowing as it will be repaid over a 50-year period commencing in 2024/2025. The loan has been discounted to its fair value in 2020/2021 and the sum in excess of the fair value has been included as capital grant unapplied.
- 6.1.14.5 The required change in accounting treatment has the following impact on the Authority's Balance Sheet:

	Draft Accounts	Adjustment	Final Accounts
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash and Cash Equivalents	70,000	0	70,000
Current Borrowing	(69,829)	69,829	0
Current Grants Receipts in Advance	(171)	171	0
Non-Current Borrowing	0	(21,976)	(21,976)
Total	0	48,024	48,024
Usable Reserves: Capital Grants Unapplied	0	(48,024)	(48,024)
Total Usable Reserves	0	(48,024)	(48,024)

- 6.1.14.6 The £48.024m increase in usable reserves is an accounting adjustment and this sum is ring-fenced for utilisation solely in relation to the Ebbw Valley Railway Project over the next three years.

6.1.15 In addition, there have been a number of minor amendments to information included in the disclosure notes. In overall terms, these changes would not substantially alter the reader's interpretation and understanding of the Accounts compared to the Draft Accounts considered by Governance & Audit Committee in July 2021.

6.1.16 **Matter Arising**

6.1.16.1 Audit Wales have identified one matter arising from their audit of the Accounts, being errors in the Historic Cost Valuations of assets held in our Asset Register.

6.1.16.1 Assets are typically held at their current or fair value in the Statement of Accounts, but a record of Historic Cost is retained in the Asset Register.

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

- 6.1.16.1 The most significant potential impact that incorrect Historic Cost Valuations has on the Accounts is in a technical accounting adjustment between the Capital Adjustment Account and the Revaluation Reserve.
- 6.1.16.2 During the Audit, Officers undertook an exercise to demonstrate that neither of these reserves was materially misstated. The Audit Wales report notes that, after review and testing of the work undertaken, they agree that the Accounts are not materially misstated as a result of this issue.
- 6.1.16.3 Nevertheless, the Chief Officer Resources has accepted that work needs to be undertaken to identify and correct errors in the Asset Register within the next financial year.

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 The Statement of Accounts is presented to the Governance & Audit Committee for approval subsequent to consideration of the draft version.

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

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

6.5 **Preventative focus**

- 6.5.1 Not applicable.

6.6 **Collaboration / partnership working**

- 6.6.1 Not applicable.

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

- 6.7.1 Not applicable.

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

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

6.8 Decarbonisation and Reducing Carbon Emissions

6.8.1 The Statement of Accounts is currently not required to include information relevant to decarbonisation and reduction of carbon emissions.

6.9 Socio Economic Duty Impact Assessment *(complete an impact assessment to consider how the decision might help to reduce the inequalities of outcome associated with socio-economic disadvantage).*

6.9.1 A Socio Economic Duty Impact Assessment has not been completed for the Statement of Accounts, which provides an objective and audited report of the Authority's transactions for the financial year and balance sheet position at the year-end. This information can be utilised in making decisions that might help to reduce the inequalities of outcome associated with socio-economic disadvantage.

6.10 Equality Impact Assessment *(screening and identifying if full impact assessment is needed)*

6.10.1 An Equality Impact Assessment has not been prepared as this report provides an actual outturn position in relation to the Authority's transactions and year-end balances for the financial year, on an objective basis in accordance with relevant accounting standards, codes, concepts, principles, guidance and legislation.

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

7.1 The Council continues to take into consideration the financial standing of the Authority as reported within the Statement of Accounts for 2020/2021 when monitoring budgets for 2021/2022, setting a Revenue Budget for 2022/2023 and in developing future medium term spending plans.

Background Documents /Electronic Links

Executive Committee and Council only

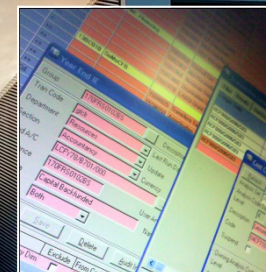
Date signed off by the Monitoring Officer: N/A

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

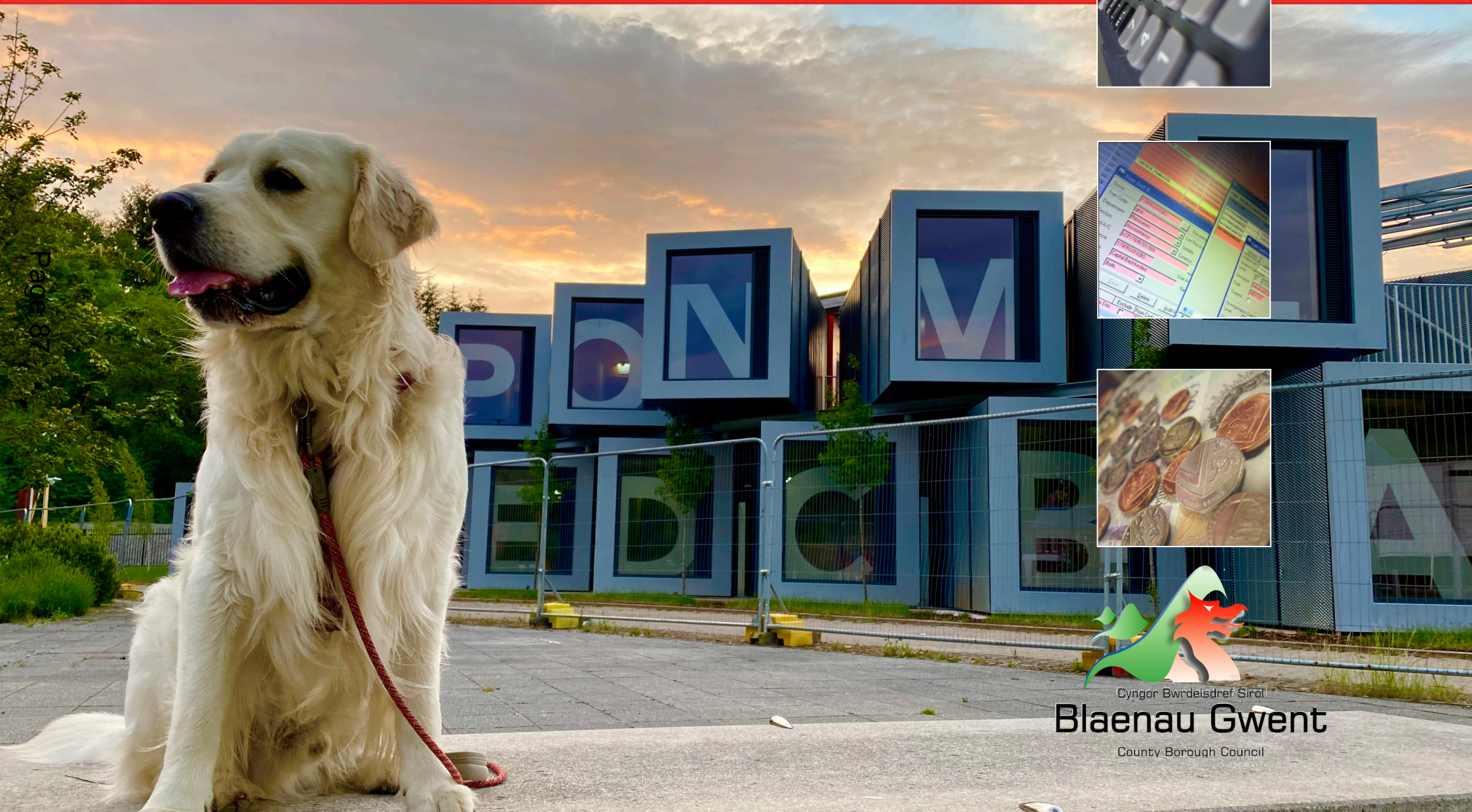
2020/2021

Statement of Accounts

October 2021



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Dyngor Bwrdeistref Sirral
Blaenau Gwent
County Borough Council



Cover Photo: "Box Units", Ebbw Vale.



Cyngor Bwrdeistref Sirol

Blaenau Gwent

County Borough Council

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Abbreviations and Terms Used

Byrfoddau a Thermau a Ddefnyddir



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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

Narrative Report

1. Introduction

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

The financial statements cover the period 1 April 2020 to 31 March 2021 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021 (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 with the medium/long term impact of both the Covid-19 pandemic and the UK's exit from the EU remaining uncertain. The overall Welsh Government (WG) Revenue Settlements for 2020/2021 and 2021/2022 have seen improvements on the 2019/2020 position, with increases in Aggregate External Finance (after allowing for specific grants transferring into the settlement) of 3.9% (£4.3m) and 3.7% (£4.3m) respectively. However, Welsh Government do not currently provide forecasts for future years funding and this makes financial planning, even in the short term, quite challenging. Current forecasts assume a cash flat settlement.

Following the unprecedented level of savings required in previous years, the 2020/2021 settlement posed a continuing challenge for the Authority both in terms of developing a robust and balanced revenue budget and managing its financial affairs during the year with the aim of achieving a sustainable financial position. Despite these considerable challenges, the Council was able to set its budget for 2020/2021 which required Bridging the Gap efficiencies of £1.5m whilst also addressing £2.05m of cost pressures and growth items and a plan to increase general reserves by £1.7m.

The global Covid-19 pandemic and the response had a significant impact on the Council both financially and on the delivery of services throughout the year. The changing circumstances during 2020/2021 saw a number of services being suspended or being delivered in an alternative way. Council buildings have been closed to the public, staff have been working from home where possible and/or redeployed to support front line services and the Council has established a new local Test Trace & Protect (TTP) service as part of the regional pandemic response.

Through the Emergency Hardship Fund, Welsh Government provided significant one-off financial support to both reimburse additional costs borne by the Council as a result of the required response to the pandemic and also compensate for loss of income incurred due to closure of facilities and suspension of service provision.

Costs related to the delivery of existing essential services and additional demands and responsibilities included social distancing measures, increased infection control requirements, free school meals provision whilst schools were closed and additional support to commissioned social care service providers. Welsh Government have committed to continue funding additional costs and loss of income to March 2022.

The funding received during 2020/2021 is as follows:

Welsh Government Funding	2020/2021 £000
Emergency Hardship Funding - Additional Costs	7,484
Emergency Hardship Funding - Loss of Income	2,933
Council Tax Income Collection - Compensation	524
Council Tax Reduction Scheme - increased demand	312
Digital Transformation Funding	567
Savings Unachieved Funding	567
Business Grants Administration Costs	245
Schools Cleaning	13
Total	12,645

Further details of these schemes can be found in the Grants disclosure (*note 21, pages 52-53*).

The Council also acted as an agent for Welsh Government in processing £31.4m of Covid-19 support payments and reliefs across the following schemes:

Funding Administered on Behalf of Welsh Government	2020/2021 £000
Business Support Grants	25,903
Self Isolation Payments	464
SSP Enhancement Payments	106
Care Workers Payments	1,025
Freelancer Grants	325
Start-Up Grants	75
Retail, Leisure and Hospitality Rate Relief	3,530
Total	31,428

Further details of these arrangements can be found in the Agency Income & Expenditure disclosure (*note 11, page 43*).

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 Annual Governance Statement

In the Annual Governance Statement, the Audit & Risk Manager has concluded that Blaenau Gwent County Borough Council's system of internal control during the financial year 2020/2021 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 based on the reduced level of audit coverage that has been achieved during the year.

3.2 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 has been undertaken and the outcome reported to Members. Although the Covid-19 pandemic has delayed progress in this area, soft market testing is now in progress in advance of a final decision.

3.3 European Union Membership

The UK formally left the European Union on 31 January 2020 and entered into a transition period that ended on 31 December 2020. During and subsequent to the period of transition there have been no significant changes to the legal and financial environment in which the Authority operates and there has therefore been no direct material impact on the transactions and balances reported for the 2020/2021 financial year.

3.4 Ebbw Valley Railway Infrastructure Loan

During March 2021 the Council agreed to accept a £70million interest free loan from WG to progress infrastructure works on the Ebbw Valley Railway project. The acceptance of the loan was subject to the development and acceptance of a quadripartite agreement between Blaenau Gwent Council, Welsh Government, Transport for Wales and Transport for Wales (Rail). This agreement was signed by all parties by September 2021, with the loan to be repaid over a 50-year period after the scheduled conclusion of the infrastructure works in 2023/2024. In order to meet the loan repayments the Council will receive a guaranteed sum on an annual basis, generated from the projected increase in income resulting from increased train frequency.

3.5 Material Events After the Reporting Date

The agreement to undertake infrastructure works on the Ebbw Valley Railway project that was signed by September 2021 (3.4, above) represents a material adjusting post-balance sheet event. In the Authority's Draft 2020/2021 Accounts, the loan amount received was treated as current (short-term) borrowing on the assumption that this amount would be repaid in full if an agreement had not been reached. In the Final Accounts for 2020/2021, the loan has been reclassified as non-current (long-term) borrowing as it will be repaid over a 50 year period commencing in 2024/2025. The loan has been discounted to its fair value in 2020/2021 and the sum in excess of the fair value has been included as capital grant unapplied.

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

4. Summary of Outturn

4.1 Revenue

In setting the 2020/2021 budget, the Authority agreed a Council Tax increase of 3.9%, identified Bridging the Gap efficiencies of £1.5m and addressed £2m of cost pressures and growth including £0.8m for pay and pension liabilities, £0.4m for increased pupil numbers and £0.5m for a new transformation budget.

Overall, management accounts have reported an underspend against budget of £1.4m including £0.3m of Covid-19 related costs (which could not be claimed from Welsh Government's Hardship Fund). A number of budget pressures were identified during the year and these have been managed within the overall budget, with ongoing cost pressures being built into the budget for 2021/2022.

The Council received £7.4m from the Hardship Fund for Covid-19 related expenditure and £2.9m for loss of income (including sums relating to Aneurin Leisure Trust). These amounts have been included within Portfolio accounts.

4.2 Capital

Capital expenditure has been largely unaffected by the Covid-19 lockdown restrictions, with provisional outturn expenditure in 2020/2021 being over £2m higher than the previous financial year. This covered a range of projects, including Business and Industrial Units, the Highways Network, Schools and the Roseheyworth Household Waste Recycling Centre.

The provisional outturn position forecasts an adverse variance of £0.09m against the in year budget, resulting from an overspend on construction of the Household Waste Recycling Centre. To mitigate this overspend, the Authority is attempting to secure additional funding and will continue to liaise with the contractor to minimise the final scheme costs.

4.3 Reserves

Total General and Earmarked Reserve balances increased by £15.5m during 2020/2021, as a result of a number of factors, including:

- the net total forecast underspend of £1.31m in Capital and Revenue budgets;
- increased capital receipts from sale of assets; and
- receipt of additional specific and unhypothecated grants.

5. Revenue Expenditure Outturn and Funding

5.1 2020/2021 Outturn

The following table reconciles the net service expenditure reported on a statutory basis in the Comprehensive Income & Expenditure Statement (page 18) with net outturn as reported to management during the year. The Expenditure and Funding Analysis (page 36) 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	2020/2021					
	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:						
Corporate Services	24,092	(7,432)	(1,252)	15,408	16,730	(1,322)
Education *	6,451	49,954	5,360	61,765	62,128	(363)
Environment	20,199	12,560	(7,115)	25,644	25,532	112
Regeneration & Economic Development	2,216	447	(1,468)	1,195	1,215	(20)
Social Services	42,699	3,663	(2,131)	44,231	45,352	(1,121)
Licensing	110	(1)	(16)	93	70	23
Planning	715	539	(84)	1,170	1,118	52
Sub-Total:	96,482	59,730	(6,706)	149,506	152,145	(2,639)
Education - School Spending **	41,918	(45,814)	214	(3,682)	0	(3,682)
Cardiff Capital Region City Deal ***	(119)	(87)	206	0	0	0
Total:	138,281	13,829	(6,286)	145,824	152,145	(6,321)

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

**: Education - School Spending refers to financial transactions related specifically to school establishments.

***: 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 at March 2021 was 0.7%, having ranged between 0.2% and 1.0% during 2020/2021, remaining below the Bank of England target rate of 2% throughout the year.

Whilst the 2% target has been retained, the Bank has recognised the challenges arising from the response to the severe financial and economic disruption caused by the Covid-19 pandemic. During 2020 CPI reduced to below 1% but is projected to rise during 2021 to reach the target during 2022.

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 with a 1% increase in employee costs equating to £1m. An extended period of wage restraint and below-inflation settlements in the previous decade gave way to increases in public sector pay awards, including a 2.75% APT&C settlement from April 2020.

However, future employee cost pressures for the Authority could be constrained by a renewal of specific public sector pay restraint. Across the economy as a whole, the impact of Covid-19 is expected to weaken wage growth during 2020 and 2021.

As part of the Bank of England's response to the Covid-19 pandemic, the Monetary Policy Committee decided on 11 March 2020 to reduce the Bank Rate from 0.75% to 0.25%, and then to 0.1% on 19 March 2020. The Rate is projected to remain at historically low levels for the foreseeable future and consequently inflationary pressure resulting from changes in interest rates is limited.

The Bank continues to review rates given the ongoing impact of Covid-19, the UK's exit from the European Union and rises in the level of inflation in early 2021/2022. This includes the possibility that the Bank Rate could fall below zero, in which case the Authority would incur additional interest costs as a result of holding any significant sums of money.

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 services.

5.3 Funding Sources

Welsh Government provides the majority of the Authority's funding, through Revenue Support Grant, Specific & Unhypothecated Grants and Non-Domestic Rates (69% of funding in 2020/2021). For 2020/2021, Aggregate External Financing (adjusted for transfers) increased by 3.93% compared with 2019/2020, lower than the average Welsh Unitary Authority increase of 4.3% (*source: Local Government Finance Report (No.1) 2020-21 (Final Settlement - Councils) - Table 1a.*) The Chancellor's Spending review in September 2019, covering the period to 2020/2021, indicated a £600m increase to the Welsh Government budget compared to previous years. The Chancellor's Spring Budget in 2020 provided a further £360m increase to the Welsh Government budget and consequently the level of funding to Welsh local authorities increased by 4.3% on average, with BGCBC receiving a 3.9% increase.

A 1% increase in RSG compared to 2019/2020 levels represents additional funding of £0.882m, which equates to 0.32% of the Authority's total funding. In real terms this increase is reduced by the impact of inflation.

The level of investment income available to the Authority has been reduced as a result of low rates of interest, but this has been more than offset by the reduction in interest expenses on borrowing. Should lending rates fall below zero, this could result in additional income to the Authority associated with borrowing, whilst additional costs would be incurred on investments - a reversal of the commonly-accepted 'normal' position.

The economic impact of Covid-19 is yet to be fully realised, but reduced economic activity, business failures, increases in unemployment and reductions in disposal income could all have a detrimental impact on the Authority's revenue streams.

In summary, the combination of historically low interest rates, controlled grant funding and the uncertainties caused by Covid-19 create an environment in which there is continued pressure to maintain control of costs.

6. Capital Expenditure Outturn and Funding*Capital Expenditure*

In year, total capital expenditure amounted to £17.604m, an increase of £2.138m compared to the previous year, largely due to the increase in expenditure on industrial units, road network, schools and education establishments, waste management and regeneration schemes, offset by reductions in town centre regeneration, CCTV and leisure schemes.

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

Capital Expenditure by Scheme	2020/2021		2019/2020	
	£000	£000	£000	£000
Industrial Units	6,580		1,003	
Waste Management	3,280		2,875	
Road Network & Maintenance Schemes	2,719		1,793	
Schools & Education Establishments	1,749		5,545	
Regeneration Schemes	1,155		817	
Social Services Adults	538		485	
Housing General	436		588	
Flying Start Schemes	331		355	
Town Centre Regeneration	309		707	
Leisure Schemes	187		949	
Corporate Property	95		87	
Cardiff Capital Region City Deal	92		0	
The Works & Learning Works	64		0	
CCTV	19		159	
Other	50		103	
Total:		17,604		15,466

Further details of capital expenditure are contained in Core Statement notes 25.3 (page 67) and 25.5 (page 69).

Financing of Capital Expenditure

Capital expenditure totalling £17.604m was financed by local authority borrowing (£3.315m), grants (£13.580m), capital receipts (£0.102m) and revenue contributions (£0.607m).

7. Contingencies, Provisions and Reserves**7.1 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 2020/2021, 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 public works projects;
- Guarantees to the Greater Gwent (Torfaen) Pension Fund in the event that pension liabilities are not settled by Aneurin Leisure Trust;
- A Deed of Priority arrangement in relation to the development of land in Brynmawr; and
- Potential liabilities that may arise following decisions of the courts in relation to specific past actions of the Authority.

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 33.3 (pages 80-81).

7.2 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 £4.091m, decreasing by £0.745m to £3.346m during 2020/2021. This was largely due to the unwinding of the Equal Pay provision and the majority of the Part 1 Land Compensation Claims provision, and reductions in sums held for insurance liabilities.

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 35.2 to the Core Statements (*see pages 79-80*).

7.3 Reserves

In their 2017/2018 Annual Audit Letter to Blaenau Gwent County Borough Council, the Wales Audit Office noted that the level of General and Earmarked Reserves as a percentage of gross revenue expenditure was 4.63%, the lowest of any Welsh Authority and significantly below the 2017/2018 Welsh average of 11.44%. The Authority accepted the need to maintain an appropriate level of reserves and agreed a planned annual contribution to the General Reserve as part of its Medium Term financial Strategy. In addition the budget for 2020/2021 agreed the establishment of a £1.4m earmarked reserve to support medium term financial planning.

To the end of 2019/2020 these measures had resulted in an improvement in the level of general and earmarked reserves held by the Council, increasing to 9.45% as a percentage of net revenue expenditure. This was still lower than the Welsh average for 2019/2020 but was no longer the lowest in comparison with other Welsh Authorities.

Aggregate Usable Reserves - 2017/2018 to 2020/2021	2017/2018 £000	2018/2019 £000	2019/2020 £000	2020/2021 £000
Council Fund	(5,500)	(5,894)	(6,399)	(7,553)
Earmarked Reserves	(5,019)	(6,831)	(8,275)	(20,781)
Usable Capital Reserves	(8,994)	(7,163)	(7,349)	(56,957)
Total Usable Reserves	(19,513)	(19,888)	(22,023)	(85,291)

Between 2017/2018 and 2020/2021 the Council Fund General Reserve has increased by 37.3%, from £5.5m to £7.553m. This increase has been 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 and
- the agreement to replenish the reserve by annual contributions.

However, it should be noted that whilst Aggregate Usable Reserves increased by £2.5m between 2017/2018 and 2019/2020, there was an exceptional increase of £63.3m in the 2020/2021 financial year.

Aggregate Usable Reserves - year on year movement	2019/2020	2020/2021	Increase	
	£000	£000	£000	%
Council Fund	(6,399)	(7,553)	(1,154)	18.03
Earmarked Reserves	(8,275)	(20,781)	(12,506)	151.13
Usable Capital Reserves	(7,349)	(56,957)	(49,608)	675.03
Total Usable Reserves	(22,023)	(85,291)	(63,268)	287.28

As indicated in the table above, there have been significant increases in the level of usable reserves retained over the 2020/2021 financial year. The most significant of these is the increase in Usable Capital Reserves, which is the result of the required accounting treatment of £48.024m of the loan received for the Ebbw Valley Railway Project (*for additional details see page 7*).

The £15.2m increase in the Council Fund and Earmarked Reserves is a result of a number of factors, including:

- reduced expenditure due to closure of facilities and reduced service provision;
- compensation through the hardship fund for loss of service income;
- receipt of additional specific and unencumbered grants; and
- service underspends against budget and implementation of 'Bridging the Gap' proposals.

Significant elements of these earmarked sums relate to grant funding held in respect of specific projects or services and these will be utilised in delivering the relevant service outcomes. In addition, the Authority has set aside substantial amounts to assist with the ongoing response to Covid-19 and the transformation and delivery of services post-pandemic. In future years, it is probable that there will be restrictions on public spending in order to mitigate the extraordinary levels of borrowing incurred by Central Government in dealing with Covid-19. It would therefore be prudent to retain appropriate levels of earmarked and general reserves to assist with a funding situation potentially similar to that experienced under the austerity measures of the last decade.

Establishment, retention and use of earmarked reserves are subject to review during the year in accordance with the Authority's risk-assessment based Reserves Management Protocol.

Impact of Pension Deficit on Reserves

The Authority holds total usable reserves of £85.291m at 31 March 2021 (£22.023m at 31 March 2020). The effect of applying the net superannuation fund deficit of £349.681m to the Authority's usable reserves would be a deficit of £264.390m (2019/2020: the superannuation deficit of £267.258m exceeded usable reserves by £245.235m).

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 37-38 (*pages 86-95*).

Movements on usable reserves are detailed in note 39 to the Core Statements (pages 95-99). Total usable reserves at the commencement of the year amounted to £22.023m, increasing by £63.268m to £85.291m at 31 March 2021.

The most significant net contributions to/from usable reserves were:

Summary Reserves Movements	2020/2021		2019/2020	
	£000	£000	£000	£000
Balance at 1 April		(22,023)		(19,888)
Significant net contributions (to)/from earmarked reserves:				
Covid-19 Response & Recovery	(2,000)		Budget Contingency Fund / Invest to Save	7
Financial Planning/ Resilience	(2,500)		Downsizing, Redundancy & Transitional Costs	16
Future Interest Rate	(244)		Future Interest Rate	106
ICT	(1,104)		Individual Schools Budget (ISB)	159
Insurance Liabilities	(912)		Insurance Liabilities	(1,016)
Individual Schools Budget (ISB)	(142)		Land at Blaenant Road	136
LMS	(2,457)		Leisure Termination Costs	165
Revenue Grants & Contributions Unapplied	(1,698)		LMS	(214)
Reserves Related to Portfolio Services	(1,179)		Prudential Borrowing	200
Technology Park Feasibility Study	174		Revenue Grants & Contributions Unapplied	(628)
			Technology Park Feasibility Study	(120)
		(12,062)		(1,189)
Significant net contributions (to)/from other usable reserves:			Significant net contributions (to)/from other usable reserves:	
Usable Capital Receipts	(849)		Usable Capital Receipts	(296)
Capital Grants Unapplied	(48,759) *		Capital Grants Unapplied	110
Other net contributions (to)/from usable reserves	(1,598)		Other net contributions (to)/from usable reserves	(760)
		(51,206)		(946)
Balance at 31 March		(85,291)		(22,023)
Capital Grant Unapplied Relating to Railway Project Loan		(48,024)		
Balance of Reserves Excluding CGU Relating to Railway Project Loan		(37,267)		

*: The Ebbw Valley Railway Project loan is to be repaid over a period of 50 years from 2024/2025 and has therefore been discounted to its current (fair) value in the 2020/2021 accounts. The Authority is required to account for the difference between the current value and the actual loan amount as capital grant unapplied. As a result, £48.024m of the increase in Capital Grants Unapplied in 2020/2021 specifically relates to the loan arrangement. This grant will be applied to fund works undertaken on the railway project over the next three years.

8. Treasury Management Activities

In July 2020, the Authority approved the Treasury Strategy Statement, Annual Investment Strategy and MRP Policy Statement for the 2020/2021 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.

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.

Borrowing Activities

Total external loan debt at 31 March 2021 amounted to £190.418m (31 March 2020: £159.027m). 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 2021/2022.

In March 2021 the Authority received a £70m interest free loan from the Welsh Government in relation to the Ebbw Valley Railway Infrastructure Project. This was initially classified as current (short-term) borrowing. However, further to signing of the agreement (*page 2*) the accounting treatment has changed, with the loan being reclassified as non-current (long-term) borrowing to be repaid over a 50 year period commencing in 2024/2025. The loan has been discounted to its fair value in 2020/2021 and the sum in excess of the fair value has been included as capital grant unapplied.

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

	2020/2021			2019/2020		
	Temporary Loans £000	Other Loans £000	Total £000	Temporary Loans £000	Other Loans £000	Total £000
Balance at 1 April	(60,700)	(98,327)	(159,027)	(61,650)	(95,892)	(157,542)
Loans Raised	(94,117)	(36,231)	(130,348)	(122,550)	(13,845)	(136,395)
Loans Repaid	89,500	8,780	98,280	123,500	11,454	134,954
Effective Interest Adjustment	0	(44)	(44)	0	(44)	(44)
Soft Loan Adjustment	0	721	721	0	0	0
Balance at 31 March	(65,317)	(125,101)	(190,418)	(60,700)	(98,327)	(159,027)

Investing Activities

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

	2020/2021 £000	2019/2020 £000
Balance at 1 April	0	6,000
Investments Made	398,100	306,500
Investments Repaid	(315,100)	(312,500)
Balance at 31 March	83,000	0

Minimum Revenue Provision

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 2020/2021 the sum of £0.681m (2019/2020: £0.689m) has been set aside by the Authority based on statutory guidance, as disclosed in note 1.17 (*page 30*).

Interest on external loan debt of £3.858m has been charged to the Comprehensive Income & Expenditure Statement in 2020/2021 (2019/2020: £4.281m).

9. Pension Assets and Liabilities

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

Pension Assets and Liabilities	31 March 2021			31 March 2020		
	LGPS	uTPS	Total	LGPS	uTPS	Total
	£000	£000	£000	£000	£000	£000
Assets	440,901	0	440,901	339,718	0	339,718
Liabilities	(754,821)	(35,761)	(790,582)	(574,483)	(32,493)	(606,976)
Net Liabilities	(313,920)	(35,761)	(349,681)	(234,765)	(32,493)	(267,258)

10. Movement in Valuation of Non-Current Assets

During 2020/2021, the net cost or valuation of non-current assets (Property, Plant & Equipment) recorded on the Authority's Balance Sheet showed a net increase of £15.642m, from £267.258m to £282.900m. This movement was largely the result of expenditure on Assets Under Construction of £8.5m, £3.7m of assets commissioned or added and net revaluation gains of £3.2m.

Note 25.1 (pages 62-64) 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 in the United Kingdom 2020/2021

The 2020/2021 Accounting Code of Practice includes the following new or revised accounting standards, none of which has impacted on the preparation of the Authority's Accounts:

- Amendments to *IAS 1 Presentation of Financial Statements* and *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*.
- Amendments to *IAS 28 Investments in Associates and Joint Ventures* – Clarification that entities should apply IFRS 9 to account for long-term interests in an associate or joint ventures that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
- Amendments to *IAS 19 Employee Benefits* – requiring remeasurement of the net pension asset/liability in the event of amendments to pension schemes.
- *Annual Improvements to IFRS Standards 2015-2017 Cycle*:
 - *IFRS 3 Business Combinations* and *IFRS 11 Joint Arrangements* – clarification that when a party to a joint arrangement obtains control of the joint arrangement that is a joint operation, the transaction is a business combination achieved in stages.
 - *IAS 12 Income Taxes* – treatment of the income tax consequences of dividends.
 - *IAS 23 Borrowing Costs* – specification for calculation of borrowing costs which can be capitalised when a 'weighted average' borrowing cost is used.
- Amendments to References to the Conceptual Framework in IFRS Standards.

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 18-19)

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 20-21)

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 22)

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 23)

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 2020/2021 - more detail is included in the full EFA on page 36.

Expenditure & Funding Analysis - Summary	2020/2021					2019/2020				
	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	145,824	(159,447)	(13,623)	(49,687)	(63,310)	145,470	(147,444)	(1,974)	26,200	24,226
Tax Expenses			(37)					25		
Transfers to/(from) earmarked reserves			12,506					1,444		
(Increase)/Decrease in year			(1,154)					(505)		
Opening council Fund Balance as at 1 April			(6,399)					(5,894)		
Closing Council Fund Balance as at 31 March			(7,553)					(6,399)		

14. 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 24-32 and 115-116 and are included in the Statement of Accounts on pages 111-129.

15. Future Developments

15.1 Budget-Setting Process

The Council recognises the challenges that it faces in the short, medium and long terms and has developed a programme of Strategic Business Reviews to deal with potential gaps between anticipated funding and expenditure that aims to build financial resilience. Based on strategic themes the 'Bridging the Gap' programme aims to identify savings opportunities, potential cost avoidance and new revenue streams. Designed to support a balanced budget it is also focussed on creating the conditions of a commercially-minded council.

For 2021/2022, the Bridging the Gap programme identified estimated savings/revenues/efficiencies of between £0.5m and £1.0m. These benefits (if achieved), in conjunction with the better than anticipated budget settlement for 2021/2022, could allow for an addition of £1.3m to the financial planning and resilience earmarked reserve, to be utilised for the later years of the Medium Term Financial Strategy.

15.2 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 Governments); 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%.

15.3 Impact of the United Kingdom's Exit From the European Union

On 31 January 2020 the United Kingdom formally left the European Union and entered into a transition period that ended on 31 December 2020. During and subsequent to the period of transition there have been no significant changes to the legal and financial environment in which the Authority operates and there has therefore been no direct material impact on the transactions and balances reported for the 2020/2021 financial year. There are still a range of areas across which exit from the EU has the potential to have a significant impact on the Authority in future years, including:

Replacement of European Structural and Other Transnational European Funding Streams;

Blaenau Gwent has continued to receive funding from various EU structural and other transnational European funding schemes. To some extent these funding streams will be replaced by the UK Community Renewal Fund and the UK Shared Prosperity Fund, but there remains uncertainty regarding the level and duration of this funding. 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 and the impact of the response and consequences of the Covid-19 pandemic.

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. In addition, the European Union (Withdrawal) Act 2018, the Withdrawal Agreement 2019 and subsequent legislation set out the 'retained EU legislation' which remained part of UK legislation after the transition period on 31 December 2020. After that point in time, in accordance with the European Union (Future Relationship) Act 2020 and subject to any further agreement, it may be possible for the UK to amend or repeal this body of retained legislation.

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.

16. **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





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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 2021, and of their expenditure and income for the year then ended

02 November 2021

Chief Officer - Resources

Date

I confirm that these Accounts were approved at the Governance & Audit Committee Meeting on 02 November 2021. Signed on behalf of Blaenau Gwent County Borough Council:

02 November 2021

Chair of Meeting

Date



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Cyngor Bwrdeistref Sirol

Blaenau Gwent

County Borough Council

Auditor's Report

The independent auditor's report of the Auditor General for Wales to the Members of Blaenau Gwent County Borough Council

Opinion on financial statements

I have audited the financial statements of:

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

for the year ended 31 March 2021 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 international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-2021.

In my opinion the financial statements:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-2021.

Basis of Opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on Other Requirements

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 2020-2021;
- 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, or returns adequate for my audit have not been received from branches not visited by my team;
- 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.

Responsibilities

Responsibilities of the Responsible Financial Officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including Blaenau Gwent County Borough Council's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud

My procedures included the following:

- Enquiring of management, the council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Blaenau Gwent's policies and procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- Obtaining an understanding of Blaenau Gwent's framework of authority as well as other legal and regulatory frameworks that Blaenau Gwent operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Blaenau Gwent.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, and those charged with governance about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Council;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Blaenau Gwent's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

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

.....
Date

Auditor General for 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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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	2020/2021			2019/2020			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Continuing Operations								
Corporate Services	48,440	(24,348)	24,092	50,637	(25,264)	25,373	17	49
Education	15,466	(9,015)	6,451	25,121	(6,054)	19,067		
Education - Schools	48,051	(6,133)	41,918	47,443	(5,289)	42,154	30	73
Environment	33,115	(12,916)	20,199	36,133	(7,556)	28,577		
Cardiff Capital Region City Deal	217	(336)	(119)	113	(232)	(119)	43	105
Regeneration & Economic Development	5,896	(3,680)	2,216	5,764	(3,647)	2,117		
Social Services	71,699	(29,000)	42,699	68,602	(22,927)	45,675	12	43
Licensing	201	(91)	110	209	(130)	79		
Planning	1,026	(311)	715	1,412	(457)	955		
Total Deficit on Continuing Services	224,111	(85,830)	138,281	235,434	(71,556)	163,878	7	36

Comprehensive Income & Expenditure Statement (Continued)	2020/2021			2019/2020			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	224,111	(85,830)	138,281	235,434	(71,556)	163,878		
Other Operating Expenditure	10,705	(952)	9,753	10,698	(595)	10,103	9, 19, 20	42, 50, 51
Financing and Investment Income & Expenditure	18,348	(8,051)	10,297	21,749	(9,333)	12,416	10	42
Taxation & Non-Specific Grant Income	0	(221,641)	(221,641)	0	(162,171)	(162,171)	8, 18, 19, 21	41, 50, 52
(Surplus)/Deficit on Provision of Services	253,164	(316,474)	(63,310)	267,881	(243,655)	24,226	7	36
Tax Expenses			(37)			25	43	105
(Surplus)/Deficit on Provision of Services <i>less</i> Tax Expenses			(63,347)			24,251	MiRS	20-21
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(4,139)			(9,238)		
Remeasurement of the net defined benefit pension liability			72,759			(76,068)	38	89
Other Comprehensive Income & Expenditure			68,620			(85,306)	MiRS, 23	20-21, 58
Total Comprehensive Income & Expenditure			5,273			(61,055)	MiRS	20-21

Note: In the Comprehensive Income & Expenditure Statement, amounts relating to expenditure are disclosed as positive and amounts relating to income are disclosed as negative (i.e. enclosed in brackets). Consequently, total figures disclosed in brackets are surpluses, representing net income to the Authority, whilst those not in brackets are deficits, where expenditure exceeds income.

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.

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					
			£000	£000					
2019/2020	£000	£000	£000	£000	£000	£000	£000		
Balance at 31 March 2019	(5,894)	(6,831)	(6,504)	(659)	(19,888)	225,255	205,367		
Adjustments to brought forward balances	0	0	0	0	0	13*	13		
Revised Balance at 1 April 2019	(5,894)	(6,831)	(6,504)	(659)	(19,888)	225,268	205,380		
Total Comprehensive Income and Expenditure	24,251	0	0	0	24,251	(85,306)	(61,055)	CIES	19
Adjustments between accounting basis & funding basis under statutory provisions	(26,200)	0	(296)	110	(26,386)	26,386	0	24	59-61
Net (Increase)/Decrease before transfers to Earmarked Reserves	(1,949)	0	(296)	110	(2,135)	(58,920)	(61,055)		
Transfers from Council Fund (to) Earmarked Reserves	1,444	(1,444)	0	0	0	0	0	39	98-99
(Increase)/Decrease in 2019/2020	(505)	(1,444)	(296)	110	(2,135)	(58,920)	(61,055)		
Balance at 31 March 2020	(6,399)	(8,275)	(6,800)	(549)	(22,023)	166,348	144,325	BS	22

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.

*: *Unusable Reserve balances at 1 April 2019 were amended to reflect adjustments in the final Cardiff Capital Region City Deal accounts for 2018/2019, decreasing the Blaenau Gwent share of the capital adjustment account by £0.013m.*

Movement in Reserves Statement 2020/2021	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 2020	(6,399)	(8,275)	(6,800)	(549)	(22,023)	166,348	144,325	BS	22
Total Comprehensive Income and Expenditure	(63,347)	0	0	0	(63,347)	68,620	5,273	CIES	18
Adjustments between accounting basis & funding basis under statutory provisions	49,687	0	(849)	(48,759)	79	(79)	0	24	59-61
Net (Increase)/Decrease before transfers to Earmarked Reserves	(13,660)	0	(849)	(48,759)	(63,268)	68,541	5,273		
Transfers from Council Fund (to) Earmarked Reserves	12,506	(12,506)	0	0	0	0	0	39	98-99
(Increase)/Decrease in 2020/2021	(1,154)	(12,506)	(849)	(48,759)	(63,268)	68,541	5,273		
Balance at 31 March 2021	(7,553)	(20,781)	(7,649)	(49,308)	(85,291)	234,889	149,598	BS	22

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 2021		31 March 2020		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	282,900		267,258		25, 27, 30	62-69, 71, 73
Investment Properties	1,340		0			
Heritage Assets	600		531		26	69-70
Non-Current Investments	342		250		28	72
Non-Current Debtors	3,192		3,220		29	73
Sub Total: Long-Term Assets		288,374		271,259		
Assets Held for Sale	70		590		25	65-66
Inventories	1,217		396			
Current Debtors	33,934		25,658		31	75-77
Deferred Tax Asset	66		0			
Cash and Cash Equivalents	90,919		5,573		42	104
Sub Total: Current Assets		126,206		32,217		
Current Borrowing	(71,233)		(69,479)		35-36	81-85
Current Creditors	(15,044)		(13,270)		32	77
Current Grants Receipts in Advance	(2,722)		(1,964)		21	53
Current Donated Assets	(864)		0			
Current Provisions	(1,464)		(2,057)		33	78-80
Sub Total: Current Liabilities		(91,327)		(86,770)		
Non-Current Borrowing	(119,185)		(89,548)		35-36	81-85
Non-Current Provisions	(1,882)		(2,034)		33	78-80
Other Long-Term Liabilities	(351,784)		(269,449)		34, 38	81, 87-95
Sub Total: Long-Term Liabilities		(472,851)		(361,031)		
Total Net Assets/(Liabilities)		(149,598)		(144,325)		
Usable Reserves	(85,291)		(22,023)		39.1	95-99
Unusable Reserves	234,889		166,348		39.2	100-102
Total Reserves		149,598		144,325		

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	2020/2021		2019/2020		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services <i>less tax expenses</i>	63,347		(24,251)		CIES	19
Adjustments to the provision of services for non-cash movements	10,530		34,272		40.1	103
Adjustments for items included in the provision of services that are investing and financing activities	(14,256)		(12,896)		40.2	103
Net Cash Inflows/(Outflows) from Operating Activities		59,621		(2,875)		
Investing activities		(6,294)		(3,412)	41.1	103
Financing activities		32,019		1,286	41.2	103
Net increase or (decrease) in cash and cash equivalents		85,346		(5,001)		
Cash and cash equivalents at the beginning of the reporting period		5,573		10,574	BS, 42	22, 104
Cash and cash equivalents at the end of the reporting period		90,919		5,573	BS, 42	22, 104



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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 2020/2021 financial year and its position at the year-end of 31 March 2021. 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 2020/2021 and the Service Reporting Code of Practice 2020/2021, 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 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.

1.3 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 2021			31 March 2020		
	Discount Rate	RPI	CPI	Discount Rate	RPI	CPI
	%	%	%	%	%	%
Short (Less than 17 years)	1.95	3.35	2.85	2.30	2.90	2.00
Medium (between 17 and 23 years)	2.00	3.30	2.85	2.30	2.80	1.90
Long (over 23 years)	2.05	3.20	2.80	2.30	2.70	1.80

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 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.

1.5 Provisions

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

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

1.6 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 2021) 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.

1.7 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.

1.8 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.

1.9 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.

1.10 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 25.2 to the Balance Sheet (*pages 65-66*).

1.11 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 1.10*).

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.

1.12 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 1.10*).

1.13 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 2020/2021 (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 Portfolio 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.

1.14 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.

1.14.1 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.

1.14.2 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.

1.14.3 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.

1.14.4 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.

1.14.5 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.

1.15 Investments and Investment Properties

1.15.1 Investments - Silent Valley Waste Services

Where a reliable fair value cannot be established for an unquoted equity instrument then the investment has been 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.

1.15.2 Investment Properties - Pharmatelligence Ltd.

Investment properties are those held solely to earn rentals and/or for capital appreciation such as; ground leases, land held for future development as strategic sites and other land and buildings that meet investment property criteria. Investment properties are measured at fair value, based on the market value that would be received to sell an asset in an orderly transaction between market participants at the measurement date, reflecting the asset's highest and best use.

A full valuation is undertaken periodically with the most recent valuation having taken place during the preparation of the 2019/20 City Deal accounts. The Investment Property included in the City Deal Joint Committee's Group Accounts has been valued by Monmouthshire County Council as part of its role as the host Authority for the CSC Foundry Ltd. project.

Investment properties are not depreciated. Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.16 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 1.14.4.

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.

1.17 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 2020/2021 has been calculated in accordance with the amended MRP policy that was approved by full Council in December 2017, using the following method:

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

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

1.18 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.

1.19 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 (CCRD) 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.

1.20 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.

1.21 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 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.

1.22 Determination of Operating Segments

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

2. Impact of changes in Accounting Policies

There are no significant changes to accounting policies adopted in preparing the 2020/2021 Accounts.

3. Accounting Standards Issued but not yet Adopted

The 2021/2022 Accounting Code of Practice includes the following new or revised accounting standards that have effect from 1 April 2021.

Source, Requirement and Potential Impact
<p><i>IFRS 3 Business Combinations</i></p> <p>Amendments to the definition of a business. No anticipated impact on the Authority's accounts.</p>
<p><i>IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures</i></p> <p>Amendments to standards as part of Phase 1 of 'Interest Rate Benchmark Reform' issued in September 2019. No significant impact anticipated on the Authority's Accounts.</p>
<p><i>IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts, IFRS 16 Leases</i></p> <p>Further amendments to standards as part of Phase 2 of 'Interest Rate Benchmark Reform' issued in August 2020. No significant impact anticipated on the Authority's Accounts.</p>

Having previously deferred implementation of IFRS 16 *Leases* to 1 April 2021, in December 2020 CIPFA/LASAAC agreed to a further deferral until the 2022/2023 financial year in recognition of the disruption caused by the COVID-19 pandemic.

IFRS 16 removes the current operating and financing lease classifications and requires local authorities that are lessees to recognise all leases on their balance sheets as right-of-use assets (with exemptions for short-term and low value leases) together with a corresponding liability representing the obligation to make lease payments for the asset. The expected impact on the 1 April 2022 balance sheet is to increase property, plant and equipment assets and associated lease liabilities by approximately £1.75 million.

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 15 to the Narrative Report, page 12*).
- 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 (*1.20, pages 31-32*).
- 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 United Kingdom leaving the European Union, there remains a high degree of uncertainty regarding the continuation of previous funding streams 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 2021 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% decrease in the discount rate assumption would result in an increase in the pension liability of £80.455m (<i>see pages 92-93 for further sensitivity analysis</i>). However, the assumptions interact in complex ways. During 2020/2021, the Authority's actuaries advised that the net pensions liability had increased by £68.329m as a result of remeasurements of pension assets and liabilities. This increase comprised a £95.626m gains on assets (representing the difference between actual and expected asset return for the year) and net increases in liabilities of £163.955m (arising from changes in demographic/financial assumptions and other experience gains (<i>see pages 90-91</i>)).</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 PPE of £3.448m. These variances could result in the Statement of Accounts being materially mis-stated and, subject to proper capital accounting practice, their adjustment could have an impact on the Balance Sheet, CIES and the level of the Authority's Reserves.</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: - 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.. 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. 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>
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>
Impairment of Debtors	<p>As at 31 March 2021, the Authority has an outstanding debtors balance of £41.213m. In accordance with proper accounting practice, impairment allowances totalling £4.695m 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.</p>	<p>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 2021, impairment allowances represent 11.39% of debt outstanding. A 5% understatement in impairment would therefore represent a potential reduction in revenues of £2.060m.</p>

6. Events After the Reporting Period

The Statement of Accounts was authorised for issue by Ms R. Hayden CPFA, Chief Officer - Resources, on 25 October 2021.

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 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Ebbw Valley Railway Project Infrastructure Loan

In March 2021 the Council agreed to accept a £70million interest free loan from WG to progress infrastructure works on the Ebbw Valley Railway project. The acceptance of the loan was subject to the development and acceptance of a quadripartite agreement between Blaenau Gwent Council, Welsh Government, Transport for Wales and Transport for Wales (Rail). This agreement was signed by all parties by September 2021, with the loan to be repaid over a 50-year period after the scheduled conclusion of the infrastructure works in 2023/2024. In order to meet the loan repayments the Council will receive a guaranteed sum on an annual basis, generated from the projected increase in income resulting from increased train frequency.

The Ebbw Valley Railway project agreement represents a material adjusting post-balance sheet event. In the Authority's Draft 2020/2021 Accounts, the loan amount received was treated as current (short-term) borrowing on the assumption that this amount would be repaid in full if an agreement had not been reached. In the Final Accounts for 2020/2021 the loan has been reclassified as non-current (long-term) borrowing as it will be repaid over a 50 year period commencing in 2024/2025. The loan has been discounted to its fair value in 2020/2021 and the sum in excess of the fair value has been included as capital grant unapplied.

The impact of this adjustment on the Authority's Balance Sheet is as follows:

Impact of Event After the Reporting Period:	Draft	Final
Balance Sheet	£000	£000
Current Assets:		
Cash and Cash Equivalents	70,000	70,000
Current Liabilities:		
Current Borrowing	(69,829)	0
Current Grants Receipts in Advance	(171)	0
Long-Term Liabilities:		
Non-Current Borrowing	0	(21,976)
Usable Reserves:		
Capital Grants Unapplied	0	(48,024)
Total	0	0

The change in accounting treatment resulted in an increase in Net Assets of £48.024m, matched by an increase in Total Reserves of the same amount.

The adjustment has been passed through the Comprehensive Income & Expenditure Statement (CIES) and reversed in the Movement in Reserves Statement:

Impact of Event After the Reporting Period:	Draft	Final
CIES & MiRS	£000	£000
CIES:		
Taxation & Non-Specific Grant Income	0	(48,024)
MiRS:		
Adjustments between accounting basis & funding basis under statutory provisions	0	48,024
Total	0	0

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	2020/2021					2019/2020				
	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	15,408	7,432	22,840	1,252	24,092	14,709	7,787	22,496	2,877	25,373
Education	61,765	(49,954)	11,811	(5,360)	6,451	55,348	(46,073)	9,275	9,792	19,067
Education - School Spending	(3,682)	45,814	42,132	(214)	41,918	(1,325)	43,223	41,898	256	42,154
Environment	25,644	(12,560)	13,084	7,115	20,199	29,598	(11,738)	17,860	10,717	28,577
Cardiff Capital Region City Deal	0	87	87	(206)	(119)	0	(119)	(119)	0	(119)
Regeneration & Economic Development	1,195	(447)	748	1,468	2,216	1,516	(862)	654	1,463	2,117
Social Services	44,231	(3,663)	40,568	2,131	42,699	44,526	(3,182)	41,344	4,331	45,675
Licensing	93	1	94	16	110	74	(19)	55	24	79
Planning	1,170	(539)	631	84	715	1,024	(225)	799	156	955
Capital Adjustments*	0	(1)	(1)	1	0	0	(5)	(5)	5	0
Pension Adjustments**	0	520	520	(520)	0	0	554	554	(554)	0
Net Expenditure on Continuing Operations	145,824	(13,310)	132,514	5,767	138,281	145,470	(10,659)	134,811	29,067	163,878
Other Operating Expenditure	0	9,693	9,693	60	9,753	0	9,060	9,060	1,043	10,103
Financing & Investment Income & Expenditure	0	4,901	4,901	5,396	10,297	0	5,266	5,266	7,150	12,416
Taxation & Non-Specific Grant Income	0	(160,731)	(160,731)	(60,910)	(221,641)	0	(151,111)	(151,111)	(11,060)	(162,171)
(Surplus)/Deficit on the Provision of Services	145,824	(159,447)	(13,623)	(49,687)	(63,310)	145,470	(147,444)	(1,974)	26,200	24,226
Tax Expenses			(37)					25		
Transfers to/(from) earmarked reserves			12,506					1,444		
(Increase)/Decrease in year			(1,154)					(505)		
Opening Council Fund Balance as at 1 April			(6,399)					(5,894)		
Closing Council Fund Balance as at 31 March			(7,553)					(6,399)		

*: 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 2020/2021 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	2020/2021							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	(11)	6,973	0	0	(166)	(684)	1,320	7,432
Education	(3,231)	(45,767)	0	0	(64)	(892)	0	(49,954)
Education - School Spending	0	44,489	0	0	0	1,325	0	45,814
Environment	(4,139)	(2,896)	0	(3,548)	(114)	(1,870)	7	(12,560)
Cardiff Capital Region City Deal	0	0	0	0	0	0	87	87
Regeneration & Economic Development	(425)	(41)	0	0	(2)	64	(43)	(447)
Social Services	(163)	(2,397)	0	0	(38)	(946)	(119)	(3,663)
Licensing	0	(12)	0	0	0	0	13	1
Planning	0	(197)	0	0	(342)	0	0	(539)
Capital Adjustments	0	0	0	0	0	0	(1)	(1)
Pension Adjustments	0	0	(520)	0	0	0	1,040	520
Net Expenditure on Continuing Operations	(7,969)	152	(520)	(3,548)	(726)	(3,003)	2,304	(13,310)
Other Operating Expenditure	0	0	0	3,548	0	0	6,145	9,693
Financing & Investment Income & Expenditure	0	0	6,180	0	0	0	(1,279)	4,901
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(160,731)	(160,731)
(Surplus)/Deficit on the Provision of Services	(7,969)	152	5,660	0	(726)	(3,003)	(153,561)	(159,447)

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

Expenditure and Funding Analysis: Accounting Code Adjustments to Management Accounts	2019/2020							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	(11)	6,831	0	0	0	186	781	7,787
Education	(2,480)	(43,583)	0	0	(78)	210	(142)	(46,073)
Education - School Spending	(39)	42,220	0	0	(12)	1,054	0	43,223
Environment	(5,613)	(2,985)	0	(3,404)	0	261	3	(11,738)
Cardiff Capital Region City Deal	0	0	0	0	0	0	(119)	(119)
Regeneration & Economic Development	(616)	0	0	0	(19)	26	(253)	(862)
Social Services	(163)	(2,403)	0	0	(46)	(483)	(87)	(3,182)
Licensing	0	(11)	0	0	0	0	(8)	(19)
Planning	0	(186)	0	0	0	15	(54)	(225)
Capital Adjustments	0	0	0	0	0	0	(5)	(5)
Pension Adjustments	0	0	554	0	0	0	0	554
Net Expenditure on Continuing Operations	(8,922)	(117)	554	(3,404)	(155)	1,269	116	(10,659)
Other Operating Expenditure	0	0	0	3,404	0	0	5,656	9,060
Financing & Investment Income & Expenditure	689	0	(7,943)	0	0	0	12,520	5,266
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(151,111)	(151,111)
(Surplus)/Deficit on the Provision of Services	(8,233)	(117)	(7,389)	0	(155)	1,269	(132,819)	(147,444)

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	2020/2021 £000	2019/2020 £000
External Fees, Charges & Other Service Income	(17,687)	(17,633)
Government Grants	(66,689)	(52,274)
Total Income	(84,376)	(69,907)
Employee Expenses	103,458	100,597
Other Service Expenses	113,432	104,121
Support Service Recharges	0	0
Depreciation, amortisation & impairment	0	0
Total Expenditure	216,890	204,718
Net Expenditure	132,514	134,811

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	2020/2021				2019/2020			
	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	30	1,114	108	1,252	11	2,865	1	2,877
Education	(4,916)	(481)	37	(5,360)	8,845	938	9	9,792
Education - School Spending	(23)	0	(191)	(214)	0	0	256	256
Environment	5,604	1,168	343	7,115	8,547	2,158	12	10,717
Cardiff Capital Region City Deal	(207)	0	1	(206)	0	0	0	0
Regeneration & Economic Development	1,236	160	72	1,468	1,143	321	(1)	1,463
Social Services	144	1,678	309	2,131	931	3,379	21	4,331
Licensing	0	12	4	16	0	24	0	24
Planning	(16)	75	25	84	0	156	0	156
Capital Adjustments	1	0	0	1	5	0	0	5
Pension Adjustments	0	(520)	0	(520)	0	(554)	0	(554)
Net Expenditure on Continuing Operations	1,853	3,206	708	5,767	19,482	9,287	298	29,067
Other Operating Expenditure	60	0	0	60	1,043	0	0	1,043
Financing & Investment Income & Expenditure	(680)	6,180	(104)	5,396	(689)	7,943	(104)	7,150
Taxation & Non-Specific Grant Income	(60,910)	0	0	(60,910)	(11,060)	0	0	(11,060)
(Surplus)/Deficit on the Provision of Services	(59,677)	9,386	604	(49,687)	8,776	17,230	194	26,200

7.3.1 Adjustments for Capital Purposes

This column adds in depreciation, impairment and revaluation gains & losses in the service lines, 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.

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. 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	2020/2021 £000	2019/2020 £000
Taxation & Non-Specific Revenue Grants		
Council Tax Income	(42,894)	(40,296)
Non-Domestic Rates	(22,010)	(22,628)
Revenue Support Grant	(94,054)	(88,187)
Unhypothecated Grants	(1,659)	0
Total Taxation and Non-Specific Revenue Grants	(160,617)	(151,111)
Capital grants and contributions	(61,024)	(11,060)
Total	(221,641)	(162,171)

In 2020/2021, the Authority received £1.659m of grants from Welsh Government that were not related to specific services and these have been included as 'Unhypothecated Grants'.

9. Other Operating Expenditure

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

Other Operating Expenditure	2020/2021			2019/2020		
	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	1,011	(952)	59	1,639	(595)	1,044
Precepts & Levies:						
Gwent Police Authority Precept	5,640	0	5,640	5,158	0	5,158
South Wales Fire Authority Levy	3,406	0	3,406	3,267	0	3,267
Community Council Precepts	506	0	506	497	0	497
Coroners' Courts	113	0	113	108	0	108
National Park Levy	29	0	29	29	0	29
Total	10,705	(952)	9,753	10,698	(595)	10,103

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	2020/2021			2019/2020		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Change in Fair Value of Investment Property *	321	0	321	0	0	0
Impairment **	204	0	204	446	0	446
Interest payable and similar charges - Financial Instruments	3,856	0	3,856	4,274	0	4,274
Interest payable and similar charges - Other ***	2	0	2	7	0	7
Interest receivable and similar income - Financial Instruments	0	(13)	(13)	0	(74)	(74)
Interest receivable and similar income - Other ****	0	(253)	(253)	0	(180)	(180)
Net Pensions Interest Cost	13,965	(7,785)	6,180	17,022	(9,079)	7,943
Total	18,348	(8,051)	10,297	21,749	(9,333)	12,416

*: Authority proportion of Cardiff Capital Region City Deal investment properties.

***: Interest on finance leases and school balances.

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

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

11. Agency Income and Expenditure

During the Covid-19 pandemic, the Authority acted as an agent on behalf of Welsh Government in the distribution of a range of grants and reliefs.

The following table summarises the purpose of each grant or relief scheme, and the number of individuals or businesses supported.

Funding Administered on Behalf of Welsh Government: Purpose	Number of Businesses/ Individuals Supported
Business Support Grants	2,047
<i>Grants were payable to business of specific types (including retail, hospitality and leisure) that were liable for non-domestic rates, and also for businesses that were forced to close or were materially impacted by the restrictions in place during lockdowns.</i>	
Self Isolation Payments	929
<i>Payments of £500 were issued to people required to self isolate as a result of either contracting Covid-19 themselves or coming into contact with a person identified as carrying Covid-19.</i>	
SSP Enhancement Payments	280
<i>The statutory sick payment enhancement scheme provides funding to allow employers to pay eligible social care workers at full pay if they cannot work due to Covid-19.</i>	
Care Workers Payments	1,799
<i>Payments to Carers of £500, announced by Welsh Government during the year as part of a nationwide scheme.</i>	
Freelancer Grants	43
<i>Grant provided to support freelance workers in cultural and creative sectors.</i>	
Start-Up Grants	30
<i>This grant was aimed at new small businesses who were not eligible for any other Covid-19 support.</i>	
Retail, Leisure and Hospitality Rate Relief	328
<i>To provide support for eligible properties by offering a discount of 100% on the non-domestic rates bill for 2020/2021.</i>	

The following table summarises the transactions and balances related to the various grants and reliefs administered during 2020/2021.

Funding Administered on Behalf of Welsh Government: Transactions and Balances	Funding Allocation £000	Payments Made or Reliefs Applied £000	Balance at 31 March 2021 £000
Business Support Grants	(25,903)	25,903	0
Self Isolation Payments	(464)	464	0
SSP Enhancement Payments	(106)	106	0
Care Workers Payments	(1,025)	1,025	0
Freelancer Grants	(325)	325	0
Start-Up Grants	(75)	75	0
Retail, Leisure and Hospitality Rate Relief	(3,530)	3,263	(267)
Total	(31,428)	31,161	(267)

Transactions relating to these schemes have not been included in the Authority's Accounts.

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

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.

12.3 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 2021 were as follows.

Partnership Schemes:	2020/2021				2019/2020			
	GWICES £000	Gwent Frailty £000	Care Homes £000	Total £000	GWICES £000	Gwent Frailty £000	Care Homes £000	Total £000
Total Expenditure	4,106	16,623	95,842	116,571	3,398	16,458	104,976	124,832
Funding								
Blaenau Gwent County Borough Council	(311)	(614)	(7,020)	(7,945)	(258)	(576)	(7,505)	(8,339)
Caerphilly County Borough Council	(462)	(2,230)	(22,289)	(24,981)	(449)	(2,310)	(22,039)	(24,798)
Monmouthshire County Borough Council	(382)	(1,411)	(8,870)	(10,663)	(323)	(1,361)	(9,738)	(11,422)
Newport City Council	(388)	(1,846)	(16,072)	(18,306)	(331)	(1,768)	(17,329)	(19,428)
Torfaen County Borough Council	(1,400)	(806)	(10,474)	(12,680)	(847)	(842)	(10,714)	(12,403)
Aneurin Bevan University Health Board	(874)	(9,730)	(31,117)	(41,721)	(904)	(9,714)	(37,651)	(48,269)
Other	(289)	0	0	(289)	(286)	0	0	(286)
Total Funding	(4,106)	(16,637)	(95,842)	(116,585)	(3,398)	(16,571)	(104,976)	(124,945)
Net In-Year (Under)/Overspend	0	(14)	0	(14)	0	(113)	0	(113)
Balance Brought Forward	0	(490)	0	(490)	0	(377)	0	(377)
Balance Carried Forward	0	(504)	0	(504)	0	(490)	0	(490)

13. Members' Allowances

The total amount of allowances and expenses paid to Members during the year was £752,438 (2019/2020: £740,877), analysed as follows:

Members' Allowances	2020/2021 £000	2019/2020 £000
Allowances	752	738
Expenses	0	3
Total:	752	741

Within the allowances above are payments in 2020/2021 of £19,801 (£17,400 in 2019/2020) made to Members nominated to serve as Directors on the Board of Silent Valley Waste Services Ltd.. These costs are reimbursed by the Company.

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	2020/2021					2019/2020				
	Teaching	Other	Total	Left During Year	Total excluding leavers	Teaching	Other	Total	Left During Year	Total excluding leavers
Remuneration Band										
£60,000 - £64,999	6	3	9	0	9	10	2	12	0	12
£65,000 - £69,999	11	3	14	0	14	6	3	9	0	9
£70,000 - £74,999	3	3	6	0	6	2	0	2	0	2
£75,000 - £79,999	2	0	2	0	2	1	2	3	0	3
£80,000 - £84,999	1	4	5	0	5	1	1	2	0	2
£85,000 - £89,999	1	0	1	0	1	1	0	1	0	1
£90,000 - £94,999	1	0	1	0	1	0	0	0	0	0
£95,000 - £99,999	0	0	0	0	0	0	0	0	0	0
£100,000 - £104,999	2	0	2	0	2	1	0	1	0	1
Total	27	13	40	0	40	22	8	30	0	30

- Notes:
- 1) Employees that are included in the Senior Officers Remuneration disclosure have been excluded from the above table.
 - 2) Voluntary Aided School employees have been included in the above disclosure.
 - 3) No staff are included who would otherwise have been excluded if it were not for one-off severance payments.

Further details of termination benefits can be found in notes 15-16 (pages 48-49).

14.2 Remuneration Ratio

For 2020/2021, the ratio of the Chief Executive's remuneration in comparison to the median remuneration of all the Authority's employees was as follows:

	2020/2021	2019/2020
Ratio of Managing Director pay to median pay of all staff	1:4.38	1:4.47

14.3 Senior Officers' Remuneration

The following table sets out the remuneration in 2020/2021 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.

2020/2021 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		109,414	0	0	0	109,414	25,712	135,126
Corporate Director of Education (to 15 April 2020)	Note 1	4,238	0	2,195	0	6,433	996	7,429
Corporate Director of Education (from 30 March 2020)	Note 2	83,713	0	0	0	83,713	19,673	103,386
Corporate Director of Regeneration & Community Services		90,469	0	0	0	90,469	21,260	111,729
Corporate Director of Social Services		90,469	0	0	0	90,469	21,260	111,729
Chief Officer (Resources)		76,799	0	0	0	76,799	18,048	94,847
Chief Officer (Commercial) (to 14 February 2021)	Note 3	70,394	0	0	0	70,394	16,543	86,937
Chief Officer (Commercial) (from 8 February 2021)	Note 3	10,666	0	0	0	10,666	2,506	13,172
Head of Governance & Partnerships (to 7 February 2021)	Notes 3 & 4	61,570	0	0	0	61,570	14,469	76,039
Head of Legal & Corporate Compliance	Note 4	70,115	0	0	0	70,115	16,477	86,592
Total		667,847	0	2,195	0	670,042	156,944	826,986

Note 1: The employment of the (former) Corporate Director of Education terminated on the 15th of April 2020, with outstanding annual leave being taken prior to that date.

Note 2: Further to the departure of the (former) Corporate Director of Education, a temporary arrangement was established prior to a formal recruitment process to fill the post on a permanent basis. The Head of Education Transformation was therefore 'acting up' as the Corporate Director of Education with effect from the 30th March 2020 and was subsequently confirmed in the role.

Note 3: The (former) Chief Officer (Commercial) left the employment of the Authority on 14 February 2021. In order to provide continuity, the Head of Governance & Partnerships was appointed to the role on an interim basis pending a formal recruitment process to fill the role permanently. The Head of Governance & Partnerships left that post on the 7 February 2021 and commenced 'acting up' as Chief Officer (Commercial) on 8 February 2021. The Head of Governance & Partnerships post was not appointed to in the 2020/2021 financial year and remained vacant.

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

2019/2020 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	106,486	0	0	0	106,486	25,024	131,510
Corporate Director of Education	Note 2	101,714	0	0	0	101,714	23,903	125,617
Corporate Director of Education (from 30 March 2020)	Note 3	430	0	0	0	430	101	531
Corporate Director of Regeneration & Community Services		88,048	0	0	0	88,048	20,691	108,739
Corporate Director of Social Services		88,048	0	0	0	88,048	20,691	108,739
Chief Officer (Resources)		72,964	0	0	0	72,964	17,147	90,111
Chief Officer (Commercial)		76,044	0	0	0	76,044	17,870	93,914
Head of Governance & Partnerships	Note 4	68,238	0	0	0	68,238	16,036	84,274
Head of Legal & Corporate Compliance	Note 4	68,238	0	0	0	68,238	16,036	84,274
Total		670,210	0	0	0	670,210	157,499	827,709

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

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

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

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

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	2020/2021				2019/2020			
	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	0	20	20	80	13	48	61	377
£20,000-£39,999	0	3	3	94	0	9	9	239
£40,000-£99,999	0	3	3	161	0	5	5	290
£100,000-£139,999	0	0	0	0	0	2	2	245
Total	0	26	26	335	13	64	77	1,151

Note: Value bands have been combined in order to ensure that individual exit packages cannot be identified. Of the 335 terminations in 2020/2021, 4 employees received no exit package remuneration.

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 2020/2021, the contracts of 26 employees were terminated, incurring total liabilities of £0.335m (2019/2020: 77 employees, incurring liabilities of £1.151m). These payments can be disaggregated as follows:

Termination Benefits & Exit Packages	2020/2021	2019/2020
	£000	£000
Pay in Lieu of Notice	57	116
Pension Costs	47	405
Redundancy Costs	133	613
Other Payments	98	17
Total	335	1,151

Included in the Authority's Early Terminations Provision are sums totalling £0.049m payable to 2 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. (2019/2020: Early Terminations provision included £0.125m payable to 3 staff). Details of the Early Terminations Provision can be found in notes 33.1-33.2 (pages 78-79).

Following the agreement to transfer staff to the charity in 2014, the Authority exercised its discretion in 2019/2020 to fund £0.161m of exit packages for 9 staff at Aneurin Leisure Trust. No such packages were funded in 2020/2021.

16. Termination Benefits and Exit Packages - Causes

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

Termination Benefits	2020/2021		2019/2020	
	No	£000	No	£000
Closure of Facilities / Cessation of Services	0	0	8	4
Early Retirements/Efficiency/Flexible Retirements	4	6	5	40
Financial Efficiency Project	3	103	15	523
School Downsizing Restructuring & Reorganisation - Crossmatching	4	71	25	423
Termination benefits arising for other reasons	15	155	24	161
Total	26	335	77	1,151

17. External Audit Fees

The Authority's appointed external auditors for the 2020/2021 financial year were Audit Wales (AW). The following fees were incurred in relation to external audit and inspection:

External Audit Fees	2020/2021 £000	2019/2020 £000	CIES Service Line
Fees payable in respect of:			
External audit services relating to audit of the accounts	191	251	<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	45	40	<i>Portfolio responsible for the specific grant claim or return</i>
Other Services	0	38	<i>Corporate Services Portfolio</i>
Total Audit Fees	341	434	

The higher fee disclosed for 'External audit services relating to audit of the accounts' in 2019/2020 is for £0.060m additional fees covering work performed in respect of the investigation of correspondence received towards the end of the 2016/2017 audit relating to the arrangements between the Council and Silent Valley Waste Services Ltd..

'Other Services' in 2019/2020 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 sole 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 2021 was £31,940,334 (31 March 2020: £31,878,837).
- The national non-domestic rate multiplier for the year 2020/2021 was 0.535 (2019/2020: 0.526).
- The contribution received from the NNDR pool in 2020/2021 was £22,009,930 (2019/2020: £22,628,000).

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	2020/2021		2019/2020	
	£000	£000	£000	£000
Council Tax Collected	(43,524)		(40,750)	
Less: Impairment of bad & doubtful debts	630		455	
Net Total Proceeds from Council Tax		(42,894)		(40,295)
Less: Gwent Police Authority Precept	5,640		5,158	
Community Council Precepts:				
Abertillery & Llanhilleth Community Council	240		234	
Brynmawr Town Council	43		43	
Nantyglo & Blaina Town Council	85		82	
Tredegar Town Council	138		138	
		6,146		5,655
Council Tax attributable to this Authority:		(36,748)		(34,640)

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 2020/2021 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	63.00	18,558.00	7,820.00	2,573.00	1,608.00	827.00	315.00	58.00	15.00	5.00	31,842.00
Exemptions, Reliefs & Discounts	(6.75)	(2,107.00)	(628.25)	(183.75)	(92.25)	(40.75)	(11.75)	(2.25)	(6.50)	(1.00)	(3,080.25)
Effective Properties	56.25	16,451.00	7,191.75	2,389.25	1,515.75	786.25	303.25	55.75	8.50	4.00	28,761.75
Ratio	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	-
Band D Equivalents	31.25	10,967.34	5,593.58	2,123.78	1,515.75	960.97	438.03	92.92	17.00	9.33	21,749.95
Impairment											(1,087.50)
Council Tax Base											20,662.45

20. Precepts & Demands

20.1 Precepting Authorities

Details of precepting bodies and amounts are included in note 19.1 (page 50).

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	2020/2021 £000	2019/2020 £000
Brecon Beacons National Park Authority	29	29
Coroners' Courts	113	90
South Wales Fire Authority	3,406	3,267
Total:	3,548	3,386

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	2020/2021 £000	2019/2020 £000
Welsh Government	(1,324)	(1,694)
Other Grants & Contributions	(105)	(15)
Total:	(1,429)	(1,709)

Capital Grants Credited to taxation and non-specific grant income	2020/2021 £000	2019/2020 £000
Welsh European Funding Office	(2,294)	(79)
Welsh Government	(58,232)	(10,389)
Other Grants & Contributions	(384)	(592)
Total:	(60,910)	(11,060)

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	2020/2021 £000	2019/2020 £000
Welsh Government	(41,534)	(25,569)
Department for Work and Pensions	(21,335)	(22,576)
Other Central Government	(569)	(930)
Local Authorities	(2,367)	(2,259)
NHS	(762)	(845)
Other Grants & Contributions	(122)	(95)
Total:	(66,689)	(52,274)

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 - Capital	2020/2021 £000	2019/2020 £000
Welsh European Funding Office	0	(5)
Welsh Government	(1,501)	(478)
Other Central Government	(17)	(17)
Local Authorities	0	0
NHS	0	0
Other Grants & Contributions	0	0
Total	(1,518)	(500)

Receipts in Advance - Revenue	2020/2021 £000	2019/2020 £000
Welsh European Funding Office	(134)	(216)
Welsh Government	(998)	(1,125)
Other Central Government	(8)	(4)
Local Authorities	(7)	(40)
NHS	(3)	(17)
Other Grants & Contributions	(54)	(62)
Total	(1,204)	(1,464)

In 2020/2021 the Authority received grant funding from Welsh Government in relation to the Covid-19 pandemic. The following table summarises the purpose of each grant and the amount received or due.

Welsh Government Funding	2020/2021 £000
Emergency Hardship Funding - Additional Costs	7,484
<i>To fund additional costs incurred in responding to the pandemic.</i>	
Emergency Hardship Funding - Loss of Income	2,933
<i>To compensate for a loss/reduction in income as a result of pandemic restrictions e.g. from closure of services.</i>	
Council Tax Income Collection - Compensation	524
<i>To compensate for reduction in collection of Council Tax income as a result of the pandemic.</i>	
Council Tax Reduction Scheme - increased demand	312
<i>To fund the increase in demand for Council Tax support during the pandemic.</i>	
Digital Transformation Funding	567
<i>Unhypothecated grant to support the financial stability of the Council: relating to transformation required to deliver services by means of on-line/digital platforms.</i>	
Savings Unachieved Funding	567
<i>Unhypothecated grant to support the financial stability of the Council: relating to savings that have not been achieved as a result of the pandemic.</i>	
Business Grants Administration Costs	245
<i>Financial support to provide capacity in delivering Covid-19 grants to businesses.</i>	
Schools Cleaning	13
<i>Financial support the need for additional cleaning and cleaning materials in schools as a result of Covid-19.</i>	
Total	12,645

Grants due from Welsh Government have been credited to the appropriate service line in the Comprehensive Income & Expenditure Statement. Unhypothecated grants, i.e. those that do not relate to specific services, have been included in 'Taxation & Non-Specific Grant Income'.

Welsh Government Covid-19 Related Funding Applied to the Comprehensive Income & Expenditure Statement	2020/2021 £000
Corporate Services	(814)
Education	(1,474)
Education - School Spending	(177)
Environment	(4,085)
Regeneration & Economic Development	(217)
Social Services	(3,861)
Net Expenditure on Continuing Operations	(10,628)
Taxation & Non-Specific Grant Income	(1,658)
(Surplus)/Deficit on the Provision of Services	(12,286)

Of the £12.645m grant received or due, £0.359m of grant has been included in the Balance Sheet as Current Creditors and not applied to the Income & Expenditure Account.

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 2020/2021 can be found in note 21 (page 52); details of the amounts owed to or from central government are included in notes 32 (page 77) and 31 (pages 75-78) respectively.

22.2 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 2021				Year Ended 31 March 2020			
		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.	145,053	(14,159)	15,379	0	242,215	(15,195)	29,577	(250)
Blaina Community Centre: A Member of the Council is a Director.	Grants, room hire and reimbursement of maintenance costs. Includes £24,000 Covid-19 NDR Grants in 2020/2021.	24,150	(1,349)	0	0	7,740	(4,669)	0	(510)
Brynmawr Museum: A Member of the Council is a Director.	Member grants. Income for ground rent, insurance and works carried out at museum. Includes £10,000 Covid-19 NDR Grants in 2020/2021.	10,681	(195)	0	(10)	900	(927)	0	(195)
Hodge Municipal Services: A Member of the Council is the proprietor.	Maintenance of public toilets in Brynmawr and other supplies. Includes £20,000 Covid-19 NDR Grants in 2020/2021.	23,030	(140)	100	0	3,360	(140)	100	(140)
Jim Davies Civil Engineering Ltd.: A member of the Council is the brother-in-law of one of the Directors.	Capital works including: retaining wall maintenance; Silent Valley transfer station/overflow extension; footpaths & cycleways; & household waste recycling centre.	2,202,998	0	65,072	0	787,365	0	507,277	0
Total:		2,405,912	(15,843)	80,551	(10)	1,041,580	(20,931)	536,954	(1,095)

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 2021		Year Ended 31 March 2020		Notes
		Amounts Paid by Authority	Amounts Received by Authority	Amounts Paid by Authority	Amounts Received by Authority	
		£	£	£	£	
Blaina Post Office	A Member of the Council is Post Master of this business.	0	(25)	0	(50)	Waste transfer.
Circle of Beauty	A Member of the Council is joint proprietor of the business.	10,726	0	60,444	0	Town Centre Loan and Heritage Grant towards the development of the property.
A Member	A Member of the Council has received a Freelancer Grant.	5,000	0	0	0	Covid-19 Freelancer Grant.
Highfield Properties (Tredegar)	A Member of the Council is a Director of the organisation.	12,000	0	15,725	0	Tenants' Rent Allowances.
Pins & Things	A Member of the Council is the partner of the proprietor of the business.	24,000	0	0	(50)	Waste transfer. Includes £24,000 Covid-19 NDR Grant in 2020/2021.
Sirhowy Community Centre	A Member of the Council is a Director of the organisation.	250	0	2,686	0	Grants.
Wilkins Foot Clinic	A Member of the Council is the partner of the proprietor of the business.	24,000	0	0	0	Covid-19 NDR Grant.
Total:		75,976	(25)	78,855	(100)	

The Authority also had related party relationships with the following members, for which there were no associated transactions during the year or balances at the year end:

Related Party	Related Party Relationship	Year Ended 31 March 2021				Year Ended 31 March 2020			
		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
		£	£	£	£	£	£	£	£
Glen Willis Ltd. Plumbing & Heating	The son of a Member of the Council is proprietor of this business.	0	0	0	0	0	0	0	0
J.P. Print and Signs	A Member of the Council is proprietor of this business.	0	0	0	0	0	0	0	0
Total:		0	0	0	0	0	0	0	0

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

	Year Ended 31 March 2021				Year Ended 31 March 2020			
	Transactions		Balances		Transactions		Balances	
	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority
	£	£	£	£	£	£	£	£
Summary - Related Party Transactions and Balances								
Related Parties (with year end balances)	2,405,912	(15,843)	80,551	(10)	1,041,580	(20,931)	536,954	(1,095)
Related Parties (with no year end balances)	75,976	(25)	0	0	78,855	(100)	0	0
Total:	2,481,888	(15,868)	80,551	(10)	1,120,435	(21,031)	536,954	(1,095)

22.3 Silent Valley Waste Services Limited

The Authority is the sole shareholder of the waste disposal company Silent Valley Waste Services Limited (SVWS Ltd.). Two of the Authority's Elected Members are non-executive directors of the company. These Members are each receiving a 'senior salary' allowance, as the responsibility involved has been assessed to be of an equivalent level to a committee/scrutiny Chair. The Authority's former Chief Executive was a director for the full year. As at 31 March 2021, the Authority effectively holds 67% of the board membership. The following related party transactions took place with SVWS Ltd. during the year:

	Year Ended 31 March 2021				Year Ended 31 March 2020			
	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 Party Transactions								
Silent Valley Waste Services Ltd.:								
Collection of waste; management of civic amenity sites; haulage charges:								
Payments relating to current year	822,511	0	78,978	0	800,212	0	73,357	0
Payments relating to previous year	73,467	0	0	0	65,791	0	0	0
Repair of power wash nozzle in transfer station	0	0	0	0	51	0	0	0
Reimbursement of payments made to directors of SVWS Ltd.:								
Payments in respect of Nominated Representatives	0	(21,451)	0	0	0	(18,151)	0	(1,650)
Leachate	0	(110,000)	0	(110,000)	0	(130,000)	0	(110,000)
Supply and erect vehicle barrier and ancillary works at HWRC Ebbw Vale	0	0	0	(24,816)	0	0	0	0
Total (Silent Valley Waste Services Ltd.):	895,978	(131,451)	78,978	(134,816)	866,054	(148,151)	73,357	(111,650)

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

In 2020/2021 total summarised transactions of the Service were as follows:

Education Achievement Service	2020/2021 £000	2019/2020 £000
Expenditure	6,764	6,801
Income	(6,762)	(6,828)
Net Expenditure	2	(27)

Related party transactions between the Authority and the EAS were:

Related Party Transactions	Year Ended 31 March 2021				Year Ended 31 March 2020			
	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
	£	£	£	£	£	£	£	£
Education Achievement Service:								
Partner contribution	358,985	0	0	0	364,452	0	0	0
Reimbursement of Clerks to Governors Fees	0	(10,457)	0	(8,640)	0	(14,713)	0	(10,457)
Total (Education Achievement Service):	358,985	(10,457)	0	(8,640)	364,452	(14,713)	0	(10,457)

22.5 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 2021				Year Ended 31 March 2020			
	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	0	0	51,040	0	50,324	0	0	0
Contributions towards Capital Expenditure	92,395	0	0	0	0	0	0	0
Reimbursement of Seconded Post	0	(20,570)	0	(27,952)	0	(87,551)	0	(20,570)
Total (Cardiff Capital Region City Deal):	92,395	(20,570)	51,040	(27,952)	50,324	(87,551)	0	(20,570)

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	2020/2021	2019/2020
	£000	£000
(Surplus)/Deficit arising on the revaluation of non-current assets	(4,139)	(9,238)
Remeasurement of the net defined benefit pension liability	72,759	(76,068)
Other Comprehensive Income & Expenditure	68,620	(85,306)

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 2020/2021:

	2020/2021			2019/2020		
	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						
<i>Transactions between Funds & Usable Reserves:</i>						
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	51,324	0	(51,324)	2,714	0	(2,714)
Transfer of cash sale proceeds credited as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	951	(951)	0	595	(595)	0
Contribution from the Capital Receipts Reserve towards funding of prudential borrowing schemes	(64)	64	0	(60)	60	0
<i>Total: Transactions between Funds & Usable Reserves:</i>	52,211	(887)	(51,324)	3,249	(535)	(2,714)

	2020/2021		2019/2020	
	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				
<i>Transactions involving Unusable Reserves:</i>				
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	105	(105)	104	(104)
Adjustments to/from the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(23,192)	23,192	(31,157)	31,157
Employer's pensions contributions and direct payments to pensioners payable in the year	13,806	(13,806)	13,926	(13,926)

	2020/2021		2019/2020	
	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				
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	(11,630)	11,630	(13,012)	13,012
Revaluation losses on Property, Plant & Equipment	9,533	(9,533)	(6,023)	6,023
Capital grants & contributions applied	11,129	(11,129)	10,055	(10,055)
Revenue expenditure funded from capital under statute	(1,842)	1,842	(2,388)	2,388
Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive Income & Expenditure Statement	(1,012)	1,012	(469)	469
Adjustments to/from Deferred Capital Receipts Account:				
Adjustment to Deferred Capital Receipts on Revaluation of Assets Leased to Third Parties	0	0	(1,169)	1,169
Items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Statutory provision for the financing of capital investment	681	(681)	689	(689)
Capital expenditure charged against the Council Fund	607	(607)	293	(293)
Adjustment to/from the Unequal Pay Back Pay Account				
Decrease in provision for back pay in relation to Equal Pay cases	146	(146)	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	(855)	855	(298)	298
Total: Transactions between Funds & Unusable Reserves:	(2,524)	2,524	(29,449)	29,449

Note: Additional transactions occur between the Capital Adjustment Account and the Revaluation Reserve. These are detailed in note 39.2 on pages 100-101.

	2020/2021			2019/2020		
	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						
Transactions involving Other Capital Reserves:						
Adjustments to/from the Deferred Capital Receipts Reserve:						
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	(64)	0	64	(60)	0	60
Items involving Usable Capital Reserves:						
Application of grants to capital financing transferred to the Capital Adjustment Account	0	2,565	(2,565)	0	2,824	(2,824)
Use of the Capital Receipts Reserve to finance new capital expenditure	102	0	(102)	299	0	(299)
Total: Other Capital Reserve Transactions:	38	2,565	(2,603)	239	2,824	(3,063)

	2020/2021				2019/2020			
	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:	52,211	(887)	(51,324)	0	3,249	(535)	(2,714)	0
Total: Transactions involving Unusable Reserves:	(2,524)	0	0	2,524	(29,449)	0	0	29,449
Total: Other Capital Reserve Transactions:	0	38	2,565	(2,603)	0	239	2,824	(3,063)
Total Adjustments:	49,687	(849)	(48,759)	(79)	(26,200)	(296)	110	26,386

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 2021 £000	31 March 2020 £000
Gross Carrying Amount	344,842	330,029
Accumulated Depreciation	(61,942)	(62,771)
Net Book Value	282,900	267,258

Details of the transactions relating to the carrying amounts and depreciation of non-current assets are set out on pages 63-64, with the net book value detailed below.

Property, Plant & Equipment	Breakdown of 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	
Net Book Value as at 31 March 2021	165,350	5,773	92,700	330	4,218	14,529	282,900
Net Book Value as at 31 March 2020	156,390	4,312	93,822	107	4,661	7,966	267,258
Net Book Value as at 31 March 2019	148,134	4,873	95,466	108	4,303	11,380	264,264

Movements in 2020/2021:

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 2020	170,631	15,437	131,179	120	4,696	7,966	330,029
Appropriations	820	0	0	0	0	(2,451)	(1,631)
Assets reclassified to/from held for sale	(87)	0	0	0	(467)	0	(554)
Additions	0	1,407	1,854	0	0	485	3,746
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,231	0	0	0	83	0	3,314
Revaluation increases/(decreases) recognised in the Provision of Services	(257)	0	0	224	(81)	0	(114)
Capital expenditure written off	(1,666)	(131)	(190)	(7)	0	0	(1,994)
Derecognition - disposals	0	0	0	0	0	0	0
Other movements in cost or valuation *	1,666	1,216	628	7	0	8,529	12,046
Cost or Valuation as at 31 March 2021	174,338	17,929	133,471	344	4,231	14,529	344,842

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 2020	(14,241)	(11,125)	(37,357)	(13)	(35)	0	(62,771)
Depreciation Charge & Appropriations	(5,330)	(1,031)	(3,414)	(1)	(7)	0	(9,783)
Depreciation written out to the Revaluation Reserve	898	0	0	0	7	0	905
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,685	0	0	0	22	0	9,707
Derecognition - disposals	0	0	0	0	0	0	0
Accumulated Depreciation & Impairment as at 31 March 2021	(8,988)	(12,156)	(40,771)	(14)	(13)	0	(61,942)

Movements in 2019/2020:

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 2019	164,158	14,625	129,453	120	4,331	11,380	324,067
Appropriations	10,849	0	0	0	(218)	(10,631)	0
Assets reclassified to/from held for sale	(85)	0	0	0	(45)	0	(130)
Additions	0	405	1,335	0	0	3,295	5,035
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,456	0	0	0	13	0	5,469
Revaluation increases/(decreases) recognised in the Provision of Services	(9,698)	0	0	0	615	0	(9,083)
Capital expenditure written off	(3,040)	(40)	(59)	(66)	0	0	(3,205)
Derecognition - disposals	(49)	0	0	0	0	0	(49)
Other movements in cost or valuation **	3,040	447	450	66	0	3,922	7,925
Cost or Valuation as at 31 March 2020	170,631	15,437	131,179	120	4,696	7,966	330,029

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 2019	(16,024)	(9,752)	(33,987)	(12)	(28)	0	(59,803)
Depreciation Charge & Appropriations	(5,417)	(1,373)	(3,370)	(1)	(7)	0	(10,168)
Depreciation written out to the Revaluation Reserve	4,139	0	0	0	0	0	4,139
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,061	0	0	0	0	0	3,061
Derecognition - disposals	0	0	0	0	0	0	0
Accumulated Depreciation & Impairment as at 31 March 2020	(14,241)	(11,125)	(37,357)	(13)	(35)	0	(62,771)

Notes * & **: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £10.052 million of which has been added to the asset base and £1.994 million of which has been written off as there has been no increase to the asset value in 2020/2021(*); £4.720 million of which has been added to the asset base and £3.205 million of which has been written off as no increase to the asset value resulted in 2019/2020(**).

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 2021			31 March 2020		
	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)	4,188	70	4,258	4,661	90	4,751
Fair Value	4,188	70	4,258	4,661	90	4,751

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	2020/2021			2019/2020		
	Surplus	Assets	Total	Surplus	Assets	Total
	Assets	Held for Sale		Assets	Held for Sale	
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	4,661	90	4,751	4,303	380	4,683
Appropriations (to)/from Property, Plant & Equipment Operational Assets	0	87	87	(218)	85	(133)
Appropriations (to)/from Assets Held for Sale	(467)	0	(467)	(45)	0	(45)
Appropriations (to)/from Surplus Assets	0	467	467	0	45	45
Total Gains for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	7	0	7	939	0	939
Total Losses for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(89)	(62)	(151)	(324)	0	(324)
Total Gains/(Losses) for the period included in the Revaluation Reserve resulting from changes in the fair value	83	0	83	13	0	13
Disposals	0	(512)	(512)	0	(420)	(420)
In-Year Depreciation	(7)	0	(7)	(7)	0	(7)
Balance at 31 March:	4,188	70	4,258	4,661	90	4,751

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 2021			31 March 2020		
	Surplus	Assets	Total	Surplus	Assets	Total
	Assets	Held for Sale		Assets	Held for Sale	
	£000	£000	£000	£000	£000	£000
Assets measured at Fair Value	4,188	70	4,258	4,661	90	4,751
Assets measured at carrying amount	30	0	30	0	500	500
Assets carried on Balance Sheet	4,218	70	4,288	4,661	590	5,251

25.3 Capital Commitments

Within the Authority's 2020/2021 capital programme, £3.023m relates to schemes that were contractually committed as at 31 March 2021 (£8.878m contractually committed as at 31 March 2020):

Capital Commitments	Commitment Value 2020/2021 £000	Estimated Timescale for Completion No of Years	Commitment Value 2019/2020 £000	Estimated Timescale for Completion No of Years
Highways Improvement Works	644	1	367	1
Household Waste Recycling Centre	376	1	1,394	1
Lime Avenue Development	356	1	5,482	1
LTF Metro Plus	227	1	0	0
Valleys Regional Park	169	1	155	1
Collaborative Change Programme	166	1	279	1
Social Services	117	1	0	0
Schools Maintenance	104	1	0	0
Schools IT Infrastructure	88	1	59	1
21st Century Schools - Six Bells Project	80	1	221	1
RE:FIT	64	1	1	1
Flood Damage 2020	35	0	0	0
Box Works	0	0	526	1
CCTV Upgrade	0	0	12	1
Other*	597	1	382	1
Total	3,023		8,878	

Other: Includes outstanding retentions on infrastructure & regeneration 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 2020/2021, the range of assets were revalued by the Authority's Head of Estates and Strategic Asset Management, PJ. Miles BSc. (Hons), MRICS.

Valuations were carried out using the bases outlined in the Accounting Policies (pages 28-29), 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 £13.820 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 2020/2021, 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 2020. The Authority does not consider the difference in valuations between this date and 31 March 2021 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 2021 £000	31 March 2020 £000	31 March 2019 £000	31 March 2018 £000	31 March 2017 £000	Total £000
Non-Current Asset Valuations						
Current Value:						
Heritage Assets	600	532	0	0	0	1,132
Other Land & Buildings	118,626	79,326	29,836	21,626	26,341	275,755
Community Assets	256	0	0	10	0	266
	119,482	79,858	29,836	21,636	26,341	277,153
Historic Cost:						
Vehicles Plant & Equipment	0	5	86	0	112	203
	0	5	86	0	112	203
Total cost or valuation:	119,482	79,863	29,922	21,636	26,453	277,356

25.5 Capital Expenditure and Financing

Of the £17.604m capital investment made in 2020/2021, £14.289m was financed in-year through revenue contributions, the application of capital receipts and government grants. The remaining £3.315m capital financing requirement has been funded through borrowing, as indicated below:

Capital Expenditure & Financing	2020/2021 £000	2019/2020 £000
Capital Investment: Property, Plant & Equipment	15,670	13,078
REFCUS	1,934	2,388
	17,604	15,466
Sources of Finance:		
Revenue Provision	(607)	(293)
Capital Receipts	(102)	(142)
Government Grants & Other Contributions	(13,580)	(12,879)
	(14,289)	(13,314)
Increase in capital financing requirement:	3,315	2,152
Explanation of in-year movements:		
Borrowing Supported by Government Financial Assistance	1,129	1,415
Borrowing Unsupported by Government Financial Assistance	2,186	737
Total Borrowing:	3,315	2,152

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
<i>The Guardian, Six Bells</i>	390
'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.	
<i>Ebbw Vale War Memorial</i>	210
Unveiled September 24th 1924 by Sir Frederick Mills. Listed as an unusually elaborate war memorial, in a prominent setting.	
Total Value:	600

These monuments have been valued on an insurance replacement cost basis and are not depreciated as their useful life is deemed to be indefinite. Revaluations in 2020/2021 increased the carrying amounts of these assets by £0.057m (The Guardian) and £0.012m (War Memorial).

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

Heritage Assets (Not Reported on Balance Sheet)	Description	Valuation
Aneurin Bevan Stones	This monument commemorates Aneurin Bevan, born in Tredegar in 1897 and elected M.P. for the area in 1929. The central monolith represents Aneurin Bevan himself, whilst three satellite stones represents his constituents in Ebbw Vale, Tredegar and Rhymney.	No cost or valuation information is available for this asset and the cost of obtaining a valuation is likely to be prohibitive compared to the value.
Civic Regalia	Comprising the Mayoral Chain, Mayoress Chain and Civic Mace.	The Authority has an insurance valuation for this asset, which is lower than the £50,000 deminimis 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 £0.213m (2019/2020: £0.272m). 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 £0.090m (2019/2020: £0.120m).

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 2021 due under non-cancellable leases in future years are:

	31 March 2021		31 March 2020	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Not later than one year	105	248	128	256
Later than 1 year and not later than 5 years	159	704	169	932
Later than 5 years	12	860	0	880
Total Minimum Lease Payments	276	1,812	297	2,068

Charges to service revenue accounts in the Comprehensive Income and Expenditure Statement during the year in relation to these leases totalled £0.404m (2019/2020: £0.387m).

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

27.3 Authority as Lessor - Finance Leases

The Authority has 1 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.

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.

Finance Lease Debtor	31 March 2021		31 March 2020	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Current	0	67	0	64
Non-Current	0	2,784	0	2,851
Unguaranteed Residual Value of Property	0	(450)	0	(450)
Total	0	2,401	0	2,465

The gross investment in the leases in relation to this asset is made up as follows:

Finance Leases - Lessor	Gross Investment in Lease			
	31 March 2021		31 March 2020	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Not later than one year	0	67	0	64
Later than 1 year and not later than 5 years	0	305	0	289
Later than 5 years	0	2,029	0	2,112
Total	0	2,401	0	2,465

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

	Minimum Lease Payments			
	31 March 2021		31 March 2020	
	Vehicles, plant & equipment £000	Other land & buildings £000	Vehicles, plant & equipment £000	Other land & buildings £000
Finance Leases - Lessor				
Not later than one year	0	216	0	216
Later than 1 year and not later than 5 years	0	865	0	866
Later than 5 years	0	4,437	0	4,653
Total	0	5,518	0	5,735

27.4 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 £3.206m (2019/2020: £2.916m).

	31 March 2021	31 March 2020
Operating Lease Minimum Payments Receivable	Other land & buildings £000	Other land & buildings £000
Not later than one year	613	558
Later than 1 year and not later than 5 years	1,782	1,748
Later than 5 years	811	610
Total Minimum Lease Payments Receivable	3,206	2,916

28. Non-Current Investments

Non-current investments consist of the Authority's 100% shareholding in Silent Valley Waste Services Ltd. and a proportion of the equity shareholding made by the Cardiff Capital Region City Deal in Pharmatelligence Ltd.. The value of these shareholdings included in the Authority's Balance Sheet at 31 March 2021 was £0.342m (31 March 2020: £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 2021 the company had three registered directors. Two Elected Members of Blaenau Gwent CBC were appointed as non-executive directors, one with effect from 19 March 2018 and one with effect from 1 June 2019; one of these resigned on 2 April 2020 and was replaced with another Elected Member with effect from that date.

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 108-126, based on the company's 2020/2021 Draft Accounts which were provided on 27 May 2021.

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

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

28.2 City Deal - Investment in Pharmatelligence Ltd.

During 2020/2021, the Cardiff Capital Region City Deal made a £2million equity investment in Pharmatelligence, a healthcare data consultancy providing expert, independent, real-world evidence for healthcare services and the pharmaceutical industry. The investment represented a stake in the company of approximately 16.6% and Blaenau Gwent's proportion, equating to £92,395, has been included on the Balance Sheet at cost.

29. Non-Current Debtors

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

Non-Current Debtors	31 March 2021				31 March 2020			
	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Non-Current Debtors £000	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Non-Current Debtors £000
Local Authorities	2,785	0	0	2,785	2,852	0	0	2,852
Other Entities & Individuals	586	(219)	40	407	496	(128)	0	368
Total	3,371	(219)	40	3,192	3,348	(128)	0	3,220

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 2021			31 March 2020		
	Gross Debtor £000	Impairment £000	Net Debtor £000	Gross Debtor £000	Impairment £000	Net Debtor £000
Land & Property Charges	299	(219)	80	175	(128)	47
Total	299	(219)	80	175	(128)	47

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 1.20, page 31). The value of school assets included in the Balance Sheet is as follows:

Value of School Assets	31 March 2021				31 March 2020			
	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	83,264	0	1,565	84,829	75,548	0	2,086	77,634

The net valuation of school non-current assets increased by £7.195m during 2020/2021, largely due to the revaluation of all schools which was undertaken during the year and the associated write-back of accumulated depreciation, amounting to £9.29m, offset by in-year depreciation across all schools of £2.6m.

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

Analysis of School by Type	31 March 2021				31 March 2020			
	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	2020/2021				2019/2020			
	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	(1,020)	(193)	0	(1,213)	(276)	29	0	(247)
Middle Schools	(569)	0	0	(569)	68	0	0	68
Secondary Schools	(88)	0	(385)	(473)	8	0	(60)	(52)
Special Schools	(101)	0	0	(101)	(40)	0	0	(40)
Total In-Year (Surplus)/Deficit	(1,778)	(193)	(385)	(2,356)	(240)	29	(60)	(271)

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

School Balances	31 March 2021				31 March 2020			
	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	(2,245)	(499)	0	(2,744)	(1,225)	(306)	0	(1,531)
Middle Schools	260	0	0	260	829	0	0	829
Secondary Schools	(382)	0	(428)	(810)	(294)	0	(43)	(337)
Special Schools	(387)	0	0	(387)	(286)	0	0	(286)
Total	(2,754)	(499)	(428)	(3,681)	(976)	(306)	(43)	(1,325)

31. Current Debtors

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

Current Debtors	31 March 2021				31 March 2020			
	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	16,242	0	0	16,242	10,092	0	0	10,092
Other Central Government	3,818	0	0	3,818	2,120	0	0	2,120
Local Authorities	3,239	(9)	0	3,230	2,804	(19)	0	2,785
NHS	1,624	(17)	0	1,607	2,286	(20)	22	2,288
Council Tax Arrears	7,069	(2,712)	0	4,357	5,046	(2,102)	0	2,944
Other Entities and Individuals	4,809	(1,498)	366	3,677	5,380	(1,409)	923	4,894
Trade	1,041	(240)	202	1,003	762	(227)	0	535
Total	37,842	(4,476)	568	33,934	28,490	(3,777)	945	25,658

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 2021			31 March 2020		
	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	302	(221)	81	303	(222)	81
Trade Debtors	678	(240)	438	671	(227)	444
Debtors related to Sales, Fees & charges	833	(660)	173	709	(544)	165
<i>Impairment of Debtors outside of the scope of IFRS 9:</i>						
Council Tax	7,069	(2,712)	4,357	5,046	(2,102)	2,944
Housing Benefits	1,358	(593)	765	1,598	(616)	982
Public Sector Bodies	2,985	(27)	2,958	4,128	(39)	4,089
Other Debtors	688	(23)	665	172	(27)	145
Total	13,913	(4,476)	9,437	12,627	(3,777)	8,850

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

Council Tax

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

Housing Benefits

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

Public Sector Bodies

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

Other Debtors

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

Impact of Covid-19

Where impairment has been calculated using a probability matrix, the assessment of the possibility of debtor default has been assumed to be higher in 2020/2021 than in previous years, as a result of Covid-19 related impacts on individuals and businesses. This has increased the level of impairment included in the accounts.

Impairment of Debtors Outside of the Scope of IFRS9	31 March 2021						31 March 2020						
	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	3,042	74	3,124	29	6,269	(187)	1,981	260	4,010	33	6,284	(164)	
General Arrears > 1 year < 5 years old	2,865	885	(9)	49	3,790	(1,808)	2,081	929	7	59	3,076	(1,410)	
General Arrears > 5 years old	591	422	(1)	41	1,053	(864)	464	378	(1)	32	873	(712)	
Recovered Through Housing Benefits	0	0	0	0	0	0	0	0	0	0	0	0	
Absconders	385	0	0	0	385	(385)	371	0	0	0	371	(371)	
Bankruptcy/Liquidation/Insolvency	10	0	0	0	10	(10)	71	0	0	0	71	(71)	
Other	141	0	0	0	141	(141)	57	0	0	0	57	(56)	
Arrears not impaired	35	(23)	(129)	569	452	40	21	31	112	48	212	0	
Total	7,069	1,358	2,985	688	12,100	(3,355)	5,046	1,598	4,128	172	10,944	(2,784)	

32.

Current Creditors

Amounts owed by the Authority were as follows:

Current Creditors	31 March 2021			31 March 2020		
	Creditors	Receipts in Advance	Total Current Creditors	Creditors	Receipts in Advance	Total Current Creditors
	£000	£000	£000	£000	£000	£000
Welsh Government	(436)	0	(436)	(80)	0	(80)
Other Central Government	(1,762)	0	(1,762)	(679)	0	(679)
Local Authorities	(1,084)	0	(1,084)	(1,309)	(5)	(1,314)
NHS	(89)	0	(89)	(290)	0	(290)
Capital Creditors	(696)	0	(696)	(1,511)	0	(1,511)
Council Tax Credits	(975)	0	(975)	(876)	0	(876)
Other Entities and Individuals	(7,541)	(297)	(7,838)	(6,869)	(275)	(7,144)
Trade	(2,164)	0	(2,164)	(1,376)	0	(1,376)
Total	(14,747)	(297)	(15,044)	(12,990)	(280)	(13,270)

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.	Unused provision reversed in 2020/2021.	This provision has been reversed as the Authority considers there to be no significant outstanding liabilities.
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 2021/2022.	The provision for early terminations comprises the known value of redundancy payments occurring after 31 March 2021 for which a legal or constructive obligation existed at that date. This obligation may have been through approval of the individual redundancies or through a decision that has a material impact on the structure or functions of the Authority. It is assumed that all employees included within the provision will have left during the next financial year.

Other Provisions:

Provision	Purpose	Timescale for Utilisation	Uncertainties, Assumptions and Potential Reimbursement
Carbon Reduction Commitment	To provide for purchase of allowances arising from in year production of carbon emissions.	Fully utilised in 2019/2020.	Provision was based on relevant utility readings for 2018/2019, some of which were estimated. The remaining balance has been reversed.
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 2021/2022 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 the majority of known claims fall below the Authority's excess level(s) there is not expected to be any significant reimbursement by the Authority's insurers. In November 2012 the Directors and Board of Municipal Mutual Insurance agreed to the irrevocable triggering of the Scheme of Arrangement in order to avoid insolvent liquidation. As a result, the Authority has included £0.001m in the Insurance Provision, set at 25% of total outstanding claims. In addition, £0.024m has been included in respect of MMI claims for the former Gwent County Council.

Other Provisions (Continued):

Provision	Purpose	Timescale for Utilisation	Uncertainties, Assumptions and Potential Reimbursement
Lease Dilapidation	To provide for works to three leased assets (Anvil Court, Ebbw Vale Multi-Storey Car Park, and 20 Church Street) to return the assets to their condition as at the inception of the respective lease agreements.	Ebbw Vale Multi-Storey Car Park: ending in 2070. Anvil Court: ending in 2026. 20 Church Street: 2021/2022.	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. A substantial part of this provision has been reversed as the Authority is no longer exposed to liabilities in relation to the majority of schemes that were originally included.

33.2 Provisions - Movements

Movements in employee-related and other provisions during 2020/2021 were as follows:

Provision Movements	Balance at 1 April 2020 £000	Amounts Used in 2020/2021 £000	Unused Amounts Reversed in 2020/2021 £000	Additional Provisions made in 2020/2021 £000	Balance at 31 March 2021 £000
Current Provisions					
Employee Provisions:					
Back Pay	(146)	0	146	0	0
Early Terminations	(40)	40	0	(58)	(58)
<i>Total Current Employee Provisions:</i>	(186)	40	146	(58)	(58)

Provision Movements	Balance at 1 April 2020 £000	Amounts Used in 2020/2021 £000	Unused Amounts Reversed in 2020/2021 £000	Additional Provisions made in 2020/2021 £000	Balance at 31 March 2021 £000
Other Provisions (Current):					
Insurance	(1,519)	234	227	(338)	(1,396)
Part 1 Land Compensation Claims	(352)	1	341	0	(10)
<i>Total Other Current Provisions:</i>	(1,871)	235	568	(338)	(1,406)
Total Current Provisions:	(2,057)	275	714	(396)	(1,464)
Other Provisions (Non-Current):					
Insurance	(1,881)	248	196	(298)	(1,735)
Lease Dilapidation - Anvil Court	(133)	0	0	0	(133)
Lease Dilapidation - Ebbw Vale Multi Storey Car Park	(14)	0	14	(13)	(13)
Lease Dilapidation - 20 Church Street	(6)	0	6	(1)	(1)
<i>Total Non-Current Provisions:</i>	(2,034)	248	216	(312)	(1,882)
Total Provisions:	(4,091)	523	930	(708)	(3,346)

33.3 Contingent Liabilities

- 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.
- 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. Further details of the liability on transfer are included in note 38 (page 95). However it is not possible to place an estimate on the level of other potential liabilities for which the Authority is acting as guarantor which are dependent on the occurrence of future events.

- 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. Due to the nature of these claims it is not practicable to disclose an estimate of the potential sums payable.
- 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.
- As a result of decisions of the courts allowing the release of documentation in relation to specific past actions of the Authority, it is possible that obligations may arise to settle specific liabilities. However, no such obligations have presented to date and the possibility of any doing so is judged to be decreasing over time. Given the inherent complexity of these liabilities, none of which is yet to materialise, it has not been possible to provide an estimate of the settlement costs, if any.
- The Council has agreed to enter into a Deed of Priority with Wells Fargo in respect of amounts loaned to the developer of the NMC site in Brynmawr, such that Wells Fargo would have unlimited first call on the site developer's assets in the event of a loan default situation. The Council have therefore agreed to secure the loan funding provided to the project developer by Welsh Government, being the sum of £0.750m. In mitigation, the developer is a reputable well-established financial services company and further legal agreements are in place such that, on disposal of the development, the Deed of Priority will cease. As the developer intends to dispose of the property as soon as possible after practical completion is achieved this should limit the duration of the risk to the Council.

34. Other Long-Term Liabilities

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

Other Long-Term Liabilities	31 March 2021	31 March 2020
	£000	£000
Cardiff Capital Region City Deal Non-Current Creditor	(2,079)	(2,123)
Deferred Liabilities	(24)	(68)
Net Pensions Liability	(349,681)	(267,258)
Total	(351,784)	(269,449)

- 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.
- 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.

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

Financial Liabilities	Fair Value Level	31 March 2021		31 March 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£000	£000	£000	£000
Public Works Loan Board	2	(76,235)	(95,872)	(78,856)	(95,327)
Lenders Option Borrowers Option	2	(4,043)	(6,282)	(4,043)	(5,826)
Market Loans	2	(17,000)	(17,311)	(14,000)	(14,100)
Temporary Loans	n/a	(65,315)	(65,436)	(60,699)	(60,626)
Rail Infrastructure Loan	n/a	(21,976)	(21,976)	0	0
Town Centre Loan	n/a	(1,849)	(1,849)	0	0
Salix Loan	n/a	(4,000)	(4,000)	(1,429)	0
Total		(190,418)	(212,726)	(159,027)	(175,879)

The fair value of liabilities 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 or short term financial assets, including payables (creditors), receivables (debtors) and temporary investments 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 2021			31 March 2020		
	Non-Current £000	Current £000	Total £000	Non-Current £000	Current £000	Total £000
Financial Liabilities						
Financial liabilities at amortised cost	(119,185)	(71,233)	(190,418)	(89,548)	(69,479)	(159,027)
Total Borrowings	(119,185)	(71,233)	(190,418)	(89,548)	(69,479)	(159,027)
Financial Assets						
Available for Sale - Unquoted equity investment at cost	342	0	342	250	0	250
Total Investments	342	0	342	250	0	250

Financial Instrument Gains/Losses

The gains and losses recognised in the Comprehensive Income & Expenditure Statement (*note 10, page 42*) in relation to financial instruments are made up as follows:

Financial Instrument Gains/Losses	2020/2021			2019/2020		
	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2020/2021 £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2019/2020 £000
Interest payable and similar charges:						
Interest expense	3,856	0	3,856	4,274	0	4,274
Interest and investment income:						
Interest income	0	(13)	(13)	0	(74)	(74)
Net (gain)/loss for the year:	3,856	(13)	3,843	4,274	(74)	4,200

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 2021, 83 car loans were outstanding with a total value of £0.520m (31 March 2020: 100 loans with a value of £0.520m).

During the year a single in-arrears payroll was implemented for all staff. To assist with cashflow issues caused by this change, interest-free bridging loans were offered. £0.460m was advanced, of which £0.155m has been repaid to 31 March 2021. As the difference between fair value and carrying amount is considered to be immaterial, the outstanding balance of £0.305m has been included in the Balance Sheet at cost.

In 2020/2021 the Authority received two interest free loans from Welsh Government: £70.000m in relation to the Ebbw Valley Railway Infrastructure project and £2.570m as a Town Centre loan for Local Authority use. As both have interest rates below market rate, each has been treated as a soft loan in the Authority's accounts and have been included in the Balance Sheet at Fair Value.

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 economic impact of the Covid-19 pandemic continues to present challenges to the financial services industry and its institutions. The main issues for the Council are credit risk; its ability to raise finance; and to a limited degree the interest rate payable and receivable on new loans and investments. However, these risks are mitigated as described below.

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 suspension of formal meetings due to the coronavirus lockdown resulted in a delay in Council considering these reports before the start of the 2020/2021 financial year, but they were scrutinised by Corporate Overview Committee on 3 March 2020. Minor changes were subsequently made to the documents to reflect updated economic data and the annual Treasury Management Strategy, Investment Strategy and MRP Policy statement, which incorporates the Prudential Indicators, were approved by Council on 23 July 2020 and are available on the Authority's website:

[Ordinary Meeting of the Council - 23 July 2020](#)

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 2020/2021 was approved by Council on 23 July 2020.

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 2021		31 March 2020	
	£000	%	£000	%
Source of Loan				
Public Works Loan Board	(76,764)	32.04	(79,430)	49.78
Lenders Option Borrowers Option	(4,000)	1.67	(4,000)	2.51
Market Loans	(17,000)	7.09	(14,000)	8.77
Temporary Loans	(65,315)	27.25	(60,699)	38.04
Rail Infrastructure Loan	(70,000)	29.21	0	0.00
Town Centre Loan	(2,570)	1.07	0	0.00
Salix Loan	(4,001)	1.67	(1,429)	0.90
Total:	(239,650)	100.00	(159,558)	100.00

The maturity analysis of financial liabilities is as follows:

Maturity of Loan	31 March 2021		31 March 2020	
	£000	%	£000	%
Maturing in less than 1 year	(71,233)	29.72	(69,479)	43.54
Maturing in 1-2 years	(11,318)	4.72	(5,848)	3.67
Maturing in 2-5 years	(28,686)	11.97	(25,124)	15.75
Maturing in 5-10 years	(38,390)	16.02	(25,962)	16.27
Maturing in more than 10 years	(90,023)	37.57	(33,145)	20.77
Total:	(239,650)	100.00	(159,558)	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	2020/2021 £000	2019/2020 £000
Increase in interest payable on current variable rate borrowings	627	694
Increase in interest receivable on current variable rate investments	(114)	(79)
Increase in interest payable on non-current variable rate borrowings	40	40
Net impact upon Comprehensive Income & Expenditure Statement:	553	655

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.

Included on the Balance Sheet is the Authority's proportion of a minor equity investment made by the Cardiff Capital Region City Deal in Pharmedelligence Ltd.. As the investment is unquoted the CCRCD is not exposed to losses arising from movements in the prices in the shares. The Authority's proportion, equating to £92,395, has been 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, the net cash requirement for 2019/2020 was £2.76bn and total net scheme liabilities amounted to £432.2bn.

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 was 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%). The actuarial valuation based on scheme data for the period ending 31 March 2016 had been progressing and was expected to be implemented in 2019, with subsequent valuations to be undertaken on a four-yearly basis. However, the actuarial valuation was suspended following the Court of Appeal ruling against the government in respect of changes to the judges and firefighters pension schemes. The employers rate increased to 23.6% from September 2019, with no change to the average employee contribution of 9.5%.

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 2019/2020, comprised 11,221 contributing employers that administered over 1.25 million active/deferred members and made payments to 739,974 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 2020/2021, the Authority paid employers contributions of £4.757 million to Capita Teachers' Pensions in respect of teachers' pension costs, representing 23.6% of teachers' pensionable pay (2019/2020: £4.016 million, representing 16.5% to 31 August 2019 and 23.6% from 1 September 2019). At 31 March 2021, £0.401 million remained payable to the Teachers' Pension Scheme relating to employers contributions arising in the March payroll (31 March 2020: £0.387m).

The total employers contributions to be made by the Authority to the Teachers' Pension Scheme in the year to 31 March 2022 is estimated at £4.816m.

The Authority made total contributions (employees and employers) to the TPS amounting to £6.686m in 2020/2021, which would have represented approximately 0.09% of the total contributions receivable by the TPS in 2019/2020.

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 (page 87).

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, page 86).

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 2019.

Pension benefits under the LGPS are summarised below:

Service pre 1 April 2008	
Pension	Each year worked is worth 1/80th of final pensionable salary.
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.
Service between 1 April 2008 and 31 March 2014	
Pension	Each year worked is worth 1/60th of final pensionable salary.
Lump Sum	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.

Service after 31 March 2014	
Pension	Each year worked is worth 1/49th of career average revalued earnings.
Lump Sum	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 2019 Actuarial Valuation reported the level of total fund assets compared to liabilities (the funding level) as 86% (2016 Valuation: 72%). As a result, employer contribution levels have been calculated for implementation from 1 April 2020 that will, subject to future revaluations, eliminate this deficit in 20 years. 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 11.1% of the total employee and employer contributions receivable by the Fund as disclosed in the most recently available annual accounts (2019/2020).

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

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

Welsh Pension Partnership (WPP)

The Greater Gwent Pension Fund is one of eight Local Government Pension Scheme funds in Wales that since 2017 have collaborated in the Wales Pension Partnership (WPP). Pooling of the eight schemes' assets is undertaken in order to benefit from economies of scale and reduced administrative costs. As host authority, Carmarthenshire County Council is responsible for running the pooled fund. In 2019/2020, 47% of the Constituent Authorities' pension fund assets were pooled.

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:

Pension Scheme Transactions - Comprehensive Income & Expenditure Statement	2020/2021			2019/2020		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Cost of Services:						
Current Service Costs	16,741	0	16,741	21,462	0	21,462
Past Service Costs and Curtailments	30	0	30	1,524	0	1,524
Administration Expenses	241	0	241	228	0	228
Total Service Cost:	17,012	0	17,012	23,214	0	23,214
Financing and Investment Income and Expenditure:						
Interest on plan assets	(7,785)	0	(7,785)	(9,079)	0	(9,079)
Interest on defined benefit liabilities	13,239	726	13,965	16,138	884	17,022
Net Interest:	5,454	726	6,180	7,059	884	7,943
Total Charged to the Surplus/Deficit on Provision of Services:	22,466	726	23,192	30,273	884	31,157
Remeasurement of the Net Defined Liability, comprising:						
Return on plan assets (excluding amounts included in Net Interest)	(95,626)	0	(95,626)	46,037	0	46,037
Actuarial (Gains)/Losses arising from changes in demographic assumptions	9,796	572	10,368	(26,026)	(1,850)	(27,876)
Actuarial (Gains)/Losses arising from changes in financial assumptions	158,638	4,431	163,069	(57,195)	(2,035)	(59,230)
Experience (Gains)/Losses on defined benefit liabilities	(4,479)	(573)	(5,052)	(34,634)	(365)	(34,999)
Total remeasurements recognised in Other Comprehensive Income & Expenditure:	68,329	4,430	72,759	(71,818)	(4,250)	(76,068)
Total Charged to the Comprehensive Income & Expenditure Statement:	90,795	5,156	95,951	(41,545)	(3,366)	(44,911)

At 31 March 2021, £1.244m remained payable to the LGPS relating to contributions arising in the March payroll (31 March 2020: £0.982m). 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:

	2020/2021			2019/2020		
	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>	(22,466)	(726)	(23,192)	(30,273)	(884)	(31,157)
Actual Amount Charged Against Council Tax for Pensions in year:						
Employers' Contributions Payable to Scheme	11,918	0	11,918	11,983	0	11,983
Retirement Benefits Payable to Pensioners	0	1,888	1,888	0	1,943	1,943
Total amounts charged against Council Tax:	11,918	1,888	13,806	11,983	1,943	13,926
Net adjustment between accounting basis and funding basis for pension transactions:	(10,548)	1,162	(9,386)	(18,290)	1,059	(17,231)

Assets and Liabilities in Relation to Post-Employment Benefits

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

	2020/2021			2019/2020		
	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:	339,718	0	339,718	378,786	0	378,786
Employer Contributions	11,640	1,888	13,528	11,881	1,943	13,824
Member Contributions	3,057	0	3,057	2,879	0	2,879
Benefits Paid	(16,925)	(1,888)	(18,813)	(16,870)	(1,943)	(18,813)
Interest on Plan Assets	7,785	0	7,785	9,079	0	9,079
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	95,626	0	95,626	(46,037)	0	(46,037)
Balance at 31 March:	440,901	0	440,901	339,718	0	339,718

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

Reconciliation of the Movements in Present Value of Scheme Liabilities	2020/2021			2019/2020		
	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:	(574,483)	(32,493)	(606,976)	(666,977)	(37,802)	(704,779)
Current Service Cost	(16,741)	0	(16,741)	(21,462)	0	(21,462)
Past Service Cost and Curtailments	(30)	0	(30)	(1,524)	0	(1,524)
Administration Expenses	(241)	0	(241)	(228)	0	(228)
Interest Cost	(13,239)	(726)	(13,965)	(16,138)	(884)	(17,022)
Member Contributions	(3,057)	0	(3,057)	(2,879)	0	(2,879)
Benefits Paid	16,925	1,888	18,813	16,870	1,943	18,813
Remeasurement Gains/(Losses):						
Experience Gains/(Losses)	4,479	573	5,052	34,634	365	34,999
Actuarial Gains/(Losses) arising from changes in demographic assumptions	(9,796)	(572)	(10,368)	26,026	1,850	27,876
Actuarial Gains/(Losses) arising from changes in financial assumptions	(158,638)	(4,431)	(163,069)	57,195	2,035	59,230
Balance at 31 March:	(754,821)	(35,761)	(790,582)	(574,483)	(32,493)	(606,976)

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

Pension Assets & Liabilities Recognised in the Balance Sheet	2020/2021			2019/2020		
	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	440,901	0	440,901	339,718	0	339,718
Present Value of Scheme Liabilities	(754,821)	(35,761)	(790,582)	(574,483)	(32,493)	(606,976)
Net Liability:	(313,920)	(35,761)	(349,681)	(234,765)	(32,493)	(267,258)

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 2021				31 March 2020			
	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:	65,214	0	65,214	14.79	50,248	0	50,248	14.79
Investment Funds and Unit Trusts:								
Equities	0	254,708	254,708	57.77	0	196,255	196,255	57.76
Bonds	0	73,975	73,975	16.78	0	56,998	56,998	16.78
Other	0	32,033	32,033	7.27	0	24,682	24,682	7.27
Real Estate: UK Property Funds	0	11,097	11,097	2.52	0	8,550	8,550	2.52
Cash and Cash Equivalents:	0	3,874	3,874	0.87	0	2,985	2,985	0.88
Total:	65,214	375,687	440,901	100.00	50,248	289,470	339,718	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 2021		31 March 2020	
	Increase in Employer Liabilities		Increase in Employer Liabilities	
	£000	%	£000	%
0.5% decrease in Real Discount Rate	80,455	10.18	57,616	9.49
0.5% increase in the Salary Increase Rate	9,752	1.23	7,266	1.20
0.5% increase in the Pension Increase Rate	68,884	8.71	49,751	8.20
1 year increase in Member Life Expectancy	23,717	3.00	18,209	3.00

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

Sensitivity Analysis	31 March 2021				
		Discount	Salary	Pension	Life
	Base	Rate:	Increase:	Increase:	Expectancy:
	£000	-0.5% p.a.	+0.5% p.a.	+0.5% p.a.	+1 Year
Liabilities	(790,582)	(871,037)	(800,334)	(859,466)	(814,299)
Assets	440,901	440,901	440,901	440,901	440,901
Net Deficit	(349,681)	(430,136)	(359,433)	(418,565)	(373,398)
	31 March 2020				
		Discount	Salary	Pension	Life
	Base	Rate:	Increase:	Increase:	Expectancy:
	£000	-0.5% p.a.	+0.5% p.a.	+0.5% p.a.	+1 Year

Liabilities	(606,976)	(664,592)	(614,242)	(656,727)	(625,185)
Assets	339,718	339,718	339,718	339,718	339,718
Net Deficit	(267,258)	(324,874)	(274,524)	(317,009)	(285,467)

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. No allowance has been made for the impact of Covid-19 on the pension fund, as the long term impact on the fund was not known in March 2020.

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 2021	31 March 2020
Financial Assumptions:		
Rate of Increase in Salaries	3.2%	2.2%
Rate of Increase in Pensions	2.9%	1.9%
Discount Rate	2.0%	2.3%
Mortality Assumptions:		
Current Pensioners:	CMI 2018 model assuming an allowance for smoothing of recent mortality experience and long term rates of 1.25%p.a.	CMI 2018 model assuming an allowance for smoothing of recent mortality experience and long term rates of 1.25%p.a.
Future Pensioners:	CMI 2018 model assuming an allowance for smoothing of recent mortality experience and long term rates of 1.25%p.a.	CMI 2018 model assuming an allowance for smoothing of recent mortality experience and long term rates of 1.25%p.a.
Life Expectancy:		
Longevity of current pensioners (aged 65):		
Males	20.7	20.6
Females	23.4	22.9
Longevity of future pensioners (aged 65 in 20 years' time):		
Males	22.1	21.6
Females	25.4	24.6

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

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

Impact on future cash flows

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

The scheme is financed by contributions paid by the employees, their employers and earnings from the investment of the Fund's money. The type of investment is decided by legislation and not by the local authorities. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013. Contributions are additionally made by Fund employers which are set by the Fund's triennial actuarial valuations. The last such formal valuation was at 31 March 2019.

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 2019), 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 2019 Actuarial Valuation reported the level of total fund assets compared to liabilities (the funding level) as 86% (2016 Valuation: 72%). As a result, employer contribution levels have been calculated for implementation from 1 April 2020 that will, subject to future revaluations, eliminate this deficit in the next 20 years.

The Authority holds total usable reserves of £85.291m at 31 March 2021 (£22.023m at 31 March 2020). The effect of applying the net superannuation fund deficit of £349.681m to the Authority's usable reserves would be a deficit of £264.390m (2019/2020: the superannuation deficit of £267.258m exceeded usable reserves by £245.235m).

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 2022 are estimated by the Fund Actuary as £11.306m.

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 2015 by these members are subject to an 'underpin' which means that they cannot be lower than those 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 have also applied to the LGPS (and other public service schemes). The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019.

HM Treasury confirmed in February 2021 that all eligible scheme members would remain as members of the legacy (i.e. final salary) scheme for the remedy period between 1 April 2015 and 31 March 2022. At the point at which members start taking benefits (usually at retirement), they will then be able to opt for either legacy or reformed (i.e. career average) benefits for the remedy period. Eligibility may be limited to members active or within 10 years of normal pension age at 1 April 2012.

LGPS benefits accrued from 2015 may therefore need to be enhanced as all eligible members could benefit from the underpin. The Fund actuary included an increase in liabilities related to the McCloud/Sargeant judgement in the 2019/2020 accounts, based on the Government Actuary's Department (GAD) estimates, adjusted where appropriate to better reflect the Greater Gwent (Torfaen) Pension Fund's local assumptions, particularly salary increases and withdrawal rates. This amounted to £1.227m and was charged to the CIES as Past Service Cost.

If eligibility is limited to members who were active at 31 March 2012, the Actuary advised that the calculated increase in liabilities would reduce by approximately half. No adjustment has been made in the accounts for this potential reduction. The Actuary has advised that no further adjustments have been made to fund liabilities in the 2020/2021 accounts as a result of the McCloud/Sargeant ruling.

Further review of the LGPS scheme is expected during 2021, with the potential for future changes to benefits and increases in employee/employer contributions.

Contingent Liabilities (see also note 33.3, page 80)

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. This arrangement was subsequently extended to 5 April 2021. In March 2021 the HM Treasury announced that it has opted to make indexation of GMP payments a permanent measure, instead of merging GMP and pension scheme liabilities.

The Government's 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. The LGPS fund actuary has indicated that an estimate for full GMP indexation was included in the 2019 Actuarial Valuation and therefore these costs have already been built in to Balance Sheet liabilities and employer contribution rates.

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:

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.
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; implementation of payroll system functionality; costs of implementing the new Hybrid Mail Model; holding deposits & bonds; meeting taxation liabilities and to fund the Authority's contribution to the Citizens Advice Bureau.
Covid-19 Response & Recovery	To address additional costs arising from the continued impact of responding to/recovering from the Covid-19 global pandemic after specific Welsh Government funding has ceased.
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: A review of the Authority's asset management systems and match funding for the Crowdfunding Project.

Usable Earmarked Revenue Reserves (Continued):

Education Portfolio	To provide for costs falling within the Education Portfolio, including: Funding of school based staff redundancies in 2021/2022 financial year.
Environment Portfolio	To provide for a variety of specific costs falling to the Environment Portfolio including: maintaining a stable transport oncost rate; future planned repairs and maintenance of Aneurin Leisure Trust buildings; crematorium infrastructure works; decommissioning of the Civic Centre; highways network clearance work in adverse winter weather; and Corporate Landlord Re:Fit project loan repayments.
Financial Planning / Resilience	To improve the financial resilience of the Authority and support medium term financial planning, specifically for the later years of the MTFS.
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.
Individual Schools Budget (ISB)	To fund cost pressures relating to school expenditure including insurance and school reorganisation.
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 trust to downsize and deliver efficiency savings.
LMS Balances	The aggregate amount of balances held by individual schools.

Usable Earmarked Revenue Reserves (Continued):

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 costs in relation to the Early Action Together programme, Gwent Supporting People Regional Development and fees related to Children's Services.
Specialist Commercial Advice (Aneurin Leisure Trust Review)	To commission external consultants to support key elements of the review of current and future options for the provision and delivery of Leisure Services.
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).
Tai Calon Highways Maintenance (Commutated Sums)	To contribute to the maintenance of adopted road features over a 60 year period in areas covered by the transfer of housing stock and land to Tai Calon.
Technology Park Feasibility Study	To fund a feasibility study into the establishment of a High Tech Business Park and Test Facility focussed on the automotive and wider mobility/low carbon economic sectors.
Waste Services	To fund any potential financial penalties arising from a failure to meet the statutory recycling recovery target in 2020/2021 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.
Industrial Units	Match funding required to subsidise Industrial Units.
IT Infrastructure	To fund capital expenditure in relation to the upgrade of IT infrastructure to support workplace transformation.
Land at Blaenant Road	To fund any potential liabilities associated with Land at Blaenant Road.
WRAP Regional Vehicles	To fund the future replacement of Regional Vehicles.

Capital Accounting Reserves:

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

Movements on fund balances and reserves were as follows:

	Balance at 1 April 2019 £000	Transfers to Fund Balances £000	Transfers from Fund Balances £000	Balance at 31 March 2020 £000	Transfers to Fund Balances £000	Transfers from Fund Balances £000	Balance at 31 March 2021 £000
Fund Balances							
Council Fund	(5,894)	(505)	0	(6,399)	(1,154)	0	(7,553)
Total: Fund Balances	(5,894)	(505)	0	(6,399)	(1,154)	0	(7,553)

	Balance at 1 April 2019 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2020 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2021 £000
Usable Earmarked Revenue Reserves							
Budget Contingency Fund / Invest to Save	(71)	0	7	(64)	0	0	(64)
Building Control Fees	(83)	(18)	14	(87)	0	11	(76)
Cardiff Capital Region City Deal	(187)	(107)	0	(294)	(48)	207	(135)
Corporate Services Portfolio	(273)	(53)	49	(277)	0	0	(277)
Covid-19 Response & Recovery	0	0	0	0	(2,000)	0	(2,000)
Downsizing, Redundancy & Transitional Costs	(217)	(171)	187	(201)	0	17	(184)
Economy Portfolio	(13)	0	0	(13)	(60)	0	(73)
Education Portfolio	(8)	0	8	0	(293)	0	(293)
Environment Portfolio	(66)	(28)	42	(52)	(569)	18	(603)
Financial Planning/ Resilience	0	0	0	0	(2,500)	0	(2,500)
Future Interest Rate	(106)	0	106	0	(244)	0	(244)
I.C.T	(272)	(164)	102	(334)	(1,104)	0	(1,438)
Individual Schools Budget (ISB)	(186)	0	159	(27)	(142)	0	(169)
Infrastructure Portfolio	(200)	0	0	(200)	0	200	0
Insurance Liabilities	(922)	(1,016)	0	(1,938)	(912)	0	(2,850)
Land & Property Charges (Social Services)	(99)	(29)	0	(128)	(34)	0	(162)
Leisure Termination Costs	(165)	0	165	0	0	0	0
LMS Balances	(1,010)	(414)	200	(1,224)	(2,494)	37	(3,681)
Local / Strategic Development Plan	(192)	0	43	(149)	0	6	(143)
Members Local Grants	(34)	(7)	0	(41)	(14)	0	(55)
Prudential Borrowing	(200)	0	200	0	0	0	0
Revenue Grants & Contributions Unapplied	(922)	(913)	285	(1,550)	(2,391)	693	(3,248)
Social Services Portfolio	0	0	0	0	(477)	2	(475)
Specialist Commercial Advice (ALT Review)	(65)	0	45	(20)	0	20	0
Strategic Business Reviews	(250)	0	57	(193)	0	0	(193)
Superannuation	(501)	0	0	(501)	(100)	0	(601)
Tai Calon Highways Maintenance (Commuted Sums)	0	0	0	0	(375)	0	(375)
Technology Park Feasibility Study	(80)	(200)	80	(200)	0	174	(26)
Waste Services	(120)	0	0	(120)	0	0	(120)
Total: Usable Earmarked Revenue Reserves	(6,242)	(3,120)	1,749	(7,613)	(13,757)	1,385	(19,985)

	Balance at 1 April 2019 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2020 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2021 £000
Usable Revenue Reserves Earmarked for Capital Purposes							
Deminimis Capital Works	(88)	(42)	53	(77)	(9)	0	(86)
Facilities	(122)	0	0	(122)	0	3	(119)
Energy Centre	(56)	(3)	0	(59)	(48)	0	(107)
Industrial Units	0	(50)	0	(50)	0	0	(50)
IT Infrastructure	(135)	(100)	4	(231)	0	4	(227)
Land at Blaenant Road	(136)	0	136	0	0	0	0
WRAP Regional Vehicles	(52)	(71)	0	(123)	(108)	24	(207)
Total: Usable Reserves Earmarked for Capital Purposes	(589)	(266)	193	(662)	(165)	31	(796)

	Balance at 1 April 2019 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2020 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2021 £000
Usable Capital Reserves							
Capital Grants Unapplied	(659)	(2,714)	2,824	(549)	(51,324)	2,565	(49,308)
Usable Capital Receipts	(6,504)	(655)	359	(6,800)	(1,015)	166	(7,649)
Total: Usable Capital Reserves	(7,163)	(3,369)	3,183	(7,349)	(52,339)	2,731	(56,957)

	Balance at 1 April 2019 £000	Transfers to Funds & Reserves £000	Transfers from Funds & Reserves £000	Balance at 31 March 2020 £000	Transfers to Funds & Reserves £000	Transfers from Funds & Reserves £000	Balance at 31 March 2021 £000
Summary: Usable Reserves							
Fund Balances	(5,894)	(505)	0	(6,399)	(1,154)	0	(7,553)
Earmarked Revenue Reserves	(6,242)	(3,120)	1,749	(7,613)	(13,757)	1,385	(19,985)
Revenue Reserves Earmarked for Capital Purposes	(589)	(266)	193	(662)	(165)	31	(796)
Capital Reserves	(7,163)	(3,369)	3,183	(7,349)	(52,339)	2,731	(56,957)
Total: Usable Reserves	(19,888)	(7,260)	5,125	(22,023)	(67,415)	4,147	(85,291)

39.2 Unusable Reserves

39.2.1 Capital Adjustment Account

Capital Adjustment Account	2020/2021		2019/2020	
	£000	£000	£000	£000
Balance at 1 April		(78,188)		(85,180)
Adjustments to Opening Balance		0		13*
Revised Balance at 1 April		(78,188)		(85,167)
Reversal of items relating to capital expenditure debited or credited to the CIES:				
Charges for depreciation & impairment of non-current assets	11,630		13,012	
Revaluation losses on Property, Plant & Equipment	(9,533)		6,023	
Revenue expenditure funded from capital under statute	1,842		2,388	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	1,012		469	
Capital grants and contributions applied to capital financing	(11,129)		(10,055)	
Sub-Total: Capital Adjustment Transactions included in the Comprehensive Income & Expenditure Statement:		(6,178)		11,837
Items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment charged against the Council Fund	(681)		(689)	
Capital expenditure charged against the Council Fund	(607)		(293)	
		(1,288)		(982)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(102)		(299)	
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,565)		(2,824)	
		(2,667)		(3,123)
Sub-Total: Capital Adjustment Transactions included in the Movement in Reserves Statement:		(10,133)		7,732
Adjusting Amounts written out of the Revaluation Reserve:				
Charges for depreciation & impairment of non-current assets	(1,460)		(697)	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	(43)		(56)	
		(1,503)		(753)
Balance at 31 March		(89,824)		(78,188)

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.

*: Reserve balances at 1 April 2019 were amended to reflect adjustments in the Cardiff Capital Region City Deal accounts, decreasing the Blaenau Gwent share by £0.013m in 2019/2020.

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	2020/2021 £000	2019/2020 £000
Balance at 1 April	(24,163)	(15,678)
Upward revaluation of assets	(4,231)	(7,587)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	997	2,488
Depreciation - write back revaluation reserve	(905)	(4,139)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(4,139)	(9,238)
Difference between fair value depreciation and historical cost depreciation	1,460	697
Accumulated gains on assets sold or scrapped	43	56
Amount written off to the Capital Adjustment Account	1,503	753
Balance at 31 March	(26,799)	(24,163)

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.

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	2020/2021 £000	2019/2020 £000
Balance at 1 April	3,674	3,778
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(105)	(104)
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	(105)	(104)
Balance at 31 March	3,569	3,674

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	2020/2021 £000	2019/2020 £000
Balance at 1 April	(2,994)	(4,223)
Transfer to the Capital Receipts Reserve upon receipt of cash	64	60
Adjustment to Deferred Receipts on Revaluation of Asset Leased to Third Party	0	1,169
Balance at 31 March	(2,930)	(2,994)

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	2020/2021 £000	2019/2020 £000
Balance at 1 April	266,143	324,980
Remeasurement of pensions assets & liabilities	72,759	(76,068)
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	23,192	31,157
Employer's pensions contributions and direct payments to pensioners payable in the year	(13,806)	(13,926)
Balance at 31 March	348,288	266,143

39.2.6 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 2020/2021, £1.730m of accruals for the preceding year were settled or cancelled and £2.585m was accrued at 31 March 2021 (2019/2020: £1.432m of accruals for the preceding year were settled or cancelled and £1.730m was accrued at year end).

39.2.7 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. The Equal Pay provision was unwound in 2020/2021 and consequently there has been a corresponding decrease in the Unequal Pay Back Pay Account.

Unequal Pay Back Pay Account	2020/2021 £000	2019/2020 £000
Balance at 1 April	146	146
Increase/(Decrease) in provision for back pay in relation to Equal Pay cases	(146)	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	(146)	0
Balance at 31 March	0	146

39.2.8 Summary of Unusable Reserves

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

Unusable Reserves	2020/2021 £000	2019/2020 £000
Capital Adjustment Account	(89,824)	(78,188)
Revaluation Reserve	(26,799)	(24,163)
Financial Instruments Adjustment Account	3,569	3,674
Deferred Capital Receipts Reserve	(2,930)	(2,994)
Pensions Reserve	348,288	266,143
Unequal Pay Back Pay Account	0	146
Accumulated Absences Account	2,585	1,730
Total Unusable Reserves:	234,889	166,348

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	2020/2021 £000	2019/2020 £000
Depreciation & Impairment	2,097	19,035
REFCUS (deferred charges)	1,842	2,388
Effective interest adjustment	44	44
Net IAS19 charges made for Retirement Benefits	23,192	31,157
IAS19 Employers Contributions Paid to Pension Fund	(13,806)	(13,926)
	13,369	38,698
Increase/(Decrease) in Provisions	(745)	(695)
(Increase)/Decrease in Inventories	(821)	65
(Increase)/Decrease in Revenue Debtors	(3,538)	(5,977)
Increase/(Decrease) in Revenue Creditors	2,265	2,181
Total	10,530	34,272

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

Cash Flow - Adjustments for Investing & Financing Activities	2020/2021 £000	2019/2020 £000
(Gain)/Loss on Disposal of fixed assets	59	(126)
Capital Grants credited to CIES	(14,315)	(12,770)
Total	(14,256)	(12,896)

40.3 Receipts or Payments of Interest included in Operating Activities

Cash Flow - Interest included in Operating Activities	2020/2021 £000	2019/2020 £000
Interest Received	(26)	(83)
Interest Paid	3,811	4,230
Net Total	3,785	4,147

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	2020/2021 £000	2019/2020 £000
Cash Outflows		
Purchase of Non-Current Assets	(18,037)	(14,684)
	(18,037)	(14,684)
Cash Inflows		
Sale of Non-Current Assets	951	595
Other Receipts from Investing Activities	10,792	10,677
	11,743	11,272
Total	(6,294)	(3,412)

41.2 Financing Activities

The cash flows for financing activities consist of the following:

Cash Flow - Financing Activities	2020/2021 £000	2019/2020 £000
Cash Outflows		
Repayments of Amounts Borrowed	(98,279)	(134,955)
Capital Element of Finance Lease Rental Payments	(50)	(154)
	(98,329)	(135,109)
Cash Inflows		
New Loans Raised	36,231	13,845
New Short-Term Loans	94,117	122,550
	130,348	136,395
Total	32,019	1,286

41.3 Liabilities arising from Financing Activities

Movement in liabilities arising from financing activities are as follows:

Cash Flow - Liabilities arising from Financing Activities	2020/2021 £000	2019/2020 £000
Opening Liabilities arising from Financing Activities	159,094	157,759
Cash inflows relating to borrowing and investments	178,371	136,395
Repayments of Amounts Borrowed	(98,280)	(134,955)
Capital Element of Finance Lease Rental Payments	(50)	(154)
Net Cash Flows from Financing Activities	80,041	1,286
Adjustments for Non-Cash and Other Financing Activities		
Effective Interest Adjustment	44	44
Finance Lease Additions	6	5
	50	49
Closing Liabilities arising from Financing Activities	239,185	159,094

42. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2020/2021 £000	2019/2020 £000
Cash Held by the Authority	57	53
Bank Accounts	7,862	5,520
Short Term Investments	83,000	0
Total Cash & Cash Equivalents	90,919	5,573

Other Notes

43. 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 2019/2020 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:

43.1 CCRCD - Summary Group Comprehensive Income & Expenditure Statement

	2020/2021		2019/2020	
	CCRCD Group £000	Blaenau Gwent Apportionment £000	CCRCD Group £000	Blaenau Gwent Apportionment £000
Summary CCRCD Group Comprehensive Income & Expenditure Statement				
Cost of Services				
Operating Expenditure	4,694	217	2,440	113
Operating Income	(7,286)	(336)	(5,017)	(232)
Net Cost of Services	(2,592)	(119)	(2,577)	(119)
Financing and Investment Income & Expenditure	7,436	344	(283)	(13)
Taxation & Non-Specific Grant Income	(4,475)	(207)	0	0
Tax Expenses	(920)	(37)	543	25
(Surplus)/Deficit on Provision of Services	(551)	(19)	(2,317)	(107)

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	Unusable Reserves	Total Reserves	Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019	(4,067)	(36,848)	(40,915)	(188)	(1,703)	(1,891)
Adjustment to Opening Balance	4	330	334	0	16	16
Revised Balance at 1 April 2019	(4,063)	(36,518)	(40,581)	(188)	(1,687)	(1,875)
(Surplus)/Deficit on Provision of Services	(2,317)	0	(2,317)	(107)	0	(107)
Adjustments between accounting basis & funding basis	0	0	0	0	0	0
Transfers to/(from) earmarked reserves	0	0	0	0	0	0
Net(Increase)/Decrease	(2,317)	0	(2,317)	(107)	0	(107)
Balance at 31 March 2020	(6,380)	(36,518)	(42,898)	(295)	(1,687)	(1,982)
Balance at 1 April 2020	(6,380)	(36,518)	(42,898)	(295)	(1,687)	(1,982)
Adjustment to Opening Balance	(495)	0	(495)	(23)	0	(23)
Revised Balance at 1 April 2020	(6,875)	(36,518)	(43,393)	(318)	(1,687)	(2,005)
(Surplus)/Deficit on Provision of Services	(551)	0	(551)	(19)	0	(19)
Adjustments between accounting basis & funding basis	4,475	(4,451)	24	207	(206)	1
Transfers to/(from) earmarked reserves	0	0	0	0	0	0
Net(Increase)/Decrease	3,924	(4,451)	(527)	188	(206)	(18)
Balance at 31 March 2021	(2,951)	(40,969)	(43,920)	(130)	(1,893)	(2,023)

43.3 Cardiff Capital Region City Deal - Summary Group Balance Sheet

Summary CCRC Group Balance Sheet	2020/2021		2019/2020	
	CCRC Group £000	Blaenau Gwent Apportionment £000	CCRC Group £000	Blaenau Gwent Apportionment £000
Non-Current Assets	35,707	1,649	36,443	1,684
Current Assets	68,140	3,142	55,006	2,541
Current Liabilities	(14,923)	(689)	(2,600)	(120)
Non-Current Liabilities	(45,004)	(2,079)	(45,951)	(2,123)
Total Net Assets	43,920	2,023	42,898	1,982
Usable Reserve	(2,951)	(130)	(6,380)	(295)
Unusable Reserve	(40,969)	(1,893)	(36,518)	(1,687)
Total Reserves	(43,920)	(2,023)	(42,898)	(1,982)

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

Summary CCRC Group Cash Flow Statement	2020/2021		2019/2020	
	CCRC Group £000	Blaenau Gwent Apportionment £000	CCRC Group £000	Blaenau Gwent Apportionment £000
Net Surplus/(Deficit) on the provision of services	(551)	(19)	(2,317)	(107)
Adjustments to the provision of Services for non-cash movements	2,514	116	3,294	152
Net Cash Inflows/(Outflows) from Operating Activities	1,963	97	977	45
Investing Activities	6,530	302	(227)	(10)
Financing Activities	(12,250)	(566)	(15,000)	(693)
Net increase or (decrease) in cash and cash equivalents	(3,757)	(167)	(14,250)	(658)
Cash and Cash equivalents at the beginning of the reporting period	(47,599)	(2,199)	(33,349)	(1,541)
Adjustment to Cash and Cash equivalents opening balance	0	0	0	0
Cash and cash equivalents at the end of the reporting period	(51,356)	(2,366)	(47,599)	(2,199)

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	2020/2021		
	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000
Greater Gwent Cremation Joint Committee	0	(201)	(201)
Gwent Joint Records Committee	143	0	143
Gwent Transport Unit	1,146	0	1,146
South East Wales Strategic Planning Group	1	0	1
Total	1,290	(201)	1,089

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

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. In 2019/2020, the Cremation Joint Committee agreed to return £1.4m of accumulated surpluses.

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 2020/2021, Blaenau Gwent was the host Authority, overseeing the following transactions:

South East Wales Strategic Planning Group	2020/2021	2019/2020
	£000	£000
Balance at 1 April	(37)	(42)
Receipts (Member Subscriptions)	(6)	(5)
Payments	2	10
Balance at 31 March	(41)	(37)

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 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	2020/2021					2019/2020				
	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)	(3)	(44)	(15)	(166)	(104)	(7)	(41)	(15)	(167)
Other	0	(1)	(2)	0	(3)	0	0	(2)	0	(2)
Total Income	(104)	(4)	(46)	(15)	(169)	(104)	(7)	(43)	(15)	(169)
Expenditure										
Charitable Activities	117	4	46	15	182	117	7	43	15	182
Other	104	0	0	0	104	104	0	0	0	104
Total Resources Expended	221	4	46	15	286	221	7	43	15	286
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	2020/2021			2019/2020		
	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	(802)	4,769	5,571	(685)	4,886
Cwm Recreation Ground	15	(15)	0	15	(15)	0
Ebbw Vale Recreation Ground	298	(81)	217	298	(67)	231
Tredegar Recreation Ground	86	(65)	21	86	(57)	29
Total	5,970	(963)	5,007	5,970	(824)	5,146

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	2020/2021	2019/2020
	£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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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. Amounts relating to expenditure are disclosed as positive and

amounts relating to income are disclosed as negative (i.e. enclosed in brackets). Consequently, total figures disclosed in brackets are surpluses, representing net income to the Group, whilst those not in brackets are deficits, where expenditure exceeds income.

Group Comprehensive Income & Expenditure Statement	2020/2021			2019/2020			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Continuing Operations								
Corporate Services	48,440	(24,327)	24,113	50,637	(25,246)	25,391	G6	119
Education	15,466	(9,015)	6,451	25,121	(6,054)	19,067		
Education - Schools	48,051	(6,133)	41,918	47,443	(5,289)	42,154		
Environment	32,213	(12,671)	19,542	35,260	(7,314)	27,946		
Cardiff Capital Region City Deal	217	(336)	(119)	113	(232)	(119)		
Regeneration & Economic Development	5,896	(3,680)	2,216	5,764	(3,647)	2,117		
Social Services	71,699	(29,000)	42,699	68,602	(22,927)	45,675		
Licensing	201	(91)	110	209	(130)	79		
Planning	1,026	(311)	715	1,412	(457)	955		
Silent Valley	1,161	(37)	1,124	1,117	(105)	1,012	G6	119
Total Deficit on Continuing Services	224,370	(85,601)	138,769	235,678	(71,401)	164,277	G3	117
Other Operating Expenditure	10,705	(1,137)	9,568	10,698	(681)	10,017	G4	118
Financing and Investment Income and Expenditure	18,353	(8,053)	10,300	21,756	(9,366)	12,390	G5	118
Taxation and Non-Specific Grant Income	0	(221,641)	(221,641)	0	(162,171)	(162,171)		
(Surplus)/Deficit on Provision of Services	253,428	(316,432)	(63,004)	268,132	(243,619)	24,513	G3	117
Tax Expenses			(37)			25	42	105
Group (Surplus)/Deficit			(63,041)			24,538	G3	117
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(4,139)			(9,238)		
Remeasurement of the net defined benefit pension liability			72,759			(76,133)	G14.2	125
Other Comprehensive Income & Expenditure			68,620			(85,371)	G7	119
Total Group Comprehensive Income & Expenditure			5,579			(60,833)	GMiRS	112

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	2020/2021			2019/2020			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	144,331	(2,131)	142,200	205,054	(2,034)	203,020		
Adjustments to brought forward balances	0	0	0	13*	0	13		
Revised balance at 1 April	144,331	(2,131)	142,200	205,067	(2,034)	203,033		
Total Group Comprehensive Income & Expenditure	5,273	306	5,579	(61,055)	222	(60,833)	GCIES	111
Adjustments between Group Accounts and Authority Accounts	246	(246)	0	319	(319)	0	G8	119
(Increase)/Decrease in year	5,519	60	5,579	(60,736)	(97)	(60,833)		
Balance at 31 March	149,850	(2,071)	147,779	144,331	(2,131)	142,200	GBS, G15	113, 127

*: Reserve balances at 1 April 2019 were amended to reflect adjustments in the audited Cardiff Capital Region City Deal accounts for 2018/2019 (decreasing the Blaenau Gwent share by £0.013m).

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).

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 Balance Sheet	31 March 2021		31 March 2020		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	282,976		267,376		G9	119-121
Investment Properties	1,340		0			
Heritage Assets	600		531			
Non-Current Investments	92		0			
Non-Current Debtors	3,192		3,220			
Sub Total: Long Term Assets		288,200		271,127		
Assets Held for Sale	70		590			
Inventories	1,217		396			
Current Debtors	33,931		25,705		G10	122
Deferred Tax Asset	66		0			
Cash and Cash Equivalents	94,961		10,128		G18	129
Sub Total: Current Assets		130,245		36,819		
Current Borrowing	(71,233)		(69,479)			
Current Creditors	(15,086)		(13,339)		G11	122
Current Grants Receipts in Advance	(2,722)		(1,964)			
Current Donated Assets	(864)		0			
Current Provisions	(1,634)		(2,227)		G12	123
Sub Total: Current Liabilities		(91,539)		(87,009)		
Non-Current Borrowing	(119,185)		(89,548)			
Non-Current Provisions	(3,567)		(3,868)		G12	123
Other Long-Term Liabilities	(351,933)		(269,721)		G13-G14	123-127
Sub Total: Long-Term Liabilities		(474,685)		(363,137)		
Total Net Assets/(Liabilities)		(147,779)		(142,200)		
Usable Reserves	(87,110)		(24,148)		G15	127
Unusable Reserves	234,889		166,348		G15	127
Total Reserves		147,779		142,200		

Group Cash Flow Statement

Group Cash Flow Statement	2020/2021		2019/2020		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services <i>less</i> tax expenses	63,041		(24,538)		GCIES	111
Adjustments to the provision of services for non-cash movements	10,323		34,025		G16.1	128
Adjustments for items included in the provision of services that are investing and financing activities	(14,256)		(12,896)		G16.2	128
Interest received	2		33			
Net Cash Inflows from Operating Activities		59,110		(3,376)		
Investing activities		(6,296)		(3,432)	G17	129
Financing activities		32,019		1,286	40.2	103
Net increase or (decrease) in cash and cash equivalents		84,833		(5,522)		
Cash and cash equivalents at the beginning of the reporting period		10,128		15,650	GBS, G18	113, 129
Cash and cash equivalents at the end of the reporting period		94,961		10,128	GBS, G18	113, 129



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Blaenau Gwent

County Borough Council

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 2020/2021 financial year and its position at the year-end of 31 March 2021. 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 2020/2021 and the Service Reporting Code of Practice 2020/2021, 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 24-32. 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 £0.823m (2019/2020: £0.800m) 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 2020/2021 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 2020/2021 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	2020/2021					2019/2020				
	Management Account Net Expenditure	Accounting Code Adjustments	Net Expenditure Chargeable to the Council Fund	Funding & Accounting Basis Adjustments	Group CIES Net Expenditure	Management Account Net Expenditure	Accounting Code Adjustments	Net Expenditure Chargeable to the Council Fund	Funding & Accounting Basis Adjustments	Group CIES Net Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Services	15,429	7,432	22,861	1,252	24,113	14,727	7,787	22,514	2,877	25,391
Education	61,765	(49,954)	11,811	(5,360)	6,451	55,348	(46,073)	9,275	9,792	19,067
Education - Schools	(3,682)	45,814	42,132	(214)	41,918	(1,325)	43,223	41,898	256	42,154
Environment	24,987	(12,560)	12,427	7,115	19,542	28,967	(11,738)	17,229	10,717	27,946
Cardiff Capital Region City Deal	0	87	87	(206)	(119)	0	(119)	(119)	0	(119)
Regeneration & Economic Development	1,195	(447)	748	1,468	2,216	1,516	(862)	654	1,463	2,117
Social Services	44,231	(3,663)	40,568	2,131	42,699	44,526	(3,182)	41,344	4,331	45,675
Licensing	93	1	94	16	110	74	(19)	55	24	79
Planning	1,170	(539)	631	84	715	1,024	(225)	799	156	955
Capital Adjustments	0	(1)	(1)	1	0	0	(5)	(5)	5	0
Pension Adjustments	0	520	520	(520)	0	0	554	554	(554)	0
Silent Valley	1,124	0	1,124	0	1,124	1,012	0	1,012	0	1,012
Net Expenditure on Continuing Operations	146,312	(13,310)	133,002	5,767	138,769	145,869	(10,659)	135,210	29,067	164,277
Other Operating Expenditure	(185)	9,693	9,508	60	9,568	(86)	9,060	8,974	1,043	10,017
Financing & Investment Income & Expenditure	3	4,901	4,904	5,396	10,300	(26)	5,266	5,240	7,150	12,390
Taxation & Non-Specific Grant Income	0	(160,731)	(160,731)	(60,910)	(221,641)	0	(151,111)	(151,111)	(11,060)	(162,171)
(Surplus)/Deficit on the Provision of Services	146,130	(159,447)	(13,317)	(49,687)	(63,004)	145,757	(147,444)	(1,687)	26,200	24,513
Tax expenses	(37)	0	(37)	0	(37)	25	0	25	0	25
Group (Surplus)/Deficit	146,093	(159,447)	(13,354)	(49,687)	(63,041)	145,782	(147,444)	(1,662)	26,200	24,538
Transfers to/(from) earmarked reserves			12,446					1,476		
(Increase)/Decrease in year			(908)					(186)		
Opening Group Balances as at 1 April			(6,393)					(6,207)		
Closing Group Balances as at 31 March			(7,301)					(6,393)		

G4. Other Operating Expenditure

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

	2020/2021			2019/2020		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Other Operating Expenditure						
Parent:						
(Gains)/losses on the Disposal of Non-Current Assets	1,011	(952)	59	1,639	(595)	1,044
Precepts & Levies	9,694	0	9,694	9,059	0	9,059
Subsidiary:						
Income from energy generation	0	(185)	(185)	0	(86)	(86)
Total	10,705	(1,137)	9,568	10,698	(681)	10,017

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:

	2020/2021			2019/2020		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Financing and Investment Income and Expenditure						
Change in Fair Value of Investment Property *	321	0	321	0	0	0
Impairment **	204	0	204	446	0	446
Interest payable and similar charges - Financial Instruments	3,856	0	3,856	4,274	0	4,274
Interest payable and similar charges - Other ***	2	0	2	7	0	7
Interest receivable and similar income - Financial Instruments	0	(13)	(13)	0	(74)	(74)
Interest receivable and similar income - Other ****	0	(255)	(255)	0	(213)	(213)
Net Pensions Interest	13,970	(7,785)	6,185	17,029	(9,079)	7,950
Total	18,353	(8,053)	10,300	21,756	(9,366)	12,390

*: Authority proportion of Cardiff Capital Region City Deal investment properties.

** : 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	2020/2021 £000	2019/2020 £000
Fees payable in respect of:		
External audit services - Final Accounts	191	251
Silent Valley external audit services - Final Accounts	10	10
External audit services - Local Government Measures	105	105
Certification of grant claims and returns	45	40
Other services	0	38
Total Audit Fees	351	444

External Audit services for Blaenau Gwent CBC are provided by Audit Wales; for Silent Valley Waste Services Ltd. by Azets Audit Services (2020/2021) and Baldwins Audit Services Limited (2019/2020).

The higher fee disclosed for 'External audit services relating to audit of the accounts' in 2019/2020 is for £0.060m additional fees covering work performed in respect of the investigation of correspondence received towards the end of the 2016/2017 audit relating to the arrangements between the Council and Silent Valley Waste Services Ltd..

'Other Services' in 2019/2020 consists of charges for the statutory audit of charitable trust accounts required for Bedwellty House and Park, of which Blaenau Gwent Council is the sole trustee.

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	2020/2021 £000	2019/2020 £000
(Surplus)/Deficit arising on the revaluation of Non-Current Assets	(4,139)	(9,238)
Remeasurement of the net defined benefit pension liability	72,759	(76,133)
Other Comprehensive Income & Expenditure	68,620	(85,371)

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 2021		31 March 2020	
	Total Authority Reserves £000	Authority's share of Reserves of Subsidiary £000	Total Authority Reserves £000	Authority's share of Reserves of Subsidiary £000
Adjustments between Group Accounts and Authority Accounts:				
Expenditure	(823)	823	(800)	800
Income	131	(131)	148	(148)
Debtors & Creditors	56	(56)	39	(39)
Retained Profits	163	(163)	(106)	106
Accumulating Dividend	725	(725)	725	(725)
Less cumulative adjustments brought forward	(6)	6	313	(313)
Total intra-group adjustments	246	(246)	319	(319)

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 2021 £000	31 March 2020 £000
Gross Carrying Amount	345,950	331,135
Accumulated Depreciation	(62,974)	(63,759)
Net Book Value	282,976	267,376

Movements in 2019/2020:

Property, Plant & Equipment Movements	Operational Assets						Total Property, Plant & Equipment £000
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	
Cost or Valuation as at 1 April 2019	164,808	15,072	129,453	120	4,331	11,380	325,164
Appropriations	10,849	0	0	0	(218)	(10,631)	0
Assets reclassified to/from held for sale	(85)	0	0	0	(45)	0	(130)
Additions	0	414	1,335	0	0	3,295	5,044
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,456	0	0	0	13	0	5,469
Revaluation increases/(decreases) recognised in the Provision of Services	(9,698)	0	0	0	615	0	(9,083)
Capital expenditure written off	(3,040)	(40)	(59)	(66)	0	0	(3,205)
Derecognition - disposals	(49)	0	0	0	0	0	(49)
Other movements in cost or valuation **	3,040	447	450	66	0	3,922	7,925
Cost or Valuation as at 31 March 2020	171,281	15,893	131,179	120	4,696	7,966	331,135

Property, Plant & Equipment Depreciation & Impairment	Operational Assets						Total Property, Plant & Equipment £000
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	
Accumulated Depreciation & Impairment as at 1 April 2019	(16,635)	(10,093)	(33,987)	(12)	(28)	0	(60,755)
Depreciation Charge & Appropriations	(5,417)	(1,362)	(3,370)	(1)	(7)	0	(10,157)
Depreciation written out to the Revaluation Reserve	4,139	0	0	0	0	0	4,139
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,061	0	0	0	0	0	3,061
Derecognition - disposals	(9)	(38)	0	0	0	0	(47)
Accumulated Depreciation & Impairment as at 31 March 2020	(14,861)	(11,493)	(37,357)	(13)	(35)	0	(63,759)

Notes * & **: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £10.052 million of which has been added to the asset base and £1.994 million of which has been written off as there has been no increase to the asset value in 2020/2021(*); £4.720 million of which has been added to the asset base and £3.205million of which has been written off as no increase to the asset value resulted in 2019/2020(**).

G10. Current Debtors

Amounts owing to the Group were as follows:

Current Debtors	31 March 2021				31 March 2020			
	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	16,242	0	0	16,242	10,092	0	0	10,092
Other Central Government	3,818	0	0	3,818	2,120	0	0	2,120
Local Authorities	3,239	(9)	0	3,230	2,804	(19)	0	2,785
NHS	1,624	(17)	0	1,607	2,286	(20)	22	2,288
Council Tax Arrears	7,069	(2,712)	0	4,357	5,046	(2,102)	0	2,944
Other Entities & Individuals	4,764	(1,498)	366	3,632	5,362	(1,409)	923	4,876
Trade	1,083	(240)	202	1,045	827	(227)	0	600
Total Current Debtors:	37,839	(4,476)	568	33,931	28,537	(3,777)	945	25,705

G11. Current Creditors

Amounts owed by the Group were as follows:

Current Creditors	31 March 2021			31 March 2020		
	Creditors £000	Receipts in Advance £000	Total Current Creditors £000	Creditors £000	Receipts in Advance £000	Total Current Creditors £000
Welsh Government	(436)	0	(436)	(80)	0	(80)
Other Central Government	(1,762)	0	(1,762)	(679)	0	(679)
Local Authorities	(1,084)	0	(1,084)	(1,309)	(5)	(1,314)
NHS	(89)	0	(89)	(290)	0	(290)
Capital Creditors	(696)	0	(696)	(1,511)	0	(1,511)
Council Tax Credits	(975)	0	(975)	(876)	0	(876)
Other Entities and Individuals	(7,543)	(297)	(7,840)	(6,904)	(275)	(7,179)
Trade	(2,204)	0	(2,204)	(1,410)	0	(1,410)
Total Current Creditors:	(14,789)	(297)	(15,086)	(13,059)	(280)	(13,339)

G12. Provisions

Details of the purposes of the Authority's provisions can be found in note 33.1, pages 78-79.
Movements in the Group provisions during 2020/2021 were as follows:

Provision Movements	Balance at 1 April 2020 £000	Amounts Used in 2020/2021 £000	Unused Amounts Reversed in 2020/2021 £000	Additional Provisions made in 2020/2021 £000	Balance at 31 March 2021 £000
Current Provisions					
Employee Provisions:					
Parent's Employee Provisions	(186)	40	146	(58)	(58)
Other Provisions:					
Parent's Other Provisions	(1,871)	235	568	(338)	(1,406)
Silent Valley Aftercare	(170)	149	0	(149)	(170)
	(2,227)	424	714	(545)	(1,634)
Non-Current Provisions					
Parent's Provisions	(2,034)	248	216	(312)	(1,882)
Silent Valley Aftercare	(1,834)	0	149	0	(1,685)
	(3,868)	248	365	(312)	(3,567)
Total Provisions:	(6,095)	672	1,079	(857)	(5,201)

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.

G13. Other Long-Term Liabilities

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

Other Long-Term Liabilities	31 March 2021 £000	31 March 2020 £000
Cardiff Capital Region City Deal Non-Current Creditor	(2,079)	(2,123)
Deferred Liabilities	(24)	(68)
Net Pensions Liability	(349,830)	(267,530)
Total	(351,933)	(269,721)

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 2020/2021, the total defined contribution scheme charge to the Group CIES was £0.078m (2019/2020: £0.072m). There were no outstanding contributions to the scheme at 31 March 2020 or 31 March 2021.

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 86-95)

G14.2 Defined Benefit Scheme

The Local Government Scheme is a funded defined benefit Career Average Revalued Earnings (CARE) scheme, in which the Group and employees make contributions calculated at a level intended to balance pension liabilities arising with investment assets. The contribution rate is determined by the Fund's Actuary based on triennial valuations, the last review being 31 March 2019.

Further information can be found in the Greater Gwent (Torfaen) Pension Fund's Annual Report which is available upon request from the Chief Financial Officer, Torfaen County Borough Council, Civic Centre, Pontypool, NP4 6YB.

The cost of retirement benefits are recognised in the 'Net Cost of Services' section of the Group Comprehensive Income & Expenditure Statement when those benefits are earned by employees, rather than when the benefits are actually paid as pensions.



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

	2020/2021			2019/2020		
	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	16,786	0	16,786	21,516	0	21,516
Other Service Costs	271	0	271	1,752	0	1,752
Total Service Cost:	17,057	0	17,057	23,268	0	23,268
Financing and Investment Income and Expenditure:						
Interest on Plan Assets	(7,780)	0	(7,780)	(9,072)	0	(9,072)
Interest on Defined Benefit Liabilities	13,239	726	13,965	16,138	884	17,022
Net Interest:	5,459	726	6,185	7,066	884	7,950
Total Charged to the Surplus/Deficit on Provision of Services:	22,516	726	23,242	30,334	884	31,218
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:						
Return on plan assets (excluding amounts included in Net Interest)	(95,626)	0	(95,626)	46,037	0	46,037
Actuarial (Gains)/Losses arising from changes in demographic assumptions	9,796	572	10,368	(26,026)	(1,850)	(27,876)
Actuarial (Gains)/Losses arising from changes in financial assumptions	158,638	4,431	163,069	(57,195)	(2,035)	(59,230)
Experience (Gains)/Losses on defined benefit liabilities	(4,479)	(573)	(5,052)	(34,699)	(365)	(35,064)
Total remeasurement recognised in Other Comprehensive Income & Expenditure	68,329	4,430	72,759	(71,883)	(4,250)	(76,133)
Total Charged to the Group Comprehensive Income & Expenditure Statement:	90,845	5,156	96,001	(41,549)	(3,366)	(44,915)

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:

	2020/2021			2019/2020		
	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:	341,132	0	341,132	380,303	0	380,303
Employer Contributions	11,813	1,888	13,701	11,918	1,943	13,861
Member Contributions	3,067	0	3,067	2,888	0	2,888
Benefits Paid	(16,974)	(1,888)	(18,862)	(16,900)	(1,943)	(18,843)
Interest on Plan Assets	7,819	0	7,819	9,116	0	9,116
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	96,043	0	96,043	(46,193)	0	(46,193)
Balance at 31 March:	442,900	0	442,900	341,132	0	341,132
Reconciliation of the Movements in Present Value of Scheme Liabilities						
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	(576,169)	(32,493)	(608,662)	(668,807)	(37,802)	(706,609)
Current Service Cost	(16,786)	0	(16,786)	(21,516)	0	(21,516)
Past Service Cost and Curtailments	(30)	0	(30)	(1,524)	0	(1,524)
Administration Expenses	(241)	0	(241)	(228)	0	(228)
Interest Cost	(13,278)	(726)	(14,004)	(16,182)	(884)	(17,066)
Member Contributions	(3,067)	0	(3,067)	(2,888)	0	(2,888)
Benefits Paid	16,974	1,888	18,862	16,900	1,943	18,843
Experience Gains/(Losses)	4,479	573	5,052	34,634	365	34,999
Actuarial Gains/(Losses) arising from changes in demographic assumptions	(9,796)	(572)	(10,368)	26,026	1,850	27,876
Actuarial Gains/(Losses) arising from changes in financial assumptions	(159,055)	(4,431)	(163,486)	57,416	2,035	59,451
Balance at 31 March:	(756,969)	(35,761)	(792,730)	(576,169)	(32,493)	(608,662)

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 2021			31 March 2020		
	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	442,900	0	442,900	341,132	0	341,132
Present Value of Scheme Liabilities	(756,969)	(35,761)	(792,730)	(576,169)	(32,493)	(608,662)
Net Liability:	(314,069)	(35,761)	(349,830)	(235,037)	(32,493)	(267,530)

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 £87.110m at 31 March 2021 (£24.148m at 31 March 2020). The effect of applying the net superannuation fund deficit of £349.830m to the Group's usable reserves would be a deficit of £262.720m (2019/2020: the superannuation deficit of £267.530m exceeded usable reserves by £243.382m). Further information regarding the treatment of this deficit can be found in note 38 (page 94).

G15. Reserves

The Silent Valley 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 2019	2019/2020	31 March 2020	2020/2021	31 March 2021
	£000	£000	£000	£000	£000
Council Fund	(6,207)	(186)	(6,393)	(908)	(7,301)
Silent Valley Profit & Loss Reserve	(2,034)	(97)	(2,131)	60	(2,071)
Parent's Usable Earmarked Reserves	(13,994)	(1,630)	(15,624)	(62,114)	(77,738)
	(22,235)	(1,913)	(24,148)	(62,962)	(87,110)
Parent's Unusable Reserves	225,268	(58,920)	166,348	68,541	234,889
Total: Reserves	203,033	(60,833)	142,200	5,579	147,779

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	2020/2021		2019/2020	
	£000	£000	£000	£000
Depreciation & Impairment	2,141		19,082	
REFCUS (deferred charges)	1,842		2,388	
Effective interest adjustment	44		44	
Net IAS19 charges made for Retirement Benefits	23,192		31,157	
IAS19 Employers Contributions Paid to Pension Fund	(13,934)		(13,909)	
		13,285		38,762
Increase/(Decrease) in Provisions		(892)		(920)
(Increase) / Decrease in Inventories		(821)		65
(Increase) / Decrease in Revenue Debtors		(3,487)		(6,061)
Increase / (Decrease) in Revenue Creditors		2,238		2,179
Total		10,323		34,025

G16.2 Investing or Financing Activities included in the Deficit on Provision of Services

Cash Flow - Adjustments for Investing & Financing Activities	2020/2021	2019/2020
	£000	£000
(Gain)/Loss on Disposal of fixed assets	59	(126)
Capital Grants credited to CIES	(14,315)	(12,770)
Total	(14,256)	(12,896)

G16.3 Receipts or Payments of Interest included in Operating Activities

Cash Flow - Interest included in Operating Activities	2020/2021	2019/2020
	£000	£000
Interest Received	(31)	(90)
Interest Paid	3,811	4,230
Net Total	3,780	4,140

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	2020/2021			2019/2020		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Purchase of Non-Current Assets	(18,039)			(14,704)		
		(18,039)		(14,704)		
Cash Inflows						
Sale of Non-Current Assets	951			595		
Other Receipts from Investing Activities	10,792			10,677		
		11,743		11,272		
Total			(6,296)			(3,432)

G18. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2020/2021	2019/2020
	£000	£000
Cash Held by the Authority	57	53
Bank Accounts	11,904	10,075
Short-term investments	83,000	0
Total Cash & Cash Equivalents	94,961	10,128

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 £0.424m (2019/2020: £0.317m) 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 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:

2nd November 2021

Report Subject:

**Audit of Accounts Report – Blaenau
Gwent County Borough Council
2020/21**

Report Submitted by:

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)
	28.10.21		02.11.21					

1. **Purpose of the Report**

To consider the attached report from the Council's External Auditors, Wales Audit Office.

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Audit of Accounts Report – Blaenau Gwent County Borough Council

Audit year: 2020-21

Date issued: October 2021

Document reference: 2668A2021-22

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office 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

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2020-21 accounts in this report.
- 2 We have already discussed these issues with the Chief Officer – Resources.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of ‘materiality’. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £2.6 million for this year’s audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Senior Officer pay £1,000
 - Related Parties £100,000
- 6 We have now substantially completed this year’s audit but the following work is outstanding:
 - Final review of the audit file by the Engagement Lead and Audit Manager
 - Check of the final updated version of the accounts
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this year’s audit

- 8 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 9 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year’s audit process.

Exhibit 1 – impact of COVID-19 on this year’s audit

Electronic signatures	Due to the restrictions arising from the COVID-19 pandemic, Audit Wales have accepted electronic signatures supported by e-mail confirmations from the relevant officers.
Audit evidence	<p>In previous years, the audit team would have accessed both paper and electronic working papers and supporting audit evidence whilst working at the Council offices. However, due to the working restrictions arising from COVID-19, we have devised alternative audit methodologies to obtain and confirm the validity of appropriate audit evidence. This has included:</p> <ul style="list-style-type: none">• officers provided electronic working papers in accordance with our agreed Audit Deliverables Report using Inflo;• officers provided audit evidence to the audit team via secured e-mail;• officers were available by video conferencing for discussions, and for the sharing of on-screen information/evidence; and• officers secured remote read-only access to the Financials ledger and Northgate system which enabled the audit team to run reports and view evidence.

- 10 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

Proposed audit opinion

- 11 We intend to issue an unqualified audit opinion on this year’s accounts 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 The remaining uncorrected misstatements in the accounts are both individually and cumulatively below our trivial level.

Corrected misstatements

- 16 There were initially misstatements in the accounts that have now been corrected by management. These are provided for your information at **Appendix 3**.
- 17 In addition, a number of narrative disclosures, comparative figures and references within the accounts were corrected to ensure their accuracy.

Other significant issues arising from the audit

- 18 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. In 2019-20 we reported concerns over the following:
- the quality of draft financial statements;
 - the standard of quality control procedures in the preparation of the financial statements; and
 - the quality and timeliness of audit evidence and working papers.
- We are pleased to report that we have seen a significant improvement to these areas during the 2020-21 audit.
- 19 We would highlight one area for improvement this year, and this is detailed in **Exhibit 2** below:

Exhibit 2 – significant issues arising from the audit

Some assets are held at the incorrect historic cost value within the fixed asset register, leading to a misstatement of the adjustment between the Capital Adjustment Account and the Revaluation Reserve.

We have previously reported that your Fixed Asset Register records the incorrect historic cost for some assets. This has led to errors in the accounting adjustment between the Capital Adjustment Account and the Revaluation Reserve.

Both the Capital Adjustment Account and Revaluation Reserve are unusable reserves, and any potential misstatement between these reserves would not affect the usable reserves held by the Council.

Management agreed to review and correct the historic costs for 2020-21. However, finance staff have stated that due to the on-going COVID-19 pandemic and associated pressures on staffing this has not been completed.

During the audit, finance officers undertook work to confirm to us that neither reserve is materially misstated. This work resulted in the Council identifying a potential misstatement of £370,000 based on a review of 73% of the value of the asset base. After review and testing of the work undertaken, we agree with this conclusion.

However, to ensure that accuracy of the records kept for assets, and to ensure no future material misstatement to the reserves, the Council should identify and correct the value of the assets within the Fixed Asset Register within the next financial year.

See **recommendation 1** in **Appendix 4** for further details.

Post Balance Sheet Events

- 20 During the year the Chief Officer - Resources brought to our attention the intent of the Council to accept a £70 million loan, which was to be provided by the Welsh Government for the development of the Ebbw Vale rail line. The loan was to be provided on the basis that the Council entered into a suitable agreement with the other key partners, or the loan was to be repaid.
- 21 At the time when the initial draft of the accounts was being completed, an agreement had not been reached between all parties, therefore the loan was accounted for as a short- term borrowing, owing to the clause outlined above.
- 22 An agreement was reached and signed between the partners during the audit. Consequently, this resulted in an adjusting post balance sheet event, with £70 million being moved from short-term borrowing to grants and long-term borrowing.

Recommendations

- 23 The recommendations arising from our audit are set out in **Appendix 4**. Management has responded to them and we will follow up progress against them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

Appendix 1

Final Letter of Representation

Auditor General for Wales
Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

2 November 2021

Representations regarding the 2020-21 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Blaenau Gwent County Borough Council for the year ended 31 March 2021 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; 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.

Representations of those charged with governance

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 2 November 2021.

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 (director only for companies)]

Date:

Appendix 2

Proposed Audit Report

The independent auditor's report of the Auditor General for Wales to the members of Blaenau Gwent County Borough Council

Opinion on financial statements

I have audited the financial statements of:

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

for the year ended 31 March 2021 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 and 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 international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

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 2020-21;
- 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, or returns adequate for my audit have not been received from branches not visited by my team;
- 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.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including Blaenau Gwent County Borough Council's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Blaenau Gwent's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- Obtaining an understanding of Blaenau Gwent's framework of authority as well as other legal and regulatory frameworks that Blaenau Gwent operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Blaenau Gwent.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, and those charge with governance about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Council;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Blaenau Gwent's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

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
8 November 2021

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of Corrections Made

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 3: summary of corrections made

Value of correction	Nature of correction
£3,530k (Income) £3,263k (Expenditure)	The Council acted as an agent for the Welsh Government by administering the NNDR Rate Relief grant which was available to businesses during the COVID-19. The Council had incorrectly accounted for this within their Income and Expenditure within the first draft of the accounts.
£3,049k	An error within the Fixed Asset Register system resulted in revaluation movements being incorrectly posted, leading to an overstatement of the Revaluation Reserve and an understatement of the Capital Adjustment Account.
£2,565k (transfers from) £3,300k (transfers to)	The overall movement to the Capital Grants Unapplied account was disclosed correctly as £735,000, however disclosures of movements to and from the account had been understated.
Ratio corrected to 1:4.38	The remuneration ratio per the first draft of the accounts had not been updated from 2019-20 value of 1:4.47, and therefore required correction to 1:4.38. .

Appendix 4

Recommendations

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report.

Exhibit 4: matter arising 1

Matter arising 1 – Historic cost values within the fixed asset register	
Findings	We found that some assets were held at the incorrect historic cost value within the fixed asset register.
Priority	High
Recommendation	The Council should identify the cause of the incorrect values in the fixed asset register and correct any values affected by the issue.
Benefits of implementing the recommendation	By implementing our recommendation, the Council will ensure accurate records are kept for all assets.
Accepted in full by management	Yes
Management response	Further to work undertaken to confirm that the Accounts were not materially misstated as a result of errors in Historic Cost Valuations, asset records will be reviewed and corrected where necessary. This will form the first phase of transition to a new Asset Register module to be implemented ahead of the closure of accounts for 2021-2022.
Implementation date	31 March 2022



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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 11

Executive Committee and Council only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Governance and Audit Committee**

Date of meeting: **2nd November 2021**

Report Subject: **Annual Governance Statement**

Portfolio Holder: **Cllr Nigel Daniels**

Report Submitted by:

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
Virtual	Virtual		02.11.21					

1. Purpose of the Report

To present to the Governance and Audit Committee the final Annual Governance Statement (AGS) for 2020/21 (attached at Appendix A)

2. Scope and Background

2.1 The report provides the AGS for 2020/21, providing an assessment of the effectiveness of the Authority's governance arrangements.

2.2 Responsibility for reviewing the AGS has been delegated to the Governance and Audit Committee as 'those charged with Governance'. In line with the principles of good practice, the statement has also been reviewed by the Corporate Leadership Team (CLT).

2.3 The draft AGS was approved by the Governance and Audit Committee at its July 2021 meeting. The statement has been updated to reflect the current position, with only minor typographical amendments being made.

3. Options for Recommendation

3.1 The Governance & Audit Committee consider the following options:

Option 1

The Committee approve and adopt the AGS having considered and challenged the content, ensuring it is consistent with their knowledge and understanding of the wider issues affecting the Council.

Option 2

The Committee propose amendments / alterations to the AGS, having considered and challenged the content, and deeming it to be consistent with their knowledge and understanding of the wider issues affecting the Council, subject to the proposed amendments.

Option 3

The Committee choose not to approve the AGS having considered and challenged the content, deeming it not to be consistent with their knowledge and understanding of the wider issues affecting the Council.

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 an ambitious and innovative council delivering the quality services we know matter to our communities 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***
The production of the AGS is an element of the governance framework of the Authority.
- 6.1.1 Due to the pressures resulting from the covid 19 pandemic it was not possible to produce the AGS in line with the timescales required by the Accounts and Audit Regulations (Wales). However, the AGS has been produced within the timeframes specified in the statutory notice issued by the Authority in relation to the production of the Statement of Accounts
- 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 2020/21. 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 2020/21 with the Code of Governance and identifies development activities for 2021/22 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 ***Decarbonisation and Reducing Carbon Emissions***
The production of the AGS has no direct impact on decarbonisation and reducing carbon emissions.
- 6.9a ***Socio Economic Duty Impact Assessment***
Not applicable.
- 6.9b. ***Equality Impact Assessment***
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 2021/22. Progress against these recommendations will be reported via the 2021/22 AGS.

Background Documents /Electronic Links

- Appendix A – Annual Governance Statement
- Code of Governance

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**ANNUAL
GOVERNANCE
STATEMENT
2020/21**

Annual Governance Statement 2020 – 2021

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.

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 2021 and up to the date of approval of the Annual Statement of Accounts.

In May 2020 Audit Wales published their Annual Audit Summary. The report included a synopsis of each review undertaken by Audit Wales over the year.

Details of the Proposals for Improvement issued by regulators during 2020/21 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 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 2020/21.

Work has continued to strengthen Blaenau Gwent's Scrutiny and Democratic Committee arrangements. Throughout the response to the Covid 19 pandemic, all members were provided with laptops to assist them with remote access. Support arrangements and guidance were put in place to support members through this unprecedented time.

Mandatory sessions on the Constitution including roles and responsibilities are held for all new Members.

The Ombudsman received a number of complaints against members in 2020/21 in relation to Blaenau Gwent. None of these complaints were upheld. There were 2 whistle-blowing incidents reported to the Authority during the year and both currently being investigated.

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 concluded.
- 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 reduced its engagement activities relating to the Covid 19 pandemic but the following engagement activities have taken place:

- Youth Forum and Older Peoples network supporting Community Impact Assessments aligned to Covid 19;
- Budget Setting Engagement for 2021/22; and
- Blaenau Gwent Climate Assembly

CLT have recently agreed for the Council to have a Corporate Engagement Calendar in order to map out the breadth and types of engagement activities being delivered across the organisation to support better planning and co-ordination in the future.

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.

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 them, 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. An example of this engagement is the consultation undertaken with staff in relation to the new operating model.

Review of Effectiveness:

To ensure relevant stakeholders are engaged throughout the Councils 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: Youth Forums; School Grand Council; 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.

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.

Engagement arrangements with Audit Wales are in place with regular 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 regular half-termly Local Authority Link Inspector (LALI) meetings convened with Estyn in line with inspectorate 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:

- 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. In 2020 a review of the plan was undertaken to consider the learning from the COVID 19 pandemic. This resulted in some amendments being made to the Outcome Statements in order to better demonstrate the contribution different areas across the Council will contribute to achieving them, enhancing our one Council approach. The overall emphasis of each Outcome Statement (Well-being Objective) has not changed.

The Corporate Plan 2020/22 Outcome Statements are:

- **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**

The priority areas also act as our Well-being Objectives as part of the Well-being of Future Generations (Wales) Act.

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:

Equality Impact Assessments are undertaken against all relevant proposals, and included within the business planning framework, reporting template and strategic business reviews. The Annual Report to the Equality and Human Rights Commission was published and submitted within the appropriate timescales.

On an annual basis the Council prepares an Annual Welsh Language Monitoring Report, which is produced in accordance with the requirements of the Welsh Language (Wales) Measure 2011. The 2019/20 report was provided to the Corporate Overview Scrutiny Committee in December 2020. The statutory deadline for publishing the report is June each year. However, due to Covid 19 this needed to be delayed as resources to support Welsh Language reporting was used to support critical services during response. The following action was taken in-line with the Welsh Language Commissioner's Office advice:

- i) That a current copy of your annual report is made available on your website and the reason for delay is stated.

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.

Strong progress continues to be made on the Council's Welsh Education Strategic Plan (WESP), including approval to implement a proposal to establish a new 210 place Welsh medium primary school in the Tredegar area.

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.
- To implement the new code of practice in relation to the performance and improvement framework of Social Services in Wales.
- Review the Independent Living Strategy (2005-2021) and to develop a new 10-year strategy integrated across health and social care.

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 Commercial and Commissioning Board has been established to provide oversight and scrutiny of the Council's commercial; activities, primarily commissioning, procurement, investments and trading. 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 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. Throughout the Covid 19 pandemic the reporting of the Joint Report was put on hold, although the Council did produce its annual assessment of performance within the required timescales. Corporate Leadership Team agreed for business plans to be completed to provide an end of year position statement so that an end of year Joint Report can be presented to the new committee cycle starting in June 2021.

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. As part of the Local Government and Elections Act, there is a requirement for Local Authorities to conduct robust self-assessments and reporting on the extent to which the Council is meeting the performance requirements in order to improve the social, economic, environmental and cultural well-being of its local communities. As part of this the Council will be undertaking a review of its self-assessment processes to ensure they abide with the requirements of the Act. In preparation for this the Council has met with the WLGA.

The remit of the Strategic Commercial and Commission Board focuses on the strategic direction of the Council's commercial activities including the commissioning and procurement of the organisations third party spend.

Recommendations for Development:

- Review of the self-evaluation process.
- Reinstatement of business planning cycle

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 April 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. During 2021 there were changes to the CLT with the appointment of a new Corporate Director of Education and a new Chief Officer –Commercial.

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. These are included within the Constitution.

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.

One members of staff was the subject of the capability process during the period April 2019 – March 2020, this was commenced and resolved during the period.

Five internal grievance procedures were instigated between April 2019 and March 2020. All were closed by the end of the year.

A new Leadership Development Programme was planned for the end of 2020, but progress was delayed due to the pandemic.

Recommendations for Development:

- Develop and implement a new Leadership Development Programme.

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 and are aligned to the corporate business planning process. 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 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.

A Governance and Audit Committee has been established in line with the requirements of the Local Government (Wales) Measure and the Local Government and Elections Act, 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). Following Brexit, the GDPR is now referred to as UK-GDPR as opposed to the EU-GDPR. There are currently no differences between the two.

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 during 2019/20, namely Business Planning Improvement and Data, and Strategic Policy (Welsh Language), with the findings of these audits reported to the Governance and Audit Committee during 2020/21. Three follow-up audits were completed during 2020/21 with two showing good progress against recommendations and one requiring some further work by the department. A review and update of the Anti-Money Laundering Policy was also undertaken during the year, and a review of the Anti-Bribery, Fraud and Corruption Policy commenced.

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.
There are 3 schools in Blaenau Gwent currently in receipt of Council's Intervention arrangements as a result of being in an Estyn category and the risk relates to failing to make appropriate progress against the Statutory Warning Notices to improve and deliver against their Post Inspection Action Plans (PIAPs).	Potential impact is on the learning progress made by children at the 2 schools. Implementation of statutory interventions 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 Education, 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 management decisions support long term stability and sustainability.	Inability to deliver effective services/ lower quality services provided. Unplanned reduction of services provided.
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 & 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 Governance & 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.
- Conclude the review of the Anti-Fraud, Anti-Corruption and Anti-Bribery Policy and update 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.

A Governance and 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 Governance & 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. As part of the closure of the Civic Centre in Ebbw Vale, the General Offices have been identified as the new democratic hub for the Council. As part of this a new Chamber has been identified and a new delegate system set up. This system is functional with Microsoft Teams and will provide a hybrid meeting function moving forward to adhere to the remote meeting requirements as part of the Local Government and Election Act. It is planned for the full cycle to be run as hybrid meetings from September 2021 onwards.

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.

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, risk, 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 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 33 audit opinions during the year.

Audit Grading	No of audits
Full Assurance	16
Reasonable Assurance	8
Limited Assurance	1
No Assurance	0
Non-graded	8

The level of audit coverage for the year 20/21 was curtailed as a consequence of the redirection of audit resources to assist with the Authority's response to the Covid 19 pandemic. There was 1 Limited Assurance audit grading issued during the financial year in relation to Business Planning Improvement and Data. The numbers of audits conducted using the Control Risk Self-Assessment (CRSA) methodology continued to increase and focused predominantly on schools and the fundamental financial systems., The overall audit opinion on the adequacy of the internal control environment continued to reflect Reasonable Assurance across the council. Members of WCLT continue 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 1200 Freedom of Information requests between 1st April 2020 and 31st March 2021. The service responded to 86.5% (1039) within the 20 working day requirement. This falls below the required level, and below the level attained the previous year, despite additional resource being put into the team in February 2020 to address this. However, despite implementing additional resource into the team, this was quickly reduced in March 2020 due to redeployment to support the covid response and track and trace. During the height of the pandemic the ICO issued advice that whilst the legislation could not be changed they were understanding of the strains on local authorities and would not be seeking to put enforcement action on authorities during this time for FOI

response rates. Anecdotally we have determined that the rates of FOI response for Blaenau Gwent compare favourably to some neighbouring authorities whose response rates are lower in the 70% region.

Recommendations for Development:

- Managers to implement the actions identified to address weaknesses highlighted by Internal Audit. Meetings are undertaken with members of 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.
- Conclude the review of the Anti-Fraud, Anti-Corruption and Anti-Bribery Policy to ensure it remains fit for purpose.
- Internal Audit to undergo an external peer review

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:

<i>Issue</i>	<i>Action</i>	<i>Responsible Officer</i>
<p>The uncertainty around the current and future economic impact of:</p> <ul style="list-style-type: none"> • Covid-19 • the exit from the European Union • WG future financial settlements <p>Ongoing uncertainty around the medium to long term impact of these may pose significant challenges for the Council and it will be critical for the Council to demonstrate that it has appropriate governance arrangements in place to manage its financial position.</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 provided additional financial support for local authorities of £300m. They have committed to continuing this support until at least sept 2021, and longer for some specific service areas.</p> <p>To ensure the Council's financial resilience the Council intends to continue with its bridging the gap programme which will</p>	Chief Officer Resources

	<p>identify 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>Audit Wales received correspondence towards the end of its 2016/17 audit which resulted in an investigation into the Council's historic relationship with its wholly owned company Silent Valley Waste Services Ltd (SVWS). As the investigation by Audit Wales into the issues raised has not been finalised there has been a delay in receiving an audit opinion on previous years' accounts.</p>	<p>Audit Wales review is coming to conclusion and the outcome will be reported in due course.</p> <p>The outstanding open accounts have now been concluded and signed off.</p>	<p>Chief Officer Resources</p>

Certification of the Annual Governance Statement

In conclusion the Authority's Governance Framework during 2020/21 has remained consistent and the progress made against the areas for improvement identified in the 2019/20 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
Leader of the Council
September 2021

Rhian Hayden
Chief Officer Resources
September 2021

(signed).....

Michelle Morris
Managing Director
September 2021

Audit, regulatory and inspection work reported during 2020/21

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>
Audit Wales Supporting Financial Resilience Follow-up Review – Blaenau Gwent County Borough Council (issued August 2020)	
<i>Report findings:</i>	
	<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>

Details of progress against these proposals can be obtained from the Governance and Partnerships Department.

Appendix B

Recommendation for Improvement made in the 2019/20 Annual Governance Statement	Action Undertaken during 2020/21	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 2020/21 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	Annual review resumed	
Continued application of the Members Performance Development Review scheme and competency framework	The Members PDR scheme continues to be applied.	
Continued application of the Officers Performance Review Scheme.	The Officer Performance Review Scheme has been applied throughout 2020/21.	
Audit plans for future years will include testing a range of policies and procedures.	The 2020/21 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.		
Implement the high level actions identified from the findings of the staff survey conducted during Jan.	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.	The plan is due to end 2022 therefore a full review of the Corporate Plan is to be undertaken.
Implement the new code of practice in relation to the performance and improvement framework of social services in Wales.	This was delayed due to the pandemic.	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 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 to be concluded and agreed by CLT
Review of the self-evaluation process.	The Council has decided to adopt the self-assessment process from the Well-being of Future Generations Commissioner.	This will be further enhanced to adhere to the requirements of the Local Government and Elections Act.
Core Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it.		
Develop and implement a new Leadership Development Programme	This was delayed due to the pandemic.	Develop and implement a new Leadership Development Programme
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 high level 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 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 2020/21 will be produced during 2021/22.
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 monitored by CLT.	Risk Management Strategy to be reviewed in 2021/22
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	Review of the Anti-Fraud, Anti-Corruption and Anti-Bribery Policy commenced during 2020/21.	Conclude the review of the policy for approval by CLT and the Governance and Audit Committee.
Continued inclusion of key governance systems in the internal audit plan to ensure key elements of the governance framework are prioritised and examined annually	The risk based audit plan for 2020/21 has prioritised a number of key governance systems for audit during the year.	
Core Principle G – Implementing good practices in transparency, reporting, and audit, to deliver effective accountability		
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.	Internal audit reports have been subject to follow up review where they are graded Limited Assurance or No Assurance	

The Anti-Fraud, Anti-Corruption and Anti-Bribery Policy will be reviewed to ensure it remains fit for purpose.	Review of the Anti-Fraud, Anti-Corruption and Anti-Bribery Policy commenced during 2020/21.	Conclude the review of the policy for approval by CLT and the Governance and Audit Committee.
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Agenda Item 12

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: **Governance and Audit Committee**

Date of meeting: **2nd November 2021**

Report Subject: **Annual Update Report – Use of Powers under the Regulation of Investigatory Powers Act (RIPA) 2000**

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

Report Submitted by: **Head of Legal & Corporate Compliance**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Gov&Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
Oct 21	Oct 21		2 11 21					

1. **Purpose of the Report**
 - 1.1 The purpose of the report is to provide the Governance and Audit Committee with information relating to the Council's use of statutory powers under the Regulation of Investigatory Powers Act (RIPA) 2000 for the period 2020/2021, as required under the Council's RIPA policy and procedures.

2. **Scope and Background**
 - 2.1 The Council can only undertake covert surveillance if the proposed operation is authorised internally by one of the named authorising officers and in addition any proposed surveillance must also be approved by a Magistrates' Court. A Council can only use directed surveillance if it is necessary to prevent or detect criminal offences which attract a custodial sentence of six months or more, or criminal offences relating to the underage sale of alcohol or tobacco. The use of the Council's powers under RIPA has reduced significantly over recent years and this is a trend noted across the UK. Use of the powers has to be demonstrated to be proportionate to what is sought to be achieved. For most areas of Council activity it would not be proportionate to utilise the powers.

 - 2.2 The Governance and Audit Committee monitors activity in this area, and this report contains information which seeks to provide assurance on the effective operation of the Council's policy in relation to the Act. The information provided covers the period 1st August 2020 – 31st July 2021.

3. **Options for Recommendation**
 - Option 1
That the Governance and Audit Committee considers and accepts the information in the report which is given as assurance that appropriate oversight and monitoring is taking place.

 - Option 2
That the Audit Committee considers the information contained in the report and provides specific comment.

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

This topic relates to statutory regulation and compliance and also links to the Council's objective of efficient Council within the Corporate Plan.

5. **Implications Against Each Option**

5.1 ***Impact on Budget (short and long term impact)***

There is a budget implication in terms of the cost of providing ongoing training for staff across the Council.

5.2 ***Risk including Mitigating Actions***

Misuse/abuse of the powers is potentially a criminal offence. The Council's Monitoring Officer maintains a centralised record of all the Council's authorisations/applications and proactively monitors the activity to ensure compliance with the Act and the Council's policy. The Council's policy and operational procedure is reviewed regularly and training is undertaken for all relevant officers who engage the legislation.

In addition, all officers have been made aware of the risks in connection with frequent viewing of social media sites for the purpose of gathering information on persons of interest. Such activity may inadvertently fall within the legislation and require formal authorisation.

5.3 ***Legal***

The Regulation of Investigatory Powers Act 2000 regulates the use of a range of investigative powers by a variety of public authorities. It provides a statutory framework for the authorisation and conduct of certain types of surveillance. The aim is provide a balance between preserving an individual's right to privacy, and enabling enforcement agencies to gather evidence for effective enforcement action within their communities in order to improve the quality of life for its residents. Local Authorities can only use the powers for the prevention and detection of crime and their use is subject to independent oversight by Judicial Commissioners – the Investigatory Powers Commissioner's Office (IPCO) who oversee the use of investigation powers by intelligence agencies, police forces and public authorities. The IPCO undertake an audit of all Councils every three years.

5.4 ***Human Resources***

No direct implications.

6. **Supporting Evidence**

6.1 ***Performance Information and Data***

Access to Communications Data: relation to this category of surveillance, no applications were made.

Authorisation of directed surveillance: One application made to the Magistrates' Court and granted in relation to directed surveillance - case related to a Trading Standards investigation. Case ongoing through the Courts.

Covert Human Intelligence Sources: No applications were made.

Updated training on the topic of the use of RIPA has been delayed due to the Covid response but it is anticipated will take place in January 2022. A review of the policy and procedures will also take place early in 2022.

6.2 ***Expected outcome for the public***

To provide assurance to the public of the appropriate and proportionate use of statutory powers.

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

This is not an area in which public consultation or engagement is appropriate. Internal engagement on the operation of the Regulations and Policies is an ongoing process.

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

The use of the powers is connected with improving the quality of life for residents and keeping safe from harm.

6.5 ***Preventative focus***

See above.

6.6 ***Collaboration / partnership working***

All relevant public bodies must adhere to the same statutory regime.

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

All service areas are subject to the law & the policy, and the Monitoring Officer ensures oversight and consistency of approach and application.

6.8 ***Decarbonisation and Reducing Carbon Emissions***

Not relevant to this topic.

6.9a ***Socio Economic Duty Impact Assessment***

Not applicable

6.9b. ***Equality Impact Assessment***

Not applicable

7. ***Monitoring Arrangements***

The Council's RIA Monitoring Officer together with the Governance and Audit Committee is responsible for oversight of the regime and must monitor the use of these powers.

Background Documents /Electronic Links

The Council's Policy and Operational Procedure, available on the Council's Intranet.

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Agenda Item 13

Executive Committee and Council only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Governance & Audit Committee**
Date of meeting: **2nd November 2021**
Report Subject: **The Annual Report of the Public Services Ombudsman for Wales 2020/2021**
Portfolio Holder: **Cllr N Daniels, Leader/ Executive Member Corporate Services**
Report Submitted by: **Andrea Jones Head of Legal & Corporate Compliance**

Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
			02/11/2021			10/11/2021		

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 (PSOW) 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 Since April 2019, Local Authorities have submitted data regarding complaints to the Complaints Standards Authority (CSA) and in the coming year they will publish data to the PSOW website.
- 2.4 The overall number of complaints received by the Ombudsman relating to local authorities across Wales has decreased by 12.5% during 2020/21. This reflects the reduction in complaints being reported by Local Authorities during the Covid-19 pandemic.
- 2.5 The Ombudsman referred a higher proportion of Code of Conduct complaints to a Standards Committee or the Adjudication Panel for Wales: 3.4% compared to 2% in the previous year. This higher referral rate was also accompanied by a sharp increase in the number of Code of Conduct complaints received.

2.6 The number of complaints to the Ombudsman for Blaenau Gwent during 2020/2021 was 15 with only 1 complaint requiring intervention. This is a reduction from 17 complaints received in 2019/2020.

2.7 The number of Code of Conduct Complaints made to the Ombudsman in relation to this Council is 3. This is an increase from 2 in 2019/2020.

2.8 The number of Code of Conduct Complaints made to the Ombudsman in relation to Town/Community Council is 5. This is a reduction from 6 in 2019/2020.

3. **Options for Recommendation**

3.1 **Option 1**

To provide the Governance and 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 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 compliments 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: Complaint outcomes

Section D: Cases with PSOW intervention

Section E: Code of Conduct complaints.

Section F: Town/Community Council Code of Conduct complaints

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 ***Decarbonisation and Reducing Carbon Emissions***

N/A

6.9a ***Socio Economic Duty Impact Assessment***

N/A

6.9b. ***Equality Impact Assessment***

An Equalities Impact Assessment is not required for the performance monitoring of complaints, however, if a complaint requires consideration of the Equalities Act an EqIA would be undertaken for the specific complaint.

7. **Monitoring Arrangements**

7.1 The Public Service Ombudsman for Wales annual reports are presented to the Corporate Leadership Team, Governance and Audit Committee and Executive Committee on an annual basis.

Complaints monitoring is undertaken across the Council and a separate report will be presented to Governance and Audit Committee twice a year providing information on the number of stage 1 and 2 complaints received and their outcomes.

Background Documents /Electronic Links

- Appendix 1

Factsheet

Appendix A - Complaints Received

Local Authority	Complaints Received	Received per 1000 residents
Blaenau Gwent County Borough Council	15	0.21
Bridgend County Borough Council	31	0.21
Caerphilly County Borough Council	46	0.25
Cardiff Council*	96	0.26
Carmarthenshire County Council	27	0.14
Ceredigion County Council	32	0.44
Conwy County Borough Council	32	0.27
Denbighshire County Council	32	0.33
Flintshire County Council	59	0.38
Gwynedd Council	30	0.24
Isle of Anglesey County Council	18	0.26
Merthyr Tydfil County Borough Council	15	0.25
Monmouthshire County Council	20	0.21
Neath Port Talbot Council	19	0.13
Newport City Council	31	0.20
Pembrokeshire County Council	28	0.22
Powys County Council	38	0.29
Rhondda Cynon Taf County Borough Council	40	0.17
Swansea Council	73	0.30
Torfaen County Borough Council	12	0.13
Vale of Glamorgan Council	39	0.29
Wrexham County Borough Council	43	0.32
Total	776	0.25

* inc 2 Rent Smart Wales

Appendix B - Received by Subject

Blaenau Gwent County Borough Council	Complaints Received	% Share
Adult Social Services	0	0%
Benefits Administration	0	0%
Children's Social Services	5	33%
Community Facilities, Recreation and Leisure	1	7%
Complaints Handling	0	0%
Covid19	3	20%
Education	0	0%
Environment and Environmental Health	3	20%
Finance and Taxation	1	7%
Housing	0	0%
Licensing	0	0%
Planning and Building Control	1	7%
Roads and Transport	0	0%
Various Other	1	7%
Total	15	

Appendix C - Complaint Outcomes
 (* denotes intervention)

County/County Borough Councils	Out of Jurisdiction	Premature	Other cases closed after initial consideration	Early Resolution/voluntary settlement*	Discontinued	Other Reports- Not Upheld	Other Reports Upheld*	Public Interest Report*	Total
Blaenau Gwent County Borough Council	1 6%	6 35%	8 47%	1 6%	0 0%	1 6%	0 0%	0 0%	17
% Share									

Appendix D - Cases with PSOW Intervention

	No. of interventions	No. of closures	% of interventions
Blaenau Gwent County Borough Council	1	17	6%
Bridgend County Borough Council	2	30	7%
Caerphilly County Borough Council	3	45	7%
Cardiff Council	26	100	26%
Cardiff Council - Rent Smart Wales	0	2	0%
Carmarthenshire County Council	6	29	21%
Ceredigion County Council	4	31	13%
Conwy County Borough Council	5	31	16%
Denbighshire County Council	2	31	6%
Flintshire County Council	11	62	18%
Gwynedd Council	5	27	19%
Isle of Anglesey County Council	1	17	6%
Merthyr Tydfil County Borough Council	0	14	0%
Monmouthshire County Council	1	19	5%
Neath Port Talbot Council	1	17	6%
Newport City Council	5	29	17%
Pembrokeshire County Council	3	26	12%
Powys County Council	4	47	9%
Rhondda Cynon Taf County Borough Council	2	43	5%
Swansea Council	9	67	13%
Torfaen County Borough Council	0	11	0%
Vale of Glamorgan Council	5	38	13%
Wrexham County Borough Council	6	48	13%
Total	102	781	13%

Appendix E - Code of Conduct Complaints

County/County Borough Councils	Discontinued	No evidence of breach	No action necessary	Refer to Adjudication Panel	Refer to Standards Committee	Withdrawn	Total
Blaenau Gwent County Borough Council	0	3	0	0	0	0	3

Appendix F - Town/Community Council Code of Complaints

Town/Community Council	Discontinued	No evidence of breach	No action necessary	Refer to Adjudication Panel	Refer to Standards Committee	Withdrawn	Total
Abertillery & Llanhilleth Community Council	3	1	0	0	0	0	4
Brynmawr Town Council	0	1	0	0	0	0	1

Information Sheet

Appendix A shows the number of complaints received by PSOW for all Local Authorities in 2020/2021. These complaints are contextualised by the number of people each health board reportedly serves.

Appendix B shows the categorisation of each complaint received, and what proportion of received complaints represents for the Local Authority.

Appendix C shows outcomes of the complaints which PSOW closed for the Local Authority in 2020/2021. This table shows both the volume, and the proportion that each outcome represents for the Local Authority.

Appendix D shows Intervention Rates for all Local Authorities in 2020/2021. An intervention is categorised by either an upheld complaint (either public interest or non-public interest), an early resolution, or a voluntary settlement.

Appendix E shows the outcomes of Code Of Conduct complaints closed by PSOW related to Local Authority in 2020/2021. This table shows both the volume, and the proportion that each outcome represents for the Local Authority.

Appendix F shows the outcomes of Code of Conduct complaints closed by PSOW related to Town and Community Councils in the Local Authority's area. This table shows both the volume, and the proportion that each outcome represents for each Town or Community Council.