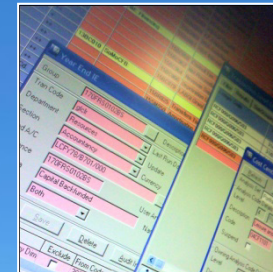
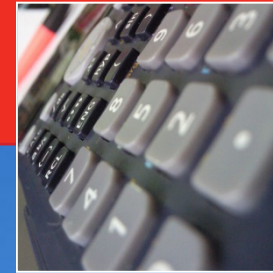


2021/2022

# Statement of Accounts

July 2023



Dyngor Bwrdeistref Sirol  
**Blaenau Gwent**  
County Borough Council



Cover Photo: "Wind Power", Manmoel Common.



Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

## Contents

## Page Number

Abbreviations and Terms Used	i - ii
Narrative Report	1
Statement of Responsibilities	14
Auditor's Report	15

### *The Statement of Accounts*

#### *The Core Financial Statements*

Comprehensive Income and Expenditure Statement	18
Movement in Reserves Statement	20
Balance Sheet	22
Cash Flow Statement	23

#### *The Notes to the Core Financial Statements*

1. Accounting Policies	24
2. Impact of changes in Accounting Policies, Accounting Estimates and Errors	32
3. Accounting Standards Issued but not yet Adopted	33
4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	33
5. Critical Judgements in Applying Accounting Policies	35
6. Events After the Reporting Period	35

#### *Notes to the Comprehensive Income and Expenditure Statement*

7. Expenditure and Funding Analysis	35
8. Taxation and Non-Specific Grant Income	41

## Contents (Continued)

## Page Number

9. Other Operating Expenditure	42
10. Financing and Investment Income and Expenditure	42
11. Agency Income and Expenditure	43
12. Partnership Schemes Under Section 33 of the NHS (Wales) Act 2006	44
13. Members' Allowances	45
14. Officers' Remuneration	45
15. Termination Benefits and Exit Packages - Costs to Authority	48
16. Termination Benefits and Exit Packages - Causes	49
17. External Audit Fees	49
18. National Non-Domestic Rates	50
19. Council Tax	50
20. Precepts and Demands	51
21. Grants & Contributions	52
22. Related Parties	53

### *Notes to the Movements in Reserves Statement*

23. Other Comprehensive Income and Expenditure	58
24. Adjustments Between Accounting Basis and Funding Basis Under Statutory Provisions	59

### *Notes to the Balance Sheet*

25. Property Plant and Equipment	62
26. Heritage Assets	69
27. Leases	71
28. Non-Current Investments	72

## Contents (Continued)

## Page Number

29. Non-Current Debtors	73
30. Consolidation of Schools in Single Entity Accounts	74
31. Current Investments	75
32. Inventories	76
33. Current Debtors	76
34. Current Creditors	79
35. Provisions, Contingent Liabilities and Contingent Assets	80
36. Other Long-Term Liabilities	83
37. Financial Instruments	83
38. Nature and Extent of Risks Arising from Financial Instruments	85
39. Post-Employment Benefits – Defined Contribution Plans (Teachers)	88
40. Post-Employment Benefits – Defined Benefit Plans (LGPS & TPS Discretionary Payments)	89
41. Reserves	97

### *Notes to the Cash Flow*

42. Reconciliation of the Deficit on the Provision of Services to Net Cash Flows From Operating Activities	105
43. Analysis of the Amounts of Major Classes of Gross Cash Receipts and Gross Cash Payments	105
44. Cash and Cash Equivalents	106

### *Other Notes*

45. Joint Arrangements - Cardiff Capital Region City Deal	107
46. Joint Arrangements - Other	110
47. Charitable Trusts	111

### *Group Accounts*

113

**Abbreviations and Terms Used**

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*Byrfoddau a Thermau a Ddefnyddir*



Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

## Abbreviations and Terms Used in the Statement of Accounts

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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 <i>(for 2021/2022)</i>
CBC	County Borough Council	HMT	Her Majesty's Treasury <i>(for 2021/2022)</i>
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***

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



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Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

**1. Introduction**

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

The financial statements cover the period 1 April 2021 to 31 March 2022 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/2022 (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 cost of living crisis, high inflation, increasing interest rates, supply chain disruption and issues with recruitment, particularly in the social care sector, having a significant impact on both individuals and organisations. The overall Welsh Government (WG) Revenue Settlements for 2021/2022 and 2022/2023 have been positive, with increases in Aggregate External Finance (after allowing for specific grants transferring into the settlement) of 3.7% (£4.3m) and 8.4% (£10.4m) respectively. The provisional settlement for 2022/2023 included indicative revenue funding on an all Wales basis for 2023/2024 and 2024/2025 and this indicated an average uplift of 3.5% and 2.4% respectively, supporting financial planning at least in the short term. However, when compared to recent Bank of England inflation forecasts these indicative funding increases fall far short of expected pay and price rises.

The positive settlement for 2021/2022 allowed the Council to set a balanced budget, whilst addressing cost pressures and growth items of £2.07m, uplift school budgets by £1.47m and a planned increase in specific and general reserves of £1.25m to support medium term financial planning and the financial resilience of the Council.

The Council continued to respond to the Covid-19 pandemic, whilst also commencing its recovery journey with services being restarted and/or moving towards business as usual. A new operating model was successfully implemented during the year supporting an agile workforce.

Through the Emergency Hardship Fund, Welsh Government continued to provide significant 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/reduced service provision.

Costs reimbursed related to the delivery of existing essential services as well as additional demands and responsibilities including free school meals direct payment for school holiday/periods of self isolation, temporary homelessness accommodation and additional financial support to commissioned social care service providers. The hardship fund came to an end on 31 March 2022, with the exception of free school meals direct payment, self isolation payments and the Statutory Sick Pay (SSP) enhancement scheme.

The funding received during 2021/2022 is as follows:

Welsh Government Funding	2021/2022 £000
Emergency Hardship Funding - Additional Costs	5,467
Emergency Hardship Funding - Loss of Income	915
Council Tax Income Collection - Compensation	493
Administration Grant	378
<b>Total</b>	<b>7,253</b>

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 £7.6m of Covid-19 support payments and reliefs across the following schemes:

Funding Administered on Behalf of Welsh Government	2021/2022 £000
Business Support Grants	1,577
Self Isolation Payments	2,743
SSP Enhancement Payments	83
Care Workers Payments	1,998
Freelancer Grants	108
Winter Fuel Payments	1,102
<b>Total</b>	<b>7,611</b>

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

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### 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 2021/2022 operated to a level which gives reasonable assurance on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

#### 3.2 Silent Valley Waste Services Ltd.

In December 2017, the Council made the 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. Following extensive due diligence the transfer process has commenced with a target date of 31 January 2023.

#### 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 2021/2022 financial year.

#### 3.4 Ebbw Valley Railway Infrastructure Loan

During March 2021 the Council agreed to accept a £70million interest free loan from Welsh Government 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

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

### 4. Summary of Outturn

#### 4.1 Revenue

In setting the 2021/2022 budget, the Authority agreed a Council Tax increase of 3.3%, identified Bridging the Gap efficiencies of £0.75m and addressed £2m of cost pressures and growth including £0.6m for social care, and £0.28m to uplift the Council Tax Reduction Scheme, in addition individual school budgets received an uplift of £1.47m.

Overall, the management accounts have reported an underspend against budget of £3.6m against budget of £158m, after a net transfer to new and existing specific reserves of £4.2m. The underspend is mainly due to receipt of additional grant funding from Welsh Government in the latter part of the financial year that have been used appropriately to offset core funding and consequently resulted in service underspends against budget.

In addition, Welsh Government announced in March 2022 the distribution of £60m additional Revenue Support Grant for 2021/22 with Blaenau Gwent receiving £1.36m of unhypothecated funding. This funding is to be used to assist in the management of inflationary and service pressures and the ending of the Local Government Hardship Fund, as well as helping to decarbonise services and respond to the climate and nature emergency over the next few years. This funding has been transferred into a specific reserve, Inflation and Service Pressures.

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 2022/2023.

The Council received £5.5m from the Hardship Fund for Covid-19 related expenditure and £0.9m for loss of income (including sums relating to and passported to Aneurin Leisure Trust). These amounts have been included within Portfolio accounts.

#### 4.2 Capital

Capital expenditure has reduced in the last financial year, with provisional outturn expenditure in 2021/2022 being £2m lower than the previous financial year. The outturn expenditure of £15.2m 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 underspend of £1.3m against the in year budget, mainly due to underspends on highways infrastructure schemes. Although there was a provisional forecast underspend, there was an overspend of £0.3m on the construction of the Household Waste Recycling Centre and Lime Avenue Business Units. The increased costs of these schemes, which can be attributed to the impact on costs of the Covid-19 pandemic has been funded by reserves.

Welsh Government general capital funding for 2022/2023 and future years is forecast to potentially be lower than current levels.

#### 4.3 Reserves

Total General and Earmarked Reserve balances increased by £17.452m during 2021/2022, as a result of a number of factors, including:

- the net total forecast underspend of £5.6m in Capital and Revenue budgets; and
- receipt of additional specific and unhypothecated grants.

## 5. Revenue Expenditure Outturn and Funding

### 5.1 2021/2022 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	2021/2022					
	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	25,324	(6,711)	(2,473)	16,140	17,780	(1,640)
Education *	15,765	50,749	(2,696)	63,818	63,899	(81)
Environment	23,419	11,278	(7,987)	26,710	26,728	(18)
Regeneration & Economic Development	2,401	498	(1,380)	1,519	1,574	(55)
Social Services	44,334	3,378	(4,963)	42,749	46,652	(3,903)
Licensing	115	13	(33)	95	109	(14)
Planning	762	218	(182)	798	1,291	(493)
<b>Sub-Total:</b>	<b>112,120</b>	<b>59,423</b>	<b>(19,714)</b>	<b>151,829</b>	<b>158,033</b>	<b>(6,204)</b>
Education - School Spending **	40,453	(49,534)	2,853	(6,228)	0	(6,228)
Cardiff Capital Region City Deal ***	(78)	(107)	185	0	0	0
<b>Total:</b>	<b>152,495</b>	<b>9,782</b>	<b>(16,676)</b>	<b>145,601</b>	<b>158,033</b>	<b>(12,432)</b>

\*: *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.

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## 5.2 Impact of Inflation on Revenue Expenditure

Consumer price inflation at March 2022 was 7%, having increased during the year from 1.5% at April 2021, ending the financial year significantly above the Bank of England target rate of 2% largely as a result of rising global energy prices and the Russian invasion of Ukraine. The Bank of England's Monetary Report in August 2022 indicated that inflation could be around 13% in the next few months.

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 approximately £1m. However, staff shortages, particularly in the Social Care Sector, coupled with increases in the cost of living, could see wage increases much higher than previously expected, adding to the pressure on local government budgets.

As part of the Bank of England's response to increasing inflation, the Monetary Policy Committee decided on 17 March 2022 to increase the Bank Rate from 0.25% to 0.75%. It raised them further in May, June and August and reached 2.25% in September 2022.

The Monetary Policy Committee continues to review rates in line with their assessment of the economic outlook and may apply further interest rate increases in order to control inflation and bring it down to the 2% target level.

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 2021/2022, Aggregate External Financing (adjusted for transfers) increased by 3.6% compared with 2020/2021, lower than the average Welsh Unitary Authority increase of 3.8% (*source: Local Government Finance Report (No.1) 2021-22 (Final Settlement - Councils) - Table 1a.*) The Chancellor's Spending review in November 2020, covering the period to 2021/2022, indicated a £694m (4.6%) increase to the Welsh Government budget compared to previous years. Welsh Government also provided an initial funding package of Covid-19 funding of £77m.

A 1% increase in RSG compared to 2020/2021 levels represents additional funding of £0.941m, which equates to 0.36% 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 increased as a result of higher rates of interest, but this has been more than offset by the increase in interest expenses on borrowing.

The economic impact of Covid-19, rising prices and Russia's invasion of Ukraine is yet to be fully realised, but reductions in disposable income could all have a detrimental impact on the Authority's revenue streams.

In summary, the combination of rising interest rates, controlled grant funding and the uncertainties caused by Covid-19, rising prices and Russia's invasion of Ukraine 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 £15.261m, a decrease of £2.343m compared to the previous year, largely due to a decrease in expenditure on industrial units and waste management services of £8.32m due to projects coming to an end and an increase in expenditure of £5.48m mainly in relation to new regeneration schemes.

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

Capital Expenditure by Scheme	2021/2022		2020/2021	
	£000	£000	£000	£000
Rail Infrastructure Programme	3,709		0	
Regeneration Schemes	2,922		1,155	
Schools & Education Establishments	2,612		1,749	
Road Network & Maintenance Schemes	2,590		2,719	
Waste Management	924		3,280	
Industrial Units	620		6,580	
Housing General	541		436	
Social Services Adults	529		538	
Flying Start Schemes	485		331	
Town Centre Regeneration	158		309	
Corporate Property	95		95	
Leisure Schemes	32		187	
Cardiff Capital Region City Deal	0		92	
The Works & Learning Works	0		64	
Other	44		69	
<b>Total:</b>		<b>15,261</b>		<b>17,604</b>

Further details of capital expenditure are contained in Core Statement notes 25.2 - 25.3 (pages 62-64) and 25.5 (page 67).

### Financing of Capital Expenditure

Capital expenditure totalling £15.261m was financed by local authority borrowing (£4.710m), grants (£10.036m), capital receipts (£0.057m) and revenue contributions (£0.458m).

## 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 2021/2022, 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 and Awen Cultural 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 35.3 (pages 82-83).



## 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 £3.346m, decreasing by £0.359m to £2.987m during 2021/2022. This was largely due to 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 81-82*).

## 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 2021/2022 agreed a budgeted increase of £1.0m earmarked reserve to support medium term financial planning.

To the end of 2020/2021 these measures had resulted in an improvement in the level of general and earmarked reserves held by the Council, increasing to 19.4% as a percentage of net revenue expenditure. This was the eighth lowest in Wales in comparison with other Welsh Authorities.

Aggregate Usable Reserves - 2018/2019 to 2021/2022	2018/2019	2019/2020	2020/2021 (Restated)†	2021/2022
	£000	£000	£000	£000
Council Fund	(5,894)	(6,399)	(7,553)	(13,067)
Earmarked Reserves	(6,831)	(8,275)	(20,781)	(32,185)
Usable Capital Reserves	(7,163)	(7,349)	(39,493)	(40,027)
<b>Total Usable Reserves</b>	<b>(19,888)</b>	<b>(22,023)</b>	<b>(67,827)</b>	<b>(85,279)</b>

Between 2018/2019 and 2021/2022 the Council Fund General Reserve has increased by 121.7%, from £5.894m to £13.067m. 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;
- the agreement to replenish the reserve by annual contributions; and
- budget underspends as a result of additional Welsh Government grants.

Aggregate Usable Reserves increased by £2.1m between 2018/2019 and 2019/2020 with exceptional increases of £63.3m in 2020/2021 and £17.5m in 2021/2022.

Aggregate Usable Reserves - year on year movement	2020/2021 (Restated)†	2021/2022	Increase	
	£000		£000	£000
Council Fund	(7,553)	(13,067)	(5,514)	73.00
Earmarked Reserves	(20,781)	(32,185)	(11,404)	54.88
Usable Capital Reserves	(39,493)	(40,027)	(534)	1.35
<b>Total Usable Reserves</b>	<b>(67,827)</b>	<b>(85,279)</b>	<b>(17,452)</b>	<b>129.23</b>

As indicated in the table above, the majority of total usable reserves relates to Usable Capital Reserves, which is the result of the required accounting treatment of the loan received for the Ebbw Valley Railway Project (£30.560m in 2020/2021 (restated); £26.851m in 2021/2022). For additional details see page 7.

The increase of £16.918m in the Council Fund and Earmarked Reserves is a result of a number of factors, including:

- compensation through the hardship fund for loss of service income;
- receipt of additional specific and unhypothecated 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 £85.279m at 31 March 2022 (£67.827m (restated) at 31 March 2021). The effect of applying the net superannuation fund deficit of £293.580m to the Authority's usable reserves would be a deficit of £208.301m (2020/2021: the superannuation deficit of £349.681m exceeded usable reserves by £281.854m).

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 39-40 (*pages 88-97*).

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

Movements on usable reserves are detailed in note 41 to the Core Statements (pages 97-101). Total usable reserves at the commencement of the year amounted to £67.827m (restated), increasing by £17.452m to £85.279m at 31 March 2022.

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

Summary Reserves Movements	2021/2022		2020/2021 (Restated)†	
	£000	£000	£000	£000
Balance at 1 April		(67,827)		(22,023)
Significant net contributions (to)/from earmarked reserves:				
Capital Inflation & Service Cost Pressure	(1,000)		Covid-19 Response & Recovery	(2,000)
COVID19 Response & Recovery	473		Financial Planning/ Resilience	(2,500)
Financial Planning/ Resilience	(1,054)		Future Interest Rate	(244)
Future Interest Rate	(400)		ICT	(1,104)
Inflation & Service Cost Pressure	(1,361)		Insurance Liabilities	(912)
Invest to Save	(1,000)		Individual Schools Budget (ISB)	(142)
LMS	(2,533)		LMS	(2,457)
New Operating Model	(492)		Revenue Grants & Contributions Unapplied	(1,698)
Revenue Grants & Contributions Unapplied	(1)		Reserves Related to Portfolio Services	(1,179)
Reserves Related to Portfolio Services	(2,417)		Technology Park Feasibility Study	174
Supporting Additional Capacity	(369)			
		(10,154)		(12,062)
Significant net contributions (to)/from other usable reserves:			Significant net contributions (to)/from other usable reserves:	
Usable Capital Receipts	(549)		Usable Capital Receipts	(849)
Capital Grants Unapplied	15		Capital Grants Unapplied	(31,295) *
Other net contributions (to)/from usable reserves	(6,764)		Other net contributions (to)/from usable reserves	(1,598)
		(7,298)		(33,742)
Balance at 31 March		(85,279)		(67,827)
Capital Grant Unapplied Relating to Railway Project		(26,851)		(30,560)
Balance of Reserves Excluding CGU Relating to Railway Project Loan		(58,428)		(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 statutory accounts. The Authority is required to account for the difference between the current value and the actual loan amount as capital grant unapplied.

†: The current (fair) value of the loan in 2020/2021 has been re-appraised to correct an error in the discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

As a result, a restated figure of £30.560m of the balance of Capital Grants Unapplied in 2020/2021 relates to the loan arrangement. Unapplied grant was utilised to fund £3.709m of expenditure in 2021/2022, leaving a balance of £26.851m to be applied to the railway project over the next two years.

## 8. Treasury Management Activities

In July 2021, the Authority approved the Treasury Strategy Statement, Annual Investment Strategy and MRP Policy Statement for the 2021/2022 financial year. In November 2021, the Authority approved a revision to the MRP Policy. 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 2022 amounted to £200.606m (31 March 2021 (restated): £207.882m). Following the increases in the Bank of England base rate during the second half of the financial year, temporary borrowing has been kept to a minimum. Further opportunities to raise long term loans will be explored in 2022/2023.

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:

	2021/2022			2020/2021 (Restated)†		
	Temporary Loans £000	Other Loans £000	Total £000	Temporary Loans £000	Other Loans £000	Total £000
Balance at 1 April	(65,317)	(142,565)	(207,882)	(60,700)	(98,327)	(159,027)
Loans Raised	(73,050)	(825)	(73,875)	(94,117)	(53,695)	(147,812)
Loans Repaid	76,000	5,918	81,918	89,500	8,780	98,280
Effective Interest Adjustment	0	(46)	(46)	0	(44)	(44)
Soft Loan Adjustment	0	(721)	(721)	0	721	721
<b>Balance at 31 March</b>	<b>(62,367)</b>	<b>(138,239)</b>	<b>(200,606)</b>	<b>(65,317)</b>	<b>(142,565)</b>	<b>(207,882)</b>

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

### Investing Activities

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

Investments	2021/2022 £000	2020/2021 £000
Balance at 1 April	83,000	0
Investments Made	895,200	398,100
Investments Repaid	(878,200)	(315,100)
<b>Balance at 31 March</b>	<b>100,000</b>	<b>83,000</b>

The balance of investments held at year-end can be analysed as follows:

Analysis of Investments	31 March 2022 £000	31 March 2021 £000
Temporary Investments - Cash	2,000	19,000
Temporary Investments - Deposits	77,000	64,000
Short-Term Investments	21,000	0
<b>Total</b>	<b>100,000</b>	<b>83,000</b>

### 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 2021/2022 the sum of £1.057m (2020/2021: £0.681m) has been set aside by the Authority based on statutory guidance, as disclosed in note 1.17 (*page 30*).

In November 2021, the Authority approved a revision to the MRP Policy, which reduces the expected MRP charge from 2022/2023 onwards. Under the previous policy the MRP charge for 2022/2023 was forecast to be £4.47m, this will reduce to £1.74m under the revised policy.

Interest on external loan debt of £3.550m has been charged to the Comprehensive Income & Expenditure Statement in 2021/2022 (2020/2021: £3.858m).

## 9. Pension Assets and Liabilities

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

Pension Assets and Liabilities	31 March 2022 £000	31 March 2021 £000
Assets	465,432	440,901
Liabilities	(759,012)	(790,582)
<b>Net Liabilities</b>	<b>(293,580)</b>	<b>(349,681)</b>

All Pension Assets held relate to the Greater Gwent Local Government Scheme. Total liabilities at 31 March 2022 include £32.585m related to the Teachers Pension Fund (31 March 2021: £35.761m), with the remainder being in respect of liabilities held with the Local Government Scheme.

## 10. Movement in Valuation of Non-Current Assets

For 2021/2022, the Authority implemented a new asset register. In doing so, the existence and carrying valuations of 1,800+ assets were assessed and this resulted in the modification of some valuation and depreciation balances as at 1 April 2021. These modifications were compensated by equal adjustments to the balances held in either the Revaluation Reserve or Capital Adjustment Account and have therefore had no bottom-line impact on the Council's expenditure or usable reserve balances. Summary adjustments are as follows:

Balance Adjustments	31 March 2021 £000	01 April 2021 £000	Adjustment £000
Gross Book Value - PPE Assets	344,839	342,354	(2,485)
Accumulated Depreciation	(61,942)	(59,915)	2,027
Net Book Value (PPE)	282,897	282,439	(458)
Net Book Value - Heritage Assets	600	650	50
Net Book Value - Assets Held for Sale	70	60	(10)
Total Net Book Value	283,567	283,149	(418)
Revaluation Reserve - Accumulated Gains	(26,799)	(25,186)	1,613
Capital Adjustment Account	(89,824)	(91,019)	(1,195)
<b>Net Balance</b>	<b>166,944</b>	<b>166,944</b>	<b>0</b>

During 2021/2022, the net cost or valuation of non-current assets (Property, Plant & Equipment) recorded on the Authority's Balance Sheet showed an increase of £15.5m, from £282.9m to £298.4m.

Movement in Property, Plant & Equipment Assets	2021/2022 £000
Balance at 31 March 2021	282,897
Adjustments to Balances Brought Forward	(458)
<b>Adjusted Balance at 1 April 2021</b>	<b>282,439</b>
Net Expenditure on Assets Under Construction	7,577
Additions/Enhancements	4,842
Disposals	(1,696)
Formal Revaluations	2,497
Indexation of Assets	2,230
Depreciation Written Back on Revaluation	8,930
In-Year Depreciation & Impairment	(8,437)
<b>Balance at 31 March 2022</b>	<b>298,382</b>

This movement was largely the result of £7.6m expenditure on Assets Under Construction, including £3.7m on the Ebbw Valley Railway Project, a further £4.8m of additions or enhancements to existing assets, disposals of £1.7m and asset revaluations of £4.7m, as summarised below:

Note 25 (pages 62-64) provides further detail of the additions, disposals, appropriations, depreciation and revaluation that comprise the overall net increase in value during the year.

As a consequence of recent increases in material and rebuild costs, it was considered necessary to revalue those assets that are normally valued using the DRC method to ensure that the Balance Sheet valuations were not materially understated. An indexation approach has been adopted to update the carrying values of the relevant asset categories, mainly in relation to schools, libraries, leisure centres, and car parks. The impact of this indexation exercise has been an increase in the gross value of the Authority's assets of £2.230 million (in addition to the £2.497 million increase resulting from the formal valuation process).

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## 11. Significant Changes in Accounting Policies

### 11.1 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/2022

The 2021/2022 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 *IFRS 3 Business Combinations* – Amendments to the definition of a business.
- Amendments to *IFRS 9 Financial Instruments*, *IAS 39 Financial Instruments: Recognition and Measurement*, *IFRS 7 Financial Instruments: Disclosures* – Amendments to standards as part of Phase 1 of 'Interest Rate Benchmark Reform' issued in September 2019.
- Amendments to *IFRS 9 Financial Instruments*, *IAS 39 Financial Instruments: Recognition and Measurement*, *IFRS 7 Financial Instruments: Disclosures*, *IFRS 4 Insurance Contracts*, *IFRS 16 Leases* – Further amendments to standards as part of Phase 2 of 'Interest Rate Benchmark Reform' issued in August 2020.

## 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 2021/2022 - more detail is included in the full EFA on page 36.

Expenditure & Funding Analysis - Summary	2021/2022					2020/2021 (Restated)†				
	Management Account Net Expenditure	Accounting Code Adjustments	Net Expenditure Chargeable to the Council Fund	Funding and Accounting Basis Adjustments	CIES Net Expenditure	Management Account Net Expenditure	Accounting Code Adjustments	Net Expenditure Chargeable to the Council Fund	Funding and Accounting Basis Adjustments	CIES Net Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
(Surplus)/Deficit on the Provision of Services	145,601	(162,541)	(16,940)	12,270	(4,670)	145,824	(159,447)	(13,623)	(32,223)	(45,846)
Tax Expenses			22					(37)		
Transfers to/(from) earmarked reserves			11,404					12,506		
(Increase)/Decrease in year			(5,514)					(1,154)		
Opening council Fund Balance as at 1 April			(7,553)					(6,399)		
Closing Council Fund Balance as at 31 March			(13,067)					(7,553)		

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

## 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 117-118 and are included in the Statement of Accounts on pages 113-132.

## 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.

### 15.2 Cardiff Capital Region City Deal (CCRC)

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 CCRC Investment Fund comprises two distinct elements:-

- The METRO scheme of £734 million. This will comprise £503m Welsh Government funding provided over the first seven years of the Investment Fund, from 2016/2017 to 2022/2023; £106 million from the European Development Fund, (which is committed and guaranteed 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 CCRC Regional Cabinet. Based on the agreed proportion of total population for the City Deal area, Blaenau Gwent's share of the financial contributions is 4.6%.

Since inception, City Deal has evolved from a single funding program to the multiple funding functions and accountabilities of a wider City Region, which would be best managed via a Corporate Joint Committee. The South East Wales Corporate Joint Committee Regulations 2021 established a Corporate Joint Committee (CJC) for the Cardiff City Region, which came into effect on 1 April 2021. It was anticipated that the CJC would assume full delivery of the City Deal programme during 2021/2022 and in order to provide business continuity during the transition period, a 'twin-track' approach was adopted. During this initial phase, the CJC operated at a 'bare minimum', ahead of setting its first statutory budget on 31 January 2022. However, a number of technical/legal issues have delayed the process of full delivery by the CJC, but these are expected to be resolved during the 2022/2023 financial year.

### 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 2021/2022 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.

The Shared Prosperity Fund (UKSPF) is the UK Government replacement for European funding (European Structural Investment Fund ESIF) following the withdrawal of the UK from the European Union in 2020. It is a key part of the UK's Levelling Up agenda, forming part of complementary funding, including the Levelling Up Fund and Community Ownership Fund. The primary aim of the fund is to build pride in place and increase life chances across the UK. Underpinning this aim are three investment priorities: communities and place; supporting local businesses; and people and skills. Rhondda Cynon Taff County Borough Council will act as lead Local Authority for the Cardiff Capital Region. Blaenau Gwent has been allocated £28m, which is allocated over three years starting 1 April 2022.

#### *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 and Russia's invasion of Ukraine.

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*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.*

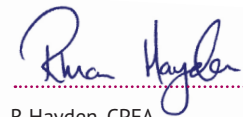
The legal framework regarding these areas is unlikely to change significantly in the short term, as much EU law is implemented by specific national law. In addition, the European Union (Withdrawal) Act 2018, the Withdrawal Agreement 2019 and subsequent legislation set out the 'retained EU legislation' 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. For 2021/2022 this was further complicated by the requirement to develop and implement a new asset register. Significant data cleansing has been required, the extent of which was underestimated, and as a consequence the completion of the Statement of Accounts has been delayed significantly.

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.



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R Hayden, CPFA  
Chief Officer - Resources





**Statement of Responsibilities**

*Datganiad O Gyfrifoldebau*

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Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council



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## Statement of Responsibilities

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### 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

30 June 2023

.....  
**Chief Officer - Resources**

.....  
**Date**

I confirm that these Accounts were approved at the Governance & Audit Committee Meeting on 12 July 2023. Signed on behalf of Blaenau Gwent County Borough Council:

12 July 2023

.....  
**Chair of Meeting**

.....  
**Date**



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Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

**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 Blaenau Gwent County Borough Council (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.

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Draft - Subject to Audit

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Draft - Subject to Audit



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



Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council



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Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

## Comprehensive Income and Expenditure Statement

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

Comprehensive Income & Expenditure Statement	2021/2022			2020/2021 (Restated)†			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
<b>Continuing Operations</b>								
Corporate Services	50,308	(24,984)	25,324	48,440	(24,348)	24,092	17	49
Education	25,322	(9,557)	15,765	15,466	(9,015)	6,451		
Education - Schools	47,619	(7,166)	40,453	48,051	(6,133)	41,918	30	74
Environment	34,783	(11,364)	23,419	33,115	(12,916)	20,199		
Cardiff Capital Region City Deal	318	(396)	(78)	217	(336)	(119)	45	107
Regeneration & Economic Development	6,761	(4,360)	2,401	5,896	(3,680)	2,216		
Social Services	74,989	(30,655)	44,334	71,699	(29,000)	42,699	12	44
Licensing	226	(111)	115	201	(91)	110		
Planning	1,491	(729)	762	1,026	(311)	715		
<b>Total Deficit on Continuing Services</b>	<b>241,817</b>	<b>(89,322)</b>	<b>152,495</b>	<b>224,111</b>	<b>(85,830)</b>	<b>138,281</b>	<b>7</b>	<b>36</b>

Comprehensive Income & Expenditure Statement (Continued)	2021/2022			2020/2021 (Restated)†			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	241,817	(89,322)	152,495	224,111	(85,830)	138,281		
Other Operating Expenditure	11,770	(1,102)	10,668	10,705	(952)	9,753	9, 19, 20	42, 50, 51
Financing and Investment Income & Expenditure	20,578	(9,056)	11,522	18,348	(8,051)	10,297	10	42
Taxation & Non-Specific Grant Income	0	(179,355)	(179,355)	0	(204,177)	(204,177)	8, 18, 19, 21	41, 50, 52
(Surplus)/Deficit on Provision of Services	274,165	(278,835)	(4,670)	253,164	(299,010)	(45,846)	7	36
Tax Expenses			22			(37)	45	107
(Surplus)/Deficit on Provision of Services <i>less</i> Tax Expenses			(4,648)			(45,883)	MiRS	20-21
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(7,408)			(4,139)		
Remeasurement of the net defined benefit pension liability			(76,461)			72,759	40	91
Other Comprehensive Income & Expenditure			(83,869)			68,620	MiRS, 23	20-21, 58
Total Comprehensive Income & Expenditure			(88,517)			22,737	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.

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

## 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 2020/2021 (Restated)†	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)					
Total Comprehensive Income and Expenditure	(45,883)	0	0	0	(45,883)	68,620	22,737	CIES	19
Adjustments between accounting basis & funding basis under statutory provisions	32,223	0	(849)	(31,295)	79	(79)	0	24	59-61
Net (Increase)/Decrease before transfers to Earmarked Reserves	(13,660)	0	(849)	(31,295)	(45,804)	68,541	22,737		
Transfers from Council Fund (to) Earmarked Reserves	12,506	(12,506)	0	0	0	0	0	41	100-101
(Increase)/Decrease in 2020/2021	(1,154)	(12,506)	(849)	(31,295)	(45,804)	68,541	22,737		
Balance at 31 March 2021	(7,553)	(20,781)	(7,649)	(31,844)	(67,827)	234,889	167,062	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.

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

Movement in Reserves Statement 2021/2022	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 2021	(7,553)					
Adjustments to brought forward balances	0	0	0	0	0	418 *	418		
Revised Balance at 1 April 2021	(7,553)	(20,781)	(7,649)	(31,844)	(67,827)	235,307	167,480		
Total Comprehensive Income and Expenditure	(4,648)	0	0	0	(4,648)	(83,869)	(88,517)	CIES	19
Adjustments between accounting basis & funding basis under statutory provisions	(12,270)	0	(549)	15	(12,804)	12,804	0	24	59-61
Net (Increase)/Decrease before transfers to Earmarked Reserves	(16,918)	0	(549)	15	(17,452)	(71,065)	(88,517)		
Transfers from Council Fund (to) Earmarked Reserves	11,404	(11,404)	0	0	0	0	0	41	99-101
(Increase)/Decrease in 2021/2022	(5,514)	(11,404)	(549)	15	(17,452)	(71,065)	(88,517)		
Balance at 31 March 2022	(13,067)	(32,185)	(8,198)	(31,829)	(85,279)	164,242	78,963	BS	22

\*: Unusable Reserve balances at 1 April 2021 were amended on implementation of a new asset register which necessitated the review of all non-current asset valuations/existence and consequently required adjustments to the gains or losses carried in the Revaluation Reserve and Capital Adjustment Account.

## 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).

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

Balance Sheet	31 March 2022		31 March 2021 (Restated)†		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	298,382		282,900		25, 27, 30	62-69, 71, 74
Investment Properties	1,337		1,340		45	107
Heritage Assets	726		600		26	69-70
Non-Current Investments	342		342		28	72
Non-Current Debtors	4,072		3,192		29	73
<b>Sub Total: Long-Term Assets</b>		<b>304,859</b>		<b>288,374</b>		
Assets Held for Sale	60		70		25	65-66
Current Investments	21,000		0		31	75
Inventories	2,425		1,217		32	76
Current Debtors	34,358		33,934		33	76-78
Deferred Tax Asset	62		66		45	107
Cash and Cash Equivalents	87,912		90,919		44	106
<b>Sub Total: Current Assets</b>		<b>145,817</b>		<b>126,206</b>		
Current Borrowing	(73,683)		(71,233)		37-38	83-87
Current Creditors	(22,318)		(15,044)		34	79
Current Grants Receipts in Advance	(6,333)		(2,722)		21	52
Current Donated Assets	(2,112)		(864)		32	76
Current Provisions	(1,291)		(1,464)		35	80-82
<b>Sub Total: Current Liabilities</b>		<b>(105,737)</b>		<b>(91,327)</b>		
Non-Current Borrowing	(126,923)		(136,649)		37-38	83-87
Non-Current Provisions	(1,696)		(1,882)		35	80-82
Other Long-Term Liabilities	(295,283)		(351,784)		36, 40	83, 89-97
<b>Sub Total: Long-Term Liabilities</b>		<b>(423,902)</b>		<b>(490,315)</b>		
<b>Total Net Assets/(Liabilities)</b>		<b>(78,963)</b>		<b>(167,062)</b>		
Usable Reserves	(85,279)		(67,827)		41.1	97-101
Unusable Reserves	164,242		234,889		41.2	102-104
<b>Total Reserves</b>		<b>78,963</b>		<b>167,062</b>		



## 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.

Cash Flow Statement	2021/2022		2020/2021 (Restated)†		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services less tax expenses	4,648		45,883		CIES	19
Adjustments to the provision of services for non-cash movements	28,310		10,530		42.1	105
Adjustments for items included in the provision of services that are investing and financing activities	(12,462)		(14,256)		42.2	105
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>		20,496		42,157		
Investing activities		(15,356)		(6,294)	43.1	105
Financing activities		(8,147)		49,483	43.2	106
<b>Net increase or (decrease) in cash and cash equivalents</b>		(3,007)		85,346		
Cash and cash equivalents at the beginning of the reporting period		90,919		5,573	BS, 44	22, 106
<b>Cash and cash equivalents at the end of the reporting period</b>		87,912		90,919	BS, 44	22, 106

- 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.

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.



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Cyngor Bwrdeistref Siro

**Blaenau Gwent**

County Borough Council

**1. Accounting Policies**

**1.1 General Principles**

The Statement of Accounts summarises the Authority’s transactions for the 2021/2022 financial year and its position at the year-end of 31 March 2022. 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 2021/2022 and the Service Reporting Code of Practice 2021/2022, 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 2022			31 March 2021		
	Discount Rate	RPI	CPI	Discount Rate	RPI	CPI
	%	%	%	%	%	%
Short <i>(Less than 17 years)</i>	2.70	3.85	3.30	1.95	3.35	2.85
Medium <i>(between 17 and 23 years)</i>	2.70	3.65	3.20	2.00	3.30	2.85
Long <i>(over 23 years)</i>	2.75	3.55	3.15	2.05	3.20	2.80

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 2022) 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 2021/2022 (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. From 2021/2022, only the Net Book Value of Infrastructure Assets has been reported in the Accounts, as allowed by CIPFA's temporary adjustment to the Accounting Code of Practice. In accordance with provision 24L of The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2022, where works have been undertaken to existing Infrastructure Assets, the carrying amount of any component that has been replaced has been determined as being nil.
- 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 <sup>†</sup>	10
I.T. Equipment <sup>†</sup>	5
Infrastructure Assets	40
Street Lighting	40

<sup>†</sup>: 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 2021/2022 has been calculated in accordance with the amended MRP policy that was approved by full Council in December 2021, using the following method:

- Supported Borrowing – MRP is calculated on an annuity basis over 50 years.
- Unsupported Borrowing – The calculation looks at the average asset life for all unsupported borrowing in each year and applies the annuity calculation to the total unsupported borrowing capital expenditure for that year.
- Finance Leases – The MRP for finance leases is equal to the principal element of the rental payable each year.

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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 2021/2022 MRP has therefore been reduced by £3.2m, with further reduction of £3.2m planned for the 2022/2023 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, Accounting Estimates and Errors.

In preparing the 2021/2022 Accounts, an error was identified in relation to the current value (discounting) calculation of the Ebbw Valley Railway Infrastructure loan included in the 2020/2021 Accounts. The correction of this mathematical error has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan. The total value of the loan remains unchanged at £70m.

The Single Entity and Group Account and disclosures have been amended for this prior period correction and have been marked as 'restated' where appropriate. The following tables summarise the impact of the correction in the core financial statements.

Prior Period Adjustments	2020/2021 Original Disclosure £000	Restated 2020/2021 Disclosure £000	Variance £000
<b>Comprehensive Income &amp; Expenditure Statement (p.19)</b>			
Total Deficit on Continuing Services	138,281	138,281	0
Other Operating Expenditure	9,753	9,753	0
Financing and Investment Income & Expenditure	10,297	10,297	0
Taxation & Non-Specific Grant Income	(221,641)	(204,177)	17,464
Tax Expenses	(37)	(37)	0
(Surplus)/Deficit on Provision of Services less Tax Expenses	(63,347)	(45,883)	17,464
Other Comprehensive Income & Expenditure	68,620	68,620	0
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>5,273</b>	<b>22,737</b>	<b>17,464</b>
<b>Movement in Reserves Statement (p.21)</b>			
<b>Comprehensive Income and Expenditure</b>			
Council Fund	(63,347)	(45,883)	17,464
Unusable Reserves	68,620	68,620	0
<b>Total Comprehensive Income and Expenditure</b>	<b>5,273</b>	<b>22,737</b>	<b>17,464</b>
<b>Adjustments between accounting basis &amp; funding basis under statutory provisions</b>			
Council Fund	49,687	32,223	(17,464)
Capital Receipts Reserve	(849)	(849)	0
Capital Grants Unapplied	(48,759)	(31,295)	17,464
Unusable Reserves	(79)	(79)	0
<b>Total Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balances at 31 March 2021</b>			
Usable Reserves	(85,291)	(67,827)	17,464
Unusable Reserves	234,889	234,889	0
<b>Total Reserves</b>	<b>149,598</b>	<b>167,062</b>	<b>17,464</b>

Prior Period Adjustments	2020/2021 Original Disclosure £000	Restated 2020/2021 Disclosure £000	Variance £000
<b>Balance Sheet (p.22)</b>			
Non-Current Borrowing	(119,185)	(136,649)	(17,464)
Usable Reserves	(85,291)	(67,827)	17,464
<b>Net Adjustment</b>	<b>(204,476)</b>	<b>(204,476)</b>	<b>0</b>
<b>Cash Flow (p.23)</b>			
Surplus/(Deficit) on provision of services <i>less</i> tax expenses	63,347	45,883	(17,464)
Financing Activities	32,019	49,483	17,464
<b>Net Adjustment</b>	<b>95,366</b>	<b>95,366</b>	<b>0</b>

A further correction has been made to the Related Parties Disclosure for 2020/2021 on the basis that this adjustment is material by nature:

Prior Period Adjustments	2020/2021 Original Disclosure £	Restated 2020/2021 Disclosure £	Variance £
<b>Members Related Parties (p.55)</b>			
<i>Correction to Amounts Paid by Authority to include expenditure incurred in 2020/2021.</i>			
JP Print & Signs	0	1,798	1,798

There are no significant changes to accounting policies or accounting estimates adopted for the 2021/2022 Accounts.

### 3. Accounting Standards Issued but not yet Adopted

The 2022/2023 Accounting Code of Practice includes the following new or revised accounting standards that have effect from 1 April 2022.

Source, Requirement and Potential Impact
<p><i>Annual Improvements to IFRS Standards 2018-2020</i></p> <p>IFRS 1 First-time Adoption of International Financial Reporting Standards - amendments to subsidiary as a first-time adopter. No anticipated impact on the Authority's accounts. IFRS 9 Financial Instruments - amendment to fees in the 10% test for derecognition of financial liabilities. No anticipated impact on the Authority's accounts. IFRS 16 Leases - amendment to lease incentives. No anticipated impact on the Authority's accounts.</p>
<p><i>IAS 16 Property, Plant and Equipment</i></p> <p>Amendments to the treatment of amounts received from the sale of items produced while preparing an asset for its intended use. No significant impact anticipated on the Authority's Accounts.</p>

Having previously deferred implementation of IFRS 16 *Leases* to 1 April 2021, CIPFA/LASAAC has agreed to a further deferral until the 2023/2024 financial year.

IFRS16 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.

### 4. 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 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Local Government Scheme Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Greater Gwent Local Government Pension Scheme has engaged Hymans Robertson LLP as its consulting actuary to provide expert advice concerning the appropriate assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. The fund actuary has advised that a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £74.840m ( <i>see pages 94-95 for further sensitivity analysis</i> ). However, the assumptions interact in complex ways. During 2021/2022, the Authority's actuaries advised that the net pensions liability had decreased by £74.411m as a result of remeasurements of pension assets and liabilities. This increase comprised a £17.615m gains on assets (representing the difference between actual and expected asset return for the year) and net decreases in liabilities of £56.796m (arising from changes in demographic/ financial assumptions and other experience gains ( <i>see page 91</i> )).
Revaluation of Property, Plant and Equipment	Specific categories of Property, Plant and Equipment assets are revalued on a sufficiently regular basis to ensure their carrying amount is not materially different from their fair value. As a minimum, all assets are revalued every five years. In addition, all assets are assessed annually for impairment. The value of the asset portfolio is based upon calculations and estimation techniques following the Royal Institute of Chartered Surveyors (RICS) guidance.	The appointed valuers have applied professional judgement and assumptions in determining the value of assets and the extent of any impairment. A 1% variation arising from these judgements and assumptions would result in the over or understatement of the Gross Book Value of PPE of £1.818m. 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.
Indexation of Property Assets valued at Depreciated Replacement Cost (DRC)	As a consequence of recent increases in material and rebuild costs, it was considered necessary to revalue those assets that are normally valued using the DRC method to ensure that the Balance Sheet valuations were not materially understated.	An indexation approach has been adopted to update the carrying values of the relevant asset categories, mainly in relation to schools, libraries, leisure centres, and car parks. The impact of this indexation exercise has been an increase in the gross value of the Authority's assets of £2.230 million.
Fair Value Estimations	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.	The Authority uses a combination of available market data derived from a mixture of transactions on both Council and 3 <sup>rd</sup> 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.
Depreciation of Property, Plant and Equipment	Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to maintain the required level of expenditure on repairs and maintenance, resulting in uncertainty regarding the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation charged to the CIES increases and the carrying amount of assets on the Balance Sheet falls.
Impairment of Debtors	As at 31 March 2022, the Authority has an outstanding debtors balance of £42.891m. In accordance with proper accounting practice, impairment allowances totalling £5.161m have been calculated for the various classifications of debt outstanding. However, these allowances are based on estimates and judgements, including past experience of collecting similar debts, which may not accurately reflect future levels of debt recovery.	An understatement of debtor impairment allowances would result in an overstatement of income recovered that would require adjustment in the Accounting Statements. At 31 March 2022, impairment allowances represent 12.03% of debt outstanding. A 5% understatement in impairment would therefore represent a potential reduction in revenues of £2.143m.

## 5. Critical Judgements in Applying Accounting Policies

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

- i. These accounts have been prepared on a going concern basis, which assumes that the functions and services provided by the Authority will continue in operational existence for the foreseeable future, although there will be significant financial challenges to be met (*see also note 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.

## 6. Events After the Reporting Period

The Statement of Accounts was authorised for issue by Ms R. Hayden CPFA, Chief Officer - Resources, on 30 June 2023.

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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## Greater Gwent Local Government Pension Scheme

In March 2023, the Actuary to the Greater Gwent Local Government Pension Fund notified admitted bodies that they may require additional actuarial advice in respect of the accounting position as at 31 March 2022, in those authorities where the conclusion of the 2022 triennial actuarial valuation occurred prior to the completion of the financial audit of Accounts.

The Council requested additional information from the Fund Actuary to test the impact of the triennial valuation on attributable fund balances at 31 March 2022. The following changes were indicated:

Event After the Reporting Period: Pension Scheme Balances	31 March 2022		Variance	
	Original	Revised		
	£000	£000	£000	%
Attributable LGPS Fund Assets	465,516	458,982	(6,534)	(1.40)
Attributable LGPS Fund Obligations	(759,017)	(749,570)	9,447	(1.24)
Attributable Net Asset/(Liability)	(293,501)	(290,588)	2,913	(0.99)

The Accounting treatment of pension transactions requires that changes to the Net Pension Asset/Liability are reversed by entries to the Pensions Reserve, such that there is no overall impact to either the Council's Balance Sheet or the bottom line of the Revenue Account.

The potential impact in percentage terms is no greater than 1.4% of attributable LGPS assets and the net liability figure recorded on the Balance Sheet is impacted by less than 1%. Given the minimal impact of the potential adjustment and the absence of any overall impact on the Balance Sheet and Revenue Account, the Council does not consider that the absence of the entries required would mislead users of the Accounts. As a result, these adjustments have not been made to the 2021/2022 Accounts.

## 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	2021/2022					2020/2021 (Restated)†				
	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	16,140	6,711	22,851	2,473	25,324	15,408	7,432	22,840	1,252	24,092
Education	63,818	(50,749)	13,069	2,696	15,765	61,765	(49,954)	11,811	(5,360)	6,451
Education - School Spending	(6,228)	49,534	43,306	(2,853)	40,453	(3,682)	45,814	42,132	(214)	41,918
Environment	26,710	(11,278)	15,432	7,987	23,419	25,644	(12,560)	13,084	7,115	20,199
Cardiff Capital Region City Deal	0	107	107	(185)	(78)	0	87	87	(206)	(119)
Regeneration & Economic Development	1,519	(498)	1,021	1,380	2,401	1,195	(447)	748	1,468	2,216
Social Services	42,749	(3,378)	39,371	4,963	44,334	44,231	(3,663)	40,568	2,131	42,699
Licensing	95	(13)	82	33	115	93	1	94	16	110
Planning	798	(218)	580	182	762	1,170	(539)	631	84	715
Capital Adjustments*	0	(4)	(4)	4	0	0	(1)	(1)	1	0
Pension Adjustments**	0	396	396	(396)	0	0	520	520	(520)	0
<b>Net Expenditure on Continuing Operations</b>	<b>145,601</b>	<b>(9,390)</b>	<b>136,211</b>	<b>16,284</b>	<b>152,495</b>	<b>145,824</b>	<b>(13,310)</b>	<b>132,514</b>	<b>5,767</b>	<b>138,281</b>
Other Operating Expenditure	0	8,941	8,941	1,727	10,668	0	9,693	9,693	60	9,753
Financing & Investment Income & Expenditure	0	4,653	4,653	6,869	11,522	0	4,901	4,901	5,396	10,297
Taxation & Non-Specific Grant Income	0	(166,745)	(166,745)	(12,610)	(179,355)	0	(160,731)	(160,731)	(43,446)†	(204,177)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>145,601</b>	<b>(162,541)</b>	<b>(16,940)</b>	<b>12,270</b>	<b>(4,670)</b>	<b>145,824</b>	<b>(159,447)</b>	<b>(13,623)</b>	<b>(32,223)</b>	<b>(45,846)</b>
Tax Expenses			22					(37)		
Transfers to/(from) earmarked reserves			11,404					12,506		
<b>(Increase)/Decrease in year</b>			<b>(5,514)</b>					<b>(1,154)</b>		
Opening Council Fund Balance as at 1 April			(7,553)					(6,399)		
<b>Closing Council Fund Balance as at 31 March</b>			<b>(13,067)</b>					<b>(7,553)</b>		

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

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

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.



## 7.1 Code-Compliant Adjustments to Management Accounts

This table shows the adjustments made to the 2021/2022 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	2021/2022							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)	7,624	0	0	(31)	(338)	(533)	6,711
Education	(3,231)	(47,472)	0	0	(202)	157	(1)	(50,749)
Education - School Spending	0	45,838	0	0	23	3,681	(8)	49,534
Environment	(4,127)	(3,207)	0	(3,630)	(93)	(261)	40	(11,278)
Cardiff Capital Region City Deal	0	0	0	0	0	0	107	107
Regeneration & Economic Development	(425)	24	0	0	(4)	(27)	(66)	(498)
Social Services	(163)	(2,461)	0	0	(65)	(858)	169	(3,378)
Licensing	0	(11)	0	0	0	0	(2)	(13)
Planning	0	(248)	0	0	(7)	37	0	(218)
Capital Adjustments	0	0	0	0	0	0	(4)	(4)
Pension Adjustments	0	0	(394)	0	0	0	790	396
<b>Net Expenditure on Continuing Operations</b>	<b>(7,957)</b>	<b>87</b>	<b>(394)</b>	<b>(3,630)</b>	<b>(379)</b>	<b>2,391</b>	<b>492</b>	<b>(9,390)</b>
Other Operating Expenditure	0	0	0	3,630	0	0	5,311	8,941
Financing & Investment Income & Expenditure	0	0	7,116	0	0	0	(2,463)	4,653
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(166,745)	(166,745)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>(7,957)</b>	<b>87</b>	<b>6,722</b>	<b>0</b>	<b>(379)</b>	<b>2,391</b>	<b>(163,405)</b>	<b>(162,541)</b>

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
<b>Net Expenditure on Continuing Operations</b>	<b>(7,969)</b>	<b>152</b>	<b>(520)</b>	<b>(3,548)</b>	<b>(726)</b>	<b>(3,003)</b>	<b>2,304</b>	<b>(13,310)</b>
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)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>(7,969)</b>	<b>152</b>	<b>5,660</b>	<b>0</b>	<b>(726)</b>	<b>(3,003)</b>	<b>(153,561)</b>	<b>(159,447)</b>

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	2021/2022 £000	2020/2021 £000
External Fees, Charges & Other Service Income	(19,256)	(17,687)
Government Grants	(68,801)	(66,689)
<b>Total Income</b>	<b>(88,057)</b>	<b>(84,376)</b>
Employee Expenses	108,813	103,458
Other Service Expenses	115,455	113,432
<b>Total Expenditure</b>	<b>224,268</b>	<b>216,890</b>
<b>Net Expenditure</b>	<b>136,211</b>	<b>132,514</b>

### 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	2021/2022				2020/2021 (Restated)†			
	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	(111)	2,584	0	2,473	30	1,114	108	1,252
Education	555	2,116	25	2,696	(4,916)	(481)	37	(5,360)
Education - School Spending	(3,040)	0	187	(2,853)	(23)	0	(191)	(214)
Environment	4,604	3,350	33	7,987	5,604	1,168	343	7,115
Cardiff Capital Region City Deal	(186)	0	1	(185)	(207)	0	1	(206)
Regeneration & Economic Development	875	505	0	1,380	1,236	160	72	1,468
Social Services	401	4,560	2	4,963	144	1,678	309	2,131
Licensing	0	33	0	33	0	12	4	16
Planning	0	187	(5)	182	(16)	75	25	84
Capital Adjustments	4	0	0	4	1	0	0	1
Pension Adjustments	0	(396)	0	(396)	0	(520)	0	(520)
<b>Net Expenditure on Continuing Operations</b>	<b>3,102</b>	<b>12,939</b>	<b>243</b>	<b>16,284</b>	<b>1,853</b>	<b>3,206</b>	<b>708</b>	<b>5,767</b>
Other Operating Expenditure	1,727	0	0	1,727	60	0	0	60
Financing & Investment Income & Expenditure	(143)	7,116	(104)	6,869	(680)	6,180	(104)	5,396
Taxation & Non-Specific Grant Income	(12,610)	0	0	(12,610)	(43,446)†	0	0	(43,446)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>(7,924)</b>	<b>20,055</b>	<b>139</b>	<b>12,270</b>	<b>(42,213)</b>	<b>9,386</b>	<b>604</b>	<b>(32,223)</b>

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

### 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	2021/2022	2020/2021 (Restated)†
	£000	£000
<b>Taxation &amp; Non-Specific Revenue Grants</b>		
Council Tax Income	(44,272)	(42,894)
Non-Domestic Rates	(23,334)	(22,010)
Revenue Support Grant	(98,387)	(94,054)
Unhypothecated Grants	(493)	(1,659)
<b>Total Taxation and Non-Specific Revenue Grants</b>	<b>(166,486)</b>	<b>(160,617)</b>
Capital grants and contributions	(12,869)	(43,560)†
<b>Total</b>	<b>(179,355)</b>	<b>(204,177)</b>

In 2021/2022, the Authority received £0.493m (2020/2021: £1.659m) of grants from Welsh Government that were not related to specific services and these have been included as 'Unhypothecated Grants'.

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

## 9. Other Operating Expenditure

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

Other Operating Expenditure	2021/2022			2020/2021		
	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	1,696	(1,102)	594	1,011	(952)	59
Precepts & Levies:						
Gwent Police Authority Precept	5,988	0	5,988	5,640	0	5,640
South Wales Fire Authority Levy	3,482	0	3,482	3,406	0	3,406
Community Council Precepts	456	0	456	506	0	506
Coroners' Courts	116	0	116	113	0	113
National Park Levy	32	0	32	29	0	29
<b>Total</b>	<b>11,770</b>	<b>(1,102)</b>	<b>10,668</b>	<b>10,705</b>	<b>(952)</b>	<b>9,753</b>

## 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	2021/2022			2020/2021		
	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 *	5	0	5	321	0	321
Impairment **	190	0	190	204	0	204
Interest payable and similar charges - Financial Instruments	4,464	0	4,464	3,856	0	3,856
Interest payable and similar charges - Other ***	5	0	5	2	0	2
Interest receivable and similar income - Financial Instruments	0	(77)	(77)	0	(13)	(13)
Interest receivable and similar income - Other ****	0	(181)	(181)	0	(253)	(253)
Net Pensions Interest Cost	15,914	(8,798)	7,116	13,965	(7,785)	6,180
<b>Total</b>	<b>20,578</b>	<b>(9,056)</b>	<b>11,522</b>	<b>18,348</b>	<b>(8,051)</b>	<b>10,297</b>

\*: 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.

	2021/2022	2020/2021
Funding Administered on Behalf of Welsh Government: Purpose	Number of Businesses/Individuals Supported	Number of Businesses/Individuals Supported
<b>Business Support Grants</b>	734	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>		
<b>Self Isolation Payments</b>	3,924	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>		
<b>SSP Enhancement Payments</b>	255	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>		
<b>Care Workers Payments</b>	2,309	1,799
<i>Payments to Carers of £500, announced by Welsh Government during the year as part of a nationwide scheme.</i>		
<b>Freelancer Grants</b>	43	130
<i>Grant provided to support freelance workers in cultural and creative sectors.</i>		
<b>Start-Up Grants</b>	0	30
<i>This grant was aimed at new small businesses who were not eligible for any other Covid-19 support.</i>		
<b>Retail, Leisure and Hospitality Rate Relief</b>	317	328
<i>To provide support for eligible properties by offering a discount of 100% on the non-domestic rates bill for 2020/2021 and 2021/2022.</i>		
<b>Winter Fuel Support Scheme</b>	5,511	0
<i>To provide support to eligible households towards paying winter fuel costs.</i>		

The following tables summarise the transactions and balances related to the various grants and reliefs administered during 2021/2022.

Funding Administered on Behalf of Welsh Government: Transactions	2021/2022		2020/2021	
	Funding Allocation £000	Payments Made or Reliefs Applied £000	Funding Allocation £000	Payments Made or Reliefs Applied £000
Business Support Grants	(2,240)	1,577	(25,903)	25,903
Self Isolation Payments	(2,743)	2,743	(464)	464
SSP Enhancement Payments	(83)	83	(106)	106
Care Workers Payments	(2,000)	1,998	(1,025)	1,025
Freelancer Grants	(108)	108	(325)	325
Start-Up Grants	0	0	(75)	75
Retail, Leisure and Hospitality Rate Relief	(3,607)	2,055	(3,530)	3,263
Winter Fuel Payments	(1,102)	1,102	0	0
<b>Total</b>	<b>(11,883)</b>	<b>9,666</b>	<b>(31,428)</b>	<b>31,161</b>

Funding Administered on Behalf of Welsh Government: Balances	Balance at 31 March 2022	Balance at 31 March 2021
	£000	£000
Business Support Grants	(663)	0
Care Workers Payments	(2)	0
Retail, Leisure and Hospitality Rate Relief	(1,552)	(267)
Winter Fuel	0	0
<b>Total</b>	<b>(2,217)</b>	<b>(267)</b>

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 2022 were as follows.

Partnership Schemes:	2021/2022				2020/2021			
	GWICES £000	Gwent Frailty £000	Care Homes £000	Total £000	GWICES £000	Gwent Frailty £000	Care Homes £000	Total £000
Total Expenditure	4,991	16,109	99,844	120,944	4,106	16,623	95,842	116,571
<b>Funding</b>								
Blaenau Gwent County Borough Council	(480)	(610)	(6,953)	(8,043)	(311)	(614)	(7,020)	(7,945)
Caerphilly County Borough Council	(534)	(2,101)	(22,762)	(25,397)	(462)	(2,230)	(22,289)	(24,981)
Monmouthshire County Borough Council	(419)	(1,456)	(9,420)	(11,295)	(382)	(1,411)	(8,870)	(10,663)
Newport City Council	(414)	(1,824)	(18,629)	(20,867)	(388)	(1,846)	(16,072)	(18,306)
Torfaen County Borough Council	(1,700)	(783)	(10,670)	(13,153)	(1,400)	(806)	(10,474)	(12,680)
Aneurin Bevan University Health Board	(1,040)	(9,213)	(31,410)	(41,663)	(874)	(9,730)	(31,117)	(41,721)
Other	(404)	0	0	(404)	(289)	0	0	(289)
<b>Total Funding</b>	<b>(4,991)</b>	<b>(15,987)</b>	<b>(99,844)</b>	<b>(120,822)</b>	<b>(4,106)</b>	<b>(16,637)</b>	<b>(95,842)</b>	<b>(116,585)</b>
Net In-Year (Under)/Overspend	0	122	0	122	0	(14)	0	(14)
Balance Brought Forward	0	(504)	0	(504)	0	(490)	0	(490)
Balance Carried Forward	0	(382)	0	(382)	0	(504)	0	(504)



### 13. Members' Allowances

The total amount of allowances and expenses paid to Members during the year was £760,761 (2020/2021: £752,438), analysed as follows:

Members' Allowances	2021/2022 £000	2020/2021 £000
Allowances	761	752
Expenses	0	0
<b>Total:</b>	<b>761</b>	<b>752</b>

Within the allowances above are payments in 2021/2022 of £18,345 (£19,801 in 2020/2021) 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	2021/2022					2020/2021				
	Teaching	Other	Total	Left During Year	Total excluding leavers	Teaching	Other	Total	Left During Year	Total excluding leavers
Remuneration Band										
£60,000 - £64,999	13	2	15	0	15	6	3	9	0	9
£65,000 - £69,999	5	3	8	1	7	11	3	14	0	14
£70,000 - £74,999	6	3	9	0	9	3	3	6	0	6
£75,000 - £79,999	2	0	2	0	2	2	0	2	0	2
£80,000 - £84,999	0	2	2	0	2	1	4	5	0	5
£85,000 - £89,999	2	1	3	0	3	1	0	1	0	1
£90,000 - £94,999	0	0	0	0	0	1	0	1	0	1
£95,000 - £99,999	0	0	0	0	0	0	0	0	0	0
£100,000 - £104,999	1	0	1	0	1	2	0	2	0	2
£105,000 - £109,999	2	0	2	0	2	0	0	0	0	0
<b>Total</b>	<b>31</b>	<b>11</b>	<b>42</b>	<b>1</b>	<b>41</b>	<b>27</b>	<b>13</b>	<b>40</b>	<b>0</b>	<b>40</b>

- 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) In 2021/2022 an employee has been 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 2021/2022, the ratio of the Chief Executive's remuneration in comparison to the median remuneration of all the Authority's employees was as follows:

	2021/2022	2020/2021
Ratio of Managing Director pay to median pay of all staff	1:3.89	1:4.38

## 14.3 Senior Officers' Remuneration

The following table sets out the remuneration in 2021/2022 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.

2021/2022 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	Notes 1 & 2	111,055	0	0	0	111,055	26,098	137,153
Chief Executive (from 9 March 2022)	Note 1	6,367	0	0	0	6,367	1,496	7,863
Corporate Director of Education		87,658	0	0	0	87,658	20,600	108,258
Corporate Director of Regeneration & Community Services		91,826	0	0	0	91,826	21,579	113,405
Corporate Director of Social Services (to 8 March 2022)	Note 1	86,884	0	0	0	86,884	20,417	107,301
Chief Officer (Resources)	Note 2	79,799	0	0	0	79,799	18,753	98,552
Chief Officer (Commercial)	Note 2	77,557	0	0	0	77,557	18,226	95,783
Head of Governance & Partnerships (from 1 January 2022)	Notes 3 & 4	16,985	0	0	0	16,985	3,991	20,976
Head of Legal & Corporate Compliance	Note 4	71,167	0	0	0	71,167	16,724	87,891
<b>Total</b>		<b>629,298</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>629,298</b>	<b>147,884</b>	<b>777,182</b>

Note 1: The employment of the Managing Director terminated on 31 March 2022. Further to the departure of the Managing Director, a temporary arrangement was established prior to a formal recruitment process to fill the post on a permanent basis, with the post redesignated as Chief Executive. The Corporate Director of Social Services was therefore 'acting up' as the Chief Executive with effect from the 9 March 2022.

Note 2: The following post holders also received total payments in their roles as Returning Officer: Managing Director £10,840, Head of Legal & Corporate Compliance £4,240 and Chief Officer (Resources) £3,160.

Note 3: The Head of Governance & Partnerships post remained vacant until 1 January 2022.

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 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
<b>Total</b>		<b>667,847</b>	<b>0</b>	<b>2,195</b>	<b>0</b>	<b>670,042</b>	<b>156,944</b>	<b>826,986</b>

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.

## 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	2021/2022				2020/2021			
	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	3	39	42	292	0	20	20	80
£20,000-£39,999	0	3	3	67	0	3	3	94
£40,000-£139,999	0	2	2	165	0	3	3	161
<b>Total</b>	<b>3</b>	<b>44</b>	<b>47</b>	<b>524</b>	<b>0</b>	<b>26</b>	<b>26</b>	<b>335</b>

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 2021/2022, the contracts of 47 employees were terminated, incurring total liabilities of £0.524m (2020/2021: 26 employees, incurring liabilities of £0.335m). These payments can be disaggregated as follows:

Termination Benefits & Exit Packages	2021/2022	2020/2021
	£000	£000
Pay in Lieu of Notice	170	57
Pension Costs	98	47
Redundancy Costs	166	133
Other Payments	90	98
<b>Total</b>	<b>524</b>	<b>335</b>

Included in the Authority's Early Terminations Provision for 2020/2021 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. There are none included in 2021/2022. Details of the Early Terminations Provision can be found in notes 35.1-35.2 (pages 80-81).

## 16. Termination Benefits and Exit Packages - Causes

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

Termination Benefits	2021/2022		2020/2021	
	No	£000	No	£000
Closure of Facilities / Cessation of Services	3	15	0	0
Early Retirements/Efficiency/Flexible Retirements	0	0	4	6
Financial Efficiency Project	10	109	3	103
School Downsizing Restructuring & Reorganisation - Crossmatching	3	147	4	71
Termination benefits arising for other reasons	31	253	15	155
<b>Total</b>	<b>47</b>	<b>524</b>	<b>26</b>	<b>335</b>

## 17. External Audit Fees

The Authority's appointed external auditors for the 2021/2022 financial year were Audit Wales (AW). The following fees were incurred in relation to external audit and inspection:

External Audit Fees	2021/2022	2020/2021	CIES Service Line
	£000	£000	
Fees payable in respect of:			
External audit services relating to audit of the accounts	198	191	<i>Corporate Services Portfolio</i>
External audit services relating to Local Government Measures	108	105	<i>Corporate Services Portfolio</i>
Certification of grant claims and returns	50	45	<i>Portfolio responsible for the specific grant claim or return</i>
<b>Total Audit Fees</b>	<b>356</b>	<b>341</b>	

## 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 2022 was £31,699,309 (31 March 2021: £31,940,334).
- The national non-domestic rate multiplier for the year 2021/2022 was 0.535 (2020/2021: 0.535).
- The contribution received from the NNDR pool in 2021/2022 was £23,334,402 (2020/2021: £22,009,930).

## 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	2021/2022		2020/2021	
	£000	£000	£000	£000
Council Tax Collected	(45,004)		(43,524)	
Less: Impairment of bad & doubtful debts	732		630	
<b>Net Total Proceeds from Council Tax</b>		<b>(44,272)</b>		<b>(42,894)</b>
Less: Gwent Police Authority Precept	5,988		5,640	
Community Council Precepts:				
Abertillery & Llanhilleth Community Council	190		240	
Brynmawr Town Council	43		43	
Nantyglo & Blaina Town Council	85		85	
Tredegar Town Council	138		138	
		6,444		6,146
<b>Council Tax attributable to this Authority:</b>		<b>(37,828)</b>		<b>(36,748)</b>

## 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 2021/2022 the tax base, expressed as equivalent band D properties, has been calculated as follows:

	Band										Total
	A*	A	B	C	D	E	F	G	H	I	
Properties	57.00	18,663.00	7,890.00	2,594.00	1,628.00	835.00	319.00	58.00	15.00	5.00	32,064.00
Exemptions, Reliefs & Discounts	(7.25)	(2,129.25)	(652.00)	(186.75)	(93.00)	(41.75)	(10.75)	(2.25)	(6.50)	(1.00)	(3,130.50)
Effective Properties	49.75	16,533.75	7,238.00	2,407.25	1,535.00	793.25	308.25	55.75	8.50	4.00	28,933.50
Ratio	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	-
Band D Equivalents	27.64	11,022.51	5,629.56	2,139.78	1,535.00	969.53	445.25	92.92	17.00	9.33	21,888.52
Impairment											(1,094.43)
Council Tax Base											20,794.09

## 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	2021/2022 £000	2020/2021 £000
Brecon Beacons National Park Authority	32	29
Coroners' Courts	116	113
South Wales Fire Authority	3,482	3,406
<b>Total:</b>	<b>3,630</b>	<b>3,548</b>

## 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	2021/2022 £000	2020/2021 £000
Welsh Government	(1,062)	(1,324)
Other Grants & Contributions	(69)	(105)
<b>Total:</b>	<b>(1,131)</b>	<b>(1,429)</b>

Capital Grants Credited to taxation and non-specific grant income	2021/2022 £000	2020/2021 (Restated) <sup>†</sup> £000
Welsh European Funding Office	(69)	(2,294)
Welsh Government	(11,883)	(40,768) <sup>†</sup>
Other Grants & Contributions	(647)	(384)
<b>Total:</b>	<b>(12,599)</b>	<b>(43,446)</b>

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	2021/2022 £000	2020/2021 £000
Welsh Government	(44,870)	(41,534)
Department for Work and Pensions	(19,831)	(21,335)
Other Central Government	(671)	(569)
Local Authorities	(2,408)	(2,367)
NHS	(919)	(762)
Other Grants & Contributions	(102)	(122)
<b>Total:</b>	<b>(68,801)</b>	<b>(66,689)</b>

<sup>†</sup>: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

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	2021/2022 £000	2020/2021 £000
Welsh European Funding Office	0	0
Welsh Government	(2,348)	(1,501)
Other Central Government	(17)	(17)
Local Authorities	0	0
NHS	0	0
Other Grants & Contributions	0	0
<b>Total</b>	<b>(2,365)</b>	<b>(1,518)</b>

Receipts in Advance - Revenue	2021/2022 £000	2020/2021 £000
Welsh European Funding Office	(143)	(134)
Welsh Government	(1,952)	(998)
Other Central Government	(56)	(8)
Local Authorities	(1,728)	(7)
NHS	(3)	(3)
Other Grants & Contributions	(86)	(54)
<b>Total</b>	<b>(3,968)</b>	<b>(1,204)</b>



In 2021/2022 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	2021/2022 £000	2020/2021 £000
<b>Emergency Hardship Funding - Additional Costs</b>	5,467	7,484
<i>To fund additional costs incurred in responding to the pandemic.</i>		
<b>Emergency Hardship Funding - Loss of Income</b>	915	2,933
<i>To compensate for a loss/reduction in income as a result of pandemic restrictions e.g. from closure of services.</i>		
<b>Council Tax Income Collection - Compensation</b>	493	524
<i>To compensate for reduction in collection of Council Tax income as a result of the pandemic.</i>		
<b>Council Tax Reduction Scheme - increased demand</b>	0	312
<i>To fund the increase in demand for Council Tax support during the pandemic.</i>		
<b>Digital Transformation Funding</b>	0	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>		
<b>Savings Unachieved Funding</b>	0	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>		
<b>Business and Community Grants Administration Costs</b>	378	245
<i>Financial support to provide capacity in delivering Covid-19 grants to businesses and the community.</i>		
<b>Schools Cleaning</b>	0	13
<i>Financial support the need for additional cleaning and cleaning materials in schools as a result of Covid-19.</i>		
<b>Total</b>	<b>7,253</b>	<b>12,645</b>

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	2021/2022 £000	2020/2021 £000
Corporate Services	(460)	(814)
Education	(1,197)	(1,474)
Education - School Spending	(119)	(177)
Environment	(2,530)	(4,085)
Regeneration & Economic Development	0	(217)
Social Services	(2,454)	(3,861)
<b>Net Expenditure on Continuing Operations</b>	<b>(6,760)</b>	<b>(10,628)</b>
Taxation & Non-Specific Grant Income	(493)	(1,658)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>(7,253)</b>	<b>(12,286)</b>

In 2020/2021, 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 2021/2022 can be found in note 21 (page 52); details of the amounts owed to or from central government are included in notes 34 (page 79) and 33 (pages 76-78) 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 2022				Year Ended 31 March 2021			
		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.	190,734	(16,078)	33,325	(332)	145,053	(14,159)	15,379	0
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.	682	(271)	0	0	10,681	(195)	0	(10)
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.	6,973	(180)	0	0	23,030	(140)	100	0
Jim Davies Civil Engineering Ltd.: A member of the Council is the brother-in-law of one of the Directors.	Capital works including: Carriageway resurfacing, remedial works, footpaths & cycleways; & household waste recycling centre.	428,215	0	176,562	0	2,202,998	0	65,072	0
<b>Total:</b>		<b>626,604</b>	<b>(16,529)</b>	<b>209,887</b>	<b>(332)</b>	<b>2,381,762</b>	<b>(14,494)</b>	<b>80,551</b>	<b>(10)</b>

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 2022				Year Ended 31 March 2021			
		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
Malcolm Cross Building Services	A Member of the Council is proprietor of this business.	0	0	0	0	0	0	0	0
<b>Total:</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2022		Year Ended 31 March 2021 (Restated)†		Notes
		Amounts Paid by Authority	Amounts Received by Authority	Amounts Paid by Authority	Amounts Received by Authority	
		£	£	£	£	
Blaina Community Centre	A Member of the Council is a Director of the organisation.	16,598	(859)	24,150	(1,349)	Grants, room hire and reimbursement of maintenance costs. Includes Covid Recovery Grant (2021/2022: £13,338) and Covid-19 NDR Grant (2021/2022: £2,000; 2020/2021: £24,000).
Blaina Post Office	A Member of the Council is Post Master of this business.	0	(78)	0	(25)	Waste transfer.
Circle of Beauty	A Member of the Council is joint proprietor of the business.	2,139	0	10,726	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.	0	0	5,000	0	Covid-19 Freelancer Grant.
Highfield Properties (Tredegar)	A Member of the Council is a Director of the organisation.	12,005	0	12,000	0	Tenants' Rent Allowances.
JP Print & Signs	A Member of the Council is the proprietor of this business.	1,429	0	1,798 <sup>†</sup>	0	Leaflets, booklets, flyers and window stickers.
Pins & Things	A Member of the Council is the partner of the proprietor of the business.	2,000	0	24,000	0	Covid-19 NDR Grant.
Sirhowy Community Centre	A Member of the Council is a Director of the organisation.	10,510	0	250	0	Grants.
Wilkins Foot Clinic	A Member of the Council is the partner of the proprietor of the business.	2,000	0	24,000	0	Covid-19 NDR Grant.
<b>Total:</b>		<b>46,681</b>	<b>(937)</b>	<b>101,924</b>	<b>(1,374)</b>	

†: Correction of amount paid by the Authority in 2020/2021.

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

	Year Ended 31 March 2022				Year Ended 31 March 2021 <i>(Restated)</i> <sup>†</sup>			
	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)	626,604	(16,529)	209,887	(332)	2,381,762	(14,494)	80,551	(10)
Related Parties (with no year end balances)	46,681	(937)	0	0	101,924 <sup>†</sup>	(1,374)	0	0
<b>Total:</b>	<b>673,285</b>	<b>(17,466)</b>	<b>209,887</b>	<b>(332)</b>	<b>2,483,686</b>	<b>(15,868)</b>	<b>80,551</b>	<b>(10)</b>

<sup>†</sup>: Correction of amount paid by the Authority in 2020/2021.

### 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 2022, 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 2022				Year Ended 31 March 2021			
	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								
<b>Silent Valley Waste Services Ltd.:</b>								
Collection of waste; management of civic amenity sites; haulage charges:								
Payments relating to current year	1,035,104	0	99,057	0	822,511	0	78,978	0
Payments relating to previous year	78,948	0	0	0	73,467	0	0	0
Equipment, Materials, Cleaning & Hire Costs	2,978	0	0	0	0	0	0	0
Reimbursement of payments made to directors of SVWS Ltd.:								
Payments in respect of Nominated Representatives	0	(18,345)	0	(1,668)	0	(21,451)	0	0
Leachate	0	(110,000)	0	(110,000)	0	(110,000)	0	(110,000)
Supply and erect vehicle barrier and ancillary works at HWRC Ebbw Vale	0	(24,816)	0	0	0	0	0	(24,816)
<b>Total (Silent Valley Waste Services Ltd.):</b>	<b>1,117,030</b>	<b>(153,161)</b>	<b>99,057</b>	<b>(111,668)</b>	<b>895,978</b>	<b>(131,451)</b>	<b>78,978</b>	<b>(134,816)</b>

## 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 2021/2022 total summarised transactions of the Service were as follows:

Education Achievement Service	2021/2022 £000	2020/2021 £000
Expenditure	6,286	6,764
Income	(6,294)	(6,762)
Net Expenditure	(8)	2

Related party transactions between the Authority and the EAS were:

Related Party Transactions	Year Ended 31 March 2022				Year Ended 31 March 2021			
	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	351,805	0	0	0	358,985	0	0	0
Reimbursement of Clerks to Governors Fees	0	(23,210)	0	0	0	(10,457)	0	(8,640)
Total (Education Achievement Service):	351,805	(23,210)	0	0	358,985	(10,457)	0	(8,640)

## 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 2022				Year Ended 31 March 2021			
	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
	£	£	£	£	£	£	£	£
<b>Cardiff Capital Region City Deal:</b>								
Partner contribution to support the work of the Joint Cabinet	104,631	0	0	0	0	0	51,040	0
Contributions towards Capital Expenditure	0	0	0	0	92,395	0	0	0
Reimbursement of Seconded Post	0	(27,952)	0	0	0	(20,570)	0	(27,952)
<b>Total (Cardiff Capital Region City Deal):</b>	<b>104,631</b>	<b>(27,952)</b>	<b>0</b>	<b>0</b>	<b>92,395</b>	<b>(20,570)</b>	<b>51,040</b>	<b>(27,952)</b>

### *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	2021/2022	2020/2021
	£000	£000
(Surplus)/Deficit arising on the revaluation of non-current assets	(7,408)	(4,139)
Remeasurement of the net defined benefit pension liability	(76,461)	72,759
<b>Other Comprehensive Income &amp; Expenditure</b>	<b>(83,869)</b>	<b>68,620</b>

## 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 2021/2022:

	2021/2022			2020/2021 (Restated)†		
	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
<b>Adjustments between Accounting Basis and Funding Basis under Statutory Provisions</b>						
<b>Transactions between Funds &amp; Usable Reserves:</b>						
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	4,424	0	(4,424)	33,860†	0	(33,860)†
Transfer of cash sale proceeds credited as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	606	(606)	0	951	(951)	0
Contribution from the Capital Receipts Reserve towards funding of prudential borrowing schemes	(67)	67	0	(64)	64	0
<b>Total: Transactions between Funds &amp; Usable Reserves:</b>	<b>4,963</b>	<b>(539)</b>	<b>(4,424)</b>	<b>34,747</b>	<b>(887)</b>	<b>(33,860)</b>

	2021/2022		2020/2021	
	Council Fund Balance £000	Movement in Unusable Reserves £000	Council Fund Balance £000	Movement in Unusable Reserves £000
<b>Adjustments between Accounting Basis and Funding Basis under Statutory Provisions</b>				
<b>Transactions involving Unusable Reserves:</b>				
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)	105	(105)
Adjustments to/from the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(34,213)	34,213	(23,192)	23,192
Employer's pensions contributions and direct payments to pensioners payable in the year	14,155	(14,155)	13,806	(13,806)

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

	2021/2022		2020/2021	
	Council Fund Balance £000	Movement in Unusable Reserves £000	Council Fund Balance £000	Movement in Unusable Reserves £000
<b>Adjustments between Accounting Basis and Funding Basis under Statutory Provisions</b>				
<b>Adjustments to/from Capital Adjustment Account:</b>				
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:				
Charges for depreciation & impairment of non-current assets	(5,355)	5,355	(11,630)	11,630
Revaluation losses on Property, Plant & Equipment	2,092	(2,092)	9,533	(9,533)
Capital grants & contributions applied	9,129	(9,129)	11,129	(11,129)
Revenue expenditure funded from capital under statute	(2,308)	2,308	(1,842)	1,842
Write Out of Infrastructure Loan Discount	(913)	913	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive Income & Expenditure Statement	(1,696)	1,696	(1,012)	1,012
<b>Adjustments to/from Deferred Capital Receipts Account:</b>				
Adjustment to Deferred Capital Receipts on Revaluation of Assets Leased to Third Parties	496	(496)	0	0
<b>Items not debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	1,057	(1,057)	681	(681)
Capital expenditure charged against the Council Fund	458	(458)	607	(607)
<b>Adjustment to/from the Unequal Pay Back Pay Account</b>				
Decrease in provision for back pay in relation to Equal Pay cases	0	0	146	(146)
<b>Adjustment to/from the Accumulated Absences Account:</b>				
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	(241)	241	(855)	855
<b>Total: Transactions between Funds &amp; Unusable Reserves:</b>	<b>(17,234)</b>	<b>17,234</b>	<b>(2,524)</b>	<b>2,524</b>



Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	2021/2022			2020/2021		
	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
<b>Transactions involving Other Capital Reserves:</b>						
Adjustments to/from the Deferred Capital Receipts Reserve:						
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	(135)	0	135	(64)	0	64
Items involving Usable Capital Reserves:						
Application of grants to capital financing transferred to the Capital Adjustment Account	0	4,439	(4,439)	0	2,565	(2,565)
Use of the Capital Receipts Reserve to finance new capital expenditure	125	0	(125)	102	0	(102)
<b>Total: Other Capital Reserve Transactions:</b>	<b>(10)</b>	<b>4,439</b>	<b>(4,429)</b>	<b>38</b>	<b>2,565</b>	<b>(2,603)</b>

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	2021/2022				2020/2021 (Restated)†			
	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
Total: Transactions between Funds & Usable Reserves:	4,963	(539)	(4,424)	0	34,747†	(887)	(33,860)†	0
Total: Transactions involving Unusable Reserves:	(17,234)	0	0	17,234	(2,524)	0	0	2,524
Total: Other Capital Reserve Transactions:	0	(10)	4,439	(4,429)	0	38	2,565	(2,603)
<b>Total Adjustments:</b>	<b>(12,271)</b>	<b>(549)</b>	<b>15</b>	<b>12,805</b>	<b>32,223</b>	<b>(849)</b>	<b>(31,295)</b>	<b>(79)</b>

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

## Balance Sheet Notes

### 25. Property Plant & Equipment

#### 25.1 Carrying Amount of Non-Current Assets

The Carrying Amount of Non-Current Assets in the Balance Sheet can be divided between Infrastructure and 'Other PPE' Assets as follows:

	31 March 2022	31 March 2021
	£000	£000
Property, Plant & Equipment		
Infrastructure Assets	92,312	92,700
Other PPE Assets	206,070	190,200
<b>Net Book Value</b>	<b>298,382</b>	<b>282,900</b>

#### 25.2 Carrying Amount of Infrastructure Assets

CIPFA has issued a temporary adjustment to the Accounting Code of Practice in relation to the disclosure of Infrastructure Assets. This requires that, for the financial years 2010/2011 to 2022/2023, local authorities are not required to report gross book value and accumulated depreciation for Infrastructure Assets.

The movement in the Net Book Value of Infrastructure Assets is as follows:

Infrastructure Assets	2021/2022	2020/2021
	£000	£000
Net Book Value at 1 April	92,700	93,822
Adjustment to Balances Brought Forward	785	0
<b>Revised Net Book Value at 1 April</b>	<b>93,485</b>	<b>93,822</b>
Additions	2,196	1,854
Capital expenditure written off	(98)	(190)
Other movements in cost or valuation	203*	628**
Depreciation Charge & Appropriations	(3,474)	(3,414)
<b>Net Book Value at 31 March</b>	<b>92,312</b>	<b>92,700</b>

In accordance with provision 24L of The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2022), where works have been undertaken to existing Infrastructure Assets, the carrying amount of any component that has been replaced has been determined as being nil.

#### 25.3 Carrying Amount of 'Other' Property, Plant & Equipment Assets

The gross carrying amount and accumulated depreciation relating to Property, Plant and Equipment (excluding Infrastructure Assets) was:

Property, Plant & Equipment (Excluding Infrastructure)	31 March 2022	31 March 2021
	£000	£000
Gross Carrying Amount	221,153	211,371
Accumulated Depreciation	(15,083)	(21,171)
<b>Net Book Value</b>	<b>206,070</b>	<b>190,200</b>

Details of the transactions relating to the carrying amounts and depreciation of non-current assets (excluding Infrastructure Assets) are set out on pages 63-64.

Movements in 2021/2022:

Property, Plant & Equipment (Excluding Infrastructure)						Total
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Property, Plant & Equipment £000
Cost or Valuation as at 1 April 2021	174,338	17,929	344	4,231	14,529	211,371
Adjustment to Balances Brought Forward	(785)	(1,098)	(293)	30	(1,221)	(3,367)
Revised Cost or Valuation as at 1 April 2021	173,553	16,831	51	4,261	13,308	208,004
Appropriations	0	0	0	0	0	0
Assets reclassified to/from held for sale	0	(496)	0	(1,200)	0	(1,696)
Additions	0	1,735	0	0	4,158	5,893
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,051	0	0	0	0	2,051
Revaluation increases/(decreases) recognised in the Provision of Services	2,676	0	0	0	0	2,676
Capital expenditure written off	(971)	(55)	(26)	0	0	(1,052)
Derecognition - disposals	0	0	0	0	0	0
Other movements in cost or valuation *	1,363	414	81	0	3,419	5,277
Cost or Valuation as at 31 March 2022	178,672	18,429	106	3,061	20,885	221,153

Property, Plant & Equipment (Excluding Infrastructure): Depreciation & Impairment						Total
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Property, Plant & Equipment £000
Accumulated Depreciation & Impairment as at 1 April 2021	(8,988)	(12,156)	(14)	(13)	0	(21,171)
Adjustment to Balances Brought Forward	(200)	2,319	0	1	0	2,120
Revised Accumulated Depreciation & Impairment as at 1 April 2021	(9,188)	(9,837)	(14)	(12)	0	(19,051)
Depreciation Charge & Appropriations	(3,658)	(1,302)	0	(3)	0	(4,963)
Depreciation written out to the Revaluation Reserve	4,777	0	0	0	0	4,777
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,154	0	0	0	0	4,154
Derecognition - disposals	0	0	0	0	0	0
Accumulated Depreciation & Impairment as at 31 March 2022	(3,915)	(11,139)	(14)	(15)	0	(15,083)

Movements in 2020/2021:

Property, Plant & Equipment (Excluding Infrastructure)	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000
Cost or Valuation as at 1 April 2020	170,631	15,437	120	4,696	7,966	198,850
Appropriations	820	0	0	0	(2,451)	(1,631)
Assets reclassified to/from held for sale	(87)	0	0	(467)	0	(554)
Additions	0	1,407	0	0	485	1,892
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,231	0	0	83	0	3,314
Revaluation increases/(decreases) recognised in the Provision of Services	(257)	0	224	(81)	0	(114)
Capital expenditure written off	(1,666)	(131)	(7)	0	0	(1,804)
Derecognition - disposals	0	0	0	0	0	0
Other movements in cost or valuation **	1,666	1,216	7	0	8,529	11,418
Cost or Valuation as at 31 March 2021	174,338	17,929	344	4,231	14,529	211,371

Property, Plant & Equipment (Excluding Infrastructure): Depreciation & Impairment	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000
Accumulated Depreciation & Impairment as at 1 April 2020	(14,241)	(11,125)	(13)	(35)	0	(25,414)
Depreciation Charge & Appropriations	(5,330)	(1,031)	(1)	(7)	0	(6,369)
Depreciation written out to the Revaluation Reserve	898	0	0	7	0	905
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,685	0	0	22	0	9,707
Derecognition - disposals	0	0	0	0	0	0
Accumulated Depreciation & Impairment as at 31 March 2021	(8,988)	(12,156)	(14)	(13)	0	(21,171)

Notes \* & \*\*: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £4.330 million of which has been added to the asset base and £1.150 million of which has been written off as there has been no increase to the asset value in 2021/2022(\*); £10.052 million of which has been added to the asset base and £1.994 million of which has been written off as no increase to the asset value resulted in 2020/2021(\*\*).

## 25.4 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 2022			31 March 2021		
	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)	3,016	60	3,076	4,188	70	4,258
Fair Value	3,016	60	3,076	4,188	70	4,258

### 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 an in house registered valuer, being the Team Manager Estates and Strategic Asset Management, L. Horner BSc., 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	2021/2022			2020/2021		
	Surplus	Assets	Total	Surplus	Assets	Total
	Assets	Held for		Assets	Held for	
£000	£000	£000	£000	£000	£000	
Balance at 1 April:	4,188	70	4,258	4,661	90	4,751
Adjustment to Balances Brought Forward	31	(10)	21			
Revised Balance at 1 April:	4,219	60	4,279			
Appropriations (to)/from Property, Plant & Equipment Operational Assets	0	496	496	0	87	87
Appropriations (to)/from Assets Held for Sale	(1,200)	0	(1,200)	(467)	0	(467)
Appropriations (to)/from Surplus Assets	0	1,200	1,200	0	467	467
Total Gains/(Losses) for the period included in the Surplus or Deficit on the Provision of Services, resulting from changes in the fair value	0	(200)	(200)	(82)	(62)	(144)
Total Gains/(Losses) for the period included in the Revaluation Reserve resulting from changes in the fair value	0	0	0	83	0	83
Disposals	0	(1,496)	(1,496)	0	(512)	(512)
In-Year Depreciation	(3)	0	(3)	(7)	0	(7)
Balance at 31 March:	3,016	60	3,076	4,188	70	4,258

*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 2022			31 March 2021		
	Surplus	Assets	Total	Surplus	Assets	Total
	Assets	Held		Assets	Held	
£000	£000	£000	£000	£000	£000	
Assets measured at Fair Value	3,016	60	3,076	4,188	70	4,258
Assets measured at carrying amount	30	0	30	30	0	30
Assets carried on Balance Sheet	3,046	60	3,106	4,218	70	4,288

## 25.5 Capital Commitments

Within the Authority's 2021/2022 capital programme, £4.750m relates to schemes that were contractually committed as at 31 March 2022 (£3.023m contractually committed as at 31 March 2021):

Capital Commitments	Commitment Value 2021/2022 £000	Estimated Timescale for Completion No of Years	Commitment Value 2020/2021 £000	Estimated Timescale for Completion No of Years
LTF Metro Plus	1,411	1	227	1
Remedial Works at Newtown Bridge, Ebbw Vale	756	1	0	0
Highways Improvement Works	551	1	644	1
Augusta House - Enablement Pods	491	1	0	0
Lime Avenue Development	187	1	356	1
Innovation for Decarbonisation - WBRID	159	1	0	0
Household Waste Recycling Centre	158	1	376	1
Flying Start Projects	129	1	3	1
Hive - Hi Value Engineering Centre	103	2	0	0
21st Century Schools - Band B Projects	93	4	0	0
Flood Damage 2020	90	1	35	0
Schools Maintenance	80	1	104	1
Social Services	37	1	117	1
Regain 2	27	2	0	0
Valleys Regional Park	7	1	169	1
RE:FIT	4	1	64	1
Other*	467	1	928	1
<b>Total</b>	<b>4,750</b>		<b>3,023</b>	

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

## 25.6 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 2021/2022, the range of assets were revalued by the Authority's Head of Estates and Strategic Asset Management, L. Horner BSc., 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 an increase in the gross value of the Authority's non-current assets of £2.497 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 2021/2022, 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 2021. The Authority does not consider the difference in valuations between this date and 31 March 2022 to be material.

As a consequence of recent increases in material and rebuild costs, it was considered necessary to revalue those assets that are normally valued using the DRC method to ensure that the Balance Sheet valuations were not materially understated. An indexation approach has been adopted to update the carrying values of the relevant asset categories, mainly in relation to schools, libraries, leisure centres, and car parks. The impact of this indexation exercise has been an increase in the gross value of the Authority's assets of £2.2 million (in addition to the £2.497 million increase resulting from the formal valuation process).

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 2022 £000	31 March 2021 £000	31 March 2020 £000	31 March 2019 £000	31 March 2018 £000	Total £000
<b>Non-Current Asset Valuations</b>						
<b>Current Value:</b>						
Heritage Assets	727	600	532	0	0	1,859
Other Land & Buildings	136,441	118,626	79,326	29,836	21,626	385,855
Community Assets	0	256	0	0	10	266
	137,168	119,482	79,858	29,836	21,636	387,980
<b>Historic Cost:</b>						
Vehicles Plant & Equipment	0	0	5	86	0	91
	0	0	5	86	0	91
<b>Total cost or valuation:</b>	<b>137,168</b>	<b>119,482</b>	<b>79,863</b>	<b>29,922</b>	<b>21,636</b>	<b>388,071</b>



## 25.7 Capital Expenditure and Financing

Of the £15.261m capital investment made in 2021/2022, £14.260m was financed in-year through revenue contributions, the application of capital receipts and government grants. The remaining £1.001m capital financing requirement has been funded through borrowing, as indicated below:

Capital Expenditure & Financing	2021/2022 £000	2020/2021 £000
Capital Investment: Property, Plant & Equipment	12,953	15,670
REFCUS	2,308	1,934
	15,261	17,604
Sources of Finance:		
Revenue Provision	(458)	(607)
Capital Receipts	(57)	(102)
Government Grants & Other Contributions	(13,745)	(13,580)
	(14,260)	(14,289)
Increase in capital financing requirement:	1,001	3,315
Explanation of in-year movements:		
Borrowing Supported by Government Financial Assistance	972	1,129
Borrowing Unsupported by Government Financial Assistance	29	2,186
Total Borrowing:	1,001	3,315

## 26. Heritage Assets

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

Heritage Assets (On Balance Sheet)	Estimated Cost/Valuation £000
<i>The Guardian, Six Bells</i>	379
'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>	225
Unveiled September 24th 1924 by Sir Frederick Mills. Listed as an unusually elaborate war memorial, in a prominent setting.	
<i>Civic Regalia</i>	122
Comprising the Mayoral Chain, Mayoress Chain and Civic Mace.	
Total Value:	726

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 2021/2022 decreased the carrying amount of The Guardian by £0.011m and increased the carrying amount of Civic Regalia by £0.122m and the Ebbw Vale War Memorial by £0.015m.

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.
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 £0.139m (2020/2021: £0.213m). 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 £0.474m (2020/2021: £0.090m).

### 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 2022 due under non-cancellable leases in future years are:

Operating Lease Minimum Payments	31 March 2022		31 March 2021	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Not later than one year	106	248	105	248
Later than 1 year and not later than 5 years	71	476	159	704
Later than 5 years	12	840	12	860
<b>Total Minimum Lease Payments</b>	<b>189</b>	<b>1,564</b>	<b>276</b>	<b>1,812</b>

Charges to service revenue accounts in the Comprehensive Income and Expenditure Statement during the year in relation to these leases totalled £0.362m (2020/2021: £0.404m).

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

### 27.3 Authority as Lessor - Finance Leases

The Authority has 2 finance lease arrangements as a lessor:

- In 2011/2012, the Authority entered into a 50 year arrangement to lease part of the General Offices building in Ebbw Vale to the Gwent Joint Records Committee hosted by Torfaen CBC, for housing of the Gwent County Archives facility.

- In 2021/2022, the Authority entered into a 7 year lease arrangement with Aneurin Leisure Trust in relation to equipment.

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

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

Finance Lease Debtor	31 March 2022		31 March 2021	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Current	69	70	0	67
Non-Current	358	2,714	0	2,784
Unguaranteed Residual Value of Property	0	(450)	0	(450)
<b>Total</b>	<b>427</b>	<b>2,334</b>	<b>0</b>	<b>2,401</b>

Finance Leases - Lessor	Gross Investment in Lease			
	31 March 2022		31 March 2021	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Not later than one year	69	70	0	67
Later than 1 year and not later than 5 years	285	321	0	305
Later than 5 years	73	1,943	0	2,029
<b>Total</b>	<b>427</b>	<b>2,334</b>	<b>0</b>	<b>2,401</b>

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

	Minimum Lease Payments			
	31 March 2022		31 March 2021	
	Vehicles, plant & equipment £000	Other land & buildings £000	Vehicles, plant & equipment £000	Other land & buildings £000
Finance Leases - Lessor				
Not later than one year	74	216	0	216
Later than 1 year and not later than 5 years	297	866	0	865
Later than 5 years	74	4,220	0	4,437
<b>Total</b>	<b>445</b>	<b>5,302</b>	<b>0</b>	<b>5,518</b>

#### 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 £3.112m (2020/2021: £3.206m).

	31 March 2022	31 March 2021
	Other land & buildings £000	Other land & buildings £000
Operating Lease Minimum Payments Receivable		
Not later than one year	745	613
Later than 1 year and not later than 5 years	1,638	1,782
Later than 5 years	729	811
<b>Total Minimum Lease Payments Receivable</b>	<b>3,112</b>	<b>3,206</b>

#### 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 2022 was £0.342m (31 March 2021: £0.342m).

##### 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 2022 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 113-132, based on the company's 2021/2022 Accounts as approved by the Silent Valley Board on 22 June 2022.

In December 2017, the Council made the 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. Following extensive due diligence the transfer process has commenced with a target date of 31 January 2023.

*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 2022				31 March 2021			
	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	2,714	0	0	2,714	2,785	0	0	2,785
Other Entities & Individuals	1,414	(88)	32	1,358	586	(219)	40	407
<b>Total</b>	<b>4,128</b>	<b>(88)</b>	<b>32</b>	<b>4,072</b>	<b>3,371</b>	<b>(219)</b>	<b>40</b>	<b>3,192</b>

*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 2022			31 March 2021		
	Gross Debtor £000	Impairment £000	Net Debtor £000	Gross Debtor £000	Impairment £000	Net Debtor £000
Land & Property Charges	121	(88)	33	299	(219)	80
<b>Total</b>	<b>121</b>	<b>(88)</b>	<b>33</b>	<b>299</b>	<b>(219)</b>	<b>80</b>

### 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 2022				31 March 2021			
	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
Land & Buildings	86,817	0	3,724	90,541	83,264	0	1,565	84,829

The net valuation of school non-current assets increased by £5.712m during 2021/2022, largely due to the indexation of all school revaluations which was undertaken during the year to ensure that the carrying value of assets was not materially misstated.

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

Analysis of School by Type	31 March 2022				31 March 2021			
	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
<b>Total</b>	<b>20</b>	<b>4</b>	<b>1</b>	<b>25</b>	<b>20</b>	<b>4</b>	<b>1</b>	<b>25</b>

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	2021/2022				2020/2021			
	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Primary Schools	(1,060)	(167)	0	(1,227)	(1,020)	(193)	0	(1,213)
Middle Schools	(1,112)	0	0	(1,112)	(569)	0	0	(569)
Secondary Schools	29	0	(184)	(155)	(88)	0	(385)	(473)
Special Schools	(53)	0	0	(53)	(101)	0	0	(101)
<b>Total In-Year (Surplus)/Deficit</b>	<b>(2,196)</b>	<b>(167)</b>	<b>(184)</b>	<b>(2,547)</b>	<b>(1,778)</b>	<b>(193)</b>	<b>(385)</b>	<b>(2,356)</b>

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

School Balances	31 March 2022				31 March 2021			
	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	(3,305)	(666)	0	(3,971)	(2,245)	(499)	0	(2,744)
Middle Schools	(852)	0	0	(852)	260	0	0	260
Secondary Schools	(353)	0	(612)	(965)	(382)	0	(428)	(810)
Special Schools	(440)	0	0	(440)	(387)	0	0	(387)
<b>Total</b>	<b>(4,950)</b>	<b>(666)</b>	<b>(612)</b>	<b>(6,228)</b>	<b>(2,754)</b>	<b>(499)</b>	<b>(428)</b>	<b>(3,681)</b>

### 31. Current Investments

At 31 March 2022, the Authority had placed £21m of investments with other local authorities that were not due to be repaid within 90 days. These have therefore been classified as current investments. No equivalent investments were held at 31 March 2021.

### 32. Inventories

The Authority held stock balances valued at £2.425m at 31 March 2022, largely comprised of donated Lateral Flow Tests and other Personal Protective Equipment:

Inventories	Balance at 1 April 2020 £000	Donations & Purchases £000	Recognised as an expense in the year £000	Written Off £000	Balance at 31 March 2021 £000	Donations & Purchases £000	Recognised as an expense in the year £000	Written Off £000	Balance at 31 March 2022 £000
General Stock	396	365	(394)	(14)	353	672	(712)	0	313
Donated Stock: Lateral Flow Tests	0	0	0	0	0	1,421	(111)	0	1,310
Donated Stock: Personal Protective Equipment	0	1,374	(510)	0	864	370	(432)	0	802
<b>Total</b>	<b>396</b>	<b>1,739</b>	<b>(904)</b>	<b>(14)</b>	<b>1,217</b>	<b>2,463</b>	<b>(1,255)</b>	<b>0</b>	<b>2,425</b>

### 33. Current Debtors

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

Current Debtors	31 March 2022				31 March 2021			
	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	17,000	0	0	17,000	16,242	0	0	16,242
Other Central Government	4,300	0	0	4,300	3,818	0	0	3,818
Local Authorities	2,653	(55)	0	2,598	3,239	(9)	0	3,230
NHS	1,700	(50)	0	1,650	1,624	(17)	0	1,607
Council Tax Arrears	7,677	(3,068)	0	4,609	7,069	(2,712)	0	4,357
Other Entities and Individuals	4,163	(1,437)	414	3,140	4,809	(1,498)	366	3,677
Trade	1,270	(463)	254	1,061	1,041	(240)	202	1,003
<b>Total</b>	<b>38,763</b>	<b>(5,073)</b>	<b>668</b>	<b>34,358</b>	<b>37,842</b>	<b>(4,476)</b>	<b>568</b>	<b>33,934</b>



### 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 2022			31 March 2021		
	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	313	(229)	84	302	(221)	81
Trade Debtors	723	(463)	260	678	(240)	438
Debtors related to Sales, Fees & charges	628	(314)	314	833	(660)	173
<i>Impairment of Debtors outside of the scope of IFRS 9:</i>						
Council Tax	7,677	(3,068)	4,609	7,069	(2,712)	4,357
Housing Benefits	1,183	(512)	671	1,358	(593)	765
Public Sector Bodies	2,315	(104)	2,211	2,985	(27)	2,958
Other Debtors	520	(383)	137	688	(23)	665
<b>Total</b>	<b>13,359</b>	<b>(5,073)</b>	<b>8,286</b>	<b>13,913</b>	<b>(4,476)</b>	<b>9,437</b>

### 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 and 2021/2022 than in 2019/2020, 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 2022						31 March 2021						
	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	2,767	72	665	111	3,615	(243)	3,042	74	3,124	29	6,269	(187)	
General Arrears > 1 year <5 years old	3,836	689	67	264	4,856	(2,366)	2,865	885	(9)	49	3,790	(1,808)	
General Arrears > 5 years old	652	440	5	184	1,281	(1,087)	591	422	(1)	41	1,053	(864)	
Absconders	216	0	0	0	216	(216)	385	0	0	0	385	(385)	
Bankruptcy/Liquidation/Insolvency	71	0	0	0	71	(71)	10	0	0	0	10	(10)	
Other	73	0	0	7	80	(80)	141	0	0	0	141	(141)	
Arrears not impaired	62	(18)	1,578	(46)	1,576	(4)	35	(23)	(129)	569	452	40	
<b>Total</b>	<b>7,677</b>	<b>1,183</b>	<b>2,315</b>	<b>520</b>	<b>11,695</b>	<b>(4,067)</b>	<b>7,069</b>	<b>1,358</b>	<b>2,985</b>	<b>688</b>	<b>12,100</b>	<b>(3,355)</b>	

### 34. Current Creditors

Amounts owed by the Authority were as follows:

Current Creditors	31 March 2022			31 March 2021		
	Creditors	Receipts in Advance	Total Current Creditors	Creditors	Receipts in Advance	Total Current Creditors
	£000	£000	£000	£000	£000	£000
Welsh Government	(88)	0	(88)	(436)	0	(436)
Other Central Government	(1,429)	0	(1,429)	(1,762)	0	(1,762)
Local Authorities	(1,152)	(72)	(1,224)	(1,084)	0	(1,084)
NHS	(395)	0	(395)	(89)	0	(89)
Capital Creditors	(4,527)	0	(4,527)	(696)	0	(696)
Council Tax Credits	(946)	0	(946)	(975)	0	(975)
Other Entities and Individuals	(9,691)	(339)	(10,030)	(7,541)	(297)	(7,838)
Trade	(3,679)	0	(3,679)	(2,164)	0	(2,164)
<b>Total</b>	<b>(21,907)</b>	<b>(411)</b>	<b>(22,318)</b>	<b>(14,747)</b>	<b>(297)</b>	<b>(15,044)</b>

## 35. Provisions, Contingent Liabilities and Contingent Assets

### 35.1 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
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 2022/2023.	The provision for early terminations comprises the known value of redundancy payments occurring after 31 March 2022 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
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 2022/2023 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, £0.027m 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: 2022/2023.	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. 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.

35.2 Provisions - Movements

Movements in employee-related and other provisions during 2021/2022 were as follows:

	Balance at 1 April 2021 £000	Amounts Used in 2021/2022 £000	Unused Amounts Reversed in 2021/2022 £000	Additional Provisions made in 2021/2022 £000	Balance at 31 March 2022 £000
Provision Movements					
Current Provisions					
Employee Provisions:					
Early Terminations	(58)	58	0	(55)	(55)
<i>Total Current Employee Provisions:</i>	(58)	58	0	(55)	(55)

Provision Movements	Balance at 1 April 2021 £000	Amounts Used in 2021/2022 £000	Unused Amounts Reversed in 2021/2022 £000	Additional Provisions made in 2021/2022 £000	Balance at 31 March 2022 £000
<b>Other Provisions (Current):</b>					
Insurance	(1,396)	125	363	(328)	(1,236)
Part 1 Land Compensation Claims	(10)	5	7	(2)	0
<i>Total Other Current Provisions:</i>	(1,406)	130	370	(330)	(1,236)
<b>Total Current Provisions:</b>	(1,464)	188	370	(385)	(1,291)
<b>Other Provisions (Non-Current):</b>					
Insurance	(1,735)	145	339	(296)	(1,547)
Lease Dilapidation - Anvil Court	(133)	0	0	0	(133)
Lease Dilapidation - Ebbw Vale Multi Storey Car Park	(13)	0	0	(1)	(14)
Lease Dilapidation - 20 Church Street	(1)	0	0	(1)	(2)
<i>Total Non-Current Provisions:</i>	(1,882)	145	339	(298)	(1,696)
<b>Total Provisions:</b>	(3,346)	333	709	(683)	(2,987)

### 35.3 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.

- On 1 April 2021 the Metropole, Abertillery transferred from Aneurin Leisure Trust to Awen Cultural Trust. Awen Cultural Trust is 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 Anwen Cultural 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.

- 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.

### 36. Other Long-Term Liabilities

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

Other Long-Term Liabilities	31 March 2022	31 March 2021
	£000	£000
Cardiff Capital Region City Deal Non-Current Creditor	(1,282)	(2,079)
Deferred Liabilities	(421)	(24)
Net Pensions Liability	(293,580)	(349,681)
<b>Total</b>	<b>(295,283)</b>	<b>(351,784)</b>

- 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.

### 37. 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 2022		31 March 2021 (Restated)†	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£000	£000	£000	£000
Public Works Loan Board	2	(73,584)	(95,784)	(76,235)	(95,872)
Lenders Option Borrowers Option	2	(4,042)	(6,929)	(4,043)	(6,282)
Market Loans	2	(14,000)	(14,198)	(17,000)	(17,311)
Temporary Loans	n/a	(62,365)	(62,365)	(65,315)	(65,436)
Rail Infrastructure Loan	n/a	(40,312)	(32,855)	(39,440)†	(39,440)†
Town Centre Loan	n/a	(1,890)	(2,042)	(1,849)	(1,849)
Salix Loan	n/a	(3,780)	(3,780)	(4,000)	(4,000)
Transforming Towns Loan	n/a	(633)	(711)	0	0
<b>Total</b>		<b>(200,606)</b>	<b>(218,664)</b>	<b>(207,882)</b>	<b>(230,190)</b>

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.

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

### 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 2022			31 March 2021 (Restated)†		
	Non-Current £000	Current £000	Total £000	Non-Current £000	Current £000	Total £000
<b>Financial Liabilities</b>						
Financial liabilities at amortised cost	(126,923)	(73,683)	(200,606)	(136,649)†	(71,233)	(207,882)†
<b>Total Borrowings</b>	<b>(126,923)</b>	<b>(73,683)</b>	<b>(200,606)</b>	<b>(136,649)</b>	<b>(71,233)</b>	<b>(207,882)</b>
<b>Financial Assets</b>						
Available for Sale - Unquoted equity investment at cost	342	0	342	342	0	342
<b>Total Investments</b>	<b>342</b>	<b>0</b>	<b>342</b>	<b>342</b>	<b>0</b>	<b>342</b>

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

### 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	2021/2022			2020/2021		
	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2021/2022 £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2020/2021 £000
Interest payable and similar charges:						
Interest expense	4,464	0	4,464	3,856	0	3,856
Interest and investment income:						
Interest income	0	(77)	(77)	0	(13)	(13)
<b>Net (gain)/loss for the year:</b>	<b>4,464</b>	<b>(77)</b>	<b>4,387</b>	<b>3,856</b>	<b>(13)</b>	<b>3,843</b>



### 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 2022, 72 car loans were outstanding with a total value of £0.331m (31 March 2021: 83 loans with a value of £0.360m).

During 2020/2021 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 £0.455m has been repaid to 31 March 2022. As the difference between fair value and carrying amount is considered to be immaterial, the outstanding balance of £0.005m 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. A further loan was received in 2021/2022 amounting to £0.825m as a Transforming Towns Loan. As these loans 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.

### 38. 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 annual Treasury Management Strategy, Investment Strategy and MRP Policy statement, which incorporates the Prudential Indicators, were approved by Council on 25 March 2021 and are available on the Authority's website:

[Ordinary Meeting of the Council - 25 Mar 2021](#)

#### 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 2021/2022 was approved by Council on 25 March 2021.

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 2022		31 March 2021	
	£000	%	£000	%
<b>Source of Loan</b>				
Public Works Loan Board	(74,067)	31.98	(76,764)	32.04
Lenders Option Borrowers Option	(4,000)	1.73	(4,000)	1.67
Market Loans	(14,000)	6.04	(17,000)	7.09
Temporary Loans	(62,365)	26.93	(65,315)	27.25
Rail Infrastructure Loan	(70,000)	30.22	(70,000)	29.21
Town Centre Loan	(2,570)	1.11	(2,570)	1.07
Transforming Towns Loan	(825)	0.36	0	0.00
Salix Loan	(3,780)	1.63	(4,001)	1.67
<b>Total:</b>	<b>(231,607)</b>	<b>100.00</b>	<b>(239,650)</b>	<b>100.00</b>

The maturity analysis of financial liabilities is as follows:

Maturity of Loan	31 March 2022		31 March 2021	
	£000	%	£000	%
Maturing in less than 1 year	(73,683)	31.80	(71,233)	29.72
Maturing in 1-2 years	(9,162)	3.96	(11,318)	4.72
Maturing in 2-5 years	(32,531)	14.05	(28,686)	11.97
Maturing in 5-10 years	(27,807)	12.01	(38,390)	16.02
Maturing in more than 10 years	(88,424)	38.18	(90,023)	37.57
<b>Total:</b>	<b>(231,607)</b>	<b>100.00</b>	<b>(239,650)</b>	<b>100.00</b>

## 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	2021/2022 £000	2020/2021 £000
Increase in interest payable on current variable rate borrowings	616	627
Increase in interest receivable on current variable rate investments	(750)	(114)
Increase in interest payable on non-current variable rate borrowings	40	40
<b>Net impact upon Comprehensive Income &amp; Expenditure Statement</b>	<b>(94)</b>	<b>553</b>

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 Pharamatelligence 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.



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### 39. 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 2021/2022 was £1.68bn and total net scheme liabilities amounted to £532.3bn.

Employer contributions are set by the Secretary of State, on the advice of the fund actuary. Following the recommendations of Lord Hutton on public sector pensions, a valuation as at 31 March 2012 was undertaken by the Government Actuary's Department in line with the revised valuation directions determined by HM 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 2021/2022, comprised 12,209 contributing employers that administered over 1.36 million active/deferred members and made payments to 751,516 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 2021/2022, the Authority paid employers contributions of £4.932 million to Capita Teachers' Pensions in respect of teachers' pension costs, representing 23.6% of teachers' pensionable pay (2020/2021: £4.757 million). At 31 March 2022, £0.415 million remained payable to the Teachers' Pension Scheme relating to employers contributions arising in the March payroll (31 March 2021: £0.401m).

The total employers contributions to be made by the Authority to the Teachers' Pension Scheme in the year to 31 March 2023 is estimated at £4.983m.

The Authority made total contributions (employees and employers) to the TPS amounting to £6.951m in 2021/2022, which would have represented approximately 0.08% of the total contributions receivable by the TPS in 2021/2022.

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 40 (page 89).

#### 40. 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 39, page 88*).

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.

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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 (2021/2022).

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	2021/2022			2020/2021		
	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	26,833	0	26,833	16,741	0	16,741
Past Service Costs and Curtailments	15	0	15	30	0	30
Administration Expenses	249	0	249	241	0	241
<b>Total Service Cost:</b>	<b>27,097</b>	<b>0</b>	<b>27,097</b>	<b>17,012</b>	<b>0</b>	<b>17,012</b>
Financing and Investment Income and Expenditure:						
Interest on plan assets	(8,798)	0	(8,798)	(7,785)	0	(7,785)
Interest on defined benefit liabilities	15,217	697	15,914	13,239	726	13,965
<b>Net Interest:</b>	<b>6,419</b>	<b>697</b>	<b>7,116</b>	<b>5,454</b>	<b>726</b>	<b>6,180</b>
<b>Total Charged to the Surplus/Deficit on Provision of Services:</b>	<b>33,516</b>	<b>697</b>	<b>34,213</b>	<b>22,466</b>	<b>726</b>	<b>23,192</b>
Remeasurement of the Net Defined Liability, comprising:						
Return on plan assets (excluding amounts included in Net Interest)	(17,615)	0	(17,615)	(95,626)	0	(95,626)
Actuarial (Gains)/Losses arising from changes in demographic assumptions	(3,950)	(321)	(4,271)	9,796	572	10,368
Actuarial (Gains)/Losses arising from changes in financial assumptions	(53,531)	(1,286)	(54,817)	158,638	4,431	163,069
Experience (Gains)/Losses on defined benefit liabilities	685	(443)	242	(4,479)	(573)	(5,052)
<b>Total remeasurements recognised in Other Comprehensive Income &amp; Expenditure:</b>	<b>(74,411)</b>	<b>(2,050)</b>	<b>(76,461)</b>	<b>68,329</b>	<b>4,430</b>	<b>72,759</b>
<b>Total Charged to the Comprehensive Income &amp; Expenditure Statement:</b>	<b>(40,895)</b>	<b>(1,353)</b>	<b>(42,248)</b>	<b>90,795</b>	<b>5,156</b>	<b>95,951</b>

At 31 March 2022, £1.546m remained payable to the LGPS relating to contributions arising in the March payroll (31 March 2021: £1.244m). 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:

	2021/2022			2020/2021		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
<b>Pension Scheme Transactions - Movement in Reserves Statement</b>						
Reversal of net charges for post employment benefits included in <i>'Total Charged to the Surplus/Deficit on Provision of Services'</i>	(33,516)	(697)	(34,213)	(22,466)	(726)	(23,192)
Actual Amount Charged Against Council Tax for Pensions in year:						
Employers' Contributions Payable to Scheme	12,332	0	12,332	11,918	0	11,918
Retirement Benefits Payable to Pensioners	0	1,823	1,823	0	1,888	1,888
<b>Total amounts charged against Council Tax:</b>	<b>12,332</b>	<b>1,823</b>	<b>14,155</b>	<b>11,918</b>	<b>1,888</b>	<b>13,806</b>
<b>Net adjustment between accounting basis and funding basis for pension transactions:</b>	<b>(21,184)</b>	<b>1,126</b>	<b>(20,058)</b>	<b>(10,548)</b>	<b>1,162</b>	<b>(9,386)</b>

*Assets and Liabilities in Relation to Post-Employment Benefits*

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

	2021/2022			2020/2021		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
<b>Reconciliation of the Movements in Fair Value of Scheme Assets</b>						
Balance at 1 April:	440,901	0	440,901	339,718	0	339,718
Employer Contributions	12,030	1,823	13,853	11,640	1,888	13,528
Member Contributions	3,172	0	3,172	3,057	0	3,057
Benefits Paid	(17,084)	(1,823)	(18,907)	(16,925)	(1,888)	(18,813)
Interest on Plan Assets	8,798	0	8,798	7,785	0	7,785
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	17,615	0	17,615	95,626	0	95,626
<b>Balance at 31 March:</b>	<b>465,432</b>	<b>0</b>	<b>465,432</b>	<b>440,901</b>	<b>0</b>	<b>440,901</b>



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

Reconciliation of the Movements in Present Value of Scheme Liabilities	2021/2022			2020/2021		
	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:	(754,821)	(35,761)	(790,582)	(574,483)	(32,493)	(606,976)
Current Service Cost	(26,833)	0	(26,833)	(16,741)	0	(16,741)
Past Service Cost and Curtailments	(15)	0	(15)	(30)	0	(30)
Administration Expenses	(249)	0	(249)	(241)	0	(241)
Interest Cost	(15,217)	(697)	(15,914)	(13,239)	(726)	(13,965)
Member Contributions	(3,172)	0	(3,172)	(3,057)	0	(3,057)
Benefits Paid	17,084	1,823	18,907	16,925	1,888	18,813
Remeasurement Gains/(Losses):						
Experience Gains/(Losses)	(685)	443	(242)	4,479	573	5,052
Actuarial Gains/(Losses) arising from changes in demographic assumptions	3,950	321	4,271	(9,796)	(572)	(10,368)
Actuarial Gains/(Losses) arising from changes in financial assumptions	53,531	1,286	54,817	(158,638)	(4,431)	(163,069)
Balance at 31 March:	(726,427)	(32,585)	(759,012)	(754,821)	(35,761)	(790,582)

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

Pension Assets & Liabilities Recognised in the Balance Sheet	2021/2022			2020/2021		
	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	465,432	0	465,432	440,901	0	440,901
Present Value of Scheme Liabilities	(726,427)	(32,585)	(759,012)	(754,821)	(35,761)	(790,582)
Net Liability:	(260,995)	(32,585)	(293,580)	(313,920)	(35,761)	(349,681)

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 2022				31 March 2021			
	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:	0	0	0	0.00	65,214	0	65,214	14.79
Investment Funds and Unit Trusts:								
Equities	0	344,334	344,334	73.98	0	254,708	254,708	57.77
Bonds	0	65,404	65,404	14.05	0	73,975	73,975	16.78
Other	0	42,576	42,576	9.15	0	32,033	32,033	7.27
Real Estate: UK Property Funds	0	10,652	10,652	2.29	0	11,097	11,097	2.52
Cash and Cash Equivalents:	0	2,466	2,466	0.53	0	3,874	3,874	0.87
<b>Total:</b>	<b>0</b>	<b>465,432</b>	<b>465,432</b>	<b>100.00</b>	<b>65,214</b>	<b>375,687</b>	<b>440,901</b>	<b>100.00</b>

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 2022		31 March 2021	
	Increase in Employer Liabilities		Increase in Employer Liabilities	
	£000	%	£000	%
0.5% decrease in Real Discount Rate	74,840	9.86	80,455	10.18
0.5% increase in the Salary Increase Rate	8,935	1.18	9,752	1.23
0.5% increase in the Pension Increase Rate	65,315	8.61	68,884	8.71
1 year increase in Member Life Expectancy	30,360	4.00	23,717	3.00

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

Sensitivity Analysis	31 March 2022				
		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	(759,012)	(833,852)	(767,947)	(824,327)	(789,372)
Assets	465,432	465,432	465,432	465,432	465,432
Net Deficit	(293,580)	(368,420)	(302,515)	(358,895)	(323,940)
	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

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 2021. The accounting position, due to the effect of Russia's Invasion of Ukraine, was seen as quite small by the actuary. The accounting assumptions used at 31 March 2022 are based on market expectations which are shaped by global events, including the invasion of Ukraine.

### 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 2022	31 March 2021
<b>Financial Assumptions:</b>		
Rate of Increase in Salaries	3.5%	3.2%
Rate of Increase in Pensions	3.2%	2.9%
Discount Rate	2.7%	2.0%
<b>Mortality Assumptions:</b>		
Current Pensioners:	Vita Curves with improvements in line with the CMI 2020 model assuming long term rates of improvement of 1.5% 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:	Vita Curves with improvements in line with the CMI 2020 model assuming long term rates of improvement of 1.5% p.a.	CMI 2018 model assuming an allowance for smoothing of recent mortality experience and long term rates of 1.25%p.a.
<b>Life Expectancy:</b>		
Longevity of current pensioners (aged 65):		
Males	20.5	20.7
Females	23.5	23.4
Longevity of future pensioners (aged 65 in 20 years' time):		
Males	21.7	22.1
Females	25.3	25.4

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.

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### *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 £85.279m at 31 March 2022 (£67.827m (restated) at 31 March 2021). The effect of applying the net superannuation fund deficit of £293.580m to the Authority's usable reserves would be a deficit of £208.301m (2020/2021: the superannuation deficit of £349.681m exceeded usable reserves by £281.854m).

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 2023 are estimated by the Fund Actuary as £12.511m.

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 2021/2022 accounts as a result of the McCloud/Sargeant ruling.

Further review of the LGPS scheme is expected during 2022, with the potential for future changes to benefits and increases in employee/employer contributions.

*Contingent Liabilities (see also note 34.3, page 82)*

*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.

**41. Reserves**

**41.1 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, improving customer accessibility; recycling the interest from the rail loan back into the project; 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 2022/2023 financial year.
Environment Portfolio	To provide for a variety of specific costs falling to the Environment Portfolio including: maintaining a stable transport oncost rate; decommissioning of the Civic Centre; highways network clearance work in adverse winter weather; fund the costs of specialist legal and financial advice in relation to Silent Valley 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.
Inflation & Service Cost Pressure	To support budgets against inflationary and service pressures, the ending of the Hardship Fund and continuing to decarbonise services.
Infrastructure Portfolio	This reserve has now been transferred to the Environment Portfolio reserve.
Insurance Liabilities	To protect against liabilities incurred but not settled. Such liabilities include insurance claims where an excess remains to be borne by the Authority and claims where no insurance cover exists.
Invest to Save	To provide "one off" funding for initiatives that would generate financial and efficiency savings in the medium to long term, or support commercial and investment opportunities.
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.
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.
Planning Committee	To provide for a variety of specific costs falling to the Planning Committee, including delivery of affordable housing, infrastructure and other community benefits through the planning process.
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 Gwent Supporting People Regional Development; funding future costs of SEW Adoption and Workforce Development Collaborations; 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 2022/2023 and future years.

Usable Reserves Earmarked for Capital Purposes:

Capital Inflation & Service Cost Pressures	To support the capital programme with the increased cost pressures being experienced when awarding capital contracts in the current market place.
Corporate Landlord	To fund various corporate landlord pressures recently identified.
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.
New Operating Model	To support works required as part of the new operating model going forward.
The Hive	To be utilised against the Hive in 2022/2023 in relation to the ICT Road Map.
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 2020 £000	Transfers to Fund Balances £000	Transfers from Fund Balances £000	Balance at 31 March 2021 £000	Adjustments £000	Transfers to Fund Balances £000	Transfers from Fund Balances £000	Balance at 31 March 2022 £000
Council Fund	(6,399)	(1,154)	0	(7,553)	0	(5,514)	0	(13,067)
Total: Fund Balances	(6,399)	(1,154)	0	(7,553)	0	(5,514)	0	(13,067)

Usable Earmarked Revenue Reserves	Balance at 1 April 2020	Transfers to Reserves	Transfers from Reserves	Balance at 31 March 2021	Adjustments	Transfers to Reserves	Transfers from Reserves	Balance at 31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000
Budget Contingency Fund/Invest to Save	(64)	0	0	(64)	0	0	0	(64)
Building Control Fees	(87)	0	11	(76)	0	(10)	48	(38)
Cardiff Capital Region City Deal	(294)	(48)	207	(135)	0	(534)	0	(669)
Corporate Services Portfolio	(277)	0	0	(277)	0	(468)	78	(667)
Covid-19 Response & Recovery	0	(2,000)	0	(2,000)	0	0	473	(1,527)
Downsizing, Redundancy & Transitional Costs	(201)	0	17	(184)	0	0	0	(184)
Economy Portfolio	(13)	(60)	0	(73)	0	(55)	1	(127)
Education Portfolio	0	(293)	0	(293)	0	0	193	(100)
Environment Portfolio	(52)	(569)	18	(603)	0	(245)	90	(758)
Financial Planning/Resilience	0	(2,500)	0	(2,500)	0	(1,054)	0	(3,554)
Future Interest Rate	0	(244)	0	(244)	0	(400)	0	(644)
I.C.T	(334)	(1,104)	0	(1,438)	0	(247)	297	(1,388)
Individual Schools Budget (ISB)	(27)	(142)	0	(169)	0	(41)	92	(118)
Inflation & Service Cost Pressure	0	0	0	0	0	(1,361)	0	(1,361)
Infrastructure Portfolio	(200)	0	200	0	0	0	0	0
Insurance Liabilities	(1,938)	(912)	0	(2,850)	0	(347)	0	(3,197)
Invest to Save	0	0	0	0	0	(1,000)	0	(1,000)
Land & Property Charges (Social Services)	(128)	(34)	0	(162)	0	0	45	(117)
LMS (Schools) Balances	(1,224)	(2,494)	37	(3,681)	0	(2,533)	0	(6,214)
Local/Strategic Development Plan	(149)	0	6	(143)	0	0	0	(143)
Members Local Grants	(41)	(14)	0	(55)	0	0	32	(23)
Planning Committee	0	0	0	0	0	(192)	0	(192)
Revenue Grants & Contributions Unapplied	(1,550)	(2,391)	693	(3,248)	0	(2,331)	2,330	(3,249)
Social Services Portfolio	0	(477)	2	(475)	0	(1,944)	125	(2,294)
Specialist Commercial Advice (Leisure Review)	(20)	0	20	0	0	0	0	0
Strategic Business Reviews	(193)	0	0	(193)	0	0	25	(168)
Superannuation	(501)	(100)	0	(601)	0	0	0	(601)
Supporting Additional Capacity	0	0	0	0	0	(369)	0	(369)
Tai Calon Highways Maintenance (Commuted Sums)	0	(375)	0	(375)	0	0	375	0
Technology Park Feasibility Study	(200)	0	174	(26)	0	0	0	(26)
Waste Services	(120)	0	0	(120)	0	0	0	(120)
<b>Total: Usable Earmarked Revenue Reserves</b>	<b>(7,613)</b>	<b>(13,757)</b>	<b>1,385</b>	<b>(19,985)</b>	<b>0</b>	<b>(13,131)</b>	<b>4,204</b>	<b>(28,912)</b>



	Balance at 1 April 2020 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2021 £000	Adjustments £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2022 £000
Usable Revenue Reserves Earmarked for Capital Purposes								
Capital Inflation & Service Cost Pressure	0	0	0	0	0	(1,000)	0	(1,000)
Corporate Landlord	0	0	0	0	0	(150)	0	(150)
Deminimis Capital Works	(77)	(9)	0	(86)	0	(15)	0	(101)
Facilities	(122)	0	3	(119)	0	0	0	(119)
Energy Centre	(59)	(48)	0	(107)	0	(163)	0	(270)
Industrial Units	(50)	0	0	(50)	0	(190)	0	(240)
IT Infrastructure	(231)	0	4	(227)	0	0	0	(227)
New Operating Model	0	0	0	0	0	(492)	0	(492)
The Hive	0	0	0	0	0	(420)	0	(420)
WRAP Regional Vehicles	(123)	(108)	24	(207)	0	(47)	0	(254)
<b>Total: Usable Reserves Earmarked for Capital Purposes</b>	<b>(662)</b>	<b>(165)</b>	<b>31</b>	<b>(796)</b>	<b>0</b>	<b>(2,477)</b>	<b>0</b>	<b>(3,273)</b>
	Balance at 1 April 2020 £000	Transfers to Reserves (Restated)† £000	Transfers from Reserves £000	Balance at 31 March 2021 (Restated)† £000	Adjustments £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2022 £000
Usable Capital Reserves								
Capital Grants Unapplied	(549)	(33,860)†	2,565	(31,844)†	0	(4,424)	4,439	(31,829)
Usable Capital Receipts	(6,800)	(1,015)	166	(7,649)	0	(741)	192	(8,198)
<b>Total: Usable Capital Reserves</b>	<b>(7,349)</b>	<b>(34,875)</b>	<b>2,731</b>	<b>(39,493)</b>	<b>0</b>	<b>(5,165)</b>	<b>4,631</b>	<b>(40,027)</b>
	Balance at 1 April 2020 £000	Transfers to Reserves (Restated)† £000	Transfers from Funds & Reserves £000	Balance at 31 March 2021 (Restated)† £000	Adjustments £000	Transfers to Funds & Reserves £000	Transfers from Funds & Reserves £000	Balance at 31 March 2022 £000
Summary: Usable Reserves								
Fund Balances	(6,399)	(1,154)	0	(7,553)	0	(5,514)	0	(13,067)
Earmarked Revenue Reserves	(7,613)	(13,757)	1,385	(19,985)	0	(13,131)	4,204	(28,912)
Revenue Reserves Earmarked for Capital Purposes	(662)	(165)	31	(796)	0	(2,477)	0	(3,273)
Capital Reserves	(7,349)	(34,875)†	2,731	(39,493)†	0	(5,165)	4,631	(40,027)
<b>Total: Usable Reserves</b>	<b>(22,023)</b>	<b>(49,951)</b>	<b>4,147</b>	<b>(67,827)</b>	<b>0</b>	<b>(26,287)</b>	<b>8,835</b>	<b>(85,279)</b>

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

## 41.2 Unusable Reserves

### 41.2.1 Capital Adjustment Account

Capital Adjustment Account	2021/2022		2020/2021	
	£000	£000	£000	£000
Balance at 1 April		(89,824)		(78,188)
Adjustments to Opening Balance		(1,195)*		0
Revised Balance at 1 April		(91,019)		(78,188)
<b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>				
Charges for depreciation & impairment of non-current assets	5,355		11,630	
Revaluation losses on Property, Plant & Equipment	(2,092)		(9,533)	
Revenue expenditure funded from capital under statute	2,308		1,842	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	1,696		1,012	
Capital grants and contributions applied to capital financing	(9,129)		(11,129)	
<b>Sub-Total: Capital Adjustment Transactions included in the Comprehensive Income &amp; Expenditure Statement:</b>		<b>(1,862)</b>		<b>(6,178)</b>
<b>Items not debited or credited to the CIES:</b>				
Statutory provision for the financing of capital investment charged against the Council Fund	(1,057)		(681)	
Capital expenditure charged against the Council Fund	(458)		(607)	
		<b>(1,515)</b>		<b>(1,288)</b>
<b>Capital financing applied in the year:</b>				
Use of the Capital Receipts Reserve to finance new capital expenditure	(125)		(102)	
Write Out of Infrastructure Loan Discount	913		0	
Application of grants to capital financing from the Capital Grants Unapplied Account	(4,440)		(2,565)	
		<b>(3,652)</b>		<b>(2,667)</b>
<b>Sub-Total: Capital Adjustment Transactions included in the Movement in Reserves Statement:</b>		<b>(7,029)</b>		<b>(10,133)</b>
<b>Adjusting Amounts written out of the Revaluation Reserve:</b>				
Charges for depreciation & impairment of non-current assets	(368)		(1,460)	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	0		(43)	
		<b>(368)</b>		<b>(1,503)</b>
<b>Balance at 31 March</b>		<b>(98,416)</b>		<b>(89,824)</b>

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.

#### 41.2.2 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	2021/2022 £000	2020/2021 £000
Balance at 1 April	(26,799)	(24,163)
Adjustment to Balance Brought Forward	1,613*	0
Revised Balance at 1 April	(25,186)	(24,163)
Upward revaluation of assets	(3,170)	(4,231)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	539	997
Depreciation - write back revaluation reserve	(4,777)	(905)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(7,408)	(4,139)
Difference between fair value depreciation and historical cost depreciation	368	1,460
Accumulated gains on assets sold or scrapped	0	43
Amount written off to the Capital Adjustment Account	368	1,503
Balance at 31 March	(32,226)	(26,799)

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.

\*: Unusable Reserve balances at 1 April 2021 were amended on implementation of a new asset register which necessitated the review of all non-current asset valuations/existence and consequently required adjustments to the gains or losses carried in the Revaluation Reserve and Capital Adjustment Account.

#### 41.2.3 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	2021/2022 £000	2020/2021 £000
Balance at 1 April	3,569	3,674
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(105)	(105)
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)
Balance at 31 March	3,464	3,569

#### 41.2.4 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	2021/2022 £000	2020/2021 £000
Balance at 1 April	(2,930)	(2,994)
Transfer to the Capital Receipts Reserve upon receipt of cash	135	64
Adjustment to Deferred Receipts on Revaluation of Asset Leased to Third Party	(496)	0
Balance at 31 March	(3,291)	(2,930)

#### 41.2.5 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	2021/2022 £000	2020/2021 £000
Balance at 1 April	348,288	266,143
Remeasurement of pensions assets & liabilities	(76,461)	72,759
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	34,213	23,192
Employer's pensions contributions and direct payments to pensioners payable in the year	(14,155)	(13,806)
<b>Balance at 31 March</b>	<b>291,885</b>	<b>348,288</b>

#### 41.2.6 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 2021/2022, £2.585m of accruals for the preceding year were settled or cancelled and £2.826m was accrued at 31 March 2021 (2020/2021: £1.730m of accruals for the preceding year were settled or cancelled and £2.585m was accrued at year end).

#### 41.2.7 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	2021/2022 £000	2020/2021 £000
Balance at 1 April	0	146
Increase/(Decrease) in provision for back pay in relation to Equal Pay cases	0	(146)
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	0	(146)
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

#### 41.2.8 Summary of Unusable Reserves

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

Unusable Reserves	2021/2022 £000	2020/2021 £000
Capital Adjustment Account	(98,416)	(89,824)
Revaluation Reserve	(32,226)	(26,799)
Financial Instruments Adjustment Account	3,464	3,569
Deferred Capital Receipts Reserve	(3,291)	(2,930)
Pensions Reserve	291,885	348,288
Accumulated Absences Account	2,826	2,585
<b>Total Unusable Reserves:</b>	<b>164,242</b>	<b>234,889</b>

## Cash Flow Notes

### 42. 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.

#### 42.1 Non-Cash Movements

Cash Flow - Adjustments for Non-Cash Movements	2021/2022 £000	2020/2021 £000
Depreciation & Impairment	3,263	2,097
REFCUS (deferred charges)	2,308	1,842
Effective interest adjustment	46	44
Soft loan adjustment	912	0
Net IAS19 charges made for Retirement Benefits	34,213	23,192
IAS19 Employers Contributions Paid to Pension Fund	(14,155)	(13,806)
	<b>26,587</b>	<b>13,369</b>
Increase/(Decrease) in Provisions	(359)	(745)
(Increase)/Decrease in Inventories	(1,208)	(821)
(Increase)/Decrease in Revenue Debtors	(2,220)	(3,538)
Increase/(Decrease) in Revenue Creditors	5,510	2,265
<b>Total</b>	<b>28,310</b>	<b>10,530</b>

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

Cash Flow - Adjustments for Investing & Financing Activities	2021/2022 £000	2020/2021 £000
(Gain)/Loss on Disposal of fixed assets	1,091	59
Capital Grants credited to CIES	(13,553)	(14,315)
<b>Total</b>	<b>(12,462)</b>	<b>(14,256)</b>

### 42.3 Receipts or Payments of Interest included in Operating Activities

Cash Flow - Interest included in Operating Activities	2021/2022 £000	2020/2021 £000
Interest Received	(95)	(26)
Interest Paid	3,504	3,811
<b>Net Total</b>	<b>3,409</b>	<b>3,785</b>

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

#### 43.1 Investing Activities

The cash flows for investing activities consist of the following:

Cash Flow - Investing Activities	2021/2022 £000	2020/2021 £000
<b>Cash Outflows</b>		
Purchase of Non-Current Assets	(10,926)	(18,037)
Purchase of short-term and long-term Investments	(21,000)	0
	<b>(31,926)</b>	<b>(18,037)</b>
<b>Cash Inflows</b>		
Sale of Non-Current Assets	606	951
Other Receipts from Investing Activities	15,964	10,792
	<b>16,570</b>	<b>11,743</b>
<b>Total</b>	<b>(15,356)</b>	<b>(6,294)</b>

#### 43.2 Financing Activities

The cash flows for financing activities consist of the following:

Cash Flow - Financing Activities	2021/2022 £000	2020/2021 (Restated) <sup>†</sup> £000
<b>Cash Outflows</b>		
Repayments of Amounts Borrowed	(81,918)	(98,279)
Capital Element of Finance Lease Rental Payments	(104)	(50)
	(82,022)	(98,329)
<b>Cash Inflows</b>		
New Loans Raised	825	53,695 <sup>†</sup>
New Short-Term Loans	73,050	94,117
	73,875	147,812
<b>Total</b>	<b>(8,147)</b>	<b>49,483</b>

<sup>†</sup>: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

#### 43.3 Liabilities arising from Financing Activities

Movement in liabilities arising from financing activities are as follows:

Cash Flow - Liabilities arising from Financing Activities	2021/2022 £000	2020/2021 £000
Opening Liabilities arising from Financing Activities	239,185	159,094
Cash inflows relating to borrowing and investments	73,875	178,371
Repayments of Amounts Borrowed	(81,918)	(98,280)
Capital Element of Finance Lease Rental Payments	(104)	(50)
<b>Net Cash Flows from Financing Activities</b>	<b>(8,147)</b>	<b>80,041</b>
<b>Adjustments for Non-Cash and Other Financing Activities</b>		
Effective Interest Adjustment	46	44
Finance Lease Additions	501	6
	547	50
<b>Closing Liabilities arising from Financing Activities</b>	<b>231,585</b>	<b>239,185</b>

#### 44. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2021/2022 £000	2020/2021 £000
Cash Held by the Authority	52	57
Bank Accounts	8,860	7,862
Short Term Investments	79,000	83,000
<b>Total Cash &amp; Cash Equivalents</b>	<b>87,912</b>	<b>90,919</b>

## Other Notes

### 45. 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.

Since inception, City Deal has evolved from a single funding program to the multiple funding functions and accountabilities of a wider City Region, which would be best managed via a Corporate Joint Committee. The South East Wales Corporate Joint Committee Regulations 2021 established a Corporate Joint Committee (CJC) for the Cardiff City Region, which came into effect on 1 April 2021. It was anticipated that the CJC would assume full delivery of the City Deal programme during 2021/2022 and in order to provide business continuity during the transition period, a 'twin-track' approach was adopted. During this initial phase, the CJC operated at a 'bare minimum', ahead of setting its first statutory budget on 31 January 2022. However, a number of technical/legal issues have delayed the process of full delivery by the CJC, but these are expected to be resolved during the 2022/2023 financial year.

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:

#### 45.1 CCRCD - Summary Group Comprehensive Income & Expenditure Statement

	2021/2022		2020/2021	
	CCRCD Group £000	Blaenau Gwent Apportionment £000	CCRCD Group £000	Blaenau Gwent Apportionment £000
<b>Summary CCRCD Group Comprehensive Income &amp; Expenditure Statement</b>				
<b>Cost of Services</b>				
Operating Expenditure	6,273	290	4,694	217
Operating Income	(8,592)	(397)	(7,286)	(336)
<b>Net Cost of Services</b>	<b>(2,319)</b>	<b>(107)</b>	<b>(2,592)</b>	<b>(119)</b>
Financing and Investment Income & Expenditure	(56)	(3)	7,436	344
Taxation & Non-Specific Grant Income	(5,181)	(238)	(4,475)	(207)
Tax Expenses	488	22	(920)	(37)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(7,068)</b>	<b>(326)</b>	<b>(551)</b>	<b>(19)</b>

45.2 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 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)
Balance at 1 April 2021	(2,951)	(40,969)	(43,920)	(130)	(1,893)	(2,023)
Adjustment to Opening Balance	(6,981)	6,939	(42)	(329)	321	(8)
Revised Balance at 1 April 2021	(9,932)	(34,030)	(43,962)	(459)	(1,572)	(2,031)
(Surplus)/Deficit on Provision of Services	(7,068)	0	(7,068)	(326)	0	(326)
Adjustments between accounting basis & funding basis	4,026	(2,465)	1,561	186	(115)	71
Transfers to/(from) earmarked reserves	(1,537)	(24)	(1,561)	(71)	0	(71)
Net(Increase)/Decrease	(4,579)	(2,489)	(7,068)	(211)	(115)	(326)
Balance at 31 March 2022	(14,511)	(36,519)	(51,030)	(670)	(1,687)	(2,357)



45.3 Cardiff Capital Region City Deal - Summary Group Balance Sheet

Summary CCRC Group Balance Sheet	2021/2022		2020/2021	
	CCRC Group £000	Blaenau Gwent Apportionment £000	CCRC Group £000	Blaenau Gwent Apportionment £000
Non-Current Assets	51,634	2,385	35,707	1,649
Current Assets	76,230	3,521	68,140	3,142
Current Liabilities	(49,091)	(2,268)	(14,923)	(689)
Non-Current Liabilities	(27,743)	(1,281)	(45,004)	(2,079)
<b>Total Net Assets</b>	<b>51,030</b>	<b>2,357</b>	<b>43,920</b>	<b>2,023</b>
Usable Reserve	(14,511)	(670)	(2,951)	(130)
Unusable Reserve	(36,519)	(1,687)	(40,969)	(1,893)
<b>Total Reserves</b>	<b>(51,030)</b>	<b>(2,357)</b>	<b>(43,920)</b>	<b>(2,023)</b>

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

Summary CCRC Group Cash Flow Statement	2021/2022		2020/2021	
	CCRC Group £000	Blaenau Gwent Apportionment £000	CCRC Group £000	Blaenau Gwent Apportionment £000
Net Surplus/(Deficit) on the provision of services	(7,068)	(326)	(551)	(19)
Adjustments to the provision of Services for non-cash movements	7,366	340	2,514	116
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>	<b>298</b>	<b>14</b>	<b>1,963</b>	<b>97</b>
Investing Activities	5,420	250	6,530	302
Financing Activities	(23,460)	(1,084)	(12,250)	(566)
<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(17,742)</b>	<b>(820)</b>	<b>(3,757)</b>	<b>(167)</b>
Cash and Cash equivalents at the beginning of the reporting period	(51,356)	(2,366)	(47,599)	(2,199)
Adjustment to Cash and Cash equivalents opening balance	0	(6)	0	0
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(69,098)</b>	<b>(3,192)</b>	<b>(51,356)</b>	<b>(2,366)</b>

#### 46. 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	2021/2022		
	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000
Greater Gwent Cremation Joint Committee	0	(138)	(138)
Gwent Joint Records Committee	143	0	143
Gwent Transport Unit	1,156	0	1,156
South East Wales Strategic Planning Group	1	0	1
<b>Total</b>	<b>1,300</b>	<b>(138)</b>	<b>1,162</b>

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
<b>Total</b>	<b>1,290</b>	<b>(201)</b>	<b>1,089</b>

##### 46.1 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.

##### 46.2 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.

##### 46.3 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%.

##### 46.4 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 2021/2022, Blaenau Gwent was the host Authority, overseeing the following transactions:

South East Wales Strategic Planning Group	2021/2022	2020/2021
	£000	£000
Balance at 1 April	(41)	(37)
Receipts (Member Subscriptions)	(5)	(6)
Payments	0	2
<b>Balance at 31 March</b>	<b>(46)</b>	<b>(41)</b>

## 47. 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	2021/2022					2020/2021				
	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
<b>Income</b>										
Donations & Legacies	(104)	(2)	(11)	(9)	(126)	(104)	(3)	(44)	(15)	(166)
Other	0	(2)	(2)	(4)	(8)	0	(1)	(2)	0	(3)
<b>Total Income</b>	<b>(104)</b>	<b>(4)</b>	<b>(13)</b>	<b>(13)</b>	<b>(134)</b>	<b>(104)</b>	<b>(4)</b>	<b>(46)</b>	<b>(15)</b>	<b>(169)</b>
<b>Expenditure</b>										
Charitable Activities	117	4	13	13	147	117	4	46	15	182
Other	104	0	0	0	104	104	0	0	0	104
<b>Total Resources Expended</b>	<b>221</b>	<b>4</b>	<b>13</b>	<b>13</b>	<b>251</b>	<b>221</b>	<b>4</b>	<b>46</b>	<b>15</b>	<b>286</b>
<b>Net Expenditure</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117</b>
Transfers between funds	(117)	0	0	0	(117)	(117)	0	0	0	(117)
<b>Net Movement in Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

Charitable Trusts - Property, Plant & Equipment	2021/2022			2020/2021		
	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	(919)	4,652	5,571	(802)	4,769
Cwm Recreation Ground	15	(15)	0	15	(15)	0
Ebbw Vale Recreation Ground	298	(94)	204	298	(81)	217
Tredegar Recreation Ground	86	(69)	17	86	(65)	21
<b>Total</b>	<b>5,970</b>	<b>(1,097)</b>	<b>4,873</b>	<b>5,970</b>	<b>(963)</b>	<b>5,007</b>

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	2021/2022	2020/2021
	£000	£000
Cash	56	56
<b>Balance at 31 March</b>	<b>56</b>	<b>56</b>

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



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## Contents - Group Accounts

Page Number

### *The Statement of Group Accounts*

#### *The Group Financial Statements*

Group Comprehensive Income and Expenditure Statement	113
Group Movement in Reserves Statement	114
Group Balance Sheet	115
Group Cash Flow Statement	116

#### *The Notes to the Group Financial Statements*

G1. Group Accounting Policies	117
G2. Notes to the Group Financial Statements	118

#### *Notes to the Group Comprehensive Income and Expenditure Statement*

G3. Group Expenditure and Funding Analysis	118
G4. Other Operating Expenditure	120
G5. Financing and Investment Income and Expenditure	120
G6. External Audit Fees	121



## Contents - Group Accounts (Continued)

Page Number

### *Notes to the Group Movements in Reserves Statement*

G7. Other Comprehensive Income and Expenditure	121
G8. Adjustments between Parent and Group Movement in Reserves Statements	121

### *Notes to the Group Balance Sheet*

G9. Property Plant and Equipment	122
G10. Current Debtors	125
G11. Current Creditors	125
G12. Provisions	126
G13. Other Long-Term Liabilities	126
G14. Post-Employment Benefits	127
G15. Reserves	130

### *Notes to the Group Cash Flow*

G16. Reconciliation of the Deficit on the Provision of Services to Net Cash Flows From Operating Activities	131
G17. Analysis of the Amounts of Major Classes of Gross Cash Receipts and Gross Cash Payments	132
G18. Cash and Cash Equivalents	132

### *Other Group Notes*

G19. Deferred Taxation	132
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**Blaenau Gwent**

County Borough Council

## Group Comprehensive Income and Expenditure Statement

The Group Comprehensive Income and Expenditure Statement (GCIES) shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. 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	2021/2022			2020/2021 (Restated)†			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
<b>Continuing Operations</b>								
Corporate Services	50,308	(24,966)	25,342	48,440	(24,327)	24,113	G6	121
Education	25,322	(9,557)	15,765	15,466	(9,015)	6,451		
Education - Schools	47,619	(7,166)	40,453	48,051	(6,133)	41,918		
Environment	33,646	(11,142)	22,504	32,213	(12,671)	19,542		
Cardiff Capital Region City Deal	318	(396)	(78)	217	(336)	(119)		
Regeneration & Economic Development	6,761	(4,360)	2,401	5,896	(3,680)	2,216		
Social Services	74,989	(30,655)	44,334	71,699	(29,000)	42,699		
Licensing	226	(111)	115	201	(91)	110		
Planning	1,491	(729)	762	1,026	(311)	715		
Silent Valley	1,662	(155)	1,507	1,161	(37)	1,124	G6	121
<b>Total Deficit on Continuing Services</b>	<b>242,342</b>	<b>(89,237)</b>	<b>153,105</b>	<b>224,370</b>	<b>(85,601)</b>	<b>138,769</b>	G3	119
Other Operating Expenditure	11,770	(1,176)	10,594	10,705	(1,137)	9,568	G4	120
Financing and Investment Income and Expenditure	20,580	(9,057)	11,523	18,353	(8,053)	10,300	G5	120
Taxation and Non-Specific Grant Income	0	(179,355)	(179,355)	0	(204,177)	(204,177)		
<b>(Surplus)/Deficit on Provision of Services</b>	<b>274,692</b>	<b>(278,825)</b>	<b>(4,133)</b>	<b>253,428</b>	<b>(298,968)</b>	<b>(45,540)</b>	G3	119
Tax Expenses			22			(37)	44	107
<b>Group (Surplus)/Deficit</b>			<b>(4,111)</b>			<b>(45,577)</b>	G3	119
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(7,408)			(4,139)		
Remeasurement of the net defined benefit pension liability			(76,687)			72,759	G14.2	128
<b>Other Comprehensive Income &amp; Expenditure</b>			<b>(84,095)</b>			<b>68,620</b>	G7	121
<b>Total Group Comprehensive Income &amp; Expenditure</b>			<b>(88,206)</b>			<b>23,043</b>	GMiRS	114

## 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	2021/2022			2020/2021 (Restated)†			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	167,314	(2,071)	165,243	144,331	(2,131)	142,200		
Adjustments to brought forward balances	418*	0	418	0	0	0		
Revised balance at 1 April	167,732	(2,071)	165,661	144,331	(2,131)	142,200		
Total Group Comprehensive Income & Expenditure	(88,517)	311	(88,206)	22,737	306	23,043	GCIES	113
Adjustments between Group Accounts and Authority Accounts	37	(37)	0	246	(246)	0	G8	121
(Increase)/Decrease in year	(88,480)	274	(88,206)	22,983	60	23,043		
Balance at 31 March	79,252	(1,797)	77,455	167,314	(2,071)	165,243	GBS, G15	115, 130

\*: Reserve balances at 1 April 2021 were amended on implementation of a new asset register which necessitated the review of all non-current asset valuations/existence and consequently required adjustments to the gains or losses carried in the Revaluation Reserve and Capital Adjustment Account.

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

## 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 current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

Group Balance Sheet	31 March 2022		31 March 2021 (Restated)†		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	298,438		282,976		G9	122-124
Investment Properties	1,337		1,340			
Heritage Assets	726		600			
Non-Current Investments	92		92			
Non-Current Debtors	4,072		3,192			
<b>Sub Total: Long Term Assets</b>		<b>304,665</b>		<b>288,200</b>		
Assets Held for Sale	60		70			
Current Investments	21,000		0			
Inventories	2,425		1,217			
Current Debtors	34,405		33,931		G10	125
Deferred Tax Asset	62		66			
Cash and Cash Equivalents	91,391		94,961		G18	132
<b>Sub Total: Current Assets</b>		<b>149,343</b>		<b>130,245</b>		
Current Borrowing	(73,683)		(71,233)			
Current Creditors	(22,467)		(15,086)		G11	125
Current Grants Receipts in Advance	(6,333)		(2,722)			
Current Donated Assets	(2,112)		(864)			
Current Provisions	(1,659)		(1,634)		G12	126
<b>Sub Total: Current Liabilities</b>		<b>(106,254)</b>		<b>(91,539)</b>		
Non-Current Borrowing	(126,923)		(136,649)			
Non-Current Provisions	(3,189)		(3,567)		G12	126
Other Long-Term Liabilities	(295,097)		(351,933)		G13-G14	126-130
<b>Sub Total: Long-Term Liabilities</b>		<b>(425,209)</b>		<b>(492,149)</b>		
<b>Total Net Assets/(Liabilities)</b>		<b>(77,455)</b>		<b>(165,243)</b>		
Usable Reserves	(86,787)		(69,646)		G15	130
Unusable Reserves	164,242		234,889		G15	130
<b>Total Reserves</b>		<b>77,455</b>		<b>165,243</b>		

## Group Cash Flow Statement

Group Cash Flow Statement	2021/2022		2020/2021 (Restated)†		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services less tax expenses	4,111		45,577		GCI.ES	113
Adjustments to the provision of services for non-cash movements	28,303		10,323		G16.1	131
Adjustments for items included in the provision of services that are investing and financing activities	(12,462)		(14,256)		G16.2	131
Interest received	1		2			
<b>Net Cash Inflows from Operating Activities</b>		<b>19,953</b>		<b>41,646</b>		
Investing activities		(15,376)		(6,296)	G17	132
Financing activities		(8,147)		49,483	43.2	106
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>(3,570)</b>		<b>84,833</b>		
Cash and cash equivalents at the beginning of the reporting period		94,961		10,128	GBS, G18	115, 132
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>91,391</b>		<b>94,961</b>	GBS, G18	115, 132

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.

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.



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Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

## G1. Group Accounting Policies

### G1.1 General Principles

The Group Accounts summarise the transactions of the Authority and its Subsidiaries for the 2021/2022 financial year and its position at the year-end of 31 March 2022. 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 2021/2022 and the Service Reporting Code of Practice 2021/2022, 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.

In December 2017, the Council made the 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. Following extensive due diligence the transfer process has commenced with a target date of 31 January 2023.

### 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 £1.038m (2020/2021: £0.823m) 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 2021/2022 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 2021/2022 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.

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### 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	2021/2022					2020/2021 (Restated)†				
	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	16,158	6,711	22,869	2,473	25,342	15,429	7,432	22,861	1,252	24,113
Education	63,818	(50,749)	13,069	2,696	15,765	61,765	(49,954)	11,811	(5,360)	6,451
Education - Schools	(6,228)	49,534	43,306	(2,853)	40,453	(3,682)	45,814	42,132	(214)	41,918
Environment	25,795	(11,278)	14,517	7,987	22,504	24,987	(12,560)	12,427	7,115	19,542
Cardiff Capital Region City Deal	0	107	107	(185)	(78)	0	87	87	(206)	(119)
Regeneration & Economic Development	1,519	(498)	1,021	1,380	2,401	1,195	(447)	748	1,468	2,216
Social Services	42,749	(3,378)	39,371	4,963	44,334	44,231	(3,663)	40,568	2,131	42,699
Licensing	95	(13)	82	33	115	93	1	94	16	110
Planning	798	(218)	580	182	762	1,170	(539)	631	84	715
Capital Adjustments	0	(4)	(4)	4	0	0	(1)	(1)	1	0
Pension Adjustments	0	396	396	(396)	0	0	520	520	(520)	0
Silent Valley	1,507	0	1,507	0	1,507	1,124	0	1,124	0	1,124
Net Expenditure on Continuing Operations	146,211	(9,390)	136,821	16,284	153,105	146,312	(13,310)	133,002	5,767	138,769
Other Operating Expenditure	(74)	8,941	8,867	1,727	10,594	(185)	9,693	9,508	60	9,568
Financing & Investment Income & Expenditure	1	4,653	4,654	6,869	11,523	3	4,901	4,904	5,396	10,300
Taxation & Non-Specific Grant Income	0	(166,745)	(166,745)	(12,610)	(179,355)	0	(160,731)	(160,731)	(43,446) †	(204,177)
(Surplus)/Deficit on the Provision of Services	146,138	(162,541)	(16,403)	12,270	(4,133)	146,130	(159,447)	(13,317)	(32,223)	(45,540)
Tax expenses	22	0	22	0	22	(37)	0	(37)	0	(37)
Group (Surplus)/Deficit	146,160	(162,541)	(16,381)	12,270	(4,111)	146,093	(159,447)	(13,354)	(32,223)	(45,577)
Transfers to/(from) earmarked reserves			10,904					12,446		
(Increase)/Decrease in year			(5,477)					(908)		
Opening Group Balances as at 1 April			(7,301)					(6,393)		
Closing Group Balances as at 31 March			(12,778)					(7,301)		

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

#### G4. Other Operating Expenditure

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

	2021/2022			2020/2021		
	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	1,696	(1,102)	594	1,011	(952)	59
Precepts & Levies	10,074	0	10,074	9,694	0	9,694
Subsidiary:						
Income from energy generation	0	(74)	(74)	0	(185)	(185)
<b>Total</b>	<b>11,770</b>	<b>(1,176)</b>	<b>10,594</b>	<b>10,705</b>	<b>(1,137)</b>	<b>9,568</b>

#### 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:

	2021/2022			2020/2021		
	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 *	5	0	5	321	0	321
Impairment **	190	0	190	204	0	204
Interest payable and similar charges - Financial Instruments	4,464	0	4,464	3,856	0	3,856
Interest payable and similar charges - Other ***	5	0	5	2	0	2
Interest receivable and similar income - Financial Instruments	0	(77)	(77)	0	(13)	(13)
Interest receivable and similar income - Other ****	0	(182)	(182)	0	(255)	(255)
Net Pensions Interest	15,916	(8,798)	7,118	13,970	(7,785)	6,185
<b>Total</b>	<b>20,580</b>	<b>(9,057)</b>	<b>11,523</b>	<b>18,353</b>	<b>(8,053)</b>	<b>10,300</b>

\*: 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	2021/2022 £000	2020/2021 £000
Fees payable in respect of:		
External audit services - Final Accounts	198	191
Silent Valley external audit services - Final Accounts	12	10
External audit services - Local Government Measures	108	105
Certification of grant claims and returns	50	45
Other services	0	0
<b>Total Audit Fees</b>	<b>368</b>	<b>351</b>

External Audit services for Blaenau Gwent CBC are provided by Audit Wales; for Silent Valley Waste Services Ltd. by Azets Audit Services.

### 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	2021/2022 £000	2020/2021 £000
(Surplus)/Deficit arising on the revaluation of Non-Current Assets	(7,408)	(4,139)
Remeasurement of the net defined benefit pension liability	(76,687)	72,759
<b>Other Comprehensive Income &amp; Expenditure</b>	<b>(84,095)</b>	<b>68,620</b>

## 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:

	31 March 2022		31 March 2021	
Adjustments between Single Entity and Group Movement in Reserves Statements	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	(1,061)	1,061	(823)	823
Income	151	(151)	131	(131)
Debtors & Creditors	13	(13)	56	(56)
Retained Profits	461	(461)	163	(163)
Accumulating Dividend	725	(725)	725	(725)
Less cumulative adjustments brought forward	(252)	252	(6)	6
<b>Total intra-group adjustments</b>	<b>37</b>	<b>(37)</b>	<b>246</b>	<b>(246)</b>

## Group Balance Sheet Notes

### G9. Property Plant & Equipment

#### G9.1 Carrying Amount of Non-Current Assets

The Carrying Amount of Group Non-Current Assets in the Balance Sheet can be divided between Infrastructure and 'Other PPE' Assets as follows:

	31 March 2022	31 March 2021
	£000	£000
Property, Plant & Equipment		
Infrastructure Assets	92,312	92,700
Other PPE Assets	206,126	190,276
<b>Net Book Value</b>	<b>298,438</b>	<b>282,976</b>

#### G9.2 Carrying Amount of Infrastructure Assets

CIPFA has issued a temporary adjustment to the Accounting Code of Practice in relation to the disclosure of Infrastructure Assets. This requires that, for the financial years 2010/2011 to 2022/2023, local authorities are not required to report gross book value and accumulated depreciation for Infrastructure Assets.

The movement in the Group Net Book Value of Infrastructure Assets has therefore been represented as follows:

	2021/2022	2020/2021
	£000	£000
Infrastructure Assets		
Net Book Value at 1 April	92,700	93,822
Adjustment to Balances Brought Forward	785	0
<b>Revised Net Book Value at 1 April</b>	<b>93,485</b>	<b>93,822</b>
Additions	2,196	1,854
Capital expenditure written off	(98)	(190)
Other movements in cost or valuation	203*	628**
Depreciation Charge & Appropriations	(3,474)	(3,414)
<b>Net Book Value at 31 March</b>	<b>92,312</b>	<b>92,700</b>

In accordance with provision 24L of The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2022, where works have been undertaken to existing Infrastructure Assets, the carrying amount of any component that has been replaced has been determined as being nil.

#### G9.3 Carrying Amount of 'Other' Property, Plant & Equipment Assets

	31 March 2022	31 March 2021
	£000	£000
Property, Plant & Equipment (Excluding Infrastructure)		
Gross Carrying Amount	222,281	212,479
Accumulated Depreciation	(16,155)	(22,203)
<b>Net Book Value</b>	<b>206,126</b>	<b>190,276</b>

The gross carrying amount and accumulated depreciation relating to Property, Plant and Equipment (excluding Infrastructure Assets) was:

Details of the transactions relating to the carrying amounts and depreciation of non-current assets (excluding Infrastructure Assets) are set out on pages 123-124.

Movements in 2021/2022:

Property, Plant & Equipment Movements (Excluding Infrastructure)	Operational Assets					Total Property, Plant & Equipment £000
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	
Cost or Valuation as at 1 April 2021	174,988	18,387	344	4,231	14,529	212,479
Adjustment to Balances brought Forward	(785)	(1,098)	(293)	30	(1,221)	(3,367)
Revised Cost or Valuation as at 1 April 2021	174,203	17,289	51	4,261	13,308	209,112
Assets reclassified to/from held for sale	0	(496)	0	(1,200)	0	(1,696)
Additions	0	1,755	0	0	4,158	5,913
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,051	0	0	0	0	2,051
Revaluation increases/(decreases) recognised in the Provision of Services	2,676	0	0	0	0	2,676
Capital expenditure written off	(971)	(55)	(26)	0	0	(1,052)
Other movements in cost or valuation *	1,363	414	81	0	3,419	5,277
Cost or Valuation as at 31 March 2022	179,322	18,907	106	3,061	20,885	222,281
Property, Plant & Equipment (Excluding Infrastructure): Depreciation & Impairment	Operational Assets					Total Property, Plant & Equipment £000
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	
Accumulated Depreciation & Impairment as at 1 April 2021	(9,617)	(12,559)	(14)	(13)	0	(22,203)
Adjustment to Balances brought Forward	(200)	2,319	0	1	0	2,120
Revised Accumulated Depreciation & Impairment as at 1 April 2021	(9,817)	(10,240)	(14)	(12)	0	(20,083)
Depreciation Charge & Appropriations	(3,658)	(1,302)	0	(3)	0	(4,963)
Depreciation written out to the Revaluation Reserve	4,777	0	0	0	0	4,777
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,154	0	0	0	0	4,154
Derecognition - disposals	(9)	(31)	0	0	0	(40)
Accumulated Depreciation & Impairment as at 31 March 2022	(4,553)	(11,573)	(14)	(15)	0	(16,155)
Net Book Value as at 31 March 2022	174,769	7,334	92	3,046	20,885	206,126
Net Book Value as at 31 March 2021	165,371	5,828	330	4,218	14,529	190,276
Net Book Value as at 31 March 2020	156,420	4,400	107	4,661	7,966	173,554



Movements in 2020/2021:

Property, Plant & Equipment Movements (Excluding Infrastructure)	Operational Assets					Total Property, Plant & Equipment £000
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	
Cost or Valuation as at 1 April 2020	171,281	15,893	120	4,696	7,966	199,956
Appropriations	820	0	0	0	(2,451)	(1,631)
Assets reclassified to/from held for sale	(87)	0	0	(467)	0	(554)
Additions	0	1,409	0	0	485	1,894
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,956	0	275	83	0	3,314
Revaluation increases/(decreases) recognised in the Provision of Services	18	0	(51)	(81)	0	(114)
Capital expenditure written off	(1,666)	(131)	(7)	0	0	(1,804)
Other movements in cost or valuation **	1,666	1,216	7	0	8,529	11,418
<b>Cost or Valuation as at 31 March 2021</b>	<b>174,988</b>	<b>18,387</b>	<b>344</b>	<b>4,231</b>	<b>14,529</b>	<b>212,479</b>

Property, Plant & Equipment (Excluding Infrastructure): Depreciation & Impairment	Operational Assets					Total Property, Plant & Equipment £000
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	
Accumulated Depreciation & Impairment as at 1 April 2020	(14,861)	(11,493)	(13)	(35)	0	(26,402)
Depreciation Charge & Appropriations	(5,330)	(1,031)	(1)	(7)	0	(6,369)
Depreciation written out to the Revaluation Reserve	898	0	0	7	0	905
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,685	0	0	22	0	9,707
Derecognition - disposals	(9)	(35)	0	0	0	(44)
<b>Accumulated Depreciation &amp; Impairment as at 31 March 2021</b>	<b>(9,617)</b>	<b>(12,559)</b>	<b>(14)</b>	<b>(13)</b>	<b>0</b>	<b>(22,203)</b>

Notes \* & \*\*: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £4.330 million of which has been added to the asset base and £1.150 million of which has been written off as there has been no increase to the asset value in 2021/2022(\*); £10.052 million of which has been added to the asset base and £1.994 million of which has been written off as no increase to the asset value resulted in 2020/2021(\*\*).

**G10. Current Debtors**

Amounts owing to the Group were as follows:

Current Debtors	31 March 2022				31 March 2021			
	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	17,000	0	0	17,000	16,242	0	0	16,242
Other Central Government	4,300	0	0	4,300	3,818	0	0	3,818
Local Authorities	2,653	(55)	0	2,598	3,239	(9)	0	3,230
NHS	1,700	(50)	0	1,650	1,624	(17)	0	1,607
Council Tax Arrears	7,677	(3,068)	0	4,609	7,069	(2,712)	0	4,357
Other Entities & Individuals	4,175	(1,437)	414	3,152	4,764	(1,498)	366	3,632
Trade	1,305	(463)	254	1,096	1,083	(240)	202	1,045
<b>Total Current Debtors:</b>	<b>38,810</b>	<b>(5,073)</b>	<b>668</b>	<b>34,405</b>	<b>37,839</b>	<b>(4,476)</b>	<b>568</b>	<b>33,931</b>

**G11. Current Creditors**

Amounts owed by the Group were as follows:

Current Creditors	31 March 2022			31 March 2021		
	Creditors	Receipts in Advance	Total Current Creditors	Creditors	Receipts in Advance	Total Current Creditors
	£000	£000	£000	£000	£000	£000
Welsh Government	(88)	0	(88)	(436)	0	(436)
Other Central Government	(1,429)	0	(1,429)	(1,762)	0	(1,762)
Local Authorities	(1,152)	(72)	(1,224)	(1,084)	0	(1,084)
NHS	(395)	0	(395)	(89)	0	(89)
Capital Creditors	(4,527)	0	(4,527)	(696)	0	(696)
Council Tax Credits	(946)	0	(946)	(975)	0	(975)
Other Entities and Individuals	(9,751)	(339)	(10,090)	(7,543)	(297)	(7,840)
Trade	(3,768)	0	(3,768)	(2,204)	0	(2,204)
<b>Total Current Creditors:</b>	<b>(22,056)</b>	<b>(411)</b>	<b>(22,467)</b>	<b>(14,789)</b>	<b>(297)</b>	<b>(15,086)</b>

## G12. Provisions

Details of the purposes of the Authority's provisions can be found in note 35.1, pages 80-81. Movements in the Group provisions during 2021/2022 were as follows:

	Balance at 1 April 2021	Amounts Used in 2021/2022	Unused Amounts Reversed in 2021/2022	Additional Provisions made in 2021/2022	Balance at 31 March 2022
	£000	£000	£000	£000	£000
<b>Current Provisions</b>					
Employee Provisions:					
Parent's Employee Provisions	(58)	58	0	(55)	(55)
Other Provisions:					
Parent's Other Provisions	(1,406)	130	370	(330)	(1,236)
Silent Valley Aftercare	(170)	192	0	(390)	(368)
	(1,634)	380	370	(775)	(1,659)
<b>Non-Current Provisions</b>					
Parent's Provisions	(1,882)	145	339	(298)	(1,696)
Silent Valley Aftercare	(1,685)	0	192	0	(1,493)
	(3,567)	145	531	(298)	(3,189)
<b>Total Provisions:</b>	<b>(5,201)</b>	<b>525</b>	<b>901</b>	<b>(1,073)</b>	<b>(4,848)</b>

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:

	31 March 2022	31 March 2021
	£000	£000
Other Long-Term Liabilities		
Cardiff Capital Region City Deal Non-Current Creditor	(1,282)	(2,079)
Deferred Liabilities	(421)	(24)
Net Pensions Liability	(293,394)	(349,830)
<b>Total</b>	<b>(295,097)</b>	<b>(351,933)</b>

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## 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 2021/2022, the total defined contribution scheme charge to the Group CIES was £0.139m (2020/2021: £0.078m). There were no outstanding contributions to the scheme at 31 March 2021 or 31 March 2022.

#### *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 39 & 40, pages 88-97)

### 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:

	2021/2022			2020/2021		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
<b>Group Pension Scheme Transactions</b>						
<b>Group Comprehensive Income &amp; Expenditure Statement:</b>						
<b>Cost of Services:</b>						
Current Service Costs	26,895	0	26,895	16,786	0	16,786
Other Service Costs	264	0	264	271	0	271
<b>Total Service Cost:</b>	<b>27,159</b>	<b>0</b>	<b>27,159</b>	<b>17,057</b>	<b>0</b>	<b>17,057</b>
<b>Financing and Investment Income and Expenditure:</b>						
Interest on Plan Assets	(8,796)	0	(8,796)	(7,780)	0	(7,780)
Interest on Defined Benefit Liabilities	15,217	697	15,914	13,239	726	13,965
<b>Net Interest:</b>	<b>6,421</b>	<b>697</b>	<b>7,118</b>	<b>5,459</b>	<b>726</b>	<b>6,185</b>
<b>Total Charged to the Surplus/Deficit on Provision of Services:</b>	<b>33,580</b>	<b>697</b>	<b>34,277</b>	<b>22,516</b>	<b>726</b>	<b>23,242</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:</b>						
Return on plan assets (excluding amounts included in Net Interest)	(17,615)	0	(17,615)	(95,626)	0	(95,626)
Actuarial (Gains)/Losses arising from changes in demographic assumptions	(3,950)	(321)	(4,271)	9,796	572	10,368
Actuarial (Gains)/Losses arising from changes in financial assumptions	(53,531)	(1,286)	(54,817)	158,638	4,431	163,069
Experience (Gains)/Losses on defined benefit liabilities	459	(443)	16	(4,479)	(573)	(5,052)
<b>Total remeasurement recognised in Other Comprehensive Income &amp; Expenditure</b>	<b>(74,637)</b>	<b>(2,050)</b>	<b>(76,687)</b>	<b>68,329</b>	<b>4,430</b>	<b>72,759</b>
<b>Total Charged to the Group Comprehensive Income &amp; Expenditure Statement:</b>	<b>(41,057)</b>	<b>(1,353)</b>	<b>(42,410)</b>	<b>90,845</b>	<b>5,156</b>	<b>96,001</b>

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:

	2021/2022			2020/2021		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
<b>Pension Scheme Assets</b>						
Balance at 1 April:	442,900	0	442,900	341,132	0	341,132
Employer Contributions	12,203	1,823	14,026	11,813	1,888	13,701
Member Contributions	3,181	0	3,181	3,067	0	3,067
Benefits Paid	(17,128)	(1,823)	(18,951)	(16,974)	(1,888)	(18,862)
Interest on Plan Assets	8,839	0	8,839	7,819	0	7,819
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	17,698	0	17,698	96,043	0	96,043
<b>Balance at 31 March:</b>	<b>467,693</b>	<b>0</b>	<b>467,693</b>	<b>442,900</b>	<b>0</b>	<b>442,900</b>
<b>Reconciliation of the Movements in Present Value of Scheme Liabilities</b>						
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	(756,969)	(35,761)	(792,730)	(576,169)	(32,493)	(608,662)
Current Service Cost	(26,895)	0	(26,895)	(16,786)	0	(16,786)
Past Service Cost and Curtailments	(15)	0	(15)	(30)	0	(30)
Administration Expenses	(249)	0	(249)	(241)	0	(241)
Interest Cost	(15,260)	(697)	(15,957)	(13,278)	(726)	(14,004)
Member Contributions	(3,181)	0	(3,181)	(3,067)	0	(3,067)
Benefits Paid	17,128	1,823	18,951	16,974	1,888	18,862
Experience Gains/(Losses)	(685)	443	(242)	4,479	573	5,052
Actuarial Gains/(Losses) arising from changes in demographic assumptions	3,950	321	4,271	(9,796)	(572)	(10,368)
Actuarial Gains/(Losses) arising from changes in financial assumptions	53,674	1,286	54,960	(159,055)	(4,431)	(163,486)
<b>Balance at 31 March:</b>	<b>(728,502)</b>	<b>(32,585)</b>	<b>(761,087)</b>	<b>(756,969)</b>	<b>(35,761)</b>	<b>(792,730)</b>

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 2022			31 March 2021		
	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	467,693	0	467,693	442,900	0	442,900
Present Value of Scheme Liabilities	(728,502)	(32,585)	(761,087)	(756,969)	(35,761)	(792,730)
<b>Net Liability:</b>	<b>(260,809)</b>	<b>(32,585)</b>	<b>(293,394)</b>	<b>(314,069)</b>	<b>(35,761)</b>	<b>(349,830)</b>

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 £86.787m at 31 March 2022 (£69.646m (restated) at 31 March 2021). The effect of applying the net superannuation fund deficit of £293.394m to the Group's usable reserves would be a deficit of £206.607m (2020/2021: the superannuation deficit of £349.830m exceeded usable reserves by £280.184m). Further information regarding the treatment of this deficit can be found in note 39 (page 96).

#### 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 Usable Reserves were as follows:

Summary: Group Usable Reserves	Net Transfers			Net Transfers	
	1 April 2020	2020/2021	31 March 2021	2021/2022	31 March 2022
	£000	(Restated)†	(Restated)†	£000	£000
Council Fund	(6,393)	(908)	(7,301)	(5,477)	(12,778)
Silent Valley Profit & Loss Reserve	(2,131)	60	(2,071)	274	(1,797)
Parent's Usable Earmarked Reserves	(15,624)	(44,650)†	(60,274)†	(11,938)	(72,212)
<b>Total: Usable Reserves</b>	<b>(24,148)</b>	<b>(45,498)</b>	<b>(69,646)</b>	<b>(17,141)</b>	<b>(86,787)</b>

†: The current value of the Ebbw Valley Railway Infrastructure loan has been re-appraised to correct an error in the 2020/2021 discounting calculation. This has reduced the element classified as 'capital grants unapplied' by £17.464m, with a corresponding increase in the amount accounted for as a loan.

## 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	2021/2022 £000	2020/2021 £000
Depreciation & Impairment	3,304	2,141
REFCUS (deferred charges)	2,308	1,842
Effective interest adjustment	46	44
Soft loan adjustment	912	0
Net IAS19 charges made for Retirement Benefits	34,213	23,192
IAS19 Employers Contributions Paid to Pension Fund	(14,266)	(13,934)
	<b>26,517</b>	<b>13,285</b>
Increase/(Decrease) in Provisions	(375)	(892)
(Increase) / Decrease in Inventories	(1,208)	(821)
(Increase) / Decrease in Revenue Debtors	(2,273)	(3,487)
Increase / (Decrease) in Revenue Creditors	5,642	2,238
<b>Total</b>	<b>28,303</b>	<b>10,323</b>

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

Cash Flow - Adjustments for Investing & Financing Activities	2021/2022 £000	2020/2021 £000
(Gain)/Loss on Disposal of fixed assets	1,091	59
Capital Grants credited to CIES	(13,553)	(14,315)
<b>Total</b>	<b>(12,462)</b>	<b>(14,256)</b>

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

Cash Flow - Interest included in Operating Activities	2021/2022 £000	2020/2021 £000
Interest Received	(97)	(31)
Interest Paid	3,504	3,811
<b>Net Total</b>	<b>3,407</b>	<b>3,780</b>



#### 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	2021/2022	2020/2021
	£000	£000
<b>Cash Outflows</b>		
Purchase of Non-Current Assets	(10,946)	(18,039)
Purchase of short-term and long-term investments	(21,000)	0
	(31,946)	(18,039)
<b>Cash Inflows</b>		
Sale of Non-Current Assets	606	951
Other Receipts from Investing Activities	15,964	10,792
	16,570	11,743
<b>Total</b>	<b>(15,376)</b>	<b>(6,296)</b>

#### G18. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2021/2022	2020/2021
	£000	£000
Cash Held by the Authority	52	57
Bank Accounts	12,339	11,904
Short-term investments	79,000	83,000
<b>Total Cash &amp; Cash Equivalents</b>	<b>91,391</b>	<b>94,961</b>

##### *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 £0.0m (2020/2021: £0.424m) in respect of losses for the year.



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