

2019/2020

# Draft Statement of Accounts

September 2020



Cyngor Bwrdeistref Sŵn  
**Blaenau Gwent**  
County Borough Council





Cover Photo: "The Wheel", Ebbw Vale.



Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

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*Abbreviations and Terms Used in the Statement of Accounts*

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



## Abbreviations and Terms Used in the Statement of Accounts

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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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## Narrative Report

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### 1. Introduction

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

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

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







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## 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 2020, and of their expenditure and income for the year then ended.

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Chief Officer - Resources

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Date





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



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**Comprehensive Income and Expenditure Statement**

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

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

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

**Movement in Reserves Statement**

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

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

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

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

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

**Balance Sheet**

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

- Usable reserves are those reserves that the Authority may use to provide services, subject to any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt) and the need to maintain a prudent level of reserves.
- Unusable reserves are those that the Authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under statutory provisions' (e.g. the Capital Adjustment Account, Pensions Reserve and Accumulated Absences Account).

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

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

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



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**Blaenau Gwent**

County Borough Council



## Notes to the Accounts

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### 1. Accounting Policies

#### 1.1 General Principles

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

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

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

#### 1.2 Back Pay Arising from Unequal Pay Claims

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

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

#### 1.3 Employee Benefits

##### 1.3.1 Post Employment Benefits

###### *The Local Government Pension Scheme*

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

- The liabilities of the Greater Gwent (Torfaen) Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.
- The assets of Greater Gwent (Torfaen) Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value.

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

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

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

#### *Remeasurements of the net defined benefit liability*

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

In relation to retirement benefits, statutory provisions require the Council Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### 1.3.2 Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## 1.4 Financial Instruments

### *Valuation of Assets and Liabilities Carried at Amortised Cost*

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

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

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

### *Premiums/Discounts*

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

### *Interest*

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

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

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## 1.5 Intangible Assets

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

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

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

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

## 1.6 Inventories

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

## 1.7 Leases

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

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

The following accounting treatment applies to each type of lease:

### *Finance Lease*

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

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

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

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

#### *Operating Lease*

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

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

#### *Service Concessions and Arrangements Containing Leases*

The Authority currently has no such arrangements.

### 1.8 Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

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

## 1.9 Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

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

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

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

## 1.10 Surplus Non-Current Assets Under PPE

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

## 1.11 Overheads and Support Services

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

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

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

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

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

## 1.12 Property, Plant and Equipment

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

### 1.12.1 Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

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

#### Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### 1.12.2 Impairment

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

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

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

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



### 1.12.3 Depreciation

Depreciation is provided for on all Property, Plant and Equipment by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

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

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

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

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

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

Asset Type	Standard Life (Years)
Vehicles	5
Equipment <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.

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#### 1.12.4 Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. These are credited to the Capital Receipts Reserve and can then only be used for new capital investment, or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Council Fund Balance in the Movement in Reserves Statement.

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

#### 1.12.5 Componentisation

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

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

#### 1.13 Heritage Assets

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

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

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

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

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

#### 1.14 Minimum Revenue Provision

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

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

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

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

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

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

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

##### *Council Tax*

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

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

##### *Council Tax Reduction Scheme (CTRS)*

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

##### *National Non-Domestic Rates (NNDR)*

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

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

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## 1.16 Joint Arrangements

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

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

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

## 1.17 Accounting for Schools

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

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

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

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

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

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

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

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

## 1.18 Group Accounts

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

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

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

## 1.19 Determination of Operating Segments

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

## 2. Impact of changes in Accounting Policies

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

## 3. Accounting Standards Issued but not yet Adopted

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

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

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

#### 4. Critical Judgements in Applying Accounting Policies

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

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation of Property, Plant and Equipment	Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to maintain the required level of expenditure on repairs and maintenance, resulting in uncertainty regarding the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation charged to the CIES increases and the carrying amount of assets on the Balance Sheet falls.
Fair Value Estimations	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: <ul style="list-style-type: none"> <li>• For Level 2 inputs, quoted prices for similar assets or liabilities in active markets at the balance sheet date;</li> <li>• 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..</li> </ul> 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.
Impairment of Debtors	As at 31 March 2019, the Authority has an outstanding debtors balance of £24.364m. In accordance with proper accounting practice, impairment allowances totalling £4.291m have been calculated for the various classifications of debt outstanding. However, these allowances are based on estimates and judgements, including past experience of collecting similar debts, which may not accurately reflect future levels of debt recovery.	An understatement of debtor impairment allowances would result in an overstatement of income recovered that would require adjustment in the Accounting Statements. At 31 March 2020, impairment allowances represent 12.24% of debt outstanding. A 5% understatement in impairment would therefore represent a potential reduction in revenues of £1.496m.

## 6. Events After the Reporting Period

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

Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

### *Comprehensive Income and Expenditure Statement Notes*

## 7. Expenditure and Funding Analysis

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



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

## 7.1 Code-Compliant Adjustments to Management Accounts

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

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

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

Expenditure and Funding Analysis: Accounting Code Adjustments to Management Accounts	2018/2019							Total £000
	Capital Charges (Note 7.1.1)	Elimination of Internal Recharges (Note 7.1.2)	Pension Liabilities (Note 7.1.3)	Precepts & Levies (Note 7.1.4)	Provisions (Note 7.1.5)	Reserves (Note 7.1.6)	Other (Note 7.1.7)	
	£000	£000	£000	£000	£000	£000	£000	
Corporate Services	(136)	6,486	0	0	71	(222)	1,864	8,063
Education	(2,443)	(41,857)	0	0	(25)	264	(1,755)	(45,816)
Education - School Spending	(39)	40,475	0	0	4	280	1,785	42,505
Environment	(5,683)	(2,678)	0	(3,360)	(416)	85	(1,379)	(13,431)
Cardiff Capital Region City Deal	0	0	0	0	0	0	(134)	(134)
Regeneration & Economic Development	(561)	41	0	0	(14)	160	(518)	(892)
Social Services	(174)	(2,284)	0	0	118	63	149	(2,128)
Licensing	0	(16)	0	0	1	0	(13)	(28)
Planning	0	(167)	0	0	5	(32)	0	(194)
Capital Adjustments	0	0	0	0	0	0	(1)	(1)
Pension Adjustments	0	0	1,008	0	0	0	0	1,008
<b>Net Expenditure on Continuing Operations</b>	<b>(9,036)</b>	<b>0</b>	<b>1,008</b>	<b>(3,360)</b>	<b>(256)</b>	<b>598</b>	<b>(2)</b>	<b>(11,048)</b>
Other Operating Expenditure	0	0	0	3,360	0	0	5,189	8,549
Financing & Investment Income & Expenditure	622	0	(7,406)	0	0	0	11,456	4,672
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(148,719)	(148,719)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>(8,414)</b>	<b>0</b>	<b>(6,398)</b>	<b>0</b>	<b>(256)</b>	<b>598</b>	<b>(132,076)</b>	<b>(146,546)</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	2019/2020 £000	2018/2019 £000
External Fees, Charges & Other Service Income	(17,363)	(20,345)
Government Grants	(52,274)	(50,411)
<b>Total Income</b>	<b>(69,637)</b>	<b>(70,756)</b>
Employee Expenses	100,685	97,923
Other Service Expenses	104,381	106,174
Support Service Recharges	0	0
Depreciation, amortisation & impairment	0	0
<b>Total Expenditure</b>	<b>205,066</b>	<b>204,097</b>
<b>Net Expenditure</b>	<b>135,429</b>	<b>133,341</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	2019/2020				2018/2019			
	Adjustments for Capital Purposes (Note 7.3.1)	Net Change for Pensions Adjustments (Note 7.3.2)	Other Adjustments (Note 7.3.3)	Total Adjustments	Adjustments for Capital Purposes (Note 7.3.1)	Net Change for Pensions Adjustments (Note 7.3.2)	Other Adjustments (Note 7.3.3)	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Services	11	2,865	1	2,877	101	1,302	24	1,427
Education	4,063	938	9	5,010	2,798	291	(46)	3,043
Education - School Spending	0	0	256	256	30	0	(246)	(216)
Environment	8,640	2,158	12	10,810	7,698	1,553	(10)	9,241
Cardiff Capital Region City Deal	0	0	0	0	0	0	0	0
Regeneration & Economic Development	1,143	321	(1)	1,463	1,225	243	3	1,471
Social Services	931	3,379	21	4,331	393	2,524	(1)	2,916
Licensing	0	24	0	24	0	18	3	21
Planning	0	156	0	156	0	126	(2)	124
Capital Adjustments	5	0	0	5	1	0	0	1
Pension Adjustments	0	(554)	0	(554)	0	(1,008)	0	(1,008)
<b>Net Expenditure on Continuing Operations</b>	<b>14,793</b>	<b>9,287</b>	<b>298</b>	<b>24,378</b>	<b>12,246</b>	<b>5,049</b>	<b>(275)</b>	<b>17,020</b>
Other Operating Expenditure	1,043	0	0	1,043	80	0	0	80
Financing & Investment Income & Expenditure	(689)	7,943	(104)	7,150	(622)	7,406	(71)	6,713
Taxation & Non-Specific Grant Income	(11,060)	0	0	(11,060)	(6,268)	0	0	(6,268)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>4,087</b>	<b>17,230</b>	<b>194</b>	<b>21,511</b>	<b>5,436</b>	<b>12,455</b>	<b>(346)</b>	<b>17,545</b>

## 7.3.1 Adjustments for Capital Purposes

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

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

- Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### 7.3.2 Net Change for Pensions Adjustments

This column shows the net change for the removal of pension contributions and the addition of IAS19 *Employee Benefits* pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure, the net interest on the defined benefit liability is charged to the CIES.

### 7.3.3 Other Adjustments

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

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

## 8. Other Operating Expenditure

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

Other Operating Expenditure	2019/2020			2018/2019		
	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	1,639	(595)	1,044	489	(413)	76
Precepts & Levies:						
Gwent Police Authority Precept	5,158	0	5,158	4,820	0	4,820
South Wales Fire Authority Levy	3,267	0	3,267	3,251	0	3,251
Community Council Precepts	497	0	497	372	0	372
Coroners' Courts	108	0	108	82	0	82
National Park Levy	29	0	29	28	0	28
<b>Total</b>	<b>10,698</b>	<b>(595)</b>	<b>10,103</b>	<b>9,042</b>	<b>(413)</b>	<b>8,629</b>

**9. Financing and Investment Income and Expenditure**

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

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

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

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

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

**10. Taxation and Non-Specific Grant Income**

This disclosure includes:

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

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

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

### 11.1 The Gwent Wide Integrated Community Equipment Service (GWICES)

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

### 11.2 The Gwent Frailty Programme

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

### 11.3 The Gwent Care Home Accommodation Functions Pooled Fund

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

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

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



## 12. Members' Allowances

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

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

## 13. Officers' Remuneration

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

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

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

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

### 13.2 Remuneration Ratio

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

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

### 13.3 Senior Officers' Remuneration

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

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

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

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

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

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

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

2018/2019 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		104,398	0	0	0	104,398	23,490	127,888
Corporate Director of Education		99,988	0	0	0	99,988	22,497	122,485
Corporate Director of Regeneration & Community Services		86,322	0	0	0	86,322	19,422	105,744
Corporate Director of Social Services		86,322	0	0	0	86,322	19,422	105,744
Chief Finance Officer (to 29 July 2018)	Note 1	25,336	0	0	0	25,336	55,999	81,335
Chief Officer (Resources) (from 30 July 2018)	Note 1	46,898	0	0	0	46,898	10,552	57,450
Chief Officer (Commercial) (from 07 January 2019)	Note 2	17,138	0	0	0	17,138	3,856	20,994
Head of Organisational Development (to 6 January 2019)	Note 3	51,434	0	0	0	51,434	11,573	63,007
Head of Governance & Partnerships	Note 4	66,900	0	0	0	66,900	15,053	81,953
Head of Legal & Corporate Compliance	Note 4	66,900	0	0	0	66,900	15,053	81,953
<b>Total</b>		<b>651,636</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>651,636</b>	<b>196,917</b>	<b>848,553</b>

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

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

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

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

#### 14. Termination Benefits and Exit Packages - Costs to Authority

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

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

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

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

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

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

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

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

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

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

**16. External Audit Fees**

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

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

## 17. National Non-Domestic Rates

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

Summary information for the year is as follows:

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

## 18. Council Tax

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

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

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

**18.2 Council Tax Base**

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

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

**19. Precepts & Demands****19.1 Precepting Authorities**

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

**19.2 Levies & Demands by Joint Committees and Other Bodies**

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

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

## 20. Grants and Contributions

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

Capital Grants Credited to Services	2019/2020 £000	2018/2019 £000	Capital Grants Credited to taxation and non-specific grant income	2019/2020 £000	2018/2019 £000
Welsh European Funding Office	0	0	Welsh European Funding Office	(79)	0
Welsh Government	(1,694)	(413)	Welsh Government	(10,389)	(5,820)
Other Grants & Contributions	(15)	(241)	Other Grants & Contributions	(592)	(446)
<b>Total:</b>	<b>(1,709)</b>	<b>(654)</b>	<b>Total:</b>	<b>(11,060)</b>	<b>(6,266)</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	2019/2020 £000	2018/2019 £000
Welsh Government	(25,569)	(21,172)
Department for Work and Pensions	(22,576)	(25,626)
Other Central Government	(930)	(662)
Local Authorities	(2,259)	(2,173)
NHS	(845)	(680)
Other Grants & Contributions	(95)	(98)
<b>Total:</b>	<b>(52,274)</b>	<b>(50,411)</b>

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

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



## 21. Related Parties

### 21.1 Central Government

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

### 21.2 Members

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

Related Party & Relationship	Transaction Details	Year Ended 31 March 2020				Year Ended 31 March 2019			
		Transactions		Balances		Transactions		Balances	
		Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority
		£	£	£	£	£	£	£	£
Blaenau Gwent & Caerphilly Care & Repair: A number of Members are trustees.	Payments for support for independent living, home adaptations and voluntary sector grants.	242,215	(15,195)	29,577	(250)	293,429	(15,881)	0	(3)
Blaina Community Centre: A Member of the Council is a Director.	Grants, room hire and reimbursement of maintenance costs.	7,740	(4,669)	0	(510)	7,234	(434)	160	0
Blaina Community Institute: A Member of the Council is a Director.	Payment for room hire (Town Centre and Heritage Action Group) and Income for waste transfer and works carried out at Institute.	23,552	(618)	0	(4,110)	8,205	(163)	0	0
Brynmawr Museum: A Member of the Council is a Director.	Member grants; donation for dignitaries attending Royal Welsh Regiment parade. Income for ground rent, insurance and works carried out at museum.	900	(927)	0	(195)	713	(10)	0	(187)
Hodge Municipal Services: A Member of the Council is the proprietor.	Maintenance of public toilets in Brynmawr and other supplies.	3,360	(140)	100	(140)	2,521	0	0	(140)
Jim Davies Civil Engineering Ltd.: A Council Member is the brother-in-law of one of the Directors.	Capital works including: retaining wall maintenance; Silent Valley transfer station/ overflow extension; footpaths & cycleways; & household waste recycling centre.	787,365	0	507,277	0	129,977	0	20,000	0
<b>Total:</b>		<b>1,065,132</b>	<b>(21,549)</b>	<b>536,954</b>	<b>(5,205)</b>	<b>442,079</b>	<b>(16,488)</b>	<b>20,160</b>	<b>(330)</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 2020		Year Ended 31 March 2019		Notes
		Amounts Paid by Authority	Amounts Received by Authority	Amounts Paid by Authority	Amounts Received by Authority	
		£	£	£	£	
Blaina Post Office	A Member of the Council is Post Master of this business.	0	(50)	0	(57)	Waste transfer.
Highfield Properties (Tredegar)	A member of the Council is a Director of the organisation.	15,725	0	15,314	0	Tenants' Rent Allowances.
Hodge Distributions	A Member of the Council is the proprietor of the organisation.	0	0	0	(1,149)	Rental of an industrial unit.
Sirhowy Community Centre	A Member of the Council is a Director of the organisation.	2,686	0	600	0	Grants.
Sweets & Things	A Member of the Council is the proprietor of the organisation.	0	(50)	0	(46)	Waste transfer.
Circle of Beauty	A Member of the Council is joint proprietor of the business.	60,444	0	0	0	Town Centre Loan and Heritage Grant towards the development of the property.
<b>Total:</b>		<b>78,855</b>	<b>(100)</b>	<b>15,914</b>	<b>(1,252)</b>	

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

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

21.3 Silent Valley Waste Services Limited

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

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

#### 21.4 Education Achievement Service for South East Wales

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

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

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

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

#### 21.5 Cardiff Capital Region City Deal

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

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

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

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

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

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

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. These adjustments include transactions relating to depreciation and impairment, pensions provision, employee accruals, unequal pay and capital grants. The following transactions were made in 2019/2020:

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

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

	2019/2020		2018/2019	
	Council Fund Balance £000	Movement in Unusable Reserves £000	Council Fund Balance £000	Movement in Unusable Reserves £000
<b>Adjustments between Accounting Basis and Funding Basis under Statutory Provisions</b>				
<b>Transactions involving Unusable Reserves (Continued):</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	(13,102)	13,102	(11,155)	11,155
Revaluation losses on Property, Plant & Equipment	(1,244)	1,244	(55)	55
Capital grants & contributions applied	10,055	(10,055)	3,919	(3,919)
Revenue expenditure funded from capital under statute	(2,388)	2,388	(1,678)	1,678
Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive Income & Expenditure Statement	(469)	469	(489)	489
<b>Items not debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	689	(689)	620	(620)
Capital expenditure charged against the Council Fund	293	(293)	44	(44)
<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	(298)	298	276	(276)
<b>Total: Transactions between Funds &amp; Unusable Reserves:</b>	<b>(23,591)</b>	<b>23,591</b>	<b>(20,903)</b>	<b>20,903</b>

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

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

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



**Balance Sheet Notes**

**24. Property Plant & Equipment**

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

**24.1 Carrying Amount of Non-Current Assets**

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

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

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

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

Movements in 2019/2020:

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

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

Movements in 2018/2019:

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

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

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

## 24.2 Fair Value Measurement of Surplus and Assets Held for Sale

### *Fair Value Hierarchy*

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

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

### *Transfers between Levels of the Fair Value Hierarchy*

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

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

#### *Significant Unobservable Inputs - Level 3*

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

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

### *Highest and Best Use*

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

### Valuation Process

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

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

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

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

### Reconciliation of Assets measured at Fair Value to the Balance Sheet

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

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

### 24.3 Capital Commitments

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

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

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

## 24.4 Revaluations

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

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

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

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

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

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

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

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

## 24.5 Capital Expenditure and Financing

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

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

## 25. Heritage Assets

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

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

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



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

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

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

## 26. Leases

### 26.1 Authority as Lessee - Finance Leases

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

### 26.2 Authority as Lessee - Operating Leases

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

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

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

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

### 26.3 Authority as Lessor - Finance Leases

The Authority has 2 finance lease arrangements as a lessor:

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

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

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

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

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

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

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

## 26.4 Authority as Lessor - Operating Leases

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

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

## 27. Non-Current Investments

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

### 27.1 Silent Valley Waste Services Ltd. (SVWS)

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

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

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

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

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

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

**28. Non-Current Debtors**

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

Non-Current Debtors	31 March 2020				31 March 2019			
	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Non-Current Debtors £000	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Non-Current Debtors £000
Local Authorities	2,852	0	0	2,852	4,085	0	0	4,085
Other Entities & Individuals	496	(128)	0	368	442	(37)	0	405
<b>Total</b>	<b>3,348</b>	<b>(128)</b>	<b>0</b>	<b>3,220</b>	<b>4,527</b>	<b>(37)</b>	<b>0</b>	<b>4,490</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 2020			31 March 2019		
	Gross Debtor £000	Impairment £000	Net Debtor £000	Gross Debtor £000	Impairment £000	Net Debtor £000
Land & Property Charges	175	(128)	47	51	(37)	14
<b>Total</b>	<b>175</b>	<b>(128)</b>	<b>47</b>	<b>51</b>	<b>(37)</b>	<b>14</b>

**29. Consolidation of Schools in Single Entity Accounts**

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

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

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

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

Analysis of School by Type	31 March 2020				31 March 2019			
	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total
Primary Schools	15	4	0	19	15	4	0	19
Middle Schools	2	0	0	2	2	0	0	2
Secondary Schools	1	0	1	2	1	0	1	2
Special Schools	2	0	0	2	2	0	0	2
<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	2019/2020				2018/2019			
	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000
Primary Schools	(276)	29	0	(247)	(227)	(201)	0	(428)
Middle Schools	68	0	0	68	(86)	0	0	(86)
Secondary Schools	8	0	(60)	(52)	(19)	0	(76)	(95)
Special Schools	(40)	0	0	(40)	(165)	0	0	(165)
<b>Total In-Year (Surplus)/Deficit</b>	<b>(240)</b>	<b>29</b>	<b>(60)</b>	<b>(271)</b>	<b>(497)</b>	<b>(201)</b>	<b>(76)</b>	<b>(774)</b>

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

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

### 30. Current Debtors

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

Current Debtors	31 March 2020				31 March 2019			
	Gross Debtors	Impairment	Prepayments	Total Net Current Debtors	Gross Debtors	Impairment	Prepayments	Total Net Current Debtors
	£000	£000	£000	£000	£000	£000	£000	£000
Welsh Government	10,152	0	0	10,152	5,473	0	0	5,473
Other Central Government	2,120	0	0	2,120	1,099	0	0	1,099
Local Authorities	2,838	(19)	0	2,819	2,379	(1)	32	2,410
NHS	2,286	(20)	22	2,288	929	(5)	0	924
Council Tax Arrears	5,046	(2,102)	0	2,944	4,546	(1,867)	0	2,679
Other Entities and Individuals	5,354	(1,409)	923	4,868	4,481	(2,295)	1,372	3,558
Trade	762	(227)	0	535	930	(86)	0	844
<b>Total</b>	<b>28,558</b>	<b>(3,777)</b>	<b>945</b>	<b>25,726</b>	<b>19,837</b>	<b>(4,254)</b>	<b>1,404</b>	<b>16,987</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 2020			31 March 2019		
	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	303	(222)	81	312	(227)	85
Trade Debtors	671	(227)	444	919	(86)	833
Debtors related to Sales, Fees & charges	709	(544)	165	490	(322)	168
<i>Impairment of Debtors outside of the scope of IFRS 9:</i>						
Council Tax	5,046	(2,102)	2,944	4,546	(1,867)	2,679
Housing Benefits	1,570	(616)	954	1,715	(1,688)	27
Public Sector Bodies	4,128	(39)	4,089	2,281	(4)	2,277
Other Debtors	172	(27)	145	17	(60)	(43)
<b>Total</b>	<b>12,599</b>	<b>(3,777)</b>	<b>8,822</b>	<b>10,280</b>	<b>(4,254)</b>	<b>6,026</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.



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

### 31. Current Creditors

Amounts owed by the Authority were as follows:

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

## 32. Provisions, Contingent Liabilities and Contingent Assets

### 32.1 Provisions - Purpose

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. The purpose of each provision, categorised as 'Employee-related' or 'Other', is as follows:

#### Employee-Related Provisions:

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

#### Other Provisions:

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

Other Provisions (Continued):

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

32.2 Provisions - Movements

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

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

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

### 32.3 Contingent Liabilities

- Under the terms of the Municipal Mutual Insurance Scheme of Arrangement, the Authority is responsible for the payment of a percentage towards future claims, potentially for many years due to the inherent long-tail nature of the insured risks.
- As part of the legal agreements associated with the transfer of the Authority's Housing Stock to Tai Calon, a number of warranties and indemnities have been provided for a period of 32 years from the transfer date (July 2010), covering areas including environmental, asbestos and redevelopment issues. The limit to claims made against these warranties is £15,000 for each property (uprated annually by RPI), with the exception of warranties for environmental pollution and asbestos, where the limits are £125m (environmental pollution and asbestos - works indemnity) and without limit (asbestos - personal injury and death). Claims are subject to an excess level below which the Authority is not liable to reimburse Tai Calon, these being £5,000 generally and £4.7625m for Asbestos works. Potential liabilities that could arise in respect of environmental pollution have been mitigated by means of insurance policies, providing aggregate cover of £30m. At this stage, there have been no definite claims associated with the warranties provided and it is not possible to determine the extent and value of claims that may arise in the future.
- The Authority has received a number of Part 1 claims arising under the 1973 Land Compensation Act in relation to a number of public works projects. While it is not yet possible to determine the final number and value of these claims in compliance with the Act and the full extent to which settlement will be made, a provision has been included for those claims where offers have been made.

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

### 33. Other Long-Term Liabilities

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

Other Long-Term Liabilities	31 March 2020 £000	31 March 2019 £000
Cardiff Capital Region City Deal Non-Current Creditor	(2,123)	(1,433)
Deferred Liabilities	(68)	(217)
Net Pensions Liability	(267,258)	(325,993)
<b>Total</b>	<b>(269,449)</b>	<b>(327,643)</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, in addition to an apportionment of the costs recognised to date by the joint arrangement in relation to the deferred purchase of property by the Compound Semi-Conductor project.
- Deferred Liabilities represent amounts outstanding for finance leases in relation to vehicles, plant and equipment leased by the Authority.
- The Net Pensions Liability represents the amount by which pension liabilities attributable to the Authority exceed pension assets held in order to settle current and future obligations.

## 34. Financial Instruments

### *Fair Value of Assets and Liabilities carried at Amortised Cost*

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

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

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

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

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

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

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

*Financial Instrument Balances*

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

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

*Note: Silent Valley Waste Services Ltd.:*

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

*Financial Instrument Gains/Losses*

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

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

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### Soft Loans

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

### 35. Disclosure of Nature and Extent of Risks Arising from Financial Instruments

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

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

### Overall Procedures for Managing Risk

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

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

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

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

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

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

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



## Credit Risk

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

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

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

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

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

## Liquidity Risk

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

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

The source analysis of financial liabilities is as follows:

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

The maturity analysis of financial liabilities is as follows:

Maturity of Loan	31 March 2020		31 March 2019	
	£000	%	£000	%
Maturing in less than 1 year	(69,479)	43.54	(73,103)	46.23
Maturing in 1-2 years	(5,848)	3.67	(8,802)	5.57
Maturing in 2-5 years	(25,124)	15.75	(13,538)	8.56
Maturing in 5-10 years	(25,962)	16.27	(21,998)	13.91
Maturing in more than 10 years	(33,145)	20.77	(40,676)	25.73
<b>Total:</b>	<b>(159,558)</b>	<b>100.00</b>	<b>(158,117)</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	2019/2020 £000	2018/2019 £000
Increase in interest payable on current variable rate borrowings	694	667
Increase in interest receivable on current variable rate investments	(79)	(51)
Increase in interest payable on non-current variable rate borrowings	40	40
<b>Net impact upon Comprehensive Income &amp; Expenditure Statement:</b>	<b>655</b>	<b>656</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.

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

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

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

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

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

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

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

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

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

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

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

**37. Post-Employment Benefits - Defined Benefit Plans**

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

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

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

Pension benefits under the LGPS are summarised below:

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

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

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

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

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

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

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

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

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

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

### *Discretionary Benefits*

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

### *Accounting Treatment of Defined Benefit Transactions*

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

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

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

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

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

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

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

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

Reconciliation of the Movements in Fair Value of Scheme Assets	2019/2020			2018/2019		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Balance at 1 April:	378,786	0	378,786	359,245	0	359,245
Employer Contributions	11,881	1,943	13,824	11,555	1,898	13,453
Member Contributions	2,879	0	2,879	2,831	0	2,831
Benefits Paid	(16,870)	(1,943)	(18,813)	(15,817)	(1,898)	(17,715)
Interest on Plan Assets	9,079	0	9,079	9,664	0	9,664
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	(46,037)	0	(46,037)	11,308	0	11,308
<b>Balance at 31 March:</b>	<b>339,718</b>	<b>0</b>	<b>339,718</b>	<b>378,786</b>	<b>0</b>	<b>378,786</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	2019/2020			2018/2019		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	(666,977)	(37,802)	(704,779)	(593,874)	(36,970)	(630,844)
Current Service Cost	(21,462)	0	(21,462)	(18,066)	0	(18,066)
Past Service Cost and Curtailments	(1,524)	0	(1,524)	(270)	0	(270)
Administration Expenses	(228)	0	(228)	(222)	0	(222)
Interest Cost	(16,138)	(884)	(17,022)	(16,133)	(937)	(17,070)
Member Contributions	(2,879)	0	(2,879)	(2,831)	0	(2,831)
Benefits Paid	16,870	1,943	18,813	15,817	1,898	17,715
Remeasurement Gains/(Losses):						
Experience Gains/(Losses)	34,634	365	34,999	(44)	(346)	(390)
Actuarial Gains/(Losses) arising from changes in demographic assumptions	26,026	1,850	27,876	0	0	0
Actuarial Gains/(Losses) arising from changes in financial assumptions	57,195	2,035	59,230	(51,354)	(1,447)	(52,801)
Balance at 31 March:	(574,483)	(32,493)	(606,976)	(666,977)	(37,802)	(704,779)

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

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

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

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

Local Government Pension Scheme Asset Categorisation	31 March 2020				31 March 2019			
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total		Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	
	£000	£000	£000	%	£000	£000	£000	%
Quoted Equity Securities:	50,248	0	50,248	14.79	55,945	0	55,945	14.77
Investment Funds and Unit Trusts:								
Equities	0	196,255	196,255	57.76	0	216,245	216,245	57.09
Bonds	0	56,998	56,998	16.78	0	65,812	65,812	17.37
Other	0	24,682	24,682	7.27	0	28,703	28,703	7.58
Real Estate: UK Property Funds	0	8,550	8,550	2.52	0	10,243	10,243	2.70
Cash and Cash Equivalents:	0	2,985	2,985	0.88	0	1,838	1,838	0.49
<b>Total:</b>	<b>50,248</b>	<b>289,470</b>	<b>339,718</b>	<b>100.00</b>	<b>55,945</b>	<b>322,841</b>	<b>378,786</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 2020		31 March 2019	
	Increase in Employer Liabilities		Increase in Employer Liabilities	
	£000	%	£000	%
0.5% decrease in Real Discount Rate	57,616	9.49	73,233	10.39
0.5% increase in the Salary Increase Rate	7,266	1.20	12,315	1.75
0.5% increase in the Pension Increase Rate	49,751	8.20	59,550	8.45
1 year increase in Member Life Expectancy	18,209	3.00	21,143	3.00

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

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

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

#### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on financial and demographic assumptions. Hymans Robertson LLP are the appointed actuary for the Greater Gwent Local Government Pension Scheme, and have calculated attributable assets and liabilities (including those for Unfunded Teachers' Discretionary Pensions) using the following principal assumptions:

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

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

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

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

#### *Impact on future cash flows*

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

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

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

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

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

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

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

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

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

#### *Potential Liabilities Arising From The McCloud/Sargeant Ruling*

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

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

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

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

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

#### *Impact of Covid 19 on the Greater Gwent Pension Fund*

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

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

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

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

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*Contingent Liabilities (see also note 32.3, page 87)*

*Aneurin Leisure Trust*

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

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

*Guaranteed Minimum Pension (GMP) Equalisation/Indexation*

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

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

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

**38. Reserves**

**38.1 Usable Reserves**

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

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Fund Balances:

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

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

Usable Earmarked Revenue Reserves (Continued):

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



Usable Reserves Earmarked for Capital Purposes:

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

Capital Accounting Reserves:

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

Movements on fund balances and reserves were as follows:

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

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

	Balance at 1 April 2018 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2019 £000	Adjustments £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2020 £000
<b>Usable Revenue Reserves Earmarked for Capital Purposes</b>								
Deminimis Capital Works	(73)	(38)	23	(88)	0	(42)	53	(77)
Facilities	(42)	(80)	0	(122)	0	0	0	(122)
Energy Centre	(50)	(6)	0	(56)	0	(3)	0	(59)
Industrial Units	0	0	0	0	0	(50)	0	(50)
IT Infrastructure	(151)	(10)	26	(135)	0	0	4	(131)
Land at Blaenant Road	0	(136)	0	(136)	0	0	136	0
WRAP Regional Vehicles	0	(52)	0	(52)	0	(71)	0	(123)
<b>Total: Usable Reserves Earmarked for Capital Purposes</b>	<b>(316)</b>	<b>(322)</b>	<b>49</b>	<b>(589)</b>	<b>0</b>	<b>(166)</b>	<b>193</b>	<b>(562)</b>
<b>Usable Capital Reserves</b>								
Capital Grants Unapplied	(668)	(3,001)	3,010	(659)	0	(846)	956	(549)
Usable Capital Receipts	(8,326)	(546)	2,368	(6,504)	0	(655)	359	(6,800)
<b>Total: Usable Capital Reserves</b>	<b>(8,994)</b>	<b>(3,547)</b>	<b>5,378</b>	<b>(7,163)</b>	<b>0</b>	<b>(1,501)</b>	<b>1,315</b>	<b>(7,349)</b>
<b>Summary: Usable Reserves</b>								
Fund Balances	(5,500)	(394)	0	(5,894)	0	(453)	0	(6,347)
Earmarked Revenue Reserves	(4,795)	(4,377)	2,930	(6,242)	0	(2,651)	1,746	(7,147)
Revenue Reserves Earmarked for Capital Purposes	(316)	(322)	49	(589)	0	(166)	193	(562)
Capital Reserves	(8,994)	(3,547)	5,378	(7,163)	0	(1,501)	1,315	(7,349)
<b>Total: Usable Reserves</b>	<b>(19,605)</b>	<b>(8,640)</b>	<b>8,357</b>	<b>(19,888)</b>	<b>0</b>	<b>(4,771)</b>	<b>3,254</b>	<b>(21,405)</b>

## 38.2 Unusable Reserves

### 38.2.1 Capital Adjustment Account

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

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

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

**38.2.2 Revaluation Reserve**

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

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

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

**38.2.3 Financial Instruments Adjustment Account**

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

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

#### 38.2.4 Deferred Capital Receipts Reserve

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

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

#### 38.2.5 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

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

**38.2.6 Unequal Pay Back Pay Account**

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

**38.2.7 Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from this Account. In 2019/2020, £1.432m of accruals for the preceding year were settled or cancelled and £1.730m was accrued at 31 March 2020 (2018/2019: £1.708m of accruals for the preceding year were settled or cancelled and £1.432m was accrued at year end).

**38.2.8 Summary of Unusable Reserves**

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

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

## Cash Flow Notes

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

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

#### 39.1 Non-Cash Movements

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

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

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



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

The cash flows for investing activities consist of the following:

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

**40.2 Financing Activities**

The cash flows for financing activities consist of the following:

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

### 40.3 Financing Activities

Movement in liabilities arising from financing activities are as follows:

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

### 41. Cash and Cash Equivalents

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

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

## Other Notes

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

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

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

The CCRCD Investment Fund comprises two distinct elements:-

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

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

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

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

## 42.1 CCRCD - Summary Group Comprehensive Income &amp; Expenditure Statement

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

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

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

## 42.3 Cardiff Capital Region City Deal - Summary Group Balance Sheet

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

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

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

#### 43. Joint Arrangements - Other

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

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

##### 43.1 Greater Gwent Cremation Joint Committee (GGCJC)

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

##### 43.2 Gwent Joint Records Committee (GJRC)

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

##### 43.3 Gwent Transport Unit (GTU)

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

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

##### 43.4 South East Wales Strategic Planning Group (SEWSPG)

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

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

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

#### 44. Charitable Trusts

The Authority acts as trustee for the following charitable trusts:

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

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

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

The summarised transactions for these charitable trusts are as follows:

Summary Statement of Financial Activities	2019/2020					2018/2019				
	Bedwellty House & Park £000	Cwm Recreation Ground £000	Ebbw Vale Recreation Ground £000	Tredegar Recreation Ground £000	Total £000	Bedwellty House & Park £000	Cwm Recreation Ground £000	Ebbw Vale Recreation Ground £000	Tredegar Recreation Ground £000	Total £000
<b>Income</b>										
Donations & Legacies	(104)	(7)	(41)	(15)	(167)	(104)	(7)	(47)	(13)	(171)
Other	0	0	(2)	0	(2)	0	0	(2)	0	(2)
<b>Total Income</b>	<b>(104)</b>	<b>(7)</b>	<b>(43)</b>	<b>(15)</b>	<b>(169)</b>	<b>(104)</b>	<b>(7)</b>	<b>(49)</b>	<b>(13)</b>	<b>(173)</b>
<b>Expenditure</b>										
Charitable Activities	117	7	43	15	182	117	7	49	13	186
Other	104	0	0	0	104	104	0	0	0	104
<b>Total Resources Expended</b>	<b>221</b>	<b>7</b>	<b>43</b>	<b>15</b>	<b>286</b>	<b>221</b>	<b>7</b>	<b>49</b>	<b>13</b>	<b>290</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	2019/2020			2018/2019		
	Gross Book Value	Accumulated Depreciation	Net Book Value	Gross Book Value	Accumulated Depreciation	Net Book Value
	£000	£000	£000	£000	£000	£000
Bedwellty House and Park	5,571	(685)	4,886	5,571	(569)	5,002
Cwm Recreation Ground	15	(15)	0	15	(15)	0
Ebbw Vale Recreation Ground	298	(67)	231	298	(54)	244
Tredegar Recreation Ground	86	(57)	29	86	(50)	36
<b>Total</b>	<b>5,970</b>	<b>(824)</b>	<b>5,146</b>	<b>5,970</b>	<b>(688)</b>	<b>5,282</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	2019/2020	2018/2019
	£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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Group Comprehensive Income and Expenditure Statement

The Group Comprehensive Income and Expenditure Statement (GCIES) shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

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

## Group Movement in Reserves Statement

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

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

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

**Group Balance Sheet**

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

- Usable reserves are those reserves that the Group may use to provide services, subject to any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt) and the need to maintain a prudent level of reserves.
- Unusable reserves are those that the Group is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Group Movement in Reserves Statement line '*Adjustments between accounting basis and funding basis under regulations*' (e.g. the Capital Adjustment Account, Pensions Reserve and Accumulated Absences Account).

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

## Group Cash Flow Statement

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

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

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



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## Notes to the Group Accounts

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### G1. Group Accounting Policies

#### G1.1 General Principles

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

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

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

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

#### G1.2 Intra Group Transactions and Balances

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

#### G1.3 Acquisitions and Discontinued Operations

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

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

#### G1.4 Employee Benefits

##### G1.4.1 Benefits Payable During Employment

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

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#### G1.4.2 Post Employment Benefits

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

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

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

The required accounting treatments are as follows:

##### *The Local Government Pension Scheme*

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

##### *Silent Valley Defined Contribution Scheme*

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

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

#### G1.5 Property, Plant and Equipment

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

##### G1.5.1 Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

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

##### G1.5.2 Measurement

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



### G1.5.3 Depreciation

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

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

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

### G1.6 Aftercare and Capping Provisions

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

### G2. Notes to the Group Financial Statements

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

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

Group Comprehensive Income & Expenditure Statement Notes

G3. Group Expenditure and Funding Analysis

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

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

**G4. Other Operating Expenditure**

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

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

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

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

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

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

## G6. External Audit Fees

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

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

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

### *Group Movements in Reserves Notes*

## G7. Other Comprehensive Income and Expenditure

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

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

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

*Group Balance Sheet Notes*

**G9. Property Plant & Equipment**

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

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

Movements in 2019/2020:

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

## Movements in 2018/2019:

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

  

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

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

## G10. Current Debtors

Amounts owing to the Group were as follows:

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

## G11. Current Creditors

Amounts owed by the Group were as follows:

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



**G12. Provisions**

Details of the purposes of the Authority's provisions can be found in notes 32.1-32.2, pages 84-86. Silent Valley Waste Services Ltd. hold a provision for Aftercare to provide for estimated costs of maintaining the landfill site after capping works have been completed. The timescale for utilisation of the provision is over a period of 60 years following closure of the site. Due to the timescales involved there are inherent uncertainties regarding the level and value of aftercare works required. Movements in the Group provisions during 2019/2020 were as follows:

	Balance at 1 April 2019 £000	Amounts Used in 2019/2020 £000	Unused Amounts Reversed in 2019/2020 £000	Unwinding of Discount in 2019/2020 £000	Additional Provisions made in 2019/2020 £000	Balance at 31 March 2020 £000
<b>Provision Movements</b>						
<b>Current Provisions</b>						
<b>Employee Provisions:</b>						
Parent's Employee Provisions	(512)	366	0	0	(142)	(288)
<b>Other Provisions:</b>						
Parent's Other Provisions	(2,458)	136	859	0	(408)	(1,871)
Silent Valley Aftercare	(170)	203	0	0	(203)	(170)
	(3,140)	705	859	0	(753)	(2,329)
<b>Non-Current Provisions</b>						
Parent's Provisions	(1,816)	316	83	0	(617)	(2,034)
Silent Valley Aftercare	(2,037)	0	203	0	0	(1,834)
	(3,853)	316	286	0	(617)	(3,868)
<b>Total Provisions:</b>	<b>(6,993)</b>	<b>1,021</b>	<b>1,145</b>	<b>0</b>	<b>(1,370)</b>	<b>(6,197)</b>

### G13. Other Long-Term Liabilities

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

Other Long-Term Liabilities	31 March 2020 £000	31 March 2019 £000
Cardiff Capital Region City Deal Non-Current Creditor	(2,123)	(1,433)
Deferred Liabilities	(68)	(217)
Net Pensions Liability	(267,530)	(326,306)
<b>Total</b>	<b>(269,721)</b>	<b>(327,956)</b>

### G14. Post-Employment Benefits

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

The Group participates in three formal schemes: an independently administered defined contribution scheme for employees of Silent Valley Waste Services Ltd., the Teachers' Pension Scheme administered by Capita Teachers' Pensions and the Local Government Pension Scheme administered by Torfaen CBC. A number of employees of Silent Valley Waste Services Ltd. are members of the Local Government Pension Scheme, of which the company is an admitted body.

#### G14.1 Defined Contribution Schemes

##### *Silent Valley*

A defined contribution scheme was established by the Company in November 1995. The assets of the scheme are held separately from the Company in independently administered funds. Employer contributions to this fund are at a rate of between 6% and 12% of members' pensionable earnings.

In 2019/2020, the total defined contribution scheme charge to the Group CIES was £0.071m (2018/2019: £0.065m). There were no outstanding contributions to the scheme at 31 March 2020 or 31 March 2019.

##### *Teachers' Pension Scheme*

Teachers employed by Blaenau Gwent CBC are members of the Teachers' Pension Scheme administered by Capita Teachers' Pensions.

Further details of this Scheme and the Authority's contributions can be found in the notes to the Single Entity Core Statements (notes 36 & 37, pages 94-104)

#### G14.2 Defined Benefit Scheme

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

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

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

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

Group Pension Scheme Transactions	2019/2020			2018/2019		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
<b>Group Comprehensive Income &amp; Expenditure Statement:</b>						
Cost of Services:						
Current Service Costs	21,516	0	21,516	18,109	0	18,109
Other Service Costs	1,752	0	1,752	492	0	492
<b>Total Service Cost:</b>	<b>23,268</b>	<b>0</b>	<b>23,268</b>	<b>18,601</b>	<b>0</b>	<b>18,601</b>
Financing and Investment Income and Expenditure:						
Interest on Plan Assets	(9,072)	0	(9,072)	(9,658)	0	(9,658)
Interest on Defined Benefit Liabilities	16,138	884	17,022	16,133	937	17,070
<b>Net Interest:</b>	<b>7,066</b>	<b>884</b>	<b>7,950</b>	<b>6,475</b>	<b>937</b>	<b>7,412</b>
<b>Total Charged to the Surplus/Deficit on Provision of Services:</b>	<b>30,334</b>	<b>884</b>	<b>31,218</b>	<b>25,076</b>	<b>937</b>	<b>26,013</b>
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:						
Return on plan assets (excluding amounts included in Net Interest)	46,037	0	46,037	(11,308)	0	(11,308)
Actuarial (Gains)/Losses arising from changes in financial assumptions	(57,195)	(2,035)	(59,230)	51,354	1,447	52,801
Experience (Gains)/Losses on defined benefit liabilities	(34,699)	(365)	(35,064)	129	346	475
<b>Total remeasurement recognised in Other Comprehensive Income &amp; Expenditure</b>	<b>(45,857)</b>	<b>(2,400)</b>	<b>(48,257)</b>	<b>40,175</b>	<b>1,793</b>	<b>41,968</b>
<b>Total Charged to the Group Comprehensive Income &amp; Expenditure Statement:</b>	<b>(15,523)</b>	<b>(1,516)</b>	<b>(17,039)</b>	<b>65,251</b>	<b>2,730</b>	<b>67,981</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:

	2019/2020			2018/2019		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
<b>Pension Scheme Assets</b>						
Balance at 1 April:	380,303	0	380,303	360,666	0	360,666
Employer Contributions	11,918	1,943	13,861	11,589	1,898	13,487
Member Contributions	2,888	0	2,888	2,838	0	2,838
Benefits Paid	(16,900)	(1,943)	(18,843)	(15,847)	(1,898)	(17,745)
Interest on Plan Assets	9,116	0	9,116	9,702	0	9,702
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	(46,193)	0	(46,193)	11,355	0	11,355
<b>Balance at 31 March:</b>	<b>341,132</b>	<b>0</b>	<b>341,132</b>	<b>380,303</b>	<b>0</b>	<b>380,303</b>
<b>Reconciliation of the Movements in Present Value of Scheme Liabilities</b>						
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	(668,807)	(37,802)	(706,609)	(595,508)	(36,970)	(632,478)
Current Service Cost	(21,516)	0	(21,516)	(18,109)	0	(18,109)
Past Service Cost and Curtailments	(1,524)	0	(1,524)	(270)	0	(270)
Administration Expenses	(228)	0	(228)	(222)	0	(222)
Interest Cost	(16,182)	(884)	(17,066)	(16,177)	(937)	(17,114)
Member Contributions	(2,888)	0	(2,888)	(2,838)	0	(2,838)
Benefits Paid	16,900	1,943	18,843	15,847	1,898	17,745
Experience Gains/(Losses)	34,634	365	34,999	(44)	(346)	(390)
Actuarial Gains/(Losses) arising from changes in financial assumptions	57,416	2,035	59,451	(51,486)	(1,447)	(52,933)
<b>Balance at 31 March:</b>	<b>(602,195)</b>	<b>(34,343)</b>	<b>(636,538)</b>	<b>(668,807)</b>	<b>(37,802)</b>	<b>(706,609)</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 2020			31 March 2019		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000	£000	£000	£000	£000
Fair Value of Scheme Assets	341,132	0	341,132	380,303	0	380,303
Present Value of Scheme Liabilities	(576,169)	(32,493)	(608,662)	(668,807)	(37,802)	(706,609)
<b>Net Liability:</b>	<b>(235,037)</b>	<b>(32,493)</b>	<b>(267,530)</b>	<b>(288,504)</b>	<b>(37,802)</b>	<b>(326,306)</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 £22.235m at 31 March 2019 (£22.248m at 31 March 2018). The effect of applying the net superannuation fund deficit of £326.306m to the Group's usable reserves would be a deficit of £304.071m (2018/2019: the superannuation deficit of £271.812m exceeded usable reserves by £249.564m).

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

## G15. Reserves

Details of the Authority's Reserves can be found in note 38, pages 104-113.

The Silent Valley Waste Services Ltd. Profit & Loss Reserve represents the balance of accumulated profit made on trading activities. The transactions and balances on this reserve in the Group Accounts have been adjusted to remove the profit element relating to the Parent. Movements on the Group Reserves were as follows:

Summary: Group Reserves	Net Transfers			Net Transfers		
	1 April 2018	2018/2019	31 March 2019	Adjustments	2019/2020	31 March 2020
	£000	£000	£000	£000	£000	£000
Council Fund	(6,119)	(88)	(6,207)	0	(134)	(6,341)
Silent Valley Profit & Loss Reserve	(2,116)	82	(2,034)	0	(96)	(2,130)
Parent's Usable Earmarked Reserves	(14,105)	111	(13,994)	0	(1,064)	(15,058)
	(22,340)	105	(22,235)	0	(1,294)	(23,529)
Parent's Unusable Reserves	168,052	57,203	225,255	0	(60,584)	164,671
<b>Total: Reserves</b>	<b>145,712</b>	<b>57,308</b>	<b>203,020</b>	<b>0</b>	<b>(61,878)</b>	<b>141,142</b>

*Group Cash Flow Notes*

**G16. Reconciliation of the Deficit on the Provision of Services to Net Cash Flows from Operating Activities**

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

**G16.1 Non-Cash Movements**

Cash Flow - Adjustments for Non-Cash Movements	2019/2020		2018/2019	
	£000	£000	£000	£000
Depreciation & Impairment	14,393		11,256	
REFCUS (deferred charges)	2,388		1,678	
Effective interest adjustment	44		42	
Net IAS19 charges made for Retirement Benefits	31,157		25,964	
IAS19 Employers Contributions Paid to Pension Fund	(13,909)		(13,499)	
		34,073		25,441
Increase/(Decrease) in Provisions		(817)		(2,353)
(Increase) / Decrease in Inventories		65		258
(Increase) / Decrease in Revenue Debtors		(6,029)		197
Increase / (Decrease) in Revenue Creditors		2,663		19
<b>Total</b>		<b>29,955</b>		<b>23,562</b>

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

Cash Flow - Adjustments for Investing & Financing Activities	2019/2020	2018/2019
	£000	£000
(Gain)/Loss on Disposal of fixed assets	(126)	76
Capital Grants credited to CIES	(12,770)	(6,920)
<b>Total</b>	<b>(12,896)</b>	<b>(6,844)</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	2019/2020			2018/2019		
	£000	£000	£000	£000	£000	£000
<b>Cash Outflows</b>						
Purchase of Non-Current Assets	(14,889)			(13,523)		
		(14,889)			(13,523)	
<b>Cash Inflows</b>						
Sale of Non-Current Assets	595			413		
Other Receipts from Investing Activities	10,677			6,150		
		11,272			6,563	
<b>Total</b>			(3,617)			(6,960)

**G18. Cash and Cash Equivalents**

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

Cash and Cash Equivalents	2019/2020	2018/2019
	£000	£000
Cash Held by the Authority	53	47
Bank Accounts	10,076	9,603
Short-term investments	0	6,000
<b>Total Cash &amp; Cash Equivalents</b>	<b>10,129</b>	<b>15,650</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 £0.238m (2018/2019: £0.204m) in respect of losses for the year.



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