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

Dydd Iau, 22 Gorffennaf 2021

Annwyl Syr/Madam

**PWYLLGOR LLYWODRAETHIANT AC ARCHWILIO**

Cynhelir cyfarfod o'r Pwyllgor Llywodraethiant ac Archwilio yn Virtually via Microsoft Teams - if you would like to attend this meeting live via Microsoft Teams please contact [committee.services@blaenau-gwent.gov.uk](mailto:committee.services@blaenau-gwent.gov.uk) on Dydd Mawrth, 27ain Gorffennaf, 2021 am 9.30 am.

Yn gywir

Michelle Morris  
Rheolwr Gyfarwyddwr

**AGENDA**

**1. CYFIEITHU AR Y PRYD**

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

**2. YMDDIHEURIADAU**

Derbyn ymddiheuriadau.

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

3. **DATGANIADAU BUDDIANT A GODDEFEBAU**
- Derbyn datganiadau buddiant a goddefebau
4. **PWYLLGOR LLYWODRAETHIANT AC ARCHWILIO** 5 - 12
- Derbyn cofnodion y cyfarfod o'r Pwyllgor Llywodraethiant ac Archwilio a gynhaliwyd ar 29 Mehefin 2021.
- (Dylid nodi y cyflwynir y cofnodion er pwyntiau cywirdeb yn unig)
5. **DALEN WEITHREDU**
- Nid oedd unrhyw gamau gweithredu yn deillio o gyfarfod y Pwyllgor Llywodraethiant ac Archwilio a gynhaliwyd ar 29 Gorffennaf 2021.
6. **CYNLLUN ARCHWILIO MEWNOL 2021-2026** 13 - 22
- Ystyried adroddiad y Prif Swyddog Adnoddau.
7. **DRAFFT DDATGANIAD CYFRIFON 2020/2021** 23 - 186
- Ystyried adroddiad y Prif Swyddog Adnoddau.
8. **DATGANIAD LLYWODRAETHIANT BLYNYDDOL 2020/21** 187 - 218
- Ystyried adroddiad y Prif Swyddog Adnoddau.
9. **SIARTER ARCHWILIO MEWNOL** 219 - 230
- Ystyried adroddiad y Prif Swyddog Adnoddau.
10. **ARCHWILIO CYMRU – CRYNODEB ARCHWILIAD BLYNYDDOL 2020 CYNGOR BWRDEISTREF SIROL BLAENAU GWENT** 231 - 244
- Ystyried adroddiad Archwilio Cymru.
11. **ARCHWILIO CYMRU – CYNLLUN ARCHWILIO 2021– CYNGOR BWRDEISTREF SIROL BLAENAU GWENT** 245 - 264
- Ystyried adroddiad Archwilio Cymru.

S. Healy (Is-gadeirydd)

P. Baldwin

D. Davies

D. Hancock

J. Hill

W. Hodgins

J. Holt

J. Millard

M. Moore

J. C. Morgan

K. Rowson

B. Summers

S. Thomas

H. Trollope

L. Winnett

M. Veale

Pob Aelod arall (er gwybodaeth)

Rheolwr Gyfarwyddwr

Prif Swyddogion

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**COUNTY BOROUGH OF BLAENAU GWENT**

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

**SUBJECT: GOVERNANCE & AUDIT COMMITTEE – 29<sup>TH</sup> JUNE, 2021**

**REPORT OF: DEMOCRATIC SUPPORT OFFICER**

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**PRESENT:** Mr. Terry Edwards (Chair)

Councillors S. Healy  
P. Baldwin  
D. Davies  
D. Hancock  
J. Hill  
W. Hodgins  
J. Holt  
M. Moore  
J.C. Morgan  
K. Rowson  
H. Trollope

Mr. M. Veale

**WITH:** Chief Officer Resources  
Audit & Risk Manager  
Head of Legal & Corporate Compliance  
Professional Lead – Internal Audit  
Service Manager, Registration, Elections & Corporate  
Complaints  
Data Protection & Governance Officer

**AND:** Mike Jones ) Audit Wales  
Alice Rushby )

## DECISIONS UNDER DELEGATED POWERS

<u>ITEM</u>	<u>SUBJECT</u>	<u>ACTION</u>
No. 1	<p><b><u>SIMULTANEOUS TRANSLATION</u></b></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p>	
No. 2	<p><b><u>APOLOGIES</u></b></p> <p>An apology for absence was received from Councillors B. Summers and L. Winnett.</p>	
No. 3	<p><b><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></b></p> <p>No declarations of interest or dispensations were reported.</p>	
No. 4	<p><b><u>APPOINTMENT OF CHAIR 2021/22</u></b></p> <p>Nominations were sought for the appointment of Chair of the Governance &amp; Audit Committee for 2021/2022.</p> <p>A Member proposed that Mr. Terry Edwards be appointed to the role, and this proposal was seconded.</p> <p>RESOLVED that Mr. Terry Edwards be appointed Chair of the Governance &amp; Audit Committee for 2021/2022.</p>	
No. 5	<p><b><u>TIME OF FUTURE MEETINGS</u></b></p> <p>Following a discussion, it was</p> <p>RESOLVED that meetings continue to be held at 9.30 a.m.</p>	
No. 6	<p><b><u>AUDIT COMMITTEE</u></b></p> <p>The minutes of the Audit Committee held on 27<sup>th</sup> April, 2021 were submitted.</p> <p>A Member referred to page 5 of the minutes, namely the</p>	

	<p>discussion that took place in relation to the number of Officers leaving the Authority and said the Audit &amp; Risk Manager had stated that this would be factored into the risk assessment, and that Members' comments would be noted.</p> <p>RESOLVED, subject to the foregoing, that the minutes be accepted as a true record of proceedings.</p>	
<b>No. 7</b>	<p><b><u>ACTION SHEET</u></b></p> <p>There were no actions arising from the meeting held on 27<sup>th</sup> April, 2021.</p>	
<b>No. 8</b>	<p><b><u>GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME 2021-22</u></b></p> <p>Consideration was given to report of the Audit &amp; Risk Manager.</p> <p>The Audit &amp; Risk Manager presented the Governance &amp; Audit Committee Forward Work Programme for 2021-22, attached at Appendix 1.</p> <p>A Member asked that the risk to the Authority in relation to the number of Officers leaving, and staff sickness be added to the FWP. He also sought assurance that exit interviews were being conducted.</p> <p>The Audit &amp; Risk Manager said the FWP listed the reports that would be submitted to the Committee during the year. However, the issues raised by the Member would sit within the remit of the Audit Plan which would be submitted to the next meeting of the Committee.</p> <p>A Member referred to the implications for the Committee as a result of the Local Government &amp; Elections (Wales) Act, and asked whether a revised Terms of Reference for the Committee would be reported prior to May 2022.</p> <p>In response the Chief Officer Resources explained that the FWP was based on previous years, however, it was subject to change and movement throughout the year to take account of</p>	

	<p>additional items etc.</p> <p>Another Member sought assurance that the relevant Officers would be in attendance when the Audit Wales report on Silent Valley was brought to Committee for consideration.</p> <p>The Chief Officer Resources said she was unable to comment on when the report could be expected, but assured that relevant Officers would be in attendance when the report was presented.</p> <p>The Audit Wales Officer said he was unable to provide a date for submission of the Silent Valley report but confirmed that the report had now been circulated to the individuals identified in the report for comments. He also confirmed that the Audit Wales Audit Plan would be submitted to the special meeting of the Committee on the 27<sup>th</sup> July, 2021.</p> <p>RESOLVED, subject to the foregoing amendments, that the report be accepted and the Forward Work Programme for the Governance &amp; Audit Committee be agreed (Option 2).</p>	
<p><b>No. 9</b></p>	<p><b><u>CODE OF GOVERNANCE</u></b></p> <p>Consideration was given to the report of the Audit &amp; Risk Manager.</p> <p>The Audit &amp; Risk Manager presented the revised Code of Governance for approval (Appendix 1). The Code of Governance was updated on at least an annual basis to ensure it reflected the current governance arrangements of the Authority, and formed the basis against which the Annual Governance Statement was produced. The Officer confirmed that the draft Annual Governance Statement would be reported to the special meeting of the Committee in July.</p> <p>The Officer highlighted the three main areas of change within the Code of Governance as follows:-</p> <ul style="list-style-type: none"> <li>• Core Principle A, as a result of the review of the Corporate Plan undertaken during 2020 some amendments had been made to the Outcome</li> </ul>	



	<p>Statements developed;</p> <ul style="list-style-type: none"> <li>• the new Corporate Communications Strategy 2020-25 linked to the Council’s Commercial Strategy 2020-24; and</li> <li>• the document had been updated to reflect the Local Government &amp; Elections (Wales) Act and resulting changes for the Committee.</li> </ul> <p>In response to a question raised by a Member, the Officer confirmed that the revised Code of Governance had been considered by CLT to ensure it reflected the governance framework of the Authority, however, she assured that the Committee was responsible for approving the Code of Governance.</p> <p>RESOLVED that the report be accepted and the Committee approve and adopt the revised Code of Governance (Option 1).</p>	
<p><b>No. 10</b></p>	<p><b><u>UPDATED CONCERNS AND COMPLAINTS POLICY</u></b></p> <p>Consideration was given to the report of the Head of Legal &amp; Corporate Compliance.</p> <p>The Head of Legal &amp; Corporate compliance presented the report which outlined the updated Concerns and Complaints Policy.</p> <p>The Officer reported that as part of the Public Services Ombudsman (Wales) Act 2019, a new Complaints Standards Authority (CSA) had been created. Policy and Guidance had been issued under the powers contained within Section 36 of the Act and they applied to public service providers in Wales. The CSA has produced a model Concerns and Complaints Policy and there was an expectation for public authorities to adopt the model policy to ensure consistency of complaints handling throughout Wales. The draft Policy had been brought to Committee prior to it being presented to Council in July.</p> <p>The Officer explained that the Council was required to provide the CSA with complaints data on a quarterly basis and report</p>	

to the Governance and Audit Committee the number and types of complaints received, their outcomes and any remedial action taken as a consequence. It was for the Council to determine how frequently it should receive such reports, however this should be at least twice a year.

The Officer also reported that the Committee would now have additional functions to include a role in oversight for complaints and would have statutory powers to:

- Review and assess the authority's ability to handle complaints effectively; and
- Make reports and recommendations in relation to the Authority's ability to handle complaints effectively.

The Officer pointed out that this Policy referred to service complaints and not complaints relating to conduct which sat with the Monitoring Officer and the Standards Committee.

In response to a question raised, the Officer explained that service complaints were referred to the Department responsible for the service, and hopefully resolved at an early stage. However, if this was not possible it was escalated further.

A Member referred to the fact that schools had their own complaints procedures in place, and asked how these would align with the new Policy.

The Officer confirmed that both Social Services and Education had adopted their own complaints procedures. Work would be done moving forward to review all the Council's co-joined complaints procedures to ensure consistency with the required standards of the new CSA, and to keep those documents under review.

A Member referred to the additional function for the Committee to receive complaints against the Authority, and asked whether this would include complaints in relation to Education and Social Services.

	<p>The Officer said currently complaints in those areas were reported to the relevant Scrutiny Committee. However, to ensure effective oversight of all complaints procedures it was intended to bring these to the Governance &amp; Audit Committee, and the Officer confirmed that this would be discussed with the Departments.</p> <p>A Member said there was no mention that a person could nominate a spokesperson to act on their behalf and suggested that this be included within the Policy.</p> <p>The Officer noted the Member's comment.</p> <p>RESOLVED that, subject to the foregoing amendment, the report be accepted and the Committee agree the information contained within the Concerns and Complaints Policy before adoption by Council; and that a complaints report be presented to the Governance &amp; Audit Committee on a bi-annual basis in October and April each year (Option 2).</p>	
<p><b>No. 11</b></p>	<p><b><u>AUDIT WALES REPORTS AND RECOMMENDATIONS</u></b></p> <p>Consideration was given to the report of Audit Wales.</p> <p>The Audit Wales Officer presented a letter which had been sent to all Councils informing of Audit Wales' intention to review the reporting arrangements currently in place, in order to have a more consistent approach. Audit Wales would be engaging with Councils to ensure all reports are submitted to Committee and that recommendations are taken forward.</p> <p>A Member pointed out that the new arrangements may impact on the deadlines set out in the FWP.</p> <p>RESOLVED that the Audit Wales be accepted and the information contained therein be acknowledged.</p>	

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# Agenda Item 6

*Executive Committee and Council only*

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Governance & Audit Committee**  
Date of meeting: **27th July 2021**

Report Subject: **Internal Audit Plan 2021-2026**

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

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

Report Written by: **Louise Rosser – Audit and Risk Manager**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance & Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	virtual		27.07.21					

## 1. Purpose of the Report

The purpose of this report is to provide the Governance & Audit Committee with the five-year strategic Audit Plan for the period 2021-2026 (Appendix A).

## 2. Scope and Background

2.1 The report provides the strategic five-year Internal Audit Plan including the rationale for implementing a one-year operational plan.

2.2 Under the Public Sector Internal Audit Standards (PSIAS) the Head of Internal Audit is required to:

- Produce a risk-based Internal Audit Plan that prioritises internal audit activity in line with the organisations goals and objectives.
- Produce a plan that takes into account, the requirements to produce an annual audit opinion, and the assurance framework that exists within the Authority.
- Confirm that the service will be delivered in accordance with the Internal Audit Charter.
- Produce a plan based on a documented risk assessment that considers input from Senior Management.
- Communicate any resource limitations to the Governance & Audit Committee.
- Report the Internal Audit Plan to the Governance & Audit Committee for approval.

2.3 The plan development process has undergone a review to ensure it remains fit for purpose and to identify areas for improvement. Consequently, there are number of notable changes.

2.4 Risk Matrix

The audit plan is produced following an assessment of risk whereby each potential audit area (the audit population) is scored using a matrix against a set of criteria relating to the audit risks, the Authority's objectives, and the views of the Heads of Services. The scoring matrix has been revised to reflect the current objectives / priorities of the Authority and also to allow more flexibility.

2.5

The following changes to the risk matrix have been made:

- Reduction of the number of headings used to risk score an audit area, allowing for the overlap of areas to be factored in to the score
- A sliding scale to score each area, giving a visual of where the risks lie
- More flexibility in allocating a score to an area, through discussion with the Service Manager
- Banding of audits into high, medium and low risk, making for a more flexible audit plan

2.6

An example of the revised scoring matrix is attached at Appendix B.

2.7

As with the previous matrix, a miscellaneous category will remain to enable the plan to be adjusted for audit timing and ad hoc circumstances.

#### Fundamental Systems

Historically the major financial systems have been subject to an annual audit, however this approach has now changed and these areas will now be risk assessed as part of the audit population. A number of the audits have already been converted to a Control Risk Self-Assessment (CRSA)

2.8

approach, and will continue in this format.

#### Thematic Reviews

The section has piloted an alternative approach to audits whereby instead of taking an individual system, a theme is identified and reviews are undertaken of the multiple systems and interactions that this theme encounters. This approach reviews multiple systems and processes as a collective, and also assesses the efficiency and effectiveness of the connections between them. In addition, a number of quick hit compliance audits can be conducted to complement the Thematic Reviews. This will involve testing one element of a process rather than a whole system, e.g. declarations of interest. This is a revised approach to audit in Blaenau Gwent and consists of taking a process and looking at it from start to finish from the users' perspective whilst considering the risks to the Authority.

2.9

#### Audit Plan

The plan produced from the risk assessments will no longer indicate risk scores but will instead show audits as high, medium or low risk based on the score they achieve. By banding the audits into risk categories instead of a rank order, there will be more flexibility in the audit plan. In addition to the risk assessed audits the plan will continue to contain standard audits, such as grants, and CRSA for schools and some financial systems.

## 2.10

The plan is constructed by taking the number of available audit days, based on the audit establishment and matching them to the audits. Available audit days have been apportioned across directorates rather than allocated to specific audits. This approach ensures that sufficient breadth of audit coverage will be provided to enable the Audit and Risk Manager to provide the Governance & Audit Committee with an annual audit opinion.

### 3. **Options for Recommendation**

3.1 The Governance & Audit Committee consider the following options:

#### Option 1

The Committee note the basis for audit selection / prioritisation as described in section 2, and approve the audit plan attached at Appendix A, deeming it to provide sufficient coverage upon which the Audit and Risk Manager can provide an annual audit opinion, enabling the Governance & Audit Committee to fulfil its assurance role.

#### Option 2

The Committee note the basis for audit selection / prioritisation as described in section 2, and provide suggestions for amendment to the audit plan attached at Appendix A and subsequently approve it, deeming it to provide sufficient coverage upon which the Audit and Risk Manager can provide an annual audit opinion, enabling the Governance & Audit Committee to fulfil its assurance role.

#### Option 3

The Committee note the basis for audit selection / prioritisation as described in section 2, and reject the audit plan attached at Appendix A as a method of providing adequate assurance regarding the Authority's control environment. An alternative programme of work for the Internal Audit service would then need to be put forward.

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

4.1 The Local Government Act (1972) and the Accounts and Audit Regulations (Wales) 2014 require the Council to maintain an effective Internal Audit Service in accordance with proper internal audit practices. The Authority's Internal Audit Service has adopted the Public Sector Internal Audit Standards (PSIAS) for this purpose.

### 5. **Implications Against Each Option**

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

There are no direct financial implications arising from production of the internal audit plan.

#### 5.2 Risk including Mitigating Actions

Options 1 and 2 will facilitate sufficient audit coverage for the Audit and Risk Manager to provide an annual audit opinion. Option 3 would result in non-

compliance with statutory legislation and the S151 Officer will be unable to discharge her statutory duty.

5.3 Legal

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

5.4 Human Resources

The section has a complement of six full time posts and the audit plan has been developed based on a full complement of staff. The section has lost one Senior Auditor during the first quarter of 21/22 but has been able to appoint a suitable replacement.

5.4.1 Based on current audit resources, the whole audit population would be covered in a five-year period. This based on maintaining the status quo with both audit areas and staffing numbers. Audits will continue to be prioritised based on high risk areas.

6. **Supporting Evidence**

6.1 Performance Information and Data

The Internal Audit Plan currently operates on a five-year audit cycle with a one-year operational plan.

6.1.1 The number of audit days available is set at 1163 days for 2021/22 based on the audit establishment of 6FTE audit posts. Progress against the plan will continue to be monitored and reported through the year to both CLT and the Governance and Audit Committee.

6.1.2 Given that the service has lost an experienced auditor during the period, and the service has introduced a new methodology, the target for 21/22 is set at 70%. This is considered to be a realistic and achievable target and is higher than the Wales average plan percentage achieved of 67%.

6.1.3 The service currently maintains a set of eight performance indicators as part of a benchmarking exercise with other Welsh authorities. As requested by the Committee, these indicators are to be reviewed, the outcome of this review will be reported to this committee.

6.2 Expected outcome for the public

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

6.3 Involvement (consultation, engagement, participation)

There are no direct implications under involvement.

6.4 Thinking for the Long term (forward planning)



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

6.5 Preventative focus

The provision of a five-year strategic audit plan sets out the Authority's intent to consider the adequacy of its control environment and receive assurance on the robustness of its systems.

6.6 Collaboration / partnership working

A number of audit areas that are listed in the audit population are led by other local authorities. In these instances reports are shared between authorities to confirm the level of assurance provided.

6.7 Integration(across service areas)

The audit plan is developed with a view to providing assurance on the whole of the Authority's control environment. Some audits are undertaken with a cross departmental approach.

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

The production of the Internal Audit Plan has a neutral impact against people or groups from the nine protected characteristics.

7. **Monitoring Arrangements**

7.1 Progress reports are provided to the Governance & Audit Committee throughout the year.

**Background Documents /Electronic Links**

- *Appendix A – Audit Plan*
- *Appendix B – Example Risk Assessment Matrix*

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<b>Audit Area</b>	<b>Audit Days 2021</b>	<b>Audit Days 2022</b>	<b>Audit Days 2023</b>	<b>Audit Days 2024</b>	<b>Audit Days 2025</b>
<b>Resources</b>	145	153	64	64	64
<b>Commercial</b>	86	90	139	139	139
<b>Legal and Corporate Compliance</b>	48	51	29	29	29
<b>Governance and Partnerships</b>	24	25	72	72	72
<b>Regeneration and Community Services</b>	145	153	179	179	179
<b>Education</b>	60	64	45	45	45
<b>Social Services</b>	73	76	84	84	84
<b>General</b>	582	582	582	582	582
<b>Total Audit Days</b>	1163	1194	1194	1194	1194

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**Appendix B**  
**Example Risk Matrix**

		<b>1</b>
BUDGET	Consider budget amount; Is it over or under spent; what's being done about it; Is it income generated	
CORPORATE OBJECTIVES	Where does the service sit with corporate priorities; is it politically sensitive; is it socially sensitive; is it subject to a service review or bridging the gap project	
AUDIT HISTORY	What was the last audit grading; when was the area audited last; auditors opinion; are actions taken	
REGULATORY REQUIREMENTS	Have the regulators made adverse recommendations; Are there statutory duties; are there changes to legislation	
FRAUD	Have there been previous frauds, errors, thefts, etc.; are there fraud markers being hit e.g. no leave taken, change in patterns, behaviour; Is staff turnover high, inexperienced staff;	
RISK	At what level do the risks sit; can they be easily mitigated; what is the impact of the risk being realised; what are the emerging risks; service changes	
MISCELLANEOUS	Should the audit be deferred; Is the area a priority for audit; is there overlap with other regulators; manager concerns;	

2	3	4	5
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[Yellow shaded area]			
[Yellow shaded area]			

# Agenda Item 7

Executive Committee and Council only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Governance & Audit Committee**  
Date of meeting: **27 July 2021**  
Report Subject: **Draft Statement of Accounts 2020/2021**  
Portfolio Holder: **Cllr Nigel Daniels, Leader / Executive Member  
Corporate Services**  
Report Submitted by: **Rhian Hayden, Chief Officer, Resources**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
			27.07.21					Statutory Returns; Financial Governance

## 1. Purpose of the Report

- 1.1 To present for information the 2020/2021 Draft Statement of Accounts and the Authority's financial standing as at 31 March 2021 (subject to Audit).

## 2. Scope and Background

- 2.1 The requirements for preparation, inspection, audit, approval and publication of Local Authority annual accounts are specified in the Public Audit (Wales) Act 2004 [the 2004 Act] and the Accounts and Audit (Wales) Regulations 2014 [the 2014 Regulations] as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.
- 2.2 Section 25 of The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 specifies that the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting ("the Code") represents proper practice in preparing local authority accounts in compliance with section 8(1) of the 2014 Regulations.
- 2.3 Section 10A of the amended 2014 Regulations requires the following:

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

- 2.4 In recognition of the continuing impact of the Covid-19 pandemic, Welsh Government acknowledged that additional work could be required to finalise local authority accounts for the 2020/2021 financial year. Consequently, Authorities are able to prepare their accounts to the extended timetable implemented for 2019/2020, as follows:

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

- 2.5 Where deadlines specified in the amended 2014 Regulations are not met, the Authority is required to publish the required statutory notice(s).
- 2.6 Section 11 of the 2014 Regulations and Section 29 of the 2004 Act require that the Accounts and other documents are made available for public inspection for 20 working days.
- 2.7 The documents available for public inspection are specified by Section 30 of the 2004 Act and the security and control of this information is managed by senior staff within Accountancy during the period.
- 2.8 Section 31 of the 2004 Act provides for local electors to make objections to the External Auditor regarding any item of account that is contrary to law or any matter that could result in a report in the public interest. The auditor has appointed 2 August 2021 as the date on or after which these rights can be exercised.
- 2.9 Following the detailed examination by Audit Wales it is anticipated that the Accounts will be re-presented to the Governance & Audit Committee for approval in September 2021. Following approval at that meeting, the person presiding over the meeting (normally the Chair or Vice-Chair of the Committee) is required to sign and date the Accounts on behalf of the Council.
- 2.10 If the final statutory report presented by the Audit Wales were to contain any material qualification issues, the audited Statement of Accounts may also need to be reported to Council.
3. **Options for Recommendation**
- 3.1 The Audit & Governance Committee receives the Draft 2020/2021 Statement of Accounts for information, prior to the anticipated consideration for approval in September.



4. **Evidence of how does this topic supports the achievement of the Council Priorities / Statutory Responsibilities / National Well-being Goals etc**

4.1 **Statutory Responsibilities**

The Statement of Accounts is prepared in accordance with relevant statutory and regulatory provisions, accounting codes of practice and accounting standards. It details the financial transactions of the Authority for the 2020/2021 financial year and the value of assets, liabilities and reserves at the balance sheet date (31 March 2021).

5. **Implications Against Each Option**

5.1 **Financial**

5.1.1 Revenue Expenditure and Outturn (*note 5.1 on page 3 of the Draft Statement of Accounts*) reports Draft Net Outturn on Portfolios included in Management Accounts (excluding School Spending) as being £149.506m. This represents a provisional favourable variance of £2.639m compared to the revised budget for the year.

5.1.2 Further accounting adjustments are required to the Management Accounts position in order to comply with the Accounting Code. Detail of these adjustments can be found in the 'Expenditure and Funding Analysis' and notes on pages 35-38 of the Draft Accounts.

5.1.3 Application of these adjustments results in an accounting surplus of £13.890m which after Tax Expenses (related to the consolidation of City Deal investments) and the transfer of £12.506m to earmarked reserves leads to a net increase in the Council Fund General Reserve of £1.421m.

5.1.4 Capital Expenditure on schemes for the year amounted to £17.604m (*Property, Plant & Equipment note 24.5 on page 66 of the Draft Accounts*).

5.1.5 Where required by the Accounting Code and IAS 37 (*Provisions, contingent liabilities and contingent assets*), specific sums have been provided in relation to known liabilities. Total provisions held at 31 March 2021 amounted to £3.346m (*Note 32 on pages 75-78 of the Draft Accounts - Provisions, Contingent Liabilities and Contingent Assets*), with the most significant provisions being in respect of Insurance (£3.131m) and Lease Dilapidation – Anvil Court (£0.133m).

5.1.6 The level of earmarked reserves has been determined in accordance with the agreed reserves protocol.

5.1.7 The level of usable reserves available to the Authority has increased by £15.511m in 2020/2021. A summary of the provisional strategic financial position of the Authority is given below:

Usable Reserves	31 March 2020	Increase/ (Decrease)	31 March 2021
	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b>Council Fund</b>	6,399	1,421	7,820
<b>Earmarked Reserves</b>	8,275	12,506	20,781
<b>Usable Capital Reserves</b>	7,349	1,584	8,933
<b>Total Usable Reserves</b>	<b>22,023</b>	<b>15,511</b>	<b>37,534</b>

5.1.7 The Council has agreed to a Council Fund target level of 4% of net revenue expenditure. The provisional Council Fund balance of £7.820m at 31 March 2021 equates to 5.78%, £2.406m above the 4% target level of £5.414m, improving the Council's financial Resilience.

5.1.8 Significant elements of earmarked reserves held at 31 March 2021 relate to grant funding in respect of specific projects or services that will be utilised in delivering the relevant service outcomes.

5.1.9 In future years it is possible that there will be restrictions on public spending in order to mitigate the extraordinary levels of borrowing incurred by Central Government in dealing with Covid-19. It would therefore be prudent to retain appropriate levels of earmarked and general reserves to assist with a funding situation potentially similar to that experienced during the last decade.

## 5.2 Risk

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

## 5.3 Legal

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

## 5.4 Personnel

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

## **6. Supporting Evidence**

### **6.1 Performance Information and Data**

- 6.1.1 The Draft Statement of Accounts for 2020/2021 has been prepared in accordance with the relevant statutes, regulations, accounting codes and standards.
- 6.1.2 The Authority has chosen to prepare its Accounts in as timely a manner as possible, ahead of the timescales allowed for the year by Welsh Government. Consequently, the Draft Statement of Accounts 2020/2021 was prepared and certified by 18 June 2021. This represented a significant improvement on the previous year.
- 6.1.3 However, as the statutory deadline of 31 May 2021 was not met, the required notice was published on the Council's website outlining the reasons for the lack of certification at that time and the intended course of action to be taken to resolve this situation.
- 6.1.4 Given that the Accounts will not be audited ahead of the 31 July 2021 deadline, a statutory notice has been prepared and together with the Draft Statement of Accounts will be published on the Council website ahead of that date, in compliance with Section 10(4) of the amended 2014 Regulations.
- 6.1.5 The External Auditor (i.e. Audit Wales) has commenced a detailed financial audit of the individual disclosure notes and accounts that comprise the overall Statement and is expected to finalise the Audit of Financial Statements Report in September.
- 6.1.6 The period of public inspection has been advertised and is taking place from Monday 5 July 2021 to Friday 30 July 2021. The auditor has given notice that the date on or after which electors may exercise their rights to objections is Monday 2 August 2021.
- 6.1.7 If there are any matters to be reported to Members arising out of the above, then these will be reported separately. Any issues arising from the external audit of the Statement of Accounts or objections raised during the inspection period will be presented to the Governance & Audit Committee in September as part of the Auditor's formal Audit of Financial Statements.
- 6.1.8 Section 22 of the 2004 Act requires the External Auditor to consider whether a report should be made in the public interest for any matter arising during the course of the audit, including from objections made following public inspection.

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

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

- 6.3 **Involvement** (*consultation, engagement, participation*)  
Not applicable.
- 6.4 **Thinking for the Long term** (*forward planning*)
  - 6.4.1 Preparation of statutory accounts helps demonstrate stewardship of the Authority's resources and its ability to provide services to the local community in the short and long term.
- 6.5 **Preventative focus**  
Not applicable.
- 6.6 **Collaboration / partnership working**  
Not applicable.
- 6.7 **Integration**  
Not applicable.
- 6.8 **EqIA**
  - 6.8.1 An EQIA has not been prepared as this report provides an actual outturn position in relation to the Authority's transactions and year-end balances for the financial year, on an objective basis in accordance with relevant accounting standards, codes, concepts, principles, guidance and legislation.
- 7. **Monitoring Arrangements**
  - 7.1 The Council takes into consideration the provisional financial standing of the Authority as reported within the attached Draft Statement of Accounts for 2020/2021 when monitoring budgets for 2021/2022, setting a Revenue Budget for 2022/2023 and in developing future medium term spending plans.

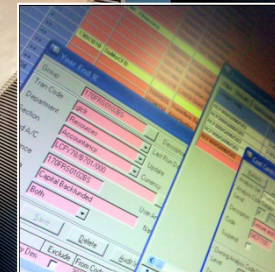
### **Background Documents /Electronic Links**

Appendix 1 – 2020/21 – Draft Statement of Accounts

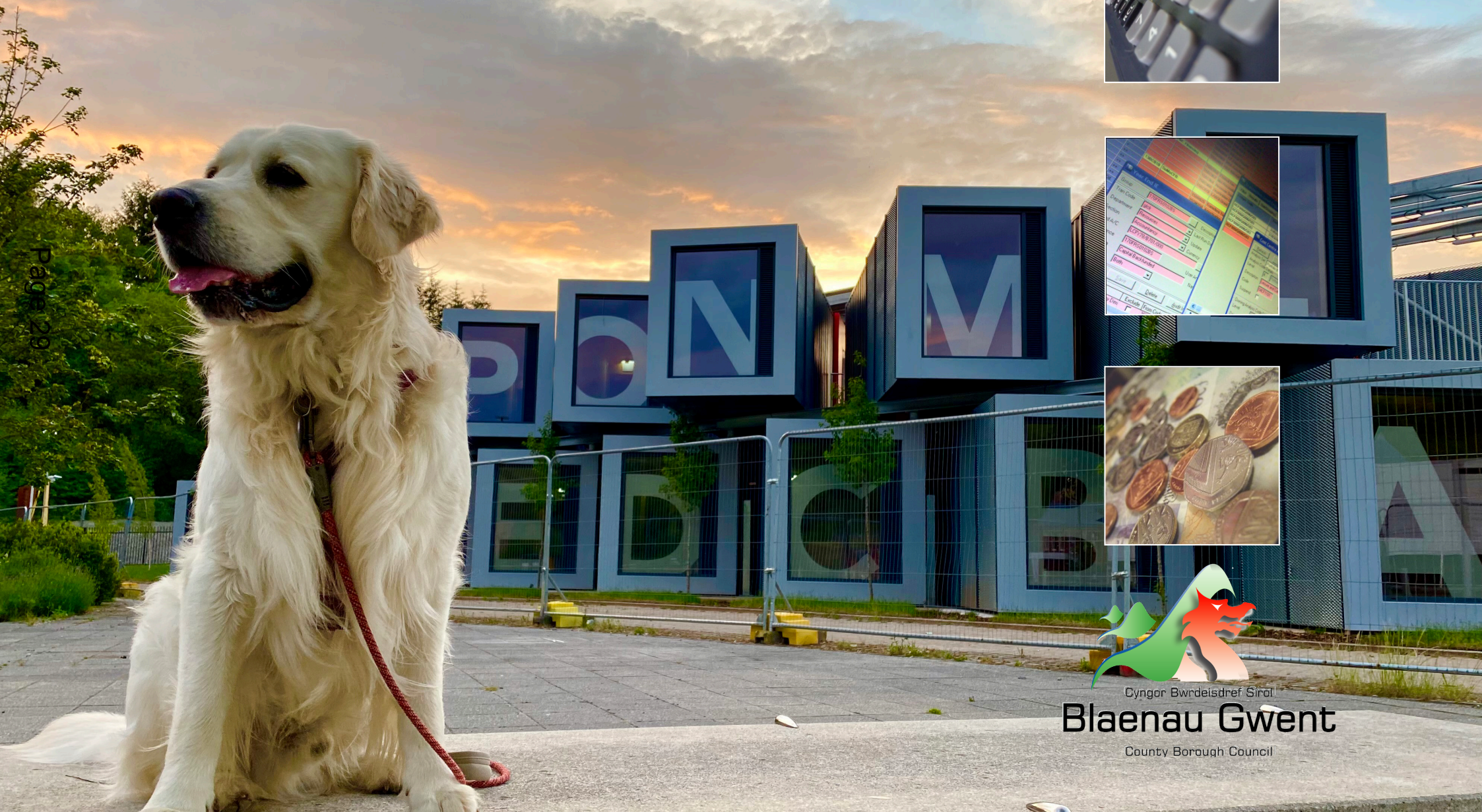
2020/2021

# Draft Statement of Accounts

June 2021



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Dyngor Bwrdeistref Sirral  
**Blaenau Gwent**

County Borough Council



Cover Photo: "Box Units", Ebbw Vale.



Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

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**Abbreviations and Terms Used**

*Byrfoddau a Thermau a Ddefnyddir*

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Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

**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****1. Introduction**

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

The financial statements cover the period 1 April 2020 to 31 March 2021 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

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

The economic situation remains a major concern to the public sector both in Wales and the UK with the medium/long term impact of both the Covid-19 pandemic and the UK's exit from the EU remaining uncertain. The overall Welsh Government (WG) Revenue Settlements for 2020/2021 and 2021/2022 have seen improvements on the 2019/2020 position, with increases in Aggregate External Finance (after allowing for specific grants transferring into the settlement) of 3.9% (£4.3m) and 3.7% (£4.3m) respectively. However, Welsh Government do not currently provide forecasts for future years funding and this makes financial planning, even in the short term, quite challenging. Current forecasts assume a cash flat settlement.

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

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

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

Costs related to the delivery of existing essential services and additional demands and responsibilities included social distancing measures, increased infection control requirements, free school meals provision whilst schools were closed and additional support to commissioned social care service providers. Welsh Government have committed to continue funding additional costs and loss of income to September 2021.

The funding received during 2020/2021 is as follows:

Emergency Hardship Funding	2020/2021 £000
Emergency Hardship Funding - Additional Costs	7,480
Emergency Hardship Funding - Loss of Income	2,933
Council Tax Income Collection - Compensation	524
Council Tax Reduction Scheme - increased demand	312
Digital Transformation Funding	567
Savings Unachieved Funding	567
Business Grants Administration Costs	245
<b>Total</b>	<b>12,628</b>

The Council also acted as an agent for Welsh Government in processing £29m of Covid-19 support payments across the following schemes:

Funding Administered on Behalf of Welsh Government	2020/2021 £000
Business Support Grants	27,120
Self Isolation Payments/SSP Enhancement Payments	568
Care Workers Payments	1,025
Freelancer Grants	325
Start-Up Grants	75
<b>Total</b>	<b>29,113</b>



### 3. Background - Significant Events

Prior to the completion of the Accounts, the following significant events occurred that have had an impact on the financial statements themselves or the environment in which the Authority operates:

#### 3.1 Annual Governance Statement

In the Annual Governance Statement, the Audit & Risk Manager has concluded that Blaenau Gwent County Borough Council's system of internal control during the financial year 2020/2021 operated to a level which gives reasonable assurance on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control based on the reduced level of audit coverage that has been achieved during the year.

#### 3.2 Silent Valley Waste Services Ltd.

In December 2017, Council made an in-principle decision to transfer the assets and liabilities of Silent Valley Waste Services Limited back to the Council in order that the service would be delivered in-house. A process of commercial, legal and financial due diligence has been undertaken and the outcome reported to Members. Although the Covid-19 pandemic has delayed progress in this area, soft market testing is now in progress in advance of a final decision.

#### 3.3 European Union Membership

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

#### 3.4 Ebbw Valley Railway Infrastructure Loan

During March 2021 the Council agreed to accept a £70million interest free loan from WG to progress infrastructure works on the Ebbw Valley railway project. The acceptance of the loan is subject to the development and acceptance of a quadripartite agreement between Blaenau Gwent Council, WG, Transport for Wales and Transport for Wales (Rail) which will include the financial arrangements for the repayment of the loan. It is proposed that the loan will be repaid over a 50-year period with the annual repayments being generated from the projected increase in income resulting from increased train frequency.

#### 3.5 Material Events After the Reporting Date

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

### 4. Summary of Outturn

#### 4.1 Revenue

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

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

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

#### 4.2 Capital

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

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

#### 4.3 Reserves

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

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

**5. Revenue Expenditure Outturn and Funding****5.1 2020/2021 Outturn**

The following table reconciles the net service expenditure reported on a statutory basis in the Comprehensive Income & Expenditure Statement (*page 17*) with net outturn as reported to management during the year. The Expenditure and Funding Analysis (*page 34*) together with the accompanying notes provide details of the adjustments that have been made in reconciling between the statutory and management accounts. The table also indicates the Authority's net service expenditure (as reported to management) compared with the budget for the year.

Service Expenditure Compared to Budget	2020/2021					
	CIES Net Expenditure £000	Accounting Code Adjustments £000	Funding and Accounting Basis Adjustments £000	Net Outturn - Management Accounts £000	Revised Budget £000	Variance: Adverse/ (Favourable) £000
Portfolio/Committee:						
Corporate Services	23,825	(7,165)	(1,252)	15,408	16,730	(1,322)
Education *	9,500	49,954	2,311	61,765	62,128	(363)
Environment	20,199	12,560	(7,115)	25,644	25,532	112
Regeneration & Economic Development	2,216	447	(1,468)	1,195	1,215	(20)
Social Services	42,699	3,663	(2,131)	44,231	45,352	(1,121)
Licensing	110	(1)	(16)	93	70	23
Planning	715	539	(84)	1,170	1,118	52
<b>Sub-Total:</b>	<b>99,264</b>	<b>59,997</b>	<b>(9,755)</b>	<b>149,506</b>	<b>152,145</b>	<b>(2,639)</b>
Education - School Spending **	41,918	(45,814)	214	(3,682)	0	(3,682)
Cardiff Capital Region City Deal ***	(119)	(87)	206	0	0	0
<b>Total:</b>	<b>141,063</b>	<b>14,096</b>	<b>(9,335)</b>	<b>145,824</b>	<b>152,145</b>	<b>(6,321)</b>

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

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

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

## 5.2 Impact of Inflation on Revenue Expenditure

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

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

The impact of inflationary pressures on the Authority varies according to specific areas of spend. Much of the Authority's expenditure relates to employee costs with a 1% increase in employee costs equating to £1m. An extended period of wage restraint and below-inflation settlements in the previous decade gave way to increases in public sector pay awards, including a 2.75% APT&C settlement from April 2020.

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

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

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

Overall, increases in prices at which the Authority procures goods and services (in excess of related income from fees and charges or general government grants) will have a detrimental impact on a wide range of services.

## 5.3 Funding Sources

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

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

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

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

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

**6. Capital Expenditure Outturn and Funding***Capital Expenditure*

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

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

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

Further details of capital expenditure are contained in Core Statement notes 24.3 (page 64) and 24.5 (page 66).

*Financing of Capital Expenditure*

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

**7. Contingencies, Provisions and Reserves****7.1 Contingencies**

A number of contingent liabilities are disclosed in relation to issues where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority, where it is not probable that an outflow of resources will be required or where the amount of the obligation cannot be measured reliably. For 2020/2021, disclosures cover:

- The Municipal Mutual Insurance run-off claims and liability under the Scheme of Arrangement;
- Warranties and indemnities to Tai Calon arising from the transfer of housing stock;
- Part 1 compensation claims arising from public works projects;
- Guarantees to the Greater Gwent (Torfaen) Pension Fund in the event that pension liabilities are not settled by Aneurin Leisure Trust;
- A Deed of Priority arrangement in relation to the development of land in Brynmawr; and
- Potential liabilities that may arise following decisions of the courts in relation to specific past actions of the Authority.

No contingent assets have been identified.

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

Further details of contingent liabilities can be found in note 32.3 (pages 77-78).

## 7.2 Provisions

The level of provisions held by the Authority varies each year in relation to the level of liabilities identified. Total provisions held by the Authority at the beginning of the year amounted to £4.091m, decreasing by £0.745m to £3.346m during 2020/2021. This was largely due to the unwinding of the Equal Pay provision and the majority of the Part 1 Land Compensation Claims provision, and reductions in sums held for insurance liabilities.

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

Details of the movements of individual provisions are shown in note 32.2 to the Core Statements (*see pages 76-77*).

## 7.3 Reserves

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

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

Aggregate Usable Reserves - 2017/2018 to 2020/2021	2017/2018 £000	2018/2019 £000	2019/2020 £000	2020/2021 £000
Council Fund	(5,500)	(5,894)	(6,399)	(7,820)
Earmarked Reserves	(5,019)	(6,831)	(8,275)	(20,781)
Usable Capital Reserves	(8,994)	(7,163)	(7,349)	(8,933)
<b>Total Usable Reserves</b>	<b>(19,513)</b>	<b>(19,888)</b>	<b>(22,023)</b>	<b>(37,534)</b>

Between 2017/2018 and 2020/2021 the Council Fund General Reserve has increased by 42.18%, from £5.5m to £7.820m. This increase has been due to:

- the management of the reserve in accordance with the Authority's policy of maintaining General Reserves at a target level of 4% of Revenue Outturn Expenditure and
- the agreement to replenish the reserve by annual contributions.

However, it should be noted that whilst Aggregate Usable Reserves increased by £2.5m between 2017/2018 and 2019/2020, there was an exceptional increase of £15.5m in the 2020/2021 financial year.

Aggregate Usable Reserves - year on year movement	2019/2020	2020/2021	Increase	
	£000	£000	£000	%
Council Fund	(6,399)	(7,820)	(1,421)	22.21
Earmarked Reserves	(8,275)	(20,781)	(12,506)	151.13
Usable Capital Reserves	(7,349)	(8,933)	(1,584)	21.55
<b>Total Usable Reserves</b>	<b>(22,023)</b>	<b>(37,534)</b>	<b>(15,511)</b>	<b>70.43</b>

As indicated in the table above, there have been significant increases in the level of usable reserves retained over the 2020/2021 financial year. This is a result of a number of factors, including:

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

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

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

### Impact of Pension Deficit on Reserves

The Authority holds total usable reserves of £37,534m at 31 March 2021 (£22,023m at 31 March 2020). The effect of applying the net superannuation fund deficit of £349.681m to the Authority's usable reserves would be a deficit of £312.147m (2019/2020: the superannuation deficit of £267.258m exceeded usable reserves by £245.235m).

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

Further details on Pension balances and transactions can be found in notes 36-37 (*pages 83-92*).

Movements on usable reserves are detailed in note 38 to the Core Statements (pages 92-96). Total usable reserves at the commencement of the year amounted to £22.023m, increasing by £15.511m to £37.534m at 31 March 2021. The most significant net contributions to/from usable reserves were:

Summary Reserves Movements	2020/2021		2019/2020	
	£000	£000	£000	£000
Balance at 1 April		(22,023)		(19,888)
Adjustment to Opening Balance		0		0
Revised Balance at 1 April		(22,023)		(19,888)
Significant net contributions (to)/from earmarked reserves:				
Covid-19 Response & Recovery	(2,000)			
Financial Planning/ Resilience	(2,500)			
Future Interest Rate	(244)			
ICT	(1,104)			
Insurance Liabilities	(912)			
Individual Schools Budget (ISB)	(142)			
LMS	(2,457)			
Revenue Grants & Contributions Unapplied	(1,698)			
Reserves Related to Portfolio Services	(1,026)			
Technology Park Feasibility Study	174			
		(11,909)		(1,189)
Significant net contributions (to)/from other usable reserves:				
Usable Capital Receipts	(849)			
Other net contributions (to)/from usable reserves	(2,753)			
		(3,602)		(946)
Balance at 31 March		(37,534)		(22,023)

## 8. Treasury Management Activities

In July 2020, the Authority approved the Treasury Strategy Statement, Annual Investment Strategy and MRP Policy Statement for the 2020/2021 financial year. The prime objectives of these policies were firstly to ensure the security of capital and secondly to maximise the liquidity of investments. In doing so, the policies sought to minimise the revenue costs of debt whilst maintaining a prudent level of debt redemption.

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

### Borrowing Activities

Total external loan debt at 31 March 2021 amounted to £239.163m (31 March 2020: £159.027m). A long term loan for £3m was raised towards the end of the financial year to take advantage of favourable long term interest rates. Further opportunities to raise long term loans will be explored in 2021/2022.

In March 2021 the Authority received a £70m interest free loan from the Welsh Government in relation to the Ebbw Valley Railway Infrastructure Project. This is currently being treated as a short-term loan as due diligence checks were not completed as at the reporting date. If the scheme does progress, then this loan will be revised and treated as a long-term loan maturing in 50 years.

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

	2020/2021			2019/2020		
	Temporary Loans £000	Other Loans £000	Total £000	Temporary Loans £000	Other Loans £000	Total £000
Balance at 1 April	(60,700)	(98,327)	(159,027)	(61,650)	(95,892)	(157,542)
Loans Raised	(164,117)	(14,255)	(178,372)	(122,550)	(13,845)	(136,395)
Loans Repaid	89,500	8,780	98,280	123,500	11,454	134,954
Effective Interest Adjustment	0	(44)	(44)	0	(44)	(44)
Soft Loan Adjustment	171	721	892	0	0	0
<b>Balance at 31 March</b>	<b>(135,146)</b>	<b>(103,125)</b>	<b>(238,271)</b>	<b>(60,700)</b>	<b>(98,327)</b>	<b>(159,027)</b>

### Investing Activities

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

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

### Minimum Revenue Provision

The 2003 Capital Finance Regulations require amounts to be set aside from revenue for the repayment of external loans. This is known as the Minimum Revenue Provision (MRP) and in 2020/2021 the sum of £0.681m (2018/2019: £0.689m) has been set aside by the Authority based on statutory guidance, as disclosed in note 1.17 (page 29).

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

**9. Pension Assets and Liabilities**

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

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

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

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

Note 24.1 (pages 59-61) provides further detail of the additions, disposals, appropriations, depreciation and revaluation that comprise the overall net decrease in value during the year.



## 11. Significant Changes in Accounting Policies

### 11.1 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021

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

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

## 12. Main Financial Statements

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

### 12.1 The Comprehensive Income and Expenditure Statement (CIES) (Pages 17-18)

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

### 12.2 The Movement in Reserves Statement (MiRS) (Pages 19-20)

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

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

### 12.3 The Balance Sheet (Page 21)

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

### 12.4 The Cash Flow Statement (Page 22)

The Cash Flow Statement summarises the cash and cash equivalents arising from transactions with third parties for revenue and capital purposes during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash inflows and (outflows) as operating, investing and financing activities.

**13. Expenditure and Funding Analysis**

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

The following table summarises the transactions recorded in the EFA for 2020/2021 - more detail is included in the full EFA on page 35.

Expenditure & Funding Analysis - Summary	2020/2021					2019/2020				
	Management Account Net Expenditure	Accounting Code Adjustments	Net Expenditure Chargeable to the Council Fund	Funding and Accounting Basis Adjustments	CIES Net Expenditure	Management Account Net Expenditure	Accounting Code Adjustments	Net Expenditure Chargeable to the Council Fund	Funding and Accounting Basis Adjustments	CIES Net Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
(Surplus)/Deficit on the Provision of Services	145,824	(159,714)	(13,890)	1,386	(12,504)	145,470	(147,444)	(1,974)	26,200	24,226
Tax Expenses			(37)					25		
Transfers to/(from) earmarked reserves			12,506					1,444		
(Increase)/Decrease in year			(1,421)					(505)		
Opening council Fund Balance as at 1 April			(6,399)					(5,894)		
Closing Council Fund Balance as at 31 March			(7,820)					(6,399)		

## 14. Group Accounts

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

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

Group Accounts have been prepared in compliance with the Accounting Policies set out on pages 23-31 and 112-113 and are included in the Statement of Accounts on pages 108-126.

## 15. Future Developments

### 15.1 Budget-Setting Process

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

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

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

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

All ten Councils agreed the Joint Working Agreement Business Plan in 2018, which provides detail on the key themes or workstreams for future investment activity. The CCRCD Investment Fund comprises two distinct elements:-

- The METRO scheme of £734 million. This will comprise £503m Welsh Government funding provided over the first seven years of the Investment Fund, from 2016/2017 to 2022/2023; £106

million from the European Development Fund, (which is committed and guaranteed following Brexit by both UK and Welsh Governments); and £125m from UK Government. This element will be the direct responsibility of Welsh Government.

- The Investment Fund of £495m – comprising the ten Local Authorities' commitment to borrow £120 million over the 20 year period of the Fund, together with £375m from UK Government, for investment in infrastructure, housing, skills and training, innovation, business growth and "Metro plus" transport proposals. This element will be the responsibility of the CCRCD Regional Cabinet. Based on the agreed proportion of total population for the City Deal area, Blaenau Gwent's share of the financial contributions is 4.6%.

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

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

#### *Replacement of European Structural and Other Transnational European Funding Streams;*

Blaenau Gwent has continued to receive funding from various EU structural and other transnational European funding schemes. To some extent these funding streams will be replaced by the UK Community Renewal Fund and the UK Shared Prosperity Fund, but there remains uncertainty regarding the level and duration of this funding. The Authority will need to consider these issues when determining its future Revenue and Capital budgets.

#### *Pension Scheme Asset and Liability Valuations and Employer Contributions;*

The long-term impact on the value of equities, bonds, gilts and other assets held by pension funds remains uncertain, but will be dependent on the interaction of the currency and equity markets and other factors, such as the level of domestic and international growth and the impact of the response and consequences of the Covid-19 pandemic.

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

The legal framework regarding these areas is unlikely to change significantly in the short term, as much EU law is implemented by specific national law. In addition, the European Union (Withdrawal) Act 2018, the Withdrawal Agreement 2019 and subsequent legislation set out the 'retained EU legislation' which remained part of UK legislation after the transition period on 31 December 2020. After that point in time, in accordance with the European Union (Future Relationship) Act 2020 and subject to any further agreement, it may be possible for the UK to amend or repeal this body of retained legislation.

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

**16. Conclusion**

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

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



R Hayden, CPFA  
Chief Officer - Resources



Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council



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## Statement of Responsibilities

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### The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Officer - Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### The Responsibilities of the Chief Officer - Resources

The Chief Officer - Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). In preparing this Statement of Accounts, the Chief Officer - Resources has:

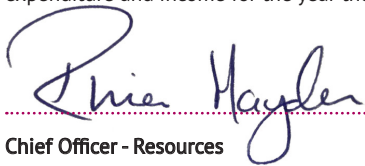
- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Local Authority Code.

The Chief Officer - Resources has also:

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

### Certification of Accounts

In my opinion the Statement of Accounts gives a true and fair view of the financial position of Blaenau Gwent County Borough Council and the Blaenau Gwent County Borough Council Group as at 31 March 2021, and of their expenditure and income for the year then ended



Chief Officer - Resources

18 June 2021

Date



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Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

**Auditor's Report**

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

**Report on the audit of the financial statements**

I have audited the financial statements of:

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

for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

Blaenau Gwent County Borough Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

Blaenau Gwent County Borough Council's Group financial statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2020-2021 based on International Financial Reporting Standards (IFRSs).

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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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**Blaenau Gwent**

County Borough Council



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**Blaenau Gwent**

County Borough Council

**Comprehensive Income and Expenditure Statement**

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

Comprehensive Income & Expenditure Statement	2020/2021			2019/2020			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	51,703	(27,878)	23,825	50,637	(25,264)	25,373	16	47
Education	18,515	(9,015)	9,500	25,121	(6,054)	19,067		
Education - Schools	48,051	(6,133)	41,918	47,443	(5,289)	42,154	29	70
Environment	33,115	(12,916)	20,199	36,133	(7,556)	28,577		
Cardiff Capital Region City Deal	217	(336)	(119)	113	(232)	(119)	42	102
Regeneration & Economic Development	5,896	(3,680)	2,216	5,764	(3,647)	2,117		
Social Services	71,699	(29,000)	42,699	68,602	(22,927)	45,675	11	42
Licensing	201	(91)	110	209	(130)	79		
Planning	1,026	(311)	715	1,412	(457)	955		
<b>Total Deficit on Continuing Services</b>	<b>230,423</b>	<b>(89,360)</b>	<b>141,063</b>	<b>235,434</b>	<b>(71,556)</b>	<b>163,878</b>	<b>7</b>	<b>35</b>



Comprehensive Income & Expenditure Statement (Continued)	2020/2021			2019/2020			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Total Deficit on Continuing Services	230,423	(89,360)	141,063	235,434	(71,556)	163,878		
Other Operating Expenditure	10,705	(952)	9,753	10,698	(595)	10,103	9, 18, 19	41, 48, 49
Financing and Investment Income & Expenditure	18,348	(8,051)	10,297	21,749	(9,333)	12,416	10	41
Taxation & Non-Specific Grant Income	0	(173,617)	(173,617)	0	(162,171)	(162,171)	8, 17, 18, 20	40, 48, 50
(Surplus)/Deficit on Provision of Services	259,476	(271,980)	(12,504)	267,881	(243,655)	24,226	7	35
Tax Expenses			(37)			25	42	102
(Surplus)/Deficit on Provision of Services <i>less</i> Tax Expenses			(12,541)			24,251	MiRS	19-20
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(7,188)			(9,238)		
Remeasurement of the net defined benefit pension liability			72,759			(76,068)	37	86
Other Comprehensive Income & Expenditure			65,571			(85,306)	MiRS, 22	19-20, 55
Total Comprehensive Income & Expenditure			53,030			(61,055)	MiRS	19-20

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

**Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

Movement in Reserves Statement	Council Fund	Earmarked Council Fund Reserves	Capital Reserves		Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Note	Page
			Capital Receipts Reserve	Capital Grants Unapplied					
			£000	£000					
2019/2020	£000	£000	£000	£000	£000	£000	£000		
Balance at 31 March 2019	(5,894)	(6,831)	(6,504)	(659)	(19,888)	225,255	205,367		
Adjustments to brought forward balances	0	0*	0	0	0	13*	13		
Revised Balance at 1 April 2019	(5,894)	(6,831)	(6,504)	(659)	(19,888)	225,268	205,380		
Total Comprehensive Income and Expenditure	24,251	0	0	0	24,251	(85,306)	(61,055)	CIES	18
Adjustments between accounting basis & funding basis under statutory provisions	(26,200)	0	(296)	110	(26,386)	26,386	0	23	56-58
Net (Increase)/Decrease before transfers to Earmarked Reserves	(1,949)	0	(296)	110	(2,135)	(58,920)	(61,055)		
Transfers from Council Fund (to) Earmarked Reserves	1,444	(1,444)	0	0	0	0	0	38	95-96
(Increase)/Decrease in 2019/2020	(505)	(1,444)	(296)	110	(2,135)	(58,920)	(61,055)		
Balance at 31 March 2020	(6,399)	(8,275)	(6,800)	(549)	(22,023)	166,348	144,325	BS	21

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

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

Movement in Reserves Statement 2020/2021	Council Fund £000	Earmarked Council Fund Reserves £000	Capital Reserves		Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Note	Page
			Capital Receipts Reserve £000	Capital Grants Unapplied £000					
Balance at 31 March 2020	(6,399)	(8,275)	(6,800)	(549)	(22,023)	166,348	144,325	BS	21
Total Comprehensive Income and Expenditure	(12,541)	0	0	0	(12,541)	65,571	53,030	CIES	18
Adjustments between accounting basis & funding basis under statutory provisions	(1,386)	0	(849)	(735)	(2,970)	2,970	0	23	56-58
Net (Increase)/Decrease before transfers to Earmarked Reserves	(13,927)	0	(849)	(735)	(15,511)	68,541	53,030		
Transfers from Council Fund (to) Earmarked Reserves	12,506	(12,506)	0	0	0	0	0	38	95-96
(Increase)/Decrease in 2020/2021	(1,421)	(12,506)	(849)	(735)	(15,511)	68,541	53,030		
Balance at 31 March 2021	(7,820)	(20,781)	(7,649)	(1,284)	(37,534)	234,889	197,355	BS	21

**Balance Sheet**

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

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

Balance Sheet	31 March 2021		31 March 2020		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	282,900		267,258		24, 26, 29	59-66, 68, 70
Investment Properties	1,340		0			
Heritage Assets	600		531		25	66-67
Non-Current Investments	342		250		27	69
Non-Current Debtors	3,192		3,220		28	70
<b>Sub Total: Long-Term Assets</b>		<b>288,374</b>		<b>271,259</b>		
Assets Held for Sale	70		590		24	62-63
Inventories	1,217		396			
Current Debtors	33,934		25,658		30	72-74
Deferred Tax Asset	66		0			
Cash and Cash Equivalents	91,186		5,573		41	101
<b>Sub Total: Current Assets</b>		<b>126,473</b>		<b>32,217</b>		
Current Borrowing	(141,062)		(69,479)		34-35	78-82
Current Creditors	(15,044)		(13,270)		31	74
Current Grants Receipts in Advance	(2,893)		(1,964)		20	50
Current Donated Assets	(864)		0			
Current Provisions	(1,464)		(2,057)		32	75-77
<b>Sub Total: Current Liabilities</b>		<b>(161,327)</b>		<b>(86,770)</b>		
Non-Current Borrowing	(97,209)		(89,548)		34-35	78-82
Non-Current Provisions	(1,882)		(2,034)		32	75-77
Other Long-Term Liabilities	(351,784)		(269,449)		33, 37	78, 84-92
<b>Sub Total: Long-Term Liabilities</b>		<b>(450,875)</b>		<b>(361,031)</b>		
<b>Total Net Assets/(Liabilities)</b>		<b>(197,355)</b>		<b>(144,325)</b>		
Usable Reserves	(37,534)		(22,023)		38.1	92-96
Unusable Reserves	234,889		166,348		38.2	97-99
<b>Total Reserves</b>		<b>197,355</b>		<b>144,325</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	2020/2021		2019/2020		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services <i>less</i> tax expenses	12,541		(24,251)		CIES	18
Adjustments to the provision of services for non-cash movements	13,579		34,272		39.1	100
Adjustments for items included in the provision of services that are investing and financing activities	(14,256)		(12,896)		39.2	100
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>		11,864		(2,875)		
Investing activities		(6,294)		(3,412)	40.1	100
Financing activities		80,043		1,286	40.2	100
<b>Net increase or (decrease) in cash and cash equivalents</b>		85,613		(5,001)		
Cash and cash equivalents at the beginning of the reporting period		5,573		10,574	BS, 41	21, 101
<b>Cash and cash equivalents at the end of the reporting period</b>		91,186		5,573	BS, 41	21, 101



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Cyngor Bwrdeistref Siro

**Blaenau Gwent**

County Borough Council

Notes to the Accounts

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2020/2021 financial year and its position at the year-end of 31 March 2021. The Authority is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit (Wales) Regulations 2014.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021 and the Service Reporting Code of Practice 2020/2021, supported by International Financial Reporting Standards (IFRS). Where there is no relevant IFRS or International Accounting Standard (IAS), reference is made to International Public Sector Accounting Standards (IPSASs); if there is no relevant IPSAS, domestic Financial Reporting Standards (FRSs) are applied.

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

1.2 Cash and Cash Equivalents

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

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

1.3 Employee Benefits

1.3.1 Post Employment Benefits

*The Local Government Pension Scheme*

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

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

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

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

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

*Remeasurements of the net defined benefit liability*

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

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



### 1.3.2 Discretionary Benefits

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

### 1.4 Contingent Liabilities

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

### 1.5 Provisions

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

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

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

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

### 1.6 Financial Instruments

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

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

- The discount rate used in the NPV calculation is equal to the current rate in relation to the same instrument from a comparable lender. This is the rate applicable in the market on the date of valuation (31 March 2021) for an instrument with the same duration, i.e. equal to the outstanding period from valuation date to maturity. For Public Works Loan Board (PWLB) borrowing the new PWLB borrowing rate has been used.

- Interest is calculated using the most common market convention (actual number of days/365).
- For fixed term deposits it is assumed that interest is received on maturity.

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

#### *Premiums/Discounts*

1. Where premiums/discounts arising before April 2006 could be attributed to the replacement debt, then they were amortised using an effective interest basis and were included as part of the replacement loan carrying amount as at 31 March 2007. The additional interest resulting from the effective interest method is charged to the Comprehensive Income & Expenditure Statement.

2. Where premiums/discounts arising before 1 April 2006 could not be attributed to identifiable loan debt on the closing 2006/2007 Balance Sheet, then they were derecognised by writing off the balance as at 31 March 2007 to the Council Fund/HRA balance and then reversing out through the Financial Instruments Adjustment Account. The premium/discount write down for future years is charged/ (credited) to the Movement in Reserves Statement.

3. Where premiums/discounts have arisen after 1 April 2006, then the accounting treatment depends upon whether it can be classified as a modification or an extinguishment. In order to be classified as a modification, then the repayment and replacement must be on the same day and must meet the 10% test. If the modification test cannot be met then it is treated as an extinguishment. All post April 2006 premiums/discounts do not meet the modification test and therefore have been accounted for as extinguishments, with the accounting treatment being the same as for (2) above.

#### *Interest*

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

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

### 1.7 Intangible Assets

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

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

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

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

## 1.8 Inventories

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

## 1.9 Leases

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

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

The following accounting treatment applies to each type of lease:

### *Finance Lease*

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

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

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

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

### *Operating Lease*

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

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

### *Service Concessions and Arrangements Containing Leases*

The Authority currently has no such arrangements.

## 1.10 Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

Information about the valuation techniques and inputs used in determining the fair value of the Authority's surplus assets are disclosed in the note 24.2 to the Balance Sheet (*pages 62-63*).

## 1.11 Assets Held for Sale

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to surplus assets under PPE and valued at fair value in accordance with the fair value measurement requirements of IFRS13 (*see Accounting Policy 1.10*).

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

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

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

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

## 1.12 Surplus Non-Current Assets Under PPE

Assets that have been declared surplus that do not meet the criteria above are reclassified as surplus assets under PPE and valued at fair value at the point they are declared surplus. This will be its highest and best use in accordance with the fair value measurement requirements of IFRS13 (*see Accounting Policy 1.10*).

### 1.13 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2020/2021 (SeRCoP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

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

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

### 1.14 Property, Plant and Equipment

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

#### 1.14.1 Recognition

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

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

### Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

#### 1.14.2 Impairment

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

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

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

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

#### 1.14.3 Depreciation

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

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer;

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

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

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

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

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

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

Asset Type	Standard Life (Years)
Vehicles	5
Equipment <sup>†</sup>	10
I.T. Equipment <sup>†</sup>	5
Infrastructure Assets	40
Street Lighting	40

<sup>†</sup>: In some cases the relevant technical officer may provide a different assessment of the useful life.

#### 1.14.4 Disposals

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

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

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

#### 1.14.5 Componentisation

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

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

#### 1.15 Investments and Investment Properties

##### 1.15.1 Investments - Silent Valley Waste Services

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

##### 1.15.2 Investment Properties - Pharmatelligence Ltd.

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

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

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

#### 1.16 Heritage Assets

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

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

The acquisition of heritage assets is a rare occurrence; in the event a new asset is acquired or identified it will be valued using an appropriate basis (where the expected value is estimated to be significant). Given the nature of heritage assets identified for inclusion in the accounts, disposal is also a rare occurrence. On disposal, proceeds would be accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts as outlined in section 1.14.4.

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

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

#### 1.17 Minimum Revenue Provision

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

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

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

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

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

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

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

##### *Council Tax*

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

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

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

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

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

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

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

#### 1.19 Joint Arrangements

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

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

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

#### 1.20 Accounting for Schools

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

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

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

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

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

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

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

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

### 1.21 Group Accounts

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

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

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

### 1.22 Determination of Operating Segments

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

## 2. Impact of changes in Accounting Policies

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

## 3. Accounting Standards Issued but not yet Adopted

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

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

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

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



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

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

- i. These accounts have been prepared on a going concern basis, which assumes that the functions and services provided by the Authority will continue in operational existence for the foreseeable future, although there will be significant financial challenges to be met (see also note 15 to the Narrative Report, page 12).
- ii. The Authority has reviewed all property assets in accordance with the relevant accounting policies and has made appropriate reclassifications for assets that are held for sale.
- iii. All maintained schools in the County Borough are considered to be entities controlled by the Authority, with the income, expenditure, assets, liabilities, reserves and cash flows of each school recognised in the single entity accounts on the basis outlined in the Authority's Accounting Policies (1.20, pages 30-31).
- iv. The Authority has determined that assets used for economic development purposes, e.g. industrial estates, are not held solely for the purpose of income generation or capital appreciation and therefore do not meet the definition of investment properties. These assets have been treated as Property, Plant and Equipment in the Balance Sheet.
- v. The Authority has classified its leases as finance or operating in accordance with IFRS. Finance leases are not precisely defined and therefore an element of judgement has been required in assessing each lease arrangement.
- vi. Capital and revenue grants and contributions continue to be reviewed to determine the existence of any conditions requiring repayment of sums involved to the awarding body, and the extent to which any conditions have been fulfilled. There has been a consequential impact on sums retained on the Balance Sheet and credited to the Comprehensive Income and Expenditure Statement.
- vii. Where disclosure notes required by the Accounting Code are insignificant or immaterial in value and their omission has been determined not to have a detrimental impact on the presentation of the financial position or performance of the Authority, these disclosures have not been presented.
- viii. Further to the United Kingdom leaving the European Union, there remains a high degree of uncertainty regarding the continuation of previous funding streams for local government. However, a judgement has been taken that there remains insufficient indication that this funding uncertainty will result in reduction of service provision with a consequent impairment of assets held by the Authority.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Local Government Scheme Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Greater Gwent Local Government Pension Scheme has engaged Hymans Robertson LLP as its consulting actuary to provide expert advice concerning the appropriate assumptions to be applied.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. The fund actuary has advised that a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £80.455m (<i>see pages 89-90 for further sensitivity analysis</i>). However, the assumptions interact in complex ways. During 2020/2021, the Authority's actuaries advised that the net pensions liability had increased by £68.329m as a result of remeasurements of pension assets and liabilities. This increase comprised a £95.626m gains on assets (representing the difference between actual and expected asset return for the year) and net increases in liabilities of £163.955m (arising from changes in demographic/financial assumptions and other experience gains (<i>see pages 87-88</i>)).</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 £3.448m.</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>
Fair Value Estimations	<p>When the fair values of Investment Properties, Surplus Assets and Assets Held for Sale cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using the following valuation techniques: - For Level 2 inputs, quoted prices for similar assets or liabilities in active markets at the balance sheet date; - For level 3 inputs, valuations based on a combination of available market data derived from a mixture of transactions on both Council and 3rd party assets which are then analysed to take into account yields, rates per sq. m, build costs etc.. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible, judgment is required in establishing fair values. These judgments typically include considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value of the Authority's assets and liabilities.</p>	<p>The Authority uses a combination of available market data derived from a mixture of transactions on both Council and 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.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, floor area repairs backlogs, and others. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation of Property, Plant and Equipment	Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to maintain the required level of expenditure on repairs and maintenance, resulting in uncertainty regarding the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation charged to the CIES increases and the carrying amount of assets on the Balance Sheet falls.
Impairment of Debtors	As at 31 March 2021, the Authority has an outstanding debtors balance of £41.213m. In accordance with proper accounting practice, impairment allowances totalling £4.695m have been calculated for the various classifications of debt outstanding. However, these allowances are based on estimates and judgements, including past experience of collecting similar debts, which may not accurately reflect future levels of debt recovery.	An understatement of debtor impairment allowances would result in an overstatement of income recovered that would require adjustment in the Accounting Statements. At 31 March 2021, impairment allowances represent 11.39% of debt outstanding. A 5% understatement in impairment would therefore represent a potential reduction in revenues of £2.060m.

#### 6. Events After the Reporting Period

The Statement of Accounts was authorised for issue by Ms R. Hayden CPFA, Chief Officer - Resources, on 18 June 2021.

Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

#### Comprehensive Income and Expenditure Statement Notes

##### 7. Expenditure and Funding Analysis

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

Expenditure & Funding Analysis	2020/2021					2019/2020				
	Management Account Net Expenditure	Accounting Code Adjustments (Note 7.1)	Net Expenditure Chargeable to the Council Fund (Note 7.2)	Funding & Accounting Basis Adjustments (Note 7.3)	CIES Net Expenditure	Management Account Net Expenditure	Accounting Code Adjustments (Note 7.1)	Net Expenditure Chargeable to the Council Fund (Note 7.2)	Funding & Accounting Basis Adjustments (Note 7.3)	CIES Net Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Services	15,408	7,165	22,573	1,252	23,825	14,709	7,787	22,496	2,877	25,373
Education	61,765	(49,954)	11,811	(2,311)	9,500	55,348	(46,073)	9,275	9,792	19,067
Education - School Spending	(3,682)	45,814	42,132	(214)	41,918	(1,325)	43,223	41,898	256	42,154
Environment	25,644	(12,560)	13,084	7,115	20,199	29,598	(11,738)	17,860	10,717	28,577
Cardiff Capital Region City Deal	0	87	87	(206)	(119)	0	(119)	(119)	0	(119)
Regeneration & Economic Development	1,195	(447)	748	1,468	2,216	1,516	(862)	654	1,463	2,117
Social Services	44,231	(3,663)	40,568	2,131	42,699	44,526	(3,182)	41,344	4,331	45,675
Licensing	93	1	94	16	110	74	(19)	55	24	79
Planning	1,170	(539)	631	84	715	1,024	(225)	799	156	955
Capital Adjustments*	0	(1)	(1)	1	0	0	(5)	(5)	5	0
Pension Adjustments**	0	520	520	(520)	0	0	554	554	(554)	0
<b>Net Expenditure on Continuing Operations</b>	<b>145,824</b>	<b>(13,577)</b>	<b>132,247</b>	<b>8,816</b>	<b>141,063</b>	<b>145,470</b>	<b>(10,659)</b>	<b>134,811</b>	<b>29,067</b>	<b>163,878</b>
Other Operating Expenditure	0	9,693	9,693	60	9,753	0	9,060	9,060	1,043	10,103
Financing & Investment Income & Expenditure	0	4,901	4,901	5,396	10,297	0	5,266	5,266	7,150	12,416
Taxation & Non-Specific Grant Income	0	(160,731)	(160,731)	(12,886)	(173,617)	0	(151,111)	(151,111)	(11,060)	(162,171)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>145,824</b>	<b>(159,714)</b>	<b>(13,890)</b>	<b>1,386</b>	<b>(12,504)</b>	<b>145,470</b>	<b>(147,444)</b>	<b>(1,974)</b>	<b>26,200</b>	<b>24,226</b>
Tax Expenses			(37)					25		
Transfers to/(from) earmarked reserves			12,506					1,444		
<b>(Increase)/Decrease in year</b>			<b>(1,421)</b>					<b>(505)</b>		
Opening Council Fund Balance as at 1 April			(6,399)					(5,894)		
<b>Closing Council Fund Balance as at 31 March</b>			<b>(7,820)</b>					<b>(6,399)</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 2020/2021 management accounts to arrive at 'Net Expenditure Chargeable to the Council Fund' on an Accounting Code of Practice-compliant basis:

Expenditure and Funding Analysis: Accounting Code Adjustments to Management Accounts	2020/2021							Total £000
	Capital Charges (Note 7.1.1)	Elimination of Internal Recharges (Note 7.1.2)	Pension Liabilities (Note 7.1.3)	Precepts & Levies (Note 7.1.4)	Provisions (Note 7.1.5)	Reserves (Note 7.1.6)	Other (Note 7.1.7)	
	£000	£000	£000	£000	£000	£000	£000	
Corporate Services	(11)	6,973	0	0	(166)	(684)	1,053	7,165
Education	(3,231)	(45,767)	0	0	(64)	(892)	0	(49,954)
Education - School Spending	0	44,489	0	0	0	1,325	0	45,814
Environment	(4,139)	(2,896)	0	(3,548)	(114)	(1,870)	7	(12,560)
Cardiff Capital Region City Deal	0	0	0	0	0	0	87	87
Regeneration & Economic Development	(425)	(41)	0	0	(2)	64	(43)	(447)
Social Services	(163)	(2,397)	0	0	(38)	(946)	(119)	(3,663)
Licensing	0	(12)	0	0	0	0	13	1
Planning	0	(197)	0	0	(342)	0	0	(539)
Capital Adjustments	0	0	0	0	0	0	(1)	(1)
Pension Adjustments	0	0	0	0	0	0	520	520
<b>Net Expenditure on Continuing Operations</b>	<b>(7,969)</b>	<b>152</b>	<b>0</b>	<b>(3,548)</b>	<b>(726)</b>	<b>(3,003)</b>	<b>1,517</b>	<b>(13,577)</b>
Other Operating Expenditure	0	0	0	3,548	0	0	6,145	9,693
Financing & Investment Income & Expenditure	0	0	0	0	0	0	4,901	4,901
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(160,731)	(160,731)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>(7,969)</b>	<b>152</b>	<b>0</b>	<b>0</b>	<b>(726)</b>	<b>(3,003)</b>	<b>(148,168)</b>	<b>(159,714)</b>

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

Expenditure and Funding Analysis: Accounting Code Adjustments to Management Accounts	2019/2020							Total £000
	Capital Charges (Note 7.1.1)	Elimination of Internal Recharges (Note 7.1.2)	Pension Liabilities (Note 7.1.3)	Precepts & Levies (Note 7.1.4)	Provisions (Note 7.1.5)	Reserves (Note 7.1.6)	Other (Note 7.1.7)	
	£000	£000	£000	£000	£000	£000	£000	
Corporate Services	(11)	6,831	0	0	0	186	781	7,787
Education	(2,480)	(43,583)	0	0	(78)	210	(142)	(46,073)
Education - School Spending	(39)	42,220	0	0	(12)	1,054	0	43,223
Environment	(5,613)	(2,985)	0	(3,404)	0	261	3	(11,738)
Cardiff Capital Region City Deal	0	0	0	0	0	0	(119)	(119)
Regeneration & Economic Development	(616)	0	0	0	(19)	26	(253)	(862)
Social Services	(163)	(2,403)	0	0	(46)	(483)	(87)	(3,182)
Licensing	0	(11)	0	0	0	0	(8)	(19)
Planning	0	(186)	0	0	0	15	(54)	(225)
Capital Adjustments	0	0	0	0	0	0	(5)	(5)
Pension Adjustments	0	0	554	0	0	0	0	554
<b>Net Expenditure on Continuing Operations</b>	<b>(8,922)</b>	<b>(117)</b>	<b>554</b>	<b>(3,404)</b>	<b>(155)</b>	<b>1,269</b>	<b>116</b>	<b>(10,659)</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>(117)</b>	<b>(7,389)</b>	<b>0</b>	<b>(155)</b>	<b>1,269</b>	<b>(132,819)</b>	<b>(147,444)</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	2020/2021 £000	2019/2020 £000
External Fees, Charges & Other Service Income	(17,687)	(17,633)
Government Grants	(70,219)	(52,274)
<b>Total Income</b>	<b>(87,906)</b>	<b>(69,907)</b>
Employee Expenses	103,458	100,597
Other Service Expenses	116,695	104,121
Support Service Recharges	0	0
Depreciation, amortisation & impairment	0	0
<b>Total Expenditure</b>	<b>220,153</b>	<b>204,718</b>
<b>Net Expenditure</b>	<b>132,247</b>	<b>134,811</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	2020/2021				2019/2020			
	Adjustments for Capital Purposes (Note 7.3.1)	Net Change for Pensions Adjustments (Note 7.3.2)	Other Adjustments (Note 7.3.3)	Total Adjustments	Adjustments for Capital Purposes (Note 7.3.1)	Net Change for Pensions Adjustments (Note 7.3.2)	Other Adjustments (Note 7.3.3)	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Services	30	1,114	108	1,252	11	2,865	1	2,877
Education	(1,867)	(481)	37	(2,311)	8,845	938	9	9,792
Education - School Spending	(23)	0	(191)	(214)	0	0	256	256
Environment	5,604	1,168	343	7,115	8,547	2,158	12	10,717
Cardiff Capital Region City Deal	(207)	0	1	(206)	0	0	0	0
Regeneration & Economic Development	1,236	160	72	1,468	1,143	321	(1)	1,463
Social Services	144	1,678	309	2,131	931	3,379	21	4,331
Licensing	0	12	4	16	0	24	0	24
Planning	(16)	75	25	84	0	156	0	156
Capital Adjustments	1	0	0	1	5	0	0	5
Pension Adjustments	0	(520)	0	(520)	0	(554)	0	(554)
<b>Net Expenditure on Continuing Operations</b>	<b>4,902</b>	<b>3,206</b>	<b>708</b>	<b>8,816</b>	<b>19,482</b>	<b>9,287</b>	<b>298</b>	<b>29,067</b>
Other Operating Expenditure	60	0	0	60	1,043	0	0	1,043
Financing & Investment Income & Expenditure	(680)	6,180	(104)	5,396	(689)	7,943	(104)	7,150
Taxation & Non-Specific Grant Income	(12,886)	0	0	(12,886)	(11,060)	0	0	(11,060)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>(8,604)</b>	<b>9,386</b>	<b>604</b>	<b>1,386</b>	<b>8,776</b>	<b>17,230</b>	<b>194</b>	<b>26,200</b>



### 7.3.1 Adjustments for Capital Purposes

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

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

### 7.3.2 Net Change for Pensions Adjustments

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

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

### 7.3.3 Other Adjustments

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

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

## 8. Taxation and Non-Specific Grant Income

This disclosure includes:

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

Taxation & Non Specific Grant Income	2020/2021 £000	2019/2020 £000
<b>Taxation &amp; Non-Specific Revenue Grants</b>		
Council Tax Income	(42,894)	(40,296)
Non-Domestic Rates	(22,010)	(22,628)
Revenue Support Grant	(94,054)	(88,187)
Unhypothecated Grants	(1,659)	0
<b>Total Taxation and Non-Specific Revenue Grants</b>	<b>(160,617)</b>	<b>(151,111)</b>
Capital grants and contributions	(13,000)	(11,060)
<b>Total</b>	<b>(173,617)</b>	<b>(162,171)</b>

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

**9. Other Operating Expenditure**

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

Other Operating Expenditure	2020/2021			2019/2020		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
(Gains)/losses on the Disposal of Non-Current Assets	1,011	(952)	59	1,639	(595)	1,044
Precepts & Levies:						
Gwent Police Authority Precept	5,640	0	5,640	5,158	0	5,158
South Wales Fire Authority Levy	3,406	0	3,406	3,267	0	3,267
Community Council Precepts	506	0	506	497	0	497
Coroners' Courts	113	0	113	108	0	108
National Park Levy	29	0	29	29	0	29
<b>Total</b>	<b>10,705</b>	<b>(952)</b>	<b>9,753</b>	<b>10,698</b>	<b>(595)</b>	<b>10,103</b>

**10. Financing and Investment Income and Expenditure**

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

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

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

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

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

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

## 11. 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 2021 were as follows.

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

**12. Members' Allowances**

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

Members' Allowances	2020/2021 £000	2019/2020 £000
Allowances	752	738
Expenses	0	3
<b>Total:</b>	<b>752</b>	<b>741</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	2020/2021					2019/2020				
	Teaching	Other	Total	Left During Year	Total excluding leavers	Teaching	Other	Total	Left During Year	Total excluding leavers
Remuneration Band										
£60,000 - £64,999	6	3	9	0	9	10	2	12	0	12
£65,000 - £69,999	11	3	14	0	14	6	3	9	0	9
£70,000 - £74,999	3	3	6	0	6	2	0	2	0	2
£75,000 - £79,999	2	0	2	0	2	1	2	3	0	3
£80,000 - £84,999	1	4	5	0	5	1	1	2	0	2
£85,000 - £89,999	1	0	1	0	1	1	0	1	0	1
£90,000 - £94,999	1	0	1	0	1	0	0	0	0	0
£95,000 - £99,999	0	0	0	0	0	0	0	0	0	0
£100,000 - £104,999	2	0	2	0	2	1	0	1	0	1
£105,000 - £109,999	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>27</b>	<b>13</b>	<b>40</b>	<b>0</b>	<b>40</b>	<b>22</b>	<b>8</b>	<b>30</b>	<b>0</b>	<b>30</b>

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

Further details of termination benefits can be found in notes 14-15 (pages 46-47).

### 13.2 Remuneration Ratio

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

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

### 13.3 Senior Officers' Remuneration

The following table sets out the remuneration in 2020/2021 for senior officers (as defined by statute) whose salary for the year was between £60,000 and £150,000. There were no senior officers whose salary exceeded £150,000.

2020/2021 Post Title	Notes	Salary (including fees & allowances)	Expense Allowances	Compensation for Loss of Office	Benefits in Kind	Total Remuneration (excluding Pension Contributions)	Employers Pension Contributions	Total Remuneration (including Pension Contributions)
		£	£	£	£	£	£	£
Managing Director		109,414	0	0	0	109,414	25,712	135,126
Corporate Director of Education (to 15 April 2020)	Note 1	4,238	0	2,195	0	6,433	996	7,429
Corporate Director of Education (from 30 March 2020)	Note 2	83,713	0	0	0	83,713	19,673	103,386
Corporate Director of Regeneration & Community Services		90,469	0	0	0	90,469	21,260	111,729
Corporate Director of Social Services		90,469	0	0	0	90,469	21,260	111,729
Chief Officer (Resources)		76,799	0	0	0	76,799	18,048	94,847
Chief Officer (Commercial) (to 14 February 2021)	Note 3	70,394	0	0	0	70,394	16,543	86,937
Chief Officer (Commercial) (from 8 February 2021)	Note 3	10,666	0	0	0	10,666	2,506	13,172
Head of Governance & Partnerships (to 7 February 2021)	Notes 3 & 4	61,570	0	0	0	61,570	14,469	76,039
Head of Legal & Corporate Compliance	Note 4	70,115	0	0	0	70,115	16,477	86,592
<b>Total</b>		<b>667,847</b>	<b>0</b>	<b>2,195</b>	<b>0</b>	<b>670,042</b>	<b>156,944</b>	<b>826,986</b>

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

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

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

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

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

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

#### 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	2020/2021				2019/2020			
	Compulsory Redundancies	Other Departures	Exit Packages	Total Cost of Exit Packages	Compulsory Redundancies	Other Departures	Exit Packages	Total Cost of Exit Packages
	Nº	Nº	Nº	£000	Nº	Nº	Nº	£000
£0-£19,999	0	20	20	80	13	48	61	377
£20,000-£39,999	0	3	3	94	0	9	9	239
£40,000-£99,999	0	3	3	161	0	5	5	290
£100,000-£139,999	0	0	0	0	0	2	2	245
<b>Total</b>	<b>0</b>	<b>26</b>	<b>26</b>	<b>335</b>	<b>13</b>	<b>64</b>	<b>77</b>	<b>1,151</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 2020/2021, the contracts of 26 employees were terminated, incurring total liabilities of £0.335m (2019/2020: 77 employees, incurring liabilities of £1.151m). These payments can be disaggregated as follows:

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

Included in the Authority's Early Terminations Provision are sums totalling £0.049m payable to 2 staff that have not been included in the exit packages disclosure, but for which the Authority has a legal or constructive obligation at the balance sheet date. (2019/2020: Early Terminations provision included £0.125m payable to 3 staff). Details of the Early Terminations Provision can be found in notes 32.1-32.2, pages 75-76.

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

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

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

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

**16. External Audit Fees**

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

External Audit Fees	2020/2021	2019/2020	CIES Service Line
	£000	£000	
<i>Fees payable in respect of:</i>			
External audit services relating to audit of the accounts	191	251	<i>Corporate Services Portfolio</i>
External audit services relating to Local Government Measures	105	105	<i>Corporate Services Portfolio</i>
Certification of grant claims and returns	45	40	<i>Portfolio responsible for the specific grant claim or return</i>
Other Services	0	38	<i>Corporate Services Portfolio</i>
<b>Total Audit Fees</b>	<b>341</b>	<b>434</b>	

Other Services in 2019/2020 consists of charges for the statutory audit of 3 years of charitable trust accounts required for Bedwellty House and Park, of which the Authority is the sole trustee.



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

## 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	2020/2021		2019/2020	
	£000	£000	£000	£000
Council Tax Collected	(43,524)		(40,750)	
Less: Impairment of bad & doubtful debts	630		455	
<b>Net Total Proceeds from Council Tax</b>		<b>(42,894)</b>		<b>(40,295)</b>
Less: Gwent Police Authority Precept	5,640		5,158	
Community Council Precepts:				
Abertillery & Llanhilleth Community Council	240		234	
Brynmawr Town Council	43		43	
Nantyglo & Blaina Town Council	85		82	
Tredegar Town Council	138		138	
		6,146		5,655
<b>Council Tax attributable to this Authority:</b>		<b>(36,748)</b>		<b>(34,640)</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 2020/2021 the tax base, expressed as equivalent band D properties, has been calculated as follows:

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

## 19. Precepts &amp; Demands

## 19.1 Precepting Authorities

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

## 19.2 Levies &amp; Demands by Joint Committees and Other Bodies

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

Levies & Demands	2020/2021 £000	2019/2020 £000
Brecon Beacons National Park Authority	29	29
Coroners' Courts	113	90
South Wales Fire Authority	3,406	3,267
<b>Total:</b>	<b>3,548</b>	<b>3,386</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	2020/2021 £000	2019/2020 £000
Welsh Government	(1,324)	(1,694)
Other Grants & Contributions	(105)	(15)
<b>Total:</b>	<b>(1,429)</b>	<b>(1,709)</b>

Capital Grants Credited to taxation and non-specific grant income	2020/2021 £000	2019/2020 £000
Welsh European Funding Office	(2,294)	(79)
Welsh Government	(10,208)	(10,389)
Other Grants & Contributions	(384)	(592)
<b>Total:</b>	<b>(12,886)</b>	<b>(11,060)</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	2020/2021 £000	2019/2020 £000
Welsh Government	(45,064)	(25,569)
Department for Work and Pensions	(21,335)	(22,576)
Other Central Government	(569)	(930)
Local Authorities	(2,367)	(2,259)
NHS	(762)	(845)
Other Grants & Contributions	(122)	(95)
<b>Total:</b>	<b>(70,219)</b>	<b>(52,274)</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 - Capital	2020/2021 £000	2019/2020 £000
Welsh European Funding Office	0	(5)
Welsh Government	(1,672)	(478)
Other Central Government	(17)	(17)
Local Authorities	0	0
NHS	0	0
Other Grants & Contributions	0	0
<b>Total</b>	<b>(1,689)</b>	<b>(500)</b>

Receipts in Advance - Revenue	2020/2021 £000	2019/2020 £000
Welsh European Funding Office	(134)	(216)
Welsh Government	(998)	(1,125)
Other Central Government	(8)	(4)
Local Authorities	(7)	(40)
NHS	(3)	(17)
Other Grants & Contributions	(54)	(62)
<b>Total</b>	<b>(1,204)</b>	<b>(1,464)</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 2020/2021 can be found in note 20 (page 50); details of the amounts owed to or from central government are included in notes 31 (page 74) and 30 (pages 72-73) 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 2021				Year Ended 31 March 2020			
		Transactions		Balances		Transactions		Balances	
		Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority
		£	£	£	£	£	£	£	£
Blaenau Gwent & Caerphilly Care & Repair: A number of Members are trustees.	Payments for support for independent living, home adaptations and voluntary sector grants.	145,053	(14,159)	15,379	0	242,215	(15,195)	29,577	(250)
Blaina Community Centre: A Member of the Council is a Director.	Grants, room hire and reimbursement of maintenance costs. Includes £24,000 Covid-19 NDR Grants in 2020/2021.	24,150	(1,349)	0	0	7,740	(4,669)	0	(510)
Brynmawr Museum: A Member of the Council is a Director.	Member grants. Income for ground rent, insurance and works carried out at museum. Includes £10,000 Covid-19 NDR Grants in 2020/2021.	10,681	(195)	0	(10)	900	(927)	0	(195)
Hodge Municipal Services: A Member of the Council is the proprietor.	Maintenance of public toilets in Brynmawr and other supplies. Includes £20,000 Covid-19 NDR Grants in 2020/2021.	23,030	(140)	100	0	3,360	(140)	100	(140)
Jim Davies Civil Engineering Ltd.: A member of the Council is the brother-in-law of one of the Directors.	Capital works including: retaining wall maintenance; Silent Valley transfer station/overflow extension; footpaths & cycleways; & household waste recycling centre.	2,202,998	0	65,072	0	787,365	0	507,277	0
<b>Total:</b>		<b>2,405,912</b>	<b>(15,843)</b>	<b>80,551</b>	<b>(10)</b>	<b>1,041,580</b>	<b>(20,931)</b>	<b>536,954</b>	<b>(1,095)</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 2021		Year Ended 31 March 2020		Notes
		Amounts Paid by Authority	Amounts Received by Authority	Amounts Paid by Authority	Amounts Received by Authority	
		£	£	£	£	
Blaina Post Office	A Member of the Council is Post Master of this business.	0	(25)	0	(50)	Waste transfer.
Circle of Beauty	A Member of the Council is joint proprietor of the business.	10,726	0	60,444	0	Town Centre Loan and Heritage Grant towards the development of the property.
A Member	A Member of the Council has received a Freelancer Grant.	5,000	0	0	0	Covid-19 Freelancer Grant.
Highfield Properties (Tredegar)	A Member of the Council is a Director of the organisation.	12,000	0	15,725	0	Tenants' Rent Allowances.
Pins & Things	A Member of the Council is the partner of the proprietor of the business.	24,000	0	0	(50)	Waste transfer. Includes £24,000 Covid-19 NDR Grant in 2020/2021.
Sirhowy Community Centre	A Member of the Council is a Director of the organisation.	250	0	2,686	0	Grants.
Wilkins Foot Clinic	A Member of the Council is the partner of the proprietor of the business.	24,000	0	0	0	Covid-19 NDR Grant.
<b>Total:</b>		<b>75,976</b>	<b>(25)</b>	<b>78,855</b>	<b>(100)</b>	

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

Related Party	Related Party Relationship	Year Ended 31 March 2021				Year Ended 31 March 2020			
		Transactions		Balances		Transactions		Balances	
		Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority
		£	£	£	£	£	£	£	£
Glen Willis Ltd. Plumbing & Heating	The son of a Member of the Council is proprietor of this business.	0	0	0	0	0	0	0	0
J.P. Print and Signs	A Member of the Council is proprietor of this business.	0	0	0	0	0	0	0	0
<b>Total:</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

	Year Ended 31 March 2021				Year Ended 31 March 2020			
	Transactions		Balances		Transactions		Balances	
	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority
	£	£	£	£	£	£	£	£
Summary - Related Party Transactions and Balances								
Related Parties (with year end balances)	2,405,912	(15,843)	80,551	(10)	1,041,580	(20,931)	536,954	(1,095)
Related Parties (with no year end balances)	75,976	(25)	0	0	78,855	(100)	0	0
<b>Total:</b>	<b>2,481,888</b>	<b>(15,868)</b>	<b>80,551</b>	<b>(10)</b>	<b>1,120,435</b>	<b>(21,031)</b>	<b>536,954</b>	<b>(1,095)</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 2021, the Authority effectively holds 67% of the board membership. The following related party transactions took place with SVWS Ltd. during the year:

	Year Ended 31 March 2021				Year Ended 31 March 2020			
	Transactions		Balances		Transactions		Balances	
	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority
	£	£	£	£	£	£	£	£
Related Party Transactions								
<b>Silent Valley Waste Services Ltd.:</b>								
Collection of waste; management of civic amenity sites; haulage charges:								
Payments relating to current year	822,511	0	78,978	0	800,212	0	73,357	0
Payments relating to previous year	73,467	0	0	0	65,791	0	0	0
Repair of power wash nozzle in transfer station	0	0	0	0	51	0	0	0
Reimbursement of payments made to directors of SVWS Ltd.:								
Payments in respect of Nominated Representatives	0	(21,451)	0	0	0	(18,151)	0	(1,650)
Leachate	0	(110,000)	0	(110,000)	0	(130,000)	0	(110,000)
Supply and erect vehicle barrier and ancillary works at HWRC Ebbw Vale	0	0	0	(24,816)	0	0	0	0
<b>Total (Silent Valley Waste Services Ltd.):</b>	<b>895,978</b>	<b>(131,451)</b>	<b>78,978</b>	<b>(134,816)</b>	<b>866,054</b>	<b>(148,151)</b>	<b>73,357</b>	<b>(111,650)</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 company board comprises the Director of the EAS and Elected Member representatives from the participating authorities.

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

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

Related party transactions between the Authority and the EAS were:

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

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 2021				Year Ended 31 March 2020			
	Transactions		Balances		Transactions		Balances	
	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority
	£	£	£	£	£	£	£	£
<b>Cardiff Capital Region City Deal:</b>								
Partner contribution to support the work of the Joint Cabinet	0	0	51,040	0	50,324	0	0	0
Contributions towards Capital Expenditure	92,395	0	0	0	0	0	0	0
Reimbursement of Seconded Post	0	(20,570)	0	(27,952)	0	(87,551)	0	(20,570)
<b>Total (Cardiff Capital Region City Deal):</b>	<b>92,395</b>	<b>(20,570)</b>	<b>51,040</b>	<b>(27,952)</b>	<b>50,324</b>	<b>(87,551)</b>	<b>0</b>	<b>(20,570)</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	2020/2021	2019/2020
	£000	£000
(Surplus)/Deficit arising on the revaluation of non-current assets	(7,188)	(9,238)
Remeasurement of the net defined benefit pension liability	72,759	(76,068)
<b>Other Comprehensive Income &amp; Expenditure</b>	<b>65,571</b>	<b>(85,306)</b>



### 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 2020/2021:

	2020/2021			2019/2020		
	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
Adjustments between Accounting Basis and Funding Basis under Statutory Provisions						
Transactions between Funds & Usable Reserves:						
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	3,300	0	(3,300)	2,714	0	(2,714)
Transfer of cash sale proceeds credited as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	951	(951)	0	595	(595)	0
Contribution from the Capital Receipts Reserve towards funding of prudential borrowing schemes	(64)	64	0	(60)	60	0
<b>Total: Transactions between Funds &amp; Usable Reserves:</b>	<b>4,187</b>	<b>(887)</b>	<b>(3,300)</b>	<b>3,249</b>	<b>(535)</b>	<b>(2,714)</b>

	2020/2021		2019/2020	
	Council Fund Balance £000	Movement in Unusable Reserves £000	Council Fund Balance £000	Movement in Unusable Reserves £000
Adjustments between Accounting Basis and Funding Basis under Statutory Provisions				
Transactions involving Unusable Reserves:				
Adjustments to/from the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	105	(105)	104	(104)
Adjustments to/from the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(23,192)	23,192	(31,157)	31,157
Employer's pensions contributions and direct payments to pensioners payable in the year	13,806	(13,806)	13,926	(13,926)

	2020/2021		2019/2020	
	Council Fund Balance £000	Movement in Unusable Reserves £000	Council Fund Balance £000	Movement in Unusable Reserves £000
Adjustments between Accounting Basis and Funding Basis under Statutory Provisions				
Transactions involving Unusable Reserves <i>(Continued)</i> :				
Adjustments to/from Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:				
Charges for depreciation & impairment of non-current assets	(11,630)	11,630	(13,012)	13,012
Revaluation losses on Property, Plant & Equipment	6,484	(6,484)	(6,023)	6,023
Capital grants & contributions applied	11,129	(11,129)	10,055	(10,055)
Revenue expenditure funded from capital under statute	(1,842)	1,842	(2,388)	2,388
Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive Income & Expenditure Statement	(1,012)	1,012	(469)	469
Adjustments to/from Deferred Capital Receipts Account:				
Adjustment to Deferred Capital Receipts on Revaluation of Assets Leased to Third Parties	0	0	(1,169)	1,169
Items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Statutory provision for the financing of capital investment	681	(681)	689	(689)
Capital expenditure charged against the Council Fund	607	(607)	293	(293)
Adjustment to/from the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(855)	855	(298)	298
<b>Total: Transactions between Funds &amp; Unusable Reserves:</b>	<b>(5,719)</b>	<b>5,719</b>	<b>(29,449)</b>	<b>29,449</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.

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	2020/2021			2019/2020		
	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to/from the Deferred Capital Receipts Reserve:						
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	(64)	0	64	(60)	0	60
Items involving Usable Capital Reserves:						
Application of grants to capital financing transferred to the Capital Adjustment Account	0	2,565	(2,565)	0	2,824	(2,824)
Use of the Capital Receipts Reserve to finance new capital expenditure	102	0	(102)	299	0	(299)
<b>Total: Other Capital Reserve Transactions:</b>	<b>38</b>	<b>2,565</b>	<b>(2,603)</b>	<b>239</b>	<b>2,824</b>	<b>(3,063)</b>

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	2020/2021				2019/2020			
	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Total: Transactions between Funds & Usable Reserves:	4,187	(887)	(3,300)	0	3,249	(535)	(2,714)	0
Total: Transactions involving Unusable Reserves:	(5,719)	0	0	5,719	(29,449)	0	0	29,449
Total: Other Capital Reserve Transactions:	0	38	2,565	(2,603)	0	239	2,824	(3,063)
<b>Total Adjustments:</b>	<b>(1,532)</b>	<b>(849)</b>	<b>(735)</b>	<b>3,116</b>	<b>(26,200)</b>	<b>(296)</b>	<b>110</b>	<b>26,386</b>

**Balance Sheet Notes**

**24. Property Plant & Equipment**

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

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

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

Details of the transactions relating to the carrying amounts and depreciation of non-current assets are set out on pages 60-61, with the net book value detailed below.

Property, Plant & Equipment							Total Property, Plant & Equipment £000
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	
Net Book Value as at 31 March 2021	165,350	5,773	92,700	330	4,218	14,529	282,900
Net Book Value as at 31 March 2020	156,390	4,312	93,822	107	4,661	7,966	267,258
Net Book Value as at 31 March 2019	148,134	4,873	95,466	108	4,303	11,380	264,264

Movements in 2020/2021:

Property, Plant & Equipment							Total
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Property, Plant & Equipment £000
Cost or Valuation as at 1 April 2020	170,631	15,437	131,179	120	4,696	7,966	330,029
Appropriations	820	0	0	0	0	(2,451)	(1,631)
Assets reclassified to/from held for sale	(87)	0	0	0	(467)	0	(554)
Additions	0	1,407	1,854	0	0	485	3,746
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,930	0	0	275	83	0	6,288
Revaluation increases/(decreases) recognised in the Provision of Services	(2,956)	0	0	(51)	(81)	0	(3,088)
Capital expenditure written off	(1,666)	(131)	(190)	(7)	0	0	(1,994)
Derecognition - disposals	0	0	0	0	0	0	0
Other movements in cost or valuation *	1,666	1,216	628	7	0	8,529	12,046
Cost or Valuation as at 31 March 2021	174,338	17,929	133,471	344	4,231	14,529	344,842

Property, Plant & Equipment: Depreciation & Impairment							Total
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Property, Plant & Equipment £000
Accumulated Depreciation & Impairment as at 1 April 2020	(14,241)	(11,125)	(37,357)	(13)	(35)	0	(62,771)
Depreciation Charge & Appropriations	(5,330)	(1,031)	(3,414)	(1)	(7)	0	(9,783)
Depreciation written out to the Revaluation Reserve	973	0	0	0	7	0	980
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,610	0	0	0	22	0	9,632
Derecognition - disposals	0	0	0	0	0	0	0
Accumulated Depreciation & Impairment as at 31 March 2021	(8,988)	(12,156)	(40,771)	(14)	(13)	0	(61,942)

Movements in 2019/2020:

Property, Plant & Equipment	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation as at 1 April 2019	164,158	14,625	129,453	120	4,331	11,380	324,067
Appropriations	10,849	0	0	0	(218)	(10,631)	0
Assets reclassified to/from held for sale	(85)	0	0	0	(45)	0	(130)
Additions	0	405	1,335	0	0	3,295	5,035
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,456	0	0	0	13	0	5,469
Revaluation increases/(decreases) recognised in the Provision of Services	(9,698)	0	0	0	615	0	(9,083)
Capital expenditure written off	(3,040)	(40)	(59)	(66)	0	0	(3,205)
Derecognition - disposals	(49)	0	0	0	0	0	(49)
Other movements in cost or valuation **	3,040	447	450	66	0	3,922	7,925
Cost or Valuation as at 31 March 2020	170,631	15,437	131,179	120	4,696	7,966	330,029

Property, Plant & Equipment: Depreciation & Impairment	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation & Impairment as at 1 April 2019	(16,024)	(9,752)	(33,987)	(12)	(28)	0	(59,803)
Depreciation Charge & Appropriations	(5,417)	(1,373)	(3,370)	(1)	(7)	0	(10,168)
Depreciation written out to the Revaluation Reserve	4,139	0	0	0	0	0	4,139
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,061	0	0	0	0	0	3,061
Derecognition - disposals	0	0	0	0	0	0	0
Accumulated Depreciation & Impairment as at 31 March 2020	(14,241)	(11,125)	(37,357)	(13)	(35)	0	(62,771)

Notes \* & \*\*: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £10.412 million of which has been added to the asset base and £1.994 million of which has been written off as there has been no increase to the asset value in 2020/2021(\*); £4.720 million of which has been added to the asset base and £3.205 million of which has been written off as no increase to the asset value resulted in 2019/2020(\*\*).

## 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 2021			31 March 2020		
	Surplus Assets £000	Assets Held for Sale £000	Total £000	Surplus Assets £000	Assets Held for Sale £000	Total £000
Recurring fair value measurements:						
Using significant unobservable inputs (Level 3)	4,188	70	4,258	4,661	90	4,751
Fair Value	4,188	70	4,258	4,661	90	4,751

### Transfers between Levels of the Fair Value Hierarchy

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

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

#### Significant Unobservable Inputs – Level 3

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

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

### Highest and Best Use

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

### Valuation Process

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

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

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

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised with Level 3 of the Fair Value Hierarchy	2020/2021			2019/2020		
	Surplus	Assets	Total	Surplus	Assets	Total
	Assets	Held for Sale		Assets	Held for Sale	
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	4,661	90	4,751	4,303	380	4,683
Appropriations (to)/from Property, Plant & Equipment Operational Assets	0	87	87	(218)	85	(133)
Appropriations (to)/from Assets Held for Sale	(467)	0	(467)	(45)	0	(45)
Appropriations (to)/from Surplus Assets	0	467	467	0	45	45
Total Gains for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	7	0	7	939	0	939
Total Losses for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(89)	(62)	(151)	(324)	0	(324)
Total Gains/(Losses) for the period included in the Revaluation Reserve resulting from changes in the fair value	83	0	83	13	0	13
Disposals	0	(512)	(512)	0	(420)	(420)
In-Year Depreciation	(7)	0	(7)	(7)	0	(7)
<b>Balance at 31 March:</b>	<b>4,188</b>	<b>70</b>	<b>4,258</b>	<b>4,661</b>	<b>90</b>	<b>4,751</b>

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

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

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



### 24.3 Capital Commitments

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

Capital Commitments	Commitment Value 2020/2021 £000	Estimated Timescale for Completion No of Years	Commitment Value 2019/2020 £000	Estimated Timescale for Completion No of Years
Highways Improvement Works	644	1	367	1
Household Waste Recycling Centre	376	1	1,394	1
Lime Avenue Development	356	1	5,482	1
LTF Metro Plus	227	1	0	0
Valleys Regional Park	169	1	155	1
Collaborative Change Programme	166	1	279	1
Social Services	117	1	0	0
Schools Maintenance	104	1	0	0
Schools IT Infrastructure	88	1	59	1
21st Century Schools - Six Bells Project	80	1	221	1
RE:FIT	64	1	1	1
Flood Damage 2020	35	0	0	0
Box Works	0	0	526	1
CCTV Upgrade	0	0	12	1
Other*	597	1	382	1
<b>Total</b>	<b>3,023</b>		<b>8,878</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 2020/2021, the range of assets were revalued by the Authority's Head of Estates and Strategic Asset Management, PJ. Miles BSc. (Hons), MRICS.

Valuations were carried out using the bases outlined in the Accounting Policies (pages 27-28), in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors and resulted in a net increase in value to the Authority's non-current assets of £13.820 million.

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

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

All assets subject to revaluation during 2020/2021, along with an asset from each different class of asset, have been assessed for material components. The revaluations of those components, where considered to be material, are included in the figures below.

The effective date of revaluation is 30 November 2020. The Authority does not consider the difference in valuations between this date and 31 March 2021 to be material.

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

	31 March 2021 £000	31 March 2020 £000	31 March 2019 £000	31 March 2018 £000	31 March 2017 £000	Total £000
<b>Non-Current Asset Valuations</b>						
Current Value:						
Heritage Assets	600	532	0	0	0	1,132
Other Land & Buildings	118,626	79,326	29,836	21,626	26,341	275,755
Community Assets	256	0	0	10	0	266
	119,482	79,858	29,836	21,636	26,341	277,153
Historic Cost:						
Vehicles Plant & Equipment	0	5	86	0	112	203
	0	5	86	0	112	203
<b>Total cost or valuation:</b>	<b>119,482</b>	<b>79,863</b>	<b>29,922</b>	<b>21,636</b>	<b>26,453</b>	<b>277,356</b>

## 24.5 Capital Expenditure and Financing

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

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

## 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
<i>The Guardian, Six Bells</i>	390
'Guardian' is the largest mining memorial in Wales and commemorates the 1960 Six Bells mining disaster in which 45 men and boys lost their lives in an underground gas and coal dust explosion. The memorial is a 12.6 meter high statue of a miner, constructed from over 20,000 individual slices of 10mm thick steel and stands on a 7.4 meter high sandstone plinth.	
<i>Ebbw Vale War Memorial</i>	210
Unveiled September 24th 1924 by Sir Frederick Mills. Listed as an unusually elaborate war memorial, in a prominent setting.	
Total Value:	600

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

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

Heritage Assets (Not Reported on Balance Sheet)	Description	Valuation
Aneurin Bevan Stones	This monument commemorates Aneurin Bevan, born in Tredegar in 1897 and elected M.P. for the area in 1929. The central monolith represents Aneurin Bevan himself, whilst three satellite stones represents his constituents in Ebbw Vale, Tredegar and Rhymney.	No cost or valuation information is available for this asset and the cost of obtaining a valuation is likely to be prohibitive compared to the value.
Civic Regalia	Comprising the Mayoral Chain, Mayoress Chain and Civic Mace.	The Authority has an insurance valuation for this asset, which is lower than the £50,000 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 £0.213m (2019/2020: £0.272m). The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet. The Authority is committed to making minimum payments under these leases comprising settlement of the non-current liability for the asset acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments required over a period of not more than 5 years total £0.090m (2019/2020: £0.120m).

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

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

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

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

### 26.3 Authority as Lessor - Finance Leases

The Authority has 1 finance lease arrangements as a lessor:

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

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

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

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

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

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

	Minimum Lease Payments			
	31 March 2021		31 March 2020	
	Vehicles, plant & equipment £000	Other land & buildings £000	Vehicles, plant & equipment £000	Other land & buildings £000
Finance Leases - Lessor				
Not later than one year	0	216	0	216
Later than 1 year and not later than 5 years	0	865	0	866
Later than 5 years	0	4,437	0	4,653
<b>Total</b>	<b>0</b>	<b>5,518</b>	<b>0</b>	<b>5,735</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 £3.206m (2019/2020: £2.916m).

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

27. Non-Current Investments

Non-current investments consist of the Authority's 100% shareholding in Silent Valley Waste Services Ltd. and a proportion of the equity shareholding made by the Cardiff Capital Region City Deal in Pharmatelligence Ltd.. The value of these shareholdings included in the Authority's Balance Sheet at 31 March 2021 was £0.342m (31 March 2020: £0.250m).

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 2021 the company had three registered directors. Two Elected Members of Blaenau Gwent CBC were appointed as non-executive directors, one with effect from 19 March 2018 and one with effect from 1 June 2019; one of these resigned on 2 April 2020 and was replaced with another Elected Member with effect from that date.

One of the stated purposes of a board restructure in 2012 was for the Authority to take control of activities at Silent Valley Waste Services, and consequently the Authority is required to prepare Group Accounting statements. These have been included on pages 108-126, based on the company's 2020/2021 Draft Accounts which were provided on 27 May 2021.

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

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

27.2 City Deal - Investment in Pharmatelligence Ltd.

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

## 28. Non-Current Debtors

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

Non-Current Debtors	31 March 2021				31 March 2020			
	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Non-Current Debtors £000	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Non-Current Debtors £000
Local Authorities	2,785	0	0	2,785	2,852	0	0	2,852
Other Entities & Individuals	586	(219)	40	407	496	(128)	0	368
<b>Total</b>	<b>3,371</b>	<b>(219)</b>	<b>40</b>	<b>3,192</b>	<b>3,348</b>	<b>(128)</b>	<b>0</b>	<b>3,220</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 2021			31 March 2020		
	Gross Debtor £000	Impairment £000	Net Debtor £000	Gross Debtor £000	Impairment £000	Net Debtor £000
Land & Property Charges	299	(219)	80	175	(128)	47
<b>Total</b>	<b>299</b>	<b>(219)</b>	<b>80</b>	<b>175</b>	<b>(128)</b>	<b>47</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 1.20, page 30). The value of school assets included in the Balance Sheet is as follows:

Value of School Assets	31 March 2021				31 March 2020			
	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000
Land & Buildings	83,264	0	1,565	84,829	75,548	0	2,086	77,634

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

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

Analysis of School by Type	31 March 2021				31 March 2020			
	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total
Primary Schools	15	4	0	19	15	4	0	19
Middle Schools	2	0	0	2	2	0	0	2
Secondary Schools	1	0	1	2	1	0	1	2
Special Schools	2	0	0	2	2	0	0	2
<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	2020/2021				2019/2020			
	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000
Primary Schools	(1,020)	(193)	0	(1,213)	(276)	29	0	(247)
Middle Schools	(569)	0	0	(569)	68	0	0	68
Secondary Schools	(88)	0	(385)	(473)	8	0	(60)	(52)
Special Schools	(101)	0	0	(101)	(40)	0	0	(40)
<b>Total In-Year (Surplus)/Deficit</b>	<b>(1,778)</b>	<b>(193)</b>	<b>(385)</b>	<b>(2,356)</b>	<b>(240)</b>	<b>29</b>	<b>(60)</b>	<b>(271)</b>



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

School Balances	31 March 2021				31 March 2020			
	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Primary Schools	(2,245)	(499)	0	(2,744)	(1,225)	(306)	0	(1,531)
Middle Schools	260	0	0	260	829	0	0	829
Secondary Schools	(382)	0	(428)	(810)	(294)	0	(43)	(337)
Special Schools	(387)	0	0	(387)	(286)	0	0	(286)
<b>Total</b>	<b>(2,754)</b>	<b>(499)</b>	<b>(428)</b>	<b>(3,681)</b>	<b>(976)</b>	<b>(306)</b>	<b>(43)</b>	<b>(1,325)</b>

### 30. Current Debtors

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

Current Debtors	31 March 2021				31 March 2020			
	Gross Debtors	Impairment	Prepayments	Total Net Current Debtors	Gross Debtors	Impairment	Prepayments	Total Net Current Debtors
	£000	£000	£000	£000	£000	£000	£000	£000
Welsh Government	16,242	0	0	16,242	10,092	0	0	10,092
Other Central Government	3,818	0	0	3,818	2,120	0	0	2,120
Local Authorities	3,239	(9)	0	3,230	2,804	(19)	0	2,785
NHS	1,624	(17)	0	1,607	2,286	(20)	22	2,288
Council Tax Arrears	7,069	(2,712)	0	4,357	5,046	(2,102)	0	2,944
Other Entities and Individuals	4,809	(1,498)	366	3,677	5,380	(1,409)	923	4,894
Trade	1,041	(240)	202	1,003	762	(227)	0	535
<b>Total</b>	<b>37,842</b>	<b>(4,476)</b>	<b>568</b>	<b>33,934</b>	<b>28,490</b>	<b>(3,777)</b>	<b>945</b>	<b>25,658</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 2021			31 March 2020		
	Gross Debtor	Impairment	Net Debtor	Gross Debtor	Impairment	Net Debtor
	£000	£000	£000	£000	£000	£000
<i>Impairment of Debtors within the scope of IFRS 9:</i>						
Land & Property Charges	302	(221)	81	303	(222)	81
Trade Debtors	678	(240)	438	671	(227)	444
Debtors related to Sales, Fees & charges	833	(660)	173	709	(544)	165
<i>Impairment of Debtors outside of the scope of IFRS 9:</i>						
Council Tax	7,069	(2,712)	4,357	5,046	(2,102)	2,944
Housing Benefits	1,358	(593)	765	1,598	(616)	982
Public Sector Bodies	2,985	(27)	2,958	4,128	(39)	4,089
Other Debtors	688	(23)	665	172	(27)	145
<b>Total</b>	<b>13,913</b>	<b>(4,476)</b>	<b>9,437</b>	<b>12,627</b>	<b>(3,777)</b>	<b>8,850</b>

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

#### Council Tax

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

#### Housing Benefits

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

#### Public Sector Bodies

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

#### Other Debtors

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

#### Impact of Covid-19

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

Impairment of Debtors Outside of the Scope of IFRS9	31 March 2021						31 March 2020						
	Council Tax	Housing Benefit	Public Sector Bodies	Other Debtors	Total Debtors Outside Scope	Impairment	Council Tax	Housing Benefit	Public Sector Bodies	Other Debtors	Total Debtors Outside Scope	Impairment	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<i>Category of debtor:</i>													
General Arrears < 1 year old	3,042	74	3,124	29	6,269	(187)	1,981	260	4,010	33	6,284	(164)	
General Arrears > 1 year <5 years old	2,865	885	(9)	49	3,790	(1,808)	2,081	929	7	59	3,076	(1,410)	
General Arrears > 5 years old	591	422	(1)	41	1,053	(864)	464	378	(1)	32	873	(712)	
Recovered Through Housing Benefits	0	0	0	0	0	0	0	0	0	0	0	0	
Absconders	385	0	0	0	385	(385)	371	0	0	0	371	(371)	
Bankruptcy/Liquidation/Insolvency	10	0	0	0	10	(10)	71	0	0	0	71	(71)	
Other	141	0	0	0	141	(141)	57	0	0	0	57	(56)	
Arrears not impaired	35	(23)	(129)	569	452	40	21	3	112	48	184	0	
<b>Total</b>	<b>7,069</b>	<b>1,358</b>	<b>2,985</b>	<b>688</b>	<b>12,100</b>	<b>(3,355)</b>	<b>5,046</b>	<b>1,570</b>	<b>4,128</b>	<b>172</b>	<b>10,916</b>	<b>(2,784)</b>	

## 31.

**Current Creditors**

Amounts owed by the Authority were as follows:

Current Creditors	31 March 2021			31 March 2020		
	Creditors	Receipts in Advance	Total Current Creditors	Creditors	Receipts in Advance	Total Current Creditors
	£000	£000	£000	£000	£000	£000
Welsh Government	(436)	0	(436)	(80)	0	(80)
Other Central Government	(1,762)	0	(1,762)	(679)	0	(679)
Local Authorities	(1,084)	0	(1,084)	(1,309)	(5)	(1,314)
NHS	(89)	0	(89)	(290)	0	(290)
Capital Creditors	(696)	0	(696)	(1,511)	0	(1,511)
Council Tax Credits	(975)	0	(975)	(876)	0	(876)
Other Entities and Individuals	(7,541)	(297)	(7,838)	(6,869)	(275)	(7,144)
Trade	(2,164)	0	(2,164)	(1,376)	0	(1,376)
<b>Total</b>	<b>(14,747)</b>	<b>(297)</b>	<b>(15,044)</b>	<b>(12,990)</b>	<b>(280)</b>	<b>(13,270)</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.	Unwound in 2020/2021	This provision has been unwound as the Authority considers there to be no significant outstanding liabilities.
Early Terminations	To provide for known sums in relation to early terminations where these had been approved prior to the end of the financial year.	Redundancy payments expected to be settled in 2021/2022.	The provision for early terminations comprises the known value of redundancy payments occurring after 31 March 2021 for which a legal or constructive obligation existed at that date. This obligation may have been through approval of the individual redundancies or through a decision that has a material impact on the structure or functions of the Authority. It is assumed that all employees included within the provision will have left during the next financial year.

**Other Provisions:**

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

Other Provisions (Continued):

Provision	Purpose	Timescale for Utilisation	Uncertainties, Assumptions and Potential Reimbursement
Lease Dilapidation	To provide for works to three leased assets (Anvil Court, Ebbw Vale Multi-Storey Car Park, and 20 Church Street) to return the assets to their condition as at the inception of the respective lease agreements.	Ebbw Vale Multi-Storey Car Park: ending in 2070. Anvil Court: ending in 2026. 20 Church Street: 2021/2022.	Sums provided are for estimated costs to restore leased assets to original condition. No allowance has been made for improvement works undertaken that may be retained by the lessor.
Part 1 Land Compensation Claims	To provide for claims under Part 1 of the Land Compensation Act 1973 in relation to depreciation of the value of an interest in land by physical factors caused by the use of public works.	There is uncertainty with regards to the timescale for agreement.	The sum provided is an estimate based on total proposed settlements, but is subject to change. Additional claims could become payable in respect of a number of other public works in the County Borough. It is assumed that all settlements will be as offered and no reimbursements will be expected. A substantial part of this provision has been unwound as the Authority is no longer exposed to liabilities in relation to the majority of schemes that were originally included.

32.2 Provisions - Movements

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

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

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

### 32.3 Contingent Liabilities

- As part of the legal agreements associated with the transfer of the Authority's Housing Stock to Tai Calon, a number of warranties and indemnities have been provided for a period of 32 years from the transfer date (July 2010), covering areas including environmental, asbestos and redevelopment issues. The limit to claims made against these warranties is £15,000 for each property (uprated annually by RPI), with the exception of warranties for environmental pollution and asbestos, where the limits are £125m (environmental pollution and asbestos – works indemnity) and without limit (asbestos – personal injury and death). Claims are subject to an excess level below which the Authority is not liable to reimburse Tai Calon, these being £5,000 generally and £4.7625m for Asbestos works. Potential liabilities that could arise in respect of environmental pollution have been mitigated by means of insurance policies, providing aggregate cover of £30m. At this stage, there have been no definite claims associated with the warranties provided and it is not possible to determine the extent and value of claims that may arise in the future.
- On creation of Aneurin Leisure Trust in October 2014, pension assets and liabilities assessed on an actuarial basis were transferred from Blaenau Gwent CBC, such that the Trust's pension obligations were deemed to be fully funded. The funding deficit accruing to 30 September 2014 in respect of employees relocating to Aneurin Leisure Trust was not transferred, but was retained by Blaenau Gwent CBC. The Trust is therefore only responsible for any increase in liabilities (on an actuarial valuation basis) occurring after the transfer date, with the Authority acting as a guarantor for the previously accrued net deficit. In addition, the Authority agreed to act as guarantor of last resort in order that the Leisure Trust could enter the Greater Gwent (Torfaen) Pension Fund as an admitted body and has therefore agreed to underwrite any costs arising in the event that the admitted body defaults on any or all of its payments in relation to its pension obligations. Further details of the liability on transfer are included in note 37 (page 92). However it is not possible to place an estimate on the level of other potential liabilities for which the Authority is acting as guarantor which are dependent on the occurrence of future events.

- Under the terms of the Municipal Mutual Insurance Scheme of Arrangement, the Authority is responsible for the payment of a percentage towards future claims, potentially for many years due to the inherent long-tail nature of the insured risks. Due to the nature of these claims it is not practicable to disclose an estimate of the potential sums payable.
- The Authority has received a number of Part 1 claims arising under the 1973 Land Compensation Act in relation to a number of public works projects. While it is not yet possible to determine the final number and value of these claims in compliance with the Act and the full extent to which settlement will be made, a provision has been included for those claims where offers have been made.
- As a result of decisions of the courts allowing the release of documentation in relation to specific past actions of the Authority, it is possible that obligations may arise to settle specific liabilities. However, no such obligations have presented to date and the possibility of any doing so is judged to be decreasing over time. Given the inherent complexity of these liabilities, none of which is yet to materialise, it has not been possible to provide an estimate of the settlement costs, if any.
- The Council has agreed to enter into a Deed of Priority with Wells Fargo in respect of amounts loaned to the developer of the NMC site in Brynmawr, such that Wells Fargo would have unlimited first call on the site developer's assets in the event of a loan default situation. The Council have therefore agreed to secure the loan funding provided to the project developer by Welsh Government, being the sum of £0.750m. In mitigation, the developer is a reputable well-established financial services company and further legal agreements are in place such that, on disposal of the development, the Deed of Priority will cease. As the developer intends to dispose of the property as soon as possible after practical completion is achieved this should limit the duration of the risk to the Council.

### 33. Other Long-Term Liabilities

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

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

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

### 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 2021		31 March 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£000	£000	£000	£000
Public Works Loan Board	2	(76,235)	(95,872)	(78,856)	(95,327)
Lenders Option Borrowers Option	2	(4,043)	(6,282)	(4,043)	(5,826)
Market Loans	2	(17,000)	(17,311)	(14,000)	(14,100)
Temporary Loans	n/a	(65,315)	(65,436)	(60,699)	(60,626)
Rail Infrastructure Loan	n/a	(69,829)	(69,829)	0	0
Town Centre Loan	n/a	(1,849)	(1,849)	0	0
Salix Loan	n/a	(4,000)	(4,000)	(1,429)	0
<b>Total</b>		<b>(238,271)</b>	<b>(260,579)</b>	<b>(159,027)</b>	<b>(175,879)</b>

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

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

*Financial Instrument Balances*

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

Financial Instruments	31 March 2021			31 March 2020		
	Non-Current £000	Current £000	Total £000	Non-Current £000	Current £000	Total £000
<b>Financial Liabilities</b>						
Financial liabilities at amortised cost	(97,209)	(141,062)	(238,271)	(89,548)	(69,479)	(159,027)
<b>Total Borrowings</b>	<b>(97,209)</b>	<b>(141,062)</b>	<b>(238,271)</b>	<b>(89,548)</b>	<b>(69,479)</b>	<b>(159,027)</b>
<b>Financial Assets</b>						
Available for Sale - Unquoted equity investment at cost	342	0	342	250	0	250
<b>Total Investments</b>	<b>342</b>	<b>0</b>	<b>342</b>	<b>250</b>	<b>0</b>	<b>250</b>

*Financial Instrument Gains/Losses*

The gains and losses recognised in the Comprehensive Income & Expenditure Statement (*note 10, page 41*) in relation to financial instruments are made up as follows:

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



### Soft Loans

Car loans are classified as soft loans and should be included in the Balance Sheet at fair value. However, car loans have been included at their carrying amount, as the difference between the fair value and carrying amount is considered to be immaterial. As at 31 March 2021, 83 car loans were outstanding with a total value of £0.520m (31 March 2020: 100 loans with a value of £0.520m).

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

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

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

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

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;

- by approving an Investment Strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties in compliance with government guidance; and
- by approving annually in advance Prudential and Treasury Indicators for the following three years limiting:
  - the Authority's overall borrowing;
  - its maximum and minimum exposures to fixed and variable rates;
  - its maximum and minimum exposures to the maturity structure of its debt; and
  - its maximum annual exposures to investments maturing beyond a year.

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

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

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

### Credit Risk

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

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

The full Investment Strategy for 2020/2021 was approved by Council on 23 July 2020.

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

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

#### Liquidity Risk

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

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

The source analysis of financial liabilities is as follows:

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

The maturity analysis of financial liabilities is as follows:

Maturity of Loan	31 March 2021		31 March 2020	
	£000	%	£000	%
Maturing in less than 1 year	(141,233)	58.94	(69,479)	43.54
Maturing in 1-2 years	(11,318)	4.72	(5,848)	3.67
Maturing in 2-5 years	(25,886)	10.80	(25,124)	15.75
Maturing in 5-10 years	(31,390)	13.10	(25,962)	16.27
Maturing in more than 10 years	(29,823)	12.44	(33,145)	20.77
<b>Total:</b>	<b>(239,650)</b>	<b>100.00</b>	<b>(159,558)</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	2020/2021 £000	2019/2020 £000
Increase in interest payable on current variable rate borrowings	627	694
Increase in interest receivable on current variable rate investments	(114)	(79)
Increase in interest payable on non-current variable rate borrowings	40	40
<b>Net impact upon Comprehensive Income &amp; Expenditure Statement:</b>	<b>553</b>	<b>655</b>

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

#### *Price Risk*

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

Included on the Balance Sheet is the Authority's proportion of a minor equity investment made by the Cardiff Capital Region City Deal in Pharmedelligence Ltd.. As the investment is unquoted the CCRCD is not exposed to losses arising from movements in the prices in the shares. The Authority's proportion, equating to £92,395, has been classified as unquoted investments at cost.

#### *Foreign Exchange Risk*

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

**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 for 2019/2020 was £2.76bn and total net scheme liabilities amounted to £432.2bn.

Employer contributions are set by the Secretary of State, on the advice of the fund actuary. Following the recommendations of Lord Hutton on public sector pensions, a valuation as at 31 March 2012 was undertaken by the Government Actuary's Department in line with the revised valuation directions determined by Her Majesty's Treasury. As a result of this valuation, the standard contribution rate (SCR) was assessed at 20.4% and the supplementary contribution rate (which funds the accumulated shortfall of liabilities within a period of up to 15 years) was set at 5.6% (a total contribution rate of 26.0%). The actuarial valuation based on scheme data for the period ending 31 March 2016 had been progressing and was expected to be implemented in 2019, with subsequent valuations to be undertaken on a four-yearly basis. However, the actuarial valuation was suspended following the Court of Appeal ruling against the government in respect of changes to the judges and firefighters pension schemes. The employers rate increased to 23.6% from September 2019, with no change to the average employee contribution of 9.5%.

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

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

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

The TPS is a multi-employer scheme which, for 2019/2020, comprised 11,221 contributing employers that administered over 1.25 million active/deferred members and made payments to 739,974 pensioners. Given the complexities involved in administering pension arrangements for this volume of employees, it is not possible to disaggregate the scheme liabilities for each employer. Consequently, there is insufficient information available to account for the TPS as a defined benefit plan and as a result it has been accounted for as a defined contribution scheme.

In 2020/2021, the Authority paid employers contributions of £4.757 million to Capita Teachers' Pensions in respect of teachers' pension costs, representing 23.6% of teachers' pensionable pay (2019/2020: £4.016 million, representing 16.5% to 31 August 2019 and 23.6% from 1 September 2019). At 31 March 2021, £0.401 million remained payable to the Teachers' Pension Scheme relating to employers contributions arising in the March payroll (31 March 2020: £0.387m).

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

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

The Authority is responsible for the costs of any additional benefits awarded upon early retirement that fall outside of the terms of the Teachers' Scheme. These costs are accounted for on a defined benefit basis and are detailed in note 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 2019.

Pension benefits under the LGPS are summarised below:

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

Service after 31 March 2014	
Pension	Each year worked is worth 1/49th of career average revalued earnings.
Lump Sum	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

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

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

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

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

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

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

The 2019 Actuarial Valuation reported the level of total fund assets compared to liabilities (the funding level) as 86% (2016 Valuation: 72%). As a result, employer contribution levels have been calculated for implementation from 1 April 2020 that will, subject to future revaluations, eliminate this deficit in 20 years. Scheme changes implemented under the Public Pensions Service Act 2013, including calculating pension and other benefits on the basis of career average re-valued earnings, will also need to be considered in meeting the future funding objectives.

As an indication of the level of the Authority's participation in the Greater Gwent (Torfaen) Pension Fund compared with other participating entities, Blaenau Gwent contributed 11.1% of the total employee and employer contributions receivable by the Fund as disclosed in the most recently available annual accounts (2019/2020).

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

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

#### *Welsh Pension Partnership (WPP)*

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

#### *Discretionary Benefits*

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

#### *Accounting Treatment of Defined Benefit Transactions*

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

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

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

At 31 March 2021, £1.244m remained payable to the LGPS relating to contributions arising in the March payroll (31 March 2020: £0.982m). This amount has been excluded from the Pensions Asset in the Balance Sheet.

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

	2020/2021			2019/2020		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
<b>Pension Scheme Transactions - Movement in Reserves Statement</b>						
Reversal of net charges for post employment benefits included in <i>'Total Charged to the Surplus/Deficit on Provision of Services'</i>	(22,466)	(726)	(23,192)	(30,273)	(884)	(31,157)
Actual Amount Charged Against Council Tax for Pensions in year:						
Employers' Contributions Payable to Scheme	11,918	0	11,918	11,983	0	11,983
Retirement Benefits Payable to Pensioners	0	1,888	1,888	0	1,943	1,943
<b>Total amounts charged against Council Tax:</b>	<b>11,918</b>	<b>1,888</b>	<b>13,806</b>	<b>11,983</b>	<b>1,943</b>	<b>13,926</b>
<b>Net adjustment between accounting basis and funding basis for pension transactions:</b>	<b>(10,548)</b>	<b>1,162</b>	<b>(9,386)</b>	<b>(18,290)</b>	<b>1,059</b>	<b>(17,231)</b>

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

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

	2020/2021			2019/2020		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
<b>Reconciliation of the Movements in Fair Value of Scheme Assets</b>						
Balance at 1 April:	339,718	0	339,718	378,786	0	378,786
Employer Contributions	11,640	1,888	13,528	11,881	1,943	13,824
Member Contributions	3,057	0	3,057	2,879	0	2,879
Benefits Paid	(16,925)	(1,888)	(18,813)	(16,870)	(1,943)	(18,813)
Interest on Plan Assets	7,785	0	7,785	9,079	0	9,079
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	95,626	0	95,626	(46,037)	0	(46,037)
<b>Balance at 31 March:</b>	<b>440,901</b>	<b>0</b>	<b>440,901</b>	<b>339,718</b>	<b>0</b>	<b>339,718</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	2020/2021			2019/2020		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	(574,483)	(32,493)	(606,976)	(666,977)	(37,802)	(704,779)
Current Service Cost	(16,741)	0	(16,741)	(21,462)	0	(21,462)
Past Service Cost and Curtailments	(30)	0	(30)	(1,524)	0	(1,524)
Administration Expenses	(241)	0	(241)	(228)	0	(228)
Interest Cost	(13,239)	(726)	(13,965)	(16,138)	(884)	(17,022)
Member Contributions	(3,057)	0	(3,057)	(2,879)	0	(2,879)
Benefits Paid	16,925	1,888	18,813	16,870	1,943	18,813
Remeasurement Gains/(Losses):						
Experience Gains/(Losses)	4,479	573	5,052	34,634	365	34,999
Actuarial Gains/(Losses) arising from changes in demographic assumptions	(9,796)	(572)	(10,368)	26,026	1,850	27,876
Actuarial Gains/(Losses) arising from changes in financial assumptions	(158,638)	(4,431)	(163,069)	57,195	2,035	59,230
Balance at 31 March:	(754,821)	(35,761)	(790,582)	(574,483)	(32,493)	(606,976)

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

Pension Assets & Liabilities Recognised in the Balance Sheet	2020/2021			2019/2020		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000	£000	£000	£000	£000
Fair Value of Scheme Assets	440,901	0	440,901	339,718	0	339,718
Present Value of Scheme Liabilities	(754,821)	(35,761)	(790,582)	(574,483)	(32,493)	(606,976)
Net Liability:	(313,920)	(35,761)	(349,681)	(234,765)	(32,493)	(267,258)

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

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

Local Government Pension Scheme Asset Categorisation	31 March 2021				31 March 2020			
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total		Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	
	£000	£000	£000	%	£000	£000	£000	%
Quoted Equity Securities:	65,214	0	65,214	14.79	50,248	0	50,248	14.79
Investment Funds and Unit Trusts:								
Equities	0	254,708	254,708	57.77	0	196,255	196,255	57.76
Bonds	0	73,975	73,975	16.78	0	56,998	56,998	16.78
Other	0	32,033	32,033	7.27	0	24,682	24,682	7.27
Real Estate: UK Property Funds	0	11,097	11,097	2.52	0	8,550	8,550	2.52
Cash and Cash Equivalents:	0	3,874	3,874	0.87	0	2,986	2,986	0.88
<b>Total:</b>	<b>65,214</b>	<b>375,687</b>	<b>440,901</b>	<b>100.00</b>	<b>50,248</b>	<b>289,471</b>	<b>339,719</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 2021		31 March 2020	
	Increase in Employer Liabilities		Increase in Employer Liabilities	
	£000	%	£000	%
0.5% decrease in Real Discount Rate	80,455	10.18	57,616	9.49
0.5% increase in the Salary Increase Rate	9,752	1.23	7,266	1.20
0.5% increase in the Pension Increase Rate	68,884	8.71	49,751	8.20
1 year increase in Member Life Expectancy	23,717	3.00	18,209	3.00

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

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

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

The sensitivity analysis figures provided by the Actuary are approximate only. It has been assumed that there have been no changes in accounting policies, Scheme benefits, the age/sex/service profile of employees, levels of pay and contributions made. The Actuary has also indicated that the impact of an increase in member life expectancy would be in the range of 3-5%, subject to varying factors. These figures should not therefore be construed as providing accurate outturn figures for future accounting periods. No allowance has been made for the impact of Covid-19 on the pension fund, as the long term impact on the fund was not known in March 2020.

### Basis for Estimating Assets and Liabilities

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

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

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

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

### *Impact on future cash flows*

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

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

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

To meet the requirements of the Regulations the Administering Authority's long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities (the "funding target") assessed on an ongoing basis including allowance for projected final pay. The funding objective as set out in the FSS (Funding Strategy Statement) is to achieve and maintain a funding level of 100% of liabilities (the Funding Target). In line with the FSS, where a shortfall exists at the effective date of the actuarial valuation (31 March 2019), a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. The maximum deficit recovery period has been set as 20 years.

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

The Authority holds total usable reserves of £37.534m at 31 March 2021 (£22.023m at 31 March 2020). The effect of applying the net superannuation fund deficit of £349.681m to the Authority's usable reserves would be a deficit of £312.147m (2019/2020: the superannuation deficit of £267.258m exceeded usable reserves by £245.235m).

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

The total contributions expected to be made by the Authority to the Local Government Pension Scheme in the year to 31 March 2022 are estimated by the Fund Actuary as £11.306m.

In the event that a contributing fund member became unable to pay contributions or make good future deficits, the level of Pension Scheme assets would be lower than expected and this would have a negative impact on the Funding Level. At that time, the Administering Authority (Torfaen) would seek to recover any debt outstanding from the employer. This type of risk can be mitigated

by the use of guarantees and/or covenants. However, if an employer defaults on payment and these sums cannot be recovered, the shortfall would then become the responsibility of any guarantor or all other employers in the Fund. This could increase the level of employer contribution rates required to recover the overall Fund deficit.

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

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2015 by these members are subject to an 'underpin' which means that they cannot be lower than those they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

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

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

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

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

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

Contingent Liabilities (see also note 32.3, page 78)

#### Aneurin Leisure Trust

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

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

#### Guaranteed Minimum Pension (GMP) Equalisation/Indexation

In 2018, the High Court ruled that UK defined benefit pension schemes must compensate members for differences attributable to Guaranteed Minimum Pensions (GMPs) (*Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC and Others*). Guaranteed Minimum Pension represents the minimum pension an occupational pension scheme must provide a scheme member as an alternative to the State Earnings Related Pension Scheme (SERPS). GMP accrued in the LGPS between 6 April 1978 and 5 April 1997. Responsibility for paying annual pension increases on different tranches of benefit is divided between the LGPS fund and the State (via the State Pension), depending on when the member was in employment and when they reached State Pension Age (SPA). The Government implemented an 'interim' solution for members reaching SPA between 6 April 2016 and 5 December 2018, which involved the LGPS fund paying for everything i.e. both initial pension and all increases. This arrangement was subsequently extended to 5 April 2021. In March 2021 the HM Treasury announced that it has opted to make indexation of GMP payments a permanent measure, instead of merging GMP and pension scheme liabilities.

The Government's solution will lead to an increase in pension fund liabilities as a result of the scheme paying full GMP increases for all members with a SPA after 2016. Effectively this passes the cost from the State to LGPS funds (and therefore employers). There has been no indication of additional funding to cover this extra cost. The LGPS fund actuary has indicated that an estimate for full GMP indexation was included in the 2019 Actuarial Valuation and therefore these costs have already been built in to Balance Sheet liabilities and employer contribution rates.

## 38. Reserves

### 38.1 Usable Reserves

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

#### Fund Balances:

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

Budget Contingency Fund / Invest to Save	To provide initial assistance in meeting new and emerging budget pressures and to establish an invest to save fund to provide one-off funding for initiatives that will generate financial and efficiency savings in the medium to long term.
Building Control Fees	To hold surpluses generated for future re-investment to improve the quality and performance of the Building Control Service.
Cardiff Capital Region City Deal (CCRCD)	The Authority's apportioned share of surpluses or deficits arising on the Cardiff Capital Region City Deal joint arrangement.
Corporate Services Portfolio	To provide for a variety of specific costs falling to the Corporate Services Portfolio, including: Additional future costs of elections; implementation of payroll system functionality; costs of implementing the new Hybrid Mail Model; holding deposits & bonds; meeting taxation liabilities and to fund the Authority's contribution to the Citizens Advice Bureau.
Covid-19 Response & Recovery	To address additional costs arising from the continued impact of responding to/recovering from the Covid-19 global pandemic after specific Welsh Government funding has ceased.
Downsizing, Redundancy & Transitional Costs	To fund specific identified salary, pension strain and redundancy costs arising from the Authority's service transformation and downsizing projects, on a short-term (transitional) basis.
Economy Portfolio	To provide for a variety of specific costs falling to the Economy Portfolio, including: A review of the Authority's asset management systems and match funding for the Crowdfunding Project.

Usable Earmarked Revenue Reserves (Continued):

Education Portfolio	To provide for costs falling within the Education Portfolio, including: Funding of school based staff redundancies in 2021/2022 financial year.
Environment Portfolio	To provide for a variety of specific costs falling to the Environment Portfolio including: maintaining a stable transport oncost rate; future planned repairs and maintenance of Aneurin Leisure Trust buildings; crematorium infrastructure works; decommissioning of the Civic Centre; highways network clearance work in adverse winter weather; and Corporate Landlord Re:Fit project loan repayments.
Financial Planning / Resilience	To improve the financial resilience of the Authority and support medium term financial planning, specifically for the later years of the MTFS.
Future Interest Rate	To provide protection against cost pressures arising from forecast rises in interest rates on the replacement of maturing debt and new borrowings to fund capital expenditure.
Grounds Maintenance - Housing	To contribute to the maintenance of adopted road features over a 60 year period in areas covered by the transfer of housing stock and land to Tai Calon.
ICT	To meet the anticipated increase in capacity required for ICT in relation to staffing resources, licenses, equipment and training required to future-proof the service.
Individual Schools Budget (ISB)	To fund cost pressures relating to school expenditure including insurance and school reorganisation.
Insurance Liabilities	To protect against liabilities incurred but not settled. Such liabilities include insurance claims where an excess remains to be borne by the Authority and claims where no insurance cover exists.
Land & Property Charges (Social Services)	To mitigate the impact of establishing Land & Property charge debtors for adult residential care, the actual income for which will not be received until indeterminate points in the future.
Leisure Termination Costs	To provide financial support for early termination costs to Aneurin Leisure Trust (ALT) to allow the trust to downsize and deliver efficiency savings.
LMS Balances	The aggregate amount of balances held by individual schools.

Usable Earmarked Revenue Reserves (Continued):

Local/Strategic Development Plan	To fund the review of the Local Development Plan.
Members Local Grants	To hold unallocated grant monies prior to distribution by Members.
Prudential Borrowing	To fund prudential borrowing costs related to highways infrastructure assets, with the aim of reducing future highways related insurance claims.
Revenue Grants & Contributions Unapplied	To hold earmarked sums relating to a range of revenue grants and contributions received for which no accounting liability exists (i.e. do not have to be repaid), until applied to match specific service expenditure.
Social Services Portfolio	To provide for a variety of specific costs falling to the Social Services Portfolio including costs in relation to the Early Action Together programme, Gwent Supporting People Regional Development and fees related to Children's Services.
Specialist Commercial Advice (Aneurin Leisure Trust Review)	To commission external consultants to support key elements of the review of current and future options for the provision and delivery of Leisure Services.
Strategic Business Reviews	To fund external support to strategic business reviews over a two year period.
Superannuation	To fund specific liabilities arising in respect of the Greater Gwent (Torfaen) Pension Fund falling outside of the normal contributions made by the Authority, including potential costs arising from guarantees provided to allow admission of entities to the Fund (e.g. Aneurin Leisure Trust).
Technology Park Feasibility Study	To fund a feasibility study into the establishment of a High Tech Business Park and Test Facility focussed on the automotive and wider mobility/low carbon economic sectors.
Waste Services	To fund any potential financial penalties arising from a failure to meet the statutory recycling recovery target in 2020/2021 and future years.

## Usable Reserves Earmarked for Capital Purposes:

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

## Capital Accounting Reserves:

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

Movements on fund balances and reserves were as follows:

	Balance at 1 April 2019 £000	Transfers to Fund Balances £000	Transfers from Fund Balances £000	Balance at 31 March 2020 £000	Transfers to Fund Balances £000	Transfers from Fund Balances £000	Balance at 31 March 2021 £000
Fund Balances							
Council Fund	(5,894)	(505)	0	(6,399)	(1,421)	0	(7,820)
Total: Fund Balances	(5,894)	(505)	0	(6,399)	(1,421)	0	(7,820)

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



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

	Balance at 1 April 2019 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2020 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2021 £000
Usable Capital Reserves							
Capital Grants Unapplied	(659)	(2,714)	2,824	(549)	(1,211)	476	(1,284)
Usable Capital Receipts	(6,504)	(655)	359	(6,800)	(1,015)	166	(7,649)
<b>Total: Usable Capital Reserves</b>	<b>(7,163)</b>	<b>(3,369)</b>	<b>3,183</b>	<b>(7,349)</b>	<b>(2,226)</b>	<b>642</b>	<b>(8,933)</b>

	Balance at 1 April 2019 £000	Transfers to Funds & Reserves £000	Transfers from Funds & Reserves £000	Balance at 31 March 2020 £000	Transfers to Funds & Reserves £000	Transfers from Funds & Reserves £000	Balance at 31 March 2021 £000
Summary: Usable Reserves							
Fund Balances	(5,894)	(505)	0	(6,399)	(1,421)	0	(7,820)
Earmarked Revenue Reserves	(6,242)	(3,120)	1,749	(7,613)	(13,757)	1,385	(19,985)
Revenue Reserves Earmarked for Capital Purposes	(589)	(266)	193	(662)	(165)	31	(796)
Capital Reserves	(7,163)	(3,369)	3,183	(7,349)	(2,226)	642	(8,933)
<b>Total: Usable Reserves</b>	<b>(19,888)</b>	<b>(7,260)</b>	<b>5,125</b>	<b>(22,023)</b>	<b>(17,569)</b>	<b>2,058</b>	<b>(37,534)</b>

## 38.2 Unusable Reserves

## 38.2.1 Capital Adjustment Account

Capital Adjustment Account	2020/2021		2019/2020	
	£000	£000	£000	£000
Balance at 1 April		(78,188)		(85,180)
Adjustments to Opening Balance		0*		13*
Revised Balance at 1 April		(78,188)		(85,167)
<b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>				
Charges for depreciation & impairment of non-current assets	11,630		13,012	
Revaluation losses on Property, Plant & Equipment	(6,484)		6,023	
Revenue expenditure funded from capital under statute	1,842		2,388	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	1,012		469	
Capital grants and contributions applied to capital financing	(11,129)		(10,055)	
Sub-Total: Capital Adjustment Transactions included in the Comprehensive Income & Expenditure Statement:		(3,129)		11,837
<b>Items not debited or credited to the CIES:</b>				
Statutory provision for the financing of capital investment charged against the Council Fund	(681)		(689)	
Capital expenditure charged against the Council Fund	(607)		(293)	
		(1,288)		(982)
<b>Capital financing applied in the year:</b>				
Use of the Capital Receipts Reserve to finance new capital expenditure	(102)		(299)	
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,565)		(2,824)	
		(2,667)		(3,123)
Sub-Total: Capital Adjustment Transactions included in the Movement in Reserves Statement:		(7,084)		7,732
<b>Adjusting Amounts written out of the Revaluation Reserve:</b>				
Charges for depreciation & impairment of non-current assets	(1,460)		(697)	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	(43)		(56)	
		(1,503)		(753)
Balance at 31 March		(86,775)		(78,188)

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to an historical cost basis).

The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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

### 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	2020/2021 £000	2019/2020 £000
Balance at 1 April	(24,163)	(15,678)
Upward revaluation of assets	(7,205)	(7,978)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	997	2,488
Depreciation - write back revaluation reserve	(980)	(3,748)
<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>(7,188)</b>	<b>(9,238)</b>
Difference between fair value depreciation and historical cost depreciation	1,460	697
Accumulated gains on assets sold or scrapped	43	56
<b>Amount written off to the Capital Adjustment Account</b>	<b>1,503</b>	<b>753</b>
<b>Balance at 31 March</b>	<b>(29,848)</b>	<b>(24,163)</b>

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	2020/2021 £000	2019/2020 £000
Balance at 1 April	3,674	3,778
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(105)	(104)
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(105)	(104)
<b>Balance at 31 March</b>	<b>3,569</b>	<b>3,674</b>

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

**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	2020/2021 £000	2019/2020 £000
Balance at 1 April	266,143	324,980
Remeasurement of pensions assets & liabilities	72,759	(76,068)
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income & Expenditure Statement	23,192	31,157
Employer's pensions contributions and direct payments to pensioners payable in the year	(13,806)	(13,926)
<b>Balance at 31 March</b>	<b>348,288</b>	<b>266,143</b>

**38.2.6 Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from this Account. In 2020/2021, £1.730m of accruals for the preceding year were settled or cancelled and £2.585m was accrued at 31 March 2021 (2019/2020: £1.432m of accruals for the preceding year were settled or cancelled and £1.730m was accrued at year end).

**38.2.7 Unequal Pay Back Pay Account**

The Unequal Pay Back Pay Account compensates for the differences between the rate at which the Authority provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the Council Fund Balance until such time as cash might be paid out to claimants. The Equal Pay provision was unwound in 2020/2021 and consequently there has been a corresponding decrease in the Unequal Pay Back Pay Account.

Unequal Pay Back Pay Account	2020/2021 £000	2019/2020 £000
Balance at 1 April	146	146
Increase/(Decrease) in provision for back pay in relation to Equal Pay cases	(146)	0
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	(146)	0
<b>Balance at 31 March</b>	<b>0</b>	<b>146</b>

**38.2.8 Summary of Unusable Reserves**

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

Unusable Reserves	2020/2021 £000	2019/2020 £000
Capital Adjustment Account	(86,775)	(78,188)
Revaluation Reserve	(29,848)	(24,163)
Financial Instruments Adjustment Account	3,569	3,674
Deferred Capital Receipts Reserve	(2,930)	(2,994)
Pensions Reserve	348,288	266,143
Unequal Pay Back Pay Account	0	146
Accumulated Absences Account	2,585	1,730
<b>Total Unusable Reserves:</b>	<b>234,889</b>	<b>166,348</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	2020/2021 £000	2019/2020 £000
Depreciation & Impairment	5,146	19,035
REFCUS (deferred charges)	1,842	2,388
Effective interest adjustment	44	44
Net IAS19 charges made for Retirement Benefits	23,192	31,157
IAS19 Employers Contributions Paid to Pension Fund	(13,806)	(13,926)
	16,418	38,698
Increase/(Decrease) in Provisions	(745)	(695)
(Increase)/Decrease in Inventories	(821)	65
(Increase)/Decrease in Revenue Debtors	(3,538)	(5,977)
Increase/(Decrease) in Revenue Creditors	2,265	2,181
<b>Total</b>	<b>13,579</b>	<b>34,272</b>

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

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

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

Cash Flow - Interest included in Operating Activities	2020/2021 £000	2019/2020 £000
Interest Received	(26)	(83)
Interest Paid	3,811	4,230
<b>Net Total</b>	<b>3,785</b>	<b>4,147</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	2020/2021 £000	2019/2020 £000
<b>Cash Outflows</b>		
Purchase of Non-Current Assets	(18,037)	(14,684)
	(18,037)	(14,684)
<b>Cash Inflows</b>		
Sale of Non-Current Assets	951	595
Other Receipts from Investing Activities	10,792	10,677
	11,743	11,272
<b>Total</b>	<b>(6,294)</b>	<b>(3,412)</b>

### 40.2 Financing Activities

The cash flows for financing activities consist of the following:

Cash Flow - Financing Activities	2020/2021 £000	2019/2020 £000
<b>Cash Outflows</b>		
Repayments of Amounts Borrowed	(98,279)	(134,955)
Capital Element of Finance Lease Rental Payments	(50)	(154)
	(98,329)	(135,109)
<b>Cash Inflows</b>		
New Loans Raised	14,255	13,845
New Short-Term Loans	164,117	122,550
	178,372	136,395
<b>Total</b>	<b>80,043</b>	<b>1,286</b>

## 40.3 Liabilities arising from Financing Activities

Movement in liabilities arising from financing activities are as follows:

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

## 41. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2020/2021 £000	2019/2020 £000
Cash Held by the Authority	57	53
Bank Accounts	8,129	5,520
Short Term Investments	83,000	0
<b>Total Cash &amp; Cash Equivalents</b>	<b>91,186</b>	<b>5,573</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 2019/2020 to 2020/2021 (prior to the Gateway Review) of £65.7m. This profile is based on currently approved projects and assumptions around potential future revenue and capital projects and is subject to amendment as business plans are approved and funding applied.

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

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

**42.1 CCRCD - Summary Group Comprehensive Income & Expenditure Statement**

	2020/2021		2019/2020	
	CCRCD Group £000	Blaenau Gwent Apportionment £000	CCRCD Group £000	Blaenau Gwent Apportionment £000
<b>Summary CCRCD Group Comprehensive Income &amp; Expenditure Statement</b>				
<b>Cost of Services</b>				
Operating Expenditure	4,694	217	2,440	113
Operating Income	(7,286)	(336)	(5,017)	(232)
<b>Net Cost of Services</b>	<b>(2,592)</b>	<b>(119)</b>	<b>(2,577)</b>	<b>(119)</b>
Financing and Investment Income & Expenditure	7,436	344	(283)	(13)
Taxation & Non-Specific Grant Income	(4,475)	(207)	0	0
Tax Expenses	(920)	(43)	543	25
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(551)</b>	<b>(25)</b>	<b>(2,317)</b>	<b>(107)</b>

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

Summary CCRC Group Movement in Reserves Statement	CCRC Group			Blaenau Gwent Apportionment		
	Usable Reserves	Unusable Reserves	Total Reserves	Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019	(4,067)	(36,848)	(40,915)	(188)	(1,703)	(1,891)
Adjustment to Opening Balance	4	330	334	0	16	16
Revised Balance at 1 April 2019	(4,063)	(36,518)	(40,581)	(188)	(1,687)	(1,875)
(Surplus)/Deficit on Provision of Services	(2,317)	0	(2,317)	(107)	0	(107)
Adjustments between accounting basis & funding basis	0	0	0	0	0	0
Transfers to/(from) earmarked reserves	0	0	0	0	0	0
Net(Increase)/Decrease	(2,317)	0	(2,317)	(107)	0	(107)
Balance at 31 March 2020	(6,380)	(36,518)	(42,898)	(295)	(1,687)	(1,982)
Balance at 1 April 2020	(6,380)	(36,518)	(42,898)	(295)	(1,687)	(1,982)
Adjustment to Opening Balance	(495)	0	(495)	(23)	0	(23)
Revised Balance at 1 April 2020	(6,875)	(36,518)	(43,393)	(318)	(1,687)	(2,005)
(Surplus)/Deficit on Provision of Services	(551)	0	(551)	(25)	0	(25)
Adjustments between accounting basis & funding basis	4,475	(4,451)	24	207	(206)	1
Transfers to/(from) earmarked reserves	0	0	0	0	0	0
Net(Increase)/Decrease	3,924	(4,451)	(527)	182	(206)	(24)
Balance at 31 March 2021	(2,951)	(40,969)	(43,920)	(136)	(1,893)	(2,029)



42.3 Cardiff Capital Region City Deal - Summary Group Balance Sheet

Summary CCRC Group Balance Sheet	2020/2021		2019/2020	
	CCRC Group £000	Blaenau Gwent Apportionment £000	CCRC Group £000	Blaenau Gwent Apportionment £000
Non-Current Assets	35,707	1,649	36,443	1,684
Current Assets	68,140	3,148	55,006	2,541
Current Liabilities	(14,923)	(689)	(2,600)	(120)
Non-Current Liabilities	(45,004)	(2,079)	(45,951)	(2,123)
<b>Total Net Assets</b>	<b>43,920</b>	<b>2,029</b>	<b>42,898</b>	<b>1,982</b>
Usable Reserve	(2,951)	(136)	(6,380)	(295)
Unusable Reserve	(40,969)	(1,893)	(36,518)	(1,687)
<b>Total Reserves</b>	<b>(43,920)</b>	<b>(2,029)</b>	<b>(42,898)</b>	<b>(1,982)</b>

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

Summary CCRC Group Cash Flow Statement	2020/2021		2019/2020	
	CCRC Group £000	Blaenau Gwent Apportionment £000	CCRC Group £000	Blaenau Gwent Apportionment £000
Net Surplus/(Deficit) on the provision of services	(551)	(25)	(2,317)	(107)
Adjustments to the provision of Services for non-cash movements	2,514	116	3,294	152
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>	<b>1,963</b>	<b>91</b>	<b>977</b>	<b>45</b>
Investing Activities	6,530	302	(227)	(10)
Financing Activities	(12,250)	(566)	(15,000)	(693)
<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(3,757)</b>	<b>(173)</b>	<b>(14,250)</b>	<b>(658)</b>
Cash and Cash equivalents at the beginning of the reporting period	(47,599)	(2,199)	(33,349)	(1,541)
Adjustment to Cash and Cash equivalents opening balance	0	0	0	0
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(51,356)</b>	<b>(2,372)</b>	<b>(47,599)</b>	<b>(2,199)</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	2020/2021		
	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000
Greater Gwent Cremation Joint Committee	0	(201)	(201)
Gwent Joint Records Committee	143	0	143
Gwent Transport Unit	1,146	0	1,146
South East Wales Strategic Planning Group	1	0	1
<b>Total</b>	<b>1,290</b>	<b>(201)</b>	<b>1,089</b>

Joint Arrangements	2019/2020		
	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000
Greater Gwent Cremation Joint Committee	0	(134)	(134)
Gwent Joint Records Committee	143	0	143
Gwent Transport Unit	1,117	0	1,117
South East Wales Strategic Planning Group	1	0	1
<b>Total</b>	<b>1,261</b>	<b>(134)</b>	<b>1,127</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, Cwmbran. Further details of the arrangement can be obtained from the lead Authority for the joint committee, Newport City Council. In 2019/2020, the Cremation Joint Committee agreed to return £1.4m of accumulated surpluses.

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

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

**43.3 Gwent Transport Unit (GTU)**

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

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

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

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

The financial arrangements for the group are provided by the participating authorities on a rota basis - for 2020/2021, Blaenau Gwent was the host Authority, overseeing the following transactions:

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

#### 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	2020/2021					2019/2020				
	Bedwellty House & Park £000	Cwm Recreation Ground £000	Ebbw Vale Recreation Ground £000	Tredegar Recreation Ground £000	Total £000	Bedwellty House & Park £000	Cwm Recreation Ground £000	Ebbw Vale Recreation Ground £000	Tredegar Recreation Ground £000	Total £000
<b>Income</b>										
Donations & Legacies	(104)	(3)	(44)	(15)	(166)	(104)	(7)	(41)	(15)	(167)
Other	0	(1)	(2)	0	(3)	0	0	(2)	0	(2)
<b>Total Income</b>	<b>(104)</b>	<b>(4)</b>	<b>(46)</b>	<b>(15)</b>	<b>(169)</b>	<b>(104)</b>	<b>(7)</b>	<b>(43)</b>	<b>(15)</b>	<b>(169)</b>
<b>Expenditure</b>										
Charitable Activities	117	4	46	15	182	117	7	43	15	182
Other	104	0	0	0	104	104	0	0	0	104
<b>Total Resources Expended</b>	<b>221</b>	<b>4</b>	<b>46</b>	<b>15</b>	<b>286</b>	<b>221</b>	<b>7</b>	<b>43</b>	<b>15</b>	<b>286</b>
<b>Net Expenditure</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117</b>
Transfers between funds	(117)	0	0	0	(117)	(117)	0	0	0	(117)
<b>Net Movement in Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

Charitable Trusts - Property, Plant & Equipment	2020/2021			2019/2020		
	Gross Book Value	Accumulated Depreciation	Net Book Value	Gross Book Value	Accumulated Depreciation	Net Book Value
	£000	£000	£000	£000	£000	£000
Bedwellty House and Park	5,571	(802)	4,769	5,571	(685)	4,886
Cwm Recreation Ground	15	(15)	0	15	(15)	0
Ebbw Vale Recreation Ground	298	(81)	217	298	(67)	231
Tredegar Recreation Ground	86	(65)	21	86	(57)	29
<b>Total</b>	<b>5,970</b>	<b>(963)</b>	<b>5,007</b>	<b>5,970</b>	<b>(824)</b>	<b>5,146</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	2020/2021	2019/2020
	£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. Amounts relating to expenditure are disclosed as positive and

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

Group Comprehensive Income & Expenditure Statement	2020/2021			2019/2020			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
<b>Continuing Operations</b>								
Corporate Services	51,703	(27,857)	23,846	50,637	(25,246)	25,391	G6	116
Education	18,515	(9,015)	9,500	25,121	(6,054)	19,067		
Education - Schools	48,051	(6,133)	41,918	47,443	(5,289)	42,154		
Environment	32,213	(12,671)	19,542	35,260	(7,314)	27,946		
Cardiff Capital Region City Deal	217	(336)	(119)	113	(232)	(119)		
Regeneration & Economic Development	5,896	(3,680)	2,216	5,764	(3,647)	2,117		
Social Services	71,699	(29,000)	42,699	68,602	(22,927)	45,675		
Licensing	201	(91)	110	209	(130)	79		
Planning	1,026	(311)	715	1,412	(457)	955		
Silent Valley	1,161	(37)	1,124	1,117	(105)	1,012	G6	116
<b>Total Deficit on Continuing Services</b>	<b>230,682</b>	<b>(89,131)</b>	<b>141,551</b>	<b>235,678</b>	<b>(71,401)</b>	<b>164,277</b>	G3	114
Other Operating Expenditure	10,705	(1,137)	9,568	10,698	(681)	10,017	G4	115
Financing and Investment Income and Expenditure	18,353	(8,053)	10,300	21,756	(9,366)	12,390	G5	115
Taxation and Non-Specific Grant Income	0	(173,617)	(173,617)	0	(162,171)	(162,171)		
<b>(Surplus)/Deficit on Provision of Services</b>	<b>259,740</b>	<b>(271,938)</b>	<b>(12,198)</b>	<b>268,132</b>	<b>(243,619)</b>	<b>24,513</b>	G3	114
Tax Expenses			(37)			25	42	102
<b>Group (Surplus)/Deficit</b>			<b>(12,235)</b>			<b>24,538</b>	G3	114
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(7,188)			(9,238)		
Remeasurement of the net defined benefit pension liability			72,759			(76,133)	G14.2	122
<b>Other Comprehensive Income &amp; Expenditure</b>			<b>65,571</b>			<b>(85,371)</b>	G7	116
<b>Total Group Comprehensive Income &amp; Expenditure</b>			<b>53,336</b>			<b>(60,833)</b>	GMiRS	109

## Group Movement in Reserves Statement

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

Group Movement in Reserves Statement	2020/2021			2019/2020			Note	Page
	Total Authority Reserves	Authority's share of Reserves of Subsidiary	Total Group Reserves	Total Authority Reserves	Authority's share of Reserves of Subsidiary	Total Group Reserves		
	£000	£000	£000	£000	£000	£000		
Opening balance at 1 April	144,331	(2,131)	142,200	205,054	(2,034)	203,020		
Adjustments to brought forward balances	0	0	0	13*	0	13		
Revised balance at 1 April	144,331	(2,131)	142,200	205,067	(2,034)	203,033		
Total Group Comprehensive Income & Expenditure	53,030	306	53,336	(61,055)	222	(60,833)	GCIES	108
Adjustments between Group Accounts and Authority Accounts	246	(246)	0	319	(319)	0	G8	116
(Increase)/Decrease in year	53,276	60	53,336	(60,736)	(97)	(60,833)		
Balance at 31 March	197,607	(2,071)	195,536	144,331	(2,131)	142,200	GBS, G15	110, 124

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

### Group Balance Sheet

The Group Balance Sheet (GBS) shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group.

The net assets of the Group (assets less liabilities) are matched by reserves held, reported in two categories:

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

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

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

Group Balance Sheet	31 March 2021		31 March 2020		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	282,976		267,376		G9	116-118
Investment Properties	1,340		0			
Heritage Assets	600		531			
Non-Current Investments	92		0			
Non-Current Debtors	3,192		3,220			
<b>Sub Total: Long Term Assets</b>		<b>288,200</b>		<b>271,127</b>		
Assets Held for Sale	70		590			
Inventories	1,217		396			
Current Debtors	33,931		25,705		G10	119
Deferred Tax Asset	66		0			
Cash and Cash Equivalents	95,228		10,128		G18	126
<b>Sub Total: Current Assets</b>		<b>130,512</b>		<b>36,819</b>		
Current Borrowing	(141,062)		(69,479)			
Current Creditors	(15,086)		(13,339)		G11	119
Current Grants Receipts in Advance	(2,893)		(1,964)			
Current Donated Assets	(864)		0			
Current Provisions	(1,634)		(2,227)		G12	120
<b>Sub Total: Current Liabilities</b>		<b>(161,539)</b>		<b>(87,009)</b>		
Non-Current Borrowing	(97,209)		(89,548)			
Non-Current Provisions	(3,567)		(3,868)		G12	120
Other Long-Term Liabilities	(351,933)		(269,721)		G13-G14	120-124
<b>Sub Total: Long-Term Liabilities</b>		<b>(452,709)</b>		<b>(363,137)</b>		
<b>Total Net Assets/(Liabilities)</b>		<b>(195,536)</b>		<b>(142,200)</b>		
Usable Reserves	(39,353)		(24,148)		G15	124
Unusable Reserves	234,889		166,348		G15	124
<b>Total Reserves</b>		<b>195,536</b>		<b>142,200</b>		

**Group Cash Flow Statement**

Group Cash Flow Statement	2020/2021		2019/2020		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services <i>less</i> tax expenses	12,235		(24,538)		GCIES	108
Adjustments to the provision of services for non-cash movements	13,372		34,025		G16.1	125
Adjustments for items included in the provision of services that are investing and financing activities	(14,256)		(12,896)		G16.2	125
Interest received	2		33			
<b>Net Cash Inflows from Operating Activities</b>		<b>11,353</b>		<b>(3,376)</b>		
Investing activities		(6,296)		(3,432)	G17	126
Financing activities		80,043		1,286	40.2	100
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>85,100</b>		<b>(5,522)</b>		
Cash and cash equivalents at the beginning of the reporting period		10,128		15,650	GBS, G18	110, 126
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>95,228</b>		<b>10,128</b>	GBS, G18	110, 126



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Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

**G1. Group Accounting Policies**

**G1.1 General Principles**

The Group Accounts summarise the transactions of the Authority and its Subsidiaries for the 2020/2021 financial year and its position at the year-end of 31 March 2021. The Accounts have been prepared in accordance with proper accounting practices as required by the Accounts and Audit (Wales) Regulations 2014.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021 and the Service Reporting Code of Practice 2020/2021, supported by International Financial Reporting Standards (IFRS). Where there is no relevant IFRS or International Accounting Standard (IAS), reference is made to International Public Sector Accounting Standards (IPSASs); if there is no relevant IPSAS, domestic Financial Reporting Standards (FRSs) are applied.

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

In preparing a set of Accounts for the Blaenau Gwent Group, it has been necessary to align the Accounting Policies adopted by the two constituent entities. The Group Policies are largely the same as those used in preparing the Accounts for the Parent Authority, as recorded on pages 23-31. However, where Policies differ, the Group Policy is included in this section.

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

To the extent that balances and transactions have been identified and agreed between Silent Valley Waste Services Ltd. and Blaenau Gwent CBC, these have been eliminated as part of the consolidation process. As total transactions between the parties amount to £0.823m (2019/2020: £0.800m) and are therefore not considered to be material, any differences between identified and actual sums are therefore also not material.

**G1.3 Acquisitions and Discontinued Operations**

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

All operations were classified as continuing in 2020/2021 and there were no acquisitions or discontinuations of service (or transfers under machinery of government arrangements) during the financial year.

**G1.4 Employee Benefits**

**G1.4.1 Benefits Payable During Employment**

The annual leave entitlement year for staff at SVWS Ltd. ends on 31 March with limited opportunity to carry forward unused balances. No staff carried forward leave at the end of 2020/2021 and consequently no short term compensated absences accrual has been calculated.

**G1.4.2 Post Employment Benefits**

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

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

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

The required accounting treatments are as follows:

*The Local Government Pension Scheme*

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

*Silent Valley Defined Contribution Scheme*

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

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

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

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

**G1.5.1 Recognition**

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

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

#### G1.5.2 Measurement

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

#### G1.5.3 Depreciation

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

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

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

#### G1.6 Aftercare and Capping Provisions

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

### G2. Notes to the Group Financial Statements

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

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

### Group Comprehensive Income & Expenditure Statement Notes

#### G3. Group Expenditure and Funding Analysis

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

Group Expenditure & Funding Analysis	2020/2021					2019/2020				
	Management Account Net Expenditure	Accounting Code Adjustments	Net Expenditure Chargeable to the Council Fund	Funding & Accounting Basis Adjustments	Group CIES Net Expenditure	Management Account Net Expenditure	Accounting Code Adjustments	Net Expenditure Chargeable to the Council Fund	Funding & Accounting Basis Adjustments	Group CIES Net Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Services	15,429	7,165	22,594	1,252	23,846	14,727	7,787	22,514	2,877	25,391
Education	61,765	(49,954)	11,811	(2,311)	9,500	55,348	(46,073)	9,275	9,792	19,067
Education - Schools	(3,682)	45,814	42,132	(214)	41,918	(1,325)	43,223	41,898	256	42,154
Environment	24,987	(12,560)	12,427	7,115	19,542	28,967	(11,738)	17,229	10,717	27,946
Cardiff Capital Region City Deal	0	87	87	(206)	(119)	0	(119)	(119)	0	(119)
Regeneration & Economic Development	1,195	(447)	748	1,468	2,216	1,516	(862)	654	1,463	2,117
Social Services	44,231	(3,663)	40,568	2,131	42,699	44,526	(3,182)	41,344	4,331	45,675
Licensing	93	1	94	16	110	74	(19)	55	24	79
Planning	1,170	(539)	631	84	715	1,024	(225)	799	156	955
Capital Adjustments	0	(1)	(1)	1	0	0	(5)	(5)	5	0
Pension Adjustments	0	520	520	(520)	0	0	554	554	(554)	0
Silent Valley	1,124	0	1,124	0	1,124	1,012	0	1,012	0	1,012
Net Expenditure on Continuing Operations	146,312	(13,577)	132,735	8,816	141,551	145,869	(10,659)	135,210	29,067	164,277
Other Operating Expenditure	(185)	9,693	9,508	60	9,568	(86)	9,060	8,974	1,043	10,017
Financing & Investment Income & Expenditure	3	4,901	4,904	5,396	10,300	(26)	5,266	5,240	7,150	12,390
Taxation & Non-Specific Grant Income	0	(160,731)	(160,731)	(12,886)	(173,617)	0	(151,111)	(151,111)	(11,060)	(162,171)
(Surplus)/Deficit on the Provision of Services	146,130	(159,714)	(13,584)	1,386	(12,198)	145,757	(147,444)	(1,687)	26,200	24,513
Tax expenses	(37)	0	(37)	0	(37)	25	0	25	0	25
Group (Surplus)/Deficit	146,093	(159,714)	(13,621)	1,386	(12,235)	145,782	(147,444)	(1,662)	26,200	24,538
Transfers to/(from) earmarked reserves			12,446					1,476		
(Increase)/Decrease in year			(1,175)					(186)		
Opening Group Balances as at 1 April			(6,393)					(6,207)		
Closing Group Balances as at 31 March			(7,568)					(6,393)		

**G4. Other Operating Expenditure**

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

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

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

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

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

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

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

**G6. External Audit Fees**

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

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

External Audit services for Blaenau Gwent CBC are provided by Audit Wales; for Silent Valley Waste Services Ltd. by Azets Audit Services (2020/2021) and Baldwins Audit Services Limited (2019/2020). Other Services consists of charges for the statutory audit of charitable trust accounts required for Bedwellty House and Park, of which Blaenau Gwent Council is the sole trustee.

**Group Movements in Reserves Notes**

**G7. Other Comprehensive Income and Expenditure**

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

Other Comprehensive Income & Expenditure	2020/2021 £000	2019/2020 £000
(Surplus)/Deficit arising on the revaluation of Non-Current Assets	(7,188)	(9,238)
Remeasurement of the net defined benefit pension liability	72,759	(76,133)
<b>Other Comprehensive Income &amp; Expenditure</b>	<b>65,571</b>	<b>(85,371)</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 2021		31 March 2020	
	Total Authority Reserves £000	Authority's share of Reserves of Subsidiary £000	Total Authority Reserves £000	Authority's share of Reserves of Subsidiary £000
Adjustments between Group Accounts and Authority Accounts:				
Expenditure	(823)	823	(800)	800
Income	131	(131)	148	(148)
Debtors & Creditors	56	(56)	39	(39)
Retained Profits	163	(163)	(106)	106
Accumulating Dividend	725	(725)	725	(725)
Less cumulative adjustments brought forward	(6)	6	313	(313)
<b>Total intra-group adjustments</b>	<b>246</b>	<b>(246)</b>	<b>319</b>	<b>(319)</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 2021 £000	31 March 2020 £000
Gross Carrying Amount	345,950	331,135
Accumulated Depreciation	(62,974)	(63,759)
<b>Net Book Value</b>	<b>282,976</b>	<b>267,376</b>

Movements in 2020/2021:

	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	
Property, Plant & Equipment Movements							
Cost or Valuation as at 1 April 2020	171,281	15,893	131,179	120	4,696	7,966	331,135
Appropriations	820	0	0	0	0	(2,451)	(1,631)
Assets reclassified to/from held for sale	(87)	0	0	0	(467)	0	(554)
Additions	0	1,409	1,854	0	0	485	3,748
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,930	0	0	275	83	0	6,288
Revaluation increases/(decreases) recognised in the Provision of Services	(2,956)	0	0	(51)	(81)	0	(3,088)
Capital expenditure written off	(1,666)	(131)	(190)	(7)	0	0	(1,994)
Derecognition - disposals	0	0	0	0	0	0	0
Other movements in cost or valuation *	1,666	1,216	628	7	0	8,529	12,046
Cost or Valuation as at 31 March 2021	174,988	18,387	133,471	344	4,231	14,529	345,950
Property, Plant & Equipment Depreciation & Impairment							
Accumulated Depreciation & Impairment as at 1 April 2020	(14,861)	(11,493)	(37,357)	(13)	(35)	0	(63,759)
Depreciation Charge & Appropriations	(5,330)	(1,031)	(3,414)	(1)	(7)	0	(9,783)
Depreciation written out to the Revaluation Reserve	973	0	0	0	7	0	980
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,610	0	0	0	22	0	9,632
Derecognition - disposals	(9)	(35)	0	0	0	0	(44)
Accumulated Depreciation & Impairment as at 31 March 2021	(9,617)	(12,559)	(40,771)	(14)	(13)	0	(62,974)
Net Book Value as at 31 March 2021	165,371	5,828	92,700	330	4,218	14,529	282,976
Net Book Value as at 31 March 2020	156,420	4,400	93,822	107	4,661	7,966	267,376
Net Book Value as at 31 March 2019	148,173	4,979	95,466	108	4,303	11,380	264,409

## Movements in 2019/2020:

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

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

Notes \* & \*\*: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £10.412 million of which has been added to the asset base and £1.994 million of which has been written off as there has been no increase to the asset value in 2020/2021(\*); £4.720 million of which has been added to the asset base and £3.205million of which has been written off as no increase to the asset value resulted in 2019/2020(\*\*).



**G10. Current Debtors**

Amounts owing to the Group were as follows:

Current Debtors	31 March 2021				31 March 2020			
	Gross Debtors	Impairment	Prepayments	Total Net Current Debtors	Gross Debtors	Impairment	Prepayments	Total Net Current Debtors
	£000	£000	£000	£000	£000	£000	£000	£000
Welsh Government	16,242	0	0	16,242	10,092	0	0	10,092
Other Central Government	3,818	0	0	3,818	2,120	0	0	2,120
Local Authorities	3,239	(9)	0	3,230	2,804	(19)	0	2,785
NHS	1,624	(17)	0	1,607	2,286	(20)	22	2,288
Council Tax Arrears	7,069	(2,712)	0	4,357	5,046	(2,102)	0	2,944
Other Entities & Individuals	4,764	(1,498)	366	3,632	5,362	(1,409)	923	4,876
Trade	1,083	(240)	202	1,045	827	(227)	0	600
<b>Total Current Debtors:</b>	<b>37,839</b>	<b>(4,476)</b>	<b>568</b>	<b>33,931</b>	<b>28,537</b>	<b>(3,777)</b>	<b>945</b>	<b>25,705</b>

**G11. Current Creditors**

Amounts owed by the Group were as follows:

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

**G12. Provisions**

Details of the purposes of the Authority's provisions can be found in note 32.1, pages 75-76.  
Movements in the Group provisions during 2020/2021 were as follows:

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

Silent Valley Waste Services Ltd. hold a provision for Aftercare to provide for estimated costs of maintaining the landfill site after capping works have been completed. The timescale for utilisation of the provision is over a period of 60 years following closure of the site. Due to the timescales involved there are inherent uncertainties regarding the level and value of aftercare works required.

**G13. Other Long-Term Liabilities**

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

Other Long-Term Liabilities	31 March 2021 £000	31 March 2020 £000
Cardiff Capital Region City Deal Non-Current Creditor	(2,079)	(2,123)
Deferred Liabilities	(24)	(68)
Net Pensions Liability	(349,830)	(267,530)
<b>Total</b>	<b>(351,933)</b>	<b>(269,721)</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 2020/2021, the total defined contribution scheme charge to the Group CIES was £0.078m (2019/2020: £0.072m). There were no outstanding contributions to the scheme at 31 March 2020 or 31 March 2021.

###### *Teachers' Pension Scheme*

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

Further details of this Scheme and the Authority's contributions can be found in the notes to the Single Entity Core Statements (notes 36 & 37, pages 83-92)

##### G14.2 Defined Benefit Scheme

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

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

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



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

	2020/2021			2019/2020		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Group Pension Scheme Transactions						
Group Comprehensive Income & Expenditure Statement:						
Cost of Services:						
Current Service Costs	16,786	0	16,786	21,516	0	21,516
Other Service Costs	271	0	271	1,752	0	1,752
<b>Total Service Cost:</b>	<b>17,057</b>	<b>0</b>	<b>17,057</b>	<b>23,268</b>	<b>0</b>	<b>23,268</b>
Financing and Investment Income and Expenditure:						
Interest on Plan Assets	(7,780)	0	(7,780)	(9,072)	0	(9,072)
Interest on Defined Benefit Liabilities	13,239	726	13,965	16,138	884	17,022
<b>Net Interest:</b>	<b>5,459</b>	<b>726</b>	<b>6,185</b>	<b>7,066</b>	<b>884</b>	<b>7,950</b>
<b>Total Charged to the Surplus/Deficit on Provision of Services:</b>	<b>22,516</b>	<b>726</b>	<b>23,242</b>	<b>30,334</b>	<b>884</b>	<b>31,218</b>
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:						
Return on plan assets (excluding amounts included in Net Interest)	(95,626)	0	(95,626)	46,037	0	46,037
Actuarial (Gains)/Losses arising from changes in demographic assumptions	9,796	572	10,368	(26,026)	(1,850)	(27,876)
Actuarial (Gains)/Losses arising from changes in financial assumptions	158,638	4,431	163,069	(57,195)	(2,035)	(59,230)
Experience (Gains)/Losses on defined benefit liabilities	(4,479)	(573)	(5,052)	(34,699)	(365)	(35,064)
<b>Total remeasurement recognised in Other Comprehensive Income &amp; Expenditure</b>	<b>68,329</b>	<b>4,430</b>	<b>72,759</b>	<b>(71,883)</b>	<b>(4,250)</b>	<b>(76,133)</b>
<b>Total Charged to the Group Comprehensive Income &amp; Expenditure Statement:</b>	<b>90,845</b>	<b>5,156</b>	<b>96,001</b>	<b>(41,549)</b>	<b>(3,366)</b>	<b>(44,915)</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:

	2020/2021			2019/2020		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
<b>Pension Scheme Assets</b>						
Balance at 1 April:	341,132	0	341,132	380,303	0	380,303
Employer Contributions	11,813	1,888	13,701	11,918	1,943	13,861
Member Contributions	3,067	0	3,067	2,888	0	2,888
Benefits Paid	(16,974)	(1,888)	(18,862)	(16,900)	(1,943)	(18,843)
Interest on Plan Assets	7,819	0	7,819	9,116	0	9,116
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	96,043	0	96,043	(46,193)	0	(46,193)
<b>Balance at 31 March:</b>	<b>442,900</b>	<b>0</b>	<b>442,900</b>	<b>341,132</b>	<b>0</b>	<b>341,132</b>
<b>Reconciliation of the Movements in Present Value of Scheme Liabilities</b>						
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	(576,169)	(32,493)	(608,662)	(668,807)	(37,802)	(706,609)
Current Service Cost	(16,786)	0	(16,786)	(21,516)	0	(21,516)
Past Service Cost and Curtailments	(30)	0	(30)	(1,524)	0	(1,524)
Administration Expenses	(241)	0	(241)	(228)	0	(228)
Interest Cost	(13,278)	(726)	(14,004)	(16,182)	(884)	(17,066)
Member Contributions	(3,067)	0	(3,067)	(2,888)	0	(2,888)
Benefits Paid	16,974	1,888	18,862	16,900	1,943	18,843
Experience Gains/(Losses)	4,479	573	5,052	34,634	365	34,999
Actuarial Gains/(Losses) arising from changes in demographic assumptions	(9,796)	(572)	(10,368)	26,026	1,850	27,876
Actuarial Gains/(Losses) arising from changes in financial assumptions	(159,055)	(4,431)	(163,486)	57,416	2,035	59,451
<b>Balance at 31 March:</b>	<b>(756,969)</b>	<b>(35,761)</b>	<b>(792,730)</b>	<b>(576,169)</b>	<b>(32,493)</b>	<b>(608,662)</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 2021			31 March 2020		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000	£000	£000	£000	£000
Fair Value of Scheme Assets	442,900	0	442,900	341,132	0	341,132
Present Value of Scheme Liabilities	(756,969)	(35,761)	(792,730)	(576,169)	(32,493)	(608,662)
<b>Net Liability:</b>	<b>(314,069)</b>	<b>(35,761)</b>	<b>(349,830)</b>	<b>(235,037)</b>	<b>(32,493)</b>	<b>(267,530)</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 £39.353m at 31 March 2021 (£24.148m at 31 March 2020). The effect of applying the net superannuation fund deficit of £349.830m to the Group's usable reserves would be a deficit of £310.477m (2019/2020: the superannuation deficit of £267.530m exceeded usable reserves by £243.382m). Further information regarding the treatment of this deficit can be found in note 37 (page 91).

**G15. Reserves**

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

Summary: Group Reserves	Net Transfers			Net Transfers	
	1 April 2019	2019/2020	31 March 2020	2020/2021	31 March 2021
	£000	£000	£000	£000	£000
Council Fund	(6,207)	(186)	(6,393)	(1,175)	(7,568)
Silent Valley Profit & Loss Reserve	(2,034)	(97)	(2,131)	60	(2,071)
Parent's Usable Earmarked Reserves	(13,994)	(1,630)	(15,624)	(14,090)	(29,714)
	(22,235)	(1,913)	(24,148)	(15,205)	(39,353)
Parent's Unusable Reserves	225,268	(58,920)	166,348	68,541	234,889
<b>Total: Reserves</b>	<b>203,033</b>	<b>(60,833)</b>	<b>142,200</b>	<b>53,336</b>	<b>195,536</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	2020/2021		2019/2020	
	£000	£000	£000	£000
Depreciation & Impairment	5,190		19,082	
REFCUS (deferred charges)	1,842		2,388	
Effective interest adjustment	44		44	
Net IAS19 charges made for Retirement Benefits	23,192		31,157	
IAS19 Employers Contributions Paid to Pension Fund	(13,934)		(13,909)	
		16,334		38,762
Increase/(Decrease) in Provisions		(892)		(920)
(Increase) / Decrease in Inventories		(821)		65
(Increase) / Decrease in Revenue Debtors		(3,487)		(6,061)
Increase / (Decrease) in Revenue Creditors		2,238		2,179
<b>Total</b>		<b>13,372</b>		<b>34,025</b>

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

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

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

Cash Flow - Interest included in Operating Activities	2020/2021	2019/2020
	£000	£000
Interest Received	(31)	(90)
Interest Paid	3,811	4,230
<b>Net Total</b>	<b>3,780</b>	<b>4,140</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	2020/2021			2019/2020		
	£000	£000	£000	£000	£000	£000
<b>Cash Outflows</b>						
Purchase of Non-Current Assets	(18,039)			(14,704)		
		(18,039)		(14,704)		
<b>Cash Inflows</b>						
Sale of Non-Current Assets	951			595		
Other Receipts from Investing Activities	10,792			10,677		
		11,743		11,272		
<b>Total</b>			(6,296)			(3,432)

**G18. Cash and Cash Equivalents**

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

Cash and Cash Equivalents	2020/2021	2019/2020
	£000	£000
Cash Held by the Authority	57	53
Bank Accounts	12,171	10,075
Short-term investments	83,000	0
<b>Total Cash &amp; Cash Equivalents</b>	<b>95,228</b>	<b>10,128</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 £0.424m (2019/2020: £0.317m) in respect of losses for the year.





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Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

*a better place to live and work - lle gwell i fyw a gweithio*

# Agenda Item 8

*Executive Committee and Council only*

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Governance and Audit Committee**  
Date of meeting: **27 July 2021**  
Report Subject: **Annual Governance Statement 2020/21**  
Portfolio Holder: **Cllr Nigel Daniels, Leader / Executive Member  
Corporate Services**  
Report Submitted by: **Rhian Hayden – Chief Officer Resources**  
Report Written by: **Louise Rosser – Audit and Risk Manager**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance & Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	Virtual		27.07.21					

1. **Purpose of the Report**
  - 1.1 To present to the Governance & Audit Committee the Draft Annual Governance Statement (AGS) for 2020/21 (attached at Appendix A).
2. **Scope and Background**
  - 2.1 The report provides the Draft AGS for 2020/21, providing an assessment of the effectiveness of the Authority's governance arrangements.
  - 2.2 Responsibility for reviewing the Annual Governance Statement has been delegated to the Governance & Audit Committee as 'those charged with Governance'. However, as is appropriate, the statement has been reviewed by the Corporate Leadership Team (CLT) in line with the principles of good governance, confirming that it reflects their understanding of the governance arrangements in place for Blaenau Gwent County Borough Council during the 2020/21 financial year.
  - 2.3 The statement is collated following an evidence gathering exercise which calls upon a number of sources including:
    - Internal and External Regulatory Reports
    - Annual Report of the Audit and Risk Manager
    - An Evidence Framework illustrating how the Authority complies with the core principles of the Code of Governance.
  - 2.4 As a consequence of Covid, some of the ways the Council operates have had to change during 2020/21, such as a move to agile working, however, these changes have not weakened the governance framework.
  - 2.5 The AGS has been produced to reflect these changes, with notable updates being to the engagement activities conducted for the period under Core Principle B, development of wellbeing objectives under Core Principle B, expansion of self-assessment requirements under Core Principle D and changes to the Governance and Audit Committee under Core Principle G.

### 3. **Options for Recommendation**

3.1 The Governance & Audit Committee consider the following options:

#### Option 1

The Committee approve and adopt the Draft AGS having considered and challenged the content, ensuring it is consistent with their knowledge and understanding of the wider issues affecting the Council.

#### Option 2

The Committee propose amendments / alterations to the Draft AGS, having considered and challenged the content, and deeming it to be consistent with their knowledge and understanding of the wider issues affecting the Council, subject to the proposed amendments.

#### Option 3

The Committee choose not to approve the Draft AGS having considered and challenged the content, deeming it not to be consistent with their knowledge and understanding of the wider issues affecting the Council.

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

4.1 Production of an AGS assists the Authority in achieving its Corporate Plan Priority of an ambitious and innovative council delivering the quality services we know matter to our communities by providing an assessment of the governance arrangements in place for Blaenau Gwent CBC.

4.2 Production of the AGS is a statutory requirement under the Accounts and Audit Regulations (Wales) 2014 to accompany the Statement of Accounts.

### 5. **Implications Against Each Option**

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

There are no direct financial implications arising from the production of the AGS.

#### 5.2 Risk including Mitigating Actions

Options 1 and 2 are compliant with the requirements of the Accounts and Audit Regulations (Wales) 2014. Option 3 would result in non-compliance with these regulations and could affect the opinion of the external auditor. on the Statement of Accounts and require additional regulatory work to be undertaken.

#### 5.3 Legal

There are no direct legal implications arising from the production of the AGS. If option 3 is selected, we would not comply with legislation.

#### 5.4 Human Resources

The production of the AGS involves the investment of Senior Management time from across the Authority. The commitment is met from existing resources.

## 6. **Supporting Evidence**

### 6.1 Performance Information and Data

6.1.1 The production of the AGS is an element of the governance framework of the Authority.

6.1.2 Due to the pressures resulting from the covid 19 pandemic it was not possible to produce the AGS in line with the timescales required by the Accounts and Audit Regulations (Wales). However, the AGS has been produced within the timeframes specified in the statutory notice issued by the Authority in relation to the production of the Draft Statement of Accounts.

### 6.2 Expected outcome for the public

The AGS sets out how the Council's governance framework has operated for the ultimate benefit of the citizens of Blaenau Gwent.

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

The AGS informs the reader of the Authority's consultation and engagement activities during 2020/21. Officers from all directorates have contributed to the production of the AGS and Members consider & confirm that the AGS reflects their understanding of the Council's position for the previous year.

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

The statement provides a comparison of the governance activity for 2020/21 with the Code of Governance and identifies development activities for 2021/22 and future years.

### 6.5 Preventative focus

The AGS outlines how the Authority's governance arrangements have operated in the context of risk management and internal control, identifying weaknesses and developments for the future.

### 6.6 Collaboration / partnership working

The AGS acknowledges the Authority's collaborative working approach as part of the Blaenau Gwent Public Service Board and other partners.

### 6.7 Integration (across service areas)

Officers from all directorates have contributed to the production of the AGS and the document reflects a whole Authority perspective.

### 6.8 EgIA(screening and identifying if full impact assessment is needed)

The production of the AGS has a neutral impact against people or groups from the nine protected characteristics.

## 7. **Monitoring Arrangements**

7.1 The AGS provides the assessment of the Authority's governance framework against the Code of Governance. Recommendations for development are made in the statement and will be actioned throughout

2021/22. Progress against these recommendations will be reported via the 2021/22 AGS.

**Background Documents /Electronic Links**

- Appendix A – Annual Governance Statement
- Code of Governance

**ANNUAL  
GOVERNANCE  
STATEMENT  
2020/21**





# Annual Governance Statement 2020 – 2021

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## Scope of Responsibility

Blaenau Gwent County Borough Council ('the Authority') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Authority also has a general duty under the Local Government Measure (Wales) 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Authority has approved and adopted a Code of Governance, which is consistent with the principles of the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government". A copy of the code is available from the Governance and Partnerships Section.

This statement explains how the Authority has complied with the code and also meets the requirements of regulation 5 of the Accounts and Audit (Wales) Regulations 2014 in relation to the publication of a statement on internal control to accompany the Statement of Accounts.

## The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the framework and is designed to manage risk at a reasonable level. It cannot eliminate all risk and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the key risks of the Authority, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. These will include achievement or not of the Council's policies, aims and objectives.

The governance framework has been in place at the Authority for the year ended 31 March 2021 and up to the date of approval of the Annual Statement of Accounts.

In May 2020 Audit Wales published their Annual Audit Summary. The report included a synopsis of each review undertaken by Audit Wales over the year.

Details of the Proposals for Improvement issued by regulators during 2020/21 are available from the Corporate Performance Team, and progress against their achievement is included in the Joint Finance and Performance Report. These proposals are attached at Appendix A.

## The Governance Framework

The governance framework includes the key elements of the systems and processes that comprise the Authority's governance arrangements, along with an assessment of their effectiveness. The ways in which the Authority demonstrates this are discussed below. Each core principle set out in the Authority's Code of Governance is identified, along with the self-assessment of how well it is applied and how we propose to improve in future. The review of effectiveness is informed by the work of the Senior Managers, who have responsibility for the development and maintenance of the governance environment, the Audit and Risk Manager's annual report, and by the commentary from the external auditors and other regulators.

**Core Principle A**  
**Behaving with integrity, demonstrating strong commitment to ethical values,**  
**and respecting the rule of law.**

### *How we do this:*

A Governance Framework exists that sets out the standards and processes to be adopted by both Members and Officers. Codes of Conduct, detailing Member / Officer relations, are contained within the Constitution and all are required to make declarations of any interests that impact on their positions / functions. These documents are periodically reviewed and updated, and are influenced by best practice and recommendations from both internal and external regulators.

Members' declarations are retained by the Monitoring Officer and Officers' declarations are held by Service Managers. All Council meetings are conducted in accordance with the agreed democratic process and have declarations of interest as part of the agenda, with any declarations noted in the minutes and Members withdrawing or not taking part in the debate as appropriate.

A Policy Framework exists to guide both Members and Officers in fulfilment of their roles. This includes a Whistle-Blowing policy enabling Members, Officers and the public to report any concerns regarding the integrity and operations of the Authority. In addition, policies such as

disciplinary or grievance procedures have been formulated for dealing with breaches to the codes.

Both Officers and Members are advised through the induction process of the standards of behaviour required by the Council throughout their term of office or employment. Continued adherence to the ethical values of the Authority is confirmed through a performance review protocol for all Officers and a Personal Development Review (PDR) / Competency Framework (CF) in place for Members. The PDR / CF is a mandatory process for senior salary holders, and non-senior salary holders are also offered the opportunity to undertake a PDR / CF.

The Authority's constitution has a published Scheme of Delegation of Functions, which is agreed and published annually. This scheme details subject areas, and identifies the bodies or individuals responsible for decision making. It sets out the terms of reference for the various committees in operation. In addition, both the Monitoring Officer and the Section 151 Officer have oversight of the decisions made by the Authority to ensure their lawfulness and financial probity.

### ***Review of Effectiveness:***

Each Committee conforms to legislative requirements including compliance with the Local Government (Wales) Measure 2009, Social Services and Well-being (Wales) Act 2014 and the Well-being of Future Generations (Wales) Act 2015. The decision making process is documented and the Authority's Scrutiny Committees can 'call in' a decision which has been made by the Executive Committee but not yet implemented. No decisions were called in during 2020/21.

Work has continued to strengthen Blaenau Gwent's Scrutiny and Democratic Committee arrangements. Throughout the response to the Covid 19 pandemic, all members were provided with laptops to assist them with remote access. Support arrangements and guidance were put in place to support members through this unprecedented time.

Mandatory sessions on the Constitution including roles and responsibilities are held for all new Members.

The Ombudsman received a number of complaints against members in 2020/21 in relation to Blaenau Gwent. None of these complaints were upheld. There were 2 whistle-blowing incidents reported to the Authority during the year and both currently being investigated.

### ***Recommendations for Development:***

- Continued adherence to the Authority's policies and procedures which exist to guide Members and Officers to comply with the Council's expectations in terms of acting with integrity.
- To evidence the robust application of the Authority's Code of Conduct, an Internal Audit review of the declarations of interest process will be concluded.
- In line with good practice, an Annual review (as a minimum) of the Constitution and Scheme of Delegation to ensure the Authority's governance and decision making processes remain fit for purpose.

- Continued application of the Members Performance Development Review Scheme and competency framework.
- Continued application of the Officers Performance Review Scheme.
- Audit plans for future years will include testing a range of policies and procedures.

**Core Principle B**  
**Ensuring openness and comprehensive stakeholder engagement.**

***How we do this:***

The Council continues to develop the way in which it engages with the community and new processes for engagement with the Town and Community Council have been developed. Over the last 12 months the Council reduced its engagement activities relating to the Covid 19 pandemic but the following engagement activities have taken place:

- Youth Forum and Older Peoples network supporting Community Impact Assessments aligned to Covid 19;
- Budget Setting Engagement for 2021/22; and
- Blaenau Gwent Climate Assembly

CLT have recently agreed for the Council to have a Corporate Engagement Calendar in order to map out the breadth and types of engagement activities being delivered across the organisation to support better planning and co-ordination in the future.

The Blaenau Gwent Local Well-being Plan 2018 to 2023 sets out the main priorities for strategic partnership working. To support the Plan for its implementation the PSB has developed a Strategic Work Programme which was signed off in January 2020. This Work Programme has identified five high level actions to be taken forward:

- First 1,000 days and Early Years Pathfinder;
- Building a healthier Gwent / Integrated Well-being Networks;
- Climate Change;
- Blaenau Gwent Sustainable Food Programme; and
- Foundational Economy.

Each of the high level actions has an identified PSB sponsor.

During 2018/19, the Council developed a Corporate Plan 2018/22 which included revised Well-being Objectives (which also act as Improvement Objectives). In summer 2020, the Council undertook a review of the Corporate Plan linked to the response and learning to date from Covid 19 and what the Council is aiming to achieve by the end of the Plan in 2022. This resulted in some amendments being made to the Well-being Objectives in order to better

demonstrate the contribution different areas across the Council will contribute to achieving them, enhancing our One Council approach. The overall emphasis of each Well-being Objective has not changed:

- **Protect and enhance our environment and infrastructure to benefit our communities**
- **Support a fairer sustainable economy and community**
- **To enable people to maximise their independence, develop solutions and take an active role in their communities**
- **An ambitious and innovative council delivering the quality services we know matter to communities**

Blaenau Gwent continues to work with a wide range of partners where partnership opportunities provide better outcomes for local residents than the Council could achieve if working on its own. We work in partnership with a variety of stakeholders including staff, residents and businesses. Examples of collaborations and partnerships include:

- Education Achievement Service (EAS)
- Shared Resource Service (SRS)
- Public Service Board (PSB)
- Cardiff Capital Region City Deal
- Local Nature Partnership Blaenau Gwent and Torfaen
- Tech Valleys
- Valley Task Force
- South east Wales Safeguarding Board (GWASB)
- Greater Gwent Health, Social Care and Well-being Partnership;

The Council has an established engagement framework for staff and the Council's Trade Union and Consultation Framework has been reviewed and updated this year. The Partnership and Engagement Team has developed an overarching Council Engagement Framework which includes engagement with staff. An example of this engagement is the consultation undertaken with staff in relation to the new operating model.

### ***Review of Effectiveness:***

To ensure relevant stakeholders are engaged throughout the Council's policy development and decision making processes, comprehensive engagement events have been held throughout the year.

The Policy, Partnership and Engagement Team have supported a number of engagement and participation activities and events. The Council continues to hold a number of key engagement and participation activities and events including: Youth Forums; School Grand Council; quarterly Over 50's Network and Forum; and equality focused Access for all Forums. The Council also continues to develop its use of social media channels such as Twitter, Facebook and Flickr.

Engagement with staff regarding the process for staff supervision has been undertaken which has led to improvements to the process in order to encourage discussion in identified areas.

Engagement arrangements with Audit Wales are in place with regular meetings with the Head of Governance and Partnerships, regular meetings with the Section 151 Officer and separate monthly meetings with the Managing Director. Quarterly meetings are also undertaken with the Leadership.

The Authority's Education Services have regular half-termly Local Authority Link Inspector (LALI) meetings convened with Estyn in line with inspectorate requirements. The Authority has update meetings between the Corporate Director Education, political leaders and the Welsh Government officials as and when required.

The Regional Partnership Board has submitted a 'Transformational Offer' to Welsh Government setting out proposals of how the Gwent region would support the continued development of a 'seamless system' of care, support and well-being, in response to the Welsh Government's new long term plan for health and social care, 'A Healthier Wales'. The offer in total for Gwent amounted to £13.4 million of new limited funding over a two-year period. Four areas were selected, derived from the priority areas within the Area Plan and the considered directions of the Regional Partnership Board. These include:

- The development of early intervention and prevention services;
- The development of primary and community care services;
- The redesign of child and adolescent emotional and mental health services;
- The development of an integrated 'Home First' discharge model.

### ***Recommendations for Development:***

- Monitor progress of the Local Well-being Plan.
- Continued implementation of the Council's Engagement Programme as part of the Engagement Strategy.

**Core Principle C**  
**Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

### ***How we do this:***

The Authority has reviewed its priorities, vision and values and these are set out in the Council's Corporate Plan 2018/22. The Corporate Plan acts as the Council's business plan and is directly linked to the priorities in the Well-being Plan. The Corporate Plan was approved

by Council on 26<sup>th</sup> April 2018 and covers the four-year period to 2022, in line with the remainder of the term of office until the next local elections. In 2020 a review of the plan was undertaken to consider the learning from the COVID 19 pandemic. This resulted in some amendments being made to the Outcome Statements in order to better demonstrate the contribution different areas across the Council will contribute to achieving them, enhancing our one Council approach. The overall emphasis of each Outcome Statement (Well-being Objective) has not changed.

The Corporate Plan 2020/22 Outcome Statements are:

- **Protect and enhance our environment and infrastructure to benefit our communities**
- **Support a fairer sustainable economy and community**
- **To enable people to maximise their independence, develop solutions and take an active role in their communities**
- **An ambitious and innovative council delivering the quality services we know matter to communities**

The priority areas also act as our Well-being Objectives as part of the Well-being of Future Generations (Wales) Act.

In October 2020, the Council published its assessment of Performance for 2019/20, detailing progress made throughout the year against the priorities identified within the Plan. It also included an assessment of the work undertaken as part of the response to the global pandemic, Covid 19.

The Wellbeing of Future Generations (Wales) Act 2015 established statutory Public Service Boards (PSBs) to improve the economic, social, environmental and cultural wellbeing across Wales by strengthening joint working across all public services. The Authority is one of five statutory members of the board.

The Blaenau Gwent PSB was established with an agreed Terms of Reference and a PSB Scrutiny Committee has also been set up through our agreed democratic processes. The Well-being Assessment and Well-being Plan have been developed and published with the Council leading on this work.

Audit Wales undertook a national review of PSBs in Wales which led to four proposals for improvement being received in October 2019 for consideration by PSBs across Wales.

The Authority has a Strategic Equality Plan that was subject to comprehensive engagement including through the Access for all Forum and the Older Peoples Network as part of its development. The Authority is committed to the principles of the Wales Procurement Policy that identifies Procurement as a strategic enabler, delivering key policy objectives to support the Council's economic, social and environmental priorities.

A consultation process was completed on the proposed approach for delivery of the Strategic Equalities Plan prior to the Member Equalities Task and Finish Group completing its work and the Strategic Equalities Plan presented for approval at Council in March 2020.

The Welsh Education Strategic Plan (WESP), is monitored via the Blaenau Gwent Education Forum (WEF) on a termly basis and presented to Scrutiny / Executive prior to the annual return to Welsh Government.

The Authority receives a capital allocation from Welsh Government that is used along with the capital receipt reserve to form a capital programme providing a range of sustainable benefits for the Authority. The funding is allocated based on departmental bids for projects. The bids are analysed and scored in line with a set of criteria that consider, amongst other things, the projects alignment with corporate and national priorities.

### *Review of Effectiveness:*

Equality Impact Assessments are undertaken against all relevant proposals, and included within the business planning framework, reporting template and strategic business reviews. The Annual Report to the Equality and Human Rights Commission was published and submitted within the appropriate timescales.

On an annual basis the Council prepares an Annual Welsh Language Monitoring Report, which is produced in accordance with the requirements of the Welsh Language (Wales) Measure 2011. The 2019/20 report was provided to the Corporate Overview Scrutiny Committee in December 2020. The statutory deadline for publishing the report is June each year. However, due to Covid 19 this needed to be delayed as resources to support Welsh Language reporting was used to support critical services during response. The following action was taken in-line with the Welsh Language Commissioner's Office advice:

- i) That a current copy of your annual report is made available on your website and the reason for delay is stated.

It is a statutory responsibility for the Corporate Director of Social Services to assess the effectiveness of the delivery of Social Services and produce an Annual Report. The Annual Report contributes to and forms part of the Annual Council Reporting Framework (ACRF). The report of the Corporate Director of Social Services was presented to the Social Services Scrutiny Committee in September 2019. As part of legislative amendments made as part of the response to the global pandemic and due to the unprecedented challenges facing everyone at this time there is no requirement to submit performance data by the Director of Social Services until September 2021.

The Transformation Programme to support the continued development of a 'seamless system' of care, support and wellbeing in Gwent, in response to the Welsh Government's new long term plan for health and social care 'A Healthier Wales' has seen progress. The SPACE well-being (Single Point of Access for Children's Emotional Well-being and Mental Health) Programme hosted by Families First have shown early indications that the mental health needs of children and young people are being assessed early with the right agency taking the lead on providing the most appropriate interventions.



Strong progress continues to be made on the Council's Welsh Education Strategic Plan (WESP), including approval to implement a proposal to establish a new 210 place Welsh medium primary school in the Tredegar area.

Compassionate Communities is also part of the Transformation Programme that aims to improve the well-being of people across Gwent. Work includes the development of IAA outreach across the Compassionate Communities within 11 GP practices and also at community and acute hospital sites, where initial positive outcomes have been reported. Compassionate Communities also include Community Connectors actively participating in Multi-Disciplinary Team Discussions and Hospital discharge follow up phone calls.

### ***Recommendations for Development:***

- Continued implementation and mainstreaming of the Welsh Language Standards across all areas of Blaenau Gwent.
- Continue to support the collective and individual body duties under the Well-being of Future Generations Act.
- To implement the new code of practice in relation to the performance and improvement framework of Social Services in Wales.
- Review the Independent Living Strategy (2005-2021) and to develop a new 10-year strategy integrated across health and social care.

**Core Principle D**  
**Determining the interventions necessary to optimise the achievement of the intended outcomes.**

### ***How we do this:***

The Authority has strengthened its Performance Management Framework to ensure a consistent approach and accountability for performance improvement. This process has been aligned to the Risk Management Framework to provide one approach for data collection and monitoring.

A Strategic Commercial and Commissioning Board has been established to provide oversight and scrutiny of the Council's commercial; activities, primarily commissioning, procurement, investments and trading. The board provides challenge with regards to the merits of each spending proposal and ensures a consistent approach to spending in line with the objectives of the Authority.

The corporate reporting format has been designed to guide officers and members to consider the key implications of any proposals put forward. The report has defined areas for considering options appraisal, risk, staffing and financial impact, along with the contribution to the Sustainable Development Principles. This assists in the process for making informed and transparent decisions and ensures the links between budget and planning are considered.

### ***Review of Effectiveness:***

The Authority presents the Joint Report to the Corporate Overview Scrutiny Committee and Executive Committee on a quarterly basis. This report highlights key messages, performance information, workforce information, financial analysis, Strategic Business Reviews progress, Audit Wales proposals for improvement and directorate and corporate risks. Throughout the Covid 19 pandemic the reporting of the Joint Report was put on hold, although the Council did produce its annual assessment of performance within the required timescales. Corporate Leadership Team agreed for business plans to be completed to provide an end of year position statement so that an end of year Joint Report can be presented to the new committee cycle starting in June 2021.

Self-evaluation arrangements are in place and continue to be refined, requiring each service area to consider how its activities contributed to the achievement of its intended outcomes and support the Council to achieve its goals. The process enables us to gather and use good quality information to better understand how we are performing. As part of the Local Government and Elections Act, there is a requirement for Local Authorities to conduct robust self-assessments and reporting on the extent to which the Council is meeting the performance requirements in order to improve the social, economic, environmental and cultural well-being of its local communities. As part of this the Council will be undertaking a review of its self-assessment processes to ensure they abide with the requirements of the Act. In preparation for this the Council has met with the WLGA,

The remit of the Strategic Commercial and Commission Board focuses on the strategic direction of the Council's commercial activities including the commissioning and procurement of the organisations third party spend.

### ***Recommendations for Development:***

- Review of the self-evaluation process.
- Reinstatement of business planning cycle

**Core Principle E**  
**Developing the entity's capacity, including the capability of its leadership and the individuals within it.**

### ***How we do this:***

Blaenau Gwent has 42 elected members who collectively make up the decision making body for the Authority. This is complemented by an officer structure of trained and experienced people.

Most policy decisions are developed by the Executive Committee, which for 2020/21 has comprised the Leader and four Members with individual portfolio responsibilities. The portfolios were agreed at the Annual General Meeting (AGM) of the Council in April 2020.

In addition to the Executive Committee, the Authority's Committee structure also comprises three decision making Committees (1 x Planning and 2 x Licensing), five Scrutiny Committees, two Joint Scrutiny Committees, a Public Service Board Scrutiny Committee, a Standards Committee, a Democratic Services Committee and an Audit Committee.

Members are appointed to these Committees, each of which is supported by relevant officers. Payments to Members who are in positions which attract a senior salary are in line with the determinations of the Independent Remuneration Panel for Wales.

There are four statutory posts in place namely the Head of Paid Service, the Monitoring Officer, the Head of Democratic Services and the Section 151 Officer. These are satisfied by the appointments of the Managing Director, the Head of Legal and Compliance, the Head of Governance and Partnerships and the Chief Officer - Resources, respectively. These post holders are charged with ensuring elected Members receive appropriate advice

There are two further officer roles, namely, the Corporate Director of Education and the Corporate Director of Social Services who undertake statutory functions for Education and Social Services respectively. Two more officer roles are taken up by the position of Corporate Director of Regeneration and Community Services and the Chief Officer – Commercial. During 2021 there were changes to the CLT with the appointment of a new Corporate Director of Education and a new Chief Officer –Commercial.

The Authority has a clear set of strategic outcomes, supporting actions and competencies which relate to service delivery. Both Members and Officers receive appropriate training to enable them to develop / enhance the necessary skills to fulfil their roles.

A Performance Coaching Scheme exists for Officers and a Personal Development Review Scheme (PDRs) and Competency Framework for Members to ensure an appropriate level of competency and to identify any further training needs or continuous professional development requirements that are required for the job role, or to prepare them for future roles. Most officer posts have a detailed job description and person specification, and selection is made through a robust recruitment process to meet the specific skills and competencies of the post.

Role descriptions for Members are established and include specific role descriptions for senior member roles. These are included within the Constitution.

### ***Review of Effectiveness:***

In November 2018 the Council received its Level 1 Wales Charter for Member Support and Development awarded by the Welsh Local Government Association, recognising the Authority's good practice in this area. The Member Development Strategy was updated as part of this process. A Member Induction Programme has been implemented and was aligned to the forward work programmes following the local election on 4<sup>th</sup> May 2017. Procedures for Member Personal Development Reviews (PDR) are in place. The PDR process has been enhanced with the development of a Members Competency Framework which was considered and approved at the AGM in May 2018. This process is mandatory for all senior salary holders and offered to all members.

A revised mentoring scheme for Members has been agreed by Council. Three Members have undergone mentoring training and a further three requests from Members to become mentors

have been received as part of the Personal Development Review (PDR) process. Currently two Members have requested to be mentees.

A Corporate Leadership Team (CLT) operates within the Authority, consisting of the Managing Director, supported by departmental Directors and Chief Officers. These meetings are minuted and key information is disseminated to all officers through an established reporting structure.

The Authority monitors performance reviews through the management structure, feeding concerns up to CLT as appropriate. There is an established Engagement and Consultation Framework agreed with and in place for trade union involvement which has been reviewed and updated with them in 2019/20. An Engagement Strategy was introduced during 2018 which includes staff engagement.

In house, on the job training continues and essential external training is undertaken. Managers and staff have the ability to discuss capability and capacity issues as part of the performance review process.

One members of staff was the subject of the capability process during the period April 2019 – March 2020, this was commenced and resolved during the period.

Five internal grievance procedures were instigated between April 2019 and March 2020. All were closed by the end of the year.

A new Leadership Development Programme was planned for the end of 2020, but progress was delayed due to the pandemic.

### ***Recommendations for Development:***

- Develop and implement a new Leadership Development Programme.

**Core Principle F**  
**Managing risks and performance through robust internal control and strong public financial management.**

### ***How we do this:***

The Authority has in place a Risk Management Framework that includes a Risk Management Strategy and a Risk Management Handbook. The risk management arrangements are set out in the Performance Management Framework and are aligned to the corporate business planning process. These set out the risk appetite of the Council and provide a methodology to ensure the consistent assessment / prioritisation of the risks the Authority faces and any mitigating actions.

The Authority continues to produce the Joint Report which highlights progress in relation to finance, performance and risk.

The Council has an adopted corporate policy in place to deal with complaints. A review of monitoring the complaints has been undertaken and new processes and nominated officers have been identified.

A Governance and Audit Committee has been established in line with the requirements of the Local Government (Wales) Measure and the Local Government and Elections Act, receiving reports from internal and external regulators on the internal control environment, risk and governance. The Committee provides appropriate challenge and seeks assurance in line with its terms of reference that are laid in the constitution.

As a Local Authority it is necessary that we collect and use personal information to perform many of our day-to-day operations. The General Data Protection Act (GDPR) which came into force in May 2018 is the most comprehensive and significant change to Data Protection legislation in 20 years. The Council established a Corporate Project Group in April 2017 to manage the preparatory work for GDPR compliance. The Council's 'Information & Governance Officer' was assigned the statutory role of Data Protection Officer and the post retitled 'Data Protection and Governance Officer' to reflect this. The project group has since disbanded but reviews continue to be undertaken by the Information Governance Group (IGF) which is chaired by the Senior Information Risk Officer (SIRO). Following Brexit, the GDPR is now referred to as UK-GDPR as opposed to the EU-GDPR. There are currently no differences between the two.

The Council implemented an Information Asset Owner structure during the GDPR project to establish clear lines of responsibility for information management. Information Asset Registers are in place for each Department to provide corporate oversight of all key information systems and to risk assess in terms of confidentiality, integrity and availability. The Council also created a Record of Processing Activities to drill down into the necessary level of detail required under GDPR and identify the lawful basis for processing all the different types of personal data that it holds. The Council has a number of Information Governance policies and procedures to manage compliance with its statutory obligations.

### ***Review of Effectiveness:***

The Authority's key governance systems continue to be risk assessed and included in the annual audit plan. Two key governance systems were subject to an internal audit during 2019/20, namely Business Planning Improvement and Data, and Strategic Policy (Welsh Language), with the findings of these audits reported to the Governance and Audit Committee during 2020/21. Three follow-up audits were completed during 2020/21 with two showing good progress against recommendations and one requiring some further work by the department. A review and update of the Anti-Money Laundering Policy was also undertaken during the year, and a review of the Anti-Bribery, Fraud and Corruption Policy commenced.

The Risk Management Strategy and Handbook were reviewed and adopted by Council in February 2018. The Professional Lead – Risk and Insurance advises Departmental Management Teams and CLT to facilitate challenge / discussions on directorate risks. This has resulted in a more consistent approach to risk evaluation and reporting becoming embedded across the Council.

The highest level risks faced by the Authority are recorded on the Corporate Risk Register. The main risks facing the Authority during the period were:

<b>Risk Description</b>	<b>Potential Impact</b>
Failure to deliver and sustain the changes required to ensure that vital services are prioritised within the financial constraints faced by the Council.	Vital services will not be protected if the Council fails to find more efficient ways of working and improvements to social, economic and environmental well-being of the areas will not be achieved.
Failure to ensure adequate safeguarding arrangements are in place for vulnerable people in Blaenau Gwent.	Potential significant harm or loss of life. Long term reputational damage and confidence in the Council undermined.
Failure to deliver the Council's priorities within the agreed annual budget.	Increased use of emergency finance measures and the drawdown of reserves.
There are 2 schools in Blaenau Gwent currently in receipt of Council's Intervention arrangements as a result of being un an Estyn category and the risk relates to failing to make appropriate progress against the Statutory Warning Notices to improve and their Post Inspection Action Plans (PIAPs).	Potential impact is on the progress made by children at the 2 schools. Implementation of statutory interventions available under the provisions set out in the School Standards and Organisation Act Wales 2013 i.e. implementation of additional grounds.
Exiting the EU will have an adverse impact at a national and local level.	Impact on the community and on the Council funding and its ability to deliver public services.
Failure to improve staff attendance rates within the Council.	Unacceptable impact on the ability of the Council to deliver services effectively and financially support the cost of sickness absence.
Failure of the Council to manage its information assets in accordance with requirements set down within legislation	Financial penalties and possible sanctions that hinder service delivery.
Increasingly complex needs and demand for services provided by Social Services Education, in particular for Looked After Children.	Further significant pressure on the Council's budget.
The Financial resilience of the council could be at risk if the council does not ensure that financial planning and management decisions support long term stability and sustainability.	Inability to deliver effective services/ lower quality services provided. Unplanned reduction of services provided.
The on-going COVID 19 pandemic presents a continued risk to service delivery.	Potential for disruption to be on a medium / long term basis as a result of pandemic.

A copy of the full Corporate Risk Register can be obtained from the Risk Management and Insurance Section.

All Strategic Business Review projects are risk assessed using the Corporate Risk Management Framework. Decisions on managing those risks are agreed and monitored as part of the project management arrangements that are in place.

All Data Protection Impact Assessments are approved by the Data Protection & Governance Officer to ensure that there are effective controls in place to mitigate the risk of a Data Protection Breach. Where a Data Protection Incident is reported, the Data Protection & Governance Officer will investigate the cause and review the responsible service area controls to ensure they are effective. The Data Protection & Governance Officer, Information Governance Forum and the Council's Senior Information Risk Officer (SIRO) review the Council's information governance arrangements to ensure they are fit for purpose.

### ***Recommendations for Development:***

- To assess and demonstrate its compliance with the Local Government Measure and the aims and objectives of the Council, the annual report of the Governance & Audit Committee will be produced summarising the year's activity and evidencing their responsibilities as part of the governance arrangements.
- Regular review of Risk Management arrangements to ensure they remain fit for purpose and are implemented consistently.
- Conclude the review of the Anti-Fraud, Anti-Corruption and Anti-Bribery Policy and update as appropriate
- Continued inclusion of key governance systems in the internal audit plan to ensure key elements of the governance framework are prioritised and examined annually.

**Core Principle G**  
**Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.**

### ***How we do this:***

Decision making processes for both Officers and Members are set out in the Constitution. Boundaries are clearly defined and the Committee structure includes decision making, scrutiny and regulatory functions. A set of Financial Procedure Rules and Contract Procedure Rules have been adopted to ensure consistency, transparency and value for money in financial management and procurement. The Chief Officer Resources ensures the Authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). An annual Statement of Accounts is produced and presented to Members for scrutiny. A period of public consultation is held where members of the public can inspect the accounts.

A Governance and Audit Committee is established that has the primary functions of reviewing financial reports and challenging governance arrangements. The Committee aims to seek assurance that the governance framework operating within the Authority is robust, effective and efficient. This is achieved in part through the Committee receiving this Annual

Governance Statement. The role and scope of the Audit Committee are set out in the Constitution.

The Internal Audit Service works on a risk based approach, to an annual audit plan, in order to assess the internal control environment of the Authority. The work of the section is prioritised in line with the Authority's objectives. The results of all audit work are reported to the Governance & Audit Committee who can, if necessary, call Officers to account where weak control is identified. Policies are maintained for Anti-Fraud, Anti-Corruption and Anti-Bribery, and Anti-Money-Laundering. Adherence to these is considered as part of the work of the Internal Audit function.

The Social Services Directorate is subject to audit, inspection and review by the Care Inspectorate for Wales (CIW). On a quarterly basis the Director of Social Services and Heads of Adult and Children's Services meet with CIW to discuss achievements, performance and key challenges. The Directorate is scrutinised by the Social Services Scrutiny Committee. Regular liaison meetings are held with the Directorate, the Executive Member and the Chair and Vice Chair of the Scrutiny Committee.

The Social Services and Well-Being (Wales) Act 2014 places a statutory duty on all local authorities to produce an annual report on the discharge of its social services functions. The Council's arrangements to meet their safeguarding responsibilities are scrutinised by the Joint Education & Learning and Social Services (Safeguarding) Scrutiny Committee. The Committee exists to monitor and challenge, in order to make improvements and ensure the Council's safeguarding processes are effective.

Council meetings are held open to the public and minutes are published on the Authority's website. A number of meetings have previously been webcast. Since the global pandemic, arrangements for holding democratic meetings have been considered to ensure that the arrangements remain fit for purpose. As part of this, the Council introduced Microsoft Teams to support virtual meetings. All Elected Members were issued with laptops, enabling virtual meetings to be held. Each democratic meeting is recorded live and then uploaded onto the website. In future, 'Teams Live' is being considered whereby meetings will be streamed live. As part of the closure of the Civic Centre in Ebbw Vale, the General Offices have been identified as the new democratic hub for the Council. As part of this a new Chamber has been identified and a new delegate system set up. This system is functional with Microsoft Teams and will provide a hybrid meeting function moving forward to adhere to the remote meeting requirements as part of the Local Government and Election Act. It is planned for the full cycle to be run as hybrid meetings from September 2021 onwards.

The Council continues to fulfil its obligations under the Freedom of Information Act and provide information to requestors wherever possible in the interests of transparency. In addition, requests under GDPR legislation for access to information held on a person are also fulfilled in line with the legislation. Response rates for fulfilling the requirements here are reported regularly to CLT.

### ***Review of Effectiveness:***

The Council strives to ensure continuous improvement in the delivery of its services through its improvement planning process and the Performance Management Framework. It has



strengthened these arrangements to align them with risk management and project management as well as identifying levels of accountability.

The remit of the WCLT is to effectively support the CLT in its role of providing strategic direction to the organisation. It is a forum to disseminate information and communicate messages ensuring a one council approach as well as networking with colleagues and peers and providing personal development opportunities.

A performance management system, utilised by the whole Council is in place which incorporates the majority of the Councils business planning and performance arrangements, so that we have one place for information management and monitoring. The system works to avoid duplication and to provide a consistent approach across the Council. The system includes statutory monitoring as well as business plans, self-evaluations, risk, business continuity, performance indicators and sustainable development.

The Authority's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit. The service underwent an external quality assessment during 2016/17 that found the service to conform to the Public Sector Internal Audit Standards. The next external assessment is due in 2021/22.

Internal Audit Services issued 33 audit opinions during the year.

<b>Audit Grading</b>	<b>No of audits</b>
Full Assurance	16
Reasonable Assurance	8
Limited Assurance	1
No Assurance	0
Non-graded	8

The level of audit coverage for the year 20/21 was curtailed as a consequence of the redirection of audit resources to assist with the Authority's response to the Covid 19 pandemic. There was 1 Limited Assurance audit grading issued during the financial year in relation to Business Planning Improvement and Data. The numbers of audits conducted using the Control Risk Self-Assessment (CRSA) methodology continued to increase and focused predominantly on schools and the fundamental financial systems., The overall audit opinion on the adequacy of the internal control environment continued to reflect Reasonable Assurance across the council. Members of WCLT continue to receive periodic reviews of Internal Audit findings to ensure appropriate corrective action is taken to maintain and / or improve internal controls.

The Authority received and processed 1200 Freedom of Information requests between 1<sup>st</sup> April 2020 and 31<sup>st</sup> March 2021. The service responded to 86.5% (1039) within the 20 working day requirement. This falls below the required level, and below the level attained the previous year, despite additional resource being put into the team in February 2020 to address this. However, despite implementing additional resource into the team, this was quickly reduced in March 2020 due to redeployment to support the the covid response and track and trace. During the height of the pandemic the ICO issued advice that whilst the legislation could not be changed they were understanding of the strains on local authorities and would not be seeking to put enforcement action on authorities during this time for FOI

response rates. Anecdotally we have determined that the rates of FOI response for Blaenau Gwent compare favourably to some neighbouring authorities whose response rates are lower in the 70% region.

### ***Recommendations for Development:***

- Managers to implement the actions identified to address weaknesses highlighted by Internal Audit. Meetings are undertaken with members of the Wider Corporate Leadership Team, in addition to responsible Officers, and timescales are set for implementation. Managers to ensure systems for which they have responsibility have robust internal controls to further improve the integrity of the Authority's processes.
- Conclude the review of the Anti-Fraud, Anti-Corruption and Anti-Bribery Policy to ensure it remains fit for purpose.
- Internal Audit to undergo an external peer review

### **Significant Governance Issues**

We have been advised on the implications of the results of the review of the effectiveness of the governance framework, and that the arrangements continue to be regarded as fit for purpose subject to the significant governance issues to be specifically addressed as outlined below:

<b><i>Issue</i></b>	<b><i>Action</i></b>	<b><i>Responsible Officer</i></b>
<p>The uncertainty around the current and future economic impact of:</p> <ul style="list-style-type: none"> <li>• Covid-19</li> <li>• the exit from the European Union</li> <li>• WG future financial settlements</li> </ul> <p>Ongoing uncertainty around the medium to long term impact of these may pose significant challenges for the Council and it will be critical for the Council to demonstrate that it has appropriate governance arrangements in place to manage its financial position.</p>	<p>Financial monitoring will continue to be undertaken and reported regularly into Scrutiny and Executive Committee via the quarterly portfolio budget forecast reports.</p> <p>For 2020/21 WG has provided additional financial support for local authorities of £300m. They have committed to continuing this support until at least sept 2021, and longer for some specific service areas.</p> <p>To ensure the Council's financial resilience the Council intends to continue with its bridging the gap programme which will</p>	Chief Officer Resources

	<p>identify a number of strategic business reviews which will focus on its core functions including:</p> <ul style="list-style-type: none"> <li>• Maximising income</li> <li>• Maximising resources</li> <li>• Demand management</li> <li>• Maximising technology and data</li> </ul> <p>Within this framework the Authority will be looking at ways to achieve savings whilst mitigating the impact on services.</p>	
<p>Audit Wales received correspondence towards the end of its 2016/17 audit which resulted in an investigation into the Council's historic relationship with its wholly owned company Silent Valley Waste Services Ltd (SVWS).</p> <p>As the investigation by Audit Wales into the issues raised has not been finalised there has been a delay in receiving an audit opinion on previous years' accounts.</p>	<p>Audit Wales review is coming to conclusion and the outcome will be reported in due course.</p> <p>The outstanding open accounts have now been concluded and signed off.</p>	<p>Chief Officer Resources</p>

***Certification of the Annual Governance Statement***

In conclusion the Authority’s Governance Framework during 2020/21 has remained consistent and the progress made against the areas for improvement identified in the 2019/20 Annual Governance Statement are shown in Appendix B.

Whilst there remain some areas that require development or further improvement, in considering the governance framework and its application as detailed in this statement, we are of the opinion that the governance arrangements in place for Blaenau Gwent County Borough Council are effective and remain fit for purpose, providing an adequate level of assurance for the Council.

(signed).....

(signed).....

**Councillor Nigel Daniels**

**Rhian Hayden**

**Leader of the Council**

**Chief Officer Resources**

**September 2021**

**September 2021**

(signed).....

**Michelle Morris**

**Managing Director**

**September 2021**

**Audit, regulatory and inspection work reported during 2020/21**

<b>Audit Wales Rough Sleeping in Wales – Everyone’s Problem, No One’s Responsibility (National Study) (issued July 2020)</b>	
<b><i>Recommendations for Improvement</i></b>	
	<p>R1 Public bodies and third sector partners should ensure they use data to plan the right future services, and to put in place effective data sharing protocols to ensure they respond effectively and safely to people sleeping rough. We recommend that councils and their partners</p> <ul style="list-style-type: none"> <li>• Invest in data analytical skills to better understand the current situation and predict future demand to prevent future homelessness;</li> <li>• Review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities effectively; and</li> <li>• Introduce a single data capture and risk assessment process for to help support safe decision making in dealing with people sleeping rough</li> <li>• Integrated services to tackle complex needs</li> </ul> <p>R2 Because public bodies are responding to people in crisis, they often deal with acute issues in isolation and rarely address the fundamental cause of the crisis. To do this requires public bodies to design and create service delivery models that are responsive. We recommend that public bodies use our complex needs self-reflection tool to improve how they can jointly address complex needs in the future.</p>
<b>Audit Wales Supporting Financial Resilience Follow-up Review – Blaenau Gwent County Borough Council (issued August 2020)</b>	
<b><i>Report findings:</i></b>	
	<p>The Council has responded positively to the findings of our report: it is making progress against the proposals for improvement and has future work planned to fully address them.</p>

Details of progress against these proposals can be obtained from the Governance and Partnerships Department.

**Appendix B**

<b>Recommendation for Improvement made in the 2019/20 Annual Governance Statement</b>	<b>Action Undertaken during 2020/21</b>	<b>Further Action Required</b>
<b>Core Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</b>		
Continued adherence to the Authority’s policies and procedures which exist to guide Members and Officers to comply with the Council’s expectations in terms of acting with integrity.	A risk based audit plan was operated for 2020/21 which included examination of the Authority’s policies and procedures.	
To evidence robust application of the Authority’s Code of Conduct, an Internal Audit review of the declarations of interest process will be undertaken	An audit of the Code of Conduct was not conducted during 2019/20. The item was deferred.	Code of Conduct audit to be included on future audit plans.
In line with good practice, an annual review (as a minimum ) of the Constitution and Scheme of delegation to ensure the Authority’s governance and decision making processes remain fit for purpose	Annual review resumed	
Continued application of the Members Performance Development Review scheme and competency framework	The Members PDR scheme continues to be applied.	
Continued application of the Officers Performance Review Scheme.	The Officer Performance Review Scheme has been applied throughout 2020/21.	
Audit plans for future years will include testing a range of policies and procedures.	The 2020/21 audit plan included a range of policy and procedure audits.	Future audit plans will continue to include a range of policy and procedure audits.
<b>Core Principle B – Ensuring openness and comprehensive stakeholder engagement.</b>		
Implement the high level actions identified from the findings of the staff survey conducted during Jan.	The results of the staff survey have been analysed and a set of high level actions were agreed.	Implementation of the actions arising from the staff survey.
Monitor progress of the Local Well-Being Plan.	In early 2020 a performance management framework was approved for SSG and PSB to formalise reporting and monitoring	

	arrangements of the Well-being Plan.	
Continued implementation of the Council's Engagement Programme as part of the Engagement Strategy.	The engagement programme has been reviewed to consider the impacts of the pandemic. Arrangements moving forward have been agreed by CLT.	
<b>Core Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits.</b>		
Continued implementation and mainstreaming of the Welsh Language standards across all areas of Blaenau Gwent.	This is ongoing and updates included within the annual report.	
Continue to support the collective and individual body duties under the Well-being of Future Generations Act.	This is ongoing for the Council and PSB. Progress is included in the Assessment of Performance and work of the PSB.	
Annual review of the Corporate Plan	This has been undertaken this year and resulted in a change to the well-being objectives.	The plan is due to end 2022 therefore a full review of the Corporate Plan is to be undertaken.
Implement the new code of practice in relation to the performance and improvement framework of social services in Wales.	This was delayed due to the pandemic.	Implement the new code of practice in relation to the performance and improvement framework of Social Services in Wales
<b>Core Principle D – Determining the interventions necessary to optimise the achievement of intended outcomes.</b>		
Review of the Performance Management Framework to ensure alignment with the Corporate Plan.	The framework has been reviewed but needs to be agreed through CLT – delay owing to priorities regarding the pandemic.	Review to be concluded and agreed by CLT
Review of the self-evaluation process.	The Council has decided to adopt the self-assessment process from the Well-being of Future Generations Commissioner.	This will be further enhanced to adhere to the requirements of the Local Government and Elections Act.
<b>Core Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it.</b>		
Develop and implement a new Leadership Development Programme	This was delayed due to the pandemic.	Develop and implement a new Leadership Development Programme
Analyse the findings of the staff survey and implement required actions.	The results of the staff survey have been analysed and a set of high level actions were agreed.	Implementation of the high level actions arising from the staff survey.

<b>Core Principle F – Managing risks and performance through robust internal control and strong public financial management</b>		
To assess and demonstrate its compliance with the Local Government Measure and the aims and objectives of the Council, the annual report of the audit committee will be produced summarising the year's activity and evidencing their responsibilities as part of the governance arrangements.	Information was gathered for this report, but was delayed due to the Covid-19 pandemic.	The report for 2020/21 will be produced during 2021/22.
Regular review of Risk Management arrangements to ensure they remain fit for purpose and are implemented consistently.	Review of the Risk Management Strategy was planned for March 2020, but was delayed due to the Covid-19 pandemic. The Corporate Risk Register has continued to be monitored by CLT.	Risk Management Strategy to be reviewed in 2021/22
As part of the Authority's ongoing commitment to managing its risks, the anti-fraud, anti-corruption and anti-bribery policy will be reviewed and updated as appropriate	Review of the Anti-Fraud, Anti-Corruption and Anti-Bribery Policy commenced during 2020/21.	Conclude the review of the policy for approval by CLT and the Governance and Audit Committee.
Continued inclusion of key governance systems in the internal audit plan to ensure key elements of the governance framework are prioritised and examined annually	The risk based audit plan for 2020/21 has prioritised a number of key governance systems for audit during the year.	
<b>Core Principle G – Implementing good practices in transparency, reporting, and audit, to deliver effective accountability</b>		
Managers to implement the actions identified to address weaknesses highlighted by Internal Audit. Meetings are undertaken with the Wider Corporate Leadership Team, in addition to responsible Officers, and timescales are set for implementation. Managers to ensure systems for which they have responsibility have robust internal controls to further improve the integrity of the Authority's processes.	Internal audit reports have been subject to follow up review where they are graded Limited Assurance or No Assurance	



The Anti-Fraud, Anti-Corruption and Anti-Bribery Policy will be reviewed to ensure it remains fit for purpose.	Review of the Anti-Fraud, Anti-Corruption and Anti-Bribery Policy commenced during 2020/21.	Conclude the review of the policy for approval by CLT and the Governance and Audit Committee.
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# Agenda Item 9

*Executive Committee and Council only*

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Governance & Audit Committee**  
Date of meeting: **27<sup>th</sup> July 2021**

Report Subject: **Internal Audit Charter**

Portfolio Holder: **Cllr Nigel Daniels**

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

Report Written by: **Louise Rosser – Audit & Risk Manager**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance & Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
##	###		27.07.21					

## 1. Purpose of the Report

The purpose of this report is to provide the Governance & Audit Committee with the revised Internal Audit Charter for 2021/22 (Appendix A).

## 2. Scope and Background

### 2.1 The report provides the basis for production of the Internal Audit Charter, incorporating amendments to reflect changes since the last update.

The Public Sector Internal Audit Standards require the Authority to have an Internal Audit Charter that sets out the service's purpose, authority and responsibility.

The Charter is to contain a number of elements to include:

- The mandatory nature of the definitions of a number of terms;
- The responsibilities and objectives of Internal Audit;
- To require and enable the Audit & Risk Manager to deliver an annual opinion;
- To explain how Internal Audit's resource requirements will be assessed;
- To define the role of Internal Audit in any fraud related or consultancy work;
- To explain the arrangements in place for avoiding conflicts of interest;
- The organisational independence of Internal Audit
- The accountability, reporting lines and relationships between the Audit & Risk Manager and (i) those charged with Governance (ii) those to whom the Audit & Risk Manager may report;
- Establishing Internal Audit's right of access to all records, assets, personnel and premises, including those of partner organisations, and explanations as it considers necessary to fulfil its responsibilities.

The Charter must be periodically reviewed by both the Corporate Leadership Team and the Governance & Audit Committee. This is undertaken on an annual basis.

### **3. Options for Recommendation**

3.1 The Committee consider the attached Internal Audit Charter.

The Committee consider the following options:

#### **3.2 Option 1**

Approve the Audit Charter in line with good practice and the requirements of the Public Sector Internal Audit Standards (PSIAS).

#### **3.3 Option 2**

Suggest amendments to the Audit Charter and subsequently approve it.

#### **3.4 Option 3**

Do not approve the Audit Charter.

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

4.1 The Local Government Act (1972) and the Accounts and Audit Regulations (Wales) 2014 require the Council to maintain an effective Internal Audit Service in accordance with proper internal audit practices. The Authority's Internal Audit Service has adopted the Public Sector Internal Audit Standards (PSIAS) for this purpose.

### **5. Implications Against Each Option**

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

There are no direct financial implications arising from production of the Internal Audit Charter.

#### **5.2 Risk including Mitigating Actions**

Options 1 and 2 will comply with the requirements of the PSIAS.

Option 3, failure to review and approve the Charter would need to be reported in the Audit & Risk Managers Annual Report as a non-compliance with the PSIAS and, if deemed appropriate, included in the Annual Governance Statement. This could in turn result in increased activity by the external auditor and a resultant increase in audit fees.

#### **5.3 Legal**

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

- 5.4 Human Resources  
There are no direct staffing implications arising from the revision of the Internal Audit Charter.
6. **Supporting Evidence**
- 6.1 Performance Information and Data  
The Internal Audit Charter is updated on an annual basis. The Charter was last reviewed in September 2020.
- 6.2 Expected outcome for the public  
An effective Internal Audit Service and Governance & Audit Committee will assist with the stewardship of public money providing assurance to the communities of Blaenau Gwent on the robustness of the Authority's internal controls.
- 6.3 Involvement (consultation, engagement, participation)  
The Governance & Audit Committee are consulted on the compilation of the Internal Audit Charter and its annual review.
- 6.4 Thinking for the Long term (forward planning)  
The work of Internal Audit is intended to provide advice and guidance on system improvements resulting in an improved control environment for the future of the Authority.
- 6.5 Preventative focus  
The provision of an effective Internal Audit Service, as set out in the Internal Audit Charter, demonstrates the Authority's intent to consider the adequacy of its control environment including the identification and prevention of fraud.
- 6.6 Collaboration / partnership working  
The work of Internal Audit includes placing reliance on audits led by other local authorities and cross departmental reviews.
- 6.7 Integration(across service areas)  
The work of internal audit aims to provide assurance on the whole of the Authority's control environment.
- 6.8 EqIA (screening and identifying if full impact assessment is needed)  
The production of the Internal Audit Charter has a neutral impact against people or groups from the nine protected characteristics.
7. **Monitoring Arrangements**
- 7.1 Progress reports are provided to the Governance & Audit Committee throughout the year.

**Background Documents /Electronic Links**

- *Appendix A – Internal Audit Charter*



## **Internal Audit Charter For Blaenau Gwent County Borough Council**

### **2021-2022**

#### **1. Introduction**

1.1. The Internal Audit Charter describes the purpose, authority and principal responsibilities of Blaenau Gwent Internal Audit Section. The Audit & Risk Manager is responsible for reviewing the Charter and presenting it to both Corporate Leadership Team and to the Governance & Audit Committee annually for review and approval.

1.2. The Charter is produced in compliance with the Public Sector Internal Auditing Standards (PSIAS). The standards refer to the following terms and require that they are defined for the purpose of the Audit Charter. Listed below are the three terms referred to in the standards, along with the officer / body that undertakes the role on behalf of Blaenau Gwent.

- *Chief Audit Executive* – The Audit & Risk Manager
- *The Board* – Governance & Audit Committee
- *Senior Management* – Corporate Leadership Team

1.3. The Charter is split into the following sections;

- Purpose, authority and responsibilities;
- Independence and objectivity;
- Proficiency and due professional care;
- Quality assurance and improvement programme.

#### **2. Purpose, Authority and Responsibility (PSIAS 1000 & 1010)**

##### **2.1. Purpose (Definition of Internal Auditing)**

2.1.1. The Public Sector Internal Auditing Standards define Internal Audit as follows:

*“An independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an*

*organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.*

## 2.2. **Objectives**

2.2.1 The objectives of the Internal Audit Service are set out as follows:

- To assist the Chief Officer Resources in discharging her statutory duties under Section 151 of the Local Government Act 1972 and subsequent legislation.
- To provide the Council and its Departments with an adequate and effective system of Internal Audit of all accounting records and control systems.
- To assist the Council in achieving its aims in relation to Corporate Governance.
- To support the Council in its search for savings and achievement of Value for Money.
- To help the Council to achieve its service goals by minimising the risks of loss from error, fraud, waste or extravagance.
- To support the work of the Governance & Audit Committee.

2.2.2. These objectives will be delivered through maintaining a high quality Internal Audit function that meets the needs of the Council, supporting the Section 151 Officer and the Governance & Audit Committee in discharging their responsibilities and meeting the requirements of the PSIAS.

2.2.3. Internal Audit is a statutory service in the context of the Accounts and Audit Regulations (Wales) 2014, which states in respect of internal audit:

*“A relevant body (i.e. the Council) must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.”*

2.2.4. Section 151 of the Local Government Finance Act 1972 requires every local authority to designate an officer responsible for the proper administration of its financial affairs. In Blaenau Gwent Council this is the Chief Officer Resources.



**2.3. Scope and Authority**

2.3.1. The scope for Internal Audit is to review, appraise and report on the adequacy of the internal controls across the whole organisation's control environment as a contribution to the proper, economic, efficient and effective use of resources. This includes delivering the objectives identified in section 2.2 of this charter by providing the Council and its departments with an adequate and effective system of Internal Audit of all accounting records and control systems.

2.3.2. In accordance with the Accounts and Audit Regulations (Wales) 2014, all Internal Audit staff should have unrestricted access to all Council activities and records (including manual and computerised systems), personnel, cash, stores, other assets and premises. Internal Audit has the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. This is provided for in the Authority's Financial Procedure Rules.

2.3.3. All Officers within the council are required to give complete co-operation to Internal Audit for the expected fulfilment of the audit process. Internal Audit is located within the Corporate Services Department, reporting to the Chief Officer Resources and where necessary to the Managing Director. The Executive Member for Corporate Services is the Leader of the Council.

**3. Independence and Objectivity (PSIAS 1100, 1110, 1111, 1120 and 1130)**

3.1. To be effective, Internal Audit must be independent and be seen to be independent. To ensure this, Internal Audit will operate within a framework that allows:

- Unrestricted access to Senior Management, Head of Paid Service and the Chair of the Governance & Audit Committee
- Reporting in its own name
- Segregation from line operations

- 3.2. Every effort will be made to preserve objectivity by controlling the involvement of audit staff in non-audit duties in order to avoid potential conflicts of interest, specific exceptions are however acceptable in respect of ad hoc fraud investigations, encouragement and development of improved internal control systems, and participation in service improvement projects. Specifically, appropriate arrangements have been put in place for the line management of the Risk Management and Insurance Service. Audit output relating to this service area will not be directed by the Audit & Risk Manager. Reports will be signed off by the Chief Officer Resources.
- 3.3. Internal Audit will report on a regular and routine basis to the Governance & Audit Committee. Such reports will include both the operational and strategic Audit Plans and progress against them, together with the Annual Report of the Audit & Risk Manager and summaries of significant audit findings, activity and developing issues during the year.
- 3.4. The ultimate management of Blaenau Gwent rests with the Council. A number of formal reports such as the Annual Statement of Accounts and the Annual Governance Statement have been delegated to the Governance & Audit Committee. Where necessary, the Audit & Risk Manager may report directly to Council, but special reports may be submitted as appropriate to the Executive, the Governance & Audit Committee, a Scrutiny Committee, or the Corporate Leadership Team.

#### **4. Internal Audit Standards**

- 4.1. There is a statutory requirement for Internal Audit to work in accordance with the defined audit practices. These are set out in the PSIAS which the Chartered Institute of Public Finance and Accountancy (CIPFA) have developed in collaboration with the Chartered Institute of Internal Auditors (CIIA). These standards have been in force since the 1<sup>st</sup> April 2013, and refreshed in April 2017 to incorporate the Mission of Internal Audit and Core Principles for the Professional Practice of Internal Auditing.
- 4.2. Blaenau Gwent's Internal Audit staff will;

- Comply with relevant auditing standards;
  - Comply with and promote compliance throughout the Council with all the applicable rules and policies.
  - Be expected at all times to adopt a professional, reliable, independent and innovative approach to their work.
  - It is essential that Internal Audit staff are, and are seen to be impartial. All Internal Audit Staff are required to complete an annual declaration of interest, in line with their professional ethics. The Audit & Risk Manager is responsible for ensuring that audit staff are not assigned to operational areas or investigations that could compromise their independence.
- 4.3. Internal Audit has adopted (as a minimum) the Chartered Institute of Internal Auditors (CIIA's) Code of Ethics. Where staff have attained membership with other professional bodies such as: CIPFA, ACCA, those officers must also comply with their relevant bodies ethical requirements.
- 4.4. Each member of the Internal Audit Section receives a copy of the Code of Ethics and signs up to an annual declaration to confirm that they will work in compliance with the Code of Ethics as well as the Councils standards and policies such as the Code of Conduct. Where potential areas of conflict may arise during the year, the auditor will also be required to disclose this. It is critical that all Auditors maintain high standards of integrity, independence, objectivity, confidentiality and competence.
- 5. Proficiency and Due Professional Care (PSIAS 1200, 1210, 1220, 1230 and 2030)**
- 5.1. Directors, Heads of Services, Chief Officers and Managers are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their service.
- 5.2. The Audit & Risk Manager is required to manage the provision of a complete Internal Audit Service which will include reviewing the systems of internal control operating throughout the council, and will adopt a combination of system based, risk based and regularity audit.

5.3. In discharge of the duty, the Audit & Risk Manager will:

- Prepare an annual strategic risk based audit plan for formal ratification by the Governance & Audit Committee.
- The Annual Audit Plan will be flexible and may be revised to reflect changing services and risk assessments.

## **6. Resources and Proficiency**

6.1. The staffing structure of the Internal Audit Section will combine professional experience and specialisms, with a mix of qualified and technician posts to reflect the varied functions of the section. The Internal Audit Service is regularly reviewed to ensure remains fit for purpose and continues to align to both professional practices and the Authority's priorities.

6.2. Staff resources will be kept under review by the Audit & Risk Manager, and the Chief Officer Resources in line with the requirements of the current workload.

6.3. The Internal Audit Section will devise and support a training plan to promote the development of experience and/or professional competence for all levels of staff in accordance with the business requirements of the section.

6.4. The Audit & Risk Manager must hold a professional qualification (Consultative Committee of Accountancy Bodies (CCAB) or equivalent) and be suitably experienced. The Audit & Risk Manager is a Fellow of the Association of Chartered Certified Accountants (FCCA).

6.5. Each job role within the Internal Audit Service will detail the prerequisite skills and competencies required for that role, outlining the professional proficiency and responsibilities of individual auditors.

6.6. Auditors are also required to maintain a record of their continual professional development (CPD) in line with both the PSIAS and their professional bodies.

## **7. Due Professional Care**

7.1. Internal Auditors must exercise due professional care by considering the:

- Extent of work needed to achieve the assignment objectives;
- Relative complexity, materiality or significance of matters to which assurance procedures are applied;
- Adequacy and effectiveness of governance, risk management and control processes;
- Probability of significant errors, fraud, or non-compliance; and
- Cost of assurance in relation to potential benefits.

## **8. Quality Assurance and Improvement Programme (PSIAS 1300, 1310, 1311, 1312, 1320, 1321 and 1322)**

8.1. To enable the Audit & Risk Manager to assess the Internal Audit Service with regard to the conformance with PSIAS and to aid in the annual assessment of the Internal Audit Service's efficiency and effectiveness and identify opportunities for improvement, a Quality Assurance and Improvement Programme must be developed.

8.2. The Quality Assurance and Improvement Programme will include both internal and external assessments in accordance with the Public Sector Internal Audit Standards.

8.3. Where there are instances of non-conformance to the Public Sector Internal Audit Standards this will be reported to the Governance & Audit Committee and if required detailed within the Annual Governance Statement.

### **8.4. Internal Assessment**

8.4.1. All Auditors have access to up to date business processes, working instructions, the Internal Audit Charter, Council policies, the PSIAS, journals, publications and

other relevant articles. Where Auditors are members of bodies such as CIPFA, ACCA and CIIA, further guidance is available.

- 8.4.2. To maintain quality, audits are allocated to staff with appropriate skills, competence and experience. All levels of staff are supervised; audits are monitored for progress, assessed for quality and to allow for coaching, mentoring and training.
- 8.4.3. Targets are set for individual Auditors, (such as the completion of an allocated audit within a set number of days). Audit targets and performance indicators are reported to the Governance & Audit Committee in line with the committee cycle.
- 8.4.4. In addition, progress made against the audit plan and any emerging issues (i.e. fraud or governance risks) are reported regularly to the Governance & Audit Committee.
- 8.4.5. Ongoing assessments of Auditors are carried out through regular one to one meetings, feedback from clients via quality control interviews and during the annual performance appraisal.

#### 8.5. **External Assessment**

- 8.5.1 In compliance with the PSIAS, external assessments will be carried out at least once every five years, by a qualified, independent assessor or assessment team from outside the organisation.
- 8.5.2. An External Quality Assessment was undertaken during 2016/17 as a self-assessment with peer review in conjunction with a number of other Welsh local authorities. The assessment found the Internal Audit Service to conform to the PSIAS. The next External Quality Assessment is due during 2021/2022.

# Agenda Item 10

*Executive Committee and Council only*

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Governance and Audit Committee**

Date of meeting: **27<sup>th</sup> July 2021**

Report Subject: **Audit Wales – Blaenau Gwent County Borough Council Annual Audit Summary 2020**

Portfolio Holder: **Cllr N. Daniels, Leader / Corporate Services**

Report Submitted by: **Gemma Wasley, Service Manager Performance and Democratic**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
			27.07.21					

1 **Purpose of the Report**  
The purpose of the report is to present the Audit Wales - Blaenau Gwent County Borough Council Annual Audit Summary 2020 (attached at Appendix 1).

2. **Scope and Background**  
Audit Wales – Annual Audit Summary published in May 2020, provides a synopsis of each review undertaken by Audit Wales over the year, this is included in Appendix 1.

Also included is the planned work by Audit Wales for 2020-21:

- Recovery planning in response to the COVID-19 pandemic;
- Covid-learning project – helping to identify and share learning from the way in which public bodies have responded to the pandemic;
- Assurance and risk assessment;
- A review of the Council’s financial sustainability;
- A review of People, Performance and Financial Resilience in Community Services; and
- A review of data-driven decision-making.

3. **Recommendation**  
3.1 It is recommended that that Audit Committee note the Annual Audit Summary published in May 2021.

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## Blaenau Gwent County Borough Council

### Annual audit summary 2020

This is our audit summary for Blaenau Gwent County Borough Council. It shows the work completed since the last Annual Improvement Report, which was issued in June 2019. Our audit summary forms part of the Auditor General for Wales' duties.

More information about these duties can be found on our [website](#).



## About the Council

### Some of the services the Council provides



#### Key facts

The Council is made up of 42 councillors who represent the following political parties:

- Independent 28
- Labour 13
- Minority Independent 4
- Save Us Now 1

The Council spent £148.1 million on providing services during 2019-20, the third lowest spend of the 22 unitary councils in Wales.

As at 31 March 2020 the Council had £14.7 million of usable financial reserves. This is equivalent to 9% of the Council's annual spend on services, joint fourth lowest percentage of the 22 unitary councils in Wales.

## Key facts

Blaenau Gwent County Borough has 6 (13%) of its 47 areas deemed the most deprived 10% of areas in Wales, this is the 6th highest of the 22 unitary councils in Wales.<sup>1</sup>

Blaenau Gwent's population is projected to decrease by 0.7% between 2020 and 2040 from 69,615 to 69,157, including a 9.9% decrease in the number of children, a 6.1% decrease in the number of working age population and a 24.2% increase in the number of people aged 65 and over.<sup>2</sup>

## The Auditor General's duties

### We complete work each year to meet the following duties

- **Audit of Accounts**

Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.

- **Value for money**

The Council has to put in place arrangements to get value for money for the resources it uses, and the Auditor General has to be satisfied that it has done this.

- **Continuous improvement**

The Council also has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements.

- **Sustainable development principle**

Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

<sup>1</sup> An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

<sup>2</sup> Source: Stats Wales



Since the Spring of 2020, the ongoing pandemic has affected our audit work. We recognise the huge strain on public services and have reshaped our work programme, and found new ways of working to reduce its impact on public bodies' response to COVID-19, while still meeting our statutory duties.



**To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.**

## What we found

### Audit of Blaenau Gwent County Borough Council's 2019-20 Accounts

Each year we audit the Council's financial statements.

#### For 2019-20:

- The Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 3 March 2021.
- Whilst our audit opinion was unqualified, we have included an Emphasis of Matter paragraph (as with all councils in Wales) as per ISA706 within our Auditor's Report. This is in relation to material valuation uncertainties regarding the Council's property assets and also Pension Fund property assets, as a result of the impact of the COVID-19 pandemic.
- The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- The Council provided draft financial statements on 10 September 2020, however these were incomplete and contained several significant errors. A second improved set of draft accounts was produced for audit on 23 September 2020.
- A number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Audit Committee in our Audit of Financial Statements Report in March 2021.
- The Auditor General has not yet issued the certificate confirming that the audit of accounts for 2019-20 has been completed due to our ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services Ltd.

- In addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work to date has not identified any significant issues.
- Key facts and figures from the 2019-20 financial statements can be accessed [here](#).

## **Well-being of Future Generations Examination – An examination of 'Improving access to, and the quality of open spaces for the benefit of our communities, businesses and visitors' (October 2019)**

The examination that we undertook in 2019-20 considered the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to improve access to, and the quality of open spaces for the benefit of our communities, businesses and visitors. We concluded that the Council is acting in accordance with the sustainable development principle: it collaborates well with others, but lacks a clear long-term, joined-up plan. The report can be viewed [here](#).

## **Continuous Improvement**

The Auditor General certified that the Council has met its legal duties for improvement planning and reporting and believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2020-21.

## **Financial Sustainability (March 2020)**

During 2019-20 we examined the financial sustainability of each Council in Wales. In Blaenau Gwent County Borough Council, we concluded that despite a history of service overspending, the Council has recently taken steps to increase its level of useable reserves and is developing a more sustainable financial strategy. The report can be viewed [here](#).

## **National Fraud Initiative**

In October 2020, the Auditor General published his report on the findings of the latest National Fraud Initiative (NFI) data-matching exercise in Wales. The exercise helped public bodies in Wales, including the 22 unitary authorities, identify fraud and overpayments amounting to £8 million. The report can be accessed on our website [here](#). NFI continues to be developed and in the forthcoming NFI exercise (NFI 2020-22), local authorities will have access to matches designed to help identify potential fraudulent applications for COVID-19 business support grants.

## **Environmental Health Follow-up Review (November 2019)**

We examined whether the Council's environmental health service was continuing to deliver its statutory obligations with fewer resources. We concluded that the Council has made progress in addressing the recommendations raised in 2014. Collaborative working with Torfaen CBC to date has contributed to the Council's ability to deliver with less. Following the withdrawal from the arrangement in November 2019 the Council will face additional financial and operational

pressures that may affect its ability to continue providing environmental health services to the same standard. The report can be viewed [here](#).

## **Follow-up review of Corporate Arrangements for the Safeguarding of Children (October 2019)**

Our review sought to answer the question: Can the Council provide assurance that it has addressed the recommendations and proposals for improvement contained in the Auditor General's national and local reports published in 2014-15? We concluded that the Council has made limited progress in addressing our previous recommendations and proposals for improvement and safeguarding arrangements are not consistent enough to provide assurance across all service areas. The report can be viewed [here](#).

## **Supporting Financial Resilience Follow-up Review (August 2020)**

Our review sought to answer the question: Can the Council provide assurance that it has addressed the proposals for improvement detailed in the 2018 Supporting Financial Resilience review output? We concluded that the Council has responded positively to the findings of our report: it is making progress against the proposals for improvement and has future work planned to fully address them. The report can be viewed [here](#).

## **Other Inspectorates**

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response. CIW published its Local Authority Performance Review in August 2020; it is available [here](#). Estyn did not undertake an inspection of Local Government Education Services in Blaenau Gwent during 2019-20.

## **Local Government Studies**

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report we have published the following reports:

### **The ‘Front Door’ to Social Care (September 2019)**

We considered the effectiveness of the new ‘front door’ to social care, looking specifically at services for adults. We found that whilst councils are preventing social-care demand, information, advice and assistance are not consistently effective. The full report can be viewed [here](#).

### **Review of Public Services Boards (October 2019)**

We inspected how Public Service Boards are operating; looking at their membership, terms of reference, frequency and focus of meetings, alignment with other partnerships, resources and scrutiny arrangements. We concluded that Public Services Boards are unlikely to realise their potential unless they are given freedom to work more flexibly and think and act differently. The full report can be viewed [here](#).

### **Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act (November 2019)**

We examined how the new duties and responsibilities of the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act are being rolled out and delivered. We found that victims and survivors of domestic abuse and sexual violence are often let down by an inconsistent, complex and fragmented system. The full report can be viewed [here](#).

### **Rough Sleeping in Wales – Everyone’s Problem; No One’s Responsibility (July 2020)**

We looked at how well public services are responding to the issue of rough sleeping. Overall, we found that responding to COVID-19 is an opportunity for public bodies to start addressing long standing weaknesses in partnership working which has stopped them from tackling rough sleeping in the past. The full report can be viewed [here](#).

## Better Law Making (September 2020)

This report draws on five reports published between 2019 and today looking at how local authorities are responding to the challenge of implementing new legislation. Implementation is a complex task which needs to be fully thought through by the Welsh Government and the Senedd whenever they bring forward and make any new legislation. The paper highlights the difficulties faced by local authorities and their public sector partners in implementing their new responsibilities. The full report can be viewed [here](#).

## Commercialisation in Local Government (October 2020)

Councils have conducted commercial activity for a long time, and many councils are exploring additional commercial opportunities to mitigate against the financial pressures they face.

Our report is specifically targeted at helping elected members and senior officers to examine and judge the potential impact on their organisations when considering whether to undertake commercialisation. It will also help councils to demonstrate how well they are discharging their value for money responsibilities. The full report can be viewed [here](#).

## Planned work for 2020-21

We also looked at the key challenges and opportunities facing the Council. These risks could have an effect on the council's ability to meet its legal obligations in relation to the sustainable development principle, the use of its resources and continuous improvement.

The most significant risk and issue facing councils and the wider public sector during 2020-21 is the COVID-19 pandemic. We have shaped our work to provide assurance and challenge in a way which helps to support the Council through this period. Our work for 2020-21 includes:

- **Recovery planning in response to the COVID-19 pandemic;**
- **Covid-learning project – helping to identify and share learning from the way in which public bodies have responded to the pandemic;**
- **Assurance and risk assessment;**
- **A review of the Council's financial sustainability;**
- **A review of People, Performance and Financial Resilience in Community Services; and**
- **A review of data-driven decision-making.**

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission and National Health Service bodies in Wales.

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

This document is also available in Welsh.



Reference:

Date issued: April 2021

## Blaenau Gwent County Borough Council – Annual Audit Summary – feedback on draft

Exhibit 1: Council comments on draft Annual Audit Summary and Audit Wales' response

Report text	Council Comments - e-mail from Gemma Wasley 7 April 2021	Audit Wales response
<p><u>p.1 – key facts section</u></p> <p>The Council is made up of 42 councillors who represent the following political parties:</p> <ul style="list-style-type: none"> <li>• Independent 28</li> <li>• Labour 13</li> <li>• Save Us Now 1</li> </ul>	<p>Can you also amend the breakdown of the members on the first page:</p> <p>Independent – 24            Labour - 13            Minority Independent – 4 (these weren't included)            Save Us Now – 1</p>	<p><b>Corrected per Council comments</b></p>

Report text	Council Comments - e-mail from Gemma Wasley 7 April 2021	Audit Wales response
<p><u>p.1 – key facts section</u></p> <p>As at 31 March 2020 the Council had £14.7m of usable financial reserves. This is equivalent to 9% of the Council's annual spend on services, joint 4th lowest percentage of the 22 unitary councils in Wales.</p>	<p>The comments in relation to BG don't indicate the improvement journey – for example, it talks about our reserves being 4th lowest but does not recognise that this is an improved position - the level of usable reserves have increased by 40% since 2017/18 when the Council was the lowest in Wales.</p>	<p><b>No change</b></p> <p>This section provides a snapshot of some current key facts and is not designed to set those facts in the context of previous years. This is consistent with the Annual Audit Summaries issued to all councils. However, we have passed on your comments to the central team who oversee the template reports so they can consider your comments about providing context to the key facts when updating the template for next year.</p> <p>The Council's improving reserves position is referenced in our Financial Sustainability and Supporting Financial Resilience reports, which the Summary provides links to.</p>
<p><u>p.3 – 2nd bullet point</u></p> <p>Whilst our audit opinion was unqualified, we have included an Emphasis of Matter paragraph as per ISA706 within our Auditor's Report.</p>	<p>Emphasis of Matter paragraph was included in all LA audit opinion not only BG.</p>	<p><b>Amended as follows:</b></p> <p>Whilst our audit opinion was unqualified, we have included an Emphasis of Matter paragraph <b>(as with all councils in Wales)</b> as per ISA706 within our Auditor's Report.</p>

Report text	Council Comments - e-mail from Gemma Wasley 7 April 2021	Audit Wales response
<p><u>p.3 – 6<sup>th</sup> bullet point</u></p> <p>The Auditor General has not yet issued the certificate confirming that the audit of accounts for 2019-20 has been completed due to ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services Ltd.</p>	<p>Silent Valley – clarification that its AW's work ongoing not BG and that work is coming to conclusion.</p>	<p><b>Amended as follows to provide clarification:</b></p> <p>The Auditor General has not yet issued the certificate confirming that the audit of accounts for 2019-20 has been completed due to <b>our</b> ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services Ltd.</p>
<p><u>p.4 – National Fraud Initiative</u></p>	<p>NFI – should this be under National Studies?</p>	<p><b>No change</b></p> <p>For consistency with the Annual Audit Summaries already issued to other councils, we have kept this in the local work section. However, we have passed on your comments to the central team who oversee the template reports so they can take on board your comments when updating the template for next year.</p>

Report text	Council Comments - e-mail from Gemma Wasley 7 April 2021	Audit Wales response
<p><u>p.6 – Local Government Studies section</u></p>	<p>It is not clear that the conclusions from the national reports are not specifically BG related. Can this be made clearer, what is BG specific and what is not. Better delineation, perhaps head it up National Local Government Studies and highlight that findings are not specific to any one LA?</p>	<p><b>No change</b></p> <p>Although the national reports aren't tailored to Blaenau Gwent as local reports are, we would still expect the Council to carefully consider the national report findings, and whether or not it needed to take action on specific recommendations, regardless of whether the Council was included in specific fieldwork.</p> <p>In presenting the Annual Audit Summary to Audit Committee, we'd be happy to clarify the difference between the local and national reports referenced in the Summary.</p> <p>I've also passed your comments on to the team who oversee the template reports so they can consider the need to make this clearer when updating the template.</p>

# Agenda Item 11

*Executive Committee and Council only*

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Governance and Audit Committee**

Date of meeting: **27<sup>th</sup> July 2021**

Report Subject: **Audit Wales - 2021 Audit Plan – Blaenau Gwent County Borough Council**

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

Report Submitted by: **Audit Wales**

Reporting Pathway (Dates to be Entered)								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
			<b>27.7.21</b>					

## 1. Purpose of the Report

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

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## 2021 Audit Plan – Blaenau Gwent County Borough Council

Audit year: 2020-21

Date issued: May 2021

Document reference: 2384A2021-22

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

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



# Contents

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# 2021 Audit Plan

## About this document

- 1 This document sets out the work I plan to undertake during 2021 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

## My duties

- 2 I complete work each year to meet the following duties.

## Audit of financial statements

- 3 Each year I audit the financial statements of Blaenau Gwent County Borough Council (the Council) to make sure that public money is being properly accounted for.

## Value for money

- 4 The Council must put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

## Continuous improvement

- 5 Under the Local Government (Wales) Measure 2009 (the Measure) the Council has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements. Some requirements of the Measure will cease during 2021-22 due to changes in legislation arising from the Local Government and Elections (Wales) Act 2021. However, I anticipate that during 2021-22, I will still be required to audit the Council's published assessment of its performance that covers the 2020-21 year.

## Sustainable development principle

- 6 Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

## Impact of COVID-19

- 7 The COVID-19 pandemic continues to have a significant impact across the United Kingdom and on the work of public sector organisations. As in 2020, it is likely to significantly impact on the preparation of the 2020-21 accounts and my financial audit and performance audit work.
- 8 Recent developments in relation to a vaccine programme indicate that the Welsh Government's restrictions on movement and anticipated sickness absence levels are expected to ease through 2021. However, I recognise that there remains significant uncertainty and I understand that many local authorities may not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of my statutory responsibilities as the Auditor General, my priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 9 Audit Wales staff will continue to work flexibly to deliver the audit work set out in this plan. In response to the government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.
- 10 Consequently, while this audit plan sets out an initial timetable for the completion of my audit work, the ongoing uncertainties around the impact of COVID-19 on the sector mean that some timings may need to be revisited. My audit team will discuss any amendments required to the proposed timetable with the authority as the 2021 position becomes clearer.

## Audit of financial statements

- 11 It is my responsibility to issue a certificate and report on the financial statements. This includes:
  - an opinion on the on the 'truth and fairness' of the Council's financial statements for the financial year ended 31 March 2021; and
  - an assessment as to whether the Council's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Council.
- 12 In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:
  - certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;

- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary); and
  - the certification of a number of grant claims and returns as agreed with the funding bodies.
- 13 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
- 14 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 15 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.
- 16 There have been no limitations imposed on me in the planning of this audit.

## Audit of financial statements risks

- 17 The following table sets out the significant risks I have identified for the audit of the Council.

### Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
<b>Significant risks</b>	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>

Audit risk	Proposed audit response
<p>The COVID-19 national emergency continues and the pressures on staff resource and of remote working may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p> <p>Our audit of the 2019-20 financial statements identified weaknesses in the quality control arrangements and there were considerable delays in producing these statements. These issues were reported within our Audit of Financial Statements Report presented to the Audit Committee in March 2021.</p> <p>From our discussions with officers, we are aware that the Council has made progress to strengthen these procedures, however, there remains a risk that if the changes do not lead to sufficient improvements, balances within the financial statements could be materially misstated.</p>	<p>My audit team will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>
<p>The COVID-19 pandemic will have a significant impact on the risks of material misstatement and the shape and approach to my audit. The Welsh Government has made available various funding streams to the authority. In some cases, these monies provide financial support to the authority itself. In other cases, the funds have been administered by the authority, making payments to third parties on behalf of the Welsh Government. The amounts involved are material to the accounts.</p> <p>Examples of audit risks include:</p>	<p>My audit team will review the funding streams received from the Welsh Government and confirm the appropriate accounting treatment with the authority.</p>

Audit risk	Proposed audit response
<ul style="list-style-type: none"> <li>• Incorrect accounting treatment for COVID-19 funding, ie principal or agency arrangements;</li> <li>• fraud/error risks;</li> <li>• potential year-end valuation uncertainty and</li> <li>• estimation of accrued annual leave provisions.</li> </ul>	
<b>Other audit risks</b>	
<p>City deals are arrangements negotiated with government that give greater accountability for actions in return for new powers to help encourage growth and jobs. The Cardiff Capital Region City Deal (the City Deal) involves 10 local authorities. The authorities have established a joint committee (the Regional Cabinet) to oversee delivery of a range of programmes designed to increase connectivity and to improve physical and digital infrastructure over the course of 20 years. This significant programme will have financial, governance and delivery risks that need to be managed. There will be a number of accounting issues to address including potential consolidation of joint committee accounts.</p>	<p>Liaising closely with the external auditors of the other Local Authorities, my audit team will monitor progress with the City Deal project and carry out early work as necessary to assess the existing and proposed financial and governance arrangements. We will also take into account the work undertaken by HM Treasury to scrutinise the effectiveness of the region's governance arrangements.</p>
<p>In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015.</p> <p>In December 2018, the Court of Appeal ruled that the 'transitional protection' arrangements amounted to unlawful discrimination. Consultations on proposed remedies for the Local Government, Police and Fire pensions</p>	<p>My audit team will review the provision previously made in relation to the McCloud judgement and monitor progress on the development of proposals for a remedy to be applied in the LG/Police/Firefighters pension schemes.</p>

Audit risk	Proposed audit response
<p>schemes closed in October 2020. The final remedy is expected to be published during 2021. The impact of the judgement could have a significant impact on the IAS 19 disclosed liabilities.</p>	
<p>From our discussions with the Council's Section 151 Officer, we have been made aware of a material loan taken out by the Council during the year which was provided by the Welsh Government. Given that this is a new loan of significant value, there is a risk that this will not be accounted for correctly within the Council's financial statements.</p>	<p>My audit team will work with the Council to understand the nature of the loan and confirm that the correct accounting treatment has been applied.</p>

## Other matters

- 18 There is one further matter on which my audit team will undertake early work in preparation for the 2021-22 audit.

### Exhibit 2: Other matter

This table summarises the key financial statement audit risk identified at the planning stage of the audit.

Other matter	
<p>CIPFA/LASAAC has once again deferred the introduction of IFRS 16 until 1 April 2022. The authority will, however, need to undertake considerable work to identify leases, and the COVID-19 pandemic may pose implementation risks.</p>	<p>My audit team will review the Council's preparedness for the introduction of IFRS 16 Leases in preparation for undertaking work in this area during the 21/22 audit.</p>

## Performance audit

- 19 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out on **page 4** in relation to value for money and sustainable development.
- 20 In response to the pandemic, I have adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. My work on recovery planning, COVID-19 learning and my assurance and risk assessment work are examples of this. This has enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.
- 21 For 2021-22, I intend to build on this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will be delivered through the Assurance and Risk Assessment Project, that will be ongoing throughout the year.
- 22 Given the high degree of commonality in the risks facing councils at this time I also intend to deliver a number of thematic projects examining risks common to all councils.
- 23 I have consulted public bodies and other stakeholders on how I will approach my duties in respect of the Wellbeing of Future Generations (Wales) Act 2015. This consultation was extended due to the pandemic.
- 24 In my consultation I have set out and sought views on proposals to:
- a) continue to undertake specific examinations to assess the setting of well-being objectives and how steps are being taken to meet them, respectively;
  - b) integrate the examination of steps alongside value for money studies and local audit work, wherever possible; and
  - c) strengthen and expand the co-ordination of work with the Future Generations Commissioner.
- 25 I will be writing to the 44 public bodies designated under the Act setting out the results of the consultation and how I intend to approach this work over the reporting period 2020-2025.
- 26 In view of the above factors I intend to retain a high degree of flexibility in my local performance audit programme at the Council and will continue to update the Council as the audit programme changes.
- 27 For 2021-22 this work is set out below.



### Exhibit 3: Performance Audit Programme 2021-22

This table summarises the performance audit programme for 2021-22

Performance audit programme	Brief description
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	We will discuss with officers how and when our examinations' work will be undertaken at the Council. A verbal update will be provided to the Audit Committee.
Improvement reporting audit	Audit of discharge of duty to publish an assessment of performance.
Assurance and Risk Assessment	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.</p> <p>At Blaenau Gwent County Borough Council, the project is likely to focus in particular on:</p> <ul style="list-style-type: none"> <li>• financial position;</li> <li>• self-assessment arrangements;</li> <li>• recovery planning;</li> <li>• implications of the Local Government and Elections (Wales) Act; and</li> <li>• carbon reduction plans.</li> </ul>
Springing Forward – Examining the building blocks for a sustainable future	As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
Local Audit Work	Specific areas of local work will be determined following a discussion with Council officers. A verbal update will be provided to the Audit Committee.

## Certification of grant claims and returns

28 I have been requested to undertake certification work on the Council's grant claims and returns as set out in **Exhibit 4**.

### Exhibit 4: summary of grant claim certification work

This table summarises my 2020-21 programme of grant claim certification work

Name of scheme
Housing Benefit Subsidy
Section 34/194 NHS (Wales) Act 2006 Money Transfers
Non-Domestic Rates return
Teachers' pensions return
Social Care Wales Workforce Development Programme (SCWDP)

## Statutory audit functions

29 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

30 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

- 31 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
  - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
  - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
  - all appropriate officials will be available during the audit; and
  - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me.
- 32 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee

- 33 Your estimated fee for 2021 is set out in **Exhibit 5**. There have been some small changes to my fees for 2020 however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you.

### Exhibit 5: audit fee

This table sets out the proposed audit fee for 2021, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) <sup>1</sup>	Proposed fee last year (£)
Audit of accounts <sup>2</sup>	191,489	191,489
Performance audit work <sup>3</sup>	104,700	104,815
Total fee	296,189	296,304
Estimated Grant certification work <sup>4</sup>	35,000-45,000	30,000 - 40,000

<sup>1</sup> Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>2</sup> Payable November 2020 to October 2021.

<sup>3</sup> Payable April 2021 to March 2022.

<sup>4</sup> Payable as work is undertaken.

34 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.

35 Further information on my [fee scales and fee setting](#) can be found on our website.

## Audit team

36 The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

### Exhibit 6: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	E-mail address
Huw Rees	Engagement Director	<a href="mailto:huw.rees@audit.wales">huw.rees@audit.wales</a>
Richard Harries	Engagement Lead – Financial Audit	<a href="mailto:richard.harries@audit.wales">richard.harries@audit.wales</a>
Mike Jones	Audit Manager (Financial Audit)	<a href="mailto:mike.jones@audit.wales">mike.jones@audit.wales</a>
Alice Rushby	Audit Lead (Financial Audit)	<a href="mailto:alice.rushby@audit.wales">alice.rushby@audit.wales</a>
Colin Davies	Audit Manager (Performance Audit)	<a href="mailto:colin.davies@audit.wales">colin.davies@audit.wales</a>
Charlotte Owen	Audit Lead (Performance Audit)	<a href="mailto:charlotte.owen@audit.wales">charlotte.owen@audit.wales</a>

## Timetable

- 37 The key milestones for the work set out in this plan are shown in **Exhibit 7**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.
- 38 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act. The current COVID restrictions may impose restrictions on the Authority's ability to facilitate the inspection of accounts. Therefore, we have not yet set a date for the exercise of electors' rights and will continue to monitor the situation before confirming a date with you. We anticipate that we will be in a position to agree a date with you in late May 2021.

### Exhibit 7: Audit timetable

Planned output	Work undertaken	Report finalised
<b>2021 Audit Plan</b>	March 2021	April 2021
<b>Audit of Financial statements work:</b> <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on Financial Statements</li> </ul>	February to September 2021	September 2021
<b>Performance audit work:</b> <ul style="list-style-type: none"> <li>• Annual Audit Summary</li> <li>• Well-being of Future Generations</li> <li>• Assurance and risk assessment</li> <li>• Local projects</li> </ul>	Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each study.	

Planned output	Work undertaken	Report finalised
<b>Grants certification work</b> <ul style="list-style-type: none"> <li>• Housing Benefit</li> <li>• Non-Domestic rates</li> <li>• Section 34/194 NHS (Wales) Act 2006 Money Transfers</li> <li>• Teachers' pensions return</li> <li>• Social Care Wales Workforce Development Programme (SCWDP)</li> </ul>	September to December 2021	December 2021
<b>Annual Audit Summary</b>	December 2021	December 2021
<b>2022 Audit Plan</b>	February to March 2022	March 2022

39 I can confirm that my team members are all independent of the Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.





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