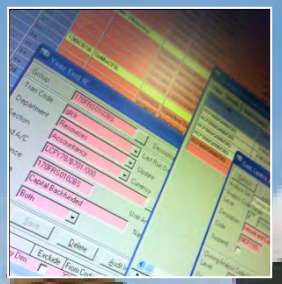
2014/2015

Statement of Accounts



Cyngor Bwrdeisdref Sirol

Blaenau Gwent

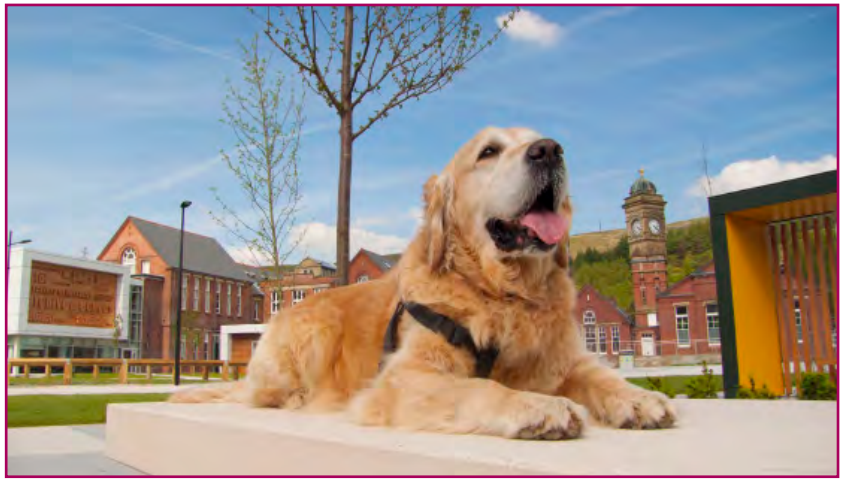
County Borough Council

The General Office building on the site of the former steelworks, Ebbw Vale, is a grade II* listed building built in 1915-1916 for the Ebbw Vale Iron and Steel Company. Designed by leading Cardiff architects Veall & Sant in the free dutch/baroque style, the high specification reflects the great prosperity associated with the steelworks in the Edwardian period.

The building has undergone a substantial refurbishment to become a visitor attraction showcasing the Valleys. Included in the development is the construction of a purpose built extension to house the Gwent Record Office, which relocated to the premises in October 2011.

The General Offices were officially opened by Her Majesty The Queen and The Duke of Edinburgh on May 2, 2012.

Station Square, located to the rear of the General Offices, is a public square connecting the Offices with the Coleg Gwent Learning Zone Campus, the Mechanical Link to the town centre and the Ebbw Vale Town railway station.



Cover Photo: Station Square and General Offices, Ebbw Vale

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Abbreviations and Terms Used in the Statement of Accounts

ACW	Arts Council of Wales
AEF	Aggregate External Finance
AGM	Annual General Meeting
AIR	Annual Improvement Report
ALN	Additional Learning Needs
BGCBC	Blaenau Gwent County Borough Council
BRAG	Blue Red Amber Green
CAMWG	Corporate Asset Management Working Group
CARE	Care Average Revalued Earnings
CBC	County Borough Council
CC	City or County Council
CCT	Compulsory Competitive Tendering
CDS	Credit Default Swap
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CIN	Corporate Improvement Network
CIP	Corporate Improvement Plan
CIPFA	Charted Institute of Public Finance and Accountancy
CMT	Corporate Management Team
CIES	Comprehensive Income and Expenditure Statement
COT-3	Central Office of Tribunals Form 3
CPFA	Chartered Public Finance Accountant
CPI	Consumer Price Index
CRT	Community Resource Team
CSSIW	Care and Social Services Inspectorate Wales
CYPP	Children and Young People's Plan
DEFRA	Department for Environment, Food and Rural Affairs
DfE	Department for Education
DLO	Direct Labour Organisation
DRC	Depreciated Replacement Cost
DWP	Department for Work and Pensions
EAS	Education Achievement Service (for South-East Wales)
ECSC	European Coal and Steel Community
EDRMS	Electronic Document and Records Management System
ERDF	European Regional Development Fund
EUV	Existing Use Value
EUV-SH	Existing Use Value - Social Housing
FIP	Finance, Improvement and Performance (Scrutiny Committee)
FOI	Freedom of Information
FRS	Financial Reporting Standard
FSR	Financial Strength Rating
FSS	Funding Strategy Statement
GGCJC	Greater Gwent Cremation Joint Committee
GJRC	Gwent Joint Records Committee
GTU	Gwent Transport Unit
GWICES	Gwent Wide Integrated Community Equipment Service
HMRC	HM Revenue and Customs
HRA	Housing Revenue Account
IAS	International Accounting Standard
ICC	Integrated Childcare Centre
ICT	Information and Communications Technology
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
IPSAS	International Public Sector Accounting Standard
ISP	Information Sharing Protocol
JEG	Joint Executive Group

LAs	Local Authorities
LAMS	Landscape Access Management Schemes
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LCP	Locality Commissioning Plans
LDP	Local Development Plan
LEA	Local Education Authority
LGDU	Local Government Data Unit
LGM	Local Government Measure
LGPS	Local Government Pension Scheme
LHB	Local Health Board
LMS	Local Management of Schools
LOBO	Lender's Option Borrower's Option
LSB	Local Service Board
LSBON	Local Service Board Officer Network
MiRS	Movement in Reserves Statement
MMI	Municipal Mutual Insurance
MoHRAS	Movement on Housing Revenue Account Statement
MRA	Major Repairs Allowance
MRICS	Member of the Royal Institution of Chartered Surveyors
MRP	Minimum Revenue Provision
MRR	Major Repairs Reserve
MTFS	Medium Term Financial Strategy
NCS	Net Cost of Services
NDC	Non-Distributed Costs
NHS	National Health Service
NNDR	National Non-Domestic Rates
NPV	Net Present Value
NRW	Natural Resources Wales
OAG	Outcome Agreement Grant
PACT	Partners and Communities Together
PDR	Primary Distributor Route
PIAP	Post Inspection Action Plan
PIP	Personal Independence Payment
PMIF	Performance Management Improvement Framework
PPE	Property, Plant and Equipment
PwC	PricewaterhouseCoopers LLP
PWLB	Public Works Loan Board
RBA	Results Based Accountability
RCCO	Revenue Contribution to Capital Outlay
REFCUS	Revenue Expenditure Funded from Capital Under Statute
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Price Index
RRA	Revaluation Reserve Account
RSG	Revenue Support Grant
RSL	Registered Social Landlord
SEN	Special Education Needs
SeRCoP	Service Reporting Code of Practice
SEWTA	South East Wales Transport Alliance
SIP	Single Integrated Plan
SIRO	Senior Information Risk Officer
SOA	Scheme of Arrangement
SOLACE	Society of Local Authority Chief Executives
SORP	Statement of Recommended Practice
SSAP	Statement of Standard Accounting Practice
STRGL	Statement of Total Recognised Gains and Losses
STT	Strategic Transformation Team

SVWS Ltd	Silent Valley Waste Services Ltd
TPS	Teachers Pension Scheme (*also:* uTPS)
UITF	Urgent Issues Task Force
UK GAAP	United Kingdom Generally Accepted Accounting Principles (and/or Practices)
UKPS	United Kingdom Practice Statement
uTPS	Unfunded Teachers Pension Scheme (*also:* TPS)
VALREC	Valleys Regional Equality Council
VAT	Value Added Tax
VPE	Vehicles, Plant and Equipment
WAO	Wales Audit Office
WASPI	Wales Accord for the Sharing of Personal Information
WEFO	Welsh European Funding Office
WG	Welsh Government
WLGA	Welsh Local Government Association
WPC	Welsh Purchasing Consortium

Cyngor Bwrdeisdref Sirol

Blaenau Gwent

County Borough Council

1. Introduction

The purpose of this Foreword 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 2014 to 31 March 2015 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/2015 (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. Financial planning forecasts from central and Welsh Government (WG) were built into the Medium Term Financial Strategy, but changed substantially within the budget planning process. The Welsh Government's Revenue Settlement for 2014/2015 continued the recent trend of lower than anticipated settlements. Furthermore, there are no financial forecasts from Welsh Government for 2016/2017 and beyond, at this stage, which makes financial planning, even in the short term, more challenging.

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

The settlement posed an unprecedented challenge for the Authority both in terms of developing a robust and balanced revenue budget (where savings of £9.9m were required) and managing its financial affairs during the year with the aim of achieving a relatively sustainable financial position. The continued financial protection of schools, as determined by Welsh Government, created funding pressures for all other services.

In light of the considerable challenges the Authority faced in terms of the WG Financial Settlement, the Council was still able to set its budget for 2014/2015 with a nil contribution from reserves. In addition, the section on Reserves in the Statement of Accounts demonstrates that, overall, reserves decreased primarily due to an underspend across a range of Council services being offset by a reduction in Capital Receipts. It should be borne in mind however, that the Council is planning to use a substantial element of its reserves to transform a range of services in the medium term.

3. Background - Significant Events

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

3.1 Estyn re-Inspection

As the Authority is still in the category of special measures following Estyn inspections conducted in 2011 and 2013, the Executive function for Education remains under the control of the Education Recovery Board. A further Estyn re-inspection will take place in November 2015.

3.2 Wales Audit Office (WAO) Statutory Recommendations

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

In addition to this a statutory recommendation for improvement under S.19 of the Local Government Measure was made in the WAO Improvement Assessment Letter issued in September 2013, regarding weaknesses in financial planning. The Minister for Local Government and Government Business subsequently used her powers under the Measure to provide support to the Council in the form of Welsh Government Advisors. Consequently the Authority has agreed its 2014/2015 budget, revised its MTFS and put in place the Transforming Blaenau Gwent Programme to monitor and demonstrate achievement of objectives.

The Council agreed a number of actions to progress with the assistance of the WG advisors. Significant progress was achieved against these actions in the final quarter of 2013/2014, requiring a reduced level of support and monitoring into 2014/2015. That progress can be evidenced by the fact that the Authority is:

- Reporting an underspend position on the overall budget;
- Reporting that 99.6% of the savings target of £9.9m (required to balance the budget) has been achieved;
- Strengthening governance arrangements in the form of a Programme Management Board and Programme Steering Group to monitor the progress of the Transforming Blaenau Gwent Programme;
- Continuing to produce regular budget monitoring reports for both revenue and capital spend to budget holder and elected members;
- Regularly reporting (in a summarized format) financial, performance and risk issues to budget holders and elected members; and
- Working to a set of budget design principles, developed in a partnership with PricewaterhouseCoopers.

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

3.3 Aneurin Leisure Trust

On 30 September 2014, the Authority agreed the transfer of a range of Leisure, Cultural and Community Education Services to the newly formed Life Leisure Trust, now trading as Aneurin Leisure Trust. This was the culmination of several years work (in line with the Authority's design principles), which should enable a degree of protection for a range of services, albeit at a lower cost to the Authority.

3.4 Workplace Transformation

The Authority embarked on this significant project a few years ago and has seen major progress in 2014/2015 with significant benefits for both staff and elected members. There are two strands to the project:

- Building rationalization – where the Council will operate primarily from the Civic Centre, Anvil Court and the General Offices (thereby enabling the disposal of 9 office buildings through sale or community asset transfers); and
- Agile working – where buildings, people and technology are managed to develop a Council that is more agile, in better shape to deliver its services and is more adaptable to meet the changes and challenges of the years ahead. The programme includes refurbishment of 3 key office buildings and improvements to IT systems to enable staff to work in a more flexible manner in a range of working environments.

3.5 Voluntary Merger Proposal with Torfaen County Borough Council

Following the publication of the 'Reforming Local Government' White Paper issued by Welsh Government in the summer of 2014, a prospectus inviting expressions of interest for voluntary mergers was issued by Welsh Government in September 2014. Working to a short deadline for submission, Blaenau Gwent and Torfaen produced and submitted a comprehensive joint expression of interest in November 2014. Following positive discussions and clarifications with Welsh Government officials, the Minister for Public Services unfortunately rejected the joint expression of interest in February 2015.

3.6 Annual Governance Statement

In the Annual Governance Statement included within this document, the Head of Internal Audit has concluded that there has been a degradation of the control environment to that of providing limited assurance. Despite the successful delivery of the £10m financial efficiency projects and an overall underspend on the revenue budget, the limited assurance opinion for the internal control environment demonstrates that there are still areas for improvement. Recommendations for improvement will be developed and monitored through an action plan in 2015/2016 and I am confident that the actions that are being put in place will improve the HIA opinion for the next financial year.

3.7 Monwel Ltd.

Monwel Ltd., a social enterprise established in September 2013, was placed into liquidation at the end of July 2015. As at 31 March 2015, Monwel owed the Authority £157,785, which had been impaired by £35,218 resulting in a net debt in the Accounts of £122,567. During 2015/2016, payment of £2,214 has been received in relation to this debt, and additional invoices of £3,361 have been raised. The current gross debt outstanding from Monwel is therefore £158,932, but the timescales for receipt of any sums against this debt will not be known until all assets are realised.

A Contingent Liability of £110,000 relating to the Pension Guarantee has been retained since at this time there continues to be uncertainty regarding the amount & timing of pension liabilities. In addition, a provision has been established to cover the amount outstanding against invoices raised (£158,932) and also the pension strain costs of employees of Monwel Ltd. accessing their pension following redundancy (£72,000).

3.8 Material Events After the Reporting Date

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

4. Summary of Outturn

In setting the 2014/2015 budget, the Authority set a Council Tax increase of 4.6%, which was the same as the previous financial year, with no proposed draw from general reserves. Overall, there was a combined underspend of £1.187m and this has been a positive outcome for the year, given the level of savings that had to be identified and implemented in order to balance the budget. Budget pressures were identified through the year in a number of service areas and these were monitored and challenged through Corporate Management Team, the Programme Steering Group, the Cost Pressure Sub-Group and the scrutiny process.

5. Revenue Expenditure Outturn and Funding

5.1 2014/2015 Outturn

In 2014/2015, the Authority's expenditure and income compared to budget was:

Service Expenditure compared to Budget	Original Estimate £000	Actual: Council Fund £000	Variance £000	Note:	Page:
(Surplus)/Deficit on the Provision of Services	(3,363)	(2,355)	1,008		34, 36
Adjustments between Accounting basis & Funding basis under regulations	3,363	1,168	(2,195)	8	62-64
Net (Increase)/Decrease before transfers to Earmarked Reserves	0	(1,187)	(1,187)		
Transfers to/(from) Earmarked Reserves	0	1,761	1,761	9	68
(Increase)/Decrease in 2014/2015	0	574	574		

Included in the outturn figures disclosed for *Surplus/Deficit on the Provision of Services* are a number of accounting entries required for compliance with the Code, for which no original estimate was provided. These include Capital Grants & Contributions of £17.819m and Revaluation Losses of £3.888m. These accounting entries are included among those reversed in the *Adjustments between Accounting Basis Under Regulations* line, such that the figures in *Net Increase/Decrease before transfers to Earmarked Reserves* reflect the amounts chargeable to Council Tax and Rent payers (as required by statute) and are directly comparable with the original estimate.

The underspend of £1.187m was due to a range of factors, including a higher than budgeted surplus on the collection of council tax, the impact of vacant posts particularly within Social Services, receipt of unplanned income and maximisation of grant income.

5.2 Impact of Inflation on Revenue Expenditure

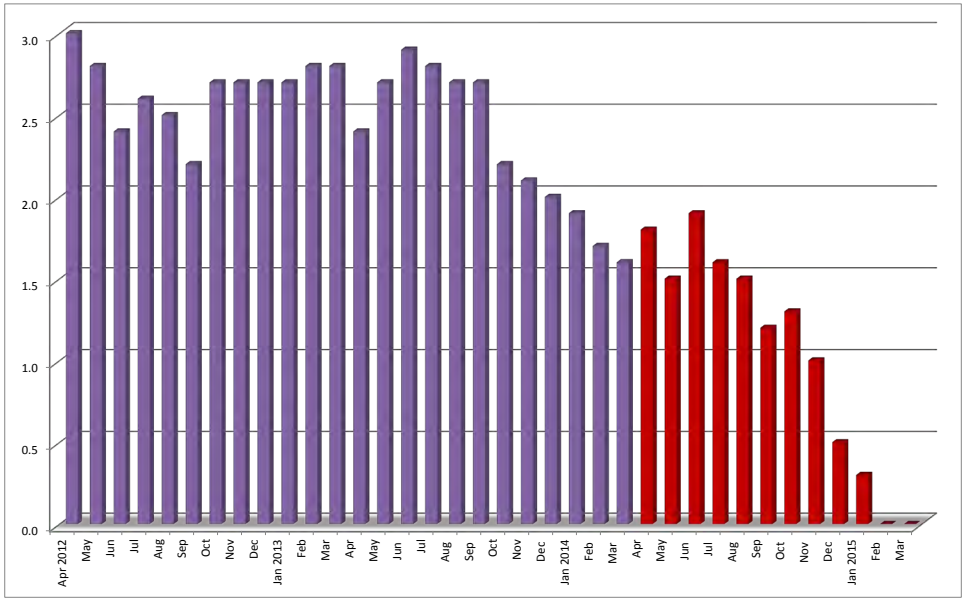
Consumer price inflation during 2014/2015 ranged between 0% and 1.9%, remaining below the Bank of England's target. In August 2015, the Bank of England's Inflation Report projected that CPI inflation would return to the 2% target rate within 2 years.

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, which should see relatively minor increases due to continued wage restraint in the short-term, although this will be offset by increases resulting from the implementation of the National Minimum Wage and additional Employer Superannuation contributions resulting from the implementation of workplace pensions. In the longer term National Insurance contributions could increase significantly as a result of the proposed change to a single state pension and consequent abolition of the contracted-out rebate. A 1% increase in employee costs equates to £1.01m.

Other significant areas of spend are:

- Gas: -4.2% inflation in 2014/2015;
- Electricity: -0.6% inflation;
- Fuels and lubricants: -13.7% inflation;
- Postal Services: 3.3% inflation; and
- Food and beverages: -3.2% inflation.

Consumer Price Index (CPI) Inflation: April 2012 - March 2015



Inflationary increases in these items affects a wide range of services, including schools, street lighting, catering and meals on wheels. Whilst the Bank of England projection is for overall CPI to remain around zero in the very near term, increasing towards the end of the year as past falls in energy and food prices drop out of the annual comparison, it recognises that prices of retail energy, fuel costs, food and non-fuel imports are subject to continued volatility and are likely to remain high, which would have a detrimental impact on these areas of service budgets.

5.3 Funding Sources

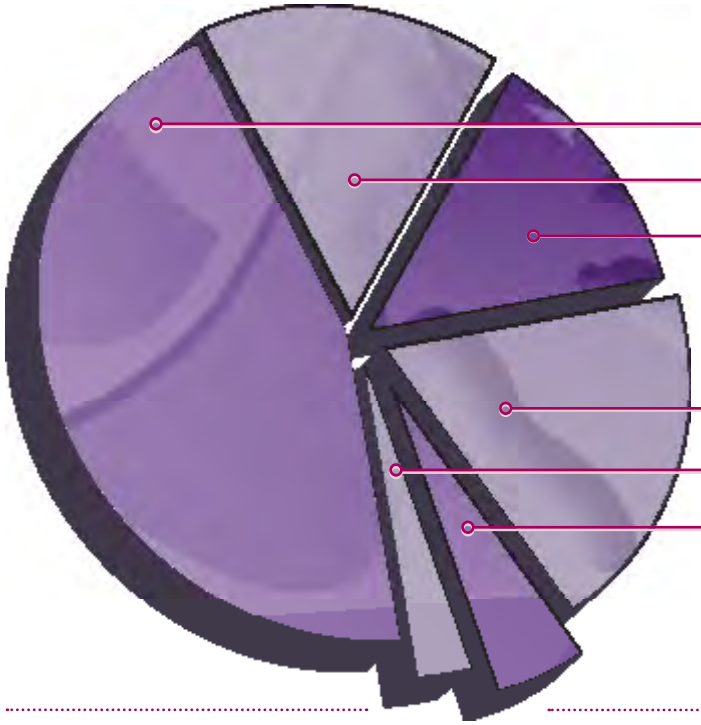
Central Government provides the majority of the Authority's funding, through Revenue Support Grant, Specific Grants and Non-Domestic Rates (63.1% of funding in 2014/2015). As a result of central government policy, the level of funding to local authorities was reduced in cash terms over the period covered by the last comprehensive spending review (to 2014/2015).

A 1% reduction in RSG compared to 2013/2014 levels represents a reduction of £0.955m, which equates to 0.42% of the Authority's total funding. In real terms the impact of this reduction is increased by the impact of inflation.

Interest rates remained at the historically low level of 0.5% throughout 2014/2015, but this has curtailed the amount of investment income available to the Authority. The Governor of the Bank of England has suggested that rates could rise from early 2016, but to only around 1.7% in three years time.

The combination of low interest rates and reduced grant funding create an environment in which there is continued pressure to control costs. For 2015/2016, Aggregate External Financing at Blaenau Gwent is estimated to reduce by 2.8%, although this is lower than the average Welsh Unitary Authority decrease of 3.4% *(source: Welsh Government Local Government Revenue and Capital Settlement: 2015-16)*.

For 2014/2015, revenue expenditure and funding can be analysed as follows:



Revenue Expenditure:

Employees: £93.7m

Transfer Payments: £35.2m

Supplies & Services: £26.1m

Other Costs: £51.4m

Transport: £5.8m

Premises: £11.2m

Total Revenue Expenditure: £223.4m

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

Summary	2014/2015 £000
Total Revenue Expenditure	223,453
Total Revenue Funding	(225,808)
Net Revenue Expenditure	(2,355)
Adjustments between accounting basis and funding basis under regulations	1,168
Transfer to Reserves	(1,187)

Revenue Funding:

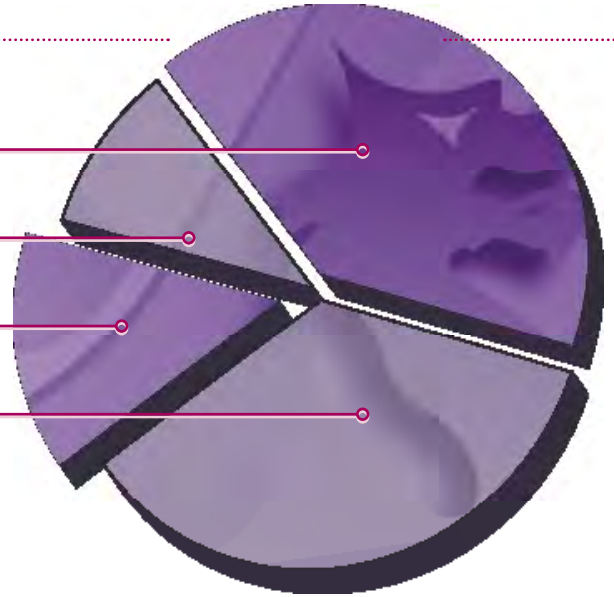
RSG/OAG: £91.8m

Non-Domestic Rates: £22.1m

Council Tax: £33.0m

Grants & Other Service Income: £78.9m

Total Revenue Funding: £225.8m



6. Capital Expenditure Outturn and Funding

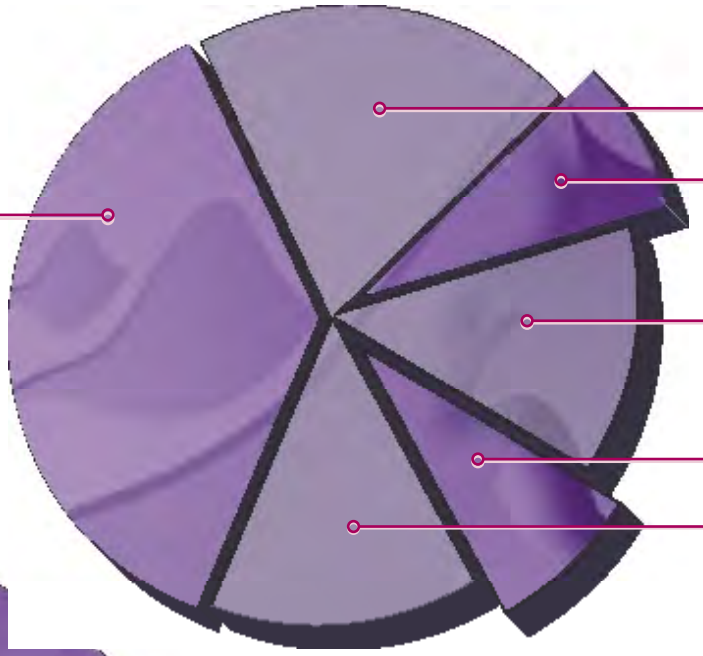
Capital Expenditure

Total capital expenditure amounted to £34.259m; the major items within this figure are identified below. Further details of capital expenditure are contained in Notes 28.3 (page 96) and 28.5 (page 98) to the Core Statements.

Capital Expenditure	2014/2015 £000	2013/2014 £000
Council Fund:		
The Works & Learning Works	13,134	24,193
Town Centre Regeneration	7,056	3,768
Road Network & Maintenance Schemes	3,439	4,550
Schools & Education Establishments	2,886	687
Housing General	2,848	1,166
Flying Start Schemes	1,835	801
Leisure Schemes	1,112	60
Waste Management	711	780
Workplace Transformation	600	104
Capitalisation Direction	303	115
Housing Renewal Areas	253	515
Bedwellty House and Park	13	156
ARBED Energy Efficiency Schemes	0	98
Heads of the Valley Schemes	0	69
Other	69	926
Other	34,259	37,988

Financing of Capital Expenditure

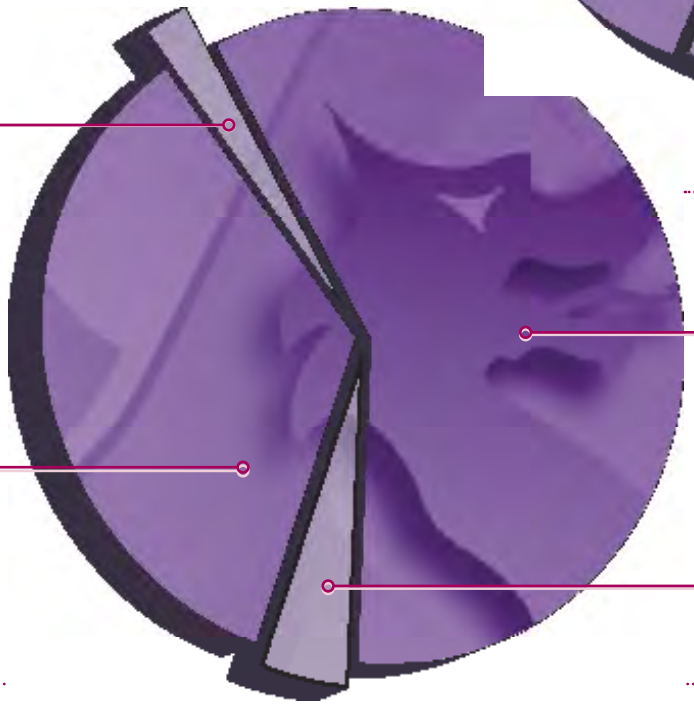
Capital expenditure totalling £34.259m was financed by local authority borrowing (£11.675m), grants (£19.951m) and other sources (£2.633m). Capital expenditure and funding are summarised in the graphs below.



Capital Expenditure:

- Town Centre Regeneration: £7.056m
- Housing Grants: £2.848m
- Road Network & Maintenance: £3.439m
- Schools & Education Establishments: £2.886m
- Other Capital Schemes: £4.896m
- The Works: £13.134m

Capital Funding:



- Revenue Provision: £0.701m
- Government Grants & Other Contributions: £19.951m
- Local Authority Borrowing: £11.675m
- Capital Receipts: £1.932m

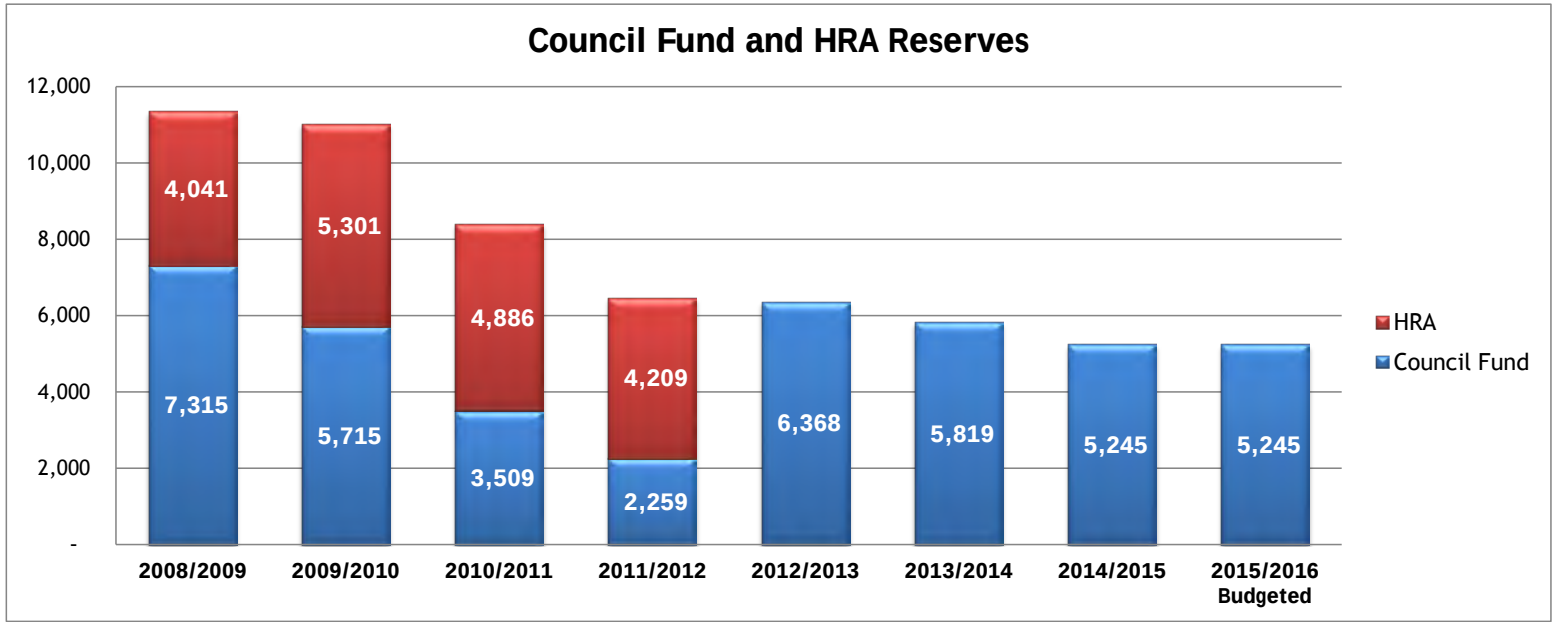
7. Provisions, Reserves, Contingencies and Write Offs

7.1 Provisions

Total provisions held by the Authority at the beginning of the year amounted to £11.983m, decreasing by £7.137m to £4.846m during 2014/2015, due largely to the settlement of liabilities in respect of contract disputes arising at the Works site. Remaining provisions have been re-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 38.2 to the Core Statements (see page 115).

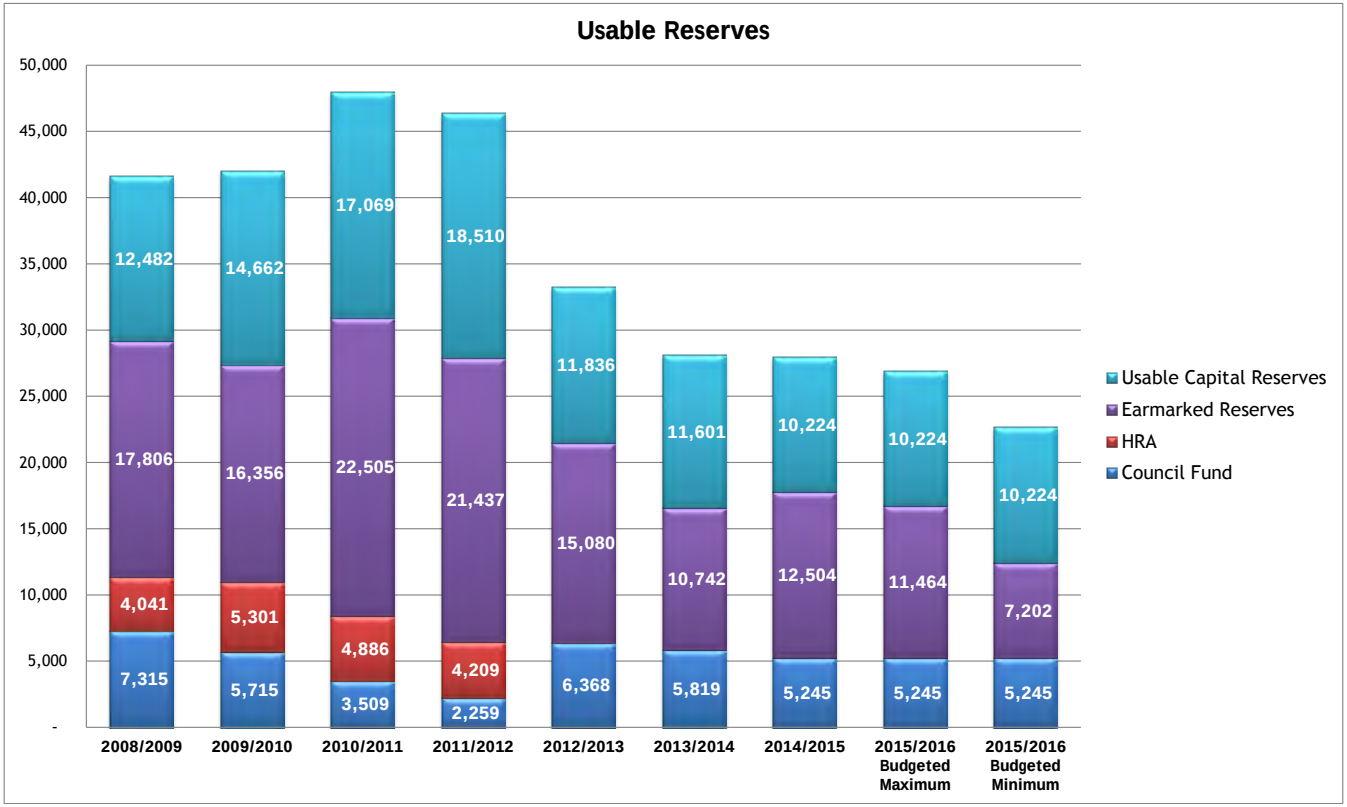
7.2 Reserves

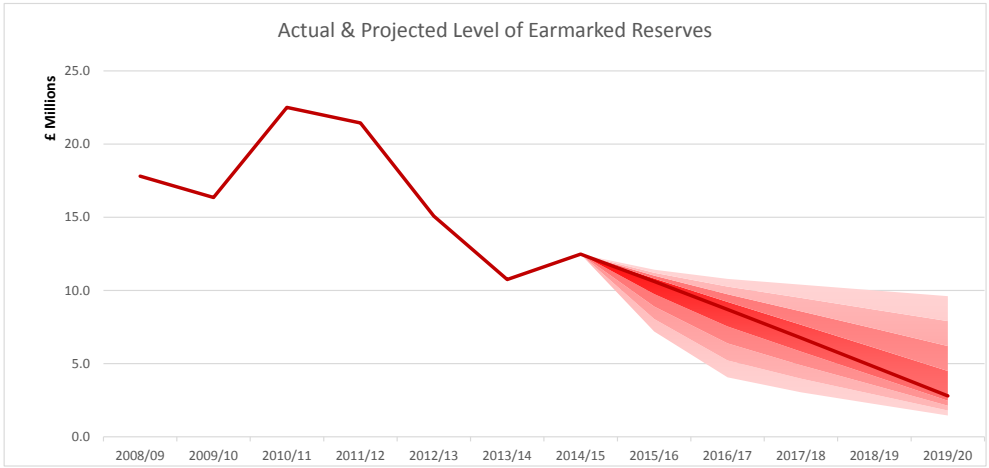
Total General Reserves have reduced from £11.356m in 2008/2009 to £5.245m in 2014/2015. This represents 2.93% of Revenue Outturn Expenditure. Given the estimated nil draw from reserves in 2015/2016, there is no projected change in Council Fund reserves at 31 March 2016.



However, the level of general reserves needs to be viewed in the context of the Authority's total earmarked reserves.

Aggregate Usable Reserves have reduced from £41.644m in 2008/2009 to £27.973m in 2014/2015. This represents 15.63% of Revenue Outturn Expenditure.





In 2015/2016, it is estimated that the net draw on earmarked reserves could be between £1.010m and £5.272m. This figure is subject to review during the year in accordance with the Authority's risk-assessment based Reserves Management Protocol.

Movements on reserves are detailed in note 44 to the Core Statements (pages 134-146). Total usable reserves at the commencement of the year amounted to £28.162m, decreasing by £0.189m to £27.973m at 31 March 2015. The most significant net contributions to usable reserves were:

Summary Reserves Movements	2014/2015		2013/2014	
	£000	£000	£000	£000
Balance at 1 April		(28,162)		(33,284)
Significant net contributions (to)/from earmarked reserves:				
Budget Contingency Fund	592		16	
Budget Implementation	(2,000)		0	
Downsizing, Redundancy & Transitional Costs	(580)		(435)	
Job Evaluation/Pay Remodelling	457		1,629	
LMS	282		61	
		(1,249)		1,271
Significant net contributions (to)/from other usable reserves:				
Usable Capital Receipts	1,318		128	
Other net contributions (to)/from usable reserves	120		3,723	
		1,438		3,851
Balance at 31 March		(27,973)		(28,162)

Note: Prior year figures have been re-analysed to reflect significant net contributions disclosed in 2014/2015. Aggregate figures for 2013/2014 are unchanged.

Impact of Pension Deficit on Reserves

The Authority holds total usable reserves of £27.973m at 31 March 2015 (£28.162m at 31 March 2014). The effect of applying the net superannuation fund deficit of £223.251m to the Authority's usable reserves would be a deficit of £195.278m (2013/2014: the superannuation deficit of £171.677m exceeded usable reserves by £143.515m).

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

Further details on Pension balances and transactions can be found in notes 42-43, pages 123-133.

7.3 Contingencies

A number of contingent liabilities are disclosed in relation to issues where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority, where it is not probable that an outflow of resources will be required or where the amount of the obligation cannot be measured reliably. For 2014/2015, disclosures covered:

- The Municipal Mutual Insurance run-off claims and liability under the Scheme of Arrangement;
- Warranties and indemnities to Tai Calon arising from the transfer of housing stock;
- Potential costs falling to the Authority as a result of notices originally issued by the Environment Agency (now enforced by Natural Resources Wales) at Waun Pond;
- Part 1 compensation claims arising from the a range of public works projects;
- Settlement costs for pension liabilities arising from Capita Gwent Consultancy;
- Guarantees to the Greater Gwent (Torfaen) Pension Fund in the event that pension liabilities are not settled by Monwel Limited and Aneurin Leisure Trust; and
- Potential liabilities arising after the discontinuation of a contract for training services.

No contingent assets have been included.

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

Further details of contingent liabilities and assets can be found in notes 38.3 and 38.4, page 116.

7.4 Material Write-Offs

There were no material write-offs actioned during 2014/2015 (2013/2014: Sundry Debtors of £1.139m were written off during the year, of which £0.701m was in respect of debt that was in excess of 6 years old and was therefore irrecoverable as Statute Barred. Irrecoverable Council Tax of £0.508m was also written off).

8. Treasury Management Activities

In April 2014, the Authority approved the Treasury Strategy Statement, Annual Investment Strategy and MRP Policy Statement for the 2014/2015 financial year. The prime objectives of these policies were firstly to ensure the security of capital and secondly to maximise the liquidity of investments. In doing so, the policies sought to minimise the revenue costs of debt whilst maintaining a prudent level of debt redemption.

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

Borrowing	2014/2015			2013/2014		
	Temporary Loans £000	Other Loans £000	Total £000	Temporary Loans £000	Other Loans £000	Total £000
Balance at 1 April	(24,620)	(107,398)	(132,018)	(25,220)	(100,412)	(125,632)
Loans Raised	(113,250)	(24,268)	(137,518)	(114,800)	(15,000)	(129,800)
Loans Repaid	124,800	8,545	133,345	115,400	8,052	123,452
Effective Interest Adjustment	0	(40)	(40)	0	(38)	(38)
Balance at 31 March	(13,070)	(123,161)	(136,231)	(24,620)	(107,398)	(132,018)

Total external loan debt at 31 March 2015 amounted to £136.231m (31 March 2014: £132.018m). Long Term Loans of £24.268m were raised during the year in order to replace internal borrowing, hence reducing the reliance on temporary borrowing.

Investing Activities

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

Investments	2014/2015 £000	2013/2014 £000
Balance at 1 April	0	0
Investments Made	108,500	68,500
Investments Repaid	(108,500)	(68,500)
Balance at 31 March	0	0

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

The 2003 Capital Finance Regulations require amounts to be set aside from revenue for the repayment of external loans. This is known as the Minimum Revenue Provision (MRP) and in 2014/2015 the sum of £5.017m (2013/2014: £4.783m) has been set by the Authority based on statutory guidance, as disclosed in note 1.21 (pages 51-52).

Interest on external loan debt of £4.150m has been charged to the Comprehensive Income & Expenditure Statement in 2014/2015 (2013/2014: £4.058m).

9. Pension Assets and Liabilities

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

Pension Assets and Liabilities	31 March 2015			31 March 2014		
	LGPS	uTPS	Total	LGPS	uTPS	Total
	£000	£000	£000	£000	£000	£000
Assets	289,892	0	289,892	272,675	0	272,675
Liabilities	(480,238)	(32,905)	(513,143)	(413,771)	(30,581)	(444,352)
Net Liabilities	(190,346)	(32,905)	(223,251)	(141,096)	(30,581)	(171,677)

10. Significant Changes in Accounting Policies

10.1 CIPFA Code of Practice on Local Authority Accounting, 2014/2015

The most significant change in accounting policies adopted for the 2014/2015 Accounts arises from Code revisions resulting from the introduction or amendment in May 2011 of five accounting standards (IFRS10 *Consolidated Financial Statements*, IFRS11 *Joint Ventures*, IFRS12 *Disclosure of Interests in Other Entities*, IAS27 *Separate Financial Statements* and IAS28 *Investments in Associates*) relating to the preparation of group or consolidated accounts. These standards included amendments to the definition of the group boundary that potentially could have impacted on the entities to be consolidated with the Authority in preparing group accounts.

The revised 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, there has been no change to the entities included within group accounts, being the Authority and Silent Valley Waste Services Ltd., a wholly owned subsidiary.

In addition, the Code has introduced a prescribed treatment for the inclusion of schools in the Statement of Accounts. CIPFA/LASAAC is of the view that local authority maintained schools are capable of being treated as separate entities for control purposes, and that based on the indicators of control identified under the requirements of the Code's adoption of IFRS 10 *Consolidated Financial Statements*, the balance of control lies with local authorities. Consequently, schools should be included in the group accounts. However, the Code 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.

There has been no change in the treatment of transactions and balances relating to community schools.

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 arangements 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 have not been added to the Balance Sheet, which represents no change to the previous accounting treatment.

Ownership and control of the Foundation school lies with the school or the school's Governing Body and therefore the CIPFA Code considers these as being within the adapted single-entity accounts of the Authority. Consequently these assets have been recognised on the Balance Sheet for the first time, 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.

11. Main Financial Statements

The Code interprets the requirements of IAS 1 *Presentation of Financial Statements* for the local government context and requires the following main financial statements to be included:

11.1 The Movement in Reserves Statement (MiRS) *(Pages 33-34)*

Equivalent to the IAS 1 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.

11.2 The Comprehensive Income and Expenditure Statement (CIES) *(Pages 35-36)*

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.

11.3 The Balance Sheet *(Pages 37-38)*

Derived from the IAS 1 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.

11.4 The Cash Flow Statement *(Page 39)*

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.

12. Future Developments

12.1 Budget-Setting Process

The Authority, through its design principles, agreed a number of service re-design projects in order to instigate £6m of revenue savings for the 2015/2016 financial year. Some of these projects will generate savings over a number of years, but will require substantial resources (both time and money) for implementation. To assist, the Executive agreed to set aside £2m from the Council Fund Reserve for implementation costs. Central Government/Welsh Government had not provided forward forecasts of reductions in Revenue Support Grant, primarily due to the Westminster elections in May 2015 and so the Authority is making savings plans based on a range of assumptions, for the medium term.

12.2 Welfare Reform

Welsh Government successfully introduced a Council Tax Reduction Scheme for 2013/2014, mitigating the impact on benefit claimants. However, there is a financial risk for all Authorities and at present it is likely that Welsh Government will not be able to sustain this level of mitigation beyond 2013/2014. Other areas of Welfare reform are providing financial challenges to benefit claimants, notably the "bedroom tax". The phased introduction of universal credit will start to impact on new Job Seeker Allowance claimants in Blaenau Gwent from October 2015. The Authority has been successful in becoming a pilot authority for the DWP's *Universal Services Delivered Locally* Project, which will inform the way in which claimants will be able to manage their claims for universal credit.

12.3 Local Government Reorganisation

Following the publication and initial analysis of the responses to the White Paper 'Reforming Local Government: Power to Local People', the Minister for Public Services has said that Welsh Government's preference for the future configuration of Local Government in Wales is the creation of 8 or 9 new authorities, reducing from the current 22. It is unlikely that legislation for reorganization can be produced prior to Welsh Assembly elections in May 2016 and therefore this area of uncertainty will generate a number of funding scenarios in the Medium Term Financial Strategy.

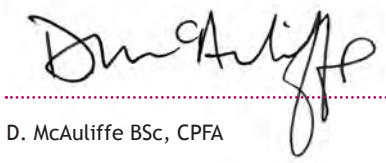
12.4 The Works

The majority of the projects at the Works site have now been completed. In 2014/2015, the Primary Distributor Route (or PDR) was completed and opened for use on 9 June 2014. The Works Board (a joint approach to management of the project between Welsh Government and BGCBC) has now been disbanded and therefore the management of any remaining financial risk will be met by the Authority. A further project will revolve around the enhancement of energy efficiency at the site.

13. Conclusion

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

The fact that the Statement of Accounts continues to be produced by the 30 September statutory deadline is a considerable achievement. In presenting this Statement of Accounts I am grateful to the staff of the Resources Department for their planning, professionalism, and unstinting commitment in order to produce a high quality publication. The support and assistance from colleagues in other departments also requires recognition and thanks because collaboration across departments is now more essential than ever in the production of this document.



D. McAuliffe BSc, CPFA

Chief Finance Officer

Cyngor Bwrdeisdref Sirol
Blaenau Gwent
County Borough Council

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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 Finance Officer.
- 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 Finance Officer

The Chief Finance Officer 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 Finance Officer has:

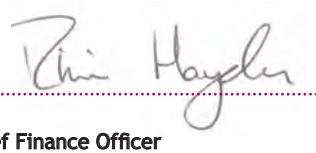
- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Local Authority Code.

The Chief Finance Officer 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

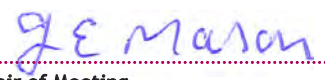
In my opinion the Statement of Accounts gives a true and fair view of the financial position of Blaenau Gwent County Borough Council and the Blaenau Gwent County Borough Council Group as at 31 March 2015, and of their expenditure and income for the year then ended.



pp D. McAuliffe

Chief Finance Officer

I confirm that these Accounts were re-approved at the Audit Committee Meeting on 28 June 2016. Signed on behalf of Blaenau Gwent County Borough Council:



Chair of Meeting

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Cyngor Bwrdeisdref Sirol
Blaenau Gwent
County Borough Council

1. Scope of Responsibility

1.1 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 and properly accounted for, and used economically, efficiently and effectively. The Authority also has a general duty under the Local Government (Wales) Measure 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.

1.2 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.

1.3 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 Policy and Performance Division and a copy is also available on the Authority's website (http://www.blaenau-gwent.gov.uk/documents/Documents_Resources/CODEOFGOVERNANCEMarch2015.doc). 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 in the Statement of Accounts.

2. The Purpose of the Governance Framework

2.1 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.

2.2 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.

2.3 The governance framework has been in place at the Authority for the year ended 31 March 2015 and up to the date of approval of the Annual Statement of Accounts.

2.4 Wales Audit Office have previously reported weaknesses in the Council's governance framework, particularly emphasising an inconsistency of approach in the application of many elements of the governance framework, e.g. Performance Management, Risk Management etc, and the Council has made some inroads into improving these areas. For 2014, the Council received two Certificates of Compliance against the Council's assessment of performance contained within the Corporate Improvement Plan Stage 1 and Stage 2.

2.5 A full list of recommendations / proposals for improvement made by the Wales Audit Office in 2014/2015 is attached at Appendix 1.

3. 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 listed, 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 Head of Internal Audit's annual report, and by comments from the external auditors and other regulators.

3.1 Core Principle 1: Focusing on the purpose of the Authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area

3.1.1 How we do this:

Blaenau Gwent's Single Integrated Plan (SIP) 'Making a Difference, 2013 – 2017' was adopted by Council in June 2013. The plan sets out the Authority's vision for the community and service users. Implementation of the plan is overseen by the Local Service Board which monitors and review the overall progress against the identified outcomes.

The Authority's Corporate Improvement Plan acts as the Council's business plan and is directly linked to the priorities in the Single Integrated Plan. The Corporate Improvement Plan was approved by Council in October 2012 and covers the 5 year period to 2017. The plan sets out three high level priorities each of which are defined by a number of outcome statements setting out the focus of our activity. The three priorities are:

- Children and young people's learning and achievement levels are maximised;
- People and Communities are enabled to help themselves;
- The living environment is vibrant and attractive.

The three high level priorities are directly supported by improvement objectives identified via internal and external engagement and evidence.

An engagement strategy exists that sets out how the Authority and its partners will work with communities to ensure improved services are delivered.

The Transforming Blaenau Gwent programme has clear objectives and focuses with a number of elements that support its delivery:

- Financial efficiency;
- Robust governance framework;
- Cultural and organisational change;
- Improving educational standards;
- Strong focus on performance;
- Workplace transformation and agile working; and
- Engagement and communication.

A "One Council" approach has been approved by Members and Officers that follows a number of design principles supporting our ambition to be a modern, smart Authority providing leadership to enable people and communities to thrive. All transformation and financial efficiency projects are developed in line with the design principles and are included in the processes of the Project Management Framework.

The Authority has a Strategic Transformation Team charged with the overall governance arrangements for the Financial Efficiency Projects, leading on cross cutting projects, ensuring adherence to the Project Management Framework and identifying service improvement across the Council.

The Project Management Framework provides consistent practice and guidance across the Council to help those involved in projects to deliver successful outcomes. The use of the Framework ensures that all projects undertaken / completed are subject to the appropriate approval processes and that reviews of the success of these projects is carried out. This will enable the Council to learn lessons for the future and mitigate the possibilities of the same problems occurring in future projects.

There is a governance structure for the development, approval, reporting and monitoring of the Council's Financial Efficiency Projects. A Programme of Review for the Financial Efficiency Projects will ensure robust challenge of projects and identification of issues in achieving the agreed savings.

The Authority has strengthened its Performance Management Improvement Framework to ensure a consistent approach and accountability to performance improvement. This process is being aligned to the risk management and project management frameworks to provide one approach for data collection and monitoring.

The Authority has put itself forward as an Early Adopter of the Well Being of Future Generations (Wales) Act. The Act establishes the sustainable development principles and sets out governance approaches to support how specified public authorities can work differently to achieve them.

This is supplemented by bespoke arrangements to comply with Government requirements and policies as well as best practice, where relevant e.g. Social Services.

3.1.2 Review of Effectiveness:

In 2014/2015, the Wales Audit Office undertook a review of the Transforming Blaenau Gwent Programme in two stages. Following stage 1 in August 2014 the Wales Audit Office concluded that: "Many arrangements are in place to deliver the Programme and with continued momentum to further embed arrangements, they have the potential to secure continuous improvements". Two new proposals for improvement were set out which looked at: the need to strengthen programme governance including cultural changes, clarity of the role of the Strategic Transformation Team and an alignment between the business planning arrangements and the Financial Efficiency Projects; and strengthening performance management including the development of a performance management system to replace Ffynnon and the consistent use of BRAG ratings.

The Authority has developed the Transforming Blaenau Gwent Joint Finance and Performance Report which is reported to CMT, Executive and Corporate Overview Scrutiny Committee on a quarterly basis. The Corporate Project Register is monitored monthly at Programme Steering Group and Programme Management Board. Regular updates are provided to the Executive and Corporate Overview Scrutiny Committees.

The Corporate Improvement Network has been developed with a representative from each directorate to provide operational capacity for performance and improvement across the Council. This group is now supported by the Performance Programme Steering Group who provide the strategic lead for the effective and consistent application of performance across the Council. The Council has updated and agreed its Performance Management and Improvement Framework which is used by the Programme Steering Group to ensure compliance across the Council. Under the Transforming Blaenau Gwent Programme work is being undertaken to consolidate performance management capacity across the Council not only to realise financial efficiencies but also to develop skills, knowledge and capacity and create a level of resilience.

Work has been undertaken through 2014/2015 to develop a new performance management system (to replace Ffynnon) to be utilised by the whole council. The intention of the new system is to incorporate the majority of Council planning so that we have one place for information management and monitoring. The system has been in place from 1 April 2015 and includes statutory monitoring as well as business plans, self-evaluations, equalities, risk, projects and business continuity. The system has been developed to avoid duplication in reporting and to provide a consistent approach across the Council.

Robust self evaluation arrangements have been developed and continue to be implemented. The process enables us to gather and use good quality information to better understand how we are performing. Internal peer challenge sessions which include Corporate Directors, Heads of Service and the relevant Executive Member and Chairs and Vice Chairs of Scrutiny have continued in order to ensure an extra level of accountability as well as providing a 'golden thread' from service level planning to directorate level planning. All of this information has provided a better consistency in how we capture information, and this has been used to inform our priorities and plan our business.

The Strategic Transformation Team facilitate a report into the Programme Steering Group on a bi-monthly basis that identifies progress against the Financial Efficiency Projects and major projects within the Council. This information is then reported into the Executive and Corporate Overview Scrutiny Committees.

3.1.3 Conclusions and Recommendations for Improvement:

- Continued work on the alignment of the Performance Management Improvement Framework with other frameworks;
- Further embedding of the Transforming Blaenau Gwent Programme;
- The Strategic Transformation Team will be undertaking service reviews to gain assurance or otherwise of correct provision and Value For Money across the Council as well as further developing standard operating procedures; and
- Implementation and embedding of the replacement Performance Management System.

3.2 Core Principle 2: Members and Officers working together to achieve a common purpose with clearly defined functions and roles.

3.2.1 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.

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.

Most policy decisions are developed by the Executive Committee, which for 2014/2015 has comprised the Leader and nine Members with individual portfolio responsibilities. Following the AGM, for 2015/2016 the number of Members on the Executive Committee has been reduced by two.

In addition to the Executive Committee, the Authority's Committee structure also comprises three decision making Committees (1 x Planning and 2 x Licensing), four Scrutiny Committees, 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.

Currently, for the Authority's Education Services, the executive function has been passed to an Education Recovery Board that works with the Council to improve educational attainment and resolve the issues raised in an Estyn report following an inspection in January 2013.

The Council has also established the Programme Management Board which includes both Members and Officers who act as a decision making body for all transformation and financial efficiency projects. They agree actions upon key projects that have been highlighted by project leads and monitor the delivery of those actions.

There are three statutory posts in place namely the Head of Paid Service, the Monitoring Officer and the Section 151 Officer. These are satisfied by the appointments of the Chief Executive, the Head of Legal and Compliance and the Chief Finance Officer, respectively. These post holders are charged with ensuring elected Members receive appropriate legal and financial advice.

There are three further officer roles, namely, the Corporate Director of Education, the Corporate Director of Social Services and the Head of Democratic Services, who undertake statutory functions for Education, Social Services and Democratic Services respectively. Two further directors hold the positions of Corporate Director of Environment and Regeneration and the Corporate Director Strategy, Transformation and Culture.

3.2.2 Review of Effectiveness:

Each Committee conforms to legislative requirements including compliance with the Local Government Measure.

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 2014/2015.

Work has been undertaken to strengthen Scrutiny arrangements following both internal and external evaluation. This work has included: i) evaluations undertaken after every meeting with both Members and Officers; ii) Blaenau Gwent Evaluation from the Centre for Public Scrutiny; iii) Wales Audit Office National Scrutiny Study; iv) Welsh Government National Study; and v) Wales Audit Office Peer Review with Newport and Torfaen Councils.

The evidence from these reviews has been analysed and work has been undertaken with Wider CMT and Members to ensure a consistent approach moving forward. The results of this work will be included within the Scrutiny Action Plan which is monitored quarterly by the Democratic Services Committee who then make recommendations to Council. At present, processes relating to Scrutiny activity are included in the Scrutiny Handbook and will also be included within the Performance Management Improvement Framework going forward to ensure accountability. Structured meetings between the Chairs and Vice Chairs of Scrutiny, the Corporate Director for Transformation Strategy and Culture, the Head of Democratic Services and Scrutiny Officers with terms of reference have been established.

The Member Development Strategy was recently endorsed by Council and the Annual Programme is in development. Revised procedures for Member Personal Development Reviews (PDR) have also been adopted and implemented, the findings of which will help inform the training and development programme. The Council has recently been notified that it has been awarded Level 1 of The Wales Charter for Member Support and Development by the Welsh Local Government Association, recognising the Authority's good practice in this area.

A Corporate Management Team operates within the Authority, consisting of the Chief Executive, supported by the other Directors. These meetings are minuted and key information is disseminated to all officers through an established reporting structure.

An Internal Audit is ongoing into the Authority's decision making process and the findings will be reported to the Audit Committee during 2015/2016.

A recent staff survey, undertaken in July and August 2014, has highlighted the need for improved interactions with elected members. The key messages from the survey indicated staff were motivated and satisfied with their jobs, with further improvements required around communication and staff engagement. An action plan has been developed and a working group set up to address the issues raised.

Regular meetings have taken place between the Education Recovery Board Chair, the Chief Executive, political leaders and the Welsh Government Link Officer. These are to continue for the foreseeable future to secure increased ownership of the Education function by the Local Authority.

3.2.3 Conclusions and Recommendations for Improvement:

- Continue to implement the scrutiny development action plan and further reviews;
- Implementation of actions to address any weaknesses identified in internal audits;
- Development of an engagement framework for elected members and staff; and
- Implementation of the staff survey action plan.

3.3 Core Principle 3: Promoting the values of the Authority and demonstrating the values of good governance through behaviour.

3.3.1 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 both 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. A policy framework exists that includes policies for grievances and disciplinary, for dealing with breaches to the codes.

The Strategic Equality Plan continues to be expanded and it's action plan updated to reflect this, in order to help the Council achieve its generic and specific equality duties. Highlights include reinvigorating the Access for All Engagement event held to engage people from protected characteristics in public service decision making.

3.3.2 Review of Effectiveness:

During the year three of the Authority's key governance systems were subject to an internal audit, namely Safeguarding; Risk Management; and Performance Management. The findings of these were reported to the Audit Committee as appropriate. Weaknesses identified have been reflected in the overall audit opinion for the year.

Staff and members are required to maintain up to date declarations of interest. Members declarations are retained by the Monitoring Officer and Officer declarations are held by Service Managers. All Council meetings have declarations of interest as part of the agenda and any declarations are noted in the minutes with members withdrawing or not taken part in the debate as appropriate.

Eight internal grievance procedures were instigated between April 2014 and March 2015.

Two complaints were received against members for the same period that were referred to the Ombudsman. Both were deemed to be matters that the Ombudsman would not investigate.

Equality Impact Assessments are undertaken against all proposed savings. They are also included within the business planning framework and new performance management system.

The Annual Report to the Equality and Human Rights Commission was submitted within the appropriate timescales.

Welsh Language Standards were agreed by Welsh Government in March 2015. The Council continues to work to the priorities and commitments set out in the existing Welsh Language Standards. The Annual Welsh Language Report was sent to the Office of the Welsh Language Commissioners within the appropriate timescales.

The Council has an established engagement framework for staff and the Council's Organisational Development policies lay out procedures to ensure no improper influences on appointments take place.

3.3.3 Conclusions and Recommendations for Improvement:

- Completion of the action points from the Strategic Equalities Plan;
- Inclusion of Key Governance Systems audit in the audit planning cycle; and
- Continued adherence to the Authority's policies and procedures.

3.4 Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

3.4.1 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 Regulations and Corporate Procurement Rules have been adopted to ensure consistency, transparency and value for money in financial management and procurement. The Chief Finance Officer ensures the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

An Audit Committee is established that has the primary functions of reviewing financial reports and challenging governance arrangements. The Committee aims to seek assurance that the governance framework operating within the Authority is robust, effective and efficient. The roles and scope of the Audit Committee are set out in the Constitution.

The Internal Audit Service works on a risk based approach, to an annual audit plan, in order to assess the internal control environment of the Authority. The work of the section is prioritised in line with the Authority's objectives. The results of all audit work are reported to the Audit Committee who can, if necessary, call Officers to account where weak control is identified. Policies are maintained for Anti-Fraud, Corruption and Bribery, and Anti-Money-Laundering. Adherence to these is considered as part of the work of the Internal Audit function.

The Authority has in place a Risk Management Framework that includes a Risk Management Strategy and a Risk Management Handbook. 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 Transforming Blaenau Gwent Joint Finance and Performance Report is presented on a quarterly basis to CMT, Executive and the Corporate Overview Scrutiny Committee including an overview of the headline progress of the Council for the reporting period, directorate summaries and a selection of corporate performance indicators. This includes a corporate policy to deal with complaints, that the Council has adopted, and nominated Complaints Officers in each department.

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 members of the public to report any concerns regarding the integrity and operations of the Authority.

3.4.2 Review of Effectiveness:

The highest level risks faced by the Authority are recorded on the Corporate Risk Register. The main risks facing the Authority during the period were:

Risk Description	Potential Impact
Failure to plan for and transform services in the light of current public sector funding outlook.	Significant reactive and unplanned reductions in front line services.
The ICT provision supporting Council services is not resilient and fails to provide assurance requirements in terms of operational functionality and data security.	Medium to long terms loss of IT systems. Potential security breaches. Loss of data.
Weak risk management arrangements or risk management arrangements are not embedded into the culture of the Authority.	Failure to identify major risks and to undertake considered decision making.
Failure to ensure adequate Safeguarding arrangements are in place for vulnerable people in Blaenau Gwent.	Potential significant harm or loss of life.
Business Continuity. Large scale incident / loss affecting the delivery of services.	Business continuity processes are not robust enough to enable the provision of key services in an emergency.
Failure to support the implementation of change to ensure capability and capacity of the Council's workforce to deliver the Council's service specification.	Not having the capacity and capability to deliver services.
Failure to improve educational standards.	Council remain in Education Special Measures. Educational standards remain low in comparison with welsh averages.
Funding not identified to purchase the new social care ICT system .	Retention of an unsupported system. Potential service disruption and failure to meet statutory requirements.
Potential for claims resulting from public works at The Works and adjacent areas arising from the provisions of Part 1 of the Land Compensation Act 1973.	Financial impact. Administrative burden.

A copy of the full Corportate Risk Register can be obtained from the Risk Management and Insurance Section.

The Authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit. The Internal Audit Service is subject to regular review by the Authority's external auditors, who place reliance on the work carried out by the section.

Internal Audit Services issued 34 audit opinions during the year.

Audit Grading	2014/2015 Number
Full Assurance	4
Reasonable Assurance	13
Limited Assurance	15
No Assurance	2
Total	34

The numbers of limited assurance and no assurance audit gradings increased compared to their comparable gradings from the previous year. In addition to the graded reports, a number of investigations have been conducted concerning potential fraud and maladministration. As a consequence the overall audit opinion on the adequacy of the internal control environment for 2014/2015 will be that it gives limited assurance. Individual audits give an opinion on the adequacy of the internal controls within a system at a point in time and do not necessarily indicate significant risks for the Authority in its major financial systems, however, the collective impact of the audit findings has resulted in the limited assurance grading. The Corporate Management Team have instigated periodical reviews of Internal Audit findings to ensure corrective action is taken and improved internal controls are achieved.

The annual report of the Director of Social Services was published in September 2014. A Corporate Safeguarding Policy is in operation and nominated officers are in post. Social Services are working to ensure an increase in the capacity of the Protection of Vulnerable Adults service, including working with Children's Services to review the potential for a safeguarding hub in Blaenau Gwent, joint safeguarding team etc

All financial efficiency and transformation projects are risk assessed using the Corporate Risk Management Framework. Risks are highlighted and discussed in the Programme Steering Group and Programme Management Board. Decisions on managing those risks are agreed during those meetings and monitored as part of the project management arrangements that are in place.

The number of stage 3 complaints received by the Ombudsman for the period April 2014 to March 2015 is not yet available.

There were no whistle-blowing incidents during the year.

3.4.3 Conclusions and Recommendations for Improvement:

- Managers to implement the actions identified to address weaknesses highlighted by Internal Audit. Meetings are undertaken with the wider corporate management team in addition to responsible officers, and timescales are set for implementation. Follow up audit process to evidence improvement;
- Development of an action plan to address internal control issues; and
- Continued embedding of the governance framework including business plans, risk registers and self evaluation etc..

3.5 Core Principle 5: Developing the capacity and capability of Members to be effective and ensuring that officers (including the statutory officers) also have the capability and capacity to deliver effectively

3.5.1 How we do this:

Service reviews and self evaluations have been undertaken by Heads of Services and Service Managers to establish any capacity issues that exist or may arise to ensure these are managed, and actions are implemented to mitigate. These can range from structural reviews, prioritisation of workload and termination of low priority tasks.

There are a number of projects currently being progressed to consolidate some existing services e.g. the business support function, to streamline the service provision and set standards of future service delivery.

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 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.

Each officer post has 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 included in the constitution.

3.5.2 Review of Effectiveness:

The Authority monitors performance reviews through the management structure.

There is an established Engagement and Consultation Framework agreed with and in place for trade union involvement.

Project Management training is provided and supporting documentation is available for all staff who deliver projects and is mandatory for identified officers. Guidance documentation and support is available to members and officers for Financial Efficiency Projects to ensure a consistent approach is taken in developing and delivering those projects.

With the austerity measures implemented by the council there has been a reduction in external training opportunities however in house, on the job training continues. Both managers and staff have the ability to discuss both capability and capacity as part of the performance review process.

Twelve staff have been the subject of the capability process during the period April 2014 – March 2015.

3.5.3 Conclusions and Recommendations for Improvement:

- Continued embedding of the Member Development Programme; and
- Continued embedding of the self assessment and performance review processes.

3.6 Core Principle 6: Engaging with local people and other stakeholders to ensure robust local public accountability

3.6.1 How we do this:

The Blaenau Gwent engagement strategy has been developed to reflect the national principles of engagement and endorsed in line with the Single Integrated Plan. Via the Local Service Board, a citizen's panel, consisting of 950 members, has been established alongside a number of important forums including the Youth Forum, Access 4 All Equalities forum and the Older Peoples Network.

The Local Service Board Officer Network has established an engagement sub group to facilitate a more coherent and consistent approach to citizen engagement across Blaenau Gwent.

Members of the public can get involved with the business of the Council by voting for elected Members, suggesting items of business for meetings, taking part in meetings, bringing their views to the attention of the relevant overview and scrutiny meeting or making comments or complaints. The mechanisms for how to get involved in these ways are described in the constitution.

The council has developed Let's Talk, its public engagement programme on the budget setting process. Taking a three phased approach, the programme featured a series of drop in public events, an online survey and information communicated via various channels including CONNECT community magazine, social media and via the Citizens Panel. In the programme which informed the 2015/2016 budget setting process, over 80% of those who fed back rated the events as very good or good. The Transformation and Financial efficiency Projects are included in the Council's Public Engagement events to inform the community of the changes that are required to improve services and meet financial targets. The Let's Talk programme events for the 2016/2017 budget setting process are currently being planned.

The council endorsed its Corporate Communications and Marketing Strategy in 2014.

Social Services assessment of effectiveness to include a survey to service users and carers, use of case studies and stories to demonstrate outcomes and impact – part of the process supporting development of the Director of Social Services Annual Report (published on Council webpage). The Living Independently Strategy complements the Social Services and Wellbeing Act by attempting to reposition Social Services as an organisation which intervenes and delivers commissioned services much later on in an individual's life journey as their independence reduces.

3.6.2 Review of Effectiveness:

A review of the Local Service Board and associated Strategic Partnership Framework for Blaenau Gwent has been undertaken by all partners involved in the LSB, and new arrangements, mechanisms and partnership structure were agreed by Local Service Board in January 2015. This includes more robust Performance and Reporting arrangements and revised Terms of Reference and Membership. External evaluation feedback on the Let's Talk via Participation Cymru (who attended a drop-in session in 2014) has been positive, and was provided in line with the national principles for engagement. Let's Talk has also been recognised as a positive approach by the Wales Audit Office.

The Engagement Team has supported a number of engagement and participation activities and events including: monthly Youth Forums; six monthly School Grand Council; and the annual Youth Mayor Inauguration Event. Furthermore, members of the Youth Forum have continued to represent the area at regional and national events e.g. Gwent Police Crime Commissioners Forum Event.

During the past twelve months the young council representatives have worked with the HEDFAN Team to map the out of hours learning opportunities for children across Blaenau Gwent. Their work is now being used to improve the service and fill the gaps in out of school hours provision.

The School Grand Council also worked with the Council's corporate policy team to learn about sustainable development and what that means to them in their community. They looked at how to make good decisions about health, learning, jobs, safety and the environment to enhance their wellbeing now and for the future. Key messages from the day were fed back to the LSB and LSB Office Network. The initial work will feed into the planned work streams under the Wellbeing for Future Generations Act.

In August 2014 an assessment of arrangements to meet our statutory requirements was undertaken by the representatives from the Welsh Government Young People, Children and Families Team. The findings identified that there was a significant level of proactive commitment to participation, with clear evidence that participation is embedded as mainstream business across the Council.

The authority received and processed 206 Freedom of Information requests during the year.

In recent years Social Services has made progress with several key collaborative projects that have involved working with other neighbouring authorities, Aneurin Bevan University Health Board, Gwent Police and other organisations from the private, public, third and voluntary sectors.

An example is the Frailty Programme which has been in place since 2011. The purpose of this project is to support frail people in the community by bringing together professionals from Social Care and Health in each locality, to focus on promoting independence and to reduce the number of unnecessary admissions into hospital and institutional care (residential or nursing homes).

3.6.3 Conclusions and Recommendations for Improvement:

- Develop the "Let's Talk" event for 2015/2016; and
- Continue to develop activity under the Blaenau Gwent Engagement Strategy, including with reference to key legislative changes, e.g. the Wellbeing of Future Generations Act and the Social Services and Wellbeing Act.

4. Significant Governance Issues

4.1 We have been advised on the implications of the results of the review of the effectiveness of the governance framework, and that the arrangements continue to be regarded as fit for purpose subject to the significant governance issues to be specifically addressed as outlined below:

Issue	Action	Responsible Officer
The need to continue to support robust corporate governance arrangements identified both internally and externally by the WAO, as set out in Performance Management Improvement Framework (PMIF), which includes arrangements for monitoring of implementation.	This is continually being monitored via the PMIF through CIN and the PSG for Performance and Improvement. Although the work is progressing it remains a significant area of work for the Council.	Corporate Director Strategy, Transformation and Culture
The Head of Internal Audit has indicated that she will report Limited Assurance on the Council's system of Internal Control.	This issue has been reported to Corporate Management Team, will be discussed at a wider meeting of CMT, who will produce an action plan to address identified issues. Planned presentations to wider CMT and DMTs to increase awareness and identify ongoing mitigating actions.	Chief Finance Officer
The Local Authority Education Services for Children and Young People are in special measures and subject to Estyn monitoring. There are currently seven recommendations in place and a monitoring visit is planned for November 2015. The focus of the visit is Recommendation 1 to raise standards, particularly at KS4; and Recommendation 5 to improve services to children with additional learning needs. There will also be a review of the remaining five recommendations.	The Authority continues to work alongside the Welsh Government appointed Recovery Board to focus on the priorities to improve. The Education Directorate has established a number of key plans both strategic and operational to ensure that support is identified and targeted to those areas in greatest need.	Corporate Director for Education
The economic situation remains a concern to the Public Sector in Wales and the indications from the Welsh Government are that the tough financial settlements will continue for the foreseeable future. This will 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 affairs and plan towards achieving a sustainable financial position.	Financial monitoring statements are reported regularly into Scrutiny and Executive Committee via the Joint Finance & Performance Report and quarterly portfolio budget forecast reports. The provisional outturn for 2014/2015 is forecasting a favourable position in excess of £2m. The Programme Steering Group of project officers which was set up to monitor financial efficiency projects will continue. Monthly progress reports on the financial efficiency projects are provided to Corporate Management Team (CMT) and to the Executive Committee, where project progress is appraised. Regular progress reports are also given to the Corporate Overview Scrutiny Committee. As at March 2015, the Financial Efficiency Projects identified for 2014/2015 (either as part of the budget setting process or subsequently) have achieved £9.922m in line with the savings target and a further £6.1m savings proposals have been agreed by Council and built into the 2015/2016 base budget. For the medium term future, the Council intends to adopt a strategic financial plan which will focus on its core functions. Within this framework the Authority will be looking at ways to achieve savings whilst mitigating the impact on services.	Chief Finance Officer
Potential fraud identified with one member of staff relating to DHP claims.	Currently being investigated. Appointed an independent advisor to help with the process.	Chief Finance Officer
Significant procedural and operational issues have been identified within the Training Centre following an Internal Audit of the Centre.	All recommendations set out within the Audit report have been considered and implemented in accordance with the Authority's policies and procedures.	Corporate Director for Environment and Regeneration

5. Certification of the Annual Governance Statement

In conclusion we acknowledge that whilst there has been some positive movement for the Authority's Governance framework, there remain some significant weaknesses to be addressed as identified in the previous section. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

pp

Councillor Hedley McCarthy

Leader of the Council

September 2015

David McAuliffe

Chief Finance Officer

September 2015

David Waggett

Chief Executive

September 2015

Annual Governance Statement - Appendix 1

Wales Audit Office Proposals for Improvement 2014/2015

WAO Collaboration Report (Issued 01/2014 - Ref: 632A2013): WAO Proposals for Improvement

1. Improve the approach to planning and managing collaborative projects.
2. Improve arrangements that support the Gwent Wide Integrated Community Equipment Services (GWICES) project.

WAO Assessment of Performance Presentation (issued 01/2014): WAO Proposals for Improvement

1. Ensure that business planning is embedded and is clearly linked to delivery of high level Outcomes and Improvement Objectives.
2. Develop performance measures that enable the Council to evaluate, monitor and report progress against outcomes and improvement objectives.
3. The Executive needs to strengthen how it challenges and holds both Officers and Executive Member to account.
4. Scrutiny committees should seek assurance that the information they are provided with is appropriate to effectively challenge e.g. accurate and timely.
5. Performance Report
    - Ensure that evaluations are balanced and fully explain performance information
    - Clearly present performance against the improvement objectives for the appropriate financial year
    - Use information from peer reviews, scrutiny assessments, benchmarking data and other more qualitative information such as customer satisfaction
    - Set out clearly the intended benefits and outcomes of these collaborations and partnerships.

WAO Internal Challenge & Governance Arrangements (issued 09/2014 - Ref: 465A2014): WAO Proposals for Improvement

1. The Council should build on the new momentum that exists by strengthening its programme governance arrangements to:
    - provide greater clarity on who is leading the Programme politically to drive cultural change within the Council;
    - provide greater clarity across the organisation on the role of the Strategic Transformation Team to improve the effectiveness of challenge;
    - provide greater clarity on how the Coalition for Change fits into the governance structure of the Council and its purpose in delivering the programme;
    - ensure that the business plans and financial efficiency projects are intrinsically linked to support delivery of the Programme; and
    - ensure actions are responded to more promptly following the Steering Group meetings.

2. The Council should strengthen its existing performance management arrangements by:
    - uploading the actions and targets from the business plans and financial efficiency projects into Ffynnon to improve performance monitoring;
    - addressing the need to replace Ffynnon next year avoid future gaps in performance management; and
    - addressing the inconsistency in the understanding and use of the BRAG rating amongst officers and members to ensure early warning of management intervention is highlighted promptly.

WAO Whistle blowing (issued 05/2014): WAO Proposals for Improvement

1. Formalise the role of elected members in the oversight arrangements.

2. Include whistle blowing briefing within the elected member induction process.

Details of progress against these proposals can be obtained from the Corporate Services and Strategy Directorate.

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Cyngor Bwrdeisdref Sirol
Blaenau Gwent
County Borough Council

Independent Auditor's Report to the Members of Blaenau Gwent County Borough Council

I have audited the accounting statements and related notes of:

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

for the year ended 31 March 2015 under the Public Audit (Wales) Act 2004.

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

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

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2014/2015 based on International Financial Reporting Standards (IFRSs).

Respective Responsibilities of the Responsible Financial Officer and the Independent Auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 16 the responsible financial officer is responsible for the preparation of the Statement of Accounts, including Blaenau Gwent County Borough Council's Group accounting statements, which gives a true and fair view.

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

Scope of the Audit of the Accounting Statements

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

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

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

Opinion on the accounting statements of Blaenau Gwent County Borough Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-2015.

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

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council Group as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-2015.

Opinion on other matters

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

Matters on which I report by exception

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns;
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

Certificate

My report dated 30 September 2015 contained an audit opinion on the 2014-2015 accounts and explained that the audit could not be formally concluded until correspondence received from a member of the public had been considered and formally responded to. This matter has now been resolved and I certify that I have completed the audit of Blaenau Gwent County Borough Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

13 July 2016

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

Note: The maintenance and integrity of the Authority's website is the responsibility of the council; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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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...

Cyngor Bwrdeisdref Sirol
Blaenau Gwent
County Borough Council

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Cyngor Bwrdeisdref Sirol
Blaenau Gwent
County Borough Council

Movement in Reserves Statement

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

	Fund Balances		Capital Reserves						
Movement in Reserves Statement 2013/2014 (Restated)	Council Fund £000	Earmarked Council Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Note	Page
Balance at 31 March 2013	(6,368)	(15,080)	(10,578)	(1,258)	(33,284)	33,784	500		
(Surplus)/Deficit on the Provision of Services	16,052	0	0	0	16,052	0	16,052	CIES	36
Other Comprehensive Income and Expenditure	0	0	0	0	0	(29,134)	(29,134)	7	62
Total Comprehensive Income and Expenditure	16,052	0	0	0	16,052	(29,134)	(13,082)	CIES	36
Adjustments between accounting basis & funding basis under regulations	(11,166)	0	128	107	(10,931)	10,930	(1)	8	65-67
Net (Increase)/Decrease before transfers to Earmarked Reserves	4,886	0	128	107	5,121	(18,204)	(13,083)		
Transfers to/from Earmarked Reserves	(4,338)	4,338	0	0	0	0	0	9	68
(Increase)/Decrease in 2013/2014	548	4,338	128	107	5,121	(18,204)	(13,083)		
Balance at 31 March 2014	(5,820)	(10,742)	(10,450)	(1,151)	(28,163)	15,580	(12,583)		

Movement in Reserves Statement 2014/2015	Fund Balances		Capital Reserves						
	Council Fund £000	Earmarked Council Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Note	Page
Balance at 31 March 2014 (Restated)	(5,820)	(10,742)	(10,450)	(1,151)	(28,163)	15,580	(12,583)		
(Surplus)/Deficit on the Provision of Services	(2,355)	0	0	0	(2,355)	0	(2,355)	CIES	36
Other Comprehensive Income and Expenditure	0	0	0	0	0	47,617	47,617	7	62
Total Comprehensive Income and Expenditure	(2,355)	0	0	0	(2,355)	47,617	45,262	CIES	36
Adjustments between accounting basis & funding basis under regulations	1,168	0	1,318	59	2,545	(2,545)	0	8	62-64
Net (Increase)/Decrease before transfers to Earmarked Reserves	(1,187)	0	1,318	59	190	45,072	45,262		
Transfers to/from Earmarked Reserves	1,761	(1,761)	0	0	0	0	0	9	68
(Increase)/Decrease in 2014/2015	574	(1,761)	1,318	59	190	45,072	45,262		
Balance at 31 March 2015	(5,246)	(12,503)	(9,132)	(1,092)	(27,973)	60,652	32,679		

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.

	2014/2015			2013/2014 (Restated)				
Comprehensive Income & Expenditure Statement	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note:	Page:
Continuing Operations								
Central Services	16,488	(3,872)	12,616	14,244	(3,643)	10,601	22	84
Cultural & Related Services	5,885	(304)	5,581	1,514	(52)	1,462	49	154
Environmental & Regulatory Services	11,697	(4,118)	7,579	14,740	(3,730)	11,010		
Planning Services	7,139	(3,395)	3,744	14,925	(4,167)	10,758		
Children's & Education Services	83,434	(12,462)	70,972	92,929	(13,207)	79,722		
Highways & Transport Services	8,971	(1,551)	7,420	9,501	(1,994)	7,507		
Housing Services	31,262	(28,912)	2,350	30,774	(28,903)	1,871		
Adult Social Care	36,822	(10,280)	26,542	38,358	(10,339)	28,019	16	77-78
Corporate & Democratic Core	4,017	(6)	4,011	4,641	(12)	4,629		
Non-Distributed Costs	13,311	(14,309)	(998)	2,323	0	2,323		
Cost of Services (excluding transferred services)	219,026	(79,209)	139,817	223,949	(66,047)	157,902		
Transferred Services								
Cultural & Related Services	4,323	(1,863)	2,460	14,463	(3,480)	10,983		
Children's & Education Services	975	(925)	50	1,916	(1,548)	368		
Sub Total: Transferred Services	5,298	(2,788)	2,510	16,379	(5,028)	11,351		
Total Deficit on Continuing Services	224,324	(81,997)	142,327	240,328	(71,075)	169,253	10	69-74

Comprehensive Income & Expenditure Statement (Continued)	2014/2015 Gross Expenditure £000	2014/2015 Gross Income £000	2014/2015 Net Expenditure £000	2013/2014 (Restated) Gross Expenditure £000	2013/2014 (Restated) Gross Income £000	2013/2014 (Restated) Net Expenditure £000	Note:	Page:
Total Deficit on Continuing Services	224,324	(81,997)	142,327	240,328	(71,075)	169,253		
Other Operating Income and Expenditure	10,019	(1,909)	8,110	8,891	(669)	8,222	11, 25	74, 87-88
Financing and Investment Income and Expenditure	23,489	(12,409)	11,080	22,572	(10,876)	11,696	12	75
Taxation and Non-Specific Grant Income	0	(163,872)	(163,872)	0	(173,119)	(173,119)	13, 26	75, 88
(Surplus)/Deficit on Provision of Services	257,832	(260,187)	(2,355)	271,791	(255,739)	16,052	MiRS, 10	33-34, 69-74
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(2,817)			2,976	7	62
Net Pensions Asset/Liability Remeasurement (Gains)/Losses			50,434			(32,110)	7, 43	62, 124
Other Comprehensive Income & Expenditure			47,617			(29,134)	7	62
Total Comprehensive Income & Expenditure			45,262			(13,082)		

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 regulations'* (e.g. the Capital Adjustment Account, Pensions Reserve and Accumulated Absences Account).

Balance Sheet	31 March 2015		31 March 2014 (Restated)		01 April 2013 (Restated)		Note:	Page:
	£000	£000	£000	£000	£000	£000		
Property, Plant & Equipment	313,200		306,705		300,759		28	92-98
Heritage Assets	413		413		413		29	99-100
Intangible Assets	0		9		27			
Assets Held for Sale	765		0		195		34	108
Non-Current Investments	250		250		250		31	105
Non-Current Debtors	4,720		4,491		4,576		32	105
Sub Total: Non-Current Assets		319,348		311,868		306,220		
Current Investments	4		4		4		40	117
Inventories	1,243		1,799		2,026		35	109
Current Debtors	26,780		28,433		35,929		36	110-111
Cash and Cash Equivalents	2,146		2,756		2,317		47	150
Sub Total: Current Assets		30,173		32,992		40,276		

Balance Sheet (Continued)	31 March 2015		31 March 2014 (Restated)		01 April 2013 (Restated)		Note:	Page:
	£000	£000	£000	£000	£000	£000		
Current Borrowing	(21,493)		(33,094)		(33,272)		40, 41	117-122
Current Creditors	(17,126)		(15,537)		(17,683)		37	112
Current Provisions	(4,459)		(11,506)		(4,764)		38	113-115
Sub Total: Current Liabilities		(43,078)		(60,137)		(55,719)		
Non-Current Borrowing	(114,738)		(98,924)		(92,360)		40, 41	117-122
Non-Current Provisions	(387)		(477)		(1,006)		38	113-115
Other Non-Current Liabilities	(223,997)		(172,740)		(197,910)		39	116
Sub Total: Non-Current Liabilities		(339,122)		(272,141)		(291,276)		
Total Net Assets		(32,679)		12,582		(499)		
Usable Reserves	(27,973)		(28,162)		(33,284)		44	134-140
Unusable Reserves	60,652		15,580		33,783		44	141-146
Total Reserves		32,679		(12,582)		499		

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	2014/2015		2013/2014 (Restated)		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services	2,355		(16,052)		CIES	36
Adjustments to the provision of services for non-cash movements	18,595		39,694		45.1	147
Adjustments for items included in the provision of services that are investing and financing activities	(18,915)		(26,666)		45.2	147
Net Cash Inflows/(Outflows) from Operating Activities		2,035		(3,024)	46.1	148
Investing activities		(6,528)		(2,317)	46.2	149
Financing activities		3,883		5,936	46.3	149
Net increase or (decrease) in cash and cash equivalents		(610)		595		
Cash and cash equivalents at the beginning of the reporting period		2,756		2,161	47	150
Cash and cash equivalents at the end of the reporting period		2,146		2,756	47	150

Cyngor Bwrdeisdref Sirol
Blaenau Gwent
County Borough Council

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2014/2015 financial year and its position at the year-end of 31 March 2015. 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 2014/2015 and the Service Reporting Code of Practice 2014/2015, supported by International Financial Reporting Standards (IFRS). Where there is no relevant IFRS or International Accounting Standard (IAS), reference is made to International Public Sector Accounting Standards (IPSASs); if there is no relevant IPSAS, domestic accounting standards (SSAPs and FRSs) are applied.

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

1.2 Accruals of Income and Expenditure

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

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

1.3 Acquisitions and Discontinued Operations

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

1.4 Back Pay Arising from Unequal Pay Claims

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

Provisions made in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, as amended in 2014, give discretion to local authorities not to charge to revenue a provision for back pay arising from unequal pay claims until cash settlement takes place. The regulations currently apply to liabilities recognised before 1 April 2018 and have effect until 31 March 2023. The Authority has exercised its discretion in not charging equal pay claims to revenue accounts until the settlement has occurred. The provision for back pay is therefore balanced by an Equal Pay Back Pay Account created from amounts credited to the Council Fund balance in the year the provision was made or modified. The balance on the Equal Pay Back Pay Account will be debited back to the Council Fund balance in the Movement in Reserves Statement in future financial years as payments are made.

1.5 Cash and Cash Equivalents

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

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

1.6 Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in note 38.4, page 116 to the Accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.7 Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in note 38.3, page 116 to the Accounts.

1.8 Employee Benefits

1.8.1 Benefits Payable During Employment

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

1.8.2 Termination Benefits

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

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

1.8.3 Post Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

- The liabilities of the Greater Gwent (Torfaen) Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 3.4% for duration profiles of over 21 years, 3.3% for duration profiles between 18 and 21 years, 3.2% for duration profiles between 14.5 and 18 years and 3.1% for duration profiles up to 14.5 years. Discount rates have been derived for each duration profile at which payments may be due, based on AA-rated corporate bonds of currency and term appropriate to the currency and term of the Scheme's liabilities.
- The rate used to discount liabilities has also been used to determine the interest income on plan assets.
- The assets of Greater Gwent (Torfaen) Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value.

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

Service Costs

- Current service cost – the increase in the present value of defined benefit obligations (liabilities) as a result of employee service in the current period. This also includes any interest attributable to current service costs – allocated in the CIES to the services for which the employees worked.

- Past service cost – the increase or decrease in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs.

- Curtailments - the increase or decrease in liabilities arising from decisions made in the current year that significantly reduce the number of employees covered by the Scheme - debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs

- Gains or losses on settlements – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs.

- Net Interest on the net defined benefit liability – the net income or expenditure arising from the expected increase in the present value of liabilities during the year as they move one year closer to being paid, less interest income on Scheme assets – debited or credited to the Financing and Investment Income and Expenditure line in the CIES.

- Administration Costs - the costs of administering the portfolio of scheme assets - charged to Corporate Management (Corporate & Democratic Core) in the CIES.

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 gains/losses 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 gains/losses line in the CIES.

Other Items

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

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

1.8.4 Discretionary Benefits

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

1.9 Events After the Reporting Period

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

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

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

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

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

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

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

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

1.11 Financial Instruments

Valuation of Assets and Liabilities Carried at Amortised Cost

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

- The discount rate used in the NPV calculation is equal to the current rate in relation to the same instrument from a comparable lender. This is the rate applicable in the market on the date of valuation (31 March 2015) 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 receivables (debtors) or short term payables (creditors) since the carrying amount is a reasonable approximation of fair value.

Premiums/Discounts

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

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

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

Interest

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

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

1.12 Government Grants and Contributions

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

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

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

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

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

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

1.13 Intangible Assets

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

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

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

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

1.14 Inventories

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

1.15 Leases

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

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

The following accounting treatment applies to each type of lease:

Finance Lease

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

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

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

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

Operating Lease

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

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

Service Concessions and Arrangements Containing Leases

The Authority currently has no such arrangements.

1.16 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 Income and 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 and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale; and their recoverable amount at the date of the decision not to sell.

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 Non-Current Assets.

1.17 Surplus Fixed 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 existing use value (or depreciated replacement cost for specialist assets). Where an asset is being held for disposal or in the absence of any decision as to the future use of the asset, then the assets fair value is assessed on the basis of its last use in providing services.

1.18 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 2014/2015 (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 as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

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

1.19 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.

1.19.1 Recognition

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

Only expenditure in excess of £50,000 has been capitalised, with amounts below this threshold being charged directly to revenue. The exception to this are highways assets that individually fall below this de-minimus level but are capitalised because they are treated as one single item of expenditure in the year.

1.19.2 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;
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH); and
- All other 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.

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.

1.19.3 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.

1.19.4 Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

1.19.5 Disposals

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

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

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

1.19.6 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.

All assets incurring significant expenditure in 2014/2015 have been considered for componentisation. This has resulted in two assets in the Skills & Work Preparation Portfolio (Tredegar Comprehensive School and Abertillery Comprehensive School), and four assets in the Active Living Portfolio (Ebbw Vale Sports Centre, James Street Learning Action Centre, Abertillery Sports Centre and the Metropole Theatre) being revalued and assessed for material components. Assets componentised in previous years continue to be componentised.

Future componentisation will be carried out in 2015/2016, or sooner if assets are acquired or enhanced.

1.20 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 1.19.

An Heritage Assets Register is maintained by Aneurin Leisure Trust 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.

1.21 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. Four calculation options are available:

1. Regulatory Method
2. Capital Financing Requirement Method
3. Asset Life Method
4. Depreciation Method

The MRP for 2014/2015 has been calculated in accordance with the Authority's 2014/2015 MRP statement which was approved by full Council in April 2014, utilising the following options:

- Option 1 (Regulatory Method) is used in relation to supported borrowing. (Option 1 states that for capital expenditure financed from supported borrowing, MRP can be determined in accordance with the old regulations i.e. writing off debt over 25 years). This is consistent with the methodology adopted for Housing Revenue Account debt and ensures that the Authority will not be left in a future position where it is making debt repayments that are receiving no revenue support from central government.

- Option 3 (Asset Life Method) is used in relation to unsupported borrowing. (Option 3 states that for capital expenditure financed from unsupported borrowing, MRP is made in equal instalments over the life of the asset). Prudential borrowing financing can be applied to assets according to their lives in order to achieve the most cost effective MRP charge.

- For finance leases, Option 3 (Asset Life Method) applies in a modified form, to ensure that the MRP for finance leases is equal to the rental payable each year. This will result in a higher MRP than under previous regulations, as typically finance leases are undertaken for a period of significantly less than 25 years (i.e. the previous 4% charge).

1.22 Provisions

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

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

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

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

1.23 Reserves

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

From 2014/2015, the Authority has implemented a reserves management protocol that includes a risk assessment process to assist in determining the level of earmarked reserves that will be held at year end.

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

1.24 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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

1.25 Value Added Tax

In the absence of specific IFRS or IPSAS provisions relating to Value Added Tax (VAT), the Authority accounts for VAT in accordance with SSAP 5 *Accounting for Value Added Tax*.

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

1.26 Tax Income (Council Tax and National Non Domestic Rates (NNDR))

The Authority follows the principles in IPSAS 23 *Revenue from Non-Exchange transactions (Taxes and Transfers)* in respect of accounting for tax income collected, except where interpretations or adaptations to fit the public sector are detailed in the Code.

Council Tax

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

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

National Non-Domestic Rates (NNDR)

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

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

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

1.28 Accounting for Schools

The Accounting Code has introduced a prescribed treatment for the inclusion of schools in the Statement of Accounts. CIPFA/LASAAC is of the view that local authority maintained schools are capable of being treated as separate entities for control purposes, and that based on the indicators of control identified under the requirements of the Code's adoption of IFRS 10 *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 arangements 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.

1.29 Group Accounts

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

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

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

2. Impact of changes in Accounting Policies and Correction of Prior Period Errors

Changes in Accounting Policies

The accounting statements have been materialy adjusted as a result of the change in accounting policy for schools. As a result, the non-current assets of Brynmawr Foundation School, together with associated depreciation, have been included in the Authority's accounts with effect from 1 April 2013. The following adjustments have been made:

Prior Year Adjustments -Brynmawr Foundation School	Adjustment £000	Description
Addition of Assets	4,604	Operational Land and Buildings relating to Brynmawr Foundation School have been valued at £4.604m as at 1 April 2013. These assets have been added to the balance sheet at that date and depreciated in accordance with the Authority's normal policy.
Depreciation	351	Depreciation of £350,667 has been charged to the relevant service revenue account.

Correction of Prior Period Errors

The Authority acts as sole trustee for the following charitable trusts:

- Bedwellty House and Park;
- Tredegar Recreation Ground; and
- Ebbw Vale Welfare Ground (including Cwm Recreation Ground).

Previous accounting practice has been to consolidate the assets, liabilities, income and expenditure of these Trusts in the accounting statements of the Authority. This has been amended such that only the transactions or balances the Authority holds in relation to its dealings with these Trusts are included. The following adjustments have been made:

Prior Year Adjustments - Charitable Trusts	Adjustment £000	Description
Removal of assets	585	Operational Assets including and sited on Bedwellty Park, Tredegar, Ebbw Vale and Cwm Recreation Grounds have been removed from the relevant Property, Plant and Equipment categories. The majority of the Net Book Value of £0.518m relates to the Bowls Pavilion in Bedwellty Park.
Transfer of Deferred Grant Funding and Capital Expenditure	510	Capital Expenditure on assets at Bedwellty House and Park has been transferred to the accounts of the charitable trusts. This totalled £4.751m for expenditure incurred between 2010/2011 and 2012/2013, with a further £0.156m transferred in relation to 2013/2014. In addition, capital grant funding totalling £4.398m has also been transferred.
Transfer of Revenue Expenditure and Income	540	Revenue Expenditure and associated income occurring during 2013/2014 has been transferred to the revenue account of the charitable trusts. For 2013/2014, this amounted to £0.819m expenditure and £0.279m income.

The impact of restating Brynmawr Foundation School and Charitable Trust transactions in the Movement in Reserve Statement for 2013/2014 is as follows:

	Fund Balances		Capital Reserves				
Movement in Reserves Statement: 2013/2014 Restatement	Council Fund £000	Earmarked Council Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2013	(6,368)	(15,080)	(10,578)	(1,258)	(33,284)	38,312	5,028
Cumulative Restatement to Balance at 31 March 2013	0	0	0	0	0	(4,529)	(4,529)
Deficit on the Provision of Services	15,684	0	0	0	15,684	0	15,684
Restatement of Deficit on the Provision of Services	368	0	0	0	368	0	368
Other Comprehensive Income and Expenditure	0	0	0	0	0	(29,134)	(29,134)
Restatement of Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure (Restated)	16,052	0	0	0	16,052	(29,134)	(13,082)
Adjustments between accounting basis & funding basis under regulations	(10,767)	0	128	107	(10,532)	10,532	0
Restatement of Adjustments between accounting basis & funding basis under regulations	(399)	0	0	0	(399)	399	0
Restated Net (Increase)/Decrease before transfers to Earmarked Reserves	4,886	0	128	107	5,121	(18,203)	(13,082)
Transfers to/from Earmarked Reserves	(4,338)	4,338	0	0	0	0	0
Restated (Increase)/Decrease in 2013/2014	548	4,338	128	107	5,121	(18,203)	(13,082)
Restated Balance at 31 March 2014	(5,820)	(10,742)	(10,450)	(1,151)	(28,163)	15,580	(12,583)

The following adjustments have been made to the opening and closing balance sheets for 2013/2014:

Summary Restated Balance Sheet	31 March 2014				1 April 2013			
		Adjustments:				Adjustments:		
	Original	Brynmawr School	Charitable Trusts	Restated	Original	Brynmawr School	Charitable Trusts	Restated
	£000	£000	£000	£000	£000	£000	£000	£000
Property, Plant & Equipment	303,037	4,253	(585)	306,705	296,739	4,604	(585)	300,758
Other Non-Current Assets	5,163	0	0	5,163	5,461	0	0	5,461
Sub Total: Non-Current Assets	308,200	4,253	(585)	311,868	302,200	4,604	(585)	306,219
Cash and Cash Equivalents	2,264	0	492	2,756	1,808	0	510	2,318
Other Current Assets	30,236	0	0	30,236	37,959	0	0	37,959
Sub Total: Current Assets	32,500	0	492	32,992	39,767	0	510	40,277
Sub Total: Current Liabilities	(60,137)	0	0	(60,137)	(55,719)	0	0	(55,719)
Sub Total: Non-Current Liabilities	(272,141)	0	0	(272,141)	(291,276)	0	0	(291,276)
Total Net Assets	8,422	4,253	(93)	12,582	(5,028)	4,604	(75)	(499)
Usable Reserves	(28,132)	0	(30)	(28,162)	(33,284)	0	0	(33,284)
Unusable Reserves	19,710	(4,253)	123	15,580	38,312	(4,604)	75	33,783
Total Reserves	(8,422)	(4,253)	93	(12,582)	5,028	(4,604)	75	499

The impact of restating Brynmawr Foundation School and Charitable Trust transactions in the Comprehensive Income & Expenditure Statement is as follows:

Comprehensive Income & Expenditure Statement: 2013/2014 Restatement	2013/2014 Net Expenditure £000	Reclassification of Transferred Services £000	Adjustments: Brynmawr Foundation School £000	Adjustments: Charitable Trusts £000	Restated Net Expenditure £000
Continuing Operations					
Cultural & Related Services	12,428	(11,010)	0	44	1,462
Children's & Education Services	79,739	(368)	351	0	79,722
Other Services	76,718	0	0	0	76,718
Cost of Services (excluding transferred services)	168,885	(11,378)	351	44	157,902
Transferred Services					
Cultural & Related Services	0	11,010	0	(27)	10,983
Other Services	0	368	0	0	368
Sub Total: Transferred Services	0	11,378	0	(27)	11,351
Total Deficit on Continuing Services	168,885	0	351	17	169,253
Other Operating Income and Expenditure	8,222	0	0	0	8,222
Financing and Investment Income and Expenditure	11,696	0	0	0	11,696
Taxation and Non-Specific Grant Income	(173,119)	0	0	0	(173,119)
(Surplus)/Deficit on Provision of Services	15,684	0	351	17	16,052
Deficit Arising on the Revaluation of Non-Current Assets	2,976	0	0	0	2,976
Remeasurements of the net pensions liability	(32,110)	0	0	0	(32,110)
Other Comprehensive Income & Expenditure	(29,134)	0	0	0	(29,134)
Total Comprehensive Income & Expenditure	(13,450)	0	351	17	(13,082)

Note: The table also reflects the prior year impact of reclassifying transactions relating to transferred services on the establishment of Aneurin Leisure Trust.

The impact of restating Brynmawr Foundation School and Charitable Trust transactions in the Cash Flow Statement is as follows:

Cash Flow Statement: 2013/2014 Restatement	2013/2014 £000	Brynmawr Foundation School £000	Charitable Trusts £000	Restated 2013/2014 £000
Net (deficit) on the provision of services	(15,684)	(351)	(17)	(16,052)
Adjustments to the provision of services for non-cash movements	39,296	351	47	39,694
Adjustments for items included in the provision of services that are investing and financing activities	(26,715)	0	49	(26,666)
Net Cash Inflows/(Outflows) from Operating Activities	(3,103)	0	79	(3,024)
Investing activities	(2,377)	0	60	(2,317)
Financing activities	5,936	0	0	5,936
Net increase or (decrease) in cash and cash equivalents	456	0	139	595
Cash and cash equivalents at the beginning of the reporting period	1,808	0	353	2,161
Cash and cash equivalents at the end of the reporting period	2,264	0	492	2,756

3. Accounting Standards Issued but not yet Adopted

The 2015/2016 Accounting Code of Practice includes the following new or revised accounting standards. These have effect from 1 April 2015 and will be adopted, where required, by this Authority when preparing the 2015/2016 Statement of Accounts.

Accounting Standard	Requirement and Potential Impact
IFRS13 *Fair Value Measurement*	This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions).The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts, due to the low value of surplus assets held by the Authority.
IFRIC 21 *Levies*	This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.
Annual Improvements to IFRSs *(2011-2013 Cycle)*	These improvements are minor, principally providing clarification and will not have a material impact on the Statement of Accounts.

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 notes 7.2 and 12.1 to the Explanatory Foreword, pages 8-10 and 14).

ii. The Welsh Government has provided Aggregate External Finance (AEF) figures for 2014/2015 and indicative figures for 2015/2016. This has provided a degree of certainty to date, but forward planning beyond 2015/2016 is more difficult.

iii. The Authority has reviewed all property assets in accordance with the relevant accounting policies and has made appropriate reclassifications for assets that are held for sale.

iv. The Authority has determined that assets used for economic development purposes, e.g. industrial estates, are not held solely for the purpose of income generation or capital appreciation and therefore do not meet the definition of investment properties. These assets have been treated as Property, Plant and Equipment in the Balance Sheet.

v. The Authority has classified its leases as finance or operating in accordance with IFRS. The definition of finance leases is not definitive and therefore an element of judgement has been required in assessing each lease arrangement.

vi. Capital and revenue grants and contributions continue to be reviewed to determine the existence of any conditions requiring repayment of sums involved to the awarding body, and the extent to which any conditions have been fulfilled. There has been a consequential impact on sums retained on the Balance Sheet and credited to the Comprehensive Income and Expenditure Statement.

vii. Where disclosure notes required by the Accounting Code are insignificant or immaterial in value and their omission has been determined not to have a detrimental impact on the presentation of the financial position or performance of the Authority, these disclosures have not been presented.

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 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Local Government Scheme Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. The fund actuary has advised that a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £8.821m, with a corresponding reduction in current service costs of £0.319m *(see page 132 for further sensitivity analysis)*. However, the assumptions interact in complex ways. During 2014/2015, the Authority's actuaries advised that the net pensions liability had increased by £47.790m as a result of remeasurements of pension assets and liabilities. This increase comprised a £19.275m gain on assets (representing the difference between actual and expected asset return for the year) and a £67.065m gain on liabilities (being the difference in liability valuations arising from changes in financial assumptions applied at the beginning and end of the financial year *(see pages 127-128)*).
Revaluation of Property, Plant and Equipment	Property, Plant and Equipment assets are revalued on a sufficiently regular basis to ensure their carrying amount is not materially different from their fair value. As a minimum, all assets are revalued every five years. In addition, all assets are assessed annually for impairment. The value of the asset portfolio is based upon calculations and estimation techniques following the Royal Institute of Chartered Surveyors (RICS) guidance.	The appointed valuers have applied professional judgement and assumptions in determining the value of assets and the extent of any impairment. A 1% variation arising from these judgements and assumptions would result in the over or understatement of the Gross Book Value of Property, Plant and Equipment of £3.46 million. These variances could result in the Statement of Accounts being materially mis-stated and, subject to proper capital accounting practice, their adjustment could have an impact on the Balance Sheet, Comprehensive Income & Expenditure Statement and the level of the Authority's Reserves.
Depreciation of Property, Plant and Equipment	Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to maintain the required level of expenditure on repairs and maintenance, resulting in uncertainty regarding the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation charged to the CIES increases and the carrying amount of assets on the Balance Sheet falls.

6. Events After the Reporting Period

The Statement of Accounts was originally authorised for issue by D. McAuliffe BSc., CPFA, Chief Finance Officer, on 29 September 2015 and were subsequently re-authorised by the Deputy Section 151 Officer, R. Hayden CPFA, on behalf of the Chief Finance Officer on 28 June 2016.

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 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Other Comprehensive Income and Expenditure

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

Other Comprehensive Income and Expenditure	2014/2015 £000	2013/2014 (Restated) £000
(Surplus)/Deficit arising on the revaluation of non-current assets	(2,817)	2,976
Surplus on revaluation of available for sale financial assets	0	0
Net Pensions Asset/Liability Remeasurement (Gains)/Losses	50,434	(32,110)
Other Comprehensive Income and Expenditure	47,617	(29,134)

8. Adjustments Between Accounting Basis and Funding Basis Under Regulations

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 2014/2015:

Adjustments between Accounting Basis and Funding Basis under Regulations 2014/2015	Council Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Transactions between Funds & Usable Reserves:					
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	2,073	0	0	(2,073)	0
Transfer of cash sale proceeds credited as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	540	0	(540)	0	0
Contribution from the Capital Receipts Reserve towards funding of prudential borrowing schemes	(46)	0	46	0	0

Adjustments between Accounting Basis and Funding Basis under Regulations 2014/2015	Council Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Transactions involving Unusable Reserves:					
Adjustments to/from Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:					
Charges for depreciation & impairment of non-current assets	(13,346)	0	0	0	13,346
Revaluation losses on Property, Plant & Equipment	(3,888)	0	0	0	3,888
Amortisation of intangible assets	(9)	0	0	0	9
Capital grants & contributions applied	17,819	0	0	0	(17,819)
Revenue expenditure funded from capital under statute	(5,416)	0	0	0	5,416
Amounts of non-current assets written off on disposal or sale as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	(1,438)	0	0	0	1,438
Items not debited or credited to the Comprehensive Income & Expenditure Statement:					
Statutory provision for the financing of capital investment	5,017	0	0	0	(5,017)
Capital expenditure charged against the Council Fund	602	0	0	0	(602)
Items involving Usable Capital Reserves:					
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	2,132	(2,132)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	1,932	0	(1,932)

Note: Additional transactions occur between the Capital Adjustment Account and the Revaluation Reserve. These are detailed in note 44.2 on pages 141-143.

Adjustments between Accounting Basis and Funding Basis under Regulations 2014/2015	Council Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to/from the Deferred Capital Receipts Reserve:					
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(120)	0	120
Deferred Capital Receipts on Inception or Lessor Arrangement	445	0	0	0	(445)
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	46	0	0	0	(46)
Adjustments to/from the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(14,098)	0	0	0	14,098
Employer's pensions contributions and direct payments to pensioners payable in the year	12,611	0	0	0	(12,611)
Adjustment to/from the Unequal Pay Back Pay Adjustment Account:					
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	0	0	0	0	0
Adjustment to/from the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	256	0	0	0	(256)
Total Adjustments between Accounting Basis and Funding Basis under Regulations	1,168	0	1,318	59	(2,545)

The following transactions adjusting between accounting basis and funding basis were made in 2013/2014:

Adjustments between Accounting Basis and Funding Basis under Regulations 2013/2014 (Restated)	Council Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Transactions between Funds & Usable Reserves:					
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	2,380	0	0	(2,380)	0
Transfer of cash sale proceeds credited as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	669	0	(669)	0	0
Contribution from the Capital Receipts Reserve towards funding of prudential borrowing schemes	(44)	0	44	0	0
Transfer of Capital Receipts from HRA using Item 10 Direction	0	0	0	0	0

Adjustments between Accounting Basis and Funding Basis under Regulations (Continued) 2013/2014 (Restated)	Council Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Transactions Involving Unusable Reserves:					
Adjustments to/from the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:					
Charges for depreciation & impairment of non-current assets	(15,860)	0	0	0	15,859
Revaluation losses on Property Plant & Equipment	(16,270)	0	0	0	16,270
Amortisation of intangible assets	(18)	0	0	0	18
Capital grants & contributions applied	24,361	0	0	0	(24,361)
Revenue expenditure funded from capital under statute	(3,617)	0	0	0	3,617
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(1,215)	0	0	0	1,215
Items not debited or credited to the Comprehensive Income & Expenditure Statement:					
Statutory provision for the financing of capital investment	4,783	0	0	0	(4,783)
Capital expenditure charged against the Council Fund & HRA balances	541	0	0	0	(541)
Items involving Usable Capital Reserves:					
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	2,487	(2,487)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	806	0	(806)

Adjustments between Accounting Basis and Funding Basis under Regulations (Continued) 2013/2014 (Restated)	Council Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to/from the Deferred Capital Receipts Reserve:					
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(53)	0	53
Deferred Capital Receipts on Inception or Lessor Arrangement	0	0	0	0	0
Adjustment to/from the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	46	0	0	0	(46)
Adjustments to/from the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(20,131)	0	0	0	20,131
Employer's pensions contributions and direct payments to pensioners payable in the year	13,247	0	0	0	(13,247)
Adjustment to/from the Unequal Pay Back Pay Adjustment Account:					
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	347	0	0	0	(347)
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	(385)	0	0	0	385
Total Adjustments between Accounting Basis and Funding Basis under Regulations	(11,166)	0	128	107	10,930

9. Transfers to/from Earmarked Reserves

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

Usable Reserves	1 April 2013	Transfers In 2013/2014	Transfers Out 2013/2014	31 March 2014	Transfers In 2014/2015	Transfers Out 2014/2015	31 March 2015
	£000	£000	£000	£000	£000	£000	£000
Budget Contingency Fund	(883)	(875)	891	(867)	(799)	1,391	(275)
Budget Implementation	0	0	0	0	(2,000)	0	(2,000)
Downsizing, Redundancy & Transitional Costs	(349)	(2,204)	1,769	(784)	(580)	0	(1,364)
Insurance Liabilities	(1,678)	(1,585)	1,764	(1,499)	(137)	200	(1,436)
Job Evaluation / Pay Remodelling (Non Schools Staff)	(1,842)	0	1,342	(500)	0	457	(43)
LMS Balances	(1,507)	(1,431)	1,492	(1,446)	(798)	1,081	(1,163)
New Ebbw Vale Sports Centre Prudential Borrowing	(121)	0	0	(121)	0	121	0
Revenue Grants & Contributions Unapplied	(906)	(651)	192	(1,365)	(438)	416	(1,387)
Superannuation	(1,458)	0	750	(708)	0	41	(667)
Taxation	(386)	0	0	(386)	0	259	(127)
Other Usable Revenue Reserves	(4,426)	(596)	2,887	(2,135)	(1,868)	1,249	(2,754)
Sub-Total (Revenue Reserves):	(13,556)	(7,342)	11,087	(9,811)	(6,620)	5,215	(11,216)
Earmarked for Capital Purposes	(1,524)	(49)	642	(931)	(1,127)	770	(1,288)
Total:	(15,080)	(7,391)	11,729	(10,742)	(7,747)	5,985	(12,504)

Note: The most significant reserve transfers (by value) have been disclosed in the above table. As a result, reserves disclosed for 2013/2014 have been adjusted to provide comparative figures for 2014/2015. Aggregate transfers and balances have not been amended.

10. Segmental Reporting Analysis (Amounts Reported for Resource Allocation Decisions)

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority's Executive on the basis of budget reports analysed across Portfolios. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

	Reported to Management	Statement of Accounts
Capital Charges	Capital charges reported to management are estimates, as calculated prior to the commencement of the financial year during the budget-setting process.	Actual charges.
Equal Pay and Job Evaluation	No estimates or actual costs are included in reports to Management.	Accrued amounts for settlement of equal pay claims are included. Provision is made for settlement of job evaluation compensation and back pay amounts that can properly be charged to the year of account.
IAS 19: Employee Benefits	For grant-funded expenditure, current service pension costs in the management reports is not on the basis of actuarially calculated liabilities, as required by IAS19, but on the basis of full cash cost. Accruals for short term compensated absences are not included.	Current service costs are recorded against services at the actuarially calculated liability rate, as required by IAS19. Accruals for short term compensated absences are included.
Past Service and Curtailment Costs	Service budgets report past service and curtailment costs against individual budgets.	In-year liabilities arising from past service or curtailments are included in Non-Distributed Costs; actual payments are charged to the council-tax payer by an adjustment to pensions reserves in the MiRS.

	Reported to Management	Statement of Accounts
Appropriations to/from Reserves	Transfers to or from Earmarked Reserves are included in the amounts reported to management as a cost of service.	Transfers to or from Earmarked Reserves are recorded on the appropriate line in the MiRS and are not included in the Net Cost of Services.
Revenue Contributions to Capital Expenditure	Reports to management include appropriations made to fund capital expenditure by revenue budgets.	Revenue contributions to capital expenditure are recorded as an adjustment under regulations in the MiRS.
Council Tax Surplus on Collections	Management Reports include the surplus on council tax collection as a credit against a service budget heading in the Resources Portfolio.	Surplus on council tax collection is included in taxation and non-specific grant income in the CIES.
Leasing Charges	The management reports include committed sums in respect of leasing charges.	Leasing charges are reversed out of service accounts and replaced with capital charges.
Provisions	Amounts are included for early termination redundancy costs on a case by case basis.	Those early termination redundancy costs that meet the definition of a provision are charged in full to the accounts.
Impairment of Debtors	No charge is reported for the impairment of sundry debtor accounts raised.	Service revenue accounts are charged with an impairment for sundry debtor accounts outstanding at year-end, based on the age of the debt.

The income and expenditure of the Authority's principal Portfolios recorded in the budget reports for the year is as follows:

Principal Portfolio Income & Expenditure 2014/2015	Skills & Work Preparation £000	Social Services £000	Waste Management & the Environment £000	Financial Management & Strategy £000	Total £000
Fees, Charges & Other Service Income	(49,308)	(10,230)	(12,494)	(9,458)	(81,490)
Interest & Investment Income	0	0	0	0	0
Government Grants	(3,691)	(7,100)	(1,139)	(28,478)	(40,408)
Total Income	(52,999)	(17,330)	(13,633)	(37,936)	(121,898)
Employee Expenses	44,855	19,452	9,350	6,458	80,115
Other Service Expenses	56,151	29,687	9,883	37,687	133,408
Support Service Recharges	2,916	3,806	4,652	4,184	15,558
Depreciation, amortisation & impairment	3,027	129	548	0	3,704
Precepts and Levies	0	0	3,320	0	3,320
Total Expenditure	106,949	53,074	27,753	48,329	236,105
Net Expenditure	53,950	35,744	14,120	10,393	114,207

Principal Portfolio Income & Expenditure 2013/2014	Skills & Work Preparation £000	Social Services £000	Waste Management & the Environment £000	Financial Management & Strategy £000	Total £000
Fees, Charges & Other Service Income	(49,450)	(11,400)	(12,726)	(10,717)	(84,293)
Interest & Investment Income	0	0	0	0	0
Government Grants	(5,203)	(6,697)	(28,918)	(735)	(41,553)
Total Income	(54,653)	(18,097)	(41,644)	(11,452)	(125,846)
Employee Expenses	46,539	19,743	9,490	6,626	82,398
Other Service Expenses	57,142	29,675	37,388	12,293	136,498
Support Service Recharges	2,623	5,573	5,899	2,758	16,853
Depreciation, amortisation & impairment	2,834	126	529	0	3,489
Precepts and Levies	0	0	3,410	0	3,410
Total Expenditure	109,138	55,117	56,716	21,677	242,648
Net Expenditure	54,485	37,020	15,072	10,225	116,802

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Portfolio income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/2015	Principal Portfolio Analysis £000	Portfolios not included in Principal Portfolio Analysis £000	Included in Portfolio Statements but not included in NCS £000	Not included in Portfolio Statements but included in NCS £000	Allocation of Support Services Recharges £000	Net Cost of Services £000	Corporate Items £000	Total £000
Fees, Charges & Other Service Income	(81,490)	(18,410)	1,983	(13,745)	74,287	(37,375)	0	(37,375)
(Surplus)/Deficit on Trading Activities	0	0	0	0	0	0	0	0
Interest & Investment Income	0	0	0	0	0	0	(12,409)	(12,409)
Income from Council Tax	0	0	0	0	0	0	(32,990)	(32,990)
Government Grants & Contributions	(40,408)	(4,211)	(207)	0	0	(44,826)	(130,882)	(175,708)
Gains on Disposal of Non-Current Assets	0	0	0	0	0	0	(1,909)	(1,909)
Total Income	(121,898)	(22,621)	1,776	(13,745)	74,287	(82,201)	(178,190)	(260,391)
Employee Expenses	80,115	15,230	(2,150)	513	0	93,708	0	93,708
Other Service Expenses	133,408	13,189	851	12,216	0	159,664	0	159,664
Support Service Recharges	15,558	9,563	0	(1,288)	(74,287)	(50,454)	0	(50,454)
Depreciation, Amortisation & Impairment	3,704	3,710	(7,372)	21,568	0	21,610	0	21,610
Interest Payments	0	0	0	0	0	0	23,489	23,489
(Gains)/Losses on Disposal of Non-Current Assets	0	0	0	0	0	0	2,362	2,362
Precepts & Levies	3,320	0	(3,320)	0	0	0	7,657	7,657
Total Expenditure	236,105	41,692	(11,991)	33,009	(74,287)	224,528	33,508	258,036
(Surplus) or Deficit on the Provision of Services	114,207	19,071	(10,215)	19,264	0	142,327	(144,682)	(2,355)

2013/2014 (Restated)	Principal Portfolio Analysis £000	Portfolios not included in Principal Portfolio Analysis £000	Included in Portfolio Statements but not included in NCS £000	Not Included in Portfolio Statements but included in NCS £000	Allocation of Support Services Recharges £000	Net Cost of Services £000	Corporate Items £000	Total £000
Fees, Charges & Other Service Income	(84,293)	(21,013)	2,582	(1,222)	79,847	(24,099)	0	(24,099)
(Surplus)/Deficit on Trading Activities	0	0	0	0	0	0	0	0
Interest & Investment Income	0	0	0	0	0	0	(10,876)	(10,876)
Income from Council Tax	0	0	0	0	0	0	(31,209)	(31,209)
Government Grants & Contributions	(41,553)	(5,878)	9	494	0	(46,928)	(141,910)	(188,838)
Gains on disposal of Non Current Assets	0	0	0	0	0	0	(669)	(669)
Total Income	(125,846)	(26,891)	2,591	(728)	79,847	(71,027)	(184,664)	(255,691)
Employee Expenses	82,398	21,088	(1,393)	1,907	0	104,000	0	104,000
Other Service Expenses	136,498	14,037	(16)	1,634	0	152,153	0	152,153
Support Service Recharges	16,853	11,019	0	688	(79,847)	(51,287)	0	(51,287)
Depreciation, Amortisation & Impairment	3,489	3,862	(7,139)	35,202	0	35,414	0	35,414
Interest Payments	0	0	0	0	0	0	22,572	22,572
(Gains)/Losses on disposal of Non Current Assets	0	0	0	0	0	0	1,215	1,215
Precepts & Levies	3,410	35	(3,445)	0	0	0	7,676	7,676
Total Expenditure	242,648	50,041	(11,993)	39,431	(79,847)	240,280	31,463	271,743
(Surplus) or Deficit on the Provision of Services	116,802	23,150	(9,402)	38,703	0	169,253	(153,201)	16,052

Reconciliation of Portfolio Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of Portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

Reconciliation of Portfolio Income & Expenditure to Cost of Services in the CIES	2014/2015 £000	2013/2014 Restated £000
Net Expenditure in the Principal Portfolio Analysis	114,207	116,802
Net Expenditure of Portfolios not Included in the Principal Analysis	19,071	23,150
Amounts Included in Portfolio Outturn Statements but not included in Net Cost of Services	(10,215)	(9,402)
Amounts not included in Portfolio Outturn Statements but included in Net Cost of Services	19,264	38,703
Allocation of Support Service Recharges	0	0
Cost of Services in Comprehensive Income & Expenditure Statement	142,327	169,253
Corporate Items	(144,682)	(153,201)
(Surplus) or Deficit on Provision of Services	(2,355)	16,052

11. Other Operating Income and Expenditure

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

Other Operating Income and Expenditure		2014/2015 Gross Expenditure £000	2014/2015 Gross Income £000	2014/2015 Net Expenditure £000	2013/2014 Gross Expenditure £000	2013/2014 Gross Income £000	2013/2014 Net Expenditure £000
(Gains)/losses on the Disposal of Non-Current Assets		2,362	(1,909)	453	1,215	(669)	546
Precepts & Levies:	Gwent Police Authority Precept	3,997	0	3,997	3,891	0	3,891
	Community Council Precepts	340	0	340	340	0	340
	South Wales Fire Authority Levy	3,232	0	3,232	3,349	0	3,349
	Other Levies	88	0	88	96	0	96
Total		10,019	(1,909)	8,110	8,891	(669)	8,222

12. 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	2014/2015 Gross Expenditure £000	2014/2015 Gross Income £000	2014/2015 Net Expenditure £000	2013/2014 Gross Expenditure £000	2013/2014 Gross Income £000	2013/2014 Net Expenditure £000
Interest payable and similar charges	4,183	0	4,183	4,130	0	4,130
Interest receivable and similar Income	0	(356)	(356)	0	(298)	(298)
Net Pensions Interest Cost	19,306	(12,053)	7,253	18,442	(10,578)	7,864
Total	23,489	(12,409)	11,080	22,572	(10,876)	11,696

13. 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	2014/2015 £000	2013/2014 £000
Taxation & Non-Specific Revenue Grants		
Council Tax Income	(32,990)	(31,209)
Non-Domestic Rates	(22,056)	(21,664)
Revenue Support Grant/OAG	(91,782)	(96,235)
Total Taxation and Non-Specific Revenue Grants	(146,828)	(149,108)
Capital grants and contributions	(17,044)	(24,011)
Total	(163,872)	(173,119)

14. Material Items of Income or Expense

The following items of material income or expense have been recorded in the Accounting Statements.

Material Items of Income or Expense in 2014/2015:

As part of the unprecedented levels of savings to be achieved for the 2014/2015 financial year, the Council has created a not for profit organization to deliver Leisure Services through a Trust. The Trust is managed by a Board of Trustees and will deliver Leisure Services on behalf of the Council for a management fee. On 30 September 2014, Special Council agreed to transfer leisure, cultural and community education services to the Aneurin Leisure Trust with effect from 1 October 2014.

The estimated financial implications of this transfer are as follows:

- In 2013/2014, the net expenditure relating to those services that have been transferred amounted to £4.483m. Transferred services will be delivered on behalf of the Council for a negotiated management fee.
- Council facilities will be utilised to provide services, with these assets being leased to the Trust for a 20 year period but remaining under Council ownership.
- In order that the Trust can enter the Greater Gwent (Torfaen) Pension Fund as an admitted body, the Authority has agreed to act as guarantor in the event that the Trust defaults on any or all of its payments in relation to its pension obligations. On transfer, the Actuary estimated these liabilities to be £1.370m. There is an expectation that after an initial 3 year period, Aneurin Leisure Trust will source a bond in order to mitigate its liabilities.
- The Pension Fund Actuary has assessed past service pension liabilities related to staff transferring to the Trust as being £14.3m. These liabilities have been retained by the Authority and will be settled as part of the employer pension contributions made to the Fund in future years.

Material Items of Income or Expense in 2013/2014:

There were no material items of income or expense in 2013/2014.

15. Acquired or Discontinued Operations

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

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

16.1 The Gwent Wide Integrated Community Equipment Service (GWICES)

The Gwent Wide Integrated Community Equipment Service (GWICES) is a Section 33 Partnership Agreement between the five Local Authorities in the Gwent area and the Aneurin Bevan Local Health Board for the provision of an efficient and effective integrated community equipment service to users who are resident in the partner localities. This agreement came into effect on 1 October 2008. The Authority's transactions are included in the Adult Social Care line of the CIES. Income and expenditure for the pooled budget arrangements for the financial year ending 31 March 2015 is as follows.

Partnership Schemes: GWICES	2014/2015 £000	2013/2014 £000
Expenditure		
Staff	86	76
Non-Staff	3,503	2,861
Total Expenditure	3,589	2,937
Funding		
Blaenau Gwent County Borough Council	(281)	(303)
Caerphilly County Borough Council	(548)	(607)
Monmouthshire County Borough Council	(355)	(405)
Newport City Council	(426)	(424)
Torfaen County Borough Council	(1,232)	(491)
Aneurin Bevan Health Board	(599)	(558)
Contribution to Lead Commisioner - LAs	(62)	(54)
Contribution to Lead Commisioner - LHBs	(26)	(23)
Community Resource Team (Frailty Project)	(61)	(72)
Total Funding	(3,590)	(2,937)

16.2 The Gwent Frailty Programme

The Gwent Frailty Programme is a Section 33 Partnership Agreement between the five Local Authorities in the Gwent area and the Aneurin Bevan Local Health Board for the delivery of a range of services to avoid hospital admissions, facilitate early discharge and help individuals remain "happily independent". The Community Resource Teams (CRTs) provide integrated Urgent Response, Reablement and Falls services within each Locality in line with agreed Locality Annual Commissioning Plans (LCPs). This agreement came into effect on 4 April 2011. The Authority's transactions are included in the Adult Social Care line of the CIES. Income and expenditure for the pooled budget arrangements for the financial year ending 31 March 2015 is as follows.

Partnership Schemes Gwent Frailty	2014/2015 £000	2013/2014 £000
Expenditure		
Base Declarations	12,227	11,432
Invest to Save	594	1,954
Central Costs	479	423
Total Expenditure	13,300	13,809
Funding		
Blaenau Gwent County Borough Council	(507)	(464)
Caerphilly County Borough Council	(1,922)	(1,955)
Monmouthshire County Borough Council	(1,160)	(1,141)
Newport City Council	(1,441)	(1,506)
Torfaen County Borough Council	(660)	(604)
Aneurin Bevan Health Board	(6,913)	(7,134)
Welsh Government Invest to Save	0	0
Total Funding	(12,603)	(12,804)
Net In-Year (Under) / Overspend	697	1,005

17. Members' Allowances

The total amount of allowances and expenses paid to Members during the year was £776,387 (2013/2014: £773,173), analysed as follows:

Members' Allowances	2014/2015 £000	2013/2014 £000
Allowances	772	767
Expenses	4	6
Total:	776	773

18. Officers' Remuneration

18.1 Remuneration Ratio

The Accounts and Audit Regulations (Wales) 2014 require the disclosure of the ratio of the Chief Executive's remuneration in comparison to the median remuneration of all the Authority's employees. For 2014/2015 this was as follows:

	2014/2015	2013/2014
Ratio of Chief Executive pay to median pay of all staff	1:5.36	1:5.53

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

Officers Emoluments	2014/2015					2013/2014				
Remuneration Band	Teaching	Other	Total	Left During Year	Total excluding leavers	Teaching	Other	Total	Left During Year	Total excluding leavers
£60,000 - £64,999	6	2	8	1	7	6	5	11	4	7
£65,000 - £69,999	2	2	4	0	4	4	3	7	3	4
£70,000 - £74,999	3	0	3	0	3	2	2	4	2	2
£75,000 - £79,999	1	0	1	0	1	2	1	3	1	2
£80,000 - £84,999	1	0	1	0	1	1	0	1	1	0
£85,000 - £89,999	1	0	1	0	1	1	1	2	1	1
£90,000 - £94,999	0	0	0	0	0	0	1	1	1	0
£95,000 - £99,999	0	0	0	0	0	0	0	0	0	0
£100,000 - £104,999	0	0	0	0	0	0	0	0	0	0
£105,000 - £109,999	0	0	0	0	0	0	0	0	0	0
£110,000 - £114,999	1	0	1	0	1	1	0	1	0	1
Total	15	4	19	1	18	17	13	30	13	17

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

The 2014/2015 total of 19 includes 1 member of teaching staff who would not have been included in the note if it were not for one-off severance payments. *(The 2013/2014 total of 30 includes 13 staff who would not have been included in the note if it were not for one-off severance payments. This comprises 4 in the Teaching category and 9 in the Other category).* Further details of termination benefits can be found in note 20 (pages 82-83).

18.3 Senior Officers' Remuneration

The following table sets out the remuneration in 2014/2015 for senior officers (as defined by statute) whose salary for the year was between £60,000 and £150,000. There were no senior officers whose salary exceeded £150,000.

Post Title	Notes	Salary (Including Fees & Allowances) £	Expense Allowances £	Compensation for Loss of Office £	Benefits in Kind £	Total Remuneration excluding Pension Contributions 2014/2015 £	Employers Pension Contributions £	Total Remuneration including Pension Contributions 2014/2015 £
Chief Executive	Notes 1 & 2	114,566	201	0	0	114,767	24,632	139,399
Corporate Director Social Services		81,428	0	0	0	81,428	17,507	98,935
Corporate Director of Environment & Regeneration		79,578	0	0	0	79,578	17,109	96,687
Chief Finance Officer	Note 3	79,048	0	0	0	79,048	16,995	96,043
Corporate Director Strategy, Transformation & Culture		78,971	71	0	0	79,042	16,979	96,021
Corporate Director of Education	Note 4	55,823	0	0	0	55,823	12,002	67,825
Total		489,414	272	0	0	489,686	105,224	594,910

Note 1: Salary includes £11,568.96 remuneration relating to directorship of Silent Valley Waste Services Ltd..

Note 2: Salary includes payments of £3,048.00 in respect of the duties as Returning Officer.

Note 3: Salary includes £11,568.96 remuneration relating to directorship of Silent Valley Waste Services Ltd..

Note 4: Commenced employment 1 September 2014.

The following table sets out the remuneration in 2013/2014 for senior officers (as defined by statute) whose salary for the year was between £60,000 and £150,000. There were no senior officers whose salary exceeded £150,000.

Post Title	Notes	Salary (Including Fees & Allowances) £	Expense Allowances £	Compensation for Loss of Office £	Benefits in Kind £	Total Remuneration excluding Pension Contributions 2013/2014 £	Employers Pension Contributions £	Total Remuneration including Pension Contributions 2013/2014 £
Chief Executive	Notes 1 & 9	109,625	118	0	275	110,018	24,117	134,135
Corporate Director of Social Services		81,334	46	0	194	81,574	17,893	99,467
Corporate Director of Environment & Regeneration	Note 2	77,643	17	0	202	77,862	17,082	94,944
Chief Finance Officer	Note 3	76,069	31	0	216	76,316	16,735	93,051
Corporate Director Strategy, Transformation & Culture	Note 4	48,500	0	0	89	48,589	10,670	59,259
Chief Legal Officer	Notes 5 & 9	26,265	0	67,700	237	94,202	70,795	164,997
Chief People & Performance Officer	Note 6	10,845	0	135,275	4,822	150,942	2,386	153,328
Chief Regeneration Officer	Note 7	26,265	25	66,490	262	93,042	97,123	190,165
Director of Environment / SRO The Works	Note 8	38,710	10	84,230	217	123,167	172,584	295,751
Total		495,256	247	353,695	6,514	855,712	429,385	1,285,097

Note 1: Salary includes £11,568.96 remuneration relating to directorship of Silent Valley Waste Services Ltd..

Note 2: Disclosure is for Interim Director of Environment post to 4 August 2013 and Director of Environment and Regeneration post subsequent to that date.

Note 3: Salary includes £11,568.96 remuneration relating to directorship of Silent Valley Waste Services Ltd..

Note 4: Post commenced 5 August 2013.

Note 5: Left 31 August 2013.

Note 6: Left 31 May 2013.

Note 7: Left 31 August 2013.

Note 8: Salary includes £4,820.40 relating to directorship of Silent Valley Waste Services Ltd.. Left 31 August 2013.

Note 9: The Chief Legal Officer's salary (to 31 August 2013) and the Chief Executive's salary (from 1 September 2013) do not include any payments in respect of the duties as Returning Officer.

Note 10: For the period April 2013 to January 2014, £57,671 was paid to Newport City Council for a joint Chief Education Officer who was an employee of Newport City Council, but undertook work for both Authorities.

19. Benefits Payable During Employment

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

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

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

The following sums have been included for short-term accumulating compensated absences in the 2014/2015 financial statements:

	2014/2015			2013/2014		
Short-term Compensated Absences	Reversal of prior year accrual £000	Current Year Accrual £000	Net In-year Movement £000	Reversal of prior year accrual £000	Current Year Accrual £000	Net In-year Movement £000
Central Services	(110)	78	(32)	(87)	110	23
Cultural and Related Services	(37)	13	(24)	(46)	37	(9)
Environmental and Regulatory Services	(150)	193	43	(122)	150	28
Planning Services	(98)	98	0	(95)	98	3
Children's & Education Services	(1,156)	984	(172)	(795)	1,156	361
Highways & Transport Services	(54)	59	5	(42)	54	12
Housing Services	(58)	41	(17)	(44)	58	14
Adult Social Care	(204)	217	13	(289)	204	(85)
Corporate & Democratic Core	(132)	129	(3)	(83)	132	49
Transferred Services:						
Cultural and Related Services	(54)	0	(54)	(63)	54	(9)
Children's & Education Services	(15)	0	(15)	(17)	15	(2)
Total - Provision of Services:	(2,068)	1,812	(256)	(1,683)	2,068	385

20. Termination Benefits

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 2014/2015, the contracts of 134 employees were terminated, incurring total liabilities of £1.187m (2013/2014: 270 employees, incurring liabilities of £5.862m). These payments can be disaggregated as follows:

Termination Benefits	2014/2015 £000	2013/2014 £000
Redundancy Costs	816	4,039
Pension Costs	371	1,823
Total	1,187	5,862

Of this total, the following were the significant causes of the terminations:

Termination Benefits	2014/2015		2013/2014	
	No	£000	No	£000
Budget Savings and Restructuring	13	135	90	1,238
Management Restructure	0	0	7	940
Closure of Facilities / Cessation of Services	27	194	4	50
Removal of Lunchtime Crossing Patrol Cover	0	0	17	8
Reduction in Grant Funding - Community Education	18	164	0	0
School Downsizing & Reorganisation - Crossmatching	23	357	36	1,010
6th Form Downsizing	0	0	11	524
Early Retirements/Efficiency/Flexible Retirements	1	22	21	238
Termination benefits arising for other reasons	52	315	84	1,854
Total	134	1,187	270	5,862

21. Exit Packages

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

Exit Package Cost Band (including special payments)	2014/2015				2013/2014			
	Number of Compulsory Redundancies	Number of Other Departures	Total Number of Exit Packages	Total Cost of Exit Packages £000	Number of Compulsory Redundancies	Number of Other Departures	Total Number of Exit Packages	Total Cost of Exit Packages £000
£0 - £19,999	32	82	114	576	12	162	174	1,338
£20,000 - £39,999	4	10	14	389	0	53	53	1,496
£40,000 - £79,999	0	4	4	192	0	26	26	1,407
£80,000 - £149,999	0	2	2	202	0	14	14	1,375
£150,000 - £249,999	0	0	0	0	0	3	3	566
Total	36	98	134	1,359	12	258	270	6,182

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

The variation between Termination Benefits (which records pension and redundancy payments to staff whose contracts have been terminated) and Exit Packages (which also covers staff leaving for other reasons, such as ill-health) can be analysed as follows:

Reconciliation between Exit Packages & Termination Benefits	2014/2015 £000	2013/2014 £000
Termination Benefits Total	1,187	5,862
Long Service Award	0	0
Pay in Lieu of Notice	59	81
Other Payments	113	239
Exit Packages Total	1,359	6,182

Included in the Authority's Early Terminations Provision are sums totalling £0.552m payable to 33 staff that have not been included in the exit packages disclosure, but for which the Authority has a legal or constructive obligation at the balance sheet date. (2013/2014: Early Terminations provision included £0.576m payable to 35 staff). Details of the Early Terminations Provision can be found in notes 38.1-38.2, pages 113-115.

22. External Audit Fees

The Authority's appointed external auditors for the 2014/2015 financial year were the Wales Audit Office (WAO). The following fees, included in Central Services expenditure in CIES, were incurred in relation to external audit and inspection:

External Audit Fees	2014/2015 £000	2013/2014 £000
Fees payable in respect of:		
External audit services relating to audit of the accounts	191	191
External audit services relating to Local Government Measures	109	119
Certification of grant claims and returns	80	120
Other services	0	5
Total Audit Fees	380	435

In 2014-2015, Blaenau Gwent received a payment of £63,922 as a result of a redistribution of reserves to local governments bodies. This one-off redistribution results from the new accounting regime for the Wales Audit Office under the Public Audit (Wales) Act 2013.

23. 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 has been accounted for on an agency basis, i.e. Blaenau Gwent as a billing Authority acts as an agent of the Welsh Government in collecting non-domestic rates. Transactions with non-domestic ratepayers are typically not revenue activities of the agent and have therefore been excluded from the accounting statements.

Summary transactions in the Non-Domestic Ratepayers Accounts for the year were as follows:

	2014/2015			2013/2014		
Non-Domestic Ratepayers Account	Agency	Authority	Total	Agency	Authority	Total
	£000	£000	£000	£000	£000	£000
Rate Debits including adjustments	16,162	0	16,162	15,653	0	15,653
Reliefs & Allowances	(3,801)	0	(3,801)	(3,746)	0	(3,746)
Refunds	583	0	583	861	0	861
Court Costs	0	4	4	0	3	3
Write Offs	0	0	0	(1,022)	0	(1,022)
	12,944	4	12,948	11,746	3	11,749
Cash Collected	(12,826)	(4)	(12,830)	(12,657)	(3)	(12,660)
Net In-Year NDR Transactions	118	0	118	(911)	0	(911)

- The total non-domestic rateable value at 31 March 2015 was £34,753,484 (31 March 2014: £34,339,520).
- The national non-domestic rate multiplier for the year 2014/2015 was 0.473 (2013/2014: 0.464).

24. 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.

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

Council Tax Transactions	2014/2015		2013/2014	
	£000	£000	£000	£000
Council Tax Collected	(33,135)		(31,622)	
Less: Impairment of bad & doubtful debts	144		413	
Net Total Proceeds from Council Tax		(32,991)		(31,209)
Less: Gwent Police Authority Precept	3,997		3,891	
Community Council Precepts	340		339	
		4,337		4,230
Council Tax attributable to this Authority:		(28,654)		(26,979)

24.2 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 2014/2015, the tax base, expressed as equivalent band D properties, has been calculated as follows:

	Band										
	A*	A	B	C	D	E	F	G	H	I	Total
Properties	64.00	18,336.00	7,715.00	2,429.00	1,511.00	794.00	288.00	50.00	16.00	6.00	31,209.00
Exemptions, Reliefs & Discounts	(5.75)	(2,332.75)	(698.25)	(186.00)	(86.25)	(40.75)	(14.25)	(2.75)	(7.00)	(2.00)	(3,375.75)
Effective Properties	58.25	16,003.25	7,016.75	2,243.00	1,424.75	753.25	273.75	47.25	9.00	4.00	27,833.25
Ratio	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	-
Band D Equivalents	32.36	10,668.84	5,457.47	1,993.78	1,424.75	920.64	395.42	78.75	18.00	9.33	20,999.34
Impairment											(1,356.29)
Council Tax Base											19,643.05

25. Precepts & Demands

25.1 Precepting Authorities

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

Precepting Authorities	2014/2015 £000	2013/2014 £000
Gwent Constabulary	3,997	3,891
Abertillery & Llanhilleth Community Council	90	90
Brynmawr Town Council	43	43
Nantyglo & Blaina Town Council	68	68
Tredegar Town Council	139	138
Total	4,337	4,230

25.2 Levies & Demands by Joint Committees and Other Bodies

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

Levies & Demands	2014/2015 £000	2013/2014 £000
Brecon Beacons National Park Authority	32	35
South Wales Fire Authority	3,232	3,349
Magistrates & Coroners Courts	56	61
Total:	3,320	3,445

26. 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	2014/2015 £000	2013/2014 £000
Welsh European Funding Office	(187)	(263)
Welsh Government	(1,895)	(1,915)
Other Grants & Contributions	(765)	(552)
Total:	(2,847)	(2,730)

Capital Grants Credited to taxation and non-specific grant income	2014/2015 £000	2013/2014 £000
Caerphilly County Borough Council	(132)	(631)
Torfaen County Borough Council	(21)	(644)
Welsh European Funding Office	(6,938)	(2,916)
Welsh Government	(9,958)	(19,618)
Other Grants & Contributions	5	(202)
Total:	(17,044)	(24,011)

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	2014/2015 £000	2013/2014 £000
Arts Council for Wales	(194)	(249)
Bridgend County Borough Council	0	(265)
Caerphilly County Borough Council	0	(3)
Coleg Gwent	(318)	(599)
Department for Work and Pensions	(27,340)	(27,411)
Disability Sport Wales	(11)	(22)
European Social Fund	(218)	(449)
Home Office	(14)	(31)
Lottery Fund	(52)	(145)
Sub-Total:	(28,147)	(29,174)

Revenue Grants Credited to Services (continued)	2014/2015 £000	Restated 2013/2014 £000
Sub-Total:	(28,147)	(29,174)
Natural Resources Wales	0	(53)
Sports Council for Wales	(82)	(344)
Tai Calon Community Housing Ltd.	0	(56)
Torfaen County Borough Council	(132)	(1,247)
Welsh Government	(14,371)	(13,830)
Welsh Local Government Association	0	(44)
Other Grants & Contributions	(3,146)	(2,358)
Total:	(45,878)	(47,106)

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

Capital Receipts in Advance	2014/2015 £000	2013/2014 £000
Welsh European Funding Office	(1,151)	(1,285)
Welsh Government	(2,618)	(1,315)
Other Grants & Contributions	(314)	(243)
Total:	(4,083)	(2,843)

Revenue Receipts in Advance	2014/2015 £000	2013/2014 £000
Arts Council for Wales	0	(13)
Torfaen County Borough Council	(77)	(78)
Welsh Government	(67)	(366)
Other Grants & Contributions	(339)	(243)
Total:	(483)	(700)

27. Related Parties

27.1 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 2014/2015 can be found in note 26 (pages 88-89); details of the amounts owed to or from central government are included in notes 37 (page 112) and 36 (pages 110-111) respectively.

27.2 Silent Valley Waste Services Limited

The Authority is the sole shareholder of the waste disposal company Silent Valley Waste Services Limited (SVWS Ltd.). For the 2014/2015 financial year, the Authority's Chief Executive and Authority's Chief Finance Officer were non-executive directors of the company. As at 31 March 2015, the Authority effectively holds 67% of the board membership. The following related party transactions took place with SVWS Ltd. during the year:

The Authority made payments to SVWS Ltd totalling £521,483 in 2014/2015 (2013/2014: £964,707), comprising the following:

- Payments totalling £513,598 in relation to the collection of waste, management of the Authority's civic amenity sites and haulage charges (2013/2014: £964,707). Of this amount, £40,270 was in respect of services provided in 2013/2014, and at 31 March 2015 the Authority owed £39,251 (2013/2014: £387,110 was in respect of services provided in 2013/2014 and £31,597 was owed at 31 March 2014).

- In 2014/2015 payments of £7,885 were made towards risk assessments and sampling at the Silent Valley site (2013/2014: £0).

The Authority received income from SVWS Ltd. totalling £173,138 in 2014/2015 (2013/2014: £181,273), including the following:

- £11,569 was received in relation to services provided by the Authority's Chief Executive in his role as a director of SVWS Ltd (2013/2014: £11,569). At 31 March 2015 the Authority was owed £964 in relation to this income (2013/2014: £0);

- £11,569 was received in relation to services provided by the Authority's Chief Finance Officer in his role as a director of SVWS Ltd (2013/2014: £11,569). At 31 March 2015 the Authority was owed £964 in relation to this income (2013/2014: £0);

- No income was received in relation to services provided by the Authority's Director of Environment (2013/2014: £5,785 for the period April to August 2013). At 31 March 2015 the Authority was owed £0 in relation to this income (2013/2014: £0);

- £150,000 was received as a contribution towards Leachate (2013/2014: £150,000);

- No income was received as payment for Pest Control services provided by the Authority (2013/2014: £2,350); and

- At 31 March 2015 the authority was owed £646 in relation to scrap metal (2013/2014: £995).

27.3 Members

The Authority made payments of £20,543 to Glenn Willis Plumbing Ltd. during 2014/2015 (2013/2014: £26,856). The Director of the company is the son of a Council Member.

The Authority made payments of £1,464,321 to Jim Davies Civil Engineering Limited during 2014/2015 in relation to the completion of Streetscape schemes within Ebbw Vale and Authority wide capital works such as retaining wall maintenance, the construction of cycle routes and Safe Routes schemes (2013/2014: £1,290,847). A Member of the Council is the brother of one of the Directors of the company.

During 2014/2015 the Authority received no income from Jim Davies Civil Engineering Limited (2013/2014: £55,615).

Payments of £3,674 were made to Deano's Sandwich Bar during 2014/2015 (2013/2014: £1,044), the proprietor is the daughter of a Council Member.

TJ Brown & Sons funeral directors carry out pauper burials on behalf of the Authority, the cost of these burials for 2014/2015 £0 (2013/2014: £1,319). A Member of the Council has an interest in this company.

27.4 Education Achievement Service for South East Wales

The five local authorities of Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen have formed an Education Achievement Service (EAS) which is designed to raise education standards in South East Wales. The EAS is a separate legal entity, established as a company limited by guarantee, which is wholly owned by the five local authorities and operates on a not for profit basis. There is no lead authority, each being represented equally with a 20% interest and possessing equal voting rights. Services are commissioned from the EAS on behalf of the five local authorities. The Collaboration Agreement commits the authority to participating in the EAS Company for a minimum period of four years, commencing September 2013.

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

In 2014/2015, net contributions of £0.436m were due to the EAS (2013/2014: £0.361m). The total summarised transactions of the Service were as follows:

Education Achievement Service	2014/2015 £000	2013/2014 £000
Expenditure	9,147	7,613
Income	(9,243)	(7,613)
Net Expenditure	(96)	0

28. Property Plant & Equipment

28.1 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 2015 £000	31 March 2014 (Restated) £000
Gross Carrying Amount	350,497	345,314
Accumulated Depreciation	(37,297)	(38,609)
Net Book Value	313,200	306,705

Details of the transactions relating to the carrying amounts and depreciation of non-current assets are set out on pages 93-94.

Movements in 2014/2015:

Property, Plant & Equipment Movements	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation as at 1 April 2014 (Restated)	211,547	10,512	102,829	131	8,120	12,175	345,314
Appropriations	604	0	13,488	0	1,623	(15,777)	(62)
Assets reclassified to/from held for sale	(933)	0	0	0	(870)	0	(1,803)
Additions	0	403	1,445	0	0	7,116	8,964
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(662)	0	0	0	105	0	(557)
Revaluation increases/(decreases) recognised in the Provision of Services	(6,166)	0	0	0	(707)	0	(6,873)
Capital expenditure written off	(10,399)	(2)	(167)	0	0	(1)	(10,569)
Derecognition - disposals	(30)	(2,460)	0	0	0	0	(2,490)
Other movements in cost or valuation *	10,399	74	1,782	0	0	6,318	18,573
Cost or Valuation as at 31 March 2015	204,360	8,527	119,377	131	8,271	9,831	350,497

Property, Plant & Equipment Depreciation	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Accumulated Depreciation & Impairment as at 1 April 2014 (Restated)	(12,522)	(7,676)	(18,391)	(7)	(13)	0	(38,609)
Depreciation charge & Appropriations	(5,060)	(493)	(2,549)	(1)	(148)	0	(8,251)
Depreciation written out to the Revaluation Reserve	4,489	0	0	0	0	0	4,489
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,283	0	0	0	0	0	1,283
Impairment losses/(reversals) recognised in the Revaluation Reserve	1,847	0	0	0	16	0	1,863
Derecognition - disposals	0	1,928	0	0	0	0	1,928
Accumulated Depreciation & Impairment as at 31 March 2015	(9,963)	(6,241)	(20,940)	(8)	(145)	0	(37,297)
Net Book Value as at 31 March 2015	194,397	2,286	98,437	123	8,126	9,831	313,200
Net Book Value as at 31 March 2014 (Restated)	199,025	2,836	84,438	124	8,107	12,175	306,705
Net Book Value as at 31 March 2013 (Restated)	185,949	2,594	68,045	126	4,201	39,837	300,752

Movements in 2013/2014:

Property, Plant & Equipment Movements (Restated)	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation as at 1 April 2013	195,773	10,667	84,108	132	4,202	39,837	334,719
Appropriations	37,781	0	12,131	0	4,173	(54,085)	0
Assets reclassified to/from held for sale	(263)	0	0	0	69	0	(194)
Additions	0	1,045	2,105	0	0	2,004	5,154
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(2,611)	0	0	0	(170)	0	(2,781)
Revaluation increases/(decreases) recognised in the Provision of Services	(18,379)	0	0	(1)	(137)	0	(18,517)
Capital expenditure written off	(7,749)	0	(94)	0	0	(14)	(7,857)
Derecognition - disposals	(754)	(1,200)	0	0	(17)	0	(1,971)
Other movements in cost or valuation *	7,749	0	4,579	0	0	24,433	36,761
Cost or Valuation as at 31 March 2014	211,547	10,512	102,829	131	8,120	12,175	345,314

Property, Plant & Equipment Depreciation (Restated)	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Accumulated Depreciation & Impairment as at 1 April 2013	(9,824)	(8,073)	(16,063)	(6)	(1)	0	(33,967)
Depreciation charge	(5,116)	(776)	(2,328)	(1)	(55)	0	(8,276)
Depreciation written out to the Revaluation Reserve	242	0	0	0	0	0	242
Depreciation written out to the Surplus/Deficit on the Provision of Services	162	0	0	0	38	0	200
Appropriations	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	1,853	189	0	0	5	0	2,047
Derecognition - disposals	161	984	0	0	0	0	1,145
Accumulated Depreciation & Impairment as at 31 March 2014	(12,522)	(7,676)	(18,391)	(7)	(13)	0	(38,609)

* Note: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £7.4 million of which has been added to the asset base and £10.9 million of which has been written off as no increase to the asset value has resulted. Significant capital expenditure incurred during 2014/2015 was on the completion of assets at the Works site, such as the Peripheral Distributor Road (PDR), and Cemetery Road roundabout. Other significant capital spend in the year was on Flying Start projects across the County Borough and on Ebbw Vale and Abertillery Town Centre Regeneration schemes.

28.2 Depreciation Methods and Useful Lives

Depreciation calculated on a straight-line basis has been charged on all operational assets, with the exception of assets under construction. Where qualifying assets have been acquired or disposed of part way through the year, depreciation has been charged on a daily basis.

For buildings, a technical assessment of the useful life of the asset is made by the Authority's Principal Quantity Surveyor.

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

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

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

28.3 Capital Commitments

Within the Authority's 2014/2015 capital programme, £14.814m relates to schemes that were contractually committed as at 31 March 2015 (£18.494m contractually committed as at 31 March 2014):

Capital Commitments	Commitment Value 2014/2015 £000	Estimated Timescale for Completion No of Years	Commitment Value 2013/2014 £000	Estimated Timescale for Completion No of Years
21st Century - Abertillery Primary	7,581	2	0	0
21st Century - Tredegar Comp	1,365	2	0	0
Remodelling - Civic Centre	930	1	0	0
Collaborative Change Programme	651	1	0	0
Remodelling - Anvil Court	540	1	0	0
Flying Start Projects	474	1	1,386	1
Abertillery TC Prominent Buildings & Foundry Bridge	372	1	927	1
Ebbw Vale Town Centre - Bus & Taxi Rank	220	1	720	1
Abertillery Multi Storey Car Park	214	1	1,978	1
Ebbw Vale Town Centre - Mechanical Link	177	1	2,369	1
Highways Maintenance Works (Tarmac)	170	1	712	1
Local Government Borrowing Initiative - Trinant Hall	84	0	288	1
General Offices	80	1	468	1
Learning Works - Leisure Centre (Willmott Dixon)	70	0	486	1
Regeneration of Former Steelworks Site	0	0	2,121	1
Learning Works - Various Infrastructure	0	0	1,288	1
Ebbw Fawr Learning Community Secondary Phase	0	0	802	1
Highways - Peripheral Distributor Road & Cemetery Road	0	0	718	1
Learning Works - Learning Zone & Energy Centre (Leadbitter)	0	0	615	1
Demolition Ebbw Vale Comprehensive	0	0	317	1
Learning Works - 3-11 / SEN/ ICC (Leadbitter)	0	0	306	1
The Works - Station Square	0	0	275	1
Learning Works - Multi Storey Car Park (Willmott Dixon)	0	0	89	1
Other*	1,886	1	2,629	0
Total	14,814		18,494	

Other: This includes various schemes e.g. Ebbw Vale Sports Centre demolition, Six Bells group repair scheme, retentions outstanding on various infrastructure projects (2013/2014: Footway reconstruction works, Six Bells group repair scheme, Bowls Pavilion at Bedwellty Park, retentions outstanding on various infrastructure projects).*

28.4 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 2014/2015, the Authority's surplus assets, miscellaneous land assets and assets on the Works site were revalued by the Authority's Principal Estates Officer, P.J. Miles BSc. (Hons), MRICS.

Valuations were carried out using the bases outlined in the Accounting Policies (page 49), in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors and resulted in a net decrease in value to the Authority's assets of £0.073 million.

Assets (other than infrastructure and VPE) have been valued at fair value. Fair value is defined as the amount that would have to be paid for the asset in its existing use. This requirement is met by providing valuations on the basis of existing use value (EUV) in accordance with UKPS 1.3 of the RICS Valuation Standards.

All assets subject to revaluation during 2014/2015, along with an asset from each different class of asset, have been assessed for material components. The revaluations of those components, where considered to be material are included in the figures below.

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

Non-Current Asset Valuations	31 March 2015 £000	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000	31 March 2011 £000	Total £000
Current Value:						
Heritage Assets	0	0	0	413	0	413
Other Land & Buildings	129,062	84,125	55,846	24,118	170,427	463,578
Community Assets	0	3	0	0	25	28
	129,062	84,128	55,846	24,531	170,452	464,019
Historic Cost:						
Infrastructure	0	0	0	0	0	0
Vehicles Plant & Equipment	0	622	513	142	206	1,483
	0	622	513	142	206	1,483
Total cost or valuation:	129,062	84,750	56,359	24,673	170,658	465,502

28.5 Capital Expenditure and Financing

Of the £34.259m capital investment made in 2014/2015, £22.584m was financed in-year through the application of capital receipts, government grants and contributions from revenue. The remaining £11.675m capital financing requirement has been funded through borrowing, as indicated below:

Capital Expenditure & Financing		2014/2015		2013/2014	
		£000	£000	£000	£000
Capital Investment:	Property, Plant & Equipment	29,272		34,370	
	Capitalisation Direction	303		115	
	REFCUS	4,684		3,503	
			34,259		37,988
Sources of Finance:					
Revenue Provision		(701)		(541)	
Capital expenditure charged to the Council Fund		0		0	
Capital Receipts		(1,932)		(806)	
Government Grants & Other Contributions		(19,951)		(26,848)	
			(22,584)		(28,195)
Increase in capital financing requirement:			11,675		9,793
Explanation of in-year movements:					
Borrowing Supported by Government Financial Assistance			2,062		2,097
Borrowing Unsupported by Government Financial Assistance			9,613		7,696
Total borrowing:			11,675		9,793

29. Heritage Assets

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

Heritage Assets (On Balance Sheet)	Estimated Cost/Valuation £000	Description
The Guardian, Six Bells	259	'Guardian' is the largest mining memorial in Wales and commemorates the 1960 Six Bells mining disaster in which 45 men and boys lost their lives in an underground gas and coal dust explosion. The memorial is a 12.6 meter high statue of a miner, constructed from over 20,000 individual slices of 10mm thick steel and stands on a 7.4 meter high sandstone plinth.
Ebbw Vale War Memorial	154	Unveiled September 24th 1924 by Sir Frederick Mills. Listed as an unusually elaborate war memorial, in a prominent setting.

These monuments have been valued on an insurance replacement cost basis.

Reconciliation of the carrying amount of heritage assets held by the Authority is as follows:

Heritage Assets	2014/2015		2013/2014	
	Monuments £'000	Total Assets £'000	Monuments £'000	Total Assets £'000
Valuation 1 April	413	413	413	413
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluation increase/decreases	0	0	0	0
Impairment losses recognised in the revaluation reserve	0	0	0	0
Impairment losses recognised in the surplus or deficit	0	0	0	0
Depreciation	0	0	0	0
Valuation 31 March	413	413	413	413

These heritage assets are not depreciated as their useful life is deemed to be indefinite.

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
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. There is no cost or valuation information 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. There is no cost or valuation information available for this asset and the cost of obtaining a valuation is likely to be prohibitive compared to the value.
Aneurin Bevan Stones	This monument commemorates Aneurin Bevan, born in Tredegar in 1897 and elected M.P. for the area in 1929. The central monolith represents Aneurin Bevan himself, whilst three satellite stones represents his constituents in Ebbw Vale, Tredegar and Rhymney. No cost or valuation information is available for this asset and the cost of obtaining a valuation is likely to be prohibitive compared to the value.
Clydach Coal Level	A pair of well preserved and dated coal levels with a tramroad connection to the Clydach Railroad. There is no cost or valuation information 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. There is no cost or valuation information 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. There is no cost or valuation information 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. There is no cost or valuation information 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 deminimus threshold for adding assets to the balance sheet.

A number of other assets, including the Ebbw Vale Works General Offices, Llanhilleth Miners' Institute, Newtown Bridge and St. Illtyds Church, 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.

30. Leases

30.1 Authority as Lessee - Finance Leases

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

Lessee: Finance Lease Acquisitions	31 March 2015 £000	31 March 2014 £000
Other Land & Buildings	0	0
Vehicles, Plant & Equipment	1,023	1,386
Total	1,023	1,386

The Authority is committed to making minimum payments under these leases comprising settlement of the non-current liability for the asset acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

Finance Lease Minimum Payments	31 March 2015 £000	31 March 2014 £000
Finance lease liability	778	1,090
Finance costs payable in future years	46	76
Minimum lease payments	824	1,166

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

	31 March 2015		31 March 2014	
Minimum Lease Payments	Minimum Lease Payments £000	Finance Lease Liabilities £000	Minimum Lease Payments £000	Finance Lease Liabilities £000
Not later than one year	243	227	343	312
Later than 1 year and not later than 5 years	501	474	743	701
Later than 5 years	80	76	80	75
Total	824	777	1,166	1,088

30.2 Authority as Lessee - Operating Leases

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

Operating Lease Minimum Payments	31 March 2015		31 March 2014	
	Vehicles, plant & equipment £000	Other land & buildings £000	Vehicles, plant & equipment £000	Other land & buildings £000
Not later than one year	166	257	196	257
Later than 1 year and not later than 5 years	130	989	207	1,028
Later than 5 years	0	2,169	0	2,407
Total Minimum Lease Payments	296	3,415	403	3,692

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

Operating Leases	2014/2015		2013/2014	
	Vehicles, plant & equipment £000	Other land & buildings £000	Vehicles, plant & equipment £000	Other land & buildings £000
Minimum lease payments	259	257	264	257
Total	259	257	264	257

30.3 Authority as Lessor - Finance Leases

The Authority has 2 finance lease arrangements as a lessor:

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

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

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

	31 March 2015		31 March 2014	
Finance Lease Debtor	Vehicles, plant & equipment £000	Other land & buildings £000	Vehicles, plant & equipment £000	Other land & buildings £000
Current	72	49	0	46
Non Current	303	4,306	0	4,354
Unearned Finance Income	0	0	0	0
Unguaranteed Residual Value of Property	0	(566)	0	(566)
Total	375	3,789	0	3,834

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

	Gross Investment in Lease			
	31 March 2015		31 March 2014	
Finance Leases - Lessor	Vehicles, plant & equipment £000	Other land & buildings £000	Vehicles, plant & equipment £000	Other land & buildings £000
Not later than one year	72	49	0	46
Later than 1 year and not later than 5 years	303	220	0	210
Later than 5 years	0	3,520	0	3,578
Total	375	3,789	0	3,834

Finance Leases - Lessor	Minimum Lease Payments			
	31 March 2015		31 March 2014	
	Vehicles, plant & equipment £000	Other land & buildings £000	Vehicles, plant & equipment £000	Other land & buildings £000
Not later than one year	80	269	0	269
Later than 1 year and not later than 5 years	321	1,074	0	1,074
Later than 5 years	0	8,418	0	8,687
Total	401	9,761	0	10,030

30.4 Authority as Lessor - Operating Leases

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

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

Operating Lease Minimum Payments Receivable	31 March 2015		31 March 2014	
	Vehicles, plant & equipment £000	Other land & buildings £000	Vehicles, plant & equipment £000	Other land & buildings £000
Not later than one year	13	575	0	212
Later than 1 year and not later than 5 years	11	2,011	0	777
Later than 5 years	0	1,038	0	497
Total Minimum Lease Payments Receivable	24	3,624	0	1,486

31. Non-Current Investments

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

31.1 Summary of Non-Current Investments in Balance Sheet

Non-Current Investments	31 March 2015 £000	31 March 2014 £000
Silent Valley Waste Services Ltd.	250	250
Total Non-Current Investments	250	250

31.2 Silent Valley Waste Services Ltd. (SVWS)

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

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

The company has three registered directors, two of whom (D. Waggett and D. McAuliffe) are senior employees of BGCBC. 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 156-181, based on the company's audited accounts, which were approved by the Silent Valley Board on 7 July 2015.

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

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

32. Non-Current Debtors

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

Non-Current Debtors	2014/2015 £000	2013/2014 £000
Lease Debtor	4,609	4,354
Newport City Council Managed Debt	105	131
Properties in Possession	3	3
Sale of Council Houses Advances	3	3
Total Non-Current Debtors	4,720	4,491

33. Consolidation of Schools in Single Entity Accounts

The Code has introduced a prescribed treatment for the inclusion of schools in the Statement of Accounts. CIPFA/LASAAC is of the view that local authority maintained schools are capable of being treated as separate entities for control purposes, and that based on the indicators of control identified under the requirements of the Code's adoption of IFRS 10 *Consolidated Financial Statements*, the balance of control lies with local authorities. Consequently, schools should be included in the 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 accounting statements where required. The Authority has the following types of maintained schools under its control:

	2014/2015				2013/2014			
School Balances - Total Number of Schools	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total
Primary Schools	20	4	0	24	21	4	0	25
Middle Schools	1	0	0	1	1	0	0	1
Secondary Schools	2	0	1	3	2	0	1	3
Special Schools	1	0	0	1	1	0	0	1
Total	24	4	1	29	25	4	1	30

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

	2014/2015				2013/2014			
Value of School Assets	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Land & Buildings	111,110	0	3,903	115,013	116,629	0	4,253	120,882

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 arangements 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

During the year, transactions in relation to school entities resulted in the following surpluses or deficits:

	2014/2015				2013/2014			
School Balances - In-Year (Surplus)/Deficit	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	42	(48)	0	(6)	98	12	0	110
Middle Schools	72	0	0	72	(79)	0	0	(79)
Secondary Schools	(309)	0	(43)	(352)	(153)	0	(20)	(173)
Special Schools	163	0	0	163	99	0	0	99
Total In-Year (Surplus)/Deficit	(32)	(48)	(43)	(123)	(35)	12	(20)	(43)

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

	2014/2015				2013/2014			
School Balances	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	(934)	(184)	0	(1,118)	(974)	(137)	0	(1,111)
Middle Schools	(148)	0	0	(148)	(220)	0	0	(220)
Secondary Schools	(124)	0	(124)	(248)	184	0	(81)	103
Special Schools	(138)	0	0	(138)	(301)	0	0	(301)
Total	(1,344)	(184)	(124)	(1,652)	(1,311)	(137)	(81)	(1,529)

34. Assets Held for Sale

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

Transactions relating to these assets were as follows:

Assets Held for Sale	2014/2015 Non Current £000	2013/2014 Non Current £000
Balance Outstanding at Start of Year	0	195
Assets newly classified as held for sale:		
Property, Plant & Equipment	933	263
Property, Plant & Equipment Surplus	870	51
Additions	0	0
Revaluation Losses	(162)	0
Revaluation Gains	0	0
Assets declassified as held for sale:		
Property, Plant & Equipment	0	(120)
Assets Sold:	(876)	(389)
Balance Outstanding at Year-end	765	0

In 2014/2015, the Comprehensive Income and Expenditure Statement net gain on disposal of assets included £1.548m of asset valuations written off on disposal together with associated capital receipts of £0.762m, giving a loss on disposal of assets held for sale of £0.786m. (In 2013/2014, the Comprehensive Income and Expenditure Statement net gain on disposal of assets included £0.389m of asset valuations written off on disposal together with associated capital receipts of £0.572m, giving a gain on disposal of assets held for sale of £0.183m).

35. Inventories

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

Inventories	General Stores £000	Transport Stores £000	Street Lighting £000	Monwel Hankinson £000	Catering & Cleaning Stocks £000	Theatres & Cinemas £000	Other £000	Total £000
Balance at 1 April 2013	813	385	605	83	120	6	14	2,026
Purchases	1,201	649	933	0	1,153	24	18	3,978
Recognised as an expense in the year	(1,411)	(589)	(908)	(83)	(1,167)	(27)	(20)	(4,205)
Written off balances	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Balance at 31 March 2014	603	445	630	0	106	3	12	1,799
Purchases	867	457	600	0	859	10	18	2,811
Recognised as an expense in the year	(895)	(492)	(1,054)	0	(889)	(13)	(15)	(3,358)
Written off balances	(9)	0	0	0	0	0	0	(9)
Transfers	189	(189)	0	0	0	0	0	0
Balance at 31 March 2015	755	221	176	0	76	0	15	1,243

36. Debtors

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

Debtors	31 March 2015		31 March 2014 (Restated)	
	£000	£000	£000	£000
Central Government				
Welsh Government	10,841		13,930	
European Funding Bodies	2,723		1,298	
HM Revenue & Customs	963		1,245	
Department of Work and Pensions	638		0	
Other	23		27	
		15,188		16,500
Local Authorities				
Caerphilly County Borough Council	591		407	
Monmouthshire County Council	415		557	
Newport City Council	141		161	
Torfaen County Borough Council	132		606	
Other	58		472	
		1,337		2,203
NHS				
Aneurin Bevan Local Health Board	113		164	
		113		164
Other Debtors				
Council Tax	2,024		1,897	
Other Entities and Individuals	8,118		7,669	
		10,142		9,566
Total Debtors:		26,780		28,433

Outstanding debtor balances can also be analysed as follows:

Debtors	31 March 2015 £000	31 March 2014 £000
Prepayments	1,549	500
Related Parties	1	3
Trade Customers	1,223	1,144
Other Debtors	24,007	26,786
Total Debtors:	26,780	28,433

Where possible, debtor balances have been reduced to eliminate sums that have not been written off but are deemed to be irrecoverable. Impairment allowance accounts have been established for the following debtors, to provide for the calculated amount of bad or doubtful debts.

Debtor Impairment	31 March 2015			31 March 2014		
	Debtor £000	Impairment £000	Net £000	Debtor £000	Impairment £000	Net £000
Land & Property Charges	1,372	(1,234)	138	1,368	(1,253)	115
Council Tax	3,915	(1,891)	2,024	3,647	(1,750)	1,897
Sundry Debtors	2,497	(415)	2,082	3,218	(496)	2,722
Dangerous Structures	163	(163)	0	163	(163)	0
Housing Benefits	258	(50)	208	312	(62)	250
Total	8,205	(3,753)	4,452	8,708	(3,724)	4,984

37. Creditors

Amounts owed by the Authority were as follows:

Creditors	31 March 2015		31 March 2014	
	£000	£000	£000	£000
Central Government				
Welsh Government	(3,452)		(2,221)	
European Funding Bodies	(1,151)		(1,297)	
Public Works Loan Board	(709)		(709)	
HM Revenue & Customs	(365)		(371)	
Department of Work and Pensions	0		(1,059)	
Other	(83)		(113)	
		(5,760)		(5,770)
Local Authorities				
Caerphilly County Borough Council	(775)		(477)	
Monmouthshire County Council	(119)		(102)	
Newport City Council	(23)		(199)	
Torfaen County Borough Council	(165)		(541)	
Other	(146)		(276)	
		(1,228)		(1,595)
NHS				
Aneurin Bevan Local Health Board	(120)		(80)	
		(120)		(80)
Other Creditors				
Capital Creditors	(1,795)		(1,372)	
Council Tax Payers Credits	(696)		(723)	
Other Entities and Individuals	(7,527)		(5,997)	
		(10,018)		(8,092)
Total Creditors:		(17,126)		(15,537)

Outstanding creditor balances can also be analysed as follows:

Creditors	31 March 2015	31 March 2014
	£000	£000
Receipts in Advance	(4,918)	(3,543)
Related Parties	(39)	(32)
Trade Customers	(573)	(759)
Other Creditors	(11,596)	(11,203)
Total	(17,126)	(15,537)

38. Provisions, Contingent Liabilities and Contingent Assets

38.1 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', are as follows:

Employee-Related Provisions:

Provision	Purpose	Timescale for Utilisation	Uncertainties, Assumptions and Potential Reimbursement
Back Pay	To provide for outstanding amounts estimated in relation to back pay claims and associated tax and pension liabilities.	Inherently uncertain; from 2015/2016.	The sum included in the provision for back pay represents a reasonable estimate of the possible financial impact of the liability arising from these claims. There are diverging legal views and uncertainty regarding the need to recognise a provision in respect of pension contributions on equal pay settlements. The Authority has decided to include pension contributions, but future legal opinion may change this position.
Early Terminations	To provide for known sums in relation to early terminations where these had been approved prior to the end of the financial year.	Redundancy payments expected to be settled in 2015/2016.	The provision for early terminations comprises the known value of redundancy payments occurring after 31 March 2015 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.
Employment Tribunal	To pay amounts agreed by employment tribunal.	Utilised in 2014/2015.	No uncertainties, assumptions or reimbursement relating to this provision.
Job Evaluation Back Pay & Compensation	To provide for the costs of back pay and compensation payable to employees as a result of the Job Evaluation Process.	Utilised in 2013/2014.	In the majority of cases, offers of compensation and back pay lapsed following the final COT3 signing sessions in August 2012. However, there were a number of ad-hoc signings when staff agreed to settle. It has been assumed that there are no further financial obligations relating to these declined offers.
Short Term Compensated Absences	To provide for known liabilities arising from the costs of accruing staff leave, flexi-time and lieu time balances at the end of the financial year.	To be utilised in 2015/2016.	In some cases the accrual is based on estimates of annual leave/ flexi leave entitlements. It has been assumed that entitlement data provided is accurate and up to date.

Other Provisions:

Provision	Purpose	Timescale for Utilisation	Uncertainties, Assumptions and Potential Reimbursement
Carbon Reduction Commitment	To provide for purchase of allowances arising from in year production of carbon emissions.	To be utilised in 2015/2016.	Provision is based on relevant utility readings for 2014/2015, some of which have been estimated.
Monwel Ltd. Liquidation	To provide for specific pension costs and other sums outstanding from Monwel Ltd. following closure of the social enterprise in July 2015.	To be utilised in 2015/2016 and when pension costs arise.	It has been assumed that the Authority will receive no compensation for outstanding liabilities. However, there is a possibility that full or partial reimbursement may be received on realisation of net assets.
Part 1 & Land Compensation Claims	To provide for claims under Part 1 of the Land Compensation Act 1973 in relation to depreciation of the value of an interest in land by physical factors caused by the use of public works.	There is uncertainty with regards to the timescale for agreement.	The sum provided is an estimate based on total proposed settlements, but is subject to change. Additional claims could become payable in respect of a number of other public works in the County Borough. It is assumed that all settlements will be as offered and no reimbursements will be expected.
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 2015/2016 on settlement of claims.	The amount and timing of settlement of insurance claims are inherently uncertain. It has been assumed that the timing and value of the settlement of future claims will be similar to known claims history. As all known claims fall below the Authority's excess level(s) there is not expected to be any reimbursement by the Authority's insurers. In November 2012 the Directors and Board of Municipal Mutual Insurance agreed to the irrevocable triggering of the Scheme of Arrangement in order to avoid insolvent liquidation. As a result, the Authority has included £0.010m in the Insurance Provision, set at 15% of total outstanding claims. In addition, £0.023m has been included in respect of MMI claims for the former Gwent County Council.
Reservoir Act	To provide for known costs of studies, investigations and remedial works arising from EA/NRW enforcement notices.	Completion of works in 2015.	This provision is for the estimated contract cost for works involved. The Authority is pursuing appropriate cost reimbursement from the owners.
Valuation of Contracts	Resolution of disputed final account contract valuations for land reclamation works undertaken on The Works site.	Settlement in 2014.	There are no uncertainties, assumptions or reimbursements relating to this provision.

38.2 Provisions - Movements

Movements in employee-related and other provisions during 2014/2015 were as follows:

Provision Movements	Balance at 1 April 2013 £000	Net Movements 2013/2014 £000	Balance at 1 April 2014 £000	Additional Provisions made in 2014/2015 £000	Amounts Used in 2014/2015 £000	Unused Amounts Reversed in 2014/2015 £000	Unwinding of Discount in 2014/2015 £000	Balance at 31 March 2015 £000
Current Provisions								
Employee Provisions:								
Back Pay	(493)	347	(146)	0	0	0	0	(146)
Early Terminations	(1,454)	69	(1,385)	(969)	1,350	35	0	(969)
Employment Tribunal	0	(8)	(8)	0	8	0	0	0
Job Evaluation Back Pay & Compensation	(131)	131	0	0	0	0	0	0
Short Term Compensated Absences	(1,683)	(385)	(2,068)	(1,812)	2,068	0	0	(1,812)
Other Provisions:								
Carbon Reduction Commitment	(163)	(4)	(167)	(178)	138	29	0	(178)
Insurance	(423)	(97)	(520)	(190)	63	118	0	(529)
Monwel Liquidation	0	0	0	(231)	0	0	0	(231)
Part 1 & Land Compensation Claims	(141)	(613)	(754)	(72)	172	173	0	(481)
Reservoir Act	(276)	(474)	(750)	(27)	664	0	0	(113)
Valuation of Contracts	0	(5,708)	(5,708)	0	5,708	0	0	0
	(4,764)	(6,742)	(11,506)	(3,479)	10,171	355	0	(4,459)
Non-Current Provisions								
Insurance	(1,006)	529	(477)	(204)	240	54	0	(387)
	(1,006)	529	(477)	(204)	240	54	0	(387)
Total Provisions:	(5,770)	(6,213)	(11,983)	(3,683)	10,411	409	0	(4,846)

38.3 Contingent Liabilities

- Under the terms of the Municipal Mutual Insurance Scheme of Arrangement, the Authority is responsible for the payment of a percentage towards future claims, potentially for many years due to the inherent long-tail nature of the insured risks.

- As part of the legal agreements associated with the transfer of the Authority's Housing Stock to Tai Calon, a number of warranties and indemnities have been provided for a period of 32 years from the transfer date (July 2010), covering areas including environmental, asbestos and redevelopment issues. The limit to claims made against these warranties is £15,000 for each property (uprated annually by RPI), with the exception of warranties for environmental pollution and asbestos, where the limits are £125m (environmental pollution and asbestos - works indemnity) and without limit (asbestos - personal injury and death). Claims are subject to an excess level below which the Authority is not liable to reimburse Tai Calon, these being £5,000 generally and £4.7625m for Asbestos works. Potential liabilities that could arise in respect of environmental pollution have been mitigated by means of insurance policies, providing aggregate cover of £30m. At this stage, there have been no 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.

- Although not the owner of the site, the Authority has responsibilities under the Reservoirs Act 1975 and has been deemed jointly and severally liable with the owners of Waun Pond for works required under a Section 10 Inspection. The Authority & owners are the subject of Enforcement Notices served by the Environment Agency/Natural Resources Wales for completion of these works. It is the intention of the Authority to complete civil works during 2015/2016 in line with the respective enforcement notices and a provision of £0.113m has been retained to cover the capital costs. The Authority is still investigating legal address to recover an appropriate share of the costs from the owners of the site.

- 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.

- In 2002, Capita Gwent Consultancy was formed as a joint venture arrangement for the provision of transport consultancy, engineering and related services. The Capita Symonds group were the majority shareholders with a 51% stake, with Blaenau Gwent CBC, Caerphilly CBC, Monmouthshire CC and Torfaen CBC each having a minority shareholding of 12.25%. Capita Gwent was admitted into the Greater Gwent (Torfaen) Pension Fund in September 2002. This arrangement ended on 31 August 2012 at the end of the contract agreement and consequently Capita Gwent Consultancy left the pension fund. The former Gwent Local Authorities are still in the process of negotiating a final settlement of pension past service liabilities arising, which have been estimated by the Fund Actuary as £7.9m in total. The timing and value of payments to be made by this Authority to settle its share of these liabilities is not known with certainty.

- Where services have been transferred to new entities, the Authority has agreed to act as guarantor in order that the entity could enter the Greater Gwent (Torfaen) Pension Fund as an admitted body. In the event that the admitted body defaults on any or all of its payments in relation to its pension obligations, the Authority has agreed to act as guarantor of last resort. There is an expectation that after an initial 3 year period, both entities will source bonds in order to mitigate their respective liabilities. On transfer to a charitable trust, the actuary estimated liabilities relating to Aneurin Leisure Trust to be £1.370m. On transfer to a social enterprise, the Actuary estimated liabilities relating to Monwel Ltd. to be £0.110m. Further to the closure of Monwel Ltd. in July 2015, this has been retained on a contingent basis since at this time there continues to be uncertainty regarding the amount & timing of pension liabilities.

- The Authority has contracted over a number of years with ACT Ltd. to deliver a range of training activities at its Training Centre. The arrangement ended in March 2015 and both parties are determining any outstanding liabilities arising from the termination of the contract.

38.4 Contingent Assets

No contingent assets have been identified.

39. Non-Current Liabilities

The Authority holds the following balances as non-current liabilities.

Non Current Liabilities	2014/2015 £000	2013/2014 £000
Deferred Liabilities	(746)	(1,063)
Net Pensions Liability	(223,251)	(171,677)
Total Non Current Liabilities	(223,997)	(172,740)

40. 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. The fair value has been assessed as the net present value (NPV) of the cash flows that will take place over the remaining terms of the instruments.

Fair values calculated are as follows:

Financial Assets	31 March 2015		31 March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Temporary Investments - Cash Deposits	0	0	0	0
Temporary Investments - Fixed Term Deposits	0	0	0	0
War Bonds	4	4	4	4
Total	4	4	4	4

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

Financial Liabilities	31 March 2015		31 March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
PWLB loans	(77,918)	(95,036)	(80,352)	(86,012)
LOBO loan	(4,046)	(5,261)	(4,046)	(4,148)
Market	(39,900)	(40,345)	(23,000)	(22,972)
Other Loans	(1,297)	(1,297)	0	0
Temporary Loans	(13,070)	(13,070)	(24,620)	(24,638)
Total	(136,231)	(155,009)	(132,018)	(137,770)

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

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

Financial Instrument Balances

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

Financial Instrument Balances	31 March 2015		31 March 2014	
	Non-Current £000	Current £000	Non-Current £000	Current £000
Financial Liabilities				
Financial liabilities at amortised cost	(114,738)	(21,493)	(98,924)	(33,094)
Total Borrowings	(114,738)	(21,493)	(98,924)	(33,094)
Financial Assets				
Loans & receivables	0	4	0	4
Available for Sale - Unquoted equity investment at cost	250	0	250	0
Total Investments	250	4	250	4

Note: Silent Valley Waste Services Ltd.:

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

Financial Instrument Gains/Losses

The gains and losses recognised in the Comprehensive Income & Expenditure Statement in relation to financial instruments are made up as follows:

Financial Instrument Gains/Losses	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2014/2015 £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2013/2014 £000
Interest payable and similar charges:						
Interest expense	4,140	0	4,140	4,021	0	4,021
Interest and investment income:						
Interest income	0	(31)	(31)	0	(28)	(28)
Net gain/(loss) for the year:	4,140	(31)	4,109	4,021	(28)	3,993

Soft Loans

Car loans are classified as soft loans and should be included in the Balance Sheet at fair value. Car loans have been included in the Balance Sheet at their carrying amount, as the difference between the fair value and carrying amount is considered to be immaterial. As at 31 March 2015, 204 car loans were outstanding with a total value of £0.784m (31 March 2014: 260 loans with a value of £0.997m).

41. Disclosure of Nature and Extent of Risks Arising from Financial Instruments

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

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

Overall Procedures for Managing Risk

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

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

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

The annual Treasury Management Strategy which incorporates the Prudential Indicators was approved by Council on 23 April 2014 and is available on the Authority's website.

Credit Risk

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

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

- Credit ratings of Short Term F1+, Long Term A+, Support 1 and Individual B/C (Fitch or equivalent rating), with the lowest available rating being applied to the criteria;
- The Authority's Corporate Bank;
- Debt Management Office;
- Other local authorities.

The full Investment Strategy for 2014/2015 was approved by Council on 23 April 2014 and is available on the Authority's website.

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 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 2015		31 March 2014	
	£000	%	£000	%
Source of Loan				
Public Works Loan Board	(78,698)	57.46	(81,172)	61.13
Lenders Option Borrowers Option (LOBO)	(4,000)	2.92	(4,000)	3.01
Market loans	(39,900)	29.13	(23,000)	17.32
Temporary Loans	(13,070)	9.54	(24,620)	18.54
Other Loans	(1,297)	0.95	0	0.00
Total:	(136,965)	100.00	(132,792)	100.00

The maturity analysis of financial liabilities is as follows:

Maturity of Loan	31 March 2015		31 March 2014	
	£000	%	£000	%
Maturing in less than 1 year	(21,493)	15.69	(33,094)	24.92
Maturing in 1-2 years	(16,337)	11.93	(8,260)	6.22
Maturing in 2-5 years	(28,310)	20.67	(18,436)	13.88
Maturing in 5-10 years	(15,234)	11.12	(13,619)	10.26
Maturing in more than 10 years	(55,591)	40.59	(59,383)	44.72
Total:	(136,965)	100.00	(132,792)	100.00

Market Risk

Interest Rate Risk

The Authority is exposed to risk in terms of exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. 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, 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, that 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	2014/2015 £000	2013/2014 £000
Increase in interest payable on current variable rate borrowings	200	154
Increase in interest receivable on current variable rate investments	(59)	(49)
Increase in interest payable on non-current variable rate borrowings	40	40
Share of overall impact debited to the HRA	0	0
Net impact upon Comprehensive Income & Expenditure Statement:	181	145

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

Price Risk

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

Foreign Exchange Risk

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

42. 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. For 2013/2014, this net cash requirement was £3.361bn and total net scheme liabilities amounted to £250.3bn.

Employer contributions are set by the Secretary of State, on the advice of the fund actuary. The last formal actuarial valuation of the TPS was completed in 2004. Subsequently, formal valuations for unfunded public service pension schemes were suspended by HM Treasury on value for money grounds while reforms to these schemes, including employee and employer contribution rates, are considered. The contribution rate comprises two elements, a standard contribution rate that should defray the costs of benefits arising for current members of the scheme, and a supplementary contribution to fund the accumulated liabilities of past and present employees that are not covered by the standard contribution. For 2014/2015, the employers rate remained at 14.1% of employees pensionable pay (2013/2014: 14.1%).

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

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

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

The TPS is a multi-employer scheme comprising 6,101 contributing employers that administers 1,119,945 active/deferred members and makes payments to 655,829 pensioners (2013/2014). 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 2014/2015, the Authority paid £2.730 million to Capita Teachers' Pensions in respect of teachers' pension costs, representing 14.1% of teachers' pensionable pay (2013/2014: £2.790 million, representing 14.1%). At 31 March 2015, £0.230 million remained payable to the Teachers' Pension Scheme relating to contributions arising in the March payroll (31 March 2014: £0.227m).

The total employers contributions to be made by the Authority to the Teachers' Pension Scheme in the year to 31 March 2016 is estimated at £2.730m.

The most recently available outturn figures for the TPS reported a deficit on net expenditure of £10.649bn and a total pension liability of £250.2bn (31 March 2014). In order to address this liability and the in-year funding deficit, the government has announced a range of changes to scheme benefits and contributions, effective from 2015. Employer contributions will increase to 16.4% and the impact of this change, assuming all other factors remain unchanged, would be an increase in payments by the Authority of £0.455m for a full financial year. This will be mitigated to some extent in 2015/2016 as the increase will take effect from September 2015.

The Authority made total contributions (employees and employers) to the TPS amounting to £4.616m in 2014/2015, which represented approximately 0.08% of the total contributions receivable by the TPS.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement that fall outside of the terms of the Teachers' Scheme. These costs are accounted for on a defined benefit basis and are detailed in note 43.

43. 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 42).

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 review being 31 March 2013.

Pension benefits under the LGPS are summarised below:

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

The Scheme is governed by the Superannuation Act 1972 and administered in accordance with the following secondary legislation:-

- the LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended);
- the LGPS (Administration) Regulations 2008 (as amended); and
- the LGPS (Management and Investment of Funds) Regulations 2009.

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, a Pension Fund Board has being 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 2013), 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 25 years.

The 2013 Actuarial Valuation reported the level of total fund assets compared to liabilities (the funding level) as 71% (2010 Valuation: 74%), although this had improved to 76% by 30 September 2013. As a result, employer contribution levels have been calculated for implementation from 1 April 2014 that will, subject to future revaluations, eliminate this deficit by 2039. 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 12.8% of the total contribution receivable by the Fund in 2014/2015.

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:

http://www.greatergwentpensionsfund.co.uk.

Discretionary Benefits

The Authority is responsible for all discretionary pension payments relating to added years awarded, together with related increases for both Local Government Scheme employees and teachers. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made but for which there are no investment assets built up to meet these pensions liabilities. Cash has to be generated to meet actual pensions payments as they fall due. For Local Government Scheme employees, liabilities are discharged within 5 years 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 regulations) 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 and the Movement in Reserves Statement during the year:

Pension Scheme Transactions	2014/2015 Local Government Pension Scheme £000	2014/2015 Teachers' Unfunded Discretionary Pensions £000	2014/2015 Total £000	2013/2014 Local Government Pension Scheme £000	2013/2014 Teachers' Unfunded Discretionary Pensions £000	2013/2014 Total £000
Comprehensive Income & Expenditure Statement:						
Cost of Services:						
Current Service Cost	7,819	0	7,819	9,836	0	9,836
Past Service Costs	0	0	0	80	0	80
Settlements	(2,709)	0	(2,709)	0	0	0
Curtailments	1,291	276	1,567	1,424	746	2,170
Administration Expenses	168	0	168	181	0	181
Total Service Cost:	6,569	276	6,845	11,521	746	12,267
Financing and Investment Income and Expenditure:						
Interest on plan assets	(12,053)	0	(12,053)	(10,578)	0	(10,578)
Interest on defined benefit liabilities	18,031	1,275	19,306	17,459	983	18,442
Net Interest:	5,978	1,275	7,253	6,881	983	7,864
Total Charged to the Surplus/Deficit on Provision of Services:	12,547	1,551	14,098	18,402	1,729	20,131
Remeasurement of the Net Defined Liability, comprising:						
Return on plan assets (excluding amounts included in Net Interest)	(19,275)	0	(19,275)	(11,027)	0	(11,027)
Actuarial (Gains)/Losses arising from changes in demographic assumptions	0	0	0	10,722	1,700	12,422
Actuarial (Gains)/Losses arising from changes in financial assumptions	67,065	2,644	69,709	(34,587)	(1,813)	(36,400)
Experience (Gains)/Losses on defined benefit liabilities	0	0	0	(424)	3,319	2,895
Total remeasurements recognised in Other Comprehensive Income & Expenditure	47,790	2,644	50,434	(35,316)	3,206	(32,110)
Total Charged to the Comprehensive Income & Expenditure Statement:	60,337	4,195	64,532	(16,914)	4,935	(11,979)
Movement in Reserves Statement:						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(12,547)	(1,551)	(14,098)	(18,402)	(1,729)	(20,131)
Actual Amount Charged Against Council Tax for Pensions in year:						
Employers' Contributions Payable to Scheme	10,740	0	10,740	11,417	0	11,417
Retirement Benefits Payable to Pensioners	0	1,871	1,871	0	1,830	1,830

At 31 March 2015, £0.999m remained payable to the LGPS relating to contributions arising in the March payroll (31 March 2014: £1.065m). This amount has been excluded from the Pensions Asset in the Balance Sheet.

Assets and Liabilities in Relation to Post-Employment Benefits

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

	2014/2015			2013/2014		
Reconciliation of the Movements in Fair Value of Scheme Assets	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Balance at 1 April:	272,675	0	272,675	252,566	0	252,566
Interest on Plan Assets	12,053	0	12,053	10,578	0	10,578
Administration Expenses	(168)	0	(168)	(181)	0	(181)
Employer Contributions	11,087	1,871	12,958	11,544	1,830	13,374
Member Contributions	2,663	0	2,663	2,865	0	2,865
Settlements	(11,600)	0	(11,600)	0	0	0
Benefits Paid	(16,093)	(1,871)	(17,964)	(15,724)	(1,830)	(17,554)
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	19,275	0	19,275	11,027	0	11,027
Balance at 31 March:	289,892	0	289,892	272,675	0	272,675

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

Reconciliation of the Movements in Present Value of Scheme Liabilities	2014/2015 Local Government Pension Scheme £000	2014/2015 Teachers' Unfunded Discretionary Pensions £000	2014/2015 Total £000	2013/2014 Local Government Pension Scheme £000	2013/2014 Teachers' Unfunded Discretionary Pensions £000	2013/2014 Total £000
Balance at 1 April:	(413,771)	(30,581)	(444,352)	(422,120)	(27,476)	(449,596)
Current Service Cost	(7,819)	0	(7,819)	(9,836)	0	(9,836)
Past Service Cost	0	0	0	(80)	0	(80)
Curtailments	(1,291)	(276)	(1,567)	(1,424)	(746)	(2,170)
Interest Cost	(18,031)	(1,275)	(19,306)	(17,459)	(983)	(18,442)
Member Contributions	(2,663)	0	(2,663)	(2,865)	0	(2,865)
Benefits Paid	16,093	1,871	17,964	15,724	1,830	17,554
Settlements	14,309	0	14,309	0	0	0
Remeasurement Gains/(Losses):						
Experience Gains/(Losses)	0	0	0	424	(3,319)	(2,895)
Actuarial Gains/(Losses) arising from changes in demographic assumptions	0	0	0	(10,722)	(1,700)	(12,422)
Actuarial Gains/(Losses) arising from changes in financial assumptions	(67,065)	(2,644)	(69,709)	34,587	1,813	36,400
Balance at 31 March:	(480,238)	(32,905)	(513,143)	(413,771)	(30,581)	(444,352)

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

Pension Assets and Liabilities Recognised in the Balance Sheet	2014/2015 £000	2013/2014 £000
Present Value of Scheme Liabilities:		
Local Government Pension Scheme	(480,238)	(413,771)
Teachers' Unfunded Discretionary Pensions	(32,905)	(30,581)
Total Present Value of Scheme Liabilities:	(513,143)	(444,352)
Fair Value of Scheme Assets:		
Local Government Pension Scheme	289,892	272,675
Teachers' Unfunded Discretionary Pensions	0	0
Total Fair Value of Scheme Assets:	289,892	272,675
Net Liability:		
Local Government Pension Scheme	(190,346)	(141,096)
Teachers' Unfunded Discretionary Pensions	(32,905)	(30,581)
Total Net Liability arising from Defined Benefit Scheme Obligations	(223,251)	(171,677)

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 2015				31 March 2014 (Restated)			
		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	%
Equities:	UK Quoted	56,239	0	56,239	19.4	88,755	0	88,755	32.5
Investment Funds:	UK Equities	0	47,831	47,831	16.5	0	14,452	14,452	5.3
	US Equities	0	27,250	27,250	9.4	0	22,632	22,632	8.3
	European Equities	0	37,397	37,397	12.9	0	37,766	37,766	13.9
	Global Equities	0	26,090	26,090	9.0	0	23,723	23,723	8.7
	Japanese Equities	0	8,697	8,697	3.0	0	7,908	7,908	2.9
	Far East Equities	0	15,075	15,075	5.2	0	12,815	12,815	4.7
	Emerging Market Equities	0	7,247	7,247	2.5	0	5,454	5,454	2.0
	Government Bonds	0	22,322	22,322	7.7	0	19,905	19,905	7.3
	Corporate Bonds	0	22,611	22,611	7.8	0	20,451	20,451	7.5
Property:	UK Property Funds	0	7,827	7,827	2.7	0	7,089	7,089	2.6
Alternatives:	Global	0	8,407	8,407	2.9	0	7,908	7,908	2.9
	UK	0	1,305	1,305	0.5	0	1,363	1,363	0.5
Cash:	Cash Accounts	0	1,594	1,594	0.5	0	2,454	2,454	0.9
Total:		56,239	233,653	289,892	100.0	88,755	183,920	272,675	100.0

The Authority holds no investments in the Greater Gwent (Torfaen) Pension Scheme and does not occupy or otherwise utilise assets held by the Scheme.

Basis for Estimating Assets and Liabilities

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

Principal Assumptions		31 March 2015		31 March 2014	
		Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions
Financial Assumptions:					
Rate of CPI Inflation		2.0%	2.0%	2.4%	2.4%
Rate of Increase in Salaries		3.5%	-	3.9%	-
Rate of Increase in Pensions		2.0%	2.0%	2.4%	2.4%
Discount Rate		3.3%	3.1%	4.5%	4.3%
Mortality Assumptions:					
Current Pensioners:	Males	98% S1PA_CMI_2012_1.5%	98% S1PA_CMI_2012_1.5%	98% S1PA_CMI_2012_1.5%	98% S1PA_CMI_2012_1.5%
	Females	97% S1PA_CMI_2012_1.5%	97% S1PA_CMI_2012_1.5%	97% S1PA_CMI_2012_1.5%	97% S1PA_CMI_2012_1.5%
Future Pensioners:	Males	98% S1PA_CMI_2012_1.5%	-	98% S1PA_CMI_2012_1.5%	-
	Females	97% S1PA_CMI_2012_1.5%	-	97% S1PA_CMI_2012_1.5%	-
Life Expectancy:					
Longevity of current pensioners aged 65:					
Males		23.0	23.0	23.0	23.0
Females		25.5	25.5	25.4	25.4
Longevity of future pensioners aged 65 in 20 years' time:					
Males		25.3	-	25.2	-
Females		27.9	-	27.8	-

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

The date of the last full actuarial valuation was 31 March 2013.

Sensitivity Analysis

The impact of changes in the key actuarial assumptions has been calculated as follows:

Local Government Pension Scheme: Sensitivity Analysis	31 March 2015 Base	Discount Rate: +0.1% p.a.	Inflation: +0.1% p.a.	Pay Growth: +0.1% p.a.	Life Expectancy: +1 Year	31 March 2014 (Restated) Base	Discount Rate: +0.1% p.a.	Inflation: +0.1% p.a.	Pay Growth: +0.1% p.a.	Life Expectancy: +1 Year
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Liabilities	(480,228)	(471,407)	(489,213)	(482,652)	(489,442)	(413,768)	(406,168)	(421,510)	(415,856)	(421,707)
Assets	289,892	289,892	289,892	289,892	289,892	272,675	272,675	272,675	272,675	272,675
Net Deficit	(190,336)	(181,515)	(199,321)	(192,760)	(199,550)	(141,186)	(133,586)	(148,835)	(143,181)	(149,032)
Projected Service Cost for Next Year	10,164	9,845	10,496	10,164	10,380	8,443	8,162	8,736	8,443	8,634
Projected Net Interest Cost for Next Year	6,138	6,024	6,442	6,225	6,449	6,140	5,927	6,500	6,245	6,509

Teachers Unfunded Discretionary Benefits: Sensitivity Analysis	31 March 2015 Base	Discount Rate: +0.1% p.a.	Inflation: +0.1% p.a.	Life Expectancy: +1 Year	31 March 2014 Base	Discount Rate: +0.1% p.a.	Inflation: +0.1% p.a.	Life Expectancy: +1 Year
	£000	£000	£000	£000	£000	£000	£000	£000
Liabilities	(32,905)	(32,562)	(33,251)	(34,271)	(30,581)	(30,263)	(30,904)	(31,380)
Projected Net Interest Cost for Next Year	991	1,012	1,002	1,033	1,276	1,291	1,290	1,310

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 figures should not therefore be construed as providing accurate outturn figures for future accounting periods.

Impact on future cash flows

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

The scheme is financed by contributions paid by the employees, their employers and earnings from the investment of the Fund's money. The type of investment is decided by legislation and not by the local authorities. Contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2007. Contributions are additionally made by Fund employers which are set by the Fund's triennial actuarial valuations. The last such valuation was at 31 March 2013.

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

To meet the requirements of the Regulations the Administering Authority's long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities (the" funding target") assessed on an ongoing basis including allowance for projected final pay. The funding objective as set out in the FSS (Funding Strategy Statement) is to achieve and maintain a funding level of 100% of liabilities (the Funding Target). In line with the FSS, where a shortfall exists at the effective date of the actuarial valuation (31 March 2013), 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 25 years.

The 2013 Actuarial Valuation reported the level of total fund assets compared to liabilities (the funding level) as 71% (2010 Valuation: 74%), although this had improved to 76% by 30 September 2013. As a result, employer contribution levels have been calculated for implementation from 1 April 2014 that will, subject to future revaluations, eliminate this deficit by 2039.

The Authority holds total usable reserves of £27.973m at 31 March 2015 (£28.162m at 31 March 2014). The effect of applying the net superannuation fund deficit of £223.251m to the Authority's usable reserves would be a deficit of £195.278m (2013/2014: the superannuation deficit of £171.677m exceeded usable reserves by £143.515m).

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 2016 are estimated at £9.497m. Estimated contributions in respect of Teachers Discretionary Benefits are £1.871m.

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

Contingent Liabilities (see also note 38.3, page 116)

During 2012/2013, the contract that enabled employees of Capita Gwent Consultancy to participate in the Pension Fund came to an end and, as a result, Capita Gwent Consultancy left the Fund. Negotiations have not yet been concluded in respect of the distribution and settlement of the past service liabilities; the timing and value of payments to be made by this Authority to settle its share of these liabilities is not known with certainty. A contingent liability disclosure has been included in respect of this issue.

The Authority agreed to act as guarantor to enable Monwel Ltd. to enter the Greater Gwent (Torfaen) Pension Fund as an admitted body. On transfer to a social enterprise, the Actuary estimated liabilities relating to Monwel Ltd. to be £0.110m. Further to the closure of Monwel Ltd. in July 2015, this has been retained on a contingent basis since at this time there continues to be uncertainty regarding the amount & timing of pension liabilities.

44. Reserves

44.1 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.

Usable Earmarked Revenue Reserves:	
Additional Learning Needs (ALN) Review	To fund the legal fees and consultation costs associated with implementing the findings of the ALN review.
Anvil Court	To meet future premises-related expenditure.
Budget Contingency Fund	To provide initial assistance in meeting new and emerging budget pressures.
Budget Implementation	To provide the investment required to deliver business transformation projects over 2015/2016 and 2016/2017.
Building Control Fees	To hold surpluses generated for future re-investment to improve the quality and performance of the Building Control Service.
Corporate Improvement Fund	To fund specific projects and service efficiency/improvement measures.
Cultural Olympiad	To provide funding towards the Cultural Olympiad projects.
Deposits & Bonds	To hold deposits and bonds (e.g. Highways s38, s278) prior to satisfactory completion of schemes.
Digital Inclusion	To match fund the Digital Inclusion project.
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.
Ebbw Vale Multi Storey Car Park	To meet anticipated rent increases for previous years, subject to rent review.

Usable Earmarked Revenue Reserves (Continued):

Education Achievement Service	To enable the Education Achievement Service for South-East Wales to invest in one off items to assist in the delivery of the Welsh Government national model for school improvement.
E-Government	To bring the ICT service in line with other organisations as well as addressing new, emerging and future technologies that will provide long term efficiencies for the Authority in line with the recommendations of the WAO ICT Governance review.
Election Costs	To meet additional future costs of elections.
Electronic Committee Management System	To fund the initial purchase costs and runnning costs of the new electronic committee management system.
Future Interest Rate Increase Protection	To provide protection against cost pressures arising from forecast rises in interest rates on the replacement of maturing debt and new borrowings to fund capital expenditure.
General/Voluntary Sector Grants	To provide financial assistance to voluntary sector bodies.
I.C.T.	To meet the anticipated increase in capacity required for ICT in relation to staffing resources, licenses, equipment and training required to future proof the service.
I.C.T. for Elected Members	To enable elected members to access information & communication technology.
Implementation of IFRS	To meet costs associated with the implementation, embedding and ongoing requirements of International Financial Reporting Standards.
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.
Invest to Save Fund	To provide funding to budget holders for specific projects, leading to long term savings and greater efficiency.
Job Evaluation / Pay Remodelling - Non Schools Staff	The estimated negotiated settlement figure for implementing the Authority's proposed Job Evaluation/Pay Remodelling scheme including a contingency for negotiated transitional or detriment payments.
Job Evaluation / Pay Remodelling - Schools Staff	The estimated negotiated settlement figure, in relation to Individual Schools Budgets, for implementing the Authority's proposed Job Evaluation/ Pay Remodelling scheme including a contingency for negotiated transitional or detriment payments.
Land & Property Charges	To mitigate the impact of establishing Land & Property charge debtors for Social Services, the actual income for which will not be received until indeterminate points in the future.
LMS Balances	The aggregate amount of balances held by individual schools.
Local Development Plan	To fund the review of the Local Development Plan.
Members Local Grants	To hold unallocated grant monies prior to distribution by Members.

Usable Earmarked Revenue Reserves (Continued):	
New Ebbw Vale Sports Centre Prudential Borrowing	To fund the prudential borrowing costs in 2013/2014 for the new sports centre.
Payroll Project Management	To fund the management aspects of the forthcoming replacement payroll system project.
Portfolio Reserves	To hold underspends on directly controllable budgets for use in future years.
Prudential Borrowing	To fund prudential borrowing costs related to highways infrastructure assets, with the aim of reducing future highways related insurance claims.
Retaining Walls	To provide for major renovation or demolition/replacement of retaining walls across the county borough.
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.
Sports Centre - Leisure	To purchase equipment for the new sports centre.
Stock Condition Surveys	To fund the review of the Authority's asset management systems.
Stores & Purchasing Oncost	To maintain stable stores and purchasing oncost rates in future years.
Superannuation	To cover the shortfall in employer's contributions during previous years.
SW Fire Authority Levy	To meet future increases in the levy charged by South Wales Fire Authority.
Taxation	To meet any taxation liabilities that may arise.
Town Centre Commercial Booking	To utilise the income generated from town centre commercial bookings in 2014/2015 for re-investment in town centre activities.
Transport Oncost	To maintain a stable transport recharges oncost rate in future years.
Waste Services	To fund any financial penalties received, due to a shortfall below the 58% recovery target set for 2015/2016 in relation to recycling.
Welfare Reform	To assist the Benefits Section with the welfare reform charges introduced during 2013/2014.
Winter Maintenance	To maintain a stable transport recharges oncost rate in future years.

Usable Reserves Earmarked for Capital Purposes:	
Accommodation Review	To fund future capital expenditure arising from the Accommodation Review.
Bryn Bach Park	To meet any future liabilities that may arise in respect of problems with the lake at Bryn Bach Park.
Bryn Serth	To meet future capital expenditure on the Bryn Serth culvert together with any clawback of grant.
Canolfan yr Afon	To meet renovation costs at the Canolfan yr Afon centre in Ebbw Vale, in order to provide facilities for the benefit of vulnerable pupils.
Deminimus 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.
Energy Efficiency	To provide ring-fenced funding for proven energy saving projects with a payback of less than five years.
Flying Start	To fund capital expenditure on approved Flying Start projects.
Highways	To fund capital expenditure on Safer Routes and Regional Transport Consortia Grant projects.
IT Infrastructure	To fund capital expenditure in relation to the upgrade of IT infrastructure to support workplace transformation.
Landfill Directive	To meet future expenditure in respect of the Landfill Directive targets.
Leisure Facilities Refurbishment	To fund future leisure capital assets.
Structural Maintenance Work	To fund expenditure on structural maintenance work in relation to education.
Victoria End Use	To fund future capital expenditure together with any future liabilities that may arise in respect of claims from developers.

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

Movements on fund balances and reserves were as follows:

Fund Balances	1 April 2013 £000	Net transfers (to) or from Fund Balances £000	31 March 2014 £000	Net transfers (to) or from Fund Balances £000	31 March 2015 £000
Council Fund*	(6,368)	549	(5,819)	575	(5,244)
Total: Fund Balances	(6,368)	549	(5,819)	575	(5,244)

*: The Council Fund General Reserve has been reduced by an appropriation of £0.969m to a specific provision for early termination, the budget for which is included within 2015/2016 estimates. The costs of these redundancies will be incurred in 2015/2016 and for statutory accounting purposes will be charged to the provision, rather than the General Reserve. Effectively, £6.174m remains available to fund services, being the aggregate of the General Reserve and the Early Termination Provision.

Usable Earmarked Revenue Reserves	1 April 2013 £000	Net transfers (to) or from Reserves £000	31 March 2014 £000	Net transfers (to) or from Reserves £000	31 March 2015 £000
Additional Learning Needs Review	(9)	9	0	0	0
Anvil Court	(179)	0	(179)	0	(179)
Budget Contingency Fund	(883)	16	(867)	592	(275)
Budget Implementation	0	0	0	(2,000)	(2,000)
Building Control Fees	(267)	108	(159)	(77)	(236)
Corporate Improvement Fund	(21)	21	0	0	0
Cultural Olympiad	(1)	1	0	0	0
Deposits & Bonds	(245)	62	(183)	0	(183)
Digital Inclusion	(50)	23	(27)	8	(19)
Downsizing, Redundancy & Transitional Costs	(349)	(435)	(784)	(580)	(1,364)
Ebbw Vale Multi Storey Car Park	(76)	50	(26)	0	(26)
EAS	0	(63)	(63)	20	(43)
E-Government	(405)	0	(405)	100	(305)
Election Costs	(30)	0	(30)	0	(30)
Electronic Committee Management System	(3)	3	0	0	0
Future Interest Rate Increase Protection	0	0	0	(224)	(224)
General/Voluntary Sector Grants	(29)	29	0	0	0

Usable Earmarked Revenue Reserves (Continued)	1 April 2013 £000	Net transfers (to) or from Reserves £000	31 March 2014 £000	Net transfers (to) or from Reserves £000	31 March 2015 £000
I.C.T	(269)	(50)	(319)	(82)	(401)
I.C.T for Elected Members	(32)	8	(24)	(77)	(101)
Implementation of IFRS	(41)	41	0	0	0
Individual Schools Budget (ISB)	0	0	0	(45)	(45)
Insurance Liabilities	(1,678)	179	(1,499)	63	(1,436)
Invest to Save Fund	(985)	985	0	0	0
Job Evaluation / Pay Remodelling (Non Schools Staff)	(1,842)	1,342	(500)	457	(43)
Job Evaluation / Pay Remodelling (Schools Staff)	(287)	287	0	0	0
Land & Property Charges	(121)	7	(114)	(24)	(138)
LMS Balances	(1,507)	61	(1,446)	283	(1,163)
Local Development Plan	0	0	0	(73)	(73)
Members Local Grants	(36)	4	(32)	(15)	(47)
New Ebbw Vale Sports Centre Prudential Borrowing	(121)	0	(121)	121	0
Payroll Project Management	(50)	(44)	(94)	5	(89)
Portfolio Reserves	(531)	531	0	0	0
Prudential Borrowing	(200)	0	(200)	0	(200)
Retaining Walls	(58)	0	(58)	0	(58)
Revenue Grants & Contributions Unapplied	(906)	(459)	(1,365)	(22)	(1,387)
Sports Centre - Leisure	(75)	32	(43)	43	0
Stock Condition Surveys	(12)	0	(12)	0	(12)
Stores & Purchasing Oncost	(198)	198	0	0	0
Superannuation	(1,458)	750	(708)	41	(667)
SW Fire Authority Levy	(78)	40	(38)	38	0
Taxation	(386)	0	(386)	259	(127)
Town Centre Commercial Booking	0	0	0	(3)	(3)
Transport Oncost	(114)	(15)	(129)	12	(117)
Waste Services	0	0	0	(121)	(121)
Welfare Reform	(24)	24	0	0	0
Winter Maintenance	0	0	0	(104)	(104)
Total: Usable Earmarked Revenue Reserves	(13,556)	3,745	(9,811)	(1,405)	(11,216)

Usable Revenue Reserves Earmarked for Capital Purposes	1 April 2013 £000	Net transfers (to) or from Reserves £000	31 March 2014 £000	Net transfers (to) or from Reserves £000	31 March 2015 £000
Accommodation Review	(50)	0	(50)	50	0
Bryn Bach Park	(140)	0	(140)	84	(56)
Bryn Serth	(37)	37	0	0	0
Canolfan yr Afon	0	0	0	(30)	(30)
Deminimus Capital Works	(187)	(19)	(206)	85	(121)
Energy Efficiency	(43)	41	(2)	2	0
Flying Start	0	(25)	(25)	(20)	(45)
Highways	0	(5)	(5)	5	0
IT Infrastructure	0	0	0	(738)	(738)
Landfill Directive	(692)	475	(217)	11	(206)
Leisure Facilities Refurbishment	(140)	60	(80)	80	0
Structural Maintenance Work	(29)	29	0	(61)	(61)
Victoria End Use	(206)	0	(206)	175	(31)
Total: Usable Revenue Reserves Earmarked for Capital Purposes	(1,524)	593	(931)	(357)	(1,288)

Usable Capital Reserves	£000	£000	£000	£000	£000
Capital Grants Unapplied	(1,258)	107	(1,151)	59	(1,092)
Usable Capital Receipts	(10,578)	128	(10,450)	1,318	(9,132)
Total: Usable Capital Reserves	(11,836)	235	(11,601)	1,377	(10,224)

Summary: Usable Reserves	1 April 2013 £000	Net Transfers 2013/2014 £000	31 March 2014 £000	Net Transfers 2014/2015 £000	31 March 2015 £000
Fund Balances	(6,368)	549	(5,819)	575	(5,244)
Earmarked Revenue Reserves	(13,556)	3,745	(9,811)	(1,405)	(11,216)
Revenue Reserves Earmarked for Capital Purposes	(1,524)	593	(931)	(357)	(1,288)
Capital Reserves	(11,836)	235	(11,601)	1,377	(10,224)
Total: Usable Reserves	(33,284)	5,122	(28,162)	190	(27,972)

44.2 Unusable Reserves

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

Unusable Reserves (Restated)	1 April 2013 £000	Net transfers (to) or from Reserves £000	31 March 2014 (Restated) £000	Net transfers (to) or from Reserves £000	31 March 2015 £000
Revaluation Reserve	(19,597)	3,839	(15,758)	(2,221)	(17,979)
Capital Adjustment Account	(144,067)	3,138	(140,929)	(4,001)	(144,930)
Financial Instruments Adjustment Account	4,098	(46)	4,052	(46)	4,006
Deferred Capital Receipts Reserve	(4,665)	53	(4,612)	(325)	(4,937)
Pensions Reserve	195,839	(25,226)	170,613	51,921	222,534
Unequal Pay Back Pay Account	493	(347)	146	0	146
Accumulated Absences Account	1,683	385	2,068	(256)	1,812
Total Unusable Reserves:	33,784	(18,204)	15,580	45,072	60,652

44.2.1 Revaluation Reserve

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

Revaluation Reserve	2014/2015 £000	£000	2013/2014 (Restated) £000	£000
Balance at 1 April		(15,758)		(19,597)
Upward revaluation of assets	(1,931)		(371)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	3,603		3,590	
Depreciation - write back revaluation reserve	(4,489)		(243)	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(2,817)		2,976
Difference between fair value depreciation and historical cost depreciation	417		370	
Accumulated gains on assets sold or scrapped	179		493	
Amount written off to the Capital Adjustment Account		596		863
Balance at 31 March		(17,979)		(15,758)

The balance is reduced when assets with accumulated gains are:

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

The Reserve was created on 1 April 2007 and contains only revaluation gains accumulated since that date. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

44.2.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to an historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 (pages 63 & 66) provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2014/2015		2013/2014 (Restated)	
	£000	£000	£000	£000
Balance at 1 April		(140,929)		(144,067)
Reversal of items relating to capital expenditure debited or credited to the CIES:				
Charges for depreciation & impairment of non-current assets	13,346		15,859	
Revaluation losses on Property, Plant & Equipment	3,888		16,270	
Amortisation of intangible assets	9		18	
Revenue expenditure funded from capital under statute	5,416		3,617	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	1,438		1,215	
Capital grants and contributions applied to capital financing	(17,819)		(24,361)	
		6,278		12,618

Capital Adjustment Account (Continued)	2014/2015		2013/2014 (Restated)	
	£000	£000	£000	£000
Items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment charged against the Council Fund	(5,017)		(4,783)	
Capital expenditure charged against the Council Fund	(602)		(541)	
		(5,619)		(5,324)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,932)		(806)	
Use of the Major Repairs Reserve to finance new capital expenditure	0		0	
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,132)		(2,487)	
		(4,064)		(3,293)
Sub-Total: Capital Adjustment Transactions included in the Movement in Reserves Statement:		(3,405)		4,001
Adjusting Amounts written out of the Revaluation Reserve:				
Charges for depreciation & impairment of non-current assets	(417)		(370)	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	(179)		(493)	
		(596)		(863)
Balance at 31 March		(144,930)		(140,929)

44.2.3 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	2014/2015		2013/2014	
	£000	£000	£000	£000
Balance at 1 April		4,052		4,098
Premiums incurred in the year and charged to the Comprehensive Income & Expenditure Statement	0		0	
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(46)		(46)	
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(46)		(46)
Balance at 31 March		4,006		4,052

44.2.4 Deferred Capital Receipts Reserve

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

Deferred Capital Receipts Reserve	2014/2015	2013/2014
	£000	£000
Balance at 1 April	(4,612)	(4,665)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal	70	0
Transfer to the Capital Receipts Reserve upon receipt of cash	(395)	53
Balance at 31 March	(4,937)	(4,612)

44.2.5 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	2014/2015	2013/2014
	£000	£000
Balance at 1 April	170,613	195,839
Remeasurement of pensions assets & liabilities	50,434	(32,110)
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	14,098	20,131
Employer's pensions contributions and direct payments to pensioners payable in the year	(12,611)	(13,247)
Balance at 31 March	222,534	170,613

44.2.6 Unequal Pay Back Pay Account

The Unequal Pay Back Pay Account compensates for the differences between the rate at which the Authority provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the Council Fund Balance until such time as cash might be paid out to claimants.

Unequal Pay Back Pay Account	2014/2015		2013/2014	
	£000	£000	£000	£000
Balance at 1 April		146		493
Increase/(Decrease) in provision for back pay in relation to Equal Pay cases	0		68	
Cash settlements paid in the year	0		(415)	
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements		0		(347)
Balance at 31 March		146		146

44.2.7 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from this Account.

Accumulated Absences Account	2014/2015		2013/2014	
	£000	£000	£000	£000
Balance at 1 April		2,068		1,683
Settlement or cancellation of accrual made at the end of the preceding year	(2,068)		(1,683)	
Amounts accrued at the end of the current year	1,812		2,068	
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		(256)		385
Balance at 31 March		1,812		2,068

45. 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.

45.1 Non-Cash Movements

Cash Flow - Adjustments for Non-Cash Movements	2014/2015		2013/2014 (Restated)	
	£000	£000	£000	£000
Depreciation & Impairment	17,234		32,129	
REFCUS (deferred charges)	5,416		3,617	
Intangible fixed asset write downs	9		18	
Effective interest adjustment	(40)		(38)	
Net IAS 19 charges made for Retirement Benefits	(14,098)		(20,131)	
IAS19 Employers Contributions Paid to Pension Fund	12,611		13,247	
		21,132		28,842
Increase/(Decrease) in Provisions		(7,137)		6,213
(Increase)/Decrease in Inventories		556		227
(Increase)/Decrease in Revenue Debtors		3,819		2,312
Increase/(Decrease) in Revenue Creditors		225		2,100
Total		18,595		39,694

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

Cash Flow - Adjustments for Investing & Financing Activities	2014/2015	2013/2014
	£000	£000
Gain/(Loss) on Disposal of fixed assets	897	546
Capital Grants credited to CIES	(19,812)	(27,212)
Total	(18,915)	(26,666)

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

46.1 Operating Activities

The cash flows for operating activities were as follows:

Cash Flow - Operating Activities	2014/2015			2013/2014		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Employee Costs	(89,663)			(98,226)		
Other Operating Costs	(96,436)			(92,359)		
Precepts Paid	(4,337)			(4,230)		
Housing Benefit Paid Out	(26,990)			(26,865)		
		(217,426)			(221,680)	
Cash Inflows						
Rents (after Rebates)	1			1		
Council Tax Income	24,240			22,952		
Receipts from NNDR Pool	22,056			21,664		
Revenue Support Grant	91,041			95,489		
DWP Grants for Rebates	24,924			29,933		
Other Government Grants	45,928			44,159		
Cash Received for Goods & Services	11,721			6,642		
Other Operating Cash Receipts	3,403			1,928		
		223,314			222,768	
Net Cash inflow from Revenue Activities			5,888			1,088
Dividends from Subsidiaries						
Dividends Received			0			0
Returns on Investments & Servicing of Finance						
Interest Paid		(3,895)			(4,113)	
Interest Element of Finance Lease Rental Payments		(32)			(73)	
Interest Received		74			74	
			(3,853)			(4,112)
Net Cash Inflow from Operating Activities			2,035			(3,024)

46.2 Investing Activities

The cash flows for investing activities consist of the following:

Cash Flow - Investing Activities	2014/2015			2013/2014		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Purchase of Non-Current Assets	(26,848)			(30,823)		
Other Capital Cash Payments	0			0		
		(26,848)			(30,823)	
Cash Inflows						
Sale of Non-Current Assets	801			678		
Capital Grants Received	19,519			26,450		
Other Capital Cash Income	0			1,378		
		20,320			28,506	
Total			(6,528)			(2,317)

46.3 Financing Activities

The cash flows for financing activities consist of the following:

Cash Flow - Financing Activities	2014/2015			2013/2014		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Repayments of Amounts Borrowed	(133,345)			(123,452)		
Capital Element of Finance Lease Rental Payments	(316)			(438)		
		(133,661)			(123,890)	
Cash Inflows						
New Loans Raised	24,268			15,000		
New Short Term Loans	113,250			114,800		
Long Term Investments Repaid	26			26		
		137,544			129,826	
Total			3,883			5,936

47. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2014/2015 £000	2013/2014 (Restated) £000
Cash Held by the Authority	39	40
Bank Accounts	2,107	2,716
Total Cash & Cash Equivalents	2,146	2,756

Other Notes

48. Joint Arrangements

The Authority participates in a number of joint arrangements as a means of delivering services in a more efficient and cost-effective manner. In assessing the joint arrangements in which Blaenau Gwent particpates, 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:

	2014/2015			2013/2014		
Joint Arrangements	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Greater Gwent Cremation Joint Committee	0	(132)	(132)	0	(132)	(132)
Gwent Joint Records Committee	134	0	134	134	0	134
Gwent Transport Unit	1,324	0	1,324	1,560	0	1,560
Welsh Purchasing Consortium	12	0	12	14	0	14
Total	1,470	(132)	1,338	1,708	(132)	1,576

48.1 Gwent Transport Unit (GTU)

Of these arrangements, only the transactions with the Gwent Transport Unit (GTU) are material. 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 is the lead Authority for the GTU.

The majority of transactions administered by the unit (98% in 2014/2015) are associated with concessionary fares, bus subsidies, local transport services grant and 'section 106', the costs of which are allocated based on direct spend relative to the use of each service within the relevant local authority area. Administration costs of the joint arrangement are apportioned between the two Authorities, with Blaenau Gwent being charged 49.54% of these costs. The share of balances apportioned to BGC for the GTU is also 49.54%.

Summarised accounting statements for the Gwent Transport Unit, highlighting this Authority's apportioned share of administrative costs and allocation of directly attributable costs, are as follows:

Summary GTU Comprehensive Income & Expenditure Statement:

	GTU Total 2013/2014			Blaenau Gwent CBC 2013/2014		
Gwent Transport Unit Comprehensive Income and Expenditure Statement	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Highways & Transport Services	5,391	(5,391)	0	1,560	(1,560)	0
Cost of Services	5,391	(5,391)	0	1,560	(1,560)	0
(Surplus) on Provision of Services			0			0
Other Comprehensive Income & Expenditure			0			0
Total Comprehensive Income & Expenditure			0			0
	GTU Total 2014/2015			Blaenau Gwent CBC 2014/2015		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Highways & Transport Services	5,027	(5,029)	(2)	1,324	(1,325)	(1)
Cost of Services	5,027	(5,029)	(2)	1,324	(1,325)	(1)
(Surplus) on Provision of Services			(2)			(1)
Other Comprehensive Income & Expenditure			0			0
Total Comprehensive Income & Expenditure			(2)			(1)

Summary GTU Movement in Reserves Statement:

Gwent Transport Unit Movement in Reserves Statement	Gwent Transport Unit: Total			Blaenau Gwent CBC		
	GTU Fund Reserve £000	Unusable Reserves £000	Total GTU Reserves £000	GTU Fund Reserve £000	Unusable Reserves £000	Total GTU Reserves £000
Balance at 31 March 2013	0	(133)	(133)	0	(66)	(66)
Movement in Reserves 2013/2014						
Surplus on the Provision of Services	0	0	0	0	0	0
Other Comprehensive Income and Expenditure	0	0	0	0	0	0
Total Comprehensive Income and Expenditure	0	0	0	0	0	0
Adjustments between Accounting basis & Funding basis under regulations	0	0	0	0	0	0
(Increase)/Decrease in 2013/2014	0	0	0	0	0	0
Balance at 31 March 2014	0	(133)	(133)	0	(66)	(66)
Movement in Reserves 2014/2015						
Surplus on the Provision of Services	(2)	0	(2)	(1)	0	(1)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0
Total Comprehensive Income and Expenditure	(2)	0	(2)	(1)	0	(1)
Adjustments between Accounting basis & Funding basis under regulations	0	0	0	0	0	0
(Increase)/Decrease in 2014/2015	(2)	0	(2)	(1)	0	(1)
Balance at 31 March 2015	(2)	(133)	(135)	(1)	(66)	(67)

Summary GTU Balance Sheet:

Gwent Transport Unit Balance Sheet	2014/2015 Gwent Transport Unit £000	2014/2015 Apportioned Share £000	2013/2014 Gwent Transport Unit £000	2013/2014 Apportioned Share £000
Non-Current Assets	327	162	0	0
Current Assets	415	205	1,159	574
Current Liabilities	(415)	(205)	(1,159)	(574)
Non-Current Liabilities	(192)	(95)	133	66
Total Net Assets	135	67	133	66
Usable Reserve	(2)	(1)	0	0
Unusable Reserve	(133)	(66)	(133)	(66)
Total Reserves	(135)	(67)	(133)	(66)

48.2 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.

48.3 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.

48.4 South East Wales Transport Alliance (SEWTA)

SEWTA (The South East Wales Transport Alliance), was a consortium established on 1 April 2003 by the 10 local authorities in South-East Wales to carry out their functions in respect of public transport and some other transport matters. SEWTA worked in liaison with partners representing public transport operators and users. The Board of SEWTA was formally constituted as a joint committee of the local authorities in the area. Newport City Council had the official role of Clerk and Legal Adviser to the Board.

The main functions of SEWTA were to:

- Prepare regional transportation strategies, plans and programmes;
- Apply for external funding to carry out those programmes;
- Act for the constituent Authorities in respect of programme actions resourced through that funding;
- Respond to consultation documents having a regional dimension; and
- Advise the constituent Authorities on transportation issues.

Following changes at a Welsh Government level and a move to more centralised control of transportation, SEWTA held its final board meeting in September 2014.

48.5 Welsh Purchasing Consortium (WPC)

The Welsh Purchasing Consortium was created in 1974 to support its member authorities in providing joint, collaborative contracts and framework agreements for the procurement of goods and services which would deliver best value for money at all times and maximise efficiency savings. In 2008 the member authorities of the Welsh Purchasing Consortium agreed to provide funding over a three year period to support the setting up and operation of a central management team to be based in Cardiff Council. Since then, all sixteen member authorities have agreed to give twelve months notice of an intention to leave the consortium and on this basis funding is currently guaranteed to 31 March 2016.

During 2013/2014, Wrexham, Flintshire and Denbighshire joined the consortium, thus increasing member authorities to nineteen. Wales Probation Trust also joined as an associate member, increasing associate numbers to six.

49. Charitable Trusts

The Authority acts as trustee for the following charitable trusts:

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

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

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

The summarised transactions for these charitable trusts are as follows:

Charitable Trusts	2014/2015 Gross Expenditure £000	2014/2015 Gross Income £000	2014/2015 Net Expenditure £000	2013/2014 (Restated) Gross Expenditure £000	2013/2014 (Restated) Gross Income £000	2013/2014 (Restated) Net Expenditure £000
Bedwellty House & Park	499	(272)	227	599	(277)	322
Ebbw Vale Recreation Ground	284	(4)	280	161	(2)	159
Tredegar Recreation Ground	62	0	62	59	0	59
Total	845	(276)	569	819	(279)	540

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

Charitable Trusts - Property, Plant & Equipment	2014/2015 Gross Book Value £000	2014/2015 Accumulated Depreciation £000	2014/2015 Net Book Value £000	2013/2014 Gross Book Value £000	2013/2014 Accumulated Depreciation £000	2013/2014 Net Book Value £000
Bedwellty House & Park	5,571	(15)	5,556	5,696	(15)	5,681
Ebbw Vale Recreation Ground	313	(15)	298	15	(15)	0
Tredegar Recreation Ground	86	(25)	61	86	(19)	67
Total	5,970	(55)	5,915	5,797	(49)	5,748

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	2014/2015 £000	2013/2014 £000
Investments	10	10
Cash	44	41
Balance at 31 March	54	51

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...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 Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The *(Surplus) or Deficit on the Provision of Services* line shows the true economic cost of providing the Group's services, more details of which are shown in the Group Comprehensive Income and Expenditure Statement.

Group Movement in Reserves Statement 2013/2014 (Restated)	Fund Balances: Council Fund £000	Earmarked Council Fund Reserves £000	Capital Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's share of Reserves of Subsidiary £000	Total Group Reserves £000	Note	Page
Balance at 31 March 2013	(9,941)	(15,080)	(11,836)	(36,857)	33,784	(3,073)	(287)	(3,360)		
(Surplus)/Deficit on the Provision of Services	16,052	0	0	16,052	0	16,052	175	16,227	GCIES	159
Other Comprehensive Income and Expenditure	0	0	0	0	(29,134)	(29,134)	(199)	(29,333)	4	166
Total Comprehensive Income and Expenditure	16,052	0	0	16,052	(29,134)	(13,082)	(24)	(13,106)	GCIES	159
Adjustments between Group Accounts and Authority Accounts	2,682	0	0	2,682	0	2,682	(2,682)	0		
Net (Increase)/Decrease before transfers	18,734	0	0	18,734	(29,134)	(10,400)	(2,706)	(13,106)		
Adjustments between Accounting basis & Funding basis under regulations	(11,166)	0	235	(10,931)	10,930	(1)	0	(1)		
Net (Increase)/Decrease before transfers to Earmarked Reserves	7,568	0	235	7,803	(18,204)	(10,401)	(2,706)	(13,107)		
Transfers to/from Earmarked Reserves	(4,338)	4,338	0	0	0	0	0	0		
(Increase)/Decrease in 2013/2014	3,230	4,338	235	7,803	(18,204)	(10,401)	(2,706)	(13,107)	16	178
Balance at 31 March 2014	(6,711)	(10,742)	(11,601)	(29,054)	15,580	(13,474)	(2,993)	(16,467)	16	178

Group Movement in Reserves Statement 2014/2015	Fund Balances: Council Fund £000	Earmarked Council Fund Reserves £000	Capital Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's share of Reserves of Subsidiary £000	Total Group Reserves £000	Note	Page
Balance at 31 March 2014 (Restated)	(6,711)	(10,742)	(11,601)	(29,054)	15,580	(13,474)	(2,993)	(16,467)		
(Surplus)/Deficit on the Provision of Services	(2,355)	0	0	(2,355)	0	(2,355)	236	(2,119)	GCIES	159
Other Comprehensive Income and Expenditure	0	0	0	0	47,617	47,617	118	47,735	4	166
Total Comprehensive Income and Expenditure	(2,355)	0	0	(2,355)	47,617	45,262	354	45,616	GCIES	159
Adjustments between Group Accounts and Authority Accounts	324	0	0	324	0	324	(324)	0		
Net (Increase)/Decrease before transfers	(2,031)	0	0	(2,031)	47,617	45,586	30	45,616		
Adjustments between Accounting basis & Funding basis under regulations	1,168	0	1,377	2,545	(2,545)	0	0	0		
Net (Increase)/Decrease before transfers to Earmarked Reserves	(863)	0	1,377	514	45,072	45,586	30	45,616		
Transfers to/from Earmarked Reserves	1,761	(1,761)	0	0	0	0	0	0		
Transfers to/from Council Fund	0	0	0	0	0	0	0	0		
(Increase)/Decrease in 2014/2015	898	(1,761)	1,377	514	45,072	45,586	30	45,616	16	178
Balance at 31 March 2015	(5,813)	(12,503)	(10,224)	(28,540)	60,652	32,112	(2,963)	29,149	16	178

Group 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.

Group Comprehensive Income & Expenditure Statement	2014/2015 Gross Expenditure £000	2014/2015 Gross Income £000	2014/2015 Net Expenditure £000	2013/2014 (Restated) Gross Expenditure £000	2013/2014 (Restated) Gross Income £000	2013/2014 (Restated) Net Expenditure £000	Note:	Page:
Continuing Operations								
Central Services	16,511	(3,872)	12,639	14,273	(3,643)	10,630		
Cultural & Related Services	5,885	(304)	5,581	1,514	(52)	1,462		
Environmental & Regulatory Services	12,067	(4,081)	7,986	15,362	(3,897)	11,465		
Planning Services	7,139	(3,395)	3,744	14,925	(4,167)	10,758		
Children's & Education Services	83,434	(12,462)	70,972	92,929	(13,207)	79,722		
Highways & Transport Services	8,971	(1,551)	7,420	9,501	(1,994)	7,507		
Housing Services	31,262	(28,912)	2,350	30,774	(28,903)	1,871		
Adult Social Care	36,822	(10,280)	26,542	38,358	(10,339)	28,019		
Corporate & Democratic Core	4,017	(6)	4,011	4,641	(12)	4,629		
Non-Distributed Costs	13,311	(14,309)	(998)	2,323	0	2,323		
Past Service Gains	0	0	0	0	0	0		
Cost of Services (excluding transferred services)	219,419	(79,172)	140,247	224,600	(66,214)	158,386		
Transferred Services								
Cultural & Related Services	4,323	(1,863)	2,460	14,463	(3,480)	10,983		
Children's & Education Services	975	(925)	50	1,916	(1,548)	368		
Non-Distributed Costs	0	0	0	0	0	0		
Sub Total: Transferred Services	5,298	(2,788)	2,510	16,379	(5,028)	11,351		
Total Deficit on Continuing Services	224,717	(81,960)	142,757	240,979	(71,242)	169,737		

Group Comprehensive Income & Expenditure Statement (Continued)	2014/2015 Gross Expenditure £000	2014/2015 Gross Income £000	2014/2015 Net Expenditure £000	2013/2014 (Restated) Gross Expenditure £000	2013/2014 (Restated) Gross Income £000	2013/2014 (Restated) Net Expenditure £000	Note:	Page:
Total Deficit on Continuing Services	224,717	(81,960)	142,757	240,979	(71,242)	169,737		
Taxation	0	0	0	0	(27)	(27)	9	169
Other Operating Income and Expenditure	10,019	(2,046)	7,973	8,891	(818)	8,073	5	167
Financing and Investment Income and Expenditure	23,540	(12,517)	11,023	22,634	(11,071)	11,563	6	167
Taxation and Non-Specific Grant Income	0	(163,872)	(163,872)	0	(173,119)	(173,119)	7	168
Discontinued Operations	0	0	0	0	0	0		
(Surplus)/Deficit on Provision of Services	258,276	(260,395)	(2,119)	272,504	(256,277)	16,227		
(Surplus) Arising on the Revaluation of Non-Current Assets			(2,817)			2,976		
Remeasurement (Gains)/Losses on Pension Assets/Liabilities			50,552			(32,309)		
Other Comprehensive Income & Expenditure			47,735			(29,333)	4	166
Total Comprehensive Income & Expenditure			45,616			(13,106)		

Group Balance Sheet

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

- Usable reserves are those reserves that the Group may use to provide services, subject to any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt) and the need to maintain a prudent level of reserves.

- Unusable reserves are those that the Group is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Group Movement in Reserves Statement line '*Adjustments between accounting basis and funding basis under regulations'* (e.g. the Capital Adjustment Account, Pensions Reserve and Accumulated Absences Account).

Group Balance Sheet	31 March 2015		31 March 2014 (Restated)		1 April 2013 (Restated)		Note:	Page:
	£000	£000	£000	£000	£000	£000		
Property, Plant & Equipment	313,321		306,864		300,831		10	169-171
Heritage Assets	413		413		413			
Intangible Assets	0		9		27			
Assets Held for Sale	765		0		195			
Non-Current Investments	0		0		0			
Non-Current Debtors	4,720		4,491		4,576			
Sub Total: Non-Current Assets		319,219		311,777		306,042		
Current Investments	4		4		4			
Inventories	1,243		1,799		2,026			
Current Debtors	26,959		28,624		36,326		11	172
Cash and Cash Equivalents	9,844		11,791		7,625		19	181
Sub Total: Current Assets		38,050		42,218		45,981		

Group Balance Sheet (Continued)	31 March 2015		31 March 2014 (Restated)		1 April 2013 (Restated)		Note:	Page:
	£000	£000	£000	£000	£000	£000		
Current Borrowing	(21,493)		(33,094)		(33,272)			
Current Creditors	(17,269)		(15,574)		(17,719)		12	172
Current Provisions	(4,496)		(11,543)		(4,801)		13	173
Sub Total: Current Liabilities		(43,258)		(60,211)		(55,792)		
Non-Current Borrowing	(114,738)		(98,924)		(92,360)			
Non-Current Provisions	(4,080)		(5,421)		(6,919)		13	173
Other Non-Current Liabilities	(224,342)		(172,973)		(198,342)		14	174
Sub Total: Non-Current Liabilities		(343,160)		(277,318)		(297,621)		
Total Net Assets		(29,149)		16,466		(1,390)		
Usable Reserves	(31,503)		(32,046)		(37,144)		16	178
Unusable Reserves	60,652		15,580		38,534		16	178
Total Reserves		29,149		(16,466)		1,390		

Group Cash Flow Statement

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

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

Group Cash Flow Statement	2014/2015		2013/2014 (Restated)		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services	2,119		(16,227)		GCIES	159
Adjustments to the provision of services for non-cash movements	17,382		38,845		17.1	179
Adjustments for items included in the provision of services that are investing and financing activities	(18,934)		(26,700)		17.2	179
Net Cash Inflows from Operating Activities		567		(4,082)		
Investing activities		(6,414)		(2,283)	18.1	180
Financing activities		3,883		5,936	18.2	180
Net increase or (decrease) in cash and cash equivalents		(1,964)		(429)		
Cash and cash equivalents at the beginning of the reporting period		11,808		12,220	19	181
Cash and cash equivalents at the end of the reporting period		9,844		11,791	19	181

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1. Group Accounting Policies

1.1 General Principles

The Group Accounts summarise the transactions of the Authority and it's Subsidiaries for the 2014/2015 financial year and its position at the year-end of 31 March 2015. 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 2014/2015 and the Service Reporting Code of Practice 2014/2015, supported by International Financial Reporting Standards (IFRS). Where there is no relevant IFRS or International Accounting Standard (IAS), reference is made to International Public Sector Accounting Standards (IPSASs); if there is no relevant IPSAS, domestic accounting standards (SSAPs and 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 40-54. However, where Policies differ, the Group Policy is included in this section.

1.2 Intra Group Transactions and Balances

To the extent that balances and transactions have been identified and agreed between Silent Valley Waste Services Ltd and Blaenau Gwent CBC, these have been eliminated as part of the consolidation process. As total transactions between the parties amount to £0.481m (2013/2014: £0.609m) and are therefore not considered to be material, any differences between identified and actual sums are therefore also not material.

1.3 Acquisitions and Discontinued Operations

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

All operations were classified as continuing in 2014/2015 and there were no acquisitions or discontinuations of service (or transfers under machinery of government arrangements) during the financial year.

1.4 Employee Benefits

1.4.1 Benefits Payable During Employment

The annual leave entitlement year for staff at SVWS Ltd. ends on 31 March with limited opportunity to carry forward unused balances. No staff carried forward leave at the end of 2014/2015 and consequently no short term compensated absences accrual has been calculated.

1.5 Post Employment Benefits

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

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

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

The required accounting treatments are as follows:

The Local Government Pension Scheme

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

Silent Valley Defined Contribution Scheme

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

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

1.6 Property, Plant and Equipment

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

1.6.1 Recognition

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

Only expenditure in excess of £50,000 has been capitalised by the Parent Authority, with amounts below this threshold being charged directly to revenue. The exception to this are highways assets that individually fall below this de-minimus level but are capitalised because they are treated as one single item of expenditure in the year.

1.6.2 Measurement

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

1.6.3 Depreciation

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

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

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

1.7 Deferred Taxation

Deferred Taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.8 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. The Aftercare Provision is discounted at a rate of 2.5% p.a.

2. Notes to the Group Financial Statements

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

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

3. Intra Group Transactions & Balances

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

Comprehensive Income and Expenditure Statement	2014/2015 £000	2013/2014 £000
Sales to Blaenau Gwent CBC	481	609
Payments to SVWS - leachate costs	0	0
Payments to SVWS - NNDR refund	0	0
Contribution - Leachate	(150)	(150)
Income pest control services	0	(2)
Income received from SVWS - Directors' Fees	(23)	(29)

Balance Sheet		2014/2015 £000	2013/2014 £000
Non current investment in SVWS		250	250
Debtor balances		3	1
Creditor balances		(39)	(32)
Silent Valley Capping Costs Provision		0	0
Usable Reserves:	Dividends received	(725)	(725)
	Retained Profit	948	1,184

4. Other Comprehensive Income and Expenditure

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

Other Comprehensive Income and Expenditure	2014/2015 £000	2013/2014 (Restated) £000
Surplus arising on the revaluation of Non-Current Assets	(2,817)	2,976
Surplus on revaluation of available for sale financial assets	0	0
Remeasurement of pension fund assets & liabilities	50,552	(32,309)
Other Comprehensive Income and Expenditure	47,735	(29,333)

5. Other Operating Income and Expenditure

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

Other Operating Income and Expenditure		2014/2015 Gross Expenditure £000	2014/2015 Gross Income £000	2014/2015 Net Expenditure £000	2013/2014 Gross Expenditure £000	2013/2014 Gross Income £000	2013/2014 Net Expenditure £000
(Gains)/losses on the Disposal of Non-Current Assets		2,362	(1,928)	434	1,215	(704)	511
Revaluations Downwards of Non-Current Assets		0	0	0	0	0	0
Precepts & Levies:	Gwent Police Authority Precept	3,997	0	3,997	3,891	0	3,891
	Community Council Precepts	340	0	340	340	0	340
	South Wales Fire Authority Levy	3,232	0	3,232	3,349	0	3,349
	Other Levies	88	0	88	96	0	96
Subsidiary's Other Operating Income		0	(118)	(118)	0	(114)	(114)
Total		10,019	(2,046)	7,973	8,891	(818)	8,073

6. Financing and Investment Income and Expenditure

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

Financing and Investment Income and Expenditure	2014/2015 Gross Expenditure £000	2014/2015 Gross Income £000	2014/2015 Net Expenditure £000	2013/2014 Gross Expenditure £000	2013/2014 Gross Income £000	2013/2014 Net Expenditure £000
Interest payable and similar charges	4,183	0	4,183	4,130	0	4,130
Interest receivable and similar Income	0	(424)	(424)	0	(430)	(430)
Net Pensions Interest	19,357	(12,093)	7,264	18,504	(10,641)	7,863
Other Investment Income (Dividends)	0	0	0	0	0	0
Total	23,540	(12,517)	11,023	22,634	(11,071)	11,563

7. Taxation and Non-Specific Grant Income

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

Taxation & Non Specific Grant Income	2014/2015 £000	2013/2014 £000
Non-Specific grants		
Council Tax Income	(32,990)	(31,209)
Non-Domestic Rates	(22,056)	(21,664)
Revenue Support Grant/OAG	(91,782)	(96,235)
Total Non-Specific grants	(146,828)	(149,108)
Capital grants and contributions	(17,044)	(24,011)
Total	(163,872)	(173,119)

8. External Audit Fees

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

External Audit Fees	2014/2015 £000	2013/2014 £000
Fees payable in respect of:		
External audit services - Final Accounts	201	201
External audit services - Local Government Measures	109	119
Certification of grant claims and returns	80	120
Other services	0	5
Total Audit Fees	390	445

External Audit services for Blaenau Gwent CBC are provided by the Wales Audit Office; for Silent Valley Waste Services Ltd. by Broomfield & Alexander Limited.

9. Tax on Profit on Ordinary Activities

The Group's total tax liability on profits generated arises out of the activities of the subsidiary, Silent Valley Waste Services Ltd.. The charge for taxation in the accounts is made up as follows:

Tax on Profit on Ordinary Activities	2014/2015 £000	2013/2014 £000
Current Tax		
UK Corporation Tax on profits for the year	0	(27)
Adjustments in respect of previous periods	0	0
Total Tax on Profit on Ordinary Activities	0	(27)

10. Property Plant & Equipment

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

Property, Plant & Equipment	31 March 2015 £000	31 March 2014 (Restated) £000
Gross Carrying Amount	351,536	346,469
Accumulated Depreciation	(38,215)	(39,605)
Net Book Value	313,321	306,864

Movements in 2014/2015:

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 2014 (Restated)	212,197	11,017	102,829	131	8,120	12,175	346,469
Appropriations	604	0	13,488	0	1,623	(15,777)	(62)
Assets reclassified to/from held for sale	(933)	0	0	0	(870)	0	(1,803)
Additions	0	287	1,445	0	0	7,116	8,848
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(662)	0	0	0	105	0	(557)
Revaluation increases/(decreases) recognised in the Provision of Services	(6,166)	0	0	0	(707)	0	(6,873)
Capital expenditure written off	(10,399)	(2)	(167)	0	0	(1)	(10,569)
Derecognition - disposals	(30)	(2,460)	0	0	0	0	(2,490)
Other movements in cost or valuation *	10,399	74	1,782	0	0	6,318	18,573
Cost or Valuation as at 31 March 2015	205,010	8,916	119,377	131	8,271	9,831	351,536

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 2014 (Restated)	(13,069)	(8,125)	(18,391)	(7)	(13)	0	(39,605)
Depreciation Charge & Appropriations	(5,073)	(518)	(2,549)	(1)	(148)	0	(8,289)
Depreciation written out to the Revaluation Reserve	4,489	0	0	0	0	0	4,489
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,283	0	0	0	0	0	1,283
Impairment losses/(reversals) recognised in the Revaluation Reserve	1,847	0	0	0	16	0	1,863
Derecognition - disposals	0	2,044	0	0	0	0	2,044
Accumulated Depreciation & Impairment as at 31 March 2015	(10,523)	(6,599)	(20,940)	(8)	(145)	0	(38,215)
Net Book Value as at 31 March 2015	194,487	2,317	98,437	123	8,126	9,831	313,321
Net Book Value as at 31 March 2014 (Restated)	199,128	2,892	84,438	124	8,107	12,175	306,864
Net Book Value as at 31 March 2013 (Restated)	185,969	2,646	68,045	126	4,201	39,837	300,824

Movements in 2013/2014:

Property, Plant & Equipment Movements (Restated)	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 2013	196,327	11,296	84,108	132	4,202	39,837	335,902
Appropriations	37,781	0	12,131	0	4,173	(54,085)	0
Assets reclassified to/from held for sale	(263)	0	0	0	69	0	(194)
Additions	96	921	2,105	0	0	2,004	5,126
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(2,611)	0	0	0	(170)	0	(2,781)
Revaluation increases/(decreases) recognised in the Provision of Services	(18,379)	0	0	(1)	(137)	0	(18,517)
Capital expenditure written off	(7,749)	0	(94)	0	0	(14)	(7,857)
Derecognition - disposals	(754)	(1,200)	0	0	(17)	0	(1,971)
Other movements in cost or valuation *	7,749	0	4,579	0	0	24,433	36,761
Cost or Valuation as at 31 March 2014	212,197	11,017	102,829	131	8,120	12,175	346,469

Property, Plant & Equipment Depreciation & Impairment (Restated)	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 2013	(10,358)	(8,650)	(16,063)	(6)	(1)	0	(35,078)
Depreciation charge	(5,129)	(803)	(2,328)	(1)	(55)	0	(8,316)
Depreciation written out to the Revaluation Reserve	242	0	0	0	0	0	242
Depreciation written out to the Surplus/Deficit on the Provision of Services	162	0	0	0	38	0	200
Appropriations	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	1,853	189	0	0	5	0	2,047
Derecognition - disposals	161	1,139	0	0	0	0	1,300
Accumulated Depreciation & Impairment as at 31 March 2014	(13,069)	(8,125)	(18,391)	(7)	(13)	0	(39,605)

* Note: Amounts included in 'Other movements in cost or valuation' relate to capital expenditure incurred in the year.

11. Debtors

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

Debtors	31 March 2015 £000	31 March 2014 £000
Central Government	15,188	16,500
Local Authorities	1,337	2,203
NHS	113	164
Other Debtors	10,321	9,757
Total Debtors:	26,959	28,624

12. Creditors

Amounts owed by the Group were as follows:

Creditors	31 March 2015 £000	31 March 2014 £000
Central Government	(5,760)	(5,770)
Local Authorities	(1,228)	(1,595)
NHS	(120)	(80)
Other Creditors	(10,161)	(8,129)
Total Creditors:	(17,269)	(15,574)

13. Provisions

Details of the purposes of the Authority's provisions can be found in notes 38.1-38.2, pages 113-115.

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

Movements in the Group provisions during 2014/2015 were as follows:

Provision Movements	Balance at 1 April 2013 £000	Net Movements 2013/2014 £000	Balance at 1 April 2014 £000	Additional Provisions made in 2014/2015 £000	Amounts Used in 2014/2015 £000	Unused Amounts Reversed in 2014/2015 £000	Unwinding of Discount in 2014/2015 £000	Balance at 31 March 2015 £000
Current Provisions								
Employee Provisions:								
Back Pay	(493)	347	(146)	0	0	0	0	(146)
Early Terminations	(1,454)	69	(1,385)	(969)	1,350	35	0	(969)
Employment Tribunal	0	(8)	(8)	0	8	0	0	0
Job Evaluation Back Pay & Compensation	(131)	131	0	0	0	0	0	0
Short Term Compensated Absences	(1,683)	(385)	(2,068)	(1,812)	2,068	0	0	(1,812)
Other Provisions:								
Carbon Reduction Commitment	(163)	(4)	(167)	(178)	138	29	0	(178)
Insurance	(423)	(97)	(520)	(190)	63	118	0	(529)
Monwel Liquidation	0	0	0	(231)	0	0	0	(231)
Part 1 Compensation Claims	(141)	(613)	(754)	(72)	172	173	0	(481)
Reservoir Act	(276)	(474)	(750)	(27)	664	0	0	(113)
Silent Valley Capping Costs	(37)	0	(37)	0	0	0	0	(37)
Valuation of Contracts	0	(5,708)	(5,708)	0	5,708	0	0	0
	(4,801)	(6,742)	(11,543)	(3,479)	10,171	355	0	(4,496)
Non-Current Provisions								
Silent Valley Aftercare (Subsidiary)	(5,913)	969	(4,944)	0	1,251	0	0	(3,693)
Insurance	(1,006)	529	(477)	(204)	240	54	0	(387)
	(6,919)	1,498	(5,421)	(204)	1,491	54	0	(4,080)
Total Provisions:	(11,720)	(5,244)	(16,964)	(3,683)	11,662	409	0	(8,576)

14. Non-Current Liabilities

The Group holds the following balances as non-current liabilities:

Non-Current Liabilities	2014/2015 £000	2013/2014 £000
Deferred Liabilities	(746)	(1,063)
Net Pensions Liability	(223,596)	(171,910)
Total Non-Current Liabilities	(224,342)	(172,973)

15. 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.

15.1 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 2014/2015, the total pension costs payable in respect of the defined contribution scheme was £0.068m (2013/2014: £0.043m). Outstanding contributions to the scheme at 31 March 2015 were £0 (2013/2014: £0.004m).

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 42&43, pages 123-133)

15.2 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 2013.

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

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

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

Pension Scheme Transactions	2014/2015 Local Government Pension Scheme £000	2014/2015 Teachers' Unfunded Discretionary Pensions £000	2014/2015 Total £000	2013/2014 Local Government Pension Scheme £000	2013/2014 Teachers' Unfunded Discretionary Pensions £000	2013/2014 Total £000
Group Comprehensive Income & Expenditure Statement:						
Cost of Services:						
Current Service Cost	7,837	0	7,837	9,863	0	9,863
Past Service Costs	0	0	0	80	0	80
Settlements and Curtailments	(1,418)	276	(1,142)	1,424	746	2,170
Administration Expenses	168	0	168	181	0	181
Total Service Cost:	6,587	276	6,863	11,548	746	12,294
Financing and Investment Income and Expenditure:						
Interest on Plan Assets	(12,002)	0	(12,002)	(10,516)	0	(10,516)
Interest on Defined Benefit Liabilities	17,991	1,275	19,266	17,396	983	18,379
Net Interest:	5,989	1,275	7,264	6,880	983	7,863
Total Charged to the Surplus/Deficit on Provision of Services:	12,576	1,551	14,127	18,428	1,729	20,157
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:						
Return on plan assets (excluding amounts included in Net Interest)	(19,275)	0	(19,275)	(11,027)	0	(11,027)
Actuarial Gains/(Losses) arising from changes in demographic assumptions	0	0	0	10,722	1,700	12,422
Actuarial Gains/(Losses) arising from changes in financial assumptions	67,065	2,644	69,709	(34,587)	(1,813)	(36,400)
Experience Gains/(Losses) on defined benefit liabilities	118	0	118	(623)	3,319	2,696
Total remeasurement recognised in Other Comprehensive Income & Expenditure	47,908	2,644	50,552	(35,515)	3,206	(32,309)
Total Charged to the Group Comprehensive Income & Expenditure Statement:	60,484	4,195	64,679	(17,087)	4,935	(12,152)
Group Movement in Reserves Statement:						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(12,547)	(1,551)	(14,098)	(18,402)	(1,729)	(20,131)
Actual Amount Charged Against Council Tax for Pensions in year:						
Employers' Contributions Payable to Scheme	10,740	-	10,740	11,417	-	11,417
Retirement Benefits Payable to Pensioners	-	1,871	1,871	-	1,830	1,830

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

	2014/2015			2013/2014		
Pension Scheme Assets	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Balance at 1 April:	273,565	0	273,565	253,664	0	253,664
Interest on Plan Assets	12,093	0	12,093	10,641	0	10,641
Administration Expenses	(168)	0	(168)	(181)	0	(181)
Employer Contributions	11,122	1,871	12,993	11,564	1,830	13,394
Member Contributions	2,669	0	2,669	2,871	0	2,871
Benefits Paid	(16,119)	(1,871)	(17,990)	(15,855)	(1,830)	(17,685)
Settlements & Curtailments	(11,600)	0	(11,600)	0	0	0
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in interest)	19,341	0	19,341	10,861	0	10,861
Balance at 31 March:	290,903	0	290,903	273,565	0	273,565

Reconciliation of the Movements in Present Value of Scheme Liabilities	£000	£000	£000	£000	£000	£000
Balance at 1 April:	(414,894)	(30,581)	(445,475)	(423,650)	(27,476)	(451,126)
Current Service Cost	(7,837)	0	(7,837)	(9,857)	0	(9,857)
Past Service Cost	0	0	0	(80)	0	(80)
Settlements & Curtailments	13,018	(276)	12,742	(1,424)	(746)	(2,170)
Interest Cost	(18,082)	(1,275)	(19,357)	(17,521)	(983)	(18,504)
Member Contributions	(2,669)	0	(2,669)	(2,871)	0	(2,871)
Benefits Paid	16,119	1,871	17,990	15,855	1,830	17,685
Remeasurement Gains/(Losses):						
Experience Gains/(Losses)	(184)	0	(184)	789	(3,319)	(2,530)
Actuarial Gains/(Losses) arising from changes in demographic assumptions	0	0	0	(10,722)	(1,700)	(12,422)
Actuarial Gains/(Losses) arising from changes in financial assumptions	(67,065)	(2,644)	(69,709)	34,587	1,813	36,400
Balance at 31 March:	(481,594)	(32,905)	(514,499)	(414,894)	(30,581)	(445,475)

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

Pension Assets & Liabilities Recognised in the Balance Sheet	2014/2015 £000	2013/2014 £000
Present Value of Scheme Liabilities:		
Local Government Pension Scheme	(481,594)	(414,894)
Teachers' Unfunded Discretionary Pensions	(32,905)	(30,581)
Total Present Value of Scheme Liabilities:	(514,499)	(445,475)
Fair Value of Scheme Assets:		
Local Government Pension Scheme	290,903	273,565
Teachers' Unfunded Discretionary Pensions	0	0
Total Fair Value of Scheme Assets:	290,903	273,565
Net Liability:		
Local Government Pension Scheme	(190,691)	(141,329)
Teachers' Unfunded Discretionary Pensions	(32,905)	(30,581)
Total Net Liability arising from Defined Benefit Scheme Obligations:	(223,596)	(171,910)

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 £31.503m at 31 March 2015 (£32.046m at 31 March 2014). The effect of applying the net superannuation fund deficit of £223.596m to the Authority's usable reserves would be a deficit of £192.093m (2013/2014: the superannuation deficit of £171.910m exceeded usable reserves by £139.864m).

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

16. Reserves

Details of the Authority's Reserves can be found in note 44, pages 134-146

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

Movements on the Group Reserves were as follows:

Summary: Group Reserves (Restated)	1 April 2013	Net Transfers 2013/2014	31 March 2014	Net Transfers 2014/2015	31 March 2015
	£000	£000	£000	£000	£000
Council Fund	(9,941)	3,231	(6,710)	898	(5,812)
Housing Revenue Account	0	0	0	0	0
Silent Valley Waste Services Profit & Loss Reserve	(287)	(2,706)	(2,993)	30	(2,963)
Parent's Usable Reserves	(26,916)	4,573	(22,343)	(385)	(22,728)
	(37,144)	5,098	(32,046)	543	(31,503)
Parent's Unusable Reserves	33,784	(18,204)	15,580	45,072	60,652
Total: Reserves	(3,360)	(13,106)	(16,466)	45,615	29,149

17. 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.

17.1 Non-Cash Movements

Cash Flow - Adjustments for Non-Cash Movements	2014/2015		2013/2014 (Restated)	
	£000	£000	£000	£000
Depreciation & Impairment	17,273		32,169	
REFCUS (deferred charges)	5,416		3,617	
Intangible fixed asset write downs	9		18	
Effective interest adjustment	(40)		(38)	
HRA Item 8 Credit	0		0	
Net IAS 19 charges made for Retirement Benefits	(14,098)		(20,131)	
IAS19 Employers Contributions Paid to Pension Fund	12,587		13,247	
		21,147		28,882
Increase/(Decrease) in Provisions		(8,388)		5,244
(Increase)/Decrease in Inventories		556		227
(Increase)/Decrease in Revenue Debtors		3,769		2,451
Increase/(Decrease) in Revenue Creditors		298		2,041
Total		17,382		38,845

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

Cash Flow - Adjustments for Investing & Financing Activities	2014/2015	2013/2014
	£000	£000
Gain/(Loss) on Disposal of fixed assets	878	512
Capital Grants credited to CIES	(19,812)	(27,212)
HRA stock transfer premium paid	0	0
Total	(18,934)	(26,700)

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

18.1 Investing Activities

The cash flows for investing activities consist of the following:

Cash Flow - Investing Activities	2014/2015			2013/2014		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Purchase of Non-Current Assets	(26,848)			(30,950)		
Other Capital Cash Payments	27			(5)		
		(26,821)			(30,955)	
Cash Inflows						
Sale of Non-Current Assets	820			712		
Capital Grants Received	19,519			26,450		
Other Capital Cash Income	68			1,510		
		20,407			28,672	
Total			(6,414)			(2,283)

18.2 Financing Activities

The cash flows for financing activities consist of the following:

Cash Flow - Financing Activities	2014/2015			2013/2014		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Repayments of Amounts Borrowed	(133,345)			(123,452)		
Capital Element of Finance Lease Rental Payments	(316)			(438)		
		(133,661)			(123,890)	
Cash Inflows						
New Loans Raised	24,268			15,000		
New Short Term Loans	113,250			114,800		
Long Term Investments Repaid	26			26		
		137,544			129,826	
Total			3,883			5,936

19. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2014/2015 £000	2013/2014 (Restated) £000
Cash Held by the Authority	39	40
Bank Accounts	9,805	11,751
Short-term investments	0	0
Total Cash & Cash Equivalents	9,844	11,791

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