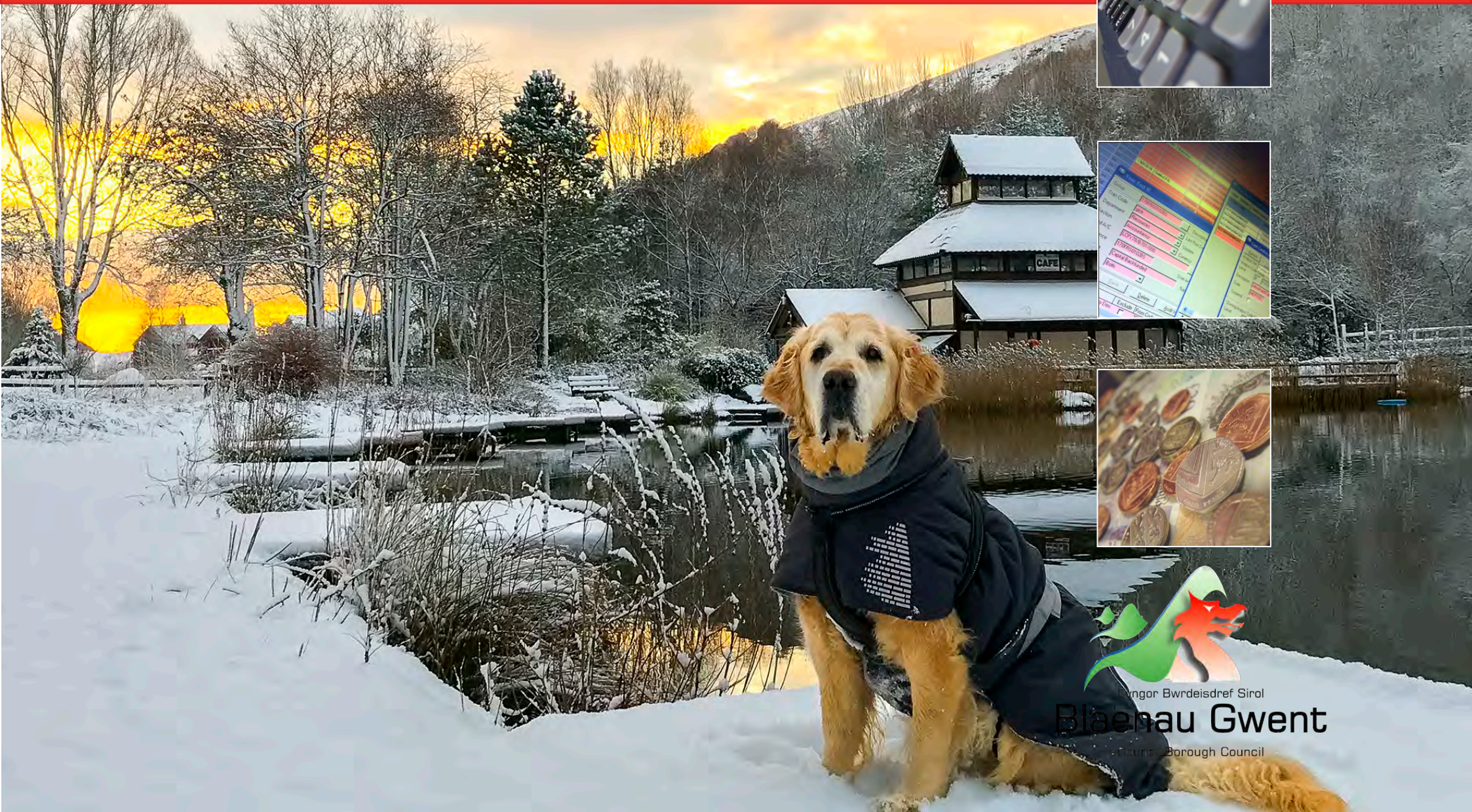
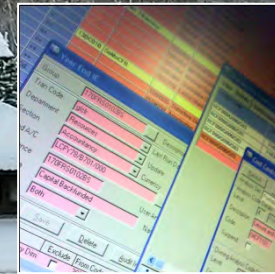


# 2017/2018 Statement of Accounts

April 2022



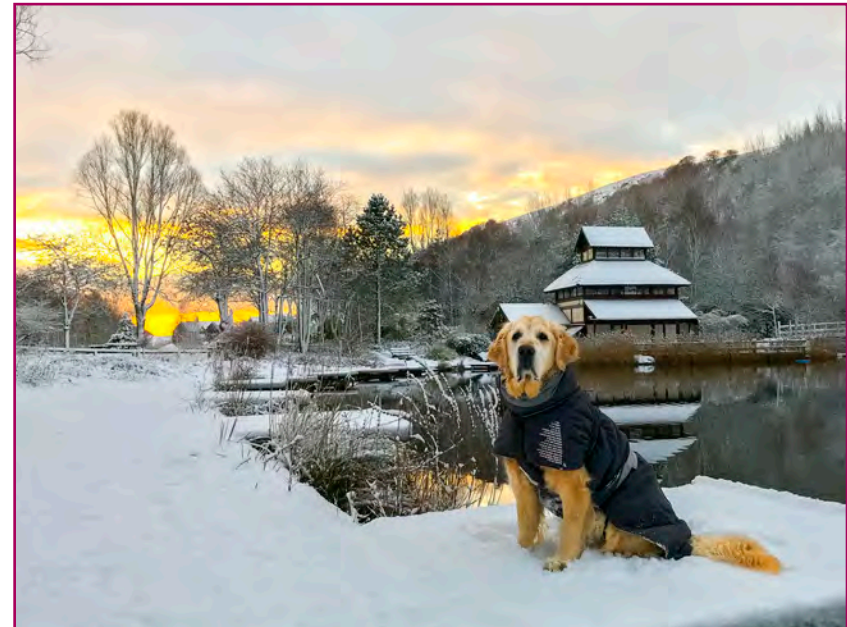
Yngor Bwrdeisdref Sirol

## Blaenau Gwent

County Borough Council



The lake and Japanese Pavilion are among the legacy features situated within around 70 acres of parkland on the site of the 1992 Garden Festival in Ebbw Vale.



Cover Photo: Festival Park, Ebbw Vale.

*In Memoriam: 'SGP' passed away peacefully on Christmas Eve, 2018.*



Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

## Contents

## Page Number

Abbreviations and Terms Used	i - ii
Narrative Report	1
Statement of Responsibilities	18
Auditor's Report	19

### *The Statement of Accounts*

#### *The Core Financial Statements*

Comprehensive Income and Expenditure Statement	21
Movement in Reserves Statement	23
Balance Sheet	25
Cash Flow Statement	27

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

1. Accounting Policies	28
2. Impact of Changes in Accounting Policies	40
3. Accounting Standards Issued but not yet Adopted	41
4. Critical Judgements in Applying Accounting Policies	41
5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	42
6. Events After the Reporting Period	43

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

7. Expenditure and Funding Analysis	43
8. Other Operating Expenditure	50

## Contents (Continued)

## Page Number

9. Financing and Investment Income and Expenditure	51
10. Taxation and Non-Specific Grant Income	51
11. Material Items of Income or Expense	52
12. Partnership Schemes Under Section 33 of the NHS (Wales) Act 2006	52
13. Members' Allowances	53
14. Officers' Remuneration	53
15. Termination Benefits and Exit Packages - Costs to Authority	56
16. Termination Benefits and Exit Packages - Causes	57
17. External Audit Fees	57
18. National Non-Domestic Rates	58
19. Council Tax	58
20. Precepts and Demands	59
21. Grants & Contributions	60
22. Related Parties	61

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

23. Other Comprehensive Income and Expenditure	63
24. Adjustments Between Accounting Basis and Funding Basis Under Statutory Provisions	64

### *Notes to the Balance Sheet*

25. Property Plant and Equipment	67
26. Heritage Assets	74
27. Leases	76
28. Non-Current Investments	78

## Contents (Continued)

## Page Number

29. Non-Current Debtors	79
30. Consolidation of Schools in Single Entity Accounts	79
31. Current Debtors	81
32. Current Creditors	82
33. Provisions, Contingent Liabilities and Contingent Assets	83
34. Other Long-Term Liabilities	86
35. Financial Instruments	87
36. Nature and Extent of Risks Arising from Financial Instruments	89
37. Post-Employment Benefits - Defined Contribution Plans (Teachers)	93
38. Post-Employment Benefits - Defined Benefit Plans (LGPS & TPS Discretionary Payments)	94
39. Reserves	103

### *Notes to the Cash Flow*

40. Reconciliation of the Deficit on the Provision of Services to Net Cash Flows From Operating Activities	112
41. Analysis of the Amounts of Major Classes of Gross Cash Receipts and Gross Cash Payments	113
42. Cash and Cash Equivalents	114

### *Other Notes*

43. Joint Arrangements - Cardiff Capital Region City Deal	114
44. Joint Arrangements - Other	117
45. Charitable Trusts	119

### *Group Accounts*

121



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**Blaenau Gwent**

County Borough Council

## Abbreviations and Terms Used in the Statement of Accounts

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



## Abbreviations and Terms Used in the Statement of Accounts

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



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Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

## 1. Introduction

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

The financial statements cover the period 1 April 2017 to 31 March 2018 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/2018 (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. The overall Welsh Government (WG) Revenue Settlement for 2017/2018 saw the first increase for local government since 2013/2014 with figures across Wales ranging from 1.1% to -0.5%. The reduction for Blaenau Gwent CBC was -0.4% resulting in a real cash decrease compared to 2016/2017 of £0.273m. There are no financial forecasts from Welsh Government to work on for 2019/2020 at this stage, which makes financial planning, even in the short term, quite challenging. However the recent trend of reducing settlements is expected to continue, albeit there is the potential for additional funding to come to local government through what is called the Barnett consequential, as a result of additional central government financing for the NHS in England.

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 a continuing challenge (following the unprecedented level of savings required in the previous year) for the Authority, both in terms of developing a robust and balanced revenue budget (where savings of £4.8m and a planned use of reserves of £1.3m were required) and managing its financial affairs during the year with the aim of achieving a relatively sustainable financial position.

Despite the considerable challenges the Authority faced in terms of the WG Financial Settlement, the Council was able to set its budget for 2017/2018.

## 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 Audit of 2016/2017 Statutory Accounts by Audit Wales (AW) (formerly Wales Audit Office (WAO))

Audit Wales received external correspondence towards the planned end of its 2016/2017 audit, relating to the arrangements between the Council and Silent Valley Waste Services Ltd. (a wholly owned company of the Council). As the resulting investigation had not been finalised the Council did not receive an audit opinion or certificate of completion in relation to the 2016/2017 audit at that time and therefore it was also not possible for Audit Wales to provide an opinion on, or conclude, the Accounts for 2017/2018.

Audit Wales' investigation has now concluded and the Council has considered the resulting Public Interest Report (PIR). The PIR highlighted a number of weaknesses with regards to the governance arrangements operating between the Council and Silent Valley Waste Services Ltd. and in accepting the report the Council is making progress with addressing the recommendations made. The element of the review specifically impacting upon the Statement of Accounts (and the Auditor General's opinion) in 2016/2017 and 2017/2018 relates to the treatment of employer pension contributions for the Council-nominated Directors on the Company's Board. The Auditor General for Wales considers that these contributions paid by the Council into the Local Government Pension Scheme appear to be contrary to law on the basis that the Council did not have the power to make pension payments on behalf of Silent Valley Waste Services Ltd..

The Auditor General has therefore issued qualified opinions on the 2016/2017 and 2017/2018 Statement of Accounts and intends to certify the audit of the accounts for these years as completed.

The Council has taken its own legal advice and whilst accepting that there were procedural errors in the way in which employer pension contributions were administered, it considers that these did not have the effect of rendering the payments contrary to law.



---

### 3.2 Annual Governance Statement

In the Annual Governance Statement presented to Audit Committee alongside this document, the Head of Internal Audit has concluded that the general direction of travel for the Authority has continued to be positive regarding the internal control environment and has judged that Blaenau Gwent County Borough Council's system of internal control during the financial year 2017/2018 operated to a level which gives Reasonable Assurance on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

### 3.3 Silent Valley Waste Services Ltd.

In December 2017, Council made an in-principle decision to transfer the assets and liabilities of Silent Valley Waste Services Limited back to the Council in order for the service to be delivered in-house. A process of commercial, legal and financial due diligence will be undertaken to inform detailed options to be considered by the Executive Committee in due course. In addition, revised governance arrangements were put in place, with the two officer nominations on the board replaced with two Elected Members as the Council Appointed (non-executive) Directors to sit upon the board during the due diligence process.

### 3.4 European Union Membership

On 23 June 2016, the United Kingdom voted to leave the European Union (EU). Given that there is currently limited data for the post-referendum period and consequently inadequate verifiable evidence of permanent changes to the environment in which the Authority operates, there has consequently been no impact on the transactions and balances reported for the 2017/2018 financial year. Further consideration of the future impact of the vote to leave the EU is included in note 16.4 to this Narrative Report (page 17).

### 3.5 Review of Minimum Revenue Provision (MRP) Policy

Following a review of policy, carried out by the Council with its Treasury Management advisors (Link Asset Services), a revised policy was agreed in December 2017.

### 3.6 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 2017/2018 budget, the Authority agreed a Council Tax increase of 3.46% and identified savings of £4.8m. This included a proposed use of general reserves of £1.3m. Overall, the management accounts have reported an overspend against budget of £0.66m, after application of earmarked reserves totalling £1.2m. A number of budget pressures continued, including Children's Services and services in the Environment Portfolio. These pressures were forecast early on in the financial year and a number of actions were put in place across the Council to assist in mitigating the forecast overspend, including:

- Freezing or delaying non-essential expenditure;
- Requiring budget holders to produce action plans to address cost pressures; and
- Increased governance arrangements relating to the appointment of staff.

These ongoing cost implications have been built into the budget for 2018/2019, which has increased pressure on other service areas to deliver savings by reducing expenditure and/or increasing income.

## 5. Revenue Expenditure Outturn and Funding

### 5.1 2017/2018 Outturn

The following table reconciles the net service expenditure reported on a statutory basis in the Comprehensive Income & Expenditure Statement (page 21) with net outturn as reported to Management during the year. The Expenditure and Funding Analysis on page 44, together with the accompanying notes, provide details of the adjustments that have been made in reconciling between the statutory and management accounts. The table also indicates the Authority's net service expenditure, as reported to management, compared with the budget for the year.

Service Expenditure Compared to Budget	2017/2018					
	CIES Net Expenditure £000	Accounting Code Adjustments £000	Funding and Accounting Basis Adjustments £000	Net Outturn - Management Accounts £000	Revised Budget £000	Variance: Adverse/ (Favourable) £000
<b>Portfolio/Committee:</b>						
Financial Management & Strategy	12,185	(903)	(780)	10,502	10,562	(60)
Corporate Services	5,032	(270)	(1,038)	3,724	3,790	(66)
Social Services	45,306	(482)	(3,116)	41,708	41,608	100
Infrastructure	10,862	7,055	(5,319)	12,598	12,462	136
Active Living	6,213	736	(2,593)	4,356	4,228	128
Education *	15,712	43,085	(4,441)	54,356	54,284	72
Environment	16,303	5,092	(5,771)	15,624	15,197	427
Economy	2,232	(644)	(299)	1,289	1,352	(63)
Planning	1,268	(92)	(126)	1,050	1,050	0
Licensing	90	(2)	(14)	74	83	(9)
<b>Sub-Total:</b>	<b>115,203</b>	<b>53,575</b>	<b>(23,497)</b>	<b>145,281</b>	<b>144,616</b>	<b>665</b>
Education - Schools **	42,132	(42,300)	(114)	(282)	0	(282)
Cardiff Capital Region City Deal ***	(1,088)	(30)	1,118	0	0	0
<b>Total:</b>	<b>156,247</b>	<b>11,245</b>	<b>(22,493)</b>	<b>144,999</b>	<b>144,616</b>	<b>383</b>

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

\*\* : *Education - Schools* refers to financial transactions related specifically to school entities.

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

## 5.2 Impact of Inflation on Revenue Expenditure

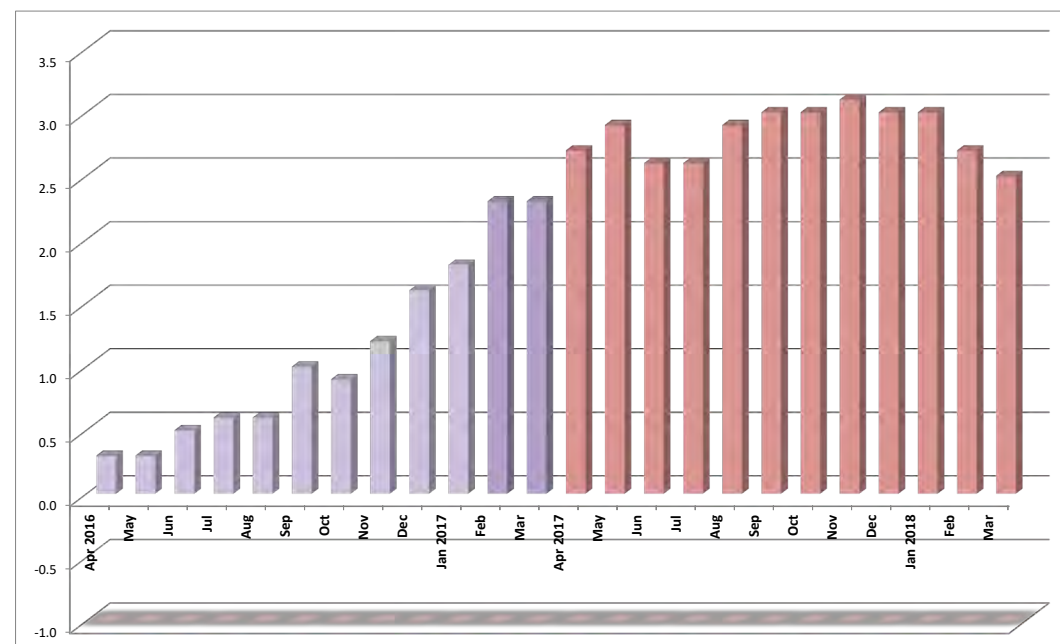
Consumer price inflation during 2017/2018 ranged between 2.5% and 3.1%, which is above the Bank of England target rate of 2%. However, it has fallen by more than expected since the start of the year, to 2.5% in March 2018. The Bank of England's May 2018 inflation report projected that due to the impact of sterling's depreciation appearing to have diminished slightly more quickly than expected, inflation is expected to fall further towards the 2% target as it continues to diminish. It is expected to settle at the 2% target around mid 2020.

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. In the economy as a whole, regular pay growth has picked up and there are continuing signs that domestic inflationary pressures are building gradually. This could result in upward pressure on employee costs.

An extended period of wage restraint and below-inflation settlements has given way to increased public sector pay awards, including headline 2% settlements for APT&C staff (with additional weighting for lower grades) and payment of the national living wage. Further employee cost pressures could arise if the Employers contribution rate for the Teachers Pension Scheme increases further to the latest actuarial valuation of the scheme. A 1% increase in employee costs equates to £1.012m.

The current Bank of England forecast is that market interest rates will rise by 0.75% over the next three years, resulting in additional inflationary pressures. Overall, increases in prices at which the Authority procures goods and services, in excess of related income from fees and charges or general government grants, will most likely have a detrimental impact on a wide range of service budgets including, schools, street lighting, catering and meals on wheels.

Consumer Price Index (CPI) Inflation: April 2016 - March 2018



## 5.3 Funding Sources

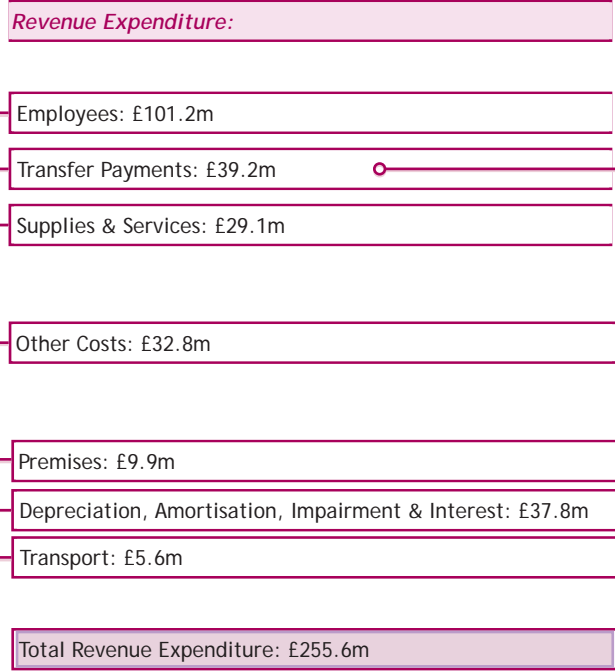
Central Government provides the majority of the Authority's funding, through Revenue Support Grant, Specific Grants and Non-Domestic Rates (67.4% of funding in 2017/2018). The spending review covering the period to 2019/2020 indicated increases to the Welsh Government budget of less than 0.8% per annum and consequently the level of funding to Welsh local authorities is likely to be similarly constrained.

A 1% reduction in RSG compared to 2016/2017 levels represents a reduction of £0.882m, which equates to 0.39% of the Authority's total funding. In real terms the impact of this reduction is increased by the impact of inflation.

Interest rates were reduced to the historically low level of 0.25% in August 2016, which has further curtailed the amount of investment income available to the Authority. In May 2018, the Bank of England indicated that projections of long-term and real interest rates suggest that rates will remain low for some time.

The combination of low interest rates and reduced grant funding create an environment in which there is continued pressure to control costs. For 2017/2018, Aggregate External Financing at Blaenau Gwent reduced by 0.4%, which is lower than the average Welsh Unitary Authority increase of 0.2% (source: Welsh Government Local Government Revenue and Capital Settlement: 2017-18).

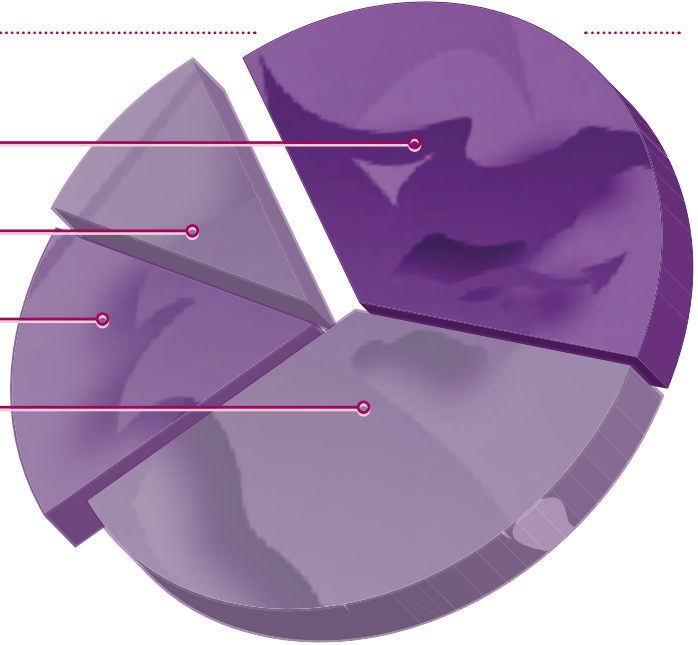
For 2017/2018, revenue expenditure and funding can be analysed as follows:



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); Voluntary Sector Grants; Direct payments to Social Services clients; and Mandatory and Discretionary Awards to schoolchildren and students.



Summary	2017/2018 £000
Total Revenue Expenditure	255,585
Total Revenue Funding	(227,977)
Net Revenue Expenditure	27,608
Adjustments between accounting basis and funding basis under statutory provisions	(25,431)
Net Decrease in Reserves	2,177
Transfer from Earmarked Reserves	(2,593)
Increase in Council Fund General Reserve	(416)



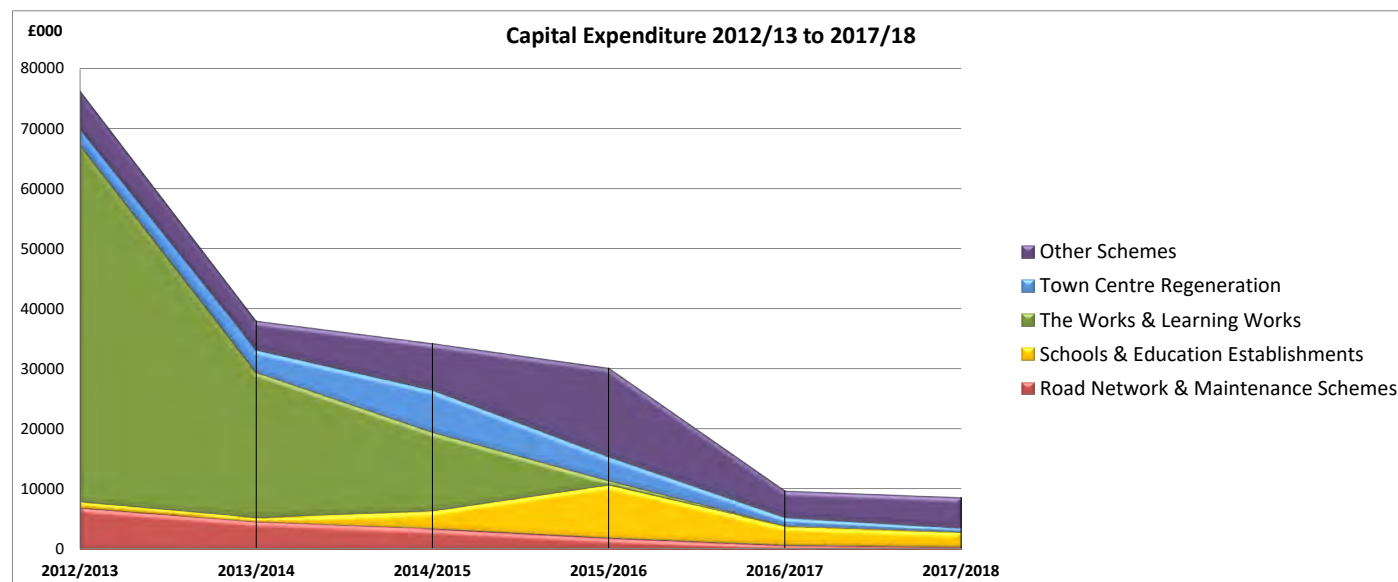


## 6. Capital Expenditure Outturn and Funding

### Capital Expenditure

Total capital expenditure continued to decline in 2017/2018, in line with reductions in Welsh/Central Government funding and the completion of significant capital schemes.

In year, total capital expenditure amounted to £8.589m, a reduction of £1.109m compared to the previous year, largely due to the reduction in expenditure on schools and education establishments, housing and town centre regeneration, offset by increases in waste management and contributions to the Cardiff Capital Region City Deal.



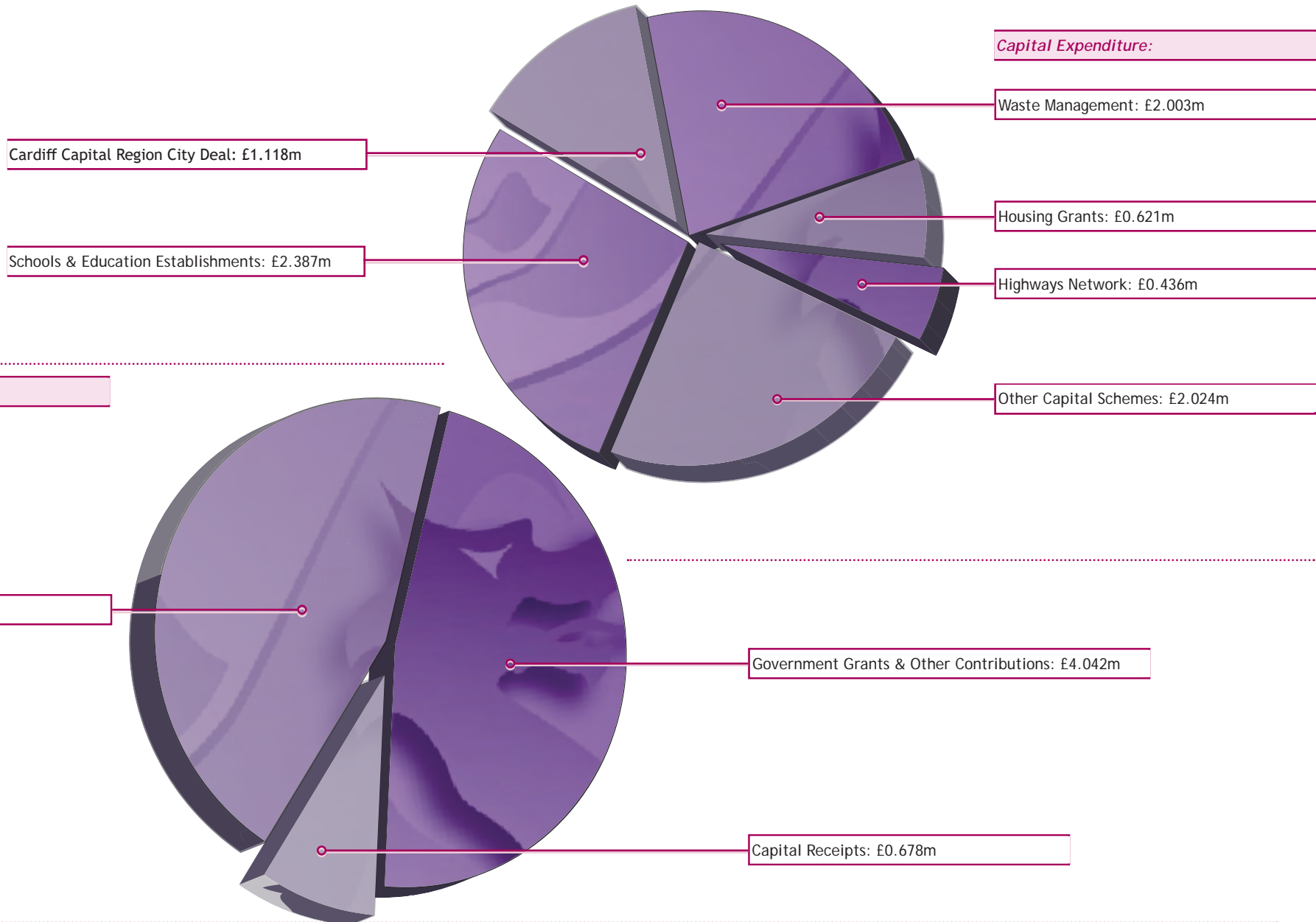
Capital Expenditure by Scheme	2017/2018		2016/2017	
	£000	£000	£000	£000
Schools & Education Establishments	2,387		3,098	
Waste Management	2,003		591	
Cardiff Capital Region City Deal	1,118		0	
Leisure Schemes	809		479	
Housing General	621		1,301	
Road Network & Maintenance Schemes	436		743	
Town Centre Regeneration	362		1,357	
Social Services Adults	354		282	
Regeneration Programme	282		0	
Flying Start Schemes	77		765	
Workplace Transformation	52		761	
Housing Renewal Areas	49		170	
The Works & Learning Works	23		60	
Other	16		91	
<b>Total:</b>		<b>8,589</b>		<b>9,698</b>

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

Further details of capital expenditure are contained in notes 25.3 (page 72) and 25.5 (page 74) to the Core Statements.

*Financing of Capital Expenditure*

Capital expenditure totalling £8.589m was financed by local authority borrowing (£3.869m), grants (£4.042m) and capital receipts (£0.678m). Capital expenditure and funding are summarised in the graphs below.



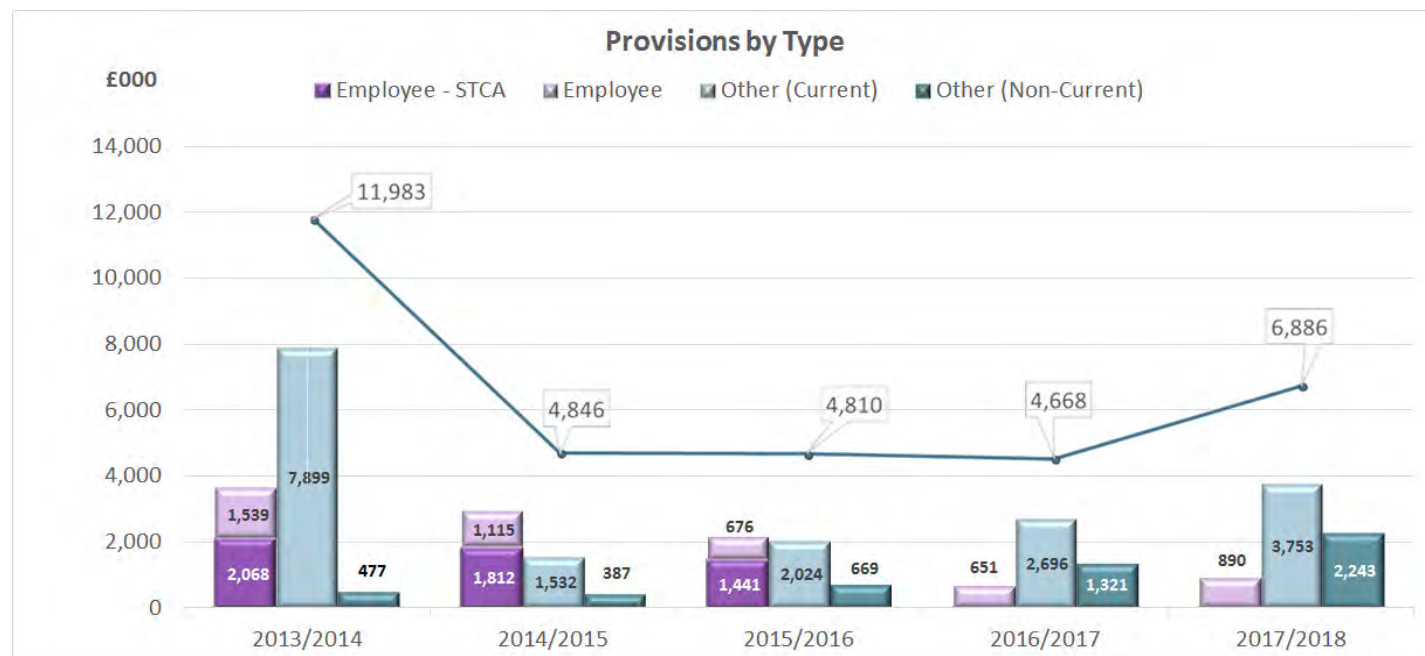
## 7. Provisions, Reserves, Contingencies and Write Offs

### 7.1 Provisions

The level of provisions held by the Authority varies each year in relation to the level of liabilities identified. Total provisions held by the Authority at the beginning of the year amounted to £4.668m, increasing by £2.218m to £6.886m during 2017/2018. This was largely due to the establishment of a Waste Services Penalties provision and increases in provisions for Lease Dilapidation, Insurance and Early Terminations.

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

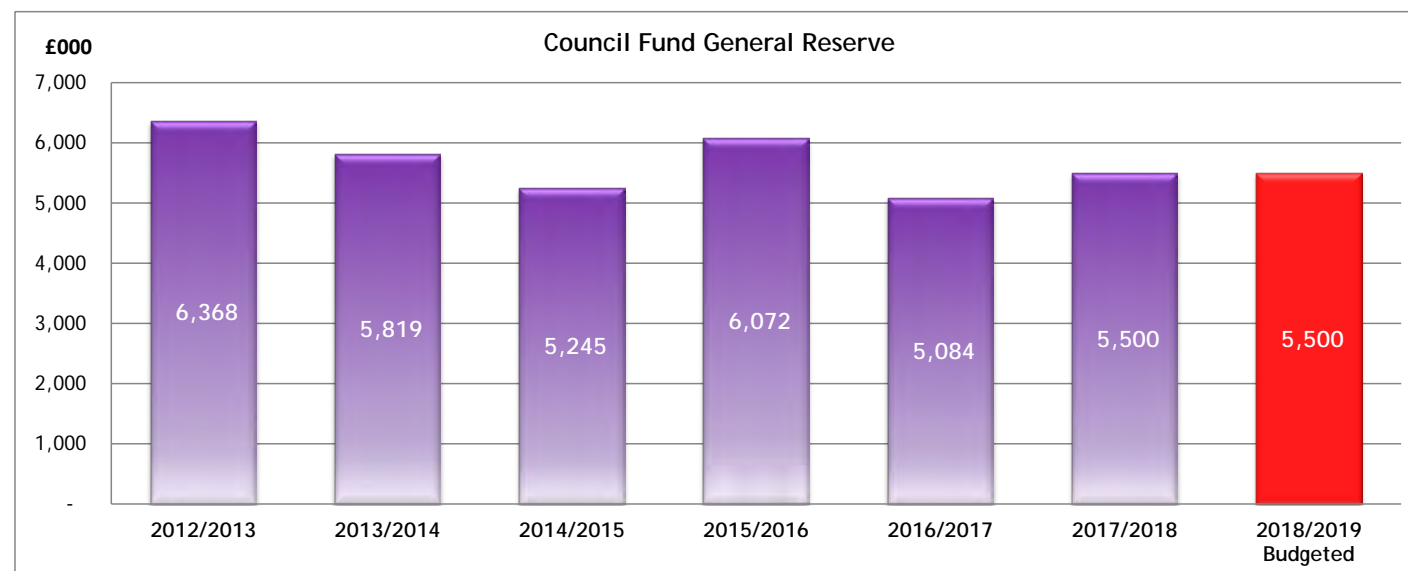
Details of the movements of individual provisions are shown in note 33.2 to the Core Statements (see page 85).



### 7.2 Reserves

Total General Reserves have reduced from £6.368m in 2012/2013 to £5.500m in 2017/2018. This represents 4.09% of 2017/2018 Revenue Outturn Net Revenue Expenditure.

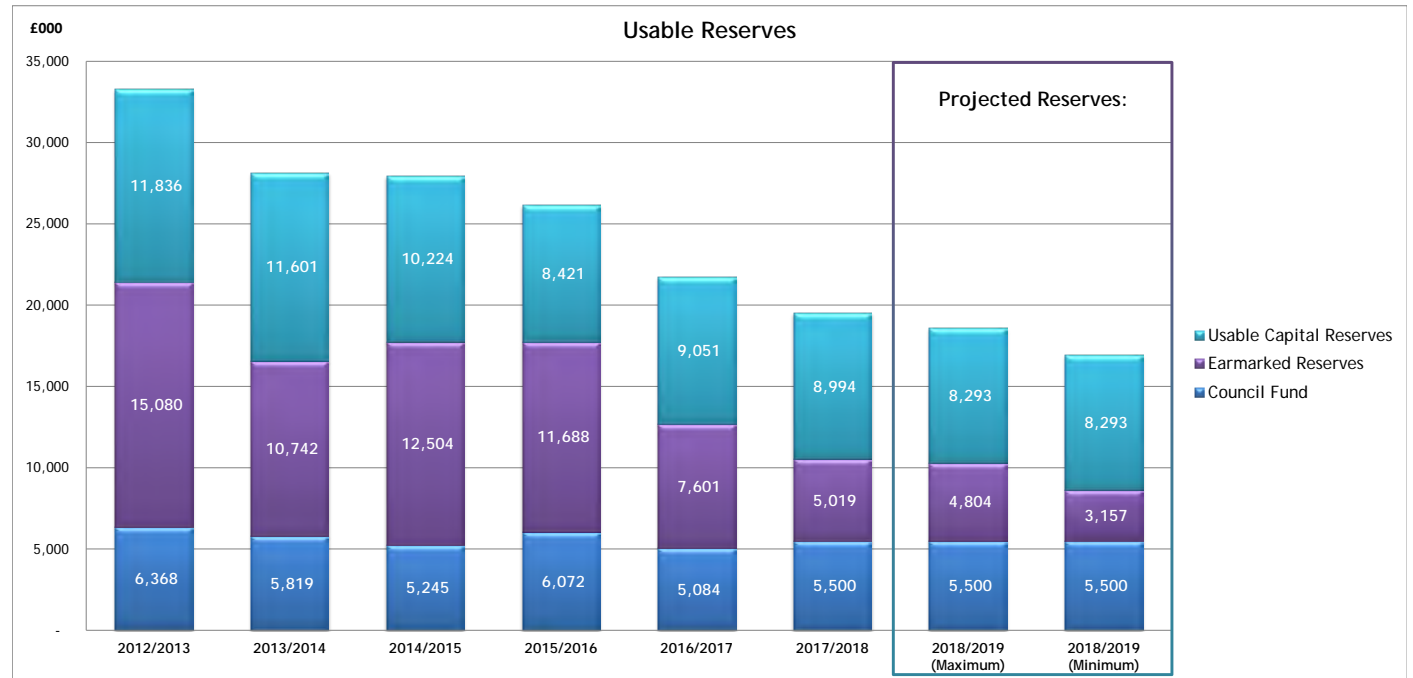
The 2018/2019 budget does not include any additional draw from the Council Fund reserves, subject to the emergence of specific cost pressures during the year. In order to understand the Authority's overall financial position, the level of general reserves needs to be viewed in the context of total usable reserves.



Aggregate Usable Reserves have reduced from £33.284m in 2012/2013 to £19.513m in 2017/2018. This represents 14.52% of 2017/2018 Net Revenue Outturn Expenditure.

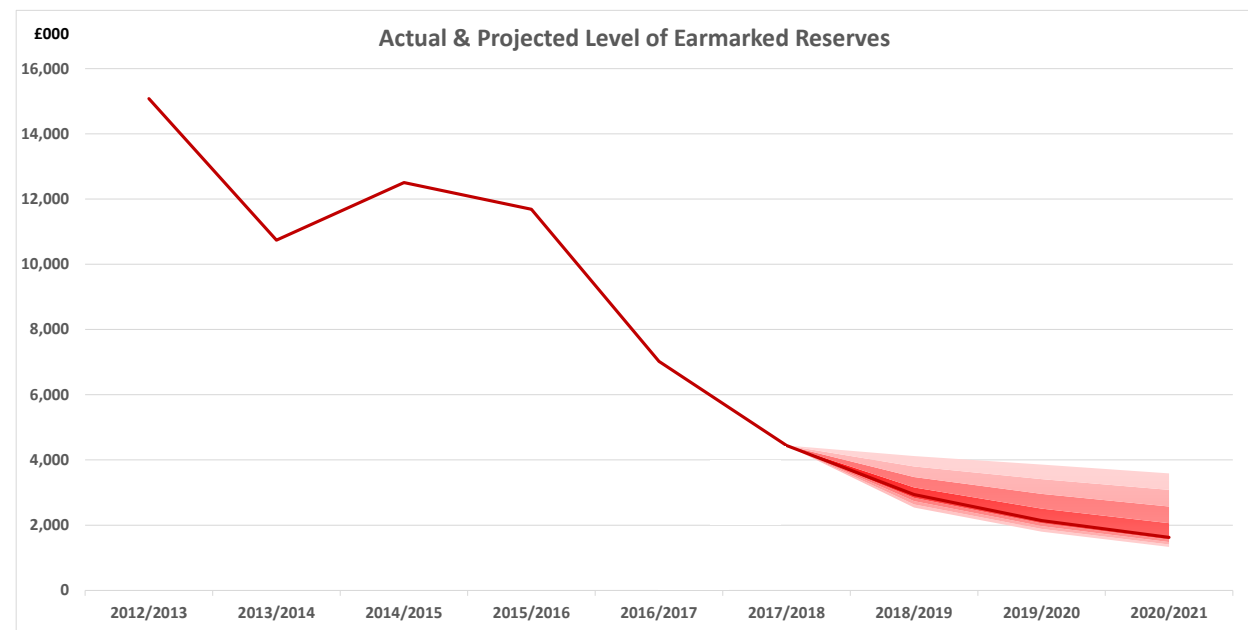
Within this aggregate figure, the level of General Reserves has reduced from £6.368m in 2012/2013 to £5.500m in 2017/2018. This relative stability is due to the management of the reserve in accordance with the Authority's policy of maintaining General Reserves at a target level of 4% of Revenue Outturn Expenditure.

In contrast, the level of other usable reserves has declined over that period from £26.916m to £14.013m (-£12.903m, -47.9%), highlighting the use of these reserves for their intended purposes and to some extent the impact of reduced levels of funding for the Authority as a consequence of austerity.



For 2018/2019, the net draw on earmarked reserves is projected to be in the range of £0.225m to £1.862m. As indicated in the fan chart (right), it is anticipated that the draw from reserves will be towards the higher end of this projected range. The 'most likely' range of projections is a net reduction of between £1.127m and £1.539m. This would result in total earmarked reserves balances at 31 March 2019 in the range of £3.480m and £3.892m. (For 2017/2018, the 'most likely' projected range for aggregate earmarked reserve balances at year-end was between £4.967m and £5.628m, with actual earmarked reserves of £5.019m at 31 March 2018 being 1.5% lower than the 'most likely' projection).

Use of earmarked reserves and balances to be held are 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 39 to the Core Statements (pages 103-111). Total usable reserves at the commencement of the year amounted to £21.736m, decreasing by £2.223m to £19.513m at 31 March 2018. The most significant net contributions to/from usable reserves were:

Summary Reserves Movements	2017/2018		2016/2017	
	£000	£000	£000	£000
Balance at 1 April		(21,736)	Balance at 1 April	(26,181)
Adjustment to Opening Balance		35		
Revised Balance at 1 April		(21,701)		
<b>Significant net contributions (to)/from earmarked reserves:</b>			<b>Significant net contributions (to)/from earmarked reserves:</b>	
Budget Contingency Fund	125		Anvil Court	179
Budget Implementation	243		Budget Contingency Fund	165
Downsizing, Redundancy & Transitional Costs	364		Budget Implementation	1,246
ICT	122		Downsizing, Redundancy & Transitional Costs	412
ICT Infrastructure (Capital)	44		Future Interest Rate Increase Protection	200
Insurance Liabilities	1,222		ICT	401
Invest to Save	(516)		ICT Infrastructure (Capital)	350
LMS	841		Insurance Liabilities	(302)
Revenue Grants & Contributions Unapplied	(225)		LMS	88
Waste Services	248		Revenue Grants & Contributions Unapplied	400
			Superannuation	164
			Waste Services	200
		2,468		3,503
<b>Significant net contributions (to)/from other usable reserves:</b>			<b>Significant net contributions (to)/from other usable reserves:</b>	
Usable Capital Receipts	40		Usable Capital Receipts	(611)
Other net contributions (to)/from usable reserves	(320)		Other net contributions (to)/from usable reserves	1,553
		(280)		942
Balance at 31 March		(19,513)		(21,736)

#### Impact of Pension Deficit on Reserves

The Authority holds total usable reserves of £19.513m at 31 March 2018 (£21.736m at 31 March 2017). The effect of applying the net superannuation fund deficit of £271.599m to the Authority's usable reserves would be a deficit of £252.086m (2016/2017: the superannuation deficit of £275.527m exceeded usable reserves by £253.791m).

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 37-38, pages 93-102.

### 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 2017/2018, 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;
- Part 1 compensation claims arising from the a range of public works projects; and
- Guarantees to the Greater Gwent (Torfaen) Pension Fund in the event that pension liabilities are not settled by Aneurin Leisure Trust;

A contingent asset for VAT reimbursement has also been included, where it is probable that income will be received from HMRC.

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 can be found in note 33.3, page 86.

### 8. Treasury Management Activities

In March 2017, the Authority approved the Treasury Strategy Statement, Annual Investment Strategy and MRP Policy Statement for the 2017/2018 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:

	2017/2018			2016/2017		
	Temporary	Other	Total	Temporary	Other	Total
	Loans	Loans		Loans	Loans	
	£000	£000	£000	£000	£000	£000
Borrowing						
Balance at 1 April	(29,071)	(117,747)	(146,818)	(21,071)	(126,460)	(147,531)
Adjustment to Balance Brought Forward (transfer to agency)	0	1,629	1,629	0	0	0
Loans Raised	(135,579)	0	(135,579)	(74,500)	(7,585)	(82,085)
Loans Repaid	113,400	18,829	132,229	66,500	16,337	82,837
Effective Interest Adjustment	0	(40)	(40)	0	(39)	(39)
<b>Balance at 31 March</b>	<b>(51,250)</b>	<b>(97,329)</b>	<b>(148,579)</b>	<b>(29,071)</b>	<b>(117,747)</b>	<b>(146,818)</b>

Total external loan debt at 31 March 2018 amounted to £148.579m (31 March 2017: £146.818m). No long-term loans were raised during the year as increased temporary borrowing was undertaken in order to benefit from the lower interest rates payable.

### Investing Activities

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

Balance at 1 April	2017/2018	2016/2017
	£000	£000
Balance at 1 April	2,000	0
Investments Made	141,500	120,000
Investments Repaid	(141,500)	(118,000)
Balance at 31 March	2,000	2,000

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 2017/2018 the sum of £1.130m (2016/2017: £3.903m) has been set by the Authority based on statutory guidance, as disclosed in note 1.14 (page 38).

Interest on external loan debt of £3.996m has been charged to the Comprehensive Income & Expenditure Statement in 2017/2018 (2016/2017: £4.296m).

### 9. Pension Assets and Liabilities

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

Pension Assets and Liabilities	31 March 2018			31 March 2017		
	LGPS	uTPS	Total	LGPS	uTPS	Total
	£000	£000	£000	£000	£000	£000
Assets	359,245	0	359,245	347,737	0	347,737
Liabilities	(593,874)	(36,970)	(630,844)	(584,529)	(38,735)	(623,264)
Net Liabilities	(234,629)	(36,970)	(271,599)	(236,792)	(38,735)	(275,527)

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

During 2017/2018, the net cost or valuation of non-current assets (Property, Plant & Equipment) recorded on the Authority's Balance Sheet showed a net decrease of £9.480m, from £273.052m to £263.572m. This movement was the result of additions, disposals, appropriations, revaluations and, most significantly, depreciation charges of £9.070m.

Note 25.1 (pages 67-68) provides further detail of the additions, disposals, appropriations, depreciation and revaluation that comprise the overall net decrease in value during the year.

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## 11. Significant Changes in Accounting Policies

### 11.1 CIPFA Code of Practice on Local Authority Accounting, 2017/2018

The 2017/2018 Accounting Code of Practice includes the following new or revised accounting standards: IFRS10 *Consolidated Financial Statements*, IFRS12 *Disclosure of Interests in Other Entities* and IAS28 *Investments in Associates and Joint Ventures: Investment Entities*. These amendments address issues relating to the exemption from consolidation (in certain circumstances) of investment entities. As Local Authorities are not investment entities, these amendments do not apply.

## 12. Main Financial Statements

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

### 12.1 The Comprehensive Income and Expenditure Statement (CIES) (Pages 21-22)

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

### 12.2 The Movement in Reserves Statement (MIRS) (Pages 23-24)

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

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

### 12.3 The Balance Sheet (Pages 25-26)

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

### 12.4 The Cash Flow Statement (Page 27)

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

### 13. Expenditure and Funding Analysis

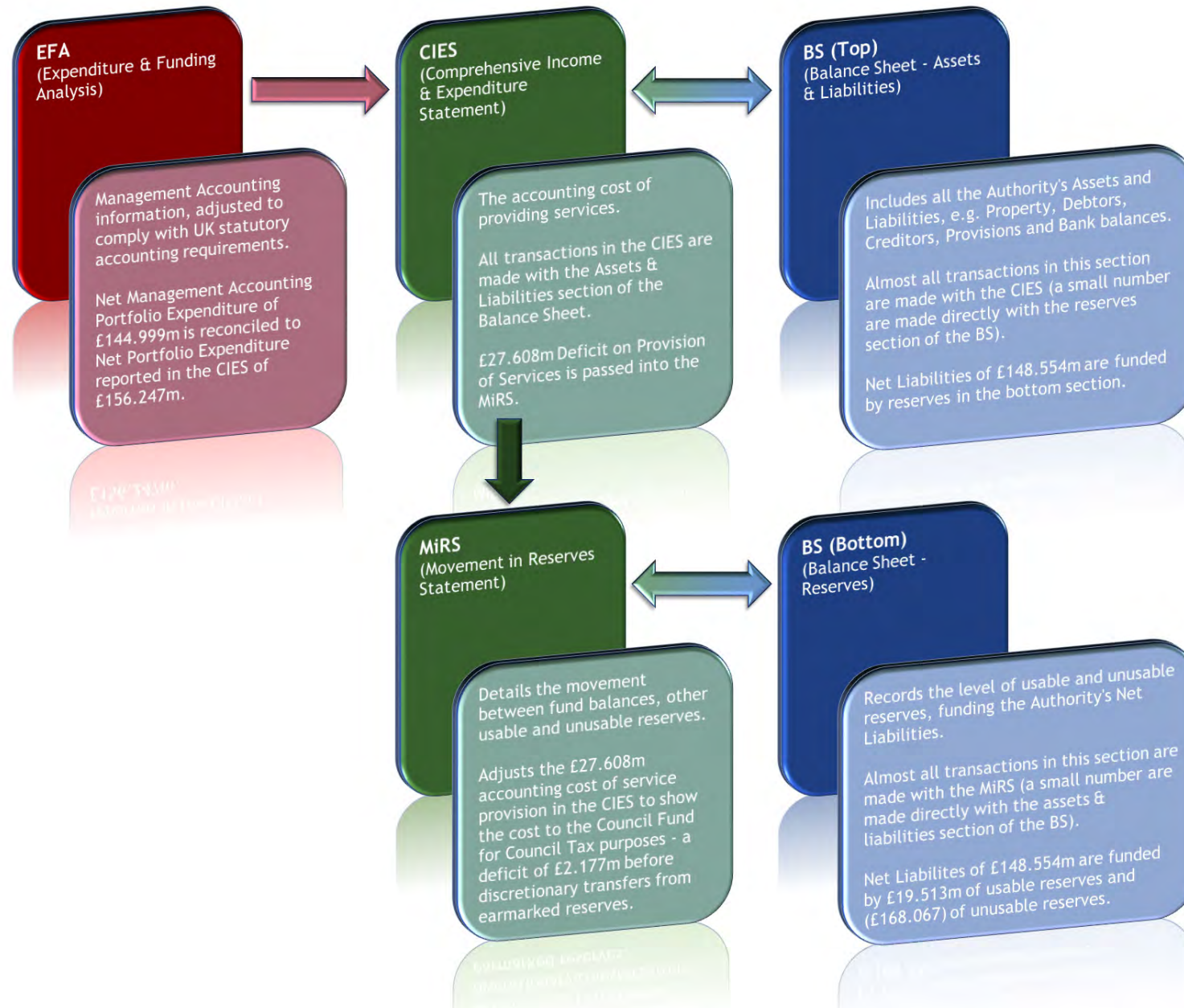
The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the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

The following table summarises the transactions recorded in the EFA for 2017/2018 - more detail is included in the full EFA on page 44.

Expenditure & Funding Analysis - Summary	2017/2018					2016/2017				
	Management Account Net Expenditure £000	Accounting Code Adjustments £000	Net Expenditure Chargeable to the Council Fund £000	Funding and Accounting Basis Adjustments £000	CIES Net Expenditure £000	Management Account Net Expenditure £000	Accounting Code Adjustments £000	Net Expenditure Chargeable to the Council Fund £000	Funding and Accounting Basis Adjustments £000	CIES Net Expenditure £000
(Surplus)/Deficit on the Provision of Services	144,999	(142,822)	2,177	25,431	27,608	136,864	(131,789)	5,075	15,777	20,852
Transfers to/(from) earmarked reserves			(2,593)					(4,271)		
(Increase)/Decrease in year			(416)					804		
Opening council Fund Balance as at 1 April			(5,084)					(5,888)		
Closing Council Fund Balance as at 31 March			(5,500)					(5,084)		

14. Interaction of Main Financial Statements

The following illustration demonstrates the relationships between the main financial statements (CIES, MiRS and Balance Sheet) and also the EFA.





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## 15. Group Accounts

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

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

Group Accounts have been prepared in compliance with the Accounting Policies set out on pages 28-40 and 126-128 and are included in the Statement of Accounts on pages 121-142.

## 16. Future Developments

### 16.1 Budget-Setting Process

The Authority, through its design principles, agreed a number of service re-design projects in order to instigate £4.8m of revenue savings for the 2017/2018 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. Welsh Government has indicated that future settlements will be less favourable and therefore the Authority is making savings plans based on a range of assumptions.

### 16.2 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 2018/2019. The phased introduction of universal credit in Blaenau Gwent from July 2018 will see an increasing impact on benefit claimants and all support agencies. This will continue until all eligible claimants have migrated to Universal Credit.

### 16.3 Cardiff City Region City Deal (CCRCD)

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

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

The CCRCD Investment Fund comprises two distinct elements:-

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

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#### 16.4 Impact of the Referendum to Leave the European Union

On 23 June 2016, the United Kingdom voted to leave the European Union (EU). Whilst the outcome of the referendum has no impact on the transactions and balances reported for the 2017/2018 financial year, the decision has the potential to have a significant impact on the Authority across a wide range of areas in future years, including:

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

Blaenau Gwent has received, and continues to receive, funding from various EU structural and other transnational European funding schemes. Following the referendum result, there are uncertainties regarding when these funding streams will terminate, whether UK organisations will be able to participate in specific schemes after formally leaving the EU, and whether this funding will be replaced by sums from Central Government and for what period of time. The Authority will need to consider these issues when determining its future Revenue and Capital budgets.

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

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

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

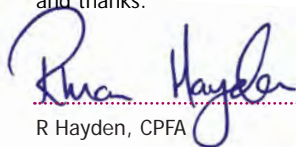
The legal framework regarding these areas is unlikely to change significantly in the short term, as much EU law is implemented by specific national law which will not lapse on leaving the EU. However, at that point in time, it may be possible to amend or repeal this body of legislation. In some cases, for example in respect of State Aid and Public Procurement, this will be limited by the requirements for similar regulations by other bodies to which the UK has or may have membership (e.g. the European Free Trade Association (EFTA), European Economic Area (EEA) or World Trade Organisation (WTO)).

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

#### 17. Conclusion

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

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



R Hayden, CPFA

Chief Officer - Resources



Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council



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## Statement of Responsibilities

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### The Authority's Responsibilities

The Authority is required to:

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

### The Responsibilities of the Chief Officer - Resources

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

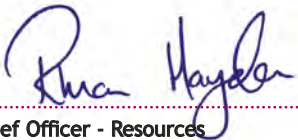
- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Local Authority Code.

The Chief Officer - Resources has also:

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

### Certification of Accounts

In my opinion the Statement of Accounts gives a true and fair view of the financial position of Blaenau Gwent County Borough Council and the Blaenau Gwent County Borough Council Group as at 31 March 2018, and of their expenditure and income for the year then ended.

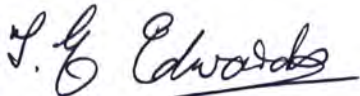


14 April 2022

Date

Chief Officer - Resources

I confirm that these Accounts were approved at the Governance & Audit Committee Meeting on 14 April 2022. Signed on behalf of Blaenau



14 April 2022

Date

Chair of Meeting



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Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

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

**Qualified Opinion on financial statements**

I have audited the financial statements of:

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

for the year ended 31 March 2018 under the Public Audit (Wales) Act 2004.

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

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

In my opinion, except for effect on the financial statements referred to in the Basis for Qualified Opinion paragraph, the accounting statements and related notes:

- give a true and fair view of the financial position of Blaenau Gwent County Borough Council, and Blaenau Gwent County Borough Council Group, as at 31 March 2018 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

**Basis of Qualified Opinion**

In Note 14.3, Senior Officer Remuneration, the financial statements of Blaenau Gwent County Borough Council (the Council) include pension payments totalling £4,814 that in my opinion appear to be contrary to law. The Council should have disclosed the nature and impact of these additional pension contributions for the financial statements to give a true and fair view, but it has failed to do so.

These payments relate to employer pension contributions paid into the Greater Gwent Pension Fund on behalf of the Chief Finance Officer and the Corporate Director of Environment & Regeneration for their roles as directors of a wholly-owned subsidiary of the Council, Silent Valley Waste Services Ltd (SVWS).

The Council paid remuneration to these officers for undertaking SVWS director roles. The Council treated these payments as pensionable within the scope of the Local Government Pension Scheme (LGPS) and made employer pension contributions into the Greater Gwent Pension Fund as though the SVWS payments were part of the officers' core Council employments. The cost of these pension contributions was met by the Council.

I consider that the employer pension contributions appear to be contrary to law on the basis that:

- the SVWS directorships of the officers concerned appear to have been SVWS engagements. The Council could not lawfully incur pension costs relating to SVWS engagements.
- the Council did not approve the amount of remuneration to be paid to the officers concerned for undertaking their SVWS roles, or that any remuneration they received for performance of these roles be treated as pensionable pay. The amount to be paid to these officers for the SVWS roles was determined by SVWS and not the Council.
- the payments appear to be in breach of Regulation 22 (2) of the Local Government Pension Scheme Regulations 2013 which required separate pension accounts to be opened for each Scheme employment. It appears that the SVWS engagements were separate employments to the officers' core Council employments, but separate pensions accounts were not opened.

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I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion

### Conclusions relating to going concern

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

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

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

### Other Information

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

I have nothing to report in this regard.

### Report on Other Requirements

#### Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with guidance.

#### Matters on which I report by exception

In the light of the knowledge and understanding of the council and the group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

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

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

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## Responsibilities

### Responsibilities of the Responsible Financial Officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including Blaenau Gwent County Borough Council's Group financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the council's and group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

My procedures included the following:

- Enquiring of management, the council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Blaenau Gwent's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud;
- Obtaining an understanding of Blaenau Gwent's framework of authority as well as other legal and regulatory frameworks that the Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Council.

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

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

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

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

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

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**Certificate of completion of audit**

My report dated 26 November 2020 contained an audit opinion on the 2017-18 accounts and explained that the audit could not be formally concluded until I had completed ongoing work in relation to concerns raised in correspondence in respect of Silent Valley Waste Services Ltd.

This work has now been completed and I have issued a Public Interest Report on my findings on 27 January 2022.

I certify that I have completed the audit of the accounts in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.



10 May 2022

Adrian Crompton

Date

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 Chief Finance Officer; the work carried out by auditors does not involve consideration of these matters and accordingly 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 Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council



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Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

## Comprehensive Income and Expenditure Statement

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

Comprehensive Income & Expenditure Statement	2017/2018			2016/2017			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
<b>Continuing Operations</b>								
Financial Management & Strategy	39,572	(27,387)	12,185	42,148	(29,603)	12,545	17	57
Corporate Services	5,578	(546)	5,032	4,972	(804)	4,168	17	57
Social Services	63,593	(18,287)	45,306	58,995	(16,355)	42,640	12	52
Infrastructure	12,809	(1,947)	10,862	9,652	(1,835)	7,817		
Active Living	7,566	(1,353)	6,213	6,514	(1,322)	5,192		
Education	21,627	(5,915)	15,712	24,611	(6,729)	17,882		
Education - Schools	46,409	(4,277)	42,132	45,933	(3,604)	42,329	30	80
Environment	22,502	(6,199)	16,303	21,063	(6,573)	14,490		
Economy	5,007	(2,775)	2,232	4,694	(2,819)	1,875		
Planning	1,618	(350)	1,268	1,489	(267)	1,222		
Licensing	214	(124)	90	193	(142)	51		
Cardiff Capital Region City Deal	73	(1,161)	(1,088)	0	0	0	43	114
<b>Total Deficit on Continuing Services</b>	<b>226,568</b>	<b>(70,321)</b>	<b>156,247</b>	<b>220,264</b>	<b>(70,053)</b>	<b>150,211</b>	2, 7, 15, 16, 21	40, 44, 56, 57, 60

Comprehensive Income & Expenditure Statement (Continued)	2017/2018			2016/2017			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Total Deficit on Continuing Services	226,568	(70,321)	156,247	220,264	(70,053)	150,211		
Other Operating Expenditure	8,782	(634)	8,148	8,782	(1,515)	7,267	8, 19, 20	50, 58, 59
Financing and Investment Income & Expenditure	20,235	(9,278)	10,957	22,577	(10,113)	12,464	9	51
Taxation & Non-Specific Grant Income	0	(147,744)	(147,744)	0	(149,090)	(149,090)	10, 18-19, 21	51, 58-59, 60
(Surplus)/Deficit on Provision of Services	255,585	(227,977)	27,608	251,623	(230,771)	20,852	MiRS, 7	23-24, 44
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(253)			(2,303)		
Remeasurement of the net defined benefit pension liability			(17,182)			24,243	38	94-102
Other Comprehensive Income & Expenditure			(17,435)			21,940	MiRS, 23	23-24, 63
Total Comprehensive Income & Expenditure			10,173			42,792	MiRS	23-24

## Movement in Reserves Statement

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

Movement in Reserves Statement	Council Fund	Earmarked Council Fund Reserves	Capital Reserves		Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Note	Page
			Capital Receipts Reserve	Capital Grants Unapplied					
2016/2017	£000	£000	£000	£000	£000	£000	£000		
Balance at 31 March 2016	(6,072)	(11,688)	(7,755)	(666)	(26,181)	122,373	96,192		
Adjustments to brought forward balances	184*	(184)*	0	0	0	(638)**	(638)		
Revised Balance at 1 April 2016	(5,888)	(11,872)	(7,755)	(666)	(26,181)	121,735	95,554		
Total Comprehensive Income and Expenditure	20,852	0	0	0	20,852	21,940	42,792	CIES	22
Adjustments between accounting basis & funding basis under statutory provisions	(15,777)	0	(611)	(19)	(16,407)	16,407	0	24	64-66
Net (Increase)/Decrease before transfers to Earmarked Reserves	5,075	0	(611)	(19)	4,445	38,347	42,792		
Transfers (to) Council Fund from Earmarked Reserves	(4,271)	4,271	0	0	0	0	0	39	106-107
(Increase)/Decrease in 2016/2017	804	4,271	(611)	(19)	4,445	38,347	42,792		
Balance at 31 March 2017	(5,084)	(7,601)	(8,366)	(685)	(21,736)	160,082	138,346	BS	26

*Brought Forward Balances were adjusted (\*) to correct a misposting of costs to Schools Balances, resulting in an increase in LMS Balances and a decrease in the Council Fund of £0.184m; and (\*\*) to adjust Unusable Reserves (reducing the Capital Adjustment Account by £0.282m and Revaluation Reserve by £1.083m) for a revaluation increase related to previous years, and also for a cumulative adjustment increasing the Capital Adjustment Account by £0.727m in respect of an understatement of depreciation relating to specific assets.*



Movement in Reserves Statement 2017/2018	Council Fund £000	Earmarked Council Fund Reserves £000	Capital Reserves		Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Note	Page
			Capital Receipts Reserve £000	Capital Grants Unapplied £000					
Balance at 31 March 2017	(5,084)	(7,601)	(8,366)	(685)	(21,736)	160,082	138,346	BS	26
Adjustments to brought forward balances*	0	(11)	0	46	35	0	35		
Revised Balance at 1 April 2017	(5,084)	(7,612)	(8,366)	(639)	(21,701)	160,082	138,381		
Total Comprehensive Income and Expenditure	27,608	0	0	0	27,608	(17,435)	10,173	CIES	22
Adjustments between accounting basis & funding basis under statutory provisions	(25,431)	0	40	(29)	(25,420)	25,420	0	24	64-66
Net (Increase)/Decrease before transfers to Earmarked Reserves	2,177	0	40	(29)	2,188	7,985	10,173		
Transfers (to) Council Fund from Earmarked Reserves	(2,593)	2,593	0	0	0	0	0	39	106-107
(Increase)/Decrease in 2017/2018	(416)	2,593	40	(29)	2,188	7,985	10,173		
Balance at 31 March 2018	(5,500)	(5,019)	(8,326)	(668)	(19,513)	168,067	148,554	BS	26

\*: Reserve balances at 1 April 2017 were amended to include £0.011m as the Authority's share of Cardiff Capital Region City Deal reserves at that date, and also to remove £0.046m balances previously held in respect of Property Improvement Loans that from 2017/2018 have been accounted for on an agency basis.

## Balance Sheet

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

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

Balance Sheet	31 March 2018		31 March 2017		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	263,572		273,052		25 ,27, 30	67-74, 76-77, 79
Heritage Assets	413		413		26	74-75
Non-Current Investments	250		250		28	78
Non-Current Debtors	4,731		5,221		29	79
<b>Sub Total: Long-Term Assets</b>		<b>268,966</b>		<b>278,936</b>		
Assets Held for Sale	425		510			
Current Investments	0		4			
Inventories	719		857			
Current Debtors	16,049		17,393		31	81
Cash and Cash Equivalents	7,397		5,375		42	114
<b>Sub Total: Current Assets</b>		<b>24,590</b>		<b>24,139</b>		

Balance Sheet (Continued)	31 March 2018		31 March 2017		Note:	Page:
	£000	£000	£000	£000		
Current Borrowing	(68,374)		(47,899)		35 - 36	87-92
Current Creditors	(11,171)		(12,220)		32	82
Current Grants Receipts in Advance	(2,656)		(1,744)		21	60
Current Provisions	(4,643)		(3,347)		33	83-85
<b>Sub Total: Current Liabilities</b>		<b>(86,844)</b>		<b>(65,210)</b>		
Non-Current Borrowing	(80,205)		(98,919)		35 - 36	87-92
Non-Current Provisions	(2,243)		(1,321)		33	83-85
Other Long-Term Liabilities	(272,818)		(275,971)		34, 38	86, 94-102
<b>Sub Total: Long-Term Liabilities</b>		<b>(355,266)</b>		<b>(376,211)</b>		
<b>Total Net Assets/(Liabilities)</b>		<b>(148,554)</b>		<b>(138,346)</b>		
Usable Reserves	(19,513)		(21,736)		39.1	103-107
Unusable Reserves	168,067		160,082		39.2	108-111
<b>Total Reserves</b>		<b>148,554</b>		<b>138,346</b>		

## Cash Flow Statement

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

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

Cash Flow Statement	2017/2018		2016/2017		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services	(27,608)		(20,852)		CIES	22
Adjustments to the provision of services for non-cash movements	33,520		28,324		40.1	112
Adjustments for items included in the provision of services that are investing and financing activities	(4,226)		(6,818)		40.2	112
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>		<b>1,686</b>		<b>654</b>		
Investing activities		(2,787)		1,493	41.1	113
Financing activities		3,123		(981)	41.2	113
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>2,022</b>		<b>1,166</b>		
Cash and cash equivalents at the beginning of the reporting period		5,375		4,209	BS, 42	25, 114
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>7,397</b>		<b>5,375</b>	BS, 42	25, 114



Cyngor Bwrdeistref Siro

**Blaenau Gwent**

County Borough Council

**1. Accounting Policies**

**1.1 General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2017/2018 financial year and its position at the year-end of 31 March 2018. 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 2017/2018 and the Service Reporting Code of Practice 2017/2018, supported by International Financial Reporting Standards (IFRS). Where there is no relevant IFRS or International Accounting Standard (IAS), reference is made to International Public Sector Accounting Standards (IPSASs); if there is no relevant IPSAS, domestic Financial Reporting Standards (FRSs) are applied.

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

**1.2 Back Pay Arising from Unequal Pay Claims**

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

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

**1.3 Employee Benefits**

**1.3.1 Post Employment Benefits**

*The Local Government Pension Scheme*

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

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

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

Duration Category	31 March 2018			31 March 2017		
	Discount Rate	RPI	CPI	Discount Rate	RPI	CPI
	%	%	%	%	%	%
Short (Less than 17 years)	2.6	3.4	2.4	2.5	3.4	2.4
Medium (between 17 and 23 years)	2.7	3.4	2.4	2.6	3.4	2.4
Long (over 23 years)	2.7	3.3	2.3	2.7	3.4	2.4

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

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

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

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

#### 1.3.2 Discretionary Benefits

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

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## 1.4 Financial Instruments

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

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

- The discount rate used in the NPV calculation is equal to the current rate in relation to the same instrument from a comparable lender. This is the rate applicable in the market on the date of valuation (31 March 2018) for an instrument with the same duration, i.e. equal to the outstanding period from valuation date to maturity. For Public Works Loan Board (PWLB) borrowing the new PWLB borrowing rate has been used.
- Interest is calculated using the most common market convention (actual number of days/365).
- For fixed term deposits it is assumed that interest is received on maturity.

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

### *Premiums/Discounts*

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

### *Interest*

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

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



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## 1.5 Intangible Assets

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

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

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

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

## 1.6 Inventories

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

## 1.7 Leases

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

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

The following accounting treatment applies to each type of lease:

### *Finance Lease*

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

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

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

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

#### *Operating Lease*

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

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

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

The Authority currently has no such arrangements.

### 1.8 Fair Value Measurement

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

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

Assets Held for Sale are assets where it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use. They are held at the lower of their carrying amount before reclassification and their Fair Value (in accordance with accounting policy 1.9).

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

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

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

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

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

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

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

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

Information about the valuation techniques and inputs used in determining the fair value of the Authority's surplus assets are disclosed in the note 25.2 to the Balance Sheet (pages 70-71).

## 1.9 Assets Held for Sale

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

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

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

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

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

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

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## 1.10 Surplus Non-Current Assets Under PPE

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

## 1.11 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2017/2018 (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 within the Financial Management and Strategy and Corporate Services Portfolios 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.

## 1.12 Property, Plant and Equipment

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

### 1.12.1 Recognition

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

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

#### Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

### 1.12.2 Impairment

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

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

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

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

### 1.12.3 Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

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

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

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

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

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

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#### 1.12.4 Disposals

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

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

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

#### 1.12.5 Componentisation

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

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

#### 1.13 Heritage Assets

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

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

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

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

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

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#### 1.14 Minimum Revenue Provision

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

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

The MRP for 2017/2018 has been calculated in accordance with the amended MRP policy that was approved by full Council in December 2017, using the following method:

- Supported Borrowing - MRP is calculated on a straight-line basis, at 2% of capital expenditure incurred. In 2017/2018, this was applied retrospectively for any expenditure incurred from 2007/2008.
- Unsupported Borrowing - For all debt not in receipt of revenue support from central government, MRP is made on an annuity basis over the life of the asset. In 2017/2018 this was applied retrospectively to 2007/2008.
- Finance Leases - the MRP for finance leases is equal to the principal element of the rental payable each year.

As existing Council Taxpayers have been charged in previous years for MRP that has subsequently been reduced as a result of the retrospective policy changes introduced in 2017/2018, the level of MRP made in 2017/2018 has been reduced in order to provide those Taxpayers with the policy benefits arising within a reasonable time-frame. In 2017/2018, MRP has therefore been reduced by £2.7m, with planned reductions of £3.2m per annum for the financial years 2018/2019 to 2021/2022.

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

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

##### *Council Tax*

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

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

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

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

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

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

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



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## 1.16 Joint Arrangements

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

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

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

## 1.17 Accounting for Schools

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

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

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

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

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

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

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

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

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## 1.18 Group Accounts

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

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

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

## 2. Impact of changes in Accounting Policies

In preparing the 2017/2018 Accounts, amendments to IFRS10 *Consolidated Financial Statements*, IFRS12 *Disclosure of Interests in Other Entities* and IAS28 *Investments in Associates and Joint Ventures - Investment Entities* have been considered. As Local Authorities are not investment entities, these amendments do not apply.

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

The 2018/2019 Accounting Code of Practice includes the following new or revised accounting standards that have effect from 1 April 2018.

Source	Requirement and Potential Impact
IFRS 9 <i>Financial Instruments</i>	IFRS 9 introduces extensive changes to the classification and measurement of financial assets, in addition to a forward looking 'expected loss' model for impairment of financial assets rather than the 'incurred loss' model under IAS 39. The anticipated impact will include the reclassification of assets currently classified as <i>loans and receivables</i> and <i>available for sale</i> to <i>amortised cost</i> and <i>fair value through other comprehensive income</i> , based on the contractual cashflows.
IFRS15 <i>Revenue from Contracts with Customers</i>	IFRS 15 establishes a new comprehensive framework for revenue recognition and replaces IAS 18 <i>Revenue</i> and IAS 11 <i>Construction Contracts</i> . IFRS 15 changes the basis for deciding whether revenue is recognised at a point in time or over a period of time and introduces five steps for recognition, but as the Council has relatively predictable income streams the impact is expected to be minimal.

### 4. Critical Judgements in Applying Accounting Policies

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

- i. These accounts have been prepared on a going concern basis, which assumes that the functions and services provided by the Authority will continue in operational existence for the foreseeable future, although there will be significant financial challenges to be met (see also note 16 to the Narrative Report, pages 16-17).
- ii. Aggregate External Finance (AEF) figures have not been provided by Welsh Government for financial years after 2018/2019, increasing the difficulties in forward planning.
- 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. Finance leases are not precisely defined and therefore an element of judgement has been required in assessing each lease arrangement.
- vi. Capital and revenue grants and contributions continue to be reviewed to determine the existence of any conditions requiring repayment of sums involved to the awarding body, and the extent to which any conditions have been fulfilled. There has been a consequential impact on sums retained on the Balance Sheet and credited to the Comprehensive Income and Expenditure Statement.
- vii. Where disclosure notes required by the Accounting Code are insignificant or immaterial in value and their omission has been determined not to have a detrimental impact on the presentation of the financial position or performance of the Authority, these disclosures have not been presented.
- viii. Further to the decision for the United Kingdom to leave the European Union, there is a high degree of uncertainty regarding the continuation of existing funding streams and future levels of funding for local government. However, a judgement has been taken that there is currently insufficient indication that this funding uncertainty will result in reduction of service provision with a consequent impairment of assets held by the Authority.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Local Government Scheme Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The firm of consulting actuaries engaged to provide the Authority with expert advice about the assumptions to be applied was changed with effect from 1 April 2015. Relatively minor variations in the assumptions used by the two firms could have a significant impact on reported results.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. The fund actuary has advised that a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £62.215m (<i>see page 101 for further sensitivity analysis</i>). However, the assumptions interact in complex ways. During 2017/2018, the Authority's actuaries advised that the net pensions liability had decreased by £16.313m as a result of remeasurements of pension assets and liabilities. This decrease comprised a £4.588m gain on assets (representing the difference between actual and expected asset return for the year) and net decreases in liabilities of £11.725m (arising from changes in demographic/financial assumptions and other experience gains (<i>see pages 96-98</i>)).</p>
Revaluation of Property, Plant and Equipment	<p>Property, Plant and Equipment assets are revalued on a sufficiently regular basis to ensure their carrying amount is not materially different from their fair value. As a minimum, all assets are revalued every five years. In addition, all assets are assessed annually for impairment. The value of the asset portfolio is based upon calculations and estimation techniques following the Royal Institute of Chartered Surveyors (RICS) guidance.</p>	<p>The appointed valuers have applied professional judgement and assumptions in determining the value of assets and the extent of any impairment. A 1% variation arising from these judgements and assumptions would result in the over or understatement of the Gross Book Value of Property, Plant and Equipment of £3.144m. 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 &amp; Expenditure Statement and the level of the Authority's Reserves.</p>
Depreciation of Property, Plant and Equipment	<p>Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to maintain the required level of expenditure on repairs and maintenance, resulting in uncertainty regarding the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation charged to the CIES increases and the carrying amount of assets on the Balance Sheet falls.</p>
Fair Value Estimations	<p>When the fair values of Investment Properties, Surplus Assets and Assets Held for Sale cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using the following valuation techniques:</p> <ul style="list-style-type: none"> <li>• For Level 2 inputs, quoted prices for similar assets or liabilities in active markets at the balance sheet date;</li> <li>• For level 3 inputs, valuations based on a combination of available market data derived from a mixture of transactions on both Council and 3rd party assets which are then analysed to take into account yields, rates per sq. m, build costs etc..</li> </ul> <p>Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible, judgment is required in establishing fair values. These judgments typically include considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value of the Authority's assets and liabilities.</p>	<p>The Authority uses a combination of available market data derived from a mixture of transactions on both Council and 3<sup>rd</sup> party assets which are then analysed to take into account yields, rates per sq. m, build costs etc. to measure the fair value of its Surplus Assets and Assets Held for Sale under IFRS13, depending on which technique it considers most appropriate.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, floor area repairs backlogs, and others. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.</p>

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## 6. Events After the Reporting Period

The Statement of Accounts was authorised for issue by Ms R. Hayden CPFA, Chief Officer - Resources, on 04 April 2022.

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 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

### *Comprehensive Income and Expenditure Statement Notes*

## 7. Expenditure and Funding Analysis

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

Expenditure & Funding Analysis	2017/2018					2016/2017				
	Management Account Net Expenditure	Accounting Code Adjustments (Note 7.1)	Net Expenditure Chargeable to the Council Fund (Note 7.2)	Funding & Accounting Basis Adjustments (Note 7.3)	CIES Net Expenditure	Management Account Net Expenditure	Accounting Code Adjustments (Note 7.1)	Net Expenditure Chargeable to the Council Fund (Note 7.2)	Funding & Accounting Basis Adjustments (Note 7.3)	CIES Net Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Financial Management & Strategy	10,502	903	11,405	780	12,185	9,883	1,489	11,372	1,173	12,545
Corporate Services	3,724	270	3,994	1,038	5,032	3,594	274	3,868	300	4,168
Social Services	41,708	482	42,190	3,116	45,306	38,634	2,885	41,519	1,121	42,640
Infrastructure	12,598	(7,055)	5,543	5,319	10,862	8,410	(2,597)	5,813	2,004	7,817
Active Living	4,356	(736)	3,620	2,593	6,213	4,409	(695)	3,714	1,478	5,192
Education	54,356	(43,085)	11,271	4,441	15,712	55,173	(44,498)	10,675	7,207	17,882
Education - Schools	(282)	42,300	42,018	114	42,132	(583)	42,811	42,228	101	42,329
Environment	15,624	(5,092)	10,532	5,771	16,303	15,030	(3,903)	11,127	3,363	14,490
Economy	1,289	644	1,933	299	2,232	1,219	0	1,219	656	1,875
Planning	1,050	92	1,142	126	1,268	1,044	168	1,212	10	1,222
Licensing	74	2	76	14	90	51	2	53	(2)	51
Cardiff Capital Region City Deal	0	30	30	(1,118)	(1,088)	0	0	0	0	0
Capital Adjustments*	0	(21)	(21)	21	0	0	(43)	(43)	43	0
Pension Adjustments**	0	1,017	1,017	(1,017)	0	0	1,069	1,069	(1,069)	0
<b>Net Expenditure on Continuing Operations</b>	<b>144,999</b>	<b>(10,249)</b>	<b>134,750</b>	<b>21,497</b>	<b>156,247</b>	<b>136,864</b>	<b>(3,038)</b>	<b>133,826</b>	<b>16,385</b>	<b>150,211</b>
Other Operating Expenditure	0	8,305	8,305	(157)	8,148	0	8,038	8,038	(771)	7,267
Financing & Investment Income & Expenditure	0	4,927	4,927	6,030	10,957	0	7,907	7,907	4,557	12,464
Taxation & Non-Specific Grant Income	0	(145,805)	(145,805)	(1,939)	(147,744)	0	(144,696)	(144,696)	(4,394)	(149,090)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>144,999</b>	<b>(142,822)</b>	<b>2,177</b>	<b>25,431</b>	<b>27,608</b>	<b>136,864</b>	<b>(131,789)</b>	<b>5,075</b>	<b>15,777</b>	<b>20,852</b>
Transfers to/(from) earmarked reserves			(2,593)					(4,271)		
<b>(Increase)/Decrease in year</b>			<b>(416)</b>					<b>804</b>		
Opening Council Fund Balance as at 1 April			(5,084)					(5,888)		
<b>Closing Council Fund Balance as at 31 March</b>			<b>(5,500)</b>					<b>(5,084)</b>		

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

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

## 7.1 Code-Compliant Adjustments to Management Accounts

This table shows the adjustments made to the 2017/2018 management accounts to arrive at 'Net Expenditure Chargeable to the Council Fund' on an Accounting Code of Practice-compliant basis:

Expenditure and Funding Analysis: Accounting Code Adjustments to Management Accounts	2017/2018							Total £000
	Capital Charges (Note 7.1.1)	Elimination of Internal Recharges (Note 7.1.2)	Pension Liabilities (Note 7.1.3)	Precepts & Levies (Note 7.1.4)	Provisions (Note 7.1.5)	Reserves (Note 7.1.6)	Other (Note 7.1.7)	
	£000	£000	£000	£000	£000	£000	£000	
Financial Management & Strategy	(126)	(669)	0	0	35	233	1,430	903
Corporate Services	(34)	61	0	0	57	102	84	270
Social Services	(163)	433	0	0	172	(5)	45	482
Infrastructure	(7,612)	68	0	0	436	99	(46)	(7,055)
Active Living	(849)	29	0	0	0	87	(3)	(736)
Education	(2,723)	(40,952)	0	0	550	(4)	44	(43,085)
Education - Schools	(52)	41,312	0	0	(13)	970	83	42,300
Environment	(1,547)	(873)	0	(3,339)	591	141	(65)	(5,092)
Economy	(454)	524	0	0	621	13	(60)	644
Planning	0	67	0	0	16	1	8	92
Licensing	0	0	0	0	1	1	0	2
Cardiff Capital Region City Deal	0	0	0	0	0	0	30	30
Capital Adjustments	0	0	0	0	0	0	(21)	(21)
Pension Adjustments	0	0	1,017	0	0	0	0	1,017
<b>Net Expenditure on Continuing Operations</b>	<b>(13,560)</b>	<b>0</b>	<b>1,017</b>	<b>(3,339)</b>	<b>2,466</b>	<b>1,638</b>	<b>1,529</b>	<b>(10,249)</b>
Other Operating Expenditure	0	0	0	3,339	0	0	4,966	8,305
Financing & Investment Income & Expenditure	1,130	0	(7,220)	0	0	0	11,017	4,927
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(145,805)	(145,805)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>(12,430)</b>	<b>0</b>	<b>(6,203)</b>	<b>0</b>	<b>2,466</b>	<b>1,638</b>	<b>(128,293)</b>	<b>(142,822)</b>

This table shows the adjustments made to the 2016/2017 management accounts to arrive at 'Net Expenditure Chargeable to the Council Fund' on an Accounting Code of Practice-compliant basis:

Expenditure and Funding Analysis: Accounting Code Adjustments to Management Accounts	2016/2017							Total £000
	Capital Charges (Note 7.1.1)	Elimination of Internal Recharges (Note 7.1.2)	Pension Liabilities (Note 7.1.3)	Precepts & Levies (Note 7.1.4)	Provisions (Note 7.1.5)	Reserves (Note 7.1.6)	Other (Note 7.1.7)	
	£000	£000	£000	£000	£000	£000	£000	
Financial Management & Strategy	(60)	(341)	109	0	3	237	1,541	1,489
Corporate Services	(56)	58	160	0	5	108	(1)	274
Social Services	(109)	361	341	0	56	2,042	194	2,885
Infrastructure	(3,330)	45	131	0	537	0	20	(2,597)
Active Living	(885)	4	0	0	0	181	5	(695)
Education	(3,393)	(40,816)	84	0	(121)	(110)	(142)	(44,498)
Education - Schools	(33)	41,052	277	0	24	1,486	5	42,811
Environment	(1,314)	(902)	145	(3,275)	1,444	29	(30)	(3,903)
Economy	(554)	509	29	0	(11)	27	0	0
Planning	0	30	23	0	(25)	138	2	168
Licensing	0	0	2	0	0	0	0	2
Cardiff Capital Region City Deal	0	0	0	0	0	0	0	0
Capital Adjustments	0	0	0	0	0	0	(43)	(43)
Pension Adjustments	0	0	1,069	0	0	0	0	1,069
<b>Net Expenditure on Continuing Operations</b>	<b>(9,734)</b>	<b>0</b>	<b>2,370</b>	<b>(3,275)</b>	<b>1,912</b>	<b>4,138</b>	<b>1,551</b>	<b>(3,038)</b>
Other Operating Expenditure	0	0	0	3,275	0	0	4,763	8,038
Financing & Investment Income & Expenditure	3,903	0	(8,511)	0	0	0	12,515	7,907
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(144,696)	(144,696)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>(5,831)</b>	<b>0</b>	<b>(6,141)</b>	<b>0</b>	<b>1,912</b>	<b>4,138</b>	<b>(125,867)</b>	<b>(131,789)</b>

The following notes provide additional detail for each of the adjustments made to management accounts:

#### 7.1.1 Capital Charges

Capital charges reported to management are on the basis of estimates calculated prior to the commencement of the financial year during the budget-setting process. These are removed and replaced with actual capital charges for depreciation, impairment and leasing. The 'Capital Adjustments' line includes the calculated MRP for the year.



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### 7.1.2 Elimination of Internal Recharges

Management reports include expenses and revenues arising from recharges for a range of internally provided support services and services reported on a corporate basis (such as Centralised IT and Corporate Landlord functions). These entries are eliminated to avoid overstatement of income and expenditure. The most significant adjustment relates to the transfer of £41m of funding to schools.

### 7.1.3 Pension Liabilities

Current Service Costs included in management reports are on the basis of an estimated level of liabilities, with adjustment to the equivalent cash cost for grant funded schemes. Past Service and Curtailment Costs are also included on an estimate basis. These amounts are adjusted to the actuarially-calculated amounts for inclusion in the statutory accounts.

Accruals for short-term accumulating compensated absences are not included in management accounts; these are added for code-compliance.

### 7.1.4 Precepts & Levies

Precepts and levies are reported in the Environment Portfolio, but are reclassified as 'Other Operating Expenditure' in the CIES.

### 7.1.5 Provisions

Amounts are included in management accounts for early termination provision costs, on a case-by-case basis. No other entries relating to provisions are included. Adjustment is made to match the statutory accounts that include provisions on the basis required by IAS37 *Provisions, Contingent Liabilities and Contingent Assets*.

### 7.1.6 Reserves

Management accounts include transfers to or from earmarked reserves as income or expenditure against services. Amounts may also be included for revenue contributions to capital expenditure. These are adjusted to match the treatment in the statutory accounts, where transfers to/from reserves are recorded in the Movement in Reserves Statement and revenue contributions to capital expenditure are included as adjustments under statutory provisions.

### 7.1.7 Other Adjustments

This includes:

- Reclassification of the Council Tax Surplus on Collection, which is included as a credit against services in the management accounts and within 'Taxation and Non-Specific Grant Income' in the CIES;
- Adjustment for Impairment Charges for Debtors, which are not reported to management but included in the statutory accounts on the basis of type and age of debt;
- Inclusion of unhypothecated funding sources, such as Revenue Support Grant, NNDR and Council Tax, which are not included in reports to management;
- Correction of entries in relation to Housing Benefit overpayments and associated impairment; and
- Addition of Blaenau Gwent's share of the Cardiff Capital Region City Deal operating income and expenditure.

## 7.2 Expenditure and Income Charged to the Council Fund

Net Expenditure charged by Portfolios to the Council Fund can be analysed as follows:

Expenditure & Income Charged to Council Fund	2017/2018 £000	2016/2017 £000
External Fees, Charges & Other Service Income	(18,727)	(19,277)
Government Grants	(49,996)	(49,616)
<b>Total Income</b>	<b>(68,723)</b>	<b>(68,893)</b>
Employee Expenses	95,696	95,366
Other Service Expenses	107,744	107,663
Support Service Recharges	0	(470)
Depreciation, amortisation & impairment	33	160
<b>Total Expenditure</b>	<b>203,473</b>	<b>202,719</b>
<b>Net Expenditure</b>	<b>134,750</b>	<b>133,826</b>

### 7.3 Adjustments Between Funding and Accounting Basis

This table shows the adjustments between the management accounts (restated to an Accounting Code of Practice-compliant basis) and the net expenditure reported in the Comprehensive Income and Expenditure Statement:

Expenditure & Funding Analysis: Adjustments between 'Code-Compliant' Management Accounts and the CIES	2017/2018				2016/2017			
	Adjustments for Capital Purposes (Note 7.3.1)	Net Change for Pensions Adjustments (Note 7.3.2)	Other Adjustments (Note 7.3.3)	Total Adjustments	Adjustments for Capital Purposes (Note 7.3.1)	Net Change for Pensions Adjustments (Note 7.3.2)	Other Adjustments (Note 7.3.3)	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000
Financial Management & Strategy	126	668	(14)	780	126	1,125	(78)	1,173
Corporate Services	136	939	(37)	1,038	172	126	2	300
Social Services	541	2,603	(28)	3,116	786	333	2	1,121
Infrastructure	4,505	804	10	5,319	1,901	103	0	2,004
Active Living	2,593	0	0	2,593	1,478	0	0	1,478
Education	3,963	484	(6)	4,441	8,468	(1,295)	34	7,207
Education - Schools	0	0	114	114	13	(278)	366	101
Environment	4,894	913	(36)	5,771	3,269	113	(19)	3,363
Economy	88	212	(1)	299	649	29	(22)	656
Planning	0	134	(8)	126	0	18	(8)	10
Licensing	0	15	(1)	14	0	2	(4)	(2)
Cardiff Capital Region City Deal	(1,118)	0	0	(1,118)	0	0	0	0
Capital Adjustments	21	0	0	21	43	0	0	43
Pension Adjustments	0	(1,017)	0	(1,017)	0	(1,069)	0	(1,069)
<b>Net Expenditure on Continuing Operations</b>	<b>15,749</b>	<b>5,755</b>	<b>(7)</b>	<b>21,497</b>	<b>16,905</b>	<b>(793)</b>	<b>273</b>	<b>16,385</b>
Other Operating Expenditure	(157)	0	0	(157)	(771)	0	0	(771)
Financing & Investment Income & Expenditure	(1,130)	7,220	(60)	6,030	(3,903)	8,511	(51)	4,557
Taxation & Non-Specific Grant Income	(1,939)	0	0	(1,939)	(4,394)	0	0	(4,394)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>12,523</b>	<b>12,975</b>	<b>(67)</b>	<b>25,431</b>	<b>7,837</b>	<b>7,718</b>	<b>222</b>	<b>15,777</b>

#### 7.3.1 Adjustments for Capital Purposes

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

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

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

### 7.3.2 Net Change for Pensions Adjustments

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

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

### 7.3.3 Other Adjustments

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

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

## 8. Other Operating Expenditure

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

Other Operating Expenditure	2017/2018			2016/2017		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
(Gains)/losses on the Disposal of Non-Current Assets	477	(634)	(157)	744	(1,515)	(771)
Precepts & Levies:						
Gwent Police Authority Precept	4,607	0	4,607	4,409	0	4,409
South Wales Fire Authority Levy	3,221	0	3,221	3,171	0	3,171
Community Council Precepts	359	0	359	354	0	354
Coroners' Courts	89	0	89	75	0	75
National Park Levy	29	0	29	29	0	29
<b>Total</b>	<b>8,782</b>	<b>(634)</b>	<b>8,148</b>	<b>8,782</b>	<b>(1,515)</b>	<b>7,267</b>

## 9. Financing and Investment Income and Expenditure

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

Financing and Investment Income and Expenditure	2017/2018			2016/2017		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Interest payable and similar charges - Financial Instruments	3,978	0	3,978	4,274	0	4,274
Interest payable and similar charges - Other *	13	0	13	22	0	22
Interest receivable and similar income - Financial Instruments	0	(15)	(15)	0	(32)	(32)
Interest receivable and similar income - Other **	0	(239)	(239)	0	(311)	(311)
Net Pensions Interest Cost	16,244	(9,024)	7,220	18,281	(9,770)	8,511
<b>Total</b>	<b>20,235</b>	<b>(9,278)</b>	<b>10,957</b>	<b>22,577</b>	<b>(10,113)</b>	<b>12,464</b>

\*: Interest on finance leases and school balances.

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

## 10. Taxation and Non-Specific Grant Income

This disclosure includes:

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

Taxation & Non Specific Grant Income	2017/2018	2016/2017
	£000	£000
Taxation & Non-Specific Revenue Grants		
Council Tax Income	(36,826)	(35,444)
Non-Domestic Rates	(22,677)	(21,003)
Revenue Support Grant	(86,302)	(88,249)
<b>Total Taxation and Non-Specific Revenue Grants</b>	<b>(145,805)</b>	<b>(144,696)</b>
Capital grants and contributions	(1,939)	(4,394)
<b>Total</b>	<b>(147,744)</b>	<b>(149,090)</b>

## 11. Material Items of Income or Expense

There were no material items of income or expense in 2017/2018 or 2016/2017.

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

The Authority participates in two partnership agreements operated under the provisions of Section 33 of the NHS (Wales) Act 2006 between the five Local Authorities in the Gwent area and the Aneurin Bevan University Health Board:

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

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

### 12.2 The Gwent Frailty Programme

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

For both arrangements, the Authority’s transactions are included in the Social Services Portfolio line of the CIES. Summarised transactions for the pooled budget arrangements for the financial year ending 31 March 2018 were as follows.

Partnership Schemes:	2017/2018			2016/2017		
	GWICES £000	Gwent Frailty £000	Total £000	GWICES £000	Gwent Frailty £000	Total £000
Total Expenditure	3,295	15,484	18,779	3,216	14,981	18,197
<b>Funding</b>						
Blaenau Gwent County Borough Council	(272)	(559)	(831)	(246)	(553)	(799)
Caerphilly County Borough Council	(474)	(2,168)	(2,642)	(455)	(2,212)	(2,667)
Monmouthshire County Borough Council	(307)	(1,286)	(1,593)	(286)	(1,291)	(1,577)
Newport City Council	(348)	(1,637)	(1,985)	(324)	(1,639)	(1,963)
Torfaen County Borough Council	(754)	(783)	(1,537)	(813)	(780)	(1,593)
Aneurin Bevan University Health Board	(759)	(9,034)	(9,793)	(702)	(8,963)	(9,665)
Other	(381)	0	(381)	(390)	0	(390)
<b>Total Funding</b>	<b>(3,295)</b>	<b>(15,467)</b>	<b>(18,762)</b>	<b>(3,216)</b>	<b>(15,438)</b>	<b>(18,654)</b>
<b>Net In-Year (Under)/Overspend</b>	<b>0</b>	<b>17</b>	<b>17</b>	<b>0</b>	<b>(457)</b>	<b>(457)</b>
Balance Brought Forward	0	(457)	(457)	0	0	0
Balance Carried Forward	0	(440)	(440)	0	(457)	(457)

### 13. Members' Allowances

The total amount of allowances and expenses paid to Members during the year was £680,590 (2016/2017: £733,906), analysed as follows:

Members' Allowances	2017/2018 £000	2016/2017 £000
Allowances	678	730
Expenses	3	4
<b>Total:</b>	<b>681</b>	<b>734</b>

### 14. Officers' Remuneration

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

Officers Emoluments  Remuneration Band	2017/2018					2016/2017				
	Teaching	Other	Total	Left During Year	Total excluding leavers	Teaching	Other	Total	Left During Year	Total excluding leavers
£60,000 - £64,999	11	1	12	0	12	8	5	13	1	12
£65,000 - £69,999	3	6	9	2	7	2	1	3	0	3
£70,000 - £74,999	2	2	4	0	4	4	2	6	1	5
£75,000 - £79,999	3	1	4	1	3	0	0	0	0	0
£80,000 - £84,999	1	0	1	0	1	3	0	3	0	3
£85,000 - £89,999	0	0	0	0	0	0	0	0	0	0
£90,000 - £94,999	1	0	1	0	1	0	0	0	0	0
£95,000 - £99,999	1	0	1	0	1	0	0	0	0	0
<b>Total</b>	<b>22</b>	<b>10</b>	<b>32</b>	<b>3</b>	<b>29</b>	<b>17</b>	<b>8</b>	<b>25</b>	<b>2</b>	<b>23</b>

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

The 2017/2018 total of 32 includes 2 members of staff in the 'Teaching' category and 1 member of staff in the 'Other' category who would not have been included in the note if it were not for one-off severance payments. (The 2016/2017 total of 25 includes 2 members of teaching staff who would not have been included in the note if it were not for one-off severance payments). Further details of termination benefits can be found in notes 15-16 (pages 56-57).

## 14.2 Remuneration Ratio

The Accounts and Audit Regulations (Wales) 2014 require the disclosure of the ratio of the Chief Executive's remuneration in comparison to the median remuneration of all the Authority's employees. For 2017/2018 this was as follows:

	2017/2018	2016/2017
Ratio of Chief Executive pay to median pay of all staff	1:4.81	1:4.81

## 14.3 Senior Officers' Remuneration

The following table sets out the remuneration in 2017/2018 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.

2017/2018		Salary (including fees & allowances)	Expense Allowances	Compensation for Loss of Office	Benefits in Kind	Total Remuneration (excluding Pension Contributions)	Employers Pension Contributions	Total Remuneration (including Pension Contributions)
Post Title	Notes	£	£	£	£	£	£	£
Managing Director	Note 1	47,048	0	0	0	47,048	10,115	57,163
Lead Corporate Director/Head of Paid Service; Corporate Director Strategy, Transformation & Culture	Note 2	73,047	0	32,195	0	105,242	277,708	382,950
Corporate Director of Environment & Regeneration	Note 3	95,825	0	0	0	95,825	20,602	116,427
Chief Finance Officer	Note 3	88,436	26	0	0	88,462	19,014	107,476
Corporate Director of Social Services		82,706	138	0	0	82,844	17,782	100,626
Corporate Director of Education		98,295	0	0	0	98,295	21,133	119,428
Head of Organisational Development	Note 4	65,588	0	0	0	65,588	14,101	79,689
Head of Policy & Performance	Note 4	65,588	12	0	0	65,600	14,101	79,701
<b>Total</b>		<b>616,533</b>	<b>176</b>	<b>32,195</b>	<b>0</b>	<b>648,904</b>	<b>394,556</b>	<b>1,043,460</b>

Note 1: Commenced 16 October 2017.

Note 2: Lead Corporate Director / Head of Paid Service until 15 October 2017, reverted to his substantive responsibilities as Corporate Director Strategy, Transformation & Culture at that time following the appointment of the Managing Director and subsequently left the Council on 31 December 2017.

Note 3: For each officer (*Corporate Director of Environment & Regeneration, Chief Finance Officer*), salary includes £11,195.77 paid to the post-holder on behalf of Silent Valley Waste Services Ltd. (a company wholly owned by the Council) for acting in the capacity of a director of that Company. The amount paid was recharged to the Company. The Council also paid £2,407.09 of employer pension contributions into the Local Government Pension Scheme in respect of each Silent Valley Waste Services Ltd directorship.

The Auditor General for Wales considers that the employer pension contributions paid by the Council into the Local Government Pension Scheme appear to be contrary to law on the basis that the Council did not have the power to make pension payments on behalf of Silent Valley Waste Services Ltd..



Note 3 (Cont.): The Council accepts that there were procedural errors in the way in which employer pension contributions were administered, but it considers that these did not have the effect of rendering the payments contrary to law.

These Directorships ended on 19 March 2018.

Note 4: The Head of Organisational Development and Head of Policy & Performance report to the Managing Director/Head of Paid Service and are included in this disclosure on that basis.

The following table sets out the remuneration in 2016/2017 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.

2016/2017		Salary (including fees & allowances)	Expense Allowances	Compensation for Loss of Office	Benefits in Kind	Total Remuneration (excluding Pension Contributions)	Employers Pension Contributions	Total Remuneration (including Pension Contributions)
Post Title	Notes	£	£	£	£	£	£	£
Lead Corporate Director/Head of Paid Service		101,338	0	0	0	101,338	21,788	123,126
Corporate Director Social Services (to 30 September 2016)	Note 1	41,895	78	0	0	41,973	9,008	50,981
Corporate Director Social Services (from 1 October 2016)	Note 2	76,402	62	0	0	76,464	16,427	92,891
Corporate Director of Environment & Regeneration	Note 3	95,360	96	0	0	95,456	20,502	115,958
Chief Finance Officer	Note 3	86,942	37	0	0	86,979	18,598	105,577
Corporate Director of Education		97,457	0	0	0	97,457	20,953	118,410
Head of Organisational Development	Note 4	63,465	0	0	0	63,465	13,645	77,110
Head of Policy & Performance	Note 4	63,465	71	0	0	63,536	13,645	77,181
<b>Total</b>		<b>626,324</b>	<b>344</b>	<b>0</b>	<b>0</b>	<b>626,668</b>	<b>134,566</b>	<b>761,234</b>

Note 1: Corporate Director left post on 30 September 2016.

Note 2: Assumed Corporate Director duties on an interim basis from 1 October 2016; appointed on a permanent basis from April 2017. Disclosure includes sums paid by the Authority in relation to the postholders previous responsibilities as Head of Adult Services.

Note 3: For each officer (*Corporate Director of Environment & Regeneration, Chief Finance Officer*), salary includes £11,568.96 paid to the post-holder on behalf of Silent Valley Waste Services Ltd. (a company wholly owned by the Council) for acting in the capacity of a director of that Company. The amount paid was recharged to the Company. The Council also paid £2,487.33 of employer pension contributions into the Local Government Pension Scheme in respect of each Silent Valley Waste Services Ltd directorship.

The Auditor General for Wales considers that the employer pension contributions paid by the Council into the Local Government Pension Scheme appear to be contrary to law on the basis that the Council did not have the power to make pension payments on behalf of Silent Valley Waste Services Ltd.

The Council accepts that there were procedural errors in the way in which employer pension contributions were administered, but it considers that these did not have the effect of rendering the payments contrary to law.

Note 4: The Head of Organisational Development and Head of Policy & Performance report to the Head of Paid Service and are included in this disclosure on that basis.

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

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

Exit Package Cost Band	2017/2018				2016/2017			
	Compulsory Redundancies	Other Departures	Exit Packages	Total Cost of Exit Packages	Compulsory Redundancies	Other Departures	Exit Packages	Total Cost of Exit Packages
	Nº	Nº	Nº	£000	Nº	Nº	Nº	£000
£0 - £39,999	12	56	68	691	15	48	63	538
£40,000 - £79,999	0	5	5	251	0	5	5	240
£80,000 - £300,000	0	2	2	367	1	4	5	520
<b>Total</b>	<b>12</b>	<b>63</b>	<b>75</b>	<b>1,309</b>	<b>16</b>	<b>57</b>	<b>73</b>	<b>1,298</b>

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

Employment contracts may be terminated for a variety of reasons, including redundancy and retirement. On termination, the Authority incurs a range of liabilities including redundancy payments, pension lump sum payments and enhancements (e.g. added years). In 2017/2018, the contracts of 75 employees were terminated, incurring total liabilities of £1.309m (2016/2017: 73 employees, incurring liabilities of £1.298m). These payments can be disaggregated as follows:

Termination Benefits & Exit Packages	2017/2018	2016/2017
	£000	£000
Pay in Lieu of Notice	122	78
Pension Costs	487	565
Redundancy Costs	572	487
Other Payments	128	168
<b>Total</b>	<b>1,309</b>	<b>1,298</b>

Included in the Authority's Early Terminations Provision are sums totalling £0.710m 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. (2016/2017: Early Terminations provision included £0.412m payable to 33 staff). Details of the Early Terminations Provision can be found in notes 33.1-33.2, pages 83-85.

The Authority has also paid £0.021m in respect of exit packages for 1 member of staff at Aneurin Leisure Trust, in accordance with the agreement to transfer staff to the charity in 2014 (2016/2017: exit package payments of £0.124m were made in respect of 12 staff).

## 16. Termination Benefits and Exit Packages - Causes

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

Termination Benefits	2017/2018		2016/2017	
	No	£000	No	£000
Closure of Facilities / Cessation of Services	2	9	8	200
Early Retirements/Efficiency/Flexible Retirements	4	334	6	154
Financial Efficiency Project	9	323	11	403
School Downsizing Restructuring & Reorganisation - Crossmatching	28	474	12	312
Termination benefits arising for other reasons	32	169	36	229
<b>Total</b>	<b>75</b>	<b>1,309</b>	<b>73</b>	<b>1,298</b>

## 17. External Audit Fees

The Authority's appointed external auditors for the 2017/2018 financial year were the Wales Audit Office (WAO). The following fees were incurred in relation to external audit and inspection:

External Audit Fees	2017/2018	2016/2017	CIES Service Line
	£000	£000	
Fees payable in respect of:			
External audit services relating to audit of the accounts	191	191	<i>Financial Management &amp; Strategy Portfolio</i>
External audit services relating to Local Government Measures	105	105	<i>Corporate Services Portfolio</i>
Certification of grant claims and returns	70	70	<i>Portfolio responsible for the specific grant claim or return</i>
Other services	0	38	<i>Financial Management &amp; Strategy Portfolio</i>
<b>Total Audit Fees</b>	<b>366</b>	<b>404</b>	

Other Services in 2016/2017 consists of charges for the statutory audit of 3 years of charitable trust accounts required for Bedwellty House and Park, of which the Authority is the trustee.

## 18. National Non-Domestic Rates

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

Summary information for the year is as follows:

- The total non-domestic rateable value at 31 March 2018 was £31,793,608 (31 March 2017: £34,792,585).
- The national non-domestic rate multiplier for the year 2017/2018 was 0.499 (2016/2017: 0.486).
- The contribution received from the NNDR pool in 2017/2018 was £22,676,854 (2016/2017: £21,003,008).

## 19. Council Tax

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

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

Council Tax Transactions	2017/2018		2016/2017	
	£000	£000	£000	£000
Council Tax Collected	(37,030)		(35,650)	
Less: Impairment of bad & doubtful debts	205		206	
<b>Net Total Proceeds from Council Tax</b>		<b>(36,825)</b>		<b>(35,444)</b>
Less: Gwent Police Authority Precept	4,607		4,409	
Community Council Precepts:				
Abertillery & Llanhilleth Community Council	99		95	
Brynmawr Town Council	43		43	
Nantyglo & Blaina Town Council	78		78	
Tredegar Town Council	139		138	
		4,966		4,763
<b>Council Tax attributable to this Authority:</b>		<b>(31,859)</b>		<b>(30,681)</b>

## 19.2 Council Tax Base

The Council Tax base is calculated with reference to the number of effective properties (i.e. properties net of specific exemptions, reliefs and discounts) in each of 10 property valuation bands, multiplied by a ratio related to that valuation band. For 2017/2018 the tax base, expressed as equivalent band D properties, has been calculated as follows:

	Band										Total
	A*	A	B	C	D	E	F	G	H	I	
Properties	57.00	18,561.00	7,817.00	2,491.00	1,569.00	800.00	303.00	55.00	15.00	6.00	31,674.00
Exemptions, Reliefs & Discounts	(5.25)	(2,411.25)	(702.00)	(197.25)	(95.00)	(40.00)	(13.75)	(1.75)	(6.50)	(2.00)	(3,474.75)
Effective Properties	51.75	16,149.75	7,115.00	2,293.75	1,474.00	760.00	289.25	53.25	8.50	4.00	28,199.25
Ratio	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	-
Band D Equivalents	28.75	10,766.51	5,533.89	2,038.89	1,474.00	928.89	417.81	88.75	17.00	9.33	21,303.82
Impairment											(1,169.93)
Council Tax Base											20,133.89

## 20. Precepts & Demands

### 20.1 Precepting Authorities

Details of precepting bodies and amounts are included in note 19.1.

### 20.2 Levies & Demands by Joint Committees and Other Bodies

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

Levies & Demands	2017/2018 £000	2016/2017 £000
Brecon Beacons National Park Authority	29	29
Coroners' Courts	81	75
South Wales Fire Authority	3,221	3,171
<b>Total:</b>	<b>3,331</b>	<b>3,275</b>

## 21. Grants and Contributions

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

Capital Grants Credited to Services	2017/2018 £000	2016/2017 £000	Capital Grants Credited to taxation and non-specific grant income	2017/2018 £000	2016/2017 £000
Newport City Council	0	(500)	Newport City Council	0	(25)
Welsh European Funding Office	(18)	0	Welsh European Funding Office	0	(4)
Welsh Government	(1,839)	(891)	Welsh Government	(1,716)	(4,442)
Other Grants & Contributions	(274)	(286)	Other Grants & Contributions	(223)	77
<b>Total:</b>	<b>(2,131)</b>	<b>(1,677)</b>	<b>Total:</b>	<b>(1,939)</b>	<b>(4,394)</b>

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

Revenue Grants Credited to Services	2017/2018 £000	2016/2017 £000
Welsh Government	(20,407)	(19,591)
Department for Work and Pensions	(26,213)	(26,696)
Other Central Government	(637)	(602)
Local Authorities	(1,958)	(1,970)
NHS	(668)	(694)
Other Grants & Contributions	(113)	(63)
<b>Total:</b>	<b>(49,996)</b>	<b>(49,616)</b>

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

Receipts in Advance	2017/2018			2016/2017		
	Capital £000	Revenue £000	Total £000	Capital £000	Revenue £000	Total £000
Welsh European Funding Office	(10)	(139)	(149)	(28)	(139)	(167)
Welsh Government	(914)	(742)	(1,656)	(703)	(582)	(1,285)
Other Central Government	(51)	(55)	(106)	0	(35)	(35)
Local Authorities	0	(272)	(272)	0	(16)	(16)
NHS	0	(240)	(240)	0	(19)	(19)
Other Grants & Contributions	0	(233)	(233)	(58)	(164)	(222)
<b>Total</b>	<b>(975)</b>	<b>(1,681)</b>	<b>(2,656)</b>	<b>(789)</b>	<b>(955)</b>	<b>(1,744)</b>

## 22. Related Parties

### 22.1 Central Government

Central Government has effective control over the general operations of the Authority and provides the statutory framework within which the Authority operates, the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Details of the general and specific grants received in 2017/2018 can be found in note 21 (page 60); details of the amounts owed to or from central government are included in notes 32 (page 82) and 31 (page 81) respectively.

### 22.2 Silent Valley Waste Services Limited

The Authority is the sole shareholder of the waste disposal company Silent Valley Waste Services Limited (SVWS Ltd.). The Authority's Director of Environment & Regeneration and the Authority's Chief Finance Officer were non-executive directors of the company between 1 April 2017 and 19 March 2018. The Authority's former Chief Executive was a director for the full year. Two of the Authority's Elected Members assumed the responsibilities of Director on 19 March 2018. As at 31 March 2018, the Authority effectively holds 67% of the board membership. The following related party transactions took place with SVWS Ltd. during the year:

Related Party Transactions	Year Ended 31 March 2018				Year Ended 31 March 2017			
	Transactions		Balances		Transactions		Balances	
	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority
	£	£	£	£	£	£	£	£
<b>Silent Valley Waste Services Ltd.:</b>								
Collection of waste; management of civic amenity sites; haulage charges:								
Payments relating to current year	759,481	-	69,880	-	801,090	-	66,811	-
Payments relating to previous year	66,811	-	-	-	54,531	-	-	-
Vehicle purchase:	111,242	-	-	-	-	-	-	-
Reimbursement of payments made to directors of SVWS Ltd.:								
Payments to Chief Finance Officer	-	(10,605)	-	(591)	-	(11,569)	-	(964)
Payments to Corporate Director of Environment and Regeneration	-	(10,605)	-	(591)	-	(11,569)	-	(964)
Leachate	-	(130,000)	-	-	-	(130,000)	-	-
Vehicle servicing & repairs	-	-	-	-	-	(1,650)	-	-
Noise assessment & survey	-	-	-	-	-	(250)	-	-
Works carried out at Silent Valley Waste Transfer Station	-	(11,000)	-	-	-	-	-	(11,000)
<b>Total (Silent Valley Waste Services Ltd.):</b>	<b>937,534</b>	<b>(162,210)</b>	<b>69,880</b>	<b>(1,182)</b>	<b>855,621</b>	<b>(155,038)</b>	<b>66,811</b>	<b>(12,928)</b>

## 22.3 Members

Related Party Disclosures for Members relate to all Councillors for the 2017/2018 financial year, including those prior to the Local Authority elections in May 2017. For each related party, transactions reported are for the full 2017/2018 financial year, including where the relevant Members were not re-elected on 4 May 2017.

No balances were outstanding with related parties at the end of 2016/2017 or 2017/2018. The following related party transactions took place with Elected Members during the year:

Related Party	Related Party Relationship	Year Ended 31 March 2018		Year Ended 31 March 2017		Notes
		Amounts Paid by Authority	Amounts Received by Authority	Amounts Paid by Authority	Amounts Received by Authority	
		£	£	£	£	
Blaina Community Centre	A Member of the Council is a Director of this organisation.	100	(349)	0	0	Reimbursement of maintenance costs.
Blaina Community Institute	A Member of the Council is a Director of this organisation.	4,283	0	0	0	Payment for room hire (Town Council and Heritage Action Group).
Brynmawr Museum	A member of the Council is a Director of this organisation.	861	(154)	0	0	
Care and Repair Blaenau Gwent/ Caerphilly	A former Council Member was Chair of the organisation.	256,913	(13,184)	265,701	(12,778)	Payment of voluntary sector grant and emergency care contract sums.
Deano's Sandwich Bar	The proprietor is the daughter of a former Council Member.	205	0	100	0	Reimbursement for buffet and lunches provided.
Glenn Willis Plumbing Ltd.	The Director of the company is the son of a Council Member.	4,951	0	12,623	0	Disabled facilities grant.
Henley's Bus Services	The son-in-law and grandson of a former Council Member are directors of the company.	185,713	0	170,782	0	Provision of home to school transport.
Highfield Properties (Tredegar)	A member of the Council is a Director of the organisation.	10,311	0	7,943	0	Tenants' Rent Allowances.
Hodge Distributions	A Member of the Council is the proprietor of the organisation.	0	(1,500)	0	(750)	Rental of an industrial unit.
Hodge Municipal Services	A Member of the Council is the proprietor of the organisation.	1,910	(215)	4,463	(85)	Maintenance of public toilets in Brynmawr and other supplies.
Jim Davies Civil Engineering Limited	A Member of the Council is the brother-in-law of one of the Directors of the company.	233,653	0	599,709	0	Capital works including retaining wall maintenance and Silent Valley transfer station/overflow extension.
TJ Brown & Sons	A former Council Member has an interest in this company.	1,105	0	0	0	For pauper and other burial services on behalf of the Authority.
<b>Total:</b>		<b>700,005</b>	<b>(15,402)</b>	<b>1,061,321</b>	<b>(13,613)</b>	



## 22.4 Education Achievement Service for South East Wales

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

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

In 2017/2018, net contributions of £0.382m were due to the EAS (2016/2017: £0.395m). The total summarised transactions of the Service were as follows:

Education Achievement Service	2017/2018 £000	2016/2017 £000
Expenditure	7,589	7,997
Income	(7,484)	(8,102)
Net Expenditure	105	(105)

### *Movements in Reserves Notes*

## 23. Other Comprehensive Income & Expenditure

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

Other Comprehensive Income & Expenditure	2017/2018 £000	2016/2017 £000
(Surplus)/Deficit arising on the revaluation of non-current assets	(253)	(2,303)
Remeasurement of the net defined benefit pension liability	(17,182)	24,243
Other Comprehensive Income & Expenditure	(17,435)	21,940

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

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. These adjustments include transactions relating to depreciation and impairment, pensions provision, employee accruals, unequal pay and capital grants. The following transactions were made in 2017/2018:

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	2017/2018			2016/2017		
	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
<b>Transactions between Funds &amp; Usable Reserves:</b>						
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	1,689	0	(1,689)	2,031	0	(2,031)
Transfer of cash sale proceeds credited as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	634	(634)	0	1,515	(1,515)	0
Contribution from the Capital Receipts Reserve towards funding of prudential borrowing schemes	(54)	54	0	(51)	51	0
<b>Total: Transactions between Funds &amp; Usable Reserves:</b>	<b>2,269</b>	<b>(580)</b>	<b>(1,689)</b>	<b>3,495</b>	<b>(1,464)</b>	<b>(2,031)</b>

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	2017/2018		2016/2017	
	Council Fund Balance £000	Movement in Unusable Reserves £000	Council Fund Balance £000	Movement in Unusable Reserves £000
<b>Transactions involving Unusable Reserves:</b>				
<b>Adjustments to/from the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	60	(60)	51	(51)
<b>Adjustments to/from the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(25,486)	25,486	(19,949)	19,949
Employer's pensions contributions and direct payments to pensioners payable in the year	12,511	(12,511)	12,232	(12,232)

	2017/2018		2016/2017	
	Council Fund Balance £000	Movement in Unusable Reserves £000	Council Fund Balance £000	Movement in Unusable Reserves £000
<b>Adjustments between Accounting Basis and Funding Basis under Statutory Provisions</b>				
<i>Transactions involving Unusable Reserves (Continued):</i>				
<i>Adjustments to/from Capital Adjustment Account:</i>				
<i>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement:</i>				
Charges for depreciation & impairment of non-current assets	(11,666)	11,666	(10,695)	10,695
Revaluation losses on Property, Plant & Equipment	(4,775)	4,775	(5,057)	5,057
Capital grants & contributions applied	2,382	(2,382)	4,016	(4,016)
Revenue expenditure funded from capital under statute	(1,386)	1,386	(2,936)	2,936
Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive Income & Expenditure Statement	(477)	477	(744)	744
<i>Items not debited or credited to the Comprehensive Income &amp; Expenditure Statement:</i>				
Statutory provision for the financing of capital investment	1,130	(1,130)	3,903	(3,903)
Capital expenditure charged against the Council Fund	0	0	181	(181)
<i>Adjustment to/from the Accumulated Absences Account:</i>				
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	7	(7)	(274)	274
<b>Total: Transactions between Funds &amp; Unusable Reserves:</b>	<b>(27,700)</b>	<b>27,700</b>	<b>(19,272)</b>	<b>19,272</b>

Note: Additional transactions occur between the Capital Adjustment Account and the Revaluation Reserve. These are detailed in note 39.2 on pages 108-109.

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	2017/2018			2016/2017		
	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to/from the Deferred Capital Receipts Reserve:						
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	(132)	0	132	(126)	0	126
Items involving Usable Capital Reserves:						
Application of grants to capital financing transferred to the Capital Adjustment Account	0	1,660	(1,660)	0	2,012	(2,012)
Use of the Capital Receipts Reserve to finance new capital expenditure	752	0	(752)	979	0	(979)
<b>Total: Other Capital Reserve Transactions:</b>	<b>620</b>	<b>1,660</b>	<b>(2,280)</b>	<b>853</b>	<b>2,012</b>	<b>(2,865)</b>

Adjustments between Accounting Basis and Funding Basis under Statutory Provisions	2017/2018				2016/2017			
	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Total: Transactions between Funds & Usable Reserves:	2,269	(580)	(1,689)	0	3,495	(1,464)	(2,031)	0
Total: Transactions involving Unusable Reserves:	(27,700)	0	0	27,700	(19,272)	0	0	19,272
Total: Other Capital Reserve Transactions:	0	620	1,660	(2,280)	0	853	2,012	(2,865)
<b>Total Adjustments:</b>	<b>(25,431)</b>	<b>40</b>	<b>(29)</b>	<b>25,420</b>	<b>(15,777)</b>	<b>(611)</b>	<b>(19)</b>	<b>16,407</b>

**Balance Sheet Notes**

**25. Property Plant & Equipment**

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

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

Property, Plant & Equipment	31 March 2018 £000	31 March 2017 £000
Gross Carrying Amount	314,435	315,836
Accumulated Depreciation	(50,863)	(42,784)
<b>Net Book Value</b>	<b>263,572</b>	<b>273,052</b>

Details of the transactions relating to the carrying amounts and depreciation of non-current assets are set out on pages 68-69.

Movements in 2017/2018:

Property, Plant & Equipment							Total Property, Plant & Equipment
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	£000
Cost or Valuation as at 1 April 2017	168,062	12,449	126,849	138	4,886	3,452	315,836
Appropriations	(176)	20	176	(20)	0	0	0
Assets reclassified to/from held for sale	(387)	0	0	0	(5)	0	(392)
Additions	177	1,356	281	0	0	1,445	3,259
Revaluation increases/(decreases) recognised in the Revaluation Reserve	261	0	0	1	0	0	262
Revaluation increases/(decreases) recognised in the Provision of Services	(4,799)	0	0	1	(360)	0	(5,158)
Capital expenditure written off	(2,469)	(144)	(43)	0	0	0	(2,656)
Derecognition - disposals	0	(557)	0	0	0	0	(557)
Other movements in cost or valuation *	2,641	144	43	0	0	1,013	3,841
<b>Cost or Valuation as at 31 March 2018</b>	<b>163,310</b>	<b>13,268</b>	<b>127,306</b>	<b>120</b>	<b>4,521</b>	<b>5,910</b>	<b>314,435</b>

Property, Plant & Equipment: Depreciation & Impairment							Total
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Property, Plant & Equipment £000
Accumulated Depreciation & Impairment as at 1 April 2017	(7,356)	(7,781)	(27,623)	(10)	(14)	0	(42,784)
Depreciation Charge & Appropriations	(4,687)	(1,279)	(3,096)	(1)	(7)	0	(9,070)
Depreciation written out to the Revaluation Reserve	51	0	0	0	0	0	51
Depreciation written out to the Surplus/Deficit on the Provision of Services	383	0	0	0	0	0	383
Derecognition - disposals	0	557	0	0	0	0	557
Accumulated Depreciation & Impairment as at 31 March 2018	(11,609)	(8,503)	(30,719)	(11)	(21)	0	(50,863)
Net Book Value as at 31 March 2018	151,701	4,765	96,587	109	4,500	5,910	263,572
Net Book Value as at 31 March 2017	160,706	4,668	99,226	128	4,872	3,452	273,052
Revised Net Book Value as at 1 April 2016	155,742	5,467	100,126	129	4,879	13,482	279,825

Movements in 2016/2017:

Property, Plant & Equipment							Total
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Property, Plant & Equipment £000
Cost or Valuation as at 1 April 2016	157,982	12,201	124,557	138	4,920	13,482	313,280
Adjustment to Opening Balances	1,365 <sup>†</sup>	0	0	0	0	0	1,365
Revised Cost or Valuation as at 1 April 2016	159,347	12,201	124,557	138	4,920	13,482	314,645
Appropriations	12,214	0	1,347	0	180	(13,741)	0
Assets reclassified to/from held for sale	(681)	0	0	0	(50)	0	(731)
Additions	0	413	701	0	0	0	1,114
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,132	0	0	0	(75)	0	2,057
Revaluation increases/(decreases) recognised in the Provision of Services	(4,928)	0	0	0	(89)	0	(5,017)
Capital expenditure written off	(1,806)	0	0	0	0	0	(1,806)
Derecognition - disposals	(22)	(165)	0	0	0	0	(187)
Other movements in cost or valuation **	1,806	0	244	0	0	3,711	5,761
Cost or Valuation as at 31 March 2017	168,062	12,449	126,849	138	4,886	3,452	315,836

Property, Plant & Equipment: Depreciation & Impairment	Other Land	Vehicles, Plant	Infrastructure	Community	Surplus	Assets Under	Total
	and Buildings	and Equipment	Assets	Assets	Assets	Construction	Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation & Impairment as at 1 April 2016	(3,560)	(6,734)	(23,749)	(9)	(41)	0	(34,093)
Adjustment to Opening Balances	(45) <sup>††</sup>	0	(682) <sup>††</sup>	0	0	0	(727)
Revised Depreciation & Impairment as at 1 April 2016	(3,605)	(6,734)	(24,431)	(9)	(41)	0	(34,820)
Depreciation Charge & Appropriations	(4,558)	(1,165)	(3,192)	(1)	27	0	(8,889)
Depreciation written out to the Revaluation Reserve	246	0	0	0	0	0	246
Depreciation written out to the Surplus/Deficit on the Provision of Services	561	0	0	0	0	0	561
Derecognition - disposals	0	118	0	0	0	0	118
Accumulated Depreciation & Impairment as at 31 March 2017	(7,356)	(7,781)	(27,623)	(10)	(14)	0	(42,784)

<sup>†</sup>: The correction of a revaluation relating to previous years has increased the gross book value of Other Land & Buildings by £1.365m.

<sup>††</sup>: A small number of assets were identified on which no depreciation had been charged in previous years and consequently an adjustment has been made to correct the cumulative understatement of £0.727m.

Notes \* & \*\*: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £1.18 million of which has been added to the asset base and £2.66 million of which has been written off as there has been no increase to the asset value in 2017/2018(\*); £3.9 million of which has been added to the asset base and £1.8 million of which has been written off as no increase to the asset value resulted in 2016/2017(\*\*).

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

### *Fair Value Hierarchy*

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

	31 March 2018			31 March 2017		
	Surplus Assets £000	Assets Held for Sale £000	Total £000	Surplus Assets £000	Assets Held for Sale £000	Total £000
Recurring fair value measurements:						
Using significant unobservable inputs (Level 3)	4,500	125	4,625	4,872	510	5,382
Fair Value	4,500	125	4,625	4,872	510	5,382

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

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

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

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

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

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

### *Highest and Best Use*

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



### Valuation Process

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

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

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

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised with Level 3 of the Fair Value Hierarchy	2017/2018			2016/2017		
	Surplus	Assets Held for	Total	Surplus	Assets Held for	Total
	Assets	Sale		Assets	Sale	
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	4,872	510	5,382	4,879	455	5,334
Adjustment to Opening Balance	0	0	0	0	601	601
Revised Balance at 1 April:	4,872	510	5,382	4,879	1,056	5,935
Appropriations (to)/from Property, Plant & Equipment Operational Assets	0	87	87	212	681	893
Appropriations (to)/from Assets Held for Sale	(5)	0	(5)	(50)	0	(50)
Appropriations (to)/from Surplus Assets	0	5	5	0	50	50
Total Gains for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	40	0	40	0	31	31
Total Losses for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(400)	0	(400)	(89)	(632)	(721)
Total Gains/(Losses) for the period included in the Revaluation Reserve resulting from changes in the fair value	0	0	0	(75)	0	(75)
Disposals	0	(477)	(477)	0	(676)	(676)
In-Year Depreciation	(7)	0	(7)	(5)	0	(5)
Balance at 31 March:	4,500	125	4,625	4,872	510	5,382

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

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

Reconciliation of Assets measured at Fair Value	31 March 2018			31 March 2017		
	Surplus Assets £000	Assets Held for Sale £000	Total £000	Surplus Assets £000	Assets Held for Sale £000	Total £000
Assets measured at Fair Value	4,500	125	4,625	4,872	510	5,382
Assets measured at carrying amount	0	300	300	0	0	0
Assets carried on Balance Sheet	4,500	425	4,925	4,872	510	5,382

### 25.3 Capital Commitments

Within the Authority's 2017/2018 capital programme, £9.045m relates to schemes that were contractually committed as at 31 March 2018 (£7.376m contractually committed as at 31 March 2017):

Capital Commitments	Commitment Value 2017/2018 £000	Estimated Timescale for Completion No of Years	Commitment Value 2016/2017 £000	Estimated Timescale for Completion No of Years
21st Century Schools - Six Bells Project	7,111	2	5,811	2
Collaborative Change Programme	522	1	809	1
Leisure Centre Demolitions	454	1	114	1
21st Century Schools - Ystruth Project	268	1	0	0
Highways Improvement Works	127	1	75	1
21st Century Schools - Tredegar Comprehensive	75	1	71	1
Civic Centre Remodelling	51	1	51	1
Flying Start Projects	26	1	50	1
Ebbw Fawr Autism Spectrum Disorder & Inclusion Unit	15	1	105	1
Other*	396	1	290	1
<b>Total</b>	<b>9,045</b>		<b>7,376</b>	

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

## 25.4 Revaluations

The Authority has adopted a rolling programme of revaluations to ensure that all assets are revalued at intervals of not more than 5 years. In 2017/2018, the range of assets were revalued by the Authority's Head of Estates and Strategic Asset Management, P.J. Miles BSc. (Hons), MRICS.

Valuations were carried out using the bases outlined in the Accounting Policies (pages 34-35), 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 non-current assets of £4.462 million.

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

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

All assets subject to revaluation during 2017/2018, along with an asset from each different class of asset, have been assessed for material components. The revaluations of those components, where considered to be material, are included in the figures below.

The effective date of revaluation is 30 November 2017. The Authority does not consider the difference in valuations between this date and 31 March 2018 to be material.

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

Non-Current Asset Valuations	31 March 2018 £000	31 March 2017 £000	31 March 2016 £000	31 March 2015 £000	31 March 2014 £000	Total £000
<b>Current Value:</b>						
Heritage Assets	0	0	0	0	0	0
Other Land & Buildings	22,185	33,492	108,642	129,062	84,125	377,506
Community Assets	30	0	32	0	3	65
	22,215	33,492	108,674	129,062	84,128	377,571
<b>Historic Cost:</b>						
Vehicles Plant & Equipment	0	112	80	0	622	814
	0	112	80	0	622	814
<b>Total cost or valuation:</b>	<b>22,215</b>	<b>33,604</b>	<b>108,754</b>	<b>129,062</b>	<b>84,750</b>	<b>378,385</b>

## 25.5 Capital Expenditure and Financing

Of the £8.589m capital investment made in 2017/2018, £4.720m was financed in-year through the application of capital receipts and government grants. The remaining £3.869m capital financing requirement has been funded through borrowing, as indicated below:

Capital Expenditure & Financing	2017/2018		2016/2017	
	£000	£000	£000	£000
Capital Investment: Property, Plant & Equipment	7,203		6,762	
REFCUS	1,386		2,936	
		8,589		9,698
Sources of Finance:				
Revenue Provision	0		(181)	
Capital Receipts	(678)		(903)	
Government Grants & Other Contributions	(4,042)		(6,028)	
		(4,720)		(7,112)
Increase in capital financing requirement:		3,869		2,586
Explanation of in-year movements:				
Borrowing Supported by Government Financial Assistance		1,988		1,988
Borrowing Unsupported by Government Financial Assistance		1,881		598
Total Borrowing:		3,869		2,586

## 26. Heritage Assets

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

Heritage Assets (On Balance Sheet)	Estimated Cost/Valuation £000	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.
Total Value:	413	

These monuments have been valued on an insurance replacement cost basis and are not depreciated as their useful life is deemed to be indefinite. There were no movements in the carrying amounts of these assets during 2017/2018 or 2016/2017.

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

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

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

## 27. Leases

### 27.1 Authority as Lessee - Finance Leases

The Council has acquired a number of assets under finance leases, the net value of which total £0.373m (2016/2017: £0.434m). The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet. The Authority is committed to making minimum payments under these leases comprising settlement of the non-current liability for the asset acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments required over a period of not more than 5 years total £0.328m (2016/2017: £0.490m).

### 27.2 Authority as Lessee - Operating Leases

The Authority has acquired various vehicles and equipment by entering into operating leases, with typical lives of 5 years. The minimum lease payments at 31 March 2018 due under non-cancellable leases in future years are:

	31 March 2018		31 March 2017	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Operating Lease Minimum Payments				
Not later than one year	52	226	137	218
Later than 1 year and not later than 5 years	90	887	134	872
Later than 5 years	0	1,316	0	1,535
<b>Total Minimum Lease Payments</b>	<b>142</b>	<b>2,429</b>	<b>271</b>	<b>2,625</b>

Charges to service revenue accounts in the Comprehensive Income and Expenditure Statement during the year in relation to these leases totalled £0.406m (2016/2017: £0.493m).

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

### 27.3 Authority as Lessor - Finance Leases

The Authority has 2 finance lease arrangements as a lessor:

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

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

	31 March 2018		31 March 2017	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Finance Lease Debtor				
Current	77	56	75	54
Non-Current	78	4,144	155	4,201
Unguaranteed Residual Value of Property	0	(566)	0	(566)
<b>Total</b>	<b>155</b>	<b>3,634</b>	<b>230</b>	<b>3,689</b>

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

	Gross Investment in Lease			
	31 March 2018		31 March 2017	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Finance Leases - Lessor				
Not later than one year	77	56	75	54
Later than 1 year and not later than 5 years	78	255	155	243
Later than 5 years	0	3,323	0	3,392
<b>Total</b>	<b>155</b>	<b>3,634</b>	<b>230</b>	<b>3,689</b>

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

	Minimum Lease Payments			
	31 March 2018		31 March 2017	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Finance Leases - Lessor				
Not later than one year	80	269	80	269
Later than 1 year and not later than 5 years	80	1,074	160	1,074
Later than 5 years	0	7,612	0	7,881
<b>Total</b>	<b>160</b>	<b>8,955</b>	<b>240</b>	<b>9,224</b>

## 27.4 Authority as Lessor - Operating Leases

The Authority leases out land and buildings under operating leases which, from 2014/2015, 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 £2.911m (2016/2017: £2.548m).

	31 March 2018	31 March 2017
Operating Lease Minimum Payments Receivable	Other land & buildings £000	Other land & buildings £000
Not later than one year	506	412
Later than 1 year and not later than 5 years	1,593	1,364
Later than 5 years	812	772
<b>Total Minimum Lease Payments Receivable</b>	<b>2,911</b>	<b>2,548</b>

## 28. Non-Current Investments

Non-current investments consist of the Authority's 100% shareholding in Silent Valley Waste Services Ltd. The value of this shareholding included in the Authority's Balance Sheet at 31 March 2018 was £0.250m (31 March 2017: £0.250m).

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

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

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

At 31 March 2018, the company had three registered directors, two of whom are Elected Members of Blaenau Gwent CBC, appointed with effect from 19 March 2018. The other director is the former Chief Executive of the Authority, appointed on 6 July 2016. The Authority's Chief Finance Officer and Corporate Director of Environment & Regeneration were non-executive directors between 1 April 2017 and 19 March 2018.

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 121-142, based on the company's final accounts which were approved by the Silent Valley Board on 21 June 2018.

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

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



## 29. Non-Current Debtors

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

Non-Current Debtors	31 March 2018				31 March 2017			
	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Non-Current Debtors £000	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Non-Current Debtors £000
Local Authorities	4,145	0	29	4,174	4,201	0	279	4,480
Other Entities & Individuals	852	(295)	0	557	1,013	(272)	0	741
<b>Total</b>	<b>4,997</b>	<b>(295)</b>	<b>29</b>	<b>4,731</b>	<b>5,214</b>	<b>(272)</b>	<b>279</b>	<b>5,221</b>

### Impairment of Non-Current Debtors

Where possible, non-current debtor balances have been reduced to reflect sums that have not been written off but are considered to be potentially irrecoverable. Impairment allowance accounts have been established for the following debtors.

Impairment of Non-Current Debtors	31 March 2018			31 March 2017		
	Gross Debtor £000	Impairment £000	Net Debtor £000	Gross Debtor £000	Impairment £000	Net Debtor £000
Dangerous Structures	163	(163)	0	163	(163)	0
Land & Property Charges	163	(132)	31	160	(109)	51
<b>Total</b>	<b>326</b>	<b>(295)</b>	<b>31</b>	<b>323</b>	<b>(272)</b>	<b>51</b>

## 30. Consolidation of Schools in Single Entity Accounts

The income, expenditure, assets, liabilities, reserves and cash flows of schools are accounted for in accordance with the prescribed treatment in the Accounting Code of Practice as set out in the Authority's accounting policies (see policy 1.17, page 39). The value of school assets included in the Balance Sheet is as follows:

Value of School Assets	2017/2018				2016/2017			
	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000
Land & Buildings	74,410	0	3,130	77,540	75,953	0	3,478	79,431

The valuation of school non-current assets decreased by £1.891m during 2017/2018, largely due asset depreciation and a correction to the valuation of Abertillery Primary School, offset by the inclusion of assets related to the River Centre Learning Community. Further details of the revaluation of non-current assets can be found in note 25.4 on page 73.

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

Analysis of School by Type	2017/2018				2016/2017			
	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total
Primary Schools	15	4	0	19	15	4	0	19
Middle Schools	2	0	0	2	2	0	0	2
Secondary Schools	1	0	1	2	1	0	1	2
Special Schools	2	0	0	2	1	0	0	1
<b>Total</b>	<b>20</b>	<b>4</b>	<b>1</b>	<b>25</b>	<b>19</b>	<b>4</b>	<b>1</b>	<b>24</b>

River Centre Learning Community opened in January 2018, increasing the number of special schools by one.

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

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

School Balances - In-Year (Surplus)/Deficit	2017/2018				2016/2017			
	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000
Primary Schools	(254)	(69)	0	(323)	330	79	0	409
Middle Schools	975	0	0	975	(77)	0	0	(77)
Secondary Schools	(362)	0	129	(233)	117	0	(2)	115
Special Schools	(116)	0	0	(116)	139	0	0	139
<b>Total In-Year (Surplus)/Deficit</b>	<b>243</b>	<b>(69)</b>	<b>129</b>	<b>303</b>	<b>509</b>	<b>79</b>	<b>(2)</b>	<b>586</b>

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

School Balances	31 March 2018				31 March 2017			
	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	(721)	(135)	0	(856)	(467)	(66)	0	(533)
Middle Schools	847	0	0	847	(128)	0	0	(128)
Secondary Schools	(284)	0	94	(190)	78	0	(35)	43
Special Schools	(81)	0	0	(81)	35	0	0	35
<b>Total</b>	<b>(239)</b>	<b>(135)</b>	<b>94</b>	<b>(280)</b>	<b>(482)</b>	<b>(66)</b>	<b>(35)</b>	<b>(583)</b>

### 31. Current Debtors

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

Current Debtors	31 March 2018				31 March 2017			
	Gross Debtors	Impairment	Prepayments	Total Net Current Debtors	Gross Debtors	Impairment	Prepayments	Total Net Current Debtors
	£000	£000	£000	£000	£000	£000	£000	£000
Welsh Government	6,348	(1)	0	6,347	5,713	(36)	0	5,677
Other Central Government	1,524	0	0	1,524	1,292	0	0	1,292
Local Authorities	1,321	(64)	250	1,507	2,481	(118)	469	2,832
NHS	127	(6)	0	121	892	(27)	0	865
Council Tax Arrears	4,259	(1,814)	0	2,445	4,248	(1,933)	0	2,315
Other Entities and Individuals	4,761	(2,041)	1,385	4,105	5,232	(2,167)	1,347	4,412
<b>Total</b>	<b>18,340</b>	<b>(3,926)</b>	<b>1,635</b>	<b>16,049</b>	<b>19,858</b>	<b>(4,281)</b>	<b>1,816</b>	<b>17,393</b>

### Impairment of Current Debtors

Where possible, current debtor balances have been reduced to eliminate sums that have not been written off but are potentially irrecoverable. Impairment allowance accounts have been established for the following debtors.

Impairment of Current Debtors	31 March 2018			31 March 2017		
	Gross Debtor	Impairment	Net Debtor	Gross Debtor	Impairment	Net Debtor
	£000	£000	£000	£000	£000	£000
Council Tax	4,259	(1,814)	2,445	4,248	(1,933)	2,315
Housing Benefits	1,546	(1,277)	269	1,450	(1,408)	42
Land & Property Charges	320	(258)	62	347	(258)	89
Sundry Debtors	2,238	(577)	1,661	2,725	(682)	2,043
<b>Total</b>	<b>8,363</b>	<b>(3,926)</b>	<b>4,437</b>	<b>8,770</b>	<b>(4,281)</b>	<b>4,489</b>

### 32. Current Creditors

Amounts owed by the Authority were as follows:

Current Creditors	31 March 2018			31 March 2017		
	Creditors	Receipts in Advance	Total Current Creditors	Creditors	Receipts in Advance	Total Current Creditors
	£000	£000	£000	£000	£000	£000
Welsh Government	(216)	0	(216)	(114)	0	(114)
Other Central Government	(745)	0	(745)	(704)	(6)	(710)
Local Authorities	(1,001)	(75)	(1,076)	(1,923)	(67)	(1,990)
NHS	(49)	0	(49)	(252)	(5)	(257)
Capital Creditors	(184)	0	(184)	(525)	0	(525)
Council Tax Credits	(847)	0	(847)	(740)	0	(740)
Other Entities and Individuals	(7,713)	(341)	(8,054)	(7,520)	(364)	(7,884)
<b>Total</b>	<b>(10,755)</b>	<b>(416)</b>	<b>(11,171)</b>	<b>(11,778)</b>	<b>(442)</b>	<b>(12,220)</b>

### 33. Provisions, Contingent Liabilities and Contingent Assets

#### 33.1 Provisions - Purpose

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

##### Employee-Related Provisions:

Provision	Purpose	Timescale for Utilisation	Uncertainties, Assumptions and Potential Reimbursement
Back Pay	To provide for outstanding amounts estimated in relation to back pay claims and associated tax and pension liabilities.	Inherently uncertain; from 2018/2019.	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 2018/2019.	The provision for early terminations comprises the known value of redundancy payments occurring after 31 March 2018 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.
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.	Utilised in 2016/2017. Reclassified as a creditor.	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 2018/2019.	Provision is based on relevant utility readings for 2017/2018, some of which have been estimated.
Contaminated Land	To provide for the costs in relation to a possession order and also the clearance of waste and remediation of the site.	To be utilised in 2018/2019.	Provision is based on the findings of an independent expert, who has assessed the cost for the disposal of the waste stockpiles, remediation of the underlying footprints and general site clearance to be in the range of £0.656m to £1.566m. The report concluded that the median cost of £1.111m would be a reasonable estimate for the required clearance works. A court order requires the previous site owner to pay £0.339m, but it is uncertain how much of this sum will be received by the Authority.

Other Provisions (Continued):

Provision	Purpose	Timescale for Utilisation	Uncertainties, Assumptions and Potential Reimbursement
Ebbw Vale Sports Centre Flood Damage	To provide for repairs to Ebbw Vale Sports Centre arising from flooding event on 6 February 2016.	Utilised in 2016/2017.	Reimbursement of costs incurred was subject to assessment by the Authority's insurers and amounted to £0.396m against a spend of £0.569m.
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 2018/2019 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 £0.021m in the Insurance Provision, set at 25% of total outstanding claims. In addition, £0.057m has been included in respect of MMI claims for the former Gwent County Council.
Lease Dilapidation	To provide for works to leased assets (Anvil Court, Abertillery, Ebbw Vale Multi-Storey Car Park and Units 1-6 Cwmdraw) to return the assets to their condition as at the inception of the respective lease agreements.	The lease for Ebbw Vale Multi-Storey Car Park is for 99 years, ending in 2070. The Anvil Court lease is for 20 years, ending in 2026. The lease for the units at Cwmdraw has expired and is currently renewed annually.	Sums provided are for estimated costs to restore leased assets to original condition. No allowance has been made for improvement works undertaken that may be retained by the lessor.
Monwel Ltd. Liquidation	To provide for specific pension costs relating to Monwel Ltd. following closure of the social enterprise in July 2015.	Utilised in 2016/2017.	It has been assumed that the Authority will receive no compensation for outstanding or settled liabilities.
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.
Reservoir Act	To provide for known costs of studies, investigations and remedial works arising from EA/NRW enforcement notices.	Utilised in 2016.	The Authority is pursuing appropriate cost reimbursement from the owners.
Waste Services - Penalties	To provide for any known or potential financial penalties arising from a failure to meet the statutory recycling recovery targets.	To be utilised in 2018/2019.	A financial penalty of £0.078m has been received in relation to 2016/2017. Penalties for 2017/2018 have not been confirmed but have been estimated at £0.120m for 2017/2018.
Waun y Pound Unit 1	To provide for repairs to Waun y Pound Unit 1 arising from damages to loading bay on 26 November 2016.	To be utilised in 2018/2019.	The Authority's insurers reimbursed £0.222m against costs incurred of £0.229m. Settlement of additional claims by the unit tenants have yet to be resolved.

### 33.2 Provisions - Movements

Movements in employee-related and other provisions during 2017/2018 were as follows:

Provision Movements	Balance at 1 April 2016 £000	Net Movements 2016/2017 £000	Balance at 1 April 2017 £000	Additional Provisions made in 2017/2018 £000	Amounts Used in 2017/2018 £000	Unused Amounts Reversed in 2017/2018 £000	Unwinding of Discount in 2017/2018 £000	Balance at 31 March 2018 £000
<b>Current Provisions</b>								
<b>Employee Provisions:</b>								
Back Pay	(146)	0	(146)	0	0	0	0	(146)
Early Terminations	(530)	25	(505)	(744)	501	4	0	(744)
Short Term Compensated Absences	(1,441)	1,441	0	0	0	0	0	0
<b>Other Provisions:</b>								
Carbon Reduction Commitment	(230)	59	(171)	(175)	153	18	0	(175)
Contaminated Land	0	(1,111)	(1,111)	0	0	0	0	(1,111)
Ebbw Vale Sports Centre Flood Damage	(406)	406	0	0	0	0	0	0
Insurance	(895)	61	(834)	(575)	50	0	0	(1,359)
Lease Dilapidation - Industrial Units	0	0	0	(543)	0	0	0	(543)
Monwel Ltd. Liquidation	(72)	72	0	0	0	0	0	0
Part 1 Land Compensation Claims	(406)	27	(379)	0	21	0	0	(358)
Reservoir Act	(15)	15	0	0	0	0	0	0
Waste Services - Penalties	0	0	0	(198)	0	0	0	(198)
Waun Y Pound Unit 1	0	(201)	(201)	0	192	0	0	(9)
	(4,141)	794	(3,347)	(2,235)	917	22	0	(4,643)
<b>Non-Current Provisions</b>								
Insurance	(669)	98	(571)	(910)	158	97	0	(1,226)
Lease Dilapidation - Anvil Court	0	(250)	(250)	(161)	0	0	0	(411)
Lease Dilapidation - Ebbw Vale Multi Storey Car Park	0	(500)	(500)	(106)	0	0	0	(606)
	(669)	(652)	(1,321)	(1,177)	158	97	0	(2,243)
<b>Total Provisions:</b>	<b>(4,810)</b>	<b>142</b>	<b>(4,668)</b>	<b>(3,412)</b>	<b>1,075</b>	<b>119</b>	<b>0</b>	<b>(6,886)</b>

### 33.3 Contingent Liabilities

- Under the terms of the Municipal Mutual Insurance Scheme of Arrangement, the Authority is responsible for the payment of a percentage towards future claims, potentially for many years due to the inherent long-tail nature of the insured risks.
- As part of the legal agreements associated with the transfer of the Authority's Housing Stock to Tai Calon, a number of warranties and indemnities have been provided for a period of 32 years from the transfer date (July 2010), covering areas including environmental, asbestos and redevelopment issues. The limit to claims made against these warranties is £15,000 for each property (uprated annually by RPI), with the exception of warranties for environmental pollution and asbestos, where the limits are £125m (environmental pollution and asbestos - works indemnity) and without limit (asbestos - personal injury and death). Claims are subject to an excess level below which the Authority is not liable to reimburse Tai Calon, these being £5,000 generally and £4.7625m for Asbestos works. Potential liabilities that could arise in respect of environmental pollution have been mitigated by means of insurance policies, providing aggregate cover of £30m. At this stage, there have been no definite claims associated with the warranties provided and it is not possible to determine the extent and value of claims that may arise in the future.
- The Authority has received a number of Part 1 claims arising under the 1973 Land Compensation Act in relation to a number of public works projects. While it is not yet possible to determine the final number and value of these claims in compliance with the Act and the full extent to which settlement will be made, a provision has been included for those claims where offers have been made.
- On creation of Aneurin Leisure Trust in October 2014, pension assets and liabilities assessed on an actuarial basis were transferred from Blaenau Gwent CBC, such that the Trust's pension obligations were deemed to be fully funded. The funding deficit accruing to 30 September 2014 in respect of employees relocating to Aneurin Leisure Trust was not transferred, but was retained by Blaenau Gwent CBC. The Trust is therefore only responsible for any increase in liabilities (on an actuarial valuation basis) occurring after the transfer date, with the Authority acting as a guarantor for the previously accrued net deficit. In addition, the Authority agreed to act as guarantor of last resort in order that the Leisure Trust could enter the Greater Gwent (Torfaen) Pension Fund as an admitted body and has therefore agreed to underwrite any costs arising in the event that the admitted body defaults on any or all of its payments in relation to its pension obligations.

### 33.4 Contingent Assets

- The Authority has submitted a claim to HMRC for reimbursement of VAT on the grounds of cultural exemption, where it is probable that payment will be received at a future date.

### 34. Other Long-Term Liabilities

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

Other Long-Term Liabilities	31 March 2018	31 March 2017
	£000	£000
Cardiff Capital Region City Deal Non-Current Creditor	(934)	0
Deferred Liabilities	(285)	(436)
Net Pensions Liability	(271,599)	(275,527)
Receipts in Advance	0	(8)
<b>Total</b>	<b>(272,818)</b>	<b>(275,971)</b>

- Long-Term Liabilities for Cardiff Capital Region City Deal represent the Authority's share of HMT grant received by the joint arrangement but not yet utilised, in addition to an apportionment of the costs recognised to date by the joint arrangement in relation to the deferred purchase of property by the Compound Semi-Conductor project.
- Deferred Liabilities represent amounts outstanding for finance leases in relation to vehicles, plant and equipment leased by the Authority.
- The Net Pensions Liability represents the amount by which pension liabilities attributable to the Authority exceed pension assets held in order to settle current and future obligations.
- Receipts in advance are sums held in respect of fees covering a 3 year period for taxi driver licences.



## 35. Financial Instruments

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

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

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

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

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

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

Financial Liabilities	Fair Value Level	31 March 2018		31 March 2017	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Public Works Loan Board	2	(71,281)	(90,512)	(73,485)	(95,394)
Lenders Option Borrowers Option (LOBO)	2	(4,044)	(6,034)	(4,045)	(6,191)
Market Loans	2	(21,500)	(21,775)	(37,900)	(38,693)
Temporary Loans	n/a	(51,249)	(51,311)	(29,070)	(29,070)
Other Loans	n/a	(505)	(505)	(2,318)	(2,318)
<b>Total</b>		<b>(148,579)</b>	<b>(170,137)</b>	<b>(146,818)</b>	<b>(171,666)</b>

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

### Financial Instrument Balances

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

Financial Instruments	31 March 2018			31 March 2017		
	Non-Current £000	Current £000	Total £000	Non-Current £000	Current £000	Total £000
Financial Liabilities						
Financial liabilities at amortised cost	(80,205)	(68,374)	(148,579)	(98,919)	(47,899)	(146,818)
<b>Total Borrowings</b>	<b>(80,205)</b>	<b>(68,374)</b>	<b>(148,579)</b>	<b>(98,919)</b>	<b>(47,899)</b>	<b>(146,818)</b>
Financial Assets						
Available for Sale - Unquoted equity investment at cost	250	0	250	250	0	250
<b>Total Investments</b>	<b>250</b>	<b>0</b>	<b>250</b>	<b>250</b>	<b>0</b>	<b>250</b>

#### Note: Silent Valley Waste Services Ltd.:

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

### Financial Instrument Gains/Losses

The gains and losses recognised in the Comprehensive Income & Expenditure Statement (note 9, page 51) in relation to financial instruments are made up as follows:

Financial Instrument Gains/Losses	2017/2018			2016/2017		
	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2017/2018 £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2016/2017 £000
Interest payable and similar charges:						
Interest expense	3,978	0	3,978	4,274	0	4,274
Interest and investment income:						
Interest income	0	(15)	(15)	0	(32)	(32)
<b>Net gain/(loss) for the year:</b>	<b>3,978</b>	<b>(15)</b>	<b>3,963</b>	<b>4,274</b>	<b>(32)</b>	<b>4,242</b>

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### *Soft Loans*

Car loans are classified as soft loans and should be included in the Balance Sheet at fair value. However, car loans have been included at their carrying amount, as the difference between the fair value and carrying amount is considered to be immaterial. As at 31 March 2018, 119 car loans were outstanding with a total value of £0.675m (31 March 2017 132 loans with a value of £0.666m).

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

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

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

### *Overall Procedures for Managing Risk*

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

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

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

The annual Treasury Management Strategy, Investment Strategy and MRP Policy statement, which incorporates the Prudential Indicators, was approved by Council on 9 March 2017 and is available on the Authority's website:

[http://democracy.blaenau-gwent.gov.uk/aksblaenau\\_gwent/images/att6269.pdf](http://democracy.blaenau-gwent.gov.uk/aksblaenau_gwent/images/att6269.pdf)

[http://democracy.blaenau-gwent.gov.uk/aksblaenau\\_gwent/images/att6270.pdf](http://democracy.blaenau-gwent.gov.uk/aksblaenau_gwent/images/att6270.pdf)

[http://democracy.blaenau-gwent.gov.uk/aksblaenau\\_gwent/images/att6271.pdf](http://democracy.blaenau-gwent.gov.uk/aksblaenau_gwent/images/att6271.pdf)

## Credit Risk

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

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

The full Investment Strategy for 2017/2018 was initially approved by Council on 9 March 2017. On 26 October 2017, the Strategy was revised in order to provide the Authority with greater scope in terms of its investments. The revision to the strategy is available on the Authority's website:

[http://democracy.blaenau-gwent.gov.uk/aksblaenau\\_gwent/images/att7228.pdf](http://democracy.blaenau-gwent.gov.uk/aksblaenau_gwent/images/att7228.pdf)

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

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

## Liquidity Risk

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

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

The source analysis of financial liabilities is as follows:

Financial Instruments	31 March 2018		31 March 2017	
	£000	%	£000	%
<b>Source of Loan</b>				
Public Works Loan Board	(71,942)	48.22	(74,186)	50.31
Lenders Option Borrowers Option (LOBO)	(4,000)	2.68	(4,000)	2.71
Market Loans	(21,500)	14.41	(37,900)	25.70
Temporary Loans	(51,249)	34.35	(29,070)	19.71
Other Loans	(505)	0.34	(2,318)	1.57
<b>Total:</b>	<b>(149,196)</b>	<b>100.00</b>	<b>(147,474)</b>	<b>100.00</b>

The maturity analysis of financial liabilities is as follows:

Maturity of Loan	31 March 2018		31 March 2017	
	£000	%	£000	%
Maturing in less than 1 year	(61,874)	41.47	(47,899)	32.49
Maturing in 1-2 years	(10,756)	7.21	(10,625)	7.20
Maturing in 2-5 years	(14,418)	9.66	(22,255)	15.09
Maturing in 5-10 years	(24,539)	16.45	(22,821)	15.47
Maturing in more than 10 years	(37,609)	25.21	(43,874)	29.75
<b>Total:</b>	<b>(149,196)</b>	<b>100.00</b>	<b>(147,474)</b>	<b>100.00</b>

### Market Risk

#### Interest Rate Risk

The Authority is exposed to risk in terms of exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance a rise in interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the Comprehensive Income & Expenditure Statement will rise.
- Borrowings at fixed rates - the fair value of the liabilities will fall.
- Investments at variable rates - the interest income credited to the Comprehensive Income & Expenditure Statement will rise.
- Investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact upon the Comprehensive Income & Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income & Expenditure Statement and will affect the Council Fund Balance.

The Authority has a number of strategies for managing interest rate risk. The Treasury Management Strategy sets an upper limit on variable rate exposures at 30% of its net outstanding sums. During periods of falling interest rates, long term fixed rate borrowings will be postponed and potential rescheduling from fixed rate funding into short term funding will be considered, where economic circumstances make it favourable to do so. The risk of loss is partly ameliorated by the fact that the debt financing element of the Standard Spending Assessment, which determines the amount of Revenue Support Grant receivable for non-current debt financing costs, is based on Authorities' average borrowing costs for existing debt and statistical forecasts of future interest rates for in-year debt. Hence a proportion of any higher costs arising on non-current debt from increased interest rates would be met from the Revenue Support Grant in future years.

In setting the annual revenue budget, the Authority takes a prudent view when assessing interest rate exposure, so as to mitigate as far as possible any adverse implications upon the Comprehensive Income & Expenditure Statement.

Of the Authority's non-current debt, 95% is currently at fixed rates; only the LOBO is considered to be variable, although the chances of repayment being demanded are relatively small. The effect of a 1% increase in interest rates would therefore only affect the interest receivable and payable on its current investments and borrowings, and on the LOBO.

If interest rates had been 1% higher, with all other variables held constant, the financial effect would have been:

Interest Rate Risk	2017/2018 £000	2016/2017 £000
Increase in interest payable on current variable rate borrowings	448	216
Increase in interest receivable on current variable rate investments	(30)	(29)
Increase in interest payable on non-current variable rate borrowings	40	40
<b>Net impact upon Comprehensive Income &amp; Expenditure Statement:</b>	<b>458</b>	<b>227</b>

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

#### *Price Risk*

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

#### *Foreign Exchange Risk*

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

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

The Teachers' Pension Scheme is an unfunded scheme, in which pension benefit payments from the scheme are funded by current employee and employer contributions. The difference between these contributions and scheme expenditure are financed by the Exchequer. As an indication of the scale of the fund and the sums involved, for 2017/2018 the net cash requirement was £3.392bn and total net scheme liabilities amounted to £361.7bn.

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

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 10,177 contributing employers that administers over 1.25 million active/deferred members and makes payments to 717,037 pensioners. Given the complexities involved in administering pension arrangements for this volume of employees, it is not possible to disaggregate the scheme liabilities for each employer. Consequently, there is insufficient information available to account for the TPS as a defined benefit plan and as a result it has been accounted for as a defined contribution scheme.

In 2017/2018, the Authority paid employers contributions of £3.183 million to Capita Teachers' Pensions in respect of teachers' pension costs, representing 16.5% of teachers' pensionable pay (2016/2017: £3.184 million, representing 16.5%). At 31 March 2018, £0.268 million remained payable to the Teachers' Pension Scheme relating to employers contributions arising in the March payroll (31 March 2017: £0.266m).

The total employers contributions to be made by the Authority to the Teachers' Pension Scheme in the year to 31 March 2019 is estimated at £3.2m.

The Authority made total contributions (employees and employers) to the TPS amounting to £5.041m in 2017/2018, 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 38.

### 38. Post-Employment Benefits - Defined Benefit Plans

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

The Authority participates in two formal schemes, the Local Government Pension Scheme (the Greater Gwent (Torfaen) Pension Fund), which is administered by Torfaen CBC, and the Teachers' Pensions Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education. Although technically a defined benefit scheme, the Teachers' Pensions Scheme is accounted for as a defined contribution scheme (note 37).

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

Pension benefits under the LGPS are summarised below:

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

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

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

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

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

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



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

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

As an indication of the level of the Authority's participation in the Greater Gwent (Torfaen) Pension Fund compared with other participating entities, Blaenau Gwent contributed 11.2% of the total contribution receivable by the Fund in 2016/2017.

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

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

### *Discretionary Benefits*

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

### *Accounting Treatment of Defined Benefit Transactions*

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

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

	2017/2018			2016/2017		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
<b>Pension Scheme Transactions - Comprehensive Income &amp; Expenditure Statement</b>						
<b>Cost of Services:</b>						
Current Service Costs	17,768	0	17,768	9,930	0	9,930
Past Service Costs and Curtailments	287	0	287	(279)	0	(279)
Effect of Business Combinations and Disposals	0	0	0	1,617	0	1,617
Administration Expenses	211	0	211	170	0	170
<b>Total Service Cost:</b>	<b>18,266</b>	<b>0</b>	<b>18,266</b>	<b>11,438</b>	<b>0</b>	<b>11,438</b>
<b>Financing and Investment Income and Expenditure:</b>						
Interest on plan assets	(9,024)	0	(9,024)	(9,770)	0	(9,770)
Interest on defined benefit liabilities	15,261	983	16,244	17,077	1,204	18,281
<b>Net Interest:</b>	<b>6,237</b>	<b>983</b>	<b>7,220</b>	<b>7,307</b>	<b>1,204</b>	<b>8,511</b>
<b>Total Charged to the Surplus/Deficit on Provision of Services:</b>	<b>24,503</b>	<b>983</b>	<b>25,486</b>	<b>18,745</b>	<b>1,204</b>	<b>19,949</b>
<b>Remeasurement of the Net Defined Liability, comprising:</b>						
Return on plan assets (excluding amounts included in Net Interest)	(4,588)	0	(4,588)	(60,147)	0	(60,147)
Actuarial (Gains)/Losses arising from changes in demographic assumptions	0	0	0	(13,952)	(2,119)	(16,071)
Actuarial (Gains)/Losses arising from changes in financial assumptions	(11,490)	(448)	(11,938)	86,166	4,965	91,131
Experience (Gains)/Losses on defined benefit liabilities	(235)	(421)	(656)	8,107	1,223	9,330
<b>Total remeasurements recognised in Other Comprehensive Income &amp; Expenditure:</b>	<b>(16,313)</b>	<b>(869)</b>	<b>(17,182)</b>	<b>20,174</b>	<b>4,069</b>	<b>24,243</b>
<b>Total Charged to the Comprehensive Income &amp; Expenditure Statement:</b>	<b>8,190</b>	<b>114</b>	<b>8,304</b>	<b>38,919</b>	<b>5,273</b>	<b>44,192</b>

At 31 March 2018, £1.039m remained payable to the LGPS relating to contributions arising in the March payroll (31 March 2017: £0.958m). This amount has been excluded from the Pensions Asset in the Balance Sheet.

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

Pension Scheme Transactions - Movement in Reserves Statement	2017/2018			2016/2017		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Reversal of net charges for post employment benefits included in ' <i>Total Charged to the Surplus/Deficit on Provision of Services</i> '	(24,503)	(983)	(25,486)	(18,745)	(1,204)	(19,949)
Actual Amount Charged Against Council Tax for Pensions in year:						
Employers' Contributions Payable to Scheme	10,632	0	10,632	10,353	0	10,353
Retirement Benefits Payable to Pensioners	0	1,879	1,879	0	1,879	1,879
<b>Total amounts charged against Council Tax:</b>	<b>10,632</b>	<b>1,879</b>	<b>12,511</b>	<b>10,353</b>	<b>1,879</b>	<b>12,232</b>
<b>Net adjustment between accounting basis and funding basis for pension transactions:</b>	<b>(13,871)</b>	<b>896</b>	<b>(12,975)</b>	<b>(8,392)</b>	<b>675</b>	<b>(7,717)</b>

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

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

Reconciliation of the Movements in Fair Value of Scheme Assets	2017/2018			2016/2017		
	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:	347,737	0	347,737	279,818	0	279,818
Employer Contributions	10,353	1,879	12,232	10,364	1,879	12,243
Member Contributions	2,703	0	2,703	2,618	0	2,618
Benefits Paid	(15,160)	(1,879)	(17,039)	(15,144)	(1,879)	(17,023)
Interest on Plan Assets	9,024	0	9,024	9,770	0	9,770
Administration Expenses	0	0	0	164	0	164
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	4,588	0	4,588	60,147	0	60,147
<b>Balance at 31 March:</b>	<b>359,245</b>	<b>0</b>	<b>359,245</b>	<b>347,737</b>	<b>0</b>	<b>347,737</b>

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

	2017/2018			2016/2017		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Reconciliation of the Movements in Present Value of Scheme Liabilities						
Balance at 1 April:	(584,529)	(38,735)	(623,264)	(488,055)	(35,341)	(523,396)
Current Service Cost	(17,768)	0	(17,768)	(9,930)	0	(9,930)
Past Service Cost and Curtailments	(287)	0	(287)	279	0	279
Administration Expenses	(211)	0	(211)	(334)	0	(334)
Interest Cost	(15,261)	(983)	(16,244)	(17,077)	(1,204)	(18,281)
Member Contributions	(2,703)	0	(2,703)	(2,618)	0	(2,618)
Benefits Paid	15,160	1,879	17,039	15,144	1,879	17,023
Remeasurement Gains/(Losses):						
Experience Gains/(Losses)	235	421	656	(8,107)	(1,223)	(9,330)
Actuarial Gains/(Losses) arising from changes in demographic assumptions	0	0	0	13,952	2,119	16,071
Actuarial Gains/(Losses) arising from changes in financial assumptions	11,490	448	11,938	(86,166)	(4,965)	(91,131)
Effect of Business Combinations and Disposals	0	0	0	(1,617)	0	(1,617)
Balance at 31 March:	(593,874)	(36,970)	(630,844)	(584,529)	(38,735)	(623,264)

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

Pension Assets & Liabilities Recognised in the Balance Sheet	31 March 2018			31 March 2017		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000	£000	£000	£000	£000
Fair Value of Scheme Assets	359,245	0	359,245	347,737	0	347,737
Present Value of Scheme Liabilities	(593,874)	(36,970)	(630,844)	(584,529)	(38,735)	(623,264)
<b>Net Liability:</b>	<b>(234,629)</b>	<b>(36,970)</b>	<b>(271,599)</b>	<b>(236,792)</b>	<b>(38,735)</b>	<b>(275,527)</b>

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 2018				31 March 2017			
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total		Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	
	£000	£000	£000	%	£000	£000	£000	%
Quoted Equity Securities:	67,211	0	67,211	18.71	65,679	0	65,679	18.89
Investment Funds and Unit Trusts:								
Equities	0	207,052	207,052	57.64	0	200,706	200,706	57.72
Bonds	0	58,249	58,249	16.21	0	61,575	61,575	17.71
Other	0	15,125	15,125	4.21	0	9,220	9,220	2.65
Real Estate: UK Property Funds	0	8,675	8,675	2.41	0	8,834	8,834	2.54
Cash and Cash Equivalents:	0	2,933	2,933	0.82	0	1,723	1,723	0.49
<b>Total:</b>	<b>67,211</b>	<b>292,034</b>	<b>359,245</b>	<b>100.00</b>	<b>65,679</b>	<b>282,058</b>	<b>347,737</b>	<b>100.00</b>

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

*Basis for Estimating Assets and Liabilities*

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

Principal Assumptions	31 March 2018	31 March 2017
<b>Financial Assumptions:</b>		
Rate of Increase in Salaries	2.8%	2.8%
Rate of Increase in Pensions	2.4%	2.4%
Discount Rate	2.7%	2.6%
<b>Mortality Assumptions:</b>		
Current Pensioners:	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2012 Tables with 1.5% p.a. long-term improvements
Future Pensioners:	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2012 Tables with 1.5% p.a. long-term improvements
<b>Life Expectancy:</b>		
Longevity of current pensioners aged 65:		
Males	21.5	21.5
Females	23.9	23.9
Longevity of future pensioners aged 65 in 20 years' time:		
Males	23.6	23.6
Females	26.1	26.1

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

The date of the last full actuarial valuation was 31 March 2016.

## Sensitivity Analysis

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

Sensitivity Analysis: Impact of Change in Assumptions	31 March 2018		31 March 2017	
	Increase in Employer Liabilities		Increase in Employer Liabilities	
	£000	%	£000	%
0.5% decrease in Real Discount Rate	62,215	9.86	59,730	9.58
0.5% increase in the Salary Increase Rate	10,955	1.74	11,028	1.77
0.5% increase in the Pension Increase Rate	50,268	7.97	47,691	7.65
1 year increase in Member Life Expectancy	18,925	3.00	18,698	3.00

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

Sensitivity Analysis	31 March 2018					31 March 2017				
	Base	Discount Rate:	Salary Increase:	Pension Increase:	Life Expectancy:	Base	Discount Rate:	Salary Increase:	Pension Increase:	Life Expectancy:
		-0.5% p.a.	+0.5% p.a.	+0.5% p.a.	+1 Year		-0.5% p.a.	+0.5% p.a.	+0.5% p.a.	+1 Year
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Liabilities	(630,844)	(693,059)	(641,799)	(681,112)	(649,769)	(623,264)	(682,994)	(634,292)	(670,955)	(641,962)
Assets	359,245	359,245	359,245	359,245	359,245	347,737	347,737	347,737	347,737	347,737
Net Deficit	(271,599)	(333,814)	(282,554)	(321,867)	(290,524)	(275,527)	(335,257)	(286,555)	(323,218)	(294,225)

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

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### *Impact on future cash flows*

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

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

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

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

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

The Authority holds total usable reserves of £19.513m at 31 March 2018 (£21.736m at 31 March 2017). The effect of applying the net superannuation fund deficit of £271.599m to the Authority's usable reserves would be a deficit of £252.086m (2016/2017: the superannuation deficit of £275.527m exceeded usable reserves by £253.791m).

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 2019 are estimated by the Fund Actuary as £9.496m.

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 33.3, page 86)*

#### *Aneurin Leisure Trust*

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

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



## 39. Reserves

### 39.1 Usable Reserves

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

#### Fund Balances:

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

Anvil Court	To meet future premises-related expenditure ( <i>transferred to Lease Dilapidation Provision in 2016/2017</i> ).
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 2017/2018 and 2018/2019.
Building Control Fees	To hold surpluses generated for future re-investment to improve the quality and performance of the Building Control Service.
Cardiff Capital Region City Deal (CCRCD)	The Authority's apportioned share of surpluses or deficits arising on the Cardiff Capital Region City Deal joint arrangement.
Corporate Services Portfolio	To provide for a variety of specific costs falling to the Corporate Services Portfolio, including: CCTV camera repairs; additional future costs of elections; job evaluation; review of the Authority's asset management systems; supply of training/skills to Business Support Staff; and maintenance of retaining walls across the County Borough.
Downsizing, Redundancy & Transitional Costs	To fund specific identified salary, pension strain and redundancy costs arising from the Authority's service transformation and downsizing projects, on a short-term (transitional) basis.
Economy Portfolio	To utilise income generated from town centre commercial bookings, falling within the Economy Portfolio.
Education Portfolio	To provide for costs falling within the Education Portfolio, including: the delivery of the Welsh Government national model for school improvement through the Education Achievement Service (EAS); the provision of home to school transport for pupils in 2017/2018; and licenses and supply cover across the region in relation to Person Centred Practice.
Environment Portfolio	To provide for a variety of specific costs falling to the Environment Portfolio including: maintaining a stable transport oncost rate; future costs associated with preparing assets for community asset transfer; future planned repairs and maintenance of Aneurin Leisure Trust buildings; and specialist legal and financial advice in relation to Silent Valley.
Financial Management & Strategy Portfolio	To provide for a variety of specific costs falling to the Financial Management & Strategy Portfolio including: funding the Digital Inclusion project; implementation of payroll system functionality; holding deposits & bonds; maintaining a stable stores oncost rates; and meeting taxation liabilities.

Usable Earmarked Revenue Reserves (Continued):

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.
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 Delay Reserve	To fund any budget shortfalls arising from a delay in implementation of savings projects.
Individual Schools Budget (ISB)	To fund cost pressures relating to school expenditure including insurance and school reorganisation.
Infrastructure Portfolio	To provide for a variety of specific costs falling to the Infrastructure Portfolio including: rent reviews in relation to Ebbw Vale multi storey car park; and costs associated with clearing the highways network in adverse winter weather.
Insurance Liabilities	To protect against liabilities incurred but not settled. Such liabilities include insurance claims where an excess remains to be borne by the Authority and claims where no insurance cover exists.
Invest to Save	To establish an invest to save fund to provide one-off funding for initiatives that will generate financial and efficiency savings in the medium to long term.
Land & Property Charges	To mitigate the impact of establishing Land & Property charge debtors for adult residential care, the actual income for which will not be received until indeterminate points in the future.
LMS Balances	The aggregate amount of balances held by individual schools.
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.
Prudential Borrowing	To fund prudential borrowing costs related to highways infrastructure assets, with the aim of reducing future highways related insurance claims.
Revenue Grants & Contributions Unapplied	To hold earmarked sums relating to a range of revenue grants and contributions received for which no accounting liability exists (i.e. do not have to be repaid), until applied to match specific service expenditure.
Social Services Portfolio	To provide for a variety of specific costs falling to the Social Services Portfolio including: funding for building improvements at Beaufort Road and a Community Connector post.
Superannuation	To fund specific liabilities arising in respect of the Greater Gwent (Torfaen) Pension Fund falling outside of the normal contributions made by the Authority, including potential costs arising from guarantees provided to allow admission of entities to the Fund (e.g. Aneurin Leisure Trust).
Waste Services	To fund any potential financial penalties arising from a failure to meet the statutory recycling recovery target in 2017/2018 and future years.

Usable Reserves Earmarked for Capital Purposes:

Bryn Bach Park	To meet any future liabilities that may arise in respect of problems with the lake at Bryn Bach Park.
Education Facilities	To fund renovations in relation to the schools programme of works.
Energy Centre	Provision for future repairs and maintenance of equipment in the Energy Centre.
Deminimis Capital Works	Receipts from minor land-related transactions to be utilised to fund associated land disposal fees that cannot be capitalised or off-set by regulation.
Flying Start	To fund capital expenditure on approved Flying Start projects.
Highways	To fund capital expenditure on Safer Routes and Local Transport Fund Grant projects.
IT Infrastructure	To fund capital expenditure in relation to the upgrade of IT infrastructure to support workplace transformation.
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	Balance at 1 April 2016 £000	Transfers to Fund Balances £000	Transfers from Fund Balances £000	Balance at 31 March 2017 £000	Adjustments £000	Transfers to Fund Balances £000	Transfers from Fund Balances £000	Balance at 31 March 2018 £000
Council Fund	(5,888)	0	804	(5,084)	0	(416)	0	(5,500)
<b>Total: Fund Balances</b>	<b>(5,888)</b>	<b>0</b>	<b>804</b>	<b>(5,084)</b>	<b>0</b>	<b>(416)</b>	<b>0</b>	<b>(5,500)</b>

Usable Earmarked Revenue Reserves	Balance at 1 April 2016 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2017 £000	Adjustments * £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2018 £000
Anvil Court	(179)	0	179	0	0	0	0	0
Budget Contingency Fund	(327)	(281)	446	(162)	0	(221)	346	(37)
Budget Implementation	(1,575)	0	1,246	(329)	0	0	243	(86)
Building Control Fees	(282)	(33)	79	(236)	0	(9)	91	(154)
Cardiff Capital Region City Deal	0	0	0	0	(11)*	0	30	19
Corporate Services Portfolio	(122)	(123)	22	(223)	0	0	93	(130)
Downsizing, Redundancy & Transitional Costs	(895)	(500)	912	(483)	0	0	364	(119)
Economy Portfolio	(3)	0	0	(3)	0	(1)	2	(2)
Education Portfolio	(31)	0	0	(31)	0	(70)	30	(71)
Environment Portfolio	(108)	(12)	74	(46)	0	(102)	22	(126)
Financial Management & Strategy Portfolio	(265)	0	163	(102)	0	0	27	(75)
Future Interest Rate Increase Protection	(200)	0	200	0	0	0	0	0
I.C.T	(754)	0	401	(353)	0	(20)	142	(231)
I.C.T for Elected Members	(101)	0	81	(20)	0	0	20	0
Implementation Delay Reserve	0	(172)	56	(116)	0	0	116	0
Individual Schools Budget (ISB)	(297)	(54)	147	(204)	0	0	7	(197)
Infrastructure Portfolio	(105)	0	89	(16)	0	(46)	16	(46)
Insurance Liabilities	(1,272)	(1,860)	1,558	(1,574)	0	(1,302)	2,524	(352)
Invest to Save	0	0	0	0	0	(516)	0	(516)
Land & Property Charges	(119)	(21)	0	(140)	0	0	46	(94)
LMS Balances	(1,176)	(786)	874	(1,088)	0	(445)	1,286	(247)
Local Development Plan	(106)	0	0	(106)	0	(19)	0	(125)
Members Local Grants	(57)	(9)	44	(22)	0	(15)	0	(37)
Prudential Borrowing	(200)	(200)	200	(200)	0	(200)	200	(200)
Revenue Grants & Contributions Unapplied	(1,325)	(971)	1,371	(925)	0	(347)	122	(1,150)
Social Services Portfolio	(47)	0	47	0	0	(32)	0	(32)
Superannuation	(665)	0	164	(501)	0	0	0	(501)
Waste Services	(642)	0	200	(442)	0	0	248	(194)
<b>Total: Usable Earmarked Revenue Reserves</b>	<b>(10,853)</b>	<b>(5,022)</b>	<b>8,553</b>	<b>(7,322)</b>	<b>(11)</b>	<b>(3,345)</b>	<b>5,975</b>	<b>(4,703)</b>

\*: Earmarked Reserve relating to this Authority's apportionment of the Cardiff Capital Region City Deal for year-ending 2016/2017 was brought onto the balance sheet on 1 April 2017.

	Balance at 1 April 2016 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2017 £000	Adjustments £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2018 £000
Usable Revenue Reserves Earmarked for Capital Purposes								
Bryn Bach Park	(22)	0	22	0	0	0	0	0
Deminimis Capital Works	(108)	(22)	46	(84)	0	(12)	23	(73)
Education Facilities	0	0	0	0	0	(42)	0	(42)
Energy Centre	0	0	0	0	0	(50)	0	(50)
Flying Start	(7)	(5)	12	0	0	0	0	0
Highways	(197)	0	197	0	0	0	0	0
IT Infrastructure	(545)	0	350	(195)	0	0	44	(151)
Structural Maintenance Work	(109)	(19)	128	0	0	0	0	0
Victoria End Use	(31)	0	31	0	0	0	0	0
<b>Total: Usable Reserves Earmarked for Capital Purposes</b>	<b>(1,019)</b>	<b>(46)</b>	<b>786</b>	<b>(279)</b>	<b>0</b>	<b>(104)</b>	<b>67</b>	<b>(316)</b>

	Balance at 1 April 2016 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2017 £000	Adjustments ** £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2018 £000
Usable Capital Reserves								
Capital Grants Unapplied	(666)	(698)	679	(685)	46**	(1,688)	1,659	(668)
Usable Capital Receipts	(7,755)	(1,640)	1,029	(8,366)	0	(765)	805	(8,326)
<b>Total: Usable Capital Reserves</b>	<b>(8,421)</b>	<b>(2,338)</b>	<b>1,708</b>	<b>(9,051)</b>	<b>46</b>	<b>(2,453)</b>	<b>2,464</b>	<b>(8,994)</b>

\*\*: Capital Grants Unapplied relating to Property Improvement Loans were removed from this Authority's Balance Sheet on 1 April to reflect treatment as agency transactions.

	Balance at 1 April 2016 £000	Transfers to Funds & Reserves £000	Transfers from Funds & Reserves £000	Balance at 31 March 2017 £000	Adjustments £000	Transfers to Funds & Reserves £000	Transfers from Funds & Reserves £000	Balance at 31 March 2018 £000
Summary: Usable Reserves								
Fund Balances	(5,888)	0	804	(5,084)	0	(416)	0	(5,500)
Earmarked Revenue Reserves	(10,853)	(5,022)	8,553	(7,322)	(11)	(3,345)	5,975	(4,703)
Revenue Reserves Earmarked for Capital Purposes	(1,019)	(46)	786	(279)	0	(104)	67	(316)
Capital Reserves	(8,421)	(2,338)	1,708	(9,051)	46	(2,453)	2,464	(8,994)
<b>Total: Usable Reserves</b>	<b>(26,181)</b>	<b>(7,406)</b>	<b>11,851</b>	<b>(21,736)</b>	<b>35</b>	<b>(6,318)</b>	<b>8,506</b>	<b>(19,513)</b>

## 39.2 Unusable Reserves

### 39.2.1 Capital Adjustment Account

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

Capital Adjustment Account	2017/2018		2016/2017	
	£000	£000	£000	£000
Balance at 1 April		(99,957)		(107,523)
<b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>				
Charges for depreciation & impairment of non-current assets	11,666		10,695	
Revaluation losses on Property, Plant & Equipment	4,775		5,057	
Revenue expenditure funded from capital under statute	1,386		2,936	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	477		744	
Capital grants and contributions applied to capital financing	(2,382)		(4,016)	
<b>Sub-Total: Capital Adjustment Transactions included in the Comprehensive Income &amp; Expenditure Statement:</b>		<b>15,922</b>		<b>15,416</b>
<b>Items not debited or credited to the CIES:</b>				
Statutory provision for the financing of capital investment charged against the Council Fund	(1,130)		(3,903)	
Capital expenditure charged against the Council Fund	0		(181)	
		<b>(1,130)</b>		<b>(4,084)</b>
<b>Capital financing applied in the year:</b>				
Use of the Capital Receipts Reserve to finance new capital expenditure	(752)		(979)	
Application of grants to capital financing from the Capital Grants Unapplied Account	(1,660)		(2,012)	
		<b>(2,412)</b>		<b>(2,991)</b>
<b>Sub-Total: Capital Adjustment Transactions included in the Movement in Reserves Statement:</b>		<b>12,380</b>		<b>8,341</b>
<b>Adjusting Amounts written out of the Revaluation Reserve:</b>				
Charges for depreciation & impairment of non-current assets	(436)		(430)	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	(55)		(345)	
		<b>(491)</b>		<b>(775)</b>
<b>Balance at 31 March</b>		<b>(88,068)</b>		<b>(99,957)</b>

### 39.2.2 Revaluation Reserve

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

Revaluation Reserve	2017/2018		2016/2017	
	£000	£000	£000	£000
Balance at 1 April		(16,091)		(14,563)
Upward revaluation of assets	(326)		(2,890)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	124		833	
Depreciation - write back revaluation reserve	(51)		(246)	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(253)		(2,303)
Difference between fair value depreciation and historical cost depreciation	436		430	
Accumulated gains on assets sold or scrapped	55		345	
Amount written off to the Capital Adjustment Account		491		775
Balance at 31 March		(15,853)		(16,091)

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.

### 39.2.3 Financial Instruments Adjustment Account

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

Financial Instruments Adjustment Account	2017/2018		2016/2017	
	£000	£000	£000	£000
Balance at 1 April		3,909		3,960
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(60)		(51)	
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		(60)		(51)
Balance at 31 March		3,849		3,909

#### 39.2.4 Deferred Capital Receipts Reserve

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

Deferred Capital Receipts Reserve	2017/2018 £000	2016/2017 £000
Balance at 1 April	(4,488)	(4,614)
Transfer to the Capital Receipts Reserve upon receipt of cash	132	126
Balance at 31 March	(4,356)	(4,488)

#### 39.2.5 Pensions Reserve

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

Pensions Reserve	2017/2018 £000	2016/2017 £000
Balance at 1 April	274,848	242,888
Remeasurement of pensions assets & liabilities	(17,182)	24,243
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	25,486	19,949
Employer's pensions contributions and direct payments to pensioners payable in the year	(12,511)	(12,232)
Balance at 31 March	270,641	274,848



### 39.2.6 Unequal Pay Back Pay Account

The Unequal Pay Back Pay Account compensates for the differences between the rate at which the Authority provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the Council Fund Balance until such time as cash might be paid out to claimants. There were no transactions in this account during 2017/2018 (2016/2017: £0) and the balance on the account remains at £0.146m.

### 39.2.7 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from this Account. In 2017/2018, £1.715m of accruals for the preceding year were settled or cancelled and £1.708m was accrued at 31 March 2018 (2016/2017: £1.441m of accruals for the preceding year were settled or cancelled and £1.715m was accrued at year end).

### 39.2.8 Summary of Unusable Reserves

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

Unusable Reserves	01 April 2016	Net transfers (to)/ from Reserves	31 March 2017	Net transfers (to)/ from Reserves	31 March 2018
	£000	£000	£000	£000	£000
Capital Adjustment Account	(107,523)	7,566	(99,957)	11,889	(88,068)
Revaluation Reserve	(14,563)	(1,528)	(16,091)	238	(15,853)
Financial Instruments Adjustment Account	3,960	(51)	3,909	(60)	3,849
Deferred Capital Receipts Reserve	(4,614)	126	(4,488)	132	(4,356)
Pensions Reserve	242,888	31,960	274,848	(4,207)	270,641
Unequal Pay Back Pay Account	146	0	146	0	146
Accumulated Absences Account	1,441	274	1,715	(7)	1,708
<b>Total Unusable Reserves:</b>	<b>121,735</b>	<b>38,347</b>	<b>160,082</b>	<b>7,985</b>	<b>168,067</b>

## Cash Flow Notes

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

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

#### 40.1 Non-Cash Movements

Cash Flow - Adjustments for Non-Cash Movements	2017/2018		2016/2017	
	£000	£000	£000	£000
Depreciation & Impairment	16,441		15,752	
REFCUS (deferred charges)	1,386		2,936	
Effective interest adjustment	40		38	
Net IAS19 charges made for Retirement Benefits	25,486		19,949	
IAS19 Employers Contributions Paid to Pension Fund	(12,511)		(12,232)	
		30,842		26,443
Increase/(Decrease) in Provisions		2,218		(142)
(Increase)/Decrease in Inventories		138		262
(Increase)/Decrease in Revenue Debtors		(416)		371
Increase/(Decrease) in Revenue Creditors		738		1,390
<b>Total</b>		<b>33,520</b>		<b>28,324</b>

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

Cash Flow - Adjustments for Investing & Financing Activities	2017/2018	2016/2017
	£000	£000
(Gain)/Loss on Disposal of fixed assets	(156)	(771)
Capital Grants credited to CIES	(4,070)	(6,047)
<b>Total</b>	<b>(4,226)</b>	<b>(6,818)</b>

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

### 41.1 Investing Activities

The cash flows for investing activities consist of the following:

Cash Flow - Investing Activities	2017/2018			2016/2017		
	£000	£000	£000	£000	£000	£000
<b>Cash Outflows</b>						
Purchase of Non-Current Assets	(9,322)			(10,329)		
		(9,322)			(10,329)	
<b>Cash Inflows</b>						
Sale of Non-Current Assets	634			1,515		
Other Receipts from Investing Activities	5,901			10,307		
		6,535			11,822	
<b>Total</b>			(2,787)			1,493

### 41.2 Financing Activities

The cash flows for financing activities consist of the following:

Cash Flow - Financing Activities	2017/2018			2016/2017		
	£000	£000	£000	£000	£000	£000
<b>Cash Outflows</b>						
Repayments of Amounts Borrowed	(132,308)			(82,837)		
Capital Element of Finance Lease Rental Payments	(256)			(259)		
		(132,564)			(83,096)	
<b>Cash Inflows</b>						
New Loans Raised	0			7,585		
New Short-Term Loans	135,579			74,500		
Long-Term Investments Repaid	108			30		
		135,687			82,115	
<b>Total</b>			3,123			(981)

## 42. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2017/2018 £000	2016/2017 £000
Cash Held by the Authority	45	43
Bank Accounts	5,352	3,332
Short Term Investments	2,000	2,000
<b>Total Cash &amp; Cash Equivalents</b>	<b>7,397</b>	<b>5,375</b>

### Other Notes

## 43. Joint Arrangements - Cardiff Capital Region City Deal (CCRC)

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

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

The CCRC Investment Fund comprises two distinct elements:-

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

The CCRC Joint Working Agreement Business Plan provides indicative Wider investment Fund expenditure totalling £495m over a 20 year period, with profiled expenditure between 2018/2019 to 2020/2021 (prior to the Gateway Review) of £169.6m. This profile is based on currently approved projects and assumptions around potential future revenue and capital projects and is subject to amendment as business plans are approved and funding applied.

Of the £120m Local Authority funding commitment to the Wider Investment Fund, Blaenau Gwent's share is £5.544m. This will be paid by the Authority over a period of up to 20 years, subject to the requirement to fund schemes as and when they are approved. Prior to the Gateway Review in 2021, Blaenau Gwent's estimated capital contributions are £1.285m, and this amount has been included in the Capital Programme. Over that same period, estimated revenue costs falling to the Authority total £0.193m.

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

43.1 Cardiff Capital Region City Deal - Summary Group Comprehensive Income & Expenditure Statement

Summary CCRC Group Comprehensive Income & Expenditure Statement	2017/2018		2016/2017	
	CCRC Group £000	Blaenau Gwent Apportionment £000	CCRC Group £000	Blaenau Gwent Apportionment £000
Cost of Services				
Operating Expenditure	1,584	73	180	8
Operating Income	(929)	(43)	(180)	(8)
Net Cost of Services	655	30	0	0
Financing and Investment Income & Expenditure	(17)	(1)	0	0
Taxation & Non-Specific Grant Income	(24,207)	(1,118)	0	0
(Surplus)/Deficit on Provision of Services	(23,569)	(1,089)	0	0

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

Summary CCRC Group Movement in Reserves Statement	CCRC Group			Blaenau Gwent Apportionment		
	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2016			0			0
(Surplus)/Deficit on Provision of Services	0	0	0	0	0	0
Adjustments between accounting basis & funding basis	(228)	0	(228)	(10)	0	(10)
Net(Increase)/Decrease	(228)	0	(228)	(10)	0	(10)
Balance at 31 March 2017	(228)	0	(228)	(10)	0	(10)
Balance at 1 April 2017	(228)	0	(228)	(10)	0	(10)
(Surplus)/Deficit on Provision of Services	(23,569)	0	(23,569)	(1,089)	0	(1,089)
Adjustments between accounting basis & funding basis	24,207	(24,207)	0	1,118	(1,118)	0
Net(Increase)/Decrease	638	(24,207)	(23,569)	29	(1,118)	(1,089)
Balance at 31 March 2018	410	(24,207)	(23,797)	19	(1,118)	(1,099)

43.3 Cardiff Capital Region City Deal - Summary Group Balance Sheet

Summary CCRC Group Balance Sheet	2017/2018		2016/2017	
	CCRC Group	Blaenau Gwent Apportionment	CCRC Group	Blaenau Gwent Apportionment
	£000	£000	£000	£000
Non-Current Assets	20,183	932	0	0
Current Assets	26,773	1,237	384	17
Current Liabilities	(2,955)	(137)	(156)	(7)
Non-Current Liabilities	(20,204)	(933)	0	0
<b>Total Net Assets</b>	<b>23,797</b>	<b>1,099</b>	<b>228</b>	<b>10</b>
Usable Reserve	410	19	(228)	(10)
Unusable Reserve	(24,207)	(1,118)	0	0
<b>Total Reserves</b>	<b>(23,797)</b>	<b>(1,099)</b>	<b>(228)</b>	<b>(10)</b>

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

Summary CCRC Group Cash Flow Statement	2017/2018		2016/2017	
	CCRC Group	Blaenau Gwent Apportionment	CCRC Group	Blaenau Gwent Apportionment
	£000	£000	£000	£000
Net Surplus/(Deficit) on the provision of services	(23,569)	(1,089)	0	0
Adjustments to the provision of Services for non-cash movements	26,043	1,203	(384)	(18)
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>	<b>2,474</b>	<b>114</b>	<b>(384)</b>	<b>(18)</b>
Investing Activities	41,854	1,934	0	0
Financing Activities	(68,886)	(3,182)	0	0
<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(24,558)</b>	<b>(1,134)</b>	<b>(384)</b>	<b>(18)</b>
Cash and Cash equivalents at the beginning of the reporting period	(384)	(18)	0	0
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(24,942)</b>	<b>(1,152)</b>	<b>(384)</b>	<b>(18)</b>

#### 44. Joint Arrangements - Other

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

Joint Arrangements	2017/2018			2016/2017		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Greater Gwent Cremation Joint Committee	0	(132)	(132)	0	(132)	(132)
Gwent Joint Records Committee	143	0	143	143	0	143
Gwent Transport Unit	1,206	0	1,206	1,276	0	1,276
South East Wales Strategic Planning Group	1	0	1	1	0	1
<b>Total</b>	<b>1,350</b>	<b>(132)</b>	<b>1,218</b>	<b>1,420</b>	<b>(132)</b>	<b>1,288</b>

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

The Cremation Joint Committee provides cremation services to the residents of the Greater Gwent area through a facility based at Croesyceiliog, Cwmbran. Further details of the arrangement can be obtained from the lead Authority for the joint committee, Newport City Council.

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

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

##### 44.3 Gwent Transport Unit (GTU)

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

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

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

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

The financial arrangements for the group are provided by the participating authorities on a rota basis - for 2017/2018, Blaenau Gwent was the host Authority, overseeing the following transactions:

South East Wales Strategic Planning Group	2017/2018 £000	2016/2017 £000
Balance at 1 April	(36)	(68)
Balance transferred to Blaenau Gwent	0	0
Receipts (Member Subscriptions)	(5)	(5)
Payments	0	37
Balance at 31 March	(41)	(36)



#### 45. Charitable Trusts

The Authority acts as trustee for the following charitable trusts:

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

Bedwellty Park is a 26 acre historic park and landscape. It has 6 listed structures within its grounds including a Grade II listed ironmaster's dwelling. The site has 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:

Summary Statement of Financial Activities	2017/2018					2016/2017				
	Bedwellty House & Park £000	Cwm Recreation Ground £000	Ebbw Vale Recreation Ground £000	Tredegar Recreation Ground £000	Total £000	Bedwellty House & Park £000	Cwm Recreation Ground £000	Ebbw Vale Recreation Ground £000	Tredegar Recreation Ground £000	Total £000
Income										
Donations & Legacies	(104)	(7)	(47)	(12)	(170)	(104)	(14)	(38)	(14)	(170)
Income for Charitable Activities	0	0	0	0	0	0	0	0	0	0
Other Trading Activities	0	0	0	0	0	0	0	0	0	0
Other	0	0	(3)	0	(3)	0	0	(2)	0	(2)
<b>Total Income</b>	<b>(104)</b>	<b>(7)</b>	<b>(50)</b>	<b>(12)</b>	<b>(173)</b>	<b>(104)</b>	<b>(14)</b>	<b>(40)</b>	<b>(14)</b>	<b>(172)</b>
Expenditure										
Raising Funds	0	0	0	0	0	0	0	0	0	0
Charitable Activities	117	7	50	12	186	117	14	40	14	185
Other	104	0	0	0	104	104	0	0	0	104
<b>Total Resources Expended</b>	<b>221</b>	<b>7</b>	<b>50</b>	<b>12</b>	<b>290</b>	<b>221</b>	<b>14</b>	<b>40</b>	<b>14</b>	<b>289</b>
<b>Net Expenditure</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117</b>
Transfers between funds	(117)	0	0	0	(117)	(117)	0	0	0	(117)
<b>Net Movement in Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

Charitable Trusts - Property, Plant & Equipment	2017/2018			2016/2017		
	Gross Book Value	Accumulated Depreciation	Net Book Value	Gross Book Value	Accumulated Depreciation	Net Book Value
	£000	£000	£000	£000	£000	£000
Bedwellty House and Park	5,571	(452)	5,119	5,571	(335)	5,236
Cwm Recreation Ground	15	(15)	0	15	(15)	0
Ebbw Vale Recreation Ground	298	(41)	257	298	(27)	271
Tredegar Recreation Ground	86	(44)	42	86	(38)	48
<b>Total</b>	<b>5,970</b>	<b>(552)</b>	<b>5,418</b>	<b>5,970</b>	<b>(415)</b>	<b>5,555</b>

The Authority also acts as sole trustee for 30 education trust funds, the main purpose of which is the provision of prizes to pupils based on examination success. At year-end, balances held were as follows:

Education Trust Funds	2017/2018	2016/2017
	£000	£000
Investments	0	4
Cash	56	52
<b>Balance at 31 March</b>	<b>56</b>	<b>56</b>



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



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## Contents - Group Accounts

Page Number

### *The Statement of Group Accounts*

#### *The Group Financial Statements*

Group Comprehensive Income and Expenditure Statement	121
Group Movement in Reserves Statement	122
Group Balance Sheet	123
Group Cash Flow Statement	125

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

1. Group Accounting Policies	126
2. Notes to the Group Financial Statements	128

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

3. Group Expenditure and Funding Analysis	129
4. Other Operating Expenditure	130
5. Financing and Investment Income and Expenditure	130
6. External Audit Fees	131

## Contents - Group Accounts (Continued)

Page Number

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

- |   |     |
|---|-----|
| 7. Other Comprehensive Income and Expenditure                           | 131 |
| 8. Adjustments between Parent and Group Movement in Reserves Statements | 132 |

### *Notes to the Group Balance Sheet*

- |                                 |     |
|---------------------------------|-----|
| 9. Property Plant and Equipment | 132 |
| 10. Current Debtors             | 135 |
| 11. Current Creditors           | 135 |
| 12. Provisions                  | 136 |
| 13. Other Long-Term Liabilities | 137 |
| 14. Post-Employment Benefits    | 137 |
| 15. Reserves                    | 140 |

### *Notes to the Group Cash Flow*

- |  |     |
|--|-----|
| 16. Reconciliation of the Deficit on the Provision of Services to Net Cash Flows From Operating Activities | 141 |
| 17. Analysis of the Amounts of Major Classes of Gross Cash Receipts and Gross Cash Payments                | 142 |
| 18. Cash and Cash Equivalents  | 142 |

### *Other Group Notes*

- |                       |     |
|-----------------------|-----|
| 19. Deferred Taxation | 142 |
|-----------------------|-----|



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Cyngor Bwrdeistref Sirol

**Blaenau Gwent**

County Borough Council

## Group Comprehensive Income and Expenditure Statement

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

Group Comprehensive Income & Expenditure Statement	2017/2018			2016/2017			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
<b>Continuing Operations</b>								
Financial Management & Strategy	39,572	(27,387)	12,185	42,148	(29,603)	12,545	7	131
Corporate Services	5,578	(523)	5,055	4,972	(804)	4,168	7	131
Social Services	63,593	(18,287)	45,306	58,995	(16,355)	42,640		
Infrastructure	12,809	(1,947)	10,862	9,652	(1,835)	7,817		
Active Living	7,566	(1,353)	6,213	6,514	(1,322)	5,192		
Education	21,627	(5,915)	15,712	24,611	(6,729)	17,882		
Education - Schools	46,409	(4,277)	42,132	45,933	(3,604)	42,329		
Environment	21,562	(6,055)	15,507	20,217	(6,427)	13,790		
Economy	5,007	(2,775)	2,232	4,694	(2,819)	1,875		
Planning	1,618	(350)	1,268	1,489	(267)	1,222		
Licensing	214	(124)	90	193	(142)	51		
Cardiff Capital Region City Deal	73	(1,161)	(1,088)	0	0	0		
Silent Valley	1,101	16	1,117	1,270	(146)	1,124	7	131
<b>Total Deficit on Continuing Services</b>	<b>226,729</b>	<b>(70,138)</b>	<b>156,591</b>	<b>220,688</b>	<b>(70,053)</b>	<b>150,635</b>	3	129
Other Operating Expenditure	8,782	(728)	8,054	8,782	(1,623)	7,159	4	130
Financing and Investment Income and Expenditure	20,242	(9,314)	10,928	22,588	(10,158)	12,430	5	130
Taxation and Non-Specific Grant Income	0	(147,744)	(147,744)	0	(149,090)	(149,090)		
<b>(Surplus)/Deficit on Provision of Services</b>	<b>255,753</b>	<b>(227,924)</b>	<b>27,829</b>	<b>252,058</b>	<b>(230,924)</b>	<b>21,134</b>		
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(253)			(2,303)		
Remeasurement of the net defined benefit pension liability			(17,218)			24,237		
<b>Other Comprehensive Income &amp; Expenditure</b>			<b>(17,471)</b>			<b>21,934</b>	7	131
<b>Total Group Comprehensive Income &amp; Expenditure</b>			<b>10,358</b>			<b>43,068</b>	GMIRS	122

## Group Movement in Reserves Statement

The Group Movement in Reserves Statement (GMiRS) shows the movement in the year on the different reserves held by the Group, 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. Earmarked Reserves have been disclosed separately in the MiRS to provide users with information regarding the use of these balances in comparison to the use of the Council Fund.

Group Movement in Reserves Statement	2017/2018			2016/2017			Note	Page
	Total Authority Reserves	Authority's share of Reserves of Subsidiary	Total Group Reserves	Total Authority Reserves	Authority's share of Reserves of Subsidiary	Total Group Reserves		
	£000	£000	£000	£000	£000	£000		
Opening balance at 1 April	137,991	(2,565)	135,426	95,805	(2,809)	92,996		
Adjustments to brought forward balances	35*	0	35	(638)**	0	(638)		
Revised balance at 1 April	138,026	(2,565)	135,461	95,167	(2,809)	92,358		
Total Group Comprehensive Income & Expenditure	10,173	185	10,358	42,792	276	43,068	GCIES	121
Adjustments between Group Accounts and Authority Accounts	(264)	264	0	32	(32)	0	8	132
(Increase)/Decrease in year	9,909	449	10,358	42,824	244	43,068		
Balance at 31 March	147,935	(2,116)	145,819	137,991	(2,565)	135,426	GBS, 15	124, 140

\*: Reserve balances at 1 April 2017 were amended to include £0.011m as the Authority's share of Cardiff Capital Region City Deal reserves at that date, and also to remove £0.046m balances previously held in respect of Property Improvement Loans that from 2017/2018 have been accounted for on an agency basis.

\*\* : Unusable Reserve Balances were adjusted for a revaluation increase related to previous years (reducing the Capital Adjustment Account by £0.282m and Revaluation Reserve by £1.083m), and also for a cumulative adjustment increasing the Capital Adjustment Account by £0.727m in respect of an understatement of depreciation relating to specific assets.

## Group Balance Sheet

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

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

Group Balance Sheet	31 March 2018		31 March 2017		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	263,750		273,154		9	132-134
Heritage Assets	413		413			
Non-Current Debtors	4,731		5,221			
<b>Sub Total: Long Term Assets</b>		<b>268,894</b>		<b>278,788</b>		
Assets Held for Sale	425		510			
Current Investments	0		4			
Inventories	719		857			
Current Debtors	16,158		17,516		10	135
Cash and Cash Equivalents	12,823		11,168		18	142
<b>Sub Total: Current Assets</b>		<b>30,125</b>		<b>30,055</b>		

Group Balance Sheet (Continued)	31 March 2018		31 March 2017		Note:	Page:
	£000	£000	£000	£000		
Current Borrowing	(68,374)		(47,899)			
Current Creditors	(11,287)		(12,223)		11	135
Current Grants Receipts in Advance	(2,656)		(1,744)			
Current Provisions	(4,813)		(3,517)		12	136
<b>Sub Total: Current Liabilities</b>		<b>(87,130)</b>		<b>(65,383)</b>		
Non-Current Borrowing	(80,205)		(98,919)			
Non-Current Provisions	(4,472)		(3,754)		12	136
Other Long-Term Liabilities	(273,031)		(276,213)		13-14	137-140
<b>Sub Total: Long-Term Liabilities</b>		<b>(357,708)</b>		<b>(378,886)</b>		
<b>Total Net Assets/(Liabilities)</b>		<b>(145,819)</b>		<b>(135,426)</b>		
Usable Reserves	(22,248)		(24,656)		15	140
Unusable Reserves	168,067		160,082		15	140
<b>Total Reserves</b>		<b>145,819</b>		<b>135,426</b>		

## Group Cash Flow Statement

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

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

Group Cash Flow Statement	2017/2018		2016/2017		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services	(27,829)		(21,134)		GCIES	121
Adjustments to the provision of services for non-cash movements	33,448		28,012		16.1	141
Adjustments for items included in the provision of services that are investing and financing activities	(4,255)		(6,851)		16.2	141
<b>Net Cash Inflows from Operating Activities</b>		1,364		27		
Investing activities		(2,832)		1,570	17.1	142
Financing activities		3,123		(981)		
<b>Net increase or (decrease) in cash and cash equivalents</b>		1,655		616		
Cash and cash equivalents at the beginning of the reporting period		11,168		10,552	GBS, 18	123, 142
<b>Cash and cash equivalents at the end of the reporting period</b>		12,823		11,168	GBS, 18	123, 142



**1. Group Accounting Policies**

**1.1 General Principles**

The Group Accounts summarise the transactions of the Authority and its Subsidiaries for the 2017/2018 financial year and its position at the year-end of 31 March 2018. 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 2017/2018 and the Service Reporting Code of Practice 2017/2018, supported by International Financial Reporting Standards (IFRS). Where there is no relevant IFRS or International Accounting Standard (IAS), reference is made to International Public Sector Accounting Standards (IPSASs); if there is no relevant IPSAS, domestic Financial Reporting Standards (FRSs) are applied.

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

In preparing a set of Accounts for the Blaenau Gwent Group, it has been necessary to align the Accounting Policies adopted by the two constituent entities. The Group Policies are largely the same as those used in preparing the Accounts for the Parent Authority, as recorded on pages 28-40. 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 £0.759m (2016/2017: £0.801m) 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 2017/2018 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 2017/2018 and consequently no short term compensated absences accrual has been calculated.



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#### 1.4.2 Post Employment Benefits

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

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

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

The required accounting treatments are as follows:

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

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

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

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

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

#### 1.5 Property, Plant and Equipment

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

##### 1.5.1 Recognition

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

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

##### 1.5.2 Measurement

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

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### 1.5.3 Depreciation

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

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

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

### 1.6 Aftercare and Capping Provisions

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

## 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.

*Group Comprehensive Income & Expenditure Statement Notes*

**3. Group Expenditure and Funding Analysis**

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

Group Expenditure & Funding Analysis	2017/2018					2016/2017				
	Management Account Net Expenditure	Accounting Code Adjustments	Net Expenditure Chargeable to the Council Fund	Funding & Accounting Basis Adjustments	Group CIES Net Expenditure	Management Account Net Expenditure	Accounting Code Adjustments	Net Expenditure Chargeable to the Council Fund	Funding & Accounting Basis Adjustments	Group CIES Net Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Financial Management & Strategy	10,502	903	11,405	780	12,185	9,883	1,489	11,372	1,173	12,545
Corporate Services	3,747	270	4,017	1,038	5,055	3,594	274	3,868	300	4,168
Social Services	41,708	482	42,190	3,116	45,306	38,634	2,885	41,519	1,121	42,640
Infrastructure	12,598	(7,055)	5,543	5,319	10,862	8,410	(2,597)	5,813	2,004	7,817
Active Living	4,356	(736)	3,620	2,593	6,213	4,409	(695)	3,714	1,478	5,192
Education	54,356	(43,085)	11,271	4,441	15,712	55,173	(44,498)	10,675	7,207	17,882
Education - Schools	(282)	42,300	42,018	114	42,132	(583)	42,811	42,228	101	42,329
Environment	14,828	(5,092)	9,736	5,771	15,507	14,330	(3,903)	10,427	3,363	13,790
Economy	1,289	644	1,933	299	2,232	1,219	0	1,219	656	1,875
Planning	1,050	92	1,142	126	1,268	1,044	168	1,212	10	1,222
Licensing	74	2	76	14	90	51	2	53	(2)	51
Cardiff Capital Region City Deal	0	30	30	(1,118)	(1,088)	0	0	0	0	0
Capital Adjustments	0	(21)	(21)	21	0	0	(43)	(43)	43	0
Pension Adjustments	0	1,017	1,017	(1,017)	0	0	1,069	1,069	(1,069)	0
Silent Valley	1,117	0	1,117	0	1,117	1,124	0	1,124	0	1,124
<b>Net Expenditure on Continuing Operations</b>	<b>145,343</b>	<b>(10,249)</b>	<b>135,094</b>	<b>21,497</b>	<b>156,591</b>	<b>137,288</b>	<b>(3,038)</b>	<b>134,250</b>	<b>16,385</b>	<b>150,635</b>
Other Operating Expenditure	(94)	8,305	8,211	(157)	8,054	(108)	8,038	7,930	(771)	7,159
Financing & Investment Income & Expenditure	(29)	4,927	4,898	6,030	10,928	(34)	7,907	7,873	4,557	12,430
Taxation & Non-Specific Grant Income	0	(145,805)	(145,805)	(1,939)	(147,744)	0	(144,696)	(144,696)	(4,394)	(149,090)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>145,220</b>	<b>(142,822)</b>	<b>2,398</b>	<b>25,431</b>	<b>27,829</b>	<b>137,146</b>	<b>(131,789)</b>	<b>5,357</b>	<b>15,777</b>	<b>21,134</b>
Transfers to/(from) earmarked reserves			(3,078)					(4,521)		
<b>(Increase)/Decrease in year</b>			<b>(680)</b>					<b>836</b>		
Opening Group Balances as at 1 April			(5,439)					(6,275)		
Closing Group Balances as at 31 March			(6,119)					(5,439)		

#### 4. Other Operating Expenditure

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

Other Operating Expenditure	2017/2018			2016/2017		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Parent:</b>						
(Gains)/losses on the Disposal of Non-Current Assets	477	(634)	(157)	744	(1,515)	(771)
Precepts & Levies	8,305	0	8,305	8,038	0	8,038
<b>Subsidiary:</b>						
Income from energy generation	0	(94)	(94)	0	(108)	(108)
<b>Total</b>	<b>8,782</b>	<b>(728)</b>	<b>8,054</b>	<b>8,782</b>	<b>(1,623)</b>	<b>7,159</b>

#### 5. 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	2017/2018			2016/2017		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Interest payable and similar charges - Financial Instruments	3,978	0	3,978	4,274	0	4,274
Interest payable and similar charges - Other *	13	0	13	22	0	22
Interest receivable and similar income - Financial Instruments	0	(15)	(15)	0	(32)	(32)
Interest receivable and similar income - Other **	0	(275)	(275)	0	(356)	(356)
Net Pensions Interest	16,251	(9,024)	7,227	18,292	(9,770)	8,522
<b>Total</b>	<b>20,242</b>	<b>(9,314)</b>	<b>10,928</b>	<b>22,588</b>	<b>(10,158)</b>	<b>12,430</b>

\*: Interest on finance leases and school balances.

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

## 6. External Audit Fees

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

External Audit Fees	2017/2018 £000	2016/2017 £000
Fees payable in respect of:		
External audit services - Final Accounts	191	191
Silent Valley external audit services - Final Accounts	10	10
External audit services - Local Government Measures	105	105
Certification of grant claims and returns	70	70
Other services	0	38
<b>Total Audit Fees</b>	<b>376</b>	<b>414</b>

External Audit services for Blaenau Gwent CBC are provided by the Wales Audit Office; for Silent Valley Waste Services Ltd. by Broomfield & Alexander Limited. Other Services in 2016/2017 consists of charges for the statutory audit of 3 years of charitable trust accounts required for Bedwellty House and Park, of which the Authority is the trustee.

### *Group Movements in Reserves Notes*

## 7. Other Comprehensive Income and Expenditure

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

Other Comprehensive Income & Expenditure	2017/2018 £000	2016/2017 £000
(Surplus)/Deficit arising on the revaluation of Non-Current Assets	(253)	(2,303)
Remeasurement of the net defined benefit pension liability	(17,218)	24,237
<b>Other Comprehensive Income &amp; Expenditure</b>	<b>(17,471)</b>	<b>21,934</b>

## 8. Adjustments between Parent and Group Movement in Reserves Statements

In preparing the Group Movement in Reserves Statement, the following adjustments were made for intra-group transactions:

Adjustments between Single Entity and Group Movement in Reserves Statements	31 March 2018		31 March 2017	
	Total Authority Reserves	Authority's share of Reserves of Subsidiary	Total Authority Reserves	Authority's share of Reserves of Subsidiary
	£000	£000	£000	£000
Adjustments between Group Accounts and Authority Accounts:				
Expenditure	(870)	870	(801)	801
Income	163	(163)	166	(166)
Debtors & Creditors	(67)	67	(65)	65
Retained Profits	(570)	570	(380)	380
Accumulating Dividend	725	(725)	725	(725)
Less cumulative adjustments brought forward	355	(355)	387	(387)
<b>Total intra-group adjustments</b>	<b>(264)</b>	<b>264</b>	<b>32</b>	<b>(32)</b>

### Group Balance Sheet Notes

## 9. Property Plant & Equipment

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

Property, Plant & Equipment	31 March 2018	31 March 2017
	£000	£000
Gross Carrying Amount	315,526	316,817
Accumulated Depreciation	(51,776)	(43,663)
<b>Net Book Value</b>	<b>263,750</b>	<b>273,154</b>

Movements in 2017/2018:

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 2017	168,712	12,780	126,849	138	4,886	3,452	316,817
Appropriations	(176)	20	176	(20)	0	0	0
Assets reclassified to/from held for sale	(387)	0	0	0	(5)	0	(392)
Additions	177	1,466	281	0	0	1,445	3,369
Revaluation increases/(decreases) recognised in the Revaluation Reserve	261	0	0	1	0	0	262
Revaluation increases/(decreases) recognised in the Provision of Services	(4,799)	0	0	1	(360)	0	(5,158)
Capital expenditure written off	(2,469)	(144)	(43)	0	0	0	(2,656)
Derecognition - disposals	0	(557)	0	0	0	0	(557)
Other movements in cost or valuation *	2,641	144	43	0	0	1,013	3,841
Cost or Valuation as at 31 March 2018	163,960	13,709	127,306	120	4,521	5,910	315,526

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 2017	(7,944)	(8,072)	(27,623)	(10)	(14)	0	(43,663)
Depreciation Charge & Appropriations	(4,687)	(1,279)	(3,096)	(1)	(7)	0	(9,070)
Depreciation written out to the Revaluation Reserve	51	0	0	0	0	0	51
Depreciation written out to the Surplus/Deficit on the Provision of Services	383	0	0	0	0	0	383
Derecognition - disposals	(14)	537	0	0	0	0	523
Accumulated Depreciation & Impairment as at 31 March 2018	(12,211)	(8,814)	(30,719)	(11)	(21)	0	(51,776)
Net Book Value as at 31 March 2018	151,749	4,895	96,587	109	4,500	5,910	263,750
Net Book Value as at 31 March 2017	160,768	4,708	99,226	128	4,872	3,452	273,154
Net Book Value as at 31 March 2016	154,498	5,521	100,808	129	4,879	13,482	279,317

Movements in 2016/2017:

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 2016	158,632	12,532	124,557	138	4,920	13,482	314,261
Adjustment to Opening Balances	1,365†	0	0	0	0	0	1,365
Revised Cost or Valuation as at 1 April 2016	159,997	12,532	124,557	138	4,920	13,482	315,626
Appropriations	12,214	0	1,347	0	180	(13,741)	0
Assets reclassified to/from held for sale	(681)	0	0	0	(50)	0	(731)
Additions	0	413	701	0	0	0	1,114
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,132	0	0	0	(75)	0	2,057
Revaluation increases/(decreases) recognised in the Provision of Services	(4,928)	0	0	0	(89)	0	(5,017)
Capital expenditure written off	(1,806)	0	0	0	0	0	(1,806)
Derecognition - disposals	(22)	(165)	0	0	0	0	(187)
Other movements in cost or valuation **	1,806	0	244	0	0	3,711	5,761
Cost or Valuation as at 31 March 2017	168,712	12,780	126,849	138	4,886	3,452	316,817
Accumulated Depreciation & Impairment as at 1 April 2016	(4,134)	(7,011)	(23,749)	(9)	(41)	0	(34,944)
Adjustment to Opening Balances	(45)††	0	(682)††	0	0	0	(727)
Revised Depreciation & Impairment as at 1 April 2016	(4,179)	(7,011)	(24,431)	(9)	(41)	0	(35,671)
Depreciation Charge & Appropriations	(4,558)	(1,165)	(3,192)	(1)	27	0	(8,889)
Depreciation written out to the Revaluation Reserve	246	0	0	0	0	0	246
Depreciation written out to the Surplus/Deficit on the Provision of Services	561	0	0	0	0	0	561
Derecognition - disposals	(14)	104	0	0	0	0	90
Accumulated Depreciation & Impairment as at 31 March 2017	(7,944)	(8,072)	(27,623)	(10)	(14)	0	(43,663)

†(2016/2017): The correction of a revaluation increase relating to previous years has increased the gross book value of Other Land & Buildings by £1.365m.

††(2016/2017): A small number of assets were identified on which no depreciation had been charged in previous years and consequently an adjustment has been made to correct the cumulative understatement of £0.727m.

Notes \* & \*\*: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, £1.18 million of which has been added to the asset base and £2.66 million of which has been written off as there has been no increase to the asset value in 2017/2018(\*); £3.9 million of which has been added to the asset base and £1.8 million of which has been written off as no increase to the asset value resulted in 2016/2017(\*\*).



## 10. Current Debtors

Amounts owing to the Group were as follows:

Current Debtors	31 March 2018				31 March 2017			
	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Current Debtors £000	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Current Debtors £000
Welsh Government	6,348	(1)	0	6,347	5,713	(36)	0	5,677
Other Central Government	1,524	0	0	1,524	1,292	0	0	1,292
Local Authorities	1,321	(64)	250	1,507	2,481	(118)	469	2,832
NHS	127	(6)	0	121	892	(27)	0	865
Council Tax Arrears	4,259	(1,814)	0	2,445	4,248	(1,933)	0	2,315
Other Entities & Individuals	4,870	(2,041)	1,385	4,214	5,355	(2,167)	1,347	4,535
<b>Total Current Debtors:</b>	<b>18,449</b>	<b>(3,926)</b>	<b>1,635</b>	<b>16,158</b>	<b>19,981</b>	<b>(4,281)</b>	<b>1,816</b>	<b>17,516</b>

## 11. Current Creditors

Amounts owed by the Group were as follows:

Current Creditors	31 March 2018			31 March 2017		
	Creditors £000	Receipts in Advance £000	Total Current Creditors £000	Creditors £000	Receipts in Advance £000	Total Current Creditors £000
Welsh Government	(216)	0	(216)	(114)	0	(114)
Other Central Government	(745)	0	(745)	(704)	(6)	(710)
Local Authorities	(1,001)	(75)	(1,076)	(1,923)	(67)	(1,990)
NHS	(49)	0	(49)	(252)	(5)	(257)
Capital Creditors	(184)	0	(184)	(525)	0	(525)
Council Tax Credits	(847)	0	(847)	(740)	0	(740)
Other Entities and Individuals	(7,829)	(341)	(8,170)	(7,523)	(364)	(7,887)
<b>Total Current Creditors:</b>	<b>(10,871)</b>	<b>(416)</b>	<b>(11,287)</b>	<b>(11,781)</b>	<b>(442)</b>	<b>(12,223)</b>

## 12. Provisions

Details of the purposes of the Authority's provisions can be found in notes 33.1-33.2, pages 83-85. 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 2017/2018 were as follows:

Provision Movements	Balance at 1 April 2016 £000	Net Movements 2016/2017 £000	Balance at 1 April 2017 £000	Additional Provisions made in 2017/2018 £000	Amounts Used in 2017/2018 £000	Unused Amounts Reversed in 2017/2018 £000	Unwinding of Discount in 2017/2018 £000	Balance at 31 March 2018 £000
<b>Current Provisions</b>								
<b>Employee Provisions:</b>								
Parent's Employee Provisions	(2,117)	1,466	(651)	(744)	501	4	0	(890)
<b>Other Provisions:</b>								
Parent's Other Provisions	(2,024)	(672)	(2,696)	(1,491)	416	18	0	(3,753)
Silent Valley Aftercare	(37)	(133)	(170)	(204)	204	0	0	(170)
	(4,178)	661	(3,517)	(2,439)	1,121	22	0	(4,813)
<b>Non-Current Provisions</b>								
Parent's Provisions	(669)	(652)	(1,321)	(1,177)	158	97	0	(2,243)
Silent Valley Aftercare	(2,753)	320	(2,433)	0	0	204	0	(2,229)
	(3,422)	(332)	(3,754)	(1,177)	158	301	0	(4,472)
<b>Total Provisions:</b>	<b>(7,600)</b>	<b>329</b>	<b>(7,271)</b>	<b>(3,616)</b>	<b>1,279</b>	<b>323</b>	<b>0</b>	<b>(9,285)</b>

### 13. Other Long-Term Liabilities

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

Other Long-Term Liabilities	31 March 2018 £000	31 March 2017 £000
Cardiff Capital Region City Deal Non-Current Creditor	(934)	0
Deferred Liabilities	(285)	(436)
Net Pensions Liability	(271,812)	(275,769)
Receipts in Advance	0	(8)
<b>Total</b>	<b>(273,031)</b>	<b>(276,213)</b>

### 14. 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.

#### 14.1 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 2017/2018, the total pension costs payable in respect of the defined contribution scheme was £0.065m (2016/2017: £0.057m). There were no outstanding contributions to the scheme at 31 March 2018 or 31 March 2017.

##### *Teachers' Pension Scheme*

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

Further details of this Scheme and the Authority's contributions can be found in the notes to the Single Entity Core Statements (notes 37 & 38, pages 93-102)

#### 14.2 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 2016.

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

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

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

	2017/2018			2016/2017		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
<b>Group Pension Scheme Transactions</b>						
<b>Group Comprehensive Income &amp; Expenditure Statement:</b>						
Cost of Services:						
Current Service Costs	17,811	0	17,811	9,957	0	9,957
Other Service Costs	498	0	498	1,508	0	1,508
<b>Total Service Cost:</b>	<b>18,309</b>	<b>0</b>	<b>18,309</b>	<b>11,465</b>	<b>0</b>	<b>11,465</b>
Financing and Investment Income and Expenditure:						
Interest on Plan Assets	(9,017)	0	(9,017)	(9,759)	0	(9,759)
Interest on Defined Benefit Liabilities	15,261	983	16,244	17,077	1,204	18,281
<b>Net Interest:</b>	<b>6,244</b>	<b>983</b>	<b>7,227</b>	<b>7,318</b>	<b>1,204</b>	<b>8,522</b>
<b>Total Charged to the Surplus/Deficit on Provision of Services:</b>	<b>24,553</b>	<b>983</b>	<b>25,536</b>	<b>18,783</b>	<b>1,204</b>	<b>19,987</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:</b>						
Return on plan assets (excluding amounts included in Net Interest)	(4,588)	0	(4,588)	(60,147)	0	(60,147)
Actuarial (Gains)/Losses arising from changes in demographic assumptions	0	0	0	(13,952)	(2,119)	(16,071)
Actuarial (Gains)/Losses arising from changes in financial assumptions	(11,490)	(448)	(11,938)	86,166	4,965	91,131
Experience (Gains)/Losses on defined benefit liabilities	(281)	(421)	(702)	8,101	1,223	9,324
<b>Total remeasurement recognised in Other Comprehensive Income &amp; Expenditure</b>	<b>(16,359)</b>	<b>(869)</b>	<b>(17,228)</b>	<b>20,168</b>	<b>4,069</b>	<b>24,237</b>
<b>Total Charged to the Group Comprehensive Income &amp; Expenditure Statement:</b>	<b>8,194</b>	<b>114</b>	<b>8,308</b>	<b>38,951</b>	<b>5,273</b>	<b>44,224</b>

No adjusting entries are made in relation to the Silent Valley Waste Services Pension Scheme transactions and consequently there are no changes to the relevant entries made in the Parent Movement in Reserves Statement.

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

	2017/2018			2016/2017		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Pension Scheme Assets						
Balance at 1 April:	349,097	0	349,097	280,811	0	280,811
Employer Contributions	10,386	1,879	12,265	10,552	1,879	12,431
Member Contributions	2,710	0	2,710	2,625	0	2,625
Benefits Paid	(15,189)	(1,879)	(17,068)	(15,172)	(1,879)	(17,051)
Interest on Plan Assets	9,059	0	9,059	9,808	0	9,808
Administration Expenses	0	0	0	164	0	164
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	4,603	0	4,603	60,309	0	60,309
Balance at 31 March:	360,666	0	360,666	349,097	0	349,097
Reconciliation of the Movements in Present Value of Scheme Liabilities						
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	(586,131)	(38,735)	(624,866)	(489,446)	(35,341)	(524,787)
Current Service Cost	(17,811)	0	(17,811)	(9,957)	0	(9,957)
Past Service Cost and Curtailments	(287)	0	(287)	279	0	279
Administration Expenses	(211)	0	(211)	(334)	0	(334)
Interest Cost	(15,303)	(983)	(16,286)	(17,126)	(1,204)	(18,330)
Member Contributions	(2,710)	0	(2,710)	(2,625)	0	(2,625)
Benefits Paid	15,189	1,879	17,068	15,172	1,879	17,051
Experience Gains/(Losses)	235	421	656	(8,107)	(1,223)	(9,330)
Actuarial Gains/(Losses) arising from changes in demographic assumptions	0	0	0	13,952	2,119	16,071
Actuarial Gains/(Losses) arising from changes in financial assumptions	11,521	448	11,969	(86,322)	(4,965)	(91,287)
Effect of Business Combinations and Disposals	0	0	0	(1,617)	0	(1,617)
Balance at 31 March:	(595,508)	(36,970)	(632,478)	(586,131)	(38,735)	(624,866)

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

Pension Assets & Liabilities Recognised in the Balance Sheet	31 March 2018			31 March 2017		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000	£000	£000	£000	£000
Fair Value of Scheme Assets	360,666	0	360,666	349,097	0	349,097
Present Value of Scheme Liabilities	(595,508)	(36,970)	(632,478)	(586,131)	(38,735)	(624,866)
<b>Net Liability:</b>	<b>(234,842)</b>	<b>(36,970)</b>	<b>(271,812)</b>	<b>(237,034)</b>	<b>(38,735)</b>	<b>(275,769)</b>

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

The Group holds total usable reserves of £22.248m at 31 March 2018 (£24.656m at 31 March 2017). The effect of applying the net superannuation fund deficit of £271.812m to the Authority's usable reserves would be a deficit of £249.564m (2016/2017: the superannuation deficit of £275.769m exceeded usable reserves by £251.113m).

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).

## 15. Reserves

Details of the Authority's Reserves can be found in note 39, pages 103-111.

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

Summary: Group Reserves	Net Transfers			Net Transfers		
	1 April 2016	2016/2017	31 March 2017	Adjustments	2017/2018	31 March 2018
	£000	£000	£000	£000	£000	£000
Council Fund	(6,275)	836	(5,439)	0	(680)	(6,119)
Silent Valley Profit & Loss Reserve	(2,809)	244	(2,565)	0	449	(2,116)
Parent's Usable Earmarked Reserves	(20,293)	3,641	(16,652)	35	2,604	(14,013)
	<b>(29,377)</b>	<b>4,721</b>	<b>(24,656)</b>	<b>35</b>	<b>2,373</b>	<b>(22,248)</b>
Parent's Unusable Reserves	121,735	38,347	160,082	0	7,985	168,067
<b>Total: Reserves</b>	<b>92,358</b>	<b>43,068</b>	<b>135,426</b>	<b>35</b>	<b>10,358</b>	<b>145,819</b>

*Group Cash Flow Notes*

**16. 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.

**16.1 Non-Cash Movements**

Cash Flow - Adjustments for Non-Cash Movements	2017/2018		2016/2017	
	£000	£000	£000	£000
Depreciation & Impairment	16,475		15,780	
REFCUS (deferred charges)	1,386		2,936	
Effective interest adjustment	40		38	
Net IAS19 charges made for Retirement Benefits	25,486		19,949	
IAS19 Employers Contributions Paid to Pension Fund	(12,511)		(12,393)	
		30,876		26,310
Increase/(Decrease) in Provisions		2,140		(329)
(Increase) / Decrease in Inventories		138		262
(Increase) / Decrease in Revenue Debtors		(367)		422
Increase / (Decrease) in Revenue Creditors		661		1,347
<b>Total</b>		<b>33,448</b>		<b>28,012</b>

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

Cash Flow - Adjustments for Investing & Financing Activities	2017/2018	2016/2017
	£000	£000
(Gain)/Loss on Disposal of fixed assets	(185)	(804)
Capital Grants credited to CIES	(4,070)	(6,047)
<b>Total</b>	<b>(4,255)</b>	<b>(6,851)</b>

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

*Investing Activities*

The cash flows for investing activities consist of the following:

Cash Flow - Investing Activities	2017/2018			2016/2017		
	£000	£000	£000	£000	£000	£000
<b>Cash Outflows</b>						
Purchase of Non-Current Assets	(9,432)			(10,329)		
		(9,432)			(10,329)	
<b>Cash Inflows</b>						
Sale of Non-Current Assets	663			1,548		
Other Receipts from Investing Activities	5,937			10,351		
		6,600			11,899	
<b>Total</b>			(2,832)			1,570

18. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2017/2018	2016/2017
	£000	£000
Cash Held by the Authority	45	43
Bank Accounts	10,778	9,125
Short-term investments	2,000	2,000
<b>Total Cash &amp; Cash Equivalents</b>	<b>12,823</b>	<b>11,168</b>

*Other Group Notes*

19. Deferred Taxation

Deferred tax assets and liabilities are offset where Silent Valley Waste Services Ltd. has a legally enforceable right to do so. There were no deferred tax movements in the year. There has been no deferred tax asset recognised in respect of losses available for carrying forward which would be available to set against future trading profits, chargeable to corporation tax. There is an unrecognised deferred tax asset of £0.204m (2016/2017: £0.190m) in respect of losses for the year.





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