

2012/2013 Statement of Accounts



Cwmni Cyhoeddus Siro
Blaenau Gwent
County Borough Council



1. Introduction

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

The financial statements cover the period 1 April 2012 to 31 March 2013 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013 (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 remained a major concern to the public sector in Wales. Although financial planning forecasts from central and Welsh Government (WG) were built into the Medium term Financial Strategy, the Welsh Government's Revenue Settlement for 2012/2013 continued the recent trend of lower than anticipated settlements. In addition, low interest rates continue to result in a lower return on any investments held by the Authority.

The settlement again posed challenges for the Authority both in terms of developing a robust and balanced revenue budget and managing its financial affairs during the year with the aim of achieving a relatively sustainable financial position. The continued financial protection of schools and front line Social Services, as determined by Welsh Government, created funding pressures for all other services.

The budget for 2012/2013 estimated a contribution of approximately £0.8m to be made from the former Housing Revenue Account (HRA) reserve, as part of a strategy to deal with residual costs, following the housing stock transfer in 2010. In addition, it was estimated that £0.5m would be utilised from a specific reserve in light of the considerable challenges the Authority faced in terms of the WG Financial Settlement. The section on Reserves in the Statement of Accounts, demonstrates that the combined draw on the Council Fund/HRA was much lower at £0.2m.

Cost pressures identified in year have undergone a process of evaluation. Where budget holder's action plans failed to address the cost pressure, the Council has funded them through a managed use of general and specific reserves.

3. Background - Significant Events

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

3.1 Estyn re-Inspection

The outcome of an Estyn re-inspection in 2012/2013 into the quality of Local Authority Education services was that anticipated progress has not materialised sufficiently to take the Local Education Authority out of the category of requiring special measures. Changes at Education Commissioner level have seen a reduction from four to one, with the remaining Commissioner now working full time at Blaenau Gwent.

The Authority is working with all stakeholders including officers, Members, schools (some schools have had very good Estyn inspections), Estyn and Welsh Government to develop tangible improvements for pupils and the focus for improvement now rests with the recently set up Strategic Improvement Board. In 2012/2013 a number of LEAs have also undergone Estyn Inspections and will be required to introduce a range of improvement measures.

3.2 Wales Audit Office Corporate Assessment

The action plan agreed as a response to the Corporate Assessment undertaken by the Wales Audit Office continues to be one of the main priorities for the Authority. Quarterly reports to Council reflect progress against the five key themes for improvement, namely:-

- Councillor/officer culture
- A focussed delivery of priorities
- Alignment of resources to priorities
- Consistency in arrangements to support decision making
- Better analysis of performance information to improve outcomes for citizens

Significant progress has been made in some of these thematic areas, although some will take a longer period of time to embed. The Wales Audit Office, continues to monitor the Council's progress through its Annual Improvement Report and Improvement Assessment Letters.

3.3 Silent Valley Waste Services Ltd.

Silent Valley Waste Services Ltd (SVWS) is a Local Authority Waste Disposal Company wholly owned by Blaenau Gwent County Borough Council.

Since the establishment of the Company in 1994 there have been changes to the financial regulations and restrictions surrounding the Council's involvement in companies of this nature and this combined with the physical closure of the landfill site in August 2011 and the expiry, on 31st March 2012, of the contract between the Council and the Company provided an opportunity to review the position and board structure to ensure better outcomes for the Council both operationally and financially.

In May 2012, the Company was restructured, reducing its board members from six to four (three of whom, D. Waggett, J. Parsons and D. McAuliffe, are employees of BGCBC).

Given this change to the board structure, it is now considered that the Council has increased control over the Company and therefore the preparation of Group Accounts is required -these can be found at pages 154 to 179 within this Statement of Accounts.

Through the revised Board of Directors at SVWS, the company continues to operate on a sustainable basis, albeit with a much lower turnover. The capping of the landfill site is almost complete and the company is pursuing alternative income streams, as well as seeking to reduce the cost of leachate disposal, which is a cost pressure for the Authority.

3.4 Job Evaluation

The whole process of job evaluation has been successfully concluded, with only the Foundation School outstanding. The specific reserves set up to fund compensation and back pay for employees have been used effectively to minimise the financial impact on revenue budgets. The majority of equal pay claims were also settled in-year and the Authority was successful in achieving a capitalisation direction from Welsh Government, in the sum of £1.5m, to spread the funding of these costs over a number of years.

3.5 Material Events After the Reporting Date

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

4. Summary of Outturn

During 2012/2013 the Authority faced a number of funding pressures, which presented challenges for specific service areas, particularly Social Services, Regeneration and Environment. Pressures were managed with varying degrees of success through the use of Portfolio reserves, applications to the Budget Contingency Fund and Invest to Save Fund.

In setting the 2012/2013 budget, the Authority set a Council Tax increase of 2.6%, (which was 0.6% lower than the previous financial year) and at that stage proposed drawing £0.8m from the former HRA Reserve. At the end of the financial year, the movement on the Council Fund Balance was an overall increase of £4.109m. However, this net increase included the transfer of £4.224m of residual Housing Revenue Account balances on formal closure of the fund on 31 March 2013. Overspending on Portfolios was monitored during the year through Departmental action plans. However, the Social Services Portfolio outturn was a substantial deficit. The aggregate sum of provisions and reserves set aside for job evaluation and pay remodelling has reduced by £7.294m and now stands at £2.260m, the early terminations provision has increased to £1.454m mainly to cover known redundancy costs arising from the reorganisation of school provision around the Learning Works, whilst school balances have increased by £0.3m from £1.2m to £1.5m.

Following the approval by Welsh Government to formally close the Housing Revenue Account, the fund balance of £4.224m has been transferred in full to the Council Fund. This sum will continue to be utilised to fund the residual costs arising from the housing stock transfer.

5. Revenue Expenditure Outturn and Funding

5.1 2012/2013 Outturn

In 2012/2013, the Authority's expenditure and income compared to budget was:

Service Expenditure compared to Budget	Original Estimate £000	Actual			Variance £000	Note:	Page:
		Council Fund £000	Housing Revenue Account £000	Total £000			
(Surplus)/Deficit on the Provision of Services	(1,589)	(19,725)	6,877	(12,848)	(11,259)		40
Total Comprehensive Income and Expenditure	(1,589)	(19,725)	6,877	(12,848)	(11,259)		
Adjustments between Accounting basis & Funding basis under regulations	2,965	21,973	(2,668)	19,305	16,340	7	60-62
Net (Increase)/Decrease before transfers to Earmarked Reserves	1,376	2,248	4,209	6,457	5,081		
Transfers to/(from) Earmarked Reserves	(1,376)	(6,357)	0	(6,357)	(4,981)	8	66
Transfers to/from Council Fund	0	0	0	0	0		
(Increase)/Decrease in 2012/2013	0	(4,109)	4,209	100	100		

Included in the outturn figures disclosed for *Surplus/Deficit on the Provision of Services* are a number of accounting entries required for compliance with the Code, for which no original estimate was provided. These include Capital Grants & Contributions (-£57.901m) and Revaluation Losses (£28.509m). These accounting entries are included among those reversed in the *Adjustments between Accounting Basis Under Regulations* line, such that the figures in *Net Increase/Decrease before transfers to Earmarked Reserves* reflect the amounts chargeable to Council Tax and Rent payers (as required by statute) and are directly comparable with the original estimate. In addition, as a result of the formal closure of the Housing Revenue Account (HRA) on 31 March 2013 residual HRA balances of £6.892m were credited to the Housing Services line within Net Cost of Services. £2.668m of this was transferred to the Capital Receipts Reserve, with the £4.224m balance transferring to the Council Fund General Reserve.

The overspend of £0.100m was due to a range of factors, including school early retirement costs, termination packages related to closure of catering facilities, a reduction in sales at Monwel Hankinson and increased demands across all adult social services, in particular older people and users with learning disabilities. These costs have been offset with substantial contributions from specific earmarked reserves.

5.2 Impact of Inflation on Revenue Expenditure

Consumer price inflation during 2012/2013 ranged between 2.2% and 3.0%, above the Bank of England's target of 2%. In May 2013, the Bank of England's Inflation Report projected that CPI inflation would remain above the 2% target and would edge higher over coming months. Over the next two years, inflation is forecast to remain above target as a result of continued external price pressures and the depreciation in the value of sterling earlier in 2013.

The impact of inflationary pressures on the Authority varies according to specific areas of spend. Much of the Authority's expenditure relates to employee costs, which should see relatively minor increases due to continued wage restraint in the short-term, although this will be offset by increases in Employer Superannuation contributions resulting from the implementation of workplace pensions. In the longer term National Insurance contributions could increase significantly as a result of the proposed change to a single state pension and consequent abolition of the contracted-out rebate. A 1% increase in employee costs equates to £1.08m.

Other significant areas of spend are:

- Gas: 7.6% inflation in 2012/2013;
- Electricity: 7.6% inflation;
- Fuels and lubricants: 0.1% inflation;
- Postal Services: 23.3% inflation; and
- Food and beverages: 3.7% inflation.

Inflationary increases in these items affects a wide range of services, including schools, street lighting, sports centres, schools catering and meals on wheels. Whilst the Bank of England projection is for overall CPI to probably remain within a range of 0% to 2% above target, it recognises that prices of retail energy, fuel costs, food and non-fuel imports are subject to continued volatility and are likely to remain high, which would have a detrimental impact on these areas of service budgets.

5.3 Funding Sources

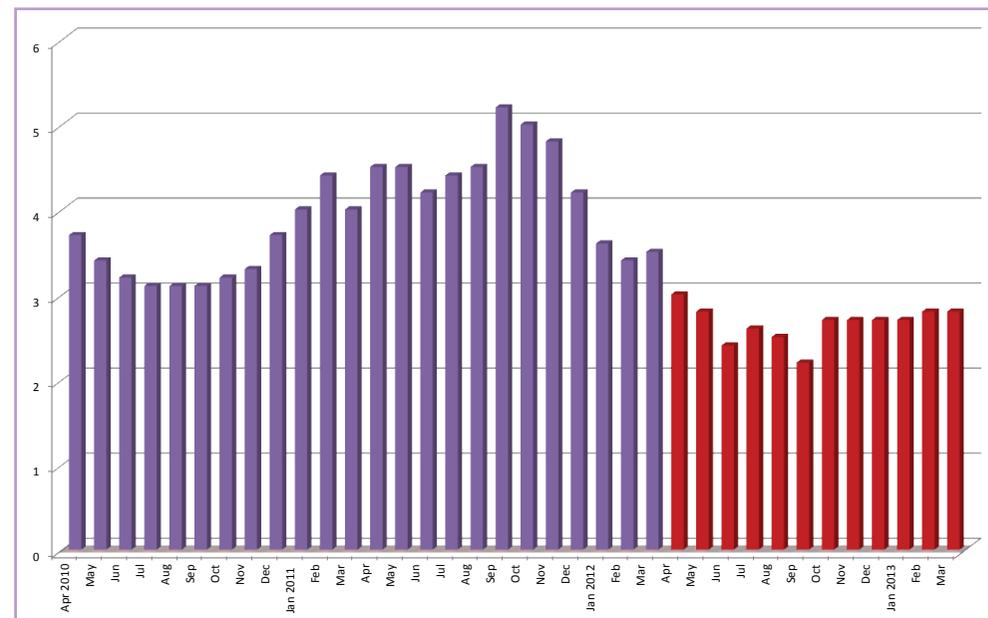
Central Government provides the majority of the Authority's funding, through Revenue Support Grant, Specific Grants and Non-Domestic Rates (73.0% of funding in 2012/2013). As a result of central government policy, the level of funding to local authorities will be reduced in cash terms over the period covered by the comprehensive spending review (to 2013/2014).

A 1% reduction in RSG compared to 2012/2013 levels represents a reduction of £0.888m, which equates to 0.41% of the Authority's total funding. In real terms the impact of this reduction is increased by the impact of inflation.

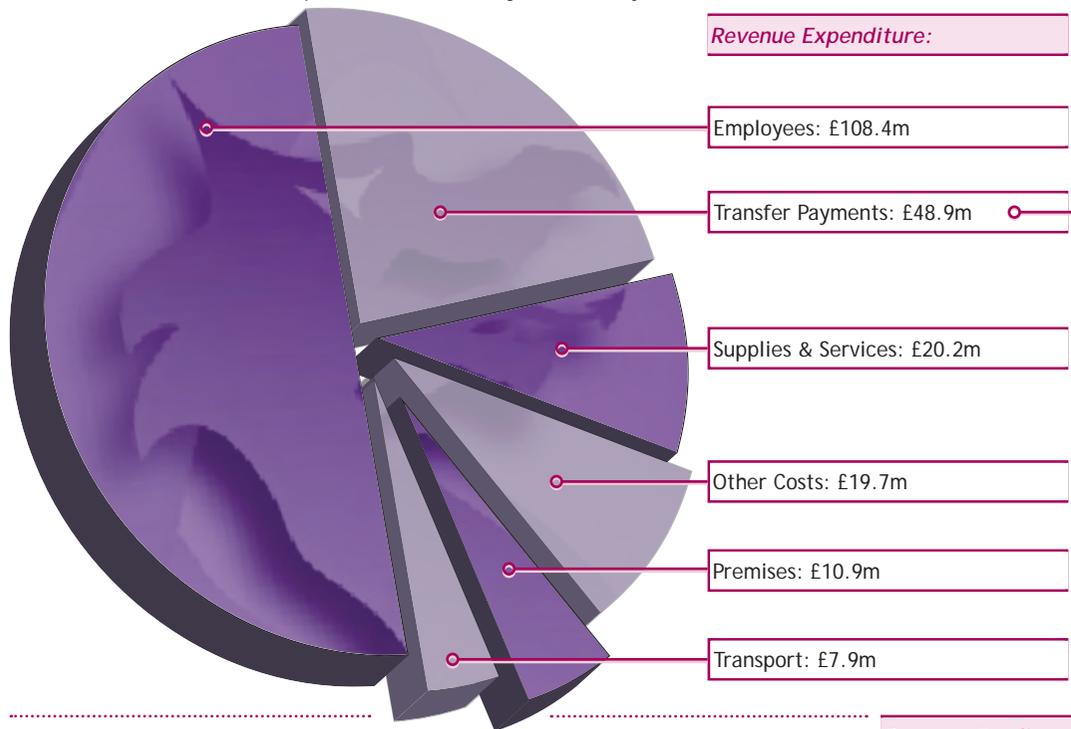
Interest rates remain at the historically low level of 0.5%, but this has curtailed the amount of investment income available to the Authority. It is unlikely that rates will rise significantly in the short to medium term.

The combination of relatively high inflation (particularly in relation to specific commodities, services and utilities), low interest rates and reduced grant funding create an environment in which there is continued pressure to control costs. For 2013/2014, Revenue Expenditure at Blaenau Gwent is estimated to reduce by 0.5%, the largest budgeted reduction by any Welsh Authority and below the average Welsh Unitary Authority increase of 1.8% (source: *Welsh Government Local Authority Budgeted Revenue Expenditure: 2013-14*).

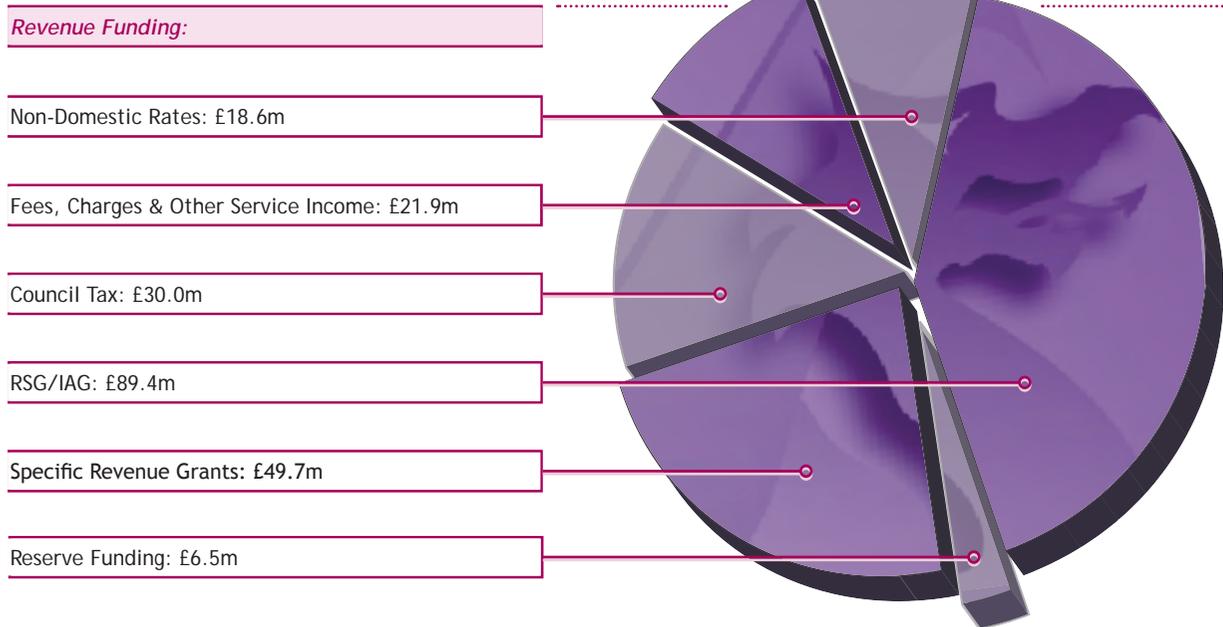
Consumer Price Index (CPI) Inflation: April 2010 - March 2013



For 2012/2013, 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), Direct payments to Social Services clients, Mandatory and Discretionary Awards to schoolchildren and students and voluntary sector grants.



6. Capital Expenditure Outturn and Funding

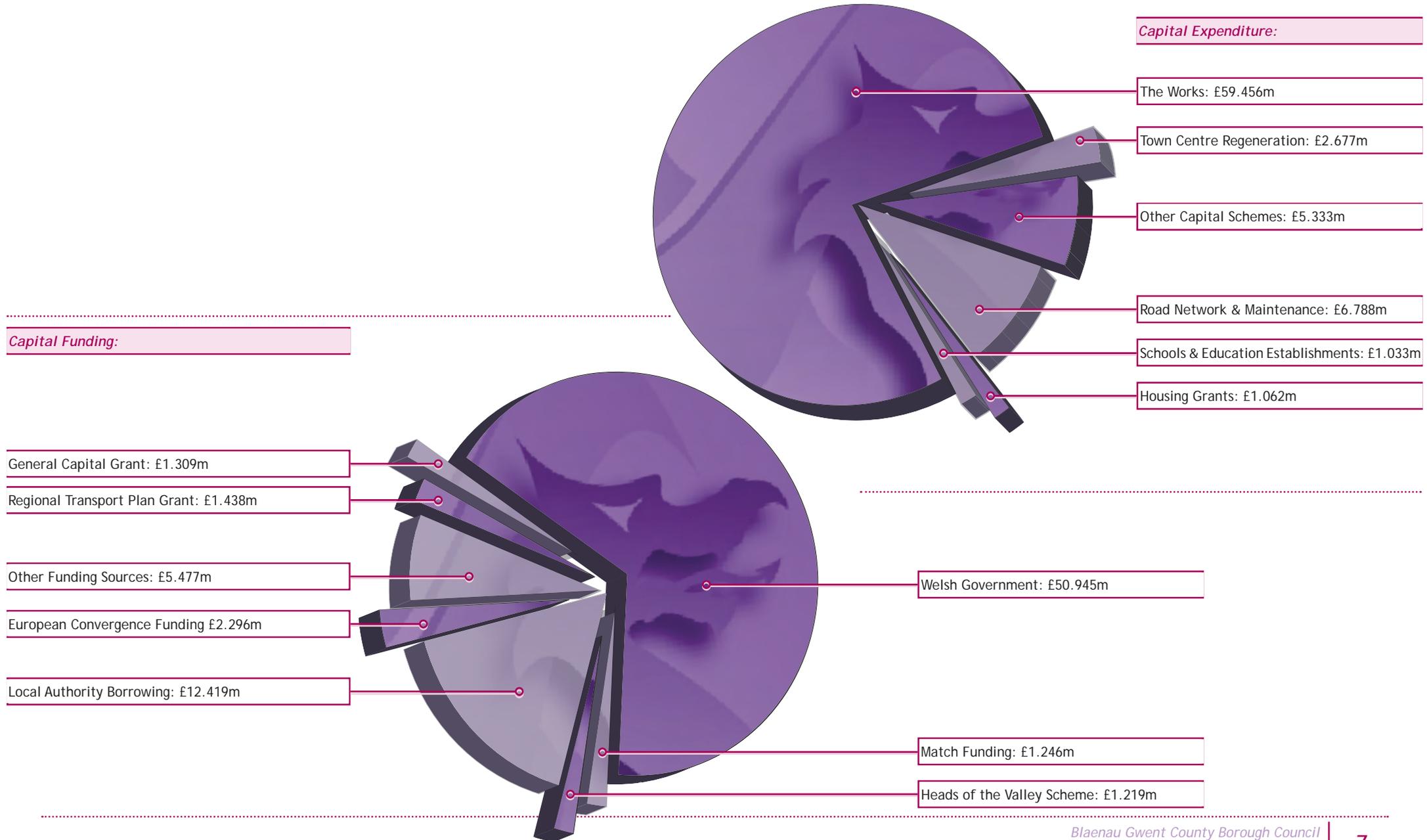
Capital Expenditure

Total capital expenditure amounted to £76.349m; the major items within this figure are identified below. Further details of capital expenditure are contained in Notes 28.3 (page 93) and 28.5 (page 95) to the Core Statements.

Capital Expenditure	2012/2013 £000	2011/2012 £000
Council Fund:		
Housing Grants	1,062	838
Housing Renewal Areas	488	349
Town Centre Regeneration	2,677	12,730
Road Network & Maintenance Schemes	6,788	1,661
The Works	59,456	45,025
Bedwellty House and Park	502	1,649
Heads of the Valley Schemes	663	1,099
Schools & Education Establishments	1,033	0
Capitalisation Direction	1,519	0
ARBED Energy Efficiency Schemes	0	2,020
Other	2,161	132
Total:	76,349	65,503

Financing of Capital Expenditure

Capital expenditure totalling £76.349m was financed by local authority borrowing (£12.419m), grants (£58.453m) and other sources (£5.477m). Capital expenditure and funding are summarised in the graphs below.



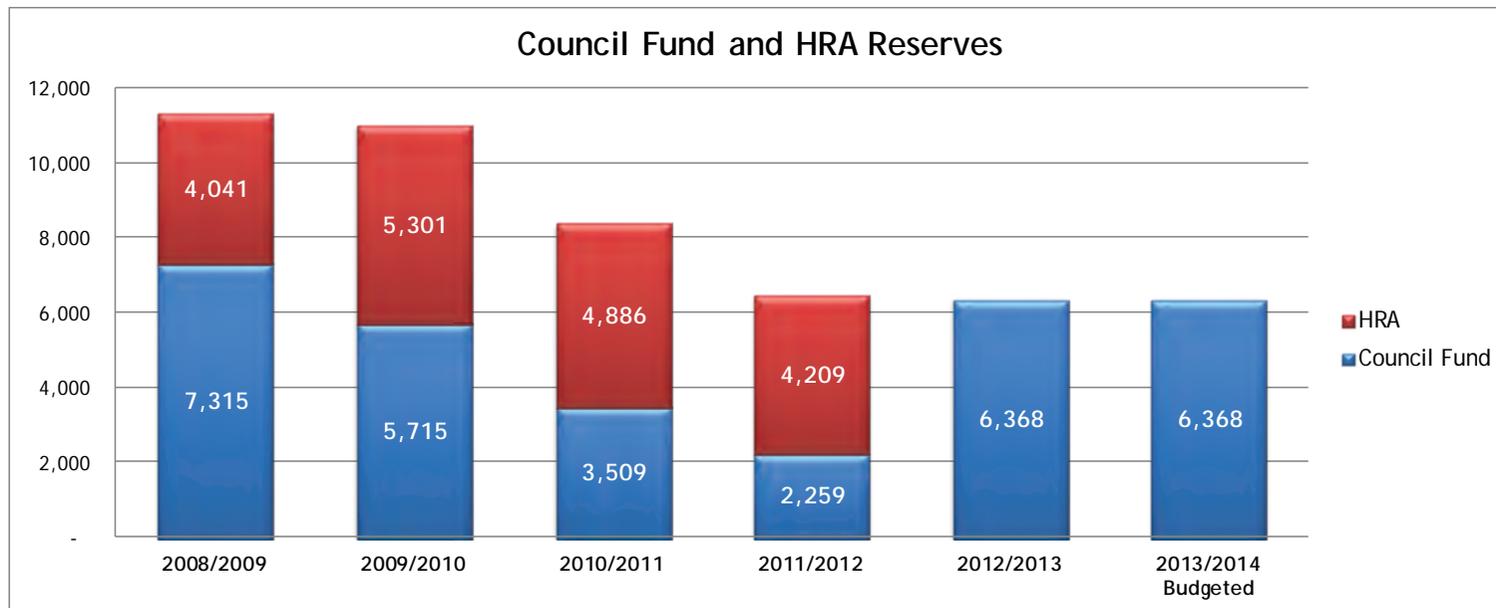
7. Provisions, Reserves, Contingencies and Write Offs

7.1 Provisions

Total provisions held by the Authority at the beginning of the year amounted to £11.109m. During 2012/2013, total provisions decreased by £5.339m to £5.770m, due largely to the release of the Silent Valley Capping Provision to complete the capping works of the landfill site, the settlement of residual equal pay claims and of job evaluation back pay and compensation claims. Details of the movements of individual provisions are shown in note 37.1 to the Core Statements (see page 109).

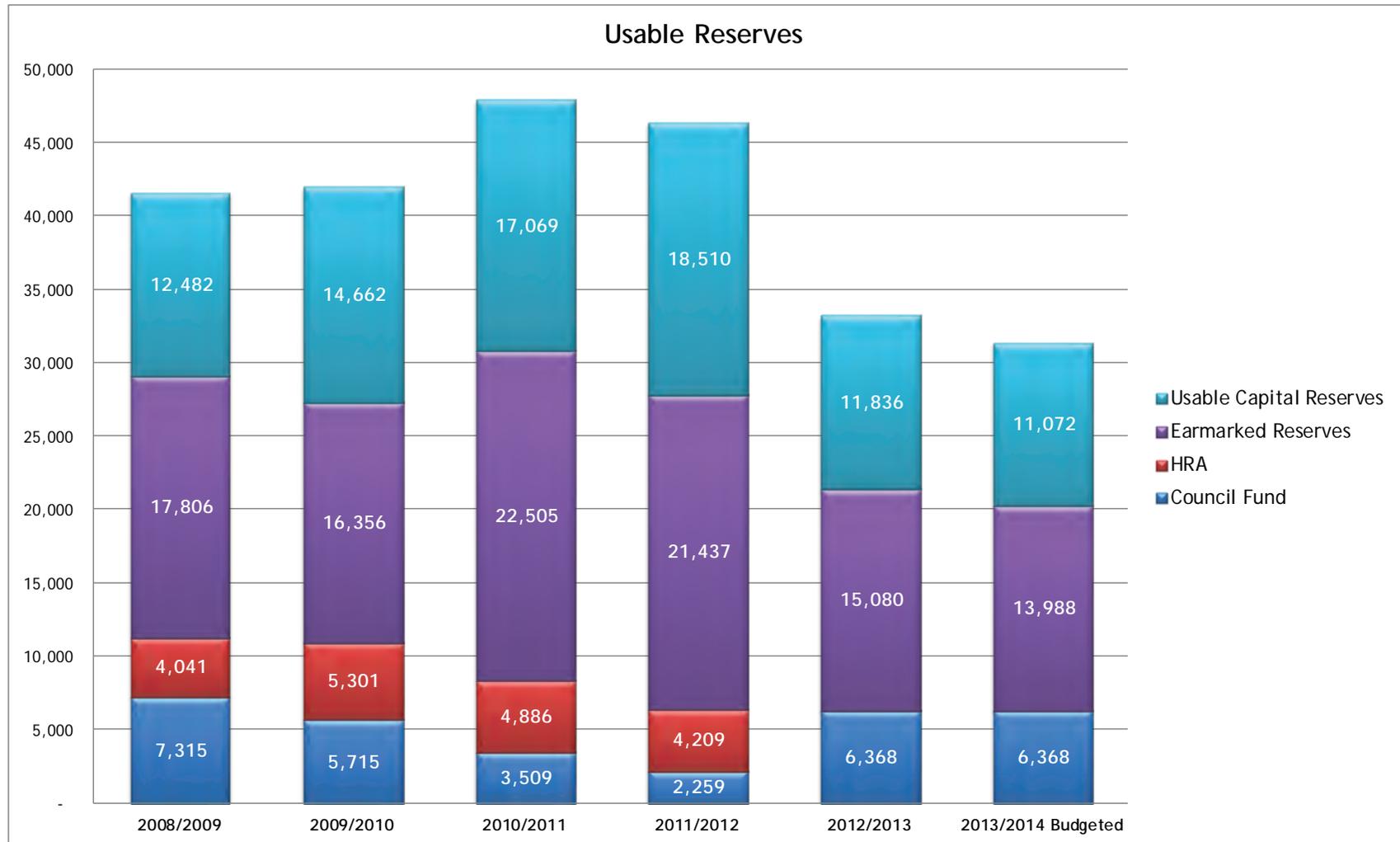
7.2 Reserves

Total Council Fund and Housing Revenue Account Reserves have reduced from £11.356m in 2008/2009 to £6.368m in 2012/2013. This represents 3.43% of draft Revenue Outturn Expenditure in 2012/2013. Given the estimated draw from reserves of £1.092m in 2013/2014, the projected Council Fund reserves at 31 March 2014 are an estimated £5.276m (2.8% of 2012/2013 draft Revenue Outturn Expenditure).



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

Aggregate Usable Reserves have reduced from £41.644m in 2008/2009 to £33.284m in 2012/2013. This represents 17.9% of draft Revenue Outturn Expenditure for 2012/2013.



The Executive has set up a Sub-Group to identify and address specific ongoing cost pressures. In addition it is intended to introduce savings proposals agreed for 2014/2015 as early as possible, reducing the risk of any further draw from reserves.

Movements on reserves are detailed in note 43 to the Core Statements (pages 124-137). Total usable reserves at the commencement of the year amounted to £46.415m, decreasing by £13.131m to £33.284m at 31 March 2013. The most significant net contributions to usable reserves were:

Summary Reserves Movements	2012/2013		2011/2012	
	£000	£000	£000	£000
Balance at 1 April		(46,415)		(47,969)
Significant net contributions (to)/from earmarked reserves:				
Insurance Liabilities	1,170		(405)	
Job Evaluation/Pay Remodelling	4,792		1,285	
Land & Property Charges	301		(422)	
LMS Balances	(280)		280	
		5,983		738
Significant net contributions (to)/from other usable reserves:				
HRA	4,209		677	
Usable Capital Receipts	568		2,445	
Other net contributions (to)/from usable reserves	2,371		(2,306)	
		7,148		816
Balance at 31 March		(33,284)		(46,415)

Note: Prior year figures have been restated to reflect significant net contributions disclosed in 2012/2013. Aggregate figures for 2011/2012 are unchanged.

Impact of Pension Deficit on Reserves

The Authority holds total usable reserves of £33.284m at 31 March 2013 (£46.415m at 31 March 2012). The effect of applying the net superannuation fund deficit of £197.030m to the Authority's usable reserves would be a deficit of £163.746m (2011/2012: the superannuation deficit of £167.978m exceeded usable reserves by £121.563m).

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 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).

Further details on Pension balances and transactions can be found in notes 41-42, pages 117-124.

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 2012/2013, disclosures covered:

- The Municipal Mutual Insurance run-off claims and liability under the Scheme of Arrangement;
- Warranties and indemnities to Tai Calon arising from the transfer of housing stock;
- Potential costs falling to the Authority as a result of Environment Agency enforcement notices at Waun Pond;
- Contractual disputes arising from the regeneration of The Works site;
- Part 1 compensation claims arising from the Ebbw Valley Railway Project;
- Potential liabilities arising from employee disputes; and
- Liability for aftervalue payments to Welsh Government related to land reclamation and development of The Works.

No contingent assets have been included.

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

Further details of contingent liabilities and assets can be found in notes 37.2 and 37.3, page 110.

7.4 Material Write-Offs

Sundry Debtors of £0.167m were written off during the year, £0.146m of which was charged to the relevant service account against which the initial debt was raised. Irrecoverable council tax of £0.396m was also written off, effectively charged against the established council tax debtors impairment account.

8. Treasury Management Activities

In March 2012, the Authority approved the Treasury Strategy Statement, Annual Investment Strategy and MRP Policy Statement for the 2012/2013 financial year. The prime objectives of these policies were firstly to ensure the security of capital and secondly to maximise the liquidity of investments. In doing so, the policies sought to minimise the revenue costs of debt whilst maintaining a prudent level of debt redemption.

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

Borrowing	2012/2013	2011/2012
	£000	£000
Balance at 1 April	(118,570)	(93,071)
Long Term Loans Repaid	8,114	156
Long Term Loans Raised	(27,000)	0
Temporary Loans Repaid	202,460	234,390
Temporary Loans Raised	(190,600)	(260,010)
Effective Interest	(36)	(35)
Balance at 31 March	(125,632)	(118,570)

Total external loan debt at 31 March 2013 amounted to £125.632m (31 March 2012: £118.570m). Long Term Loans of £27m were raised during the year in order to replace internal borrowing, hence reducing the reliance on temporary borrowing.

Investing Activities

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

Investments	2012/2013	2011/2012
	£000	£000
Balance at 1 April	6,000	18,000
Investments Made	16,250	37,800
Investments Repaid	(22,250)	(49,800)
Balance at 31 March	0	6,000

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 2012/2013 the sum of £4.588m (2011/2012: £4.420m) has been set by the Authority based on statutory guidance, as disclosed in note 1.22 (pages 55-56).

Interest on external loan debt of £4.030m has been charged to the Comprehensive Income & Expenditure Statement in 2012/2013 (2011/2012: £3.875m).

9. Pension Assets and Liabilities

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

Pension Assets and Liabilities	31 March 2013			31 March 2012		
	LGPS	uTPS	Total	LGPS	uTPS	Total
	£000	£000	£000	£000	£000	£000
Assets	252,566	0	252,566	217,244	0	217,244
Liabilities	(422,120)	(27,476)	(449,596)	(361,173)	(24,049)	(385,222)
Net Liabilities	(169,554)	(27,476)	(197,030)	(143,929)	(24,049)	(167,978)

10. Significant Changes in Accounting Policies

10.1 CIPFA Code of Practice on Local Authority Accounting, 2012/2013

The 2012/2013 Accounting Code of Practice has introduced no significant changes in accounting policies and disclosure notes.

10.2 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 now 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.). These Accounts have been prepared in compliance with the Accounting Policies set out on pages 44-58 and 161-163 and are included in the Statement of Accounts, on pages 154-179.

11. Main Financial Statements

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

11.1 The Movement in Reserves Statement (MIRS) (Pages 37-38)

Equivalent to the IAS 1 Statement of Changes in Equity, this records the movement in the year on the different reserves held by the Authority, analysed into usable (those that can be used to fund expenditure or reduce local taxation) and unusable reserves (those that typically arise from timing differences between the identification of liabilities and the funding or settlement of those liabilities, which could be over a long period). Whilst increases in usable reserves represent additional sums that can be utilised in the short term to provide funding for services, increases in unusable reserves represent an increasing burden on future taxpayers. In some cases, e.g. the Unequal Pay Back Pay Account, charges related to unusable reserves may arise within a relatively short period of time (2-3 years).

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

11.2 The Comprehensive Income and Expenditure Statement (CIES) (Pages 39-40)

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

11.3 The Balance Sheet (Pages 41-42)

Derived from the IAS 1 requirement for a Statement of Financial Position, the Balance Sheet sets out the assets and liabilities of the Authority, and the usable and unusable reserves and balances that underlie those net assets. Much of the detail is presented within notes to the Balance Sheet, rather than in the Statement itself.

11.4 The Cash Flow Statement (Page 43)

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.

11.5 The Housing Revenue Account (HRA) Income & Expenditure Statement (Pages 146-147)

The HRA I&E Statement (HRA-IES) is presented in a manner consistent with the Comprehensive Income and Expenditure Statement and records the full accounting cost of providing council housing.

11.6 The Movement on Housing Revenue Account Statement (MoHRAS) (Pages 148-149)

Presented in a manner consistent with the Movement in Reserves Statement, the MoHRAS records the movement in the year on the HRA-specific reserves, analysed between usable and unusable reserves. The MoHRAS also includes adjustments to remove accounting entries made in accordance with proper practice in the HRA-IES, in order that Rent Payers are charged only with amounts required by statute and regulations.

12. Future Developments

12.1 Budget-Setting Process

In preparing balanced budgets for financial years 2010/2011 to 2012/13, the Authority utilised a strategic staff downsizing policy in order to identify savings targets. For the 2013/2014 financial year, a stop-gap model has been used to identify savings targets. In total, an unprecedented level of £4.2m of savings were agreed by the Authority. Priority has been given to schools and front-line Social Services budgets. In March 2013, the Authority agreed a revised Medium Term Financial Strategy (MTFS). This indicated that a further sum of £16.3m of savings would need to be found in the period 2014/15 to 2019/20. The action plan identified three strands to deal with the forecast funding gap:

- Alternative service delivery;
- Workforce challenge strategy; and
- Workplace transformation.

The Authority has already commenced its budget setting process for 2014/2015 to pursue savings options through the above three strands. Central government's comprehensive spending review in June 2013 has indicated that funding for Welsh Government will be substantially cut over the medium term. As Welsh Government has indicated that funding for local government is not its top priority, funding forecasts have subsequently been redrawn. The MTFS agreed in March 2013 is therefore already out of date and the Authority is planning to make savings of £10m per annum for the 2014/2015 financial year and beyond. Consequently, a review of reserves and balances will be required as part of an overall funding strategy.

There is no doubt that this will be the greatest financial challenge the Authority has faced since its inception in 1996.

12.2 Welfare Reform

Welsh Government successfully introduced a Council Tax Reduction Scheme for 2013/2014, mitigating the impact on benefit claimants. However, there is a financial risk for all Authorities and at present it is likely that Welsh Government will not be able to sustain this level of mitigation beyond 2013/2014. Other areas of Welfare reform are providing financial challenges to benefit claimants, notably the “bedroom tax”. 2013/2014 will see the introduction of the benefit cap, Personal Independence Payments (PIPs) and the phased introduction of universal credit.

12.3 Collaborative Arrangements

At present the Authority is directly engaged with a collaboration of 5 Councils in South East Wales in order to provide a single Education Achievement Service which will ultimately provide the majority of Education services for the constituent bodies. Progress continues to be made, which no doubt will be evidenced by GCSE and A-level results in the summer. The Authority’s much heralded integration with Caerphilly CBC in respect of Social Services, did not progress beyond the outline business case stage. Financial pressures within Blaenau Gwent Social Services were a cause for concern for Caerphilly CBC and in particular the potential issue of cross subsidisation of services between authorities. A number of smaller scale collaborative projects for Social Services are in place. For example a joint workforce development team , hosted by Blaenau Gwent and located in Caerphilly.

The collaboration on ICT provision with Merthyr CBC is progressing well and a joint service should be up and running within 2013/2014.

Welsh Government thinking is currently aligned to collaboration within a regional footprint. This has been evidenced through the creation of a regional collaboration fund, set up to assist in dealing with set up costs for collaboration schemes within geographical footprint boundaries.

12.4 The Works

2012/2013 has seen major progress in the building projects underway at the Works site. Coleg Gwent’s Learning Zone and the Primary/Special phase of the 3-16 school have been operational since September 2012. The replacement for Ebbw Vale Sports Centre and the Secondary phase of the school will open in September 2013, as per the building programme. The final strand of the infrastructure programme will see the building of a road (or Primary Distributor Route) through the site. In addition, Welsh Government has recently announced a funding package for the extension of the Ebbw Valley railway line through the site. Actual expenditure on site for the 2012/2013 financial year was approximately £50m, within an overall project funding envelope of £166m.

12.5 Capital Programme

On the broader capital front, the Authority will look to introduce a six year capital programme to tie into the timescale for phase one of the 21st Century Schools programme. The Authority has already agreed to fund these scheme proposals as a priority and therefore, forecast available funding will be insufficient to meet all other capital programme proposals. Difficult decisions will have to be made, balancing the choice of working within funding levels or undertaking Prudential Borrowing.

12.6 Education Review

Welsh Government’s Education Minister has recently produced a report on the future delivery of Education services in Wales. The report is subject to a three month consultation period and could have significant implications for the delivery of school improvement across all current Local Education Authorities.

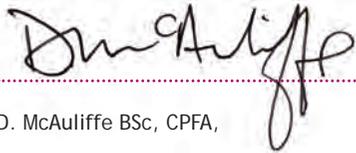
12.7 Commission on Public Service Governance and Delivery

Welsh Government has recently announced the above commission, with the remit of setting out the importance of protecting and supporting public services in the light of reducing budgets and demand pressure growth. The Commission is currently consulting with all relevant stakeholders.

13. Conclusion

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

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



D. McAuliffe BSc, CPFA,

Chief Finance Officer



Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

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

The Responsibilities of the Chief Finance Officer

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

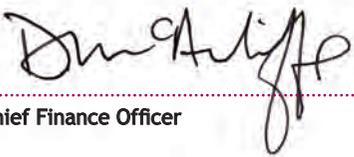
- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Local Authority Code.

The Chief Finance Officer has also:

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

Certification of Accounts

In my opinion the Statement of Accounts gives a true and fair view of the financial position of Blaenau Gwent County Borough Council at 31 March 2013, and of its expenditure and income for the year then ended.



Chief Finance Officer

I confirm that these Accounts were approved at the Audit Committee Meeting on 24 September 2013. Signed on behalf of Blaenau Gwent County Borough Council:



Chair of Meeting



1. Scope of Responsibility

- 1.1 Blaenau Gwent County Borough Council ('the Authority') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a general duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 The Authority has approved and adopted a code of governance, which is consistent with the principles of the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government". A copy of the code is available from the Chief Executive's Department. This statement explains how the Authority has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit (Wales) Regulations 2005 in relation to the publication of a statement on internal control in the Statement of Accounts.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of the framework and is designed to manage risk at a reasonable level. It cannot eliminate all risk and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks of the Authority, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. These will include achievement or not of the Council's policies, aims and objectives.
- 2.3 The governance framework has been in place at the Authority for the year ended 31 March 2013 and up to the date of approval of the annual Statement of Accounts.
- 2.4 Wales Audit Office have previously reported weaknesses in the Council's governance framework, particularly emphasising an inconsistency of approach in the application of many elements of the governance framework, e.g. Performance Management, Risk Management etc, and the Council has made some inroads into improving these areas.

3. The Governance Framework

The key elements of the systems and processes that comprise the Authority's governance arrangements are as follows:

3.1 Identifying and Communicating the Authority's Vision of its Purpose and Intended Outcomes for Citizens and Service Users:

- 3.1.1 The Corporate Improvement Plan (CIP) has been reviewed to reflect the requirements of the Local Government Measure (Wales) 2009. The CIP is the Council's business plan and is developed in two stages. Stage 1 of the plan, which is the forward facing part of the plan, is published as soon as practicably possible after the start of the financial year. This year the plan was endorsed at a special Council in June. CIP stage 1 included an annual update of the 2012/2013 Improvement Objectives. Stage 2 of the plan has to be published by the 31 October each year and reports on the performance of the previous year.
- 3.1.2 Under the requirements of the Local Government Measure (LGM) the Council is required to set out its improvement objectives which support the Council's main priorities and provide focus for key areas for delivery over the coming year. The 2012/2013 Improvement Objectives have been reviewed to ensure that they remain relevant. This included a public survey being undertaken during 2013. This followed a previous public consultation in autumn of 2012 in which a significant number of the respondents agreed that the areas were either important or very important for Blaenau Gwent.

3.1.3 The priorities set out in the Corporate Improvement Plan need to reflect what is most important for local people, and show what the Council will look to do to achieve improvements in people's lives. Issues raised through engagement and consultation with the community need to be acknowledged and this has been done through, for example, consultation and engagement during a 12 week formal period on the Single Integrated Plan (SIP), public consultation including via the Citizens Panel on the Improvement Objectives, and through other engagement mechanisms such as PACT and various forums such as the Youth Forum.

3.1.4 Working with key partners on the Local Service Board (LSB) a SIP has been consulted on and was endorsed by the LSB in April 2013. The plan is being presented to a special Council in June alongside the CIP. Work is now ongoing with partners to establish theme leads and action plans and has also included the rationalisation of strategic partnerships under the Welsh Government guidance.

3.2 *Reviewing the Authority's Vision and its Implications for the Council's Governance Arrangements:*

3.2.1 Progress against the Improvement Objectives set out in the CIP is reported on a quarterly basis to Corporate Management Team (CMT), the Executive and Scrutiny as part of the corporate performance management arrangements. As part of the work to strengthen these arrangements a review of the information provided to support the Improvement Objectives has been undertaken via the Corporate Improvement Network (CIN), the next phase will be a review of the other information that supports the CIP. Both stages of the CIP are required to be approved by Council, and the plan is also subject to external audit by the Wales Audit Office. The CIP heavily influences the forward work programme of the Executive and will therefore inform the forward work programme of the scrutiny committees. The Executive forward work programme has been set out and endorsed by Council in May 2013 and the Executive portfolios and scrutiny committees have been reviewed to ensure an appropriate focus on the Council priorities.

3.2.2 WAO have previously reported that the Council needs to improve the quality of the action plans it establishes to deliver improvement against its priorities and create better measures of success, set baseline data and targets for improvement that are consistently evidenced. In the past these inconsistencies have meant that it has not been possible to gauge the outcome of the Council's work in delivering the Improvement Objective, or judge whether it is having a positive impact.

3.2.3 The Council has done further work to ensure that performance information relating to Improvement Objectives is more robust. For example, the CIP stage 1 forward facing plan 2013/2014 includes for each Improvement Objective and evaluative statement, clearer targets, linked resources and accountability linked to the responsible officer and relevant portfolio and scrutiny committee.

3.2.4 The Authority has adopted a constitution which sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. This constitution was approved by the Welsh Government (WG) in 2004 and its key components are subject to regular review.

3.2.5 The Authority's Corporate Management Team (CMT) of Directors and Chief Officers meet on a weekly basis to develop and review policy issues commensurate with the Authority's aims, objectives and priorities. Executive/CMT meetings also consider other internal control issues, including risk management, performance management, compliance, efficiency and value for money, and financial management.

3.2.6 In addition, CMT meets on a regular basis with wider CMT (Wider CMT consists of first and second tier senior officers). The relationship between the two groups will evolve further, as part of the response to the Corporate Assessment. Departmental Management Teams meet on a cyclical basis as part of the decision making process and to facilitate the transfer of information to all service areas. Twice yearly meetings have also commenced with wider Senior Management Team to ensure the Authority's vision is understood and disseminated at all levels of the Authority.

3.2.7 A Senior Manager restructure was implemented in August 2013 creating the post of Corporate Director Strategy, Transformation and Culture. The Corporate Director is reviewing the Council's governance framework and organisational development arrangements. This will build on the good progress to date in developing a more robust performance management framework including self evaluation, risk assessment and business planning.

3.3 Measuring the Quality of Services for Users, for Ensuring They are Delivered in Accordance with the Council's Objectives and for Ensuring That They Represent the Best use of Resources:

3.3.1 The Performance Management Framework was implemented during 2007/2008 and work has continued to develop measures that focus on the outcome, rather than the traditional focus on output.

3.3.2 In response to WAO comments the Council made progress in refining the measures linked to each of the improvement objectives by taking an approach known as Results Based Accountability (RBA), the principles of which are being advocated by both the WAO and the WG. Measures have been developed that assisted in recognising the difference the delivery of services is making to people by understanding:

- How much we did;
- How well we did it; and most importantly
- Is anyone better off as a result.

This process is being used to undertake further refinement of the Improvement Objectives and the Council's other priorities.

3.3.3 Agreement has been reached to set up three groups to monitor progress against the high level outcomes set out in the CIP as an extra level of assurance. The proposal is that they will consist of a member of CMT, the relevant Executive Member(s) and the relevant scrutiny chairs and vice chairs. It is expected that these groups will form part of strengthening our internal challenge approach and self evaluation.

3.3.4 The Authority is being supported by the Welsh Local Government Association (WLGA) and the Local Government Data Unit (LGDU) in taking part in a pilot scheme for business planning and self evaluation.

3.4 Defining and Documenting the Roles and Responsibilities of the Executive, Non Executive, Scrutiny and Officer Functions, with Clear Delegation Arrangements and Protocols for Effective Communication:

3.4.1 The Authority's Constitution has a published Scheme of Delegation of Functions, which is agreed and published annually. The Scheme details subject areas, and identifies the bodies or individuals responsible for decision making.

3.4.2 Most policy decisions are developed and implemented by the Executive Committee, which comprises the Leader and nine Members with individual Portfolio responsibilities, including the Deputy Leader. The Authority has two other decision-making Committees - 'Planning' and 'Licensing'. There were four Scrutiny Committees operating during 2012/2013 which reviewed decisions made or actions taken in connection with the discharge of any of the Authority's functions. The Executive adopted a formal work programme for 2012/2013 and identified the specific areas of that programme that would be delivered in conjunction with the appropriate Scrutiny Committee. At the Annual General Meeting (AGM) held in May 2013 it was agreed that there would be four scrutiny committees going forward.

3.4.3 The Authority's Scrutiny Committees can 'call-in' a decision which has been made by the Executive Committee but not yet implemented, to enable them to consider whether the decision is appropriate. No decisions were called in during 2012/2013. The role of expert witnesses is being further developed as part of the scrutiny arrangements to provide a diversity of views. The appointment of Chairs of Overview and Scrutiny committees is in line with the requirements of the LGM. Appointments carrying a senior salary are in line with the recommendations of the Independent Remuneration Panel for Wales.

3.4.4 Throughout 2012/2013 committee cycle internal evaluations of the scrutiny functions has taken place. The evaluation as part of the peer learning groups from the WAO national study on scrutiny has also been considered. An analysis of what worked well and areas for improvement was undertaken and workshops held with Members and Officers. A set of revised scrutiny arrangements grounded in evaluation findings have been set out and are being presented to the Democratic Services Committee in September 2013 to recommend to Council for endorsement. The scrutiny handbook will be updated to reflect the revisions. The areas covered relate to:

- The meeting environment
- Planning and preparation for meetings
- Scrutiny forward work programmes
- Executive engagement
- Meeting management
- Reports to scrutiny.

3.4.5 In line with the requirements of the LGM, the Authority has formed a Democratic Services Committee. The Terms of Reference for the Committee were agreed by Council in June 2012.

3.4.6 In May 2011 Estyn inspected the Council's Education service for children and young people and judged both its performance and prospects for improvement as unsatisfactory. Welsh Government appointed Education Commissioners in September 2011 to fulfil the Executive function for Education. Estyn re-inspected Blaenau Gwent's Education services in January 2013 and found the Authority to be unsatisfactory both in its overall judgement and in its capacity to improve. The Minister for Education has reappointed one of the Commissioners full-time to continue to have Executive responsibilities for Education in Blaenau Gwent. The Authority is to produce a Post Inspection Action Plan (PIAP) in response to the most recent Estyn report to show how it will address the seven key recommendations made.

3.5 Developing, Communicating and Embedding Codes of Conduct, Defining the Standards of Behaviour for Members and staff:

3.5.1 The Authority has protocols for both Members and Officers. Codes of Conduct governing Member/Officer Relations are detailed in the Constitution. These documents are periodically reviewed and updated, and are influenced by best practice and recommendations from both internal and external regulators.

3.5.2 The principles of these codes are embedded through training and consultation and all Members and Officers are furnished with the appropriate documents. Ethics and standards will be included in the annual Member development programme for 2013/2014. Compliance with the codes will be tested as part of the 2013/2014 Internal Audit Plan.

3.5.3 As part of the ongoing cultural change, the Council is to continue with the change management programme introduced.

3.5.4 The Standards Committee has considered various actions and endorsed protocols regarding the Codes of Conduct and Member/Officer Relations. These have been accepted by Council and are now being operated and will be monitored by the Standards Committee.

3.6 Reviewing and Updating Standing Orders, Financial Regulations, a Scheme of Delegation and Supporting Procedure Notes Which Clearly Define how Decisions are Taken and the Processes and Controls Required to Manage Risks:

3.6.1 The financial management of the Authority is conducted in accordance with the Financial Regulations set out in Part 4 of its Constitution. The Authority will update its Financial Strategy every year to support the aims of its strategic priorities.

3.6.2 The Authority's financial management arrangements conform with the governance requirements of CIPFA's "Statement on the Role of the Chief Financial Officer in Local Government" (2010).

3.6.3 The Authority has a Constitutional Working Group whose remit includes the annual review and update of Financial Regulations and Standing Orders. The Constitution is reviewed at least annually, and an exercise is ongoing to incorporate provision for future partnership and collaborative arrangements. This will be aligned with the new WLGA model constitution.

3.6.4 A Scheme of Delegation is detailed in the Constitution and the roles and responsibilities of Members and Officers are specified. This is reviewed annually at the AGM.

3.6.5 The Authority has a Risk Management Strategy and a Risk Management Handbook in place which have been reviewed and updated in light of the findings and recommendations of the Corporate Assessment. These were adopted by the Executive in November 2012. The revised arrangements further clarify the roles and responsibilities for risk management and see the introduction of Directorate Risk Registers alongside Service, Corporate, Project and Partnership Risk Registers.

3.6.6 The revised framework now includes:

- Clarification on the Roles and Responsibilities of Members and Officers
- Guidance and example of how to describe risk
- Guidance on the evaluation and assessment of risk - and the Council has now developed an assessment criteria by which both the Impact and Likelihood of occurrence is measured.

3.6.7 The framework also now incorporates a clear protocol for the escalation of risks through Services / Departments to the Corporate Risk Register with the Council setting its Risk appetite or tolerance level. Minimum reporting and review guidelines have also been introduced.

3.7 Undertaking the Core Functions of an Audit Committee:

3.7.1 The Authority has set up an Audit Committee, whose responsibilities in 2012/2013 included:

- To appoint the Chair of the Audit Committee.
- To receive and approve the Council's annual Statement of Accounts in accordance with the Accounts and Audit Regulations.
- To receive and approve the Annual Internal Audit Report from the Head of Internal Audit.
- To receive and approve the Annual Internal Audit Plan.
- To review and approve the annual programme for internal audits, the audit priorities and effectiveness of the programme in providing adequate assurance in respect of the Council's main business risks.
- To review and monitor the effectiveness of the Council's system of internal control and the proper administration of its financial affairs, including corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- To engage with external auditors and inspection agencies and other relevant bodies to ensure that there are effective relationships between external and internal audit.

3.7.2 The LGM (2011) specified that the Chair of the Audit Committee had to be appointed by Members of the Audit Committee. Consequently this was not done until September 2012. However, following this the Committee received regular reports covering all the specified responsibilities.

3.8 Ensuring Compliance with Relevant Laws and Regulations, Internal Policies and Procedures, and that Expenditure is Lawful:

3.8.1 The Authority has designated the Chief Legal Officer as Monitoring Officer. He ensures compliance with established policies, procedures, laws and regulations, and has authority to report to full Council if he considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. The Chief Finance Officer has similar obligations and functions relating to financial issues under s114 of the Local Government Finance Act 1988, and under s151 of the Local Government Act 1972.

3.8.2 The Chief Legal Officer (the 'Monitoring Officer') has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Authority reviews the Constitution each year at its Annual Meeting. This was done at the AGM held on 9th May 2013.

3.8.3 During 2012 the Chief Executive Officer was appointed on a permanent basis (July 2012) and he was tasked with undertaking a full review of the Senior Management Pay and Grading Structure. This process is ongoing with proposed changes reported to Council in October 2012 indicating the timing of reviews to be undertaken in directorates. The Chief Finance Officer was made a permanent appointment at that time. Other changes to CMT during the year included the retirement of the Director of Education and Leisure Services in August 2012 and the appointment of a Joint Chief Education Officer, (in conjunction with Newport CC) during February 2013. A Senior Manager restructure was approved by Council in August 2013 with each Director responsible for facilitating a review of their departmental structures by the end of October 2013.

3.8.4 The Leader of the Council was appointed at the 2012 AGM and was reappointed at the 2013 AGM.

3.9 Whistle - Blowing and Receiving and Investigating Complaints from Members of the Public:

- 3.9.1 The Authority has adopted policies in relation to whistle-blowing and complaints from members of the public.
- 3.9.2 The whistle-blowing process enables employees to raise serious concerns within the Council that fall outside the scope of other procedures. It allows individuals to confidentially raise concerns about any aspect of service provision or the conduct of Officers or Members of the Council or others acting on behalf of the Council. During the period April 2012 to June 2013 there have been no whistle-blowing incidents reported to the Council.
- 3.9.3 The Authority has a Complaints Policy that was ratified by Council in July 2011. The policy outlines a three stage process for escalating complaints about the Authority. Stage 1 and Stage 2 complaints are dealt with within the Authority, with the third stage complaints being referred to the Public Ombudsman for Wales. Between April 2012 and March 2013 the Authority had eleven complaints that progressed to the third stage. Of these eleven, nine were not investigated further, one was not upheld and one is ongoing. The one stage three complaint outstanding from 2011/2012 has now been finalised. A further six complaints in relation to Code of Conduct were made directly to the Ombudsman.
- 3.9.4 Specific arrangements have been put in place for Social Services complaints, but these have been linked to the corporate framework.

3.10 Identifying the Development Needs of Members and Senior Officers in Relation to their Strategic Roles, Supported by Appropriate Training:

- 3.10.1 The Authority has a clear set of strategic outcomes and supporting actions which relate to the delivery of the Authority's Human Resources strategic and operational requirements. Objectives and key actions have been set out and a toolkit for implementation has been devised.
- 3.10.2 Services are delivered by trained and experienced people. Each post has a detailed job description and person specification, and selection is made through a robust recruitment process to meet the specific skills and competencies of the post. Training and development needs are addressed by line managers through personal performance reviews / coaching.
- 3.10.3 Following the Local Election in May 2012 a Member Induction / Refresher Programme was implemented May-July 2012. This programme was aimed at both newly elected and returning Members and its purpose was to provide Members with initial knowledge required to work within the local government setting. This programme commenced with an Informal Open Day with the Chief Executive and CMT where Members received an opening address of welcome to the World of Local Government. Other sessions in this programme included:- Code of Conduct; WAO Corporate Assessment; Estyn Inspection; Political / Professional Relations; Social Services Bill; An Introduction to the Executive; Data Protection and Freedom of Information; Authority's Financial Position; Simpson Review / Collaboration.
- 3.10.4 Upon completion of the Induction / Refresher Programme, a Continuation Programme was implemented which ran from September 2012 to April 2013. Some of the sessions covered as part of this programme included:- Appeal Committee Training; Pupil Attainment; Audit Committee Training; Community Safety Plan 2011/2014; Treasury Management, The Work of Individual Directorates; Corporate Parenting; Equalities and Diversity; Community Leadership; Welfare Reform; Health and Safety; Risk Management; The Role of Audit Committee, Single Integrated Plan & Partnership Rationalisation; Social Media Training.
- 3.10.5 A training needs analysis for Elected Members was undertaken in March 2013. Common areas of priority have been included in the 2013/2014 continuation programme. Outstanding areas will be covered in the 2014/2015 programme or by alternative methods of delivery (as requested by Members) e.g. workbooks, CDs etc.

3.11 Establishing Clear Channels of Communication with all Sections of the Community and Other Stakeholders, Ensuring Accountability, Encouraging Open Consultation:

3.11.1 A range of consultation and engagement exercises were undertaken to inform the final version of the SIP. These included:

- Face to face engagement sessions with the public including invitations to citizen panel members.
- Short and long versions of the web based survey produced along with guidance notes and an audio version of the presentation explaining the SIP.
- Working with the LSB officer network, partners took the consultation out via their own networks and organisations.
- Sessions with established forums, e.g. Youth Forum.
- Valleys Regional Equalities Council (VALREC) was commissioned to undertake work with individuals within the protected characteristics.

3.11.2 The Council's Improvement Objectives have also been consulted on to gauge whether they remain relevant to local people, with web based surveys undertaken in September 2012 and May 2013.

3.11.3 The LSB supported the development of the Citizens Panel. 1,000 people were initially recruited, who were representative of Blaenau Gwent as a whole. The panel are used by the Authority and its partners, and are invited to participate in consultations and engagements including surveys and face to face consultations on the SIP, the Improvement Objectives and relevant consultations for LSB partners.

3.11.4 Other examples of communication and engagement include:

- PACT (Partners and Communities Together) meetings.
- CONNECT magazine which is delivered to all residents in Blaenau Gwent.
- Blaenau Gwent Regeneration Newsletter which is delivered to businesses on a quarterly basis.
- Increased focus on social media in recognition that it is a growing channel.
- Engagement and consultation exercise on the equality objectives that formed part of the Strategic Equality Plan endorsed by Council in March 2012 included public consultation exercise VALREC undertaking a session via the Voices in the Valley forum and a period of formal consultation.
- Various forums are established that offer effective consultation, engagement and participation opportunities e.g. the Youth Forum, Grand Schools Council, 50+ network and Access for All Forum.

3.11.5 The Council ratified its Corporate Communications Strategy in November 2011. A mid point review of the strategy was undertaken in 2012 and an updated position review undertaken in 2013 to identify progress and help shape future direction. The mid point review information was also presented to a scrutiny seminar out of which a task and finish group was set up.

3.11.6 As part of the requirements set out in the Welsh Government guidance on SIPs, the principles for a Blaenau Gwent engagement strategy are set out in the SIP.

3.12 Incorporating Good Governance Arrangements in Respect of Partnerships and Other Group Working and Reflecting These in the Council's Overall Governance Arrangements

- 3.12.1 The most contemporary legislative context in relation to Community Strategies and Planning is contained within the Local Government (Wales) Measure 2009 (part 2). In April 2009, a report was presented to Council setting out both the duty and the obligations in relation to the community planning process, and the development of the new Community Strategy for Blaenau Gwent.
- 3.12.2 Specifically, the Measure:
- Places a duty on Local Authorities to initiate, maintain, facilitate and participate in community planning for their area;
 - Places a duty on community planning partners to participate in community planning and assist the Local Authority in the discharge of their duties; and
 - Requires local partners to co-operate in the delivery of community strategic outcomes and to engage with citizens.
- 3.12.3 The LSB sees high level representatives such as leaders, chief executives and directors from partner organisations which serve Blaenau Gwent come together to focus efforts on the challenges being faced, with the aim of unblocking barriers to improved services for citizens.
- 3.12.4 Blaenau Gwent County Borough Council is the lead organisation for the LSB.
- 3.12.5 One of the primary roles of the LSB is to oversee a SIP. This plan which covers four years (2013-2017), sets out the priorities for partnership working to make Blaenau Gwent an even better place to live, work and visit. To help set out priorities for the SIP a comprehensive needs assessment was undertaken, which pulled together sources of information from a variety of places. The draft version of the SIP was subject to a twelve week consultation period, and the final draft was amended to reflect feedback. The SIP was approved by Special Council on 12 June 2013.
- 3.12.6 The LSB also oversees the new partnership framework to help ensure that public service, voluntary and community organisations are working together to tackle priorities set out in the SIP. The new Blaenau Gwent Strategic Partnership Framework came into place to support the SIP from April 2013.
- 3.12.7 The partnership framework embraces regional working and recognises the existing regional public service delivery models or footprints e.g. Gwent, South East Wales, and Heads of the Valleys.
- 3.12.8 The new arrangements replace those for Children and Young People Partnership, Health, Social and Well Being Partnership, Safer Blaenau Gwent, Community Safety Partnership and the Regeneration Partnership.
- 3.12.9 The Authority continues to work with key partners to review its business continuity and resilience arrangements.
- 3.12.10 A framework for the reporting of performance information supporting the delivery of the SIP is under development. An RBA methodology is being used to develop action plans with partners under the reach of the SIP themes. Leads have been identified for each theme and the reporting of progress is scheduled into LSB meetings on a quarterly basis. Quality assurance checks and balances are being built into the process via the LSB Officer Network (LSBON) meetings and the People and Places Partnership to help ensure that information presented to the LSB on progress against the SIP is robust and will aid effective decision making. The LSBON also takes a lead role in assuring the key governance functions, for example in relation to engagement and information strategies, are being addressed appropriately in the SIP delivery structure. The LSBON membership mirrors that of the LSB. In addition, arrangements to include a record of decisions taken by the LSB are being taken forward from September and where relevant these will be fed back to the LSBON to action.
- 3.12.11 The Authority has embraced the principles of the Simpson Review issued in February 2011. The Council has signed up to the "Compact for Change" (an agreement between WG and WLGA) and a specific action plan has been prepared and implementation is reported to Executive on a regular basis. Service specific reports linked to the Simpson Agenda are also considered by the Executive as required.
- 3.12.12 Blaenau Gwent and Caerphilly CBC have been working to integrate their Social Services Departments. It has been decided that full integration of the two services will not take place as planned following a detailed analysis of the implications of merging the budgets of both authorities. However, joint working with Caerphilly will continue where there is already a commitment to working together with Aneurin Bevan Local Health Board, and this involves most of the Adult Services in both authorities. Work is also progressing to develop a permanent Joint Workforce Development Service. This joint facility will act as a central hub to manage the social care learning and development requirements for both authorities.

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- 3.12.13 A South East Wales Integrated Achievement Service has been set up by five Welsh local authorities, including Blaenau Gwent, with effect from September 2012. The organisation has responsibility for delivering a wide range of improvement services to schools.
- 3.12.14 Blaenau Gwent and Merthyr Tydfil Councils have entered into a collaborative arrangement for the provision of ICT services. A Memorandum of Understanding has been signed and steps towards full integration of services has commenced. It is anticipated that a Joint Committee, hosted by Merthyr Tydfil CBC will operate from September 2013, with Blaenau Gwent staff transferring to Merthyr Council.
- 3.12.15 A review is being undertaken with consultants Peopletoo to look at options in respect of various services within the Environment and Regeneration Directorate. Savings relating to Blaenau Gwent CBC are currently being developed whilst wider collaboration is still under consideration.
- 3.12.16 There are also some smaller scale collaborative endeavours in place throughout the Council. Governance arrangements for collaborations will be set out in an appropriate legal format befitting each type of engagement.

4. Review of Effectiveness

- 4.1 Blaenau Gwent County Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 The processes that have been applied in maintaining and reviewing the effectiveness of the governance framework include the following:
- 4.2.1 The Authority adopted a Code of Governance in November 2010. This document is subject to an ongoing review process, with the latest review date being July 2013.
- 4.2.2 Corporate and Senior Management are consulted on and contribute to the development and review of policies, strategies and frameworks impacting on the Council's governance arrangements.
- 4.2.3 The Authority's non-executive Committees carry out a number of regularity functions, including:
- Scrutiny Committees, which review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Authority's functions;
 - A Planning Committee to determine planning applications and related matters;
 - A Licensing Committee which monitors and reviews the effectiveness of the Authority's licensing policy and procedures;
 - An Audit Committee, which addresses the wide range of governance issues, including the role, activities and recommendations of Internal Audit, corporate risk management arrangements, approving the Statement of Accounts, relationships with and recommendations of external bodies, particularly External Audit, and the procedures for and preparation of the Annual Governance Statement;
 - A Standards Committee which promotes, monitors and enforces probity and high ethical standards in the Authority.
- 4.2.4 Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a five-year plan which is reported for approval by the Audit Committee, and from which the annual workload is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Chief Officer and service manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The process includes reviews of recommendations after six months to ensure that they are acted upon. An escalation process is in place for instances where agreement cannot be reached. Internal Audit work includes consideration of the quality and effectiveness of financial management and compliance with the Authority's Financial Regulations, and an assessment in accordance with quantification and classification of internal control level definitions.
- 4.2.5 The Authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit. The Internal Audit Section is subject to regular review by the Authority's external auditors, who place reliance on the work carried out by the Section.

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- 4.2.6 The Authority is subject to external regulation by the WAO and other regulators who provide regular reports on its control environment. The most recent of these include the Full Corporate Assessment and its review (2011 and 2012), the Estyn inspections (2011 and 2013) CSSIW Inspection (2012), Service Based Budget Review (2013) and the Annual Improvement Report (2013). Some of these reports highlighted significant concerns regarding aspects of the Authority's governance arrangements including the culture and leadership of the Authority. However the CSSIW report was positive and concluded that the Authority was active in seeking change whilst not being complacent and recognising areas that need further developments.
- 4.2.7 Concerns identified included inconsistencies in the application of the performance management framework, further development of business planning and self evaluation, the changes to medium and long term sustainability of services in light of the Authority's budgetary position and the slow progress in addressing long standing cultural leadership issues. Details of these recommendations can be accessed by contacting the Corporate Services and Strategy Directorate together with action plans and progress to address these recommendations / issues.
- 4.2.8 The Council continues to address the weaknesses identified in these regulatory reviews to ensure continuous improvement, and appropriate action plans are put in place and are monitored regularly. The Corporate Recovery Plan is a standing item at CMT and is reported to Council and Audit Committee on a quarterly basis. It is subject to internal monitoring and review to ensure it continues to facilitate improvements. The Unified Action Plan in response to the Estyn report is regularly reported via the Commissioners and the Executive Committee.
- 4.2.9 Full details of the Corporate Assessment and the Estyn inspection along with the Corporate Recovery Programme and the Unified Action Plan are available from the Chief Executive's Department.
- 4.2.10 We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new action plans are outlined below.

5. Significant Governance Issues

- 5.1 A full Corporate Assessment of the Authority was undertaken by WAO in 2011. In response to this a Corporate Recovery Programme was developed that encompassed proposed improvements to satisfy the findings of the Corporate Assessment and other regulators' findings.
- 5.2 Whilst progress has been made against many of the actions in the Corporate Recovery Programme the most recent regulators' report continues to highlight significant Governance issues in the Council.
- 5.3 The Corporate Recovery Programme is centred around five key issues to be resolved as follows:
- All Elected Members and Senior Officers demonstrate the individual attitudes and behaviours required to ensure the effective running of the Council and demonstrate high standards of governance.
 - All Elected Members have a clear understanding and strong collective commitment to ensure that the Council is run in such a way that it remains focused on delivering against agreed priorities for the benefit of the citizens.
 - The Council's priorities are based on sound evidence, clearly understood, communicated and challenged to focus resources of the Council.
 - The arrangements that support good governance are understood and used consistently to support decision making and deliver improvement services.
 - The impact of service delivery and how services are performing is more clearly understood and challenge is based on better analysis of performance information.
- 5.4 Actions are continually reviewed to refine them and ensure their continued fitness for purpose. They are monitored internally by the Corporate Performance Section and are reported to the CEO and Executive on a monthly basis and to Council and Audit Committee on a quarterly basis.
- 5.5 The financial outlook for all Councils has become significantly worse over recent months. One of the Council's main priorities is its plan to achieve savings of £10m for 2014/2015.
- 5.6 The WLGA peer review has provided an impetus for the Council to take a two phase approach, with action now in certain areas (Phase One), and with further savings proposals quickly following in the autumn (Phase Two). Some savings proposals will impact in 2013/2014 and therefore assist with ongoing budget pressures.

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- 5.7 The latest view of the Wales Audit Office was presented to Council in April 2013 in the Annual Improvement Report. This highlighted the proposals for improvement made by WAO and where relevant they will be included in the Corporate Assessment Delivery Programme to ensure they are progressed and monitored effectively. The Authority is working hard to respond to issues identified in the corporate assessment. The WAO proposals are detailed in Appendix 1.
- 5.8 The outcome of an Estyn Inspection in May 2011 into the quality of local authority education services, was that Estyn were critical both of the outcomes our children and young people achieve, the service we provide and our capacity to improve and as such, the Authority has been placed into the category of requiring special measures. A further Estyn Inspection in January 2013 found that enough progress had not been made and as such the Authority was still considered to be Unsatisfactory and to remain in special measures. The executive function for Education remains in the control of an Independent Commissioner. A Post Inspection Action Plan has been developed to address the seven key recommendations made in the most recent Estyn report.

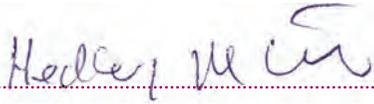
6. Areas Where Further Work was/is Required on Governance and Internal Control Issues, with Updates and Actions Taken

Source	Issues	Update on Action Taken
External Monitoring	Asset Management - need to accelerate progress with working group and appraisal of assets	The Council's Corporate Asset Management Group has continued to monitor the overall Asset Management Action Plan which includes the area review process. The area review report has been signed off by CAMWG and is awaiting consultation with Elected Members before being taken to Executive for approval. The report has highlighted whether buildings fall into a red/amber/green category and if they should be retained, released or considered for options development. It has further recommended groups of buildings to which early attention should be paid and more detailed reports developed on their future.
	Implementation of Single Status	Job Evaluation has been implemented with effect from April 2012 with back pay and compensation payments paid during 2012/2013 following the signing of COT 3 agreements. As at 31 March 2013, job evaluation implementation remains outstanding only for those individuals with an equal pay claim. It is intended to deal with both in parallel during the early part of 2013/2014.
	Six Bells Renewal Scheme	A WAO report indicated weaknesses in the project management and reporting information for the governance and management of major projects. Project performance and budgetary management information is now regularly reported to Executive.
	Budget Review	The WAO Service Based Budget Review indicated that the Council continues to deliver essential services with less money, but approved savings targets are not effectively challenged, resulting in some local services becoming increasingly unsustainable. The Executive has agreed to address this through setting up a sub-group to review cost pressures, considering the 2014/2015 budget savings options earlier, and continuing with the emergency cost saving proposals agreed in the latter half of 2012/2013.
	Previous proposals for Improvement (WAO)	Arrangements to monitor proposals are in place. Records are maintained which include progress position, supporting evidence and where monitored. A list of proposals is shown at Appendix 1.
"In house" Monitoring	Capital Contracts Tendering Weaknesses	Continuing monitoring including improved reporting arrangements and compliance with Standing Orders for Contracts. Training is scheduled for September 2013.
	Attendance Management	To address variances between Payroll and departmental records. The introduction of the i-trent system has enabled one consistent central record. Phase 2 implementation, planned for the latter part of 2013/2014 will enable self service with real time updates eliminating variances in records.
	The Works (1) Monitoring of spend against funding approvals	(1) A financial reporting mechanism has been developed in conjunction with senior WG officials and has been reported on a monthly basis to the Works Programme Board.
	(2) Relatively high levels of short-term borrowing	(2) During the second half of the period monthly funding claims have been agreed and paid by WG on a timely basis resulting in a reduction in the reliance on short term borrowing to manage the Works cash flow.
	(3) Contract variations and overspends	(3) These have been reported to the Works Programme Board throughout the period as part of the agreed financial reporting mechanism on a monthly basis.

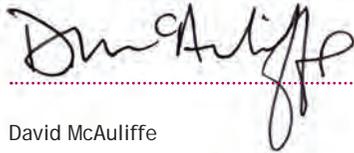
Source	Issues	Update on Action Taken
"In house" Monitoring (continued)	(4) High level spends	(4) These have been reported to the Works Programme Board throughout the period as part of the agreed financial reporting mechanism on a monthly basis.
	(5) Non adherence to Contract Standing Orders	(5) Reports on specific instances of non-adherence to Contract Standing Orders will be reported to the Audit Committee.
	Financial Position - current level of spending unsustainable	The Authority faces significant financial pressures but remains committed to delivering service improvements with our available resources. Emergency cost saving measures have been put in place and are to continue throughout 2013/2014. Examples of these measures include: a freeze on recruitment, training and non-essential supplies and services. A timetable to achieve savings proposals is being developed.
	Update and further development of a Medium Term Financial Strategy (MTFS)	Council adopted an inaugural MTFS in October 2011. Following the Corporate Assessment, the MTFS was reviewed as part of the Councils Action Plan in order to address matters raised by WAO. A revised MTFS for the period 2014 to 2020 was adopted in February 2013. The process of embedding the MTFS as part of the mainstream financial planning arrangements continues. Central government's comprehensive spending review in June 2013 has indicated that funding for Welsh Government will be substantially cut over the medium term. As Welsh Government has indicated that funding for local government is not its top priority, funding forecasts have subsequently been redrawn. The MTFS agreed in early 2013 is therefore already out of date and the Authority is planning to make savings of £10m per annum for the 2014/2015 financial year and beyond. A Cost Pressure Sub Group has been set up to help facilitate this process. The Authority is focusing on three themes to balance budgets: <ul style="list-style-type: none"> i. service reviews and alternative service delivery ii. workforce challenge strategy iii. workplace transformation.
	Job Evaluation/Equal Pay	See comments for "Implementation of Single Status", overleaf.
	IT systems: - lack of capacity - age of applications	Collaborative arrangement with Merthyr Tydfil CBC will strengthen the service and it is anticipated it will increase capacity and skills sets. A Joint Committee is anticipated to operate with effect from September 2013, with Blaenau Gwent staff transferring to Merthyr.
	Collaboration arrangements	Direct and indirect impact on the Authority's systems and processes. Appropriate governance arrangements are being developed to best fit the individual services involved.
	Outstanding issues from unsatisfactory/unsound audit reports relating to immaterial issues	Action plans agreed within services and follow up audits to be conducted.

7. Conclusion

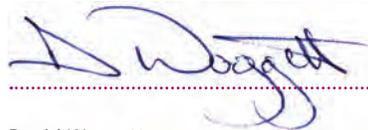
In conclusion we acknowledge that whilst there has been some positive movement for the Authority's Governance framework, there remain some significant weaknesses to be addressed. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements.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



Councillor Hedley McCarthy
Leader of the Council
September 2013



David McAuliffe
Chief Finance Officer
September 2013



David Waggett
Chief Executive
September 2013

Annual Governance Statement - Appendix 1

Wales Audit Office Proposals for Improvement 2012/2013

Statutory Recommendation - Corporate Assessment

1. Develop and agree an action plan which addresses the issues raised in the Corporate Assessment Report, issued in November 2011, in consultation with key stakeholders including the Welsh Local Government Association (WLGA) and the Welsh Government.

Proposals for Improvement

1. Apply the approach to setting Improvement Objectives focused on achieving improved outcomes for citizens to planning, delivering, monitoring and reporting the full range of the Council's functions and activities.
2. Evaluate and report on the impact of reduced budgets on frontline services to identify and deal with risks that emerge from disinvestment decisions.
3. The Council should continue to address the proposals and actions for improvement identified in previous external audit and regulation reports.
4. Improve information on unit costs, activity costs, benchmarks and other financial performance measures to support informed financial decision making.
5. Develop an approach to challenging the value for money and sustainability of existing patterns and methods of service provision across all services and apply it consistently.
6. Continue to improve compliance with the Measure and accompanying guidance, strengthen self-assessment arrangements and improve performance reporting.
7. Set out how citizens will benefit from the improvements set out in its objectives, and ensure they are achievable in the context of reduced resources.
8. Develop success measures which are supported by information about how the Council performs now, what its targets are, an analysis of cost and how its performance compares with other councils.
9. Identify minimum service standards for all service areas against which performance can be monitored.

Proposals for Improvement - Improvement Planning

1. Undertake an Equality Impact Assessment in line with the Equality Act 2010 when revising the Forward Facing Plan on the Improvement Objectives and address the conclusions that arise from this exercise.

Proposals for Improvement - Medium Term Financial Planning

1. Improve the quality of information used to identify the likely financial impact of increasing demand for services, changing demographics and an assessment of the Council's statutory and non-statutory service provision.
2. Revise the Medium Term Financial Strategy to include an action plan showing how the predicted deficits will be addressed and how service based pressures will be managed going forward.

Proposals for Improvement - Six Bells Renewal Area Project Management

1. Address weaknesses in the range and coverage of project reports through the inclusion of:
 - across-year budget performance information that shows total project cost, sources of funding, commitments, unallocated monies and funding yet to be secured;
 - project risks and mitigation activity to address these risks; and
 - an assessment of progress against the project action plan targets and actions including individual project milestones.
2. Review the current range of project performance data and ensure a comprehensive range of appropriate outcome-focused performance measures are in place for major projects which will allow an assessment of impact and outcomes to be made.
3. Regularly report performance on major projects to the Executive and Scrutiny on a quarterly cycle updating performance and progress on project action plans so as to strengthen accountability for the project.

Proposals for Improvement - Strengthen how the Council evaluates and reports on both its performance and its capacity and capability to deliver improvement

1. Act more in accordance with Welsh Government guidance by - expressing the Council's view of its success in achieving its Improvement Objectives;
 - using a wider evidence base of information to enable the Council to assess whether it has met its Improvement Objectives;
 - extending the use of comparative information with other comparable bodies; and
 - maximising accessibility to citizens and stakeholders of the Council's performance assessment.
2. Improve performance management by:
 - strengthening corporate capacity to drive improvement;
 - agreeing strategic responsibilities for performance management; and
 - developing and introducing more joined-up, coherent and robust arrangements to manage report, evaluate and improve performance.
3. Ensure all services have effective arrangements to manage, report, evaluate and improve performance which are consistently reported against agreed minimum standards and are subject to robust scrutiny and challenge.

(Continued)

Proposals for Improvement - Information Management Review

1. Develop an Information Strategy to ensure future information management plans accurately reflect the national and local context.
2. Develop a set of supporting policy and guidance documents to ensure governance arrangements, staff structures, and roles and responsibilities are clearly defined.
3. Develop and implement an Information Strategy delivery plan to drive information issues forward within the organisation
4. Ensure that the Senior Information Risk Owner (SIRO) is fully briefed on all aspects of information governance to provide corporate oversight of, and responsibility for information issues, in particular:
 - establishing standards and policies;
 - monitoring compliance with standards and policies;
 - information management training;
 - learning from and addressing information incidents and issues; and
 - management of information risk.
5. Establish a central register of all Information Sharing Protocols (ISPs), and develop a plan to migrate all existing sharing protocols to the Wales Accord for the Sharing of Personal Information (WASPI) standard; once complete the Council must put processes in place to monitor compliance with this standard.
6. Pause and review the implementation of the Electronic Document and Records Management System (EDRMS) to assess progress and direction, in particular consider the Council's aims for EDRMS to ensure that the current approach will deliver these aims effectively.
7. Ensure that sufficient data is held outside the recommended nine-mile limit to enable a full restoration of service information in the event of a disaster.
8. Review and refresh the FOI content, including the Council's publication scheme that the Council makes available on its external website.

Proposals for Improvement - Human Resources Review

1. The Council needs to:
 - determine and then work towards implementing a distinct HR vision;
 - assess HR capacity issues as the Council's service delivery agenda changes;
 - prioritise its HR agenda accordingly;
 - complete implementation of Single Status agreement, which is currently being concluded, and conclude future arrangements for transport allowances and discretionary redundancy provisions; and
 - manage proactively the HR risks of merging services and working within service consortia.

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



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

I have audited the accounting statements and related notes of Blaenau Gwent County Borough Council and Blaenau Gwent County Borough Council Group for the year ended 31 March 2013 under the Public Audit (Wales) Act 2004.

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

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

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013 based on International Financial Reporting Standards (IFRSs).

Respective Responsibilities of the Responsible Financial Officer and the Independent Auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 17 the responsible financial officer is responsible for the preparation of the Statement of Accounts, including Blaenau Gwent County Borough Council's Group accounting statements, which gives a true and fair view.

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

Scope of the Audit of the Accounting Statements

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

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

In addition, I read all the financial and non-financial information in the Explanatory Foreword and the Annual Governance Statement to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the Accounting Statements of Blaenau Gwent County Borough Council

In my opinion the accounting statements and related notes:

- Give a true and fair view of the financial position of Blaenau Gwent County Borough Council as at 31 March 2013 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013.

Opinion on the Accounting Statements of Blaenau Gwent County Borough Council Group

In my opinion the accounting statements and related notes:

- Give a true and fair view of the financial position of Blaenau Gwent County Borough Council Group as at 31 March 2013 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013.

Opinion on Other Matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on Which I Report by Exception

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of Completion of Audit

I certify that I have completed the audit of the accounts of Blaenau Gwent County Borough Council 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.



Anthony Barrett



Date

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

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

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



Cyngor Bwrdeisdref Sirol

Blaenau Gwent

County Borough Council



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 and the Housing Revenue Account for Council Tax and dwellings rent setting purposes respectively. The *Net (Increase)/Decrease before Transfers to Earmarked Reserves* line shows the statutory Council Fund and Housing Revenue Account Balances before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

Movement in Reserves Statement 2011/2012	Fund Balances		Earmarked Council Fund Reserves	Capital Reserves		Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Note	Page
	Council Fund	Housing Revenue Account		Capital Receipts Reserve	Capital Grants Unapplied					
	£000	£000	£000	£000	£000	£000	£000	£000		
Balance at 31 March 2011	(3,509)	(4,886)	(22,505)	(13,591)	(3,478)	(47,969)	32,406	(15,563)		
Deficit on the Provision of Services	(19,002)	654	0	0	0	(18,348)	0	(18,348)		40
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	26,499	26,499	6	60
Total Comprehensive Income and Expenditure	(19,002)	654	0	0	0	(18,348)	26,499	8,151		40
Adjustments between Accounting basis & Funding basis under regulations	21,320	23	0	2,445	(3,886)	19,902	(19,902)	0	7	63-65
Net (Increase)/Decrease before transfers to Earmarked Reserves	2,318	677	0	2,445	(3,886)	1,554	6,597	8,151		
Transfers to/from Earmarked Reserves	(1,068)	0	1,068	0	0	0	0	0	8	66
Transfers to/from Council Fund	0	0	0	0	0	0	0	0		
(Increase)/Decrease in 2011/2012	1,250	677	1,068	2,445	(3,886)	1,554	6,597	8,151		
Balance at 31 March 2012	(2,259)	(4,209)	(21,437)	(11,146)	(7,364)	(46,415)	39,003	(7,412)		

Movement in Reserves Statement 2012/2013	Fund Balances		Earmarked Council Fund Reserves £000	Capital Reserves		Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Note	Page
	Council Fund	Housing Revenue Account		Capital Receipts Reserve	Capital Grants Unapplied					
	£000	£000		£000	£000					
Balance at 31 March 2012	(2,259)	(4,209)	(21,437)	(11,146)	(7,364)	(46,415)	39,003	(7,412)		
(Surplus)/Deficit on the Provision of Services	(19,725)	6,877	0	0	0	(12,848)	0	(12,848)		40
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	25,288	25,288	6	60
Total Comprehensive Income and Expenditure	(19,725)	6,877	0	0	0	(12,848)	25,288	12,440		40
Adjustments between Accounting basis & Funding basis under regulations	21,973	(2,668)	0	568	6,106	25,979	(25,979)	0	7	60-62
Net (Increase)/Decrease before transfers to Earmarked Reserves	2,248	4,209	0	568	6,106	13,131	(691)	12,440		
Transfers to/from Earmarked Reserves	(6,357)	0	6,357	0	0	0	0	0	8	66
Transfers to/from Council Fund	0	0	0	0	0	0	0	0		
(Increase)/Decrease in 2012/2013	(4,109)	4,209	6,357	568	6,106	13,131	(691)	12,440		
Balance at 31 March 2013	(6,368)	0	(15,080)	(10,578)	(1,258)	(33,284)	38,312	5,028		

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	2012/2013			2011/2012			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Continuing Operations								
Central Services	6,675	(3,942)	2,733	4,398	(3,848)	550	22	82
Cultural & Related Services	11,803	(3,725)	8,078	13,023	(3,630)	9,393	31.4	102
Environmental & Regulatory Services	14,749	(3,820)	10,929	14,124	(4,106)	10,018		
Planning Services	37,023	(4,030)	32,993	28,950	(4,965)	23,985		
Children's & Education Services	81,361	(16,365)	64,996	97,442	(27,870)	69,572		
Highways & Transport Services	9,325	(2,336)	6,989	9,672	(2,229)	7,443		
Housing Services	31,215	(36,213)	(4,998)	30,535	(29,493)	1,042	H3, H4	150
Adult Social Care	38,147	(9,588)	28,559	37,801	(10,710)	27,091	16	75-76
Corporate & Democratic Core	3,927	(26)	3,901	4,527	(2)	4,525		
Non-Distributed Costs	1,611	0	1,611	1,879	0	1,879		
Past Service Gains	0	0	0	0	0	0		
Cost of Services (excluding transferred services)	235,836	(80,045)	155,791	242,351	(86,853)	155,498		
Transferred Services								
Housing Revenue Account	6,911	(33)	6,878	806	(127)	679	- HRA	146-147
Corporate & Democratic Core	0	0	0	0	0	0		
Non-Distributed Costs	0	0	0	0	0	0		
Sub Total: Transferred Services	6,911	(33)	6,878	806	(127)	679		
Total Deficit on Continuing Services	242,747	(80,078)	162,669	243,157	(86,980)	156,177	9	67-72

Comprehensive Income & Expenditure Statement (Continued)	2012/2013			2011/2012			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	242,747	(80,078)	162,669	243,157	(86,980)	156,177		
Other Operating Income and Expenditure	8,073	(1,039)	7,034	7,556	(4,074)	3,482	10, 25	72, 84-85
Financing and Investment Income and Expenditure	22,811	(13,406)	9,405	23,428	(14,699)	8,729	11, 15.1	73, 75
Taxation and Non-Specific Grant Income	0	(191,956)	(191,956)	0	(186,736)	(186,736)	12, 26	73, 85
(Surplus)/Deficit on Provision of Services	273,631	(286,479)	(12,848)	274,141	(292,489)	(18,348)	MIRS, 9	37-38, 67-72
(Surplus) Arising on the Revaluation of Non-Current Assets			(2,008)			(538)	6	60
Actuarial (Gains)/Losses on Pension Assets/Liabilities			27,296			27,037	6, 42	60, 118
Other Comprehensive Income & Expenditure			25,288			26,499	6	60
Total Comprehensive Income & Expenditure			12,440			8,151		

Balance Sheet

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

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

Balance Sheet	31 March 2013		31 March 2012		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	296,739		261,725		28	89-95
Heritage Assets	413		413		29	96-97
Intangible Assets	27		47			
Assets Held for Sale	195		330		33	103
Non-Current Investments	252,816		217,494		31	100
Non-Current Debtors	4,576		3,975		32	102
Sub Total: Non-Current Assets		554,766		483,984		
Current Investments	4		4		39	111
Inventories	2,026		1,680		34	104
Current Debtors	35,929		49,960		35	105-106
Cash and Cash Equivalents	1,808		6,348		46	141
Sub Total: Current Assets		39,767		57,992		

Balance Sheet (Continued)	31 March 2013		31 March 2012		Note:	Page:
	£000	£000	£000	£000		
Current Borrowing	(33,272)		(45,197)		39	111-116
Current Creditors	(17,683)		(18,875)		36	107
Current Provisions	(4,764)		(10,275)		37	108-110
Sub Total: Current Liabilities		(55,719)		(74,347)		
Non-Current Borrowing	(92,360)		(73,371)		39	111-116
Non-Current Provisions	(1,006)		(834)		37	108-110
Other Non-Current Liabilities	(450,476)		(386,012)		38	110
Sub Total: Non-Current Liabilities		(543,842)		(460,217)		
Total Net Assets		(5,028)		7,412		
Usable Reserves	(33,284)		(46,415)		43	124-131
Unusable Reserves	38,312		39,003		43	132-137
Total Reserves		5,028		(7,412)		

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	2012/2013		2011/2012		Note:	Page:
	£000	£000	£000	£000		
Net (deficit) on the provision of services	12,848		18,348			40
Adjustments to the provision of services for non-cash movements	33,480		37,159		44.1	138
Adjustments for items included in the provision of services that are investing and financing activities	(60,380)		(54,134)		44.2	138
Net Cash Inflows/(Outflows) from Operating Activities		(14,052)		1,373	45.1	139
Investing activities		2,884		(25,590)	45.2	140
Financing activities		6,628		25,078	45.3	140
Net increase or (decrease) in cash and cash equivalents		(4,540)		861		
Cash and cash equivalents at the beginning of the reporting period		6,348		5,487	46	141
Cash and cash equivalents at the end of the reporting period		1,808		6,348	46	141



1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2012/2013 financial year and its position at the year-end of 31 March 2013. The Authority is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit (Wales) Regulations 2005, as amended.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013 and the Service Reporting Code of Practice 2012/2013, supported by International Financial Reporting Standards (IFRS). Where there is no relevant IFRS or International Accounting Standard (IAS), reference is made to International Public Sector Accounting Standards (IPSASs); if there is no relevant IPSAS, domestic accounting standards (SSAPs and FRSS) are applied.

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

1.2 Accruals of Income and Expenditure

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

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

1.3 Acquisitions and Discontinued Operations

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

The transfer of the Authority's housing stock to Tai Calon Community Housing Ltd in July 2010 was not a discontinuation of service as defined by the Code and has been accounted for as a transfer of service to another public sector entity.

1.4 Back Pay Arising from Unequal Pay Claims

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

Provisions made in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended in 2007 and 2010) 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 2013. The Authority has exercised its discretion in not charging equal pay claims to revenue accounts until the settlement has occurred. The provision for back pay is therefore balanced by an Equal Pay Back Pay Account created from amounts credited to the Council Fund balance in the year the provision was made or modified. The balance on the Equal Pay Back Pay Account will be debited back to the Council Fund balance in the Movement in Reserves Statement in future financial years as payments are made.

1.5 Cash and Cash Equivalents

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

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

1.6 Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in note 37.3, page 110 to the Accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.7 Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in note 37.2, page 110 to the Accounts.

1.8 Employee Benefits

1.8.1 Benefits Payable During Employment

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

1.8.2 Termination Benefits

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

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

1.8.3 Post Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

- The liabilities of the Greater Gwent (Torfaen) Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.7% for duration profiles of over 30 years, 4.6% for duration profiles between 24 and 30 years, 4.4% for duration profiles between 19 and 23 years, 4.2% for duration profiles between 14 and 18 years and 3.7% for duration profiles up to 13 years. Discount rates have been derived for each duration profile at which payments may be due, based on AA-rated bonds (without embedded options) in the Barclays Capital Sterling Aggregate: Corporate Index.
- The assets of Greater Gwent (Torfaen) Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value.

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

- Current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

- Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs. Due to their material nature, the gains arising from the change in calculating pension scheme liabilities using CPI instead of RPI have been separately disclosed on the face of the Comprehensive Income and Expenditure Statement as Past Service Gains.
- Interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Expected return on assets - the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Gains or losses on settlements and curtailments - the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited or credited to the Pensions Reserve.
- Contributions paid to the Greater Gwent (Torfaen) Pension Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

1.8.4 Discretionary Benefits

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

1.9 Events After the Balance Sheet Date

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

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

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

1.10 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the Accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

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

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

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

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

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

1.12 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 (28 March 2013) for an instrument with the same duration, i.e. equal to the outstanding period from valuation date to maturity. For Public Works Loan Board (PWLb) borrowing the new PWLB borrowing rate has been used.
- Interest is calculated using the most common market convention (actual number of days/365).
- For fixed term deposits it is assumed that interest is received on maturity.

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

Premiums/Discounts

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

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

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

Interest

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

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

1.13 Government Grants and Contributions

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

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

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

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

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

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

1.14 Intangible Assets

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

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

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

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

1.15 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.

1.16 Leases

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

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

The following accounting treatment applies to each type of lease:

Finance Lease

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

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

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

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

Operating Lease

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

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

Service Concessions and Arrangements Containing Leases

The Authority currently has no such arrangements.

1.17 Assets Held for Sale

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to surplus assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale; and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

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

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

1.18 Surplus Fixed Assets Under PPE

Assets that have been declared surplus that do not meet the criteria above are reclassified as surplus assets under PPE and valued at fair value at the point they are declared surplus. This will be its existing use value (or depreciated replacement cost for specialist assets). Where an asset is being held for disposal or in the absence of any decision as to the future use of the asset, then the assets fair value is assessed on the basis of its last use in providing services.

1.19 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 2012/2013 (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

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

1.20 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.

1.20.1 Recognition

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

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

1.20.2 Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

- Infrastructure assets - depreciated historical cost. Not all roads and infrastructure assets are included in the Balance Sheet as the asset valuation reflects historic expenditure incurred on such assets from a point in time. Any roads provided by private developers that are adopted by the Authority are not individually recognised on the Balance Sheet and are effectively recorded at nil value;
- Community assets and assets under construction - depreciated historical cost;
- Dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH); and
- All other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

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

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

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

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

1.20.3 Impairment

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

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

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

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

1.20.4 Depreciation

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

Depreciation is calculated on the following bases:

- Dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer;
- Vehicles, plant, furniture and equipment - a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer; and
- Infrastructure - straight-line allocation over 40 years.

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

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

1.20.5 Disposals

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

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

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

1.20.6 Componentisation

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

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

All assets incurring significant expenditure in 2012/2013 have been considered for componentisation. This has resulted in one asset within the Education & Leisure Portfolio and one within the Environmental Services Portfolio being revalued and assessed for material components. Assets componentised in previous years continue to be componentised.

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

1.21 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 and has reclassified these from Community Assets. The assets have been revalued using insurance replacement cost and these valuations will be updated annually. Where significant physical deterioration or damage has occurred to the assets, this will be 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 1.20.

The Authority has an Heritage Section, within the Education and Leisure Department which aims to protect and promote the area's unique heritage, archaeology and museums, including those assets identified as heritage assets for the purposes of the Statement of Accounts. The Heritage Section maintains an Heritage Assets Register which details qualifying assets within the boundaries of the County Borough.

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

1.22 Minimum Revenue Provision

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

The Welsh Government issued regulations for the making of MRP with effect from the 2008/2009 financial year, requiring Local Authorities to make a prudent provision for MRP. Four calculation options are available:

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

The MRP for 2012/2013 has been calculated in accordance with the Authority's 2012/2013 MRP statement which was approved by full Council in March 2012, utilising the following options:

- Option 1 (Regulatory Method) is used in relation to supported borrowing. (Option 1 states that for capital expenditure financed from supported borrowing, MRP can be determined in accordance with the old regulations i.e. writing off debt over 25 years). This is consistent with the methodology adopted for Housing Revenue Account debt and ensures that the Authority will not be left in a future position where it is making debt repayments that are receiving no revenue support from central government.
- Option 3 (Asset Life Method) is used in relation to unsupported borrowing. (Option 3 states that for capital expenditure financed from unsupported borrowing, MRP is made in equal instalments over the life of the asset). Prudential borrowing financing can be applied to assets according to their lives in order to achieve the most cost effective MRP charge.
- For finance leases, Option 3 (Asset Life Method) applies in a modified form, to ensure that the MRP for finance leases is equal to the rental payable each year. This will result in a higher MRP than under previous regulations, as typically finance leases are undertaken for a period of significantly less than 25 years (i.e. the previous 4% charge).

1.23 Provisions

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

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

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

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

1.24 Reserves

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

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

1.25 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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

1.26 Value Added Tax

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

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

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

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

Council Tax

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

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

National Non-Domestic Rates (NNDR)

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

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

1.28 Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

1.29 Accounting for Maintained Schools

There are currently 5 voluntary controlled schools (St Marys Church in Wales Primary, All Saints Roman Catholic, St Mary Roman Catholic, St Josephs Roman Catholic and Brynmawr Comprehensive) within the boundary of the Local Authority. The Authority does not own these assets and does not have access to them for valuation purposes and therefore has not included them in the Balance Sheet and associated disclosures. For those maintained schools not controlled by the Authority, any transactions made on their behalf have been included in the Comprehensive Income & Expenditure Statement and related notes under the appropriate Service Code of Practice standard subjective grouping, or exceptionally as third party payments.

1.30 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/or joint ventures (jointly controlled entities), unless those interests are considered not material.

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.

2. Accounting Standards Issued but not yet Adopted

With effect from 1 April 2013, the Code of Practice adopts the following changes in previously issued accounting standards:

- *IAS 1 Presentation of Financial Statements* In preparing Group Accounts, separate disclosure is required for amounts that may be subsequently reclassified in the Surplus or Deficit on the Provision of Services. This is not likely to have a material effect on the Authority's Accounts.
- *IFRS 7 Financial Instruments: Disclosures* Disclosure is required that enables users to evaluate the effect of netting arrangements on the authority's financial position with regards to financial assets and liabilities. This requirement is unlikely to have a material effect on the Authority's Accounts.
- *IAS19 Employee Benefits* The June 2011 amendments to IAS19 include changes to the classification, recognition, measurement and disclosure requirements for post-employment benefits. The revised disclosure requirements are substantial and will impact both the Local Government and Teachers Pension Schemes. The most significant change affecting the Local Government Pension Scheme relates to the treatment of expected return on assets, which is replaced with 'interest on assets' and is calculated differently. The fund actuary has advised that for schemes holding a significant proportion of return-seeking assets (as is the case with many LGPS funds), this change will normally result in an increase in pension costs in the Comprehensive Income and Expenditure Statement. For 2012/2013 the increase in costs has been estimated as £2.145m. There are no anticipated material adjustments to the Balance Sheet.

3. Critical Judgements in Applying Accounting Policies

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

- i. These accounts have been prepared on a going concern basis, which assumes that the functions and services provided by the Authority will continue in operational existence for the foreseeable future, although there will be significant financial challenges to be met (see also notes 7.2 and 12.1 to the Explanatory Foreword, pages 8-9 and 14).
- ii. The Welsh Government has provided Aggregate External Finance (AEF) figures for 2012/2013 to 2013/2014 and indicative figures for 2014/2015. This has provided a degree of certainty and will enable forward planning.
- iii. Residual costs arising from the transfer of the Authority's housing stock in 2010 will continue to be managed downwards in the medium term, through the use of former Housing Revenue Account balance.
- iv. 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.
- v. 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.

- vi. The Authority has classified its leases as finance or operating in accordance with IFRS. The definition of finance leases is not definitive and therefore an element of judgement has been required in assessing each lease arrangement. The impact of this assessment process has been that some leases previously treated as operating leases have been reclassified as finance leases and some leases previously treated as finance leases have been reclassified as operating leases.
- vii. 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.
- viii. 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.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2013 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
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. The fund actuary has advised that a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £7.174m, with a corresponding reduction in current service costs of £0.315m. However, the assumptions interact in complex ways. During 2012/2013, the Authority's actuaries advised that the net pensions liability had increased by £27.296m as a result of actuarial gains/losses. This increase comprised a £21.277m actuarial gain on assets (representing the difference between actual and expected asset return for the year) and a £48.573m actuarial loss on liabilities (being the difference in liability valuations arising solely from changes in the actuarial assumptions applied at the beginning and end of the financial year (<i>see page 122</i>)).

5. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by Mr. D. McAuliffe BSc., CPFA, Chief Finance Officer, on 24 September 2013.

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 2013, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Movements in Reserves Notes

6. Other Comprehensive Income and Expenditure

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

Other Comprehensive Income and Expenditure	2012/2013 £000	2011/2012 £000
Surplus arising on the revaluation of Non-Current Assets	(2,008)	(538)
Surplus on revaluation of available for sale financial assets	0	0
Actuarial (Gains)/losses on pension fund assets and liabilities	27,296	27,037
Other Comprehensive Income and Expenditure	25,288	26,499

7. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. These adjustments include transactions relating to depreciation and impairment, pensions provision, employee accruals, unequal pay and capital grants. The following transactions were made in 2012/2013:

Adjustments between Accounting Basis and Funding Basis under Regulations 2012/2013	Council Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Transactions between Funds & Usable Reserves:					
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	(1,689)	0	0	1,689	0
Transfer of cash sale proceeds credited as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	410	0	(410)	0	0
Contribution from the Capital Receipts Reserve towards funding of prudential borrowing schemes	(30)	0	30	0	0
Transfer of Capital Receipts from HRA using Item 10 Direction	2,668	(2,668)	0	0	0

Adjustments between Accounting Basis and Funding Basis under Regulations 2012/2013	Council Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Transactions involving Unusable Reserves:					
Adjustments to/from Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:					
Charges for depreciation & impairment of non-current assets	(9,662)	0	0	0	9,662
Revaluation losses on Property, Plant & Equipment	(28,509)	0	0	0	28,509
Amortisation of intangible assets	(20)	0	0	0	20
Capital grants & contributions applied	57,901	0	0	0	(57,901)
Revenue expenditure funded from capital under statute	(5,230)	0	0	0	5,230
Amounts of non-current assets written off on disposal or sale as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	(473)	0	0	0	473
Items not debited or credited to the Comprehensive Income & Expenditure Statement:					
Statutory provision for the financing of capital investment	4,589	0	0	0	(4,589)
Capital expenditure charged against the Council Fund & HRA balances	621	0	0	0	(621)
Items involving Usable Capital Reserves:					
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	4,417	(4,417)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	989	0	(989)

Note: Additional transactions occur between the Capital Adjustment Account and the Revaluation Reserve. These are detailed in note 43.2.2 on pages 133-134.

Adjustments between Accounting Basis and Funding Basis under Regulations 2012/2013	Council Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to/from the Deferred Capital Receipts Reserve:					
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(41)	0	41
Deferred Capital Receipts on Inception or Lessor Arrangement	629	0	0	0	(629)
Adjustments to/from the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	46	0	0	0	(46)
Adjustments to/from the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(15,179)	0	0	0	15,179
Employer's pensions contributions and direct payments to pensioners payable in the year	13,493	0	0	0	(13,493)
Transfer of Residual Pensions Balance from HRA to Council Fund	0	0	0	0	0
Adjustment to/from the Unequal Pay Back Pay Adjustment Account:					
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	1,802	0	0	0	(1,802)
Adjustment to/from the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	606	0	0	0	(606)
Total Adjustments between Accounting Basis and Funding Basis under Regulations	21,973	(2,668)	568	6,106	(25,979)

The following transactions adjusting between accounting basis and funding basis were made in 2011/2012:

Adjustments between Accounting Basis and Funding Basis under Regulations 2011/2012	Council Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Transactions between Funds & Usable Reserves:					
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	7,665	0	0	(7,665)	0
Transfer of cash sale proceeds credited as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	126	23	(149)	0	0
Contribution from the Capital Receipts Reserve towards funding of prudential borrowing schemes	(79)	0	79	0	0

Adjustments between Accounting Basis and Funding Basis under Regulations (Continued) 2011/2012	Council Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Transactions Involving Unusable Reserves:					
Adjustments to/from the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:					
Charges for depreciation & impairment of non-current assets	(18,833)	0	0	0	18,833
Revaluation losses on Property Plant & Equipment	(14,076)	0	0	0	14,076
Amortisation of intangible assets	(20)	0	0	0	20
Capital grants & contributions applied	46,350	0	0	0	(46,350)
Revenue expenditure funded from capital under statute	(6,023)	0	0	0	6,023
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(31)	0	0	0	31
Items not debited or credited to the Comprehensive Income & Expenditure Statement:					
Statutory provision for the financing of capital investment	4,420	0	0	0	(4,420)
Capital expenditure charged against the Council Fund & HRA balances	333	0	0	0	(333)
Items involving Usable Capital Reserves:					
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	3,779	(3,779)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	2,600	0	(2,600)

Adjustments between Accounting Basis and Funding Basis under Regulations (Continued) 2011/2012	Council Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to/from the Deferred Capital Receipts Reserve:					
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(85)	0	85
Deferred Capital Receipts on Inception or Lessor Arrangement	3,925	0	0	0	(3,925)
Adjustment to/from the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	46	0	0	0	(46)
Adjustments to/from the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(13,687)	0	0	0	13,687
Employer's pensions contributions and direct payments to pensioners payable in the year	12,563	0	0	0	(12,563)
Transfer of Residual Pensions Balance from HRA to Council Fund	0	0	0	0	0
Adjustment to/from the Unequal Pay Back Pay Adjustment Account:					
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	(1,295)	0	0	0	1,295
Adjustment to/from the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(64)	0	0	0	64
Total Adjustments between Accounting Basis and Funding Basis under Regulations	21,320	23	2,445	(3,886)	(19,902)

8. Transfers to/from Earmarked Reserves

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

Usable Reserves	1 April 2011	Transfers In	Transfers Out	Restated	Transfers In	Transfers Out	31 March 2013
	£000	2011/2012 £000	2011/2012 £000	31 March 2012 £000	2012/2013 £000	2012/2013 £000	
Budget Contingency Fund	(1,517)	(383)	1,097	(803)	(707)	627	(883)
Building Control Fees	(443)	(170)	158	(455)	(98)	286	(267)
Downsizing - New	0	(1,000)	697	(303)	0	178	(125)
Insurance Liabilities	(2,443)	(1,833)	1,428	(2,848)	(1,346)	2,516	(1,678)
Invest to Save Fund	(921)	0	179	(742)	(500)	257	(985)
Job Evaluation / Pay Remodelling (Non Schools Staff)	(6,862)	(2,298)	3,287	(5,873)	0	4,031	(1,842)
Job Evaluation / Pay Remodelling (Schools Staff)	(1,344)	(289)	585	(1,048)	0	761	(287)
Land & Property Charges (SS)	0	(422)	0	(422)	0	301	(121)
LMS Balances	(1,507)	(2,515)	2,795	(1,227)	(2,914)	2,634	(1,507)
Portfolio Reserves	(573)	(276)	1	(848)	(429)	746	(531)
Redundancy	0	0	0	0	(325)	107	(218)
Revenue Grants & Contributions Unapplied	(755)	(408)	409	(754)	(395)	243	(906)
Other Usable Revenue Reserves	(4,580)	(799)	607	(4,772)	(1,609)	2,175	(4,206)
Sub-Total (Revenue Reserves):	(20,945)	(10,393)	11,243	(20,095)	(8,323)	14,862	(13,556)
Earmarked for Capital Purposes	(1,560)	(4)	222	(1,342)	(205)	23	(1,524)
Total:	(22,505)	(10,397)	11,465	(21,437)	(8,528)	14,885	(15,080)

Comprehensive Income and Expenditure Statement Notes

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

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

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

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

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

Principal Portfolio Income & Expenditure 2012/2013	Education £000	Social Services £000	Environmental Services £000	Regeneration £000	Total £000
Fees, Charges & Other Service Income	(51,731)	(11,584)	(40,392)	(4,041)	(107,748)
Interest & Investment Income	0	0	0	0	0
Government Grants	(9,591)	(3,371)	(1,538)	(1,883)	(16,383)
Total Income	(61,322)	(14,955)	(41,930)	(5,924)	(124,131)
Employee Expenses	50,316	17,476	8,445	3,549	79,786
Other Service Expenses	60,169	27,833	38,585	2,216	128,803
Support Service Recharges	3,019	5,590	6,434	2,390	17,433
Depreciation, amortisation & impairment	2,277	205	513	534	3,529
Precepts and Levies	0	0	3,323	0	3,323
Total Expenditure	115,781	51,104	57,300	8,689	232,874
Net Expenditure	54,459	36,149	15,370	2,765	108,743

Principal Portfolio Income & Expenditure 2011/2012	Education £000	Social Services £000	Neighbourhood Services & Housing £000	Regeneration £000	Total £000
Fees, Charges & Other Service Income	(50,752)	(7,683)	(5,474)	(5,147)	(69,056)
Interest & Investment Income	0	0	0	0	0
Government Grants	(8,831)	(3,952)	(27,075)	(8,034)	(47,892)
Total Income	(59,583)	(11,635)	(32,549)	(13,181)	(116,948)
Employee Expenses	50,313	17,271	4,195	6,769	78,548
Other Service Expenses	57,526	25,958	31,943	6,133	121,560
Support Service Recharges	4,137	4,635	3,337	2,484	14,593
Depreciation, amortisation & impairment	2,277	204	1,681	534	4,696
Precepts and Levies	0	0	0	0	0
Total Expenditure	114,253	48,068	41,156	15,920	219,397
Net Expenditure	54,670	36,433	8,607	2,739	102,449

Reconciliation to Subjective Analysis

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

2012/2013	Principal Portfolio Analysis £000	Portfolios not included in Principal Portfolio Analysis £000	Included in Portfolio Statements but not included in NCS £000	Not included in Portfolio Statements but included in NCS £000	Allocation of Support Services Recharges £000	Net Cost of Services £000	Corporate Items £000	Total £000
Fees, Charges & Other Service Income	(107,748)	(26,757)	1,504	(6,260)	80,458	(58,803)	0	(58,803)
(Surplus)/Deficit on Trading Activities	0	0	0	0	0	0	0	0
Interest & Investment Income	0	0	0	0	0	0	(13,406)	(13,406)
Income from Council Tax	0	0	0	0	0	0	(30,049)	(30,049)
Government Grants & Contributions	(16,383)	(4,880)	(12)	0	0	(21,275)	(161,907)	(183,182)
Gains on Disposal of Non-Current Assets	0	0	0	0	0	0	(1,039)	(1,039)
Total Income	(124,131)	(31,637)	1,492	(6,260)	80,458	(80,078)	(206,401)	(286,479)
Employee Expenses	79,786	24,473	(2,507)	(667)	0	101,085	0	101,085
Other Service Expenses	128,803	15,742	(320)	7,592	0	151,817	0	151,817
Support Service Recharges	17,433	12,479	0	(1,390)	(80,458)	(51,936)	0	(51,936)
Depreciation, Amortisation & Impairment	3,529	3,036	(6,564)	41,780	0	41,781	0	41,781
Interest Payments	0	0	0	0	0	0	22,811	22,811
(Gains)/Losses on Disposal of Non-Current Assets	0	0	0	0	0	0	473	473
Precepts & Levies	3,323	35	(3,358)	0	0	0	7,600	7,600
Total Expenditure	232,874	55,765	(12,749)	47,315	(80,458)	242,747	30,884	273,631
(Surplus) or Deficit on the Provision of Services	108,743	24,128	(11,257)	41,055	0	162,669	(175,517)	(12,848)

2011/2012	Principal Portfolio Analysis £000	Portfolios not included in Principal Portfolio Analysis £000	Included in Portfolio Statements but not included in NCS £000	Not Included in Portfolio Statements but included in NCS £000	Allocation of Support Services Recharges £000	Net Cost of Services £000	Corporate Items £000	Total £000
Fees, Charges & Other Service Income	(69,056)	(31,092)	141	(9,641)	76,627	(33,021)	0	(33,021)
(Surplus)/Deficit on Trading Activities	0	0	0	0	0	0	0	0
Interest & Investment Income	0	(50)	50	0	0	0	(14,699)	(14,699)
Income from Council Tax	0	0	0	0	0	0	(29,236)	(29,236)
Government Grants & Contributions	(47,892)	(6,065)	(2)	0	0	(53,959)	(157,500)	(211,459)
Gains on disposal of Non Current Assets	0	0	0	0	0	0	(4,074)	(4,074)
Total Income	(116,948)	(37,207)	189	(9,641)	76,627	(86,980)	(205,509)	(292,489)
Employee Expenses	78,548	25,470	(3,388)	3,392	0	104,022	0	104,022
Other Service Expenses	121,560	19,891	(261)	5,771	0	146,961	0	146,961
Support Service Recharges	14,593	15,647	(2,277)	0	(76,627)	(48,664)	0	(48,664)
Depreciation, Amortisation & Impairment	4,696	1,929	(4,349)	38,562	0	40,838	0	40,838
Interest Payments	0	0	0	0	0	0	23,428	23,428
(Gains)/Losses on disposal of Non Current Assets	0	0	0	0	0	0	31	31
Precepts & Levies	0	0	0	0	0	0	7,525	7,525
Total Expenditure	219,397	62,937	(10,275)	47,725	(76,627)	243,157	30,984	274,141
(Surplus) or Deficit on the Provision of Services	102,449	25,730	(10,086)	38,084	0	156,177	(174,525)	(18,348)

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

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

Reconciliation of Portfolio Income & Expenditure to Cost of Services in the CIES	2012/2013 £000	2011/2012 £000
Net Expenditure in the Principal Portfolio Analysis	108,743	102,449
Net Expenditure of Portfolios not Included in the Principal Analysis	24,128	25,730
Amounts Included in Portfolio Outturn Statements but not included in Net Cost of Services	(11,257)	(10,086)
Amounts not included in Portfolio Outturn Statements but included in Net Cost of Services	41,055	38,084
Allocation of Support Service Recharges	0	0
Cost of Services in Comprehensive Income & Expenditure Statement	162,669	156,177
Corporate Items	(175,517)	(174,525)
(Surplus) or Deficit on Provision of Services	(12,848)	(18,348)

10. Other Operating Income and Expenditure

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

Other Operating Income and Expenditure	2012/2013			2011/2012		
	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	473	(1,039)	(566)	31	(4,074)	(4,043)
Precepts & Levies:						
Gwent Police Authority Precept	3,826	0	3,826	3,713	0	3,713
Community Council Precepts	339	0	339	339	0	339
South Wales Fire Authority Levy	3,323	0	3,323	3,379	0	3,379
Other Levies	112	0	112	94	0	94
Total	8,073	(1,039)	7,034	7,556	(4,074)	3,482

11. 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	2012/2013			2011/2012		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Interest payable and similar charges	4,115	0	4,115	3,970	0	3,970
Interest receivable and similar Income	0	(392)	(392)	0	(220)	(220)
Pensions Interest Cost and Expected Return on Pensions Assets	18,696	(13,014)	5,682	19,458	(14,429)	5,029
Other Investment Income (Dividends)	0	0	0	0	(50)	(50)
Total	22,811	(13,406)	9,405	23,428	(14,699)	8,729

12. 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	2012/2013	2011/2012
	£000	£000
Taxation & Non-Specific Revenue Grants		
Council Tax Income	(30,049)	(29,236)
Non-Domestic Rates	(18,591)	(16,122)
Revenue Support Grant/IAG	(89,407)	(93,051)
Total Taxation and Non-Specific Revenue Grants	(138,047)	(138,409)
Capital grants and contributions	(53,909)	(48,327)
Total	(191,956)	(186,736)

13. Material Items of Income or Expense

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

Material Items of Income or Expense in 2012/2013:

Formal closure of the Housing Revenue Account

In March 2013, the Authority received approval from Welsh Government to formally close the Housing Revenue Account on 31 March 2013. The following table summarises the balances and transactions remaining in the Housing Revenue Account.

Housing Revenue Accounts - Residual Balances	2012/2013 £000
Balances Brought Forward:	
HRA Reserve	(4,209)
Capital Receipts	(2,668)
Total HRA Reserves	(6,877)
In-Year Transactions	(15)
Total Balance Transferred to Council Fund	(6,892)

The residual balance of £6.892m was transferred to the Council Fund through the Housing Services line within Net Cost of Services. Of this sum, £2.668m was subsequently appropriated to the Council Fund Capital Receipts Reserve and the remaining £4.224m has increased the Council Fund General Reserve.

Material Items of Income or Expense in 2011/2012:

Job Match

Blaenau Gwent CBC was lead Authority for the Job Match Phase 2 project, covering 5 Local Authority areas. This scheme came to an end in December 2011 and as a result expenditure included within Planning Services expenditure in the CIES has reduced from £9.104m in 2011/2012 to £5.115m in 2012/2013, with matching reductions in WG grant income.

14. Acquired or Discontinued Operations

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

15. Nature, Turnover and Profits/Losses of Significant Trading Operations

15.1 Dividends

Dividends are recognised when the Authority's right to receive payment is established and sums recorded therefore represent the amounts paid to the Authority for the year in which the approval of the dividend was made.

Dividends	2012/2013		2011/2012	
	£000		£000	
Silent Valley Waste Services Ltd.	0		(50)	(2010/2011 Dividend)
Total Dividends	0		(50)	

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

16.1 The Gwent Wide Integrated Community Equipment Service (GWICES)

The Gwent Wide Integrated Community Equipment Service (GWICES) is a Section 33 Partnership Agreement between the five Local Authorities in the Gwent area and the Aneurin Bevan Local Health Board for the provision of an efficient and effective integrated community equipment service to users who are resident in the partner localities. This agreement came into effect on 1 October 2008. The Authority's transactions are included in the Adult Social Care line of the CIES. Income and expenditure for the pooled budget arrangements for the financial year ending 31 March 2013 is as follows.

Partnership Schemes: GWICES	2012/2013	2011/2012
	£000	£000
Expenditure		
Staff	108	71
Non-Staff	2,780	2,534
Total Expenditure	2,888	2,605
Funding		
Blaenau Gwent County Borough Council	(305)	(284)
Caerphilly County Borough Council	(644)	(601)
Monmouthshire County Borough Council	(381)	(321)
Newport City Council	(439)	(428)
Torfaen County Borough Council	(396)	(340)
Aneurin Bevan Health Board	(574)	(523)
Contribution to Lead Commissioner - LAs	(76)	(52)
Contribution to Lead Commissioner - LHBs	(32)	(22)
Community Resource Team (Frailty Project)	(41)	(34)
Total Funding	(2,888)	(2,605)

16.2 The Gwent Frailty Programme

The Gwent Frailty Programme is a Section 33 Partnership Agreement between the five Local Authorities in the Gwent area and the Aneurin Bevan Local Health Board for the delivery of a range of services to avoid hospital admissions, facilitate early discharge and help individuals remain "happily independent". The Community Resource Teams (CRTs) provide integrated Urgent Response, Reablement and Falls services within each Locality in line with agreed Locality Annual Commissioning Plans (LCPs). This agreement came into effect on 4 April 2011. The Authority's transactions are included in the Adult Social Care line of the CIES. Income and expenditure for the pooled budget arrangements for the financial year ending 31 March 2013 is as follows.

Partnership Schemes Gwent Frailty	2012/2013 £000	2011/2012 £000
Expenditure		
Base Declarations	9,928	8,204
Invest to Save	2,100	1,648
Central Costs	376	671
Total Expenditure	12,404	10,523
Funding		
Blaenau Gwent County Borough Council	(442)	(427)
Caerphilly County Borough Council	(1,743)	(2,121)
Monmouthshire County Borough Council	(1,081)	(920)
Newport City Council	(1,298)	(1,000)
Torfaen County Borough Council	(501)	(383)
Aneurin Bevan Health Board	(5,475)	(3,353)
Welsh Government Invest to Save	(1,289)	(2,250)
Total Funding	(11,829)	(10,454)
Net In-Year (Under) / Overspend	575	69

17. Members' Allowances

The total amount of allowances and expenses paid to Members during the year was £751,413 (2011/2012: £782,687), analysed as follows:

Members' Allowances	2012/2013 £000	2011/2012 £000
Allowances	747	779
Expenses	4	4
Total:	751	783

18. Officers' Remuneration

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

Officers Emoluments Remuneration Band	2012/2013					2011/2012				
	Teaching	Other	Total	Left During Year	Total excluding leavers	Teaching	Other	Total	Left During Year	Total excluding leavers
£60,000 - £64,999	6	0	6	2	4	7	4	11	3	8
£65,000 - £69,999	3	1	4	3	1	2	0	2	1	1
£70,000 - £74,999	1	3	4	2	2	1	3	4	0	4
£75,000 - £79,999	5	0	5	2	3	3	0	3	0	3
£80,000 - £84,999	1	1	2	2	0	2	1	3	2	1
£85,000 - £89,999	1	1	2	2	0	2	0	2	0	2
£90,000 - £84,999	1	0	1	0	1	0	0	0	0	0
£95,000 - £99,999	1	0	1	1	0	0	0	0	0	0
£100,000 - £104,999	0	0	0	0	0	0	0	0	0	0
£105,000 - £109,999	1	0	1	0	1	0	0	0	0	0
£110,000 - £114,999	0	0	0	0	0	0	0	0	0	0
£115,000 - £119,999	0	2	2	2	0	0	0	0	0	0
£120,000 - £124,999	1	0	1	1	0	0	0	0	0	0
£125,000 - £129,999	1	0	1	1	0	1	0	1	1	0
Total	22	8	30	18	12	18	8	26	7	19

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

The 2012/2013 total of 30 includes 11 staff who would not have been included in the note if it were not for one-off severance payments. This comprises 7 in the Teaching category and 4 in the Other category. Further details of termination benefits can be found in note 20 (pages 80-81).

18.2 Senior Officers' Remuneration

The following table sets out the remuneration in 2012/2013 for senior officers (as defined by statute) whose salary for the year was between £60,000 and £150,000. There were no senior officers whose salary exceeded £150,000.

Post Title	Notes	Salary				Total Remuneration excluding Pension Contributions 2012/2013 £	Employers Pension Contributions £	Total Remuneration including Pension Contributions 2012/2013 £
		(Including Fees & Allowances)	Expense Allowances	for Loss of Office	Benefits in Kind			
		£	£	£	£			
Chief Executive	Note 1	107,347	164	0	884	108,395	23,080	131,475
Director of Education & Leisure	Note 2	35,417	0	20,000	350	55,767	7,615	63,382
Director of Social Services		81,334	36	0	881	82,251	17,487	99,738
Director of Environment & Regeneration / SRO The Works	Note 3	91,503	4	0	933	92,440	19,673	112,113
Corporate Director & Acting CO of Environment & Regeneration		75,801	28	0	901	76,730	16,297	93,027
Chief Finance Officer	Note 4	70,805	115	0	895	71,815	15,223	87,038
Chief People & Performance Officer		65,067	0	0	963	66,030	13,989	80,019
Chief Regeneration Officer		63,035	46	0	856	63,937	13,553	77,490
Chief Legal Officer	Note 5	63,035	7	0	959	64,001	13,553	77,554
Total		653,344	400	20,000	7,622	681,366	140,470	821,836

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

Note 2: The Director of Education & Leisure left on 31 August 2012 and the disclosure includes only payments made to that post-holder. With effect from February 2013, a joint Chief Education Officer has been appointed, working in conjunction with Newport City Council. Payment of £8,349.87 has been made to Newport City Council in respect of this post for the period February - March 2013.

Note 3: Salary includes £10,169.49 remuneration relating to directorship of Silent Valley Waste Services Ltd., effective from 15 May 2012.

Note 4: Salary includes £10,169.49 remuneration relating to directorship of Silent Valley Waste Services Ltd., effective from 15 May 2012.

Note 5: The Chief Legal Officer's salary (including fees & allowances) does not include any payments in respect of the post-holder's duties as Returning Officer.

The following table sets out the remuneration in 2011/2012 for senior officers (as defined by statute) whose salary for the year was between £60,000 and £150,000. There were no senior officers whose salary exceeded £150,000.

Post Title	Notes	Salary	Expense	Compensation	Benefits	Total	Employers Pension Contributions	Total
		(Including Fees	Allowances	for Loss of	in Kind	Remuneration		Remuneration
		& Allowances)		Office		excluding		including
		£	£	£	£	Contributions	Contributions	Contributions
						2011/2012		2011/2012
						£	£	£
Chief Executive	Note 1	103,050	309	0	864	104,223	22,156	126,379
Director of Education & Leisure		85,000	0	0	862	85,862	18,275	104,137
Director of Social Services		81,021	44	0	852	81,917	17,420	99,337
Director of Environment & Regeneration		81,021	4	0	831	81,856	17,420	99,276
Chief Finance Officer		58,128	6	0	911	59,045	12,549	71,594
Chief People & Performance Officer		64,962	27	0	915	65,904	13,936	79,840
Chief Regeneration Officer		62,793	12	0	870	63,675	13,500	77,175
Chief Legal Officer	Note 2	62,867	9	0	952	63,828	13,500	77,328
Total		598,842	411	0	7,057	606,310	128,756	735,066

Note 1: Salary includes £11,022.65 remuneration relating to directorship of Silent Valley Waste Services Ltd.

Note 2: The Chief Legal Officer's salary (including fees & allowances) does not include any payments in respect of the post-holder's duties as Returning Officer.

19. Benefits Payable During Employment

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

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

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

The following sums have been included for short-term accumulating compensated absences in the 2012/2013 financial statements:

Short-term Compensated Absences	2012/2013			2011/2012		
	Reversal of prior year accrual	Current Year Accrual	Net In-year Movement	Reversal of prior year accrual	Current Year Accrual	Net In-year Movement
	£000	£000	£000	£000	£000	£000
Central Services	(586)	87	(499)	(456)	586	130
Cultural and Related Services	(98)	109	11	(107)	98	(9)
Environmental and Regulatory Services	(50)	122	72	(94)	50	(44)
Planning Services	(42)	95	53	(40)	42	2
Children's & Education Services	(1,268)	812	(456)	(1,286)	1,268	(18)
Highways & Transport Services	(14)	42	28	(37)	14	(23)
Housing Services	(7)	44	37	(7)	7	0
Adult Social Care	(222)	289	67	(190)	222	32
Corporate & Democratic Core	(2)	83	81	(2)	2	0
Non-Distributed Costs	0	0	0	0	0	0
Housing Revenue Account	0	0	0	0	0	0
Total - Cost of Services:	(2,289)	1,683	(606)	(2,219)	2,289	70
Trading Activities	0	0	0	(6)	0	(6)
Total - Provision of Services:	(2,289)	1,683	(606)	(2,225)	2,289	64

20. Termination Benefits

Employment contracts may be terminated for a variety of reasons, including redundancy and retirement. On termination, the Authority incurs a range of liabilities including redundancy payments, pension lump sum payments and enhancements (e.g. added years). In 2012/2013, the contracts of 123 employees were terminated, incurring total liabilities of £2.556m (2011/2012: 149 employees, incurring liabilities of £2.500m). These payments can be disaggregated as follows:

Termination Benefits	2012/2013 £000	2011/2012 £000
Redundancy Costs	2,052	1,410
Pension Costs	504	1,090
Total	2,556	2,500

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

Termination Benefits	2012/2013		2011/2012	
	No	£000	No	£000
Budget Savings and Restructuring	7	100	27	602
Cessation of Funding	0	0	50	262
Closure of Facilities	15	147	7	103
Downsizing	3	29	5	222
Removal of Lunchtime Crossing Patrol Cover	7	23	0	0
School Downsizing	10	297	23	584
School Downsizing & Reorganisation - Crossmatching	29	1,104	1	31
6th Form Downsizing	7	241	0	0
Early Retirements/Efficiency/Flexible Retirements	0	0	7	116
Termination benefits arising for other reasons	45	615	29	580
Total	123	2,556	149	2,500

21. Exit Packages

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

Exit Package Cost Band (including special payments)	2012/2013				2011/2012			
	Number of Compulsory Redundancies	Number of Other Departures	Total Number of Exit Packages	Total Cost of Exit Packages £000	Number of Compulsory Redundancies	Number of Other Departures	Total Number of Exit Packages	Total Cost of Exit Packages £000
£0 - £19,999	21	60	81	498	53	51	104	675
£20,000 - £39,999	0	17	17	464	2	23	25	697
£40,000 - £59,999	1	13	14	706	0	8	8	399
£60,000 - £79,999	0	7	7	473	0	8	8	579
£80,000 - £199,999	0	4	4	490	0	4	4	341
Total	22	101	123	2,631	55	94	149	2,691

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

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

Reconciliation between Exit Packages & Termination Benefits	2012/2013 £000	2011/2012 £000
Termination Benefits Total	2,556	2,500
Long Service Award	3	3
Pay in Lieu of Notice	37	47
Other Payments	35	141
Exit Packages Total	2,631	2,691

Included in the Authority's Early Terminations Provision are sums totalling £0.796m payable to 26 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. (2011/2012: Early Terminations provision included £0.669m payable to 14 staff). Details of the Early Terminations Provision can be found in note 37.1, pages 108-109.

22. External Audit Fees

The Authority's appointed external auditors for the 2012/2013 financial year were the Wales Audit Office (WAO). The following fees, included in Central Services expenditure in CIES, were incurred in relation to external audit and inspection:

External Audit Fees	2012/2013 £000	2011/2012 £000
Fees payable in respect of:		
External audit services	315	312
Certification of grant claims and returns	150	155
Other services	0	0
Total Audit Fees	465	467

23. National Non-Domestic Rates

Non-Domestic Rates are collected by the Authority based on local rateable values multiplied by a uniform rate. The total amount collected, less certain reliefs and deductions, is paid to a central pool (the NNDR pool) managed by the Welsh Government, which in turn pays back to authorities their share of the pool based on a statutory formula.

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

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

Non-Domestic Ratepayers Account	2012/2013			2011/2012		
	Agency £000	Authority £000	Total £000	Agency £000	Authority £000	Total £000
Rate Debits including adjustments	15,001	0	15,001	14,283	0	14,283
Reliefs & Allowances	(2,956)	0	(2,956)	(3,478)	0	(3,478)
Refunds	557	0	557	500	0	500
Court Costs	0	2	2	0	5	5
Write Offs	(663)	0	(663)	(1,466)	0	(1,466)
	11,939	2	11,941	9,839	5	9,844
Cash Collected	(12,302)	(2)	(12,304)	(11,500)	(5)	(11,505)
Net In-Year NDR Transactions	(363)	0	(363)	(1,661)	0	(1,661)

- The total non-domestic rateable value at 31 March 2013 was £33,502,690 (31 March 2012: £33,608,209).
- The national non-domestic rate multiplier for the year 2012/2013 was 0.452 (2011/2012: 0.428).

24. Council Tax

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

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

Council Tax Transactions	2012/2013		2011/2012	
	£000	£000	£000	£000
Council Tax Collected	(30,336)		(29,039)	
Less: Impairment of bad & doubtful debts	287		(197)	
Net Total Proceeds from Council Tax		(30,049)		(29,236)
Less: Gwent Police Authority Precept	3,826		3,713	
Community Council Precepts	339		339	
		4,165		4,052
Council Tax attributable to this Authority:		(25,884)		(25,184)

24.2 Council Tax Base

The Council Tax base is calculated with reference to the number of effective properties (i.e. properties net of specific exemptions, reliefs and discounts) in each of 10 property valuation bands, multiplied by a ratio related to that valuation band. For 2012/2013, the tax base, expressed as equivalent band D properties, has been calculated as follows:

	Band										Total
	A*	A	B	C	D	E	F	G	H	I	
Properties	63.00	18,325.00	7,710.00	2,350.00	1,470.00	792.00	275.00	39.00	16.00	8.00	31,048.00
Exemptions, Reliefs & Discounts	(6.25)	(2,346.00)	(694.75)	(176.50)	(86.00)	(39.25)	(12.25)	(2.00)	(7.50)	(3.00)	(3,373.50)
Effective Properties	56.75	15,979.00	7,015.25	2,173.50	1,384.00	752.75	262.75	37.00	8.50	5.00	27,674.50
Ratio	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	-
Band D Equivalentents	31.53	10,652.68	5,456.31	1,932.00	1,384.00	920.03	379.53	61.67	17.00	11.67	20,846.42
Impairment											(1,033.66)
Council Tax Base											19,812.76

25. Precepts & Demands

25.1 Precepting Authorities

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

Precepting Authorities	2012/2013 £000	2011/2012 £000
Gwent Constabulary	3,826	3,713
Abertillery & Llanhilleth Community Council	90	90
Brynmawr Town Council	43	43
Nantyglo & Blaina Town Council	68	68
Tredegar Town Council	138	138
Total	4,165	4,052

25.2 Levies & Demands by Joint Committees and Other Bodies

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

Levies & Demands	2012/2013 £000	2011/2012 £000
Brecon Beacons National Park Authority	35	33
South Wales Fire Authority	3,323	3,379
Magistrates & Coroners Courts	77	61
Total:	3,435	3,473

26. Grants and Contributions

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

Capital Grants Credited to Services	2012/2013 £000	2011/2012 £000
Welsh European Funding Office	(337)	(434)
Welsh Government	(1,641)	(4,591)
Other Grants & Contributions	(763)	(381)
Total:	(2,741)	(5,406)

Capital Grants Credited to taxation and non-specific grant income	2012/2013 £000	2011/2012 £000
Caerphilly County Borough Council	0	(51)
Torfaen County Borough Council	(84)	(313)
Welsh European Funding Office	(1,958)	(9,308)
Welsh Government	(51,638)	(38,302)
Other Grants & Contributions	(229)	(353)
Total:	(53,909)	(48,327)

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	2012/2013 £000	2011/2012 £000
Arts Council for Wales	(271)	(218)
Bridgend County Borough Council	(291)	0
Caerphilly County Borough Council	(38)	(41)
Coleg Gwent	(579)	(645)
Countryside Council for Wales	(65)	(73)
Disability Sport Wales	(20)	(9)
Department for Work and Pensions	(27,689)	(26,046)
European Social Fund	(408)	(603)
Forestry Commission	0	(19)
Home Office	(45)	0
Lottery Fund	(153)	(149)
Sub-Total:	(29,559)	(27,803)

Revenue Grants Credited to Services (continued)	2012/2013 £000	2011/2012 £000
Sub-Total:	(29,559)	(27,803)
Merthyr Tydfil County Borough Council	0	(4)
Monmouthshire County Council	(30)	(32)
Pembrokeshire County Council	0	(74)
Sports Council for Wales	(332)	(309)
Tai Calon Community Housing Ltd.	(56)	(64)
Torfaen County Borough Council	(17)	(25)
Welsh Government	(19,305)	(23,177)
Welsh Language Board	0	(69)
Welsh Local Government Association	(38)	0
Other Grants & Contributions	(310)	(62)
Total:	(49,647)	(51,619)

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

Capital Receipts in Advance	2012/2013 £000	2011/2012 £000
Welsh European Funding Office	(2,246)	(111)
Welsh Government	(4,438)	(4,948)
Other Grants & Contributions	(26)	(33)
Total:	(6,710)	(5,092)

Revenue Receipts in Advance	2012/2013 £000	2011/2012 £000
Arts Council for Wales	(16)	(13)
Countryside Council for Wales	(1)	0
Sports Council for Wales	(12)	(24)
Welsh Government	(496)	(191)
Other Grants & Contributions	(270)	(64)
Total:	(795)	(292)

27. Related Parties

27.1 Central Government

Central Government has effective control over the general operations of the Authority and provides the statutory framework within which the Authority operates, the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Details of the general and specific grants received in 2012/2013 can be found in note 26 (pages 85-86); details of the amounts owed to or from central government are included in notes 36 (page 107) and 35 (pages 105-106) respectively.

27.2 Silent Valley Waste Services Limited

The Authority is the sole shareholder of the waste disposal company Silent Valley Waste Services Limited (SVWS Ltd.). For the 2012/2013 financial year, the Authority's Chief Executive was a non-executive director of the company, and from 15th May 2012 the Authority's Chief Finance Officer and Director of Environment were also non-executive directors, the Authority effectively held 75% of the board membership for 2012/2013. The following related party transactions took place with SVWS Ltd. during the year:

The Authority made payments to SVWS Ltd totalling £3,833,015 in 2012/2013 (2011/2012: £2,989,581), comprising the following:

- Payments totalling £2,419,570 in relation to the collection of waste, management of the Authority's civic amenity sites and haulage charges (2011/2012: £2,070,545). At 31 March 2013, the Authority owed £48,509 in relation to these services (31 March 2012: £176,055 was owed).
- £908,049 was paid towards the capping and restoration of the Silent Valley site. These costs were charged to the SVWS capping provision which was specifically established for this purpose (2011/2012: £799,036).
- £433,692 was paid in relation to leachate costs (2011/2012: £0).
- An NNDR refund of £71,703 was also paid (2011/2012: £0).

The Authority received income from SVWS Ltd. totalling £30,538 in 2012/2013 (2011/2012: £8,330), including the following:

- £11,569 was received in relation to services provided by the Authority's Chief Executive in his role as a director of SVWS Ltd. (2011/2012: £8,130). At 31 March 2013 the Authority was owed £1,157 in relation to this income (2011/2012: £3,471);
- The Chief Finance Officer commenced his role as a director of the company on 15th May 2012. During 2012/2013 £9,205 was received in relation these services (2011/2012: £0) and at 31 March 2013 the Authority was owed £1,157 (2011/2012: £0);
- The Director of Environment also became a director of the company on 15th May 2012. During 2012/2013 £9,205 was received in relation these services (2011/2012: £0) and at 31 March 2013 the Authority was owed £1,157 (2011/2012: £0);
- £2,820 was due to the Authority as at 31 March 2013 with regards to Pest Control services (2011/2012 £0).
- No income was received in relation to royalties or dividends in 2012/2013 (2011/2012:£0)
- £559 of 'Other Income' was received in relation to the provision of a manual handling training course and the supply of signs.

27.3 Capita Gwent Consultancy Limited

The Authority has a minority interest in Capita Gwent Consultancy Limited; the major shareholder being Capita Symonds. The Authority's Acting Chief Officer for Environment & Regeneration is a non-executive director. During 2012/2013, payments of £441,199 were made to Capita Gwent Consultancy Ltd. for design, supervision and consultancy work on a range of schemes including the regeneration of Abertillery town centre, reconfiguration of Libanus Road, Ebbw Vale and borough wide improvements under the Valleys Cycle Network Scheme (2011/2012: £945,158) At 31 March the Authority owed £3,254 in relation to these schemes (31 March 2012: £0).

27.4 The Education Achievement Service (EAS) for South East Wales

Since September 2013 the Authority has received services from the newly established Education Achievement Service (EAS) for South East Wales which is a company limited by guarantee, established to raise education standards across the region. In 2012/2013 the Authority provided the EAS with 12.7% of its total funding and paid the company £126,314 in relation to education management. At 31 March 2013 £45,197 was owed to the EAS in relation to these services.

27.5 Members

The Authority made payments of £27,043 to Glenn Willis Plumbing Ltd. during 2012/2013 (£6,599 in 2011/2012). The Director of the company is the son of a Council Member.

The Authority made payments of £628,154 to Jim Davies Civil Engineering Limited during 2012/2013 in relation to the completion of Streetscape schemes within Ebbw Vale and Authority wide capital works such as retaining wall maintenance, drainage works, the construction of cycle routes and Safe Routes schemes. The comparative figure for 2011/2012 was £2,567,310, a large proportion of which (£1,622,375) related to Streetscape regeneration schemes at Church Street, Ebbw Vale. A Member of the Council is the brother of one of the Directors of the company.

During 2012/2013 the Authority also received income of £65,067 from Jim Davies Civil Engineering Limited (2011/2012: £96,932). These amounts related to the provision of traffic signs and the installation of electric and lighting at sites where the company has undertaken capital works on behalf of the Authority. At 31 March 2013, £8,325 was owed to the Authority in relation to these charges (31 March 2012: nil).

The Authority awarded a commercial grant of £4,813.50 to Blaina Post Office; the post master is a Member of the Council.

Payments of £2,494 were made to Deano's Sandwich Bar during 2012/2013 (2011/2012: £5,160), the proprietor is the daughter of a Council Member.

A Member of the Council is a Director of Abertillery Museum Society; during 2012/2013 the Authority paid £2,000 to the museum in the form of a Voluntary Sector Grant.

TJ Brown & Sons funeral directors carry out pauper burials on behalf of the Authority, the cost of these burials for 2012/2013 was £1,656 (£1,685 in 2011/2012). A Member of the Council has an interest in this company.

Elected Members of the Authority are appointed as governors of schools within the County Borough and also to a number of bodies with which financial transactions occur. These include: Gwent Police, South Wales Fire Authority, Aneurin Bevan Local Health Board, Tai Calon Community Housing Ltd and Local Development Trusts.

Balance Sheet Notes

28. **Property Plant & Equipment**

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

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

Property, Plant & Equipment	31 March 2013	31 March 2012
	£000	£000
Gross Carrying Amount	330,749	289,168
Accumulated Depreciation	(34,010)	(27,443)
Net Book Value	296,739	261,725

Details of the transactions relating to the carrying amounts and depreciation of non-current assets are set out on pages 90-91.

Movements in 2012/2013:

Property, Plant & Equipment Movements							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 2012	153,527	9,902	68,566	132	4,760	52,281	289,168
Appropriations	62,827	0	10,213	0	1,189	(74,229)	0
Assets reclassified to/from held for sale	(12)	0	0	0	(75)	0	(87)
Additions	400	1,032	4,634	0	0	604	6,670
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,463	0	0	0	(141)	0	2,322
Revaluation increases/(decreases) recognised in the Provision of Services	(27,174)	0	0	0	(1,431)	0	(28,605)
Capital expenditure written off	(2,811)	(2)	(160)	(88)	0	(23)	(3,084)
Derecognition - disposals	(258)	(237)	0	0	(100)	0	(595)
Other movements in cost or valuation *	2,811	2	855	88	0	61,204	64,960
Cost or Valuation as at 31 March 2013	191,773	10,697	84,108	132	4,202	39,837	330,749

Property, Plant & Equipment Depreciation							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 2012	(5,760)	(7,437)	(14,206)	(5)	(35)	0	(27,443)
Depreciation charge	(4,205)	(903)	(1,857)	(1)	(49)	0	(7,015)
Depreciation written out to the Revaluation Reserve	0	0	0	0	8	0	8
Depreciation written out to the Surplus/Deficit on the Provision of Services	3	0	0	0	62	0	65
Appropriations	84	0	0	0	(84)	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	18	0	0	0	13	0	31
Derecognition - disposals	23	237	0	0	84	0	344
Accumulated Depreciation & Impairment as at 31 March 2013	(9,837)	(8,103)	(16,063)	(6)	(1)	0	(34,010)

Net Book Value as at 31 March 2013	181,936	2,594	68,045	126	4,201	39,837	296,739
Net Book Value as at 31 March 2012	147,767	2,465	54,360	127	4,725	52,281	261,725

Movements in 2011/2012:

Property, Plant & Equipment Movements	Other Land	Vehicles, Plant	Infrastructure	Community	Surplus	Assets Under	Total
	and Buildings	and Equipment	Assets	Assets	Assets	Construction	Property,
	£000	£000	£000	£000	£000	£000	Plant & Equipment £000
Cost or Valuation as at 1 April 2011	157,989	9,879	66,438	132	1,919	20,580	256,937
Appropriations	9,185	0	239	0	2,682	(12,106)	0
Assets reclassified to/from held for sale	0	0	0	0	0	0	0
Additions	121	142	1,690	0	0	1,575	3,528
Revaluation increases/(decreases) recognised in the Revaluation Reserve	449	0	0	0	102	0	551
Revaluation increases/(decreases) recognised in the Provision of Services	(14,309)	0	0	0	57	0	(14,252)
Capital expenditure written off	(10,475)	(29)	(398)	(1,662)	0	(26)	(12,590)
Derecognition - disposals	0	(86)	0	0	0	0	(86)
Other movements in cost or valuation *	10,567	(4)	597	1,662	0	42,258	55,080
Cost or Valuation as at 31 March 2012	153,527	9,902	68,566	132	4,760	52,281	289,168

Property, Plant & Equipment Depreciation	Other Land	Vehicles, Plant	Infrastructure	Community	Surplus	Assets Under	Total
	and Buildings	and Equipment	Assets	Assets	Assets	Construction	Property,
	£000	£000	£000	£000	£000	£000	Plant & Equipment £000
Accumulated Depreciation & Impairment as at 1 April 2011	(1,856)	(6,435)	(12,620)	(4)	(24)	0	(20,939)
Depreciation charge	(4,104)	(1,058)	(1,586)	(1)	(35)	0	(6,784)
Depreciation written out to the Revaluation Reserve	48	0	0	0	0	0	48
Impairment losses/(reversals) recognised in the Revaluation Reserve	152	0	0	0	24	0	176
Derecognition - disposals	0	56	0	0	0	0	56
Accumulated Depreciation & Impairment as at 31 March 2012	(5,760)	(7,437)	(14,206)	(5)	(35)	0	(27,443)
Net Book Value as at 31 March 2012	147,767	2,465	54,360	127	4,725	52,281	261,725
Net Book Value as at 31 March 2011	156,133	3,444	53,818	128	1,895	20,580	235,998

* Note: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year. The majority of capital expenditure incurred during 2012/2013 has been on assets on the Works site, such as the 3-16 School, the Learning Zone, the Multi-Storey Car Park, the Energy Centre, the Sports Centre and the associated road network and infrastructure. Other significant capital spend in the year was on Ebbw Vale and Abertillery Town Centre Regeneration and on Highways Improvements throughout the County Borough.

The majority of capital expenditure incurred during 2011/2012 was also on assets on the Works Site, such as the Learning Zone, the General Offices, the Energy Centre, the 3-11 School, the Multi-Storey Car Park, the Sports Centre, the Regain building and associated infrastructure. Other significant spend in the year was on Ebbw Vale Town Centre Regeneration, Abertillery Comprehensive School extension and Bedwellty House restoration.

28.2 Depreciation Methods and Useful Lives

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

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

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

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

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

28.3 Capital Commitments

Within the Authority's 2012/2013 capital programme, £20.844m relates to schemes that were contractually committed as at 31 March 2013 (£51.041m contractually committed as at 31 March 2012), as detailed below.

Capital Commitments	Commitment	Estimated	Commitment	Estimated
	Value 2012/2013 £000	Timescale for Completion No of Years	Value 2011/2012 £000	Timescale for Completion No of Years
ARBED - Energy Efficiency Programme	0	0	1,246	1
Learning Works - Learning Zone (Leadbitter)	489	1	10,446	1
Regeneration of Former Steelworks Site	2,121	1	3,079	1
Replacement of Ysgol Gymraeg School	75	1	128	1
Learning Works - Leisure Centre (Willmott Dixon)	5,037	1	14,492	2
Learning Works - Multi Storey Car Park (Willmott Dixon)	89	1	4,528	2
Learning Works - 3-11 / SEN/ ICC (Leadbitter)	443	1	7,111	1
Highways Maintenance Works (Tarmac)	478	2	5,746	3
The Works - Cold Mill & Hot Mill Infrastructure	1,376	1	936	1
Ebbw Fawr Learning Community Secondary Phase	7,102	1	0	0
Libanus Road	317	1	0	0
Cycle Routes	238	1	0	0
Learning Works - Hot Mill Southern Access Road	233	1	0	0
Car Park Mount Street Ebbw Vale	415	1	0	0
Other*	2,431		3,329	
Total	20,844		51,041	

Other: This includes various schemes e.g. Footway reconstruction works, Six Bells group repair scheme, Bowls Pavilion at Bedwellty Park, Pedestrian ramp at The Rookery, General Offices refurbishment (2011/2012: Learning Works 11-16 school, Abertillery Town Centre Regeneration, 3G sports pitches, General Offices Refurbishment) etc.*

28.4 Revaluations

The Authority has adopted a rolling programme of revaluations to ensure that all assets are revalued at intervals of not more than 5 years.

In 2012/2013, a number of commissioned assets on The Works site in Ebbw Vale and all surplus assets were revalued by the Authority's Principal Estates Officer, P.J. Miles BSc. (Hons), MRICS. In addition, external valuers, Savills (RICS registered valuers) continued with their commission to provide valuation information for The Works site.

Valuations were carried out using the bases outlined in the Accounting Policies (page 53), in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors and resulted in a net decrease in value to the Authority's assets of £26.31 million.

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

All assets subject to revaluation during 2012/2013, along with an asset from each different class of asset, have been assessed for material components. The revaluations of those components, where considered to be material are included in the figures below.

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

	31 March 2013 £000	31 March 2012 £000	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000	Total £000
Non-Current Asset Valuations						
Current Value:						
Shops	0	0	0	0	397	397
Heritage Assets	0	413	0	0	0	413
Other Land & Buildings	55,846	24,118	170,427	95,947	202,128	548,466
Community Assets	0	0	25	5	6	36
	55,846	24,531	170,452	95,952	202,531	549,312
Historic Cost:						
Infrastructure	0	0	0	0	0	0
Vehicles Plant & Equipment	513	142	206	516	660	2,037
	513	142	206	516	660	2,037
Total cost or valuation:	56,359	24,673	170,658	96,468	203,191	551,349

28.5 Capital Expenditure and Financing

Of the £76.349m capital investment made in 2012/2013, £63.929m was financed in-year through the application of capital receipts, government grants and contributions from revenue. The remaining £12.420m capital financing requirement has been funded through borrowing, as indicated below:

Capital Expenditure & Financing	2012/2013		2011/2012	
	£000	£000	£000	£000
Capital Investment: Property, Plant & Equipment	71,119		58,562	
Capitalisation Direction	1,519		0	
REFCUS	3,711		6,941	
		76,349		65,503
Sources of Finance:				
Revenue Provision	(621)		(610)	
Capital expenditure charged to the Council Fund	0		0	
Capital Receipts	(989)		(2,600)	
Government Grants & Other Contributions	(62,319)		(50,129)	
		(63,929)		(53,339)
Increase in capital financing requirement:		12,420		12,164
Explanation of in-year movements:				
Borrowing Supported by Government Financial Assistance		2,567		4,433
Borrowing Unsupported by Government Financial Assistance		9,853		7,731
Total borrowing:		12,420		12,164

29. Heritage Assets

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

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

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

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

Heritage Assets	2012/2013		2011/2012	
	Monuments	Total Assets	Monuments	Total Assets
	£'000	£'000	£'000	£'000
Valuation 1st April	413	413	413	413
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluation increase/decreases	0	0	0	0
Impairment losses recognised in the revaluation reserve	0	0	0	0
Impairment losses recognised in the surplus or deficit	0	0	0	0
Depreciation	0	0	0	0
Valuation 31st March	413	413	413	413

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

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

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

A number of other assets were considered for inclusion as Heritage Assets, including Bedwellty House and Park, the Ebbw Vale Works General Offices, Llanhilleth Miners' Institute, Newtown Bridge and St. Illtyds Church, but these were assessed as being operational in nature and have been retained within their existing Balance Sheet asset classifications.

30. Leases

30.1 Authority as Lessee - Finance Leases

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

Lessee: Finance Lease Acquisitions	31 March 2013 £000	31 March 2012 £000
Other Land & Buildings	0	0
Vehicles, Plant & Equipment	1,187	1,075
Total	1,187	1,075

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

Finance Lease Minimum Payments	31 March 2013 £000	31 March 2012 £000
Finance lease liability	875	852
Finance costs payable in future years	112	216
Minimum lease payments	987	1,068

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

Minimum Lease Payments	31 March 2013		31 March 2012	
	Minimum Lease Payments	Finance Lease Liabilities	Minimum Lease Payments	Finance Lease Liabilities
	£000	£000	£000	£000
Not later than one year	394	332	420	339
Later than 1 year and not later than 5 years	593	543	645	512
Later than 5 years	0	0	3	1
Total	987	875	1,068	852

30.2 Authority as Lessee - Operating Leases

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

Operating Lease Minimum Payments	31 March 2013		31 March 2012	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Not later than one year	231	269	173	237
Later than 1 year and not later than 5 years	324	1,032	210	875
Later than 5 years	0	2,664	0	2,809
Total Minimum Lease Payments	555	3,965	383	3,921

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

Operating Leases	2012/2013		2011/2012	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Minimum lease payments	282	269	337	237
Total	282	269	337	237

30.3 Authority as Lessor - Finance Leases

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

The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining lease term. The lease has been calculated on the assumption that the asset will have no residual value at the end of the arrangement.

The gross investment in the lease is made up as follows:

Finance Lease Debtor	31 March 2013	31 March 2012
	Other land & buildings	Other land & buildings
	£000	£000
Current	44	79
Non Current	4,401	3,766
Unearned Finance Income	0	0
Unguaranteed Residual Value of Property	(566)	0
Total	3,879	3,845

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

	Gross Investment in Lease		Minimum Lease Payments	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Other land & buildings £000			
Finance Leases - Lessor				
Not later than one year	44	79	269	256
Later than 1 year and not later than 5 years	200	317	1,074	1,023
Later than 5 years	3,635	3,449	8,955	11,102
Total	3,879	3,845	10,298	12,381

30.4 Authority as Lessor - Operating Leases

The Authority leases out land and buildings under operating leases.

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

	31 March 2013 £000	31 March 2012 £000
Operating Lease Minimum Payments		
Not later than one year	155	183
Later than 1 year and not later than 5 years	382	448
Later than 5 years	416	506
Total Minimum Lease Payments	953	1,137

31. Non-Current Investments

Non-current investments consist of investments related to the Authority's share of investments in the Local Government Pension Scheme and a 100% shareholding in Silent Valley Waste Services Ltd.

31.1 Summary of Non-Current Investments in Balance Sheet

Non-Current Investments	31 March 2013 £000	31 March 2012 £000
Pensions Asset	252,566	217,244
Silent Valley Waste Services Ltd.	250	250
Total Non-Current Investments	252,816	217,494

31.2 Pensions-Related Investments

Included in the Balance Sheet is the Authority's apportioned share of assets relating to the Local Government Pension Scheme, a funded scheme in which it is a participant. These assets represent the net cash inflows/outflows to the scheme relating to Blaenau Gwent CBC employees, adjusted for investment performance, as notified by the scheme actuary (reduced by unpaid employers contributions). There are no assets relating to the Teachers Pension Scheme as this is an unfunded pension scheme.

Further details of movements in the pension-related assets can be found in note 42, pages 117-124 (Post-Employment Benefits - Defined Benefit Plans).

31.3 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 three Civic Amenity Sites and the operations at the Leachate Lagoon.

Following a restructure in May 2012, the company has four registered directors, three of whom (D. Waggett, J. Parsons and D. McAuliffe) are senior employees of BGCBC. One of the stated purposes of this restructure was for the Authority to take control of activities at Silent Valley Waste Services. Consequently, Group Accounting statements are required for 2012/2013, with comparative figures for the previous year. These have been included on pages 154-179, based on the company's final accounts, which were approved by the Board on 2 July 2013.

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

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

31.4 Charitable Trusts

The Authority acts as trustee for the following charitable trusts:

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

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

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

The summarised transactions for these charitable trusts are as follows:

Charitable Trusts	2012/2013			2011/2012		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Bedwellty House - Revenue	518	(277)	241	374	(208)	166
Bedwellty House - Capital	502	(502)	0	1665	(1,665)	0
Cwm Recreation Ground	7	0	7	12	0	12
Ebbw Vale Recreation Ground	60	(2)	58	78	(32)	46
Tredegar Recreation Ground	12	0	12	32	(1)	31
Total	1,099	(781)	318	2,161	(1,906)	255

32. Non-Current Debtors

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

Non-Current Debtors	2012/2013	2011/2012
	£000	£000
County Archives Lease Debtor	4,401	3,766
Newport City Council Managed Debt	157	183
Properties in Possession	2	3
Sale of Council Houses Advances	16	23
Total Non-Current Debtors	4,576	3,975

33. Assets Held for Sale

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

Transactions relating to these assets were as follows:

Assets Held for Sale	2012/2013 Non Current £000	2011/2012 Non Current £000
Balance Outstanding at Start of Year	330	330
Assets newly classified as held for sale:		
Property, Plant & Equipment	12	0
Property, Plant & Equipment Surplus	75	0
Additions	0	0
Revaluation Losses	0	0
Revaluation Gains	0	0
Assets declassified as held for sale:		
Property, Plant & Equipment	0	0
Assets Sold:	(222)	0
Balance Outstanding at Year-end	195	330

In 2012/2013, the Comprehensive Income and Expenditure Statement net gain on disposal of assets included £0.222m of asset valuations written off on disposal together with associated capital receipts of £0.261m, giving a gain on disposal of assets held for sale of £0.039m. (In 2011/2012, no transactions relating to assets held for sale were included in the Comprehensive Income and Expenditure Statement).

34. Inventories

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

Inventories	General Stores £000	Transport Stores £000	Street Lighting £000	Monwel Hankinson £000	Catering & Cleaning Stocks £000	Theatres & Cinemas £000	Other £000	Total £000
Balance at 1 April 2011	593	384	288	114	150	4	29	1,562
Purchases	1,478	821	956	268	1,290	32	18	4,863
Recognised as an expense in the year	(1,574)	(800)	(714)	(296)	(1,297)	(27)	(37)	(4,745)
Written off balances	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Balance at 31 March 2012	497	405	530	86	143	9	10	1,680
Purchases	1,779	766	1,076	302	1,244	36	22	5,225
Recognised as an expense in the year	(1,463)	(786)	(1,001)	(305)	(1,267)	(39)	(18)	(4,879)
Written off balances	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Balance at 31 March 2013	813	385	605	83	120	6	14	2,026

35. Debtors

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

Debtors	31 March 2013	31 March 2012
	£000	£000
Central Government		
Welsh Government	18,697	25,911
European Funding Bodies	314	6,080
HM Revenue & Customs	2,248	2,959
Department of Work and Pensions	2,627	0
Other	299	0
	24,185	34,950
Local Authorities		
Caerphilly County Borough Council	196	311
Monmouthshire County Council	976	528
Newport City Council	237	78
Torfaen County Borough Council	770	922
Other	146	53
	2,325	1,892
NHS		
Aneurin Bevan Local Health Board	592	677
	592	677
Other Debtors		
Council Tax	2,257	2,447
Other Entities and Individuals	6,570	9,994
	8,827	12,441
Total Debtors:	35,929	49,960

Outstanding debtor balances can also be analysed as follows:

Debtors	31 March 2013	31 March 2012
	£000	£000
Prepayments	468	580
Related Parties	14	5
Trade Customers	797	759
Other Debtors	34,650	48,616
Total Debtors:	35,929	49,960

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

Debtor Impairment	31 March 2013			31 March 2012		
	Debtor	Impairment	Net	Debtor	Impairment	Net
	£000	£000	£000	£000	£000	£000
Land & Property Charges	1,397	(1,276)	121	2,161	(1,739)	422
Council Tax	4,102	(1,845)	2,257	4,401	(1,954)	2,447
Sundry Debtors	4,723	(1,138)	3,585	5,725	(920)	4,805
Dangerous Structures	163	(163)	0	163	(163)	0
Housing Benefits	259	(32)	227	137	(38)	99
Total	10,644	(4,454)	6,190	12,587	(4,814)	7,773

In 2012/2013, the way in which the Authority calculates impairment in respect of Sundry Debtors has been changed compared to prior years. Previously, debt was impaired solely on the basis of age without reference to the type of debt or other relevant factors. This process produced an impairment figure that was equivalent to approximately 4.5 years of actual debt written off, given past experience. In 2012/2013, the outstanding debt on the Sundry Debtor system has been assessed for impairment based on a range of known factors, including the age of the debt, the circumstances of the debtor (e.g. bankrupt or absconded), and specific knowledge of individual debt. This has resulted in an increased impairment figure that is more representative of the debt that will potentially be written off as uncollectable.

36. Creditors

Amounts owed by the Authority were as follows:

Creditors	31 March 2013 £000	31 March 2012 £000
Central Government		
Welsh Government	(5,320)	(7,800)
European Funding Bodies	(2,246)	(111)
Public Works Loan Board	(899)	(839)
HM Revenue & Customs	(366)	0
Department of Work and Pensions	(35)	0
Other	(193)	0
	(9,059)	(8,750)
Local Authorities		
Caerphilly County Borough Council	(176)	(118)
Monmouthshire County Council	(44)	(31)
Newport City Council	(45)	(10)
Torfaen County Borough Council	(302)	(168)
Other	(205)	(294)
	(772)	(621)
NHS		
Aneurin Bevan Local Health Board	(35)	(49)
	(35)	(49)
Other Creditors		
Capital Creditors	(50)	(166)
Council Tax Payers Credits	(645)	(738)
Other Entities and Individuals	(7,122)	(8,551)
	(7,817)	(9,455)
Total Creditors:	(17,683)	(18,875)

Outstanding creditor balances can also be analysed as follows:

Creditors	31 March 2013 £000	31 March 2012 £000
Receipts in Advance	(7,505)	(5,384)
Related Parties	(52)	(178)
Trade Customers	(808)	(730)
Other Creditors	(9,318)	(12,583)
Total	(17,683)	(18,875)

37. Provisions, Contingent Liabilities and Contingent Assets

37.1 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 2013/2014.	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.
Carbon Reduction Commitment	To provide for purchase of allowances arising from in year production of carbon emissions.	To be utilised in 2013/2014.	Provision is based on relevant utility readings for 2012/2013, some of which have been estimated.
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 2013/2014.	The provision for early terminations comprises the known value of redundancy payments occurring after 31 March 2013 for which a legal or constructive obligation existed at that date. This obligation may have been through approval of the individual redundancies or through a decision that has a material impact on the structure or functions of the Authority. It is assumed that all employees included within the provision will have left during the next financial year.
Employment Tribunal	To pay amounts agreed by employment tribunal.	Utilised in 2012/2013.	No uncertainties, assumptions or reimbursement relating to this provision.
Job Evaluation Back Pay & Compensation	To provide for the costs of back pay and compensation payable to employees as a result of the Job Evaluation Process.	To be utilised in 2013/2014.	In the majority of cases, offers of compensation and back pay lapsed following the final COT3 signing sessions in August 2012. It has been assumed that there are no further financial obligations relating to these declined offers.
Part 1 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.
Short Term Compensated Absences	To provide for known liabilities arising from the costs of accruing staff leave, flexi-time and lieu time balances at the end of the financial year.	To be utilised in 2013/2014.	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.
Silent Valley Capping Costs	To fund the future costs of capping the Silent Valley waste site.	Utilised in 2012/2013.	Capping works are substantially complete.
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 2013/2014 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 £0.201m in the Insurance Provision to cover the estimated initial levy, set at 15% of total outstanding claims. In addition, £0.139m has been included in respect of MMI claims for the former Gwent County Council, of which £0.126m was reimbursed by means of the Authority's share of the former Gwent County Council insurance fund administered by Newport City Council.

Provision	Purpose	Timescale for Utilisation	Uncertainties, Assumptions and Potential Reimbursement
Reservoir Act	To provide for known costs of studies and investigations arising from Environment Agency enforcement notices.	Anticipated completion of Phase 1 Studies in 2014.	This provision is for an estimated sum and there are uncertainties relating to when Phase 1 Studies will be completed. The Authority is pursuing appropriate cost reimbursement from the owners.

Movements in these provisions during 2012/2013 were as follows:

Provision Movements	Balance at	Net	Balance at	Additional	Amounts	Unused	Unwinding of	Balance at
	1 April 2011	Movements		1 April 2012	Provisions	Used in		
	£000	£000	£000	made in	2012/2013	Reversed in	2012/2013	£000
				2012/2013	£000	2012/2013	£000	
Current Provisions								
Employee Provisions:								
Back Pay	(1,000)	(1,295)	(2,295)	(41)	1,519	324	0	(493)
Early Terminations	(331)	(698)	(1,029)	(1,454)	1,002	27	0	(1,454)
Employment Tribunal	0	(201)	(201)	0	201	0	0	0
Job Evaluation Back Pay & Compensation	0	(2,633)	(2,633)	(405)	2,907	0	0	(131)
Short Term Compensated Absences	(2,225)	(64)	(2,289)	(1,683)	2,289	0	0	(1,683)
Other Provisions:								
Carbon Reduction Commitment	0	(167)	(167)	(163)	157	10	0	(163)
Insurance	(607)	155	(452)	(200)	162	67	0	(423)
Part 1 Compensation Claims	0	0	0	(141)	0	0	0	(141)
Reservoir Act	(300)	0	(300)	0	24	0	0	(276)
Silent Valley Capping Costs	(1,666)	757	(909)	0	909	0	0	0
	(6,129)	(4,146)	(10,275)	(4,087)	9,170	428	0	(4,764)
Non-Current Provisions								
Insurance	(1,278)	444	(834)	(963)	791	0	0	(1,006)
	(1,278)	444	(834)	(963)	791	0	0	(1,006)
Total Provisions:	(7,407)	(3,702)	(11,109)	(5,050)	9,961	428	0	(5,770)

37.2 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, covering areas including environmental, asbestos and redevelopment issues. The limit to claims made against these warranties is £15,000 for each property (uprated annually by RPI), with the exception of warranties for environmental pollution and asbestos, where the limits are £125m (environmental pollution and asbestos - works indemnity) and without limit (asbestos - personal injury and death). Claims are subject to an excess level below which the Authority is not liable to reimburse Tai Calon, these being £5,000 generally and £4.7625m for Asbestos works. Potential liabilities that could arise in respect of environmental pollution have been mitigated by means of insurance policies, providing aggregate cover of £30m. At this stage, there have been no claims associated with the warranties provided and it is not possible to determine the extent and value of claims that may arise in the future.
- Although not the owner of the site, the Authority has joint and several liability for works required to Waun Pond arising from enforcement notices served by the Environment Agency/Natural Resources Wales. It is not possible to accurately determine the cost of works involved until a preferred scheme has been produced and agreed with Natural Resources Wales. A provision has been established to cover the cost of phase 1 studies. The Authority is also seeking to recover an appropriate share of the costs from the owners of the site.
- The Authority is currently in discussion with a major contractor regarding the resolution of a final account contract value for land reclamation works previously undertaken on the Works site. The Authority has indicated its preference to resolve this issue through a managed adjudication process. In March 2012, the agreed adjudicator dismissed all the first phase of claims submitted by the contractor, amounting to £1.282m plus interest. The contractor intends to refer this decision to arbitration and has also indicated their intention to submit a further claim for adjudication. In October 2012, the adjudicator awarded the contractor £0.885m plus interest and costs in respect of phase 2 claims. The Authority is still seeking clarity on the contractual interpretation of this adjudication and has reserved the right to refer the matter to arbitration. Both parties are still exploring the possibility of a settlement.
- The final account contract value for Lot 3 of the Works Site is also in dispute, the resolution of which could result in additional cost to the Authority.
- In relation to the Ebbw Valley Railway Project, the Authority has received a number of Part 1 claims arising under the 1973 Land Compensation Act. 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.
- The Authority will potentially have to make payments in settlement of a number of outstanding employee claims that could also involve disciplinary action or termination of employment.
- A potential liability exists for the payment to Welsh Government of 'after value' sums related to land reclaimed and developed at The Works site that has been retained, transferred or disposed of at less than best consideration. This includes an estimated liability of £0.250m relating to the car park and energy centre, for which a bid for funding has been submitted.

37.3 Contingent Assets

No contingent assets have been identified.

38. Non-Current Liabilities

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

Non Current Liabilities	2012/2013	2011/2012
	£000	£000
Deferred Liabilities	(880)	(790)
Pensions Liability	(449,596)	(385,222)
Total Non Current Liabilities	(450,476)	(386,012)

39. Financial Instruments

Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. The fair value has been assessed as the net present value (NPV) of the cash flows that will take place over the remaining terms of the instruments.

Fair values calculated are as follows:

Financial Assets	31 March 2013		31 March 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Temporary Investments - Cash Deposits	0	0	6,000	6,000
Temporary Investments - Fixed Term Deposits	0	0	0	0
War Bonds	4	4	4	4
Total	4	4	6,004	6,004

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

Financial Liabilities	31 March 2013		31 March 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
PWLB loans	(88,279)	(99,667)	(77,276)	(84,617)
LOBO loan	(4,047)	(4,363)	(4,047)	(4,239)
Market	(8,000)	(7,988)	0	0
Newport Debt	(86)	(86)	(166)	(166)
Temporary Loans	(25,220)	(25,222)	(37,080)	(36,949)
Total	(125,632)	(137,326)	(118,569)	(125,971)

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

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

Financial Instrument Balances

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

Financial Instrument Balances	31 March 2013		31 March 2012	
	Non-Current £000	Current £000	Non-Current £000	Current £000
Financial Liabilities				
Financial liabilities at amortised cost	(92,360)	(33,272)	(73,371)	(45,197)
Total Borrowings	(92,360)	(33,272)	(73,371)	(45,197)
Financial Assets				
Loans & receivables	0	4	0	6,004
Available for Sale - Unquoted equity investment at cost	250	0	250	0
Total Investments	250	4	250	6,004

Note: Silent Valley Waste Services Ltd.:

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

Financial Instrument Gains/Losses

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

Financial Instrument Gains/Losses	Financial Liabilities measured at amortised cost	Financial Assets: Loans & Receivables	Total 2012/2013	Financial Liabilities measured at amortised cost	Financial Assets: Loans & Receivables	Total 2011/2012
	£000	£000		£000	£000	
Interest payable and similar charges:						
Interest expense	3,992	0	3,992	3,824	0	3,824
Interest and investment income:						
Interest income	0	(37)	(37)	0	(103)	(103)
Net gain/(loss) for the year:	3,992	(37)	3,955	3,824	(103)	3,721

Soft Loans

Car loans are classified as soft loans and should be included in the Balance Sheet at fair value. Car loans have been included in the Balance Sheet at their carrying amount, as the difference between the fair value and carrying amount is considered to be immaterial. As at 31 March 2013, 220 car loans were outstanding with a total value of £1.058m (31 March 2012: 246 loans with a value of £0.984m).

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

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

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

Overall Procedures for Managing Risk

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

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

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

The annual Treasury Management Strategy which incorporates the Prudential Indicators was approved by Council on 22 March 2012 and is available on the Authority's website.

Credit Risk

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

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

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

The full Investment Strategy for 2012/2013 was approved by Council on 22 March 2012 and is available on the Authority's website.

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

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

Liquidity Risk

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

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

The source analysis of financial liabilities is as follows:

Financial Instruments	31 March 2013		31 March 2012	
	£000	%	£000	%
Source of Loan				
Public Works Loan Board	(89,138)	70.50	(78,171)	65.46
Newport CC Managed Debt	(86)	0.07	(166)	0.14
Lenders Option Borrowers Option (LOBO)	(4,000)	3.16	(4,000)	3.35
Market loans	(8,000)	6.33	0	0.00
Temporary Loans	(25,220)	19.94	(37,080)	31.05
Total:	(126,444)	100.00	(119,417)	100.00

The maturity analysis of financial liabilities is as follows:

Maturity of Loan	31 March 2013		31 March 2012	
	£000	%	£000	%
Maturing in less than 1 year	(33,273)	26.31	(45,197)	37.85
Maturing in 1-2 years	(8,474)	6.70	(8,048)	6.74
Maturing in 2-5 years	(8,756)	6.92	(186)	0.16
Maturing in 5-10 years	(15,795)	12.49	(4,919)	4.12
Maturing in more than 10 years	(60,146)	47.58	(61,067)	51.13
Total:	(126,444)	100.00	(119,417)	100.00

Market Risk

Interest Rate Risk

The Authority is exposed to significant risk in terms of exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance a rise in interest rates would have the following effects:

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

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

The Authority has a number of strategies for managing interest rate risk. The Treasury Management Strategy sets an upper limit on variable rate exposures at 30% of its net outstanding sums. During periods of falling interest rates, long term fixed rate borrowings will be postponed and potential rescheduling from fixed rate funding into short term funding will be considered, where economic circumstances make it favourable to do so. The risk of loss is partly ameliorated by the fact that the debt financing element of the Standard Spending Assessment, that determines the amount of Revenue Support Grant receivable for non-current debt financing costs, is based on Authorities' average borrowing costs for existing debt and statistical forecasts of future interest rates for in-year debt. Hence a proportion of any higher costs arising on long term 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 long term 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 effect 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	2012/2013 £000	2011/2012 £000
Increase in interest payable on current variable rate borrowings	211	1
Increase in interest receivable on current variable rate investments	(21)	(1)
Increase in interest payable on non-current variable rate borrowings	40	40
Share of overall impact debited to the HRA	0	0
Net impact upon Comprehensive Income & Expenditure Statement:	230	40

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 thus has no exposures to loss arising from movements in exchange rates.

41. Post-Employment Benefits - Defined Contribution Plans (Teachers)

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.

In 2012/2013, the Authority paid £2.955 million to Capita Teachers' Pensions in respect of teachers' pension costs, representing an average of 14.1% of teachers' pensionable pay (2011/2012: £3.106 million, representing 14.1%). At the year-end, £0.241 million remained payable to the Teachers' Pension Scheme relating to contributions arising in the March payroll.

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.

A notional fund is used as the basis for calculating the employers' contribution rate paid by Local Education Authorities. However, it is not possible to attribute a share of the Scheme's liabilities to individual Authorities. For the purposes of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

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 42.

42. Post-Employment Benefits - Defined Benefit Plans (LGPS & TPS Discretionary Payments)

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 41).

The Local Government Scheme is a funded defined benefit final salary scheme, in which the Authority and employees make contributions calculated at a level intended to balance pension liabilities arising with investment assets. The contribution rate is determined by the Fund's Actuary based on triennial valuations, the last review being 31 March 2010. A triennial valuation dated 31 March 2013 is currently being undertaken, the results of which will impact on the Authority's accounts from the 2013/2014 financial year.

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.

In addition, the Authority is responsible for all discretionary pension payments relating to added years awarded, together with related increases for both Local Government Scheme employees and teachers. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made but for which there are no investment assets built up to meet these pensions liabilities. Cash has to be generated to meet actual pensions payments as they fall due. For Local Government Scheme employees, liabilities are discharged within 5 years of awarding the discretionary payments; for Teachers' Scheme employees the liability is not discharged until the employee is deceased.

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

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

	2012/2013			2011/2012		
	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 Transactions						
Comprehensive Income & Expenditure Statement:						
Cost of Services:						
Current Service Cost	7,937	0	7,937	6,855	0	6,855
Past Service Costs	11	0	11	162	0	162
Settlements and Curtailments	522	1,027	1,549	890	751	1,641
Financing and Investment Income and Expenditure:						
Interest Cost	17,631	1,065	18,696	18,261	1,197	19,458
Expected Return on Scheme Assets	(13,014)	0	(13,014)	(14,429)	0	(14,429)
Net Charged to Provision of Services:	13,087	2,092	15,179	11,739	1,948	13,687
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:						
Actuarial Gains and Losses	24,171	3,125	27,296	26,258	779	27,037
Total Charged to the Comprehensive Income and Expenditure Statement:	37,258	5,217	42,475	37,997	2,727	40,724
Movement in Reserves Statement:						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(13,087)	(2,092)	(15,179)	(11,739)	(1,948)	(13,687)
Actual Amount Charged Against Council Tax for Pensions in year:						
Employers' Contributions Payable to Scheme	11,703	-	11,703	10,884	-	10,884
Retirement Benefits Payable to Pensioners	-	1,790	1,790	-	1,679	1,679

Total actuarial losses of £27.296m have been included in the Comprehensive Income and Expenditure Statement (2011/2012: £27.037m loss). The cumulative amount of actuarial losses recognised to 31 March 2013 is £134.513m.

At 31 March 2013, £1.192m remained payable to the LGPS relating to contributions arising in the March payroll (31 March 2012: £1.121m). This amount has been excluded from the Pensions Asset in the Balance Sheet.

Assets and Liabilities in Relation to Post-Employment Benefits

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

	2012/2013			2011/2012		
	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:	217,244	0	217,244	217,622	0	217,622
Expected Return on Assets	13,014	0	13,014	14,429	0	14,429
Actuarial Gains/(Losses) on Assets	21,277	0	21,277	(14,049)	0	(14,049)
Employer Contributions	11,633	1,790	13,423	10,834	1,679	12,513
Member Contributions	2,943	0	2,943	2,721	0	2,721
Benefits Paid	(13,545)	(1,790)	(15,335)	(14,313)	(1,679)	(15,992)
Settlements	0	0	0	0	0	0
Balance at 31 March:	252,566	0	252,566	217,244	0	217,244

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the following assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class. (Rates quoted are gross of expenses, charged at 0.3% in 2012/2013 and 2011/2012).

Return on Plan Assets	1 April 2012 %	1 April 2011 %
Asset Class:		
Equities	7.00	7.00
Government Bonds	2.80	3.10
Other Bonds	3.90	4.10
Property	5.70	6.00
Cash/Current Assets	0.50	0.50
Other	7.00	7.00

The assumed investment return on government bonds is the yield on 20-year fixed interest gilts at the relevant date. The expected investment return on corporate bonds is based on market yields at the relevant date, less a reduction to reflect a risk of default in the corporate bond yield.

The assumed investment return on equities for 2012/2013 is the yield on 20-year fixed interest gilts plus an allowance of about 4.2% p.a. (2011/2012: 4.2%) for the “risk premium” associated with equity investment.

The actual return on scheme assets in 2012/2013 was £34.292m (2011/2012: £0.380m).

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

Pension Scheme Liabilities	2012/2013			2011/2012		
	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:	(361,173)	(24,049)	(385,222)	(334,388)	(23,001)	(357,389)
Current Service Cost	(7,937)	0	(7,937)	(6,855)	0	(6,855)
Past Service Cost	(11)	0	(11)	(162)	0	(162)
Interest Cost	(17,631)	(1,065)	(18,696)	(18,261)	(1,197)	(19,458)
Curtailments	(522)	(1,027)	(1,549)	(890)	(751)	(1,641)
Actuarial Gains/(Losses) on Liabilities	(45,448)	(3,125)	(48,573)	(12,209)	(779)	(12,988)
Member Contributions	(2,943)	0	(2,943)	(2,721)	0	(2,721)
Benefits Paid	13,545	1,790	15,335	14,313	1,679	15,992
Settlements	0	0	0	0	0	0
Balance at 31 March:	(422,120)	(27,476)	(449,596)	(361,173)	(24,049)	(385,222)

Scheme History

The history of the Authority's pension fund deficit over the past 5 financial years can be analysed as follows:

Pension Fund Scheme History	2012/2013	2011/2012	2010/2011	2009/2010	2008/2009
	£000	£000	£000	£000	£000
Present Value of Scheme Liabilities:					
Local Government Pension Scheme	(422,120)	(361,173)	(334,388)	(391,866)	(281,720)
Teachers' Unfunded Discretionary Pensions	(27,476)	(24,049)	(23,001)	(23,093)	(18,723)
Total Present Value of Scheme Liabilities:	(449,596)	(385,222)	(357,389)	(414,959)	(300,443)
Fair Value of Scheme Assets:					
Local Government Pension Scheme	252,566	217,244	217,622	217,177	152,462
Teachers' Unfunded Discretionary Pensions	0	0	0	0	0
Total Fair Value of Scheme Assets:	252,566	217,244	217,622	217,177	152,462
Scheme Surplus/(Deficit):					
Local Government Pension Scheme	(169,554)	(143,929)	(116,766)	(174,689)	(129,258)
Teachers' Unfunded Discretionary Pensions	(27,476)	(24,049)	(23,001)	(23,093)	(18,723)
Total Surplus/(Deficit):	(197,030)	(167,978)	(139,767)	(197,782)	(147,981)

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 Authority holds total usable reserves of £33.284m at 31 March 2013 (£46.415m at 31 March 2012). The effect of applying the net superannuation fund deficit of £197.030m to the Authority's usable reserves would be a deficit of £163.746m (2011/2012: the superannuation deficit of £167.978m exceeded usable reserves by £121.563m).

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 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).

The total contributions expected to be made by the Authority to the Local Government Pension Scheme in the year to 31 March 2014 is estimated at £10.477m.

Basis for Estimating Assets and Liabilities

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

Principal Assumptions	31 March 2013		31 March 2012	
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions
Financial Assumptions:				
Rate of RPI Inflation	-	-	-	-
Rate of CPI Inflation	2.4%	2.4%	2.5%	2.3%
Rate of Increase in Salaries	3.9%	-	4.0%	-
Rate of Increase in Pensions	2.4%	2.4%	2.5%	2.3%
Discount Rate	4.2%	3.7%	4.9%	4.6%
Mortality Assumptions:				
Current Pensioners:				
Males	108% S1PA_CMI_2009_1.25%	108% S1PA_CMI_2009_1.25%	108% SPA02_CMI_2009_1%	108% SPA02_CMI_2009_1%
Females	107% S1PA_CMI_2009_1.25%	107% S1PA_CMI_2009_1.25%	107% SPA02_CMI_2009_1%	107% SPA02_CMI_2009_1%
Future Pensioners:				
Males	112% S1PA_CMI_2009_1.25%	-	112% SPA02_CMI_2009_1%	-
Females	98% S1PA_CMI_2009_1.25%	-	98% SPA02_CMI_2009_1%	-
Life Expectancy:				
Longevity of current pensioners aged 65:				
Males	21.7	21.7	21.3	21.3
Females	23.9	23.9	23.4	23.4
Longevity of future pensioners aged 65 in 20 years' time:				
Males	23.2	-	22.4	-
Females	26.5	-	25.7	-
Commutation				
Commutation of pension for lump sum at retirement	50% take maximum cash, 50% take 3/80ths cash	-	50% take maximum cash, 50% take 3/80ths cash	-

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 2010.

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:

Investment Categories	31 March 2013		31 March 2012	
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions
Split of Assets Between Investment Categories:				
Equities	76.4%	n/a	75.1%	n/a
Bonds: Government	8.7%	n/a	9.2%	n/a
Other	8.5%	n/a	8.2%	n/a
Property	2.3%	n/a	2.3%	n/a
Cash/Liquidity	0.5%	n/a	1.6%	n/a
Other	3.6%	n/a	3.6%	n/a

History of Experience Gains and Losses

The attributable actuarial gains or losses for the Local Government Pension Fund (Greater Gwent (Torfaen) Scheme) identified as movements on the Pensions Reserve can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities:

LGPS Actuarial Gains or Losses	2012/2013		2011/2012		2010/2011		2009/2010		2008/2009	
	£000	%	£000	%	£000	%	£000	%	£000	%
Differences between the expected and actual return on assets	21,277	8.4 (of Assets)	(14,049)	6.5	2,489	1.1	52,070	23.8	(57,963)	37.8
Experience gains on liabilities	0	0.0 (of Liabilities)	0	0.0	23,906	7.2	0	0.0	0	0.0

Similarly, attributable actuarial gains or losses in respect of Teachers Unfunded Discretionary Benefits are as follows:

uTPS Actuarial Gains or Losses	2012/2013		2011/2012		2009/2010		2008/2009		2007/2008	
	£000	%	£000	%	£000	%	£000	%	£000	%
Differences between the expected and actual return on assets	0	0.0 (of Assets)	0	0.0	0	0.0	0	0.0	0	0.0
Experience gains on liabilities	0	0.0 (of Liabilities)	0	0.0	(2,303)	10.0	0	0.0	0	0.0

43. Reserves

43.1 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.
Housing Revenue Account	The residual balance on the Authority's former Housing Revenue Account.

Usable Earmarked Revenue Reserves:

Abertillery Blues Festival	To fund the costs of the blues festival held in the summer of 2011 and subsequent years.
Additional Learning Needs (ALN) Review	To fund the legal fees and consultation costs associated with implementing the findings of the ALN review.
Anvil Court	To meet future premises-related expenditure.
Budget Contingency Fund	To provide initial assistance in meeting new and emerging budget pressures.
Building Control Fees	To hold surpluses generated for future re-investment to improve the quality and performance of the Building Control Service.
Contact Centre	To fund future expenditure on the development of the Authority's Contact Centre (C2BG).

Usable Earmarked Revenue Reserves (Continued):

Corporate Improvement Fund	To fund specific projects and service efficiency/improvement measures.
Cultural Olympiad	To provide funding towards the Cultural Olympiad Projects.
Deposits & Bonds	To hold deposits and bonds (e.g. Highways s38, s278) prior to satisfactory completion of schemes.
Digital Inclusion	To match fund the Digital Inclusion project.
Downsizing	To help meet the costs associated with organisational downsizing.
Downsizing - New	To fund redundancy, one years pension strain and costs arising from the termination of grant funded schemes associated with organisational downsizing.
Ebbw Vale Multi Storey Car Park	To meet anticipated rent increases for previous years, subject to rent review.
E-Government	To bring the ICT service in line with other organisations as well as addressing new, emerging and future technologies that will provide long term efficiencies for the Authority in line with the recommendations of the WAO ICT Governance review.
Election Costs	To meet additional future costs of elections.
Electronic Committee Management System	To fund the initial purchase costs and running costs of the new electronic committee management system.
Enterprise and Development	To provide for future costs in relation to economic development initiatives, industrial units and enterprise facilitation projects.
ERDF	To hold ERDF grants unapplied to schemes.
General/Voluntary Sector Grants	To provide financial assistance to voluntary sector bodies.
Homelessness Prevention Fund	To meet the costs of implementing measures to prevent homelessness.
I.C.T.	To meet the anticipated increase in capacity required for ICT in relation to staffing resources, licenses, equipment and training required to future proof the service.
I.C.T. for Elected Members	To enable elected members to access information & communication technology.
Implementation of IFRS	To meet costs associated with the implementation, embedding and ongoing requirements of International Financial Reporting Standards.

Usable Earmarked Revenue Reserves (Continued):

Insurance Liabilities	To protect against liabilities incurred but not settled. Such liabilities include insurance claims where an excess remains to be borne by the Authority and claims where no insurance cover exists.
Invest to Save Fund	To provide funding to budget holders for specific projects, leading to long term savings and greater efficiency.
Job Evaluation / Pay Remodelling - Non Schools Staff	The estimated negotiated settlement figure for implementing the Authority's proposed Job Evaluation/Pay Remodelling scheme including a contingency for negotiated transitional or detriment payments.
Job Evaluation / Pay Remodelling - Schools Staff	The estimated negotiated settlement figure, in relation to Individual Schools Budgets, for implementing the Authority's proposed Job Evaluation/Pay Remodelling scheme including a contingency for negotiated transitional or detriment payments.
Land & Property Charges	To mitigate the impact of establishing Land & Property charge debtors for Social Services, the actual income for which will not be received until indeterminate points in the future.
LMS Balances	The aggregate amount of balances held by individual schools.
Members Local Grants	To hold unallocated grant monies prior to distribution by Members.
New Ebbw Vale Sports Centre Prudential Borrowing	To fund the prudential borrowing costs in 2013/2014 for the new sports centre.
Occupational Health	To fund occupational health advisor and physician sessions.
Payroll Project Management	To fund the management aspects of the forthcoming replacement payroll system project.
Portfolio Reserves	To hold underspends on directly controllable budgets for use in future years.
Prudential Borrowing	To fund prudential borrowing costs related to highways infrastructure assets, with the aim of reducing future highways related insurance claims.
Purchasing Oncost	To maintain a stable purchasing oncost rate in future years.
Rassau Ind. Est. Drainage	To fund future repair work to defective drainage runs.
Redundancy	To fund redundancy costs.
Retaining Walls	To provide for major renovation or demolition/replacement of retaining walls across the county borough.
Revenue Grants & Contributions Unapplied	To hold earmarked sums relating to a range of revenue grants and contributions received for which no accounting liability exists (i.e. do not have to be repaid), until applied to match specific service expenditure.

Usable Earmarked Revenue Reserves (Continued):

Sports Centre - Leisure	To purchase equipment for the new sports centre.
Stock Condition Surveys	To fund the review of the Authority's asset management systems.
Stores & Purchasing Oncost	To maintain stable stores and purchasing oncost rates in future years.
Superannuation	To cover the shortfall in employer's contributions during previous years.
SW Fire Authority Levy	To meet future increases in the levy charged by South Wales Fire Authority.
Taxation	To meet any taxation liabilities that may arise.
Transitional Staff Cost re: Transformation Programme	To fund specific identified salary and salary-related costs arising from the Authority's transformation projects, on a short-term (transitional) basis.
Transport Oncost	To maintain a stable transport recharges oncost rate in future years.
Wayleaves	To hold unallocated wayleave income received from Western Power.
Welfare Reform	To assist the Benefits Section with the welfare reform charges that have/are being introduced during 2013/2014.

Usable Reserves Earmarked for Capital Purposes:

Accommodation Review	To fund future capital expenditure arising from the Accommodation Review.
Bryn Bach Park	To meet any future liabilities that may arise in respect of problems with the lake at Bryn Bach Park.
Bryn Serth	To meet future capital expenditure on the Bryn Serth culvert together with any clawback of grant.
Deminimus Capital Works	Receipts from minor land-related transactions to be utilised to fund associated land disposal fees that cannot be capitalised or off-set by regulation.
Energy Efficiency	To provide ring-fenced funding for proven energy saving projects with a payback of less than five years.
Landfill Directive	To meet future expenditure in respect of the Landfill Directive targets.

Usable Reserves Earmarked for Capital Purposes (Continued):

Leisure Facilities Refurbishment	To fund future leisure capital assets.
Structural Maintenance Work	To fund expenditure on structural maintenance work in relation to education.
Victoria End Use	To fund future capital expenditure together with any future liabilities that may arise in respect of claims from developers.

Capital Accounting Reserves:

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

Movements on fund balances and reserves were as follows:

Fund Balances	1 April 2011	Net transfers (to) or from Fund Balances	31 March 2012	Net transfers (to) or from Fund Balances	31 March 2013
	£000	£000	£000	£000	£000
Council Fund*	(3,509)	1,250	(2,259)	(4,109)	(6,368)
Housing Revenue Account	(4,886)	677	(4,209)	4,209	0
Total: Fund Balances	(8,395)	1,927	(6,468)	100	(6,368)

*: The Council Fund General Reserve has been reduced by an appropriation of £1.454m to a specific provision for early termination, the budget for which is included within 2013/2014 estimates. The costs of these redundancies will be incurred in 2013/2014 and for statutory accounting purposes will be charged to the provision, rather than the General Reserve. Effectively, £7.822m remains available to fund services, being the aggregate of the General Reserve and the Early Termination Provision.

Usable Earmarked Revenue Reserves	Net transfers (to) or from			Net transfers (to) or from	
	1 April 2011 £000	Reserves £000	31 March 2012 £000	Reserves £000	31 March 2013 £000
Abertillery Blues Festival	(30)	27	(3)	3	0
Additional Learning Needs Review	0	(20)	(20)	11	(9)
Anvil Court	(179)	0	(179)	0	(179)
Budget Contingency Fund	(1,517)	714	(803)	(80)	(883)
Building Control Fees	(443)	(12)	(455)	188	(267)
Contact Centre	(40)	40	0	0	0
Corporate Improvement Fund	(72)	31	(41)	20	(21)
Cultural Olympiad	0	(10)	(10)	9	(1)
Deposits & Bonds	(241)	(3)	(244)	(1)	(245)
Digital Inclusion	0	0	0	(50)	(50)
Downsizing	(16)	16	0	0	0
Downsizing - New	0	(303)	(303)	178	(125)
Ebbw Vale Multi Storey Car Park	(76)	0	(76)	0	(76)
E-Government	(557)	2	(555)	150	(405)
Election Costs	0	(80)	(80)	50	(30)
Electronic Committee Management System	0	(11)	(11)	8	(3)
Enterprise & Development	(57)	0	(57)	57	0
ERDF	(61)	61	0	0	0
General/Voluntary Sector Grants	(29)	0	(29)	0	(29)
Homelessness Prevention Fund	(20)	20	0	0	0
I.C.T	(340)	(102)	(442)	173	(269)
I.C.T for Elected Members	0	(32)	(32)	0	(32)
Implementation of IFRS	(90)	24	(66)	25	(41)
Insurance Liabilities	(2,443)	(405)	(2,848)	1,170	(1,678)
Invest to Save Fund	(921)	179	(742)	(243)	(985)
Job Evaluation / Pay Remodelling (Non Schools Staff)	(6,862)	989	(5,873)	4,031	(1,842)
Job Evaluation / Pay Remodelling (Schools Staff)	(1,344)	296	(1,048)	761	(287)
Land & Property Charges	0	(422)	(422)	301	(121)
LMS Balances	(1,507)	280	(1,227)	(280)	(1,507)
Members Local Grants	(35)	8	(27)	(9)	(36)
New Ebbw Vale Sports Centre Prudential Borrowing	0	0	0	(121)	(121)

Usable Earmarked Revenue Reserves (Continued)	1 April 2011	Net transfers (to) or from Reserves	31 March 2012	Net transfers (to) or from Reserves	31 March 2013
	£000	£000	£000	£000	£000
Occupational Health	(50)	0	(50)	50	0
Payroll Project Management	0	(50)	(50)	0	(50)
Portfolio Reserves	(573)	(275)	(848)	317	(531)
Prudential Borrowing	(200)	0	(200)	0	(200)
Purchasing Oncost	(2)	2	0	0	0
Rassau Ind. Est. Drainage	(30)	0	(30)	30	0
Redundancy	0	0	0	(218)	(218)
Retaining Walls	(58)	0	(58)	0	(58)
Revenue Grants & Contributions Unapplied	(755)	1	(754)	(152)	(906)
Sports Centre - Leisure	0	0	0	(75)	(75)
Stock Condition Surveys	0	(12)	(12)	0	(12)
Stores & Purchasing Oncost	(191)	(23)	(214)	16	(198)
Superannuation	(1,619)	(75)	(1,694)	236	(1,458)
SW Fire Authority Levy	(33)	(45)	(78)	0	(78)
Taxation	(386)	0	(386)	0	(386)
Transitional Staff Costs re: Transformation Programme	0	0	0	(6)	(6)
Transport Oncost	(92)	(9)	(101)	(13)	(114)
Wayleaves	(76)	49	(27)	27	0
Welfare Reform	0	0	0	(24)	(24)
Total: Usable Earmarked Revenue Reserves	(20,945)	850	(20,095)	6,539	(13,556)

Usable Revenue Reserves Earmarked for Capital Purposes	1 April 2011	Net transfers (to) or from Reserves		31 March 2012	Net transfers (to) or from Reserves		31 March 2013
	£000	£000		£000	£000		£000
Accommodation Review	(150)	100		(50)	0		(50)
Bryn Bach Park	(140)	0		(140)	0		(140)
Bryn Serth	(37)	0		(37)	0		(37)
Deminimus Capital Works	(158)	(4)		(162)	(25)		(187)
Energy Efficiency	(177)	122		(55)	12		(43)
Landfill Directive	(692)	0		(692)	0		(692)
Leisure Facilities Refurbishment	0	0		0	(140)		(140)
Structural Maintenance Work	0	0		0	(29)		(29)
Victoria End Use	(206)	0		(206)	0		(206)
Total: Usable Revenue Reserves Earmarked for Capital Purposes	(1,560)	218		(1,342)	(182)		(1,524)

Usable Capital Reserves	1 April 2011	Net transfers (to) or from Reserves		31 March 2012	Net transfers (to) or from Reserves		31 March 2013
	£000	£000		£000	£000		£000
Capital Grants Unapplied	(3,478)	(3,886)		(7,364)	6,106		(1,258)
Usable Capital Receipts	(13,591)	2,445		(11,146)	568		(10,578)
Total: Usable Capital Reserves	(17,069)	(1,441)		(18,510)	6,674		(11,836)

Summary: Usable Reserves	1 April 2011	Net Transfers		31 March 2012	Net Transfers		31 March 2013
	£000	£000		£000	£000		£000
Fund Balances	(8,395)	1,927		(6,468)	100		(6,368)
Earmarked Revenue Reserves	(20,945)	850		(20,095)	6,539		(13,556)
Revenue Reserves Earmarked for Capital Purposes	(1,560)	218		(1,342)	(182)		(1,524)
Capital Reserves	(17,069)	(1,441)		(18,510)	6,674		(11,836)
Total: Usable Reserves	(47,969)	1,554		(46,415)	13,131		(33,284)

43.2 Unusable Reserves

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

Unusable Reserves	1 April 2011	Net transfers (to) or from		31 March 2012	Net transfers (to) or from		31 March 2013
	£000	Reserves £000		£000	Reserves £000		£000
Revaluation Reserve	(18,044)	(235)		(18,279)	(1,399)		(19,678)
Capital Adjustment Account	(95,424)	(18,802)		(114,226)	(25,232)		(139,458)
Financial Instruments Adjustment Account	4,190	(46)		4,144	(46)		4,098
Deferred Capital Receipts Reserve	(237)	(3,840)		(4,077)	(588)		(4,665)
Pensions Reserve	138,696	28,161		166,857	28,982		195,839
Unequal Pay Back Pay Account	1,000	1,295		2,295	(1,802)		493
Accumulated Absences Account	2,225	64		2,289	(606)		1,683
Total Unusable Reserves:	32,406	6,597		39,003	(691)		38,312

43.2.1 Revaluation Reserve

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

Revaluation Reserve	2012/2013		2011/2012	
	£000	£000	£000	£000
Balance at 1 April		(18,279)		(18,044)
Upward revaluation of assets	(2,534)		(573)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	534		83	
Depreciation - write back revaluation reserve	(8)		(48)	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(2,008)		(538)
Difference between fair value depreciation and historical cost depreciation	402		393	
Accumulated gains on assets sold or scrapped	207		(90)	
Amount written off to the Capital Adjustment Account		609		303
Balance at 31 March		(19,678)		(18,279)

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.

43.2.2 Capital Adjustment Account

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

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

Note 7 (pages 61 & 64) provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2012/2013		2011/2012	
	£000	£000	£000	£000
Balance at 1 April		(114,226)		(95,424)
<i>Reversal of items relating to capital expenditure debited or credited to the CIES:</i>				
Charges for depreciation & impairment of non-current assets	9,662		18,833	
Revaluation losses on Property, Plant & Equipment	28,509		14,076	
Amortisation of intangible assets	20		20	
Revenue expenditure funded from capital under statute	5,230		6,023	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	473		31	
Capital grants and contributions applied to capital financing	(57,901)		(46,350)	
		(14,007)		(7,367)

Capital Adjustment Account (Continued)	2012/2013		2011/2012	
	£000	£000	£000	£000
Items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment charged against the Council Fund & HRA balances	(4,589)		(4,420)	
Capital expenditure charged against the Council Fund & HRA balances	(621)		(333)	
		(5,210)		(4,753)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(989)		(2,600)	
Use of the Major Repairs Reserve to finance new capital expenditure	0		0	
Application of grants to capital financing from the Capital Grants Unapplied Account	(4,417)		(3,779)	
		(5,406)		(6,379)
Sub-Total: Capital Adjustment Transactions included in the Movement in Reserves Statement:		(24,623)		(18,499)
Adjusting Amounts written out of the Revaluation Reserve:				
Charges for depreciation & impairment of non-current assets	(402)		(393)	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	(207)		90	
		(609)		(303)
Balance at 31 March		(139,458)		(114,226)

43.2.3 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	2012/2013		2011/2012	
	£000	£000	£000	£000
Balance at 1 April		4,144		4,190
Premiums incurred in the year and charged to the Comprehensive Income & Expenditure Statement	0		0	
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(46)		(46)	
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(46)		(46)
Balance at 31 March		4,098		4,144

43.2.4 Deferred Capital Receipts Reserve

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

Deferred Capital Receipts Reserve	2012/2013	2011/2012
	£000	£000
Balance at 1 April	(4,077)	(237)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal	(629)	(3,925)
Transfer to the Capital Receipts Reserve upon receipt of cash	41	85
Balance at 31 March	(4,665)	(4,077)

43.2.5 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	2012/2013		2011/2012	
	£000		£000	
Balance at 1 April	166,857		138,696	
Actuarial gains or losses on pensions assets & liabilities	27,296		27,037	
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	15,179		13,687	
Employer's pensions contributions and direct payments to pensioners payable in the year	(13,493)		(12,563)	
Balance at 31 March	195,839		166,857	

43.2.6 Unequal Pay Back Pay Account

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

Unequal Pay Back Pay Account	2012/2013		2011/2012	
	£000	£000	£000	£000
Balance at 1 April		2,295		1,000
Increase/(Decrease) in provision for back pay in relation to Equal Pay cases	(283)		1,366	
Cash settlements paid in the year	(1,519)		(71)	
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements		(1,802)		1,295
Balance at 31 March		493		2,295

43.2.7 Accumulated Absences Account

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

Accumulated Absences Account	2012/2013		2011/2012	
	£000	£000	£000	£000
Balance at 1 April		2,289		2,225
Settlement or cancellation of accrual made at the end of the preceding year	(2,289)		(2,225)	
Amounts accrued at the end of the current year	1,683		2,289	
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		(606)		64
Balance at 31 March		1,683		2,289

Cash Flow Notes

44. 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.

44.1 Non-Cash Movements

Cash Flow - Adjustments for Non-Cash Movements	2012/2013		2011/2012	
	£000	£000	£000	£000
Depreciation & Impairment	38,171		32,909	
REFCUS (deferred charges)	3,711		6,023	
Intangible fixed asset write downs	20		20	
Effective interest adjustment	(36)		(35)	
HRA Item 8 Credit	0		0	
Net IAS 19 charges made for Retirement Benefits	(13,767)		(12,918)	
IAS19 Employers Contributions Paid to Pension Fund	12,463		11,831	
		40,562		37,830
Increase/(Decrease) in Provisions		(5,339)		3,702
(Increase)/Decrease in Inventories		(346)		(118)
(Increase)/Decrease in Revenue Debtors		1,464		(159)
Increase/(Decrease) in Revenue Creditors		(2,861)		(4,096)
Total		33,480		37,159

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

Cash Flow - Adjustments for Investing & Financing Activities	2012/2013	2011/2012
	£000	£000
Gain/(Loss) on Disposal of fixed assets	64	(119)
Capital Grants credited to CIES	(60,444)	(54,015)
HRA stock transfer premium paid	0	0
Total	(60,380)	(54,134)

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

45.1 Operating Activities

The cash flows for operating activities were as follows:

Cash Flow - Operating Activities	2012/2013			2011/2012		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Employee Costs	(100,268)			(100,038)		
Other Operating Costs	(92,774)			(94,078)		
Precepts Paid	(4,165)			(4,052)		
Housing Benefit Paid Out	(27,273)			(25,511)		
		(224,480)		(223,679)		
Cash Inflows						
Rents (after Rebates)	1			4		
Council Tax Income	21,543			20,733		
Receipts from NNDR Pool	18,591			16,122		
Revenue Support Grant	88,847			92,365		
DWP Grants for Rebates	23,481			26,531		
Other Government Grants	54,303			60,659		
Cash Received for Goods & Services	5,663			9,330		
Other Operating Cash Receipts	1,644			2,709		
		214,073		228,453		
Net Cash inflow from Revenue Activities			(10,407)			4,774
Dividends from Subsidiaries						
Dividends Received			0			50
Returns on Investments & Servicing of Finance						
Interest Paid		(3,897)		(3,607)		
Interest Element of Finance Lease Rental Payments		(85)		(95)		
Interest Received		337		251		
			(3,645)			(3,451)
Net Cash Inflow from Operating Activities			(14,052)			1,373

45.2 Investing Activities

The cash flows for investing activities consist of the following:

Cash Flow - Investing Activities	2012/2013			2011/2012		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Purchase of Non-Current Assets	(68,393)			(63,969)		
Other Capital Cash Payments	0			0		
		(68,393)		(63,969)		
Cash Inflows						
Sale of Non-Current Assets	421			155		
Capital Grants Received	70,856			38,224		
Other Capital Cash Income	0			0		
		71,277		38,379		
Total			2,884			(25,590)

45.3 Financing Activities

The cash flows for financing activities consist of the following:

Cash Flow - Financing Activities	2012/2013			2011/2012		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Repayments of Amounts Borrowed	(210,573)			(234,547)		
Capital Element of Finance Lease Rental Payments	(425)			(411)		
		(210,998)		(234,958)		
Cash Inflows						
New Loans Raised	27,000			0		
New Short Term Loans	190,600			260,010		
Long Term Investments Repaid	26			26		
		217,626		260,036		
Total			6,628			25,078

46. Cash and Cash Equivalents

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

Cash and Cash Equivalents	2012/2013 £000	2011/2012 £000
Cash Held by the Authority	39	37
Bank Accounts	1,769	311
Short-term investments	0	6,000
Total Cash & Cash Equivalents	1,808	6,348

Other Notes

47. Jointly Controlled Operations

The Authority participates in a number of joint arrangements as a means of delivering services in a more efficient and cost-effective manner. The following transactions have been included against the relevant service line for expenditure and income incurred by the Authority for each arrangement.

Joint Arrangements	2012/2013			2011/2012		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Greater Gwent Cremation Joint Committee	0	(79)	(79)	0	(79)	(79)
Gwent Joint Records Committee	131	0	131	135	0	135
Gwent Transport Unit	1,483	0	1,483	1,550	0	1,550
South East Wales Transport Alliance	0	0	0	0	0	0
Welsh Purchasing Consortium	15	0	15	15	0	15
Total	1,629	(79)	1,550	1,700	(79)	1,621

47.1 Gwent Transport Unit (GTU)

Of these arrangements, only the transactions with the Gwent Transport Unit (GTU) are material. The GTU is responsible for passenger transport co-ordination in Blaenau Gwent and Torfaen. The principal activities are procurement and monitoring of local bus services; provision of timetables, transport guides and leaflets; and administration of the concessionary fares scheme. Blaenau Gwent CBC is the lead Authority for the GTU.

The majority of transactions administered by the unit (96% in 2012/2013) are associated with concessionary fares, bus subsidies, local transport services grant and 'section 106', the costs of which are allocated based on direct spend relative to the use of each service within the relevant local authority area. Administration costs of the joint arrangement are apportioned between the two Authorities, with Blaenau Gwent being charged 49.54% of these costs. The share of balances apportioned to BGC for the GTU is also 49.54%.

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

Summary GTU Comprehensive Income & Expenditure Statement:

Gwent Transport Unit Comprehensive Income and Expenditure Statement	GTU Total 2011/2012			Blaenau Gwent CBC 2011/2012		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Highways & Transport Services	5,210	(5,248)	(38)	1,529	(1,548)	(19)
Cost of Services	5,210	(5,248)	(38)	1,529	(1,548)	(19)
(Surplus) on Provision of Services			(38)			(19)
Other Comprehensive Income & Expenditure			0			0
Total Comprehensive Income & Expenditure			(38)			(19)
Gwent Transport Unit Comprehensive Income and Expenditure Statement	GTU Total 2012/2013			Blaenau Gwent CBC 2012/2013		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Highways & Transport Services	5,158	(5,195)	(37)	1,465	(1,483)	(18)
Cost of Services	5,158	(5,195)	(37)	1,465	(1,483)	(18)
(Surplus) on Provision of Services			(37)			(18)
Other Comprehensive Income & Expenditure			0			0
Total Comprehensive Income & Expenditure			(37)			(18)

Summary GTU Movement in Reserves Statement:

Gwent Transport Unit Movement in Reserves Statement	Gwent Transport Unit: Total			Blaenau Gwent CBC		
	GTU Fund	Unusable	Total GTU	GTU Fund	Unusable	Total GTU
	Reserve £000	Reserves £000	Reserves £000	Reserve £000	Reserves £000	Reserves £000
Balance at 31 March 2011	0	(58)	(58)	0	(29)	(29)
Movement in Reserves 2011/2012						
Surplus on the Provision of Services	(38)	0	(38)	(19)	0	(19)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0
Total Comprehensive Income and Expenditure	(38)	0	(38)	(19)	0	(19)
Adjustments between Accounting basis & Funding basis under regulations	38	(38)	0	19	(19)	0
(Increase)/Decrease in 2011/2012	0	(38)	(38)	0	(19)	(19)
Balance at 31 March 2012	0	(96)	(96)	0	(48)	(48)
Movement in Reserves 2012/2013						
Surplus on the Provision of Services	(37)	0	(37)	(18)	0	(18)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0
Total Comprehensive Income and Expenditure	(37)	0	(37)	(18)	0	(18)
Adjustments between Accounting basis & Funding basis under regulations	37	(37)	0	18	(18)	0
(Increase)/Decrease in 2012/2013	0	(37)	(37)	0	(18)	(18)
Balance at 31 March 2013	0	(133)	(133)	0	(66)	(66)

Summary GTU Balance Sheet:

Gwent Transport Unit Balance Sheet	2012/2013		2011/2012	
	Gwent	Apportioned	Gwent	Apportioned
	Transport Unit £000	Share £000	Transport Unit £000	Share £000
Non-Current Assets	360	178	308	153
Current Assets	219	108	574	284
Current Liabilities	(219)	(108)	(574)	(284)
Non-Current Liabilities	(227)	(112)	(212)	(105)
Total Net Assets	133	66	96	48
Usable Reserve	0	0	0	0
Unusable Reserve	(133)	(66)	(96)	(48)
Total Reserves	(133)	(66)	(96)	(48)

47.2 Greater Gwent Cremation Joint Committee (GGCJC)

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

47.3 Gwent Joint Records Committee (GJRC)

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

47.4 South East Wales Transport Alliance (SEWTA)

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

The main functions of SEWTA are to:

- Prepare regional transportation strategies, plans and programmes;

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

47.5 Welsh Purchasing Consortium (WPC)

The Welsh Purchasing Consortium was created in 1974 to support its member authorities in providing joint, collaborative contracts and framework agreements for the procurement of goods and services which would deliver best value for money at all times and maximise efficiency savings. In 2008, the sixteen members of the consortium agreed to provide funding for three years to support the establishment and operation of a central management team, based in Cardiff City Council. This funding arrangement was extended in 2009 for a further two years, to 31 March 2013.



The Housing Revenue Account Income & Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with accepted accounting practices, rather than the amount to be funded from rents and government grants. The Authority charges rents to cover expenditure in accordance with regulations; this differs from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement. The Authority's housing stock was transferred to Tai Calon in July 2010; entries recorded in the Housing Revenue Account for 2012/2013 represent residual transactions post-transfer. The most significant entry is the transfer of residual balances to the Council Fund on obtaining consent to close the HRA.

Housing Revenue Account	2012/2013		2011/2012		Note:	Page:
	£000	£000	£000	£000		
Expenditure						
Supervision and management	0		3			
Repairs and maintenance	0		7			
Rents, rates, taxes and other charges	2		(5)			
Housing Revenue Account Subsidy payable	17		0		H4	150
Depreciation and impairment of fixed assets	0		0			
Impairment of Debtors	0		1			
Debt management costs	0		0			
Sums directed by the Welsh Government	6,892		800		H3	150
Total Service Expenditure		6,911		806		
Income						
Dwellings rents	0		(124)			
Non-dwelling rents	0		(2)			
Charges for services and facilities	0		0			
Contributions towards expenditure	(33)		(1)			
Housing Revenue Account Subsidy Receivable	0		0			
Sums directed by the Welsh Government that are income in accordance with proper practice	0		0			
Total Service Income		(33)		(127)		
Net Cost of HRA Services as Included in the whole Authority		6,878		679		
Comprehensive Income & Expenditure Statement						

Housing Revenue Account (Continued)	2012/2013		2011/2012		Note:	Page:
	£000	£000	£000	£000		
Net Cost of HRA Services as Included in the whole Authority		6,878		679		
Comprehensive Income & Expenditure Statement						
HRA services share of Corporate and Democratic Core		0		0		
HRA share of other amounts included in the whole Authority Net Cost of Services		0		0		
Net Cost of HRA Services		6,878		679		
HRA Share of the Operating Income & Expenditure included in the whole Authority Comprehensive Income & Expenditure Statement						
Other Operating Expenditure		0		(23)	H1	150
Financing and Investment Income and Expenditure		(1)		(2)	H2	150
Taxation and Non-Specific Grant Income		0		0		
Deficit on Provision of HRA Services		6,877		654		
Other Comprehensive Income and Expenditure		0		0		
Total Comprehensive HRA Income and Expenditure		6,877		654		

The Movement on HRA Statement

Movement on HRA Statement 2011/2012	Housing Revenue Account £000	HRA Capital Receipts Reserve £000	Total Usable HRA Reserves £000	HRA Unusable Reserves £000	Total HRA Reserves £000	Note	Page
Balance at 31 March 2011	(4,886)	(3,931)	(8,817)	(331)	(9,148)		
(Surplus) or Deficit on the Provision of Services	654	0	654	0	654		147
Other Comprehensive Income and Expenditure	0	0	0	0	0		
Total HRA Comprehensive Income and Expenditure	654	0	654	0	654		
Adjustments between Accounting basis & Funding basis under regulations	23	1,493	1,516	5	1,521	H5	152
Net (Increase)/Decrease before transfers to Earmarked Reserves	677	1,493	2,170	5	2,175		
Transfers to/from Earmarked Reserves	0	0	0	0	0		
Transfers to/from the Council Fund	0	0	0	0	0		
(Increase)/Decrease in 2011/2012	677	1,493	2,170	5	2,175	H6	153
Balance on the HRA as at the end of the current reporting period	(4,209)	(2,438)	(6,647)	(326)	(6,973)		

Note: A residual balance of £1.521 million pre-2004 capital receipts was transferred from the HRA to the Council Fund during 2011/2012. As a result, the adjustments between accounting basis and funding basis under regulations line in the Movement on HRA Statement does not balance to zero.

Movement on HRA Statement 2012/2013	Housing Revenue Account £000	HRA Capital Receipts Reserve £000	Total Usable HRA Reserves £000	HRA Unusable Reserves £000	Total HRA Reserves £000	Note	Page
Balance at 31 March 2012	(4,209)	(2,438)	(6,647)	(326)	(6,973)		
(Surplus) or Deficit on the Provision of Services	6,877	0	6,877	0	6,877		147
Other Comprehensive Income and Expenditure	0	0	0	0	0		
Total HRA Comprehensive Income and Expenditure	6,877	0	6,877	0	6,877		
Adjustments between Accounting basis & Funding basis under regulations	(2,668)	2,438	(230)	326	96	H5	151
Net (Increase)/Decrease before transfers to Earmarked Reserves	4,209	2,438	6,647	326	6,973		
Transfers to/from Earmarked Reserves	0	0	0	0	0		
Transfers to/from the Council Fund	0	0	0	0	0		
(Increase)/Decrease in 2012/2013	4,209	2,438	6,647	326	6,973	H6	153
Balance on the HRA as at the end of the current reporting period	0	0	0	0	0		

Note: A residual balance of £0.096 million was transferred from the HRA Capital Adjustment Account to the Council Fund Capital Adjustment Account, representing ECSC loan balances remaining on the account after stock transfer. As a result, the adjustments between accounting basis and funding basis under regulations line in the Movement on HRA Statement does not balance to zero.



Housing Revenue Account Income and Expenditure Statement Notes

H1. Other HRA Operating Expenditure

Other HRA operating expenditure consists of gains on the sale of non-current assets, as disclosed:

Other HRA Operating Expenditure	2012/2013 £000	2011/2012 £000
(Gain) or Loss on Sale of HRA Non-current Assets	0	(23)
Total	0	(23)

H2. HRA Financing and Investment Income and Expenditure

HRA financing and investment income includes the following:

HRA Financing and Investment Income and Expenditure	2012/2013 £000	2011/2012 £000
Interest payable and similar charges	0	0
HRA Interest and Investment Income	(1)	(2)
Pensions Interest Cost and Expected Return on Pensions Assets	0	0
Total	(1)	(2)

H3. Sums Directed by the Welsh Government to be Debited or Credited to the HRA.

In March 2013, the Authority received consent not to retain a Housing Revenue Account after 31 March 2013. Consequently, £6.892 million was transferred from the HRA to the Council Fund, comprising £0.219 million deferred capital receipts, £2.449 million capital receipts and £4.224 million HRA Reserve. This transfer is shown as a credit to the Housing Services line in the Comprehensive Income & Expenditure Statement. (2011/2012: An Item 10 Direction of £0.8 million was actioned, drawing funds from the residual HRA Reserve).

H4. Rebates and Housing Subsidy

Clawback of housing subsidy charged to the HRA Income & Expenditure Statement during 2012/2013 amounted to £0.017m. (2011/2012: £0).

Movement on HRA Statement Notes

H5. Adjustments Between Accounting Basis and Funding Basis Under Regulations (HRA).

This entry in the Movement on HRA Statement contains those items arising from statutory provisions or guidance that allow the Authority to adjust for the impact of specific accounting entries when calculating the balance on the HRA. These include transactions relating to depreciation and impairment, pensions provision, employee accruals, unequal pay and capital grants. The following adjusting transactions were made in the HRA in 2012/2013:

HRA Adjustments between Accounting Basis and Funding Basis under Regulations 2012/2013	Housing Revenue Account £000	Capital Receipts Reserve £000	Movement in Unusable Reserves £000
Transfer of Capital Receipts from HRA using Item 10 Direction	(2,668)	2,449	219
Adjustments to/from the Capital Adjustment Account:			
Items not debited or credited to the HRA Income & Expenditure Statement:			
Transfer of Residual Capital Adjustment Account Balance from HRA to Council Fund (Note 1)	0	0	96
Adjustments to/from the Deferred Capital Receipts Reserve:			
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	(11)	11
Total Adjustments between Accounting Basis and Funding Basis under Regulations	(2,668)	2,438	326

Note 1: A residual balance of £0.096 million was transferred from the HRA Capital Adjustment Account to the Council Fund Capital Adjustment Account, representing ECSC loan balances remaining on the account after stock transfer. As a result, the adjustments between accounting basis and funding basis under regulations line in the Movement on HRA Statement does not balance to zero.

The following transactions adjusting between accounting basis and funding basis were made in the HRA in 2011/2012:

HRA Adjustments between Accounting Basis and Funding Basis under Regulations 2011/2012	Housing Revenue Account £000	Capital Receipts Reserve £000	Movement in Unusable Reserves £000
Transactions between Funds & Usable Reserves:			
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the HRA Income & Expenditure Statement	23	(23)	0
Transfer of Pre 2004 Capital Receipts to Council Fund Capital Receipts (Note 1)	0	1,521	0
Transactions involving Unusable Reserves:			
Adjustments to/from the Deferred Capital Receipts Reserve:			
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	(5)	5
Total Adjustments between Accounting Basis and Funding Basis under Regulations	23	1,493	5

Note 1: A residual balance of £1.521 million pre-2004 capital receipts was transferred from the HRA to the Council Fund during 2011/2012. As a result, the adjustments between accounting basis and funding basis under regulations line in the Movement on HRA Statement does not balance to zero.

H6. Transfers to/from Reserves (HRA).

This note sets out the amounts set aside in HRA fund balances to provide financing for future expenditure plans and the amounts posted back to meet HRA expenditure in 2012/2013.

	Balance at 1 April 2011 £000	Transfers Out 2011/2012 £000	Transfers In 2011/2012 £000	Balance at 31 March 2012 £000	Transfers Out 2012/2013 £000	Transfers In 2012/2013 £000	Balance at 31 March 2013 £000
HRA Transfers (to)/from Reserves							
Fund Balances							
Housing Revenue Account	(4,886)	677	0	(4,209)	4,209	0	0
Total:	(4,886)	677	0	(4,209)	4,209	0	0

HRA Balance Sheet Notes

H7. HRA Capital Receipts

Capital Receipts from disposals of land, houses and other property within the HRA were as follows:

HRA Capital Receipts	2012/2013 £000	2011/2012 £000
Capital Receipts:		
Council dwellings	0	(23)
Sale of land & principal repayments	(11)	(5)
Total:	(11)	(28)

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



Cyngor Bwrdeisdref Sirol

Blaenau Gwent

County Borough Council



Group Movement in Reserves Statement

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

Group Movement in Reserves Statement	Fund Balances				Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of Reserves of Subsidiary	Total Group Reserves	Note	Page
	Council Fund	Housing Revenue Account	Earmarked Council Fund Reserves	Capital Reserves							
	£000	£000	£000	£000							
Balance at 31 March 2011	(7,846)	(4,886)	(22,505)	(17,069)	(52,306)	32,406	(19,900)	211	(19,689)		
(Surplus)/Deficit on the Provision of Services	(19,002)	654	0	0	(18,348)	0	(18,348)	80	(18,268)		157
Other Comprehensive Income and Expenditure	0	0	0	0	0	26,499	26,499	109	26,608	4	164
Total Comprehensive Income and Expenditure	(19,002)	654	0	0	(18,348)	26,499	8,151	189	8,340		157
Adjustments between Group Accounts and Authority Accounts	434	0	0	0	434	0	434	(434)	0		
Net (Increase)/Decrease before transfers	(18,568)	654	0	0	(17,914)	26,499	8,585	(245)	8,340		
Adjustments between Accounting basis & Funding basis under regulations	21,320	23	0	(1,441)	19,902	(19,902)	0	0	0		
Net (Increase)/Decrease before transfers to Earmarked Reserves	2,752	677	0	(1,441)	1,988	6,597	8,585	(245)	8,340		
Transfers to/from Earmarked Reserves	(1,068)	0	1,068	0	0	0	0	0	0		
Transfers to/from Council Fund	0	0	0	0	0	0	0	0	0		
(Increase)/Decrease in 2011/2012	1,684	677	1,068	(1,441)	1,988	6,597	8,585	(245)	8,340		
Balance at 31 March 2012	(6,162)	(4,209)	(21,437)	(18,510)	(50,318)	39,003	(11,315)	(34)	(11,349)		

Group Movement in Reserves Statement 2012/2013	Fund Balances		Earmarked Council Fund Reserves £000	Capital Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's share of Reserves of Subsidiary £000	Total Group Reserves £000	Note	Page
	Council Fund	Housing Revenue Account									
	£000	£000									
Balance at 31 March 2012	(6,162)	(4,209)	(21,437)	(18,510)	(50,318)	39,003	(11,315)	(34)	(11,349)		
(Surplus)/Deficit on the Provision of Services	(19,725)	6,877	0	0	(12,848)	0	(12,848)	(21)	(12,869)		157
Other Comprehensive Income and Expenditure	0	0	0	0	0	25,288	25,288	98	25,386	4	164
Total Comprehensive Income and Expenditure	(19,725)	6,877	0	0	(12,848)	25,288	12,440	77	12,517		157
Adjustments between Group Accounts and Authority Accounts	330	0	0	0	330	0	330	(330)	0		
Net (Increase)/Decrease before transfers	(19,395)	6,877	0	0	(12,518)	25,288	12,770	(253)	12,517		
Adjustments between Accounting basis & Funding basis under regulations	21,973	(2,668)	0	6,674	25,979	(25,979)	0	0	0		
Net (Increase)/Decrease before transfers to Earmarked Reserves	2,578	4,209	0	6,674	13,461	(691)	12,770	(253)	12,517		
Transfers to/from Earmarked Reserves	(6,357)	0	6,357	0	0	0	0	0	0		
Transfers to/from Council Fund	0	0	0	0	0	0	0	0	0		
(Increase)/Decrease in 2012/2013	(3,779)	4,209	6,357	6,674	13,461	(691)	12,770	(253)	12,517		
Balance at 31 March 2013	(9,941)	0	(15,080)	(11,836)	(36,857)	38,312	1,455	(287)	1,168		

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

Group Comprehensive Income & Expenditure Statement	2012/2013			2011/2012			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Continuing Operations								
Central Services	6,705	(3,942)	2,763	4,406	(3,848)	558		
Cultural & Related Services	11,803	(3,725)	8,078	13,023	(3,630)	9,393		
Environmental & Regulatory Services	15,617	(4,374)	11,243	13,338	(5,719)	7,619		
Planning Services	37,023	(4,030)	32,993	28,950	(4,965)	23,985		
Children's & Education Services	81,361	(16,365)	64,996	97,442	(27,870)	69,572		
Highways & Transport Services	9,325	(2,336)	6,989	9,672	(2,229)	7,443		
Housing Services	31,215	(36,213)	(4,998)	30,535	(29,493)	1,042		
Adult Social Care	38,147	(9,588)	28,559	37,801	(10,710)	27,091		
Corporate & Democratic Core	3,927	(26)	3,901	4,527	(2)	4,525		
Non-Distributed Costs	1,611	0	1,611	1,879	0	1,879		
Past Service Gains	0	0	0	0	0	0		
Cost of Services (excluding transferred services)	236,734	(80,599)	156,135	241,573	(88,466)	153,107		
Transferred Services								
Housing Revenue Account	6,911	(33)	6,878	806	(127)	679		
Corporate & Democratic Core	0	0	0	0	0	0		
Non-Distributed Costs	0	0	0	0	0	0		
Sub Total: Transferred Services	6,911	(33)	6,878	806	(127)	679		
Total Deficit on Continuing Services	243,645	(80,632)	163,013	242,379	(88,593)	153,786		

Group Comprehensive Income & Expenditure Statement (Continued)	2012/2013			2011/2012			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	243,645	(80,632)	163,013	242,379	(88,593)	153,786		
Taxation	27	0	27	0	(19)	(19)	9	167
Other Operating Income and Expenditure	8,073	(1,229)	6,844	7,556	(4,149)	3,407	5	165
Financing and Investment Income and Expenditure	22,873	(13,670)	9,203	23,558	(14,944)	8,614	6	165
Taxation and Non-Specific Grant Income	0	(191,956)	(191,956)	0	(186,736)	(186,736)	7	166
Discontinued Operations	0	0	0	2,772	(92)	2,680	1.3	161
(Surplus)/Deficit on Provision of Services	274,618	(287,487)	(12,869)	276,265	(294,533)	(18,268)		
(Surplus) Arising on the Revaluation of Non-Current Assets			(2,008)			(538)		
Actuarial (Gains)/Losses on Pension Assets/Liabilities			27,394			27,146		
Other Comprehensive Income & Expenditure			25,386			26,608	4	164
Total Comprehensive Income & Expenditure			12,517			8,340		

Group Balance Sheet

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

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

Group Balance Sheet	31 March 2013		31 March 2012		1 April 2011		Note:	Page:
	£000	£000	£000	£000	£000	£000		
Property, Plant & Equipment	296,811		261,831		236,165		10	167-169
Heritage Assets	413		413		413			
Intangible Assets	27		47		67			
Assets Held for Sale	195		330		330			
Non-Current Investments	253,664		218,175		218,528		11	170
Non-Current Debtors	4,576		3,975		243			
Sub Total: Non-Current Assets		555,686		484,771		455,746		
Current Investments	4		4		4			
Inventories	2,026		1,680		1,562			
Current Debtors	36,326		50,342		45,634		12	170
Cash and Cash Equivalents	11,867		16,999		15,326		20	179
Sub Total: Current Assets		50,223		69,025		62,526		

Group Balance Sheet (Continued)	31 March 2013		31 March 2012		1 April 2011		Note:	Page:
	£000	£000	£000	£000	£000	£000		
Current Borrowing	(33,272)		(45,197)		(11,621)			
Current Creditors	(17,719)		(18,840)		(32,063)		13	170
Current Provisions	(4,764)		(10,312)		(6,129)		14	171
Sub Total: Current Liabilities		(55,755)		(74,349)		(49,813)		
Non-Current Borrowing	(92,360)		(73,371)		(81,450)			
Non-Current Provisions	(6,956)		(7,450)		(7,737)		14	171
Other Non-Current Liabilities	(452,006)		(387,277)		(359,583)		15	172
Sub Total: Non-Current Liabilities		(551,322)		(468,098)		(448,770)		
Total Net Assets		(1,168)		11,349		19,689		
Usable Reserves	(37,144)		(50,352)		(52,095)		17	176
Unusable Reserves	38,312		39,003		32,406		17	176
Total Reserves		1,168		(11,349)		(19,689)		

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	2012/2013		2011/2012		Note:	Page:
	£000	£000	£000	£000		
Net (deficit) on the provision of services	12,869		18,268			157
Adjustments to the provision of services for non-cash movements	32,659		37,970		18.1	177
Adjustments for items included in the provision of services that are investing and financing activities	(60,380)		(54,065)		18.2	177
Net Cash Inflows from Operating Activities		(14,852)		2,173		
Investing activities		3,092		(25,578)	19.1	178
Financing activities		6,628		25,078	19.2	178
Net increase or (decrease) in cash and cash equivalents		(5,132)		1,673		
Cash and cash equivalents at the beginning of the reporting period		16,999		15,326		
Cash and cash equivalents at the end of the reporting period		11,867		16,999	20	179



1. Group Accounting Policies

1.1 General Principles

The Group Accounts summarise the transactions of the Authority and its Subsidiaries for the 2012/2013 financial year and its position at the year-end of 31 March 2013. The Accounts have been prepared in accordance with proper accounting practices as required by the Accounts and Audit (Wales) Regulations 2005, as amended.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013 and the Service Reporting Code of Practice 2012/2013, supported by International Financial Reporting Standards (IFRS). Where there is no relevant IFRS or International Accounting Standard (IAS), reference is made to International Public Sector Accounting Standards (IPSASs); if there is no relevant IPSAS, domestic accounting standards (SSAPs and FRSS) are applied.

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

In preparing a set of Accounts for the Blaenau Gwent Group, it has been necessary to align the Accounting Policies adopted by the two constituent entities. The Group Policies are largely the same as those used in preparing the Accounts for the Parent Authority, as recorded on pages 44-58. 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 £2.4m 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

All operations were classified as continuing in 2012/2013 and there were no acquisitions or discontinuations of service (or transfers under machinery of government arrangements) during the financial year.

Further to the closure of the landfill site in August 2011, the following activities were classified as discontinuing in 2011/2012:

- Loss of Civic Amenity site management and transfer station management to Caerphilly County Borough Council; and
- Loss of remainder of landfill sales to Blaenau Gwent County Borough Council and commercial customers.

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 2012/2013 and consequently no short term compensated absences accrual has been calculated.

1.5 Post Employment Benefits

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

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

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

The required accounting treatments are as follows:

The Local Government Pension Scheme

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

Silent Valley Defined Contribution Scheme

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

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

1.6 Property, Plant and Equipment

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

1.6.1 Recognition

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

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

1.6.2 Measurement

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

1.6.3 Depreciation

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

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

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

1.7 Deferred Taxation

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

1.8 Aftercare and Capping Provisions

Provision for the cost of aftercare and site capping was made by establishing a consumption factor which aimed to write off the estimated future costs over the anticipated useful life of the site. The Aftercare Provision is discounted at a rate of 2.5% p.a.

2. Notes to the Group Financial Statements

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

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

3. Intra Group Transactions & Balances

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

Comprehensive Income and Expenditure Statement	2012/2013 £000	2011/2012 £000	Balance Sheet	31 March 2013 £000	31 March 2012 £000
Sales to Blaenau Gwent CBC	2,420	2,071	Non current investment in SVWS	250	250
Payments to SVWS - leachate costs	434	0	Debtor balances	6	3
Payments to SVWS - NNDR refund	72	0	Creditor balances	(49)	(176)
Contribution - waste transfer station	0	120	Silent Valley Capping Costs Provision	0	(909)
Income received from SVWS - Directors' Fees	(30)	(8)	Usable Reserves: Dividends received	(725)	(725)
			Retained Profit	1,359	1,363

4. Other Comprehensive Income and Expenditure

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

Other Comprehensive Income and Expenditure	2012/2013 £000	2011/2012 £000
Surplus arising on the revaluation of Non-Current Assets	(2,008)	(538)
Surplus on revaluation of available for sale financial assets	0	0
Actuarial (Gains)/losses on pension fund assets and liabilities	27,394	27,146
Other Comprehensive Income and Expenditure	25,386	26,608

5. Other Operating Income and Expenditure

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

Other Operating Income and Expenditure	2012/2013			2011/2012		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
(Gains)/losses on the Disposal of Non-Current Assets	473	(1,039)	(566)	31	(4,125)	(4,094)
Revaluations Downwards of Non-Current Assets	0	0	0	0	0	0
Precepts & Levies:						
Gwent Police Authority Precept	3,826	0	3,826	3,713	0	3,713
Community Council Precepts	339	0	339	339	0	339
South Wales Fire Authority Levy	3,323	0	3,323	3,379	0	3,379
Other Levies	112	0	112	94	0	94
Trading Activities:						
DSO Activities	0	0	0	0	0	0
Subsidiary's Other Operating Income	0	(190)	(190)	0	(24)	(24)
Total	8,073	(1,229)	6,844	7,556	(4,149)	3,407

6. Financing and Investment Income and Expenditure

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

Financing and Investment Income and Expenditure	2012/2013			2011/2012		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Interest payable and similar charges	4,115	0	4,115	4,037	0	4,037
Interest receivable and similar Income	0	(600)	(600)	0	(404)	(404)
Pensions Interest Cost and Expected Return on Pensions Assets	18,758	(13,070)	5,688	19,521	(14,490)	5,031
Other Investment Income (Dividends)	0	0	0	0	(50)	(50)
Total	22,873	(13,670)	9,203	23,558	(14,944)	8,614

7. Taxation and Non-Specific Grant Income

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

Taxation & Non Specific Grant Income	2012/2013 £000	2011/2012 £000
Non-Specific grants		
Council Tax Income	(30,049)	(29,236)
Non-Domestic Rates	(18,591)	(16,122)
Revenue Support Grant/IAG	(89,407)	(93,051)
Total Non-Specific grants	(138,047)	(138,409)
Capital grants and contributions	(53,909)	(48,327)
Total	(191,956)	(186,736)

8. External Audit Fees

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

External Audit Fees	2012/2013 £000	2011/2012 £000
Fees payable in respect of:		
External audit services	325	327
Certification of grant claims and returns	150	155
Other services	0	0
Total Audit Fees	475	482

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

9. **Tax on Profit on Ordinary Activities**

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

Tax on Profit on Ordinary Activities	2012/2013 £000	2011/2012 £000
Current Tax		
UK Corporation Tax on profits for the year	21	(22)
Adjustments in respect of previous periods	6	3
Total Tax on Profit on Ordinary Activities	27	(19)

10. **Property Plant & Equipment**

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

Property, Plant & Equipment	31 March 2013 £000	31 March 2012 £000	1 April 2011 £000
Gross Carrying Amount	331,932	290,351	258,843
Accumulated Depreciation	(35,121)	(28,520)	(22,678)
Net Book Value	296,811	261,831	236,165

Movements in 2012/2013:

Property, Plant & Equipment Movements	Operational Assets							Total Property, Plant & Equipment £000
	Council Dwellings £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 2012	0	154,081	10,531	68,566	132	4,760	52,281	290,351
Appropriations	0	62,827	0	10,213	0	1,189	(74,229)	0
Assets reclassified to/from held for sale	0	(12)	0	0	0	(75)	0	(87)
Additions	0	400	1,032	4,634	0	0	604	6,670
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	2,463	0	0	0	(141)	0	2,322
Revaluation increases/(decreases) recognised in the Provision of Services	0	(27,174)	0	0	0	(1,431)	0	(28,605)
Capital expenditure written off	0	(2,811)	(2)	(160)	(88)	0	(23)	(3,084)
Derecognition - disposals	0	(258)	(237)	0	0	(100)	0	(595)
Other movements in cost or valuation *	0	2,811	2	855	88	0	61,204	64,960
Cost or Valuation as at 31 March 2013	0	192,327	11,326	84,108	132	4,202	39,837	331,932

Property, Plant & Equipment Depreciation & Impairment	Operational Assets							Total Property, Plant & Equipment £000
	Council Dwellings £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 2012	0	(6,290)	(7,984)	(14,206)	(5)	(35)	0	(28,520)
Depreciation charge	0	(4,209)	(933)	(1,857)	(1)	(49)	0	(7,049)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	8	0	8
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	3	0	0	0	62	0	65
Appropriations	0	84	0	0	0	(84)	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	18	0	0	0	13	0	31
Derecognition - disposals	0	23	237	0	0	84	0	344
Accumulated Depreciation & Impairment as at 31 March 2013	0	(10,371)	(8,680)	(16,063)	(6)	(1)	0	(35,121)
Net Book Value as at 31 March 2013	0	181,956	2,646	68,045	126	4,201	39,837	296,811
Net Book Value as at 31 March 2012	0	147,791	2,547	54,360	127	4,725	52,281	261,831

Movements in 2011/2012:

Property, Plant & Equipment Movements	Operational Assets							Total Property, Plant & Equipment £000
	Council Dwellings £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 2011	0	158,953	10,821	66,438	132	1,919	20,580	258,843
Appropriations	0	9,185	0	239	0	2,682	(12,106)	0
Assets reclassified to/from held for sale	0	0	0	0	0	0	0	0
Additions	0	121	142	1,690	0	0	1,575	3,528
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	449	0	0	0	102	0	551
Revaluation increases/(decreases) recognised in the Provision of Services	0	(14,309)	0	0	0	57	0	(14,252)
Capital expenditure written off	0	(10,475)	(29)	(398)	(1,662)	0	(26)	(12,590)
Derecognition - disposals	0	(410)	(399)	0	0	0	0	(809)
Other movements in cost or valuation *	0	10,567	(4)	597	1,662	0	42,258	55,080
Cost or Valuation as at 31 March 2012	0	154,081	10,531	68,566	132	4,760	52,281	290,351

Property, Plant & Equipment Depreciation & Impairment	Operational Assets							Total Property, Plant & Equipment £000
	Council Dwellings £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 2011	0	(2,792)	(7,238)	(12,620)	(4)	(24)	0	(22,678)
Depreciation charge	0	(4,108)	(1,115)	(1,586)	(1)	(35)	0	(6,845)
Depreciation written out to the Revaluation Reserve	0	48	0	0	0	0	0	48
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	152	0	0	0	24	0	176
Derecognition - disposals	0	410	369	0	0	0	0	779
Accumulated Depreciation & Impairment as at 31 March 2012	0	(6,290)	(7,984)	(14,206)	(5)	(35)	0	(28,520)

Net Book Value as at 31 March 2012	0	147,791	2,547	54,360	127	4,725	52,281	261,831
Net Book Value as at 31 March 2011	0	156,161	3,583	53,818	128	1,895	20,580	236,165

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

11. Non-Current Investments

Non-Current Investments consist of investments related to the Group's share of investments in the Local Government Pension Scheme:

Non-Current Investments	31 March 2013	31 March 2012	1 April 2011
	£000	£000	£000
Pensions Asset	253,664	218,175	218,528
Total Non-Current Investments	253,664	218,175	218,528

12. Debtors

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

Debtors	31 March 2013	31 March 2012	1 April 2011
	£000	£000	£000
Central Government	24,185	34,950	27,500
Local Authorities	2,325	1,892	320
NHS	592	677	579
Other Debtors	9,224	12,823	17,235
Total Debtors:	36,326	50,342	45,634

13. Creditors

Amounts owed by the Group were as follows:

Creditors	31 March 2013	31 March 2012	1 April 2011
	£000	£000	£000
Central Government	(9,059)	(8,750)	(18,123)
Local Authorities	(772)	(621)	(1,065)
NHS	(35)	(49)	(125)
Other Creditors	(7,853)	(9,420)	(12,750)
Total Creditors:	(17,719)	(18,840)	(32,063)

14. Provisions

Details of the purposes of the Authority's provisions can be found in note 37.1, page 108-109.

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 2012/2013 were as follows:

Provision Movements	Balance at 1 April 2011 £000	Net Movements 2011/2012 £000	Balance at 1 April 2012 £000	Additional Provisions made in 2012/2013 £000	Amounts Used in 2012/2013 £000	Unused Amounts Reversed in 2012/2013 £000	Unwinding of Discount in 2012/2013 £000	Balance at 31 March 2013 £000
Current Provisions								
Employee Provisions:								
Back Pay	(1,000)	(1,295)	(2,295)	(41)	1,519	324	0	(493)
Early Terminations	(331)	(698)	(1,029)	(1,454)	1,002	27	0	(1,454)
Employment Tribunal	0	(201)	(201)	0	201	0	0	0
Job Evaluation Back Pay & Compensation	0	(2,633)	(2,633)	(405)	2,907	0	0	(131)
Short Term Compensated Absences	(2,225)	(64)	(2,289)	(1,683)	2,289	0	0	(1,683)
Other Provisions:								
Carbon Reduction Commitment	0	(167)	(167)	(163)	157	10	0	(163)
Insurance	(607)	155	(452)	(200)	162	67	0	(423)
Part 1 Compensation Claims	0	0	0	(141)	0	0	0	(141)
Reservoir Act	(300)	0	(300)	0	24	0	0	(276)
Silent Valley Capping Costs	(1,666)	720	(946)	0	909	37	0	0
	(6,129)	(4,183)	(10,312)	(4,087)	9,170	465	0	(4,764)
Non-Current Provisions								
Silent Valley Aftercare (Subsidiary)	(6,459)	(157)	(6,616)	703	0	(37)	0	(5,950)
Insurance	(1,278)	444	(834)	(963)	791	0	0	(1,006)
	(7,737)	287	(7,450)	(260)	791	(37)	0	(6,956)
Total Provisions:	(13,866)	(3,896)	(17,762)	(4,347)	9,961	428	0	(11,720)

15. Non-Current Liabilities

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

Non Current Liabilities	2012/2013 £000	2011/2012 £000	2010/2011 £000
Deferred Liabilities	(880)	(790)	(1,060)
Pensions Liability	(451,126)	(386,487)	(358,523)
Total Non Current Liabilities	(452,006)	(387,277)	(359,583)

16. 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.

16.1 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 2012/2013, the total pension costs payable in respect of the defined contribution scheme was £0.039m (2011/2012: £0.047m). There were no outstanding contributions to the scheme at 31 March 2013.

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 41&42, pages 117-124)

16.2 Defined Benefit Scheme

The Local Government Scheme is a funded defined benefit final salary 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 2010.

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

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

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

Pension Scheme Transactions	2012/2013			2011/2012		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Group Comprehensive Income & Expenditure Statement:						
Cost of Services:						
Current Service Cost	7,959	0	7,959	6,877	0	6,877
Past Service Costs	11	0	11	162	0	162
Settlements and Curtailments	522	1,027	1,549	890	751	1,641
Financing and Investment Income and Expenditure:						
Interest Cost	17,693	1,065	18,758	18,324	1,197	19,521
Expected Return on Scheme Assets	(13,070)	0	(13,070)	(14,490)	0	(14,490)
Net Charged to Provision of Services:	13,115	2,092	15,207	11,763	1,948	13,711
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:						
Actuarial Gains and Losses	24,269	3,125	27,394	26,367	779	27,146
Total Charged to the Group Comprehensive Income and Expenditure Statement:	37,384	5,217	42,601	38,130	2,727	40,857
Group Movement in Reserves Statement:						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(13,087)	(2,092)	(15,179)	(11,739)	(1,948)	(13,711)
Actual Amount Charged Against Council Tax for Pensions in year:						
Employers' Contributions Payable to Scheme	11,703	-	11,703	10,884	-	10,884
Retirement Benefits Payable to Pensioners	-	1,790	1,790	-	1,679	1,679

Total actuarial losses of £27.394m have been included in the Group Comprehensive Income and Expenditure Statement (2011/2012: £27.146m loss).

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

Pension Scheme Assets	2012/2013			2011/2012		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000		£000	£000	
Balance at 1 April:	218,175	0	218,175	218,528	0	218,528
Expected Return on Assets	13,070	0	13,070	14,490	0	14,490
Actuarial Gains/(Losses) on Assets	21,369	0	21,369	(14,108)	0	(14,108)
Employer Contributions	11,655	1,790	13,445	10,855	1,679	12,534
Member Contributions	2,949	0	2,949	2,727	0	2,727
Benefits Paid	(13,554)	(1,790)	(15,344)	(14,317)	(1,679)	(15,996)
Settlements	0	0	0	0	0	0
Balance at 31 March:	253,664	0	253,664	218,175	0	218,175

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

Pension Scheme Liabilities	2012/2013			2011/2012		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000		£000	£000	
Balance at 1 April:	(362,438)	(24,049)	(386,487)	(335,522)	(23,001)	(358,523)
Current Service Cost	(7,959)	0	(7,959)	(6,877)	0	(6,877)
Past Service Cost	(11)	0	(11)	(162)	0	(162)
Interest Cost	(17,693)	(1,065)	(18,758)	(18,324)	(1,197)	(19,521)
Curtailments	(522)	(1,027)	(1,549)	(890)	(751)	(1,641)
Actuarial Gains/(Losses) on Liabilities	(45,638)	(3,125)	(48,763)	(12,259)	(779)	(13,038)
Member Contributions	(2,943)	0	(2,943)	(2,721)	0	(2,721)
Benefits Paid	13,554	1,790	15,344	14,317	1,679	15,996
Settlements	0	0	0	0	0	0
Balance at 31 March:	(423,650)	(27,476)	(451,126)	(362,438)	(24,049)	(386,487)

The history of the Group's pension fund deficit over the past 5 financial years can be analysed as follows:

Pension Fund Scheme History	2012/2013	2011/2012	2010/2011	2009/2010	2008/2009
	£000	£000	£000	£000	£000
Present Value of Scheme Liabilities:					
Local Government Pension Scheme	(423,650)	(362,438)	(335,522)	(393,156)	(282,557)
Teachers' Unfunded Discretionary Pensions	(27,476)	(24,049)	(23,001)	(23,093)	(18,723)
Total Present Value of Scheme Liabilities:	(451,126)	(386,487)	(358,523)	(416,249)	(301,280)
Fair Value of Scheme Assets:					
Local Government Pension Scheme	253,664	218,175	218,528	217,974	153,005
Teachers' Unfunded Discretionary Pensions	0	0	0	0	0
Total Fair Value of Scheme Assets:	253,664	218,175	218,528	217,974	153,005
Scheme Surplus/(Deficit):					
Local Government Pension Scheme	(169,986)	(144,263)	(116,994)	(175,182)	(129,552)
Teachers' Unfunded Discretionary Pensions	(27,476)	(24,049)	(23,001)	(23,093)	(18,723)
Total Surplus/(Deficit):	(197,462)	(168,312)	(139,995)	(198,275)	(148,275)

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 £37.144m at 31 March 2013 (£50.352m at 31 March 2012). The effect of applying the net superannuation fund deficit of £197.462m to the Authority's usable reserves would be a deficit of £160.318m (2011/2012: the superannuation deficit of £168.312m exceeded usable reserves by £117.960m).

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).

17. Reserves

Details of the Authority's Reserves can be found in note 43, pages 124-137.

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	1 April 2011	Net Transfers		Net Transfers	
	£000	2011/2012 £000	31 March 2012 £000	2012/2013 £000	31 March 2013 £000
Council Fund	(7,846)	1,684	(6,162)	(3,779)	(9,941)
Housing Revenue Account	(4,886)	677	(4,209)	4,209	0
Silent Valley Waste Services Profit & Loss Reserve	211	(245)	(34)	(253)	(287)
Parent's Usable Reserves	(39,574)	(373)	(39,947)	13,031	(26,916)
	(52,095)	1,743	(50,352)	13,208	(37,144)
Parent's Unusable Reserves	32,406	6,597	39,003	(691)	38,312
Total: Reserves	(19,689)	8,340	(11,349)	12,517	1,168

18. 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.

18.1 Non-Cash Movements

Cash Flow - Adjustments for Non-Cash Movements	2012/2013		2011/2012	
	£000	£000	£000	£000
Depreciation & Impairment	38,205		32,970	
REFCUS (deferred charges)	3,711		6,023	
Intangible fixed asset write downs	20		20	
Effective interest adjustment	(36)		(35)	
HRA Item 8 Credit	0		0	
Net IAS 19 charges made for Retirement Benefits	(13,767)		(12,918)	
IAS19 Employers Contributions Paid to Pension Fund	12,463		11,828	
		40,596		37,888
Increase/(Decrease) in Provisions		(6,042)		3,963
(Increase)/Decrease in Inventories		(346)		(118)
(Increase)/Decrease in Revenue Debtors		1,414		881
Increase/(Decrease) in Revenue Creditors		(2,963)		(4,644)
Total		32,659		37,970

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

Cash Flow - Adjustments for Investing & Financing Activities	2012/2013	2011/2012
	£000	£000
Gain/(Loss) on Disposal of fixed assets	64	(170)
Capital Grants credited to CIES	(60,444)	(53,895)
HRA stock transfer premium paid	0	0
Total	(60,380)	(54,065)

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

19.1 Investing Activities

The cash flows for investing activities consist of the following:

Cash Flow - Investing Activities	2012/2013			2011/2012		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Purchase of Non-Current Assets	(68,393)			(63,969)		
Other Capital Cash Payments	0			(103)		
		(68,393)		(64,072)		
Cash Inflows						
Sale of Non-Current Assets	421			206		
Capital Grants Received	70,856			38,104		
Other Capital Cash Income	208			184		
		71,485		38,494		
Total			3,092			(25,578)

19.2 Financing Activities

The cash flows for financing activities consist of the following:

Cash Flow - Financing Activities	2012/2013			2011/2012		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Repayments of Amounts Borrowed	(210,573)			(234,547)		
Capital Element of Finance Lease Rental Payments	(425)			(411)		
		(210,998)		(234,958)		
Cash Inflows						
New Loans Raised	27,000			0		
New Short Term Loans	190,600			260,010		
Long Term Investments Repaid	26			26		
		217,626		260,036		
Total			6,628			25,078

20. **Cash and Cash Equivalents**

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

Cash and Cash Equivalents	2012/2013	2011/2012	2010/2011
	£000	£000	£000
Cash Held by the Authority	39	37	38
Bank Accounts	11,828	10,962	(2,712)
Short-term investments	0	6,000	18,000
Total Cash & Cash Equivalents	11,867	16,999	15,326

Abbreviations and Terms Used

Byrfoddau a Thermau a Ddefnyddir



Abbreviations and Terms Used in the Statement of Accounts

ACW	Arts Council of Wales	ECSC	European Coal and Steel Community
AEF	Aggregate External Finance	ERDF	European Regional Development Fund
AGM	Annual General Meeting	EUV	Existing Use Value
AIR	Annual Improvement Report	EUV-SH	Existing Use Value - Social Housing
BGCBC	Blaenau Gwent County Borough Council	FIP	Finance, Improvement and Performance (Scrutiny Committee)
BVACOP	Best Value Accounting Code of Practice	FOI	Freedom of Information
CAMWG	Corporate Asset Management Working Group	FRS	Financial Reporting Standard
CBC	County Borough Council	FSR	Financial Strength Rating
CC	City or County Council	GGCJC	Greater Gwent Cremation Joint Committee
CCT	Compulsory Competitive Tendering	GJRC	Gwent Joint Records Committee
CDS	Credit Default Swap	GTU	Gwent Transport Unit
CEO	Chief Executive Officer	GWICES	Gwent Wide Integrated Community Equipment Service
CFO	Chief Finance Officer	HMRC	HM Revenue and Customs
CIN	Corporate Improvement Network	HRA	Housing Revenue Account
CIP	Corporate Improvement Plan	IAG	Improvement Agreement Grant
CIPFA	Chartered Institute of Public Finance and Accountancy	IAS	International Accounting Standard
CMT	Corporate Management Team	ICC	Integrated Childcare Centre
CIES	Comprehensive Income and Expenditure Statement	ICT	Information and Communications Technology
COT-3	Central Office of Tribunals Form 3	IFRIC	International Financial Reporting Interpretations Committee
CPFA	Chartered Public Finance Accountant	IFRS	International Financial Reporting Standard
CPI	Consumer Price Index	IPSAS	International Public Sector Accounting Standard
CSSIW	Care and Social Services Inspectorate Wales	LAs	Local Authorities
CYPP	Children and Young People's Plan	LAMS	Landscape Access Management Schemes
DfE	Department for Education	LASAAC	Local Authority (Scotland) Accounts Advisory Committee
DLO	Direct Labour Organisation	LDP	Local Development Plan
DRC	Depreciated Replacement Cost	LGDU	Local Government Data Unit
DWP	Department for Work and Pensions	LGM	Local Government Measure
EAS	Education Achievement Service (for South-East Wales)	LGPS	Local Government Pension Scheme

Abbreviations and Terms Used in the Statement of Accounts

LHB	Local Health Board	RSL	Registered Social Landlord
LMS	Local Management of Schools	SEN	Special Education Needs
LOBO	Lender's Option Borrower's Option	SeRCoP	Service Reporting Code of Practice
LSB	Local Service Board	SEWTA	South East Wales Transport Alliance
LSBON	Local Service Board Officer Network	SIP	Single Integrated Plan
MIRS	Movement in Reserves Statement	SOA	Scheme of Arrangement
MMI	Municipal Mutual Insurance	SOLACE	Society of Local Authority Chief Executives
MoHRAS	Movement on Housing Revenue Account Statement	SORP	Statement of Recommended Practice
MRA	Major Repairs Allowance	SSAP	Statement of Standard Accounting Practice
MRICS	Member of the Royal Institution of Chartered Surveyors	STRGL	Statement of Total Recognised Gains and Losses
MRP	Minimum Revenue Provision	SVWS Ltd	Silent Valley Waste Services Ltd
MRR	Major Repairs Reserve	TPS	Teachers Pension Scheme (<i>also</i> : uTPS)
MTFS	Medium Term Financial Strategy	UITF	Urgent Issues Task Force
NCS	Net Cost of Services	UK GAAP	United Kingdom Generally Accepted Accounting Principles (and/or Practices)
NDC	Non-Distributed Costs	UKPS	United Kingdom Practice Statement
NHS	National Health Service	uTPS	Unfunded Teachers Pension Scheme (<i>also</i> : TPS)
NNDR	National Non-Domestic Rates	VALREC	Valleys Regional Equality Council
NPV	Net Present Value	VAT	Value Added Tax
PACT	Partners and Communities Together	VPE	Vehicles, Plant and Equipment
PPE	Property, Plant and Equipment	WAO	Wales Audit Office
PWLB	Public Works Loan Board	WEFO	Welsh European Funding Office
RBA	Results Based Accountability	WG	Welsh Government
RCCO	Revenue Contribution to Capital Outlay	WLGA	Welsh Local Government Association
REFCUS	Revenue Expenditure Funded from Capital Under Statute	WPC	Welsh Purchasing Consortium
RICS	Royal Institution of Chartered Surveyors		
RPI	Retail Price Index		
RRA	Revaluation Reserve Account		
RSG	Revenue Support Grant		