



Statement of Accounts

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Bridgend County Borough Council • 2020-21

Cyngor Bwrdeistref Sirol



**Bridgend County Borough Council
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Narrative Report

“One council, working together to improve lives”

Introduction

This report presents the 2020-21 Statement of Accounts for Bridgend County Borough Council (the Council). It sets out the Council's financial performance for the past year and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Over the past 10 years the Council has cumulatively made around £62 million of savings and further efficiencies and savings are required moving forward. The process of identification of savings, changing the way the Council works to ensure modern, improved and resilient services, is on-going. The need to achieve savings in a difficult financial year will need to continue at least in the short- and medium-term. Given significant economic uncertainty, not least the potential impact of the exit from the European Union, and the impact of the Covid-19 pandemic, the Council will continue to face financial challenges as it strives to deliver its vast array of services to the communities it supports. It needs to do so whilst remaining financially resilient.

Bridgend as a Council

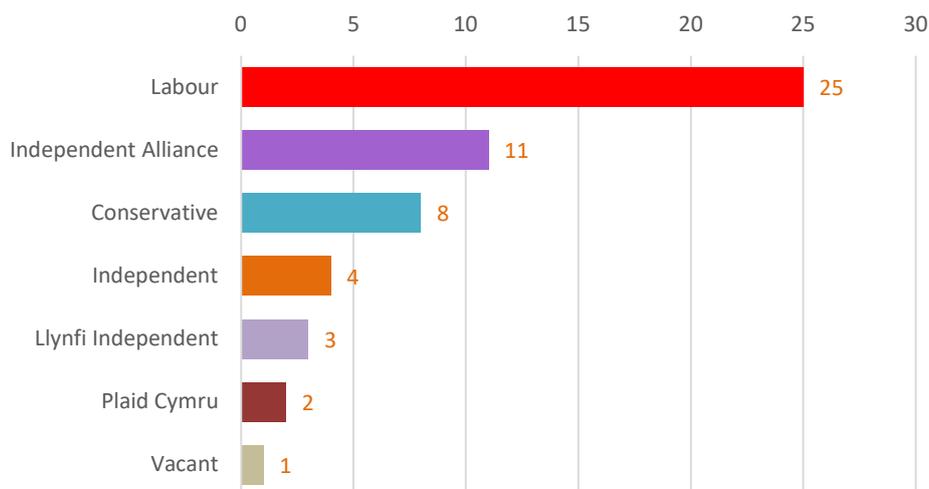
Bridgend is conveniently situated between Wales' capital city, Cardiff, to the east and the city of Swansea to the west, approximately 20 miles from each. Nestled just south of the M4 corridor, with easy access from both major cities, bounded by the Bristol Channel to the south, it is at the heart of the South Wales industrial and coastal belt. Bridgend as a County Borough is home to over 140,000 residents and continues to grow. The County Borough's towns are undergoing redevelopment and a number of historic buildings and the town centres have been rejuvenated over recent years. To the north is the residential town of Maesteg, to the south west is the coastal town of Porthcawl and to the east is Pencoed. Bridgend is one of 22 Councils in Wales, and accounts for approximately 4.5% of the country's population.

Population	147,049
Land area	98.5 square miles
Households	63,609
Council employees	5,858
Councillors	54



- The Council manages a long term asset base, excluding the road network, of £537 million to deliver its services.
- The Council employs over 5,800 staff both full- and part-time, to deliver a wide range of services including education, social care, highways maintenance and economic development.
- A number of services are provided by third parties including waste collection, leisure centres, social enterprises and social care, including residential and home care and supported living services.
- The Council has 54 elected Councillors who represent the people of Bridgend and set the overall Council strategy and budget framework. The Political Party representation as at 31 March 2021 is set out below. The vacancy was filled in April 2021.

Bridgend Councillors Political Party Representation



The constitution sets out how the Council operates, how decisions are made and the procedures to be followed to ensure decisions are efficient, transparent and accountable to local people. Council elects a Mayor annually to perform a civic role and promote the county. Council also appoints a leader of the Council who appoints Cabinet Members, each with a responsibility for a specific portfolio of services.

The role of the Cabinet is to be responsible for most major decisions; provide leadership; and propose the budget framework and budget.

Scrutiny Committees support the work of the Cabinet and Council by:

- Monitoring decisions of the Cabinet
- Allowing all Councillors, citizens and stakeholders to have a say in matters concerning the Council
- Producing reports and recommendations to support the development of policies and decisions
- Having the opportunity to influence future Cabinet and Council decisions through pre-decision meetings
- Having the ability to review a decision which has been made but not yet implemented.

Regulatory and other committees support delivery of Council services. Council has given Governance and Audit Committee the responsibility to review and approve the Financial Statements of the Council.

The Council's Corporate Management Board is led by the Chief Executive and includes the 3 Corporate Directors, the Monitoring Officer and Chief Finance Officer.

The Council has agreed a principle of focusing diminishing resources on communities and individuals with the greatest need. It has identified three priorities that are intended to improve the quality of life of people in the county borough while significantly changing the nature of the Council.

These three priorities are the Council's well-being objectives under the Well-being of Future Generations (Wales) Act 2015 and set out the Council's contribution towards meeting the Act's seven national goals:

Our well-being objectives**Well-being of Future Generations (Wales) Act's seven goals**

- *A globally responsible Wales*
- *A prosperous Wales*
- *A resilient Wales*
- *A healthier Wales*
- *A more equal Wales*
- *A Wales of cohesive communities*
- *A Wales of vibrant culture and thriving Welsh language*

Governance

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. This includes ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in delivering its functions in terms of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation. The Annual Governance Statement included within the Statement of Accounts, sets out in detail the Council's governance arrangements.

Covid-19

The UK was put into lockdown on 23 March 2020 in an unprecedented step to attempt to limit the spread of coronavirus. This followed similar action in other countries across the World. The UK Government put into place a limited number of reasons for people to be allowed to leave their homes and the Welsh Government put in place measures under the Health Protection (Coronavirus Restrictions) Wales Regulations 2020. As a consequence, many non-essential shops and businesses had to close, schools were closed and all non-key workers were required to work from home where possible. Initially the lockdown was for a period of three weeks but this was then extended over the next couple of months, with the First Minister of Wales announcing an easing of lockdown rules from 1 June into July 2020. However, further lockdowns followed, the first a two-week "firebreak" from 23 October until 9 November, followed by a further lockdown from midnight of 19 December 2020 due to a significant surge in cases from a new strain of the virus. The worldwide Covid-19 pandemic has, and will continue to have, an unprecedented impact upon society as a whole. This has led to significant changes to the day-to-day management of the Council, and the nature and delivery of its operations. In order to maintain continuity of service wherever possible, the Council moved extremely quickly to equip office-based staff with mobile technology at the end of March 2020 and into April 2020, to enable home-working within a very short timescale. The Council also increased its ICT infrastructure ability to enable home-working. All office-based staff are now equipped to work from home. Network security has been strengthened as a result of significantly increased remote working. Moving forward the Council will have to re-organise the way some of its services and staff work, making sure that it puts in place the necessary social distancing measures to keep both its staff and users of Council services safe.

Part of the national response to the impact of the pandemic has been to provide additional financial support to the economy, including the distribution of Business Grants and extended business rates relief, both of which have been administered by the Council. The schemes administered by the Council on behalf of Welsh Government include:

Grant	Purpose	Date from
Business and Charity Grants Phase 1	To provide Non-Domestic Rates Business Support Grants to eligible rate payers within the Local Authority boundary. The grant scheme comprised three strands: <ul style="list-style-type: none"> • A grant of £25,000 for businesses in the retail, leisure and hospitality sectors with properties with a rateable value of between £12,001 and £51,000 • A £10,000 grant to all businesses eligible for Small Business Rates Relief with a rateable value of £12,000 or less • A £10,000 grant to support small charities and Community Amateur Sports Club's (CASC's) within the retail, leisure and hospitality sector, with a rateable value of £12,000 or less. 	March 2020
NDR Lockdown/Firebreak Grant	To enable the delivery of Covid-19 Non Domestic Rates Business Support to eligible rate payers within the Local Authority boundary. Payments were to support businesses eligible for Small Business Rates relief; retail, hospitality and leisure businesses that were required to close, and discretionary grants for businesses closed or materially affected by the firebreak lockdown; and a discretionary grant for businesses that were materially affected by local lockdown measures for 21 days prior to the start of the firebreak lockdown period.	November 2020
Business Restrictions Fund	To provide financial assistance to businesses that are facing operational and financial challenges caused by the restrictions as a result of Covid-19 within the hospitality, tourism and leisure sectors. The fund was to support businesses with cash flow to help them survive the economic consequences of the restrictions put in place.	December 2020

In total over £50 million has been paid out to a wide range of businesses and charities throughout the year. In addition to these there have been other grant payments to individuals including:

- Social Care Workforce Payments of £500
- Self-Isolation Payments for those on low incomes
- Statutory Sick Pay top-ups for social care workers

The total number and amounts of payments made are set out below:

Grant	Number	Total grant paid
Business and Charity Grants Phase 1	2,449	£30,220,000
NDR Lockdown/Firebreak Grant	1,759	£4,885,000
Business Restrictions Fund (3 phases)	4,562	£14,957,000
Social Care Workforce Payments (£500)	3,245	£1,862,572
Self-Isolation Payments (including administration)	372	£222,370
Statutory Sick Pay top-ups (including administration)	1,006	£278,689
TOTAL	13,393	£52,425,631

The administration of these payments rested with the Council. Managing both the volume and value of these grants placed pressures on staff to both ensure payments were made swiftly, to the right businesses and recipients, and managing a significant cash flow at a time when there was uncertainty in the financial

marketplace. Significant use was made of the Central Government Debt Management Office for the holding of short-term surplus cash balances.

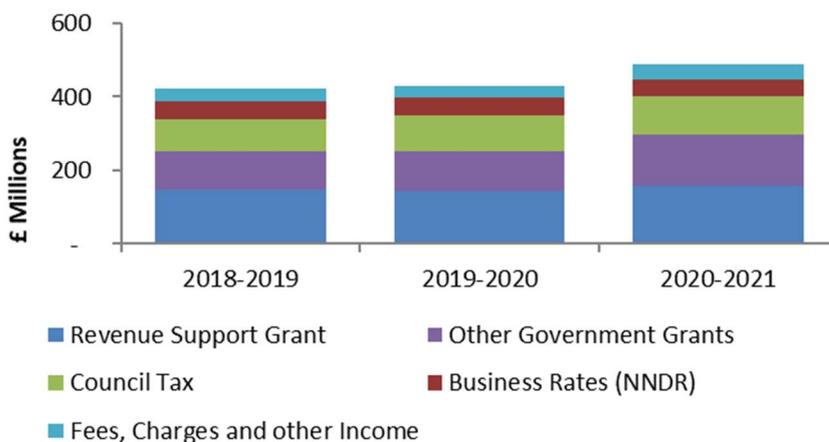
As at 31 March 2021 the Council held cash balances in relation to business grants of £358,000, which is due to be paid to businesses after the year end once claims are finalised.

Hardship Fund

Welsh Government, in recognising the additional cost pressures and potential loss of income by Council's as a result of the pandemic, agreed a Hardship Fund to support Council's in meeting these additional costs and income shortfalls. The Council received £20.6 million from this fund which supported £15 million of additional expenditure and £5.6 million for loss of income. The main areas funded for additional expenditure were support for homeless individuals, in providing them with accommodation, provision of Free School Meals (including during school holidays), additional staffing costs along with provisions to support social distancing and learning in schools, and additional costs of providing care and support for voids in Adult Social Care. Funding for loss of income mainly supported the reduction in school meal income and a contribution to the net loss of running the leisure services during the pandemic.

Financial Performance

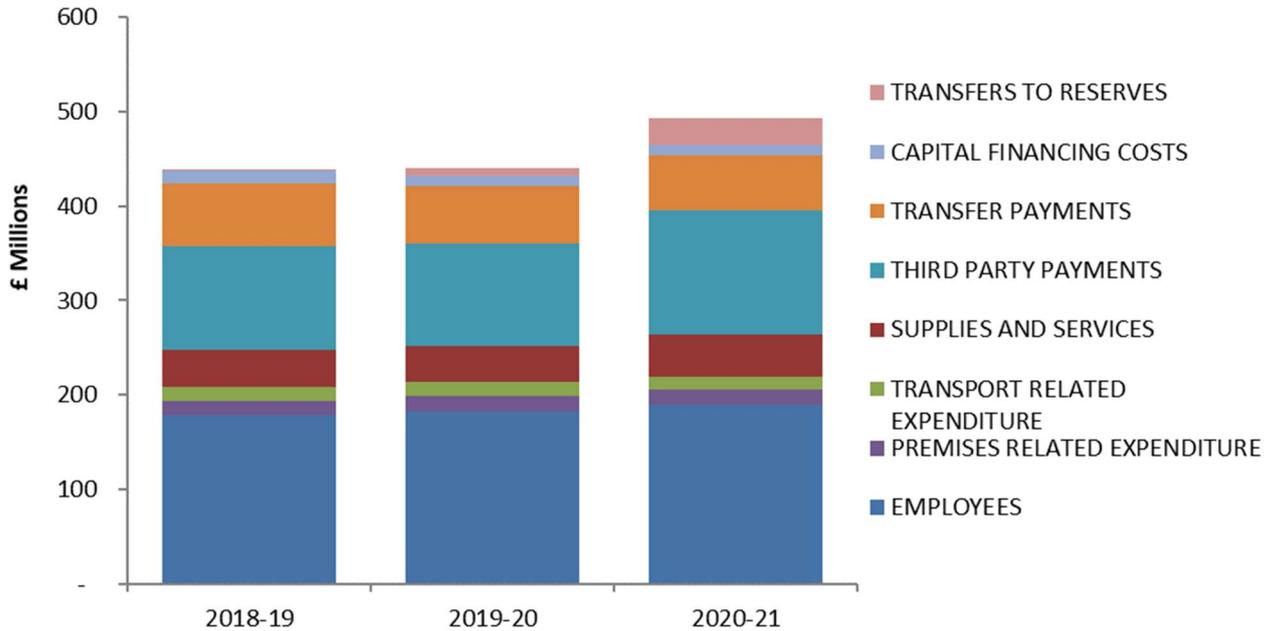
Over the last 10 years the Council has made around £68 million of budget reductions. Taking into account expenditure and services which are funded by specific grants, fees or charges, the Council's gross budget for 2020-21 was £438 million. This covers the day-to-day running costs of the Council including staff, waste collection, schools, care workers, foster carers and leisure services. The Council receives revenue funding from the Welsh Government (Revenue Support Grant), specific grants, business rates (NNDR), Council Tax, fees and charges and from its investments as shown below.



The majority of the Council's funding is from the Welsh Government via the Revenue Support Grant (32%) and its share of non-domestic (business) rates with other Government Grants (including specific grants from Welsh Government) making up just over another quarter of the Council's income (29%). Council tax accounts for approximately 21% of income. The Council is able to charge for a number of services including social care, car parking and licensing, which makes up just under 9% of the total Council income.

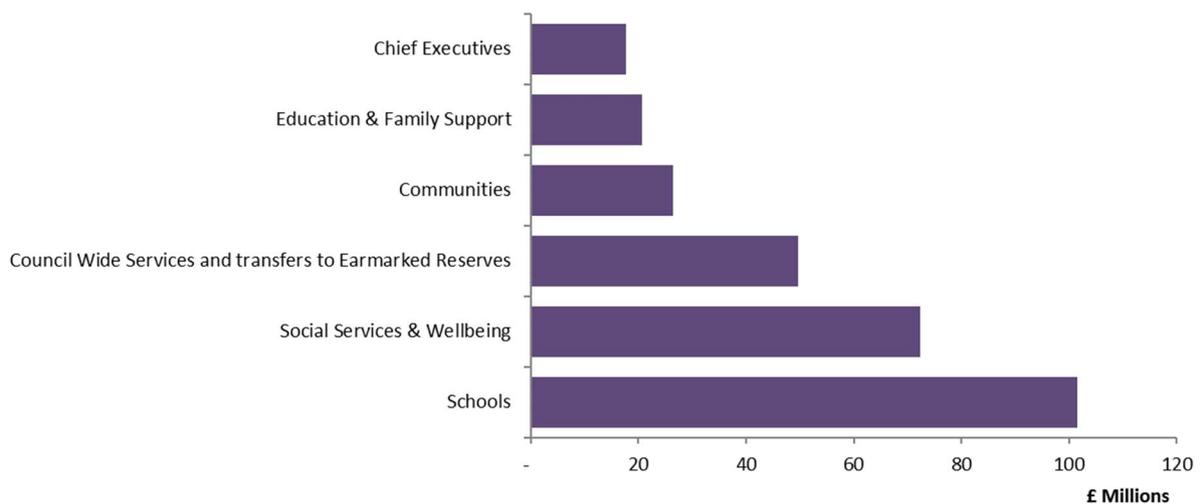
The Council spends its money on employees, premises related expenditure, transport costs, supplies and payments to 3rd party providers. The Council also has to meet capital financing costs (interest) as part of its long-term borrowing arrangements. At the end of 2019-20 the Council created a Covid-19 reserve to provide for unknown future costs in relation to the pandemic and maintained this reserve through the year. As Welsh Government support for Covid-19 costs through its Hardship Funds have been confirmed for the first six months of 2021-22, but not beyond, the Council may well face ongoing cost pressures and loss of income which it will need to fund in the short term.

As a result of effective financial management across the Council through the pandemic, ensuring that eligible monies have been claimed from the Welsh Government Hardship Fund along with significant supplementary grant funding from Welsh Government, the Council was able to make a net contribution to reserves for the year of £18.947 million along with an increase to school reserves of £8.382 million and a transfer to the General Fund of £0.432 million. These will fund a range of initiatives and expenditure commitments to meet specific costs. The Council's expenditure is analysed below.



Directorate Spending

Council spending by Directorate was within 93.83% of budget for all departments reflecting sound financial management and budgetary control. The table below shows the net spend by service Directorate.



The Council achieved an underspend, after transfers to Earmarked Reserves, of £0.432 million, or 0.15% of its net budget. This demonstrates its sound financial management throughout the year and its commitment to ensuring it does not spend beyond its means. The table below shows the closing position for each

Directorate and also for the non-Directorate specific government and other funding to the Council. The Council's outturn report for the year can be found on the Council's website [here](#).

	Net Budget £'000	Net Expenditure £'000	(Under)/over spend £'000	(Under)/over spend %
DIRECTORATE				
Education & Family Support	22,063	20,645	(1,418)	(6.4)
Schools	101,449	101,449	-	-
Social Services & Wellbeing	73,263	72,289	(974)	(1.3)
Communities	28,493	26,502	(1,991)	(7.0)
Chief Executives	18,774	17,678	(1,096)	(5.8)
Council Wide Services	42,843	49,592	6,749	15.8
Funding and financing	(286,885)	(288,587)	(1,702)	0.6
TOTAL	-	(432)	(432)	(0.15)

Addressing future challenges

The Council faces significant challenges moving forward. These include demographic pressures, such as an ageing population and an increasing number of young people with complex disabilities living into adulthood and adding progressively to the demand for care. In addition to this there are inflationary pressures arising from specific contractual commitments and significant increases in staffing costs arising from the above inflation increases in the national living wage, and calls to implement the real living wage, especially for Social Care staff. The published Welsh Government settlement for Bridgend for 2021-22 is an increase of 4.3%. As a result of the one-year spending round in November 2020, Welsh Government has not provided any indications of likely funding levels for 2022-23 onwards, which makes forward planning difficult, particularly in the post Brexit years.

Whilst the Council continues to face increasing pressures on its budget, it approved a balanced budget for 2021-22. However, the continuing consequences of the Covid-19 pandemic will have an inevitable impact on the Council's income, costs and 2021-22 budget. The Council will need to review its priorities and budgets in light of the impact of the pandemic in the County Borough, and re-focus these to enable them to move towards a more stable recovery phase as restrictions are eased.

On 31 December 2020, at the end of the Brexit transition period, the UK reverted to its economic and political independence, and is no longer part of the European Union (EU) Single Market or Customs Union. The uncertainty regarding the impact of the UK's exit from Europe was anticipated to create challenges for the Council and the communities it supports over the forthcoming months and years. The impact of the pandemic has undoubtedly overridden the immediate impact of the exit from the European Union, and any impacts that may have moving forward. The Council continues to work alongside partners to obtain answers on important issues such as how post-Brexit funding will be delivered.

Financial position

The Council manages significant assets and cash flows. During the year the Council:

- Held £537 million of long-term assets, including £529 million of operational assets for delivering services, £5 million investment properties and £2.5 million of intangible assets
- Received £298 million in grant funding, of which £158 million was the Welsh Government core funding – or Revenue Support Grant; Housing Benefit and administration grant totalled £38 million; and £20.6 million was from the Welsh Government's Hardship Grant to support Local Authorities with the additional costs and loss of income as a result of the Covid-19 pandemic.
- Generated £41 million of fees and charges and other service income used to deliver services

The Council maintains a strong balance sheet despite the financial challenges faced in 2020-21.

accessible and multi-agency support aims to identify and support children and families who would benefit from early help. Works commenced to redevelop Maesteg Town Hall, which will provide improved community facilities to include the town library and performance spaces, as well as offering improved accessibility for visitors and job creation. Works will continue into 2021-22.

The local government capital settlement provides the Council with £7.916 million of capital funding for 2021-22, £67,000 less than 2020-21 but £1.5 million more than was originally anticipated. This is as a result of Welsh Government continuing to provide an additional £25 million of general capital grant (included in the 2019-20 and 2020-21 budgets) to enable local authorities to respond to the joint priorities of decarbonisation, including for housing, and economic recovery following Covid-19. No indications have been given for 2022-23 or beyond. In February 2021 the Council approved a ten-year capital programme of £170 million as set out in the table below. The table also provides the 2020-21 outturn.

	OUTTURN	TEN YEAR PLAN			
	2020-21	2021-2022	2022-2023	2023-2024 to 2030-2031	Total
	£'000	£'000	£'000	£'000	£'000
EXPENDITURE					
Education & Family Support	4,877	11,549	2,792	47,082	61,423
Social Services and Well-being Communities	587	2,284	-	-	2,284
Chief Executives	14,545	43,208	8,875	17,820	69,903
Council Wide & Other	3,452	3,393	2,450	19,600	25,443
		1,929	367	8,943	11,239
Total Expenditure	23,461	62,363	14,484	93,445	170,292
FUNDING					
Grants and s106 Contributions	15,583	14,303	5,372	52,817	72,492
Capital Receipts and Revenue Contributions	1,611	30,939	5,046	9,124	45,109
Borrowing	6,367	17,121	4,066	31,504	52,691
Total Funding	23,461	62,363	14,484	93,445	170,292

The Financial Statements

The Statement of Accounts are included in this document, and consist of the following financial statements:

Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Council and the Section 151 officer for the preparation and approval of the Statement of Accounts.

The Comprehensive Income & Expenditure Statement (CIES)

This records all of the Council's income and expenditure in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements, which may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Movement in Reserves Statement (MiRS)

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the Council, analysed into 'usable reserves' - those that can be used to fund expenditure - and 'unusable' reserves, which must be set aside for specific purposes. Unusable reserves would include unrealised gains and losses (such as the Revaluation Reserve), where amounts would only become available if the assets are sold, and reserves that reflect 'adjustments between accounting basis and funding under regulations'. The surplus or deficit on the Provision of Services line shows the true economic

cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance for council tax setting purposes. The Net Increase/Decrease line shows the statutory Council Fund balance movements in the year following those adjustments.

Balance Sheet

This records a snapshot of the Council's assets, liabilities, cash balances and reserves at the year-end date. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Cash Flow Statement

The Cash Flow Statement shows the reason for changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Notes to the Accounts

These set out the Accounting Policies adopted for the Statement of Accounts and disclosures relating to the financial statements and include pensions and financial instruments disclosures. These include the Expenditure and Funding Analysis which shows how annual expenditure is used and funded from resources (government grants, fees and charges, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Directorates and Council wide areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Conclusion

2020-21 has been a challenging year both in terms of the Covid-19 pandemic, but also financially. However the Council was able to remain within its net revenue budget despite increasing service demands especially given the impact of the Covid-19 pandemic. The pandemic is likely to have much greater financial and service delivery impacts for at least the next financial year and potentially beyond. These challenging times will have a significant financial impact for us as individuals, for our residents, communities and businesses, and the detailed financial assumptions underpinning the Council's Medium Term Financial Strategy will need constant revisiting to ensure the ongoing financial resilience of the Council.

The Statement of Responsibilities for the Statement of Accounts

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council'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 Financial Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code.

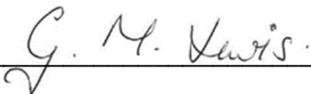
The Chief Financial Officer has also:

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

Chief Financial Officer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of Bridgend County Borough Council as at 31 March 2021 and of its income and expenditure for the year ended 31 March 2021

Signed:



11 June 2021



Financial Statements

Comprehensive Income and Expenditure Statement

2019-20					2020-21				Notes
Gross Expenditure £'000	Govt Grants £'000	Other Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Govt Grants £'000	Other Income £'000	Net Expenditure £'000	
164,452	(28,167)	(10,326)	125,959	Education and Family Support	169,540	(39,915)	(5,970)	123,655	
99,469	(7,332)	(17,919)	74,218	Social Services and Wellbeing	116,137	(11,756)	(27,462)	76,919	
53,945	(8,090)	(5,466)	40,389	Communities	53,365	(11,986)	(5,909)	35,470	
74,483	(50,653)	(2,961)	20,869	Chief Executives	73,912	(50,187)	(2,251)	21,474	
18,453	(175)	(300)	17,978	Council Wide Services	25,216	(8,946)	(588)	15,682	
410,802	(94,417)	(36,972)	279,413	Cost Of Services	438,170	(122,790)	(42,180)	273,200	
				Other Operating Expenditure					
16,453			16,453	Precepts payable	17,714			17,714	7
7,116			7,116	Levies payable	7,471			7,471	7
215			215	(Gain) / loss on disposal of non current assets	274			274	
23,784	-	-	23,784	Other Operating Expenditure	25,459	-	-	25,459	
				Financing and Investment Income and Expenditure					
4,551			4,551	Interest payable on debt	4,550			4,550	31
48			48	Interest element of finance leases (lessee)	40			40	31
1,256			1,256	Interest payable on PFI unitary payments	1,203			1,203	13
6,120			6,120	Net Interest on Net Defined Benefit Liability	6,460			6,460	30
		(1,099)	(1,099)	Investment Income & Other Interest Receivable			(895)	(895)	31
				Changes in fair value of investment properties			(455)	(455)	22
11,975	-	(1,099)	10,876	Financing and Investment Income and Expenditure	12,253	-	(1,350)	10,903	
				Taxation and Non-Specific Grant Income					
	(145,354)		(145,354)	Revenue Support Grant		(157,816)		(157,816)	8
		(46,452)	(46,452)	National Non Domestic Rates			(45,312)	(45,312)	9
		(96,957)	(96,957)	Council Tax		(1,261)	(101,913)	(103,174)	10
	(11,798)		(11,798)	Recognised capital grants and contributions		(12,325)		(12,325)	11
-	(157,152)	(143,409)	(300,561)	Taxation and Non-Specific Grant Income	-	(170,141)	(148,486)	(318,627)	
				(Surplus) or Deficit on Provision of Services					
446,346	(251,569)	(181,480)	13,512	(Surplus) or deficit on revaluation of Property, Plant and Equipment	479,834	(298,139)	(192,021)	(9,065)	
4,476		(5,277)	(5,277)	Impairment losses on non-current assets charged to the Revaluation reserve	2,646		(10,416)	(10,416)	29a
7,300			7,300	Actuarial (gains) / losses on pension liabilities	2,290			2,290	30
			6,499	Other Comprehensive (Income) and Expenditure				(5,480)	
			20,011	Total Comprehensive (Income) and Expenditure				(14,545)	

Movement in Reserves Statement

	Council Fund Balance	Earmarked Reserves	Capital Receipts Reserves	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019 brought forward	8,776	48,107	17,922	1,482	76,287	95,561	171,848
<u>Movement in Reserves during 2019-20</u>							
Total Comprehensive (Income) and Expenditure	(13,512)				(13,512)	(6,499)	(20,011)
Adjustments between accounting basis & funding basis under regulations (Note 20)	21,191		686	(1,165)	20,712	(20,712)	-
Transfers to Earmarked Reserves (Note 28)	(7,115)	7,115			-		
Increase/(Decrease) in 2019-20	564	7,115	686	(1,165)	7,200	(27,211)	(20,011)
Balance at 31 March 2020 carried forward	9,340	55,222	18,608	317	83,487	68,350	151,837

	Council Fund Balance	Earmarked Reserves	Capital Receipts Reserves	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020 brought forward	9,340	55,222	18,608	317	83,487	68,350	151,837
<u>Movement in Reserves during 2020-21</u>							
Total Comprehensive (Income) and Expenditure	9,065				9,065	5,480	14,545
Adjustments between accounting basis & funding basis under regulations (Note 20)	18,697		2,911	(29)	21,579	(21,579)	-
Transfers to Earmarked Reserves (Note 28)	(27,330)	27,330			-		
Increase/(Decrease) in 2020-21	432	27,330	2,911	(29)	30,644	(16,099)	14,545
Balance at 31 March 2021 carried forward	9,772	82,552	21,519	288	114,131	52,251	166,382

Balance Sheet

31 March 2020 £'000		31 March 2021 £'000	Notes
	Property, Plant & Equipment		21c
425,796	Other Land and Buildings	430,564	
6,742	Vehicles, Plant, Furniture and Equipment	7,843	
67,559	Infrastructure	69,593	
4,912	Community Assets	4,951	
816	Assets under Construction	2,098	
17,108	Surplus Assets not Held for Sale	14,090	
220	Heritage Assets	220	
4,635	Investment Property	5,090	22
3,032	Intangible Assets	2,471	21d
-	Long Term Investments	-	31
530,820	Long Term Assets	536,920	
25,097	Short Term Investments	48,546	31
2,560	Assets Held for Sale	2,500	24
678	Inventories	527	
36,342	Short Term Debtors	61,319	23
3,646	Cash and Cash Equivalents	3,050	
68,323	Current Assets	115,942	
-	Bank overdraft	(4,703)	
(915)	Short Term Borrowing	(926)	31
(34,533)	Short Term Creditors	(44,465)	25
(986)	Provisions due in 1 year	(795)	26
(36,434)	Current Liabilities	(50,889)	
(3,999)	Provisions due after 1 year	(3,120)	26
(97,401)	Long Term Borrowing	(97,394)	31
	Other Long Term Liabilities		
(16,447)	PFI & Other Long Term Liabilities	(16,802)	27
(289,190)	Net Pensions Liability	(310,290)	30
(3,835)	Capital Receipts in Advance	(7,985)	
(410,872)	Long Term Liabilities	(435,591)	
151,837	Net Assets	166,382	
	Usable reserves		
9,340	Council Fund	9,772	28b
55,222	Earmarked reserves	82,552	
18,608	Capital Receipts Reserve	21,519	28a
317	Capital Grants Unapplied	288	
	Unusable Reserves		29
145,386	Revaluation Reserve	148,639	29a
(289,190)	Pensions Reserve	(310,290)	29b
216,218	Capital Adjustment Account	217,810	29c
(706)	Financial Instruments Adjustment Account	(697)	
(3,358)	Short-term Accumulating Compensated Absences Account	(3,211)	
151,837	Total Reserves	166,382	

Cash Flow Statement

2019-20		2020-21	Notes
£'000		£'000	
13,512	Net (surplus)/deficit on the Provision of Services	(9,065)	34
(36,433)	Adjustments to net deficit on the provision of services for non-cash movements	(24,823)	
12,723	Adjustments for Items included in the net deficit on the provision of services that are investing and financing activities	15,538	
(10,198)	Net Cash Flows from Operating Activities	(18,350)	35
19,081	Investing Activities	40,129	36
(11,478)	Financing Activities	(21,183)	37
(2,595)	Net (Increase) / Decrease in Cash & Cash Equivalents	596	
(1,051)	Cash & Cash Equivalent at the beginning of the Reporting Period	(3,646)	
(3,646)	Cash & Cash Equivalent at the end of the Reporting Period	(3,050)	

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.



Notes to the Financial Statements

Notes to the Financial Statements

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1. Accounting Policies

1.1 General principles

The Statement of Accounts summarises the Council's transactions for the 2020-21 financial year and its position at the year end of 31 March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 and the Accounts and Audit (Wales) (Amendments) Regulations 2018, in accordance with proper accounting practices. These practices comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) 2020-21 and the *Service Reporting Code of Practice* 2020-21 supported by International Financial Reporting Standards (IFRS).

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 Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 (the Code) requires that the Council discloses information relating to the anticipated impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to the adoption of the following new or amended standards within the 2020-21 Code:

Standard	Effective date	Further details
Amendments to IFRS 3 Business Combinations	01 January 2022	The International Accounting Standards Board (IASB) has made amendments to IFRS 3 'Business Combinations' that updated an outdated reference in IFRS 3 without significantly changing its requirements. The changes are to update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	01 January 2020	The IASB has published this reform in response to the ongoing reform of interest rate benchmarks around the world. The amendments aim to provide relief for hedging relationships. Many interbank offer rates (IBORs) are expected to be replaced by new benchmark Risk-Free Rates (RFRs). One of the biggest issues presented by the replacement of IBORs is the potential effect on hedge accounting given the extensive use of interest rate benchmarks in global financial markets.
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	01 January 2021	The amendments enable entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements. The amendments mainly particularly affect entities with financial assets, financial liabilities or lease liabilities that are subject to interest rate benchmark reform and those that apply the hedge accounting requirements in IFRS 90 or IAS 39 to hedging relationships that are affected by the reform.

The Council does not consider these changes will have any impact on the 2020-21 Statements.

1.3 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 Council 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 Council.
- Revenue from the provision of services is recognised when the Council 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 Council.
- 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.
- Investment income and 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 be impaired, the balance of debtors is written down by the difference between the carrying amount and revised future cash flows and a charge made for the impairment to revenue.

1.4 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council 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 example, the Council 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 Council 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 and 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 Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council 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 Council. 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 a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council 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 Council.

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

1.5 Reserves

The Council 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, employee and retirement benefits and are 'Unusable' reserves as set out in Note 29 to the accounts.

1.6 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 Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grant / contribution 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. 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. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.7 Employee benefits

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 and bonuses for current employees. These are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlement earned by employees but not taken before the financial year-end which employees can carry forward into the next financial year. The accrual is charged to the relevant Service Cost line in the Comprehensive Income and Expenditure Statement, 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.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council 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 Cost line in the Comprehensive Income and Expenditure Statement, when the Council is demonstrably committed to the termination of the employment of an Officer or group of Officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council 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.

Post-Employment Benefits

Employees of the Council are members of two separate pension schemes. Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The *Teachers' Pension Scheme*, administered by Teachers' Pensions on behalf of the Department for Education (DfE). The arrangements for this scheme mean that liabilities for benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payment of benefits is recognised in the Balance Sheet. The Education and Family Support line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The *Local Government Pension Scheme* - other employees are entitled to be members of the Rhondda Cynon Taf County Borough Council Pension Fund. The Local Government Scheme is accounted for as a defined benefit scheme:

- The liabilities of the pension scheme attributable to the Council 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, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate.
- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Property – market value
- The change in the net pensions liability is analysed into the following components:
 - Current service cost – the increase in liabilities as result of the number 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 as a result of a scheme amendment or curtailment whose effect relates to the number of years of service earned in earlier years – debited to Central Services in the Comprehensive Income and Expenditure Statement
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit

liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Re-measurements comprising:
 - The return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve and Other Comprehensive Income and Expenditure
 - 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 – charged to the Pensions reserve and Other Comprehensive Income and Expenditure:
 - Contributions to the pension fund – cash paid as employer's contribution 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 Council 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 transfers 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 for any amounts payable to the fund 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 earned by employees.
- The Council 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.

1.8 VAT

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

1.9 Overheads and Support Services

In line with the Code of Practice on Local Authority Accounting (the Code) overheads and support services are shown in the relevant service where they are incurred and are not recharged out to supported service areas. Any internal income as a result of transactions between departments is shown in the supplying service line with the corresponding charge being shown in the recipient service line.

1.10 Intangible Assets

The Council accounts for software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The most significant intangible asset is the Wales Community Care Information System (WCCIS) software development costs and licence.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful life used by the Council for the WCCIS is 8 years. Amortisation of the intangible asset is charged on a straight line basis over the useful life and is charged to the Social Services and Wellbeing line in the Comprehensive Income and Expenditure Statement.

1.11 Property, Plant and Equipment

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 Council 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.

All expenditure on Property, Plant and Equipment is recognised irrespective of value. Expenditure below £40,000 is considered non-enhancing and is immediately impaired unless cumulatively over more than one year the expenditure would amount to more than this value.

Measurement

Assets are initially measured at cost, comprising its purchase price and all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- **Land and buildings** – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- **Non-specialised operational properties** – existing use value (EUV)
- **Specialised operational properties (such as schools)** – depreciated replacement cost (DRC)
- **Vehicles, plant and equipment** – depreciated historical cost
- **Community assets** – historical cost
- **Assets under construction** – historical cost (until they become operational)
- **Infrastructure assets** – depreciated historical cost
- **Surplus assets and investment properties** – fair value
- **Assets held for sale** – lower of carrying amount and fair value less costs of sale

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 flow of the Council). 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 Council. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Revaluations

Assets included in the Balance Sheet at fair value or current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value or current value at the year-end. Revaluations of the Council's property assets are undertaken on a 3 year rolling programme basis. Revaluation gains since 1 April 2007 only are recognised in the Revaluation Reserve, the date of its inception. Previous revaluation gains have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end to determine 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 there have been previous revaluation gains against the asset held in the Revaluation Reserve, any subsequent loss is firstly written out against the accumulated Revaluation Reserve with any balance being charged against the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is provided for on Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. Exceptions are made for:

- Heritage assets
- Assets without a determinable finite useful life such as freehold land
- Assets that are not yet available for use i.e. assets under construction, and assets held for sale.

Depreciation is calculated on the value of the asset at the start of the year and on the following bases:

Asset	Policy	Life
Land	No depreciation charged	N/A
Buildings	Straight line depreciation on estimated remaining life	As advised by Valuer (between 1 - 79 years)
Vehicles, plant and equipment	Straight line depreciation on estimated remaining life	3 - 10 years
Infrastructure - Bridges	Straight line depreciation on estimated remaining life	30 years
Infrastructure - Roads	Straight line depreciation on estimated remaining life	15 years
Infrastructure - Other	Straight line depreciation on estimated remaining life	1 - 30 years

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.

Componentisation

Assets purchased or revalued during the year are reviewed to confirm whether any part of the asset will have a significantly different useful life and a material impact on depreciation. Where this is the case the asset will be componentised and the differing parts will be depreciated over their respective useful lives. Within the Council's asset portfolio there are a number of asset classes where componentisation is not considered, including:

- Equipment – as this is considered immaterial.
- Asset classes which are not depreciated – such as land, investment property, heritage assets, community assets and assets held for sale.

Disposals and Non-current 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 criteria for recognising assets as being held for sale are:

- Available for immediate sale in present condition
- Sale highly probable
- Actively marketed
- Sale completion expected within 12 months.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

1.12 Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical worth. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. The Council recognises its Civic Regalia and a number of paintings in the Balance Sheet at insurance value. The value of the paintings were added to the Balance Sheet during 2017-18 based on an insurance valuation carried out by professional valuers during the year. According to the Code there is no prescribed minimum period between valuations and the Council does not intend to revalue its Heritage Assets in the near future unless there is evidence of impairment such as physical deterioration or damage, or doubts to their authenticity arise.

1.13 Charges to revenue for non-current assets

Services are debited with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The Council is not required to raise council tax to fund depreciation, revaluation or impairment losses or amortisation. However, it is required to make an annual prudent provision from revenue to contribute towards the reduction in its overall borrowing requirement. This is detailed in the Council's Annual Minimum Revenue Provision Statement, and differentiates between supported capital expenditure, unsupported capital expenditure, and Finance Leases / PFI. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this *Minimum Revenue Provision (MRP)* by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. The Council charges MRP on a straight line basis over 45 years. This ensures that the costs of supported capital expenditure are spread evenly over the lifetime of assets, and that the debt is fully extinguished within forty-five years.

1.14 Revenue Expenditure Funded from Capital Resources under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Examples of such expenditure include home improvement grants, town improvement grants and land feasibility studies. Where the Council has determined to meet the cost of these 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 there is no impact on the level of council tax. Where this expenditure is funded by grants or contributions, this is also taken to the relevant service area where the expenditure has been charged.

1.15 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as a Lessee

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease).

The Council as a Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.16 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash-flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost as they are held solely for payment of principal and interest.

Financial Assets held at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value, which is normally the transaction cost. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) represent investment and interest income receivable. For the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued investment and interest income).

Any gains or losses that arise on derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on all its financial assets held at amortised cost, either on a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assumed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange

financial assets and liabilities with another entity that is potentially unfavourable to the Council. Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure Section of the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable together with any accrued interest and interest charged to the Comprehensive Income and Expenditure Statement for the year according to the loan agreement.

The Council has three Lender's Option Borrower's Option loans (LOBOs) with stepped interest rates. An effective interest rate has been used for these so that these are re-measured amounts for the LOBOs on the Balance Sheet.

The Council does not hold any financial assets or liabilities at Fair Value, however it is required to provide fair value information as appropriate. The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

1.17 Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

1.18 Private Finance Initiatives (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under the PFI scheme and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under these contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed as follows:-

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement
- payment towards the liability – applied to write down the Balance Sheet liability towards the PFI operator

PFI assets are subject to MRP. The Annual MRP Policy for the Council has deemed this charge to be equivalent to the finance lease liability written down for the year.

1.19 Joint Arrangements

The Council is part of a number of joint arrangements including the Joint Committee for the Cardiff Capital Region City Deal (CCRCD) which consists of 10 Partner Authorities: Blaenau Gwent; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda-Cynon-Taf; Torfaen; the Vale of Glamorgan and Bridgend. The Joint Committee has been established to oversee delivery of a range of programmes designed to secure sustainable economic growth for the region in order to improve the lives of all in the community, including increasing connectivity and improving physical and digital infrastructure. The contributions to the Joint Committee are classified as Revenue Expenditure Funded from Capital Under Statute (REFCUS). The Council has not consolidated the assets or liabilities of the Joint Committee. The Council continues to have administrative responsibilities for Coychurch Crematorium and independent financial statements continue to be prepared and reviewed for this joint committee. The activities of these joint arrangements are excluded from the Council's single entity financial statements on the basis of materiality of both assets and population.

1.20 Council Tax Income

All Council Tax income is shown in the Comprehensive Income and Expenditure Statement of the Council with the major preceptors' precepts (principally Police and Crime Commissioner for South Wales) being included as expenditure. Council Tax Income is shown gross in the Comprehensive Income and Expenditure Statement with any amounts allocated as a result of the Council Tax Reduction Scheme recognised as an expense within net costs of services.

1.21 Prior Period Adjustments, Changes in Accounting Policies and 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. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. 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 Council'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.

1.22 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of notice of not more than 24 hours. Cash equivalents are investments that mature in no more than a month or less from the date of acquisition 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 Council's cash management.

1.23 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.

1.24 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

The Council instructed external valuers Cooke & Arkwright to provide valuations annually as at 31 December for all of the Council's investment portfolio in line with IFRS13. When the fair values of Investment Properties, Surplus Assets and Assets Held for Sale cannot be measured based on quoted prices in active markets (that is **Level 1 inputs**), their fair value is measured using the following valuation techniques:

Level 2 inputs: quoted prices for similar assets or liabilities in active markets at the valuation date

Level 3 inputs: based on most recent valuations, adjusted if necessary through the use of indexation and impairment review

The majority of the investment properties were valued at Level 2 inputs with a number valued at Level 3 inputs.

Rentals received in relation to investment properties are credited to the net Cost of Services and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements 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.

1.25 Local Authority Schools

The Code of Practice on Local Authority Accounting confirms that the balance of control for local Council maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the Council. The Code also stipulates that those schools' assets, liabilities and cash flows are recognised in the Council's financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements as if they were of the Council.

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the Council 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:

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

The Council is deemed to control the services provided under the outsourcing agreement for the provision of a Comprehensive School in Maesteg and also to control the residual value of the school at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the School (valued at £22.9 million) has been recognised as Property, Plant and Equipment on the Council's Balance Sheet.

The Council has a number of interests in other entities however the arrangements are not sufficiently material to warrant producing consolidated financial statements when reviewing both quantitative and qualitative information. In order to ensure compliance with the Code, a range of narrative disclosures have been made in other sections of the accounts.

3. Assumptions made about the future and other major sources of estimated uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council 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 Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Plant, Property and Equipment

Revaluation of the Council's assets is undertaken on a 3-year rolling programme. The value of those assets is based upon calculations and estimation techniques following the Royal Institute of Chartered Surveyors (RICS) guidance, and in accordance with IFRS. Revaluation takes account of the value and condition of the asset, relevant components and also de-recognition where appropriate.

Depreciation of Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate may result in spending on repairs and maintenance having to be reduced thus bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets will fall.

Investment Properties, Surplus Assets and Assets Held for Sale

Fair Value estimations:

The Council instructed external valuers Cooke & Arkwright to provide valuations as at 31 December 2020 for all of the Council's investment portfolio and these were valued in line with IFRS13.

When the fair values of Investment Properties, Surplus Assets and Assets Held for Sale cannot be measured based on quoted prices in active markets (**Level 1 inputs**), their fair value is measured using the following valuation techniques:

Level 2 inputs: quoted prices for similar assets or liabilities in active markets at the balance sheet date;

Level 3 inputs: valuations based on the most recent valuations adjusted to current valuation by the use of indexation and impairment review.

Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value. The external valuers used the most appropriate valuation techniques to determine fair value.

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 Council with expert advice about the assumptions to be applied.

4. Expenditure and Funding Analysis

2019-20				2020-21		
Net Expenditure Chargeable to the Council Fund	Adjustments between the Funding and Accounting Basis & transfers to Earmarked Reserves (Note 5)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the Council Fund	Adjustments between the Funding and Accounting Basis & transfers to Earmarked Reserves (Note 5)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
115,059	(10,900)	125,959	Education and Family Support Social Services	122,095	(1,560)	123,655
71,651	(2,567)	74,218	& Wellbeing Communities Chief	72,289	(4,630)	76,919
25,746	(14,643)	40,389	Executives	26,502	(8,968)	35,470
17,115	(3,754)	20,869	Council Wide Services	17,677	(3,797)	21,474
31,551	13,573	17,978		38,417	22,735	15,682
261,122	(18,291)	279,413	Net Cost Of Services	276,980	3,780	273,200
(261,686)	4,215	(257,420)	Other income and Expenditure	(277,412)	4,852	(282,265)
(564)	(14,076)	21,993	Surplus or Deficit	(432)	8,632	(9,065)
8,776			Opening Council Fund Balance	9,340		
564			Surplus or (Deficit) on Council Fund for year	432		
9,340			Closing Council Fund Balance as at 31 March	9,772		

5. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2019-20				
Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
Education and Family Support	(5,882)	(5,006)	(12)	(10,900)
Social Services & Wellbeing	1,345	(3,789)	(123)	(2,567)
Communities	(10,838)	(1,728)	(2,077)	(14,643)
Chief Executives	(1,739)	(1,737)	(278)	(3,754)
Council Wide Services	3,178	-	10,395	13,573
Net cost of services	(13,936)	(12,260)	7,905	(18,291)
Other income and expenditure from the Expenditure and Funding Analysis	11,583	(6,120)	(1,248)	4,215
Difference between Council Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(2,353)	(18,380)	6,657	(14,076)

Adjustments between Funding and Accounting Basis 2020-21				
Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
Education and Family Support	(6,846)	(4,806)	10,092	(1,560)
Social Services & Wellbeing	(813)	(3,964)	147	(4,630)
Communities	(6,120)	(1,854)	(994)	(8,968)
Chief Executives	(1,688)	(1,726)	(383)	(3,797)
Council Wide Services	2,918	-	19,817	22,735
Net cost of services	(12,549)	(12,350)	28,679	3,780
Other income and expenditure from the Expenditure and Funding Analysis	12,506	(6,460)	(1,194)	4,852
Difference between Council Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(43)	(18,810)	27,485	8,632

Note 1 - Adjustments for Capital Purposes

The adjustments for capital purposes column adds in depreciation and impairment, revaluation gains and losses and Revenue Expenditure Funded by Capital under Statute (REFCUS) in the services line, and for:

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

Note 2 - Net Change for the Pensions Adjustments

The net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs
- For Financing and Investment Income and Expenditure – the net interest on the defined benefit liability is charged to the CIES.

Note 3 - Other Differences

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

- For financing and investment income and expenditure the other differences column recognises adjustments to the Council Fund for the timing differences for premiums and discounts.
- The charge under Taxation and Non-Specific Grant Income represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices.

6. Expenditure and Income Analysed by Nature

This table sets out how the funding to the Council has been used in providing services in line with generally accepted accounting practices. This will include cash and non-cash transactions including accounting adjustments in line with International Financial Reporting Standards. **A segmental analysis of fees, charges and other service income is presented on the face of the Comprehensive Income and Expenditure Statement.**

2019-20 £'000		2020-21 £'000
	Expenditure	
196,559	Employee expenses	202,256
194,015	Other services expenses	217,325
20,228	Depreciation, amortisation, impairment	18,590
11,975	Interest payments	12,253
23,569	Precepts and levies	25,185
215	(Gain)/Loss on disposal of assets	274
446,561	Total expenditure	475,883
	Income	
(36,972)	Fees, charges and other service income	(42,180)
(143,409)	Income from council tax, non-domestic rates	(147,225)
(251,569)	Government grants and contributions	(294,194)
(1,099)	Investment Income and other Interest Receivable	(894)
-	Other income	(455)
(433,049)	Total income	(484,948)
13,512	(Surplus) or Deficit on the provision of services	(9,065)

Notes to the Comprehensive Income and Expenditure Statement

7. Precepts and levies

Precepts are the amounts paid to non-billing authorities (e.g. community councils) by billing authorities so that they can cover their expenses. Levies are the amounts payable when services are operated over areas covering more than one Council, either on a joint service basis, where one Council administers the service and other Councils contribute to the costs, or by external bodies who levy on the appropriate Councils. The amounts paid were as follows:

2019-20 £'000		2020-21 £'000
	Precepts	
13,832	Police and Crime Commissioner for South Wales	14,861
2,621	Community Councils	2,853
16,453	Total Precepts	17,714
	Levies	
6,747	South Wales Fire and Rescue Authority	7,056
260	Coroners Service	306
91	Archive Service	91
18	Swansea Bay Port Authority	18
7,116	Total Levies	7,471
23,569	Total Precepts and Levies	25,185

8. Revenue Support Grant (RSG)

This is the principal source of finance towards revenue expenditure received from Welsh Government. The amount received in 2020-21 was £157.82 million (£145.35 million for 2019-20).

9. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Welsh Government (WG) specifies the rate in the pound to be charged (the multiplier) and, subject to the effects of transition arrangements, local businesses pay rates calculated by multiplying their rateable value by the rate in the pound (the multiplier). The multiplier was 53.5p in 2020-21 (52.6p in 2019-20). The total rateable value of the Council equalled £98,037,269 on 31 March 2021 (£99,152,723 on 31 March 2020). The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by WG. WG then redistributes the sums payable back to local authorities pro rata to adult population in each Council's area.

The Council receives a contribution directly from the NNDR pool. The income from this is reflected separately in the Comprehensive Income and Expenditure Statement. This amount was £45.312 million in 2020-21 (£46.452 million in 2019-20).

10. Council Tax

Council Tax Income derives from charges raised from residential properties, which have been classified into ten valuation bands based on the value the property is estimated to have been on 1 April 2005. Charges are calculated by taking the amount of income required for Bridgend County Borough Council, each Community Council and the Police and Crime Commissioner for South Wales and dividing this by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a factor to convert the number to a Band D equivalent, which is then adjusted for discounts. The gross tax base is then multiplied by the estimated collection rate to give the net tax base on which the budget is set – this was 54,492.29 Band D equivalents for 2020-21 (53,710.97 in 2019-20). The average charge for a Band D property is £1,862.14 in 2020-21 (£1,777.19 in 2019-20 on average) and this is multiplied by the factor specified for the particular band to give the individual amount due.

Council Tax bills were based on the following multipliers for bands A* to I and the number of properties in each band were as follows:

Band	A*	A	B	C	D	E	F	G	H	I
Factor	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Chargeable Dwellings	25	10,168	14,934	14,247	10,561	7,630	4,255	1,417	284	88

A* - in Band A but affected by disability reduction. Analysis of the net proceeds from Council Tax is as follows:

2019-20 £'000		2020-21 £'000
(96,957)	Council Tax Collectable	(101,913)
-	Welsh Government Hardship Fund	(1,261)
	Less:	
2,621	Payable to Community Councils	2,853
13,832	Payable to Police and Crime Commissioner for South Wales	14,861
417	Provision for non-payment of Council Tax increase/(decrease)	1,450
(80,087)		(84,010)

The Council received £1.261 million from the Welsh Government Hardship Fund for loss of income from Council Tax.

11. Grants

In addition to the Revenue Support Grant, the Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

2019-20 £'000	Specific Grants credited to Services	2020-21 £'000
(40,207)	Housing Benefit Subsidy	(36,794)
(6,105)	Post 16 Grant	(6,584)
(4,895)	Education Improvement Grant	(4,953)
(4,592)	Pupil Development Grant	(4,980)
(9,136)	Other Education & Family Support	(10,559)
(3,274)	Other Social Services & Wellbeing	(4,759)
(4,911)	Others	(8,340)
(5,767)	Supporting People	(5,955)
(858)	Sport Play & Active Wellbeing	(908)
(2,763)	Concessionary Fares Grant	(2,758)
(3,076)	Flying Start	(3,031)
(870)	Sustainable Waste Grant	(727)
(874)	Housing/Council Tax Benefit Administration	(737)
(2,168)	Integrated Care Fund	(2,048)
(1,690)	Families First	(1,787)
-	Covid Grants	(24,643)
(2,280)	General Capital Grant	(1,689)
(951)	Other Capital Grants	(1,540)
(94,417)	Total	(122,792)

2019-20 £'000	Other Government Grants credited to Taxation and Non-specific Grant Income	2020-21 £'000
(11,798)	Capital Grants and Contributions	(12,325)
(11,798)	Total	(12,325)

(106,215)	Total	(135,117)
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12. LeasesCouncil as a LesseeOperating Leases

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

2019-20 £'000		2020-21 £'000
(681)	Not later than one year	(428)
(1,419)	Later than one year but less than five years	(1,171)
(6,664)	Later than five years	(6,491)
(8,764)	Total	(8,090)

Expenditure charged in the year to the Service areas was £0.694 million made up of minimum lease payments of £0.069 million and £0.625 million for contingent rents (2019-20: £0.734 million made up of £0.117 million minimum lease payments and £0.617 million contingent rents).

Council as a LessorOperating Leases

The Council leases out property for economic purposes to provide affordable accommodation for local businesses. The future rentals receivable under operating leases are:-

2019-20 £'000		2020-21 £'000
102	Not later than one year	78
158	Later than one year but less than five years	159
1,702	Later than five years	1,681
1,962	Total	1,918

13. Private Finance Initiative (PFI)

During the 2008-09 financial year, the Council commenced payment under a Private Finance Initiative (PFI) arrangement for the provision of a Secondary School in Maesteg – this contract was entered into in 2007-08 and will run until August 2033. There is a commitment of £30.5 million (Net Present Value) over the duration of the contract, which is to be funded by Revenue Support Grant agreed by the Welsh Government, and Council / Delegated School Budget.

The total unitary payment is divided into the service charge element, the repayment of the liability element and the interest element. The charges are shown below:-

2019-20 £'000	Unitary Charge	2020-21 £'000
699	Service Charge Element	693
1,256	Interest Element	1,203
690	Finance Lease Liability	743
2,645	Total	2,639

These payments will be made over the life of the PFI contract and estimates for subsequent years are as detailed below at current prices.

Unitary Charge	2021-22 £'000	2022-23 to 2026-27 £'000	2027-28 to 2031-32 £'000	2032-33 to 2034-35 £'000	TOTAL £'000
Service Charge Element	502	2,511	2,512	997	6,522
Interest Element	1,146	4,702	2,436	147	8,431
Finance Lease Liability	801	5,032	7,298	2,435	15,566
Total	2,449	12,245	12,246	3,579	30,519

14. Pooled Fund Arrangements

There are some formal pooled budget arrangements between the Council and Cwm Taf Morgannwg University Health Board under Section 33 NHS (Wales) Act 2006.

Purpose of Partnership	Partner	Year	Gross Income Of Partnership £'000	Gross Expenditure of Partnership £'000	Council's Contribution £'000
Provision of day opportunities for people recovering from mental health problems.	Cwm Taf-Morgannwg University Health Board	2019-20	(600)	600	300
		2020-21	(514)	514	257
Provision of specified community equipment for service users to enable them to continue to live in their own homes. Rhondda Cynon Taf are the lead partner	Rhondda Cynon Taff CBC Merthyr Tydfil CBC Cwm Taf Morgannwg University Health Board	2019-20	(2,832)	2,799	729
		2020-21	(3,012)	3,317	691
Provision of integrated community support services	Cwm Taf-Morgannwg University Health Board	2019-20	(5,176)	5,176	2,539
		2020-21	(4,686)	4,686	2,231

15. Officers' Remuneration

Four separate disclosures are required to ensure compliance with the Accounts and Audit (Wales) Regulations 2014, the Accounts and Audit (Wales) (Amendments) Regulations 2018 and the CIPFA Code.

Disclosure 1 – Ratio of the Remuneration of the Chief Executive to the median remuneration of all the Council's employees

The ratio of the remuneration of the Chief Executive to the median remuneration of all the Council's employees was 6.30 (2019-20: 6.28). The median remuneration of all employees was £22,183 (2019-20: £21,166).

Disclosure 2 – Table of Officers' Remuneration over £60,000

The number of employees (including teachers) whose remuneration, excluding pension contributions, was £60,000 or more for the year is as follows.

2019-20 including Redundancy Costs	Remuneration Band	Number of Employees			
		2020-21 inc Redundancy Costs (Note 1)	2020-21 exc Redundancy Costs (Note 2)	Number of Teachers inc in Figures exc Redundancy (Note 2)	Number of Non-Teachers inc in Figures exc Redundancy (Note 2)
28	£60,000 - £64,999	34	33	27	6
19	£65,000 - £69,999	22	22	20	2
5	£70,000 - £74,999	15	14	14	-
4	£75,000 - £79,999	3	3	3	-
9	£80,000 - £84,999	3	3	2	1
5	£85,000 - £89,999	5	5	1	4
3	£90,000 - £94,999	6	4	3	1
3	£95,000 - £99,999	3	3	3	-
1	£100,000 - £104,999	2	2	2	-
1	£105,000 - £109,999	2	2	1	1
4	£110,000 - £114,999	1	1	-	1
-	£115,000- £119,999	1	1	1	-
-	£120,000 - £124,999	-	-	-	-
-	£125,000 - £129,999	-	-	-	-
1	£130,000 - £134,999	-	-	-	-
-	£135,000 - £139,999	1	1	-	1
-	£140,000 - £144,999	-	-	-	-
-	£145,000 - £149,999	-	-	-	-
1	£150,000 - £154,999	-	-	-	-
84		98	94	77	17

Note 1: These costs include redundancy costs and payments in lieu of notice at time of departure as well as any applicable pension strain costs, which are the costs of the early payment of benefit payable by the Council to the Pension Fund when a member of staff over 55 is made redundant.

Note 2: These are officers still in post, of which there are 94 individuals with remuneration of £60,000 or more, including:-

- a) 77 Headteachers and Deputy Headteachers, and
- b) 17 Senior Managers of the Council, including the Senior Officers shown in Disclosure 3 below, and Heads of Service.

Disclosure 3 – Table of Senior Officers' Remuneration (including Pensions Contributions)

Job Title	Salary		Pension Contributions (note 1)		Total Remuneration including Pension Contributions	
	2019-20 £	2020-21 £	2019-20 £	2020-21 £	2019-20 £	2020-21 £
Chief Executive Officer & Head of Paid Service (Note 2)	132,099	139,768	28,137	27,674	160,236	167,442
Corporate Director - Education and Family Support	110,449	113,486	23,526	22,470	133,975	135,956
Corporate Director - Communities (Note 3)	8,790	109,812	1,872	21,743	10,662	131,555
Corporate Director - Social Services & Wellbeing	110,449	109,073	23,526	21,596	133,975	130,669
Head of Finance & s151 Officer (Note 4)	-	-	-	-	-	-
Head of Legal and Regulatory Services (Note 5)	53,937	-	10,840	-	64,777	-
Chief Officer - Legal, HR and Regulatory Services (Note 5)	26,968	84,973	5,420	15,921	32,388	100,894
Head of Partnership Services (Note 6)	56,327	-	11,998	-	68,325	-
Head of Operations – Communities (Note 7)	89,651	-	19,096	-	108,747	-

Notes

- Note 1 No 'Taxable Expenses' or 'Benefits in kind' were paid in the year. Pension Contributions relate to actual payments made.
- Note 2 The Chief Executive excludes payment for Election Duties as there were none in 2020-21.
- Note 3 The Corporate Director – Communities was appointed on 1 March 2020.
- Note 4 The Head of Finance & s151 Officer was re-designated as the Chief Officer – Finance, Performance and Change from 1 December 2019. The position has been vacant during the year with the role fulfilled through an interim arrangement. The Interim Chief Officer – Finance, Performance and Change is appointed under a contractual arrangement with the Welsh Local Government Association. The costs incurred in this arrangement during the year were £146,557 (2019-20: £115,557).
- Note 5 The Head of Legal and Regulatory Services was re-designated as the Chief Officer – Legal, HR and Regulatory Services from 1 December 2019.
- Note 6 The Head of Performance Partnership Services was re-designated as the Head of Partnership Services from 1 December 2019.
- Note 7 The Head of Operations- Communities reported to the Chief Executive until the appointment of the Corporate Director Communities on the 1st March 2020.

Disclosure 4 – Table on Exit Packages

The number of exit packages approved in the year with total cost per band (£'s) and total cost of compulsory and other redundancies are set out in the table below:

Exit Package Cost Band (including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2019-20 £	2020-21 £	2019-20 £	2020-21 £	2019-20 £	2020-21 £	2019-20 £	2020-21 £
£0 - £20,000	11	4	6	4	17	8	154,872	38,221
£20,001 - £40,000	9	5	3	-	12	5	344,406	139,512
£40,001 - £60,000	4	2	-	-	4	2	209,590	101,959
£60,001 - £80,000	2	-	-	-	2	-	150,148	-
£100,001 - £150,000	1	-	-	-	1	-	141,924	-
	27	11	9	4	36	15	1,000,940	279,692

16.Members' allowances

The allowances for Councillors is shown in the table below.

2019-20 £'000		2020-21 £'000
571	Basic Salary (all Members)	581
481	Senior Salary	468
49	Civic Salary	48
1,101	Total	1,097

Full details of the 'salary' arrangements are available on the Council's website, and details of all Member earnings are also published annually on the Council's website.

<https://www.bridgend.gov.uk/my-council/democracy-and-elections/councillors-remuneration/>

17. External audit costs

Bridgend County Borough Council incurred the following fees relating to external audit and inspection.

2019-20 £'000		2020-21 £'000
188	Financial Statement Audit	182
97	Performance Audit	97
285	External Audit Services	279
45	Grant Claims and Returns	37
330	Total	316

18. Participation in Joint Committees and Joint Arrangements

The Council participated in a number of Joint Committees and Joint Arrangements during the year. The amounts contributed by the Council are set out below.

	2019-20 £'000 Reinstated	2020-21 £'000
Cardiff Capital Region City Deal (CCRCD)	103	293
Central South Consortium Joint Education Service	571	554
Joint Adoption Service	949	949
Shared Regulatory Service	1,686	1,658
Shared Internal Audit Service	270	179
Civil Parking Enforcement	190	-
Glamorgan Archives	92	92
Joint Vehicle Maintenance	139	124
Coychurch Crematorium	-	-
Margam Crematorium	-	-
Total	4,000	3,849

The Council participated in Joint Committee's for Coychurch and Margam Crematoria, but did not need to make a financial contribution in 2019-20 or 2020-21.

19. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have been able to limit another party's ability to bargain freely with the Council.

Welsh Government

Welsh Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates; provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills). Grants received from government departments are set out in Notes 8 and 9 above.

Members

Members of the Council have direct control over the Council's financial and operating policies. Members' external interests are maintained in a register, which is available for inspection on the Council's website. The total of members' allowances paid is shown in Note 16. Payments made to organisations where Members had an interest included Care and Repair (Bridgend) £1,444,123 (£1,749,669 in 2019-20), Bridgend County

Borough Citizens Advice Bureau £288,501 (£280,303 in 2019-20 (restated)) and Bridgend Association of Voluntary Organisations £698,952 in 2020-21 (£596,607 in 2019-20). In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Other payments made to organisations where members declared interests totalled £500,714 (£610,597 in 2019-20 (restated)). Balances owed by the Council as at 31 March 2021 included Care & Repair £23,299 (£5,965 in 2019-20) and Bridgend Lifesavers Credit Union Ltd £ 23,299 (£0 2019-20). Amounts owed to the Council as at 31 March 2021 included Sarn Centre Association £9,986 (£0 in 2019-20) and Valleys to Coast £37,821 (£44,285 in 2019-20).

Chief Officers

During 2020-21 the Head of Adult Social Care sat on the Board of Capita Glamorgan Consultancy Ltd. The Council owns 14.7% of the shares of the company and holds voting rights to this value on the Board. During 2020-21 the Council was charged £921,102 (2019-20: £959,453) in respect of goods, services and capital works. There was no balance owed by the council at the 31 March 2021 (£4,063 in 2019-20). In addition the Head of Operations Community Services sits on the Board of CSC Foundry Ltd, a special purpose vehicle which is a wholly owned subsidiary of the City Deal Joint Committee. Details of the payments made to the Cardiff Capital Region City Deal are included in note 18 to the accounts.

The Interim Head of Finance and s151 Officer is an Independent Member of the Health Education and Improvement Wales Board. The Council had no business transactions with the health authority in 2020-21.

Other Joint Committees

Details of the amounts paid under Joint Committees is shown in Note 18.

Glamorgan Archives Joint Committee

The Glamorgan Record Office is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government (Wales) Act 1994.

Coychurch Crematorium

Coychurch Crematorium is subject to the control of a Joint Committee of Members from Bridgend CBC, Rhondda Cynon Taf CBC and the Vale of Glamorgan CBC. Financial statements for this Joint Committee are available on the Bridgend CBC website (www.bridgend.gov.uk).

Margam Crematorium

Margam Crematorium is subject to the control of a Joint Committee of Members from Neath Port Talbot County Borough Council, who manage the Crematorium. Financial Statements for this Joint Committee are available on the Neath Port Talbot CBC website (www.npt.gov.uk)

Other Public Bodies

The Council has a number of pooled budget arrangements with Cwm Taf Morgannwg University Health Board as detailed in Note 14. It also pays a management fee to the Awen Trust for cultural related services which is a not for profit organisation. The amount paid to Awen in 2020-21 was £3,736,426 (2019-20: £3,213,429) and a balance outstanding of £17,540 owed to the Council at the 31 March 2021 (2019-20: £66,756 owed by the Council). The Board of Awen Cultural Trust has two Councillors as Board members.

Notes to the Movement in Reserves Statement

20. 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 Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

Council Fund Balance

This is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the Council Fund Balance, which is not necessarily in accordance with proper accounting practice. The Council Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit or resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure, or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Unusable Reserves

This includes the Revaluation Reserve which contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment; the Pensions Reserve which 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 Capital Adjustment Account which absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing and acquisition, construction or enhancement of those assets under statutory provisions; the Financial Instruments Adjustment Account which 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 benefitting from gains per statutory provisions; and the Short-term Accumulated Compensated Absences Account which absorbs the differences that would otherwise arise on the Council Fund Balance from accruing holiday entitlements earned but not taken in the year.

The tables below detail the adjustments for 2019-20 for comparative purposes and the adjustments for 2020-21.

2019-20	Usable Reserves			Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustment to the Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Pensions costs (transferred to (or from) the Pensions Reserve)	18,380			(18,380)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(9)			9
Holiday Pay (transferred to the Accumulated Absences Reserve)	468			(468)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (those items are charged to the Capital Adjustment Account)	21,561			(21,561)
Total Adjustments to Revenue Resources	40,400	-	-	(40,400)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(926)	926		
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(5,523)			5,523
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(962)			962
Total adjustments between Revenue and Capital Resource	(7,411)	926	-	6,485
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		(240)		240
Application of capital grants to finance capital expenditure	(11,798)			11,798
Cash payments in relation to deferred capital receipts			(1,165)	1,165
Total adjustments to Capital Reserves	(11,798)	(240)	(1,165)	13,203
Total Adjustments	21,191	686	(1,165)	(20,712)

2020-21	Usable Reserves			Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustment to the Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Pensions costs (transferred to (or from) the Pensions Reserve)	18,810			(18,810)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(9)			9
Holiday Pay (transferred to the Accumulated Absences Reserve)	(147)			147
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (those items are charged to the Capital Adjustment Account)	21,962			(21,962)
Total Adjustments to Revenue Resources	40,616	-	-	(40,616)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(3,213)	3,213		
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(5,172)			5,172
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,209)			1,209
Total adjustments between Revenue and Capital Resource	(9,594)	3,213	-	6,381
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		(302)		302
Application of capital grants to finance capital expenditure	(12,325)			12,325
Cash payments in relation to deferred capital receipts			(29)	29
Total adjustments to Capital Reserves	(12,325)	(302)	(29)	12,656
Total Adjustments	18,697	2,911	(29)	(21,579)

Notes to the Balance Sheet

21. Non-current Assets

a) Capital commitments

As at 31 March 2021 the Council had the following material capital commitments.

2019-20 £'000		2020-21 £'000
6,088	Maesteg Town Hall	-
-	Porthcawl Coastal Defence Scheme	5,960
6,088	Total	5,960

b) Notes on Non-current Assets

Voluntary-aided & Voluntary-controlled Schools

The Council recognises the only Voluntary-controlled School on its Balance Sheet. This is Pen-y-Fai Church in Wales Primary School. The four voluntary-aided primary schools and one voluntary-aided comprehensive school are not assets of the Council and therefore not included in the Balance Sheet.

c) Non-current Assets valuation

Non-current Assets are included in the Balance Sheet on the valuation basis set out in the Statement of Accounting Policies. All assets are valued on a rolling 3-year basis as at 31 December with a review to 31 March, which confirmed no significant changes in value during that period. These valuations were undertaken by Council Surveyors in accordance with the Statements of Asset Valuation, Practice and Guidance Notes of the Royal Institution of Chartered Surveyors for non-investment assets, investment assets being valued independently by Cooke & Arkwright.

Summary of Property, Plant & Equipment (PPE)	Other Land and Buildings	Vehicle, Plant and Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total PPE Assets	PFI Assets Included in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2019	440,031	9,591	221,634	4,949	17,715	662	694,582	22,868
Additions	7,398	2,679	8,145	-	-	753	18,975	-
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	(4,583)	-	-	-	(185)	-	(4,768)	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,471	-	-	-	(1,096)	-	1,375	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	499	-	-	-	(660)	-	(161)	-
Derecognition - Disposals	(987)	(26)	-	-	(10)	-	(1,023)	-
Derecognition - other	(213)	-	-	-	-	-	(213)	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
Other Movements in Cost or Valuation	(745)	-	-	-	1,344	(599)	-	-
At 31 March 2020	443,871	12,244	229,779	4,949	17,108	816	708,767	22,868
Accumulated Depreciation and Impairments								
At 1 April 2019	(9,610)	(4,513)	(156,487)	(37)	(185)	-	(170,832)	(3)
Depreciation Charge for the year	(11,151)	(1,015)	(5,490)	-	-	-	(17,656)	(1,213)
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	4,583	-	-	-	185	-	4,768	-
Accumulated impairment written off (where no account balance at 1 April)	(2,656)	-	-	-	-	-	(2,656)	-
Acc. Depreciation WO to GCA							-	
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	(574)	-	-	-	-	-	(574)	-
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	1,264	-	(243)	-	-	-	1,021	-
Derecognition - disposals	69	26	-	-	-	-	95	-
Other Movements	-	-	-	-	-	-	-	-
At 31 March 2020	(18,075)	(5,502)	(162,220)	(37)	-	-	(185,834)	(1,216)
NBV as at 1 April 2019	430,421	5,078	65,147	4,912	17,530	662	523,750	22,865
NBV as at 31 March 2020	425,796	6,742	67,559	4,912	17,108	816	522,933	21,652

Summary of Property, Plant & Equipment (PPE)	Other Land and Buildings £'000	Vehicle, Plant and Equipment £'000	Infrastructure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE Assets £'000	PFI Assets Included In PPE £'000
Cost or Valuation								
At 1 April 2020	443,871	12,244	229,779	4,949	17,108	816	708,767	22,868
Additions	6,192	2,685	7,526	46	70	3,373	19,892	
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	(5,531)	-	-	-	-	-	(5,531)	
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,055	-	-	-	(285)	-	7,770	
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1,063	-	-	(8)	(303)	-	752	
Derecognition - Disposals	(973)	-	-	-	-	-	(973)	
Derecognition - other	-	-	-	-	-	-	-	
Assets reclassified (to)/from Held for Sale	-	-	-	-	(2,500)	-	(2,500)	
Other Movements in Cost or Valuation	2,091	-	-	-	-	(2,091)	-	
At 31 March 2021	454,768	14,929	237,305	4,987	14,090	2,098	728,177	22,868

Accumulated Depreciation and Impairments								
At 1 April 2020	(18,075)	(5,502)	(162,220)	(37)	-	-	(185,834)	(1,216)
Depreciation Charge for the year	(10,542)	(1,473)	(5,305)	-	-	(11)	(17,331)	(1,213)
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	5,531	-	-	-	-	-	5,531	
Accumulated impairment written off (where no account balance at 1 April)							-	
Acc. Depreciation WO to GCA	(975)	-	-	-	-	-	(975)	
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(178)	(111)	(186)	-	-	-	(475)	
Derecognition - disposals	46	-	-	-	-	-	47	
Other Movements	(11)	-	(1)	1	-	11	0	
At 31 March 2021	(24,204)	(7,086)	(167,712)	(36)	-	0	(199,038)	(2,429)
NBV as at 1 April 2020	425,796	6,742	67,559	4,912	17,108	816	522,933	21,652
NBV as at 31 March 2021	430,564	7,843	69,593	4,951	14,090	2,098	529,139	20,439

d) Intangible Assets.

The Intangible asset refers to the Wales Community Care Information System, WCCIS. As at 31 March 2021 the remaining life of the asset was 3 years.

Intangible Assets	£'000
Cost or Valuation	
At 1 April 2019	6,040
At 31 March 2020	6,040
Accumulated Depreciation and Impairments	
At 1 April 2019	(2,447)
Depreciation Charge for the year	(561)
At 31 March 2020	(3,008)
NBV as at 1 April 2019	3,593
NBV as at 31 March 2020	3,032

Intangible Assets	£'000
Cost or Valuation	
At 1 April 2020	6,040
At 31 March 2021	6,040
Accumulated Depreciation and Impairments	
At 1 April 2020	(3,008)
Depreciation Charge for the year	(561)
At 31 March 2021	(3,569)
NBV as at 1 April 2020	3,032
NBV as at 31 March 2021	2,471

e) Sources of finance for Capital Expenditure

2019-20		2020-21
£'000		£'000
(5,215)	Loans	(6,367)
(13,902)	Government grants	(12,554)
(240)	Capital receipts	(302)
(1,168)	Revenue contribution	(1,209)
(2,297)	Other contributions	(3,029)
(22,822)	Total	(23,461)

f) Revenue Expenditure Funded from Capital under Statute

These relate to capital expenditure that does not result in a tangible non-current asset. They include renovation grants and contributions towards capital expenditure incurred by other parties.

2019-20 £'000		2020-21 £'000
3,847	Revenue Expenditure Funded from Capital under Statute	3,569
(3,230)	Grants and Contributions	(3,228)
617	Total	341

g) Capital financing requirement and the financing of capital expenditure

2019-20 £'000	Capital Financing Requirement	2020-21 £'000
172,084	Opening Capital Financing Requirement	171,776
	Capital Investment	
18,975	Property, Plant and Equipment and Intangible Assets	19,892
3,847	Revenue Expenditure Funded from Capital under Statute	3,569
	Sources of Finance	
(16,199)	Grants & Contributions	(15,583)
(240)	Capital receipts applied	(302)
(1,168)	Revenue Contributions	(1,209)
(2,885)	Minimum Revenue Provision	(2,927)
(1,948)	Unsupported Borrowing MRP	(1,502)
(690)	PFI School MRP	(743)
171,776	Closing Capital Financing Requirement	172,971
	Explanation for Movements in Year	
1,053	Increase/(Decrease) in Underlying Need to Borrow (supported by government financial assistance)	1,059
(671)	Increase/(Decrease) in Underlying Need to Borrow (unsupported by government financial assistance)	879
(690)	Assets acquired under PFI Contract	(743)
(308)	Increase/(Decrease) in Capital Financing Requirement	1,195

22. Investment Properties

The following table summarises the movement in the fair value of investment properties over the year:

2019-20 £'000		2020-21 £'000
4,635	Balance at 1 April	4,635
-	Net gain / (loss) from fair value adjustments	455
4,635	Balance as at 31 March	5,090

23. Short Term Debtors

These represent the monies owed to the Council after making provision for debts that might not be recovered and are analysed as follows:

2019-20 £'000		2020-21 £'000
8,118	Trade Receivables	12,873
3,056	Prepayments	4,957
25,168	Other Receivable Amounts	43,489
36,342	Balance as at 31 March	61,319

The Council collects NNDR payments on behalf of Welsh Government. As at 31 March 2021, the Council had paid over more cash than it collected, this excess was included in the Balance Sheet as a debtor of £3.968 million. The equivalent for 2019-20 was a debtor of £0.613 million.

24. Assets Held for Sale

2019-20 £'000		2020-21 £'000
2,560	Balance at 1 April	2,560
-	Assets newly classified as held for sale: Property, Plant & Equipment	2,500
-	Assets Sold	(2,560)
2,560	Balance as at 31 March	2,500

25. Short Term Creditors

These represent monies owed by the Council and are analysed as follows:

2019-20 £'000		2020-21 £'000
(5,883)	Trade Payables	(2,346)
(28,650)	Other Payables	(42,119)
(34,533)	Balance as at 31 March	(44,465)

26. Provisions

The Council has provisions as detailed below:

	Insurance £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2020	4,907	78	4,985
Additional provisions made in 2020-21	(489)		(489)
Amounts used/released in 2020-21	(581)		(581)
Balance at 31 March 2021	3,837	78	3,915
Provisions < 1 yr	717	78	795
Provisions > 1 yr	3,120	-	3,120
Balance at 31 March 2021	3,837	78	3,915

Insurance Provision (Self-funding / MMI)

Self-Fund

The Council has a self-insurance fund. This Insurance Provision has been set aside to meet the estimated cost to the Council of outstanding liability for policy years up to 2020-21 for Employer's Liability, Public Liability and Property. However the actual cost of individual claims and the timing of payments is uncertain. The Council also has an earmarked reserve for Insurance which acts as an additional contingency for the fund, over and above the total outstanding liability, to allow for unexpected events, worse than anticipated deterioration in the current reserves and higher than anticipated future losses both in frequency and cost.

Other Provisions

This provision is to provide for the value of potential future compensation payments arising from on-going litigation.

27. PFI and Other Long Term Liabilities

2019-20 £'000		Movement in year £'000	Moved to Short Term Creditors £'000	2020-21 £'000
15,567	Maesteg School PFI Lease		(801)	14,766
349	Innovation Centre		(107)	242
200	Waste Contract		(50)	150
13	Escrow		(13)	-
318	Salix Loan	1,455	(129)	1,644
16,447	Balance as at 31 March	1,455	(1,100)	16,802

The PFI Finance Lease Liability matches the fair value of the fixed asset for the PFI School as at the date the asset came onto the Council's Balance Sheet being £21.898 million (July 2008). This will be written down over the life of the PFI contract by the value of the unitary payment deemed to be the finance lease element each year. For 2020-21, the amount written down was £743,000 and £801,000 has been transferred to Short Term Creditors leaving an outstanding long term liability of £14.766 million on the PFI scheme at year end.

The Innovation Centre Financial Liability of £0.917 million was recognised in 2009-10 as a loan in substance. This is being written down over the remaining fourteen years of the loan. The amount written down in 2020-21 was £98,000 and £106,000 was transferred to Short Term Creditors resulting in a long term financial liability of £0.243 million at 31 March 2021.

The Waste Contract liability is repayable in instalments of £50,000 per annum.

The long term Escrow liability represents a fund that will be maintained and increased to allow for the future reinstatement to playing fields at Bridgend College – Pencoed Campus.

28. Usable Reserves

The following notes detail the Usable Reserves of the Council:-

a) Usable Capital Receipts Reserve

This represents capital receipts available to finance capital expenditure in future years.

2019-20 £'000		2020-21 £'000
17,922	Balance at 1st April	18,608
926	Capital Receipts Received	3,213
(240)	Receipts Used to Finance Capital Expenditure	(302)
18,608	Balance as at 31 March	21,519

b) Earmarked Reserves

The Earmarked Reserves in the Balance Sheet as at 31 March 2021 are detailed below:

Opening Balance 2019-20 £'000	Reserve	Movement during 2020-21		Closing Balance 2020-21 £'000
		Additions/ Re- classification £'000	Drawdown by Directorates £'000	
9,340	Council Fund	432		9,772
	Corporate Reserves:			
21,078	Capital Programme Contribution	8,530	(688)	28,920
5,276	Major Claims Reserve	(500)	-	4,776
4,992	Service Reconfiguration	-	-	4,992
12,142	Other Corporate Reserves	3,187	(1,397)	13,932
43,488	Total Corporate Reserves	11,217	(2,085)	52,620
	Other Reserves:			
5,441	Directorate Reserves	6,069	(1,287)	10,223
2,489	City Deal Reserve	2,899	(188)	5,200
7,930	Total Directorate Reserves	8,968	(1,475)	15,423
108	Delegated Schools Balance	8,382		8,490
51,526	Total Reserves excluding Equalisation Reserves	28,567	(3,560)	76,533
3,696	Equalisation and Grant Reserves	3,433	(1,110)	6,019
55,222	TOTAL EXCLUDING COUNCIL FUND	32,000	(4,670)	82,552
64,562	TOTAL INCLUDING COUNCIL FUND	32,432	(4,670)	92,324

Council Fund

The transfer to the Council Fund for 2020-21 was £0.432 million. This increased the balance on the Fund to £9.772 million at 31 March 2021 (£9.340 million at 31 March 2020).

Other Earmarked Reserves

The transfer to Earmarked Balances excluding the Council Fund Balance was a net increase of £27.330 million in 2020-21 (net increase of £7.115 million in 2019-20). An overview of each earmarked reserve is explained below.

Corporate Reserves

Capital Programme Contribution

This earmarked reserve has been set up as a revenue contribution to the capital programme, to enable schemes to be progressed more quickly to alleviate pressure on the revenue budget and accelerate the realisation of capital receipts.

Major Claims Earmarked Reserve

This reserve has been created to mainly cover the deficit on the pension fund, major capital contractual claims and mitigate against potential other claims against the Council.

Service Reconfiguration / Severance Costs

This reserve has been established to meet potential costs relating to service remodelling and consequential severance costs.

Directorate Reserves

City Deal Reserve

This reserve is to provide the necessary funding for the Council's capital contribution to the Cardiff City Region City Deal programme.

Directorate Issues

These reserves relate to specific Directorate issues anticipated in 2021-22, investment to help the recovery of the County Borough from Covid-19 and to support its residents, together with some carry forward amounts from 2020-21. Examples include reserves to support pressures within Social Services and Looked After Children; impact of Brexit; wider regeneration investment; Active Travel Strategy, and supporting Apprentice and Graduate schemes.

Delegated School Balances

These balances represent the cumulative effect of over and under-spending on school delegated budgets not available to the Council.

Analysis of Delegated Schools Balance

2019-20 Closing Balance £'000	School Types	No's in Category	2020-21 Funding Available £'000	2020-21 Spend £'000	2020-21 Closing Balance £'000
- 543	Primary Schools	48	48,902	44,352	4,550
92	Secondary Schools	9	48,073	45,095	2,978
559	Special Schools	2	10,455	9,493	962
108	Total	59	107,430	98,940	8,490

The 2019-20 Closing Balance figure is included within the 2020-21 Budget. This accounting treatment of including the prior year's closing balance in the current year's budget applies solely to Schools and does not apply in any other area of the accounts.

Equalisation and Grant Reserves

This includes grant reserves where under proper accounting practice, all grants and contributions should be analysed to see whether there are specific conditions attached to them. When the conditions are actually satisfied the grant is credited to the Comprehensive Income and Expenditure Statement regardless of whether the actual expenditure has been incurred. In these cases the Council can decide to transfer the grant monies to an earmarked reserve to fund future expenditure. In 2020-21 there were £3.433 million (2019-20 - £1.758 million) of new grants that have been transferred to earmarked reserves, to ensure the funding is protected in accordance with the original terms and conditions of the grant or contribution. In addition there are a small number of equalisation reserves that ensures expenditure that is incurred in a particular future year is smoothed over the period of the MTFS. These include the costs of elections, the Special Regeneration Fund, the preparation of the Local Development Plan and the Building Control Earmarked Reserves. £1.109 million of the reserves were drawn down during the year.

29. Unusable Reserves

The following notes detail the Unusable Reserves of the Council.

a) Revaluation Reserve (RR)

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. 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 Revaluation Reserve contains only revaluation gains accumulated since 1 April 2007. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2019-20			2020-21	
£'000	£'000		£'000	£'000
	149,553	Balance at 1 April		145,386
5,277		Prior Year adj	10,415	
		Upward Revaluation of Assets		
(4,476)		Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/Deficit on the Provision of Services	(2,646)	
	801	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of services		7,769
(4,566)		Difference between fair value depreciation and historical cost depreciation (charged to the Capital Adjustment Account)	(4,154)	
(402)		Accumulated gains on assets sold or scrapped	(362)	
	(4,968)	Amount written off to the Capital Adjustment Account		(4,516)
	145,386	Balance as at 31 March		148,639

b) 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 Council 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 Council 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 Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019-20 £'000		2020-21 £'000
(263,510)	Balance at 1 April	(289,190)
(7,300)	Actuarial gains or losses on pensions assets and liabilities	(2,290)
(35,850)	Reversal of Items relating to Retirement Benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(35,640)
17,470	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	16,830
(289,190)	Balance as at 31 March	(310,290)

c) Capital Adjustment Account (CAA)

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 a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties.

The Account also 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 going forward.

2019-20			2020-21	
£'000	£'000		£'000	£'000
	213,123	Balance at 1 April		216,218
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement :		
(18,218)		Charges for depreciation and impairment of non-current assets	(17,892)	
(1,797)		Revaluation gain/(losses) on Property, Plant and Equipment	(698)	
(618)		Revenue Expenditure funded from Capital Under Statute	(341)	
		Other amounts including Mortgage Payments		
(738)		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,124)	
	(21,371)			(22,055)
	4,566	Adjusting amounts written out to the Revaluation Reserve		4,154
	(16,805)	Net written out amount of the cost of non-current assets consumed in the year		(17,901)
		Capital financing applied in the year:		
240		Use of the Capital Receipts Reserve to finance capital expenditure	302	
12,969		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	12,355	
5,523		Statutory provision for the financing of capital investment charged against the Council Fund	5,172	
1,168		Capital expenditure charged against the Council Fund	1,209	
	19,900			19,038
		Movement in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement		455
	216,218	Balance as at 31 March		217,810

30. Pensions liabilities, IAS 19 disclosures

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

This Council participates in the Rhondda Cynon Taf County Borough Council Pension Fund, which is administered under the Regulations governing the Local Government Pension Scheme. This is a defined benefit scheme, meaning that the Council and employees pay contributions into a fund, at a rate determined by the Fund's Actuary based on triennial actuarial valuations, which aims to balance 100% of pension liabilities with investment assets. The last triennial valuation took place in 2019-20.

Further information can be found in Rhondda Cynon Taf CBC Pension Fund's Annual Report which is available upon request from the Director of Finance, Rhondda Cynon Taf County Borough Council, Bronwydd, Porth, Rhondda, Rhondda Cynon Taf.

<http://www.rctpensions.org.uk>

Any award of discretionary post-retirement benefits upon early retirement is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. No investment assets are built up to meet these pension liabilities, and cash has to be generated to meet the actual pension payments as they fall due.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields, and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the Council Fund with the amounts required by statute as described in the accounting policies note.

The disclosures required for 2020-21 include information provided by the pension administrators, Rhondda Cynon Taff CBC and Aon Hewitt Associates Limited as the pension fund scheme's actuary.

Year end valuation reports provided by the actuary note that ONS data is showing that the cumulative debts in 2020 and 2021 were well outside the range of the outcomes seen in recent years. The impact on longevity for the fund members will additionally be affected by the indirect impact of covid 19, including the health of the surviving population, and the economic, social and political consequences of tackling covid 19. In both of the above cases, the impact on longevity could be positive or negative. However, it is too early to say what impact the higher rate of mortality will have on future cash flows, so the actuary has not recommended a change to the mortality assumption for accounting purposes.

McCloud Judgement

In December 2018, the Court of Appeal held that transitional protection provisions contained in reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, amounted to direct age discrimination and were therefore unlawful. On 27 June 2019 the Supreme Court denied the Government's application for leave to appeal the decisions. The calculation of the liability incorporates the impact of the 'McCloud' judgement.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the Council Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Council Fund balance via the Movement in Reserves Statement during the year.

Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total	Comprehensive Income & Expenditure Statement	Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total
£m	£m	£m	£m		£m	£m	£m	£m
2019-20	2019-20	2019-20	2019-20	Cost of Services :	2020-21	2020-21	2020-21	2020-21
29.26	-	-	29.26	Service cost comprising:				
				Current service cost	29.08	-	-	29.08
0.47	-	-	0.47	Past service costs	0.10	-	-	0.10
-	-	-	-	(Gain)/loss from settlements	-	-	-	-
				Financing & Investment Income & Expenditure :-				
5.87	0.17	0.08	6.12	Net interest expense	6.24	0.15	0.07	6.46
35.60	0.17	0.08	35.85	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	35.42	0.15	0.07	35.64
				Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement				
22.71	-	-	22.71	<i>Remeasurements of the net defined benefit liability comprising:</i>				
				Return on plan assets (excluding the amount included in the net interest expense)	(169.25)	-	-	(169.25)
(16.85)	(0.06)	(0.01)	(16.92)	Actuarial (gains) / losses due to changes in financial assumptions	181.55	0.48	0.15	182.18
(10.53)	(0.05)	0.00	(10.58)	Actuarial (gains) / losses due to changes in demographic assumptions	0.00	0.00	0.00	0.00
12.14	(0.03)	(0.02)	12.09	Actuarial (gains) / losses due to liability experience	(10.13)	(0.24)	(0.27)	(10.64)
7.47	(0.14)	(0.03)	7.30	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	2.17	0.24	(0.12)	2.29
				Movement in Reserves Statement:-				
(35.60)	(0.17)	(0.08)	(35.85)	Reversal of net charges made for retirement benefits in accordance with IAS 19	(35.42)	(0.15)	(0.07)	(35.64)
				Actual amount charged against the Council Fund Balance for pensions in the year				
16.63	0.48	0.36	17.47	Employer's Contributions payable to the scheme	16.03	0.47	0.33	16.83
(25.48)	(0.48)	(0.36)	(26.32)	Retirement Benefits Paid Out	(23.99)	(0.47)	(0.33)	(24.79)

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amounts included in the Balance sheet arising from the Council's obligation in respect of its defined benefit plan are as follows:-

Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total		Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total
£m	£m	£m	£m		£m	£m	£m	£m
2019-20	2019-20	2019-20	2019-20		2020-21	2020-21	2020-21	2020-21
870.04	6.78	3.16	879.98	Present value of defined benefit obligation	1,071.36	6.70	2.81	1,080.87
(590.79)	-	-	(590.79)	Fair Value of Plan Assets	(770.55)	-	-	(770.55)
279.25	6.78	3.16	289.19	Net liability arising from defined benefit obligation	300.81	6.70	2.81	310.32

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets

£m		£m
2019-20		2020-21
603.29	Opening fair value of scheme assets at 1 April	590.79
14.43	Interest income on assets	13.56
(22.71)	The return on plan assets, excluding the amount included in the net interest expense	169.25
16.63	Contributions by Employer	16.03
4.63	Contributions by Participants	4.91
(25.48)	Net Benefits Paid Out	(23.99)
590.79	Balance as at 31 March	770.55

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total		Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total
£m	£m	£m	£m		£m	£m	£m	£m
2019-20	2019-20	2019-20	2019-20		2020-21	2020-21	2020-21	2020-21
856.10	7.23	3.47	866.80	Opening balance at 1 April	870.04	6.78	3.16	879.98
29.26	-	-	29.26	Current Service Cost	29.08	-	-	29.08
20.30	0.17	0.08	20.55	Interest Cost	19.80	0.15	0.07	20.02
4.63	-	-	4.63	Contributions from scheme participants	4.91	-	-	4.91
				<i>Remeasurement (gains) and losses:</i>				-
(16.85)	(0.06)	(0.01)	(16.92)	Actuarial gains / losses arising from changes in financial assumptions	181.55	0.48	0.15	182.18
(10.53)	(0.05)	0.00	(10.58)	Actuarial gains / losses arising from changes in demographic assumptions	0.00	0.00	0.00	0.00
12.14	(0.03)	(0.02)	12.09	Actuarial gains / losses arising from changes in liability experience	(10.13)	(0.24)	(0.27)	(10.64)
0.47	-	-	0.47	Past Service Cost	0.10	-	0.03	0.13
(25.48)	(0.48)	(0.36)	(26.32)	Benefits Paid	(23.99)	(0.47)	(0.33)	(24.79)
-	-	-	-	Liabilities extinguished on settlements	-	-	-	-
870.04	6.78	3.16	879.98	Balance as at 31 March	1,071.36	6.7	2.81	1,080.87

Local Government Pension Scheme assets comprised:

Fair Value of Scheme Assets 2019-20 £m	Asset Split 2019-20 %		Fair Value of Scheme Assets 2020-21 £m	Asset Split 2020-21 %
376.93	63.80	Equities	544.78	70.70
50.74	8.59	Property	49.32	6.40
75.18	12.73	Government bonds	70.12	9.10
82.90	14.03	Corporate bonds	100.17	13.00
5.04	0.85	Cash and cash equivalents	6.16	0.80
590.79	100.00	Total assets	770.55	100.00

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme (LGPS) and discretionary benefits liabilities have been estimated by Aon Hewitt, an independent firm of actuaries, in accordance with IAS 19.

The significant assumptions used by the Actuary were:

2019-20 % pa		2020-21 % pa
2.30	Discount rate	2.10
2.00	Rate of pension increases	2.70
3.25	Rate of salary increases	3.95
Mortality Assumptions:		
	Longevity at 65 for current pensioners :-	
21.70	Men	21.80
24.00	Women	24.10
	Longevity at 65 for future pensioners :-	
22.70	Men	22.80
25.50	Women	25.60

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies of the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Increase in Assumption 2019-20	Decrease in Assumption 2019-20		Increase in Assumption 2020-21	Decrease in Assumption 2020-21
£m	£m		£m	£m
(17.30)	17.66	Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(21.43)	21.43
1.80	(1.78)	Rate of increase in salaries (increase or decrease by 0.1%)	2.14	(2.14)
16.68	(16.31)	Rate of increase in pensions (increase or decrease by 0.1%)	19.28	(19.28)
27.86	(27.54)	Longevity (increase or decrease in 1 year)	38.57	(37.50)

Impact on the Council's Cash Flows

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets. The current Employer's contribution rate to achieve a funding level of 100% of scheme liabilities will be reviewed at this point. Consequently, whilst there is a significant shortfall (liability) between the benefits earned by past and current employees and the resources the Council has set aside to meet them, the statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The expected employer's contributions to the Local Government Pension Scheme for the accounting period ending 31 March 2021 are:-

	2021-22 £m
Local Government Pension Scheme	47.33
LGPS Unfunded	0.14
Teachers Unfunded	0.06
Total	47.53

The weighted average duration of the defined benefit obligation for the scheme members is 20.1 years, which is the same as 2019-20.

Teachers

In 2020-21, the Council paid £12.807 million (£10.845 million for 2019-20) to the Teachers Pensions Agency in respect of teachers' pension costs. In addition, the Council is responsible for all pension payments relating to added years awarded, together with the related increases. In 2020-21, these amounted to £0.378 million (£0.402 million for 2019-20).

31. Financial Instruments Disclosures

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Financial Assets

31 March 2020					31 March 2021			
Current		Non-current			Current		Non-current	
Investments £'000	Debtors £'000	Investments £'000	Total £'000		Investments £'000	Debtors £'000	Investments £'000	Total £'000
28,743	8,118		36,860	Amortised Cost	46,893	12,873	-	59,766
28,743	8,118	-	36,860	Total financial assets	46,893	12,873	-	59,766
-	-	4,635	4,635	Non-financial assets			5,090	5,090
28,743	8,118	4,635	41,495	Total	46,893	12,873	5,090	64,856

The current investments figure above includes accrued income receivable for long term investments in addition to short term interest.

The £12.873m (2019-20: £8.118 million) debtors figure in the table above relates to trade debtors for goods and services delivered and is included in the overall debtors figure of £61.319 million (2019-20: £36.342 million) included in the balance sheet. More information in relation to debtors can be found at note 23.

Financial Liabilities

31 March 2020					31 March 2021			
Current		Non-current			Current		Non-current	
Borrowings £'000	Creditors £'000	Borrowings & Other Long Term Liabilities £'000	Total £'000		Borrowings £'000	Creditors £'000	Borrowings & Other Long Term Liabilities £'000	Total £'000
(915)	(6,337)	(113,848)	(121,100)	Amortised Cost	(926)	(2,797)	(114,196)	(117,919)
(915)	(6,337)	(113,848)	(121,100)	Total	(926)	(2,797)	(114,196)	(117,919)

The current borrowings figure above includes £0.275 million of accrued interest payable for the year.

The current creditors figure of £2.797 million (2019-20: £6.337 million) relates to trade creditors for goods and services received of £2.346 million (2019-20: £5.883 million) and £0.451 million (2019-20: £0.454 million) monies held by the Council on behalf of third parties and is included in the overall creditors figure of £44.465 million (2019-20: £34.533 million) on the balance sheet. More information in relation to creditors can be found at note 25.

Offsetting financial assets and liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet.

31 March 2020		31 March 2021
Gross Assets (Liabilities) £'000	Offsetting of Financial Assets and Liabilities	Gross Assets (Liabilities) £'000
1,936	Bank Accounts in Credit	3,523
1,936	Total Financial Assets	3,523
(1,530)	Bank Overdrafts	(5,688)
(1,530)	Total Financial Liabilities	(5,688)
406	Net Position on Balance Sheet	(2,165)

Income, expense, gains and losses

The income, expense, gains and losses recognised in the Comprehensive Income and Expenditure Statement for financial instruments are shown below:

31 March 2020				31 March 2021		
Financial Liabilities Amortised Cost	Financial Assets Amortised Cost	Total		Financial Liabilities Amortised Cost	Financial Assets Amortised Cost	Total
£'000	£'000	£'000		£'000	£'000	£'000
5,855	-	5,855	Interest Expense	5,793	-	5,793
-	(1,099)	(1,099)	Investment Income and Other Interest Receivable		(895)	(895)
-	(1,099)	4,756	Net (gain)/loss for the year	5,793	(895)	4,898

Fair Values of Financial Assets and Liabilities that are not measured at Fair Value

The Council does not have any financial assets or liabilities that are carried at fair value. In addition, there are no assets held at amortised cost for 2020-21.

31 March 2020		Financial Liabilities	31 March 2021	
Carrying amount £'000	Fair Value £'000		Carrying amount £'000	Fair Value £'000
		Financial liabilities held at amortised cost:		
(77,617)	(111,997)	PWLB	(77,617)	(112,159)
(19,784)	(31,299)	LOBOs	(19,777)	(32,930)
(16,447)	(22,813)	PFI and other long term liabilities	(16,802)	(23,886)
(113,848)	(166,109)	Total	(114,196)	(168,975)

The fair value of **Financial Liabilities** is higher than the carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date.

The fair value of liabilities is calculated using other significant observable inputs (Level 2) as follows:

- PWLB – Public Works Loan Board – market rates for local authority loans of the same remaining term to maturity as at the Balance Sheet date
- LOBO – Lender’s Option Borrower’s Option – increased by the value of the embedded options. Lender’s options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudian cancellable swaps. Borrower’s contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual rate.
- Other financial liabilities – discounted contractual cash flows at the appropriate AA-rated corporate bond yield.

Nature and extent of risks arising from Financial Instruments

The Council’s activities expose it to a variety of financial risks including:

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

The Council’s overall risk management strategy is approved by Council and set out within its annual Treasury Management Strategy. The Strategy sets out the parameters for the management of risks associated with financial instruments which covers specific areas such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council’s customers. The risk is minimised through the Annual Investment Strategy included in the Council’s Treasury Management Strategy, which is available on the Council’s website via the Council agenda Item 9 – Treasury Management and Capital Strategies 2020-21 [here](#)

The Council’s credit risk management practices are set out within the Investment Strategy. In determining whether the credit risk of financial instruments has increased since initial recognition, the Council has reviewed the creditworthiness of its investments and has concluded that there has not been a significant increase in credit risk.

The Council’s primary objective is to give priority to security and liquidity prior to consideration of yield. Counterparty limits are constantly reviewed and where market conditions dictated, limits are reduced. During the year there were no changes that required the Council to consider any investments having an increased credit risk.

Credit risk exposure

As at 31 March 2021 the Council had the following exposure to credit risk. £48.546 million of the £51.596 million investments outstanding at 31 March 2021 were invested with other Local Authorities, where an expected loss allowance is not required. For those financial assets where a 12 month expected credit loss is calculable, the calculated credit loss is £967. This has been calculated by reference to historic default data published by credit rating agencies as advised by our Treasury Management Advisors. Due to the immateriality of the expected credit loss, no adjustment has been made in the accounts for this.

	Credit risk rating (as used by the Council)	Gross carrying amount £'000
12 month expected credit losses	AA- A	(1000) (2,050)
Simplified approach	Local Authorities - unrated	(48,546)
TOTAL		(51,596)

Council does not generally allow credit for its customers (trade debtors) such that all the trade debtors are recognised as short term, however, £4.949 million balance of debtors is past due date for payment. These are not included in the credit risk table above.

Liquidity Risk

The Council manages its liquidity risk through its cash-flow management to ensure that cash is available when required. It has ready access to instant access deposit accounts, overdraft facilities and borrowing from the Money Markets or other local authorities to cover any day to day cash flow need. In addition the Council can access Public Works Loan Board (PWL) borrowing. The Council arranges fixed term loans and investments with a range of maturity dates within the framework and indicators approved each year. There is no perceived risk that the Council will be unable to raise finance to meet its commitments, instead the risk relates to replenishing a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the maturity structure of fixed rate borrowing such that no more than 50% of loans are due to mature in any one year through careful planning of new loans taken out and (where it is beneficial to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

31 March 2020 £'000	Maturity Analysis Financial Liabilities	31 March 2021 £'000
(8,181)	Less than 1 year	(4,809)
(995)	Between 1 and 2 years	(1,233)
(3,248)	Between 2 and 5 years	(13,086)
(26,582)	Between 5 and 10 years	(23,425)
(21,800)	Between 10 and 20 years	(15,236)
(41,389)	More than 20 years	(41,389)
(19,784)	Uncertain date*	(19,778)
(121,979)	Total Financial Liabilities	(118,956)

* This refers to the Lender's Options Borrower's Options which may be rescheduled in advance of their maturity date of 2054, however, the Council does not anticipate this will occur due to the current low interest rates.

All trade and other payables are due to be paid in less than one year.

Market Risk

The Council is exposed to the risk that financial loss could potentially occur as a result of changes in such measures as interest rate movements, market prices or foreign currency exchange rates.

Interest Rate Risk

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

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fixed rate protects the Council from increased interest charges as an equivalent loan would now cost more. The fair value of the borrowing (liability) will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise

- investments at fixed rates – the fixed rate prevents the Council from receiving higher investment income from the same principal invested. The fair value of the asset will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investment will be posted to the Surplus or Deficit on the Provision of Services and affect the Council Fund Balance.

The Council monitors market and forecast interest rates within the year to adjust exposures appropriately, to allow any adverse changes to be accommodated. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. According to this strategy, at 31 March 2020, if there had been a 1% change in interest rates with all other variables held constant, the financial effect would be approximately:

	Estimated £'000 + 1%	Estimated £'000 -1%
Interest payable on variable rate borrowings	133	-
Interest receivable on variable rate investments	(349)	349
Impact on Surplus or Deficit on Provision of Services	(216)	349

The figures for an approximate impact of a 1% fall in interest rates for borrowing are not the same figures as the 1% increase (but reversed) as the variable rate borrowing relates to our LOBO loans where it is assumed that the lender would not exercise their option if there was a fall in interest rates.

Price risk

As the Council has not invested in instruments that are subject to price risk, such as bank certificates of deposit and Government Bonds, it is not subject to price risk.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Transition to IFRS9 Financial Instruments

The Council adopted the IFRS9 Financial Instruments accounting standard with effect from 1 April 2018. The main changes include the reclassification and re-measurement of financial assets and the earlier recognition of the impairment of financial assets.

The nature of the Council's financial instruments has meant no changes to the Council's balance sheet on transition.

32. Events after the Reporting Period

Where an event or information arises after the reporting period (i.e. after 31 March 2021) that relates to conditions existing at 31 March 2021, certain figures in the financial statements and notes would be adjusted if necessary, in all material respects, in order to reflect the impact of the event or information. Whilst there have been no such events after 31 March 2020 that have required adjustment, there is one non-adjusting event that needs reporting.

33. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council 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 Council. As at 31 March 2021 the Council had been made aware of issues about the standard of work undertaken by a contractor who is now insolvent. No provision has been made in these accounts.

Notes to the Cash Flow Statement

34. Adjustments for Non-Cash Movements

2019-20 £'000		2020-21 £'000
(20,015)	Depreciation & Impairment of Assets	(18,590)
1,852	Movement in Inventories, Debtors & Creditors	14,538
(18,380)	Pension Fund Adjustments	(18,810)
1,251	Provisions	1,071
(1,141)	Disposal of Non Current Asset	(3,487)
-	Changes in Fair Value of Investment Property	455
(36,433)	Adjustments to net deficit on the provision of services for non-cash movements	(24,823)

35. Operating Activities

The cash flows for operating activities include the following items:

2019-20 £'000		2020-21 £'000
(16,662)	Cash Flow on Revenue Activities	(23,222)
6,228	Interest Paid	4,554
1,305	Interest element of finance lease and PFI rental payments	1,244
(1,069)	Interest Received	(926)
(10,198)	Net Cash Flows from Operating Activities	(18,350)

36. Investing Activities

The cash flows for investing activities include the following items:

2019-20 £'000		2020-21 £'000
18,975	Purchase of Property, Plant and Equipment and Intangibles	19,892
1,031	Purchase / (Proceeds) from Short Term Investments	23,450
(925)	Proceeds from sale of Property, Plant and Equipment and Investment Property	(3,213)
19,081	Net Cash Flows from Investing Activities	40,129

37. Financing Activities

The cash flows for financing activities include the following items:

2019-20 £'000		2020-21 £'000
1,647	Cash Receipts of short and long term borrowing	(4,707)
(13,125)	Other Receipts from financing activities	(16,476)
-	Repayments of short and long term borrowing	
(11,478)	Net Cash Flows from Financing Activities	(21,183)

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

Report on the audit of the financial statements

I have audited the financial statements of Bridgend County Borough Council for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

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

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of Bridgend County Borough Council as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis for opinion

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

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Bridgend County Borough Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The responsible financial officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on other requirements

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

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

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Bridgend County Borough Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 14, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Anthony J Barrett
For and on behalf of the Auditor General for Wales

24 Cathedral Road, Cardiff CF11 9LJ

23 July 2021

The maintenance and integrity of Bridgend County Borough Council's website is the responsibility of the Accounting Officer/Client Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Annual Governance Statement



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1 Foreword

“One Council working together to improve lives”

This is the Council’s vision as stated in the [Corporate Plan](#) for 2018-2023 reviewed for 2021-22, which also sets out what our long-term well-being objectives are so that amongst all of the complexity of increased demand and reduced resources we can keep a clear focus on what is really important for our communities.

We want to contribute to a place where people want to live, work, study and do business, where people have the skills and qualifications they need to improve their life chances, enjoy good health and a sense of well-being and independence.

It is necessary to ensure that our communities and those that use and pay for our services, those who deliver our services and our partners and suppliers have confidence in our governance arrangements. They must be assured that our services are provided effectively and efficiently and delivered on a consistent basis, that public money is safeguarded and properly accounted for; and that decisions are taken transparently and lawfully. This is especially the case given the ongoing challenges during the worldwide Coronavirus pandemic that has affected everyone and every business across the county borough since March 2020. Additional measures have been put in place to ensure the Council maintains proper governance through this unprecedented event.

The Council also has a duty to set well-being objectives under the Well-being of Future Generations (Wales) Act 2015 and the Local Government Elections (Wales) Act 2021 to make arrangements and keep under review the extent to which it is exercising its functions effectively, using its resources economically, efficiently and effectively and to ensure its governance is effective for securing these performance requirements.

Our governance arrangements operate effectively in supporting the Council in meeting its challenges and responsibilities and have continued to do so in the current uncertain times. Improvements are continually being made and opportunities to do so going forward have been identified. These will be monitored during 2021-22 to ensure that the necessary improvements are made.



Cllr Huw David
Leader of the Council



Mark Shephard
Chief Executive

2 Governance Framework

What is Corporate Governance?

Corporate governance comprises the systems, processes, culture and values by which the Council is directed and controlled, led and held to account, and how it engages with stakeholders. It is also about the way that Councillors and employees think and act.

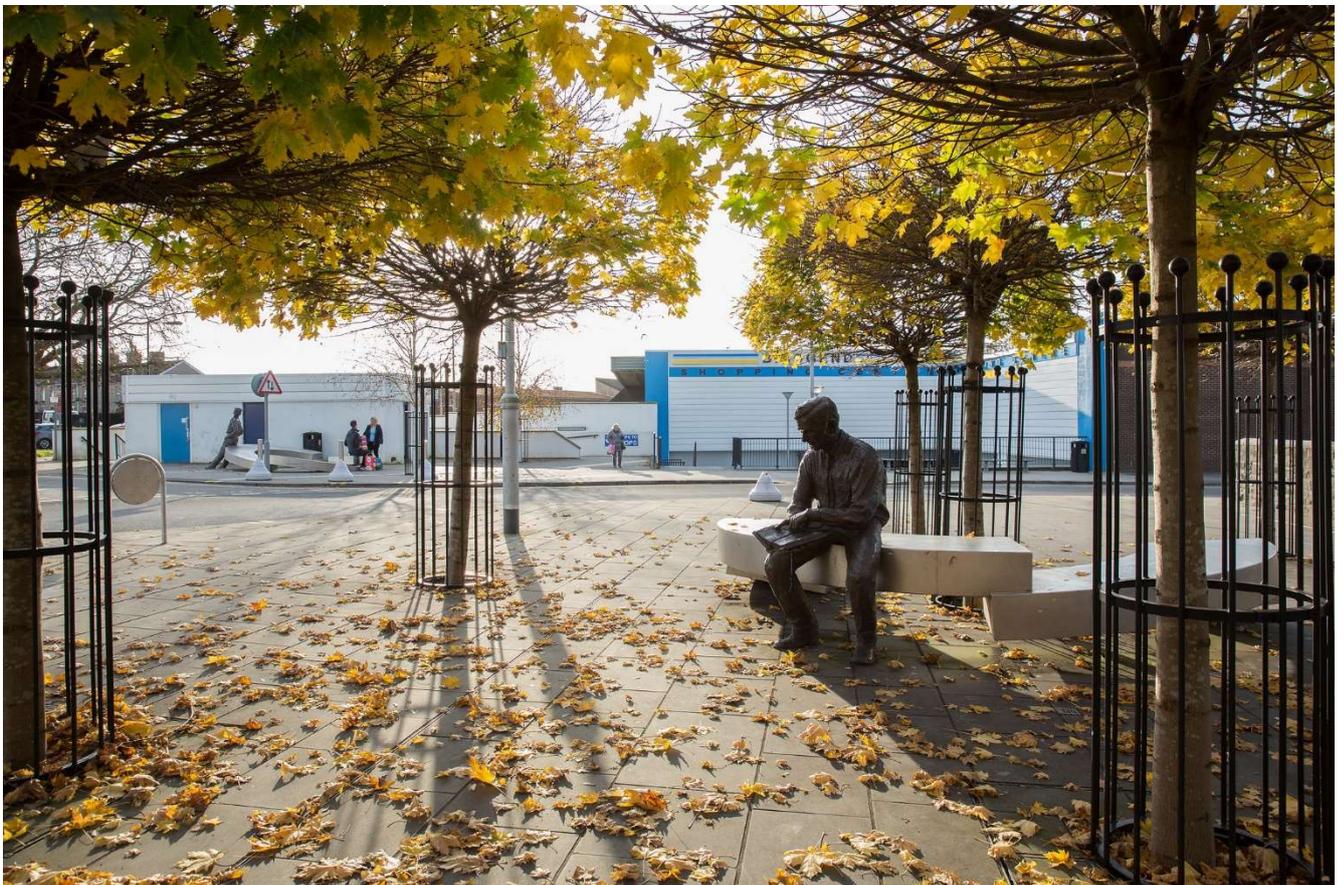
The Governance Framework enables the Council to monitor the achievement of its strategic objectives and to consider whether they have led to the delivery of appropriate, cost-effective services.

What this Statement tells you

This Statement describes the extent to which the Council has complied with its Code of Corporate Governance and the requirements of the Accounts and Audit (Wales) Regulations 2014 and the Accounts and Audit (Wales) (Amendment) Regulations 2018 for the year ended 31 March 2021.

It also sets out how the Council has responded to governance issues identified during 2020-21 and actions to be undertaken during 2021-22 following an annual review of the Governance Framework.

The Statement has been prepared in accordance with the 2016 guidance: '[Delivering Good Governance in Local Government Framework](#)' produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).



The Council's Governance Responsibilities

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Council must consider the longer term impact of any decisions it makes, and should work collaboratively with other public bodies to improve well-being in Wales.¹

As a public body the Council has to ensure it delivers sustainable social, cultural, environmental and economic outcomes as a key focus of its governance process and structures. This is achieved by:

- behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- ensuring openness and comprehensive stakeholder engagement

The Council's Code of Corporate Governance sets out its commitment to, and responsibility for, ensuring that there is a sound system of governance in place. The [Code](#) and [Governance Framework](#) is on the Council's website or can be obtained from the Section 151 Officer.

The Council's Code of Corporate Governance sets out the seven principles of good governance in line with CIPFA's 'Delivering Good Governance in Local Government: Framework'.

Bridgend County Borough Council Code of Governance (2017)

The Council's Governance Principles are based on the following:

A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
B	Ensuring openness and comprehensive stakeholder engagement
C	Defining outcomes in terms of sustainable economic, social and environmental benefits
D	Determining the interventions necessary to optimise the achievement of the intended outcomes
E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
F	Managing risks and performance through robust internal control and strong public financial management
G	Implementing good practice in transparency, reporting, and audit to deliver effective accountability



¹ Well-being of Future Generations (Wales) Act 2015

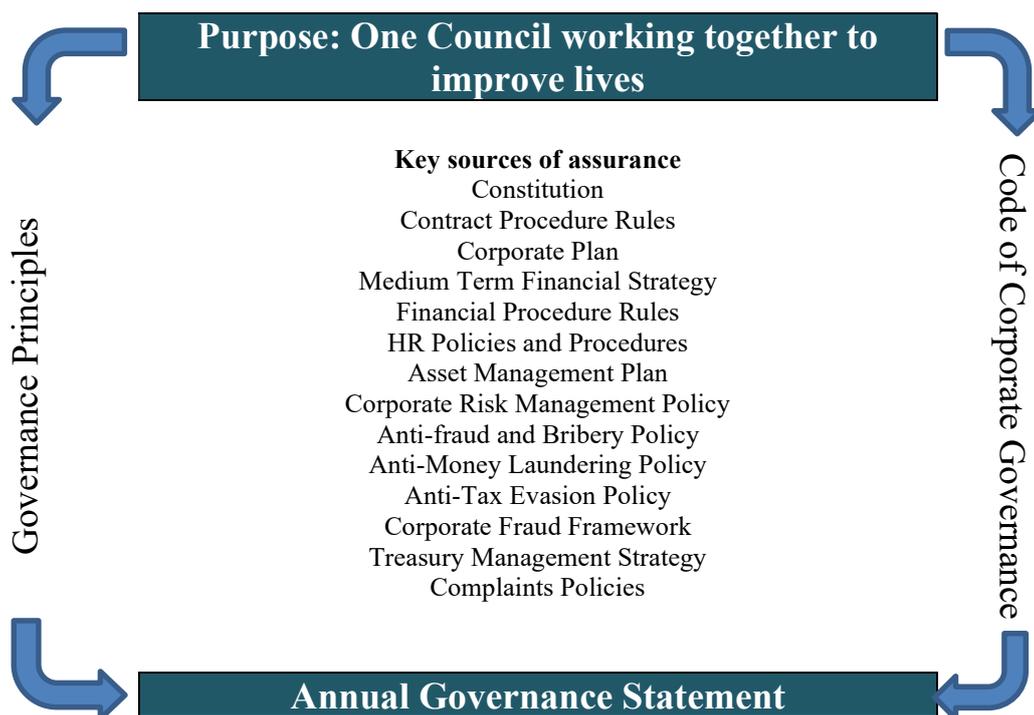
The Council's Governance Framework

The Governance Framework comprises the systems, processes and values by which the Council is directed and controlled and the means by which it accounts to, engages with and leads the local community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to make appropriate use and prevent loss of public funds. It also assists with managing the risk of failure to achieve policies, aims and objectives. It does not eliminate all the risk; the system of internal control is designed to identify and prioritise risks, evaluate the likelihood of those risks materialising and manage their impact.

In order to review the effectiveness of the governance framework, assurances are provided to, and challenged by, the Governance and Audit Committee, Scrutiny Committees, Council, Cabinet and Corporate Management Board as appropriate. In addition the Section 151 Officer promotes and delivers good financial management and the Monitoring Officer promotes and delivers legal and ethical assurance.

Some of the key elements of the governance framework are highlighted below.



More widely, as part of its partnership and joint working arrangements, the Council is involved in bespoke external governance arrangements driven by the different partnership and delivery arrangements in place. Examples of these include the following:

The Council is one of ten Councils jointly delivering the Cardiff Capital Region City Deal (CCRCD), which has in place joint Scrutiny and Cabinet to ensure governance in its implementation. The CCRCD aims to raise economic prosperity, job prospects and improve digital and transport connectivity and is a significant investment into the South Wales economy.

- The Council is committed to contributing to the delivery of these objectives across the region to ensure that the community and business within the Borough can benefit from this investment.
- During 2019-20 the new regional arrangements were put in place for the health and social care partnership and the Cwm Taf Regional Partnership Board established and these arrangements are successfully bedding in. The Regional Safeguarding Board and Regional Partnership Board provide leadership across the region for safeguarding an integrated planning of health and social care services. There are a small number of key services that still operate on the previous 'Western Bay' footprint.
- The Council is a participant in a number of shared services, with other local authorities, such as the Shared Regulatory Services with Cardiff and the Vale of Glamorgan Councils, and Central South Consortium, a joint education service for five local authorities. These are governed by joint committees which comprise elected members from each of the local authorities. The Council also is a partner in the Regional Internal Audit Shared Services with Vale of Glamorgan, Rhondda Cynon Taf and Merthyr Tydfil Councils.

Decision Making and Responsibilities

The Council consists of 54 elected Members, with an elected Leader and Cabinet who are supported and held to account by Scrutiny Committees. The Council's constitution sets out how the Council operates, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules governing the Council's business and sets out a list of functions and decisions exercisable by officers. It also contains the rules and protocols by which the Council, Members and officers operate.



Through the Constitution, along with the Member's Code of Conduct, Standards Committee and role of internal audit, the Council operates with **integrity**, **ethical values** and within its **legal** powers.

All Council and Committee meetings' agendas, papers and minutes can be viewed on-line and pre-pandemic all meetings were open to the public unless exempt or confidential matters were being discussed. Since the pandemic meetings are held virtually and recorded and placed on the Council's website for the public to access. The Council's forward work programme contains information about all matters that are likely to be the subject of a decision taken by full Council or Cabinet during the forthcoming period. They also include information regarding Scrutiny Committees. To further enhance **openness** and **comprehensive stakeholder engagement** the Council has a Citizen's Panel, which takes part in surveys on a range of issues. The Council also uses social media to promote services and engage with the public and makes information available in a range of formats to maximise the opportunity for information sharing and to enable residents to communicate with the Council.

Local Government and Elections (Wales) Act 2021

The Local Government and Elections (Wales) Act received Royal Assent on 20 January 2021. The Act is a substantial piece of legislation covering electoral reform, public participation, governance

and performance and regional working. There are many reforms within the Act, however, in summary the Act introduces:

- Reform of electoral arrangements for local government, including extending the voting franchise to 16 and 17 year olds;
- Introduction of a general power of competence;
- Reforming public participation in local government;
- Reforms around democratic governance and leadership;
- Collaborative working;
- Reform of the performance and governance regime;
- Powers to facilitate voluntary mergers of principal councils.

In order to provide local authorities with certainty as to what legislative changes are being implemented when, and ensure the required preparations can be made, Welsh Government has made three Commencement Orders, which will be accompanied by other relevant subordinate legislation, which will bring the relevant provisions into force on a series of dates between March 2021 and 5 May 2022.

The Act will have a wide ranging impact on the organisation, powers, performance measurement and governance of the Council, including changes to the composition and terms of reference of the Audit Committee (which was re-named the Governance and Audit Committee by Council in September 2020, in anticipation of the requirements of the Act). New responsibilities include a role in reviewing the Council's self-assessment report and making any recommendations for change, consideration of the outcome and response to a panel performance assessment of the Council, and responsibility for making reports and recommendations in relation to the authority's ability to handle complaints effectively. The Council will need to address these changes and amend its governance structures and arrangements accordingly.

Role of the Governance and Audit Committee

The **Governance and Audit Committee** provides independent assurance on the Council's internal control environment. It is a statutory Committee and consists of 12 Councillors and 1 Lay Member. Its main functions are:

- Review and scrutinise reports and recommendations in relation to the Council's Financial Affairs
- Review and scrutinise reports and recommendations on the appropriateness of the Council's risk management, internal control and corporate governance arrangements
- Oversee the Council's internal and external audit arrangements
- To be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies
- To monitor the Council's Anti-Fraud and Bribery Strategy, Anti-Money Laundering Policy and Anti-Tax Evasion Policy
- To review and approve the Council's Annual Governance Statement and the Annual Statement of Accounts
- To review and consider reports from the External Auditor and Inspectors

3 Assessing Performance

The Councils' performance is reported in its [Annual Report](#), its annual self-evaluation of progress against the Council's Corporate Plan. The report looks back on the progress made during the year on the steps to meet the well-being objectives. The report considers measures of success with targets set annually and used to drive improvement. During 2020-21 a key factor faced by the Council over the year was the impact of the Covid-19 pandemic and the governance arrangements and processes that the Council had to put in place to ensure it could continue to support residents and businesses during this difficult and challenging year.

The Corporate Plan

The Corporate Plan 2018-23, updated for 2021-22, agreed in February 2021 sets out the Council's vision: **'One Council working together to improve lives'**. The Plan defines the Council's three priorities well-being objectives and its organisational values and principles that underpin how it will work to deliver its priorities. The Council defines its purpose to 'contribute to a place where people love to live, work, study and do business, where people have the skills and qualifications they need to improve their life chances, and enjoy good health and a sense of well-being and independence'.



Underpinning the Council's Corporate Plan and throughout its decisions-making process, the principles of the Well-being of Future Generations (Wales) Act 2015 are applied. The table shows how the Council's well-being objectives contribute to the seven well-being goals.

Well-being Goal	Well-being Objective		
	Supporting a successful sustainable economy	Helping people and communities to be more healthy and resilient	Smarter use of resources
A prosperous Wales	✓		✓
A resilient Wales			✓
A healthier Wales	✓	✓	✓
A more equal Wales	✓	✓	✓
A Wales of cohesive communities	✓	✓	✓
A Wales of vibrant culture and thriving Welsh language	✓	✓	
A globally responsible Wales	✓		✓

In addition to the seven well-being goals, the Well-being of Future Generations (Wales) Act 2015 puts in place the sustainable development principle and defines the five ways of working that public bodies must adopt to demonstrate they have applied the sustainable development principle. The five ways of working are:

Long-term: thinking of future generations and of our natural resources.

Prevention: this is the step before any issues arise and is aimed at making sure that solutions and interventions are targeted and available to stop statutory services being required.

Integration and Collaboration: with colleagues and partners. Ensure decisions are joined up across services and work more closely with partners in the public, private and third sectors.

Involvement: consult and involved local people in planning and delivering services.

5 Ways of Working	Long term	Prevention	Integration	Collaboration	Involvement
Our Principles					
To support communities and people to create their own solutions and reduce dependency on the Council.					
To focus diminishing resources on communities and individuals with the greatest need.					

5 Ways of Working	Long term	Prevention	Integration	Collaboration	Involvement
To use good information from service users and communities to inform its decisions.					
To encourage and develop capacity amongst the third sector to identify and respond to local needs.					
To not let uncertainty over the future of public services prevent meaningful and pragmatic collaboration with other public sector bodies.					
To work as one Council and discourage different parts of the organisation from developing multiple processes or unnecessarily different approaches.					
To transform the organisation and many of its services to deliver financial budget reductions as well as improvements.					

Welsh language – Wales has two official languages, Welsh and English, and services and information should be equally available in both. The Council’s internal business language is English, but all the services and information we provide for local people will be equally available in either language.

The Corporate Plan identifies a number of key principles which underpin its Well-being objectives and has adopted a set of values that represent what the Council stands for and influences how it works. The key principles are set out below.

- Wherever possible the Council will support communities and people to create their own solutions and reduce dependency on the Council
- The Council will focus diminishing resources on communities and individuals with the greatest need
- The Council will use good information from service users and communities to inform its decisions
- The Council will encourage and develop capacity amongst the third sector to identify and respond to local needs
- The Council will not let uncertainty over the future of public services prevent meaningful and pragmatic collaboration with other public sector bodies
- The Council will work as one Council and discourage different parts of the organisation from developing multiple processes or unnecessarily different approaches
- The Council will transform the organisation and many of its services and in so doing will deliver financial budget reductions as well as improvements

The Council’s values, or the **FACE** of the Council are:

- **F**air – taking into account everyone’s needs and situations
- **A**mbitious – always trying to improve what we do and aiming for excellence
- **C**itizen-focused – remembering that we are here to serve our local community
- **E**fficient – delivering services that are value for money

Covid-19

The UK was put into lockdown on 23 March 2020 in an unprecedented step to attempt to limit the spread of coronavirus. This followed similar action in other countries across the world. The UK Government put into place a limited number of reasons for people to be allowed to leave their homes. As a consequence many non-essential shops and businesses had to close, schools were closed and all workers were required to work from home where possible. Initially the lockdown was for a period of 3 weeks but this was then extended over the next couple of months with the First Minister of Wales announcing an easing of lockdown rules from 1 June into July 2020, with confirmation that swimming pools, gyms, leisure centres and indoor play areas could open from 3 August 2020. Further lockdowns followed, the first a two week “firebreak” from 23 October until 9 November, followed by a further lockdown from midnight of 19 December 2020 due to a significant surge in cases from a new strain of the virus.

Throughout this period the Council has had to adapt and implement significant changes to the day-to-day management of the Council, and the nature and delivery of its operations. In order to maintain continuity of service wherever possible, the Council moved extremely quickly to equip office-based staff with mobile technology at the end of March 2020 and into the new financial year, to enable home-working within a very short timescale. Office-based staff are now equipped to work at home either with laptops and telephone facilities installed on the laptops, or on home computers linked to the Council’s corporate network. The Council significantly increased its infrastructure ability to enable all who could work from home to do so. This included providing multiple accessibility platforms to enable access. The capacity of back end storage has been increased. Whilst the security of the network remains at a high level, to mitigate potential risks the use of Outlook Web Access was removed. In addition to this and to further strengthen network security, the Council has increased its firewall provision. Decisions were made to deploy employees to key priority areas wherever possible to ensure continuity of essential services. During the year the focus has remained on ensuring the resilience of front line services to cover absence and acute pressure points, and to supporting services that promote public health, including the Test, Trace, Protect service and, latterly, the vaccination programme and community testing.

At the start of the pandemic a number of services, including schools, were closed, although the Council continued to maintain a significant number of essential services running, particularly the provision of social care services for vulnerable adults and children and waste collection services. Services that were closed included cultural venues, leisure centres, community recycling centres and day services. During the year, as lockdown restrictions initially eased, a number of these reopened, but with social distancing measures in place, or were provided differently. Schools adapted to provide blended learning and during full lockdown, online learning, with most pupils being taught via their home computers. Those pupils eligible for free school meals have been provided with weekly food parcels, delivered to their homes, and funding was secured to enable digitally excluded pupils to continue to learn from home.

When the country moved into lockdown, all formal meetings of Council were immediately cancelled. However, under the Local Authorities (Meetings) (Wales) Regulations 2020, Local Authorities were given powers to hold meetings virtually using video conference technology from 22 April 2020. As a result the Council held its first virtual meeting of Development Control Committee on 4 June 2020, followed by a meeting of Cabinet on 30 June 2020. Other virtual committee meetings followed with the first meeting of full Council on 22 July 2020, and a full programme of meetings has been followed since this time. The meetings initially held via Skype, are now held via Microsoft Teams, are recorded and uploaded to the Council’s website following the meeting. This enables full and transparent decision making and includes procedures for enabling Members to vote on key decisions. The initial Covid-19 group, consisting of members of the Cabinet and Corporate Management Board (CMB), along with a number of key officers, was stood down as official meetings resumed, but bi-weekly meetings of Cabinet and CMB were reinstated to consider other Council business. In January 2021, as the latest lockdown came into place, CMB introduced a

moving forward in ensuring that many of the new ways of working that have worked well continue to do so. Other services have had to reconsider how they continue to deliver to the public over time. One example is the provision of free school meals, which initially was provided through a 'packed lunch' style arrangement, which pupils collected from specific locations. Over time, and to address social distancing rules, this changed to a food parcel delivery service to pupils' homes. Whilst alternative service delivery options have been considered during the year, including payment of cash or vouchers to parents, the Council still feels that at this time this service provides the best all-round option for pupils, taking into account nutritional value and supporting children whilst at home. However, this is constantly under review.

In addition to the business grants, Welsh Government has provided a number of specific grants to meet the additional costs of Local Authorities as a result of the pandemic, for costs in general and targeted at specific areas, such as adult social care, free school meals, homelessness and personal protective equipment. Costs are collated across the Council to enable these grants to be drawn down, the majority of which are claimed against the Welsh Government Hardship Fund. There is also the impact of lost income from fees and charges, which creates an additional pressure, coupled with a downturn in council tax collection due to the impact of the financial circumstances on a number of residents, and the consequential increase in those claiming council tax reduction. The Council has claimed and received the following amounts:

Welsh Government Hardship Fund	Claimed £000	Paid £000	Disallowed £000
Additional expenditure	15,791*	15,013	778
Loss of Income	5,697	5,574	104
Total	£21,488	£20,587	£882

* including £271,000 relating to 2019-20.

Cost pressures and loss of income not covered by Welsh Government have created additional pressures on the Council budget, so the Council established a specific earmarked reserve at the end of 2019-20 to enable it to mitigate any non-funded Covid related costs in both 2020-21 and beyond.

The Council took on board the guidance and advice set out in Procurement Policy Notice 01/20: Responding to Covid-19, and subsequent notices, and put in place a number of measures to support suppliers, including payments in advance of supply where appropriate, maintaining management fee levels for some of our key providers during the pandemic, and increasing the number of BACS payments made per week to ensure funding reached supplier accounts more quickly. This was done mindful of the Council's Financial Procedure Rules, delegated powers process and the Covid-19 decision making process. Whilst supporting suppliers in this way, to minimise any risk of fraud, those who received funding from the Council were requested to sign up to an open book accounting process so that the Council could verify any funding the organisation received, to ensure no duplicate funding was made.

Whilst a number of Council capital schemes were delayed, the Council also experienced additional costs as a result of the need to implement social distancing on building sites, when new schemes have been tendered, so it is clear the longer term consequences of the coronavirus pandemic cannot yet be known in full or be quantified. However, it seems inevitable that a number of businesses will find themselves in financial difficulties and maybe go out of business, despite the various support schemes that have been put in place over the year. The town centres may be particularly hit as staff are directed to continue to work from home if they are able to do so and not in their usual office base, including staff in the main town centre Council offices, thus impacting on the footfall in these main retail areas. There are also likely to be potential increases in levels of deprivation with associated demands placed upon Council services as a consequence of the increased number of families applying for universal credit and council tax support. Financially we expect there to be pressures on service costs, reduced council tax and business rates income, ongoing reduced income at car parks, rental income where the Council is the landlord and playing

fields and other facilities as people remain wary of going out and socialising in large groups. Whilst the vaccination programme is well underway and Welsh Government expects all nine priority groups to have received their first vaccination by mid-July 2021, the impact of the pandemic is still expected to be felt for many years to come and potentially unequally with those living in areas of most deprivation most impacted. Short-term measures such as rental holidays for businesses and business rates relief will provide them with some support, but it will be difficult to fully offset the devastating economic impact that the pandemic has caused. In addition, consumer habits have changed, with people having been forced to shop and do business differently, and there is no guarantee that they will revert to old habits.

In March 2019 Estyn inspected Bridgend's local government education services. Following the inspection Estyn identified four recommendations to further improve Bridgend's provision of education services to children and young people. These included the need to develop literacy in primary schools, support schools, causing concern, develop post-16 education and support the work of the statutory Welsh in Education Strategic Plan. While work against the four recommendations has continued since March 2020, the pandemic has impacted on progress. Updates are provided to the Council's School Improvement Group on a bi-monthly basis and we will continue to monitor progress against these priority areas.

Care Inspectorate Wales has carried out regulatory inspections of the Council's registered care provision. One service, a children's residential care home, was a service of concern for a period in 2020 but has now satisfied all regulatory requirements. There have been positive regulatory inspections of other provisions. The Council is a significant provider of adult and children's regulated care services and the Head of Adult Services and the Head of Children's Services are Responsible Individuals for the provision, with legal responsibilities in accordance with the Regulation and Inspection of Care (Wales) Act (2018). There have been regular meetings between senior officers and Care Inspectorate Wales during 2020-21 to provide assurance in respect of the safety and wellbeing of people during the Covid-19 pandemic. An assurance check was carried out by Care Inspectorate Wales in April 2021 and any areas for improvement identified will be progressed in a timely way.

The Government is likely to impose social distancing rules for some time to come, which will have consequential impacts on services such as leisure and cultural services, where mass attendances at leisure centres, swimming pools and public performance events will have to adjust to any new rules following Covid-19. Retail and leisure services independent to the Council will also be affected as it takes time for public confidence to increase. In July 2020 each Directorate was asked to complete a corporate questionnaire ("COVID-19 Service Recovery Planning Assessment") that was designed to identify lessons learnt from each of its service areas during Covid-19 Lockdown. An Improvement Plan was developed to "ensure that during the Covid-19 pandemic, the Council services are delivered safely and to a high standard." This exercise has helped ensure that the Council is able to respond more effectively to any future significant events that affect service delivery. In the coming year the Council will need to focus on restoring services, supporting communities and particularly the most vulnerable in our society, as well as doing all we can to help our local economy to recover. Implementing agile working has afforded the Council opportunities for efficiencies and benefits to both the organisation and employees. This includes less travelling reducing the impact on time of working, as well as environmental benefits. Moving forward agile working will allow the Council the opportunity to assess its needs for office space, and the benefits to staff of a longer-term agile working approach.

Annual Improvement

Audit Wales², our External Auditor, assesses the Council's arrangements for delivering continuous improvement and subsequent performance, the results of which are published in their [Annual Audit Summary 2020](#). In January 2020 they reported that the 'Auditor General certified that the Council has met its legal duties for improvement planning and reporting, and believes that it is likely to meet the requirements of the Local Government (Wales) Measure (2009) during 2020-21'.

Audit Wales have undertaken and reported on a number of reviews during the year, the key outcomes of which are set out below.

Report	Key outcomes
<p>Financial Sustainability Assessment, February 2020</p>	<p>The purpose of the review was to assess the sustainability of council's short to medium term financial position. This included a focus on the financial strategy of each council as well as reviewing some key financial indicators of each council's financial position in relation to:</p> <ul style="list-style-type: none"> • performance against budget; • delivery of savings plans; • use of reserves; • council tax; and • borrowing. <p>Overall the review found that the Council has a strong financial position, but aspects of financial planning and its Medium Term Financial Strategy would benefit from strengthening. This was because:</p> <ul style="list-style-type: none"> • The Council's Medium Term Financial Strategy would benefit from strengthening in some important areas. The review found that cost pressures were only included for one year; it does not provide detailed activity and expenditure projections for the four years of the Strategy, and does not evaluate past financial performance, such as budget underspends and the lower-than-forecast use of reserves. • In recent years the Council has underspent all its annual budgets • The Council has a good track record of achieving most of its planned savings • The Council has a high level of useable reserves, which are ring-fenced for specific purposes and potential risks to the Council. Approximately a third of the total reserves are earmarked to fund specific schemes within the Council's capital programme and 5% relate to equalisation and grant reserves. • The Council has a good track record of collecting its council tax • The Council has a relatively low level of borrowing and interest costs and has not sought any new long-term loans since 2012.
<p>'Raising our Game' Tackling Fraud in Wales, July 2020</p>	<p>The report was to examine seven 'key themes' to ensure that the arrangements for preventing and detecting fraud in the Welsh public sector are effective. The seven 'key themes' examined were:</p> <ul style="list-style-type: none"> • Leadership and culture • Risk management and control frameworks • Policies and training • Capacity and expertise • Tools and data • Collaboration • Reporting and scrutiny <p>For each theme the report examines:</p> <ul style="list-style-type: none"> • Why it is important

² Since 1 April 2020 the Wales Audit Office and Auditor General are branded as Audit Wales. The statutory names remain Wales Audit Office and Auditor General for Wales.

	<ul style="list-style-type: none"> • What the audit fieldwork identified in terms of current working practices and their effectiveness across the 40 Welsh public sector bodies that were examined • What needs to happen to generative improvement <p>A mapping exercise by the Council identified that there are many positive aspects identified across each of the themes. High standards for both Members and Officers are set and the Council has always dealt with any allegations or suspicions of fraud, bribery and corruption promptly. Fraud training has recently been improved and an e-learning module is now in place. The next stage will be to develop an action plan to strengthen the measures already in place to establish best practice in respect of fraud prevention, investigation and detection in line with the themes and recommendations within the Audit Wales report.</p>
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Managing Risk

The Council faces a range of risks as would be expected from the broad range of services it delivers and activities it is engaged with. On a day-to-day basis operational risk arises from the challenge of ensuring sufficient capacity and capability to advise on, and to deliver, the key policy objectives of the Council.

The Council has developed a robust approach to the management of risk. The Corporate Risk Management Policy is aligned with Directorate Plans and the Council's performance management framework. The Council defines risk as: 'Any potential development or occurrence which, if it came to fruition, would jeopardise the Council's ability to:

- achieve its well-being objectives
- provide services as planned
- fulfil its statutory duties, including the duty to make arrangements to secure continuous improvement.'

Risks are viewed from both a Service and Council-wide perspective which ensures the key risks are distilled in the [Corporate Risk Assessment](#). The Risk Assessment sets out how the Council is addressing these risks and the mitigating actions it will put in place to reduce them. It is regularly reviewed and challenged by both senior management and the Governance and Audit Committee. It is not possible to eliminate all risk of failure to meet the targets in the Council's policies, aims and objectives and cannot therefore provide absolute assurance of effectiveness, but one of reasonable assurance.

Financial Management

The financial management of the Council is conducted in accordance with all relevant legislation and the Constitution. The Council has in place Financial Procedure Rules, Contract Procedure Rules, a specific Financial Scheme for Schools, and the scheme of delegation also provides the framework for financial control. The Section 151 Officer is responsible for establishing a clear framework for the management of the Council's financial affairs and for ensuring that arrangements are made for their proper administration.

The Council's ability to deliver savings and contain its expenditure within its overall budget is well established. However, the Council faces significant challenges in the future in the face of further Government plans to cut public spending, particularly as it is assumed that at some point the substantial additional Government expenditure on the pandemic will need to be recovered. There

also remains significant uncertainty as a result of Brexit and the impact this might have on Council services including the receipt of European grants. The Council estimates that it will need to generate approximately £22 million of savings over the period 2021-22 to 2024-25. The Medium-Term Financial Strategy has taken account of cost pressures and priority areas in line with the Corporate Plan and undertaken extensive consultation to ensure a robust process. To ensure greater involvement of stakeholders in the development of the Medium Term Financial Strategy an eight week consultation 'Fit for the Future' was undertaken between 19 October and 13 December 2020, the emphasis of which was on the Council's recovery plans, following the pandemic, including what the public felt were important services during the lockdown and what services they actually accessed. Due to social distancing requirements, the budget consultation was pre-launched on social media prior to the live survey date and the consultation itself focused more on online, social media and interactive engagement methods. Communication took place through a wide variety of methods, including surveys, social media, online engagement sessions, online Frequently Asked Questions as well as videos, radio adverts and media releases. To gather the views of young people the consultation team attended a Bridgend Youth Council meeting and promoted the consultation amongst learners, staff and parents at Bridgend secondary schools and Bridgend College. The Medium Term Financial Strategy can be found on the Council's website [here](#). Given the single-year funding provided by the Welsh Government, the Council has developed detailed budgets for year one of the Strategy with indicative budgets thereafter based on a range of funding scenarios.

The Council has in place robust arrangements for effective financial control through the Council's accounting procedures, key financial systems and the Financial Procedure Rules. This includes established budget planning procedures and regular budget monitoring reports to Cabinet and Scrutiny Committee, as well as detailed information to budget holders. The Council prepares its Annual Accounts as required by the Accounts and Audit (Wales) Regulations and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

The Council follows the CIPFA Code on Treasury Management and Welsh Government's Guidance on Local Authority Investments to ensure that funds invested are secure, accessible when necessary and attract an appropriate return and any borrowings needed are in line with the Council's Treasury Management Strategy, as approved by Council. During the Coronavirus pandemic reliance on Treasury Management advice has been crucial, and significant levels of cash movements meant an increased focus was needed on managing cash flows in as secure a manner as possible. Significant use was made of the Treasury's Debt Management Office to deposit funds during the initial stages of the crisis to maintain security and liquidity, but as the crisis begins to ease monies will be invested in wider instruments in line with the Council's Treasury Management Advisor's advice.

The Prudential Code and Treasury Management Code of Practice, issued in December 2017, set out new requirements in relation to the production of a Capital Strategy. CIPFA are currently consulting on both these Codes of Practice. The proposed changes to the Prudential Code include: commercial investment should be 'proportionate' to service and revenue expenditure; capital expenditure should be "sustainable in accordance with the corporate objectives of the authority"; capital strategies should provide more commentary on the affordability of commercial activities; 'Liability Benchmark' to replace prudential indicator on gross debt and the capital financing requirement; and two new prudential indicators on affordability. The proposed changes to the Treasury Management Code include: new knowledge and skills schedules for treasury management roles to assess and track competencies; new council committees to focus solely on scrutinising treasury management decisions; and new Treasury Management guidance on assessing the environmental, social and governance risks of future investments. The outcome of these consultations will need to be considered when revising both the Treasury Management and Capital Strategies. The Capital Strategy currently requires the Council to consider the longer term as well as the short term. It requires that capital expenditure plans are affordable, prudent and sustainable and outlines the future commitments so that affordability of both the long-term plan and

any new proposals can be properly understood. Furthermore it enables the ongoing capital and revenue implications of capital expenditure to be better understood. The Capital Strategy is evolving to provide a robust, medium to long term capital plan for the Council.

Compliance with the CIPFA Financial Management Code of Practice

The Chartered Institute of Public Finance and Accountancy (CIPFA) launched the Financial Management Code of Practice (FM Code) in November 2019. The FM Code was developed in the context of increasing concerns about the financial resilience and sustainability of local authorities.

The FM Code sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should, as a minimum, seek to achieve. It clarifies how Chief Finance Officers should satisfy their statutory responsibility for good financial administration as required in section 151 of the Local Government Act 1972 and emphasises the collective financial responsibility of the whole leadership including the relevant elected members.

By complying with the principles and standards within the code authorities will be able to demonstrate their financial sustainability. Whilst the Code is designed to be flexible to the nature, needs and circumstances of individual authorities, it is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out. Full compliance is expected for the 2021-22 financial year (i.e. from April 2021) with the 2020-21 financial year acting as a shadow year. In its Guidance Bulletin 06 (*Application of the Good Governance Framework 2020/21*) CIPFA has stated that the Annual Governance Statement for 2020-21 should include the overall conclusion of an assessment of the organisation's compliance with the principles of the FM Code. Also, that where there are outstanding matters or areas for improvement, these should be included in the action plan.

The Council has made an assessment of its current compliance with the 19 Standards outlined in the FM Code. The assessment has identified that the Council can demonstrate compliance with all of the Standards, but that further actions can be taken to enhance compliance during 2021-22. These actions are included in the Action Plan in Section 5.

4 Audit Assurance

Audit and Audit Assurances

The Council is audited externally by the Auditor General for Wales, supported by Audit Wales. The objectives of this are to obtain assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; that the accounts have been prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom; and to issue an opinion thereon. They also assess our arrangements for securing economy, efficiency and effectiveness in the use of resources.

In 2020 the External Auditor gave an unqualified audit opinion on the financial statements 2019-20.

Audit Wales also audit a number of grant claims and in the year completed 5 audits of grants and returns. The audit confirmed that there were generally sound working papers and all claims were certified ahead of the audit deadlines in place. One claim for Housing Benefit was qualified due to a few errors however this did not affect the reimbursement of the claim.

In addition Audit Wales undertake reviews of various services and also performance reviews throughout the year, the outcome of which are reported to the Governance and Audit Committee.

The Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2020-21 is:

“Reasonable Assurance”

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. The weaknesses that have been identified are service specific.

As described earlier in the Annual Governance Statement the way the Council has had to operate during 2020-21 has been severely affected by the COVID 19 pandemic. Many staff have worked remotely, and systems & processes have had to be adjusted to cater for the new ways of working. Similarly, Internal Audit has worked remotely, conducting audits and obtaining evidence digitally. Each audit has considered the potential impact of COVID 19 and remote working to ensure adequate controls and governance arrangements remained in place.

The pandemic did have some impact on the delivery of the internal audit plan for 2020-21 and a limited number of audits were deferred due to the pressures on some service areas. These audits will be carried out in 2021-22. The Internal Audit coverage was still sufficient for the Head of Audit to be able to give an opinion.

The recommendations made to improve governance, risk management and control have been accepted and are at various stages of implementation.

During the year there continued to be interim arrangements in place to cover the statutory position of the Council's Section 151 Officer/Head of Finance, which does cause some concern from a continuity and capacity perspective. Whilst there is little or no risk in the short term as the current

Statutory Officer is extremely experienced and more than capable to fulfil the role, it is important that the vacancy is filled on a permanent as soon as possible. To help strengthen the resilience of the Finance function, a temporary Deputy Head of Finance and Section 151 Officer post was appointed in May 2019. Following a review of the Head of Finance role, Council agreed the post should be re-designated as Chief Officer, Finance, Performance and Change. The post was subsequently advertised at the start of 2020 and further in June 2020, but there were not sufficiently qualified applicants with the required skills and experience to be able to progress through all stages of the appointments process.



The Pavilion, Porthcawl

5 Improving Governance

A number of significant issues were identified in the Council's 2019-20 Annual Governance Statement. The progress made on the significant issues is shown below:

<p>Covid-19 will have significant impacts as the infection rate increases. This will impact on workforce, delivery of services, economic and social pressures and disruption for months and possibly years to come.</p>	<p>After over a year from the original Covid-19 outbreak in the UK and the national lockdown, the Council continues to learn to live with the consequences of delivering effective public services amidst an ongoing global pandemic. The majority of the Council's staff continue to work from home and significant investment has been made in ensuring that this can be done as effectively as possible. While there continues to be a great deal of focus on delivering services directly related to the pandemic, including ensuring adequate PPE, contributing to the test, trace and protect, and supporting the mass vaccination programmes, priority is also being given to 'recover'. The Council has set an approved recovery plan based on four themes of financial stability for the organisation, economic recovery, service restoration (adapting services to ensure they are Covid safe) and public health. The cross-party recovery panel established, made sixteen initial recommendations to Cabinet to inform the Council's detailed recovery planning. In addition, a lessons learnt exercise was undertaken and a document produced to ensure the Council is best placed to respond even more effectively to any future lockdowns or crises.</p>
<p>The uncertainty regarding the impact of and exit from the European Union may well place continued increasing expectations and demands on public sector organisations and the Council which will need to be factored into the Medium Term Financial Strategy</p>	<p>As the UK exited the European Union, with a last-minute deal, a new Treaty came into force from 1 January 2021, taking over from the previous transition period arrangement. The consequences of having a trade agreement in place are inevitably likely to be more positive than a no-deal situation. However, it is unlikely that there will be no impact, but it is too early to ascertain what this will be. The Covid-19 pandemic has overtaken the impact of the exit from the EU and will place continuing pressures on Council resources and budgets, at least in the short to medium term. The two events will continue to have an impact in the future, and the Council will need to closely monitor costs and lost income as a result of both significant events on its budget and cash-flow requirements.</p>
<p>Changes in Senior Management at Corporate Management Board level</p>	<p>A new Corporate Director Communities took up position in March 2020. The Corporate Director Social Services and Wellbeing was due to retire at the end of April 2020 but agreed to continue to provide leadership for the service in the role for a 6-month period during the pandemic. The virtual recruitment exercise for this vacancy was shown to work well, with strong interest for the post and an effective recruitment process, with the successful candidate taking up post in October 2020. There is now greater resilience across the Council's senior management team.</p> <p>The Council was unable to recruit to the Chief Officer, Finance, Performance and Change and the interim arrangements have continued.</p>

<p>Outcome of the Audit Wales report into Safeguarding and implementing the recommendations made therein</p>	<p>The Audit Committee held on the 16th July 2020, received the October 2019 WAO report: 'follow up review of corporate arrangements for the safeguarding of children'. The actions and progress made against the proposals for improvement were noted and the item recorded as resolved.</p>
<p>Outcome of the Care Inspectorate Wales – Inspection of Older Adults Services Bridgend County Borough Council (January 2020)</p>	<p>The service continues to progress the recommendations from the Care Inspectorate Wales inspection of older people. The impact of Covid-19 means some timescales in actions plans have been delayed as adult services has focussed on the considerable impact of the pandemic on social care services.</p>
<p>Strengthen the scrutiny and oversight arrangements of environmental health services and work with the Shared Regulatory Services (SRS) and other providers to explore the opportunities for future improvements</p>	<p>A report on SRS was scheduled to go to the Corporate Overview and Scrutiny Committee (COSC) in March 2020 but the meeting was unfortunately cancelled due to the covid-19 pandemic and only essential meetings of COSC were held until after the Annual Meeting of Council when Scrutiny resumed with reduced reports. A draft Forward Working Programme for the coming year will be prepared shortly and SRS will be on the draft FWP.</p> <p>SRS are at the forefront of the Covid response which has given increased visibility of their role. There continues to be meetings of the SRS Joint Committee and regular meetings with the Head of Service and relevant Cabinet Member.</p>
<p>The risk of fraud especially in the current Covid-19 pandemic with significant funding moving around and increased digitalisation of transacting with the Council</p>	<p>The Council has placed a strong emphasis on the prevention of fraud during the Covid-19 pandemic, especially with the large volume and value of grants being paid out to individuals and organisations through various WG support schemes.</p> <p>The Council appointed a Senior Fraud Investigator in August 2020, who is playing a lead role in the detection and investigation of suspected fraudulent activity within the Council, and actively promoting fraud awareness across the Council.</p> <p>The Fraud Prevention e-learning module has been developed and rolled out to staff, fraud information is being updated and being made available to staff on the intranet and a more detailed fraud risk assessment process is being developed that will link to the corporate risk management process. A Corporate Anti-Tax Evasion policy has also been developed and approved by Cabinet in February 2021.</p> <p>The Council has submitted National Fraud Information (NFI) in two parts. The first non-Covid-19 grant data was submitted to NFI by 9th October 2020, the Covid-19 grant data was submitted on 7th January 2021.</p>
<p>The increasingly challenging budgets for Schools, with potential for</p>	<p>The impact of Covid-19 on schools has been significant, with schools closed from 20th March 2020 and did not reopen until September 2020, although some were used as childcare hubs during the summer months. School budgets were still required to be set for the financial</p>

greater deficit school budgets	<p>year with deficit recovery plans in place as per the Financial Scheme for Schools. Due to the pandemic and school closures this had been a slower process than usual, but work continued on supporting those in deficit, agreeing deficit recovery plans and monitoring balances overall.</p> <p>Whilst schools were anticipated to stay open until 18 December 2020, many once again closed early due to the pandemic and increasing numbers of infections. Limited reopening of schools for children up to the age of 7 commenced from 22 February 2021, with the majority of other children not due to return to full time education until after the Easter break.</p> <p>There have been some savings arising in school budgets as a consequence of the closures, including savings on energy, cleaning, supply cover and some resources. However, when schools have reopened there have been additional cost pressures to put systems in place to maintain social distancing, for more regular cleaning, and purchase of ICT equipment to enable continued education for those children that are self-isolating. Some of the funding has been met from one-off grants from Welsh Government (e.g. cleaning resources) and others are being claimed from the Welsh Government Hardship Fund, but not all are eligible. Any claims for additional costs had to be net of any savings made, so significant work was necessary to identify these.</p> <p>The net overall school balances as at 31 March 2021 was £8.491 million. There has been a significant improvement from the projected deficit position for schools reported during the year, primarily due to additional grant funding received late in 2020-21 committed to be used by schools in 2021-22.</p>
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Based on a review of the governance framework, and an assessment of compliance with the CIPFA Financial Management Code, the following significant issues identified in 2020-21 will be addressed in 2021-22 with the links to the [Governance Principles](#) on page 81:

Issue	Governance Principle	What the issue is	Proposed Actions to address issue
Implementing the Local Government and Elections (Wales) Act 2021	A	The Act will introduce changes covering electoral reform, public participation, governance and performance and regional working. This will have an impact on the way the Council operates.	The Council will need to implement measures to comply with the Act. This will include for example changes to the composition and terms of reference of the Governance and Audit Committee title from May 2021, the establishment of Corporate Joint Committees, wider performance review and self-assessment, and the introduction of measures to

			establish public participation. The Council will consider the Welsh Government Commencement Orders and subordinate legislation and will put in place processes for implementing the required changes.
Financial Sustainability	F	The ongoing financial pressure from the pandemic with increased pressure on expenditure and reduced income will impact on the 2021-22 financial year.	External funding to support additional pressures will be sought where possible from Welsh Government via the Hardship Fund. Earmarked reserves will be reviewed and maintained to support specific Covid-19 costs arising as a result of local decisions, in addition to provision to meet other unfunded pressures such as reductions in council tax income and additional costs of council tax support. Assumptions for future years' budgets will continue to be reviewed and amended to reflect the changing circumstances.
Review of Financial Procedure Rules	F	It is key that the Financial Procedure Rules are kept up to date to ensure they are fit for purpose.	Last updated in 2017, needs review and update to reflect current practices, especially with agile and home working arrangements.
Review of Code of Corporate Governance and associated schedule	A	Ensuring that the Code of Corporate Governance is kept up to date is crucial to ensure it is fit for purpose.	Last updated in 2017, needs review to ensure it reflects current governance framework.
To continue to support professional development	E	In order to deliver the best services and meet statutory requirements staff must be sufficiently skilled to deliver their responsibilities.	To assess skills needs as part of the finance restructure and support continuing professional development at all levels where considered necessary. Also to consider other training to both finance and non-finance

			staff, as well as Elected Members.
Digital / management and control of ICT assets with new ways of working	A	The ICT estate due to Covid-19 has become decentralised with officers working from home, which poses challenges with regard to the recording and management of the devices.	<p>Change control processes – including patch management for all devices and applications across the ICT landscape.</p> <p>Use of Configuration Management Database (CMDB) to store information about hardware and software assets.</p> <p>Independent Audit assessments reviewing the management of the ICT infrastructure inclusive of devices and software.</p>
Cyber Fraud	F	Cyber Security Risks refers to any risk of financial loss, disruption or damage to the reputation of an organisation resulting from the failure of its information technology systems.	<p>Staff procedures and guidance through IT security policies, e.g. Six Simple Rules, Data Protection training.</p> <p>Corporate blocks on online file storage.</p> <p>Port control and encryption of USB devices.</p> <p>Public Services Network / Certification accreditation.</p>
Impact on the Social care sector of the Covid-19 pandemic and the ending of the hardship funding to the sector	C	The Covid-19 pandemic has had a significant impact on the Social Care sector. Short term hardship funding has helped to support the sector, but the ending of this funding will have an impact moving forward.	A market stability plan is in development to mitigate the impact on older people's care homes of the pandemic and ensure that there continues to be sufficiency of quantity and quality of provision in Bridgend.
GDPR issues with new ways of working	A	Remote working demands a different security stance than working in centralised offices and the Council must ensure that it remains compliant with data protection laws.	A Bridgend's message was circulated in September 2020 on data protection and working from home. It provided guidance on issues such as communicating securely, keeping software up to date, ensuring no personal data is compromised, only

			<p>using the Council's approved technology.</p> <p>The Council has strict ICT and Data Protection Act (DPA) policies and the Information Governance Board (with representation from each Directorate) continues to meet quarterly ensuring information security remains a top priority during this time.</p> <p>All staff and Elected Members are also required to undertake the mandatory DPA e-learning module.</p>
Workforce issues / wellbeing	E	To identify future working models for staff, following the easing of Covid-19 restrictions and ensure that wellbeing considerations are given priority.	Develop HR policies to support future working arrangements. Develop and implement additional actions to support a wellbeing culture across the organisation. Improve communications to help staff access information relating to Covid-19 and recovery.

These issues will be monitored via a detailed action plan during 2021-22, with the responsible officer and deadline for implementation identified for each action and reported to Cabinet/Corporate Management Board and to the Governance and Audit Committee.

6 Assurance Statement

The Council reacted quickly to the Covid-19 pandemic to put in place controls to ensure that a record was maintained of decisions made to ensure that appropriate governance arrangements were in place. Given these arrangements no significant internal control or governance issues have arisen, and the Council continues to have in place appropriate internal control and governance arrangements.

Subject to the above issues being resolved, we can provide an overall reasonable assurance that Bridgend County Borough Council's governance arrangements remain fit for purpose.

Steps to address the matters referred to above will be taken to further enhance our governance arrangements.

Signed: _____

(Leader)

Date:

Signed: _____

(Chief Executive)

Date:

Glossary Of Terms

Accrual

An accrual is a sum shown in the accounts representing income or expenditure for the accounting period but which was not actually received or paid as at the date of the balance sheet.

Actuary

An actuary is a person who works out insurance and pension premiums, taking into account factors such as life expectancy.

Amortisation

Reduction in value of capital expenditure which has not created an asset, through charges to revenue.

Audit

An audit is an independent examination of the Council's accounts.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the date of the end of the financial year, 31 March.

Budget

A budget (or estimate) is a plan of income and spending, based upon which council tax is set. Actual expenditure and income is subsequently monitored against this plan.

Capital expenditure

Capital expenditure is spending on fixed assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.

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.

Capital receipt

Capital receipts are proceeds from the sale of fixed assets such as land or buildings.

Cash flow Statement

This is a statement that summarises the movements in cash during the year.

Comprehensive Income and Expenditure Statement

This account records day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Contingent liabilities

A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence of uncertain future events.

Corporate and Democratic Core (CDC)

CDC is a service defined by the Best Value Accounting Code of Practice representing costs relating to Member activity (Democratic Representation and Management) and costs that provide the infrastructure to ensure that services can be provided (Corporate Management).

Creditor

A creditor is an organisation / someone owed money by the Council at the end of the financial year for goods / services received during the financial year or previous years.

Current assets

These are short-term assets that are available for the Council to use in the following accounting year.

Current liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting year.

Debtor

A debtor is an organisation / someone who owed the Council money at the end of the financial year for goods / services received during the financial year or previous years.

Delegated schools balances

Under the Local Management of Schools provisions, any balances accrued at year end are delegated to individual schools. These funds are held outside of the Council's Council Fund balances.

Depreciation

Depreciation is the estimated loss in value of fixed assets that are presented in the Balance Sheet.

Earmarked reserves

These are reserves set aside for a specific purpose.

Escrow account

Escrow is a legal arrangement whereby money is delivered to a third party (called an escrow agent) to be held in trust pending a contingency or the fulfillment of a condition or conditions in a contract.

Expenditure and Funding Statement

This statement brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the Council Fund.

Financial Year

This is the accounting period. For local authorities it starts on 1 April and finishes on 31 March of the following year.

Finance leases

Finance leases are used to finance purchases where the Council takes on most of the risks associated with owning the asset.

Government grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in form of cash or transfers of assets to a Council in return for past or future compliance with certain conditions relating to the activities of the Council.

International Financial Reporting Standard (IFRS)

Financial regulations to be followed as set by the Accounting Standards Board (ASB).

International Financial Reporting Standards Interpretations Committee (IFRICs)

The interpretative body of the International Accounting Standards Board (IASB) designed to help the IASB improve financial reporting through timely identification, discussion and resolution of financial reporting issues within the framework of IFRS.

Inventories

Inventories are raw materials purchased for day to day use. The value of these items that have not been used at the end of the financial year are shown as current assets in the balance sheet.

Leasing

This is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years.

Liability

A liability is an amount payable at some time in the future.

Minimum Revenue Provision (MRP)

This is an amount that has been set aside to repay loans. This should be a prudent amount.

Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on different reserves held by the Council.

National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge to occupiers of business premises. The money collected is paid to the Welsh Government and redistributed to individual authorities in proportion to their adult population.

Net Realisable Value

The selling price of an asset, reduced by the relevant (direct) cost of selling it.

Non Distributable Costs (NDC)

NDC is a category of costs defined by the Best Value Accounting Code of Practice and cannot be allocated to specific services. It represents:

- costs of unused I.T. facilities,
- costs of long term unused, unrealisable assets,
- certain pension fund costs

Open Market Value in Existing Use (OMVEU)

OMVEU is a basis for valuation of fixed assets.

Operating assets

These are assets used in the running / provision of services.

Operating leases

These are leases where risks of ownership of the asset remain with the owner.

Post balance sheet events

Post balance sheet items are those that arise after the Balance Sheet date. These are items that did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the fair presentation of the accounts.

Precepts

This is the amount paid to a non-billing Council (for example a community council) so that it can cover its expenses (after allowing for its income).

Prior year adjustment

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Provision

A provision is an amount we set aside in our accounts for expected liabilities which we cannot measure accurately.

Private Finance Initiative (PFI) – a central government initiative which aims to increase the levels of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage authorities' participation.

Public Works Loan Board (PWLB)

This is a loan facility provided by the Government Debt Management Office (DMO), which provides longer term loans to local authorities.

Related party transactions

These are the transfer of assets or liabilities or the performance of services by, to or for a related party no matter whether a charge is made.

Revaluation Reserve

This represents the non-distributable increase/decrease in the valuation of fixed assets.

Revenue account

This is an account which records our day to day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Service Reporting Code of Practice (SeRCOP)

The Service Reporting Code of Practice provides a consistent framework for reporting local authority data. SeRCOP is reviewed annually by the appropriate regulating body to ensure that it develops in line with the needs of modern local government, Transparency, Best Value and public services reform.

Temporary borrowing or investment

This is money borrowed or invested for an initial period of less than one year.

Trust fund

Trust funds hold money on behalf of an individual or organisation. Trustees administer the funds for the owners.

Work in progress (WIP)

Work in progress is the value of work undertaken on an unfinished project at the end of the financial year, which has not yet been charged to the revenue account.

