

Torfaen County Borough Council

Statement of Accounts 2020/21



Nigel Aurelius, CPFA
Assistant Chief Executive (Resources)

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Narrative Report

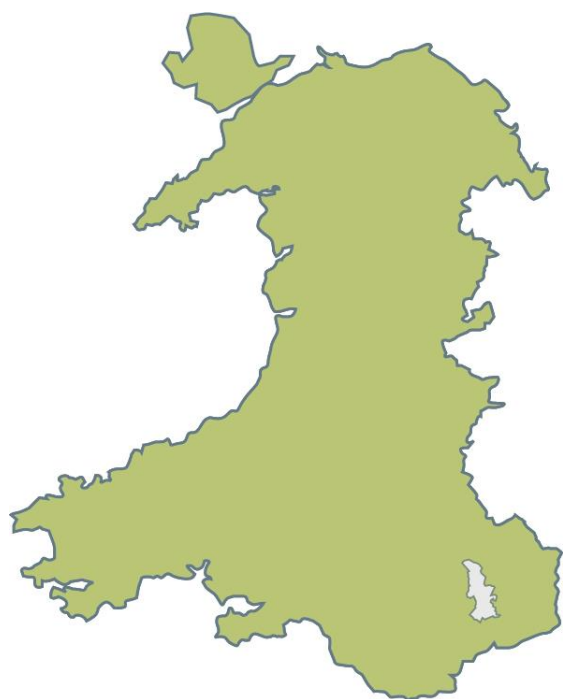
Introduction

Torfaen County Borough Council's Statement of Accounts provides a record of the Council's financial position for the year. This section supplements the financial information contained in the accounts with the aim of providing an overview of the more significant financial and accounting issues which affected the Council during the year. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, based on International Financial Reporting Standards (IFRS), and the Accounts and Audit (Wales) Regulations 2014 (as amended).

For 2020/21 clearly the most significant impact that this Council, and all others, experienced was in respect of the Covid-19 pandemic. Through partnership working across the public sector and particularly with the Welsh Government financial support the Council has been able to continue to provide services and maintain financial stability throughout. The various sections that follow provide fuller detail.

Key facts about Torfaen

Torfaen is a unitary council covering an area of 48 miles² along a 12-mile-long valley in South East Wales. Torfaen serves a resident population of around 91,000.



Much of the southern parts of the county borough are urbanised around Cwmbran, which has a population of around 49,000. Cwmbran Shopping Centre is the main retail area of Torfaen.

The former industrial town of Pontypool is the next largest settlement located in the heart of the borough with around a 36,000 population.

Blaenavon is the most northerly settlement in the borough. In 2000, UNESCO added the Blaenavon Industrial Landscape as a World Heritage Site. Blaenavon is famous for the Big Pit coal mining museum and its 18th century ironworks.

Many of the Council's administrative functions are located in Pontypool.

Political and management structure

The Council uses a Leader and Cabinet (Executive) governance model, with Cabinet comprised of eight elected members, who each have lead responsibility for an area of the Council's business, including the Leader. Council determines the Authority's policy framework and budget and other constitutional functions. Below Cabinet and Council there are a number

of committees and panels that fulfil various scrutiny, statutory oversight and regulatory functions.

There are 44 locally elected councillors representing 24 wards who sit on the various committees of the Council, the current political make-up (at 31 March 2021) of the Council is 26 Labour, 6 Independent, 6 Individual Independent, 3 Conservative councillors and 3 vacant seats. The Cabinet and all elected members are supported by the Council's Senior Leadership Team which is led by the Chief Executive. For management purposes the Council's operations are organised into Service Areas each of which report to the Chief Executive. The Service Areas as at March 2021 (with a brief overview of their functions) are:

- **Education** (Schools and Early Years provision, Youth and Play Services, Safeguarding, Additional Learning Needs, the client management of the Education Achievement Service and Torfaen Leisure Trust)
- **Social Care & Housing** (Children's Social Care including Family Support, Adoption & Foster Care, Looked After Children, Housing Strategy, Housing Options, Housing-related Support, Assessment & Care Management, Personal Care & Safeguarding, Day & Domiciliary Activities, Community Regeneration and Community Meals)
- **Neighbourhoods** (Economic Development, Employment Services, Adult Learning, Streetscene, Waste, Planning & Building Control, Highways & Transport, Culture, Tourism, Libraries, Sports & Outdoor Recreation, Environmental Health, Environmental Services, Licensing & Enforcement and Cemeteries)
- **Public Services Support Unit** (Community Safety, Information Management, Senior Information Risk Owner (SIRO), Registrars, and Elections)
- **Corporate Resources** (Procurement, Finance, ICT Client management, Audit, Legal Services, Asset Management, Commercial Estates, Strategic HR, Payroll, Employee Services, Revenues & Benefits, Customer Services, Pensions, Policy Making, Performance and Scrutiny, Committee and Member Support, and Administrative Support)
- **Transformation**
- **Communications**

Services are supported by the SRS, a joint Information Technology service that provides ICT services to Torfaen, Blaenau Gwent, Monmouthshire and Newport Councils and Gwent Police.

The Council's corporate aims and objectives

The Council's strategic direction is shaped by its corporate vision and its aims and priorities. Council policies and decision-making are made with these goals in mind. The current Corporate Plan (CP3) is the key strategic document that guides how Torfaen Council delivers its services. The Corporate Plan sets out the three areas the Council believes will create a fairer future where everyone has the opportunity to lead healthy, independent lives regardless of who they are or where they live, where young people receive the best possible standard of education and where everyone maintains cleaner and greener communities.

The main accounting statements:

The accounts within this document contain two main sections, the first section covers the main financial statements – the Comprehensive Income & Expenditure Statement (CIES), the Movement in Reserves Statement (MiRS), the Balance Sheet and the Cashflow statement – an explanation of each is provided at the beginning of each statement; whilst the second section covers the notes that support the main financial statements.

Torfaen Council's share of the transactions and balances of the joint committees, and other joint arrangements, it is involved in, are incorporated into the main financial statements.

Separate statements of accounts are produced for all administered joint committees, and the Greater Gwent (Torfaen) Pension Fund. Further details of the joint operations are provided in note 10, whilst the accounts for the Pension Fund can be obtained at Greater Gwent (Torfaen) Pension Fund website.

Financial Performance for the Year

Revenue Budget for 2020/21

The 2020/21 budget was approved in March 2020 with a £280 million gross revenue budget which was financed from £93 million of service specific government grants, fees and charges for services and other funding & contributions. The net budget of £187 million was funded by £140 million of unhypothecated funding from Welsh Government and £46 million by Council Tax. During the financial year £293,000 of approvals were agreed from the General Fund.

Soon after setting the 2020/21 budget the Council's operations, along with the rest of the world, were severely affected by the Covid-19 pandemic which placed unexpected changes and demands on the services that we deliver to our citizens. In working with all parts of the Welsh Public Sector the Welsh Government provided significant one-off support to all areas through numerous funds, ranging from support to local businesses via the Business Restrictions Fund, recognition through the Local Government Single Emergency Hardship Fund of the additional costs (and loss of income) incurred by the Council in dealing with response, through to the Business Support Grant provided to local businesses. These accounts only recognise the one-off resources provided to the Council to support its' services.

The 2020/21 revenue out-turn has produced a net underspend, after contributions to reserves, of £1.2 million against the £187 million budget. This variance has arisen for several reasons, with the principle ones being:

- Receipt of general one-off Welsh Government funds of £16.4 million to compensate the Council to support service delivery and lost income (from Covid restrictions) and funding for the costs of delivering the Welsh Government support programmes to the wider community;
- Creation of a resource from staff vacancies & lower than budgeted staff mileage;
- Delivery of 78% of approved 2020/21 service budget mitigations, despite the pandemic;
- Receipt of unbudgeted grants that have offset core budget funding;
- Underspends across many services in relation to costs of general administration and service provision due to changes in working practices and to general impacts of the pandemic;
- These positive one-off resources were offset by an over budget position in respect of the Childrens Social Care placements budget (net £1.4 million), arising through a continuation in the increase in demand on the Children's Social Care placements.

STATEMENT OF ACCOUNTS 2020/21

The revenue position of the Council is summarised as follows:

	Original Budget £000s	Working Budget £000s	Actual spend £000s	Variance £000s
Education Services	75,432	75,155	74,091	(1,064)
Social Care and Housing	46,999	47,066	46,823	(243)
Neighbourhood Services	19,486	19,464	20,889	1,425
PSSU	1,256	1,224	1,219	(5)
Information Technology	3,160	3,171	2,886	(285)
Resources	12,106	12,455	12,410	(45)
Transformation & Communications	1,301	1,059	1,009	(50)
Council Tax Reduction Scheme	9,581	9,581	10,139	558
Capital Financing	11,158	11,140	10,753	(387)
T22 mitigations	(583)	(583)	0	583
Finance Other	1,574	1,738	(5,054)	(6,792)
South Wales Fire Authority	4,533	4,533	4,533	0
Corporate Property Maintenance	911	911	840	(71)
Early Intervention & Prevention	20	20	20	0
Net cost of services	186,934	186,934	180,558	(6,376)
Contributions to Service Area balances				2,156
Contributions to Corporate Reserves				2,499
<i>Add back</i> use of general fund in year included in management accounts				523
Movement in General Fund balance				(1,198)

In allocating the out-turn position the future financial stability of the Council was considered, together with the potential additional costs that could occur in dealing with the post Covid recovery, giving some financial resilience to service areas, and other known commitments that were carried through for completion in 2021/22 from 2020/21; in this regard the underspend (net cost of services) was allocated to the following specific reserves:-

	£000s
Post Covid recovery	1,200
Social care & housing	750
Education	530
Redundancy	500
Neighbourhoods	500
Strategic change	456
Resources	276
ICT	203
Local elections	140
Transformation service area	50
PSSU	50
General Fund	1,721
Total	6,376

Further details on the out-turn position are provided in the May 2021 Cabinet report.

In providing its day to day services outlined above the Council (including its schools) incurred a gross actual spend of £289 million comprising employee costs of £131 million, running costs of £147 million and capital costs of some £11 million. To fund these costs the Council received £40 million from fees, charges, and other income, £46 million from Council Tax and £215 million from Government grants.

STATEMENT OF ACCOUNTS 2020/21

The cost of services in the above table are reported on a management accounting basis, i.e. the same basis as the budget reports used for in year internal reporting. The figure for the net cost of services in the Comprehensive Income and Expenditure (CIES) is different to the above because it is prepared on a financial accounting basis as specified by accounting guidelines. Note 6 reconciles the figures.

General and specific reserves/balances: The following summarises the Council's general and service area balances, together with corporate reserves. Further information on these can be found in note 23.

Reserves & Provisions (£000s)	31 March 2019	31 March 2020	31 March 2021
Council Fund Balance	5,372	4,796	5,994
Service Area Balances	2,075	1,806	3,957
School Balances	2,897	1,668	7,675
Insurance Reserves & Provisions	2,727	2,974	2,908
Corporate Reserves	6,950	6,735	5,743

Schools: In a similar manner to the general revenue activities of the Council, Schools also received Welsh Government support in dealing with the impacts of the Covid pandemic during 2020/21, whilst also registering reduced spending on general activities during their periods of closure. The following table summarises the position by school type:

£000s	31 March 2020	31 March 2021
Primary	1,464	4,686
Secondary	56	2,502
Special	148	487
Total	1,668	7,675

Capital spending: In addition to the revenue spending the Council also spent £19.86 million on its assets through its 2020/21 capital programme and included spending on schools, roads, footpaths, and maintaining and developing our buildings. The programme continued to implement the 21st Century Schools Programme, covering the construction of the new Croesyceiliog Comprehensive School, the new consolidated Post 16 College and the expansion of Ysgol Gyfun Gwynllyw to create a through education provision on the existing site, whilst also investing in implementing disabled facility grants to support our vulnerable citizens. The programme also funded the staff change costs associated with the creation of the Post 16 College. The 2020/21 programme is summarised as follows:

£000s	Original budget	Working budget	Actual	Slippage
Education	400	592	532	(60)
Education – School Ed Tech	0	714	714	0
21 st Century Schools	7,275	9,888	9,908	20
Social Care & Housing	1,100	1,129	1,030	(99)
Neighbourhoods	4,815	7,943	6,733	(1,210)
Cardiff Capital Region City Deal	945	256	122	(134)
Corporate	5,391	1,013	823	(190)
Total	19,926	21,535	19,862	(1,673)

The sources of funding of the capital spend were £2.73 million Government approved borrowing, £1.88 million prudential borrowing, £8.81 million specific grants/contributions received, £2.47 million from capital receipts, Salix loan of £0.52 million and £3.45 million from revenue mainly the use of the 21st Century Schools reserve.

The 2020/21 capital programme witnessed £1.67 million of slippage into 2021/22, with £1.20 million relating to Neighbourhood Services, the primary sources of slippage relate to £393,000 from the British scheme due to project re-profiling and awaiting additional grant approval; £224,000 from the AMP budgets relating to inability to access buildings due to the pandemic; £106,000 regarding a general underspend of costs on the delivered highways schemes, and £122,000 delay in spending by a partner organisation of the Adventure Triangle scheme.

Cardiff Capital Region City Deal (CCRCD)

The Council continues to be an active member of the Cardiff Capital Region City Deal initiative. This Council will make a 6.1% contribution to the total £120 million the ten constituent councils have committed to borrow over 20 years with the percentage being based on its proportion of the regional population; we will also fund our annual costs of this investment. The development and management of this £120 million is the responsibility of the CCRCD Regional Cabinet. The capital contribution in 2020/21 of £122,011 (nil in 2019/20) was less than anticipated due to projects not being completed as planned.

Significant capital receipts: The Council received two significant capital receipts in 2020/21, £1.45 million for the former County Hall site and £1.1 million for Fir Tree farm. The remaining receipt was for £109,000.

Revaluation of non-current assets: The Council has a policy of revaluing all assets every five years on a rolling programme. During 2020/21 land, car parks, libraries, cemeteries, a data hall and Greenmeadow Community Farm were revalued. The programme for subsequent years is as follows:

- 2021/22 - leisure centres, recreation and sports grounds, golf course and boating lake;
- 2022/23 - primary schools, nursery schools and day centres;
- 2023/24 – comprehensive schools, special school, heritage centre, and Llanyravon Manor.

In addition to this rolling asset revaluation programme, an annual review is also undertaken of our assets for any significant changes in their use.

During 2020/21 the gross value of our assets has changed from £433.9 million to £422.1 million, through recognising the in-year asset enhancing spend of £5.7 million; the 2020/21 rolling asset revaluations decreasing their held value by £3.9 million; and the sale/disposal of assets valued at £21.5 million. Further details are outlined in note 13.

Borrowing arrangements and sources of funds: The Council's overall borrowing, on a principal valuation basis, totalled £126 million as at 31 March 2021 (£150 million 31 March 2020), as follows:

31 March 2020 £000s		31 March 2021 £000s
71,679	Public Works Loan Board (PWLB)	69,488
56,000	Banks	55,500
2,421	Other sources	1,321
20,000	Temporary borrowing (<i>year-end cash flow requirements</i>)	0
150,100	Total	126,309

Further information is disclosed in note 17. The Council continued to operate within its limits as required by the Local Government Act 2003 and the CIPFA Prudential Code.

Collection of Council Tax and Non-Domestic Rates: The 2020/21 Council Tax charge for Torfaen County Borough Council was £1,367.45 for properties in valuation Band D (£1,315.49 for 2019/20). Despite the pandemic we still collected 94.9% in year of the total due (96.7% 2019/20). The in-year collection rate was clearly impacted by the pandemic and the opportunity has been taken to supplement our bad debts position, in part through Welsh Government support. Non-Domestic Rates collection equated to 88% in 2020/21 (98.8% in 2019/20). During the year £42,442 Council Tax and £26,314 Non-Domestic Rates' debts were written off (£30,795 and £68,885 in 2019/20).

Explaining the pension liability: We must state the cost of paying retirement pensions when we become committed to the costs, not when we pay them. An Actuary estimates this figure for us, and 2020/21 shows a net liability of £422 million (£312 million in 2019/20). This figure will vary each year depending on the Actuary's assumptions, and over the year to 31 March 2021 the changes in the financial assumptions have increased the liabilities. Note 36 shows a comparison of the assumptions. The date of the latest actuarial valuation was 31 March 2019. This updated the employers' contribution rates from April 2020 until 31 March 2023. The rates for Torfaen CBC will remain the same at 23.2% for the first two years and increase to 24.2% for the final year.

In **Looking to the future**, the Council continues, like all Local Authorities, to be facing rising demands for its services and constraints on resources. Details regarding the 2021/22 budget and Council's latest Medium-Term financial projections were considered by Council in March 2021. The documents can be obtained via the following website:

<http://moderngov.torfaen.gov.uk/ieListDocuments.aspx?CId=137&MId=6058>

The following outlines the key areas from the agenda documents.

2021/22: In setting its 2021/22 revenue budget the Council approved £2.6 million of savings measures (excluding schools) to ensure that an approved budget was delivered, these measures produce minimal reductions to delivered services. An annual Council Tax increase of 3.95% was also approved as part of the budget setting, and this change increased the Council's annual Band D Council Tax charge by £54.01 to £1,421.46.

The Medium Term: Council approved its' Medium-Term Financial Plan (MTFP) for 2022 to 2026 in March 2021, this identified a further £14.4 million financial challenge to be addressed to ensure that balanced financial plans are achieved over the term of the plan. This projection, over the duration of the MTFP, arises through:

- 1) Anticipated pay related pressures of £11 million in the schools' community and £8.7 million in the remainder of the Council.
- 2) Rising demand for, and the cost of services are estimated to be £2 million in the schools' community and £13 million in the remainder of the Council.
- 3) Annual modelled increases to Council Tax, that are estimated to provide net additional funding of £7.5 million over the 4 years.
- 4) The level of unhypothecated Welsh Government funding has been assumed to increase by 2% in cash terms for each year over the life of the MTFP, providing £12 million in funding.
- 5) Specific grants that are scheduled to end during the lifetime of the MTFP; the funding commitment has been removed from relevant years of the MTFP and hence provides a pressure to be resolved.

The table below summarises the revised MTFP:

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£000s	2022/23	2023/24	2024/25	2025/26	Total
Pay related pressures	4,790	4,372	4,335	4,308	17,805
Non-pay pressures	6,605	3,493	2,338	2,079	14,515
Pressures	11,395	7,865	6,673	6,387	32,320
Less Funding changes	(4,427)	(4,446)	(4,478)	(4,589)	(17,940)
Total	6,968	3,419	2,195	1,798	14,380

In looking to address this projected shortfall the Council is developing a whole Council approach, including reviewing all aspects of service delivery with a view to identifying alternative approaches and service efficiencies.

The Council's Forward Capital Programme over the next five years amounts to £59 million and principally supports the policy frameworks of the 21st Century Schools programme, Disabled Facilities Grants and asset protection, whilst also ensuring Torfaen only invests money in assets that we are likely to retain. Within the five-year programme £3.7 million is currently unallocated across the years of the capital programme; the allocation of the resource to schemes will be guided by member priorities.

Responding to the Covid-19 pandemic

The Council continues to respond to the COVID-19 pandemic as part of the national plan and whilst it is unlikely that there will be a clear and linear transition between the "response" and the "recovery" stages, the Council, has developed an approach which covers:

- A single plan covering the period until 2022/23, to recognise that the incoming administration in May 2022 may wish for a more fundamental corporate plan / manifesto to be developed;
- Some reflection of the WG's national priorities for transition and recovery;
- Retaining the existing Corporate Plan priorities, but within a framework of revised priority statements sitting below these, and
- A scaled back process for service planning to focus mainly on change activities, together with new activities that are fundamental to the local recovery.

Council, at its March 2021 meeting, approved the following framework of actions that support these intentions, and which develops and embeds:

- A resourcing process to ensure organisational financial stability and solvency;
- Remote working, distanced accommodation, ICT and workforce requirements;
- A multiagency approach to coordinating support for those most vulnerable to the non-health impacts of COVID-19;
- A set of actions to provide a new model for developing community leadership and volunteer capacity;
- A clear strategy for economic renewal and support, including a focus on Kickstart for young people, local job creation, and foundational economy;
- A plan for helping people to remain in their own home, wherever possible;
- An approach to supporting pupils whose education has been disrupted by COVID-19.

The **Annual Governance Statement** covers all significant corporate systems, processes, and controls. It is scrutinised by the Audit Committee before approval by Council and is signed by the Chief Executive and the Leader of the Council.

If you need more information: You can get more information about our accounts from the Assistant Chief Executive (Resources), Torfaen County Borough Council, Civic Centre, Pontypool, Torfaen NP4 6YB. Our accounts will also be available on the Council's internet site.



Nigel Aurelius, CPFA
Assistant Chief Executive (Resources)

Presiding Member at Council Certificate

I can confirm that the Council approved the Statement of Accounts on 20 July 2021.



Councillor Rose Seabourne, 20 July 2021

Hyperlinked Documents

It should be noted that the hyperlinked documents within the Narrative Report do not fall within the scope of the audit of the financial statements.

Statement of Responsibilities for the Statement of Accounts

The Council's responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Assistant Chief Executive (Resources);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Assistant Chief Executive (Resources)'s Responsibilities

The Assistant Chief Executive (Resources) 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 Assistant Chief Executive (Resources) has:

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

The Assistant Chief Executive (Resources) has also:

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

The Assistant Chief Executive (Resources)'s Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of Torfaen County Borough Council at the accounting date and its income and expenditure for the year ended 31 March 2021.

Signed:



Nigel Aurelius, CPFA
Assistant Chief Executive (Resources)
Date: 20 July 2021

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

Opinion on financial statements

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

Torfaen 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 international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of Torfaen 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 international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

Basis of opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

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

Matters on which I report by exception

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

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

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

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 12, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to Torfaen County Borough Council's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud.

- Obtaining an understanding of Torfaen County Borough Council's framework of authority as well as other legal and regulatory frameworks that Torfaen County Borough Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Torfaen County Borough Council.

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

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

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

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

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

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Torfaen 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.



Adrian Crompton
Auditor General for Wales
Date: 29 July 2021

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Electronic publication of financial statements

The maintenance and integrity of the Torfaen County Borough Council website is the responsibility of the Council. The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Statement of Accounts since they were initially presented on the web site.

Section One – The Main Financial Statements

These financial statements replace the unaudited financial statements certified by Nigel Aurelius on 19 May 2021.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting principles, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (note 6) and the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement for the year ended 31 March 2021

31 March 2020 (Restated *1)				31 March 2021			Notes
Expenditure £000s	Income £000s	Net £000s		Expenditure £000s	Income £000s	Net £000s	
107,682	(23,443)	84,239	Education Services	107,694	(30,084)	77,610	
75,181	(25,001)	50,180	Social Care and Housing	78,497	(29,342)	49,155	
46,441	(18,475)	27,966	Neighbourhood Services	47,027	(18,462)	28,565	
2,225	(747)	1,478	Public Services Support Unit	2,213	(816)	1,397	
3,056	0	3,056	Information Technology	2,819	0	2,819	
45,001	(29,971)	15,030	Resources	43,199	(28,366)	14,833	
1,461	(112)	1,349	Transformation and Communication	1,218	(125)	1,093	
9,281	0	9,281	Council Tax Reduction Scheme	10,139	0	10,139	
851	(28)	823	Corporate Property Maintenance	739	(20)	719	
779	(20)	759	Early Prevention and Intervention	20	0	20	
3,669	(678)	2,991	Other Services	1,647	(6,272)	(4,625)	
295,627	(98,475)	197,152	Cost of Services	295,212	(113,487)	181,725	6a,6b
			<u>Other Operating Expenditure</u>				
1,651	0	1,651	Precepts - Community Councils	1,679	0	1,679	
8,608	0	8,608	Precept - Police and Crime Commissioner for Gwent	9,275	0	9,275	
4,336	0	4,336	Levy - South Wales Fire Authority	4,533	0	4,533	
153	0	153	Levy - Home Office - Coroners Courts	143	0	143	
9,427	(162)	9,265	(Gain)/Loss on disposal of non-current assets	30,500	(1,559)	28,941	
			<u>Financing and Investment Income and Expenditure</u>				
6,842	0	6,842	Interest payable and similar charges	6,788	0	6,788	17a
0	(253)	(253)	Interest and investment income and expenditure	0	(127)	(127)	17a
19,561	(10,667)	8,894	Net interest on the net pension liability (asset)	16,580	(9,340)	7,240	
733	(634)	99	Changes in the fair value of investment properties	1,151	(2,312)	(1,161)	
685	(1,758)	(1,073)	Income/expenditure related to investment properties	617	(1,790)	(1,173)	
104	(207)	(103)	(Gain)/Loss on trading operations – controlled server	78	(206)	(128)	
			<u>Taxation and Non-Specific Grant Income</u>				
0	(18,891)	(18,891)	Recognised capital grants and contributions	0	(9,805)	(9,805)	12
0	(54,571)	(54,571)	Council Tax	0	(57,422)	(57,422)	11
0	(29,540)	(29,540)	Non-Domestic Rates (NDR)	0	(28,958)	(28,958)	12
0	(103,110)	(103,110)	Revenue Support Grant (RSG)	0	(111,509)	(111,509)	12
347,727	(318,268)	29,459	(Surplus)/Deficit on Provision of Services	366,556	(336,515)	30,041	
		(2,795)	(Surplus)/deficit on revaluation of non-current assets			(5,560)	25a
		(75,448)	Re-measurements re pension net liability (asset)			97,057	
		(78,243)	Other Comprehensive Income and Expenditure			91,497	
		(48,784)	Total Comprehensive Income and Expenditure			121,538	

*1 Where any table includes 'Restated' in the heading refer to Note 37 for an explanation of the restatement

STATEMENT OF ACCOUNTS 2020/21

Movement in Reserves Statement

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

Movement in Reserves Statement for the year ended 31 March 2021

Movement in Reserves Statement for the year ended 31 March 2021	Council Fund Balance	Corporate Earmarked Reserves and Service Area Balances (note 23)	Total Council Fund	School Balances (note 24a)	Capital Receipts Reserve (note 24b)	Capital Grants Unapplied	Total Usable Reserves (notes 23 & 24)	Unusable Reserves (note 25)	Total Reserves	Total JOPs Reserves (note 10)	Total Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s

Balance at 31 March 2020	4,796	10,274	15,070	1,668	5,151	6,109	27,998	(119,179)	(91,181)	657	(90,524)
B/fwd Balance Adjustment*	0	0	0	0	0	0	0	0	0	2,617	2,617

Movement in reserves during 2020/21											
Total Comprehensive Income and Expenditure	(36,079)	0	(36,079)	6,007	0	0	(30,072)	(91,496)	(121,568)	30	(121,538)
Adjustments between accounting basis and funding basis under regulations (note 8)	38,733	0	38,733	0	189	2,696	41,618	(41,618)	0	0	0
Net increase/(decrease) before transfers to Reserves	2,654	0	2,654	6,007	189	2,696	11,546	(133,114)	(121,568)	30	(121,538)
Transfers to/(from) Earmarked Reserves	(1,456)	1,456	0	0	0	0	0	0	0	0	0
Increase/(decrease) in Year	1,198	1,456	2,654	6,007	189	2,696	11,546	(133,114)	(121,568)	30	(121,538)
Balance at 31 March 2021 carried forward	5,994	11,730	17,724	7,675	5,340	8,805	39,544	(252,293)	(212,749)	3,304	(209,445)

* Amended to reflect first-time incorporation of Torfaen Council's share of Cardiff Capital Regional City Deal Accounts.

Split of Joint Operations (JOPs) Reserves between Usable and Unusable to reconcile to totals shown on the Balance Sheet

	Usable Reserves	Unusable Reserves	JOPs Reserves	Total Reserves
Balance at 31 March 2021 carried forward	39,544	(252,293)	3,304	(209,445)
Incorporate JOPs Reserves	744	2,560	(3,304)	
Balance at 31 March 2021 carried forward	40,288	(249,733)	0	(209,445)

STATEMENT OF ACCOUNTS 2020/21

Movement in Reserves Statement for the year ended 31 March 2020	Council Fund Balance	Corporate Earmarked Reserves and Service Area Balances (note 23)	Total Council Fund	School Balances (note 24a)	Capital Receipts Reserve (note 24b)	Capital Grants Unapplied	Total Usable Reserves (notes 23 & 24)	Unusable Reserves (note 25)	Total Reserves	Total JOPs Reserves (note 10)	Total Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s

Balance at 31 March 2019	5,372	10,421	15,793	2,897	9,579	4,394	32,663	(172,749)	(140,086)	778	(139,308)
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Movement in reserves during 2019/20											
Total Comprehensive Income and Expenditure	(28,070)	0	(28,070)	(1,229)	0	0	(29,299)	78,204	48,905	(121)	48,784
Adjustments between accounting basis and funding basis under regulations (note 8)	27,347	0	27,347	0	(4,428)	1,715	24,634	(24,634)	0	0	0
Net increase/(decrease) before transfers to Reserves	(723)	0	(723)	(1,229)	(4,428)	1,715	(4,665)	53,570	48,905	(121)	48,784
Transfers to/(from) Earmarked Reserves	147	(147)	0	0	0	0	0	0	0	0	0
Increase/(decrease) in Year	(576)	(147)	(723)	(1,229)	(4,428)	1,715	(4,665)	53,570	48,905	(121)	48,784
Balance at 31 March 2020 carried forward	4,796	10,274	15,070	1,668	5,151	6,109	27,998	(119,179)	(91,181)	657	(90,524)

Split of Joint Operations (JOPs) Reserves between Usable and Unusable to reconcile to totals shown on the Balance Sheet

	Usable Reserves	Unusable Reserves	JOPs Reserves	Total Reserves
Balance at 31 March 2020 carried forward	27,998	(119,179)	657	(90,524)
Incorporate JOPs Reserves	326	331	(657)	0
Balance at 31 March 2020 carried forward	28,324	(118,848)	0	(90,524)

Balance Sheet

The Balance Sheet summarises the Council's financial position as at 31 March 2021. It shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories, either usable or unusable.

Balance Sheet as at 31 March 2021

31 March 2020 £000s		31 March 2021 £000s	Notes
323,010	Property, Plant and Equipment	303,301	13
1,376	Heritage Assets	1,376	14
14,869	Investment Property	15,000	15
40	Long Term Investments	0	17
184	Long Term Debtors	226	
339,479	Long Term Assets	319,903	
8,007	Short-term Investments	9,042	17
585	Inventories	611	
34,592	Short Term Debtors	37,593	19
10,390	Cash And Cash Equivalents	759	20
1,585	Assets Held for Sale	311	
55,159	Current Assets	48,316	
(25,502)	Short Term Borrowing	(5,060)	17
(18,228)	Short Term Creditors	(20,421)	21
(462)	Grants Receipts in Advance-Revenue	(2,524)	12
(2,411)	Provision for Accumulated Absences	(1,765)	
(46,603)	Current Liabilities	(29,770)	
(1,005)	Long term Creditors	(3,587)	
(1,590)	Provisions	(1,404)	
(124,233)	Long Term Borrowing	(120,850)	17
(311,731)	Other Long Term Liabilities	(422,053)	22
(438,559)	Long Term Liabilities	(547,894)	
(90,524)	Net Liabilities	(209,445)	
(4,796)	Council Fund	(5,994)	MiRS
(1,806)	Council Fund - Service Area Balances	(3,957)	23
(8,468)	Corporate Earmarked Reserves	(7,773)	23
(326)	Earmarked Reserves – JOPs	(744)	10
(1,668)	School Balances	(7,675)	24a
(5,151)	Capital Receipts Reserve	(5,340)	24b
(6,109)	Capital Grants Unapplied	(8,805)	
(28,324)	Usable Reserves	(40,288)	
(68,951)	Revaluation Reserve	(67,572)	25a
311,879	Pensions Reserve	422,088	25d
(130,471)	Capital Adjustment Account	(110,392)	25b
3,980	Financial Instruments Adjustment Account	3,844	25c
2,411	Short Term Accumulating Absences Account	1,765	
118,848	Unusable Reserves	249,733	
90,524	Total Reserves	209,445	

Cash Flow Statement

The Cash Flow Statement shows the changes in the 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.

Cash Flow Statement for 2020/21

2019/20 £000s		2020/21 £000s	Notes
(29,459)	Net surplus or (deficit) on the provision of services	(30,041)	
39,240	Adjustments to net surplus or deficit on the provision of services for non-cash movements	64,578	26
(12,574)	Reversal of operating activity included in the net surplus or deficit on the provision of services that are shown separately	(3,416)	27
(6,317)	Interest paid and interest and dividends received	(6,389)	
(9,110)	Net cash flows from operating activities	24,732	
(2,403)	Investment Activities	(11,363)	28
24,181	Financing Activities	(23,000)	29
12,668	Net increase or decrease in cash and cash equivalents	(9,631)	
(2,278)	Cash and cash equivalents at the beginning of the reporting period	10,390	
10,390	Cash and cash equivalents at the end of the reporting period	759	20

Section Two – Notes to the Main Financial Statements

Notes to the Financial Statements

1. Accounting Policies

a) General Principles

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended) in accordance with proper accounting practices. These practices, under Section 21 of the Local Government Act 2003, primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code), supported by International Financial Reporting Standards (IFRS). Following the UK withdrawal from the remit of the EU-endorsement framework, the Code will be based on standards adopted for UK application under the terms of the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/685). These accounts have been prepared principally on an historical cost basis, modified by the revaluation of certain categories of non-current assets and financial instruments. They are also prepared on a going concern basis. The financial statements are presented in UK pounds.

b) 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 contracts with service recipients, whether for services or the provision of goods, is recognised in line with IFRS 15 – Revenue from Contracts with Customers, which provides a single, principles-based five-step model to determine how and when to recognise revenue from contracts with customers. In essence it means recognition occurs when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flow 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 is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

c) Tax Income (Council Tax and Non-Domestic Rates (NDR))

Non-Domestic Rates (NDR)

The Council collects NDR on behalf of the Welsh Government and pays the money collected from local businesses into the Welsh Government National Pool. This is then re-distributed back to Councils on the basis of a fixed amount for every person living in their area. It is in substance an agency arrangement. It therefore follows that:

- i) NDR income is not the income of the Council (the billing authority), and is therefore not included in the Comprehensive Income and Expenditure Statement. Only the cost of

collection allowance received by the Council is the billing authority's income and is included.

- ii) NDR debtor and creditor balances with taxpayers and the impairment allowance for doubtful debts are not assets and liabilities of the Council and are not recognised in the Balance Sheet.
- iii) The difference between the cash collected from NDR taxpayers and the amount paid into the NDR national pool is included within financing activities in the Cash Flow Statement.

Council Tax

All Council Tax income is included in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. Council Tax debtors or creditors and impairment allowance for doubtful debts are wholly included in the Balance Sheet.

d) Cash and cash equivalents

Cash includes any cash in hand, overnight deposits and bank overdrafts. Cash equivalents must be readily convertible to known amounts of cash with insignificant risk of change in value and refer to instant access call accounts such as Money Market Funds. Any other short term investment deposits are excluded from cash and cash equivalents, and are included in current assets. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts.

e) Employees Benefits

The Code requires the Council to account for all employee benefits as they are earned by the employee.

Benefits payable during employment:

(i) Short term employee benefits

Short term employee benefits are those that the Council expects to be settled within 12 months of Balance Sheet date. They include salaries and wages accrued up to the Balance Sheet date, and paid annual leave earned but not yet taken at the Balance Sheet date. The benefit is recognised as an expense in the year service is provided. An accrual is made for the cost of holiday entitlements (or any form of leave where material). The accrual is made at the pay rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to 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.

(ii) Other long term employee benefits

The Council does not pay long term disability or injury benefits outside of the pension arrangements. Therefore, the Council accounts for them in the same way as 'defined benefit post employment benefits' as described below in Post Employment Benefits.

Termination Benefits

These are employee benefits payable as a result of:

- A decision by the Council to terminate an employee's employment before normal retirement date, or
- An employee's decision to accept voluntary redundancy in exchange for those benefits.

It should be noted that if voluntary early retirement occurs under the pension scheme rules it is not a 'termination benefit' and instead is treated as a 'post employment benefit'. The recognition point is the earlier of a) the date at which the Council cannot withdraw an offer b) the date the Council recognises costs for a restructuring that involves the payment of termination benefits.

The Council recognises as a liability and expense both lump sum redundancy payments and any enhancements of retirement benefits which result in a phased payment of 'strain' costs to the Pension Fund.

Post Employment Benefits

Employees of the Torfaen County Borough Council can be members of one of two separate pension schemes:

Local Government Pension Scheme

The Council provides employment benefits (retirement lump sums and pensions) to employees (other than teachers) via the Local Government Pension Scheme (LGPS). This is a funded pension scheme meaning that the employer and employee pay contributions which are invested in a separate fund. This scheme is accounted for in accordance with the Code's requirements for defined benefit plans.

The liabilities of the Greater Gwent (Torfaen) Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method. This is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and estimates of projected earnings for current employees. The liabilities are discounted to their value at current prices using the rate of return on high quality corporate bonds.

The assets of the Greater Gwent (Torfaen) Pension Fund attributable to the Council are included in the Balance Sheet at their fair value as calculated by the actuary.

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

Service cost comprising:

- current service cost - the increase in liabilities as a result of years of service earned this year - allocated to the respective service lines within the Comprehensive Income and Expenditure Statement.
- past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to Non-Distributed Costs within the Other Services line of the Comprehensive Income and Expenditure Statement.
- net interest - the net interest expense for the Council calculated on both its liabilities and assets - it reflects the change in the net benefit liability (asset) that arises from the passage of time and is charged to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

Re-measurements comprising:

- the return on plan assets - would only apply to amounts excluding net interest on the defined benefit liability (asset) - charged to the Pensions Reserve as 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 actuary has updated his assumptions - charged to the Pension Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Greater Gwent (Torfaen) Pension Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Teachers Pension Scheme

The Council and our employees who are teachers pay contributions to the Teachers Pension Scheme. This is a national scheme administered by the Teachers Pension Agency. The arrangements mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teacher's Pensions in the year.

Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits (LGPS and Teachers' schemes). Any liabilities estimated to arise as a result of such an award to any member of staff (including teachers) are described as 'unfunded liabilities,' and are accrued in the year of decision to make the award. Our Actuary works out the value of these for the Balance Sheet. The Comprehensive Income and Expenditure Statement shows the past service cost arising from these. There are no investment assets built up to meet these liabilities and cash has to be generated to meet payments as they fall due.

f) Events after the Reporting Period

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. There are two types:

- 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.

g) Changes in Accounting Policies

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 the Code stipulates particular transitional arrangements) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

h) Financial Instruments

Financial liabilities

The Councils' financial liabilities are initially measured at fair value, which equates to cost, and carried at their amortised cost, which equates to principal amount borrowed plus accrued interest amended for any further adjustments such as effective interest rate calculations for stepped interest rate loans. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable on loans are based on the carrying amount of the loan, multiplied by the effective rate of interest for that loan.

For most of the borrowing that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Premiums/Discounts

Where premiums and discounts have been incurred regulations allow the impact on the Council Fund Balance to be spread over future years. The Council has a policy of spreading any premiums over the term that was remaining on the loan against which the premium was payable and discounts are spread over a minimum period equal to the outstanding term of the repaid loan or 10 years. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial assets

Under IFRS 9, financial assets are recognised when the Council becomes party to the contractual provision of the financial instrument or, in the case of trade receivables, when the goods have been delivered. A principle-based approach is taken to the classification of financial assets.

Financial assets are classified not only determined by their characteristics, but also by the investment strategy or business model under which the asset has been acquired.

Business models refer to how groups of financial assets are managed in order to generate cash flows and achieve business objectives. There are three models:-

1. The 'to collect contractual cash flows' model i.e. fixed term investments, notice accounts. These are classified as Amortised Cost.
2. The 'to collect contractual cash flows and sell' model. These are classified as 'Fair Value through Other Comprehensive Income'.
3. The 'to sell' model i.e. Money Market Funds (MMFs). These are classified as 'Fair Value through profit/loss'.

This Council predominantly follows model 1 above but also uses low risk MMFs.

Under model 1, financial assets are classified as Amortised Cost (previously Loans & Receivables). Under model 3, financial assets are classified as Fair Value through Profit & Loss. The classification is determined at the time of initial recognition.

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivable, loans receivable, and other simple debt instruments.

Financial assets classified as at Amortised Cost are initially measured at fair value and subsequently carried at their amortised cost. Interest income received in the Comprehensive Income and Expenditure Statement is based on the carrying amount of the investment multiplied by the effective rate of interest for that investment. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the investment agreement. The interest on financial assets (investments) is included within current assets in the Balance Sheet.

Fair value through profit and loss assets are measured using quoted market prices i.e. 'marked to market' and shown at fair value on the balance sheet. All gains and losses including changes in the fair value are shown in the Comprehensive Income & Expenditure Statement.

Soft loans

A soft loan is a loan which carries a favourable rate of interest compared to current market rates. The fair value of the loan shall be determined as the net present value of the future cash payments discounted using the prevailing market rate of interest at which the Council could borrow for a loan with similar terms - the PWLB rate is considered appropriate. Subsequent accounting will require the loan's effective interest rate to be used which is then reversed to the Financial Instruments Adjustment Account.

Impairment of Financial Assets – The Expected Credit Loss Model

A loss allowance is set aside for expected credit losses upon initial recognition. The loss allowance will be equal to either 12-month expected credit losses or lifetime expected credit losses. It is a forward looking model.

This Council adopts the simplified approach to impairment, in accordance with the Code, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected losses using a provision matrix based on historically observed default rates adjusted for forward-looking estimates.

This concept of impairment applies to financial assets whose contractual cash flows are solely payments of principal and interest i.e. held at amortised cost, and are not part of a business model or investment strategy that requires them to be classified as Fair Value Through Profit and Loss.

Impairment losses are calculated to reflect the expectation that cash flows might not take place because the borrower could default on their obligations and is recognised in the Surplus or Deficit on the Provision of Service as an impairment gain or loss. The Council's impairment for investments is immaterial due to the products used. There is also a requirement for impairment loss allowances to be assessed for instruments other than financial assets.

i) Government grants and contributions

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions have been satisfied and relevant expenditure incurred.

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

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

j) Investment Property

Investment property is defined as property that is held solely to earn rental income or for capital appreciation or both. 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. Initially investment properties are measured at cost including transaction costs, and subsequently at Fair Value. Investment Properties are not depreciated, but are revalued annually. Gains or losses arising from a change in fair value between periods are recognised in the Financing and Investment Income and

Expenditure line in the Comprehensive Income and Expenditure Statement in the year they arise. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line of the Comprehensive Income and Expenditure Statement 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 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, to the Capital Receipts Reserve.

k) Fair Value Measurement

The Council measures its assets held for sale, surplus assets, investment properties and 'fair value through profit and loss' financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Measurement will be at highest and best use from the perspective of a market participant. The fair value of an investment property held under a lease is the lease interest.

It is assumed that any fair value measurement of an asset or liability uses the same assumptions that market participants acting in their economic best interest would use and that the transaction takes place in the principal market or failing that in the most advantageous market for the asset or liability.

Appropriate valuation techniques are used for which sufficient data is available. Inputs to the techniques are categorised within the fair value hierarchy that consists of three levels as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are accessible by the Council at the measurement date
- Level 2 inputs are quoted prices other than quoted prices within Level 1 that are observable either directly or indirectly
- Level 3 inputs are unobservable inputs for an asset or liability.

The use of relevant observable inputs is maximised and the use of unobservable inputs is minimised.

The Valuation Techniques used to Determine Level 2 and 3 Fair Values are:-

Level 2 – Significant Observable Inputs

The fair value for assets held for sale has been based on the market approach using prices and other relevant information generated by market transactions involving comparable properties. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as Level 2.

Level 3 – Significant Unobservable Inputs

The industrial and commercial investment portfolio in the area is measured using the income approach, which converts future net income to a single current amount using present value techniques. There are differences between comparables and the Councils' properties relating to occupancy rates and condition, so the yields applied to the valuation have been adjusted. As this measurement technique is using significant unobservable inputs it is categorised as Level 3.

The valuation for surplus assets follows the market approach. It uses comparable evidence of disposals and development land sales. However, where site investigation works have not been carried out there could be abnormal costs of development. This significant unobservable input could have a significant impact on the value.

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

Highest and Best Use

In estimating the fair value of the Council's investment property the Valuers have determined that, after consideration of alternative uses, the highest and best use of the properties is their current use.

For recurring valuations of investment property any gains or losses are recognised in the Comprehensive Income and Expenditure Statement within the line for income and expenditure related to investment properties. For non recurring valuations of assets held for sale any gains or losses are recognised in the gains and losses on disposal of non current assets, and for surplus assets in the cost of service lines.

Any transfers between valuation levels will take place at the valuation date at the end of the reporting period.

l) Non-Current Assets Held for Sale

Non-current assets held for sale are recognised as a current asset when the sale of an asset is highly probable and management are committed to a plan to sell the asset, and that sale is expected to occur within one year. Non-current assets held for sale are valued at the lower of the carrying value and the fair value less disposal costs. Any subsequent decrease to fair value, less costs to sell, is posted the Comprehensive Income and Expenditure Statement in the line for gain or loss on disposal of non-current assets. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Non-current assets are not depreciated while they are classified as held for sale.

m) Overheads and Support Services

The Council operates and manages its support services generally within the Resources, Public Services Support Unit and Chief Executive's Services areas and this is how these services are reported to management. The costs of overheads and support services are therefore not re-apportioned.

n) Property, Plant and Equipment

Assets that have physical substance and are held for use, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. (Also referred to as Non-Current Assets as they are expected to be used during more than one financial year.) Property, Plant and Equipment includes:

- Operational assets – these include land and buildings
- Vehicles, plant and equipment
- Community assets - assets such as parks which provide a service/benefit to the community and cannot be disposed of because of legal restrictions.
- Infrastructure assets - these are utility assets owned by the Council, such as roads, footpaths, street lighting, sewers and drainage.
- Non-Operational – Surplus Assets which do not meet the definition of assets held for sale.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the 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 a revenue expense to the Comprehensive Income and Expenditure Statement when incurred. A de-minimus level of £10,000 is applied to the recognition of expenditure on Property Plant and Equipment. The Council does not capitalise any borrowing costs incurred on qualifying assets in the period prior to it becoming operational.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives according to the following de-minimus principles:

- An asset is not considered for componentisation unless its carrying value is £2.3 million or greater or it is classed as the asset type secondary school, primary school or sport centre in which case the asset is additionally reviewed for the requirement to componentise.
- For a component to be recognised its value must be greater than 20% of the asset.

Measurement

An item of Property, Plant and Equipment is initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at current value as at the date of acquisition. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- Surplus Assets – fair value determined by the highest and best value use.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Revaluations

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

loss previously charged to a service). Where decreases in value are identified, they are accounted for as follows:

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

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

Impairment

The values of each category of assets and material individual assets are reviewed at the end of each financial year for evidence of reductions in service potential (impairment). Where impairment is identified as part of this review or as a result of the valuation exercise it is accounted for as follows:

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

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

Depreciation

All Council Property, Plant and Equipment assets are depreciated on a straight-line basis at rates that will write-off their cost or valuation, less any estimated realisable value, over their expected useful lives. Depreciation is charged on closing asset values. The valuer assesses the useful lives of buildings during valuations. The standard length of time over which we depreciate our assets is summarised in the following table:

Asset Type	Depreciation Period
Infrastructure i.e. roads and bridges	30 years
Plant & equipment	5 years
Buildings (as determined by valuer)	1 to 60 years

Land is not depreciated; therefore building values are calculated after considering the land element as a residual value. Community Assets and Assets under Construction are also not depreciated. Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable

based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

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 asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

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

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

o) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the 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 and impairment losses or amortisations. However, it is required to make an annual contribution from revenue - a minimum revenue provision (MRP) - towards the reduction in its overall borrowing requirement.

The charge is equal to an amount calculated on a prudent basis according to the policy determined by the Council in accordance with statutory guidance. An annual MRP Statement is submitted to Council for approval in advance of each year stating its policy and is put to Council if it is proposed to vary the terms of the original Statement during the year. The policy for supported borrowing is to recover the opening Capital Financing Requirement (CFR) for 2019-20 over 40 years and subsequent annual supported borrowing will also be recovered over 40 years on a straight line basis, whereas for unsupported borrowing the asset life method is used or as directed by Welsh Government.

In the case of finance leases the MRP requirement will be met by a charge equal to the rent that goes to write down the Balance Sheet liability.

Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the Council Fund Balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

p) Provisions

Provisions are sums we set aside in the appropriate service line in the Comprehensive Income and Expenditure Statement for liabilities relating to past events, but the exact timing and amount of the payment required is uncertain. The Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation at the Balance Sheet date, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

q) Reserves

Reserves are sums we set aside in our accounts for purposes other than as described above for provisions. 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 on the Movement in Reserves Statement so that there is no net charge against Council Tax for expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

r) Revenue expenditure funded from capital under statute (REFCUS)

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

s) Value Added Tax (VAT)

These accounts have been prepared on a VAT exclusive basis except where VAT is irrecoverable, and any net VAT due or owing at balance date is included in debtors or creditors as appropriate.

t) Interest in Companies and Other Entities

Councils are required to consider all their interests (including those in other Councils and similar bodies) and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or jointly controlled entities. Inclusion in the group is dependent upon the extent of the Council's control over the entity demonstrated through ownership, a shareholding in an entity or representation on an entity's board of directors. An assessment of all the Council's interests has been carried out during the year in accordance with the Code to determine whether any group relationships exist and whether they should be included in group accounts. No group accounts are required and the results of the review are shown in note 35, and note 3. In relation to schools accounting policy v) is also pertinent in terms of there being no requirement to produce group accounts.

u) Jointly Controlled Operations (JOPs) and Jointly Controlled Assets

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

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

v) Treatment of Schools

The Code confirms that the balance of control for local authority 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, reserves 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 of the authority as if they were the transactions, cash flows and balances of the authority.

In terms of assets, the accounting treatment depends on the balance of control. Control will only lie with a voluntary aided (VA) school if the asset is owned by the school. However, in the case of many VA schools of a religious nature the ownership will reside with trustees and the school merely operates under an informal agreement, which will not constitute control for the purpose of including in the single account of the Council. Similarly, a voluntary controlled school is owned by the Hopkins and Hill Trust. Note 3 also refers. For these voluntary aided schools and the voluntary controlled school capital expenditure is treated as "REFCUS" (Revenue from Capital

under Statute") expenditure and written off each year to the Comprehensive Income and Expenditure Statement within Education Services.

2. Accounting standards issued, not yet adopted

At the balance sheet date, there are no new relevant standards or amendments to existing standards that have been published but not yet adopted by the Code that will have any impact upon the financial statements.

However the following details regarding IFRS 16 - Leases are provided for information purposes: This Standard removes the previous lease classifications of operating and finance leases and will require local authorities that are lessees to recognise all leases on their balance sheets as right-of-use assets (there are exemptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset. However, it should be noted that CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2022. The expected impact on the 1 April 2022 balance sheet is to increase property, plant and equipment assets by approximately £2 million, with an opposing entry to increase other long-term liabilities by £2 million and in overall revenue budget terms the change is expected to be broadly neutral.

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in note 1, 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:

- School Assets - the Council has established with the relevant bodies that six Voluntary Aided schools are not controlled by the schools, as ownership resides with the religious body and are occupied under informal arrangements only. Similarly, there is one Voluntary Controlled school where the ownership resides with a Trust - The Hopkins and Hill Charitable Trust. As neither the Council nor the schools control the assets they are not included within the single accounts of the authority.
- Group Accounts – the Council's group boundaries have been assessed using the criteria outlined in the Code. It has assessed that there are no entities that are required to be consolidated with the Council. Note 35 on Related Parties provides further information on the decision making criteria applied to each entity in reaching this conclusion.
- A Joint Working Agreement formally established the Cardiff Capital Region Joint Committee (the Regional Cabinet) as a Joint Committee, with delegated functions, from 1 March, 2017. It is a partnership between the 10 councils in South East Wales, including Torfaen County Borough Council. Previously this arrangement has not been consolidated on grounds of materiality, however this position has now been reviewed and it has been consolidated for the first time in these accounts. Note 10 on Joint Operations provides further information.
- Council Tax Reduction Scheme (CTRS) – a number of points are considered relevant in determining to present this item of expenditure as gross in the Cost of Services segment of the Comprehensive Income and Expenditure Statement rather than netting it off Council Tax income in the Taxation and Non-Specific Grant Income segment. The most persuasive and significant of these being that, as there is no specific reference to the proper accounting treatment of CTRS in the CIPFA Accounting Code of Practice or Guidance Notes, reliance has been placed on IPSAS 23 - Revenue from Non-Exchange Transactions (taxes and transfers). This standard is relevant to public sector bodies, and states that taxation revenue shall be determined at a gross amount; it shall not be reduced for expenses paid through the tax system.

4. Assumptions made about the future and other major sources of estimation uncertainty.

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors however, actual results could be different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2021 which are subject to the highest risk of estimation uncertainty in the forthcoming financial year are as follows:

- The valuations provided to the Council by its valuers this year recognises that the Covid-19 pandemic and the measures taken to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the valuations are not reported as being subject to 'material valuation uncertainty' as they were last year. It is recognised however that there is potential for market conditions to move rapidly in response to changes in the control or future spread of Covid-19 and the valuers therefore simply highlight the importance of the valuation date.
- Revaluation of Property, Plant and Equipment - Property, Plant and Equipment (with the exception of infrastructure, community assets, assets under construction and small value items of vehicles, plant and equipment) are revalued on a periodic basis and tested annually for impairment. It is estimated that a 1% change in these asset values would result in a change of £2.85 million.
- Depreciation of Property, Plant and Equipment - Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Council does not undertake the assumed maintenance, and asset lives decrease, it is estimated that the annual depreciation charge for 'Other Land and Buildings' would increase by £2.30 million for every year that useful lives had to be reduced.
- Fair Value Measurements - When Level 1 inputs based on quoted prices in an active market cannot be used to assess fair values then appropriate valuation techniques are used. Where possible the inputs to these valuation techniques will use observable data (Level 2 inputs), but where this is not possible judgement is required (Level 3 inputs using unobservable data). These judgements include consideration of uncertainty and risk. Information about the valuation techniques and input levels used by the Council are disclosed in accounting policy k).
- The significant unobservable inputs used in the fair value measurements include management assumptions regarding rent yields, and vacancy rates for investment properties, and in relation to surplus assets an assumption that there will be no abnormal costs of development. Any significant change in the unobservable inputs would result in a significantly lower or higher fair value measurement.
- Provisions - The Council has made provision in relation to insurance claims made to the Council. These provisions are based on the number of claims outstanding at the end of the financial year, the average settlement amount for each type of claim and the likelihood

of each type of claim being settled. It is not certain that the precedents set in previous years will be applicable to the current outstanding claims.

- **Arrears** - At 31 March 2021 the Council had outstanding debtors totalling £40.9 million. A review of these outstanding balances was undertaken and an impairment allowance made totalling £3.8 million. The current economic climate makes this assessment more difficult. If collection rates were to deteriorate by 10% then the Council would need to review its policies on the calculation of its impairment allowance.
- **Pensions Liability** – Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation of pensions. A firm of actuaries are engaged to provide the Council with expert advice about the assumptions to be applied. A sensitivity analysis of these assumptions is provided in Note 36. To account for the McCloud Judgement (public service pensions age discrimination cases) the actuary has made an estimated adjustment to these liabilities from the 2019 valuation data to ensure that it is captured in the 31 March 2021 IAS19 balance sheet figures. The Actuary has also considered the possible effect on longevity and Covid-19 on the disclosures and has updated his assumption to the latest available improvement table.

5. Material Items of Income and Expenditure

There is one material item to report in relation to the accounting treatment of the new Post-16 College.

The Council completed the build of the College in 2020/2021, and it has been leased to Coleg Gwent as part of the arrangements for the management and administration of the facility.

As the lease meets the definition of a finance lease it has duly been treated as a disposal and the cost of the asset has been written off the balance sheet in the value of £25.57 million. Note 13.1 records this disposal.

6a. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's service areas and reconciles the expenditure charged to the Council Fund Balance on an accounting basis to the management information basis as presented in the Foreword. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

STATEMENT OF ACCOUNTS 2020/21

2020/21	As reported for resource management	Adjustment to arrive at the net amount chargeable to the Council Fund (note 6b)	Net expenditure chargeable to the Council Fund balance	Adjustments between funding and accounting basis (note 6b)	Net expenditure in the Comprehensive Income & Expenditure Statement
	£000s	£000s	£000s	£000s	£000s
Education Services	74,091	(2,315)	71,776	5,834	77,610
Social Care & Housing	46,823	19	46,842	2,313	49,155
Neighbourhood Services	20,889	(305)	20,584	7,981	28,565
Public Services Support Unit	1,219	33	1,252	145	1,397
Information Technology	2,886	129	3,015	(196)	2,819
Resources	12,410	985	13,395	1,438	14,833
Transformation and Communication	1,009	28	1,037	56	1,093
Capital Financing	10,753	(10,753)	0	0	0
Council Tax Reduction Scheme	10,139	0	10,139	0	10,139
South Wales Fire Service Levy	4,533	(4,533)	0	0	0
Corporate Property Maintenance	840	(118)	722	(3)	719
Early Intervention	20	0	20	0	20
Other Services	(5,054)	(107)	(5,161)	536	(4,625)
Net Cost of Services	180,558	(16,937)	163,621	18,104	181,725
Other Income and Expenditure					
Other Operating Expenditure	10,955	4,675	15,630	28,941	44,571
Financing and Investment Income and Expenditure	0	9,946	9,946	1,493	11,439
Taxation and Non-Specific Grant Income	(197,889)	0	(197,889)	(9,805)	(207,694)
Total Other Income and Expenditure	(186,934)	14,621	(172,313)	20,629	(151,684)
Surplus or deficit	(6,376)	(2,316)	(8,692)	*38,733	30,041

Opening Council Fund balance at 31 March 2020	(4,796)
Deficit on Council Fund in year (above)	(8,692)
- Adjust for JOPs reserves (note 10)	31
- Adjust for Schools reserves (MiRS)	6,007
Deficit on Council Fund in year per MiRS	(2,654)
Adjust for transfer from reserves	1,456
Closing Council Fund balance at 31 March 2021	(5,994)**

*This figure cross references to note 8 Adjustment Between Accounting Basis and Funding Basis Under Regulations.

** Total Council Fund balances can be found in the MiRS on page 18 .

STATEMENT OF ACCOUNTS 2020/21

2019/20 (Restated*)	As reported for resource management	Adjustment to arrive at the net amount chargeable to the Council Fund (note 6b)	Net expenditure chargeable to the Council Fund balance	Adjustments between funding and accounting basis (note 6b)	Net expenditure in the Comprehensive Income & Expenditure Statement
	£000s	£000s	£000s	£000s	£000s
Education Services	69,431	1,336	70,767	13,472	84,239
Social Care & Housing	46,352	495	46,847	3,333	50,180
Neighbourhood Services	18,775	145	18,920	9,046	27,966
Public Services Support Unit	1,153	63	1,216	262	1,478
Information Technology	2,790	103	2,893	163	3,056
Resources	11,637	1,169	12,806	2,224	15,030
Chief Executive's Services	1,143	75	1,218	131	1,349
Capital Financing	10,490	(10,490)	0	0	0
Council Tax Reduction Scheme	9,281	0	9,281	0	9,281
South Wales Fire Service Levy	4,337	(4,337)	0	0	0
Corporate Property Maintenance	920	(97)	823	0	823
Early Intervention	476	283	759	0	759
Other Services	153	(671)	(518)	3,509	2,991
Net Cost of Services	176,938	(11,926)	165,012	32,140	197,152
Other Income and Expenditure					
Other Operating Expenditure	10,082	4,467	14,549	9,464	24,013
Financing and Investment Income and Expenditure	(384)	10,156	9,772	4,634	14,406
Taxation and Non-Specific Grant Income	(187,221)	0	(187,221)	(18,891)	(206,112)
Total Other Income and Expenditure	(177,523)	14,623	(162,900)	(4,793)	(167,693)
Surplus or deficit	(585)	2,697	2,112	27,347**	29,459

Opening Council Fund balance at 31 March 2019	(5,372)
Deficit on Council Fund in year (above)	2,112
- Adjust for JOPs reserves (note 10)	(160)
- Adjust for Schools reserves (MiRS)	(1,229)
Deficit on Council Fund in year per MiRS	723
Adjust for transfer from reserves	(147)
Closing Council Fund balance at 31 March 2020	(4,796)***

* Refer to note 37 for an explanation of the restatement.

** This figure cross references to note 8 Adjustment Between Accounting Basis and Funding Basis Under Regulations.

*** Total Council Fund balances can be found in the MiRS on page 19.

6b. Note to the Expenditure and Funding Analysis

Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2020/21	Adjustments between accounting and funding basis							
	Other (Reserve funding and impairment lo(sses))	Capital Finance	Levies reported at Services level	Total to arrive at amount charged to the Council fund	Adjustments for capital purposes (note 1)	Net change for the pension adjustments (note 2)	Other differences (note 3)	Total adjustments
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Education Services	(2,315)	0	0	(2,315)	6,011	625	(802)	5,834
Social Care & Housing	19	0	0	19	511	1,725	77	2,313
Neighbourhood Services	(305)	0	0	(305)	6,328	1,740	(87)	7,981
Public Services Support Unit	33	0	0	33	2	138	5	145
Information Technology	0	129	0	129	(203)	7	0	(196)
Resources	(328)	1,313	0	985	214	1,207	17	1,438
Transformation and Communication	28	0	0	28	0	55	1	56
Capital Financing	0	(10,753)	0	(10,753)	0	0	0	0
Council Tax Reduction Scheme	0	0	0	0	0	0	0	0
South Wales Fire Service Levy	0	0	(4,533)	(4,533)	0	0	0	0
Corporate Property Maintenance	0	(118)	0	(118)	(3)	0	0	(3)
Early intervention	0	0	0	0	0	0	0	0
Other Services	35	0	(142)	(107)	0	536	0	536
Net Cost of Services	(2,833)	(9,429)	(4,675)	(16,937)	12,860	6,033	(789)	18,104
Other Income and Expenditure								
Other Operating Expenditure	0	0	4,675	4,675	28,941	0	0	28,941
Financing and Investment Income	517	9,429	0	9,946	(1,161)	7,230	(4,576)	1,493
Taxation and Non-Specific Grant Income	0	0	0	0	(9,805)	0	0	(9,805)
Total Other Income and Expenditure	517	9,429	4,675	14,621	17,975	7,230	(4,576)	20,629
Surplus or deficit	(2,316)	0	0	(2,316)	30,835	13,263	(5,365)	38,733

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Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2019/20 (Restated*)	Other (Reserve funding and impairment losses)	Capital Finance	Levies reported at Services level	Total to arrive at amount charged to the Council fund	Adjustments between accounting and funding basis			
					Adjustments for capital purposes (note 1)	Net change for the pension adjustments (note 2)	Other differences (note 3)	Total adjustments
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Education Services	1,336	0	0	1,336	10,264	2,696	512	13,472
Social Care & Housing	495	0	0	495	404	2,923	6	3,333
Neighbourhood Services	145	0	0	145	5,570	3,294	182	9,046
Public Services Support Unit	63	0	0	63	0	256	6	262
Information Technology	0	103	0	103	163	10	(10)	163
Resources	(181)	1,350	0	1,169	44	2,245	(65)	2,224
Chief Executive Services/Strategic	75	0	0	75	0	132	(1)	131
Capital Financing	0	(10,490)	0	(10,490)	0	0	0	0
Council Tax Reduction Scheme	0	0	0	0	0	0	0	0
South Wales Fire Service Levy	0	0	(4,337)	(4,337)	0	0	0	0
Corporate Property Maintenance	0	(97)	0	(97)	0	0	0	0
Early intervention	283	0	0	283	0	0	0	0
Other Services	(518)	0	(153)	(671)	0	3,509	0	3,509
Net Cost of Services	1,698	(9,134)	(4,490)	(11,926)	16,445	15,065	630	32,140
Other Income and Expenditure								
Other Operating Expenditure	(23)	0	4,490	4,467	9,265	0	199	9,464
Financing and Investment Income	839	9,317	0	10,156	99	8,891	(4,356)	4,634
Taxation and Non-Specific Grant Income	0	0	0	0	(18,891)	0	0	(18,891)
Total Other Income and Expenditure	816	9,317	4,490	14,623	(9,527)	8,891	(4,157)	(4,793)
Surplus or deficit	2,514	183	0	2,697	6,918	23,956	(3,527)	27,347

Note 1 – Adjustments for capital purposes

Adjustments for capital purposes means:

- For the service lines - depreciation, impairment and revaluation gains and losses are added in.
- For other operating expenditure - this column adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- For financing and investment income and expenditure - statutory capital financing charges e.g. Minimum Revenue Provision (MRP) are deducted.
- For taxation and non-specific grant income and expenditure - capital and revenue grants and donations are adjusted for income not chargeable under generally accepted accounting practices.

Note 2 - Net change for the pensions' adjustments

The net change adjustment relates to the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income, which means:

- For the service lines - the replacement of the employer pension contributions made by the authority by statute 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

- For the service lines – adjustments made for accumulated absences.
- For financing and investment income and expenditure – this entry relates management expenditure for investment properties.

*Refer to Note 37 for an explanation of the restatement.

7. Expenditure and Income Analysed by Nature

31 March 2020 000s (Restated*)		31 March 2021 £000s
137,900	Employee benefits expenses - Council	130,186
6,704	Employee benefits expenses – Voluntary Aided schools	6,539
136,605	Other services expenses	145,606
15,911	Depreciation, amortisation, impairment and revaluation movement	14,698
26,403	Interest payments	23,368
14,777	Precepts & levies	15,659
9,427	Loss on disposal of non-current assets	30,500
347,727	Total Expenditure	366,556
(39,911)	Fees charges & other service income	(41,528)
(10,920)	Interest and investment income	(9,467)
(84,111)	Income from council tax and NDR	(86,380)
(183,164)	Government grants and contributions	(197,581)
(162)	Gains on disposal of non-current assets	(1,559)
(318,268)	Total Income	(336,515)
29,459	(Surplus) or Deficit on the Provision of Services	30,041

The Council's various income streams have been assessed and classified in line with the 2020/21 Code of Practice, and revenue has been recognised accordingly, with specific consideration given to:

- implied or stated contractual terms for exchange transactions.
- obligating events and/or conditions attached to non-exchange transactions, where a party receives something of value without directly giving value in exchange
- the significance of the income stream to the Council.

*Refer to note 37 for an explanation of the restatement.

8. Adjustment Between Accounting Basis and Funding Basis Under Regulations

This note below details the adjustments that are made to the Comprehensive Income and Expenditure Statement in accordance with proper accounting practice to the resources that are specified by statutory provisions.

2020/21	Usable Reserves			Movements in Unusable Reserves (note 25) £000s
	Council Fund Balance £000s	Capital Receipts Reserve (note 24b) £000s	Capital Grants Unapplied £000s	
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	14,186	0	0	(14,186)
Revaluation losses on Property Plant and Equipment	1,463	0	0	(1,463)
Movements in the market value of Investment Properties	(951)	0	0	951
Capital grants and contributions applied	(7,026)	0	0	7,026
Revenue expenditure funded from capital under statute	657	0	0	(657)
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	31,391	0	0	(31,391)
Movement in the donated assets account	(83)			83
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(4,462)	0	0	4,462
Capital expenditure charged against the Council Fund	(3,447)	0	0	3,447
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(9,722)	0	9,722	0
Application of grants to capital financing transferred to the Capital Adjustment Account	7,026	0	(7,026)	0
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,659)	2,659	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(2,470)	0	2,470
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(136)	0	0	136
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	30,973	0	0	(30,973)
Employer's pensions contributions and direct payments to pensioners payable in the year	(17,831)	0	0	17,831
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(646)	0	0	646
Total Adjustments	38,733*	189	2,696	(41,618)

* This figure cross references to note 6 Expenditure and Funding Analysis and the MiRS on page 18.

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2019/20 (restated)	Usable Reserves			Movements in Unusable Reserves (note 25) £000s
	Council Fund Balance £000s	Capital Receipts Reserve (note 24b) £000s	Capital Grants Unapplied £000s	
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	13,796	0	0	(13,796)
Revaluation losses on Property Plant and Equipment	2,016	0	0	(2,016)
Movements in the market value of Investment Properties	169	0	0	(169)
Capital grants and contributions applied	(17,176)	0	0	17,176
Revenue expenditure funded from capital under statute	633	0	0	(633)
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	9,503	0	0	(9,503)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(4,268)	0	0	4,268
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(18,891)	0	18,891	0
Application of grants to capital financing transferred to the Capital Adjustment Account	17,176	0	(17,176)	0
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(307)	307	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(4,735)	0	4,735
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(89)	0	0	89
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	41,830	0	0	(41,830)
Employer's pensions contributions and direct payments to pensioners payable in the year	(17,591)	0	0	17,591
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	546	0	0	(546)
Total Adjustments	27,347*	(4,428)	1,715	(24,634)

* This figure cross references to note 6 Expenditure and Funding Analysis and the MiRS on page 19. Refer to note 37 for an explanation of the restatement.

9. Events after the Reporting Period

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

The Statement of Accounts was authorised for issue by Mr N. Aurelius, CPFA, Assistant Chief Executive (Resources), on 20 July 2021. Events taking place after this date are not reflected in the financial statements or notes.

The Council has the following events after the Balance Sheet date to report:

- The accounting statements are required to reflect the conditions applying at the end of the financial year however, the pensions fund investment assets will move in line with the value of securities quoted on world stock exchanges which could increase or decrease. As the Pension Fund time horizon is long term and the true value of investments is only realised when investments are sold, no adjustments are made for any changes in the fair value of investments between 31 March 2021 and the date that the accounting statements are authorised for issue. This is known as a non-adjusting event.

10. Joint Operations (JOPs)

Torfaen County Borough Council is involved in the following joint arrangements. As per accounting policy u) the main financial statements of the Council have been compiled to include the relevant entries, and an analysis is provided in the tables below.

Gwent Archives Joint Committee (Archives) – This Joint Committee collects, preserves, and makes accessible to the public, documents relating to the area it serves.

Gwent Wide Integrated Community Equipment Service (GWICES) – This Greater Gwent service facilitates modern and closer integration for health and social care community equipment services.

Gwent Cremation Committee – This Joint Committee provides a cremation service to the former Gwent Councils. The figures for 2020/21 are estimates.

Cardiff Capital Region City Deal (CCRCD)

A Joint Working Agreement formally established the Cardiff Capital Region Joint Committee (the Regional Cabinet) as a Joint Committee, with delegated functions, from 1st March, 2017. It is a partnership between the 10 councils in South East Wales and its aim is to oversee the Region's economic growth and to deliver the commitments set out in the CCR City Deal, specifically in relation to the Wider Investment Fund, which amounts to £495 million, with £120 million being contributed by the 10 councils on a pro rata population basis – this Council's share is 6.1%. The arrangement has previously not been consolidated on grounds of materiality, but the position has been reviewed and this year it has been consolidated using estimated figures as the accounts for CCRCD had not been completed. Therefore, the Council's share of assets, liabilities, reserves, income and expenditure and cashflows relating to the CCRCD Group have been included as a joint arrangement to the single entity in the accounting statements and disclosures. In terms of direct costs incurred by the Council a contribution towards capital spending of £122,011 was required in 2020/21 (nil in 2019/20), and a revenue contribution of £67,400 (£66,454 in 2019/20).

The following tables outline the relevant financial information for each organisation.

STATEMENT OF ACCOUNTS 2020/21

Comprehensive Income and Expenditure Account for the year ended 31 March 2021						
	Torfaen £000s	GWICES £000s	Archives £000s	Cremation £000s	CCR City Deal £000s	Total £000s
Other Services	(4,677)	0	0	0	52	(4,625)
Neighbourhood Services	28,761	0	0	(196)	0	28,565
Total non-affected lines	157,785	0	0	0	0	157,785
(Surplus)/Deficit on Continuing Operations	181,869	0	0	(196)	52	181,725
Interest payable and similar charges	6,638	0	0	150	0	6,788
Interest and investment income and expenditure	(80)	0	0	0	(47)	(127)
Net interest on the net pension liability (asset)	7,230	0	0	10	0	7,240
Total non-affected lines	(165,585)	0	0	0	0	(165,585)
(Surplus)/Deficit on Provision of Services	30,072	0	0	(36)	5	30,041
Re-measurements re pension net liability (asset)	97,056	0	0	1	0	97,057
Total non-affected lines	(5,560)	0	0	0	0	(5,560)
Other Comprehensive Income & Expenditure	91,496	0	0	1	0	91,497
Total Comprehensive Income & Expenditure	121,568	0	0	(35)	5	121,538
Movement in Reserves Statement for the year ended 31 March 2021						
	GWICES £000s	Archives £000s	Cremation £000s	CCR City Deal £000s	Total £000s	
Balance at 31 March 2020	0	61	596	389	1,046	
Total comprehensive income and expenditure**	0	0	35	(5)	30	
Net Increase/Decrease before transfers to Reserves	0	0	35	(5)	30	
Transfers to/from Earmarked Reserves	0	0	0	0	0	
Increase/Decrease in Year	0	0	35	(5)	30	
Balance at 31 March 2021 carried forward	0	61	631	384	1,076	
Balance Sheet as at 31 March 2021						
Property Plant and Equipment	0	0	469	2,154	2,623	
Long term debtors	0	0	0	69	69	
Short term debtors	4	1	54	452	511	
Cash and cash equivalents	83	77	252	3,204	3,616	
Short term creditors	(87)	(17)	(30)	(464)	(598)	
Long term creditors*	0	0	(68)	(2,715)	(2,783)	
Provisions	0	0	0	(88)	(88)	
Other long term liabilities	0	0	(46)	0	(46)	
Net Assets	0	61	631	2,612	3,304	
Usable Reserves						
Earmarked reserves	0	(61)	(299)	(384)	(744)	
Unusable Reserves						
Revaluation reserve	0	0	(231)	0	(231)	
Pension reserve	0	0	46	0	46	
Capital adjustment account	0	0	(147)	(2,228)	(2,375)	
Total Reserves	0	(61)	(631)	(2,612)	(3,304)	

Torfaen's accounts include the Council's share of the Gwent Crematorium asset. The total asset value as at the 31 March 2021 is estimated at £2.3 million (£2.2 million as at 31 March 2020) with Torfaen's share equating to 21.3%. They also include a 6.1% interest in the £35.3 million fixed assets relating CCR City Deal.

*Long term creditors in the Balance Sheet is £3.587 million (£1.005 million 2019/20) comprising the £2.783 million here and £0.804 million relating to other Torfaen long term creditors.

** Total comprehensive income and expenditure of (£30,000) comprises (£31,000) Surplus on Provision of Services and £1,000 Other comprehensive income and expenditure.

STATEMENT OF ACCOUNTS 2020/21

Comprehensive Income and Expenditure Account for the year ended 31 March 2020 – (Restated)					
	Torfaen £000s	GWICES £000s	Archives £000s	Cremation £000s	Total £000s
Other Services	3,439	0	(7)	0	3,432
Neighbourhood Services	28,143	0	0	(181)	27,962
Total non-affected lines	165,758	0	0	0	165,758
(Surplus)/Deficit on Continuing Operations	197,340	0	(7)	(181)	197,152
Interest payable and similar charges	6,496	0	0	346	6,842
Net interest on the net pension liability (asset)	8,892	0	0	2	8,894
Total non-affected lines	(183,429)	0	0	0	(183,429)
(Surplus)/Deficit on Provision of Services	29,299	0	(7)	167	29,459
Re-measurements re pension net liability (asset)	(75,409)	0	0	(39)	(75,448)
Total non-affected lines	(2,795)	0	0	0	(2,795)
Other Comprehensive Income & Expenditure	(78,204)	0	0	(39)	(78,243)
Total Comprehensive Income & Expenditure	(48,905)	0	(7)	128	(48,784)

Movement in Reserves Statement for the year ended 31 March 2020				
	GWICES £000s	Archives £000s	Cremation £000s	Total £000s
Balance at 31 March 2019	0	54	724	778
Total comprehensive income and expenditure*	0	7	(128)	(121)
Net Increase/Decrease before transfers to Reserves	0	7	(128)	(121)
Transfers to/from Earmarked Reserves	0	0	0	0
Increase/Decrease in Year	0	7	(128)	(121)
Balance at 31 March 2020 carried forward	0	61	596	657

Balance Sheet as at 31 March 2020				
Property Plant and Equipment	0	0	468	468
Long term asset	0	0	0	0
Short term debtors	0	6	0	6
Cash and cash equivalents	70	66	336	472
Short term creditors	(70)	(11)	(94)	(175)
Long term creditors	0	0	(79)	(79)
Other long term liabilities	0	0	(35)	(35)
Net Assets	0	61	596	657
Usable Reserves				
Earmarked reserves	0	(61)	(265)	(326)
Unusable Reserves				
Revaluation reserve	0	0	(231)	(231)
Pension reserve	0	0	35	35
Capital adjustment account	0	0	(135)	(135)
Total Reserves	0	(61)	(596)	(657)

Debtors analysis as at 31 March 2021	GWICES £000s	Archives £000s	Cremation £000s	CCR City Deal £000s	Total £000s
Other entities and individuals	0	1	54	452	507
Other local Councils	4	0	0	0	4
Total	4	1	54	452	511

Debtors analysis as at 31 March 2020	GWICES £000s	Archives £000s	Cremation £000s	Total £000s
Other entities and individuals	0	6	0	6
Other local Councils	0	0	0	0
Total	0	6	0	6

Creditors analysis as at 31 March 2021	GWICES £000s	Archives £000s	Cremation £000s	CCR City Deal £000s	Total £000s
Other entities and individuals	0	1	30	464	495
Other local Councils	87	16	0	0	103
Total	87	17	30	464	598

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Creditors analysis as at 31 March 2020	GWICES £000s	Archives £000s	Cremation £000s	Total £000s
Other entities and individuals	0	0	94	94
Other local Councils	70	11	0	81
Total	70	11	94	175

11. Taxation and Non-Specific Grant Income

The amount of Council Tax that people pay is based on the value of their home. We place each home in one of nine valuation bands. To work out the Council Tax base we treat every private property as if it was in Band D. We then adjust for the number of properties entitled to a discount (such as for single occupancy). The number of properties (band D equivalent) in our 2020/21 Council Tax base was 33,981 (33,685 in 2019/20). We divide the total amount we, the Police and Crime Commissioner for Gwent and Community Councils of Torfaen need to raise through Council Tax by 33,981. This equals the Council Tax charge for a Band D property of £1,689.83 (£1,620.05 in 2019/20) with the Torfaen Council element being £1,367.45 of this in 2020/21 (£1,315.49 in 2019/20). The total amount is then multiplied by the fraction in the following table for each particular band to give the individual amount due for each band.

2019/20 Number Of properties	Band	House valuation (£)	Fraction of band D bill	2020/21 Number Of Properties
6,145	A	Up to 44,000	6/9	6,167
13,065	B	44,001 to 65,000	7/9	13,071
11,837	C	65,001 to 91,000	8/9	11,887
4,168	D	91,001 to 123,000	9/9	4,188
3,995	E	123,001 to 162,000	11/9	4,068
2,293	F	162,001 to 223,000	13/9	2,327
670	G	223,001 to 324,000	15/9	669
64	H	324,001 to 424,000	18/9	65
26	I	424,001 and above	21/9	26

The money we raised from Council Tax (after deductions) was as follows:

2019/20 £000s		2020/21 £000s
54,710	Council Tax collectable	58,313
(139)	Less the amount set aside for Council Tax not paid	(891)
54,571	Money we raised from Council Tax after deductions	57,422

For Non-Domestic Rates (NDR), the Welsh Government sets an amount for the rate in the pound (the multiplier) and the Valuation Office calculates the rateable value for each chargeable hereditament. The total rateable value of the Council equalled £57,211,781 on 31 March 2021 (£56,746,306 on 31 March 2020). We work out the rates payable by multiplying the rateable value by the multiplier. In 2020/21 the multiplier was 53.5p (52.6p in 2019/20). We collect NDR on behalf of the Welsh Government and pay the money we collect from local business into the Welsh Government National Pool. This is then re-distributed back to Councils on the basis of a fixed amount for every adult living in their area. The total amount redistributed from the National Pool to the Council in 2020/21 was £28.9 million (£29.5 million in 2019/20).

12. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21.

2019/20 £000s (Restated)	Capital Grants	2020/21 £000s
78	Safe Routes in the Community	71
1,164	Local Transport Plan	1,849
652	Highways Grant	905
10,079	21 st Century Schools	2,069
880	Adventure Triangle	31
124	Childcare Grant Offer	67
1,253	Schools Maintenance Grant	0
4,661	Other	4,813
18,891	Total	9,805
	Capital Grants Credited to Services (REFCUS)	
2,534	Other	1,786
2,534	Total	1,786
	Revenue Grants Credited to Services	
	Education	
3,180	Post 16 Education Provision	1,707
2,592	Children and Communities	2,541
3,156	Education Improvement Grant	3,258
2,791	Pupil Deprivation Grant	3,848
1,230	Teachers' Pension Grant	0
0	Schools Revenue Maintenance Grant	1,351
0	Schools' Support	936
0	Covid-19 Hardship Fund	3,398
3,320	Other	5,029
	Neighbourhoods/PPP	
2,761	Concessionary Fares	2,976
529	Sustainable Waste Management	446
768	Inspire to Work/Inspire to Achieve	758
513	Bridges into Work	470
154	Working Skills for Adults	147
0	Covid-19 Hardship Fund	557
1,559	Other	2,148
	Social Care and Housing	
3,523	Housing Support Grant	3,526
2,596	Intermediate Care Fund	1,808
1,168	Children and Communities Grant	1,318
246	Communities First	337
951	Sustainable Social Services	1,259
0	Covid-19 Hardship Fund	5,795
1,359	Other	1,463
	Resources/Information Technology/PSSU	
26,981	Dept. Works and Pensions - Housing Benefit Subsidy	25,837
0	Covid-19 Hardship Fund	254
1,417	Other	937
	Finance Other	
0	Covid-19 related (mainly loss of income compensation grants)	4,439
0	Other	1,512
60,794	Total Revenue Grants credited to Services	78,055
	Non-Specific Grant Income	
29,540	Non-Domestic Rates (NDR)	28,958
103,110	Revenue Support Grant (RSG)	111,509
132,650	Total Non-Specific Grant Income	140,467

The Council also has revenue Grants Receipts in Advance totalling £2.52 million (£0.46 million in 2019/20) and in addition to the grants detailed in the table above the Council also received £28.696 million and distributed £28.694 million in Covid-related Business Support Grants. However, as the Council was acting on behalf of the Welsh Government as its agent these transactions are not reflected in the CIES.

13. Property, Plant and Equipment (PPE)

The valuations presented in this note recognise that the Covid-19 pandemic and the measures taken to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Note 4 provides further detail.

13.1 Movements on Balances

The following tables present the accounting entries that impact on the value of PPE.

Analysis of Gross Book Values in 2020/21	Council Dwellings	Other Land & Buildings	Vehicles Plant Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Sub Total Property, Plant & Equipment	JOPs Property, Plant & Equipment	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
As at 1 April 2020	460	265,943	16,240	102,609	8,324	21,859	415,435	754	416,189
Additions	0	4,234	920	3,983	158	8,074	17,369	0	17,369
Disposals	0	0	0	0	0	(25,571)	(25,571)	0	(25,571)
Revaluation increases recognised in the Revaluation Reserve	0	3,644	0	0	0	0	3,644	0	3,644
Revaluation decreases recognised in the Revaluation Reserve	0	(538)	0	0	0	0	(538)	0	(538)
Revaluation increases recognised in the Surplus or Deficit in the Provision of Services	0	500	0	0	0	0	500	0	500
Revaluation decreases recognised in the Surplus or Deficit in the Provision of Services	0	(2,021)	0	0	0	0	(2,021)	0	(2,021)
Derecognition – other	0	(2,356)	0	0	0	(1,149)	(3,505)	0	(3,505)
Asset reclassifications	0	(146)	0	0	0	0	(146)	0	(146)
Other movements in cost or valuation	0	(62)	0	0	0	0	(62)	2,178	2,116
Donations	0	83	0	0	0	0	83	0	83
Impairment	0	(504)	0	0	0	0	(504)	0	(504)
As at 31 March 2021	460	268,777	17,160	106,592	8,482	3,213	404,684	2,932	407,616

Analysis of Depreciation in 2020/21	Council Dwellings	Other Land & Buildings	Vehicles Plant Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Sub Total Property, Plant & Equipment	JOPs Property, Plant & Equipment	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
As at 1 April 2020	(52)	(25,626)	(15,132)	(52,065)	(18)	0	(92,893)	(286)	(93,179)
Other movements in cost or valuation	0	60	0	0	0	0	60	0	60
Depreciation charge	(26)	(9,527)	(516)	(4,118)	0	0	(14,187)	(23)	(14,210)
Depreciation written out on disposal	0	0	0	0	0	0	0	0	0
Depreciation written out to the Revaluation Reserve	0	2,486	0	0	0	0	2,486	0	2,486
Depreciation recognised in surplus/deficit of provision of services	0	294	0	0	0	0	294	0	294
Depreciation written out on Impairment	0	234	0	0	0	0	234	0	234
As at 31 March 2021	(78)	(32,079)	(15,648)	(56,183)	(18)	0	(104,006)	(309)	(104,315)

Net Book Value									
As at 31 March 2021	382	236,698	1,512	50,409	8,464	3,213	300,678	2,623	303,301
As at 31 March 2020	408	240,317	1,108	50,544	8,306	21,859	322,542	468	323,010

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Analysis of Gross Book Values in 2019/20	Council Dwellings	Other Land & Buildings	Vehicles Plant Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Sub Total Property, Plant & Equipment	JOPs Property, Plant & Equipment	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
As at 1 April 2019	460	248,699	15,723	100,145	7,250	25,566	397,843	732	398,575
Additions	0	11,718	517	2,464	1,074	15,452	(31,225)	0	(31,225)
Disposals	0	(7,149)	0	0	0	0	(7,149)	0	(7,149)
Revaluation increases recognised in the Revaluation Reserve	0	1,333	0	0	0	0	1,333	0	1,333
Revaluation decreases recognised in the Revaluation Reserve	0	(2,336)	0	0	0	0	(2,336)	0	(2,336)
Revaluation increases recognised in the Surplus or Deficit on the Provision of Services	0	1,068	0	0	0	0	1,068	0	1,068
Revaluation decreases recognised in the Surplus or Deficit on the Provision of Services	0	(2,807)	0	0	0	0	(2,807)	0	(2,807)
Derecognition – other	0	(2,591)	0	0	0	0	(2,591)	0	(2,591)
Asset reclassifications	0	19,243	0	0	0	(19,159)	84	0	84
Other movements in cost or valuation	0	0	0	0	0	0	0	22	22
Impairment	0	(1,235)	0	0	0	0	(1,235)	0	(1,235)
As at 31 March 2020	460	265,943	16,240	102,609	8,324	21,859	415,435	754	416,189

Analysis of Depreciation in 2019/20	Council Dwellings	Other Land & Buildings	Vehicles Plant Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Sub Total Property, Plant & Equipment	JOPs Property, Plant & Equipment	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
As at 1 April 2019	(26)	(21,243)	(14,800)	(48,080)	(18)	0	(84,167)	(263)	(84,430)
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0
Depreciation charge	(26)	(9,453)	(332)	(3,985)	0	0	(13,796)	(23)	(13,819)
Depreciation written out on disposal	0	313	0	0	0	0	313	0	313
Depreciation written out to the Revaluation Reserve	0	4,494	0	0	0	0	4,494	0	4,494
Depreciation recognised in surplus/deficit of provision of services	0	181	0	0	0	0	181	0	181
Depreciation written out on Impairment		82					82		82
As at 31 March 2020	(52)	(25,626)	(15,132)	(52,065)	(18)	0	(92,893)	(286)	(93,179)

Net Book Value									
As at 31 March 2020	408	240,317	1,108	50,544	8,306	21,859	322,542	468	323,010
As at 31 March 2019	434	227,456	923	52,065	7,232	25,566	313,676	469	314,145

See accounting policy n) for how we depreciate our non-current assets.

13.2 Accounting for Schools

The following information relates to the Council's maintained schools.

31 March 2020				31 March 2021		
LEA Controlled Schools	Voluntary Controlled Schools	Voluntary Aided Schools		LEA Controlled Schools	Voluntary Controlled Schools	Voluntary Aided Schools
25	1	6	Number of schools	25	1	6
178,433	0	0	Value of land and buildings (£000s)	177,202	0	0

There is no value for land and buildings as at 31 March 2021 for voluntary aided and voluntary controlled schools as they are now all under the control of the relevant religious body or a trust and not the Council.

13.3 Revaluations

Valuations of land and buildings were carried out in accordance with the professional standards of the Royal Institution of Chartered Surveyors, by the following:

Individual	Organisation
Victor Mbvundula MRICS	Torfaen County Borough Council
Daniel Morris MRICS	Torfaen County Borough Council

Revaluations were carried out as at 31 March 2021. Investment property and assets held for sale were valued as at 31 March 2021.

Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset. The following table gives an indication of the progress of the Council's five year rolling programme for the revaluation of non-current assets. Additions, disposals and transfers of assets as well as one-off valuations of properties need to be taken into account to compare to the gross book values in note 13.1 so variances can occur.

	Council Dwellings	Other Land & Buildings	Vehicles Plant Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Carried at historic cost	0	0	17,160	106,592	8,482	3,213	135,447
Valued at current value as at:							
31 March 2021	0	23,347	0	0	0	0	23,347
31 March 2020	0	43,670	0	0	0	0	43,670
31 March 2019	460	69,597	0	0	0	0	70,057
31 March 2018	0	94,884	0	0	0	0	94,884
31 March 2017	0	37,279	0	0	0	0	37,279
Total Cost or Valuation	460	268,777	17,160	106,592	8,482	3,213	404,684

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The gross book values of the major assets that were revalued during 2020/21 are shown below.

Revaluations	2019/20 £000s	Gain/(Reduction) in value £000s	2020/21 £000s
Car parks	8,349	762	9,111
Land	4,364	2,228	6,592
Data Hall	2,500	300	2,800
Greenmeadow Community Farm	2,228	20	2,248
Libraries	1,050	212	1,262
Cemeteries	963	(105)	858

In addition, the valuers undertook review of all assets held in the other land and buildings category to ensure that the carrying value of assets last valued in previous years was not materially different from their current value. The review concluded that the fair value was not materially different from the carrying value at the Balance Sheet date.

13.4 Fair Value Measurement

The table below provides an analysis of the fair values of non-current assets grouped into levels one to three, based on the level to which the inputs to the measurement of fair value are observable. Accounting policy k) provides further detail. There are no movements between valuations levels 1 and 2.

2020/21	Level 1 Quoted Market Price £000s	Level 2 Observable Inputs £000s	Level 3 Unobservable Inputs £000s	Total 31 March 2021 £000s	Total (Gains)/ Losses £000s
Recurring fair value measurements					
Investment property – see note 15	0	0	15,000	15,000	131
Non-recurring fair value measurements					
Assets Held for Sale	0	311	0	311	(1,274)
Surplus Assets	0	50	252	302	(89)

2019/20	Level 1 Quoted Market Price £000s	Level 2 Observable Inputs £000s	Level 3 Unobservable Inputs £000s	Total 31 March 2020 £000s	Total (Gains)/ Losses £000s
Recurring fair value measurements					
Investment property – see note 15	0	0	14,869	14,869	97
Non-recurring fair value measurements					
Assets Held for Sale –	0	1,585	0	1,585	(150)
Surplus Assets	0	52	339	391	(25)

The table below shows a reconciliation of fair value valuations and the balance sheet figures.

Fair Value 2019/20 £000s	Balance Sheet 2019/20 £000s	Variance 2019/20 £000s		Fair Value 2020/21 £000s	Balance Sheet 2020/21 £000s	Variance 2020/21 £000s
14,869	14,869	0	Investment Property	15,000	15,000	0
1,585	1,585	0	Assets Held for Sale	311	311	0

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The table below shows an analysis of movements in level 3 fair value measurements using significant unobservable inputs.

Investment Property 2019/20 £000s	Surplus Assets 2019/20 £000s	Total 2019/20 £000s		Investment Property 2020/21 £000s	Surplus Assets 2020/21 £000s	Total 2020/21 £000s
14,966	289	15,255	Balance 1 April	14,869	339	15,208
0	25	25	Transfers into level 3	0	0	0
Gains or losses for the period :						
(169)	0	(169)	Included in the Other CIES	951	0	951
383	0	383	Purchases/expenditure	70	0	70
(250)	0	(250)	Transfers to/from Other Land & Buildings	0	(87)	(87)
0	25	25	Revaluation to Revaluation Reserve	0	0	0
(61)	0	(61)	Sales	(890)	0	(890)
14,869	339	15,208	Balance 31 March	15,000	252	15,252
(97)	50	(47)	Change in unrealised gains and losses for assets held	131	(87)	44

The table below shows quantitative information for fair value measurements of investment properties using significant unobservable inputs - level 3 valuations.

	Fair Value 31 March 2021 £000s	Valuation Technique	Unobservable Inputs	Range	Weighted Average
				%	%
Investment property		Income approach			
Includes:					
Industrial units			Vacancy rate	0.00	0
			Yield	9-13	n/a
Offices			Vacancy rate	0-0	0
			Yield	12-13	n/a
Shops			Vacancy rate	0-0.4	0.4
			Yield	10.5-13	n/a

	Fair Value 31 March 2020 £000s	Valuation Technique	Unobservable Inputs	Range	Weighted Average
				%	%
Investment property	14,869	Income approach			
Includes:					
Industrial units			Vacancy rate	0-2.1	0.2
			Yield	9-13	n/a
Offices			Vacancy rate	0-1.5	0.2
			Yield	12-13	n/a
Shops			Vacancy rate	0-4.8	0.6
			Yield	10.5-13	n/a

Sensitivity to Changes in Significant Unobservable Inputs

Significant changes in rental yield and vacancy levels or discount rate will result in a significantly lower or higher fair value.

13.5 Effect of Changes in Estimates

In 2020/21 the Council made no material changes to its accounting estimates for property, plant and equipment. Note 4 provides further information.

13.6 Capital Commitments

At 31 March 2021, the Council has entered into capital contracts, which in 2021/22 and 2022/23 are budgeted to cost £27.3 million. The major commitments are as follows, and are not included in the financial statements within this document.

	2021/22 £000s	2022/23 £000s
21 st Century Schools Programme	9,531	9,083
The Redevelopment of The British	2,260	0
New Inn and Pontypool Station Redevelopment	4,094	2,402
Total	15,885	11,485

13.7 Capital Expenditure and Capital Financing

The amount of capital expenditure incurred is shown below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. The Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed is analysed in the second part of this note.

2019/20 £000s (Restated)		2020/21 £000s
135,257	Capital Financing Requirement at 1 April	141,319
	Capital investment	
31,225	Property, plant and equipment	17,369
383	Investment properties	70
633	Revenue expenditure funded from capital under statute	657
(4,735)	Capital receipts	(2,470)
(17,176)	Government grants and other	(7,026)
	Sums set aside from revenue	
0	Direct revenue contributions	(3,447)
(4,268)	Minimum Revenue Provision (MRP)	(4,462)
141,319	Capital Financing Requirement at 31 March	142,010
6,062	Movement in year	691
	Explanation of movement in year	
2,743	Increase in underlying need to borrow (supported by government financial assistance)	2,727
7,587	Increase in underlying need to borrow (unsupported by government financial assistance)	1,904
0	Increase in underlying need to borrow (Salix loan)	522
10,330	Increase/(decrease) in Capital Financing Requirement	5,153
(4,268)	Less Minimum Revenue Provision (MRP)	(4,462)
6,062	Movement in year	691

14. Heritage Assets

The following table provides an analysis of the carrying values of heritage assets held by the Council.

2019/20 £000s		2020/21 £000s
365	Building – Llanyravon Manor – Tudor Grade II listed stone Manor House	365
137	Sculpture – Group of pit ponies at Blaenavon Iron Works Museum	137
65	Civic Regalia – Mayoral chains	65
809	Environmental/Landscape – within Pontypool Park (Shell Grotto, Ice House, memorial gates), within Blaenavon World Heritage Site (Aaron Brutes Bridge) and various ancient buildings and monuments in various states of repair on land at The British, Talywain	809
1,376	Total	1,376

15. Investment Properties

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

2019/20 £000s		2020/21 £000s
14,966	Balance at 1 April	14,869
383	Subsequent expenditure	70
(61)	Disposals	(890)
(169)	Net gains/losses from fair value adjustments	951
(250)	Transfers (to)/from Property, Plant and Equipment	0
14,869	Balance at 31 March	15,000

16. Leases Council as Lessee

Finance Leases

The assets acquired under finance leases are carried as Property, Plant and Equipment in the Balance Sheet at the net amount of £140,619 (£150,308 in 2019/20).

The minimum lease payments are made up of the following amounts:

2019/20 £000s		2020/21 £000s
27	Finance lease liabilities (net present value of minimum lease payments) – current	29
106	Finance lease liabilities (net present value of minimum lease payments) - non-current	66
17	Finance costs payable in future years	23
150	Total	118

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

2019/20 Minimum Lease Payments £000s	2019/20 Finance Lease Liabilities £000s		2020/21 Minimum Lease Payments £000s	2020/21 Finance Lease Liabilities £000s
31	27	Not later than one year	36	29
100	89	Later than one year and no later than five years	70	56
19	17	Later than five years	12	10
150	133	Total	118	95

Operating Leases - The Council has acquired the majority of its fleet of vehicles and plant by entering into operating leases, with typical lives of between three and seven years depending on the leased asset. The Council also rents properties under operating type leases.

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was as follows:

2019/20 £000s		2020/21 £000s
1,027	Minimum lease payments	1,043
(187)	Sub-lease payments receivable	(178)
840	Total	865

The minimum lease payments to be charged to future Comprehensive Income and Expenditure Statements under non-cancellable leases are as follows:

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2019/20 £000s		2020/21 £000s
708	Not later than one year	751
1,876	Later than one year and not later than five years	1,814
1,227	Later than five years	1,003
3,811	Total	3,568

Council as Lessor

Operating Leases - The Council leases out property under operating leases primarily in relation to shops and industrial estates. The future minimum lease payments receivable under non-cancellable leases in future years are as follows:

2019/20 £000s		2020/21 £000s
1,352	Not later than one year	936
2,298	Later than one year and not later than five years	1,828
2,212	Later than five years	2,103

17. Financial Instruments

The coronavirus pandemic has continued to impact the global economy and consequently affected financial markets. Extraordinary government support has resulted in the impact on the values of assets and liabilities being less pronounced than in the 2019/20 financial year. Torfaen has no exposure to equities or other difficult to value instruments, and no complex liabilities.

Financial instruments balances

The table below reconciles the principal values for financial liabilities (borrowing) to the amortised cost valuation, as shown on the Balance Sheet. This is further split into short and long term borrowing amounts.

Total 31 March 2020 £000s	Borrowing: Reconciliation of Principal Amount to Amortised Cost	PWL £000s	Market Loans £000s	Temporary Loans £000s	Other £000s	Total 31 March 2021 £000s
(150,100)	Principal amount	(69,488)	(55,500)	0	(1,321)	(126,309)
(592)	Accruals	(290)	(195)	0	0	(485)
957	Other accounting adjustments*	2,364	(1,567)	0	87	884
(149,735)	Financial Liabilities at Amortised Cost (As Balance Sheet)	(67,414)	(57,262)	0	(1,234)	(125,910)
	Made up of:					
(25,502)	Short term borrowing	(3,784)	(1,129)	0	(147)	(5,060)
(124,233)	Long term borrowing	(63,630)	(56,133)	0	(1,087)	(120,850)
(149,735)	Financial Liabilities at Amortised Cost	(67,414)	(57,262)	0	(1,234)	(125,910)

*The PWLB loans adjustment of £2,364,221 equates to the accounting requirement of disclosing loans at their amortised cost valuation using an effective interest rate calculation. It also allows for premiums associated with the loans to be written off over the remaining life of the loan.

*The LOBO loans adjustment of £1,566,579 equates to the accounting requirement of disclosing loans at their amortised cost valuation using an effective interest rate calculation. Under the terms of LOBO loans, after the initial fixed period, the lender, at fixed intervals, has the option to increase the rate on the loan, which gives the borrower, (the Council), the option to repay the loan.

*Other accounting adjustments of £87,012.93 equates to the effective interest on Salix loans (totalling £1,234,747) which are accounted for as soft loans.

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

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31 March 2020		Financial Instrument Balances	31 March 2021	
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s
		Financial Liabilities At Amortised Cost:		
(124,233)	(25,502)	Borrowing (see table above for breakdown)	(120,850)	(5,060)
(1,005)	(17,239)	Creditors	(3,587)	(17,919)
0	(7,104)	Bank current account overdraft	0	(7,260)
		Financial Assets:		
		Amortised Cost		
0	8,007	Fixed term investments	0	9,042
0	17	Petty cash	0	19
184	21,577	Debtors	226	25,257
		Fair Value Through Profit & Loss:		
40	0	Investment in Shared Resource Services (Business Solutions Limited)	0	40
0	17,005	Cash equivalents-Money Market Funds & Local Authority Investments	0	8,000

Short-term creditors of £17,919,000 exclude £2,502,000 of non-contractual short-term creditors that do not meet the definition of financial liabilities at amortised cost.

Short-term debtors of £25,257,000 exclude £12,336,000 of non-contractual debtors that do not meet the criteria of loans and receivables.

Any accrued interest is categorised as 'short term'.

Included within the above table is a shareholding in Shared Resource Services (Business Solutions Limited). Shares (representing 50% of the Company's capital) are carried at fair value of £40,000. There are no contractual payments comprising principal and interest. Fair value has primarily been determined on the value of the net assets of the company and related relevant factors. This has been reclassified as a short term loan as the company is to become dormant during 2021/22 and the investment will be repaid. Note 18 also refers to this shareholding.

Money market fund balances have been classified as 'fair value through profit and loss' as although contractual payments are determinable, they have elements which are performance related that are not specifically principal or interest.

Bank Call accounts have been classified to 'amortised cost' as the business model is to collect contractual cash flows only.

Fair Values of Assets and Liabilities

As at 31 March 2021 the Council has £17.0 million financial assets (investments) and £126.3 million financial liabilities (borrowing). The financial assets are classed as either at 'Amortised Cost' or 'Fair Value through Profit & Loss'. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and so a level 2 valuation has been applied (refer to page 29 for more details on valuation techniques). The fair values have been calculated using the net present value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. The fair values for financial liabilities are as follows:

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31 March 2020				31 March 2021		
Principal £000s	Carrying Amount £000s	Fair value £000s		Principal £000s	Carrying Amount £000s	Fair Value £000s
(71,679)	(69,602)	(91,073)	PWLB debt	(69,488)	(67,414)	(89,263)
(78,421)	(80,133)	(142,550)	Non-PWLB debt	(56,821)	(58,496)	(119,077)
(150,100)	(149,735)	(233,623)	Total debt	(126,309)	(125,910)	(208,340)
(18,244)	(18,244)	(18,244)	Financial Instrument Creditors	(21,506)	(21,506)	(21,506)
(7,104)	(7,104)	(7,104)	Bank Current Account Overdraft	(7,260)	(7,260)	(7,260)
(175,448)	(175,083)	(258,971)	Total Financial Liabilities at Amortised Cost	(155,075)	(154,676)	(237,106)

The fair value figures are based on the following assumptions:

- For all loans (PWLB & Non PWLB) new borrowing rates have been applied to provide the fair value under debt redemption procedures.
- No early repayment or impairment is recognised. However, if the authority were to seek to repay loans, a penalty charge would be incurred for early redemption.
- The fair value of financial instrument creditors is taken to be the invoiced or billed amount.

The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date.

The table below shows Council investment balances (financial assets) as at year end.

31 March 2020			Investments	31 March 2021		
Principal £000s	Carrying Amount £000s	Fair Value £000s		Principal £000s	Carrying Amount £000s	Fair Value £000s
17,000	17,005	17,000	Cash & Cash Equivalents	8,000	8,000	8,000
8,000	8,007	7,999	Short-term Investments	9,040	9,042	9,041
25,000	25,012	24,999	Total Investments <1 year	17,040	17,042	17,041
21,761	21,761	21,761	Financial Instrument debtors	25,483	25,483	25,483
46,761	46,773	46,760	Total Financial Assets	42,523	42,525	42,524

Note 17a. Financial Instrument – Gains and Losses

2019/20	Description	Financial Liabilities	Financial Assets		2020/21
		Amortised Cost	Amortised Cost	Fair Value through P&L	
£000s		£000s	£000s	£000s	£000s
84	Debt Management Expenses	38	0	0	38
3,195	Mortgage Loan Interest	3,244	0	0	3,244
3,074	PWLB Loan Interest	2,937	0	0	2,937
49	Temporary Borrowing	74	0	0	74
321	Other Interest	86	0	0	86
8	Finance Leases	5	0	0	5
111	Impairment Losses	404	0	0	404
6,842	Interest Payable & Similar Charges	6,788	0	0	6,788
(216)	Investment Income	0	(101)	(25)	(126)
(37)	Bank Interest	0	(1)	0	(1)
(253)	Interest & Investment Income	0	(102)	(25)	(127)
6,589	Net Impact on surplus/deficit on provision of service	6,788	(102)	(25)	6,661

18. Nature and Extent of Risks arising from Financial Instruments

The continuing coronavirus pandemic has impacted the global economy and the values of assets and liabilities, although less pronounced than in the 2019/20 financial year, continuing uncertainty has affected market prices.

Torfaen CBC manages the resulting risks effectively, and has used market data from the reporting date to prudently reflect them in the valuation of its assets and liabilities, in line with proper accounting practice.

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Welsh Government, Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The Council's treasury management activities expose it to a variety of financial risks. The key risks are:

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

Credit Risk

Credit risk is also referred to as counterparty or default risk. This risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. It is essentially the risk of failure by a third party to meet its contractual obligations to the organisation under an investment, borrowing or capital project financing. The risk is minimised through the Annual Investment Strategy.

The Annual Investment Strategy identifies counterparties for investment purposes based on specified criteria. As well as credit ratings the Council has regard to other measures such as market intelligence. Also, fixed investments are only for a three month period or six months with approval from the Assistant Chief Executive Officer (Resources). The full Investment Strategy for 2020/21 was approved by full Council on 3 March 2020 and is available on the Council's website.

The Council's maximum exposure to credit risk in relation to its investments cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal

sum will be specific to each individual institution. With regard to deposits with banks and financial institutions, the Council has no actual experience of defaults over the last 5 financial years. No breaches of the Council's counterparty criteria occurred during the reporting period, and the Council does not expect any losses from non-performance by any of its' counterparties in relation to deposits and the credit impairment losses have been assessed as immaterial. The Council continues to use only UK domiciled financial institutions for investment purposes.

The assessment of credit losses is based on information about past events, current conditions but also future forecasts. The economic outlook for the Councils' financial assets (investments and debtors) as a result of the Covid-19 pandemic must be taken into account when making this assessment. The Council needs to consider the risk of default of its financial assets, the exposure to that default risk and the estimated loss as a result of the default. Although facing similar events, each Council's expected credit losses will be individual to their debt portfolios, the nature of their financial assets held at amortised cost and the impact of the pandemic in its local area (as well as national economic events). In particular, the Council has reflected higher underlying credit risk conditions when calculating its Expected Credit Losses (ECL) to reflect the strained market conditions, in line with the requirements of IFRS 9. That being said; as explained in note 17 this Council has no exposure to equities or other difficult to value instruments, and no complex liabilities, and all risks are minimised as described in this note.

The main exposure for financial assets for Torfaen is considered to be its direct investments with banks and even then the 12 month expected credit loss is immaterial.

In relation to borrowing as at the 31 March 2021, the Council had nine lenders option/borrowers option (LOBOs) market loans totalling £31 million. These LOBOs are of a basic type and under the terms of these loans, after the initial fixed period, the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All nine loans have exited their fixed periods, and no alterations have been opted by the lender, and are therefore treated as variable loans. Due to interest rates remaining at such low levels, it is highly unlikely that these variable market loans will be called for a change in rates. The Council therefore does not consider these to carry any material credit risk.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

31 Mar 2020 Estimated maximum exposure to default and uncollectibility £000s		31 Mar 2021 Amount £000s (a)	31 Mar 2021 Historical experience of default % (b)	31 Mar 2021 Historical experience adjustment for market conditions % (c)	31 Mar 2021 Estimated maximum exposure to default and uncollectibility £000s (a * c)
13	Trade Debtors/Customers/lease receivables	8,923	0.17	0.17	15

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The Council does not generally allow credit for its trade debtors and lease receivables such that £6.7 million of the £8.9 million balance is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2020 £000s		31 March 2021 £000s
4,641	Less than three months	3,326
435	Three to six months	533
1,007	Six months to one year	1,362
1,302	More than one year	1,501
7,385	Total	6,722

The quality of debtors is reflected in the level of the impairment allowance shown in Note 19 Debtors.

Collateral – during the reporting period the Council held no collateral as security.

Liquidity Risk

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and the PWLB provides access to longer term funds. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 50% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial liabilities (debt) is as follows:

31 March 2020 £000s		2020/21 Approved Max. Limits £000s		2020/21 Approved Min. Limits £000s		31 March 2021 £000s
(24,339)	Maturing in under 1 year (Short term)	50%	(63,154)	0%	0	(3,897)
(3,876)	Maturing in 1 to 2 years	30%	(37,893)	0%	0	(4,705)
(10,053)	Maturing in 2 to 5 years	50%	(63,155)	0%	0	(10,401)
(27,088)	Maturing in 5 to 10 years	75%	(94,732)	0%	0	(23,408)
(84,744)	Maturing over 10 years	100%	(126,309)	25%	(31,577)	(83,898)
(150,100)	Total					(126,309)

The table illustrates that borrowing levels have not breached the operational boundary or authorised limit specified within the 2020/21 Prudential Report.

The Council's debt can be split further into category of lender:

31 March 2020 £000s		31 March 2021 £000s
(71,679)	Public works loan board	(69,487)
(56,000)	Banks	(55,500)
(20,000)	Local Authorities (Temporary Borrowing for cash flow purposes)	0
(1,500)	Other financial institutions	0
(921)	Other sources	(1,322)
(150,100)	Total	(126,309)

The maturity analysis of financial assets (Council investments only) is as follows:

31 March 2020 £000s		31 March 2021 £000s
25,000	Less than one year	17,040
25,000	Total	17,040

The figures illustrated above are shown as the outstanding principal value and not the amortised cost valuation. Figures in the Balance Sheet reflect amortised cost.

Market Risk

Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. The Council limits interest rate risk by placing investments very short term. The Council's debt is mainly fixed in nature and therefore there is little risk of volatility caused by changes in interest rates, except on the small proportion of LOBO loans. If the rates are altered on these, however, the Council has the option to repay them.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. If all interest rates had been 1% higher at 31 March 2021 (with all variables held constant) the financial effect would have been:

	£000s
Increase in interest payable on variable rate borrowings	310
Increase in interest receivable on variable rate investments	(120)
Impact on Surplus or Deficit on the Provision of Services	190
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(33,162)
Decrease in fair value of fixed rate investments	0
Impact on Other Comprehensive Income and Expenditure	(140)

For the assumptions on which these figures are based refer to page 60.

Price Risk

This is the risk that a monetary loss will occur due to the market value of a security or portfolio of securities declining in the future. The Council, excluding the Pension Fund, does not generally invest in instruments with this type of risk.

The Council's investment of £40,000 in the share capital of SRS (BS) (Business Solutions Limited), as outlined in notes 17 and 18, may increase price risk exposure, but due to the low level of the investment this is considered immaterial. These shares are to be repaid in full during 2021 when the company is made dormant. Price risk only has a monetary impact if shares are sold at a loss.

19. Debtors

2019/20 £000s		2020/21 £000s
1,764	Central government bodies -	
11,772	- Non-Domestic Rates	3,347
	- Other	14,852
1,742	Other Councils	2,599
3,709	NHS bodies	3,612
4,094	Council Tax payers	5,645
(830)	Impairment - Council Tax payers	(1,679)
1,837	Benefit overpayments	1,648
(909)	Impairment - Benefit overpayments	(960)
12,183	Other entities and individuals (incl. trade debtors)	9,665
(770)	Impairment - Other entities and individuals (incl. trade debtors)	(1,136)
34,592	Total	37,593

19a. Debtors for Local Taxation

The past due date but not impaired amount for Council Tax can be analysed by age as follows:

31 March 2020 £000s		31 March 2021 £000s
1,616	Less than 1 year	2,136
579	1 year to 2 years	853
364	2 years to 3 years	409
269	3 years to 4 years	259
172	4 years to 5 years	186
264	More than 5 years	122
3,264	Total	3,966

The analysis above only shows those balances, where assessment has indicated that by exception no impairment is required.

20. Cash and Cash Equivalents

2019/20 £000s		2020/21 £000s
17	Cash held by the Council	19
(6,632)	Bank current accounts (Overdraft)	(7,260)
17,005	Cash Equivalents-Money Market Funds/Other Local Authority Deposits	8,000
10,390	Total Cash and Cash Equivalents	759

21. Creditors

2019/20 £000s		2020/21 £000s
(2,344)	Central government bodies	(2,261)
(1,592)	Other Councils	(1,290)
(304)	NHS bodies	(286)
(1)	Public corporations and trading funds	0
(13,987)	Other entities and individuals (incl. trade creditors)	(16,584)
(18,228)	Total	(20,421)

22. Other Long Term Liabilities

Other long term liabilities are amounts which we must pay back at some time after the next financial year or are amounts to be paid off over a period of time in yearly instalments. The Balance Sheet reflects the amortised values.

31 March 2020			31 March 2021	
Amortised Value £000s	Principal Value £000s		Amortised Value £000s	Principal Value £000s
(150)	(150)	Finance Leases	(141)	(141)
(311,581)	(311,581)	Liability related to defined benefit pension scheme	(421,912)	(421,912)
(311,731)	(311,731)	Total	(422,053)	(422,053)

23. Usable Reserves and Balances

Movements in the Council's usable reserves are summarised in the Movement in Reserves Statement on page 18. Service Area Balances assist in funding proposals specific to each Service Area, and the movement for each Service is shown in the following table:

	31 March 2020	Transfers 2020/21	31 March 2021
	£000s	£000s	£000s
Service Area Balances			
Social Care & Housing	(191)	(711)	(902)
Education	(1,067)	(427)	(1,494)
Chief Executive Services	(120)	120	0
Public Services Support Unit	(65)	(70)	(135)
Neighbourhood Services	(271)	(752)	(1,023)
Resources	(92)	(261)	(353)
Transformation (T22) and Communications	0	(50)	(50)
Total Service Area Balances	(1,806)	(2,151)	(3,957)

The movement on each Corporate Reserve and its purpose is shown below:

	31 March 2020	Transfers 2020/21	31 March 2021
	£000s	£000s	£000s
Corporate Reserves			
Insurance (for self-insured element of claims)	(1,385)	(207)	(1,592)
Corporate Redundancies (for costs of redundancies & Profile project)	(1,104)	(500)	(1,604)
Covid-19 (to provide funds for pandemic-related response costs)	(612)	612	0
Post Covid-19 Recovery (to support recovery initiatives)	0	(1,200)	(1,200)
TCBC Elections (for unitary local council elections)	(59)	(141)	(200)
Regeneration Partnerships (for regeneration work)	(107)	0	(107)
21 st Century Schools (for funding schools modernisation)	(3,277)	3,277	0
ICT Reserve	(440)	(203)	(643)
Planning & Public Protection – Local Plan	(293)	(73)	(366)
Strategic Change (for supporting corporate programmes)	(713)	(894)	(1,607)
Schools Maintenance (to provide targeted premises maintenance works)	(130)	114	(16)
	(8,120)	785	(7,335)
Revenue Grants Unapplied Reserve (holds grant where spend not yet incurred)	(348)	(90)	(438)
Total	(8,468)	695	(7,773)

24. Other Usable Reserves

a. School Balances

2019/20 £000s		LEA Controlled Schools £000s	Voluntary Controlled Schools £000s	Voluntary Aided Schools £000s	2020/21 £000s
(1,464)	Primary schools	(3,870)	(304)	(512)	(4,686)
(56)	Secondary schools	(2,147)	0	(355)	(2,502)
(148)	Special schools	(487)	0	0	(487)
(1,668)	Total	(6,504)	(304)	(867)	(7,675)

b. Capital Receipts Reserve

2019/20 £000s		2020/21 £000s
(9,579)	Balance at 1 April	(5,151)
(307)	Receipts from sales of asset	(2,659)
4,735	Receipts used during the year	2,470
(5,151)	Balance at 31 March	(5,340)

25. Unusable Reserves

a. Revaluation Reserve

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

2019/20 £000s		2020/21 £000s
(71,898)	Balance at 1 April	(68,951)
(5,172)	Upward revaluation of assets	(5,970)
2,377	Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	410
(74,693)	Sub-total - (Surplus)/Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services	(5,560)
4,577	Difference between current value depreciation and historical cost depreciation	4,765
1,165	Accumulated gains on assets sold or scrapped	2,174
(68,951)	Balance at 31 March	(67,572)

b. 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.

2019/20 £000s (Restated)		2020/21 £000s
(124,657)	Balance at 1 April	(130,471)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
13,796	Charges for depreciation and impairment of non-current assets	14,186
2,016	Revaluation losses on Property, Plant and Equipment	1,463
633	Revenue expenditure funded from capital under statute	657
9,503	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	31,391
25,948	Sub total of reversal items	47,697
(5,742)	Adjusting amounts written out of the Revaluation Reserve	(6,939)
20,206	Net written out amount of the cost of non-current assets consumed in the year	40,758
(4,735)	Use of the Capital Receipts Reserve to finance new capital spend	(2,470)
(17,176)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(7,026)
(4,268)	Statutory provision for the financing of capital investment charged against the Council Fund	(4,462)
0	Capital expenditure charged against the Council Fund	(3,447)
(26,179)	Sub total capital financing	(17,405)
169	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(951)
0	Donated assets	(83)
(10)	Adjustment for consolidation of JOPs	(2,240)
(130,471)	Balance at 31 March	(110,392)

c. Financial Instruments Adjustment Account

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

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2019/20 £000s		2020/21 £000s
4,069	Balance at 1 April	3,980
(86)	Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(124)
(3)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(12)
3,980	Balance at 31 March	3,844

d. 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.

2019/20 £000s		2020/21 £000s
363,073	Balance at 1 April	311,879
(75,409)	Re-measurements re pension net liability (asset)	97,056
41,532	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:	30,797
298		176
	• IAS19 reversal	
	• Reversal of accrued strain costs	
(17,591)	Employer's pensions contributions and direct payments to pensioners payable in the year	(17,831)
(39)	Adjustment for consolidation of JOPs	1
25		20
(10)		(10)
	• Re-measurements re pension net liability (asset)	
	• IAS19 reversal	
	• Employer's pensions contributions and direct payments to pensioners payable in the year	
311,879	Balance at 31 March	422,088

26. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services for non-cash movements

2019/20 £000s		2020/21 £000s
13,796	Depreciation	14,186
(791)	Impairment and downwards valuations	1,463
30	(Increase)/decrease in stock	(26)
(9,097)	(Increase)/decrease in debtors	(3,395)
(1,721)	Increase/(decrease) in creditors	7,662
116	Increase/(decrease) in impairment for bad debts	1,266
24,239	Movement in pension liability	13,142
12,943	Carrying amount of non-current assets and non-current asset held for sale, sold or derecognised	31,391
(275)	Other non-cash items charged to the net surplus or deficit on the provision of services	(1,111)
39,240	Total	64,578

27. Cash Flow Statement – Adjustment to net surplus or deficit on the provision of services that are investing and financing activities

2019/20 £000s		2020/21 £000s
(18,891)	Capital grant credited to the Comprehensive Income and Expenditure Statement	(9,805)
6,317	Interest paid and interest and dividends received	6,389
(12,574)	Total	(3,416)

28. Cash Flow Statement – Investment Activities

2019/20 £000s		2020/21 £000s
(34,745)	Purchase of property, plant & equipment, investment property and intangible assets	(21,896)
308	Proceeds from the sale of property, plant & equipment, investment property & intangible assets	2,659
11,005	Proceeds from short term and long term investments	(1,045)
21,029	Other receipts from investing activities	8,919
(2,403)	Net cash flows from investing activities	(11,363)

29. Cash Flow Statement – Financing Activities

2019/20 £000s		2020/21 £000s
5,661	Cash receipts of short term and long term borrowing	(3,349)
0	Other receipts from financing activities	3,290
(45)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(9)
19,635	Repayments of short and long term borrowing	(20,442)
(1,070)	Other payments for financing activities	(2,490)
24,181	Net cash flows from financing activities	(23,000)

30. Cash Flow Statement - Reconciliation of liabilities arising from financing activities

	1 April 2020 £000s	Financing cash flows £000s	Non-cash changes £000s	31 March 2021 £000s
Long-term borrowings	(125,761)	3,349	0	(122,412)
Short-term borrowings	(24,339)	20,442	0	(3,897)
Lease liabilities	(150)	9	0	(141)
Total liabilities from financing activities	(150,250)	23,800	0	(126,450)

31. Pooled Budgets for Health and Social Care

Under Section 33 of the National Health Service (Wales) Act 2006, three Partnership Agreements exist between Aneurin Bevan University Health Board (ABUHB) and the five Councils within its area. The Councils' transactions are included in the Social Care and Housing line of the Comprehensive Income and Expenditure Statement and the income and expenditure for each of the pooled budget arrangements is shown below.

1) Gwent Wide Integrated Community Equipment Service (GWICES)

This Greater Gwent service facilitates modern and closer integration for health and social care community equipment services. This service is delivered on a locality basis reflecting the boundaries of each Council. Torfaen is the lead Council.

2019/20 £000s		2020/21 £000s
	Funding Provided to the Pooled Budget	
(258)	Blaenau Gwent County Borough Council	(311)
(449)	Caerphilly County Borough Council	(462)
(323)	Monmouthshire County Council	(382)
(331)	Newport City Council	(388)
(361)	Torfaen County Borough Council	(372)
(86)	Torfaen County Borough Council - Telecare	(108)
(400)	Torfaen County Borough Council – ICF T1	(920)
(904)	Aneurin Bevan Health Board	(874)
(101)	Contribution to Lead Commissioner – Local Councils	(140)
(20)	Contribution to Lead Commissioner – Local Health Board	(28)
(165)	Community Resource Team	(121)
(3,398)	Total Funding	(4,106)
	Expenditure met from the Pooled Budget	
121	Staff	168
3,277	Non-Staff	3,938
3,398	Total Expenditure	4,106
0	Net (Surplus)/Deficit Arising on the Pooled Budget	0

2) The Gwent Frailty Programme

This programme provides integrated community based care services primarily aiming to avoid hospital admissions and assist independent living, and is delivered on a locality basis. Caerphilly County Borough Council has been appointed as the Lead Commissioner, and is responsible for the Section 33 Agreement, management of the pooled budget, and agreeing Annual Locality Commissioning Plans for the delivery of the Frailty services.

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2019/20 £000s		2020/21 £000s
	Funding - Pooled Fund Contribution	
(576)	Blaenau Gwent County Borough Council	(614)
(2,310)	Caerphilly County Borough Council	(2,230)
(1,361)	Monmouthshire County Council	(1,411)
(1,768)	Newport City Council	(1,845)
(842)	Torfaen County Borough Council	(807)
(9,714)	Aneurin Bevan Health Board	(9,730)
(16,571)	Total Funding	(16,637)
	Pooled Fund - Reimbursements	
438	Blaenau Gwent County Borough Council	516
2,132	Caerphilly County Borough Council	2,010
1,291	Monmouthshire County Council	1,352
1,810	Newport City Council	1,793
715	Torfaen County Borough Council	728
8,673	Aneurin Bevan Health Board	8,832
580	Central Costs	612
819	Invest to Save Loan Repayment	780
16,458	Total Expenditure	16,623
(113)	Net in year (under)/overspend	(14)
(376)	Balance brought forward 1 April	(489)
(489)	Balance carried forward 31 March	(503)

3) Care Homes for Older People in Gwent

The Social Services and Wellbeing (Wales) Act (2014), effective from April 2018 envisaged that this would be a single pooled fund which removes the traditional Health/Social care division between partners, offering flexibility in the single fund's use according to locally agreed needs. However, in the Gwent region and in other regions in Wales, the approach adopted towards the mechanics of the pooled fund arrangement is that (at least in its initial stage), it will not share financial risk nor introduce any potential cross-subsidy between the partners. Torfaen is the lead Council for the Gwent region. One of the anticipated benefits to an integrated regional commissioning approach to care homes is a coherent, strategic approach which will support the sector in its medium and longer term business planning and mitigate the current risks the sector is experiencing.

2019/20 £000s		2020/21 £000s
	Funding - Pooled Fund Contribution	
(7,505)	Blaenau Gwent County Borough Council	(7,019)
(22,039)	Caerphilly County Borough Council	(22,289)
(9,738)	Monmouthshire County Council	(8,870)
(17,329)	Newport City Council	(16,062)
(10,714)	Torfaen County Borough Council	(10,390)
(37,651)	Aneurin Bevan Health Board	(31,117)
(104,976)	Total Funding	(95,747)
	Pooled Fund – Reimbursements	
14,447	Gwent Local Authority Residential Homes	14,246
14,789	Other Elderly Frail Residential Care	11,870
19,131	Other Elderly Mentally Infirm Residential Care	20,505
19,590	Elderly Frail Funded Nursing Care	17,495
8,085	Elderly Mentally Infirm Funded Nursing Care	9,036
9,321	Elderly Frail Continuing Health Care	7,464
19,331	Elderly Mentally Infirm Continuing Health Care	14,840
220	Step Up/Step Down	228
62	Lead Commissioner Costs	63
104,976	Total Expenditure	95,747
0	Net in year (under)/overspend	0
0	Balance brought forward 1 April	0
0	Balance carried forward 31 March	0

32. Members Allowances

The Council paid the following amounts to Members of the Council.

2019/20 £000s		2020/21 £000s
1,050	Total allowances and expenses	1,049

33. Officers Remuneration

The Council has to publish the organisation's pay multiple, that is the ratio between the highest paid employee and the median earnings across the organisation. The ratio of Chief Executive Pay to the median pay in Torfaen was as follows:

	2019/20	2020/21
Chief Executive's Pay	4.67	5.15
Median Pay 2021 = £22,183 (2020=£23,836)	1	1

The following table shows the number of our employees who earned more than £60,000 in 2020/21 excluding Senior Officers, pensioners, and any teachers employed directly by schools, rather than the Council. Employers' pension contributions are not included in the calculation of the remuneration that determines these bands. The table also includes the relevant employees of the Shared Resource Services; we share their costs with the other constituent bodies of the service.

Number of employees 2019/20		Pay bands £	Number of employees 2020/21	
Total	Number who left during the year		Total	Number who left during the year
20	1	60,000 to 64,999	21	0
12	2	65,000 to 69,999	12	0
15	0	70,000 to 74,999	15	2
3	1	75,000 to 79,999	11	0
2	1	80,000 to 84,999	3	1
2	0	85,000 to 89,999	1	0
1	1	90,000 to 94,999	1	0
1	0	95,000 to 99,999	0	0
1	1	100,000 to 104,999	0	0
0	0	105,000 to 109,999	1	1
0	0	110,000 to 114,999	0	0
1	1	115,000 to 119,999	0	0
58	8	Total	65	4

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies for all employees are set out in the tables below. Other redundancies have been made as part of the Councils' rationalisation procedure and have occurred for such reasons as resignations, mutual agreement, and dismissal. The costs include redundancy costs and payments in lieu of notice at time of departure. Where applicable employers' national insurance contributions are included, as well as any 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.

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2020/21 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 £000s
£0 - £20,000	7	34	41	331
£20,001 - £40,000	0	20	20	532
£40,001 - £60,000	0	2	2	93

2019/20 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 £000s
£0 - £20,000	11	28	39	217
£20,001 - £40,000	2	11	13	387
£40,001 - £60,000	2	3	5	228
£60,001 - £80,000	0	2	2	135
£80,001 - £100,000	0	2	2	171
£100,001 - £150,000	0	1	1	137
£150,001 - £200,000	0	1	1	281

33a. Senior Officers emoluments where salary is between £60,000 and £150,000 per year – 2020/21

2020/21 Post Title	Notes	Salary (including fees & allowances) £	Taxable expense allowances £	Compensation for loss of office £	Total remuneration excluding pension contributions £	TCBC's contribution to the Pension Fund £	Total remuneration including pension contributions £
Chief Executive	1	115,081	0	0	115,081	27,898	142,979
Assistant Chief Executive-Resources		95,056	0	0	95,056	23,194	118,250
Assistant Chief Executive- Strategy	2	59,999	0	0	59,999	14,640	74,639
Chief Officer Social Care and Housing		92,833	0	0	92,833	22,651	115,484
Head of Education Services		92,833	0	0	92,833	22,598	115,431
Chief Officer Neighbourhood, Planning and Public Protection		92,833	0	0	92,833	22,651	115,484
Chief Operating Officer – Shared Resource Services	3	94,150	0	0	94,150	17,889	112,039
Monitoring Officer and Assistant Chief Legal Officer		66,669	0	0	66,669	16,267	82,936
Head of Public Services Support Unit and Senior Information Risk Owner		74,120	0	0	74,120	18,085	92,205
Head of Transformation and Improvement		76,034	0	0	76,034	18,552	94,586

Notes

1. The amount of £115,081 comprises £114,338 plus fees of £743 being the amount that was outstanding for acting as the electoral returning officer in respect of the December 2019 General Election. The Cabinet Office retain 25% of the fee pending completion of specific UK administration such that the £743 was paid in January 2021.
2. This is a part-time post and the annualised full time salary is £99,999.
3. The costs of the post of Chief Operating Officer – Shared Resource Services are shared equally between Torfaen County Borough Council, Monmouthshire County Council, Blaenau Gwent County Borough Council, Newport City Council and Gwent Police. The amounts shown in the table are the full costs of the post before any cost sharing.

33b. Senior Officers emoluments where salary is between £60,000 and £150,000 per year – 2019/20

2019/20 Post Title	Notes	Salary (including fees & allowances) £	Taxable expense allowance s £	Compensation for loss of office £	Total remuneration excluding pension contributions £	TCBC's contribution to the Pension Fund £	Total remuneration including pension contributions £
Chief Executive	1	113,509	0	0	113,509	27,152	140,661
Assistant Chief Executive-Resources		92,512	0	0	92,512	22,573	115,085
Assistant Chief Executive- Strategy	2	59,999	0	0	59,999	14,640	74,639
Chief Officer Social Care and Housing		90,348	0	0	90,348	22,045	112,393
Head of Education Services		89,648	0	0	89,648	21,874	111,522
Chief Officer Neighbourhood, Planning and Public Protection		90,348	0	0	90,348	22,045	112,393
Chief Operating Officer – Shared Resource Services	3	89,491	0	0	89,491	20,762	110,253
Monitoring Officer and Assistant Chief Legal Officer		63,445	0	0	63,445	15,481	78,926
Head of Public Services Support Unit and Senior Information Risk Owner		70,717	0	0	70,717	17,255	87,972
Head of Transformation and Improvement		73,859	0	0	73,859	18,022	91,881

Notes

1. The amount of £113,509 comprises £111,278 plus fees of £2,231 being the amount for acting as the electoral returning officer in respect of the December 2019 General Election (£743 outstanding).
2. This is a part-time post and the annualised full time salary is £99,999.
3. The costs of the post of Chief Operating Officer – Shared Resource Services are shared equally between Torfaen County Borough Council, Monmouthshire County Council, Blaenau Gwent County Borough Council, Newport City Council and Gwent Police. The amounts shown in the table are the full costs of the post before any cost sharing.

34. External Audit Costs

2019/20 £000s		2020/21 £000s
172	Fees payable with regard to external audit services carried out by the appointed auditor for the year	172
98	Fees payable in respect of statutory inspections	82
42	Fees for the certification of grant claims and returns	38
312	Total	292

The fees payable in respect of statutory inspections for 2020/21 include a credit amount of £17,043 in relation to the 2018/19 performance fee.

35. Related Parties

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 secured the ability to limit another party's ability to bargain freely with the Council.

Welsh Government

Welsh Government has effective control 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. Grants received from government departments are set out in the Comprehensive Income and Expenditure Statement, and in the subjective analysis in note 7 Expenditure and Income Analysed by Nature as well as note 12 regarding Grants.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2020/21 is shown in note 32. Under the Code of Conduct, incorporated in the Council's constitution, Members are required to record in the Register of Members' Interests any financial and other personal interests, together with any gift, hospitality, material benefit or advantage. The Register is open to inspection by the public and is available on an individual Member basis on the Council's website. Members who declare an interest do not take part in any discussion or decision relating to grants made or works or services commissioned. Details of all interests declared are recorded in the minutes of relevant meetings.

Members of the Council are nominated to serve on numerous outside bodies some of which either receive funding from the Council or issue levies and precepts to be paid by the Council. When sitting on these bodies Members are expected to act independently and not to represent the views of the County Borough Council.

Where works or services have been commissioned or where grants were made during the financial year in which Members had an interest, Members have a duty to declare such an interest. The Council must ensure that contracts entered into were in full compliance with standing orders and that grants were made with proper consideration of declarations of such interests.

The following transactions related to elected members took place during the year 2020/21, with associated balances due to or from the Council at the year ended 31 March 2021.

Related Party, relationship and transaction details	Amounts Paid out by Authority	Amounts Received by Authority	Balance Outstanding - Debtors	Balance Outstanding - Creditors
	£	£	£	£
Jenson Travel Ltd: one member of the Council is the owner of the company. Payments relate mainly to the supply of transport services.	117,737	15,369	0	0
Cwmbran Centre for Young People: one member of the Council is a director. Payments relate to the provision of counselling, training and support sessions and grants.	372,021	2,583	1,603	53,355
Torfaen Voluntary Alliance: one member is a director, one member co-opted. Payments are mainly grants to support community and third sector schemes.	40,939	22,997	266	1,500
Garnsychan Partnership: one member is a director. Payments are mainly Third Sector Major grants to assist in running the charity, which is a community based enterprise.	32,553	4,745	245	0
Torfaen Opportunities Group: two members of the council are directors. Payments to support vulnerable children and play grant.	15,443	559	92	1,495
Age Concern Torfaen: one member is a trustee. Payments are mainly grants and other social care support.	55,174	0	0	0

Senior Officers

Under the Employees' Code of Conduct, officers are required to declare potential conflicts of interest arising from employment arrangements together with gifts or hospitality and offers thereof and, under Section 117 of the 1972 Local Government Act, contractual arrangements where there is a conflict of interest whether it be by direct or indirect involvement. Most professional bodies also have codes of professional conduct to which members of those bodies are expected to adhere. One senior officer acts as a Trustee for Sparkle (South Wales) Ltd – an official fundraising charity organisation aiming to support children and young people with disabilities and/or developmental difficulties. Payments to Sparkle during 2020-21 totalled £23,400 (including £23,000 outstanding at year-end).

Pension Funds

During 2020/21 the Council enacted with both the Greater Gwent (Torfaen) Pension Fund and the Teachers Pension Agency due to its role as an employer. Full details of the relationship with both organisations are disclosed in note 36. In relation to balances outstanding at the year end for pension employee and employers' contributions the amount owed was £1,396,629. There was also a year end balance owed to the Pension Fund for early retirement costs of £176,277. In addition to its role as an employer the Council also enacted with the Pension Fund in its role as Administrator of the Fund. Material transactions regarding Management and Administrative expenses incurred by the Pension Fund and owed to the Council amounted to £1,654,441 with a year end balance of £111,130.

Other Public Bodies subject to common control by central government

The Council has a pooled budget arrangement with Aneurin Bevan University Health Board for the provision of care services. Further details of the arrangement, the transactions and balances outstanding are detailed in note 31.

Cardiff Capital Region City Deal (CCRCD)

A Joint Working Agreement formally established the Cardiff Capital Region Joint Committee (the Regional Cabinet) as a Joint Committee, with delegated functions, from 1st March, 2017. It is a partnership between the 10 councils in South East Wales, including Torfaen County Borough Council. This arrangement has been consolidated for the first time in these accounts. Note 10 Joint Operations provides further information.

Entities Controlled or Significantly Influenced by the Council

Councils must consider whether they need to produce group accounts for interests held in other bodies/organisations, where they meet the definition of subsidiaries, associates and joint ventures. Torfaen has conducted a detailed review of all relationships in this regard, and although the Council has interests in a number of companies, they do not meet the requirements for the preparation of Group Accounts. The Council has interests in the following companies:

(1) Shared Resource Services (Business Solutions Limited)

The company was incorporated in June 2011 with the aim of trading with the private and third sector. The shareholding Councils (Torfaen and Monmouthshire) invested £40,000 each in share capital. The company is to become dormant in 2021/22. Notes 17 and 18 also refers to this. SRS (Business Solutions Limited) fits the accounting definition of a Joint Venture. The accounting position of the company is not material to the fair presentation of the financial position and transactions of the Council, or to the understanding of the Statement of Accounts. The accounting treatment therefore falls outside the requirement to prepare Group Accounts; this treatment is consistent with that adopted by Monmouthshire County Council. Any transactions or balances outstanding between the Council and SRS (BS) are immaterial.

(2) Education Achievement Service - (EAS)

The EAS aims to raise education standards in South East Wales. It is a joint company, limited by guarantee and wholly owned and completely controlled by the five Local Councils of Torfaen, Blaenau Gwent, Caerphilly, Monmouthshire, and Newport, but operating at arm's length. It is not a profit making company, and it is a separate legal entity. There is no lead Council with each being represented equally with a 20% interest, and having equal voting rights. This would trigger the minimum requirements to classify the EAS as an associate company and to include the company within group accounts, however there are a number of factors that counter indicate the Council having significant influence over the EAS, and an assessment has been made that the reader of the accounts is better served by presenting the financial results of the EAS as shown below. The company has a Board consisting of the Lead Director and elected member representatives from the partner Councils. Decisions are made on a majority vote basis. The Collaboration Agreement commits the Council to participating in the EAS Company for a minimum period of four years. Any transactions or balances outstanding between the Council and the EAS are immaterial.

36. Post Employment Benefits

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 that need to be disclosed at the time that employees earn their future entitlement. The Council participates in two separate pension schemes the Local Government Pension Scheme (LGPS) and the Teachers' Pensions Scheme (TPS), both of which provide defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Council.

Teachers Pension Scheme (TPS) – Unfunded Defined Benefit Scheme Accounted for as a Defined Contribution Scheme

Whilst this is an unfunded multi-employer defined benefit scheme it is required to be accounted for as if it were a defined contribution scheme, because the arrangements are such that the liabilities cannot ordinarily be identified specifically to the Council. A notional fund is used as the basis for calculating the employer's contribution rate paid by local authorities and valuations of the notional fund are undertaken every four years. This scheme is administered by the Teachers' Pensions Agency (TPA). No liability for future payments of these benefits is recognised in the Council's Balance Sheet.

In 2020/21, the Council paid £7,213,853 to the TPA in respect of teachers' retirement benefits, (£6,254,674 in 2019/20) representing 23.6% of pensionable pay (23.6% in 2019/20). In 2021/22 the expected contributions for the plan are £7.358 million.

There were no contributions recognised as a short-term creditor in the Balance Sheet at 31 March 2021 as the payment of £840,133 had already been paid (2019/20 payment was £848,247).

Teachers' Discretionary Unfunded Post Employment Benefits

Under this scheme there are separate arrangements for the award of discretionary post employment benefits upon early retirement – these are unfunded defined benefit arrangements, under which liabilities are recognised when awards are made. The total amount payable for these payments in 2020/21 was £1,588,329 and is recognised in the Council's Balance Sheet,

and reflected in the tables that follow. The authority anticipates paying £1,599,447 in 2021/22 for these discretionary payments.

The Council is not responsible for any other employers' obligations under this pension plan.

The Local Government Pension Scheme – Funded Defined Benefit Scheme

This is a funded defined benefits scheme, meaning that the Council and employees pay contributions into the Greater Gwent (Torfaen) Pension Fund (The Fund), calculated at a level intended to balance the pension liabilities with investment assets. The amount included in the Balance Sheet arising from the Council's obligation in respect of this defined benefit plan is in the table that follows. Torfaen County Borough Council is the administering authority for this Pension Fund. It is governed by the Superannuation Act 1972 and various secondary legislation relating to the Local Government Pension Scheme (LGPS). It is an occupational pension scheme for persons (other than teachers) employed by local authorities in Greater Gwent. The main employers are local authorities but there are also other organisations providing public services who are allowed to join either as scheduled or admitted bodies.

The Fund produces an annual report that contains further information regarding governance. The Council has delegated its functions as administering authority of the Fund to the Pensions Committee, which meets on a quarterly basis. The Committee decides on the investment policy most suitable to meet the liabilities within the Fund and has responsibility for the Fund's investment strategy and administrative arrangements.

The principal risks to the authority 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 equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the Council Fund the amounts required by statute as described in our accounting policies. Risk is inherent in many of the Funds activities, particularly as they relate to investments but the Pensions Committee recognises the need to reduce risk to a minimum where it is possible to do so without compromising investment returns and to limit risk to acceptable levels. The Fund's primary long term risk is that assets will fall short of its liabilities. Investment risk is therefore aimed to minimise the risk of an overall reduction in the value of the Fund whilst maximising the opportunity for gains across the whole portfolio. Further detail concerning the risks the Fund, and Torfaen County Borough Council (as an employer) are exposed to is contained within the Pension Fund Annual Report that is produced.

The Local Government Pension Scheme – Discretionary Unfunded Post Employment Benefits

In addition, there are separate arrangements for the award of discretionary post employment benefits upon early retirement. These are unfunded defined benefit arrangements, under which liabilities are recognised when awards are made, and are shown in the table below.

Employers' Contributions

With regard to impact on the authority's cash flows the objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council, as administering authority, has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are also monitored on an annual basis.

The latest Actuarial Valuation as at 31 March 2019 covers the contribution rates from 1 April 2020 until 31 March 2023. The rates will remain at a minimum of 23.2% for the first two years and increase to a minimum 24.2% for the final year.

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The authority anticipates paying £16,035,002 as basic expected contributions to the scheme in 2021/22. As an indication of the level of the Council's participation in the Greater Gwent (Torfaen) Pension Fund compared with other participating entities, the Council contributed 14.1% of the total contribution receivable by the Fund in 2020/21 (13.9% in 2019/20).

Transactions Relating to Post Employment Benefits

We recognise the cost of retirement benefits 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 we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement 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 and the Council Fund Balance via the Movement in Reserves during the year.

31 March 2020			Changes in the Fair Value of Plan Assets, Defined Benefits and Net Liability	31 March 2021		
Assets	Liabilities	Net liability/ (assets)		Assets	Liabilities	Net liability/ (assets)
£000s	£000s	£000s		£000s	£000s	£000s
(442,615)	0	(442,615)	Fair Value of Employer Assets	(405,140)	0	(405,140)
0	770,841	770,841	Present Value of Funded Liabilities	0	687,312	687,312
0	34,773	34,773	Present Value of Unfunded Liabilities	0	29,374	29,374
(442,615)	805,614	362,999	Opening Position at 31 March	(405,140)	716,686	311,546
			Service Cost			
0	30,459	30,459	Current Service Cost*	0	23,829	23,829
0	2,196	2,196	Past Service Costs (including curtailments)	0	36	36
0	32,655	32,655	Total Service Cost	0	23,865	23,865
			Net Interest			
(10,667)	0	(10,667)	Interest Income on Plan assets	(9,340)	0	(9,340)
0	19,559	19,559	Interest cost on Defined Benefit Obligation	0	16,570	16,570
(10,667)	19,559	8,892	Total Net Interest	(9,340)	16,570	7,230
(10,667)	52,214	41,547	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(9,340)	40,435	31,095
			Cashflows			
(4,130)	4,130	0	Plan Participants' Contributions	(4,412)	4,412	0
(15,603)	0	(15,603)	Employers' Contribution	(15,808)	0	(15,808)
(1,988)	0	(1,988)	Contribution for Unfunded Benefits	(2,023)	0	(2,023)
17,854	(17,854)	0	Benefits Paid	17,741	(17,741)	0
1,988	(1,988)	0	Unfunded Benefits Paid	2,023	(2,023)	0
(455,161)	842,116	386,955	Expected Closing Position	(416,959)	741,769	324,810
			Re-measurements re Pension Net Liability (Asset)			
0	(33,858)	(33,858)	Changes in Demographic Assumptions	0	12,218	12,218
0	(73,172)	(73,172)	Changes in Financial Assumptions	0	204,166	204,166
0	(18,400)	(18,400)	Other Experience	0	(4,444)	(4,444)
50,021	0	50,021	Return on Assets Excluding Amounts Included in Net Interest	(114,884)	0	(114,884)
50,021	(125,430)	(75,409)	Total Re-measurements Recognised in Other Comprehensive Income and Expenditure Statement	(114,884)	211,940	97,056
(405,140)	0	(405,140)	Fair Value of Employer Assets	(531,843)	0	(531,843)
0	687,312	687,312	Present Value of Funded Liabilities	0	919,565	919,565
0	29,374	29,374	Present Value of Unfunded Liabilities**	0	34,144	34,144
(405,140)	716,686	311,546	Closing Position at 31 March	(531,843)	953,709	421,866

*The current service costs includes an allowance for administration expenses of 0.5% of payroll

**This liability comprises of approximately £6,253,000 in respect of LGPS unfunded pensions and £27,891,000 in respect of Teachers' unfunded pensions. For unfunded liabilities as at 31st March 2021, it is assumed that all unfunded pensions are payable for the remainder of the members life. It is further assumed that 90% of pensions are married (or cohabitating) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension as at the date of the members' death.

Re-measurements shown in the Comprehensive Income and Expenditure Statement include £1,000 relating to Joint Operations (JOPs) as shown in note 10. The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total net liability of £422,088,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

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- the deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme Actuary.
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The LGPS assets attributable to Torfaen County Borough Council comprised the following, they are shown at Bid Value as required under IAS19:

31 March 2020 £000s	31 March 2020 %	Asset Type	31 March 2021 £000s	31 March 2021 %
		Quoted instruments		
		Equity Securities:		
10,909	3	Consumer	14,321	3
11,935	3	Manufacturing	15,668	3
9,959	2	Energy & Utilities	13,073	2
13,416	3	Financial Institutions	17,612	3
5,775	1	Health and Care	7,580	1
6,114	2	Information Technology	8,026	2
1,817	0	Other	2,385	0
59,925	14	Total Quoted	78,665	14
		Unquoted instruments		
		Investment Funds		
234,048	58	Equities	307,245	58
67,974	17	Bonds	89,233	17
29,435	7	Others	38,640	7
10,197	3	Property	13,386	3
3,561	1	Cash and cash equivalents	4,674	1
345,215	86	Total Unquoted	453,178	86
405,140	100	Total Assets	531,843	100

Basis for Estimating Assets and Liabilities

The principal IAS19 assumptions used by the Actuary for these accounts are shown in the following table. Using the projected unit method the Actuary determines the figures at the Balance Sheet date using the latest scheme valuation as a base, which was 31 March 2019.

2019/20		Principal Actuarial Assumptions	2020/21	
Local Government Pension Scheme (Including Discretionary Arrangements)	Discretionary Benefits Arrangements (Teachers)		Local Government Pension Scheme (Including Discretionary Arrangements)	Discretionary Benefits Arrangements (Teachers)
		Mortality assumptions:		
		Longevity at 65 for current pensioners		
20.6 yrs	20.6 yrs	Men	20.7 yrs	20.7 yrs
22.9 yrs	22.9 yrs	Women	23.4 yrs	23.4 yrs
		Longevity at 65 for future pensioners		
21.6 yrs	N/A	Men	22.1 yrs	N/A
24.6 yrs	N/A	Women	25.4 yrs	N/A
		Other assumptions:		
1.9%	1.9%	Rate of inflation (CPI)	2.85%	2.85%
2.2%	N/A	Rate of increase in salaries	3.15%	N/A
1.9%	1.9%	Rate of increase in pensions	2.85%	2.85%
2.3%	2.3%	Rate for discounting scheme liabilities	2.0%	2.0%
N/A	N/A	Take-up of option to convert annual pension into retirement lump sum	N/A	N/A

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above.

The discount rate has fallen, the rates were higher as at 31st March 2020 as the Covid-19 pandemic was in its early stages and so the rates were inflated, but during the year the yields have followed market movements and this has increased the obligations due.

The longevity assumptions have been reviewed by experts and will be consistent with those adopted by the Pension Fund in the 2019 funding valuation. They have resulted in a modest increase in life expectancies, which has also served to increase the liabilities.

The rate of salary increase is derived from RPI/CPI assumptions at the reporting date and uses the same methodology as the 2019 funding valuation, which means that they are assumed to be 0.3% above CPI. The pensions increase assumptions are higher because at the end of 2020, a change was confirmed in the method of calculating RPI, on which CPI is based, and this has led to higher CPI assumptions.

The sensitivity analyses below have 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 as whole year increases in life expectancy, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit method.

Sensitivity of Financial Assumptions Adopted

The tables below are sensitivity analyses for each significant actuarial assumption as they apply to the LGPS:

Sensitivity analysis as at 31 March 2021 – Torfaen County Borough Council's participation in Greater Gwent (Torfaen) Pension Fund (LGPS)		
Changes in assumptions at 31 March 2021	Approximate % increase to Employer Liability	Approximate monetary amount £000s
0.5% decrease in Real Discount Rate	11%	100,947
1 year increase in member life expectancy	3-5%	N/A
0.5% increase in Salary Increase Rate	1%	11,541
0.5% increase in the Pension Increase Rate	9%	87,173

IAS19 remeasurements and plan amendments, curtailments and settlement

On 7th Feb 2018, the IASB issued an amendment to IAS19 when accounting for the above, the Actuary has measured the significance of 5% of active members being affected by any event as a trigger for remeasurement. Events which could trigger this could be a large number of early retirements or a bulk transfer of staff. As part of the IAS19 exercise they have reviewed these events and they have found no significant events to report during the period.

37. Prior Period Restatement of Service Expenditure and Income

During the course of 2020/21 there was a change to the Authority's management reporting structure at a reportable segment level, compared with 2019/20 - the Chief Executives Service area was re-aligned, and also three grant codes were re-designated. To reflect these changes in the 2020/21 accounts the 2019/20 comparative figures have been restated. In addition changes to the prior year have been made for corrections required as identified during the 2020/21 external audit process. The following statements present these accumulated changes.

STATEMENT OF ACCOUNTS 2020/21

Comprehensive Income and Expenditure Statement for the year ended 31 March 2020 – Original and Restated

Original				Restated		
31 March 2020				31 March 2020		
Expenditure £000s	Income £000s	Net £000s		Expenditure £000s	Income £000s	Net £000s
104,246	(23,443)	80,803	Education Services	107,682	(23,443)	84,239
75,181	(25,001)	50,180	Social Care and Housing	75,181	(25,001)	50,180
49,501	(21,539)	27,962	Neighbourhood Services	46,441	(18,475)	27,966
1,852	(574)	1,278	Public Services Support Unit	2,225	(747)	1,478
3,056	0	3,056	Information Technology	3,056	0	3,056
39,165	(29,971)	9,194	Resources	45,001	(29,971)	15,030
7,209	(265)	6,944	Chief Executive's Services	1,461	(112)	1,349
9,281	0	9,281	Council Tax Reduction Scheme	9,281	0	9,281
851	(28)	823	Corporate Property Maintenance	851	(28)	823
779	(20)	759	Early Intervention	779	(20)	759
4,130	(698)	3,432	Other Services	3,669	(678)	2,991
295,251	(101,539)	193,712	Cost of Services	295,627	(98,475)	197,152
			Other Operating Expenditure			
12,867	(162)	12,705	(Gain)/Loss on disposal of non-current assets	9,427	(162)	9,265

Comprehensive Income and Expenditure Statement for the year ended 31 March 2020 –

	Restatement Movements		
	31 March 2020		
	Expenditure £000s	Income £000s	Net £000s
Education Services	3,436	0	3,436
Social Care and Housing	0	0	0
Neighbourhood Services	(3,060)	3,064	4
Public Services Support Unit	373	(173)	200
Information Technology	0	0	0
Resources	5,836	0	5,836
Chief Executive's Services	(5,748)	153	(5,595)
Council Tax Reduction Scheme	0	0	0
Corporate Property Maintenance	0	0	0
Early Intervention	0	0	0
Other Services	(461)	20	(441)
Cost of Services	376	3,064	3,440
Other Operating Expenditure			
(Gain)/Loss on disposal of non-current assets	(3,440)	0	(3,440)

Restatement Movement

Expenditure and Funding Analysis - Original

Original 2019/20	As reported for resource management	Adjustment to arrive at the net amount chargeable to the Council Fund (note 6b)	Net expenditure chargeable to the Council Fund balance	Adjustments between funding and accounting basis (note 6b)	Net expenditure in the Comprehensive Income & Expenditure Statement
	£000s	£000s	£000s	£000s	£000s
Education Services	69,435	1,336	70,771	10,032	80,803
Social Care & Housing	46,352	495	46,847	3,333	50,180
Neighbourhood Services	18,771	145	18,916	9,046	27,962
Public Services Support Unit	988	63	1,051	227	1,278
Information Technology	2,790	103	2,893	163	3,056
Resources	6,596	1,169	7,765	1,429	9,194
Chief Executive's Services	5,908	75	5,983	961	6,944
Capital Financing	10,490	(10,490)	0	0	0
Council Tax Reduction Scheme	9,281	0	9,281	0	9,281
South Wales Fire Service Levy	4,337	(4,337)	0	0	0
Corporate Property Maintenance	920	(97)	823	0	823
Early Intervention	476	283	759	0	759
Other Services	594	(671)	(77)	3,509	3,432
Net Cost of Services	176,938	(11,926)	165,012	28,700	193,712
Other Income and Expenditure					
Other Operating Expenditure	10,082	4,467	14,549	12,904	27,453

Expenditure and Funding Analysis - Restated

Restated 2019/20	As reported for resource management	Adjustment to arrive at the net amount chargeable to the Council Fund	Net expenditure chargeable to the Council Fund balance	Adjustments between funding and accounting basis	Net expenditure in the Comprehensive Income & Expenditure Statement
	£000s	£000s	£000s	£000s	£000s
Education Services	69,431	1,336	70,767	13,472	84,239
Social Care & Housing	46,352	495	46,847	3,333	50,180
Neighbourhood Services	18,775	145	18,920	9,046	27,966
Public Services Support Unit	1,153	63	1,216	262	1,478
Information Technology	2,790	103	2,893	163	3,056
Resources	11,637	1,169	12,806	2,224	15,030
Chief Executive's Services	1,143	75	1,218	131	1,349
Capital Financing	10,490	(10,490)	0	0	0
Council Tax Reduction Scheme	9,281	0	9,281	0	9,281
South Wales Fire Service Levy	4,337	(4,337)	0	0	0
Corporate Property Maintenance	920	(97)	823	0	823
Early Intervention	476	283	759	0	759
Other Services	153	(671)	(518)	3,509	2,991
Net Cost of Services	176,938	(11,926)	165,012	32,140	197,152
Other Income and Expenditure					
Other Operating Expenditure	10,082	4,467	14,549	9,464	24,013

Expenditure and Funding Analysis – Restated Movements

Restated 2019/20	As reported for resource Management	Adjustment to arrive at the net amount chargeable to the Council Fund	Net expenditure chargeable to the Council Fund balance	Adjustments between funding and accounting basis	Net expenditure in the Comprehensive Income & Expenditure Statement
	£000s	£000s	£000s	£000s	£000s
Education Services	(4)	0	(4)	3,440	3,436
Social Care & Housing	0	0	0	0	0
Neighbourhood Services	4	0	4	0	4
Public Services Support Unit	165	0	165	35	200
Information Technology	0	0	0	0	0
Resources	5,041	0	5,041	795	5,836
Chief Executive's Services	(4,765)	0	(4,765)	(830)	(5,595)
Capital Financing	0	0	0	0	0
Council Tax Reduction Scheme	0	0	0	0	0
South Wales Fire Service Levy	0	0	0	0	0
Corporate Property Maintenance	0	0	0	0	0
Early Intervention	0	0	0	0	0
Other Services	(441)	0	(441)	0	(441)
Net Cost of Services	0	0	0	3,440	3,440
Other Income and Expenditure					
Other Operating Expenditure	0	0	0	(3,440)	(3,440)

Note to the Expenditure and Funding Analysis - Original

Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2019/20	Other (Reserve funding and impairment losses)	Capital Finance	Levies reported at Services level	Total to arrive at amount charged to the Council fund	Adjustments between accounting and funding basis			
					Adjustments for capital purposes	Net change for the pension adjustments	Other differences	Total adjustments
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Education Services	1,336	0	0	1,336	6,824	2,696	512	10,032
Social Care & Housing	495	0	0	495	404	2,923	6	3,333
Neighbourhood Services	145	0	0	145	5,570	3,294	182	9,046
Public Services Support Unit	63	0	0	63	0	221	6	227
Information Technology	0	103	0	103	163	10	(10)	163
Resources	(181)	1,350	0	1,169	44	1,446	(61)	1,429
Chief Executive Services/Strategic	75	0	0	75	0	966	(5)	961
Capital Financing	0	(10,490)	0	(10,490)	0	0	0	0
Council Tax Reduction Scheme	0	0	0	0	0	0	0	0
South Wales Fire Service Levy	0	0	(4,337)	(4,337)	0	0	0	0
Corporate Property Maintenance	0	(97)	0	(97)	0	0	0	0
Early intervention	283	0	0	283	0	0	0	0
Other Services	(518)	0	(153)	(671)	0	3,509	0	3,509
Net Cost of Services	1,698	(9,134)	(4,490)	(11,926)	13,005	15,065	630	28,700
Other Income and Expenditure								
Other Operating Expenditure	(23)	0	4,490	4,467	12,705	0	199	12,904

Note to the Expenditure and Funding Analysis – Restated

Restated Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2019/20	Adjustments between accounting and funding basis							
	Other (Reserve funding and impairment losses)	Capital Finance	Levies reported at Services level	Total to arrive at amount charged to the Council fund	Adjustments for capital purposes	Net change for the pension adjustments	Other differences	Total adjustments
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Education Services	1,336	0	0	1,336	10,264	2,696	512	13,472
Social Care & Housing	495	0	0	495	404	2,923	6	3,333
Neighbourhood Services	145	0	0	145	5,570	3,294	182	9,046
Public Services Support Unit	63	0	0	63	0	256	6	262
Information Technology	0	103	0	103	163	10	(10)	163
Resources	(181)	1,350	0	1,169	44	2,245	(65)	2,224
Chief Executive Services/Strategic	75	0	0	75	0	132	(1)	131
Capital Financing	0	(10,490)	0	(10,490)	0	0	0	0
Council Tax Reduction Scheme	0	0	0	0	0	0	0	0
South Wales Fire Service Levy	0	0	(4,337)	(4,337)	0	0	0	0
Corporate Property Maintenance	0	(97)	0	(97)	0	0	0	0
Early intervention	283	0	0	283	0	0	0	0
Other Services	(518)	0	(153)	(671)	0	3,509	0	3,509
Net Cost of Services	1,698	(9,134)	(4,490)	(11,926)	16,445	15,065	630	32,140
Other Income and Expenditure								
Other Operating Expenditure	(23)	0	4,490	4,467	9,265	0	199	9,464

Note to the Expenditure and Funding Analysis – Restated Movements

Restated Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2019/20	Adjustments between accounting and funding basis							
	Other (Reserve funding and impairment losses)	Capital Finance	Levies reported at Services level	Total to arrive at amount charged to the Council fund	Adjustments for capital purposes	Net change for the pension adjustments	Other differences	Total adjustments
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Education Services	0	0	0	0	3,440	0	0	3,440
Social Care & Housing	0	0	0	0	0	0	0	0
Neighbourhood Services	0	0	0	0	0	0	0	0
Public Services Support Unit	0	0	0	0	0	35	0	35
Information Technology	0	0	0	0	0	0	0	0
Resources	0	0	0	0	0	799	(4)	795
Community Services	0	0	0	0	0	0	0	0
Chief Executive Services/Strategic	0	0	0	0	0	(834)	4	(830)
Capital Financing	0	0	0	0	0	0	0	0
Council Tax Reduction Scheme	0	0	0	0	0	0	0	0
South Wales Fire Service Levy	0	0	0	0	0	0	0	0
Corporate Property Maintenance	0	0	0	0	0	0	0	0
Early intervention	0	0	0	0	0	0	0	0
Other Services	0	0	0	0	0	0	0	0

STATEMENT OF ACCOUNTS 2020/21

Net Cost of Services	0	0	0	0	3,440	0	0	3,440
Other Income and Expenditure								
Other Operating Expenditure	0	0	0	0	(3,440)	0	0	(3,440)

Expenditure and Income Analysed by Nature

31 March 2020 000s Original	Restated Movement 000s	31 March 2020 000s Restated	
138,127	(227)	137,900	Employee benefits expenses - Council
6,704	0	6,704	Employee benefits expenses – Voluntary Aided schools
138,809	(2,204)	136,605	Other services expenses
13,104	2,807	15,911	Depreciation, amortisation, impairment and revaluation movement
26,403	0	26,403	Interest payments
14,777	0	14,777	Precepts & levies
12,867	(3,440)	9,427	Loss on disposal of non-current assets
350,791	(3,064)	347,727	Total Expenditure
(39,911)	0	(39,911)	Fees charges & other service income
(10,920)	0	(10,920)	Interest and investment income
(84,111)	0	(84,111)	Income from council tax and NDR
(186,228)	3,064	(183,164)	Government grants and contributions
(162)	0	(162)	Gains on disposal of non-current assets
(321,332)	3,064	(318,268)	Total Income
29,459	0	29,459	(Surplus) or Deficit on the Provision of Services

Adjustment Between Accounting Basis and Funding Basis Under Regulations Original

2019/20	Usable Reserves			Movements in Unusable Reserves (note 25) £000s
	Council Fund Balance £000s	Capital Receipts Reserve (note 24b) £000s	Capital Grants Unapplied £000s	
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	13,796	0	0	(13,796)
Revaluation losses on Property Plant and Equipment	(791)	0	0	791
Movements in the market value of Investment Properties	169	0	0	(169)
Capital grants and contributions applied	(17,176)	0	0	17,176
Revenue expenditure funded from capital under statute	0	0	0	0
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	12,943	0	0	(12,943)

Adjustment Between Accounting Basis and Funding Basis Under Regulations Restated

	Usable Reserves			Movements in Unusable Reserves (note 25)
	Council Fund Balance £000s	Capital Receipts Reserve (note 24b) £000s	Capital Grants Unapplied £000s	£000s
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	13,796	0	0	(13,796)
Revaluation losses on Property Plant and Equipment	2,016	0	0	(2,016)
Movements in the market value of Investment Properties	169	0	0	(169)
Capital grants and contributions applied	(17,176)	0	0	17,176
Revenue expenditure funded from capital under statute	633	0	0	(633)
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	9,503	0	0	(9,503)

Adjustment Between Accounting Basis and Funding Basis Under Regulations Restated Movements

	Usable Reserves			Movements in Unusable Reserves (note 25)
	Council Fund Balance £000s	Capital Receipts Reserve (note 24b) £000s	Capital Grants Unapplied £000s	£000s
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	0	0	0	0
Revaluation losses on Property Plant and Equipment	2,807	0	0	(2,807)
Movements in the market value of Investment Properties	0	0	0	0
Capital grants and contributions applied	0	0	0	0
Revenue expenditure funded from capital under statute	633	0	0	(633)
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	(3,440)	0	0	3,440

STATEMENT OF ACCOUNTS 2020/21

**Joint Operations (JOPs)
Original**

Comprehensive Income and Expenditure Account for the year ended 31 March 2020					
	Torfaen £000s	GWICES £000s	Archives £000s	Cremation £000s	Total £000s
Other Services	3,439	0	(7)	0	3,432
Neighbourhood Services	28,143	0	0	(181)	27,962
Total non-affected lines	162,318	0	0	0	162,318
(Surplus)/Deficit on Continuing Operations	193,900	0	(7)	(181)	193,712
Interest payable and similar charges	6,496	0	0	346	6,842
Net interest on the net pension liability (asset)	8,892	0	0	2	8,894
Total non-affected lines	(179,989)	0	0	0	(179,989)
(Surplus)/Deficit on Provision of Services	29,299	0	(7)	167	29,459

**Joint Operations (JOPs)
Restated**

Comprehensive Income and Expenditure Account for the year ended 31 March 2020					
	Torfaen £000s	GWICES £000s	Archives £000s	Cremation £000s	Total £000s
Other Services	3,439	0	(7)	0	3,432
Neighbourhood Services	28,143	0	0	(181)	27,962
Total non-affected lines	165,758	0	0	0	165,758
(Surplus)/Deficit on Continuing Operations	197,340	0	(7)	(181)	197,152
Interest payable and similar charges	6,496	0	0	346	6,842
Net interest on the net pension liability (asset)	8,892	0	0	2	8,894
Total non-affected lines	(183,429)	0	0	0	(183,429)
(Surplus)/Deficit on Provision of Services	29,299	0	(7)	167	29,459

**Joint Operations (JOPs)
Restated Movements**

Comprehensive Income and Expenditure Account for the year ended 31 March 2020					
	Torfaen £000s	GWICES £000s	Archives £000s	Cremation £000s	Total £000s
Other Services	0	0	0	0	0
Neighbourhood Services	0	0	0	0	0
Total non-affected lines	3,440	0	0	0	3,440
(Surplus)/Deficit on Continuing Operations	3,440	0	0	0	3,440
Interest payable and similar charges	0	0	0	0	0
Net interest on the net pension liability (asset)	0	0	0	0	0
Total non-affected lines	(3,440)	0	0	0	(3,440)
(Surplus)/Deficit on Provision of Services	0	0	0	0	0

Grant Income

2019/20 Original 000s	Restated Movement 000s	2019/20 Restated 000s	
			Neighbourhoods/PPP
4,623	(3,064)	1,559	Other
			Resources/Information Technology/PSSU
1,319	98	1,417	Other
			Chief Executive Officer's
98	(98)	0	Other
			All other rows in the table are unaffected
63,858	(3,064)	60,794	Total Revenue Grants credited to Services

Unusable Reserves – Capital Adjustment Account Original

2019/20 £000s	
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
13,796	Charges for depreciation and impairment of non-current assets
(791)	Revaluation losses on Property, Plant and Equipment
0	Revenue expenditure funded from capital under statute
12,943	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
25,948	Sub total of reversal items

Unusable Reserves – Capital Adjustment Account Revised

2019/20 £000s	
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
13,796	Charges for depreciation and impairment of non-current assets
2,016	Revaluation losses on Property, Plant and Equipment
633	Revenue expenditure funded from capital under statute
9,503	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
25,948	Sub total of reversal items

Unusable Reserves – Capital Adjustment Account Revised Movements

2019/20 £000s	
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
0	Charges for depreciation and impairment of non-current assets
2,807	Revaluation losses on Property, Plant and Equipment
633	Revenue expenditure funded from capital under statute
(3,440)	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
0	Sub total of reversal items

Property, Plant and Equipment - Movements on Balances

2019/20 Original 000s	Restated Movement 000s	2019/20 Restated 000s	Other Land & Buildings
12,351	(633)	11,718	Additions
0	(2,807)	(2,807)	Revaluation decreases recognised in the Surplus or Deficit in the Provision of Services
(6,031)	3,440	(2,591)	Derecognition - other