

Name of Committee:	Audit Committee
Date of Meeting:	01/07/2019
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Unaudited Statement of Accounts 2018/19
Purpose of Report:	The Statement of Accounts for the Vale of Glamorgan Council and the Shared Regulatory Service for 2018/19 and the Annual Return for the Vale, Valleys and Cardiff Regional Adoption Service are now complete and are brought to the Committee for review following the commencement of the external audit.
Report Owner:	Report of the S151 Officer
Responsible Officer:	Carys Lord Section 151 Officer
Elected Member and Officer Consultation:	None
Policy Framework:	This is a matter for consideration by Audit Committee as those charged with governance
<p>Executive Summary:</p> <ul style="list-style-type: none"> • Under the Accounts and Audit (Wales) Regulations 2014 (as amended) the Statement of Accounts must be certified by the Section 151 Officer before 15th June 2019 as presenting a true and fair view. The 2018/19 Statement of Accounts for the Council and the Shared Regulatory Service were certified and also the Annual Return for the Vale, Valleys and Cardiff Regional Adoption Service were certified as such on 14th June 2019. • The 2018/19 Vale of Glamorgan Statement of Accounts will be subject to external audit and the audited accounts will be presented to Audit Committee in September 2019 along with the external auditors ISA260 report prior to being submitted for approval by Council. • The final audited accounts must be signed by the Auditor General before 15th September 2019. 	

1. Recommendation

- 1.1** That the unaudited Vale of Glamorgan Council Statement of Accounts for 2018/19 be reviewed and any comments of the Committee be referred to the Head of Finance as Section 151 Officer for subsequent discussion with the Council's external auditors, Wales Audit Office.
- 1.2** That the unaudited Joint Committee Shared Regulatory Services Statement of Accounts for 2018/19 and the Shared Regulatory Services Annual Governance Statement be reviewed and any comments of the Committee be referred to the Head of Finance as Treasurer of the Joint Committee for subsequent discussion with the external auditors, Wales Audit Office.
- 1.3** That the Annual Return for the Vale, Valleys and Cardiff Regional Adoption Service 2018/19 be reviewed and any comments of the Committee be referred to the Head of Finance as Treasurer of the Joint Committee for subsequent discussion with the external auditors, Wales Audit Office.

2. Reasons for Recommendations

- 2.1** To allow for the initial review of the unaudited Vale of Glamorgan Council Statement of Accounts by those charged with governance.
- 2.2** To allow the initial review of the unaudited Shared Regulatory Services Statement of Accounts and Annual Governance Statement by those charged with governance.
- 2.3** To allow for the initial review of the unaudited Valleys, Vale and Cardiff Regional Adoption Service Annual Return by those charged with governance.

3. Background

- 3.1** Under the Accounts and Audit (Wales) Regulations 2014 (as amended) the Statement of Accounts must be certified by the Section 151 Officer before the 15th June as presenting a true and fair view. The 2018/19 Statement of Accounts for the Council and Shared Regulatory Service and also the Annual Return for the Vale, Valleys and Cardiff Regional Adoption Service were certified as such on 14th June 2019.
- 3.2** The 2018/19 Vale of Glamorgan Statement of Accounts will be subject to external audit and the audited accounts will be presented to Audit Committee in September 2019 along with the external auditors ISA260 report prior to being submitted for approval by Council and signed by the Auditor General before 15th September 2019.
- 3.3** The 2018/19 Shared Regulatory Services Joint Committee Statement of Accounts will also be subject to external audit and the audited accounts will be presented to Audit Committee in September 2019 along with the external auditor's report for review. The accounts will also be submitted for approval by the Shared Regulatory Service Joint Committee.

- 3.4** The external audit extends to the Annual Governance Statements for both the Vale of Glamorgan Council and the Shared Regulatory Service. The Annual Governance Statement for the Vale of Glamorgan Council is not included in the version attached at Appendix A as it is included under a separate item on the Audit Committee agenda. The Annual Governance Statement for the Shared Regulatory Service is included in Appendix B.
- 3.5** The Vale, Valleys and Cardiff Regional Adoption Service accounts are not subject to a full external audit by Wales Audit Office but an Annual Return has been completed by Accountancy and Internal Audit as at 15th June 2019 and is attached at Appendix C. Wales Audit Office will be providing a limited assurance audit for the service

4. Key Issues for Consideration

- 4.1** The 2018/19 Vale of Glamorgan Council Statement of Accounts is attached at Appendix A and has been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS). This is intended to provide for comparable accounts across all accounting boundaries, public and private, national and international. The Shared Regulatory Service Joint Committee 2018/19 unaudited Statement of Accounts is also attached at Appendix B and the Vale, Valleys and Cardiff Joint Committee Annual Return 2018/19 is attached at Appendix C.
- 4.2** It is proposed that any comments made by the Committee on the Vale of Glamorgan Council 2018/19 unaudited Statement of Accounts, Shared Regulatory Joint Committee Statement of Accounts 2018/19 or the Vale, Valleys and Cardiff Joint Committee Annual Return 2018/19 be referred to the Head of Finance as Section 151 Officer and Treasurer of the Joint Committees respectively for subsequent discussion with the Council's external auditors, Wales Audit Office.

Early Closure Deadlines

- 4.3** Interim arrangements for early closure have been put in place for the financial years ending on 31st March 2019 and 31st March 2020. For these financial years, the statement of accounts will need to be signed and dated by the responsible financial officer by 15th June, with an audited statement of accounts published by 15th September. This interim approach will provide the flexibility to identify and resolve any issues ahead of full implementation. It also seeks to reduce pressure on the audit process during the transition to the earlier timetable.
- 4.4** From 2021 the final date on which the responsible financial officer must sign and date the statement of accounts will be brought forward from 15th June to 31st

May. It also proposes that the date that the local authority must consider, approve and publish an audited Statement of Accounts will be brought forward from 15th September to 31st July.

- 4.5** In 2019 the accounts were signed by the 14th June 2019. In 2020 it is the team's intention that the draft 2019/20 Statement of Accounts will be completed and signed off by 31st May 2020. The Accountancy team will have discussions with Wales Audit Office and other local authorities to identify potential areas for early and part year closure to facilitate the achievement of this deadline.
- 4.6** This Committee has previously been asked to give some consideration to a change in approach to facilitate the approval of the audited accounts by 31st July. The Committee felt that it was important to maintain the full Council scrutiny of the Statement of Accounts. It is proposed that a further report is brought to the September meeting of this Committee with further options for consideration.

5. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 5.1** The Council's revenue budget and therefore its expenditure is incurred in order to achieve its corporate priorities as set out in the Corporate Plan 2016-2020 through the 4 well being outcomes.

6. Resources and Legal Considerations

Financial

- 6.1** The 2018/19 Statement of Accounts for the Vale of Glamorgan is prepared in accordance with the CIPFA Code of Practice for 2018/19 Accounts. The Usable Reserves have increased to £105.149M in 2018/19, of this £2.451M is the increase in the General Fund and earmarked reserves and £1.893M is the increase in HRA.
- 6.2** The 2018/19 Statement of Accounts for the Shared Regulatory Service Joint Committee shows that Usable Reserves have increased to £890K in 2018/19 from £740K in 2017/18. The partner authorities will be consulted on the use and distribution of this sum.

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- 6.3 The Vale, Valleys and Cardiff Regional Adoption Service Annual Return shows Usable Reserves at 31st March 2019 of £13K, the partner authorities will be consulted on the use and distribution of this sum.
- 6.4 The 2018/19 Vale of Glamorgan Statement of Accounts, Shared Regulatory Service Statement of Accounts and the Vale, Valleys and Cardiff Regional Adoption Service Annual Return have been prepared within existing staff resources

Employment

- 6.5 There are no direct employment issues relating to this report.

Legal (Including Equalities)

- 6.6 The Council is legally obliged to prepare the annual accounts in accordance with the Accounts and Audit (Wales) Regulations 2014 (as amended).

7. Background Papers

- 7.1 Unaudited Statement of Accounts 2018/19.



VALE of GLAMORGAN COUNTY BOROUGH COUNCIL
STATEMENT OF ACCOUNTS 2018/19

Year Ended 31 March 2019



Published Subject to Audit

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Unaudited Statement of Accounts 2018/19 Year Ended 31st March 2019

Narrative Report

Introduction

This document presents the Statement of Accounts for The Vale of Glamorgan County Borough Council for 2018/19 and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

The Vale of Glamorgan Council is a Welsh Unitary Authority and was created on 1st April 1996 by virtue of the Local Government (Wales) Act 1994.

The Council serves one of Wales' most diverse local authority areas, covering rural and coastal communities and busy market towns. It has a population of around 130,000, making it the 12th largest authority by population size of the 22 local authorities in Wales.

It provides a wide range of services including Education, Social Services, Highways, Waste collection and Council Housing.

The narrative report provides insight into the Council's funding and expenditure during the year, the key financial issues and pressures and a look to future years.

Governance Structure

The Vale of Glamorgan Council has 47 elected members, representing 23 wards. The current political make up of the Council is 15 Conservative, 14 Labour, 8 Vale Independents Group, 4 Plaid Cymru, 4 Llantwit First Independent and 2 Independent. The Council is led by the Leader and Cabinet, a body of 7 Councillors that makes key decisions about policy and budget. The Council also has a number of committees that fulfill various scrutiny, statutory oversight and regulatory functions.

The Council's Chief Officers are divided into Directors, Heads of Service and Operational Managers. As service managers they make recommendations to and are held accountable by the Cabinet.

Summary of Financial Performance – Revenue

The financial position for the Council is regularly reported to Cabinet and Scrutiny Committees during the year. The Closure of Accounts report for 2018/19 is to be reported to Cabinet on 1st July 2019 and the report can be accessed on the Council website.

The 2018/19 financial settlement from Welsh Government was again financially challenging for the Council. The Council received Revenue Support Grant of £111.736M and National Non Domestic Rate of £40.744M from Welsh Government. This represented a reduction in funding of £0.634M (0.41%) from the previous year. Based on this funding level, the Council was ranked 21st out of 22 councils in Wales (21st in 2017/18) on a funding per head of population, which is £160 per head below the Welsh average (£153 per head below in 2017/18). As a consequence, a savings target of £6.298M was set for the year and services were able to find actual savings to the value of £5.172M. The Reshaping Services savings target of £775k for Neighbourhood Services was not achieved as there was a delay in the

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implementation of the new service operating model, however, the new structure is now in place. This shortfall was funded by the use of reserves. The Commercial Opportunities savings target has a shortfall of £183k this year though work continues to explore new ways of generating income. The Digital Strategy savings target had a £131k shortfall at year end however work is underway to deliver digital projects focusing on customer and employee systems.

The anticipated level of funding to be received from Council Tax in 2018/19 was £69.573M. This was based on a Band D rate of £1,186.92, excluding Police and town and community council precepts. This is ranked 14th highest in Wales and is £32 below the Welsh average.

The Council's revenue budget outturn for 2018/19 is shown in the table below along with revenue net transfers to reserves.

	Amended Revenue Budget	Actual	Variance +Favourable () Adverse	Net Transfer to /(From) Reserve
	£'000	£'000	£'000	£'000
Learning & Skills	103,729	103,729	0	+66
Social Services	63,677	63,677	0	+1,359
Environment and Housing	30,578	30,570	+8	(1,306)
Managing Director and Resources	5,630	5,642	(12)	+856
General Policy	18,439	18,435	4	+3,138
Council Tax Surplus	0	0	0	+1,723
TOTAL	222,053	222,053	0	+5,836

A number of the Council's budgets continue to be under considerable pressure.

- In Learning and Skills, there has been a significant increase in demand to meet the needs of pupils educated other than at school (EOTAS) and the pupil referral units at Key Stages 3 and 4 for behavioral purposes. The pupil placements budget is also under pressure and out-turned with an adverse variance.
- In Social Services, the Children's External Placements budget has overspent due to the higher cost of placements for children with significant complex behaviour. The number of children remanded were higher than usual and a small number required secure accommodation. The year end position was helped by the provision of an in year grant from Welsh Government.
- Environment and Housing were not able to meet all their savings targets in the year and there remains pressure on the Waste services in part due to the increased cost of recycling since China made a decision to reject elements of mixed recycling. During the year, service changes were introduced which required additional staff resources to be employed, for example as Waste Wardens, to assist residents with the change in waste collection.

Elsewhere, the main areas of underspend related to capital charges (£3.029M) and the effective collection of Council Tax (£1.723M).

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The Council was able to transfer £4M into the Council Fund. The opening balance on the Council Fund as at 1st April 2018 was £9.6M with no planned drawdown during the year and therefore the fund stood at £13.6M as at 31st March 2019. Whilst there is no set requirement for the minimum level for the Council Fund, some commentators use 5% of the net budget as a guide. For the Vale this is around £11M. However, in view of the prudent approach the Council takes with regard to earmarked reserves, the Section 151 Officer currently believes that the minimum balance on the Council Fund Reserve should be no less than £7M. The Council also holds earmarked reserves which were used in 2018/19 and stood at £69.523M (excluding Joint Committees) as at 31st March 2018 and reduced by £61k in year. These reserves are allocated for both capital and revenue purposes.

Summary of Financial Performance – Capital

The General Capital Funding received from Welsh Government in 2018/19 was £5.505M which was a £100K (1.85%) increase in funding from 2017/18. This funding is partly through grant and partly an allocation for borrowing, the financing costs of which are supported by Welsh Government funding. The allocation is 14th highest in Wales. It is therefore necessary for the Council to fund its capital programme through a variety of sources however it continued to fund most of its capital programme from 'cash' resources as opposed to new borrowing.

In 2018/19 the Council spent £43M on capital as shown by service area in the table below:

Expenditure Incurred on Services	£'000	£'000
Education & Schools	7,146	
Libraries	159	
Catering	41	
Total Learning & Skills		7,346
Children and Youth Services	116	
Adult Services	546	
Total Social Services		662
Neighbourhood and Transport Services	7,107	
Public Sector Housing (HRA)	11,444	
Total Environment and Housing Services		18,551
Resources	1,593	
Regeneration and Planning	12,925	
Private Sector Housing	1,262	
Total Managing Director and Resources		15,780
City Deal		1,043
Total Capital Expenditure 2018/19		43,382

Of the capital expenditure incurred in the year, £2.5M was spent on the 21st Century Schools Band B investment programme. £12M was incurred during the year on a large highways scheme at Five Mile Lane, which is wholly funded by Welsh Government grant. The Council undertook further Highways Improvements during the year with a value of over £2.5M. The

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Council achieved Welsh Housing Quality Standard (WHQS) by the end of March 2018, however, further capital investment of over £11M was made as part of a continuing Housing Improvement Programme. Works to upgrade the Council's Leisure Centres has commenced during the year with expenditure of over £1.1M.

The following table shows the resources used in 2018/19 to fund the capital programme :

Capital Expenditure Financed By :	£'000
General Capital Funding Grant – Welsh Government	2,083
General Capital Funding Loan – Welsh Government	3,422
Other Loans	1,980
Specific Grants – Welsh Government	15,445
Major Repairs Allowance – Welsh Government	2,759
Other Grants/Contributions	3,909
Capital Receipts	3,355
Revenue/Reserves	10,429
Total Capital Expenditure 2018/19	43,382

As at 31st March 2019 the Council held general capital receipts with a value of £7.2M, with a further £6.5M being ringfenced for Education and £1.3M being ringfenced for Social Services.

The Council's assets at the 31 March 2019 have a book value of £662M. The Council Dwellings and Other Land and Buildings etc. are revalued on a rolling 5 year programme normally by a MRICS external valuer. During 2018/19, Education and Social Services assets were revalued.

Housing Revenue Account (HRA)

The Council still retains its stock of Council Houses and as at 31st March 2019 had 3,875 dwellings. The HRA transferred £1.893M into its reserve in 2018/19 leaving a balance on the HRA reserve of £2.668M as at 31st March 2019. This balance is higher than planned partly due to the receipts from a higher number of Council house sales in 2018/19 (£1.695M) which was used to fund capital expenditure and therefore resulting in a lower revenue contribution to capital expenditure being required. A review of the level of this reserve will be undertaken as part of the production of the next Housing Business Plan. The Housing Business Plan, which incorporates a detailed financial forecast in the form of a 30 year financial model, is produced on an annual basis and the latest version was approved by Council on 27th February 2019. The Council has invested over £100M in its housing stock between 2012/13 and 2018/19 and all its dwellings reached Welsh Housing Quality Standard by March 2018.

Levels of Borrowing/Funding Arrangements

The Local Government Act 2003 requires a local authority to set its authorised borrowing limit for the following year. The limit set for this Authority for 2018/19 was £200.854M. The actual external borrowing as at 31 March 2019 was £155.145M as shown below.

The external debt was made up of the following:

	31 March 2018	31 March 2019
Source of Loan	£'000	£'000
Public Works Loan Board	147,165	146,445
Long Term Loans	8,100	8,600
Other	100	100
Total External Borrowing	155,365	155,145
Accrued Interest	1,423	1,234
Accounting Adjustments	(363)	(304)
Joint Committee Borrowing	535	0
Total Borrowing as per Balance Sheet	156,960	156,075

Before the commencement of the 2018/19 financial year the Authority approved the Treasury Management Strategy /Policy Statement which deals with the treasury functions of the Authority. The report was approved by Council on 28th February 2018 and can be accessed on the Council Website; [Treasury Management and Investment Statement](#)

Joint Committees and Joint Arrangements

Since the 2015/16 financial year the Council has been Host Authority for two Joint Committees - the Shared Regulatory Service commencing on 1st May 2015 and the Vale, Valleys & Cardiff Adoption Collaborative Service which commenced on 1st June 2015. The Authority is also party to a number of other Joint Committees such as Prosiect Gwyrdd, Central South Consortium and the Glamorgan Archives. The Council's share of these transactions and balances are incorporated in these financial statements. Separate financial statements are also available. In addition the Council participates in a number of shared services.

City Deal

The Vale of Glamorgan Council is a participant in the Cardiff Capital Region City Deal which has been established between the UK Government, the Welsh Government and 10 local authorities in South East Wales. The agreement with the UK and Welsh Governments' provides £1.2 billion of which £734m is allocated to the Metro, with the balance of £495m being made available as the Wider Investment Fund. The Regional Cabinet has stated that the high level aims of the Wider Investment Fund are the creation of 25,000 new jobs and £4 billion of private sector investment. The Deal will cover a 20 year period.

Impact of the Current Economic Climate

The financial pressures on the Council continued during 2018/19 and even after an increase in the base rate, by 0.25% during August 2018, investment income rates still remain low. The outcome of the European Union Referendum has led to a high degree of economic uncertainty. The Council will continue to monitor and manage risks as a result of the negotiation process for the exit from the European Union. The Council considers that it has sufficient balances and reserves, however, they will be put under pressure if there is a continued reduction in funding settlements from Welsh Government.

Reshaping Services Strategy

The Strategy aims to reshape the Council to enable it to meet the future needs of citizens of the Vale of Glamorgan in the context of unprecedented financial challenges. An update on the programme was presented to Cabinet on 18th March 2019 which can be accessed on the Council Website. [Reshaping Services Update](#)

The Pension Liability

Pensions for non-teaching staff are provided under the Local Government Pension scheme and the Council is a member of the Cardiff and Vale Pension Fund, administered by Cardiff County Council. Employees and employers contribute into the fund, along with investment income and growth generated. The value of the pension liability in 2018/19 is £215.181M. This value is based on a number of actuarial assumptions and will fluctuate between years.

The Teachers Pension scheme is administered by the Department for Education. This is an unfunded scheme, meaning that there are no investment assets accumulated to meet pension costs before they arise and therefore no fund assets or liabilities appear in the Council's Balance Sheet.

Corporate Aims and Objectives

The Council's Performance Management Framework is the mechanism through which key priorities and targets are monitored and realised in order to secure continuous improvement. The Council has adopted a new Corporate Plan (2016-2020) which reflect the requirements of the Well-being of Future Generations (Wales) Act 2015 and identifies 4 Well-being Outcomes and 8 Objectives for the Council. The Corporate Plan is being monitored by Cabinet and Scrutiny Committees on a quarterly basis.

The 4 Well-being Outcomes with the associated 8 Objectives are :-

- An Inclusive and Safe Vale – Citizens of the Vale of Glamorgan have a good quality of life and feel part of the local community
 - Reducing poverty and social exclusion
 - Providing decent homes and safe communities
- An Environmentally Responsible and Prosperous Vale – The Vale of Glamorgan has a strong and sustainable economy and the local environment is safeguarded for present and future generations.
 - Promoting regeneration, economic growth and employment
 - Promoting sustainable development and protecting our environment
- An Aspirational and Culturally Vibrant Vale – All Vale of Glamorgan citizens have opportunities to achieve their full potential.
 - Raising overall standards of achievement
 - Valuing culture and diversity
- An Active and Healthy Vale – Citizens of the Vale of Glamorgan have a good quality of life and feel part of the local community.
 - Encouraging and promoting active and healthy lifestyles
 - Safeguarding those who are vulnerable and promoting independent living

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Progress is monitored using a RAG status with Green being on or above target, Amber being within 10% of target and Red missing target by 10% or more. Good progress has been made up to quarter 3 towards delivering the key outcomes giving an overall RAG status of Amber. The latest report was Quarter 3 and was reported to Cabinet on 1st April 2019. This report provides full details and can be accessed on the Council website at [Quarter 3 \(2018-19\) Corporate Plan Performance Report](#).

Looking Forward

The budget for 2019/20 is again challenging. The 2019/20 revenue allocation from Welsh Government was £152.07M which is a reduction of £1.181M (0.77%). The Council Tax was therefore increased by 4.9% from 1st April 2019 with a budget of £74.028M being set for Council Tax during 2019/20. A budget of £226.098 was approved by Council on 8th March 2019 and a savings target of £3.8M was set for 2019/20.

The full Council report can be accessed on the Council website [Final Proposals for the Revenue Budget 2019/20](#).

It is anticipated that future year's settlements from Welsh Government will continue to decrease and additional savings will need to be identified. No indicative allocation has been advised by Welsh Government for 2020/21. As part of the 2019/20 budget setting process, it was considered that the shortfall in funding between 2020/21 and 2021/22 could be around be between £9.7M and £14M depending on whether Council Tax was set at CPI (2.1% for December 2018) or the same level as the 2019/20 Council Tax. This will be further assessed as part of the Medium Term Financial Plan which will be updated during the coming year. The Reshaping Services Programme will continue to implement the further savings required.

The Council will remain committed to the Well-being of Future Generations Act which aims to improve the social, economic, environmental and cultural well-being of Wales and ensures that the needs of the present are met without compromising the ability of future generations to meet their own need.

In December 2018 the Welsh Government announced proposals for an extra £100M of capital funding to be made available for local authorities over 3 years commencing in 2018/19. The General Capital Funding from Welsh Government for 2019/20 is £6.643M which is an increase of £1.138M (20.7%) from the previous year. The 2019/20 Capital Programme was approved by Council on 27th February 2019 and amounted to £79.96M gross of which external grants and contributions total £46.918M. The programme is briefly summarised below;

	2019/20 Net (excluding grants and contributions)	2019/20 Gross(including grants and contributions)
	£'000	£'000
Learning and Skills	7,722	41,401
Social Services	400	627
Environment and Housing	21,907	26,719
Managing Director and Resources	2,577	10,777
City Deal	436	436
Total Capital Programme	33,042	79,960

There will be investment in the Council's Schools as part of the 21st Century Schools Band B programme of £38.2M, £3.1M in the Council's Vehicles and £2.5M in Highways. The Five Mile Lane scheme will continue in year with grant funding from Welsh Government of £8M. Even though the Housing stock meets WHQS, further work is being undertaken which will include Environmental Works and the construction and acquisition of new houses totaling £17.9M.

The full report can be accessed on the Council Website; [Final Capital Proposals 2019/20 to 2023/24.](#)

Over the coming years the next major capital investment by the Council will be the Band B 21st Century Schools programme which will require capital investment between 2019/20 and 2023/24. The currently approved funding included in the capital programme is £143.792M over this period, with a contribution of £95.8M from Welsh Government.

Further Information

Further information about the accounts is available from the Resources Service, Civic Offices, Holton Road, Barry, CF63 4RU. This is part of the Council's policy of providing full information about the Council's affairs.

Introduction to the Financial Statements

Statement of Accounting Policies

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

Statement of Responsibilities for the Statement of Accounts

This sets out the responsibilities of the Council and the Head of Finance (Section 151 Officer) for the preparation of the Statement of Accounts. The Statement has to be signed and dated by the Mayor as Chairman of the Council at the meeting at which the accounts are approved.

Expenditure and Funding Analysis

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

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Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Movement in Reserves Statement

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

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and Movement in Reserves Statement.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (Assets less Liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserve and any statutory limitations on their use (for example the Capital Receipts may only be used to fund Capital expenditure or repay debt). The second category of reserves are those that the Authority is not able to use to provide services called Unusable Reserves. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold and also reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis and regulations”.

Cash Flow Statement

The Cash Flow Statement shows the change in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows into operating and 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 Authority 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 Authority’s future service delivery. Cash flows arising from

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financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

Annual Governance Statement

The statement sets out the framework within which the Vale of Glamorgan Council manages and reviews internal control. It outlines the components of the framework, including the arrangements for Internal Audit and how the Authority has complied with the various elements of the framework.

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 secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance (Section 151 Officer).
- To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

Signature:

Date:

Mayor as Chairman of the Council

Responsibilities of the Head of Finance (Section 151 Officer).

The Head of Finance is responsible for the preparation of the 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 the Statement of Accounts, the Head of Finance has:

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

The Head of Finance has also throughout the financial year:

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

Certificate of the Head of Finance (Section 151 Officer)

I certify the statement of accounts give a true and fair view of the financial position of The Vale of Glamorgan County Borough Council as at 31st March 2019 and its income and expenditure for the period then ended.

Signature:

Date: 14th June 2019

Head of Finance/Section 151 Officer

Vale of Glamorgan County Borough Council

Audit report of the Auditor General to the Vale of Glamorgan Council

The independent auditor's report of the Auditor General for Wales to the members of Vale of Glamorgan Council

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. Further information on this note is shown on page 8.

2017/18 Restated (Restatement adjustments are set out in Note 7 Prior Period Adjustment)	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis (Note 9)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Learning and Skills	100,884	(5,480)	95,404
Social Services	56,925	(2,018)	54,907
Visible and Housing Services	31,641	(3,347)	28,294
Housing Revenue Account (HRA)	183	(5,196)	(5,013)
Managing Director and Resources	16,316	7,033	23,349
Net Cost of Services	205,949	(9,008)	196,941
Other Income and Expenditure	(207,773)	(7,107)	(214,880)
(Surplus) or Deficit	(1,824)	(16,115)	(17,939)
Opening General Fund and HRA Balance at 31 March 2017	(77,661)		
Plus Surplus on General Fund and HRA Balance in Year	(1,824)		
Closing General Fund and HRA Balance 31 March 2018	(79,485)		

2018/19	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis (Note 9)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Learning and Skills	106,404	(6,485)	99,919
Social Services	62,316	(2,687)	59,629
Visible and Housing Services	33,731	(4,792)	28,939
Housing Revenue Account (HRA)	(1,894)	(3,162)	(5,056)
Managing Director and Resources	9,244	12,062	21,306
Net Cost of Services	209,801	(5,064)	204,737
Other Income and Expenditure	(214,145)	(12,488)	(226,633)
(Surplus) or Deficit	(4,344)	(17,552)	(21,896)
Opening General Fund and HRA Balance at 31 March 2018	(79,485)		
Plus Surplus on General Fund and HRA Balance in Year	(4,344)		
Closing General Fund and HRA Balance 31 March 2019	(83,829)		

Movement in Reserves Statement 2017-18

This statement shows the movement in the year on the different reserves held by the Authority, analysed into “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and “unusable reserves”. Further information on this statement is shown on page 8.

Movement in Reserves Statement	Council Fund /Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31st March 2017	76,703	958	9,823	737	88,221	215,556	303,777
Total Comprehensive Income and Expenditure	10,380	7,559	0	0	17,939	(10,951)	6,988
Adjustments between accounting basis and funding basis under regulations (Note 10)	(8,373)	(7,742)	1,476	1,114	(13,525)	13,525	0
Increase/(Decrease) in 2017/18	2,007	(183)	1,476	1,114	4,414	2,574	6,988
Balance as at 31st March 2018	78,710	775	11,299	1,851	92,635	218,130	310,765

Movement in Reserves Statement 2018-19

Movement in Reserves Statement	Council Fund /Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31st March 2018	78,710	775	11,299	1,851	92,635	218,130	310,765
Total Comprehensive Income and Expenditure	15,613	6,283	0	0	21,896	18,792	40,688
Adjustments between accounting basis and funding basis under regulations (Note 10)	(13,162)	(4,390)	3,825	4,345	(9,382)	9,382	0
Increase/(Decrease) in 2018/19	2,451	1,893	3,825	4,345	12,514	28,174	40,688
Balance as at 31st March 2019	81,161	2,668	15,124	6,196	105,149	246,304	351,453

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Further information is shown on page 9.

2017/18 Restated				Note	2018/19		
Gross Expt.	Income	Net Expt.			Gross Expt.	Income	Net Expt.
£'000	£'000	£'000	Expenditure on Services		£'000	£'000	£'000
126,574	31,170	95,404	Learning and Skills		130,136	30,217	99,919
70,750	15,843	54,907	Social Services		74,014	14,385	59,629
46,567	18,273	28,294	Visible and Housing Services		45,442	16,503	28,939
14,953	19,966	(5,013)	Housing Revenue Account (HRA)		14,860	19,916	(5,056)
70,437	47,088	23,349	Managing Director and Resources		68,022	46,716	21,306
329,281	132,340	196,941	Cost of Services		332,474	127,737	204,737
21,188	3,578	17,610	Other operating expenditure	13	22,456	1,088	21,368
12,430	259	12,171	Financing and investment income and expenditure	14	12,719	635	12,084
0	244,661	(244,661)	Taxation and non-specific grant income	15	0	260,085	(260,085)
362,899	380,838	(17,939)	(Surplus) or Deficit on the Provision of Services		367,649	389,545	(21,896)
		1,397	(Surplus)/Deficit on revaluation of non current assets	19			(14,728)
		9,565	Impairment losses on non-current assets charged to the Revaluation Reserve	19			4,826
		(11)	Remeasurements of the net defined benefit liability/(asset)	44			(8,890)
		0	Transfer of the net defined benefit liability/(asset)	44			0
		10,951	Other Comprehensive Income and Expenditure				(18,792)
		(6,988)	Total Comprehensive Income and Expenditure				(40,688)

The Comprehensive Income and Expenditure Statement has been restated in 2017/18 to reflect the movement of the Council Tax Reduction Scheme budget (£9.3M) and the elimination of Internal Recharges on the segments shown in the Cost of Services. The detail of these adjustments is set out in Note 7 Prior Period Adjustment.

Balance Sheet as at 31st March 2019

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (Assets less Liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories: Usable and Unusable Reserves. Further information is shown on page 9 of this report.

31 March 2018		Notes	31 March 2019
£'000			£'000
626,047	Property, Plant and Equipment	19	662,110
788	Intangible Assets	23	608
2	Long Term Investments	24	2
607	Long Term Debtors	24	236
627,444	Long Term Assets		662,956
66,313	Short Term Investment	24	81,321
8,310	Assets Held for Sale	21	168
393	Inventories		405
34,009	Short Term Debtors	25	33,053
6,159	Cash and Cash Equivalents	26	12,048
115,184	Current Assets		126,995
2,243	Short Term Borrowing	24	2,569
32,950	Short Term Creditors	27	35,105
2,408	Provisions (Short Term)	28	1,919
2,752	Grants Receipts in Advance – Capital	38	9,592
40,353	Current Liabilities		49,185
557	Provisions (Long Term)	28	444
154,716	Long Term Borrowing	24	153,506
5,297	Other Long Term Liabilities	29	6,617
215,523	Other Long Term Liabilities (Pensions)	44	215,181
15,417	Grants Receipts in Advance - Capital (Long Term)	38	13,565
391,510	Long Term Liabilities		389,313
310,765	Net Assets		351,453
92,635	Usable Reserves	30	105,149
218,130	Unusable Reserves	31	246,304
310,765	Total Reserves		351,453

Cash Flow Statement

The Cash Flow Statement shows the change in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows into operating and investing and financing activities. Further information is included on page 9 of this report.

31 March 2018		Notes	31 March 2019
£'000			£'000
17,939	Net surplus or (deficit) on the provision of services		21,896
27,686	Adjustments to net surplus or deficit on the provision of services for non-cash movements	32	26,474
(26,426)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	32	(36,765)
19,199	Net cash flows from Operating Activities		11,605
(16,845)	Investing Activities	33	(7,961)
(1,304)	Financing Activities	34	2,245
1,050	Net increase or decrease in cash and cash equivalents		5,889
5,109	Cash and cash equivalents at the beginning of the reporting period		6,159
6,159	Cash and cash equivalents at the end of the reporting period	26	12,048

Notes to the Financial Statements

1. Statement of Accounting Policies

a. Accounting Policies

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended) which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 supported by International Financial Reporting Standards (IFRS) and statutory guidance. The accounts are prepared on a going concern basis.

b. Revenue / Expenditure

The transactions of the Council are accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- 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.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

There are certain exceptions to this principle. The main items are:-

(a) Electricity charges, telephone expenses, leasing and similar periodic payments are included in the Accounts on a payments basis and not accrued to 31st March each year. Payments in respect of a full twelve months are included.

(b) The amount included in the accounts for Government Revenue Support Grant for 2018/19 is on the basis of cash received. Where final figures are not available e.g. Subsidy Entitlement, the amounts included are based on the latest available information.

The difference between the amounts charged annually to the Revenue Accounts in respect of items (a) and (b) and the amounts that would be charged if they were accrued to 31st March each year is not significant.

c. Cash and Cash Equivalents

Cash and cash equivalents is represented by cash in hand, current account balances, deposits that have been invested over night on the last working day in March and any instant access investment accounts.

d. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

A change in accounting policies or to correct a material error can result in a prior period adjustment. Changes in accounting estimates do not give rise to a prior period adjustment but are accounted for prospectively.

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 of the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

e. Charges to Revenue for Non- Current Assets

The following amounts are charged to revenue to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets chargeable to the service.
- Amortisation of intangible non-current assets attributable to the service.

Council Tax is not required to be raised to fund depreciation, revaluation, impairment losses or amortisations. However, an annual contribution is required from revenue (Minimum Revenue Provision) towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance.

f. Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the year end. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year end which employees can carry forward into the next financial year. Holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. These costs are charged on an accruals basis to the appropriate service or where applicable to Non Distributed costs.

Post Employment Benefits

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

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

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

The arrangements for the teachers' scheme means that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

The Local Government Pension Scheme

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

- The liabilities of the Cardiff and Vale Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate.
- The assets of the Cardiff and Vale Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value.
- The actuarial valuation carried out at 31st March 2016 excludes staff working for the Shared Regulatory Service and Vale and Valleys Adoption Service.

The change in the net pension's 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 which is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. Debited to the surplus or deficit of services in the Comprehensive Income and Expenditure as part of Non Distributed costs.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined liability (asset). This is 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 actuaries have updated their assumptions, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Statutory provisions require the Council Fund balance be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year in relation to retirement benefits.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements.

g. Events after the Balance Sheet Date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Such events could result in the Statement of Accounts being adjusted. Two types of events can be identified:

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

h. 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 include investments held overnight on 31st March 2019. 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.

i. Financial Instruments

Financial Liabilities

Financial liabilities are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- Available-for-sale assets – assets that have a quoted market price and / or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, 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 loan agreement.

When a soft loan is made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain 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.

j. Available for Sale Assets

Available for Sale Assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure Income line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value.

Changes in fair value are balanced by an entry in the Available for Sale Reserve and the gain /loss is recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets. The exception is where impairment losses have been

incurred. These are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement along with any net gain / loss for the asset accumulated in the reserve.

k. Government Grants and Contributions

Government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Grants and contributions advanced for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Once conditions are satisfied, the grants or contributions are credited to the Comprehensive Income and Expenditure Statement.

Capital grants are credited to the Comprehensive Income and Expenditure Statement and are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Grants not yet used to finance capital expenditure, are posted to the Capital Grants Unapplied reserve. Once applied, it is posted to the Capital Adjustment Account.

l. Intangible Assets

Expenditure on non monetary assets that do not have physical substance but are controlled by the Authority is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

m. Inventories

Inventories should be included in the Balance Sheet at the lower of cost and net realisable value. However, some stock is valued at the latest price paid, with an allowance made for obsolete and slow-moving items. The effect of the different treatment is considered to be immaterial.

n. Jointly Controlled Operations

Joint operations are arrangements undertaken by the Council in conjunction with other ventures that make use of its assets and resources. Joint Committees are examples of Jointly Controlled Operations.

The relevant proportion of the transactions and balances for Joint Committees are included within the Council's Financial Statements. These reflect the transactions and balances as per the draft accounts prepared for each Joint Committee. To date there has been no audit opinion issued in respect of any of these Joint Committees.

o. Leases

The Council currently has no Finance Leases. The land and buildings elements of a lease are considered separately for classification.

The Authority as Lessee

Operating Leases

Rentals paid under operating leases are charged to the services in the Comprehensive Income and Expenditure Statement that benefit from the use of the leased property, plant or equipment.

The Authority as Lessor

Operating Leases

Rental income under an operating lease is credited to the Comprehensive Income and Expenditure Statement; the property, plant or equipment is retained in the Balance Sheet.

p. Overheads and Support Services

In line with CIPFA's updated guidance the accounts have been adjusted to remove internal recharges for overheads and support services from the figures shown in the Comprehensive Income and Expenditure Statement. The 2017/18 statement has been restated to reflect this change and the reconciliation between years is shown in Note 7.

q. Property, Plant and Equipment

Revaluation of the assets of the Authority will be undertaken on a rolling basis over a five year cycle by an external valuer. An annual desk top review will also be undertaken for those assets not externally valued in the year.

Council Dwellings are regarded by the Authority as operational and valued using the Beacon approach (adjusted vacant possession value).

Land and Property regarded by the Authority as operational was valued on the basis of constructing modern equivalent buildings, or where this could not be assessed because there was no market for the subject asset (i.e. specialised property) the depreciated replacement cost.

Land and Property regarded by the Authority as non-operational have been valued on the basis of cost, fair value, or depreciated replacement cost as appropriate.

Infrastructure, Vehicles, Plant and Equipment and Community Assets are included at cost (less depreciation where required).

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

A de-minimis rule for capital has been applied – generally no capital expenditure valued at under £10,000 is included within capital spend.

Assets are initially measured at cost, comprising:

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

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 an impairment loss previously charged to a service revenue account.

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

Where decreases in value for individual assets are identified, they are accounted for either by setting it off against gains for the asset in the Revaluation Reserve or against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Component accounting

Assets with a net book value in excess of £3 million will be reviewed to determine if there are any significant components that require a separate depreciation calculation and whether it is material. No adjustment for component accounting was made in the accounts.

Impairment

Assets are assessed at each year end as to whether there is an indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount is estimated and if this is less than the carrying amount an impairment loss is recognised for the shortfall. This is either set against the balance of the Revaluation Reserve if there have been previous valuation gains for the asset or it is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets over their useful lives. An exception is where assets are without a determinable finite useful life (i.e. Freehold Land and Community Assets) and assets that are not available for use (i.e. assets under construction).

Depreciation is calculated on the following basis:

- Dwellings and other buildings - straight line allocation over the useful life of the property as estimated by the valuer.

- Vehicles, plant, furniture and equipment - over the life of the asset.
- Infrastructure – straight line allocation over 40 years.

No depreciation is charged in the year of acquisition with a full year charge applied in the disposal year, except for Vehicles which is charged in the month following acquisition.

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

An asset is reclassified as Held for Sale when it is probable that the carrying amount will be recovered principally through a sale transaction. The asset is revalued immediately before reclassification and carried at the lower of this amount and the 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. Depreciation is not charged on Assets Held for Sale.

Where assets no longer meet the criteria to be classified as Assets Held for Sale they are reclassified back to non-current assets.

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 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 are credited to the same line of the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains that are 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.

The written off value on disposals is not a charge to Council Tax as the cost for non current assets is separately provided for under separate arrangements for capital financing.

r. Fair Value Measurement

The authority measures some of its assets held for sale and some of its 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. The fair value measurement

assumes that the transaction to sell the asset or transfer the liability takes place either;

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their best economic interest by using the asset in its highest and best use, or selling the asset to another participant.

The authority uses valuation techniques that are appropriate in the circumstances maximising the use of observable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed are categorized within the fair value hierarchy, as follows;

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

s. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made when an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount of the obligation.

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. See note 28 to the accounts.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or

otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

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

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

t. Specific Reserves

These reserves represent sums of money that are voluntarily set aside for specific purposes. The purpose of these reserves is explained in Note 30 to the accounts.

u. Revenue Expenditure Funded from Capital under Statute

Expenditure that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. The total gross expenditure is £4.342 million. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Council Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

v. Local Authority Schools

The Council does not include a school's property, plant and equipment in its Balance Sheet where it does not own or have significant control over the economic benefit of these assets. This means that the buildings used by voluntary aided, Roman Catholic aided and voluntary controlled schools are excluded from property, plant and equipment where they are not owned by the Council. However, land owned by the Council and used by these schools is recognised in property, plant and equipment. The property, plant and equipment of community and foundation schools are recognised on the Authority's Balance Sheet. The income and expenditure for all schools is included within the CI&ES and any unspent resources held by schools are included within earmarked reserves in the Council's Balance Sheet.

w. Value Added Tax

Income and expenditure excludes any amounts related to Value Added Tax (VAT), as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

2. Accounting Standards that have been issued but have yet to be adopted

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

- **IFRS 16 Leases** will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2020.
- **IAS 40 Investment Property:** Transfers of Investment Property provides further explanation of the instances in which a property can be reclassified as investment property. This will have no impact on the Council as it already complies.
- **IFRIC 22 Foreign Currency Transactions and Advance Consideration** clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions within the scope of the amendment.
- **IFRIC 23 Uncertainty over Income Tax Treatments** provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the single entity accounts and minimal impact on the group accounts.

None of the new or amended standards within the 2018/19 Code are expected to have a material impact on the information provided in the financial statements.

3. Critical Judgements in Applying Accounting Policies

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

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Property Plant and Equipment (excluding infrastructure, community assets, assets under construction and vehicles, plant and equipment) are revalued annually for indicators of impairment. Judgements are required to make an assessment as to whether there has been an assessment of impairment .

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Useful asset lives will impact on depreciation calculations. For assets such as Infrastructure (40 years) Vehicles (6 years) and Equipment (5 years) standard asset lives are used unless evidence is available to the contrary. The Useful Economic Lives of operational buildings is estimated by a RICs qualified valuer as part of the valuation process.

Provisions

Provisions are included in the accounts for Equal Pay and Municipal Mutual Insurance (MMI) liability using current information.

The MMI liability has been calculated based on the Vale of Glamorgan's share of outstanding claims from South Glamorgan, Mid Glamorgan and Vale of Glamorgan Borough. The scheme administrator regularly reviews the scheme and any significant changes in the financial position may lead to a further clawback.

Debtors

Sundry and council tax debtors were examined which resulted in a provision for doubtful debts. If the provision is too low, the Authority's finances would be affected. The Provision for Bad and Doubtful Debts is set based on the rates of collection for old debt in the previous financial year.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Cardiff and Vale Pension Fund with expert advice about the assumptions to be applied.

Fair Value

Where the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets their fair value is measured using valuation techniques. Where possible the inputs to these valuations are based on observable data but where this is not possible judgement is required in establishing fair values.

Fair Values as at 31st March 2019 for the Council's financial assets and liabilities have been provided by the Council's Treasury Management advisor Link Asset Management Ltd. Disclosure notes set out the fair values for the Authority's financial assets and liabilities as at 31st March 2019.

5. Material Items of Income and Expenditure

The Council does not have any material items of income and expenditure to report that require any further explanation.

6. Events after the Balance Sheet Date

The unaudited statement of accounts was authorised for issue by the Head of Finance (Section 151 Officer) on 14th June 2019. Events taking place after this date are not reflected in the financial statement or notes. There have been no post balance sheet events prior to this date that have been reflected in the statement of accounts.

7. Prior Period Adjustment

The 2017/18 accounts have been restated to reflect two changes in guidance around the presentation of the accounts.

1. The CIPFA guidance has clarified that the figures presented in the Comprehensive Income and Expenditure Statement should not include any internal recharges between segments. The internal charges should be excluded from the accounts as part of the Category Transfer adjustments on the Expenditure and Funding analysis note.
2. The Wales Audit Office has recommended that the Council Tax income in the accounts should be presented net of the Council Tax Reduction Scheme to be consistent with the detail of the CIPFA code and guidance.

Both of the above changes do not change the balances of reserves or the figures shown on the Comprehensive Income and Expenditure Statement for the Surplus or Deficit on the Provision of Services. However, the individual segmental reporting lines are amended on the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis and the adjustments shown in the restated 2017/18 accounts are set out below;

Expenditure on Services	£'000	£'000	£'000	£'000
	Audited 2017/18 Accounts Net Expt.	Adj for Internal Charges	Adj for the Council Tax Reduction Scheme	Restated Net Expt.
Learning and Skills	99,168	(3,764)		95,404
Social Services	56,919	(2,012)		54,907
Visible and Housing Services	30,501	(2,207)		28,294
Housing Revenue Account (HRA)	(5,013)	0		(5,013)
Managing Director and Resources	24,708	7,983	(9,342)	23,349
Cost of Services	206,283	0	-9,342	196,941

Other operating expenditure	17,610			17,610
Financing and investment income and expenditure	12,171			12,171
Taxation and non-specific grant income	(254,003)		9,342	(244,661)
(Surplus) or Deficit on the Provision of Services	(17,939)	0	0	(17,939)

8. Adoption of New Financial Standards

The Council adopted the IFRS9 Accounting Standard with effect from 1st April 2018. The main changes are the reclassification and measurement of financial assets, the remeasurement of loan liabilities and earlier recognition of the impairment of financial assets. CIPFA has put in place transitional provisions to avoid prior period restatement.

Discussions with the Council's Treasury Management advisors and internal assessment has resulted in no changes to the presentation of the Council's financial liability or financial asset balances on the Balance Sheet.

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The Council's financial liabilities held during the year measured at amortised cost comprised:

- Long-term loans from Public Works Loan Board and commercial lenders
- Overdraft with Lloyds Bank
- Trade payables for goods and services received

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Council during the year are classified as measured at amortised cost and 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.

Financial assets held during the year measured at amortised cost comprised:

- Fixed Term Investments
- Cash in hand including Imprest accounts
- Bank current and deposit accounts.
- Trade receivables for goods and services delivered

9. Note to the Expenditure and Funding Analysis

2017/18 Restated Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Category Transfer	Adjustments for Capital Purposes	Net Change for Pensions Adjustment	Other Difference s	Total Adjustment
	£'000	£'000	£'000	£'000	£'000
Learning and Skills	(4,137)	(1,325)	79	(97)	(5,480)
Social Services	(2,017)	(13)	14	(2)	(2,018)
Visible and Housing Services	(2,444)	(1,040)	127	10	(3,347)
Housing Revenue Account (HRA)	(3,021)	(2,350)	175	0	(5,196)
Managing Director and Resources	(6,585)	6,435	7,125	58	7,033
Net Cost of Services	(18,204)	1,707	7,520	(31)	(9,008)
Other Income and Expenditure	18,204	(25,311)	0	0	(7,107)
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure statement surplus or deficit	0	(23,604)	7,520	(31)	(16,115)

The detail of the above restatement is set out in Note 7 Prior Period Adjustment.

2018/19 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Category Transfer	Adjustments for Capital Purposes	Net Change for Pensions Adjustment	Other Difference s	Total Adjustment
	£'000	£'000	£'000	£'000	£'000
Learning and Skills	(3,307)	(3,003)	87	(262)	(6,485)
Social Services	(2,051)	(653)	15	2	(2,687)
Visible and Housing Services	(3,411)	(1,508)	137	(10)	(4,792)
Housing Revenue Account (HRA)	(3,004)	(344)	186	0	(3,162)
Managing Director and Resources	(6,412)	10,290	8,124	60	12,062
Net Cost of Services	(18,185)	4,782	8,549	(210)	(5,064)
Other Income and Expenditure	18,185	(30,673)	0	0	(12,488)
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure statement surplus or deficit	0	(25,891)	8,549	(210)	(17,552)

Note (i) Adjustments for Capital Purposes

- Depreciation/impairment and revaluation gains and losses are added in.
- Adjustment for disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Statutory Capital Financing charges are deducted (Minimum Revenue Provision).
- Capital Grants and Donations are adjusted for.

Note (ii) Net Change for the Pensions Adjustments

This adjustment relates to the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income which means:

- The replacement of the employer pension contributions with current service costs and past service costs.

- The net interest on the defined benefit liability is charged to the Other Income and Expenditure line.

Note (iii) Other Differences

- Adjustments are made for accumulated absences.

10. Expenditure and Funding Analysis by Nature

31 March 2018 Restated £'000		31 March 2019 £'000
143,261	Employee Expenses	143,876
9,748	Employee Expenses (Aided Schools)	9,964
154,781	Other Service Expenses	157,833
21,434	Depreciation, Amortisation and Impairment	20,743
57	Soft Loan	59
7,405	Interest Payments	7,300
21,188	Precepts & Levies	22,455
0	Loss on Disposal of Non-Current Assets	0
5,025	Interest on net defined benefit liability/ (asset)	5,419
0	Deficit on trading not included in net cost of service	0
362,899	Total Expenditure	367,649
(46,337)	Fees Charges & Other Service Income	(43,603)
(236)	Interest and Investment Income	(594)
(73,373)	Income from Council Tax	(78,020)
(257,291)	Government Grants and Contributions	(266,200)
(23)	Surplus on trading not included in net cost of service	(41)
(3,578)	Gains Disposal of Non-Current Assets	(1,087)
(380,838)	Total Income	(389,545)
(17,939)	(Surplus) or Deficit on the Provision of Services	(21,896)

11. Adjustments between Accounting Basis and Funding Basis under Regulations

Adjustments between Accounting Basis and Funding Basis under Regulations 2017/18	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapp	Mvmt in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources					
Amounts by which the income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements					
Reversal of items relating to retirement benefits debited or credited to the CIES	20,074	454	0	0	(20,528)
Employers pension contributions and direct payments to pensions payable in the year	(12,726)	(280)	0	0	13,006
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	57	0	0	0	(57)
Holiday pay (transfers to the Accumulated Absences Reserve)	(89)	0	0	0	89
Charges for Depreciation/Impairment of non-current assets	10,743	5,845	0	0	(16,588)
Revaluation (surplus)/deficit on Property Plant and Equipment	(970)	532	0	0	438
Amortisation of intangible assets	172	0	0	0	(172)
Amounts of non-current assets written off on disposal to CIES	161	317	0	0	(478)
Revenue Expenditure funded from capital under statute	5,167	0	0	0	(5,167)
Total Adjustments to Revenue Resources	22,589	6,868	0	0	(29,457)
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(1,490)	(3,201)	4,691	0	0
Administrative costs of the non-current asset disposals (funded by Capital Receipts Reserve)	520	114	(634)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(4,816)	(1,506)	0	0	6,322
Capital Expenditure financed from revenue balances (transferred to the Capital Adjustment Acc.)	(6,240)	(7,218)	0	0	13,458
Total Adjustments between Revenue and Capital Resources	(12,026)	(11,811)	4,057	0	19,780
Adjustments to Capital Resources					
Use of Capital Receipts Reserve to finance capital expenditure	0	0	(2,591)	0	2,591
Application of capital grants to finance capital expenditure	(18,936)	(2,799)	0	1,114	20,621
Cash payments in relation to deferred capital receipts	0	0	10	0	(10)
Total Adjustments to Capital Resources	(18,936)	(2,799)	(2,581)	1,114	23,202
Total Adjustments	(8,373)	(7,742)	1,476	1,114	13,525

Adjustments between Accounting Basis and Funding Basis under Regulations 2018/19	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapp	Mvmt in Unusable Reserves
Adjustments to Revenue Resources	£'000	£'000	£'000	£'000	£'000
Amounts by which the income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements					
Reversal of items relating to retirement benefits debited or credited to the CIES	21,453	459	0	0	(21,912)
Employers pension contributions and direct payments to pensions payable in the year	(13,091)	(273)	0	0	13,364
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	59	0	0	0	(59)
Holiday pay (transfers to the Accumulated Absences Reserve)	(269)	0	0	0	269
Charges for depreciation/impairment of non-current assets	10,998	6,578	0	0	(17,576)
Revaluation (surplus)/deficit on Property Plant and Equipment	(1,357)	5	0	0	1,352
Amortisation of intangible assets	236	0	0	0	(236)
Amounts of non-current assets written off on disposal to CIES	5,292	718	0	0	(6,010)
Revenue Expenditure funded from capital under statute	4,276	66	0	0	(4,342)
Total Adjustments to Revenue Resources	27,597	7,553	0	0	(35,150)
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(5,492)	(1,688)	7,180	0	0
Administrative costs of the non-current asset disposals (funded by Capital Receipts Reserve)	84	0	0	0	(84)
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(3,475)	(1,517)	0	0	4,992
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) Glamorgan Archives Joint Committee Notional Debt	(535)	0	0	0	535
Capital Expenditure financed from revenue balances (transferred to the Capital Adjustment Acc.)	(5,016)	(5,478)	0	0	10,494
Total Adjustments between Revenue and Capital Resources	(14,434)	(8,683)	7,180	0	15,937
Adjustments to Capital Resources					
Use of Capital Receipts Reserve to finance capital expenditure	0	0	(3,355)	0	3,355
Application of capital grants to finance capital expenditure	(26,325)	(3,260)	0	4,345	25,240
Cash payments in relation to deferred capital receipts	0	0	0	0	0
Total Adjustments to Capital Resources	(26,325)	(3,260)	(3,355)	4,345	28,595
Total Adjustments	(13,162)	(4,390)	3,825	4,345	9,382

12. Transfers To/From Earmarked Reserves

This sets out the amounts set aside from the Council Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Council Fund and HRA expenditure in 2018/19.

	31 March 2017	Tfr In	Tfr Out	31 March 2018	Tfr In	Tfr Out	31 March 2019
Council Fund	£'000	£'000	£'000	£'000	£'000	£'000	£'000
School Reserves - Under Local Government Management of Schools, schools are able to carry forward surpluses and deficits. These are ringfenced for schools.	2,322	997	696	2,623	884	722	2,785
Capital Reserves							
ICT Renewal - This is a fund set aside to meet ICT renewals required by the Authority.	4,163	826	1,037	3,952	67	573	3,446
School Investment Strategy - The fund is available in respect of improvements to Schools as part of the 21 st Century schools capital programme.	9,734	2,069	432	11,371	81	2,415	9,037
WG Additional Schools Capital Grant – Funding received late in financial year carried forward for capital works in schools during 2019/20	0	0	0	0	1,765	0	1,765
Disabled Facilities Grant Capital – To fund additional expenditure in the Capital Programme for Disabled Facilities Grants.	450	0	450	0	0	0	0
Project Fund - This fund is to finance capital projects.	3,591	0	411	3,180	0	330	2,850
Vehicle Repairs and Renewals - For the replacement of plant and vehicles.	2,275	802	663	2,414	807	277	2,944
Neighbourhood Services Reserve – To fund Neighbourhood Services improvements.	7,545	2,677	3,022	7,200	1,049	3,663	4,586
Waste Transfer Station – Establishment of a Waste Transfer Station.	1,500	0	0	1,500	0	0	1,500
Council Building Fund – To maintain Council buildings.	7,309	103	830	6,582	55	1,162	5,475
Social Services Buildings - To fund the update of Social Services premises to meet the future demands of the Service.	500	0	0	500	0	0	500
ICF Capital - To fund ICF capital projects.	0	0	0	0	330	0	330
Gypsy Traveller Study and Site Provision Funding for Gypsy Traveller Site scheme.	1,060	0	1	1,059	0	7	1,052
Jenner Park – To provide funds for improvements at Jenner Park Stadium and for Colcot pitches.	335	0	335	0	0	0	0
Capital Scheme Commitments – Set aside to top up Barry Regeneration schemes.	34	139	81	92	0	18	74
Capital Fund – To fund Capital Commitments.	288	0	285	3	0	3	0
Telecare – Replacement fund for Telecare.	399	166	0	565	75	0	640

	31 March 2017	Tfr In	Tfr Out	31 March 2018	Tfr In	Tfr Out	31 March 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council Fund							
Capital Reserves Continued							
Energy Management Fund – Energy management schemes initially funded from the reserve and services make repayments to the fund once savings are achieved.	292	178	152	318	162	259	221
Coastal Works - To fund the ongoing liabilities of coastal developments.	680	0	110	570	0	33	537
City Deal – To provide funds for the Cardiff Capital Region City Deal.	1,250	648	0	1,898	0	0	1,898
Revenue Reserves							
Events - To provide funds to promote events in the Vale of Glamorgan.	368	200	228	340	200	137	403
Early Retirement and Redundancy Fund - This is set aside to meet future costs of the early retirement and redundancy scheme.	973	0	0	973	0	0	973
Corporate Governance - This reserve has been set aside in respect of the Modernising Local Government Agenda.	338	0	0	338	0	0	338
Election Expenses –Set aside for Council Elections.	368	49	201	216	158	4	370
Library - To provide funds to implement the Libraries Review and other costs.	303	0	152	151	0	0	151
Catering - To provide funds to make improvements to the Catering function.	254	0	67	187	0	0	187
Grant Exit Strategy – To pay potential redundancy costs if Welsh Government grants are discontinued and costs cannot be grant funded.	460	170	0	630	0	0	630
Trainee Appointments – To fund the appointment of trainees and interns to support services and the Reshaping Service Programme.	721	0	41	680	0	0	680
Legal Services – To provide for external and additional legal capacity required for one off schemes and major projects.	727	0	70	657	49	4	702
Performance and Development - To fund temporary posts, the purchase of hardware, software and equipment.	403	0	60	343	45	0	388
Building Services Improvement – Monies set aside for improvements to the Building Services.	304	44	99	249	55	28	276
Insurance Fund - This reserve covers an estimate of potential claims (those estimated to have occurred but not reported as at 31 March 2019). These would include claims for public and employers liability, motor vehicle, buildings insurance costs.	2,545	1,032	125	3,452	439	0	3,891
Schools Rationalisation - This reserve will meet the costs of school restructuring and reorganisation and support schools in the improvement of their teaching and learning facilities.	733	211	181	763	149	284	628
Schools Placement – Fund set aside to be used for any overspend in the Schools Placement budget.	200	0	200	0	0	0	0

	31 March 2017	Tfr In	Tfr Out	31 March 2018	Tfr In	Tfr Out	31 March 2019
Council Fund	£'000	£'000	£'000	£'000	£'000	£'000	£'000
School Deferred Pensions – To initially fund pension costs for schools staff which will be reimbursed by schools over a number of years.	0	252	0	252	53	39	266
Regeneration Fund - To fund regeneration projects.	850	60	597	313	20	28	305
Reshaping Services - To fund one off costs that will be incurred during the implementation of the Council's Reshaping Services Programme.	669	0	100	569	300	55	814
Digital Reshaping - To fund one off costs that will be incurred during the implementation of the Council's Reshaping Services Digital Programme.	0	0	0	0	225	0	225
Bad Weather - To fund costs due to bad weather.	431	295	302	424	0	313	111
Social Services Legislative Changes – To cover additional burdens on the authority due to changes in legislation.	3,476	1,355	0	4,831	1,278	0	6,109
Welfare Reforms - To fund pressures resulting from Welfare Reforms.	756	0	0	756	0	0	756
Legal Claims - Funds have been set aside to cover potential legal cases.	1,920	0	0	1,920	0	0	1,920
Social Services Plan - These monies support the agreed Social Services plan to achieve a balanced budget.	980	0	0	980	0	0	980
Social Services Pressures - To cover potential expenditure on high cost children placements.	1,913	0	0	1,913	0	0	1,913
Social Services Development – To cover costs of implementing service development and contingency for premises maintenance.	350	0	0	350	0	0	350
Homelessness and Housing Staffing – Funding for temporary housing roles.	501	85	64	522	70	0	592
Regeneration and Planning – Monies set aside to cover various commitments in the service.	408	473	85	796	0	42	754
Private Sector Housing – To cover developments within Private Sector Housing.	284	0	0	284	0	22	262
Building Stronger Communities –Promotes initiatives consistent with the Council's vision of "Strong communities with a bright future".	126	106	0	232	105	0	337
Regulatory Services - For Regulatory Services issues and to be used for any future issues arising from the shared services collaboration.	282	0	0	282	0	0	282
Other - Various amounts set aside for education, planning, housing and community service issues.	1,616	237	335	1,518	335	292	1,561
Joint Committees - This is the Council's proportion of reserves held by the Joint Committees, the use of which, is agreed by the Joint Committee.	408	39	119	328	439	36	731
Total	67,394	13,213	11,531	69,076	9,195	10,746	67,525

	31 March 2017	Tfr In	Tfr Out	31 March 2018	Tfr In	Tfr Out	31 March 2019
Housing Revenue Account (HRA)							
Housing Revenue Account - The Authority maintains a Housing Revenue Account. This reserve is ringfenced by statute for use by the HRA.	958	0	183	775	1,893	0	2,668
Total HRA	958	0	183	775	1,893	0	2,668

13. Other Operating Expenditure

2017/18		2018/19
£'000		£'000
2,514	Town and Community Council Precepts	2,667
12,641	South Wales Police Authority	13,688
5,939	South Wales Fire Authority	6,006
94	Other Levies and Contributions	95
(3,578)	(Gains)/losses on the disposal of non-current assets	(1,088)
17,610	Total Other Operating Expenditure	21,368

14. Financing and Investment Income and Expenditure

2017/18		2018/19
£'000		£'000
7,405	Interest payable and similar charges	7,300
5,025	Interest on net defined benefit liability/ (asset)	5,419
(236)	Interest receivable and similar income	(594)
(23)	Other income	(41)
12,171	Total Financing and Investment Income and Expt.	12,084

15. Taxation and Non Specific Grant Income

2017/18 Restated			2018/19
£'000		Notes	£'000
(73,373)	Council Tax income	17	(78,020)
(40,976)	Non domestic rates	18	(40,744)
(108,577)	Revenue Support grants		(111,736)
(21,735)	Capital grants and contributions		(29,585)
(241,862)	Total Taxation and Non Specific Grant Income		(260,085)

This note has been restated to reflect the presentation of Council Tax income net of the expenditure associated with the Council Tax Reduction Scheme (£9.3M in 2017/18) in accordance with guidance from WAO.

16. Revenue Support Grant

The amount of Revenue Support Grant recorded as income is based on actuals received from Welsh Government in line with the figures provided as part of the final settlement which it received from Welsh Government in December 2017.

17. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for The Vale of Glamorgan Council and the Police and Crime Commissioner for South Wales (£13.688M) and Town and Community Councils (£2.667M) for the forthcoming year and dividing this amount by the council tax base. The Council Tax base is the number of properties in each band adjusted by a proportion to convert the number to a band D equivalent, totalled across all bands for 2018/19.

This basic amount for a band D property (£1,186.92 in 2018/19) is multiplied by the proportion specified for the particular band to give the individual amount due.

Council Tax bills were based on the following proportions for Bands A to I:

Council Tax Band	Proportion	No. of Properties
Band A	0.67	1,362
Band B	0.78	6,183
Band C	0.89	13,521
Band D	1.00	11,106
Band E	1.22	10,050
Band F	1.44	7,053
Band G	1.67	5,501
Band H	2.00	2,191
Band I	2.33	1,022
		57,989

Council Tax collectable in 2018/19 can be calculated as:

	2017/18	2018/19
	£'000	£'000
Council Tax Collectable	82,704	87,533
Council Tax Reduction Scheme	-9,342	-9,631
Provision for non payment of Council Tax	11	118
Amount Due From Taxpayers Before Rebates	73,373	78,020

Allocated to:		
South Wales Police Precept	12,641	13,688
Vale of Glamorgan County Council	67,560	71,296
Council Tax Reduction Scheme	-9,342	-9,631
Town and Community Councils Precepts	2,514	2,667
Total	73,373	78,020

18. National Non-Domestic Rates

The National Non Domestic Rate Contributions (NNDR) is accounted for on a cash basis. NNDR is organised on a national basis. The Government specifies an amount (49.9p in 2017/18 and 51.4p in 2018/19); local businesses pay rates calculated by multiplying their rateable value by that amount.

The Council collects rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Welsh Government. The sums paid into the pool are redistributed back to local authorities' Council Funds on the basis of a fixed amount per head of population. We received £40,744K in 2018/19 (£40,976K in 2017/18).

The NNDR income raised, after reliefs etc. was £33,674,549 for 2018/19 (£30,071,028 in 2017/18) and was based on Year end rateable value for both 2018/19 at 31/03/19 being £83,165,053 and 2017/18 at 31/03/18 being £83,261,831.

19. Property, Plant and Equipment

Movement on Balance in 2017/18	Council Dwellings	Land & Buildings	Vehicle Plant & Equipment	Infrastructure	Community Asset	Assets under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation as at 1 April 2017	167,746	338,427	20,117	110,704	3,860	19,563	4,020	664,437
Additions	14,139	8,162	2,424	10,758	0	2,727	0	38,210
Additions Joint Committee	0	0	5	0	0	1,672	0	1,677
Accumulated depreciation & impairment WO to GCA	0	(529)	(17)	0	0	0	0	(546)
Revaluation (decreases) recognised in Revaluation Reserve	(97)	(1,300)	0	0	0	0	0	(1,397)
Revaluation increase recognised in surplus/deficit on the Provision of Services	(532)	895	0	0	0	0	150	513
Disposals	(320)	(123)	(5,534)	0	0	0	0	(5,977)
Transfers between asset classes	99	19,571	0	246	0	(19,496)	(420)	0
Assets reclassified (to) held for sale	0	0	0	0	0	0	(1,150)	(1,150)
Cost or Valuation as at 31 March 2018	181,035	365,103	16,995	121,708	3,860	4,466	2,600	695,767
Accumulated depreciation and impairment as at 1 April 2017	0	(9,791)	(15,170)	(24,671)	0	0	0	(49,632)
Depreciation charge	(1,351)	(4,729)	(1,488)	(2,672)	0	0	(5)	(10,245)
Accumulated Depreciation written out to GCA	0	529	17	0	0	0	0	546
Impairment Losses recognised in the Revaluation Reserve	(9,089)	(477)	0	0	0	0	0	(9,566)
Impairment Losses recognised in the surplus/deficit on the Provision of Services	(4,490)	(1,855)	0	0	0	0	0	(6,345)
Transfers between asset classes	0	(5)	0	0	0	0	5	0
Disposals	3	17	5,502	0	0	0	0	5,522
Accumulated Depreciation and Impairment as at 31 March 2018	(14,927)	(16,311)	(11,139)	(27,343)	0	0	0	(69,720)
Net Book Value 2017/18								
	Council Dwellings	Land & Buildings	Vehicle Plant & Equipment	Infrastructure	Community Asset	Assets under Construction	Surplus Assets	Total
At 31 March 2017	167,746	328,636	4,947	86,033	3,860	19,563	4,020	614,805
At 31 March 2018	166,108	348,792	5,856	94,365	3,860	4,466	2,600	626,047

Movement on Balance in 2018/19	Council Dwellings	Land & Buildings	Vehicle Plant & Equipment	Infrastructure	Community Asset	Assets under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation as at 1 April 2018	181,035	365,103	16,995	121,708	3,860	4,466	2,600	695,767
Additions	9,987	6,089	1,202	4,965	0	18,010	0	40,253
Accumulated depreciation & impairment WO to GCA	0	(12,884)	0	0	0		0	(12,884)
Revaluation (decreases) recognised in Revaluation Reserve	0	14,728	0	0	0	0	0	14,728
Revaluation increase recognised in surplus/deficit on the Provision of Services	0	1,352	0	0	0	0	0	1,352
Disposals	(794)	(275)	(806)	0	0	0	0	(1,875)
Transfers between asset classes	0	104	0	0	0	(104)	0	0
Assets reclassified (to) held for sale	0	3,028	0	0	0	0	0	3,028
Cost or Valuation as at 31 March 2019	190,228	377,245	17,391	126,673	3,860	22,372	2,600	740,369
Accumulated depreciation and impairment as at 1 April 2018	(14,927)	(16,311)	(11,139)	(27,343)	0	0	0	(69,720)
Depreciation charge	(1,326)	(5,941)	(1,414)	(2,947)	0	0	0	(11,628)
Accumulated Depreciation written out to GCA	0	12,884	0	0	0	0	0	12,884
Impairment Losses recognised in the Revaluation Reserve	(4,743)	(83)	0	0	0	0	0	(4,826)
Impairment Losses recognised in the surplus/deficit on the Provision of Services	(5,245)	(705)	0	0	0	0	0	(5,950)
Transfers between asset classes	0	33	0	0	0	0	0	33
Disposals	76	82	790	0	0	0	0	948
Accumulated Depreciation and Impairment as at 31 March 2019	(26,165)	(10,041)	(11,763)	(30,290)	0	0	0	(78,259)
Net Book Value 2018/19								
	Council Dwellings	Land & Buildings	Vehicle Plant & Equipment	Infrastructure	Community Asset	Assets under Construction	Surplus Assets	Total
At 31 March 2018	166,108	348,792	5,856	94,365	3,860	4,466	2,600	626,047
At 31 March 2019	164,063	367,204	5,628	96,383	3,860	22,372	2,600	662,110

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Indicative asset lives are as follows:

- Council Dwellings - 100 years
- Other Land and Buildings - 3 years to 125 years
- Vehicles, Plant and Equipment - 3 years to 18 years
- Infrastructure - 40 years

Capital Commitments

At 31 March 2019, the Authority has entered into a number of contracts for the construction, or enhancement of property, plant and equipment which will continue into 2019/20 and future years. Similar commitments at the 31st March 2018 were £15.895M. The major commitments are listed below;

Scheme	£'000
21 st Century Schools Band B	10,425
Housing New Builds	4,901
Waste Schemes	3,075
A4226 Five Mile Lane	2,125
Housing Internal and External Works	921
St Joseph's Nursery and EIB	787
Refurbishment of Leisure Centres	606
Wick Primary Nursery	523
Cemetery Approach	308
Other School Schemes	305
North Penarth Open Space	227
Vehicles	204
Energy Improvements	100
Flooding Schemes	100
Disabled Adaption to Public Conveniences	79
Total	24,686

Costs of Disposal

Costs of disposing of assets will be set against the capital receipt where it does not exceed 4% of the capital receipt value, or projected capital receipt value where the receipt has not yet been realised.

During the 2018/19 financial year costs were set against capital receipts for the following disposal and demolition of assets:

Asset Name	18/19
	£'000
Former St Cyres School Site Marketing and Disposal Costs	27
Demolition Costs	57
	84

Revaluations

The Council Dwellings and Other Land and Buildings etc. are revalued on a rolling 5 year programme normally by a MRICS external valuer. In accordance with this programme, the Schools and Social Services Assets were revalued during 2018/19 by Avison Young with the remainder of the Other Land and Buildings portfolio to be revalued during 2019/20, as they were revalued by a FRICS valuer working for GVA Grimley Limited during 2014/15. The Council Dwellings were revalued during 2016/17 (next review 2021/22) by Bruton Knowles using the Beacon valuation approach as part of the rolling 5 year programme.

Assets transferred from Assets Under Construction were revalued in year. In addition those assets classified as Surplus assets were revalued in accordance with the requirements of IFRS13 during 2018/19.

A desktop review of the valuation of the Authority's Operational assets was undertaken as at 31 March 2019 by a RICS valuer working for Avison Young and considered that the value of these assets had not materially changed during 2018/19. A desktop review of the Council dwellings was also undertaken as at 31st March 2019 by a RICS valuer working for Bruton Knowles, again these assets had not materially changed during the year.

Impairment

The Council asked key staff to identify any assets that need to be reviewed for impairment, and no assets were identified as part of this process.

When capital expenditure is complete, a review is carried out by a RICS valuer working for Avison Young to determine how much of this expenditure results in either an increase in asset value or an impairment.

Retentions

As at the 31 March 2019 £1,062k (£1,208k as at 31 March 2018) has been deducted from payments to contractors to protect the Authority from situations such as the contractor going bankrupt during the defects liability period. Normally a proportion of the retention is paid on practical completion; the balance following the defects liability period stipulated in the contract, subject to any defects being made good.

Heritage Assets

The Authority has reviewed its assets and given consideration to the presentation of those assets that would have a heritage connection. The Council considers that it does not hold any material distinct assets that could be classed as heritage assets.

In addition the Authority holds a number of items that can be grouped under the heading 'civic regalia'; which are used on ceremonial occasions during the Council's year. There is no known value for 'civic regalia' as at 31 March 2019 (although it is unlikely to be significant). It was felt that any external valuation costs of 'civic regalia' would not be cost effective compared to the benefits to the users of the Authority's financial statement. Taking account of this 'civic regalia' has not been recognised as a Heritage Asset in the Balance Sheet.

20. Fair Value Hierarchy – Surplus Assets

As at 31 st March 2018				
Fair Value Measurements Surplus Assets	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£'000	£'000	£'000	£'000
Total	0	2,600	0	2,600

As at 31 st March 2019				
Fair Value Measurements Surplus Assets	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£'000	£'000	£'000	£'000
Total	0	2,600	0	2,600

Transfers between levels of the Fair Value Hierarchy

There were no movements in the valuation hierarchy during 2018/19.

Valuation Techniques used to Determine Level 2 and 3 Fair Values

The Valuation of Surplus Assets was carried out by a RICS qualified external valuer, Avison Young. The Valuation techniques considered comparable resale and new build properties in the area. The Valuer considered Leisure/Retail, Commercial and Residential possibilities in addition to planning considerations.

21. Assets Held for Sale

	Current		Non Current	
	31 March 2018	31 March 2019	31 March 2018	31 March 2019
	£'000	£'000	£'000	£'000
Balance outstanding at start of year	7,257	8,310	0	0
Assets newly classified as held for sale	1,150	43	0	0
Revaluation losses	(75)	0	0	0
Reclassified as Operational Assets	0	(3,102)	0	0
Disposal	(22)	(5,083)	0	0
Balance outstanding at year end	8,310	168	0	0

22. Capital Expenditure and Capital Financing

	2017/18	2018/19
	£'000	£'000
Opening Capital Financing Requirement	195,111	197,936
Plus: Capital Investment		
Council Dwellings	14,139	9,987
Other Land and Buildings	8,162	6,089
Vehicle, Plant and Equipment	2,424	1,164
Infrastructure	10,758	4,965
Assets Under Construction	2,727	16,696
Disposal and Demolition Costs	634	84
Intangible Assets	350	56
Revenue Expenditure Funded from Capital under Statute	5,167	4,342
Less: Sources of Finance		
Capital Receipts	(3,225)	(3,355)
Government Grants and Other Contributions	(18,569)	(24,196)
Less: Sums set aside from revenue		
Direct Revenue Contributions	(13,453)	(10,429)
Minimum Revenue Provision(inc. Voluntary)	(6,289)	(4,992)
Closing Capital Financing Requirement	197,936	198,347
Explanation of movements in year		
Increase in underlying need to borrow (unsupported by Government Financial Assistance)	2,825	411
Increase /(Decrease) in Capital Financing Requirement	2,825	411

The Minimum Revenue Provision (MRP) shown above excludes the writing off of the Council's share of Glamorgan Archives Joint Committee £534k.

The Capital Investment figures and Direct Revenue Contributions shown above exclude Vehicles and Equipment of £38k held in the Shared Regulatory Joint Committee.

The Capital Investment figures exclude £1,314k Assets under Construction included in the City Deal Joint Committee accounts and Government Grants and Other Contributions of (£1,110k).

23. Intangible Assets

The Authority accounts for its software as intangible assets. Software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are 5 years. The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £236k was charged to revenue in 2018/19.

The movement on Intangible Asset balances during the year is as follows

	Purchased Assets 2017/18	Purchased Assets 2018/19
Balance at start of year	£'000	£'000
Gross carrying amounts	2,513	2,603
Accumulated Amortisation	(1,903)	(1,815)
Net carrying amount at start of year	610	788
Additions	350	56
Amortisation	(172)	(236)
Other Disposals	(260)	0
Amortisation written off on disposal	260	0
Net carrying amount at end of year	788	608

Comprising		
Gross carrying amounts	2,603	2,659
Accumulated Amortisation	(1,815)	(2,051)
Net carrying amount at end of year	788	608

24. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet;

	Long Term		Short Term	
	31 March 2018	31 March 2019	31 March 2018	31 March 2019
	£'000	£'000	£'000	£'000
Financial Assets at Amortised Cost				
Investments	2	2	66,313	81,321
Debtors	607	236	34,009	27,581
Cash and Cash Equivalents	0	0	6,159	12,048
Total Financial Assets	609	238	106,481	120,950
Financial Liabilities at Amortised cost				
Borrowings	154,716	153,506	2,243	2,569
Creditors	5,297	6,617	32,950	34,109
Total Financial Liabilities	160,013	160,123	35,193	36,678

- The above short term debtors balance at 31st March 2019 excludes £5.472M of non contractual balances that do not meet the definition of financial assets at amortised cost.
- The above short term creditors balance at 31st March 2019 excludes £0.996M of non contractual balances that do not meet the definition of financial liabilities at amortised cost.

Financial Liabilities at Amortised Cost (Borrowing) Reconciliation	PWLB	Market Loans	Other	Total
	£'000	£'000	£'000	£'000
Principal Amount	146,445	8,600	100	155,145
Accruals	1,217	17	0	1,234
Other Accounting Adjustments	0	(304)	0	(304)
Total Borrowing measured at Amortised Cost	147,662	8,313	100	156,075
Short Term Borrowing	2,452	17	100	2,569
Long Term Borrowing	145,210	8,296	0	153,506
Financial Liabilities at Amortised Cost	147,662	8,313	100	156,075

Income, Expense, Gains and Losses

2017/18		2018/19			
Total		Financial Liabilities measured at Amortised cost	Financial Assets: Amortised Cost	Financial Assets: Fair Value through Profit and Loss	Total
		£'000	£'000	£'000	£'000
(7,405)	Interest Expense	(7,300)	0	0	(7,300)
(7,405)	Total Expense in Deficit on the Provision of Services	(7,300)	0	0	(7,300)
236	Interest Income	0	594	0	594
236	Total Income in Deficit on the Provision of Services	0	594	0	594
(7,169)	Net gains/losses from financial instruments	(7,300)	594	0	(6,706)

Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Estimated interest rates at 31 March 2019 are the PWLB / market set of rates in force on that date;
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, carrying amount is assumed to be approximate to fair value;
- The fair value of trade and other receivables is taken to be invoiced or billed amount.

Short Term Debtors and Creditors are carried at cost as this is a fair approximation of their value. The fair values calculated are as follows:

	Loan Principal 31 March 2018	Carrying Amount 31 March 2018	Fair Value 31 March 2018	Loan Principal 31 March 2019	Carrying Amount 31 March 2019	Fair Value 31 March 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Liabilities	155,365	156,959	203,628	155,145	156,075	201,740

The fair values as at 31 March 2018 and 2019 do not include Joint Committee Liabilities.

The fair value is higher than the carrying amount because the Authority'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 at the balance sheet date. This commitment to pay interest above current market rates increases the amount that the Authority would have to pay if the lender requested or agreed to early repayment of the loans.

Fair Value Hierarchy for Financial Instruments that are not measured at Fair Value

As at 31 st March 2018				
Recurring Fair Value Measurements using;	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£'000	£'000	£'000	£'000
Financial Liabilities	0	203,628	0	203,628
Loans and Borrowings	0	0	0	0
Long Term Creditors	0	0	0	0
Total	0	203,628	0	203,628

As at 31 st March 2019				
Recurring Fair Value Measurements using;	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£'000	£'000	£'000	£'000
Financial Liabilities	0	201,740	0	201,740
Loans and Borrowings	0	0	0	0
Long Term Creditors	0	0	0	0
Total	0	201,740	0	201,740

Valuation Techniques used to Determine Level 2 and 3 Fair Values

Level 2 valuations for LOBOs and Market Loans have been calculated by Link Asset Management Limited and incorporate PWLB rates and discussions with possible new market participants for Local Authority borrowing. The Level 2 valuations for PWLB have also been calculated by Link Asset Management Limited utilising data available on the PWLB website.

25. Debtors

	31 March 2018	31 March 2019
	£'000	£'000
Central government bodies	18,914	13,800
Other local authorities	6,396	10,900

NHS bodies	3,371	3,994
Public corporations and trading funds	10	6
Other entities and individuals	10,487	9,673
Gross Total	39,178	38,373
Less: Provision for Bad Debts	(5,169)	(5,320)
Total	34,009	33,053

26. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2018		31 March 2019
£'000		£'000
33	Cash held by the Authority	26
3,368	Cash at Bank	1,288
1,758	Joint Committee Cash	2,634
1,000	Short-term Investment	8,100
6,159	Total Cash and Cash Equivalents	12,048

27. Creditors

	31 March 2018	31 March 2019
	£'000	£'000
Central government bodies	4,086	4,751
Other local authorities	8,990	11,619
NHS bodies	240	178
Public corporations and trading funds	122	126
Other entities and individuals	19,512	18,431
Total	32,950	35,105

28. Provisions

	Insurance £'000	MMI £'000	Equal Pay £'000	Other £'000	Total £'000
Balance at 1 April 2017	2,462	175	123	190	2,950
Additional provisions made	0	125	0	410	535
Amounts used / Transfer out	(460)	0	(60)	0	(520)
Balance at 31 March 2018	2,002	300	63	600	2,965
Additional provisions made	0	0	0	35	35
Amounts used / Transfer out	(352)	0	(63)	(222)	(637)
Balance at 1 April 2019	1,650	300	0	413	2,363

The closing provision balance of £2.363M is made up of £444k considered to be long term and £1.919M expected to fall due within 12 months.

1. Insurance - This provision covers all known claims as at 31 March 2019. These include provisions for public and employers liability, motor vehicle, buildings plus a number of risks insured internally, which cannot be covered economically by conventional external insurance. The excesses for 2018/19 are £75,000 for all claim types.
2. MMI - The Scheme administrators may well require the Authority to contribute a further levy. A total of £300k has been set aside to meet this potential liability. Further information is included within note 45 - Contingent Liability.
3. Other - Included within this figure is a sum of £128k for Housing Committed Bonds and £82k in respect of the Vale of Glamorgan Council's share of the City Deal accounts.

29. Other Long Term Liabilities

An analysis of Other Liabilities that will not be settled for 12 months is given in the following table:

	31 March 2018	31 March 2019
	£'000	£'000
City Deal Joint Committee	1,560	2,546
Welsh Government Home Improvement Loans	1,627	1,627
Welsh Government Town Centre Improvement Loans	1,045	1,045
Long Term Receipts in Advance including commuted sums and S278 contributions	1,065	1,399
Total	5,297	6,617

30. Usable Reserves

31 March 2018		31 March 2019
£'000		£'000
9,634	Council Fund	13,636
69,076	Earmarked General Fund Reserves	67,525
775	Housing Revenue Account	2,668
11,299	Capital Receipts Reserve	15,124
1,851	Capital Grants Unapplied Account	6,196
92,635	Total Usable Reserves	105,149

An analysis of the Earmarked General Fund Reserves are shown in note 12.

31. Unusable Reserves

31 March 2018		31 March 2019
£'000		£'000

68,001	Revaluation Reserve	75,658
369,094	Capital Adjustment Account	389,060
(335)	Financial Instruments Adjustment Account	(394)
11	Deferred Capital Receipts Reserve	11
(215,523)	Pensions Reserve	(215,181)
(3,118)	Accumulated Absences Account	(2,850)
218,130	Total Unusable Reserves	246,304

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from its Property, Plant and Equipment and Intangible Assets.

2017/18	Revaluation Reserve	2018/19
£'000		£'000
79,946	Balance at 1 April	68,001
(12,903)	Downward revaluation of assets and Impairment losses not charged to the Provision of Services	(6,339)
1,941	Upward revaluation of assets	16,242
(725)	Difference between fair value depreciation and historical cost depreciation	(390)
156	Amount adjusted for Correction on Joint Committee	0
(414)	Amount written off to the Capital Adjustment Account following disposal	(1,856)
68,001	Balance at 31 March	75,658

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

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2017/18	Capital Adjustment Account	2018/19
£'000		£'000
347,086	Balance at 1 April	369,094

	Reversal of items relating to capital expenditure debited or credited to the CIES	
(16,588)	Charges for depreciation and impairment of non current assets	(17,576)
(172)	Amortisation of intangible assets	(236)
(5,167)	Revenue expenditure funded from capital under statute	(4,342)
(478)	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(6,094)
1,421	Other (Adjusting amounts written out of the Revaluation Reserve etc.)	3,600
	Capital financing applied in year:	
2,591	Use of the Capital Receipts Reserve to finance new capital expenditure	3,355
2,779	Use of the Major Repairs Reserve to finance new capital expenditure	2,759
17,842	Capital grants and contributions credited to the CIES that have been applied to capital financing	26,825
0	Application of grants to capital financing from the Government Grants Unapplied Account	(4,345)
6,322	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	5,526
13,458	Capital Expenditure charged against the Council Fund and HRA balances	10,494
369,094	Balance at 31 March	389,060

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.

2017/18	Financial Instruments Account	2018/19
£'000		£'000
(278)	Balance at 1 April	(335)
(57)	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(59)
(335)	Balance at 31 March	(394)

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.

2017/18	The Pensions Reserve	2018/19
£'000		£'000
(208,012)	Balance at 1 April	(215,523)
11	Remeasurements of the net defined benefit liability / (asset)	8,890
0	Transfer out/(in) of the net defined benefit liability/(asset)	0
(20,528)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	13,364
13,006	Employer's pension contributions and direct payments to pensioners payable in the year	(21,912)
(215,523)	Balance at 31 March	(215,181)

Deferred Capital Receipts Reserve

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

2017/18	Deferred Capital Receipts Reserve	2018/19
£'000		£'000
21	Balance at 1 April	11
(10)	Transfer to the Capital Receipts Reserve upon receipt of cash	0
11	Balance at 31 March	11

Accumulated Absences Account

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

2017/18	Accumulated Absences Account	2018/19
£'000		£'000
(3,207)	Balance at 1 April	(3,118)
(3,118)	Amounts accrued at the end of the current year	(2,850)
3,207	Amount by which officer remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements.	3,118
(3,118)	Balance at 31 March	(2,850)

32. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2017/18		2018/19
£'000		£'000
207	Interest Received	556
(7,228)	Interest Paid	(7,489)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2017/18		2018/19
£'000		£'000
25,714	Depreciation and Impairment	16,224
172	Amortisation	236
0	Reductions in Fair Value of Concessionary Loans	0
57	Soft Loans (non-subsidiary)	59
(1,787)	Increase / (Decrease) in creditors	(1,701)
(4,422)	(Increase) / Decrease in debtors	(2,313)
(63)	(Increase) / Decrease in inventories	(12)
7,522	Movement in pension liability	8,548
15	Contribution to / from Provisions	(661)
478	Carrying amount of non-current assets and non current assets held for sale, sold or de-recognised	6,094
27,686	Adjustments to net surplus or deficit on the provision of services for non-cash movements.	26,474

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2017/18		2018/19
£'000		£'000
(4,691)	Proceeds from the sale of property, plant and equipment and intangible assets	(7,180)
(21,735)	Any other items which the cash effects are investing or financing cash flows	(29,585)
(26,426)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(36,765)

33. Cash Flow Statement – Investing Activities

2017/18		2018/19
£'000		£'000
(49,884)	Purchase of property, plant and equipment, investment property and intangible assets	(40,393)
4,701	Proceeds from sale of property, plant and equipment, investment property and intangible assets	7,180
28,338	Other receipts from investing activities	25,252
(16,845)	Net cash flows from investing activities	(7,961)

34. Cash Flow Statement – Financing Activities

2017/18		2018/19
£'000		£'000
0	Cash Receipts of Short and Long Term Borrowing	0
(1,811)	Repayments of Short and Long Term Borrowing	(695)
507	Other Payments for Financing Activities	2,940
(1,304)	Net cash flows from financing activities	2,245

35. Members Allowances

The Authority paid the following amounts to members of the Council during the year.

	2017/18	2018/19
	£'000	£'000
Salaries	629	637
Allowances	199	210
Expenses	5	1
Total	833	848

36. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and non-audit services provided by the Authority's external auditors.

	2017/18	2018/19
	£'000	£'000
Fees payable to the Wales Audit Office with regard to external audit services carried out by the appointed auditor.	164	164
Fees payable to the Wales Audit Office in respect of statutory inspections (Restatement)	97	97
Fees payable to Wales Audit Office for the certification of grant claims and returns	53	57
Fees payable in respect of other services provided by Wales Audit Office.	0	0
Total	314	318

37. Employees Emoluments

Remuneration Ratio

The remuneration ratio is arrived at by taking the median amount of remuneration for 2018/19 for all Vale of Glamorgan employees (excluding those employed by a Voluntary Aided School) as at 31st March 2019. This Median remuneration is then compared to the annualised remuneration for the Head of Paid Service in the Council which is the Managing Director. In 2018/19 the remuneration ratio is 1:6 and in 2017/18 the remuneration was 1:6.

Officers remunerated in excess of £60,000

The Returning Officer's remuneration is not included in the table below (£4,981 in 2018/19 and £48,713 in 2017/18 including pension contributions) and has been paid in accordance with the WG Guidance on remuneration.

Senior Officers whose remuneration is included in the senior officers emoluments disclosure are also included in the bandings table. Staff employed by a voluntary aided or Roman Catholic aided schools are excluded from the remuneration bandings calculation.

The number of employees whose remuneration excluding employer's pension contributions was £60,000 or more in bands of £5,000 are shown in the following table:

Remuneration Band	2017/18 Number of Employees	2018/19 Number of Employees
£60,000-£64,999	17	22
£65,000-£69,999	16	15
£70,000-£74,999	12	8
£75,000-£79,999	0	5
£80,000-£84,999	7	3
£85,000-£89,999	2	3
£90,000-£94,999	3	2
£95,000-£99,999	3	3
£100,000-£104,999	0	2
£105,000-£109,999	1	0
£110,000-£114,999	1	0
£115,000-£119,999	0	1
£120,000-£124,999	0	0
£125,000-£129,999	2	1
£130,000-£134,999	0	1

The number of employees above excludes Teaching positions employed by their Governing Body.

The remuneration bands include expenses chargeable to United Kingdom income tax.

2017/18 Senior Officers Emoluments

Post Holder Information	Salary	Expense Allowances	Pension Contribution	Total Remuneration
	£	£	£	£
Managing Director	129,690	0	29,958	159,648
Director of Social Services (To 31 st May 2017)	27,179	0	0	27,179
Director of Social Services (From 1 st June 2017)	74,344	0	17,173	91,517
Director of Environment and Housing Services	98,848	0	22,834	121,682
Director of Learning and Skills	89,442	0	20,661	110,103
Head of Finance	84,803	0	19,590	104,393
Head of Legal Services (Monitoring Officer)	84,803	0	19,590	104,393
Head of Human Resources	84,803	0	19,590	104,393
Head of Regeneration and Planning	71,203	0	16,448	87,651

2018/19 Senior Officers Emoluments

Post Holder Information	Salary	Expense Allowances	Pension Contribution	Total Remuneration
	£	£	£	£
Managing Director	132,284	0	30,558	162,842
Director of Social Services	93,265	0	21,544	114,809
Director of Environment and Housing Services	100,825	0	23,291	124,116
Director of Learning and Skills	95,785	0	22,126	117,911
Head of Finance	86,500	0	19,981	106,481
Head of Legal Services (Monitoring Officer)	86,500	0	19,981	106,481
Head of Human Resources (to 2 nd September 2018)	36,522	0	8,437	44,959
Head of Regeneration and Planning	74,537	0	17,218	91,755
Head of Policy (from 2 nd September 2018)	44,595	0	10,301	54,896

The Head of Policy reported to the Head of Human Resources prior to 2nd September 2018 after which the post reported to the Managing Director.

The Pension Contribution shown above includes the deficit recovery element of the contributions made to Cardiff and Vale Pension Fund.

Exit Packages

The number of exit packages with total cost per band and total cost of the compulsory and other departures are set out in the tables below.

Teachers are included even where appointed by the Governing body, as the liability for redundancy costs is with the Authority rather than the school.

2017/18			
Exit Package cost band (including special payments)	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band
£			£
0-20,000	30	30	209,457
20,001-40,000	9	9	245,683
40,001-60,000	2	2	102,122
60,001-80,000	2	2	135,891
80,001-110,000	0	0	0
110,000-150,000	0	0	0
			693,153

2018/19			
Exit Package cost band (including special payments)	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band
£			£
0-20,000	51	51	303,758
20,001-40,000	13	13	378,613
40,001-60,000	0	0	0
60,001-80,000	0	0	0
80,001-110,000	0	0	0
110,000-150,000	0	0	0
			682,371

38. Grant Income

The Authority credited the following grants, contributions and donations to services.

	2017/18	2018/19
	£'000	£'000
Credited to Services		
Department for Works and Pensions	38,370	38,319
Welsh Government	24,219	20,783
Youth Justice Board	162	143
Police & Crime Commissioner	57	57
Sports Wales/Disability Sports Wales	298	270
Public Health Wales	129	129
Arts Council	54	30
European Rural Development Programme	247	346
Rural Payments Agency	194	190
Social Care Wales	273	0
Education Workforce Council	208	105
Cabinet Office	257	73
Ministry of Defence	0	92
Wildlife Trust Service	0	12
Home Office	0	22
Welsh Local Government Association	0	45
Dept for Business, Energy & Industrial Strategy	0	13
Lottery	8	21
Other	22	27
Total	64,498	60,677

Capital Grants Received in Advance

	2017/18	2018/19
	£'000	£'000
Section 106 agreements – unapplied	17,471	22,459
WG Capital Grants	698	698
Total Capital Grants Received in Advance	18,169	23,157
The amount has been apportioned as follows:		
To be applied within one year	2,752	9,592
To be applied after one year	15,417	13,565
Total	18,169	23,157

39. Joint Committees

The Council is a member of a number of Joint Committees and the unaudited accounts have been consolidated into the Council's Financial Statements on a line by line basis calculated using a reasonable apportionment methodology e.g. population, Education Indicator Based Assessment Share. The Joint Committees consolidated are;

1. Shared Regulatory Service

The Shared Regulatory Service was created on 1st May 2015 to provide a range of regulatory services across Cardiff, Bridgend and the Vale of Glamorgan. The Council is the host authority for the service.

Shared Regulatory Service 2017/18	Vale of Glamorgan Council Share 2017/18	Income and Expenditure Statement	Shared Regulatory Service 2018/19	Vale of Glamorgan Council Share 2018/19
£'000	£'000		£'000	£'000
9,641	1,967	Operating Expenditure	9,759	1,973
(9,359)	(1,810)	Operating Income	(9,617)	(1,976)
282	157	Net Cost of Services	142	(3)
270	50	Finance and Investment Income and Expenditure	264	52
552	207	(Surplus) / Deficit on Provision of Services	406	49
(860)	(160)	Other Comprehensive Income and Expenditure	(380)	(75)
(308)	47	Total Comprehensive Income & Expenditure	26	(26)

Shared Regulatory Service 2017/18	Vale of Glamorgan Council Share 2017/18	Balance Sheet	Shared Regulatory Service 2018/19	Vale of Glamorgan Council Share 2018/19
£'000	£'000		£'000	£'000
96	9	Property, Plant and Equipment	210	43
76	15	Intangible Assets	53	10
0	0	Long Term Debtors	0	0
172	24	Total Long Term Assets	263	53
288	8	Short Term Debtors	85	20
847	227	Cash Owed from Host Authority	1,388	281
1,135	235	Current Assets	1,473	301
(365)	(63)	Short Term Creditors	(538)	(76)
(365)	(63)	Total Current Liabilities	(538)	(76)
(10,990)	(2,132)	Long Term Pension Liability	(11,300)	(2,194)
(222)	(45)	Revenue Grants Received in Advance	(193)	(39)
(11,212)	(2,177)	Total Long Term Liabilities	(11,493)	(2,233)
(10,270)	(1,981)	Net Assets	(10,295)	(1,955)
739	164	Usable Reserves	890	215
(11,009)	(2,145)	Unusable Reserves	(11,185)	(2,170)
(10,270)	(1,981)	Total Reserves	(10,295)	(1,955)

2. Vale, Valleys & Cardiff (VVC) Adoption Collaborative Service

The VVC Adoption Services was created on 1st June 2015 to provide an adoption service across Cardiff, Rhondda Cynon Taf, Merthyr Tydfil and the Vale of Glamorgan. The Council is the host authority for the service.

Regional Adoption Service 2017/18	Vale of Glamorgan Council Share 2017/18	Income and Expenditure Statement	Regional Adoption Service 2018/19	Vale of Glamorgan Council Share 2018/19
£'000	£'000		£'000	£'000
	16.4%			16.4%
1,449	238	Operating Expenditure	1,602	263
(1,336)	(219)	Operating Income	(1,542)	(253)
113	19	Net Cost of Services	60	10
30	5	Finance and Investment Income and Expenditure	30	5
143	24	(Surplus) / Deficit on Provision of Services	90	15
(90)	(15)	Other Comprehensive Income and Expenditure	(70)	(12)
53	9	Total Comprehensive Income & Expenditure	20	3

Regional Adoption Service 2018/19	Vale of Glamorgan Council Share 2018/19	Balance Sheet	Regional Adoption Service 2018/19	Vale of Glamorgan Council Share 2018/19
£'000	£'000		£'000	£'000
	16.4%			16.4%
30	5	Short Term Debtors	157	26
30	5	Current Assets	157	26
(43)	(7)	Short Term Creditors	(169)	(28)
(43)	(7)	Total Current Liabilities	(169)	(28)
(1,040)	(171)	Long Term Pension Liability	(1,060)	(174)
(1,053)	(173)	Net Assets	(1,072)	(176)
0	0	Usable Reserves	13	2
(1,053)	(173)	Unusable Reserves	(1,085)	(178)
(1,053)	(173)	Total Reserves	(1,072)	(176)

3. Glamorgan Archives

The Glamorgan Archive Joint Committee provides a Joint Archive facility for Cardiff, Bridgend, Rhondda Cynon Taf, Merthyr Tydfil and the Vale of Glamorgan Councils.

Glamorgan Archives 2017/18	Vale of Glamorgan Council Share 2017/18	Income and Expenditure Statement	Glamorgan Archives 2018/19	Vale of Glamorgan Council Share 2018/19
	12%			12%
£'000	£'000		£'000	£'000
1,020	122	Operating Expenditure	1,089	131
(1,410)	(169)	Operating Income	(928)	(112)
(390)	(47)	Net Cost of Services	161	19
243	29	Finance and Investment Income and Expenditure	0	0
(147)	(18)	(Surplus) / Deficit on Provision of Services	161	19
0	0	Other Comprehensive Income and Expenditure	0	0
(147)	(18)	Total Comprehensive Income & Expenditure	161	19

Glamorgan Archives 2017/18	Vale of Glamorgan Council Share 2017/18	Balance Sheet	Glamorgan Archives 2018/19	Vale of Glamorgan Council Share 2018/19
	12%			12%
£'000	£'000		£'000	£'000
9,406	1,128	Land and Buildings	9,307	1,117
5	1	Vehicle, Plant, Furniture and Equipment	2	0
9,411	1,129	Long Term Assets	9,309	1,117
18	2	Inventories	17	2
55	7	Short Term Debtors	46	6
181	21	Cash and Cash Equivalents	132	16
254	30	Current Assets	195	24
(23)	(3)	Short Term Creditors	(22)	(3)
(23)	(3)	Total Current Liabilities	(22)	(3)
(4,454)	(534)	Long Term Borrowing	0	0
5,188	622	Net Assets	9,482	1,138
234	27	Usable Reserves	176	21
4,954	595	Unusable Reserves	9,306	1,117
5,188	622	Total Reserves	9,482	1,138

4. Prosiect Gwyrdd

The Prosiect Gwyrdd is a Joint Working Arrangement between Cardiff, Caerphilly, Monmouthshire, Newport and the Vale of Glamorgan Councils to manage the contract with Viridor which provides a long term sustainable treatment solution to the residual waste that is remaining in each authority after recycling has been maximised.

Prosiect Gwyrdd 2017/18	Vale of Glamorgan Council Share 2017/18	Income and Expenditure Statement	Prosiect Gwyrdd 2018/19	Vale of Glamorgan Council Share 2018/19
	20%			20%
£'000	£'000		£'000	£'000
172	34	Operating Expenditure	175	35
(187)	(37)	Operating Income	(162)	(32)
(15)	(3)	Net Cost of Services	13	3
15	3	Transfer to Joint Committee Reserve	13	3
0	0	Total	0	0

Prosiect Gwyrdd 2017/18	Vale of Glamorgan Council Share 2017/18	Balance Sheet	Prosiect Gwyrdd 2018/19	Vale of Glamorgan Council Share 2018/19
	20%			20%
£'000	£'000		£'000	£'000
32	6	Short Term Debtors	108	22
314	63	Cash and Cash Equivalents	227	45
346	69	Current Assets	335	67
(3)	(1)	Short Term Creditors	(4)	(1)
(3)	(1)	Total Current Liabilities	(4)	(1)
343	68	Net Assets	331	66
344	68	Usable Reserves	331	66
(1)	0	Unusable Reserves	0	0
343	68	Total Reserves	331	66

5. Central South Consortium

The Central South Consortium was created on 1st September 2012 to provide a range of School Improvement services within the local authority areas of Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan. Rhondda Cynon Taf is the host authority for the service.

Central South Consortium 2017/18	Vale of Glamorgan Council Share 2017/18	Income and Expenditure Statement	Central South Consortium 2018/19	Vale of Glamorgan Council Share 2018/19
	14.67%			15.53%
£'000	£'000		£'000	£'000
84,042	12,363	Operating Expenditure	83,309	12,938
(83,720)	(12,315)	Operating Income	(82,558)	(12,821)
322	48	Net Cost of Services	751	117
(6)	(1)	Finance and Investment Income and Expenditure	(10)	(2)
316	47	(Surplus) / Deficit on Provision of Services	741	115
(651)	(96)	Other Comprehensive Income and Expenditure	(1,208)	(188)
(335)	(49)	Total Comprehensive Income & Expenditure	(467)	(73)

Central South Consortium 2017/18	Vale of Glamorgan Council Share 2017/18	Balance Sheet	Central South Consortium 2018/19	Vale of Glamorgan Council Share 2018/19
	14.67%			15.53%
£'000	£'000		£'000	£'000
737	108	Long Term Debtors	129	20
0	0	Long Term Asset - Defined Benefit Pension Asset	301	47
737	108	Long Term Assets	430	67
1	0	Inventories	0	0
23,328	3,432	Short Term Debtors	21,389	3,321
23,329	3,432	Current Assets	21,389	3,321
(23,471)	(3,453)	Short Term Creditors	(21,102)	(3,277)
(23,471)	(3,453)	Total Current Liabilities	(21,102)	(3,277)
(142)	(21)	Net Current Assets	287	44
(346)	(51)	Long Term Liability - Defined Benefit Pension Liability	0	0
249	36	Net Assets/Liabilities	717	111
663	97	Usable Reserves	438	68
(414)	(61)	Unusable Reserves	279	43
249	36	Total Reserves	717	111

6. City Deal.

The £1.2 billion Cardiff Capital Region City Deal has been established between the UK Government, the Welsh Government and 10 local authorities in South East Wales, including the Vale of Glamorgan Council. The Deal is expected to deliver up to 25,000 new jobs and bring in an additional £4 billion of private sector investment. The Deal will cover a 20 year period and work is currently ongoing to establish projects to be undertaken and cost implications for each authority. The capital contribution to the Joint Committee during 2018/19 was £1.043m and this was funded by the Council from internal borrowing. The CSC foundry accounts are consolidated into the City Deal accounts and this part of the Joint Committee Audit has not been completed.

City Deal 2017/18 *restated	Vale of Glamorgan Council Share 2017/18 *restated	Income and Expenditure Statement	City Deal 2018/19	Vale of Glamorgan Council Share 2018/19
	8.48%			8.48%
£'000	£'000		£'000	£'000
1,251	106	Operating Expenditure	1,340	114
(2,905)	(247)	Operating Income	(4,251)	(360)
(1,654)	(141)	Net Cost of Services	(2,911)	(246)
(18)	(2)	Finance and Investment Income and Expenditure	(113)	(10)
(24,188)	(2,056)	Taxation and Non Specific Grant Income	(11,757)	(997)
(25,860)	(2,199)	(Surplus) / Deficit on Provision of Services	(14,781)	(1,253)

0	0	Other Comprehensive Income and Expenditure	0	0
(25,860)	(2,199)	Total Comprehensive Income & Expenditure	(14,781)	(1,253)

City Deal 2017/18 *restated	Vale of Glamorgan Council Share 2017/18 *restated	Balance Sheet	City Deal 2018/19	Vale of Glamorgan Council Share 2018/19
	8.48%			8.48%
£'000	£'000		£'000	£'000
20,388	1,729	Assets Under Construction	35,224	2,986
1,976	167	Long Term Debtors	0	0
22,364	1,896	Long Term Assets	35,224	2,986
0	0	Financial Assets	3,000	254
1,565	133	Short Term Debtors	5,393	457
25,205	2,137	Cash and Cash Equivalents	30,350	2,572
26,770	2,270	Current Assets	38,743	3,283
(2,740)	(232)	Short Term Creditors	(2,041)	(173)
(2,740)	(232)	Current Liabilities	(2,041)	(173)
(19,954)	(1,692)	Long Term Creditors	(30,044)	(2,546)
(353)	(30)	Provisions for Liabilities	(966)	(82)
(20,307)	(1,722)	Long Term Liabilities	(31,010)	(2,628)
26,087	2,212	Net Assets/Liabilities	40,916	3,468
1,547	131	Usable Reserves	4,066	345
24,540	2,081	Unusable Reserves	36,850	3,123
26,087	2,212	Total Reserves	40,916	3,468

*restatement not consolidated into Vale of Glamorgan 17/18 accounts, but adjusted as part of 18/19 accounts.

40. Pooled/Joint Budgets Arrangements

The Council has entered into a number of joint and pooled budget arrangements for the following :-

Older People Care Accommodation Pooled Budget

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between Cardiff and Vale local authorities and the Cardiff and Vale University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1st April 2018. Cardiff Council is currently acting as host authority. The processes for commissioning and payment for services has remained unchanged and is still undertaken by the individual partner's. Each partner continues to be responsible for their own budget and expenditure.

Costs incurred by each partner are charged to the pooled budget held by Cardiff Council and these costs are then offset by contributions made by each partner into the pool. The value of the Vale's transactions into and out of the pool for 2018/19 are £9.3M.

Joint Equipment Store (JES)

The contributors to the pool are the Vale of Glamorgan Council, Cardiff County Council and the Cardiff and Vale University Health Board. The JES is run by Cardiff County Council and provides community equipment and minor adaptations to residents of Cardiff and the Vale of Glamorgan. £191k was paid into the pool in respect of 2018/19.

Intermediate Care Fund (ICF)

ICF grant is provided to the Cardiff and Vale University Health Board by Welsh Government. The funding allows various initiatives to be undertaken by the Cardiff and Vale University Health Board, Cardiff County Council and the Vale of Glamorgan Council. This fund is being used to build effective working practices across health, social services and housing, to take forward schemes which demonstrate an effectiveness across community and acute environments and linking out-of-hospital care and social care to strengthen the resilience of the unscheduled care system. The Vale of Glamorgan Council undertook revenue schemes to the value of £1.86M and capital schemes to the value of £1.37M during 2018/19 from this fund.

Integrated Family Support Service (IFSS)

The service covers the Vale of Glamorgan Council and Cardiff County Council geographical area. The service is run by Cardiff County Council and provides targeted intervention to support children and families affected by parental substance misuse. The Vale of Glamorgan Council contributed £284k to the service in 2018/19.

Coroner

There is a joint Coroner Service for Rhondda Cynon Taf, Cardiff and the Vale of Glamorgan Councils. The service is hosted by Rhondda Cynon Taf. During 2018/19 the Council made contributions of £246k to the service.

Shared Internal Audit Service

The Council is the lead authority for a Shared Internal Audit Service covering the Vale of Glamorgan and Bridgend Councils. The total cost of the service for 2018/19 was £531k with a contribution of £291k from the Vale of Glamorgan and £240k from Bridgend. From 1st April 2019 the service has been expanded to provide internal audit services for Rhondda Cynon Taf and Merthyr Tydfil County Councils.

Local Resilience Forum

The Authority is the lead for the Local Resilience Forum, the members of the forum are; the Local Health Board, Natural Resources Wales, Fire Service, South Wales Police and Local Authorities - Cardiff, Newport, Swansea, Bridgend, RCT and The Vale of Glamorgan.

The appropriate share of the forum's assets and liabilities have been included within these accounts. The Accounts for the Local Resilience Forum are outlined below;

Local Resilience Forum 2017/18	Vale of Glamorgan Council Share 2017/18	Income and Expenditure Statement	Local Resilience Forum 2018/19	Vale of Glamorgan Council Share 2018/19
	8%			8%
£'000	£'000		£'000	£'000
11	1	Operating Expenditure	29	2
(60)	(5)	Operating Income	(61)	(5)
(49)	(4)	Net Cost of Services	(32)	(3)
0	0	Finance and Investment Income & Expenditure	0	0
(49)	(4)	(Surplus) / Deficit on Provision of Services	(32)	(3)
0	0	Other Comprehensive Income and Expenditure	0	0
(49)	(4)	Total Comprehensive Income & Expenditure	(32)	(3)

Local Resilience Forum 2017/18	Vale of Glamorgan Council Share 2017/18	Balance Sheet	Local Resilience Forum 2018/19	Vale of Glamorgan Council Share 2018/19
£'000	£'000		£'000	£'000
	8.11%			8.11%
137	11	Current Assets	192	15
0	0	Current Liabilities	(23)	(2)
137	11	Net Assets	169	13
137	11	Usable Reserves	169	13
137	11	Total Reserves	169	13

41. Other Related Parties

Other than that shown below there are no matters that the Council is required to disclose separately as 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 other than those shown elsewhere in the notes to the accounts.

Welsh Government effect influence on the Authority via legislation and grant funding. As at 31st March 2019 there was a debtor balance of £8.33M.

The Authority has material transactions with the Cardiff and Vale University Health Board in respect of Social Service matters whereby the Health Board reimburses the Authority in respect of their share of children’s placements and residential and nursing home costs. The Council also receives Intermediate Care Fund income for capital and revenue expenditure from the Health Board. During 2018/19 these transactions totalled £6.129M and as at 31st March 2019 there was a debtor balance of £4.027M.

At the 31 March 2019 there were 29 Vale of Glamorgan Councillors who also were members of Town and Community Councils.

42. Operating Leases (Lessor)

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

Operating leases which expire:	2017/18 Land and Buildings	2017/18 Other Leases	2018/19 Land and Buildings	2018/19 Other Leases
	£'000	£'000	£'000	£'000
Within 1 year	368	0	403	0
Between 1 and 5 years	1,030	0	1,085	0
After 5 years	7,684	0	7,845	0
Total	9,082	0	9,333	0

43. Operating Leases (Lessee)

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

Operating leases which expire:	2017/18 Land and Buildings	2017/18 Other Leases	2018/19 Land and Buildings	2018/19 Other Leases
	£,000	£,000	£'000	£'000
Within 1 year	153	154	153	15
Between 1 and 5 years	430	15	250	0
After 5 years	63	0	0	0
Total	646	169	403	15

44. Pension Assets and Liabilities

Local Government Pension Scheme Funded Benefits

The disclosures below relate to the funded liabilities within the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is part of the Local Government Pension

Scheme (the LGPS). The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits to be paid for the period covered by this disclosure are set out in the 'Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2016 and the contributions to be paid until 31 March 2019 resulting from that valuation are set out in the Fund's rates and adjustment certificate.

The Fund Administering Authority, City and County of Cardiff, is responsible for the governance of the Fund.

The accounts have been adjusted for Joint Committee Pension Liabilities. The Council's share of the Joint Committee pension liabilities are not reflected in the disclosure notes below.

The Employer's regular contributions to the Fund for the accounting period ending 31 March 2020 are estimated to be £13.25M. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS 19 purposes were:

Principal Financial Assumptions (% per annum)

	31 March 2017	31 March 2018	31 March 2019
	%	%	%
Discount Rate	2.5	2.6	2.4
Rate of increase to pensions in payment	2.0	2.1	2.2
Rate of increase to deferred pensions	2.0	2.1	2.2
Rate of general increase in salaries	3.0	3.1	3.2

The discount rate is set with reference to corporate bond yields. If assets underperform, this yield will create a deficit in the accounts. The fund holds a significant proportion of growth assets which whilst expected to outperform corporate bonds in the long term create volatility and risk in the short term in relation to the accounting figures. A decrease in corporate bond yields will increase the value

placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.

The majority of the pension liabilities are linked to either price or pay inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

Post retirement mortality (retirement in normal health)

Post Retirement Mortality	31 March 2018	31 March 2019
Males		
Future lifetime from age 65 (aged 65 at accounting date)	23.1	22.4
Future lifetime from age 65 (aged 45 at accounting date)	24.2	23.0
Females		
Future lifetime from age 65 (aged 65 at accounting date)	25.8	24.8
Future lifetime from age 65 (aged 45 at accounting date)	27.2	25.9

The majority of the Fund's obligations are to provide benefits for the life of a member following retirement, so increases in life expectancy will result in an increase in liabilities.

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. The assets allocated to the employer in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to those notional assets. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if the situation arises. The assets are invested in a diversified spread of investments and the approximate split for the Fund as a whole is included in the disclosures.

The Administering Authority does not invest in property or assets related to itself. It is possible, however, that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of their balanced investment strategy.

	Asset split at 31 March 2018 (%)	Asset split at 31 March 2019 (%)
Equities	66.5	63.7
Property	6.3	7.7
Government Bonds	15.4	10.7
Corporate Bonds	10.4	11.0

Cash	1.4	1.5
Other	0.0	5.4
Total	100.0	100.0

Reconciliation of Funded Status to Balance Sheet

	31 March 2018	31 March 2019
	£M's	£M's
Fair Value of Assets	401.29	433.41
Present Value of Funded Defined Benefit Obligation	597.08	630.64
Funded status	(195.79)	(197.23)
Impact of minimum funding requirement / asset ceiling	0.00	0.00
Asset / (Liability) recognised on the Balance Sheet	(195.79)	(197.23)

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

Active Members	39%
Deferred Pensioners	16%
Pensioners	45%

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of 'Orphan Liabilities' may in retrospect not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan Liabilities' are currently a small proportion of the overall liabilities in the Fund.

Maturity Profile of the Defined Benefit Obligation

The duration of liabilities for the scheme members is 17.7 years.

Breakdown of Amounts recognised in Surplus or Deficit on the Provision of Services and Other Comprehensive Income.

	For Year Ending 31 March 2018	For Year Ending 31 March 2019
Operating Cost	£M's	£M's
Current Service Cost*	16.26	17.09
Past Service Cost (including curtailments)	0.01	0.07
Settlement Cost	0.00	0.00
Financing Cost		
Interest on net defined benefit liability/ (asset)	4.53	4.92
Pension expense recognised in Surplus or Deficit	20.80	22.08
Remeasurements in Other Comprehensive Income		
Return on plan assets (in excess of) / below that recognised in net interest	(2.37)	(17.32)
Actuarial (gains)/ losses due to change in financial assumptions	(0.52)	33.05
Actuarial (gains)/ losses due to changes in demographic assumptions	0.00	(24.29)
Actuarial (gains) / losses due to liability experience	2.98	0.92
Total Amount recognised in Other Comprehensive Income	0.09	(7.64)
Total Amount Recognised	20.89	14.44

*The current service cost included an allowance for the administration expenses £0.22M at 31st March 2019 (£0.21M at 31st March 2018).

Changes to the Present Value of Defined Benefit Obligation during the Period

	Year Ending 31 March 2018	Year Ending 31 March 2019
	£M's	£M's
Opening Defined Benefit Obligation	580.57	597.08
Current Service Cost	16.26	17.09
Interest Expense on defined benefit obligation	14.31	15.41
Contributions by Participants	3.32	3.44
Actuarial (gains)/ losses on liabilities financial assumptions	(0.52)	33.05
Actuarial (gains)/ losses on liabilities demographic assumptions	0.00	(24.29)
Actuarial (gains)/ losses on liabilities experience	2.98	0.92
Net Benefits Paid Out	(19.85)	(12.13)
Past Service Cost (including curtailments)	0.01	0.07
Net increase in liabilities from disposals/ acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Defined Benefit Obligation	597.08	630.64

Changes to the Fair Value of Assets during the Accounting Period

	31 March 2018	31 March 2019
	£M's	£M's
Opening Fair Value of Assets	393.01	401.29
Interest Income on Assets	9.78	10.49
Remeasurement gains/ (losses) on Assets	2.37	17.32
Contributions by the Employer	12.66	13.00
Contributions by Participants	3.32	3.44
Net Benefits Paid Out	(19.85)	(12.13)
Net increase in assets from disposals/ acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Fair Value of Assets	401.29	433.41

Actual Return on Assets

	31 March 2018	31 March 2019
	£M's	£M's
Interest Income on Assets	9.78	10.49
Remeasurement gains/ (losses) on Assets	2.37	17.32
Actual Return on Assets	12.15	27.81

Sensitivity Analysis

Discount rate assumption

Adjustment to discount rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	619.58	630.64	641.90
% change in present value of total obligation	-1.8%		1.8%
Projected service cost (£M)	17.51	18.00	18.50
Approx. % change in projected service cost	-2.7%		2.8%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	633.41	630.64	627.90
% change in present value of total obligation	0.4%		-0.4%
Projected service cost (£M)	18.00	18.00	18.00
Approx. % change in projected service cost	0.0%		0.0%

Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption

Adjustment to pension increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	639.11	630.64	622.30
% change in present value of total obligation	1.3%		-1.3%
Projected service cost (£M)	18.50	18.00	17.51
Approx. % change in projected service cost	2.8%		-2.7%

Post retirement mortality assumption*

Adjustment to mortality age rating assumption	-1 year	Base figure	+1 year
Present value of total obligation (£M)	651.06	630.64	610.42
% change in present value of total obligation	3.2%		-3.2%
Projected service cost (£M)	18.70	18.00	17.31
Approx. % change in projected service cost	3.9%		-3.9%

*A rating of +1 year means that members are assumed to follow the mortality pattern for the base table for an individual that is 1 year older than them.

Local Government Pension Scheme Unfunded Benefits

The disclosures below relate to the unfunded pension arrangements established by The Vale of Glamorgan Council. These are termination benefits made on a discretionary basis upon early retirement in respect of members of the Local Government Pension Scheme (LGPS) under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations and members of the Teachers' Pension Scheme.

The latest actuarial valuation of unfunded benefits took place as at 31 March 2019. Liabilities have been estimated by the independent qualified actuary basis on an actuarial basis using the projected unit credit method.

The estimated Employer payments directly to beneficiaries for the year ended 31st March 2020 are estimated to be £1.26M. The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS 19 purposes were:

Principal Financial Assumptions (% per annum)

	31 March 2017	31 March 2018	31 March 2019
	%	%	%
Discount rate	2.5	2.6	2.4
Rate of increase to pensions in payment	2.0	2.1	2.2

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

Post retirement mortality (retirement in normal health)

Post Retirement Mortality (retirement in normal health)	31 March 2018	31 March 2019
Males Future lifetime from age 65 (aged 65 at accounting date)	23.1	22.4
Females Future lifetime from age 65 (aged 65 at accounting date)	25.8	24.8

Reconciliation of Unfunded Defined Benefit Obligation to Balance Sheet

	31 March 2018	31 March 2019
	£M's	£M's
Present Value of Unfunded Defined Benefit Obligation	17.38	15.63
Pension (Liability) recognised on the Balance Sheet	(17.38)	(15.63)

Breakdown of Amounts recognised in Surplus or Deficit on the Provision of Services and Other Comprehensive Income.

	Year Ending 31 March 2018	Year Ending 31 March 2019
Operating Cost	£M's	£M's
Current Service Cost	0.00	0.00
Past Service Cost (including curtailments)	0.00	0.02
Settlement Cost	0.00	0.00
Financing Cost		
Interest on net defined benefit liability/ (asset)	0.44	0.44
Pension expense recognised in Surplus or Deficit	0.44	0.46
Remeasurements in Other Comprehensive Income	0.00	0.00
Actuarial losses due to change in financial assumptions	0.00	0.41
Actuarial (gains) due to changes in demographic assumptions	0.00	(0.76)
Actuarial (gains)/ losses due to liability experience	0.17	(0.63)
Total Amount recognised in Other Comprehensive Income	0.17	(0.98)
Total Amount Recognised	0.61	(0.52)

Changes to the Present Value of Defined Benefit Obligation during the Accounting Period

	For Year Ending 31 March 2018	For Year Ending 31 March 2019
	£M's	£M's
Opening Defined Benefit Obligation	18.05	17.38
Current Service Cost	0.00	0.00
Interest Expense on defined benefit obligation	0.44	0.44
Contributions by Participants	0.00	0.00
Actuarial (gains)/ losses on liabilities financial assumptions	0.00	0.41
Actuarial (gains)/ losses on liabilities demographic assumptions	0.00	(0.76)
Actuarial (gains)/ losses on liabilities experience	0.17	(0.63)
Net Benefits Paid Out	(1.28)	(1.23)
Past Service Cost (including curtailments)	0.00	0.02
Net increase in liabilities from disposals/ acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Defined Benefit Obligation	17.38	15.63

Changes to the Fair Value of Assets during the Accounting Period

	For Year Ending 31 March 2018	For Year Ending 31 March 2019
	£M's	£M's
Opening Fair Value of Assets	0.00	0.00
Interest Income on Assets	0.00	0.00
Remeasurement gains/ (losses) on Assets	0.00	0.00
Contributions by the Employer	1.28	1.23
Contributions by Participants	0.00	0.00
Net Benefits Paid Out	(1.28)	(1.23)
Net increase in assets from disposals/ acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Fair Value of Assets	0.00	0.00

Teacher's Pension Scheme

The total employer contributions to the Teacher's Pension Scheme in 2018/19 made by the Council were £7.442M. This includes contributions for Teachers appointed by the Governing body.

45. Contingent Liabilities

Municipal Mutual Insurance Ltd. (MMI)

Municipal Mutual Insurance (MMI) was the main insurer of the public sector prior to it closing its insurance business in 1992. A scheme is in place for any liabilities still outstanding from historic insurance with MMI and therefore a provision has been included in the accounts. Any increase in claims could lead to a further levy being imposed on the Authority by the administrator of MMI in the future; provision for any sum due will be made once such an event becomes likely and can be reasonably assessed. The scheme administrator regularly reviews the scheme and any significant changes in the financial position may lead to a further clawback.

Local Government Pension Scheme

The recent McCloud judgement potentially has implications for all public sector pension schemes which includes the Local Government Pension Scheme (LGPS) and could lead to members who were discriminated against being compensated. The Government has applied to the Supreme Court for permission to appeal this judgement.

No allowance has been made in the account for the potential cost of improving members' benefits for those who are potentially discriminated against until the legal process has concluded. This is on the basis that it is uncertain what the conclusion

of the legal process will be and if the Government were to lose the appeal it is uncertain how members in the LGPS would be compensated.

46. Nature and Extent of Risks Arising From Financial Instruments

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

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The Council has approved the Annual Treasury Management Strategy which includes policies on risk management.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they are rated independently and comply with the credit rating as set out in the Treasury Management and Investment Strategy Statement. The Authority's internally managed investments complied with this strategy statement in 2018/19 and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority has a cautious approach to risk, with its priority to safeguard capital. The majority of the new investments were made with the Debt Management Account Deposit Facility which is guaranteed by the UK Government and UK Local Authorities. The maximum investment sum per Local Authority is £3M and the maximum investment period is 6 months in both 2017/18 and 2018/19. The investment position at 31st March 2019 is set out below;

	31 March 2018	31 March 2019
	£'000	£'000
UK Debt Management Account Deposit Facility	6,900	8,100
UK Local Authorities	60,000	81,000
Total	66,900	89,100

	31 March 2018	31 March 2019
	£'000	£'000
Short Term Investment	65,900	81,000
Overnight Investments shown as Cash and Cash Equivalents	1,000	8,100
Total	66,900	89,100
Short Term Investment Accrued Interest	28	67
Short Term Investment Joint Committees	385	254
	67,313	89,421

Liquidity Risk

As the Authority has ready access to borrowings from the money markets and the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. When the Authority borrows money the maturity date determined for the loan is considered on each occasion.

The Authority has a loan of £6 million in respect of a LOBO (Lenders Option Borrowers Option). The Lender can increase the interest rate by giving three business days notice before the interest payment dates in each year i.e. the 24th August and the 24th February, it would then be for the Authority to decide whether to accept the increase or repay the loan. The loan has a full term maturity date of 24th February 2054. The maturity analysis of financial liabilities is as follows:

	31 March 2018	31 March 2019
	£'000	£'000
Less than one year	2,243	2,569
Between one and two years	1,235	793
Between two and five years	16,401	25,841
More than five years	137,080	126,872
Total	156,959	156,075

Market Risk

Interest Rate Risk

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

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall;
- Investments at variables rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise;
- Investments at fixed rates – the fair value of the assets will fall.

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

The total Government Grant Support receivable by the Authority for future years is indicative only and therefore no amount has been included for this in the table.

The Treasury Management Strategy Statement includes a section on borrowings and the Head of Finance (Section 151 Officer) will monitor the interest rate market and adopt a pragmatic approach to changing circumstances.

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

	£'000
Increase in interest payable on variable rate borrowings	61
Increase in interest receivable on variable rate investments	(261)
Increase in government grant receivable for financing costs	0
Impact on (Surplus) or Deficit on the Provision of Services	(200)
Share of overall impact credited to the HRA	(77)
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
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)	(24,271)

To compile the above analysis the Council reviews the following;

- The interest chargeable on LOBO's and other variable rate loans.
- The interest received on investment income in 2018/19.
- Information provided by the Treasury Management Advisor on the projected decrease in fair value of fixed rate borrowings liabilities

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

The Housing Revenue Account**Housing Revenue Account Income and Expenditure Account**

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2017/18		2018/19	2018/19
£'000		£'000	£'000
	Expenditure		
3,164	Repairs and Maintenance	3,274	
5,049	Supervision and Management	4,634	
196	Rents, Rates, Taxes, & Other Charges	194	
532	Revaluation charged to CIES	5	
5,844	Non-Current Assets Depreciation /Impairment	6,578	
23	Debt Management Costs	23	
145	Increase in Provision for Bad and Doubtful Debts	87	
0	Revenue Expenditure Funded from Capital Under Statute	65	
14,953	Total Expenditure		14,860
	Income		
(18,520)	Dwelling Rents	(18,924)	
(160)	Non Dwelling Rents	(167)	
(430)	Charges for Services and Facilities	(539)	
(856)	Contributions towards expenditure	(188)	
0	Grant Income	(98)	
(19,966)	Total Income		(19,916)
(5,013)	Net Expenditure of HRA Services as Included in the Whole Authority CIES		(5,056)
0	HRA share of other amounts included in the whole authority Net Expenditure of Continuing Operations but not allocated to specific services		0
(5,013)	Net Expenditure of HRA Services		(5,056)
	HRA share of the operating income and expenditure included in the CIES		
(2,769)	(Gain)/ loss on sale of HRA assets		(971)
2,930	Interest payable and similar charges		2,918
(3)	Interest and Investment Income		(12)
95	Interest on net defined benefit liability/ (asset)		99
(2,799)	Capital Grants		(3,260)
(7,559)	(Surplus) or deficit for the year on HRA services		(6,283)

The Impairments shown in the above expenditure against the line "Non-Current Assets Depreciation /Impairment" relates to non enhancing capital expenditure incurred during the financial Year.

2017/18		2018/19
£'000		£'000
(958)	Balance on the HRA at the end of the previous year	(775)
(7,559)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(6,283)
7,742	Adjustments between accounting basis and funding basis under statute	4,390
183	Increase/(Decrease) during the financial year	(1,893)
(775)	Balance on the HRA at the end of the current year	(2,668)

Note to the Statement of Movement on the HRA Balance

Adjustments between Accounting Basis and Funding Basis under Statute

	2017/18	2018/19
	£'000	£'000
Revaluation Loss/ Gain on Property, Plant and Equipment	(532)	(5)
Charges for depreciation and Impairment of Non Current Assets	(5,845)	(6,578)
Capital Grants and Contributions	2,799	3,260
Statutory Provision for the Financing of Capital Investment	1,506	1,517
Revenue Expenditure Funded from Capital Under Statute	0	(66)
Capital Expenditure charged against HRA	7,218	5,478
Gains / (losses) on sales of non current assets	2,770	970
Pensions Reserve	(174)	(186)
Accumulated Absences	0	0
Total Adjustments	7,742	4,390

Summary

Housing Revenue Account revenue balance at 31st March 2019 is £2.668M.

1. Gross Dwelling Rent Income

This is the total dwelling rent income due for the year after allowance is made for voids. During the year 0.75% of the total dwelling rent due was uncollectable due to lettable properties being vacant; in 2017/18 the figure was 1.14%. Average dwelling rents were £94.53 a week in 2018/19, an increase of 3.02% over the previous year.

2. Rent Rebates

Assistance with rents is available under the Housing Benefit Scheme for those on low incomes. 70.9% of the Council's tenants receive some help with the costs of rent charges.

3. Housing Stock

Average Housing Stock over the past twelve years is shown in the following table:

2006/07	3,979
2007/08	3,959
2008/09	3,951
2009/10	3,949
2010/11	3,946
2011/12	3,944
2012/13	3,943
2013/14	3,940
2014/15	3,937
2015/16	3,930
2016/17	3,909
2017/18	3,891
2018/19	3,883

The numbers and types of dwelling at 31st March for the past two years are shown below:

Number of Dwellings by Type	At 31 st March 2018	At 31 st March 2019
1 Bedroom Houses	0	0
2 Bedroom Houses	311	308
3 Bedroom Houses	1,570	1,560
4 or more Bedroom Houses	89	87
1 Bedroom Bungalows	261	261
2 Bedroom Bungalows	71	71
3 Bedroom Bungalows	32	32
1 Bedroom Flats	861	861
2 Bedroom Flats	586	586
3 Bedroom Flats	94	94
Other – Hostel	15	15
Total	3,890	3,875

The change in stock can be summarised as follows:-

Housing Stock 31st March 2018	3,890
Less: Sold	(15)
Change of Use	0
New Build	0
Housing Stock 31st March 2019	3,875

4. Rent Arrears

During the year 2018/19 rent arrears as a proportion of gross rent income was 4.92% of the amount due, compared to 4.67% in 2017/18. The figures are as follows: -

	2017/18	2018/19
	£'000	£'000
Arrears at 31 st March	982	1,057

Amounts written off during the year amounted to £50k. The aggregate provision in respect of uncollectable rent and other housing debts is £830k.

5. Sale of Council Dwellings/ Administration Costs

The costs of administering the sale of Council dwellings (disposal proceeds £1.695M) were £6k in 2018/19, compared to £2k in 2017/18 (disposal proceeds £778k).

6. Water Rates

Total monies collected in respect of water rates were £1,522k (£1,552k in 2017/18). Commission earned on this for 2018/19 was £154k (£174k in 2017/18).

7. Capital Expenditure

Capital Expenditure of £11.444M has been spent in 2018/19 improving Council Dwellings, this Capital Expenditure has been taken into account at arriving at the Council Dwellings valuation.

8. Capital Funding

	2017/18	2018/19
	£'000	£'000
Unsupported Borrowing	1,000	0
Supported Borrowing – Affordable Housing Grant	0	937
Usable Capital Receipts	3,201	1,689
Revenue Contributions	7,217	5,479
Major Repairs Reserve	2,779	2,759
Section 20 contributions	0	500
Other Capital Grants	161	80
Total	14,358	11,444

9. Assets - Depreciation / Impairment

The charge is broken down as follows:-

Council Dwellings	2017/18	2018/19
	£'000	£'000
Depreciation of Dwellings	1,352	1,330
Depreciation of Other Land and Buildings	3	3
Impairment	4,489	5,245
Total	5,844	6,578

Council Dwellings / Other are included in note 19 to the main accounts, Property, Plant and Equipment.

10. Pension Reserve

Staff that are employed within the HRA are included in the Vale of Glamorgan Council's share of the Cardiff and Vale of Glamorgan Pension Fund and therefore a proportion of the actuarial adjustments are included in the HRA accounts.

The impact of the principal assumptions used by the independent qualified actuaries in updating the latest valuations of the Fund for IAS 19 are shown below.

	2017/18	2018/19
	£'000	£'000
IAS 19 Adjustment	80	88
Interest on net defined benefit liability/ (asset)	95	98
Contribution from Pension Reserve	175	186

11. Major Repairs Allowance

The Major Repairs Allowance is a grant provided by the Welsh Government and is used to fund capital expenditure in the Housing Revenue Account.

	2017/18	2018/19
	£'000	£'000
Opening Balance brought forward	0	0
Grant Received in Year	2,779	2,759
Grant Utilised in Year	(2,779)	(2,759)
Closing Balance Carried Forward	0	0

Trust Funds

1. Welsh Church Acts

The Council is sole trustee of this Fund which was set up on the disestablishment of The Church in Wales. Funds generated from investments and property rents are disbursed in the form of grants to deserving causes on the basis of applications considered by the Welsh Church Act Estate Committee.

	Balance at 31 March 2018	Acquisitions / Disposals	Revaluation	Surplus/ (Deficit)	Balance at 31 March 2019
	£'000	£'000	£'000	£'000	£'000
Accumulated Fund	4,960	0	138	(2)	5,096

The non-current assets of the fund are included at their 31 March 2019 value. The external investments held by the fund are included at their fair value at 31 March 2019.

The Welsh Church Acts fund although not audited as part of the Council audit, will be subject to independent examination by Wales Audit Office.

Glossary

Accounting Period

The period of time covered by the accounts, typically a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date.

Accounting Policies

The specific principles, bases, conventions, rules & practices applied by the Council in preparing & presenting its financial statements.

Accruals

Amounts included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because the events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or the actuarial assumptions have varied.

Amortisation

The gradual elimination of a liability, such as a loan, in regular payments over a specified period of time. Such payments must be sufficient to cover both principal & interest.

Asset

An item having value to the authority in monetary terms. Assets are classed as either current or non current:

- A **current** asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A **non current** asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a school building, or intangible, e.g. computer software licences.

Assets Under Construction

The cost of work performed on an incomplete project at the balance sheet date, which should be accounted for.

Balance Sheet

A statement of the recorded assets, liabilities and reserves at the end of the accounting period.

Beacon Valuation

This approach is designed to value large groups of properties which are of similar design, age or construction. In essence, this approach comprises three stages:

- a) Dividing the stock into Asset Groups (large groupings of properties such as a housing estate or groups of estates);
- b) Sub-dividing these Asset Groups into Archetype Groups (dwellings within the Asset Groups which have similar characteristics and;
- c) Selecting a Beacon Property – an actual property which is representative of its Archetype group.

Capital Financing

Funds obtained to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Capital Receipt

The income from the disposal of land or other non current assets.

Cash Equivalents

Short-term, highly liquid investments that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value.

Community Assets

Assets that the Council plans to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

Comprehensive Income and Expenditure Account

The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible, and demonstrates how that cost has been financed from precepts, grants and other income.

Contingent Asset

A contingent asset is a likely asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.

Contingent Liability

A contingent liability is either a potential obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

Creditor

Amount owed by the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit pension scheme's liabilities, expected to arise from employee service in the current period.

Debtor

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Defined Benefit Pension Scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

Depreciated Replacement Cost (DRC)

A method of valuation which gives a recognised approximation for the market value of specialised properties. It is an estimate of the market value for the existing use of the land, plus the current gross replacement costs for the building less an allowance for physical deterioration of the asset to its current equivalent physical state.

Depreciation

The measure of the cost of the wearing out, consumption or other reduction in the useful economic life of the Authority's non current assets during the accounting period, whether from use, the passage of time, or obsolescence through technological or other changes.

Discretionary Benefits (Pensions)

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as The Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007.

Effective Interest Rate

This is the rate of interest needed to discount the estimated stream of principal and interest cash flows through the expected life of a financial instrument to equal the amount at initial recognition.

Employee Benefits

All forms of consideration given by the Council in exchange for service rendered by its employees.

Events After The Balance Sheet Date

Events after the balance sheet date are those events, favourable or unfavourable, that arise between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

Exceptional Items

Material items which derive from affairs or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Existing Use Value (EUV)

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion. It assumes that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

Expected Return on Pension Assets

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items

Material items, having a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

Fair Value

The fair value of an asset is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.

Going Concern

The concept that the statement of accounts are prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

Housing Revenue Account (HRA)

A separate account to the Council Fund that includes the expenditure and income arising from the provision of housing accommodation by the Authority.

Impairment

A reduction in the value of a non current asset to below its carrying amount on the balance sheet. Impairment may be caused by a consumption of economic benefit (economic benefit impairment) or a general fall in prices.

Infrastructure Assets

Non current assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by continued use of the asset created. Examples are highways, footpaths and bridges.

Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets most frequently found in local authorities are computer software.

Inventories

Items of raw materials and stores an authority has procured and holds in expectation of future use.

Liability

A liability is where the Council owes payment to an individual or another organisation.

- A **current** liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A **deferred** liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

Materiality

The concept that the Statement of Accounts should contain all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

Minimum Revenue Provision (MRP)

The minimum amount, which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

National Non-Domestic Rates (NNDR)

The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of central government and then redistributed back to support the cost of services.

Net Book Value

The amount at which non current assets are included in the balance sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation and impairment.

Operating Lease

A lease where the ownership of the non current asset remains with the lessor.

Past Service Cost (Pensions)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Pension Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Precept

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

Prior Year Adjustment

Material adjustments relating to prior years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provision

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur, but the amounts or dates of when they will arise are uncertain.

Public Works Loan Board (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government itself can borrow.

Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Remeasurement of Pension Liability

Changes to the pension liability made to reflect the return on plan assets and because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions

Reserves

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

Residual Value

The net realisable value of an asset at the end of its useful life.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)

Expenditure which can be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. This is to enable it to be funded from capital resources. Examples of REFCUS are grants of a capital nature to voluntary organisations.

Revenue Support Grant –

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

Soft Loan

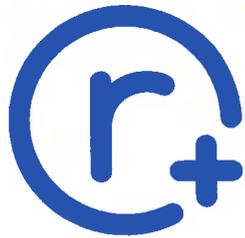
A loan made interest free or at a rate less than the market rate, usually for policy reasons. Such loans are often made to individuals or organisations that the Council considers benefits the local population.

Trust Funds

Funds administered by the Authority for such purposes as prizes, charities, specific projects, and on behalf of minors.

Useful Economic Life (UEL)

The period over which the Council will derive benefits from the use of a non current asset.



Shared
Regulatory
Services

Gwasanaethau
Rheoliadol
a Rennir

Shared Regulatory Service Joint Committee

Unaudited Statement of Accounts 2018/19 Year Ended 31st
March 2019

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Shared Regulatory Service Joint Committee

Statement of Accounts 2018/19 Year Ended 31st March 2019

Narrative Report

Introduction

This document presents the Statement of Accounts for the Shared Regulatory Service in respect of financial year 2018/19, and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

The Shared Regulatory Service (SRS) is a collaborative service formed between Bridgend, Cardiff and the Vale of Glamorgan Councils on the 1st May 2015. The Service delivers a fully integrated service under a single management structure for Trading Standards, Environmental Health and Licensing functions with shared governance arrangements ensuring full elected member accountability and scrutiny.

The SRS is managed and administered by the Shared Regulatory Service Joint Committee, under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee is made up of two elected members from each authority. The Vale of Glamorgan Council became the Host Authority upon formation of the Joint Committee. The Joint Working Agreement and subsequent updates have been signed by the 3 authorities.

The SRS operates under a Joint Working Arrangement (JWA) whereby the Head of the SRS reports on service provision to a Joint Committee of elected members drawn from across the three parent Councils. An officer Management Board has been tasked with the oversight of the operation and future development of the service. The detailed delegations of policy and function from partners to the Joint Committee and Head of Service are set out in the Joint Working Agreement, which includes:-

- The functions to be carried out by the joint service.
- The terms of reference and constitution of the Joint Committee, the Management Board etc.
- The terms of joint service such as staffing, services to be provided by the Host and other partners, financing and other functional issues.
- The Financial Operating Model.

Consequently, the SRS works across the 3 Councils, supporting a range of Committees and where required the 3 Cabinets, to deliver the Regulatory functions. The workflow involves quarterly meetings with the Management Board followed by meetings of the SRS Joint Committee, details of which are then communicated to all 3 Cabinets. Officers meet members of the Joint Committee on a regular basis to ensure both regional and local issues are considered and managed appropriately.

All of the SRS Joint Committee meeting agendas and minutes since April 2015 are held on the websites of each constituent Council. The reports depict the genesis, development and future direction of the SRS.

Shared Regulatory Service Joint Committee

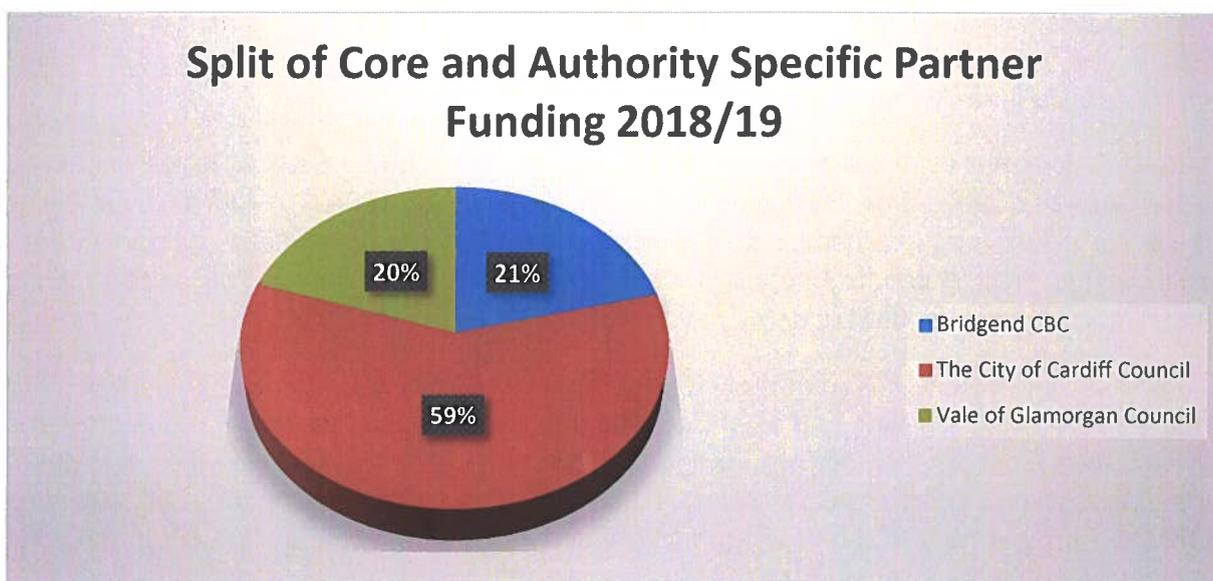
The narrative report provides insight into the funding and expenditure appertaining to the SRS in the year, the key financial issues and pressures and a look to future years.

Information contained within these accounts provides the user with clarity on the nature of transactions in respect of the financial year ended 31st March 2019, and its financial composition as at that date.

These accounts will present:

- The financial statements legally required and their supporting notes; and
- The accounting policies that have been applied when preparing the accounts

The following table graphically represents the 2018/19 total budgeted contribution made to the SRS by the partner Authorities, to include both Core and Authority Specific Services.



Summary of Financial Performance

The financial position of the SRS is regularly reported to the SRS Board and Joint Committee, with the same reports also being forwarded on a timely basis to the nominated senior manager of each Authority during the year.

Expenditure incurred by the SRS is predominantly split into two main elements, Core and Authority Specific Services. Core Services are those functions that are undertaken on behalf of all Authorities, with the associated budgets apportioned on an annually updated pre-agreed population basis. Authority Specific Services are unique to each authority. These are Services which are not undertaken across all authorities' areas, but occur within one part of the SRS area such as Night Time Noise Pollution, which is charged directly to the relevant authority. Licensing is the exception to this rule, as is undertaken at each Authority. There is a legal requirement that the Licensing Service remain seated in the legacy authority, with each having their own assigned Licensing Committee within the said legacy authority.

The SRS 2018/19 gross expenditure budgets are shown on the following table.

Authority	Participant Apportionment %	Core Services Budget 2018/19 £'000	Authority Specific Budget 2018/19 £'000	Budgeted Expenditure 2018/19 £'000
Bridgend	22.39%	1,401	373	1,774
Cardiff	57.51%	3,601	1,377	4,978
Vale of Glamorgan	20.10%	1,259	493	1,752
Total	100.00%	6,261	2,243	8,504

The table below illustrates the budgeted expenditure against the actual expenditure incurred for the period 1st April 2018 to 31st March 2019.

Category	Budgeted Expenditure £'000	Actual Expenditure £'000	Variance £'000
Core Services	6,261	5,761	500
Authority Specific	2,243	2,247	(4)
Total	8,504	8,008	496

2016/17 was the final year of the Implementation Budget. However, due to circumstances beyond the control of the service, two items remain outstanding at the end of 2018/19 in relation to a shared value of £56k, and continue to be held within Usable Reserves. These items are in respect of the anticipated actuarial cost of setting up the SRS as a separate employer within Cardiff and Vale Pension Fund, plus some outstanding partially completed IT consultancy work. The costs of these are reflected in the £56k retained within the Usable Reserves, it is expected that the expenditure will be incurred in 2019/20.

The main components relating to the Core underspend are staffing costs below budget, where there were two secondments out of the service, which when backfilled left vacancies lower down the structure. To enable the service to achieve the agreed 2019/20 savings target, a mini-restructuring exercise was undertaken. This resulted in 16 staff leaving the Service in the year – not all of whom were at risk. There have been issues associated with attracting suitably qualified staff to the Food and Health & Safety teams, where there appears to be a national shortage of qualified officers. There have been difficulties in back filling maternity cover, where the SRS instances of maternity/paternity leave stands at 4.18% with the corporate average being 2.67%, lower by 1.51%. There was a small overspend on Transport where vehicle repair and running costs were above budget.

Included within the Host Authority Charges and Technical Adjustments heading, are the acquisition costs of a number of replacement vehicles, which have replaced some of the existing fleet that have come to the end of their economic life. It is anticipated that these vehicles will attract lower running and repair costs, and will make a positive contribution towards air quality resulting from lower emissions.

Income receipts exceeded target, through staff recharges for secondments out of the service, plus compensation in respect of a Monetary Order which offsets legal and investigation costs.

Shared Regulatory Service Joint Committee

Unbudgeted funding has also been received from the Food Standards Agency in the form of a grant, a contribution towards an ongoing investigation from the National Trading Standards Board, plus income from both Fees and Charges and Primary Authority works where bespoke guidance has been provided to businesses.

The overspend within Authority Specific Services predominantly relates to the Licensing Section of Cardiff Council where staffing, taxi plates plus Disclosure and Barring Service costs have exceeded the budget. The Service is in dialogue with Cardiff to address this position in future periods.

Brexit and Changes in Legislation

At the time of writing, the issues of Brexit remain unresolved. Dependant on events the impact of the UK's withdrawal from the European Union, reference in the annual accounts may require consideration.

Usable Reserves

As at the 31st March 2019, the SRS held Usable Reserves of £890k. As authorised by the September 2018 Committee, the £346k 2017/18 underspend was returned to the partner Authorities. Movements on the reserves are detailed within the Movement in Reserves Statement.

The JWA states that the treatment of any surplus or deficit balance held by the Joint Service requires agreement by the Joint Committee following completion of the audit of the annual accounts. Distribution of any surplus or the recovery of deficit positions will be presented to the September 2019 Joint Committee for approval.

Capital Expenditure

In 2018/19, the SRS incurred £138k of capital expenditure which was 100% funded by a contribution from the revenue account. This relates entirely to vehicle replacements funded from within Core.

Annual Report

The Annual Report for the third full year of the SRS can be accessed on the Council website.

Shared Regulatory Services Annual Report will be reported to Committee 11th June 2019.

Pension Assets and Liabilities

The value of the pension liability in 2018/19 is £11.300m. This value is based on a number of actuarial assumptions and can fluctuate between years.

In December 2016 the Joint Committee agreed to the proposal that the SRS Service be set up as a separate employer within the Cardiff and Vale Pension Fund. This work is still ongoing and may impact on future valuations.

Non-Financial Performance

The Shared Regulatory Service Plans are developed in consultation with stakeholders. They inform and direct the work of the Service, and contribute towards the corporate priorities of each partner Authority. The Service has five main aims which are;

- Improving Health and Wellbeing
- Safeguarding the Vulnerable
- Protecting the Local Environment
- Supporting the Local Economy
- Maximising the use of the Shared Regulatory Service's Resources.

Details of how these aims have been incorporated into the activities undertaken by the Service are illustrated below.

Improving Health and Wellbeing

Improving health and wellbeing is a key priority for Shared Regulatory Services. Work undertaken to ensure that food is safe, that infectious disease, noise and air emissions are controlled, that risks in the workplace are managed properly, allows people to live in healthy environments. Add to this our activities to ensure the quality of private rented property, the promotion of a safe trading environment and our regulation of licensed premises to ensure they operate responsibly and it is evident that the work undertaken by the SRS is hugely important to the health and wellbeing of the region.

The Gambling Policy for all 3 authorities was reviewed and reissued. The review was undertaken to meet the requirements of the Gambling Act 2005. Previous years reviews have focused upon young people and ensuring they are not able to gamble at premises licensed by the Councils. More recently, gambling is being recognised as a public health problem. While only a minority of gamblers are identified as problem gamblers, research is emerging that suggests that the financial, health and social harms that arise from gambling can impact upon families, communities and wider society. The increase in on-line gambling and the increase in the advertising of gambling products all plays a significant role. Research suggests, such developments increase gambling behaviours and possibly shape a more permissive social attitude to gambling. The Councils role here is limited, but the SRS is working with a range of organisations in Wales to contribute where possible to mitigate the impact gambling has upon vulnerable individuals.

Following the tragic fire and loss of life in Grenfell Tower in North Kensington there has been a nationwide review of the use of a particular type of cladding known as Aluminium Composite Material (ACM) which was used in the Tower. Within Cardiff in the last 12 months, the SRS has begun to take a more prominent role in respect of the affected high-rise buildings and remains in consultation with Welsh Government and the Fire Service as to the potential changes in policy and practice as a consequence of Grenfell. Recently, the Minister for Housing and Regeneration convened an Expert Group, to develop a 'road map' to respond to the issues raised by the Independent Review of Building Regulations and Fire Safety (the 'Hackitt' review). The Head of Service attends this group as a representative of the Regulatory Services in Wales. A new addendum to the Housing Health and Safety Rating System guidance (HHSRS) to clarify how an HHSRS assessment of fire risk where aluminium composite material (ACM) cladding is present in high rise buildings should be conducted has been introduced in England. The SRS is encouraging the Welsh Government to introduce the addendum promptly in Wales and to make other policy changes to Housing law.

Three owners of takeaways in the Barry and Bridgend areas were prosecuted following test purchases carried out in relation to allergens. Orders were made of rice dishes where the businesses were specifically told it was for someone who was allergic to egg. However, when tested the food was later found to contain egg or egg protein. In one case, 77 times the amount of egg required to cause a reaction in an allergic person was found. Furthermore, these purchases were conducted only a few months after informal test purchases had been carried out when all three businesses had failed and subsequently been provided with advice. The businesses were fined in total £1800, £1975 in costs and £265 victim surcharges. One owner was given a Community Order to undertake 300 hours of unpaid work. This project is now being undertaken in other parts of the country.

A business was fined £140,000, ordered to pay costs of £11,835 and a victim surcharge of £170 following a successful prosecution instigated by Shared Regulatory Services for a health and safety offence. The incident which occurred in 2018 occurred at a pub in Barry when a customer was left with serious injuries after falling through a cellar door which had been left open for cleaning staff. The customer fell down a concrete flight of stairs and was found unconscious after suffering a fractured skull and a bleed on the brain.

The SRS began an investigation into the safety of trampoline parks in 2018. These indoor activity areas have become increasingly popular and attract significant numbers of children. SRS investigated the construction materials used at one site and determined that the products used were of concern. The application of the law to these relatively new play environments was unclear. Following a legal opinion, the SRS intervened and required the operator to undertake a number of corrective actions before reopening the facility to the public. The SRS will now extend this piece of work in 2019 to the other similar venues in the region.

The Port Health work has received significant attention this financial year. At Cardiff Airport due to the airport having divert status and being a designated point of entry for Communicable Disease, the SRS Port Health are working closely with Public Health Wales, the Ambulance Trust and airport management to ensure suitability of facilities in case of an infectious disease emergency. Imported trade is continuing to be monitored from Qatar Airlines, to date no food has been identified as being imported.

Vessel movements at the sea ports of Cardiff and Barry continue to be monitored with ships boarded according to risk in order to carry out inspections. The importance of this in protecting crew welfare was highlighted when a ship arrived at Cardiff sea port with a ship sanitation control certificate that had been issued in Turkey but without any indication of what these controls should be. A port health officer from SRS boarded the ship and found that conditions on board were very poor with issues relating to cleanliness of the galley, welfare of the crew i.e. a lack of food provision for the crew with only a very small amount of dry food and frozen meat and no fresh food, and disrepair to the structure of the ship including in cabins. The officer through the agent and owner arranged for food to be delivered to the ship within 24 hours and contacted the Maritime and Coastguard Agency (MCA) who detained the ship at Cardiff Dock due to major contraventions being identified and the ship was not able to leave until MCA approval was received.

Safeguarding the Vulnerable

Our safeguarding work seeks to ensure that children are protected from harmful substances and products, that older and vulnerable people are protected from unscrupulous individuals and traders, that illegal money lending activities across Wales are challenged robustly and that the public feel safe when using taxis as public transport. We will do this in partnership with our Council colleagues and other agencies to help people who need our support. Safeguarding the vulnerable is a central theme to many of the activities undertaken by SRS.

Call blockers can put an end to nuisance or malicious calls. They can be installed at the homes of residents being repeatedly targeted by scams and once fitted, prevent all calls coming through other than those from recognised friends and family numbers. In one case a referral was received from a social worker concerned about a person who was being bombarded by sales and nuisance telephone calls. Following intervention by SRS officers and a review of the individual's financial commitments, "unnecessary" payments to different organisations were terminated and the vulnerable person also received some compensation. SRS now has some 40 call blockers installed in residents' as a highly effective way of reducing nuisance and scam calls. Figures for 2018 published by the device supplier indicate that 41% of all incoming calls at these properties are nuisance or scam related, and that the devices are blocking 100% of unwanted calls from getting through to the residents concerned.

Research has shown that the average amount lost through a scam is £1,862, however the true value of call blocker devices can be immeasurable when they provide the comfort and peace of mind older and vulnerable residents need to help them continue living independently in their own homes. The SRS call blockers are now being supplemented by the use of "Memocams" which can be fitted to deter cold callers at the door.

In order to strengthen improvements in safeguarding, particularly in relation to children, a programme of training and awareness of Child Sexual Exploitation (CSE) with the taxi community and other stakeholders was undertaken in Bridgend where training sessions were held with the trade in conjunction with South Wales Police and Social Services. A recent initiative, Operation Brake, involved Licensing Officers in Bridgend working with South Wales Police to raise awareness of CSE within the night time economy in Bridgend. Officers visited licensed premises and taxi ranks in the town centre to engage with workers in the night time economy on how to spot the signs of CSE and how to report anything suspicious. This operation involved partnership working to highlight this crucial issue which impacts on the most vulnerable young persons within our communities. In Cardiff, the hackney carriage/private hire driver's written knowledge test was also updated to include a section on CSE, based on the booklet produced in conjunction with Cardiff Children Services. Drivers must pass this test to show that they can spot the signs of vulnerability and what to do if they see an issue to become a licensed driver.

Following a spate of tragic incidents involving the use of knives, Cardiff was identified as one of two areas of concern in Wales with regard to the prevalence of knife crime. In order to play a key role in tackling this disturbing trend, SRS successfully bid for nearly £20,000 of Home Office funding to undertake compliance checks to identify the extent to which young people were able to purchase knives and other bladed instruments across the city and identify problem sectors of the trade. 250 test purchases took place of knives, bladed articles and axes across the SRS area using trading standards volunteers under the age of 18. The failure rate was 11% with 28 out of 250 premises selling to a person under the age of 18. A variety of products were sold including kitchen knives, Stanley knives and an axe. Following the test purchasing exercise all of the premises that failed were sent a warning letter and invited to engage with the SRS to discuss the sale and the training that is provided to staff. Most of the premises made contact and further visits were carried out by officers to offer advice and education. Fifteen premises that failed have recently been re tested with South Wales Police assisting and all of the premises passed. Some premises had removed all knives from the shop whilst others had taken extra steps to reduce accessibility of the product by placing them behind the till areas. A further thirteen premises are due to be re tested at the end of April.

Protecting the Environment

Protecting the environment is a core strategic priority of the SRS. Many of the activities such as water sampling, monitoring air quality, and remediating contaminated land contribute toward promoting a better environment. This in turn means better long term prospects for the health and wellbeing of our communities. The SRS has a key role to play in ensuring we make best use of existing resources and bringing back redundant/derelict properties into use is an important contributor to both the environment and local community development. We have a key role to play in the wider climate change and future generations agendas through our enforcement role on energy efficiency controls on properties and products. The impact of these activities is less apparent in the short term for communities, but has an important role for future generations. In the more immediate term, we ensure communities are protected from nuisance and are safer by investigating noise complaints, dealing with stray dogs and horses.

Within Bridgend and Cardiff Council, the SRS has provided dedicated officer resource to assist with the work bringing empty properties back into residential use. It is recognised that empty properties are a wasted resource. Whilst they may not always be left in a state of disrepair, there are always consequences, and these can be summarised into three factors:

- Social, such as crime including arson, graffiti, squatting, as well as reduced public confidence in the area or the Council;
- Environmental, including rodent infestation, fly tipping, dangerous structures, and a poor impression of the area; and
- Economic, such as repair costs, increased burdens on councils' resources, property devaluation and deterred investment.

Within Bridgend an SRS Officer has co-ordinated an Empty Homes Working Group which has led to consultation on a new Empty Homes Strategy, using a whole authority approach. The Council and its partners seek to work cooperatively with owners of empty properties to bring their properties back into use. The Council also provides owners with help and assistance, including empty homes grants and empty property loans and where appropriate, through the use of targeted enforcement action. The renewed focus on empty properties has led to increased performance, with a total of 104 properties brought back out of 1,237 empty at the start of the year.

Similarly at Cardiff, the Welsh Government performance indicators were exceeded for last year as a result of a combination of both proactive and reactive work, with an on-going caseload of approximately 200 empty properties. Casework involves both informal negotiation and formal enforcement work in order to assist owners in bringing their properties back into use or to require improvements to eradicate associated nuisances. The work follows a general process in line with the Council's Empty Property Policy in order to open a dialogue with owners and where that fails, formal enforcement in the form of statutory notices, in addition to such measures as compulsory purchase and enforced sale. During 2018/19 the compulsory purchase procedure has been commenced on 3 long term problematic empty properties, one of which is currently being renovated by the owner. The Empty Homes Policy within Cardiff is being reviewed this year and we will consult with internal and external stakeholders as part of that process.

Although no dedicated SRS resource has been allocated within the Vale, we continue to contribute to the Empty Homes Strategy through the use of enforcement where owners have refused offers of help and the property is having a significant impact on the surrounding area.

During the last year, the SRS ensured that the Bridgend, Cardiff and the Vale of Glamorgan Councils met their statutory obligations under the Environment Act by producing air quality reports for each area and reporting to the respective Cabinets. Failure to produce said reports could have led to the issue of a Welsh Government direction under Section 85(3) of the Environment Act 1995.

In Cardiff, the SRS continued to play a significant role in assisting the City of Cardiff Council as it identifies the most effective way to improve air quality in the city going forward. The SRS Team Manager Specialist Services Environment has been seconded to Cardiff Council for a period of at least nine months in the role of Project Manager for the Council's Air Quality Strategy.

In Bridgend, the monitoring at a new location during 2017 and 2018 identified average nitrogen dioxide levels (NO₂) that breach the annual objective set for NO₂. As a result of this finding, Bridgend County Borough Council approved a recommendation made by the SRS to designate an Air Quality Management Area (AQMA) at this town centre location (Park Street), and the new AQMA was declared, effective from 1st January 2019. Public engagement is due to commence on possible solutions for the AQMA and a draft action plan is being produced to set out and consider a range of measures.

In the Vale of Glamorgan, Cabinet approved a recommendation made by the SRS to revoke the Windsor Road, Penarth AQMA as a result of improvements in air quality over a number of years. Public engagement on the revocation is due to commence and residents are reminded that the monitoring will continue in the area to ensure that the greatly improved standard of air quality is maintained.

Officers within Cardiff have led a consultation on new emission standards for taxis and private hire vehicles which is part of the package of proposals aimed at improving air quality and ensuring legal compliance by 2021. Currently 87 % of the taxi fleet licenced in the city does not meet the latest Euro 6 standard and it is estimated that should the proposals be implemented 622 of the oldest and most polluting vehicles will be replaced within the first year. Officers will continue to liaise with the Trade and will draft a report on the result of the consultations for Members to take a final decision on the age, emission and testing proposals for taxis licensed in the city.

Supporting the Local Economy

A strong local economy is a key component in the quality of life experienced by local people. The work of SRS has a significant, but often unseen, impact upon the local economy. The provision of timely advice and guidance on regulation can benefit the economic viability of businesses resulting in improved business practice. Much of our market surveillance activity focuses upon maintaining balance in the "marketplace"; the equitable enforcement of regulations helps businesses to compete on equal terms ensuring a fairer trading environment. Our role as regulator also extends to providing information to support consumers to enable them to become better informed and confident. In an age where people can purchase goods and services without leaving home, the importance of the principle of "caveat emptor" has never been more relevant.

SRS hosted a forum for food businesses at the Principality Stadium in March to give businesses advice on how best to meet standards. Over 170 delegates booked onto the event,

representing a diverse range of organisations, including cafés, health boards, nurseries and hotel chains. Environmental Health and Trading Standards professionals from the SRS advised delegates about health and safety in catering, how the food hygiene rating system works in practice and how to improve and maintain a food hygiene rating. Furthermore advice was given on preventing the spread of norovirus and the topic of food allergens which gave attendees the chance to understand their responsibilities in law whilst ensuring the safety of their customers. The event also highlighted the tailored advice services available via paid-for services, or through Primary Authority partnerships which can include staff training, auditing of terms, conditions, policies and procedures and mock food hygiene inspections to better prepare businesses for the real thing. The event was very well received by all attendees, in fact, following the event, a food inspection was undertaken at a delegate's food business where he had implemented improvements as a result of the event and received an improved food hygiene rating score.

Helping businesses to improve their food hygiene rating score (FHRS) was the drive behind a successful bid to the Food Standards Agency for project funding during 2018. The FHRS intervention grant enabled SRS to target those businesses most in need of support in improving their score, and officers worked with food businesses across the region having poor scores of between 0 and 2. What followed was a programme of intensive 1 to 1 assistance provided to some 14 businesses. The impact of the interventions has been evaluated by reference to the FHRS scores of each of the businesses both before and after the training and support was provided. The results are quite remarkable. Most notably:

- The average FHRS score across the fourteen businesses before the intervention was 1.5.
- The average FHRS score across the fourteen businesses after the interventions was 4.
- The greatest improvement was shown by a business achieving a FHRS rating of 4 having previously been zero rated.
- Three premises achieved a 5 rating after the intervention, two having been on a rating of 2 previously and the other on a rating of 1.

As an added benefit of this work, officers were able to pilot the newly developed SRS Hazard Analysis and Critical Control Points (HACCP) training for businesses which is now available to book. It is hoped that given the huge success of the project in driving up low FHRS scores, similar interventions will be possible in the coming year, ideally with further FSA funding.

The three Licensing teams throughout the SRS are busy front line services dealing with a wide variety of activities which require licensing by the Council in order to protect public health and safety. One of the major developments in the Licensing sphere is a consultation and report by Welsh Government in relation to the future of taxi licensing. Reports have been taken to all three Public Protection Committees to advise Members of the proposals which include the option of removing Licensing of taxis from local authority control and the setting up of a Joint Transport Agency (JTA) to undertake this work. Officers have participated in stakeholder meetings with Assembly Members and have fed back the view that whilst local authorities support the establishment of national standards and information sharing between Authorities, there is no evidence to support the view that the public would benefit from the role being passed to one JTA.

Maximising the use of Shared Regulatory Service's Resources

Maximising the use of resources was the original catalyst for creating SRS, and our work in this area continues. By reducing "triplication" of effort, introducing better processes, making our systems work without constant intervention, improving access into the service, our business improves and we increase customer satisfaction. Income generating activities like marketing our metrology laboratory, offering paid advice services, building Primary Authority partnerships and extending our training provision to business are examples of our move to a more "commercial" culture. Our income levels in 2018/19 were the best to date and we are confident that this will continue in 2019/20.

Above all, we recognise that crucial to the success of SRS are the people who work within the service. We will ensure that our officers are effective in their roles by investing in learning and development opportunities, by engaging them fully in the development of the service, and by fostering an environment where people are encouraged to think, lead and innovate. The service has been recognised by different organisations for our efforts in regulating particular aspects of the marketplace. In 2018/19 the SRS was recognised by the RSPCA award for our work on animal welfare, by the Hallmarking Council for our investigations into sales of gold and silver, and by the Anti-Counterfeiting Group for our challenges to the sale of fake products.

Our Business Support team has achieved further efficiencies over the course of the year as we continue to streamline and harmonise working practices across the three hubs. This work has been particularly successful in respect of the processing of Freedom of Information requests and in the transcription of defendant interviews as part of the prosecution process where demand can now be managed over the different offices. In addition, a further tranche of the remaining phone calls dealt with by the Cardiff hub have been transferred to C1V.

Further improvements have been made in accessibility to, and the content of, the SRS website with greater reliance being placed on web forms as a means of contacting the service for non-urgent matters. Going forward, this continues to be an important element of the wider SRS agenda for digital channel shift which over time will lead to a reduction in enquiries reaching the service by telephone.

The SRS Twitter account (@SRS_Cymru) continues to prove popular with a steady growth in the number of its followers. A more recent development has been the launch of the dedicated Twitter account for the Wales Illegal Money Lending Unit (@LoanSharksWales). As well as the obvious benefits this brings in terms of raising awareness of the dangers of dealing with loan sharks; the account provides an additional route for complaints, intelligence and requests for victim support to come through to the Unit direct.

While the SRS budget savings work resulted in the loss of three Support Officer posts last year, the progression of a number of staff into vacancies elsewhere in the structure meant that that the number of staff leaving the service was kept to a minimum.

Further Information

Further information regarding the accounts is available from the Section 151 Officer of the Vale of Glamorgan Council who is appointed as Treasurer of the Joint Committee and is located within the Resources Directorate, Civic Offices, Holton Road, Barry, CF63 4RU.

Introduction to the Financial Statements

Statement of Accounting Policies

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

Statement of Responsibilities for the Statement of Accounts

This sets out the responsibilities of the Council as the administering Authority and the Head of Finance (Section 151 Officer) for the preparation of the Statement of Accounts. The Statement has to be signed and dated by the presiding member at the Joint Committee meeting at which the accounts are approved.

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to the funding partners (Bridgend County Borough Council, The City of Cardiff Council and the Vale of Glamorgan Council) how the available funding has been used in providing services in comparison with those resources consumed or earned by the authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the different elements of the SRS structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee and analysed into 'Usable Reserves' (i.e. those that the Joint Committee may use to provide services subject to the need to maintain a prudent level of reserves, and the statutory limitations on their use) and 'Unusable Reserves'. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Joint Committee's Services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount funded by budgeted contributions. The budgeted funding contributions are shown in both the Expenditure and Funding Analysis and on the Movement in Reserves Statement.

Balance Sheet

The Balance Sheet shows the assets and liabilities recognised by the Joint Committee at the Balance Sheet date. The net assets of the Joint Committee (Assets less Liabilities) are matched by the reserves held by the Joint Committee. Reserves are reported in two categories. The first category of reserves are Usable Reserves i.e. those reserves that the SRS may use to provide services, subject to the need to maintain a prudent level of reserve and any statutory limitations on their use. The second category of reserves are called

Unusable Reserves, and cannot be accessed by the SRS to fund the provision of services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis and regulations".

Cash Flow Statement

The Cash Flow Statement shows the change in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows into operating and investing activities. The amount of net cash flows arising is a key indicator of the extent to which the operations of the Joint Committee are funded by the recipients of the services provided.

Annual Governance Statement

The statement sets out the framework within which the Vale of Glamorgan Council as the administering authority manages and reviews internal control. It outlines the components of the framework, including the arrangements for Internal Audit and how the consortium has complied with the various elements of the framework.

Statement of Responsibilities for the Statement of Accounts for the Shared Regulatory Service

The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance; and
- To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.

The Joint Committee's Responsibilities

- To approve the accounts.

Signature:

A handwritten signature in black ink, appearing to read 'Ade G...' with a long, sweeping horizontal line extending to the right.

Date: 11th June 2019

Chair of Shared Regulatory Service Joint Committee

Vale of Glamorgan Council

Civic Offices

Holton Road

Barry

CF63 4RU

The Head of Finance as Treasurer of the Joint Committee

The Head of Finance is responsible for the preparation of the 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).

1. In preparing the Statement of Accounts, the Head of Finance has:

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

2. The Head of Finance has also throughout the financial year:

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

3. Certificate of the Head of Finance as Treasurer of the Joint Committee

I certify the Statement of Accounts give a true and fair view of the financial position of the Joint Committee as at 31st March 2019, and its income and expenditure for the period then ended.

Signature:



Date: 11th June 2019

Carys Lord

Head of Finance/Section 151 Officer

Vale of Glamorgan Council

Civic Offices

Holton Road

Barry

CF63 4RU

**Auditor General for Wales' report to the Members of the Shared
Regulatory Services**

Shared Regulatory Service Joint Committee

Auditor General for Wales' report to the Members of the Shared Regulatory Services continued.

Shared Regulatory Service Joint Committee

Auditor General for Wales' report to the Members of the Shared Regulatory Services continued.

Shared Regulatory Service Expenditure and Funding Analysis 2017/18

The objective of the Expenditure and Funding Analysis is to demonstrate to the Partners how funding available to the SRS in the year has been used in providing services in comparison with those resources consumed or earned by the service in accordance with generally accepted accounting practices.

Re-stated Expenditure and Funding Analysis 2017/18	Net Expenditure Chargeable to General Fund Balances £'000	Line Adjustments £'000	Adjustments £'000	Comprehensive Income and Expenditure £'000
Staff Costs	6,998	931		7,929
IAS 19 Adjustment	420			420
Premises	50			50
Transport	176	5		181
Supplies & Services	627	173		800
Third Party Payments	28			28
Host Authority Charges & Technical Adjustments	796	(1,284)	785	297
Capital Expenditure (from) Revenue Account	23		(23)	0
Amortisation	23			23
Depreciation	22			22
Contributions from LAs	(8,588)	(95)		(8,683)
Grant Income	(658)			(658)
Fees and Charges	(127)			(127)
Net Cost of Services	(210)	(270)	762	282
Other Income and Expenditure from the Funding Analysis	0	270	0	270
(Surplus) or Deficit	(210)	0	762	552
Opening General Fund Balance at 31 March 2017	(530)			
Less Deficit on General Fund Balance in Year	(210)			
Closing General Fund Balance at 31 March 2018	(740)			

Details of re-statement are illustrated in note 30.

Shared Regulatory Service Expenditure and Funding Analysis 2018/19

Expenditure and Funding Analysis 2018/19	Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Line £'000	Adjustments £'000	Comprehensive Income and Expenditure £'000
Staff Costs	6,881	854		7,735
IAS 19 Adjustment	420			420
Premises	53			53
Transport	167	5		172
Supplies & Services	737	112		849
Third Party Payments	28			28
Host Authority Charges and technical Adjustments	1,002	(1,241)	694	455
Capital Expenditure (from) Revenue Account	138		(138)	0
Amortisation	24			24
Depreciation	23			23
Contributions from LA	(8,727)			(8,727)
Grant Income	(692)			(692)
Fees and Charges	(204)	6		(198)
Net Cost of Services	(150)	(264)	556	142
Other Income and Expenditure from the Funding Analysis	0	264	0	264
(Surplus) or Deficit	(150)	0	556	406
Opening General Fund Balance at 31 March 2018	(740)			
Less Surplus on General Fund Balance in Year	(150)			
Closing General Fund Balance at 31 March 2019	(890)			

SRS Movement in Reserves Statement 2017/18 and 2018/19

This statement shows the movement in the year on the different reserves held by the SRS, analysed into "Usable Reserves" (i.e. those that can be applied to fund expenditure) and "Unusable Reserves".

Movement in Reserves Statement	Shared Regulatory Service					
	Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Adjustment Account £'000	Total Unusable Reserves £'000	Total Reserves £'000
Shared Regulatory Service						
Balance at 31 March 2017 Carried Forward	(530)	141	11,160	(194)	11,107	10,577
Movement in Reserves during 2017/18						
Total Comprehensive Income & Expenditure	552	0	(860)	0	(860)	(308)
Adjustments between Accounting Basis & Funding Basis	14	50	690	22	762	0
Increase / Decrease in Year	(210)	50	(170)	22	(98)	(308)
Balance as at 31st March 2018 Carried Forward	(740)	191	10,990	(172)	11,009	10,269
Movement in Reserves during 2018/19						
Total Comprehensive Income & Expenditure	406	0	(380)	0	(380)	26
Adjustments between Accounting Basis & Funding Basis	14	(43)	690	(91)	556	0
Increase / Decrease in Year	(150)	(43)	310	(91)	176	26
Balance as at 31st March 2019 Carried Forward	(890)	148	11,300	(263)	11,185	10,295

SRS Comprehensive Income and Expenditure Statement 2018/19

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Re-stated Period Ended 31st March 2018 £000's		Notes	Period Ended 31st March 2019 £000's
7,929	Staff Costs	6	7,735
420	IAS 19 Adjustment	6	420
50	Premises	7	53
181	Transport	8	172
800	Supplies & Services	9	849
28	Third Party Payments	10	28
297	Host Authority Charges and Technical Adjustments	11	455
23	Amortisation	16	23
22	Depreciation	15	24
9,750	Operating Expenditure		9,759
(8,683)	Contributions from Local Authorities	12	(8,727)
(658)	Grant Income	12	(692)
(127)	Fees and Charges	12	(198)
(9,468)	Operating Income		(9,617)
282	Net Cost of Services		142
	<u>Interest & Investment Income and Expenditure</u>		
0	Interest Receivable		(6)
270	Pensions Interest Payable		270
270	Financing & Investment Income & Expenditure		264
552	(Surplus) / Deficit on Provision of Services		406
	<u>Other Comprehensive Income & Expenditure</u>		
(860)	Re-measurement of Pension Liability		(380)
(860)	Other Comprehensive Income & Expenditure		(380)
(308)	Total Comprehensive Income & Expenditure		26

Details of re-statement are illustrated in note 30.

SRS Balance Sheet as at 31st March 2019

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

Re-stated 31st March 2018 £'000	Balance Sheet as at 31st March 2019 Shared Regulatory Service	Notes	31st March 2019 £'000
	Long Term Assets		
96	Property, Plant and Equipment	15	210
76	Intangible Assets	16	53
0	Long Term Debtors		0
172	Total Long Term Assets		263
286	Short Term Debtors		85
849	Short Term Debtors Cash Owing from Host Authority		1,388
1,135	Current Assets	20	1,473
(173)	Short Term Creditors		(390)
(191)	Short Term Creditors - Accumulated Absence Provision		(148)
(364)	Current Liabilities	21	(538)
(10,990)	Pensions Liability		(11,300)
(222)	Other Long Term Liabilities		(193)
(11,212)	Long Term Liabilities		(11,493)
(10,269)	Net Assets		(10,295)
(740)	Usable Reserves	25	(890)
191	Accumulated Absences	26	148
(172)	Capital Adjustment Account	26	(263)
10,990	Pensions Reserve	26	11,300
11,009	Unusable Reserves		11,185
10,269	Total Reserves		10,295

SRS Cash Flow Statement 2017/18 and 2018/19

The Cash Flow Statement shows the change in cash and cash equivalents of the SRS during the reporting period. The statement shows how the SRS generates and uses cash and cash equivalents by classifying cash flows into operating and investing and financing activities. Further information is included on page 45 of this report.

31st March 2018 £'000		Notes	31st March 2019 £'000
(552)	Net Surplus/(Deficit) on the provision of service		(406)
967	Adjust net surplus or deficit on the provision of services for non-cash movements	22	1,083
0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0
415	Net Cash-flows from operating activities		677
(23)	Investing activities	23	(138)
0	Financing activities		0
392	Net (increase)/decrease in cash and cash Equivalents		539
457	Cash and cash equivalents at the beginning of the reporting period		849
849	Cash owed To/(From) Host Authority as at 31st March		1,388

Statement of Accounting Policies

1. Accounting Policies

The SRS is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (Amended), which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and the Service Reporting Code of Practice for Local Authorities 2018/19 (SeRCOP) and supported by International Financial Reporting Standards (IFRS) and statutory guidance. The accounts are prepared on a Going Concern basis.

2. Revenue Income and Expenditure

The transactions of the SRS are accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the SRS transfers the significant risks and rewards of ownership to the purchaser and it is probable that the economic benefits or service potential associated with the transaction will flow to the SRS;
- Revenue from the provision of services is recognised when the SRS can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the SRS;
- 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; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might be collected.

There are certain exceptions to this principle. The main items are:-

- (a) Electricity charges, telephone expenses, leasing and similar periodic payments are included in the Accounts on a payments basis and not accrued to the 31st March each year. Payments in respect of a full 12 months are included; and
- (b) The amount included in the accounts for the Budgeted Contributions are on the basis of cash received.

The difference between the amounts charged annually to the Revenue Accounts in respect of items (a) and (b) and the amounts that would be charged if they were accrued to the 31st March each year is not significant.

3. Cash and Cash Equivalents

All cash transactions are administered by the Vale of Glamorgan Council as the Shared Regulatory Service does not operate its own Bank Account.

4. Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

A change in the accounting policies or to correct a material error can result in a prior period adjustment. Changes in accounting estimates do not give rise to a prior period adjustment, but are accounted for prospectively.

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, or other events and conditions of the SRS's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.

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

5. Charges to Revenue for Non-Current Assets

The following amounts are charged to revenue to record the cost of holding assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets chargeable to the service; and
- Amortisation of intangible non-current assets attributable to the service,

The Budgeted Contributions are not required to fund depreciation, revaluation, impairment losses or amortisations, however, an annual contribution is required from revenue.

6. Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the year end. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year end which employees can carry forward into the next financial year. Holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the SRS to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or where applicable to Non Distributed costs.

Post-Employment Benefits

Employees of the Joint Committee are members of the Local Government Pension Scheme, administered by Cardiff County Council Pension Authority. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Joint Committee.

The Local Government Pension Scheme

The Local Government Scheme is Accounted for as a Defined Benefits Scheme

- The liabilities of the Cardiff and Vale Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., plus projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate.
- The assets of the Cardiff and Vale Pension Fund attributable to the SRS are included in the Balance Sheet at their fair value.
- The actuarial valuation carried out at 31st March 2016 excludes staff working for the Shared Regulatory Service.

The change in the net pension's liability is analysed into the following components.

Service Cost Comprising of

- **Current Service Cost** – the increase in liabilities as a result of a year of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service(s) to which the employee worked.
- **Past Service Cost** – the increase in liabilities as a result of the scheme amendment of curtailment whose effect relates to years of service earned in earlier years. Debited to the surplus or deficit of services in the Comprehensive Income and Expenditure Statement as part of the Non Distributed Costs.
- **Net Interest** on the net defined benefit liability (asset), i.e. net increase expense for the SRS – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit (asset) during the period as a result of contribution and benefit payments.

Re-measurements Comprising of

- The return on plan assets, excluded in net interest on the net defined liability (asset), charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses, changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or

because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Statutory provisions require the Council Fund balance be charged with the amount payable by the SRS to the pension fund or directly to pensioners in the year in relation to retirement benefits.

Discretionary Benefits

The Shared Service also has restricted powers to make discretionary awards of retirements benefits in the event of early retirements.

7. Events after the Balance Sheet Date

These are events, both favourable and unfavourable that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Such events could result in the Statement of Accounts being adjusted. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period, the Statement of Accounts is then 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.

8. Government Grants and Contributions

Government Grants, Third Party Contributions and Donations are recognised as due to the SRS when there is reasonable assurance that:

- The SRS will comply with the conditions attached to the payments; and
- The grant(s) or contributions will be received.

Grants and contributions advanced for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Once conditions are satisfied, the grants or contributions are credited to the Comprehensive Income and Expenditure Statement.

9. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the SRS is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the SRS.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement.

Assets are maintained in the Balance Sheet at fair value.

10. Leases

The Shared Regulatory Service does not have any operating or finance leases in 2018/19.

11. Overheads and Support Services

An adjustment has been included to remove the cost of SRS Overheads and Support services recharged within the Comprehensive Income and Expenditure Statement. These costs now sit with the relevant groupings within the statements concerned.

12. Inventories

The Shared Regulatory Service did not hold any inventory as at 31st March 2019.

13. Property, Plant and Equipment

Vehicles, Plant and Equipment are included at cost (less depreciation where required).

Expenditure on the acquisition or creation of Property, Plant and Equipment is capitalised on an accruals basis, provided that the future economic benefits or service potential associated with the item will flow to the SRS and the cost of the item can be measured reliably.

A de-minimis rule for capital has been applied – generally no capital expenditure valued at under £10,000 is included within the capital spend.

Assets are initially measured at cost, comprising:

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

When decreases in value for individual assets are identified, they are accounted for either by setting it off against gains for the asset in the Revaluation Reserve, or against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Impairment

Assets are assessed at each year end as to whether there is an indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount is estimated and if this is less than the carrying amount an impairment loss is recognised for the shortfall. This is either set against the balance of the Revaluation Reserve if there have been previous valuation gains for the asset or it is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets over their useful lives. The useful life of these assets is determined as being five years.

Depreciation is calculated on the following basis:

- Vehicles, plant, furniture and equipment – over the life of the asset

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.

14. Provisions, Contingent Liabilities and Contingent Assets

Provisions

The Council sets aside an amount (provision) for specific future liabilities or losses that are likely or certain to occur, but the amounts or dates of which cannot yet be determined accurately. The Shared Regulatory Service did not hold any provisions as at 31st March 2019.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

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

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

15. Specific Reserves

These reserves represent sums of money that are voluntarily set aside for specific purposes.

16. Value Added Tax

Income and expenditure excludes any amounts related to Value Added Tax (VAT), as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

Notes to the Financial Statements

1. Accounting Standards That Have Been Issued But Have Yet To Be Adopted

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The main new or amended standards within the 2018/19 Code are :-

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014-16 cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

It is not expected that these amendments will have a material impact on the information provided in the 2017/18 and 2018/19 financial statements and transitional reporting arrangements, mean that the restatement of the accounts will not be required.

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the SRS would have made certain judgements about complex transactions or those involving uncertainty about future events. However, there are none known at the date of the report.

3. Events After The Balance Sheet Date

The unaudited Statement of Accounts were authorised for issue by the Head of Finance (Section 151 Officer) on the 10th September 2018. Events taking place after this date are not reflected in the financial statements or notes. There have been no post balance sheet events prior to this date that have been reflected in the Statement of Accounts.

4. Prior Period Adjustments

The 2018/19 Code of Practice in Local Authority Accounting in the UK explicitly prohibits transactions between segments from being presented in the Comprehensive Income and Expenditure Statement.

Therefore, the recharged Shared Regulatory Services management costs have been disaggregated out of the Central Departmental and Managerial Support line of the Comprehensive Income and Expenditure Statement relating to 2017/18, with the relevant statements being restated.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the SRS about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Joint Committee's Balance Sheet at 31st March 2019 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Property Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Useful lives will impact on depreciation calculations. For assets such as Vehicles and Equipment (5 years) standard asset lives are used unless evidence is available to the contrary.

Debtors

There are no debts held by the Shared Regulatory Service of over a year old as at the 31st March 2019, therefore, no provision has been made in the accounts for doubtful debts as it is considered that all debts are recoverable.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements related to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries has been engaged to provide the Shared Regulatory Service with expert advice about the assumptions to be applied.

Pensions Contingent Liability

The recent McCloud Judgement potentially has implications for all public sector pension schemes – which includes the Local Government Pension Scheme (LGPS), and could lead to members who were discriminated against being compensated. The Government has applied to the Supreme Court for permission to appeal this judgement.

No allowance has been made in the accounts for the potential cost of improving members' benefits for those who were potentially discriminated against until the legal process has concluded. This is on the basis it is uncertain what the conclusion of the legal process will be and, if the government were to lose the appeal, it is uncertain how members in the LGPS would be compensated.

Net Change for Pension Adjustments

This change relates to the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income which means

- The replacement of the employer pension contributions with current service costs and past service costs.
- The net interest on the defined benefit liability is charged to the other Income and Expenditure line.

6. Officers Emoluments

The following table analysis the expenditure in respect of officer's emoluments.

31st March 2018 £000's		31st March 2019 £000's
7,736	Direct Employee Costs	7,584
61	Agency	87
30	Employee Insurance Costs	30
28	Apprenticeship Levy	27
21	Indirect Staff Costs	26
3	Employee Redundancy	24
50	Accumulated Absences	(43)
7,929	Sub Total	7,735
420	IAS 19	420
8,349		8,155

Details of re-statement are illustrated in note 30.

The 2018/19 management and administration costs were initially captured within the Central Department Support element of the Comprehensive Income and Expenditure Statement. However, as a result of guidance provided within the 2018/19 Code of Practice on Local Authority Accounting in the UK, the 2018/19 management and administration costs have been disaggregated out to reflect where the expenditure should be shown.

As an unanticipated consequence of the Service re-positioning itself to achieve the 2019/20 agreed savings target, a number of officers departed the service who were not at risk, in addition to those posts that were earmarked.

The Service continues to have ongoing issues in attracting suitable cover within particular disciplines, plus a shortage of appropriate agency cover being available. The instances of maternity leave incurred by the Service, is higher than the Host's corporate average of 2.67%, which have left temporary gaps in the structure. These factors have contributed to the Direct Employee Costs reducing in 2018/19.

7. Premises Costs

The following table analysis the Premises expenditure.

31st March 2018 £000's	Premises Costs	31st March 2019 £000's
48	Rents	48
2	Repairs and Maintenance	3
0	Electrical	1
0	Premises Running Costs	1
50		53

Details of the re-statement are illustrated in note 30.

The Cardiff Taxi Licensing Unit has terminated the lease held in respect of privately rented offices at Sloper Road, Cardiff part way through the year, with the Unit now occupying a suite of offices at City Hall, Cardiff. This will result in a reduction in rental costs in future periods.

8. Transport

The following table analyses the Transport expenditure for the year.

31st March 2018 £000's	Transport	31st March 2019 £000's
71	Vehicle Costs	62
57	Travel Expenses	58
37	Hire of Transport	30
16	Vehicle Insurances	22
181		172

Details of the re-statement are illustrated in note 30.

As a result of guidance provided for within the 2018/19 Code of Practice on Local Authority Accounting in the UK, the 2018/19 management and administration costs have been disaggregated out to reflect where the expenditure should be shown, with the 2017/18 position being restated.

The Service replaced vehicles that were identified as being towards the end of their economic life in both 2017/18 and 2018/19. This has contributed to a reduction in the running costs. It is anticipated that the vehicles will also contribute to air quality standards through lower emissions. Where appropriate, hybrid vehicles have been purchased.

9. Supplies & Services

The following table analyses the Supplies and Services expenditure for the year.

Period Ended 31st March 2018 £000's		Period Ended 31st March 2019 £000's
228	Office Expenses	229
117	IT Costs	117
26	Legal Fees	61
29	Disclosure & Barring Service	60
65	Training/Education	58
76	Analysis Fees	52
57	Equipment Purchase	43
32	Taxi Plates	31
29	Consultants	29
0	External Grants Awarded	27
26	Promotional/Publicity Expenses	23
40	Delivery of Services	22
12	Audit Fees	19
11	Hotel Expenses	14
3	Advertising	12
9	Vets Fees	11
13	Subscriptions	11
7	Hospitality/Conference	9
7	Expert Fees	8
1	Translation Costs	8
4	Horse Costs	3
7	Funeral Costs	2
1	Insurance Costs	0
800		849

Details of the re-statement are illustrated in note 30.

The 2017/18 Supplies and Services position has been restated to reflect guidance provided for within the Code of Practice on Local Authority Accounting in the UK, in respect of the treatment of transactions between segments.

Guidance issued by the Foods Standards Agency has resulted in a greater number of cases incurring legal costs. Additionally, both the number and type of investigation undertaken by both the Trading Standards section and the Illegal Money Lending Unit are not constant, which result in a disparity between the years.

Sale of the 3 year Taxi Licenses were renewed in 2018/19, which increases the Disclosure and Barring Costs incurred in the year. However, this cost is

recharged out to the customer, so will have offsetting income within the accounts of the Partner Authorities.

10. Third Party Costs

The following table analyses the Third Party expenditure for the year.

31st March 2018 £000's	Third Party Payments	31st March 2019 £000's
17	Kennelling Costs	28
11	Creation of SRS Hub	0
28		28

Details of the restatement are illustrated in note 30.

11. Host Authority Charges & Technical Adjustments

The following table analyses the Host Authority Charges and Technical Adjustment expenditure for the year.

31st March 2018 £'000		31st March 2019 £'000
53	C1V Contact Centre	69
30	Central Transport Recharge	31
20	Human Resources Recharge	24
14	IT Recharge	7
3	Translation Recharge	6
2	Highways Recharge	0
2	Miscellaneous Recharges	1
124	Sub- Total	138
	Drawdown form LT Liability (POCA)	(29)
173	Repayment of 2016/17 Underspend	
	Repayment of 2017/18 Underspend	346
297		455

Details of the re-statement are illustrated in note 30.

As a direct result of guidance provided for in respect of transactions between segments in the 2018/19 Code, the 2017/18 SRS Management & Central Administration costs have been disaggregated out of this table, and now sit within the relevant income and expenditure grouping, that they relate to.

There has been a reduction in the debt recognised in respect of the Accumulated Absences technical accounting entry occurring in 2018/19. This change has been driven by a change in employee time management practices.

12. Income

The following table analyses the income generated in the year.

31st March 2018 £'000		31st March 2019 £'000
(1,789)	Bridgend CBC	(1,796)
(5,093)	Cardiff Council	(5,160)
(1,801)	Vale of Glamorgan	(1,771)
(8,683)		(8,727)
(658)	Grants	(692)
(127)	Fees & Charges	(198)
(9,468)		(9,617)

Details of the re-statement are illustrated in note 30.

The income contributions from Authorities relates to both Core and Authority Specific services provided by the SRS. Additionally included are the recovery of costs resulting from staff secondments to Cardiff in support of Cardiff's Clean Air Strategy, plus the provision of additional specific projects requested in excess of the agreed service provision. The funding of the Rentsmart projects undertaken on behalf of Cardiff and Bridgend are recovered directly from the Authorities concerned.

The £675k grant received from the Treasury to fund the Illegal Money Lending Unit is received directly by the Service. The grant received in 2018/19 was £51k greater than the 2017/18 award due to a successful bid to move the activities of the Unit to a more intelligence led model.

A Food Standards Agency grant of £10k was also received in year, as was a £7k Rentsmart grant in relation to the support of this initiative at the Vale of Glamorgan.

Fees and Charges income include £47k of compensation from a Monetary Order awarded in respect of a Trading Standards case heard at Crown Court, £40k from Welsh Government in respect of the support provided to the Special Procedures Project that will be incorporated into the Public Health (Wales) 2017 Act, £33k of Primary Authority income plus £78k of other rechargeable works undertaken by the Service.

13. Notes to the Expenditure and Funding Analysis

Notes to the Expenditure and Funding Analysis 2017/18					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts					
	Line Adjustments £'000	Adjustments for Capital Purposes £'000	Net Change for Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Staff Costs	931	0	0	0	931
IAS 19 Adjustment	0	0	0	0	0
Premises	0	0	0	0	0
Transport	5	0	0	0	5
Supplies & Services	173	0	0	0	173
Third Party Payments	0	0	0	0	0
Host Authority Charges & Technical Adjustments	(1,284)	45	690	50	(499)
Capital Charges	0	(23)	0	0	(23)
Depreciation	0	0	0	0	0
Amortisation	0	0	0	0	0
Contributions from LAs	(95)	0	0	0	(95)
Grant Income	0	0	0	0	0
Fees and Charges	0	0	0	0	0
Net Cost of Services	(270)	22	690	50	492
Other Income and Expenditure from the Funding Analysis	270	0	0	0	270
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit	0	22	690	50	762

Details of the re-statement are illustrated in note 30.

Notes to the Expenditure and Funding Analysis 2018/19					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts					
	Line Adjustments £'000	Adjustments for Capital Purposes £'000	Net Change for Pensions Adjustments £,000	Other Differences £'000	Total Adjustments £'000
Staff Costs	854	0	0	0	854
IAS 19 Adjustment	0	0	0	0	0
Premises	0	0	0	0	0
Transport	5	0	0	0	5
Supplies & Services	112	0	0	0	112
Third Party Payments	0	0	0	0	0
Host Authority Charges & Technical Adjustments	(1,241)	47	690	(43)	(547)
Capital Charges	0	(138)	0	0	(138)
Depreciation	0	0	0	0	0
Amortisation	0	0	0	0	0
Contributions from LAs	0	0	0	0	0
Grant Income	0	0	0	0	0
Fees and Charges	6	0	0	0	6
Net Cost of Services	(264)	(91)	690	(43)	292
Other Income and Expenditure from the Funding Analysis	264	0	0	0	264
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit	0	(91)	690	(43)	556

Details of the re-statement are illustrated in note 30.

14. Adjustments Between Accounting Basis and Funding Basis Analysis

Adjustments Between Accounting Basis and Funding Basis Under Regulations 2017/18					
Shared Regulatory Service	Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
Holiday Pay	(50)	50	0	0	50
Reversal of Items Relating to retirement benefits debited or credited to the CIES	970	0	(970)	0	(970)
Employers pension contributions and direct payments to pensions payable in year	(1,660)	0	1,660	0	1,660
Capital Expenditure financed from Revenue Balances	23	0	0	(23)	(23)
Charges for Depreciation/Impairment of Non-Current Assets	(45)	0	0	45	45
	(762)	50	690	22	762

Details of the re-statement are illustrated in note 30.

Adjustments Between Accounting Basis and Funding Basis Under Regulations 2018/19					
Shared Regulatory Service	Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
Holiday Pay	43	(43)	0	0	(43)
Reversal of Items Relating to retirement benefits debited or credited to the CIES	1,030	0	(1,030)	0	(1,030)
Employers pension contributions and direct payments to pensions payable in year	(1,720)	0	1,720	0	1,720
Capital Expenditure financed from Revenue Balances	138	0	0	(138)	(138)
Charges for Depreciation/Impairment of Non-Current Assets	(47)	0	0	47	47
	(556)	(43)	690	(91)	556

15. Property, Plant & Equipment

	Vehicles £'000	Equipment £'000	Total £'000
Cost or Valuation as at 1 April 2018	59	62	121
Additions	138	0	138
Cost or Valuation as at 31 March 2019	197	62	259
Accumulated depreciation and impairment as at 1 April 2018	(9)	(16)	(25)
Depreciation charge	(12)	(12)	(24)
Accumulated Depreciation and Impairment as at 31 March 2019	(21)	(28)	(49)

Net Book Value	Vehicles £'000	Equipment £'000	Total £'000
At 31 March 2018	50	46	96
At 31 March 2019	176	34	210

16. Intangible Assets

The SRS accounts for its software as intangible assets. Software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the SRS. The useful lives assigned to the major software suites used by the SRS are 5 years. The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £23k was charged to revenue in 2018/19. The movement on Intangible Asset balances during the year are as follows;

	Purchased Assets 2017/18 £'000	Purchased Assets 2018/19 £'000
Balance at start of year		
Gross carrying amounts	117	117
Accumulated Amortisation	(18)	(41)
Net carrying amount at start of year	99	76
Additions	0	0
Purchases	0	0
Amortisation	(23)	(23)
Other Disposals	0	0
Amortisation written off on disposal	0	0
Net carrying amount at end of year	76	53
Comprising		
Gross carrying amounts	117	117
Accumulated Amortisation	(41)	(64)
Net carrying amount at end of year	76	53

17. Related Party Transactions

In accordance with IAS 24, the Joint Committee has a duty to disclose any material transactions with a related party. This is to ensure that financial statements contain the disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

All cash transactions are administered by the Host Authority as the Shared Regulatory Service does not operate its own bank account. As at the 31st March 2019, the Joint Committee is owed £1.388m from the Council relating to these transactions.

The Related Parties share of the income and expenditure in year is set out below:-

2017/18			2018/19	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
1,693	(1,834)	Bridgend CBC	1,858	(2,030)
5,732	(5,838)	The City of Cardiff Council	5,447	(5,636)
1,742	(1,840)	Vale of Glamorgan	1,847	(1,982)
9,167	(9,512)	Total	9,152	(9,648)

Details of the re-statement are illustrated in note 30.

During the year, transactions with Related Parties arose and are shown in the following table while debtor and creditor balances at year end are detailed in Note 20 and 21.

2017/18 Re-stated			2018/19	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
32	(1,769)	Bridgend CBC	31	(1,787)
228	(5,039)	The City of Cardiff Council	211	(5,116)
56	(1,780)	Vale of Glamorgan Council	190	(1,777)
316	(8,588)	Total	432	(8,680)

Details of the re-statement are illustrated in note 30.

Welsh Government effect influence on the SRS via legislation and grant funding. As at 31st March 2019 there are no sums in respect of grants outstanding from Welsh Government.

Shared Regulatory Service Joint Committee

Pension contributions are made to Cardiff and the Vale Pension Fund in respect of Joint Committee Employees.

Interests of Members of the Joint Committee are maintained in a register held by their own Local Authority.

18. Audit Fees

2017/18 £'000		2018/19 £'000
12	Wales Audit Office Fees Relating to External Audit Other Audits	12
0	Other Service Audits	7
12	Total	19

19. Leases

There are no long term Leases agreements at the Balance Sheet date. The Joint Committee holds no assets on Finance Leases.

20. Debtors

2017/18 £'000		2018/19 £'000
29	Government Bodies	24
14	Local Authorities	39
0	Public Corporations	20
848	Vale of Glamorgan Council (Host Authority)	1,388
244	Other Entities and Individuals (including trade debtors)	2
1,135	Total	1,473
0	Provision for Bad Debt	0
1,135	Balance as at 31st March	1,473

There are no Debtor balances that are in excess of a year old, therefore, no provision for Bad Debt has been made.

21. Creditors

2017/18 £'000		2018/19 £'000
0	Government Bodies	18
0	Vale of Glamorgan (Host Authority)	0
95	Other Local Authorities	96
0	Public Corporations	60
78	Other Entities and Individuals (including trade creditors)	216

173	Total	390
191	Employee Absences Accrual	148
364	Balance as at 31st March	538

22. Cash Flow Statement - Operating Activities

2017/18 £'000		2018/19 £'000
22	Depreciation	24
23	Amortisation	23
175	Increase/ (Decrease) in Creditors	145
56	(Increase)/Decrease in Debtors	201
691	Movement on Pension Liability	690
967	Adjustments to net surplus or deficit on the provision of services for non-cash movements.	1,083

23. Cash Flow Statement – Investing Activities

2017/18 £'000		2018/19 £'000
(23)	Purchase of property, plant and equipment, investment property and intangible assets	(138)
0	Other receipts from investing activities	0
(23)	Net Cash Flows from Investing Activities	(138)

24. Expenditure and Funding Analysis by Nature

2017/18 £'000		2018/19 £'000
8,349	Employee Expenses	8,155
1,356	Other Service Expenses	1,557
45	Depreciation, Amortisation and Impairment	47
270	Interest on net defined benefit liability/ (asset)	270
10,020	Total Expenditure	10,029
(9,468)	Fees Charges & Other Service Income	(9,623)
(9,468)	Total Income	(9,623)
552	(Surplus)/ Deficit on the Provision of Services	406

Details of the re-statement are illustrated in note 30.

25. Movement on Usable Reserves

The General Fund balance is a distributable revenue reserve, which consists of the accumulated surpluses of the Shared Regulatory Services' operations.

	General Reserves £'000	Earmarked Reserves £'000	Total Usable Reserves £'000
Balance as at 1st April 2017	428	102	530
2016/17 Underspend Returned to Partners	(173)	0	(173)
2017/18 Provisional Underspend	346	0	346
Funds Received under Proceeds of Crime Act	83	0	83
Movement on 2016/17 Implementation Reserve	0	(46)	(46)
Balance as at 31st March 2018	684	56	740
Balance as at 1st April 2018	684	56	740
2017/18 Underspend Returned to Partners	(346)	0	(346)
2018/19 Provisional Underspend	496	0	496
Balance as at 31st March 2019	834	56	890

26. Movement on Unusable Reserves

	Pension Reserves £'000	Accumulated Absences £'000	Capital Adjustment £'000	Total Unusable Reserves £'000
Balance as at 1st April 2017	(11,160)	(141)	194	(11,107)
Increase/(Decrease)	170	(50)	(22)	98
Balance as at 31st March 2018	(10,990)	(191)	172	(11,009)
Balance as at 1st April 2018	(10,990)	(191)	172	(11,009)
Increase/(Decrease)	(310)	43	91	(176)
Balance as at 31st March 2019	(11,300)	(148)	263	(11,185)

Pension Reserve

The Pension Reserve is the balancing account to offset the inclusion of Pension Liability in the Balance Sheet as require by IAS 19 Employee Benefits.

2017/18 £'000	Pensions Reserve	2018/19 £'000
(11,160)	Balance as at the 1st April	(10,990)
860	Re-measurements of net defined liability/(asset)	380

Shared Regulatory Service Joint Committee

	Reversal of items relating to retirement benefits debited of credited	
970	To the Surplus or Deficit on the Provision of Services in the CIES	1,030
(1,660)	Employers pension contribution and direct payments to pensioners payable in the year	(1,720)
(10,990)	Balance as at the 31st March	(11,300)

The presentation of figures have been amended in the disclosure note to show a greater level of transparency and consistency.

Short Term Accumulated Absence Account

The short term accumulated absence account absorbs the differences that would otherwise arise on Shared Regulatory Services reserves from accruing for compensated absences earned but not yet taken in the financial year.

2017/18 £'000	Accumulated Absences Account	2018/19 £'000
(141)	Balance as at 1st April	(191)
(191)	Amounts accrued at the end of the current year	(148)
141	Amounts by which officer remuneration charges to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with the statutory requirements.	191
(191)	Balance as at 31st March	(148)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption on non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

2017/18 £'000	Capital Adjustment Account	2018/19 £'000
194	Balance as at 1st April	172
(22)	Charges for depreciation of non-current assets	(24)
(23)	Amortisation of intangible assets	(23)
23	Capital Expenditure charged against the Joint Committee Balance	138
172	Balance as at 31st March	263

27. Retirement Benefits Defined Benefit Schemes

Local Government Pension Scheme Funded Benefits

The disclosures below relate to the Joint Committee's share of the funded liabilities within the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is part of the Local Government Pension Scheme (the LGPS). The LGPS is a funded defined benefit plan with benefits earned up to 31st March 2014 linked to the final salary. Benefits earned after 31st March 2014 are based on a Career Average Revalued

Earnings scheme. Details of the benefits to be paid over the period covered by this disclosure are set out in the 'Local Government Pension Scheme (Transitional Provision, Savings and Amendment) Regulations 2014'.

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the Fund calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions is set out in the 'LGPS Regulations 2013' and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31st March 2016.

The Fund Administering Authority, City and County of Cardiff, is responsible for the governance of the Fund.

The Employer's regular contributions to the Fund for accounting period ended 31st March 2020 are estimated to be £1.34M.

Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the fund over the next accounting period. The effect of the SRS being set up as a separate employer within the Cardiff and Vale Pension Scheme may result in a change in level to the current employers' contribution in force. Liabilities have been estimated by an independent qualified actuary on an actuarial basis using the projected unit credit method. The principle assumptions used by the actuary in updating the latest valuation of the Fund for IAS purposes were:

	31st March 2018	31st March 2019
	% per annum	% per annum
Discount Rate	2.60%	2.50%
Rate of Increase to Pensions in Payment	2.00%	2.10%
Rate of Increase to Deferred Pensions	2.00%	2.10%
Rate of Increase in Salaries	3.00%	3.10%

The discount rate is set with reference to corporate bond yields. If assets under perform, the yield will create a deficit in the accounts. The fund holds a significant proportion of growth assets which, whilst expected to outperform corporate bonds in the long term create volatility and risk in the short term in relation to the accounting figures. A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in assets as a result.

The majority of the pension liabilities is linked to either price or pay inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit. The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

Post Retirement Mortality (Retirement in Normal Health)

Post Retirement Mortality	31st March 2018	31st March 2019
Males		
Member Aged 65 at Accounting Date	23.1	22.4
Member Aged 45 at Accounting Date	24.2	23.0
Females		
Member Aged 65 at Accounting Date	25.8	24.8
Member Aged 45 at Accounting Date	27.2	25.9

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. The assets allocated to the employer in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to these notional assets. The Fund is sizeable and largely liquid, and as a consequence there will be no significant restriction on realising assets if the situation arises. The assets are invested in a diversified spread of investments and the approximate split for the Fund as a whole is included in the disclosures.

The Administering Authority does not invest in property or assets related to itself. It is possible, however, that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of their balanced investment strategy.

	Asset Split as at 31st March 2018	Asset Split as at 31st March 2019
Equities	66.50%	63.70%
Property	6.30%	7.70%
Government Bonds	15.40%	10.70%
Corporate Bonds	10.40%	11.00%
Cash	1.40%	1.50%
Other	0.00%	5.40%
Total	100.00%	100.00%

Reconciliation of Funded Status to Balance Sheet

	Value at 31st March 2018 £M	Value at 31st March 2019 £M
Fair Value of Assets	16.930	19.530
Present Value of Funded Defined Benefit Obligation	(27.920)	(30.830)

Funded Status	(10.990)	(11.300)
Unrecognised Asset	0	0
(Liability) Recognised on the Balance Sheet	(10.990)	(11.300)

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

Active Members	98%
Deferred Pensioners	2%
Pensioners	0%

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Furthermore, the assets at exit in respect of 'Orphan Liabilities' may in retrospect not be sufficient to meet the liabilities. The risk may fall on other employers. 'Orphan Liabilities' are currently a small proportion of the overall liabilities in the Fund.

Breakdown of Amounts Recognised in Surplus/Deficit on the Provision of Services and Other Comprehensive Income

	Period Ended 31st March 2018	Period Ended 31st March 2019
Operating Cost	£M	£M
Current Service Cost	1.66	1.72
Past Service Cost (including curtailments)	0.00	0.00
Settlement Cost	0.00	0.00
Financing Cost		
Interest on Net Defined Benefit Liability/(Asset)	0.27	0.27
Pension Expense Recognised in Surplus or Deficit	1.93	1.99
Re-measurements in Other Comprehensive Income		
Return on Plan Assets (in excess of)/below that recognised in Net Interest	(0.10)	(0.75)
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	(0.77)	1.69
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	0.00	(1.32)
Actuarial (Gains)/Losses due to Liability Experience	0.01	0.00
Total Amount Recognised in Other Comprehensive Income	(0.86)	(0.38)
Total Amount Recognised in Comprehensive Income & Expenditure	1.07	1.61

The current service costs included an allowance for the administration expenses of £0.02M at 31st March 2019.

Changes to the Present Value of the Defined Obligation During the Period

	Period Ended 31st March 2018 £M	Period Ended 31st March 2019 £M
Opening Defined Benefit Obligation	26.11	27.92
Current Service Cost	1.66	1.72
Interest Expense on Defined Benefit Obligation	0.66	0.73
Contribution by Participants	0.38	0.36
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	(0.77)	1.69
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	0.00	(1.32)
Actuarial (Gains)/Losses due to Liability Experience	0.01	0.00
Net Benefits Paid Out	(0.13)	(0.27)
Past Service Cost Including Curtailments	0.00	0.00
Net Increase in Liabilities from Disposals/Acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Defined Benefit Obligation	27.92	30.83

Changes to the Fair Value of Assets During the Accounting Period

	Period Ended 31st March 2018 £M	Period Ended 31st March 2019 £M
Opening Fair Value of Assets	14.95	16.93
Interest Income on Assets	0.39	0.46
Re-measurements Gains/(Losses) on Assets	0.10	0.75
Contributions by the Employer	1.24	1.30
Contribution by the Participant	0.38	0.36
Net Benefits Paid out	(0.13)	(0.27)
Net increase in Assets from Disposals/Acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Fair Value of Assets	16.93	19.53

Actual Return on Assets

	Period Ended 31st March 2018 £M	Period Ended 31st March 2019 £M
Interest Income on Assets	0.39	0.46

Re-measurements Gains/(Losses) on Assets	0.10	0.75
Actual Return on Assets	0.49	1.21

Sensitivity Analysis

Discount Rate Assumption

Adjustment to Discount Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Obligation (£M)	29.96	30.83	31.73
% Change in Present Value of Total Obligation	(2.8%)		2.9%
Projected Service Cost (£M)	1.72	1.78	1.84
Approximate % Change in Projected Service Cost	(3.4%)		3.5%

Rate of General Increase in Salaries

Adjustment to Salary Increase Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Total Obligation (£M)	31.24	30.83	30.43
% Change in Present Value of Total Obligation	1.3%		(1.3%)
Projected Service Cost (£M)	1.78	1.78	1.78
Approximate % Change in Projected Service Cost	0.0%		0.0%

Rate of Increase to Pensions in Payment and Deferred Pension Assumption and Rate of Revaluation of Pension Account Assumptions

Adjustment to Pension Increase Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Total Obligation (£M)	31.31	30.83	30.36
% Change in Present Value of Total Obligation	1.6%		(1.5%)
Projected Service Cost (£M)	1.84	1.78	1.72
Approximate % Change in Projected Service Cost	3.5%		(3.4%)

Post Retirement Mortality Assumption

Adjustment to Mortality Age Rating Assumption	- 1 year	Base Figure	+ 1 year
Present Value of Total Obligation (£M)	31.80	30.83	29.87
% Change in Present Value of Total Obligation	3.2%		(3.1%)
Projected Service Cost (£M)	1.85	1.78	1.71
Approximate % Change in Projected Service Cost	3.8%		(3.8%)

- A rating of +1 year means that members are assumed to follow the mortality pattern for the base table for an individual that is 1 year older than them.

28. Employee Emoluments

Officers Remunerated in Excess of £60,000

The number of employees whose remuneration, excluding employer's pension contributions but including redundancy costs, were over £60,000 or more in bands of £5,000 are shown below.

Remuneration Band	2017/18 No of Employees	2018/19 No of Employees
£60,000 - £64,999	0	0
£65,000 - £69,999	0	0
£70,000 - £74,999	1	0
£75,000 - £79,999	0	1
£80,000 - £84,999	0	0
£85,000 - £89,999	0	0
£90,000 - £94,999	0	0
£95,000 - £129,999	0	0

Senior Management

The Management Committee members of the Shared Regulatory Services Joint Committee are employed directly by the partner authorities and their remuneration is not reflected in the accounts or the remuneration disclosures.

The designated Section 151 Officer for the Joint Committee is the Section 151 Officer for the Vale of Glamorgan Council as host authority. No remuneration for this post has been charged to the accounts or is included in the disclosure notes.

Exit Packages

The number of exit packages with total cost per band and total cost of the compulsory and other departures are set out in the table below.

Exit Package Cost Band (Including Special Payments)	No of Other Departure Agreed	Total No of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band (£)
£0 - £20,000	1	1	3,164

£20,001 - £40,000	0	0	0
£40,001 - £60,000	0	0	0
£60,001 - £140,000	0	0	0
Total	1	1	3,164

Exit Packages 2018/19			
Exit Package Cost Band (Including Special Payments)	No of Other Departure Agreed	Total No of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band (£)
£0 - £20,000	3	3	23,959
£20,001 - £40,000	0	0	0
£40,001 - £60,000	0	0	0
£60,001 - £140,000	0	0	0
Total	3	3	23,959

29. Interest

Interest is paid based on monthly average cash balances due to/from the Vale of Glamorgan Council.

	2017/18	%	2018/19	%
	£		£	
Interest (Charged)/Received on the SRS Account Balance	(157.87)	0.34%	£6,201.65	0.3%

30. Prior Period Adjustment

During 2018/19, Cipfa issued guidance advising Authorities that the Code now prohibits transactions between sections from being presented in the Comprehensive Income and Expenditure Statement. It advises that the transactions should be eliminated in the middle column of the Expenditure and Funding Analysis. To comply with this change to the Cipfa Code, the Comprehensive Income and Expenditure Statement and the adjustments shown in the Expenditure and Funding analysis note have been re-instated for 2017/18. The original adjusted and re-stated figures are set out in the table below.

Shared Regulatory Service Joint Committee

	Audited Comprehensive Income and Expenditure Statement 2017/18	Adjustments to eliminate internal transactions	Restated Comprehensive Income and Expenditure Statement 2017/18
Staff Costs	6,998	932	7,930
IAS 19 Adjustment	420	0	420
Premises	50	0	50
Transport	176	6	182
Supplies & Services	627	173	800
Third Party Payments	28	0	28
Host Authority Charges and Technical Adjustments	1,311	(1,016)	295
Amortisation	23	0	23
Depreciation	22	0	22
Operating Expenditure	9,655	95	9,750
Contributions from Local Authorities	(8,588)	(95)	(8,683)
Grant Income	(658)	0	(658)
Fees and Charges	(127)	0	(127)
Operating Income	(9,373)	(95)	(9,468)
Net Cost of Services	282	0	282

Glossary

Accounting Period

The period of time covered by the accounts, typically a period of 12 months commencing on 1st April. The end of the accounting period is the balance sheet date.

Accounting Policies

The specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting its financial statements.

Accruals

Amounts included in the final accounts to recognise revenue and capital income and expenditures earned or incurred in the financial year, but for which actual payment had not been received or made as at 31st March.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because of events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses); or the actuarial assumptions have varied.

Amortisation

The gradual elimination of a liability, such as a loan, funded in regular payments over a specified period of time. Such payments must be sufficient to cover both principal and interest.

Asset

An item having value to the authority in monetary terms. Assets are classed as either current or non-current;

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock)
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a building or vehicle, or intangible e.g. computer software licenses.

Balance Sheet

A statement in the recorded assets, liabilities and reserves at the end of the accounting period.

Capital Financing

Funds obtained to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Cash Equivalents

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Comprehensive Income and Expenditure Account

The revenue account of the Shared Regulatory Service (SRS) that reports the net cost for the year of the functions for which it is responsible, and demonstrates how that cost has been financed from budgeted contributions, grants and other income.

Creditor

Amount owed by the SRS for works done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit pension scheme's liabilities, expected to arise from employee service in the current period.

Debtor

Amount owed to the SRS for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Defined Benefit Pension Scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

Depreciation

The measure of the cost of the wearing out, consumption or other reduction in the useful economic life of the SRS's non-current assets during the accounting period, whether from use, the passage of time, or obsolescence through technological or other changes.

Discretionary Benefits (Pensions)

Retirement benefits which the employer has no legal, contractual or constructive obligation to awards and are awarded under the Authority's (Vale of Glamorgan Council as Host) discretionary powers such as the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.

Effective Interest Rate

This is the rate of interest needed to discount the estimated stream of principal and interest cash flows through the expected life of a financial instrument to equal the amount at initial recognition.

Employee Benefits

All forms of consideration given by the SRS in exchange for services rendered by its employees.

Events After The Balance Sheet

Events after the balance sheet date are those events, favourable or unfavourable, that arise between the balance sheet and the date when the Statement of Accounts is authorised for issue.

Exceptional Items

Material items which derive from affairs or transactions that fall within the ordinary activities of the SRS and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Return on Pension Assets

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items

Material items, having a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

Fair Value

The fair value of an asset is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's-length transaction.

Going Concern

The concept that the Statement of Accounts are prepared on the assumption that the SRS will continue in operational existence for the foreseeable future.

Impairment

A reduction in the value of a non-current asset to below its carrying amount on the balance sheet. Impairment may be caused by a consumption of economic benefit (economic benefit impairment) or a general fall in prices.

Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are most frequently found in local authority computer software.

Liability

A liability is where the SRS owes payment to an individual or another or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an accrual sum over a period of time.

Materiality

The concept that the Statement of Accounts should contain all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead the user of the accounts.

Net Book Value

The amount at which non-current assets are included in the balance sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation and impairment.

Past Service Cost (Pensions)

For a defined pension scheme, the increase in the present value of the scheme's liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

Pension Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Prior Year Adjustment

Material adjustments relating to prior years arising from changes in accounting policies for from the correction of fundamental errors. This does not include normal recurring correction or adjustments of accounting estimates made in prior years.

Provision

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur, but the amounts or dates of when they will arise are uncertain.

Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Reserves

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available can be spent or earmarked at the discretion of the SRS.

Residual Value

The net realisable value of an asset at the end of its useful life.

Useful Economic Life (UEL)

The period over which the SRS will derive benefits form the use of a non-current asset.

VALE OF GLAMORGAN COUNCIL

JOINT SHARED REGULATORY SERVICE

Annual Governance Statement 2018/19

1. Scope of Responsibility

1.1 The Joint Shared Regulatory Service (SRS) has been commissioned by three Local Authorities namely:-

- Cardiff CC
- Bridgend CBC
- Vale of Glamorgan Council.

The scope of the Service is captured in the Joint Working Agreement (JWA). Some of the functions provided are legally mandated, statutory requirements, including the role of the Weights and Measures authority, the duties under the Health and Safety at Work Act etc. Others are non-statutory, but have been adopted to support the core Regulatory function and to support the corporate objectives of each partner Council. Examples include consumer advice and accreditation of landlords.

All of the Regulatory functions provided are underpinned by the following principles:

- This is a Strategically led service with a clear focus upon the relevant corporate priorities of the partner Authorities, i.e. safeguarding the vulnerable and promoting economic development;
- A clear focus upon the National Enforcement priorities for regulatory services;
- The use of a risk based approach to all activities;
- The service meets standards set out in the Regulators Compliance Code; and above all
- The maximisation of resources through income generation and partnership working to promote public health and wellbeing.

The Shared Regulatory Service is not responsible for:-

- Determination of licensing applications in relation to the Licensing Act 2003, the Gambling Act 2005, the Local Government Act 1976, the Town and Police Clauses Act 1847 or any licensing legislation where objections have been raised and an elected member decision is required;
- The decision to declare an air Quality Management area;
- Instituting legal proceedings in respect of prosecution, forfeiture or other Court process;
- House to Homes funding; or
- Anything that requires a council decision, e.g. Declaration of Additional Licensing area.

1.2 The participants have agreed and have formed a Joint Committee to provide the Shared Regulatory Service and have delegated to the Joint Committee the Regulatory Services Functions as set in in Schedule 1 Part 1 of the JWA.

2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and cultural values, by which an organisation is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables an organisation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage the risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control is an on-going process designed to identify and prioritise the risks to the achievement of aims and objectives, to evaluate the likelihood and impact of those risks materialising, and to manage them efficiently, effectively and economically.
- 2.4 The following paragraphs summarise the overall governance framework and the system of internal control, which has been in place for the Shared Regulatory Services for the period covering 1st April 2018 to 31st March 2019.

3. The Governance Framework

- 3.1 The CIPFA / Solace governance framework “Delivering Good Governance in Local Government 2016” set out the fundamental principles of corporate governance as follows:-
 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - Ensuring openness and comprehensive stakeholder engagement.
 - Defining outcomes in terms of sustainable economic, social, and environmental benefits.
 - Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
 - Managing risks and performance through robust internal control and strong public financial management.
 - Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
- 3.2 This Governance Statement has used these principles to demonstrate how the overall governance arrangements for the Shared Regulatory Service for the period covering 1st April 2018 to 31st March 2019 are deemed to be satisfactory. The Governance Statement does not document policies, procedures and working practices under each of these principles, but instead provides an overview of the governance and internal control processes and systems.

3.3 Joint Work Agreement (Legal Agreement)

On the 10th April 2015 all parties formally signed the Joint Working Agreement with an agreed commencement date of 1st May 2015. The Joint Working Agreement provides the governance framework within which the Service operates and allocates responsibility and accountability, as follows:

- The Host Authority;
- The Joint Committee;
- Management Board;
- Head of Regulatory Services; and
- Financial Management.

3.4 The Joint Working Agreement is a detailed document which sets out the criteria and expectations for matters which include, but are not limited to:

- The role of the Joint Committee and Management Board including Terms of Reference;
- The role of the Head of Regulatory Services;
- Financial matters and Lead Finance Officer role;
- Levels of service to be provided;
- Employees;
- Records and access to information including Data Protection and information governance;
- Termination and rights to withdraw; and
- Governing law and jurisdiction.

The Joint Working Agreement is kept under review and has been updated during the year, which has already been reported to Bridgend CBC, City of Cardiff Council and Vale of Glamorgan Council's Committees.

3.5 The Host Authority

The Joint Working Agreement formally assigns the Vale of Glamorgan Council as the Host Authority for the Shared Regulatory Service. The Vale of Glamorgan Council provides all support services for all those services within scope (save for the day to day administration undertaken by staff in accordance with their duties), required, including but not limited to:

- Financial (Section 151 Officer as defined by section 151 of the Local Government Act 1972, Accounts, Payroll, Creditors etc.);
- Human Resources;
- Health & Safety;
- Legal; and
- Internal Audit

3.6 The Management Board

Sitting beneath the Joint Committee on the governance structure is an officer Management Board (MB). The composition, operation and Terms of Reference of the MB are set out in the Joint Working Agreement at Schedule 3. The MB is described as a high level project/sounding board which operates from a strategic and operational level. The MB comprises of "one officer representative from and

nominated by each of the Participants and the Head of Regulatory Services”. Therefore the membership of the MB is as follows:

- Chairman: Director of Environment and Housing (VoGC)
- Group Manager legal and Democratic Services (BCBC)
- Head of Shared Regulatory Services (VoGC)
- Corporate Director of Planning, Transport and Environment (CCC)

3.7 Financial Management

Section 11 of the Joint Working Agreement provides the framework within which the finances of the Shared Regulatory Services operate. The Joint Committee has adopted the financial regulations and Standing Orders for Contracts (however expressed) of the Host Authority from time to time in force. In accordance with the requirements of the Joint Working Agreement, the Joint Committee received and agreed the draft annual budget for 2018-19 prior to the deadline of the 31st December.

3.8 Service Structure

At the commencement of the Shared Regulatory Service on 1st May 2015, some 170 “in-scope” employees had successfully transferred from BCBC and CC to the host employer (VoGC). The new structure for the Shared Regulatory Service was fully completed by 1st December 2015. The Service has approximately 191 Full Time Equivalent (FTE) employees in total and is currently accessed and delivered through five points across the Bridgend, Cardiff and Vale boundaries.

3.9 Review of Effectiveness

Detailed within Schedule 5, of the JWA it states that the Host’s external auditor (Wales Audit Office) will be the external auditor of the Shared Regulatory Service. It also states that, following each year-end the Host is required to prepare the annual accounts for the Joint Committee and Management Board and ensure that all relevant information is available for external inspection.

The Shared Regulatory Service also has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed, in part, by the work of Internal Audit but also by the work undertaken by the overall Shared Regulatory Service’s Structure of which there are nine tiers; these being:

- Joint Committee;
- Management Board;
- Head of Shared Regulatory Services;
- Operational Managers,
- Team Managers;
- Professional,
- Senior Technical,
- Technical and
- Support.

3.10 During 2018/19 the Joint Committee received regular reports as set out in their “Dates and Deadlines” timetable which shows the meetings scheduled for a period

up to twelve months. In addition, the Joint Committee's Terms of Reference are clearly set out in the JWA.

3.11 Internal Audit

- 3.12 During 2018/19, internal audit undertook a review of the Shared Regulatory Services governance framework. The objective of the audit was to provide the necessary assurance to the Shared Regulatory Services Joint Committee at the June 2019 AGM that financial controls of the service are operating effectively and in compliance with the Council's Financial Procedure Rules and to ensure that recommendations made following the Internal Audit Food & Feed Law review completed in 2018/19 have been implemented.
- 3.13 The objectives of the review were to ascertain the extent to which the assessed risks have been identified and managed and to evaluate whether effective controls which mitigate the risks have been established within the systems and processes and that these have operated effectively throughout the period under review.
- 3.14 Satisfactory evidence was provided to enable the Auditor to gain reasonable assurance that recommendations had been implemented in relation to the Food & Feed Law review and the necessary improvements demonstrated.
- 3.15 Through testing, the auditor was able to determine that the control environment in relation to the governance arrangements over financial and other related controls including budget monitoring / reporting and procurement processes across the Shared Regulatory Services were satisfactory.
- 3.16 Internal Audit have taken into consideration the Shared Regulatory Service and its finances as part of the annual risk assessment process and have included this area within the 2018/19 and 2019/20 Audit Plans.
- 3.17 The 2018/19 Statement of Accounts will be audited by the Vale of Glamorgan's External Auditors – Wales Audit Office and reported to the Joint Committee in accordance with the Joint Working Agreement.
- 3.18 The Joint Working Agreement has been signed and sealed by all the relevant participants and the Participants Constitutions clearly demonstrate that these officers are delegated to execute the Joint Working Agreement. In addition, during the year the Joint Working Agreement has been reviewed to ensure it remains effective.
- 3.19 The Management Board has been set up in accordance with the Joint Working Agreement and a schedule of meeting dates has been set for the year in accordance with the requirements of the Joint Committee. The Management Board continues to operate effectively and in accordance with its terms of reference.
- 3.20 In accordance with clause 5.1 of the Joint Working Agreement, the Head of Shared Regulatory Services and the Section 151 Officer have prepared the Annual Report for the period 2018/19, which will be presented to the Joint Committee in June 2019.

4. Significant Governance Issues

4.1 **Definition of Governance:** A series of policies, roles, responsibilities and processes that set the way an organisation is directed, administrated and controlled.

4.2 **Definition of a Significant Governance Issue:** A specific area of the Organisation's work that requires Senior Management attention to ensure that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner, to support improved outcomes for local people.

4.3 There are no significant governance issues raised during 2018/19.

4.4 Certification of Annual Governance Statement

We can confirm, to the best of our knowledge and belief, this statement provides an accurate and fair view of the overall governance arrangements for the Shared Regulatory Services.

Signed:



Chair of the Shared Regulatory Services

Signed:



Carys Lord – Section 151 Officer

Signed:



Miles Punter – Chair of the Shared Regulatory Services Management Board

Signed:



Dave Holland – Head of the Shared Regulatory Services

Smaller relevant local government bodies in Wales

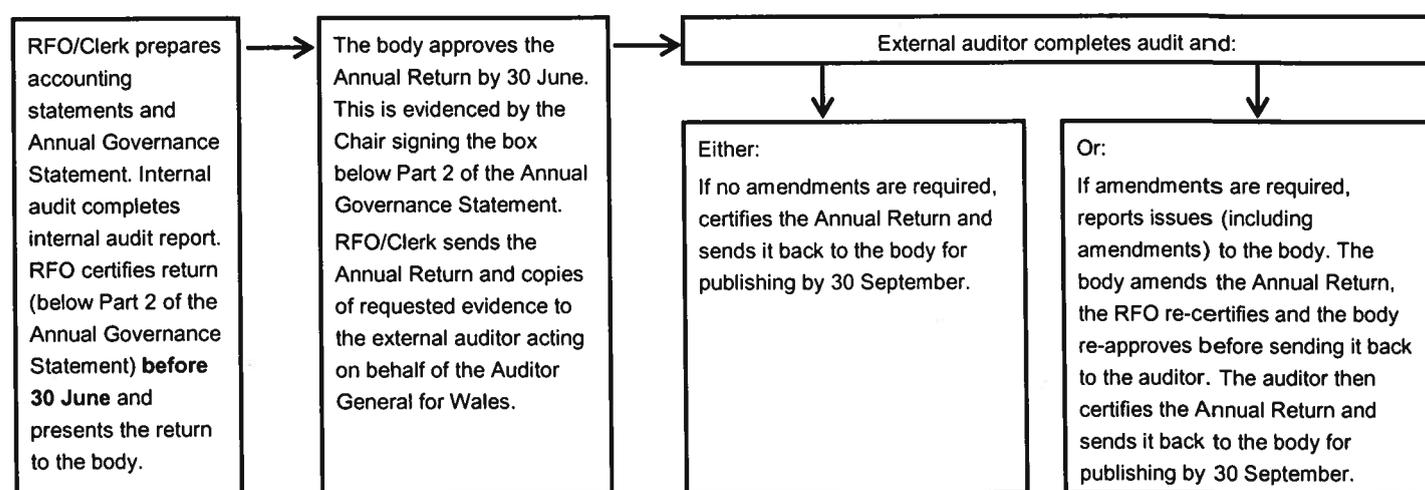
Annual Return for the Year Ended 31 March 2019

THE ACCOUNTS AND AUDIT PROCESS

Section 12 of the Public Audit (Wales) Act 2004 requires local government bodies in Wales to make up their accounts each year to 31 March and to have those accounts audited by the Auditor General for Wales. Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 states that smaller local government bodies i.e. those with annual income and expenditure below £2.5 million must prepare their accounts in accordance with proper practices.

For minor joint committees with income and expenditure below £2.5 million, proper practices are set out in the One Voice Wales/Society of Local Council Clerks publication 'Governance and accountability for local councils in Wales – A Practitioners' Guide' (the Practitioners' Guide). The Practitioners' Guide requires that they prepare their accounts in the form of an annual return. This annual return meets the requirements of the Practitioners' Guide.

The accounts and audit arrangements follow the process as set out below.



Please read the guidance on completing this Annual Return and complete all sections highlighted in red including the Annual Governance Statement.

APPROVING THE ANNUAL RETURN

There are two boxes for certification and approval by the body. The second box is only required if the annual return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.

The committee must approve the annual return BEFORE the accounts and supporting documents are made available for public inspection under section 30 of the Public Audit (Wales) Act 2004.

The Auditor General for Wales' Audit Certificate and report is to be completed by the auditor acting on behalf of the Auditor General. It MUST NOT be completed by the Clerk/RFO, the Chair or the internal auditor.

Audited and certified returns are sent back to the body for publication and display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

Accounting statements 2018-19 for:

Name of body: Vale, Valleys and Cardiff Adoption Service

	Year ending		Notes and guidance for compilers
	31 March 2018 (£)	31 March 2019 (£)	
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	50,279	(12,513)	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	0	0	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	1,335,993	1,542,235	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	(1,179,202)	(1,319,245)	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg. termination costs.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	(219,583)	(222,847)	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	(12,513)	(12,370)	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
Statement of balances			
8. (+) Debtors and stock balances	29,723	156,610	Income and expenditure accounts only: Enter the value of debts owed to the body and stock balances held at the year-end.
9. (+) Total cash and investments	0	0	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	(42,236)	(168,980)	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	(12,513)	(12,370)	Total balances should equal line 7 above: Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	0	0	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

Annual Governance Statement

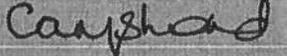
We acknowledge as the members of the Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2019, that:

	Agreed?		'YES' means that the Committee:	PG Ref
	Yes	No*		
<p>1. We have put in place arrangements for:</p> <ul style="list-style-type: none"> • effective financial management during the year; and • the preparation and approval of the accounting statements. 	<input checked="" type="radio"/>	<input type="radio"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	
<p>2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	
<p>3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Committee to conduct its business or on its finances.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	
<p>4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	
<p>5. We have carried out an assessment of the risks facing the Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	
<p>6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	
<p>7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Committee and, where appropriate, have included them on the accounting statements.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	
<p>8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	

* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

Committee approval and certification

The Committee is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of the Annual Governance Statement.

<p>Certification by the RFO</p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Committee and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2019.</p>	<p>Approval by the Committee</p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:</p>
<p>RFO signature: </p>	<p>Chair of meeting signature: </p>
<p>Name: Carys Lord</p>	<p>Name: Benjamin Gray</p>
<p>Date: 14th June 2019</p>	<p>Date: 14th June 2019</p>

Committee re-approval and re-certification (only required if the annual return has been amended at audit)

<p>Certification by the RFO</p> <p>I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2019.</p>	<p>Approval by the Committee</p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:</p>
<p>RFO signature:</p>	<p>Chair of meeting signature:</p>
<p>Name:</p>	<p>Name:</p>
<p>Date:</p>	<p>Date:</p>

Auditor General for Wales' Audit Certificate and report

The external auditor conducts the audit on behalf of, and in accordance with, guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the Annual Return for the year ended 31 March 2019 of:

--

External auditor's report

[Except for the matters reported below]* On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

[[These matters along with]* Other matters not affecting our opinion which we draw to the attention of the body and our recommendations for improvement are included in our report to the body dated _____.]

Other matters and recommendations

On the basis of our review, we draw the body's attention to the following matters and recommendations which do not affect our audit opinion but should be addressed by the body.

(Continue on a separate sheet if required.)

External auditor's name:

External auditor's signature:

Date:

For and on behalf of the Auditor General for Wales

* Delete as appropriate.

Annual internal audit report to:

Name of body: Regional Adoption Collaboration

The Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2019.

The internal audit has been carried out in accordance with the Committee's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Council's main accounting system used, no issues identified in specific audit or the annual financial systems audit
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	No relevant issues identified
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	Corporate risk assessment process in place
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Regular financial monitoring is undertaken and no issues identified
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Income received reconciled to the agreed values
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Not applicable – purchasing card utilised now so no requirement for a petty cash fund.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Centralised payroll audited annually. No relevant issues identified in the sample undertaken.
8. Asset and investment registers were complete, accurate, and properly maintained.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	Not reviewed

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	No separate bank account. Reconciliations are undertaken centrally of the bank account. No issues were identified
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Centralised main accounting audit performed annually. No relevant issues identified.

For any risk areas identified by the Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
11. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
12. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

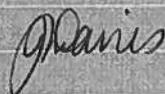
** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

Internal audit confirmation

I/we confirm that as the Committee's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2017-18 and 2018-19. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Joan Davies

Signature of person who carried out the internal audit:



Date: 13th June 2019

Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this annual return. Proper practices are set out in the Practitioners' Guide.
2. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs. Ask your auditor for an electronic copy of the form if required.
3. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
4. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2018) equals the balance brought forward in the current year (line 1 of 2019). Explain any differences between the 2018 figures on this annual return and the amounts recorded in last year's annual return.
5. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
6. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Committee holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in the accounting statements. More help on bank reconciliations is available in the Practitioners' Guide.
7. **Every committee must send to the external auditor, information to support the assertions made in the Annual Governance Statement even if you have not done so before.** Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
8. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
9. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
10. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
11. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

Completion checklist – 'No' answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		Yes	No
Accounts	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?	Yes	
	Does the bank reconciliation as at 31 March 2019 agree to Line 9?	Yes	
Approval	Has the RFO certified the accounting statements and Annual Governance Statement (Regulation 15 (1)) no later than 30 June 2019?	Yes	
	Has the body approved the accounting statements before 30 June 2019 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?	Yes	
All sections	Have all pink boxes in the accounting statements and Annual Governance Statement been completed and explanations provided where needed?	Yes	
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.	Yes	

If accounts are amended after receipt of the Auditor General's report on matters arising		Yes	No
Accounts	Have the amended accounting statements been approved and Section 3 re-signed and re-dated as evidence of the Committee's approval of the amendments before re-submission to the auditor?		