

Meeting of:	Audit Committee
Date of Meeting:	Wednesday, 29 July 2020
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Unaudited Statement of Accounts 2019/20
Purpose of Report:	The Statement of Accounts for the Vale of Glamorgan Council and the Shared Regulatory Service for 2019/20 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 as presenting a true and fair view. • Due to Covid 19, revised regulations require the preparation and certification of draft accounts by 31st August 2020 and publication of final audited accounts by 30th November 2020 for all local government bodies in Wales. The 2019/20 Statement of Accounts for the Council and the Shared Regulatory Service were certified on 30 June 2020 and also the Annual Return for the Vale, Valleys and Cardiff Regional Adoption Service was certified on 15th June 2020. • The 2019/20 Vale of Glamorgan Statement of Accounts will be subject to external audit and the audited accounts will be presented to Audit Committee in September 2020 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 30th November 2020. 	

Recommendations

- 1.** That the unaudited Vale of Glamorgan Council Statement of Accounts for 2019/20 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, Audit Wales.
- 2.** That the unaudited Joint Committee Shared Regulatory Services Statement of Accounts for 2019/20 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, Audit Wales.
- 3.** That the Annual Return for the Vale, Valleys and Cardiff Regional Adoption Service 2019/20 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, Audit Wales.

Reasons for Recommendations

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

1. Background

- 1.1** The preparation of the Statement of Accounts is a requirement of the Accounts and Audit (Wales) Regulations 2014 (as amended 2018) and its content is defined by the Chartered Institute of Public Finance and Accountancy's 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code).
- 1.2** In accordance with these regulations, the unaudited Statement of Accounts for 2019-20 required approval and signature by the responsible finance officer by 15th June 2020, certifying that it presents a true and fair view of the financial position of the Council. The audited Statement of Accounts then has to be approved by 15th September 2020 by the Audit Committee in accordance with the Committee's Terms of Reference and also Council. If the accounts are not able to be signed and published by this date, then the Council must publish a Regulation 10 notice setting out the reasons why.
- 1.3** As a result of the Coronavirus pandemic, the Council was unable to meet the 15th June 2020 deadline and therefore, in line with the requirements of the Regulations, issued a notice advising of this. The unaudited accounts were signed by the responsible finance officer on 30 June 2020 and sent to Audit Wales the same day.

- 1.4 The 2019/20 Vale of Glamorgan Statement of Accounts will be subject to external audit and it is planned that the audited accounts will be presented to Audit Committee in September 2020 along with the external auditors ISA260 report prior to being submitted for approval by Council and signed by the Auditor General.
- 1.5 The 2019/20 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 2020 along with the external auditor's report for review. The accounts will also be submitted for approval by the Shared Regulatory Service Joint Committee.
- 1.6 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.
- 1.7 The Vale, Valleys and Cardiff Regional Adoption Service accounts are not subject to a full external audit by Audit Wales, but an Annual Return has been completed by Accountancy and Internal Audit as at 15th June 2020 and is attached at Appendix C. Audit Wales will be providing a limited assurance audit for the service

2. Key Issues for Consideration

- 2.1 The 2019/20 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 2019/20 unaudited Statement of Accounts is also attached at Appendix B and the Vale, Valleys and Cardiff Joint Committee Annual Return 2019/20 is attached at Appendix C.
- 2.2 It is proposed that any comments made by the Committee on the Vale of Glamorgan Council 2019/20 unaudited Statement of Accounts, Shared Regulatory Joint Committee Statement of Accounts 2019/20 or the Vale, Valleys and Cardiff Joint Committee Annual Return 2019/20 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, Audit Wales.

Early Closure Deadlines

- 2.3 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.

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

- 3.1** 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

4. Resources and Legal Considerations

Financial

- 4.1** The 2019/20 Statement of Accounts for the Vale of Glamorgan is prepared in accordance with the CIPFA Code of Practice for 2019/20 Accounts. The Usable Reserves have increased to £111.135M in 2019/20, of this £1.847M is the increase in the General Fund and earmarked reserves and £5.280M is the increase in HRA.
- 4.2** The 2019/20 Statement of Accounts for the Shared Regulatory Service Joint Committee shows that Usable Reserves have reduced to £492K in 2019/20 from £890K in 2018/19. The partner authorities will be consulted on the use and distribution of this sum.
- 4.3** The Vale, Valleys and Cardiff Regional Adoption Service Annual Return shows Usable Reserves at 31st March 2020 of £98K, the partner authorities will be consulted on the use and distribution of this sum.
- 4.4** The 2019/20 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

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

Legal (Including Equalities)

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

5. Background Papers

Unaudited Statement of Accounts 2019/20.



VALE of GLAMORGAN COUNTY BOROUGH COUNCIL
STATEMENT OF ACCOUNTS 2019/20

Year Ended 31 March 2020



Published Subject to Audit

Narrative Report.....	1
Statement of Responsibilities for the Statement of Accounts	13
Audit report of the Auditor General to the Vale of Glamorgan Council	14
Expenditure and Funding Analysis.....	15
Movement in Reserves Statement 2018/19	16
Movement in Reserves Statement 2019/20	16
Comprehensive Income and Expenditure Statement.....	17
Balance Sheet as at 31 st March 2020	18
Cash Flow Statement.....	19
Notes to the Financial Statements	20
The Housing Revenue Account	90
Trust Funds	95
Glossary.....	96
Annual Governance Statement.....	103

Unaudited Statement of Accounts 2019/20 Year Ended 31st March 2020

Narrative Report

Introduction

This document presents the Statement of Accounts for The Vale of Glamorgan County Borough Council for 2019/20 and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

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 (including the Leader) 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.

Due to the Covid 19 pandemic, all Council meetings have been cancelled, with Cabinet on 23rd March 2020 being the final meeting of the financial year. It was necessary to ensure that the Council continued to have robust governance arrangements in place to ensure where possible business continuity and at the same time being mindful of emerging emergency legislation from Central Government and Regulations from Welsh Government and the circumstances within which the Council functions. Managing Director's delegated emergency powers are now being used to allow matters which are deemed to require immediate action to be resolved.

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 2019/20 will be reported to the first available Cabinet meeting once they reconvene.

The 2019/20 settlement from Welsh Government was again financially challenging for the Council. The Council received Revenue Support Grant of £110.31M and National Non-Domestic Rate of £41.76M from Welsh Government. This represented a reduction in funding of £1.181M (0.77%) from the previous year after taking into account adjustments. Based on this funding level, the Council was ranked 21st out of 22 councils in Wales (21st in 2018/19) on a funding per head of population, which is £168 per head below the Welsh average (£160 per head below in 2018/19). As a consequence, a savings target of £3.020M (excluding Schools) was set for the year and services were able to find actual savings to the value of £2.383M. The savings target for 2019/20 for Neighbourhood Services was £932k however several of the proposed savings had a long lead in time and £428k of the savings target was achieved during 2019/20. This shortfall was funded by the use of reserves, however, in recognition of the long lead times associated with achieving some of the programmed savings and the potential reduction to service provision associated with some of the proposals, additional funding of £400k has been included in the budget for 2020/21 to alleviate some of these issues.

The anticipated level of funding to be received from Council Tax in 2019/20 was £74.028M. This was based on a Band D rate of £1,245.06, excluding Police and Town and Community Council precepts. This is ranked 17th highest in Wales and is £49.16 below the Welsh average.

The Council's revenue budget outturn for 2019/20 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	109,851	109,851	0	(2,170)
Social Services	66,825	66,813	+12	+925
Environment and Housing	31,785	31,777	+8	(2,759)
Managing Director and Resources	6,149	6,139	+10	(215)
General Policy	13,488	12,340	+1,148	+4,959
Council Tax Surplus	0	0	0	+2,637
Use of Reserves	(2,000)	(822)	(1,178)	(822)
TOTAL	226,098	226,098	0	+2,555

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

- In Learning and Skills, the key emerging challenge for schools is the increasing number of children and young people who are displaying very complex social, emotional and mental health difficulties. In order to meet this need two specialist resource bases have been developed at Gladstone Primary School in partnership with Ysgol Y Deri. The pupil placements budget is also under pressure and out-turned with an adverse variance. Another pressure area is the School Transport budget. Local

Education Authorities have a statutory duty to provide free school transport for pupils of statutory school age who reside beyond walking distance to the nearest appropriate school in addition to a statutory duty to provide transport for pupils with Additional Learning Needs (ALN) who require access to specialist provision. The adverse variance was as a result of the provision of additional routes due to increased demands for ALN pupils and mainstream pupils, provision of taxis due to catchment issues, payments to parents where transport cannot be provided due to the child's needs or because no other transport option is available and increased costs due to tendering/retendering contracts which resulted in an increase in costs. Schools have drawdown £1.8M of the balances they hold during 2019/20.

- In Social Services, the Children's External Placements budget has overspent due to the higher cost of placements for children with significant complex behaviour.
- Environment and Housing were not able to meet all their savings targets in the year as previously stated. There was pressure on employee and transport budgets due to downtime involved in travelling to Cardiff to dispose of waste. The recent changes to the waste collection service to move to a source separated method of collection has required further resource in the initial period of service change. There was also pressure on the budget due to the high price that had been paid to treat our co-mingled recycling. The price has increased steadily over the last couple of years since China banned elements of recycling such as plastic into the country. In addition, significant energy price increases has put pressure on the street lighting energy budget. Although efforts have been made over previous years to turn a high percentage of street lighting to LED there have been significant increases to the cost of energy with a 13% increase in 2018/19 and a further 9.5% in 2019/20.

Elsewhere, the main areas of underspend related to capital charges and the effective collection of Council Tax. During the year the projected underspend of £6.5M was transferred into reserve with £2.75M transferred into the Neighborhood Services reserve, £1m into the Education Pressures reserve, £1.25M into a new reserve for Green Infrastructure and Climate Change, £1M into the Council Building Fund and £500k into the Bad Weather reserve.

The opening balance on the Council Fund as at 1st April 2019 was £13.636M with a planned drawdown during the year of £2M. £1.178M was transferred into the reserve during the year so the net impact was a reduction in the reserve of £822k and therefore the fund stood at £12.814M as at 31st March 2020. A further £1M is planned to be drawdown from the fund in 2020/21 however further drawdown may be required as a result of the Covid 19 pandemic. 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 £12M, however, in view of the prudent approach the Council takes with regard to Specific Reserves, it is considered that £10M should be the minimum level for this reserve. The Council also holds earmarked reserves which were used in 2019/20 and stood at £66.8M (excluding Joint Committees and HRA) as at 31st March 2019 and increased by £2.5M in year. These reserves are allocated for both capital and revenue purposes.

As the impact of the Covid 19 pandemic did not take full effect until mid March 2020, there has been no major impact on the 2019/20 financial position of the Council.

Summary of Financial Performance – Capital

The General Capital Funding received from Welsh Government in 2019/20 was £6.643M which was a £1.138M (20.6%) increase in funding from 2018/19. 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 2019/20 the Council spent £53M on capital as shown by service area in the table below:

Expenditure Incurred on Services	£'000	£'000
Education & Schools	20,574	
Libraries	14	
Catering	69	
Total Learning & Skills		20,657
Children and Youth Services	43	
Adult Services	570	
Total Social Services		613
Neighbourhood and Transport Services	11,251	
Public Sector Housing (HRA)	9,539	
Total Environment and Housing Services		20,790
Resources	3,312	
Regeneration and Planning	6,708	
Private Sector Housing	1,064	
Total Managing Director and Resources		11,084
Total Capital Expenditure 2019/20		53,144

Of the capital expenditure incurred in the year, £15M was spent on the 21st Century Schools Band B investment programme. £4M was incurred during the year on completing 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 Council has started to implement its new Waste Strategy which included the purchase of new vehicles and changes to its waste facilities with spend of over £3M during the year funded by Welsh Government grant. The Council achieved Welsh Housing Quality Standard (WHQS) by the end of March 2018, however, further capital investment of over £9M was made as part of a continuing Housing Improvement Programme. Works to upgrade the Council’s Leisure Centres was undertaken during the year with expenditure of over £1M.

The following table shows the resources used in 2019/20 to fund the capital programme :

Capital Expenditure Financed By :	£'000
General Capital Funding Grant – Welsh Government	3,230
General Capital Funding Loan – Welsh Government	3,413
Other Loans	2,458
Specific Grants – Welsh Government	29,099
Major Repairs Allowance – Welsh Government	2,760
Other Grants/Contributions	6,365
Capital Receipts	1,435
Revenue/Reserves	4,384
Total Capital Expenditure 2019/20	53,144

As at 31st March 2020 the Council held general capital receipts with a value of £7.5M, with a further £7.6M being ringfenced for Education and £1.33M being ringfenced for Social Services and £0.04M for vehicles.

The Council's assets at the 31 March 2020 have a book value of £691.8M. The Council Dwellings and Other Land and Buildings etc. are revalued on a rolling 5 year programme normally by a MRICS external valuer. During 2019/20, all assets excluding Education, Social Services and HRA were revalued. As a result of the Covid 19 pandemic the valuers have advised that less certainty and a higher degree of caution should be attached to their valuations than would normally be the case. Given the unknown future impact that Covid 19 might have on the real estate market, they recommend that the Council keeps the valuation of its property portfolio under frequent review.

Housing Revenue Account (HRA)

The Council still retains its stock of Council Houses and as at 31st March 2020 had 3,867 dwellings. The HRA transferred £5.28M into its reserve in 2019/20 leaving a balance on the HRA reserve of £7.948M as at 31st March 2020. This balance is higher than planned partly as the capital programme was not able to proceed as planned and also due to the receipts from a higher number of Council house sales in 2019/20 (£964k) 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 26th February 2020. The Council has invested over £100M in its housing stock between 2012/13 and 2019/20 and all its dwellings reached Welsh Housing Quality Standard by March 2018.

Treasury Management – Borrowing and Investments

Before the commencement of the 2019/20 financial year, the Authority approved the Treasury Management Strategy /Policy Statement which deals with the treasury functions of the Authority and covers both borrowing and investments. The report was approved by Council on 27th February 2019 and can be accessed on the Council Website; [Treasury Management Strategy 2019/20](#).

The Local Government Act 2003 requires a local authority to set its authorised borrowing limit for the following year. The original limit set for this Authority for 2019/20 was £201.556M, which was revised to £197.641M during the year. The actual external borrowing as at 31 March 2020 excluding adjustments was £153.91M as shown below.

	31 March 2019	31 March 2020
Source of Loan	£'000	£'000
Public Works Loan Board (PWLB)	146,445	145,210
Long Term Loans	8,600	8,600
Other	100	100
Total External Borrowing	155,145	153,910
Accrued Interest	1,234	1,186
Accounting Adjustments	(304)	(242)
Total Borrowing as per Balance Sheet	156,075	154,854

The Council has a cautious approach to risk, with its priority to safeguard capital. The majority of the its investments are with UK Local Authorities and the Debt Management Account Deposit Facility (DMADF), which is guaranteed by the UK Government. The investment position at 31st March 2020 is set out below and includes investments held overnight as at 31st March 2020 with the DMADF which are included under the Cash and Cash Equivalent heading in the Balance Sheet.

	31 March 2019	31 March 2020
Short Term Investments Held By	£'000	£'000
UK Debt Management Account Deposit Facility (DMADF)	8,100	11,000
UK Local Authorities	81,000	87,000
Total Short Term Investments	89,100	98,000
Short Term Investment Accrued Interest	67	105
Short Term Investment Joint Committees	254	0
Total Short Term Investments as per Balance Sheet	89,421	98,105

Considering the impact of the Covid 19 pandemic on the Council's Treasury Management, the majority of the Council's borrowing is fixed rate and held with PWLB. Although following a review of the Council's current Treasury position it is now not expected that significant new borrowing would be required during 2020/21, should the Council decide to proceed with planned borrowing as set out in Treasury Management Strategy, PWLB borrowing rates have not moved significantly since March 2020. The level of uncertainty in the future path of economic growth, unemployment, fiscal and monetary policy makes it very difficult to accurately assess the impact on the investments held by the Council, however, investments continue to be placed primarily with other UK Local Authorities and the UK Government and whilst returns have been impacted the investments are exposed to minimal credit risk.

Vale of Glamorgan County Borough Council

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 2019/20 and investment income rates still remained low. Rates have fallen even further due to the Covid 19 pandemic and this coupled with the exit from the European Union has led to a high degree of economic uncertainty. The Council will continue to monitor and manage risks as the impact of these issues become clearer during the year.

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 24th February 2020 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. A triennial valuation is carried out on the Fund. The value of the pension liability as at 31st March 2020 is £268.245M. This value is based on a number of actuarial assumptions and will fluctuate between years. A firm of actuaries is engaged to provide the Cardiff and Vale Pension Fund with expert advice about the assumptions to be applied. The actuarial results for 31st March 2020 are based on a roll forward of the triennial valuation carried out as at 31st March 2019. The valuation observes that the outbreak of Covid 19 may impact adversely on the ability of the Fund to realise future investment returns. The actuarial valuation acknowledges that the Fund's assets were likely to have fallen in value in March and a corresponding reduction in liability. However, the actuary in consultation with the Cardiff and Vale Pension Fund concluded that because of the long term

Vale of Glamorgan County Borough Council

nature of the Fund and the level of prudence adopted, that certifying the valuation based on market conditions at the valuation date remained appropriate. The majority of negative market movement took place prior to 31st March 2020 and these movements are reflected in the actuarial report.

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's Corporate Plan (2016-2020) reflects 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

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 had been made by quarter 3 towards delivering the key outcomes giving an overall RAG status of Green. The cancellation of all council meetings as a result of the Covid 19 pandemic has meant that the Quarter 3 performance reports have not been considered by any of the Council's Scrutiny Committees in March or Cabinet in April as originally planned. The report was approved under Emergency Powers on 22nd May 2020.

Vale of Glamorgan County Borough Council

The Council has produced a new Corporate Plan for the period 2020-2025. It is the intention to keep the existing vision and values however 4 new well-being objectives are being included and these are :

- To work with and for our communities;
- To support learning, employment and sustainable economic growth;
- To support people at home and in their community; and
- To respect, enhance and enjoy our environment.

Looking Forward

A budget of £240.438M was approved by Council on 26th February 2020. For the first time in many years the revenue settlement from Welsh Government for 2020/21 was an increase, with a settlement of £161.021M, which represents an adjusted increase of £6.626M (4.29%) over 2019/20. The Council Tax was increased by 4.9% from 1st April 2020 with a budget of £79.417M being set for Council Tax during 2020/21. An efficiency target of £247k was set for the year and was at a level which was significantly lower than the targets that had been set in previous years. No savings were approved for Schools. The budget also included a £1M use of the Council Fund reserve.

The full Council report can be accessed on the Council website [Final Proposals for the Revenue Budget 2020/21](#).

At the time the 2020/21 budget was approved, no indication had been received from Welsh Government for future years settlements and it was considered prudent to assume that there may be a flatlined settlement going forward. If Council Tax continues to increase by 4.9% this could result in the possible total shortfall in funding for 2021/22 and 2022/23 of £10.596M. Whilst it had been possible to set efficiency targets at a lower level in 2020/21 this may not be the case going forward and in light of projected levels of shortfall in future years, services were requested to continue to plan ways of achieving further efficiencies which will be innovative and transformational with regards to service delivery. 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 2020/21 is £6.796M which is an increase of £153k (2.3%) from the previous year. The 2020/21 Capital Programme was approved by Council on 26th February 2020 and had a gross value of £113.875M with funding from external grants and contributions amounting to £64.906M. The programme is briefly summarised below;

	2020/21 Net (excluding grants and contributions)	2020/21 Gross(including grants and contributions)
	£'000	£'000
Learning and Skills	13,685	71,022
Social Services	100	100
Environment and Housing	30,722	36,655
Managing Director and Resources	3,149	4,785
City Deal	1,313	1,313
Total Capital Programme	48,969	113,875

There will be investment in the Council's Schools as part of the 21st Century Schools Band B programme of £66.1M, £2.3M in the Council's Vehicles and £1.7M in Highways. 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 and the programme totals £27M.

The full report can be accessed on the Council Website; [Capital Strategy 2020/21 and Final Capital Proposals 2020/21 to 2024/25](#)

Over the coming years major capital investment will continue for the Band B 21st Century Schools programme which will require capital investment between 2020/21 and 2024/25. The currently approved funding included in the capital programme is £117.9M over this period, with a contribution of £63.7M from Welsh Government.

The full impact of the Covid 19 pandemic is yet to be realised, with the Council having to change the way in which it provides services and arranging for its staff to work from home. This will result in additional expenditure for the Council, not only from a revenue perspective but the commencement of works as part of the capital programme will be delayed or will take longer to deliver due to new working practices being adopted by contractors. This will result in increased cost to schemes. The Council is also losing the ability to generate income which will again have an adverse effect on its financial position. Welsh Government has provided local authorities with a hardship grant where funding can be claimed on a monthly basis to cover the additional expenditure incurred due to the pandemic. The Council is also mindful about the help it can provide to local businesses and has distributed funding made available by Welsh Government for businesses. Vale Heroes have been established to bring together voluntary groups and businesses across the Vale of Glamorgan who are working to help residents affected by the Covid-19 outbreak. The Council is now planning how it will be able to provide services going forward as the lockdown is lifted. The Council considers that it has sufficient balances and reserves, however, they will be put under pressure in the coming months with the level of uncertainty surrounding future funding. This will be further assessed as part of the Medium Term Financial Plan which will be updated during the coming year.

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.

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. 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

Vale of Glamorgan County Borough Council

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 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.

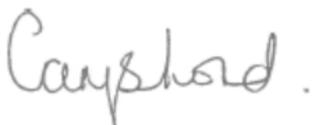
The Head of Finance has also throughout the financial year:

- 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 2020 and its income and expenditure for the period then ended.

Signature:



Date: 30th June 2020

Head of Finance/Section 151 Officer

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 11.

2018/19	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis (Note 8)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Learning and Skills	106,404	(3,883)	102,521
Social Services	62,316	(1,588)	60,728
Visible and Housing Services	33,731	(4,083)	29,648
Housing Revenue Account (HRA)	(1,894)	(3,036)	(4,930)
Managing Director and Resources	9,244	13,293	22,537
Net Cost of Services	209,801	703	210,504
Other Income and Expenditure	(214,145)	(12,488)	(226,633)
(Surplus) or Deficit	(4,344)	(11,785)	(16,129)
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)		

2019/20	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis (Note 8)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Learning and Skills	113,566	(537)	113,029
Social Services	65,879	(2,970)	62,909
Visible and Housing Services	34,734	(3,609)	31,125
Housing Revenue Account (HRA)	(5,281)	(2,035)	(7,316)
Managing Director and Resources	2,770	18,785	21,555
Net Cost of Services	211,668	9,634	221,302
Other Income and Expenditure	(218,795)	(22,466)	(241,261)
(Surplus) or Deficit	(7,127)	(12,832)	(19,959)
Opening General Fund and HRA Balance at 31 March 2019	(83,829)		
Plus Surplus on General Fund and HRA Balance in Year	(7,127)		
Closing General Fund and HRA Balance 31 March 2020	(90,956)		

Vale of Glamorgan County Borough Council
Movement in Reserves Statement 2018/19

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 11.

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	£'000
Balance as at 31st March 2018	9,634	69,076	775	11,299	1,851	92,635	218,130	310,765
Total Comprehensive Income and Expenditure	11,523	(1,551)	6,157	0	0	16,129	10,655	26,784
Adjustments between accounting basis and funding basis under regulations (Note 10)	(7,521)	0	(4,263)	3,825	4,345	(3,614)	3,614	0
Increase/(Decrease) in 2018/19	4,002	(1,551)	1,893	3,825	4,345	12,514	14,269	26,784
Balance as at 31st March 2019	13,636	67,525	2,668	15,124	6,196	105,149	232,399	337,548

Movement in Reserves Statement 2019/20

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	£'000
Balance as at 31st March 2019	13,636	67,525	2,668	15,124	6,196	105,149	232,399	337,548
Total Comprehensive Income and Expenditure	9,280	2,669	8,010	0	0	19,959	(25,528)	(5,569)
Adjustments between accounting basis and funding basis under regulations (Note 10)	(10,102)	0	(2,730)	1,351	(2,492)	(13,973)	13,973	0
Increase/(Decrease) in 2019/20	(822)	2,669	5,280	1,351	(2,492)	5,986	(11,555)	(5,569)
Balance as at 31st March 2020	12,814	70,194	7,948	16,475	3,704	111,135	220,844	331,979

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 11.

2018/19			Expenditure on Services	2019/20		
Gross Expt.	Income	Net Expt.		Gross Expt.	Income	Net Expt.
£'000	£'000	£'000		£'000	£'000	£'000
132,738	30,217	102,521	Learning and Skills	141,880	28,851	113,029
75,114	14,385	60,729	Social Services	80,259	17,350	62,909
46,151	16,503	29,648	Visible and Housing Services	46,229	15,104	31,125
14,986	19,916	(4,930)	Housing Revenue Account (HRA)	14,082	21,398	(7,316)
69,252	46,716	22,536	Managing Director and Resources	68,553	46,998	21,555
338,241	127,737	210,504	Cost of Services	351,003	129,701	221,302
			Other operating expenditure			
2,667	0	2,667	Town and Community Council Precepts	2,920	0	2,920
13,688	0	13,688	South Wales Police Authority	15,311	0	15,311
6,006	0	6,006	South Wales Fire Authority	6,048	0	6,048
95	0	95	Other Levies and Contributions	94	0	94
0	1,088	(1,088)	(Gains)/losses on the disposal of non-current assets	0	985	(985)
			Financing and investment income and expenditure			
7,300	0	7,300	Interest payable and similar charges	7,280	0	7,280
5,419	0	5,419	Interest on net defined benefit liability	5,003	0	5,003
0	635	(635)	Interest receivable and other income	0	942	(942)
			Taxation and non-specific grant income			
0	78,020	(78,020)	Council Tax income (Note 13)	0	84,956	(84,956)
0	40,744	(40,744)	Non domestic rates (Note 14)	0	41,760	(41,760)
0	111,736	(111,736)	Revenue Support grants	0	110,311	(110,311)
0	29,585	(29,585)	Capital grants and contributions	0	38,963	(38,963)
373,416	389,545	(16,129)	(Surplus) or Deficit on the Provision of Services	387,659	407,618	(19,959)
		(6,591)	(Surplus)/Deficit on revaluation of non current assets (Note 15)			(9,680)
		4,826	Impairment losses on non-current assets charged to the Revaluation Reserve (Note 15)			2,537
		(8,890)	Remeasurements of the net defined benefit liability/(asset) (Note 37)			32,561
		0	Transfer in/out of the net defined benefit liability/asset (Note 37)			110
		(10,655)	Other Comprehensive Income and Expenditure			25,528
		(26,784)	Total Comprehensive Income and Expenditure			5,569

Balance Sheet as at 31st March 2020

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 11 of this report.

31 March 2019		Notes	31 March 2020
£'000			£'000
653,497	Property, Plant and Equipment	15	691,764
608	Intangible Assets		207
2	Long Term Investments	19	2
236	Long Term Debtors	19	339
654,343	Long Term Assets		692,312
81,321	Short Term Investment	19	87,105
168	Assets Held for Sale	17	0
404	Inventories		441
33,053	Short Term Debtors	20	34,112
12,048	Cash and Cash Equivalents	21	13,201
126,994	Current Assets		134,859
2,569	Short Term Borrowing	19	2,579
35,105	Short Term Creditors	22	33,849
1,919	Provisions (Short Term)	23	1,385
9,592	Grants Receipts in Advance – Capital	31	13,276
49,185	Current Liabilities		51,089
444	Provisions (Long Term)	23	492
153,506	Long Term Borrowing	19	152,275
6,617	Other Long Term Liabilities	24	8,940
220,472	Other Long Term Liabilities (Pensions)	37	268,245
13,565	Grants Receipts in Advance - Capital (Long Term)	31	14,151
394,604	Long Term Liabilities		444,103
337,548	Net Assets		331,979
105,149	Usable Reserves	26	111,135
232,399	Unusable Reserves	26	220,844
337,548	Total Reserves		331,979

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 12 of this report.

31 March 2019		Notes	31 March 2020
£'000			£'000
16,129	Net surplus or (deficit) on the provision of services		19,959
32,241	Adjustments to net surplus or deficit on the provision of services for non-cash movements	27	29,051
	Adjustments for items that are investing and financing activities		
(7,180)	Proceeds from the sale of property, plant and equipment and intangible assets.		(2,786)
(29,585)	Any items which the cash effects are investing or financing cashflows		(38,926)
(36,765)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(41,712)
11,605	Net cash flows from Operating Activities		7,315
	Investing Activities		
(40,393)	Purchase of property, plant and equipment and intangible assets.		(45,727)
7,180	Proceeds from the sale of property, plant and equipment and intangible assets.		2,786
25,252	Other Receipts from Investing Activities		44,182
(7,961)	Net Cashflow from Investing Activities		1,224
	Financing Activities		
(695)	Repayments of Short and Long Term Borrowing		(1,235)
2,940	Other Payments for Financing Activities		(6,151)
2,245	Net cash flows from Financing Activities		(7,386)
5,889	Net increase or decrease in cash and cash equivalents		1,153
6,159	Cash and cash equivalents at the beginning of the reporting period		12,048
12,048	Cash and cash equivalents at the end of the reporting period	0	13,201

Notes to the Financial Statements

1. Statement of Accounting Policies

a	Accounting Policies	<p>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 2019/20 supported by International Financial Reporting Standards (IFRS) and statutory guidance. The accounts are prepared on a going concern basis.</p>
b	Revenue/Expenditure	<p>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:</p> <ul style="list-style-type: none"> • 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. <p>There are certain exceptions to this principle. The main items are:-</p> <p>(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.</p>

		<p>(b) The amount included in the accounts for Government Revenue Support Grant for 2019/20 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.</p> <p>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.</p>
c	Prior Period adjustments, Changes in Accounting Policies and Estimates and Errors	<p>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.</p> <p>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.</p> <p>Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.</p>
d	Charges to Revenue for Non-Current Assets	<p>The following amounts are charged to revenue to record the cost of holding fixed assets during the year:</p> <ul style="list-style-type: none"> • 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. <p>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</p>

		prudent basis determined by the Authority in accordance with statutory guidance.
e	Employee Benefits	<p>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.</p>
		<p>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.</p>
		<p>Post Employment Benefits Employees of the Authority are members of two separate pension schemes:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
		<p>The Local Government Pension Scheme The Local Government Scheme is accounted for as a defined benefits scheme:</p>

		<ul style="list-style-type: none"> • 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 2019 has been adjusted to exclude staff working for the Shared Regulatory Service and Vale and Valleys Adoption Service.
		<p>The change in the net pension's liability is analysed into the following components:</p> <p>Service cost comprising</p> <ul style="list-style-type: none"> • 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.

		<p>Remeasurements comprising:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
		<p>Discretionary Benefits</p> <p>The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements.</p>
f	Events after the Balance Sheet date	<p>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:</p> <ul style="list-style-type: none"> • Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events. • Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.
g	Cash and Cash Equivalents	<p>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 2020. Any other short term investment deposits are excluded</p>

		<p>from cash and cash equivalents and are included in current assets. Cash and cash equivalents are shown net of bank overdrafts.</p>
<p>h</p>	<p>Financial Instruments</p>	<p>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.</p> <p>Financial Assets Financial assets are classified into two types:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>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</p>

		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.
i	Available for Sale Assets	<p>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.</p> <p>Assets are maintained in the Balance Sheet at fair value.</p> <p>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.</p>
j	Government Grants and Contributions	<p>Government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:</p> <ul style="list-style-type: none"> • The Authority will comply with the conditions attached to the payments, and • The grants or contributions will be received. <p>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.</p> <p>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</p>

		capital expenditure, are posted to the Capital Grants Unapplied reserve. Once applied, it is posted to the Capital Adjustment Account.
k	Intangible Assets	<p>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.</p> <p>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.</p>
l	Inventories	<p>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.</p>
m	Jointly Controlled Operations	<p>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.</p> <p>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.</p>
n	Leases	<p>The Council currently has no Finance Leases. The land and buildings elements of a lease are considered separately for classification.</p> <p>The Authority as Lessee</p> <p>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.</p> <p>The Authority as Lessor</p> <p>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>

<p>o</p>	<p>Overheads and Support Services</p>	<p>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.</p>
<p>p</p>	<p>Property Plant and Equipment</p>	<p>Revaluation of the assets of the Authority will be undertaken on a rolling basis over a five year cycle by an external valuer. Assurance will be sought from the external valuer in relation to those assets not revalued during 2019/20.</p> <p>Council Dwellings are regarded by the Authority as operational and valued using the Beacon approach (adjusted vacant possession value).</p> <p>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.</p> <p>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.</p> <p>Infrastructure, Vehicles, Plant and Equipment and Community Assets are included at cost (less depreciation where required).</p> <p>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.</p> <p>A de-minimis rule for capital has been applied – generally no capital expenditure valued at under £10,000 is included within capital spend.</p> <p>Assets are initially measured at cost, comprising:</p> <ul style="list-style-type: none"> • 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.

		<ul style="list-style-type: none"> • The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. <p>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.</p> <p>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.</p> <p>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.</p>
		<p>Component accounting</p> <p>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.</p>
		<p>Impairment</p> <p>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.</p>
		<p>Depreciation</p> <p>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).</p>

		<p>Depreciation is calculated on the following basis:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>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.</p>
		<p>Disposals and Non Current Assets Held for Sale</p> <p>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.</p> <p>Where assets no longer meet the criteria to be classified as Assets Held for Sale they are reclassified back to non-current assets.</p> <p>Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.</p> <p>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.</p>

		<p>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.</p> <p>Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.</p> <p>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</p>
<p>q</p>	<p>Fair Value Measurement</p>	<p>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;</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>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 categorised within the fair value hierarchy, as follows;</p> <ul style="list-style-type: none"> • 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.

r	<p>Provisions, Contingent Liabilities and Contingent Assets</p>	<p>Provisions</p> <p>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.</p> <p>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.</p> <p>When payments are eventually made, they are charged to the provision carried in the Balance Sheet.</p> <p>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 23 to the accounts.</p>
		<p>Contingent Liabilities</p> <p>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.</p> <p>Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.</p>
		<p>Contingent Assets</p> <p>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</p>

		<p>otherwise of uncertain future events not wholly within the control of the Authority.</p> <p>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.</p>
s	Specific Reserves	<p>These reserves represent sums of money that are voluntarily set aside for specific purposes. The purpose of these reserves is explained in Note 11 to the accounts.</p>
t	Revenue Expenditure Funded from Capital under Statute	<p>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 £7.419 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.</p>
u	Local Authority Schools	<p>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.</p>
v	Value Added Tax	<p>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.</p>

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.

At the balance sheet date, the following relevant new standards and amendments to existing standards have been published but not yet adopted by the Code:

- Amendments to IAS 28 Investment in Associates and Joint Ventures: Long-Term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

It is unlikely that any of the above will have an impact upon the financial statements.

IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right of use asset with corresponding lease liabilities. CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1st April 2021.

The Council is carrying out work to establish the extent of the impact of IFRS16 on the Authority's accounts a full list of finance leases has been prepared in consultation with service departments and the relevant data for each lease arrangement has been gathered. The Council has had initial discussion with the external valuer as it will be required to get valuations for some leased buildings. The Council has also listed a number of arrangements where it will need to consider the impact of lease arrangements embedded in contracts and will be liaising with Audit Wales and other Welsh authorities to ensure a consistent interpretation of this emerging standard is made.

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.

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 2020 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.

The outbreak of Covid 19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial market. Market activity is being impacted in many sectors. As at the valuation date, the valuers consider that they can attach less weight to previous market evidence for comparison purposes to inform opinions of value. They have advised that the current response to Covid 19 means that they are faced with an unprecedented set of circumstances on which to base a judgement and their valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to their valuations than would normally be the case. Given the unknown future impact that Covid 19 might have on the real estate market, they recommend that the Council keeps the valuation of its property portfolio under frequent review.

Minimum Revenue Provision

Statutory provision is made in the accounts for the repayment of the Council's borrowing. The Minimum Revenue Provision is based on a straight line repayment over the estimated life of the asset. The estimated life is based on information provided by a qualified valuer as part of the valuation process and the Council's asset register.

Provisions

A provision is included in the accounts for 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. The actuarial report is based on a recent triennial valuation carried out at 31st March 2019 the actuary has concluded that due to the high level of prudence and the long term nature of the fund it is reasonable to use this valuation for the actuarial report as at 31st March 2020. The actuarial report reflects the negative movement on investments up to 31st March 2020. There is also uncertainty around the impact of Covid 19 on the Pension Fund liability particularly in respect of the mortality assumptions that have been used. Outside of Covid 19 the actuarial report also makes a number of assumptions in respect of the likely treatment for the McCloud judgment and Guaranteed Minimum Pensions and these are set out in more detail in note 37.

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 2020 for the Council's financial assets and liabilities have been provided by the Council's Treasury Management advisor Link Asset Management Ltd and PWLB, as the majority of the Council's borrowing with PWLB at a fixed rate and there has been very little movement in the PWLB borrowing rate during the intervening period it can be considered that the Fair Values would be unlikely to have changed significantly in recent months, more detail in respect of this

uncertainty is set out in note 39. Disclosure notes set out the fair values for the Authority's financial assets and liabilities as at 31st March 2020.

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 30th June 2020. 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

There are no prior period adjustments.

8. Note to the Expenditure and Funding Analysis

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 Differences	Total Adjustment
	£'000	£'000	£'000	£'000	£'000
Learning and Skills	(3,307)	(2,535)	2,221	(262)	(3,883)
Social Services	(2,051)	(653)	1,115	2	(1,587)
Visible and Housing Services	(3,411)	(1,509)	846	(10)	(4,084)
Housing Revenue Account (HRA)	(3,004)	(345)	313	0	(3,036)
Managing Director and Resources	(6,412)	10,301	9,344	60	13,293
Net Cost of Services	(18,185)	5,259	13,839	(210)	703
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	(25,414)	13,839	(210)	(11,785)

2019/20 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 Differences	Total Adjustment
	£'000	£'000	£'000	£'000	£'000
Learning and Skills	(3,145)	1,824	138	646	(537)
Social Services	(3,024)	36	18	0	(2,970)
Visible and Housing Services	(2,545)	(1,251)	182	5	(3,609)
Housing Revenue Account (HRA)	(3,068)	768	265	0	(2,035)
Managing Director and Resources	(5,701)	9,942	14,499	45	18,785
Net Cost of Services	(17,483)	11,319	15,102	696	9,634
Other Income and Expenditure	17,483	(39,949)	0	0	(22,466)
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure statement surplus or deficit	0	(28,630)	15,102	696	(12,832)

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.

9. Expenditure and Funding Analysis by Nature

31 March 2019 £'000		31 March 2020 £'000
149,147	Employee Expenses	155,963
9,964	Employee Expenses (Aided Schools)	10,500
158,329	Other Service Expenses	163,618
20,743	Depreciation, Amortisation, Impairments & Other Capital Adjustments	20,860
59	Soft Loan	62
7,300	Interest Payments	7,280
22,455	Precepts & Levies	24,373
0	Loss on Disposal of Non-Current Assets	0
5,419	Interest on net defined benefit liability/ (asset)	5,003
0	Deficit on trading not included in net cost of service	0
373,416	Total Expenditure	387,659
(43,603)	Fees Charges & Other Service Income	(46,757)
(594)	Interest and Investment Income	(883)
(78,020)	Income from Council Tax	(84,956)
(266,200)	Government Grants and Contributions	(273,978)
(41)	Surplus on trading not included in net cost of service	(59)
(1,087)	Gains Disposal of Non-Current Assets	(985)
(389,545)	Total Income	(407,618)
(16,129)	(Surplus) or Deficit on the Provision of Services	(19,959)

10. Adjustments between Accounting Basis and Funding Basis under Regulations

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
	£'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	26,618	586	0	0	(27,204)
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	11,007	6,578	0	0	(17,585)
Revaluation (surplus)/deficit on Property Plant and Equipment	(890)	5	0	0	885
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	33,238	7,680	0	0	(40,918)
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	(7,521)	(4,263)	3,825	4,345	3,614

Adjustments between Accounting Basis and Funding Basis under Regulations 2019/20	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	30,237	543	0	0	(30,780)
Employers pension contributions and direct payments to pensions payable in the year	(15,400)	(278)	0	0	15,678
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	62	0	0	0	(62)
Holiday pay (transfers to the Accumulated Absences Reserve)	652	0	0	0	(652)
Charges for depreciation/impairment of non-current assets	11,005	4,331	0	0	(15,336)
Revaluation (surplus)/deficit on Property Plant and Equipment	(1,914)	(274)	0	0	2,188
Amortisation of intangible assets	244	0	0	0	(244)
Amounts of non-current assets written off on disposal to CIES	1,327	390	0	0	(1,717)
Revenue Expenditure funded from capital under statute	6,383	1,064	0	0	(7,447)
Total Adjustments to Revenue Resources	32,596	5,776	0	0	(38,372)
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(1,425)	(1,361)	2,786	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)	(3,595)	(1,545)	0	0	5,140
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) Glamorgan Archives Joint Committee Notional Debt	0	0	0	0	0
Capital Expenditure financed from revenue balances (transferred to the Capital Adjustment Acc.)	(1,591)	(2,808)	0	0	4,399
Total Adjustments between Revenue and Capital Resources	(6,527)	(5,714)	2,786	0	9,455
Adjustments to Capital Resources					
Use of Capital Receipts Reserve to finance capital expenditure	0	0	(1,435)	0	1,435
Application of capital grants to finance capital expenditure	(36,171)	(2,792)	0	(2,492)	41,455
Cash payments in relation to deferred capital receipts	0	0	0	0	0
Total Adjustments to Capital Resources	(36,171)	(2,792)	(1,435)	(2,492)	42,890
Total Adjustments	(10,102)	(2,730)	1,351	(2,492)	13,973

11. 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 2019/20.

	31 March 2018	Tfr In	Tfr Out	31 March 2019	Tfr In	Tfr Out	31 March 2020
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.	2,623	884	722	2,785	148	1,995	938
Capital Reserves							
ICT Renewal - This is a fund set aside to meet ICT renewals required by the Authority.	3,952	67	573	3,446	74	627	2,893
School Investment Strategy - The fund is available in respect of improvements to Schools including the 21 st Century schools capital programme.	11,371	81	2,415	9,037	102	50	9,089
WG Additional Schools Capital Grant – Grant funding received and carried forward for capital works in schools	0	1,765	0	1,765	1,905	1,580	2,090
Commercial Opportunities & Invest to Save Fund- This fund is to finance revenue & capital projects which will create savings or commercial opportunities.	3,180	0	330	2,850	0	496	2,354
Vehicle Repairs and Renewals - For the replacement of plant and vehicles.	2,414	807	277	2,944	810	393	3,361
Neighbourhood Services Reserve – To fund capital and revenue Neighbourhood Services schemes.	7,200	1,049	3,663	4,586	2,784	3,647	3,723
Waste Transfer Station – Establishment of a Waste Transfer Station.	1,500	0	0	1,500	0	2	1,498
Council Building Fund – To maintain Council buildings.	6,582	55	1,162	5,475	1,068	766	5,777
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	330	0	330	0	0	330
Gypsy Traveller Study and Site Provision Funding for Gypsy Traveller Site scheme.	1,059	0	7	1,052	0	0	1,052
Capital Scheme Commitments – Set aside to top up Barry Regeneration schemes.	95	0	21	74	1,491	0	1,565
Telecare – Replacement fund for Telecare.	565	75	0	640	45	0	685
Energy Management Fund – Energy management schemes initially funded from the reserve and services make repayments to the fund once savings are achieved.	318	162	259	221	169	191	199
Coastal Works - To fund the ongoing liabilities of coastal developments.	570	0	33	537	0	50	487

	31 March 2018	Tfr In	Tfr Out	31 March 2019	Tfr In	Tfr Out	31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council Fund							
Capital Reserves ctd.							
Capital Economic Regeneration Reserve – To be used to deliver the key regeneration projects.	0	0	0	0	496	7	489
City Deal – To provide funds for the Cardiff Capital Region City Deal.	1,898	0	0	1,898	0	0	1,898
Revenue Reserves							
Events - To provide funds to promote events in the Vale of Glamorgan.	340	200	137	403	0	110	293
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.	216	158	4	370	41	0	411
Library - To provide funds to support Library services.	151	0	0	151	0	0	151
Catering - To support any issues relating to the Catering trading company.	187	0	0	187	0	70	117
Grant Exit Strategy – To pay potential redundancy costs if Welsh Government grants are discontinued and costs cannot be grant funded.	630	0	0	630	0	0	630
Trainee Appointments – To fund the appointment of trainees and interns to support services and the Reshaping Service Programme.	680	0	0	680	0	49	631
Legal Services – To provide for external and additional legal capacity required for one off schemes and major projects.	657	49	4	702	0	191	511
Performance and Development - To fund temporary posts, the purchase of hardware, software and equipment.	343	45	0	388	0	21	367
Building Services Improvement – Monies set aside for improvements to the Building Services.	249	55	28	276	40	19	297
Insurance Fund - This reserve covers an estimate of potential claims (those estimated to have occurred but not reported as at 31 March 2020). These would include claims for public and employers liability, motor vehicle, buildings insurance costs.	3,452	439	0	3,891	683	0	4,574
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.	763	149	284	628	51	146	533
School Deferred Pensions – To initially fund pension costs for schools staff which will be reimbursed by schools over a number of years.	252	53	39	266	53	0	319
Education Pressures – To fund the current pressures within Learning and Skills	0	0	0	0	1,000	548	452

	31 March 2018	Tfr In	Tfr Out	31 March 2019	Tfr In	Tfr Out	31 March 2020
Council Fund	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bad Weather- To fund costs due to bad weather.	424	0	313	111	500	342	269
Regeneration Fund - To fund regeneration projects.	313	20	28	305	0	0	305
Reshaping Services - To fund one off costs that will be incurred during the implementation of the Council's Reshaping Services Programme.	569	300	55	814	0	128	686
Digital Reshaping - To fund one off costs that will be incurred during the implementation of the Council's Reshaping Services Digital Programme.	0	225	0	225	0	5	220
Social Services Legislative Changes – To cover additional burdens on the authority due to changes in legislation.	4,831	1,278	0	6,109	1,850	36	7,923
Welfare Reforms - To fund pressures resulting from Welfare Reforms.	756	0	0	756	0	135	621
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 – The balance on this fund has been transferred into the Social Services Legislative Changes fund.	980	0	0	980	0	980	0
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.	522	70	0	592	63	0	655
Regeneration and Planning – Monies set aside to cover various commitments in the service.	796	0	42	754	55	116	693
Private Sector Housing – To cover developments within Private Sector Housing.	284	0	22	262	0	11	251
Building Stronger Communities –Promotes initiatives consistent with the Council's vision of "Strong communities with a bright future".	232	105	0	337	0	12	325
Regulatory Services - For Regulatory Services issues and to be used for any future issues arising from the shared services collaboration.	282	0	0	282	209	85	406
Green Infrastructure and Climate Change -To fund environmental initiatives across the Vale of Glamorgan	0	0	0	0	1,250	0	1,250
Shared Internal Audit Service – Balance held by the Vale of Glamorgan on behalf of the shared service	0	0	0	0	318	0	318
Other - Various amounts set aside for education, planning, housing and community service issues.	1,518	335	292	1,561	208	121	1,648
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.	328	439	36	731	267	82	916
Total Council Fund Reserves	69,076	9,195	10,746	67,525	15,680	13,011	70,194

	31 March 2018	Tfr In	Tfr Out	31 March 2019	Tfr In	Tfr Out	31 March 2020
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.	775	1,893	0	2,668	5,280	0	7,948
Total HRA Reserves	775	1,893	0	2,668	5,280	0	7,948

12. 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 2018.

13. 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 (£15.311M) and Town and Community Councils (£2.920M) 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 2019/20.

This basic amount for a band D property (£1,245.06 in 2019/20) 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	1,360
Band B	0.78	6,321
Band C	0.89	13,714
Band D	1.00	11,217
Band E	1.22	10,203
Band F	1.44	7,179
Band G	1.67	5,661
Band H	2.00	2,204
Band I	2.33	1,034
		58,893

Council Tax collectable in 2019/20 can be calculated as:

	2018/19	2019/20
	£'000	£'000
Council Tax Collectable	87,769	95,316
Council Tax Reduction Scheme	(9,631)	(10,007)
Provision for non payment of Council Tax	(118)	(353)
Amount Due From Taxpayers Before Rebates	78,020	84,956
Allocated to:		
South Wales Police Precept	13,688	15,311
Vale of Glamorgan County Council	71,296	76,732
Council Tax Reduction Scheme	(9,631)	(10,007)
Town and Community Councils Precepts	2,667	2,920
Total	78,020	84,956

14. 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 (52.6p in 2019/20 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 £41.76M in 2019/20 (£40.744M in 2018/19).

The NNDR income raised, after reliefs etc. was £33,599,444 for 2019/20 (£33,674,549 in 2018/19) and was based on Year end rateable value for both 2019/20 at 31/03/20 being £81,934,277 and 2018/19 at 31/03/19 being £83,165,053.

15. Property, Plant and Equipment

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
Derecognition of accumulated depreciation & impairment to GCA	0	(13,105)	0	0	0		0	(13,105)
Revaluation increase	0	7,476	0	0	0	0	0	7,476
Disposals	(794)	(275)	(806)	0	0	0	0	(1,875)
Transfers between asset classes	0	3,132	0	0	0	(104)	0	3,028
Cost or Valuation as at 31 March 2019	190,228	368,420	17,391	126,673	3,860	22,372	2,600	731,544
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)	(5,950)	(1,414)	(2,947)	0	0	0	(11,637)
Derecognition of accumulated depreciation to GCA	0	13,105	0	0	0	0	0	13,105
Impairment Losses	(9,988)	(788)	0	0	0	0	0	(10,776)
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)	(9,829)	(11,763)	(30,290)	0	0	0	(78,047)

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	358,591	5,628	96,383	3,860	22,372	2,600	653,497

Movement on Balance in 2019/20	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 2019	190,228	368,420	17,391	126,673	3,860	22,372	2,600	731,544
Additions	5,063	4,757	7,017	9,925	0	18,879	0	45,641
Joint Committee Additions	0	0	18	0	0	0	0	18
Derecognition of accumulated depreciation & impairment to GCA	(3)	(11,990)	(20)	0	0	0	0	(12,013)
Revaluation increase	(342)	12,217	0	0	0	0	0	11,875
Disposals	(438)	(1,107)	(427)	0	0	0	0	(1,972)
Transfers between asset classes	291	4,015	0	14,441	0	(18,672)	0	75
Cost or Valuation as at 31 March 2020	194,799	376,312	23,979	151,039	3,860	22,579	2,600	775,168
Accumulated depreciation and impairment as at 1 April 2019	(26,165)	(9,829)	(11,763)	(30,290)	0	0	0	(78,047)
Depreciation charge	(1,334)	(5,999)	(1,610)	(3,071)	0	0	0	(12,014)
Derecognition of accumulated depreciation to GCA	3	11,990	20	0	0	0	0	12,013
Impairment Losses	(4,958)	(901)	0	0	0	0	0	(5,859)
Transfers between asset classes	0	(33)	0	0	0	0	0	(33)
Disposals	48	79	409	0	0	0	0	536
Accumulated Depreciation and Impairment as at 31 March 2020	(32,406)	(4,693)	(12,944)	(33,361)	0	0	0	(83,404)

Net Book Value 2019/20	Council Dwellings	Land & Buildings	Vehicle Plant & Equipment	Infrastructure	Community Asset	Assets under Construction	Surplus Assets	Total
At 31 March 2019	164,063	358,591	5,628	96,383	3,860	22,372	2,600	653,497
At 31 March 2020	162,393	371,619	11,035	117,678	3,860	22,579	2,600	691,764

Depreciation

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

Asset Class	Indicative Asset Life
Council Dwellings	100 years
Other Land and Buildings	3-125 years
Vehicles Plant and Equipment	3-18 years
Infrastructure	40 years
Intangible Assets	5 years

Capital Commitments

At 31 March 2020, the Authority has entered into a number of contracts for the construction, or enhancement of property, plant and equipment which will continue into 2020/21 and future years. Similar commitments at the 31st March 2019 were £24.686M. The major commitments are listed below;

Scheme	£'000
21 st Century Schools Band B	41,094
Vehicles	2,702
Waste Schemes	2,560
Housing Internal and External Works	2,243
Housing New Builds	1,610
Leisure Centres Upgrade Works	370
Social Services Dementia Friendly Schemes	355
Local Transport Fund Scheme	332
Community Facilities	212
BSC2 Refurbishment	161
TRI Grant Schemes	130
Civic Office Works	120
Play Area Refurbishment	114
Total	52,003

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 2019/20 financial year costs were set against capital receipts for the following disposal and demolition of assets:

Asset Name	2019/20
	£'000
Land Payment WG (Innovation Quarter)	71
Demolition Costs	9
Other Marketing and Disposal Costs	4
	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.

Asset Class	Most Recent Valuation	Valuation Completed By	Next Valuation Due
Schools and Social Service Assets	2018/19	FRICS valuer Avison Young	2023/24
Other Land and Buildings	2019/20	FRICS valuer Avison Young	2024/25
Council Dwellings	2016/17	Bruton Knowles	2021/22
Surplus Assets	2019/20	FRICS valuer Avison Young	2020/21

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 for all expenditure in excess of £250k to determine how much of this expenditure results in either an increase in asset value or an impairment.

Retentions

As at the 31 March 2020 £1.441M (£1.062M as at 31 March 2019) 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 2020 (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.

16. Fair Value Hierarchy – Surplus Assets

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 31st March 2019	0	2,600	0	2,600
Total 31st March 2020	0	2,600	0	2,600

Transfers between levels of the Fair Value Hierarchy

There were no movements in the valuation hierarchy during 2019/20

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.

17. Assets Held for Sale

	Current		Non Current	
	31 March 2019	31 March 2020	31 March 2019	31 March 2020
	£'000	£'000	£'000	£'000
Balance outstanding at start of year	8,310	168	0	0
Assets newly classified as held for sale	43	0	0	0
Revaluation losses	0	0	0	0
Reclassified as Operational Assets	(3,102)	(43)	0	0
Disposal	(5,083)	(125)	0	0
Balance outstanding at year end	168	0	0	0

18. Capital Expenditure and Capital Financing

	2018/19	2019/20
	£'000	£'000
Opening Capital Financing Requirement	197,936	198,347
Plus: Capital Investment		
Council Dwellings	9,987	5,063
Other Land and Buildings	6,089	4,757
Vehicle, Plant and Equipment	1,164	7,017
Infrastructure	4,965	9,925
Assets Under Construction	16,696	18,879
Disposal and Demolition Costs	84	84
Intangible Assets	56	0
Revenue Expenditure Funded from Capital under Statute	4,342	7,419
Less: Sources of Finance		
Capital Receipts	(3,355)	(1,435)
Government Grants and Other Contributions	(24,196)	(41,455)
Less: Sums set aside from revenue		
Direct Revenue Contributions	(10,429)	(4,383)
Minimum Revenue Provision(inc. Voluntary)	(4,992)	(5,140)
Closing Capital Financing Requirement	198,347	199,078
Explanation of movements in year		
Increase in underlying need to borrow (unsupported by Government Financial Assistance)	411	731
Increase /(Decrease) in Capital Financing Requirement	411	731

The Capital Investment figures and Direct Revenue Contributions shown above exclude Vehicles and Equipment of £17k held in the Shared Regulatory Joint Committee.

The Capital Investment figures exclude a City Deal Joint Committee adjustment of £28k.

19. Financial Instruments

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

	Long Term		Short Term	
	31/03/19	31/03/20	31/03/19	31/03/20
	£'000	£'000	£'000	£'000
Financial Assets at Amortised Cost				
Investments	2	2	81,321	87,105
Debtors	236	339	27,581	21,497
Cash and Cash Equivalents	0	0	12,048	13,201
Total Financial Assets	238	341	120,950	121,803
Financial Liabilities at Amortised cost				
Borrowings	153,506	152,275	2,569	2,579
Creditors	6,617	8,940	34,109	32,846
Total Financial Liabilities	160,123	161,215	36,678	35,425

- The above short term debtors balance at 31st March 2020 excludes £12.615M of non contractual balances (£5.472M in 2018/19) that do not meet the definition of financial assets at amortised cost.
- The above short term creditors balance at 31st March 2020 excludes £1.003M of non contractual balances (£0.996M in 2018/19) 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	145,210	8,600	100	153,910
Accruals	1,168	18	0	1,186
Other Accounting Adjustments	0	(242)	0	(242)
Total Borrowing measured at Amortised Cost	146,378	8,376	100	154,854
Short Term Borrowing	1,961	518	100	2,579
Long Term Borrowing	144,417	7,858	0	152,275
Financial Liabilities at Amortised Cost	146,378	8,376	100	154,854

Income, Expense, Gains and Losses

2018/19		2019/20			
Total		Financial Liabilities measured at Amortised cost	Financial Assets: Amortised Cost	Financial Assets: Fair Value through Profit and Loss	Total
		£'000	£'000	£'000	£'000
(7,300)	Interest Expense	(7,280)	0	0	(7,280)
(7,300)	Total Expense in Deficit on the Provision of Services	(7,280)	0	0	(7,280)
594	Interest Income	884	0	0	884
594	Total Income in Deficit on the Provision of Services	884	0	0	884
(6,706)	Net gains/losses from financial instruments	(6,396)	0	0	(6,396)

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 2020 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 2019	Carrying Amount 31 March 2019	Fair Value 31 March 2019	Loan Principal 31 March 2020	Carrying Amount 31 March 2020	Fair Value 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Liabilities	155,145	156,075	201,740	153,910	154,854	197,457

The fair values as at 31 March 2019 and 2020 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

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
As at 31 st March 2019				
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
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
As at 31 st March 2020				
Financial Liabilities	0	197,457	0	197,457
Loans and Borrowings	0	0	0	0
Long Term Creditors	0	0	0	0
Total	0	197,457	0	197,457

Valuation Techniques used to Determine Level 2 and 3 Fair Values

Level 2 valuations for Market Loans including LOBOs 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 Debt Management Office website.

20. Debtors

	31 March 2019 Restated	31 March 2020
	£'000	£'000
Central government bodies	13,329	17,653
Other local authorities	11,198	7,182
NHS bodies	3,996	2,691
Public corporations and trading funds	6	21
Trade debtors	671	769
Prepayments	452	843
Other entities and individuals	8,145	10,095
Gross Total	37,797	39,254
Less: Provision for Bad Debts	(4,744)	(5,142)
Total	33,053	34,112

21. Cash and Cash Equivalents

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

31/03/2019		31/03/2020
£'000		£'000
1,314	Cash held by the Authority and at Bank	(1,893)
2,634	Joint Committee Cash	4,094
8,100	Short-term Investment	11,000
12,048	Total Cash and Cash Equivalents	13,201

22. Creditors

31/3/2019 Restated		31/3/2020
£'000		£'000
3,604	Central government bodies	3,927
11,767	Other local authorities	7,620
141	NHS bodies	311
126	Public corporations and trading funds	140
9,968	Trade creditors	10,662
1,920	Receipts in advance	2,324
2,813	Accumulated absences	3,459
4,766	Other entities and individuals	5,406
35,105	Total	33,849

23. Provisions

	Insurance £'000	MMI £'000	Other £'000	Total £'000
Balance at 31 March 2018	2,002	300	663	2,965
Additional provisions made	0	0	35	35
Amounts used / Transfer out	(352)	0	(285)	(637)
Balance at 1 April 2019	1,650	300	413	2,363
Additional provisions made	0	50	41	91
Amounts used / Transfer out	(436)	0	(141)	(577)
Balance at 1 April 2020	1,214	350	313	1,877

The closing provision balance of £1.877M is made up of £492k considered to be long term and £1.385M expected to fall due within 12 months.

1. Insurance - This provision covers all known claims as at 31 March 2020. 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 2019/20 are £75,000 for all property claims, £25k on fidelity guarantee covering internal and external fraud, £1k on computers and £175k on all other claim types.
2. MMI - The Scheme administrators may well require the Authority to contribute a further levy. A total of £350k has been set aside to meet this potential liability. Further information is included within note 38 - Contingent Liability.
3. Other - Included within this figure is a sum of £128k for Housing Committed Bonds and £123k in respect of the Vale of Glamorgan Council's share of the City Deal accounts.

24. Other Long Term Liabilities

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

31/03/19		31/03/20
£'000		£'000
2,546	City Deal Joint Committee	3,772
1,627	Welsh Government Home Improvement Loans	1,627
1,045	Welsh Government Town Centre Improvement Loans	1,046
1,399	Long Term Receipts in Advance including commuted sums and S278 contributions	2,495
6,617	Total	8,940

25. Usable Reserves

31/03/19		31/03/20
£'000		£'000
13,636	Council Fund	12,814
67,525	Earmarked General Fund Reserves	70,194
2,668	Housing Revenue Account	7,948
15,124	Capital Receipts Reserve	16,475
6,196	Capital Grants Unapplied Account	3,704
105,149	Total Usable Reserves	111,135

An analysis of the Earmarked General Fund Reserves are shown in note 11.

26. Unusable Reserves

31/03/19		31/03/20
£'000		£'000
67,522	Revaluation Reserve	72,882
388,582	Capital Adjustment Account	420,154
(394)	Financial Instruments Adjustment Account	(456)
11	Deferred Capital Receipts Reserve	11
(220,472)	Pensions Reserve	(268,245)
(2,850)	Accumulated Absences Account	(3,502)
232,399	Total Unusable Reserves	220,844

Revaluation Reserve

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

2018/19	Revaluation Reserve	2019/20
£'000		£'000
68,001	Balance at 1 April	67,522
(6,339)	Downward revaluation of assets and Impairment losses not charged to the Provision of Services	(3,705)
8,106	Upward revaluation of assets	10,848
(390)	Difference between fair value depreciation and historical cost depreciation	(663)
0	Amount adjusted for Correction on Joint Committee	0
(1,856)	Amount written off to the Capital Adjustment Account following disposal	(1,120)
67,522	Balance at 31 March	72,882

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.

2018/19	Capital Adjustment Account	2019/20
£'000		£'000
369,094	Balance at 1 April	388,582
	Reversal of items relating to capital expenditure debited or credited to the CIES	
(17,586)	Charges for depreciation and impairment of non current assets	(15,336)
(236)	Amortisation of intangible assets	(244)
(4,342)	Revenue expenditure funded from capital under statute	(7,447)
(6,094)	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(1,717)
3,132	Other (Adjusting amounts written out of the Revaluation Reserve etc.)	3,887
	Capital financing applied in year:	
3,355	Use of the Capital Receipts Reserve to finance new capital expenditure	1,435
2,759	Use of the Major Repairs Reserve to finance new capital expenditure	2,760
26,825	Capital grants and contributions credited to the CIES that have been applied to capital financing	36,203
(4,345)	Application of grants to capital financing from the Government Grants Unapplied Account	2,492
5,526	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	5,140
10,494	Capital Expenditure charged against the Council Fund and HRA balances	4,399
388,582	Balance at 31 March	420,154

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.

2018/19	Financial Instruments Account	2019/20
£'000		£'000
(335)	Balance at 1 April	(394)
(59)	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(62)
(394)	Balance at 31 March	(456)

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.

2018/19	The Pensions Reserve	2019/20
£'000		£'000
(215,523)	Balance at 1 April	(220,472)
8,890	Remeasurements of the net defined benefit liability	(37,852)
(5,291)	Adjustment against the net defined benefit liability for the McCloud Ruling	5,291
0	Adjust for Foundation School Pension Fund	(2,180)
0	Transfer for BFCC Historic Pension Liabilities	2,070
(21,912)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(30,780)
13,364	Employer's pension contributions and direct payments to pensioners payable in the year	15,678
(220,472)	Balance at 31 March	(268,245)

An analysis of the Pension Reserve by pension fund is set out below. An analysis of the actuarial calculation of the Vale of Glamorgan Council Pension fund at 31st March 2020 is included in note 37 to the accounts.

2018/19	The Pensions Reserve	2019/20
£'000		£'000
(218,025)	Vale of Glamorgan Council	(262,339)
0	Foundation School	(2,870)
(2,320)	Joint Committee Shared Regulatory Services	(2,617)
(174)	Joint Committee Regional Adoption Service	(198)
47	Joint Committee Central South Consortium	(221)
(220,472)	Balance at 31 March	(268,245)

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.

2018/19	Deferred Capital Receipts Reserve	2019/20
£'000		£'000
11	Balance at 1 April	11
(0)	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.

2018/19	Accumulated Absences Account	2019/20
£'000		£'000
(3,118)	Balance at 1 April	(2,850)
(2,850)	Amounts accrued at the end of the current year	(3,502)
3,118	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.	2,850
(2,850)	Balance at 31 March	(3,502)

27. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2018/19		2019/20
£'000		£'000
556	Interest Received	846
(7,489)	Interest Paid	(7,266)

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

2018/19		2019/20
£'000		£'000
16,698	Depreciation and Impairment and Downward Valuations	13,176
236	Amortisation	244
59	Soft Loans (non-subsidary)	62
(1,701)	Increase / (Decrease) in creditors	(3,251)
(2,313)	(Increase) / Decrease in debtors	2,525
(11)	(Increase) / Decrease in inventories	(37)
13,840	Movement in pension liability	15,101
(661)	Contribution to / from Provisions	(486)
6,094	Carrying amount of non-current assets and non current assets held for sale, sold or de-recognised	1,717
32,241	Adjustments to net surplus or deficit on the provision of services for non-cash movements.	29,051

28. Members Allowances

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

	2018/19	2019/20
	£'000	£'000
Salaries	637	651
Allowances	210	214
Expenses	1	1
Total	848	866

29. 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.

	2018/19	2019/20
	£'000	£'000
Fees payable to the Audit Wales with regard to external audit services carried out by the appointed auditor.	164	164
Fees payable to the Audit Wales in respect of statutory inspections (Restatement)	97	97
Fees payable to Audit Wales for the certification of grant claims and returns	57	62
Fees payable in respect of other services provided by Audit Wales.	0	0
Total	318	323

30. Employees Emoluments

Remuneration Ratio

The remuneration ratio is arrived at by taking the median amount of remuneration for 2019/20 for all Vale of Glamorgan employees (excluding those employed by a Voluntary Aided or Foundation School) as at 31st March 2020. 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 2019/20 the remuneration ratio is 1:6 and in 2018/19 the remuneration ratio 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 £12,519 in 2019/20 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	2018/19 Total Number of Employees	2019/20 Number of Teaching Employees	2019/20 Number of Non Teaching Employees	2019/20 Total Number of Employees
£60,000-£64,999	22	22	2	24
£65,000-£69,999	15	11	1	12
£70,000-£74,999	8	7	1	8
£75,000-£79,999	5	5	4	9
£80,000-£84,999	3	2	2	4
£85,000-£89,999	3	2	3	5
£90,000-£94,999	2	0	0	0
£95,000-£99,999	3	3	1	4
£100,000-£104,999	2	0	2	2
£105,000-£109,999	0	0	0	0
£110,000-£114,999	0	0	0	0
£115,000-£119,999	1	1	0	1
£120,000-£124,999	0	0	0	0
£125,000-£129,999	1	0	0	0
£130,000-£134,999	1	1	1	2

The number of employees above excludes Teaching positions employed by their Governing Body. The remuneration bands include expenses chargeable to United Kingdom income tax.

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

2019/20 Senior Officers Emoluments

Post Holder Information	Salary	Expense Allowances	Pension Contribution	Total Remuneration
	£	£	£	£
Managing Director	134,930	0	31,169	166,099
Director of Social Services	97,701	0	22,569	120,270
Director of Environment and Housing Services	102,842	0	23,757	126,599
Director of Learning and Skills	100,273	0	23,163	123,436
Head of Finance	88,231	0	20,381	108,612
Head of Legal Services (Monitoring Officer)	88,231	0	20,381	108,612
Head of Human Resources (from 1/10/19)	37,041	0	8,556	45,597
Head of Regeneration and Planning	77,978	0	18,013	95,991
Head of Policy (to 2/06/2019)	13,430	0	3,102	16,532
Head of Policy and Business Transformation (from 21/06/2019)	53,326	0	12,318	65,644

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 Head of Policy retired on 2nd June 2019 and the Head of Policy and Business Transformation post was filled from 21st June 2019.

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.

2018/19				2019/20		
Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band	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
		£	£			£
51	51	303,758	0-20,000	20	20	171,357
13	13	378,613	20,001-40,000	6	6	180,181
0	0	0	40,001-60,000	0	0	0
0	0	0	60,001-80,000	0	0	0
0	0	0	80,001-110,000	0	0	0
0	0	0	110,000-150,000	0	0	0
		682,371	Total			351,538

31. Grant Income

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

	2018/19	2019/20
Credited to Services	£'000	£'000
Department for Works and Pensions	38,319	33,875
Welsh Government	20,783	25,823
Youth Justice Board	143	143
Police & Crime Commissioner	57	57
Sports Wales/Disability Sports Wales	270	252
Public Health Wales	129	129
Arts Council	30	27
European Rural Development Programme	346	306
Rural Payments Agency	190	157
Education Workforce Council	105	120
Cabinet Office	73	570
Ministry of Defence	92	0
Wildlife Trust Service	12	0
Home Office	22	0
Welsh Local Government Association	45	450
Dept for Business, Energy & Industrial Strategy	13	0
Lottery	21	87
Natural Resources Wales	0	41
Keep Wales Tidy	0	30
Other	27	41
Total	60,677	62,108

Capital Grants Received in Advance

	2018/19	2019/20
	£'000	£'000
Section 106 agreements – unapplied	22,459	26,729
WG Capital Grants	698	698
Total Capital Grants Received in Advance	23,157	27,427
The amount has been apportioned as follows:		
To be applied within one year	9,592	13,276
To be applied after one year	13,565	14,151
Total	23,157	27,427

32. 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 2018/19	Vale of Glamorgan Council Share 2018/19	Income and Expenditure Statement	Shared Regulatory Service 2019/20	Vale of Glamorgan Council Share 2019/20
£'000	£'000		£'000	£'000
10,047	2,099	Operating Expenditure	10,272	2,057
(890)	(179)	Operating Income	(1,100)	(220)
9,157	1,920	Net Cost of Services	9,172	1,837
(8,117)	(1,745)	Finance and Investment Income and Expenditure	(7,821)	(1,560)
1,040	175	(Surplus) / Deficit on Provision of Services	1,351	277
(380)	(75)	Other Comprehensive Income and Expenditure	326	63
660	100	Total Comprehensive Income & Expenditure	1,677	340

Shared Regulatory Service 2018/19	Vale of Glamorgan Council Share 2018/19	Balance Sheet	Shared Regulatory Service 2019/20	Vale of Glamorgan Council Share 2019/20
£'000	£'000		£'000	£'000
210	43	Property, Plant and Equipment	223	45
53	10	Intangible Assets	29	6
0	0	Long Term Debtors	18	0
263	53	Total Long Term Assets	270	51
85	20	Short Term Debtors	295	59
0	0	Short Term Payment in Advance	18	0
1,388	281	Cash Owed from Host Authority	645	169
1,473	301	Current Assets	958	228
(538)	(76)	Short Term Creditors	(451)	(87)
(538)	(76)	Total Current Liabilities	(451)	(87)
(11,934)	(2,320)	Long Term Pension Liability	(13,180)	(2,611)
(193)	(39)	Revenue Grants Received in Advance	(203)	(41)
(12,127)	(2,359)	Total Long Term Liabilities	(13,383)	(2,652)
(10,929)	(2,081)	Net Assets	(12,606)	(2,460)
890	215	Usable Reserves	492	134
(11,819)	(2,296)	Unusable Reserves	(13,098)	(2,594)
(10,929)	(2,081)	Total Reserves	(12,606)	(2,460)

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.

VVC Adoption Service 2018/19	Vale of Glamorgan Council Share 2018/19	Income and Expenditure Statement	VVC Service 2019/20	Vale of Glamorgan Council Share 2019/20
£'000	£'000		£'000	£'000
1,602	263	Operating Expenditure	2,218	324
(1,542)	(253)	Operating Income	(2,200)	(327)
60	10	Net Cost of Services	18	(3)
30	5	Finance and Investment Income and Expenditure	20	3
90	15	(Surplus) / Deficit on Provision of Services	38	0
(70)	(12)	Other Comprehensive Income and Expenditure	140	21
20	3	Total Comprehensive Income & Expenditure	178	21

VVC Adoption Service 2018/19	Vale of Glamorgan Council Share 2018/19	Balance Sheet	VVC Adoption Service 2019/20	Vale of Glamorgan Council Share 2019/20
£'000	£'000		£'000	£'000
157	26	Short Term Debtors	311	23
157	26	Current Assets	311	23
(169)	(28)	Short Term Creditors	(241)	(12)
(169)	(28)	Total Current Liabilities	(241)	(12)
(1,060)	(174)	Long Term Pension Liability	(1,320)	(198)
(1,072)	(176)	Net Assets	(1,250)	(187)
13	2	Usable Reserves	98	15
(1,085)	(176)	Unusable Reserves	(1,348)	(202)
(1,072)	(176)	Total Reserves	(1,250)	(187)

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 2018/19	Vale of Glamorgan Council Share 2018/19	Income and Expenditure Statement	Glamorgan Archives 2019/20	Vale of Glamorgan Council Share 2019/20
	12%			12%
£'000	£'000		£'000	£'000
1,089	131	Operating Expenditure	972	117
(928)	(112)	Operating Income	(904)	(109)
161	19	Net Cost of Services	68	8
0	0	Finance and Investment Income and Expenditure	0	0
161	19	(Surplus) / Deficit on Provision of Services	68	8
0	0	Other Comprehensive Income and Expenditure	0	0
161	19	Total Comprehensive Income & Expenditure	68	8

Glamorgan Archives 2018/19	Vale of Glamorgan Council Share 2018/19	Balance Sheet	Glamorgan Archives 2019/20	Vale of Glamorgan Council Share 2019/20
	12%			12%
£'000	£'000		£'000	£'000
9,307	1,117	Land and Buildings	6,187	742
2	0	Vehicle, Plant, Furniture and Equipment	0	0
9,309	1,117	Long Term Assets	6,187	742
17	2	Inventories	17	2
46	6	Short Term Debtors	44	5
132	16	Cash and Cash Equivalents	130	16
195	24	Current Assets	191	23
(22)	(3)	Short Term Creditors	(21)	(2)
(22)	(3)	Total Current Liabilities	(21)	(2)
0	0	Long Term Borrowing	0	0
9,482	1,138	Net Assets	6,357	763
176	21	Usable Reserves	174	21
9,306	1,117	Unusable Reserves	6,183	742
9,482	1,138	Total Reserves	6,357	763

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 2018/19	Vale of Glamorgan Council Share 2018/19	Income and Expenditure Statement	Prosiect Gwyrdd 2019/20	Vale of Glamorgan Council Share 2019/20
	20%			20%
£'000	£'000		£'000	£'000
175	35	Operating Expenditure	174	35
(162)	(32)	Operating Income	(167)	(33)
13	3	Net Cost of Services	7	2
13	3	Transfer to Joint Committee Reserve	7	2
0	0	Total	0	0

Prosiect Gwyrdd 2018/19	Vale of Glamorgan Council Share 2018/19	Balance Sheet	Prosiect Gwyrdd 2019/20	Vale of Glamorgan Council Share 2019/20
	20%			20%
£'000	£'000		£'000	£'000
108	22	Short Term Debtors	108	21
227	45	Cash and Cash Equivalents	218	44
335	67	Current Assets	326	65
(4)	(1)	Short Term Creditors	(4)	(1)
(4)	(1)	Total Current Liabilities	(4)	(1)
331	66	Net Assets	322	64
331	66	Usable Reserves	324	64
0	0	Unusable Reserves	(2)	0
331	66	Total Reserves	322	64

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 2018/19	Vale of Glamorgan Council Share 2018/19	Income and Expenditure Statement	Central South Consortium 2019/20	Vale of Glamorgan Council Share 2019/20
	15.53%			14.57%
£'000	£'000		£'000	£'000
83,309	12,938	Operating Expenditure	78,456	11,431
(82,558)	(12,821)	Operating Income	(78,018)	(11,367)
751	117	Net Cost of Services	438	64
(10)	(2)	Finance and Investment Income and Expenditure	(33)	(5)
741	115	(Surplus) / Deficit on Provision of Services	405	59
(1,208)	(188)	Other Comprehensive Income and Expenditure	985	144
(467)	(73)	Total Comprehensive Income & Expenditure	1,390	203

Central South Consortium 2018/19	Vale of Glamorgan Council Share 2018/19	Balance Sheet	Central South Consortium 2019/20	Vale of Glamorgan Council Share 2019/20
	15.53%			14.57%
£'000	£'000		£'000	£'000
129	20	Long Term Debtors	0	0
301	47	Long Term Asset - Defined Benefit Pension Asset	0	0
430	67	Long Term Assets	0	0
0	0	Inventories	0	0
21,389	3,321	Short Term Debtors	1,583	231
21,389	3,321	Current Assets	1,583	231
(21,102)	(3,277)	Short Term Creditors	(739)	(108)
(21,102)	(3,277)	Total Current Liabilities	(739)	(108)
(287)	44	Net Current Assets	844	123
0	0	Long Term Liability - Defined Benefit Pension Liability	(1,518)	(221)
717	111	Net Assets/Liabilities	(674)	(98)
438	68	Usable Reserves	869	127
279	43	Unusable Reserves	(1,543)	(225)
717	111	Total Reserves	(674)	(98)

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. There was no capital contribution to the Joint Committee during 2019/20.

City Deal 2018/19	Vale of Glamorgan Council Share 2018/19	Income and Expenditure Statement	City Deal 2019/20	Vale of Glamorgan Council Share 2019/20
	8.48%			8.48%
£'000	£'000		£'000	£'000
1,340	114	Operating Expenditure	2,440	207
(4,251)	(360)	Operating Income	(5,017)	(425)
(2,911)	(246)	Net Cost of Services	(2,577)	(218)
(113)	(10)	Finance and Investment Income and Expenditure	(283)	(24)
(11,757)	(997)	Taxation and Non Specific Grant Income	543	46
(14,781)	(1,253)	(Surplus) / Deficit on Provision of Services	(2,317)	(196)
0	0	Other Comprehensive Income and Expenditure	0	0
(14,781)	(1,253)	Total Comprehensive Income & Expenditure	(2,317)	(196)

City Deal 2018/19	Vale of Glamorgan Council Share 2018/19	Balance Sheet	City Deal 2019/20	Vale of Glamorgan Council Share 2019/20
	8.48%			8.48%
£'000	£'000		£'000	£'000
0	0	Land and Buildings	35,309	2,993
35,224	2,986	Assets Under Construction	0	0
0	0	Long Term Debtors	1,134	96
35,224	2,986	Long Term Assets	36,443	3,089
3,000	254	Financial Assets	0	0
5,393	457	Short Term Debtors	7,406	628
30,350	2,572	Cash and Cash Equivalents	47,600	4,034
38,743	3,283	Current Assets	55,006	4,662
(2,041)	(173)	Short Term Creditors	(2,600)	(220)
(2,041)	(173)	Current Liabilities	(2,600)	(220)
(30,044)	(2,546)	Long Term Creditors	(44,504)	(3,772)
(966)	(82)	Provisions for Liabilities	(1,447)	(123)
(31,010)	(2,628)	Long Term Liabilities	(45,951)	(3,895)
40,916	3,468	Net Assets/Liabilities	42,898	3,636
4,066	345	Usable Reserves	6,380	541
36,850	3,123	Unusable Reserves	36,518	3,095
40,916	3,468	Total Reserves	42,898	3,636

33. 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 2019/20 are £10.6M.

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. £187k was paid into the pool in respect of 2019/20.

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 £2.7M and capital schemes to the value of £368k during 2019/20 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 2019/20.

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 2019/20 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, Rhondda Cynon Taf, Merthyr Tydfil and Bridgend Councils. The total cost of the service for 2019/20 was £819k with a contribution of £248k from the Vale of Glamorgan, £211k from Rhondda Cynon Taf and £166k Merthyr Tydfil and £194k from Bridgend. As at 31st March 2020 a reserve to the value of £318k was held by the Vale of Glamorgan Council on behalf of the service.

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, Rhondda Cynon Taf 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 2018/19	Vale of Glamorgan Council Share 2018/19	Income and Expenditure Statement	Local Resilience Forum 2019/20	Vale of Glamorgan Council Share 2019/20
	8%			8%
£'000	£'000		£'000	£'000
29	2	Operating Expenditure	69	5
(61)	(5)	Operating Income	(82)	(6)
(32)	(3)	Net Cost of Services	(13)	(1)
0	0	Finance and Investment Income & Expenditure	0	0
(32)	(3)	(Surplus) / Deficit on Provision of Services	(13)	(1)
0	0	Other Comprehensive Income and Expenditure	0	0
(32)	(3)	Total Comprehensive Income & Expenditure	(13)	(1)

Local Resilience Forum 2018/19	Vale of Glamorgan Council Share 2018/19	Balance Sheet	Local Resilience Forum 2019/20	Vale of Glamorgan Council Share 2019/20
£'000	£'000		£'000	£'000
	8.11%			8.11%
192	15	Current Assets	314	25
(23)	(2)	Current Liabilities	(132)	(10)
169	13	Net Assets	182	15
169	13	Usable Reserves	182	15
169	13	Total Reserves	182	15

34. 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 2020 there was a debtor balance of £6.7M.

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 for Continuing Health Care costs. The Council also receives Intermediate Care Fund and other grant income for capital and revenue expenditure from the Health Board. During 2019/20 there were transactions with the Health Board totalling £6.1M and as at 31st March 2020 there was a debtor balance of £2.5M.

At the 31 March 2020 there were 30 Vale of Glamorgan Councillors who also were members of Town and Community Councils.

35. Operating Leases (Lessor)

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

Operating leases which expire:	2018/19 Land and Buildings	2018/19 Other Leases	2019/20 Land and Buildings	2019/20 Other Leases
	£'000	£'000	£'000	£'000
Within 1 year	403	0	408	0
Between 1 and 5 years	1,085	0	1,033	0
After 5 years	7,845	0	7,923	0
Total	9,333	0	9,364	0

36. Operating Leases (Lessee)

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

Operating leases which expire:	2018/19 Land and Buildings	2018/19 Other Leases	2019/20 Land and Buildings	2019/20 Other Leases
	Restated £,000	£,000	£'000	£'000
Within 1 year	204	15	129	0
Between 1 and 5 years	440	0	402	0
After 5 years	999	0	1,076	0
Total	1,643	15	1,607	0

37. 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 2019 and the contributions to be paid until 31 March 2021 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 and the Foundation Schools’s Pension Liabilities. The Council’s share of the Joint Committee and Foundation School’s pension liabilities are not reflected in the disclosure notes below. The table below sets out the reconciliation of the pension liability figure included on the Council’s balance sheet.

Pension Liability	31 March 2019	31 March 2020
	£’000	£’000
Vale of Glamorgan Council Pension (Liability)	(212,860)	(262,339)
Vale of Glamorgan Council Pension (Liability) McCloud Adjustment	(5,165)	0
Vale, Valleys and Cardiff Regional Adoption Service Joint Committee Pension (Liability)	(174)	(198)
Shared Regulatory Service Joint Committee Pension (Liability) McCloud Adjustment	(126)	0
Shared Regulatory Service Joint Committee Pension (Liability)	(2,194)	(2,617)
Central South Consortium Joint Committee Pension Asset/(Liability)	47	(221)
Foundation School Pension (Liability)	0	(2,870)
Total Pension Liability	(220,472)	(268,245)

The Employer’s regular contributions to the Fund for the accounting period ending 31 March 2021 are estimated to be £12.9M. 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.

Key issues impacting the actuarial calculation

McCloud Judgement

The McCloud/Sargaent judgements relate to court cases in respect of Firefighters and Judges pension schemes, which found that transitional arrangements that applied to members within 10 years of pension age amounted to illegal age discrimination. The Government has been denied leave to appeal against these judgements. The 2018/19 pension liability was amended to reflect an estimated liability associated with the McCloud judgement. The liability calculated for 2019/20 incorporates McCloud and assumes any underpin (additional protection to ensure the pension recipient gets at least equal to that which they would have received under the previous scheme) associated with the remedy would apply from April 2012. This underpin is assumed to apply upon withdrawal and to apply to spouse's pensions. Legislation requires periodic valuations to ensure the cost of the LGPS remains affordable and sustainable however no allowance has been made for the cost of improving members benefits as a result until such time as the cost management processes have recommenced.

Guaranteed Minimum Pension (GMP) and Indexation

This relates to the Guaranteed Minimum Pension that accrued to members between 1978 and 1997. Allowance has been made in the calculation for 2019/20 for the full indexation of member's benefits for any members who were State Pension age on or after 6 April 2016.

Triennial Valuation and Covid-19

The actuarial results are based on a roll forward of the triennial valuation carried out as at 31st March 2019. The valuation observes that the outbreak of the novel coronavirus Covid-19 may impact adversely on the ability of the Fund to realise future investment returns and on the Fund employer's covenant.

The actuarial valuation acknowledges that the Fund's assets were likely to have fallen in value in March and a corresponding reduction in liability via a reduced discount rate is not known. However the actuary in consultation with the Cardiff and Vale Pension Fund concluded that because of the long term nature of the Fund and the level of prudence adopted that certifying the valuation based on market conditions at the valuation date remained appropriate. The majority of negative market movement took place prior to 31st March 2020 and these movements are reflected in the actuarial report. The crisis has also caused a reduction in corporate bond yields since the year-end, which will have led to an increase in the value of the defined benefit obligation (liabilities) on an accounting basis. The impact on the net pensions asset since the accounting date will depend on the Fund's asset performance.

It is too early to say what impact the higher rates of mortality will have on the funding position of the Fund. ONS data is showing that the cumulative deaths in 2020 to date are well outside the range of the outcomes seen in recent years. The impact on

longevity for the Fund's members will additionally be affected by the indirect impact of Covid-19, including the health of the surviving population, and the economic, social and political consequences of tackling Covid-19. In both of the above cases, the impact on longevity could be positive or negative.

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 2018	31 March 2019	31 March 2020
	%	%	%
Discount Rate	2.6	2.4	2.3
CPI Rate	2.1	2.2	2.0
Rate of increase to pensions	2.1	2.2	2.0
Pension increase revaluation rate	2.1	2.2	2.0
Rate of general increase in salaries	3.1	3.2	3.0

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 2019	31 March 2020
Males		
Future lifetime from age 65 (aged 65 at accounting date)	22.4	22.2
Future lifetime from age 65 (aged 45 at accounting date)	23.0	23.2
Females		
Future lifetime from age 65 (aged 65 at accounting date)	24.8	24.6
Future lifetime from age 65 (aged 45 at accounting date)	25.9	26.0

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 2019 (%)	Asset split at 31 March 2020 (%)
Equities	63.7	66.3
Property	7.7	6.9
Government Bonds	10.7	9.5
Corporate Bonds	11.0	15.8
Cash	1.5	1.4
Other	5.4	0.1
Total	100.0	100.0

Reconciliation of Funded Status to Balance Sheet

	31 March 2019	31 March 2020
	£M's	£M's
Fair Value of Assets	433.41	394.88
Present Value of Funded Defined Benefit Obligation	630.64	642.85
Funded status	(197.23)	(247.97)
Impact of minimum funding requirement / asset ceiling	0.00	0.00
Asset / (Liability) recognised on the Balance Sheet	(197.23)	(247.97)

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

Active Members	41%
Deferred Pensioners	19%

Pensioners 40%

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 20.7 years.

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

	For Year Ending 31 March 2019	For Year Ending 31 March 2020
Operating Cost	£M's	£M's
Current Service Cost*	17.09	22.12
Past Service Cost (including curtailments)	0.07	2.55
Settlement Cost	0.00	(2.07)
Financing Cost		
Interest on net defined benefit liability/ (asset)	4.92	4.54
Pension expense recognised in Surplus or Deficit	22.08	27.14
Remeasurements in Other Comprehensive Income		
Return on plan assets (in excess of) / below that recognised in net interest	(17.32)	46.45
Actuarial (gains)/ losses due to change in financial assumptions	33.05	(12.25)
Actuarial (gains)/ losses due to changes in demographic assumptions	(24.29)	(10.02)
Actuarial (gains) / losses due to liability experience	0.92	13.29
Total Amount recognised in Other Comprehensive Income	(7.64)	37.47
Total Amount Recognised	14.44	64.61

*The current service cost included an allowance for the administration expenses £0.30M at 31st March 2020 (£0.22M at 31st March 2019).

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

	Year Ending 31 March 2019	Year Ending 31 March 2020
	£M's	£M's
Opening Defined Benefit Obligation	597.08	630.64
Current Service Cost	17.09	22.12
Interest Expense on defined benefit obligation	15.41	14.92
Contributions by Participants	3.44	3.74
Actuarial (gains)/ losses on liabilities financial assumptions	33.05	(12.25)
Actuarial (gains)/ losses on liabilities demographic assumptions	(24.29)	(10.02)
Actuarial (gains)/ losses on liabilities experience	0.92	13.29
Net Benefits Paid Out	(12.13)	(16.26)
Past Service Cost (including curtailments)	0.07	2.55
Net increase in liabilities from disposals/ acquisitions	0.00	0.00
Settlements	0.00	(5.88)
Closing Defined Benefit Obligation	630.64	642.85

Changes to the Fair Value of Assets during the Accounting Period

	31 March 2019	31 March 2020
	£M's	£M's
Opening Fair Value of Assets	401.29	433.41
Interest Income on Assets	10.49	10.38
Remeasurement gains/ (losses) on Assets	17.32	(46.45)
Contributions by the Employer	13.00	13.87
Contributions by Participants	3.44	3.74
Net Benefits Paid Out	(12.13)	(16.26)
Net increase in assets from disposals/ acquisitions	0.00	0.00
Settlements	0.00	(3.81)
Closing Fair Value of Assets	433.41	394.88

Actual Return on Assets

	31 March 2019	31 March 2020
	£M's	£M's
Interest Income on Assets	10.49	10.38
Remeasurement gains/ (losses) on Assets	17.32	(46.45)
Actual Return on Assets	27.81	(36.07)

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)	629.99	642.85	656.35
% change in present value of total obligation	-2.0%		2.1%
Projected service cost (£M)	20.99	21.73	22.49
Approx. % 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)	644.14	642.85	641.56
% change in present value of total obligation	0.2%		-0.2%
Projected service cost (£M)	21.73	21.73	21.73
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)	655.06	642.85	631.28
% change in present value of total obligation	1.9%		-1.8%
Projected service cost (£M)	22.49	21.73	20.99
Approx. % 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)	663.42	642.85	622.28
% change in present value of total obligation	3.2%		-3.2%
Projected service cost (£M)	22.56	21.73	20.90
Approx. % 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.

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 2021 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 2018	31 March 2019	31 March 2020
	%	%	%
Discount rate	2.6	2.4	2.3
CPI inflation rate	2.1	2.2	2.0
Rate of increase to pensions in payment	2.1	2.2	2.0

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 2019	31 March 2020
Males Future lifetime from age 65 (aged 65 at accounting date)	22.4	22.2
Females Future lifetime from age 65 (aged 65 at accounting date)	24.8	24.6

Reconciliation of Unfunded Defined Benefit Obligation to Balance Sheet

	31 March 2019	31 March 2020
	£M's	£M's
Present Value of Unfunded Defined Benefit Obligation	15.63	14.37
Pension (Liability) recognised on the Balance Sheet	(15.63)	(14.37)

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

	Year Ending 31 March 2019	Year Ending 31 March 2020
	£M's	£M's
Operating Cost		
Current Service Cost	0.00	0.00
Past Service Cost (including curtailments)	0.02	0.00
Settlement Cost	0.00	0.00
Financing Cost		
Interest on net defined benefit liability/ (asset)	0.44	0.36
Pension expense recognised in Surplus or Deficit	0.46	0.36
Remeasurements in Other Comprehensive Income	0.00	0.00
Actuarial losses due to change in financial assumptions	0.41	(0.11)
Actuarial (gains) due to changes in demographic assumptions	(0.76)	(0.20)
Actuarial (gains)/ losses due to liability experience	(0.63)	(0.07)
Total Amount recognised in Other Comp Income	(0.98)	(0.38)
Total Amount Recognised	(0.52)	(0.02)

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

	For Year Ending 31 March 2019	For Year Ending 31 March 2020
	£M's	£M's
Opening Defined Benefit Obligation	17.38	15.63
Current Service Cost	0.00	0.00
Interest Expense on defined benefit obligation	0.44	0.36
Contributions by Participants	0.00	0.00
Actuarial (gains)/ losses on liabilities financial assumptions	0.41	(0.11)
Actuarial (gains)/ losses on liabilities demographic assumptions	(0.76)	(0.20)
Actuarial (gains)/ losses on liabilities experience	(0.63)	(0.07)
Net Benefits Paid Out	(1.23)	(1.24)
Past Service Cost (including curtailments)	0.02	0.00
Net increase in liabilities from disposals/ acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Defined Benefit Obligation	15.63	14.37

Changes to the Fair Value of Assets during the Accounting Period

	For Year Ending 31 March 2019	For Year Ending 31 March 2020
	£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	1.23	1.24
Contributions by Participants	0.00	0.00
Net Benefits Paid Out	(1.23)	(1.24)
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 2019/20 made by the Council were £10.602M. This includes contributions for Teachers appointed by the Governing body.

38. 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.

39. 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.

Since the Treasury Management Strategy has been approved the position in respect of novel coronavirus Covid-19 has developed in the United Kingdom which impacts all aspects of risk set out above.

There has been significant market uncertainty since the end of March 2020 but the Bank of England (MPC) and UK Government have introduced unprecedented measures to protect the UK economy and financial markets. This includes a cut in UK Bank Rate to 0.10% and the approval of additional £200bn Quantitative Easing. The Chancellor has also implemented financial support packages for businesses and employees to mitigate some of the initial risks arising from the enforced Covid-19 lockdown during April and May 2020.

In the lead up to the end of the 2019/20 financial year, large parts of the UK economy were placed in enforced lockdown to deal with a global Covid-19 pandemic. These restrictions continued in April and May 2020 and the Government and Bank of England implemented financial packages to support the UK economy. Even with these measures, UK GDP is expected to fall by circa 14% in this calendar

year and whilst there is expected to be a bounce back of circa 15% in GDP in 2021, the level of uncertainty in the future path of economic growth, unemployment, fiscal and monetary policy makes it very difficult to accurately assess the impact on the investments held by the Authority. The Council's investments continue to be placed primarily with Other UK Local Authorities and the UK Government with minimal risk. We will continue to monitor the situation and where required any expected credit loss provision and/or movement in fair value will be reported and recognised during 2020/21 financial year.

Link and PWLB have provided fair values calculations for the loans the Vale of Glamorgan Council held as at 31st March 2020 the majority of the Council's borrowing is fixed rate and held with PWLB. PWLB borrowing rates have not moved significantly since March 2020 and therefore the fair values for the Council's are unlikely to have significantly changed over the period of the preparation of the accounts.

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 2019/20 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 in 2018/19 and 2019/20 was £5M and the maximum investment period in 2018/19 was 6 months and in 2019/20 was 12 months. The investment position at 31st March 2020 is set out below;

	31 March 2019	31 March 2020
	£'000	£'000
UK Debt Management Account Deposit Facility	8,100	11,000
UK Local Authorities	81,000	87,000
Total	89,100	98,000
Reconciliation of Investment Balances		
Short Term Investment	81,000	87,000

Overnight Investments shown as Cash and Cash Equivalents	8,100	11,000
Total	89,100	98,000
Short Term Investment Accrued Interest	67	105
Short Term Investment Joint Committees	254	0
	89,421	98,105

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 two loans totalling £6 million in respect of LOBOs (Lenders Option Borrowers Option). The Lender can increase the interest rate by giving a set period of notice before the interest payment dates in each year, it would then be for the Authority to decide whether to accept the increase or repay the loan. The £4M loan has a full term maturity date of 24th February 2054 and the £2M loan has a full term maturity date 21st November 2021. The maturity analysis of financial liabilities is as follows:

	31 March 2019	31 March 2020
	£'000	£'000
Less than one year	2,569	2,579
Between one and two years	793	7,915
Between two and five years	25,841	24,550
More than five years	126,872	119,810
Total	156,075	154,854

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	(413)
Increase in government grant receivable for financing costs	0
Impact on (Surplus) or Deficit on the Provision of Services	(352)
Share of overall impact credited to the HRA	(138)
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)	(17,236)

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 2019/20.
- 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.

2018/19		2019/20	2019/20
£'000		£'000	£'000
	Expenditure		
3,274	Repairs and Maintenance	3,781	
4,760	Supervision and Management	4,727	
194	Rents, Rates, Taxes, & Other Charges	165	
5	Revaluation charged to CIES	(274)	
6,578	Non-Current Assets Depreciation /Impairment	4,331	
23	Debt Management Costs	29	
87	Increase in Provision for Bad and Doubtful Debts	259	
65	Revenue Expenditure Funded from Capital Under Statute	1,064	
14,986	Total Expenditure		14,082
	Income		
(18,924)	Dwelling Rents	(19,979)	
(167)	Non Dwelling Rents	(173)	
(539)	Charges for Services and Facilities	(608)	
(188)	Contributions towards expenditure	(334)	
(98)	Grant Income	(304)	
(19,916)	Total Income		(21,398)
(4,930)	Net Expenditure of HRA Services as Included in the Whole Authority CIES		(7,316)
0	HRA share of other amounts included in the whole authority Net Expenditure of Continuing Operations but not allocated to specific services		0
(4,930)	Net Expenditure of HRA Services		(7,316)
	HRA share of the operating income and expenditure included in the CIES		
(971)	(Gain)/ loss on sale of HRA assets		(971)
2,918	Interest payable and similar charges		3,007
(12)	Interest and Investment Income		(34)
99	Interest on net defined benefit liability/ (asset)		96
(3,260)	Capital Grants		(2,792)
(6,156)	(Surplus) or deficit for the year on HRA services		(8,010)

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

Vale of Glamorgan County Borough Council
Movement on the HRA Statement

2018/19		2019/20
£'000		£'000
(775)	Balance on the HRA at the end of the previous year	(2,668)
(6,156)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(8,010)
4,263	Adjustments between accounting basis and funding basis under statute	2,730
(1,893)	Increase/(Decrease) during the financial year	(5,280)
(2,668)	Balance on the HRA at the end of the current year	(7,948)

Note to the Statement of Movement on the HRA Balance

Adjustments between Accounting Basis and Funding Basis under Statute

	2018/19	2019/20
	£'000	£'000
Revaluation Loss/ Gain on Property, Plant and Equipment	(5)	274
Charges for depreciation and Impairment of Non Current Assets	(6,578)	(4,331)
Capital Grants and Contributions	3,260	2,792
Statutory Provision for the Financing of Capital Investment	1,517	1,545
Revenue Expenditure Funded from Capital Under Statute	(66)	(1,064)
Capital Expenditure charged against HRA	5,478	2,808
Gains / (Losses) on sales of non current assets	970	971
Pensions Reserve	(313)	(265)
Accumulated Absences	0	0
Total Adjustments	4,263	2,730

Summary

Housing Revenue Account revenue balance at 31st March 2020 is £7.948M.

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 0.95% of the total dwelling rent due was uncollectable due to lettable properties being vacant; in 2018/19 the figure was 0.75%. Average dwelling rents were £100.22 a week in 2019/20, an increase of 6.02% over the previous year.

2. Rent Rebates

Assistance with rents is available under the Housing Benefit Scheme for those on low incomes. 58.8% 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:

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
2019/20	3,868

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 2019	At 31 st March 2020
1 Bedroom Houses	0	6
2 Bedroom Houses	308	308
3 Bedroom Houses	1,560	1,554
4 or more Bedroom Houses	87	86
1 Bedroom Bungalows	261	260
2 Bedroom Bungalows	71	71
3 Bedroom Bungalows	32	33
1 Bedroom Flats	861	857
2 Bedroom Flats	586	584
3 Bedroom Flats	94	93
Other – Hostel	15	15
Total	3,875	3,867

The change in stock can be summarised as follows:-

Housing Stock 31st March 2019	3,875
Less: Sold	(8)
Change of Use	0
New Build	0
Housing Stock 31st March 2020	3,867

4. Rent Arrears

During the year 2019/20 rent arrears as a proportion of gross rent income was 6.64% of the amount due, compared to 4.92% in 2018/19. The figures are as follows: -

	2018/19	2019/20
	£'000	£'000
Arrears at 31 st March	1,057	1,509

Amounts written off during the year amounted to £12k. The aggregate provision in respect of uncollectable rent and other housing debts is £1.089M.

5. Sale of Council Dwellings/ Administration Costs

The costs of administering the sale of Council dwellings (disposal proceeds £964k) were £3k in 2019/20, compared to £6k in 2018/19 (disposal proceeds £1.695M).

6. Water Rates

Total monies collected in respect of water rates were £1.538M (£1.522M in 2018/19). Commission earned on this for 2019/20 was £251k (£154k in 2018/19).

7. Capital Expenditure

Capital Expenditure of £9.539M has been spent in 2019/20 improving Council Dwellings, this Capital Expenditure has been taken into account at arriving at the Council Dwellings valuation.

8. Capital Funding

	2018/19	2019/20
	£'000	£'000
Unsupported Borrowing	0	0
Supported Borrowing – Affordable Housing Grant	937	2,458
Usable Capital Receipts	1,689	1,361
Revenue Contributions	5,479	2,808
Major Repairs Reserve	2,759	2,760
Section 20 contributions	500	32
Other Capital Grants	80	120
Total	11,444	9,539

9. Assets - Depreciation / Impairment

The charge is broken down as follows:-

Council Dwellings	2018/19	2019/20
	£'000	£'000
Depreciation of Dwellings	1,330	1,334
Depreciation of Other Land and Buildings	3	8
Depreciation of Equipment	0	4
Impairment	5,245	2,985
Total	6,578	4,331

Council Dwellings / Other are included in note 15 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.

	2018/19	2019/20
	£'000	£'000
IAS 19 Adjustment	89	169
Adjustment against the net defined benefit liability for the McCloud Ruling	126	0
Interest on net defined benefit liability/ (asset)	98	96
Contribution from Pension Reserve	313	265

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.

	2018/19	2019/20
	£'000	£'000
Opening Balance brought forward	0	0
Grant Received in Year	2,759	2,760
Grant Utilised in Year	(2,759)	(2,760)
Closing Balance Carried Forward	0	0

Trust Funds

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 2019	Acquisitions / Disposals	Revaluation	Surplus/ (Deficit)	Balance at 31 March 2020
	£'000	£'000	£'000	£'000	£'000
Accumulated Fund	5,096	0	(121)	(6)	4,969

The non-current assets of the fund are included at their 31 March 2020 value. The external investments held by the fund are included at their fair value at 31 March 2020.

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

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 2019/20 Year Ended 31st
March 2020

Contents Page

Narrative Report.....	1
Introduction to the Financial Statements	16
Statement of Responsibilities for the Statement of Accounts for the Shared Regulatory Service.....	18
Auditor General for Wales' report to the Members of the Shared Regulatory Services.....	20
Shared Regulatory Service Expenditure and Funding Analysis 2018/19	21
Shared Regulatory Service Expenditure and Funding Analysis 2019/20	22
SRS Movement in Reserves Statement 2018/19 and 2019/20.....	23
SRS Comprehensive Income and Expenditure Statement 2019/20.....	24
SRS Balance Sheet as at 31 st March 2020	25
SRS Cash Flow Statement 2018/19 and 2019/20	26
Statement of Accounting Policies	27
Notes to the Financial Statements.....	34
Glossary.....	57
Annual Governance Statement 2019/20	62

Shared Regulatory Service Joint Committee

Statement of Accounts 2019/20 Year Ended 31st March 2020

Narrative Report

Introduction

This document presents the Statement of Accounts for the Shared Regulatory Service in respect of financial year 2019/20, and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

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.

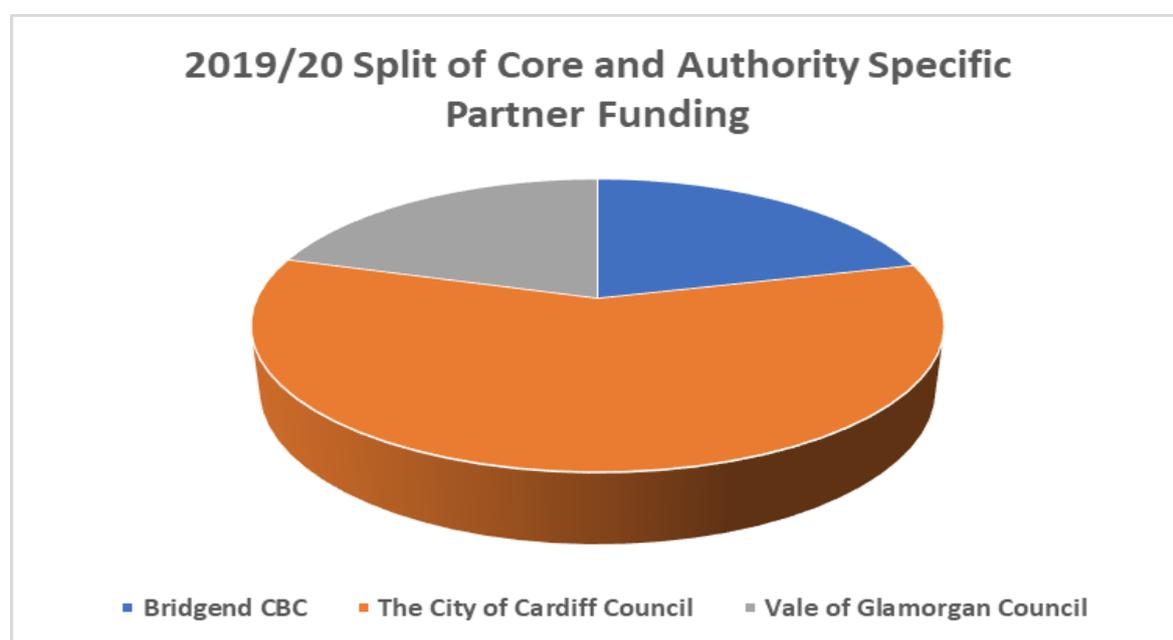
The narrative report provides insight into the funding and expenditure appertaining to the SRS in the year, the key financial issues and pressures and a look to future years.

Information contained within these accounts provides the user with clarity on the nature of transactions in respect of the financial year ended 31st March 2020, 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 2019/20 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.

Shared Regulatory Service Joint Committee

The SRS 2019/20 gross expenditure budgets are shown on the following table.

Authority	Participant Apportionment %	Core Services Budget 2019/20 £'000	Authority Specific Budget 2019/20 £'000	Budgeted Expenditure 2019/20 £'000
Bridgend	22.10%	1,308	420	1,728
Cardiff	57.52%	3,381	1,412	4,793
Vale of Glamorgan	20.38%	1,172	497	1,669
Total	100.00%	5,861	2,329	8,190

The table below illustrates the budgeted expenditure against the actual expenditure incurred for the period 1st April 2019 to 31st March 2020.

Category	Budgeted Expenditure £'000	Actual Expenditure £'000	Variance £'000
Core Services	5,861	5,827	34
Authority Specific	2,329	2,409	(80)
Total	8,190	8,236	(46)

2016/17 was the final year of the Implementation Budget. However, due to circumstances beyond the control of the service, one item remains outstanding at the end of 2019/20 in relation to the £46k, held within Usable Reserves. This item relates to the anticipated actuarial cost of setting up the SRS as a separate employer within Cardiff and Vale Pension Fund where work remains ongoing. This cost is retained within the Usable Reserves, it is expected that a resolution will be achieved in 2020/21. The £10k Supplies and Services element of this earmarked reserve has been fully exhausted in the year.

2019/20 was the second year of the current 3 year agreed savings programme. The £498k savings were taken from the Core budgets, and were achieved by reducing staffing by £384k, non-staffing by £37k and generating £77k of new income. To achieve the savings target, a total of 9.3 FTE's were removed from the permanent staffing structure. However, as a consequence of the staff savings consultation, were the departure of officers who were not at risk, to take up employment elsewhere. Multiple recruitment drives have been undertaken, however, the Service continues to experience significant issues in attracting appropriate candidates to certain disciplines, which may in part be due to a scarcity of resource being available. This is continuing to have the greatest impact within the Food teams where there appears to be a national shortage of qualified officers.

To address these issues, the Service has recruited 4 apprentices, who are being supported to progress within disciplines managed by the Service, with a view to retaining the apprentice in areas where they are best suited, and the need exists. Funding for these posts was provided for by the retention of £200k from the 2018/19 SRS underspend.

Included within the Capital Expenditure (funded by) Revenue, are the acquisition costs of 3 vehicles plus one specialist piece of Trading Standards equipment. Vehicles are replaced when they come to the end of their economic life, with it being strongly anticipated that the

new vehicles will attract lower running and repair costs and will make a positive contribution toward air quality resulting from lower emissions.

The main components relating to the overall Core variance was a sizeable overspend within the Supplies and Services, which has been offset by the over recovery of income. The most significant level of excess expenditure were the costs directly associated to the seizure of 240 horses within Animal Services plus legal costs emanating from a Trading Standards case. Additional income has been received from Welsh Government, the Welsh Local Government Association plus one of the partner authorities in respect of the 3.6 FTE's currently on secondments out of the service. Contributions towards ongoing cases mentioned above have been received from both Welsh Government and the National Trading Standards Board. Fees and Charges together with Primary Authority works (which is the provision of chargeable bespoke guidance to businesses) have also performed above budget.

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 exceed the available budget. The Service has been in dialogue with Cardiff to address this position, with a partial resolution being achieved which will impact in 2021/21.

Covid-19

As a direct result of the Covid-19 pandemic, all Council meetings at the end of the financial year were cancelled which included the SRS Committee meeting scheduled for 24th March 2020. The Managing Director (at the Host Authority) has delegated emergency powers as set out in the Council's Constitution have been amended to allow matters which are deemed to require immediate action to be resolved.

The lockdown measures introduced in March 2020 as a result of the Covid19 pandemic has impacted considerably on the work undertaken within the SRS, and the ability to undertake inspections and visits. This has required the Service to modify the way in which it works and will undoubtedly have an impact on service delivery in the new financial year. In light of these significant changes, its will be necessary to continue to review service delivery throughout the lockdown period, and determine what long-term measures can be implemented which include the accessibility of services, risk assessments for officers and the collaborative working arrangements with other organisations.

The impact of the pandemic will also have a visible bearing on income generated by the Service. The most significant examples being with the Licensing Teams and the individuals and business they license. In March 2020, the UK Government announced that MOT's due to expire on or after the 30th March will be extended by 6 months, guidance issued by the Local Government Association directed the SRS to extend the Hackney Carriage and Private Hire vehicle licenses currently held to be extended by same period of time.

At this time there is an uncertainty on how many licensed premises will cease trading as a result of Covid19, and the very likely economic downturn directly associated with the pandemic. Each licensed premises that ceases trading and remains vacant, will result in a loss of income to the Council.

The Service will continue to support businesses whilst ensuring compliance with the law in relation to trading activities and the protection of the vulnerable.

Usable Reserves

As at the 31st March 2020, the SRS held Usable Reserves of £492k. As authorised by the September 2019 Committee, £200k of the 2018/19 underspend was retained to support future recruitment drives of the service. In 2019/20 £45k was drawn-down to fund apprentices employed by the service. 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 2020 Joint Committee for approval.

Capital Expenditure

In 2019/20, the SRS incurred £78k of capital expenditure which was 100% funded by a contribution from the revenue account. This relates to vehicle replacements and an item of equipment funded from within Core.

Annual Report

The Annual Report for the fourth full year of the SRS will be available on the Council website in 2020/21, however, the publication date is yet to be confirmed.

Pension Assets and Liabilities

The value of the pension liability in 2019/20 is £13.180m. 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 on-going and may impact on future valuations.

Non-Financial Performance

The Shared Regulatory Service Plans are developed in consultation with stakeholders. Services can be accessed and delivered through four main delivery points across the region either through the SRS website or via the three satellite offices located in each council area, which form the three main office hubs. The service plans 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. The Service delivers a diverse range of services to businesses, consumers and residents – many of which are “taken for granted”. Their contribution towards the stated outcomes of the service and their impact upon communities should not be overlooked. Work undertaken to ensure that food, from farm to fork 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 the activities undertaken by the service 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.

In addition to routine inspections of food businesses, the SRS participated in food and safety surveys which entail various sampling programmes across a range of businesses. The SRS is committed to enforcing the laws it regulates, instigating legal proceedings against those businesses or individuals that flout the law. Examples that showcase some of the prosecutions undertaken in 2019-20 include;

During a routine inspection of a Cardiff takeaway, officers discovered a significant quantity of rodent droppings that had not been controlled for at least 6 months, plus accumulations of food debris and fat which led to a successful prosecution.

Throughout an inspection at a Vale restaurant, a number of food safety violations were identified which resulted in a food safety hygiene rating of 2 being awarded. Despite the owner being aware of the improvement required only the staff training element had been addressed. Subsequently, the business and the directors were prosecuted for breaching food hygiene laws.

During an inspection of a well-known restaurant in Cardiff, officers found evidence of widespread rodent droppings throughout the food storage and food preparation areas, plus an abundance of rubbish to the rear of the property. When the business re-opened after remedial action was taken by the owner there continued to be evidence that the issue remained unresolved, plus an incorrect food hygiene rating on display. The business was closed, had the owner remained in gainful employment with fine awarded by the court would have been significantly higher.

A shop in Bridgend was found guilty of selling more than 20 food items that were beyond their expiry date. This included sandwiches and wraps that had been placed for sale but were deemed as being unsafe as they had passed their use by date – one of these items being visibly mouldy.

In May 2019, a review was undertaken by the SRS Port Health and Infectious Disease teams plus other relevant stakeholders which included Public Health Wales and the Ambulance Service, in respect of the facilities available at Cardiff International Airport in comparison to the World Health Organisation’s (WHO) standard to ensure adequate passenger management in the event of a public emergency of international concern. This exercise identified improvements required to include more appropriate accommodation for the detention of patients with symptoms of a serious communicable disease and changes to procedures.

On the 12th January 2020, the WHO announced that Novel Coronavirus was the cause of an outbreak in Wuhan City, which has since been re-named as Covid-19 and declared as a pandemic. A previously scheduled mock exercise at Cardiff Airport was re-written to implicate Covid-19 and executed with all relevant stakeholders. Steps have also been taken to ensure that all relevant stakeholders at the seaports of Barry and Cardiff were implementing the national advice on Covid-19.

SRS officers have worked collaboratively with South Wales Fire and Rescue Service to produce collective guidance and undertake joint, unannounced enforcement visits in respect of compliance with smoke free legislative requirements. Businesses who were non-compliant were awarded a range of fines and victim surcharges.

Following a referral from South Wales Police concerning a number of incidents where employees of a drinking establishment had sustained injuries as a result of falling whilst dancing on the bar. It was deemed that there were serious deficiencies in the health and safety managements arrangements at the business and no proper risk assessments in place at that time. The business acknowledged that their risk assessment was insufficient and apologised to the court.

SRS officers undertook a project to determine whether Nail Bar employers were effectively managing health and safety risks to both employees and members of the public. The project identified that general standards of compliance were better than anticipated. However, it was found that the areas of greatest non-compliance were centred around local exhaust ventilation (LEV), the execution of detailed client consultations before each treatment to identify contradictions, together with the lack of health surveillance of employees to facilitate the early detection of health conditions associated with work activities, and the monitoring of the effectiveness of existing control measures. As a result, an educative approach will be adopted to raise awareness of the specific issues via the productions of leaflets promoted via the SRS website and social media links.

Owners of a crowing cockerel have been successfully prosecuted for breaching noise abatement notice, where the cockerel was crowing every few seconds at certain times of the day. A dog owner was taken to court after breaching a noise abatement notice – on one occasion, the dog had barked 565 times over the course of a 30-minute period

The Barry Biomass plant which is sited at Barry Docks was granted a permit to operate by Natural Resources Wales (NRW), which has led to a great deal of media coverage and local opposition from residents and environmental groups. During the testing and commissioned phases, SRS officers responded to a large number of complaints regarding noise, lighting and emissions from the plant, and ensured regular liaison with the regulator NRW. The service continues to investigate complaints of statutory nuisance and work with NRW to ensure the conditions attached to the Environmental Permit are complied with.

A Penarth man has been successfully prosecuted for incorrectly storing fireworks. Despite advice being issued previously on how to store fireworks safely, officers found that no measures were in place to prevent the spread of fire, emergency exits were not maintained, fireworks were stored in corroded cabinets with flammable papers and there were open boxes of fireworks, one of which contained a knife which presented the additional risk of piercing.

Houses of Multiple Occupancy (HMO's) often present the worst physical and management standards, as well as having a detrimental impact on the neighbourhoods in which they are situated. In 2019/20, the Cardiff Enforcement team took a number of successful prosecutions comprising of 45 separate offences at 8 properties for a range of offences. The team also dealt with 1,200 service requests, of which 740 related to hazards in private rented accommodations, served 332 Housing Act 2004 notices and served 19 Prohibition Orders.

A Cardiff landlord was fined for the poor condition of his rental property. Following a complaint from a tenant, the property was found to have a large number of breaches to Housing legislation in respect of fire safety and housing matters. In addition to the prosecution, a Prohibition Order was made to prohibit the use of human habitation due to significant risks to any occupier.

In Bridgend and the Vale, the Service investigated and gave advice regarding 9 cases of illegal eviction which prevented households becoming homeless in the majority of cases. The service also conducted occupancy inspections on 64 properties to ensure that some of the most vulnerable people accessing the private rented sector were able to live in properties free from Category 1 hazards, which would have an impact on their health and safety.

Safeguarding the Vulnerable

The safeguarding work undertaken by the Service seeks to ensure that children are protected from harmful substance 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. This is done in partnership with Council colleagues and other agencies to help people who need the support. Safeguarding the vulnerable is a central theme to many of the activities undertaken by the SRS.

A number of rogue traders have been prosecuted under consumer protection legislation and face jail sentences in relation works which have been significantly overpriced and where the quality of work does not comply with acceptable standards.

The 2019 National Safeguarding Week for Wales took place between 11th-15th November, with the purpose of raising awareness around the importance of safeguarding children and vulnerable adults, and to ensure that they are protected from neglect, harm and other forms of abuse. On the 12th November the SRS staged a Financial Abuse Safeguarding Conference to highlight the problem of financial abuse which can take many forms and can be hard to recognise. Attendees heard a variety of speakers discuss the implications and current issues of financial crimes, most notably that relating to mass marketing frauds, doorstep crime and fraud. Over 100 delegates attended to hear speakers including the Police, National Trading Standards Economic Crime team, Office of the Public Guardian, Royal Mail and the Wales Illegal Money Lending Unit.

A series of proactive operations and initiative were carried out throughout the period to highlight scams and improve awareness. These included joint events in collaboration with South Wales Police, high street banks and stores.

Shared Regulatory Service Joint Committee

The SRS responds to instances of doorstep crime and scams on a daily basis, supporting victims where possible. Often individuals are elderly and vulnerable, the impact the service makes in supporting these individuals can be difficult to demonstrate, but the following give some indication of the interventions undertaken.

A builder charged a vulnerable customer £26,000 for an extension at her home, however over a nine-month period only a very small amount of work had commenced, with all waste materials from the demolition of walls and a garage left at the property. Despite many requests for the work to be completed, this did not occur. The SRS commenced an investigation, with the matter being referred for a formal action.

The service has participated in 8 rogue trader operations where traders have been stopped, checked and given legal advice. These include 2 mini mobile rogue trader operations in Cardiff, which stopped and checked doorstep traders for legal compliance and reassuring householders, plus 13 Rapid Response visits made in relation to doorstep crime activity.

Since the inception of the Service, 51 call blockers have been installed to protect the residents of the region, which has resulted in 25,375 nuisance and scam phone calls being blocked. Memocams which are motion sensors that record activity in short bursts have been purchased by the service to install where appropriate.

Over the course of the year, SRS officers have continued to promote their role in assisting key agencies tackle exploitation, slavery or trafficking during the course of their duties. Recent warrant executions have included the attendance of officers from the Gangmasters Authority and other agencies; which revealed both regulatory breaches and the exploitation of workers.

The written knowledge test for hackney carriage/private hire drivers has been updated to include a section on child sexual exploitation. Drivers must pass this test to confirm that they have a suitable skill set to identify the signs of vulnerability, and what they should do if they see an issue before becoming a licensed driver.

In November 2019, the SRS were at the forefront of introducing the new Fit and Proper taxi driver guidance, which tightens up the criteria required to be a taxi license holder, ensuring that all Councils served by the SRS were applying the new criteria.

During the year, a taxi driver has been prosecuted for refusing to take an assistance dog, despite this information being declared at the time of the booking. The taxi driver had held a license for a number of years but had never declared a medical condition which might be affected by animal hair or received medication for the ailment. Additionally, enforcement action taken against a number of taxi drivers has resulted in further prosecutions for an array of offences.

As a result of receiving complaints asserting inappropriate behaviour on the part of taxi drivers, the SRS acted to protect the public, particularly the vulnerable. 2019/20 saw 6 immediate revocations of drivers licenses for inappropriate behaviour, 12 revocations, 18 suspensions and 21 warnings issued by the Committees of the partner Councils.

Two investigations were concluded in the year by the Illegal Money Lending Unit. The first involved a jeweller in Pembrokeshire who was given a departmental caution for minor breaches of Pawnbroker legislation. The second investigation was in Cwmbran Magistrates

Court in mid-March on two counts of illegal money lending. Investigators from the unit also assisted the England Money Lending Team in Croydon with the execution of several warrants and enquiries regarding a major investigation, which resulted in their largest ever financial case.

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. The service has 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.

The issue of air quality is never far from the headlines and the impact of poor air quality on health is well documented. During the period, the SRS ensured that the partner authorities met their statutory obligations under the Environment Act by producing air quality reports for each area and reporting to the respective Cabinets.

In Cardiff, the SRS continues to play a significant role in assisting the Council as it identifies the most effective way to improve air quality in the city going forward. In Bridgend the monitoring of a new location during 2017 and 2018, identified that the average dioxide levels (NO₂) breached the annual objective set for NO₂, therefore, as a result an Air Quality Management Area (AQMA) was designated in Park Street to take effect in January 2019. In the Vale of Glamorgan, Cabinet approved a recommendation made by the SRS to revoke the Windsor Road, Penarth AQMA due to improvements over a number of years.

Throughout the year, the SRS Licensing teams were engaged with members and the Taxi Trade to review the licensing standards applied to vehicles licensed across the three Authorities. In Cardiff this involved input to the Local Air Quality review due to non-compliance with air quality standards in the city centre. The Covid-19 outbreak has put these plans on hold, however, they will be re-visited in 2020/21. In Bridgend and the Vale Council areas, the age policy guidelines have been reviewed for new vehicles.

In 2018, the SRS served a Community Protection notice on an individual to keep control of his dog, however, in 2019 this was breached, and the dog caused distress to another animal, and in a further incident the dog causing fear to another person whilst off the lead. The owner was later witnessed causing unnecessary suffering to this dog plus another in his ownership. The court issued the owner with a Disqualification Order which prevents the person from owning dogs, keeping and participating in the keeping of dogs, plus a Deprivation Order being imposed in respect of both dogs ensuring that they are not returned to the person's care.

As part of its promotional awareness of the new Equine Identification (Wales) Regulations 2019, the SRS hosted a numerous horse micro-chipping and passport clinics in the regions, with services offered a discounted price. The events were staged with the support of the local vets, RSPCA and equine charities on a voluntary basis.

In August 2019, the SRS seized a number of sheep from an owner in accordance with the Animal Welfare Act 2006. The condition of some of the animals was so poor they had to be put to sleep. In October 2019, an order under this act was granted and the sheep have since been re-homed and are doing well. The prosecution in this case is pending but has been postponed as a result of Covid-19.

The SRS were again recognised at the RSPCA Cymru Paw Print Awards 2019 in the Dog Warden Service, Animal Licensing plus Kennelling categories. A bronze standard was achieved for the first time in respect of Dog Kennelling Services, the Animal Licensing Service retained its silver standard, with the gold standard awarded to the Dog Warden Service. Winners picked up their trophies at the ceremony in September, with speeches given by the Minister for the Environment, Energy and Rural Affairs Lesley Griffiths and RSPCA chief executive Chris Sherwood.

Out of the twenty properties identified within Bridgend as being empty homes, twelve have been brought back into use, four are currently subject to section 215 notices with the remaining four continue to have the options pursued. In Cardiff, the eighty-one properties target was exceeded with all eighty-two properties returned to use with a new unit created. During 2019/20 the Council made three Compulsory Purchase Orders on long term empty houses.

The Student Liaison Officer attended all four fresher fairs at Cardiff Met. 632 students were reached during these exercises, with advice and information being given to students on matters of housing, safety, welfare and neighbourliness

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” – which is the principle that the buyer is responsible for checking the quality and suitability of goods before a purchase is made, has never been more relevant.

A Cardiff man who advertised his services via Facebook was jailed for taking money from three individuals where he was commissioned to undertake gardening work, plus money from the fourth victim who had procured his services to purchase a vehicle. There was not even an intention to undertake any of the agreed works or services, the funds were used to support a gambling addiction. A 16-month prison sentence ensued, and the victims were re-paid.

A Bridgend Roofing business was made to refund a customer who had procured their services to repair a leaking roof, which had not been achieved, neither had the business returned to put the work right once the issue had been highlighted. The business owner pleaded guilty to 5 offences under the Consumer Protection from Unfair Trading Regulations, which had incorrectly advertised as being a member of Rated People and that it had traded for 23 years.

Following information received from the Assay Office, an investigation was commenced into jewellery being sold via eBay. Officers observed that alongside the jewellery items offered for

sale were cosmetic products and items which were potentially infringing trademarks. The jewellery and products were referred for analysis, which revealed the jewellery was mis-described, the cosmetics were unsafe plus were deemed to have infringed the trademark. A warrant was executed and items of jewellery, cosmetics and trademarked items plus almost £13,000 of cash were seized. Both defendants pleaded guilty to the offences and received a summary 14-month prison sentence.

There has been a steady increase in the number of premises, particularly in Cardiff supplying illicit and counterfeit tobacco to consumers. SRS Officers regularly carry out inspection involving other partner agencies such as South Wales police and a company that provides tobacco detection dogs. Two recent cases resulted in a Cardiff shop owner pleading guilty to 8 offences under the Trades Mark Act 1994 plus 1 offence under the Tobacco and Related Products Regulations 2016 after seizing tobacco products which were counterfeit plus did not carry the required health warnings. The second case 117 packets of cigarettes, 17 pouches of snuff and £7,200 cash were all seized, with an order being made for the forfeiture of the cash under the Proceeds of Crime Act 2002.

South Wales Police alerted the SRS to the potential sale of counterfeit goods. A warrant was issued with large quantities of counterfeit goods and being seized, valued at £5,295. With the make up exceeding the permitted levels of lead. The goods had initially been purchased in Manchester and were intended to be sold via Facebook, with the total value of the conspiracy being in the region of £90,000. The forfeiture and destruction of the counterfeit goods was ordered. Four of the five defendants were sentenced to prison. At a confiscation hearing, the value agreed was £49,119.39, which was to be paid within 3 months.

The SRS became the latest regulator to join the Buy with Confidence scheme which advises consumers which local businesses have given their commitment to trade fairly. Businesses across the SRS region have applied to join the scheme, which is run by Local Trading Standards Services in over 50 Local Authorities across the UK.

The Service has continued to consolidate its excellent reputation as a training provider, with 243 individuals receiving accredited training over the course of the year. The courses included Food Safety, Health & Safety plus Hazard Analysis and Critical Control Point (HACCP) training. The Service has also positioned itself to be an accredited centre for the provision of the Level 2 award in Infection Control for Special Procedures Practitioners, piloting the course with 11 practitioners. Attendance at such a course will be mandatory for individuals seeking entry onto the Wales Special Procedures Register under the Public Health (Wales) Act.

Funding from the Foods Standards Agency in the period enabled the Service to provide additional advice and support to businesses who were most in need of this support with poor rating scores of between 0-2, to enable them to improve their food hygiene rating. A further 14 businesses approached the Service requesting access to advice and support available under the paid for advice services offered.

The Service has commenced work with the Huggard Centre to deliver level 2 food hygiene training. Through its Skill Share programme the Centre arranged for individuals to receive training that will improve their prospects of employment and in turn enable those who have been homeless to rebuild their lives.

The Service issues a bi-annual newsletter which is aimed at food businesses to inform, educate and advise on responsible food safety plus health and safety matters across the region.

The Primary Authority scheme enables a business to enter into a statutory partnership with a local authority through which it can receive assured advice. Provided that this advice is followed, the Primary Authority is able to challenge intended enforcement action by other local authorities. The SRS currently has 31 of these partnerships in place with both local and national businesses, the charge is set on the basis of full cost recovery. The Service has recently secured a partnership with the Cardiff and Vale University Health Board in the provision of food safety training for catering staff plus working closely with the Catering Managers to review and update the food safety management system for the central food processing kitchen.

In February 2020, the SRS was the first in Wales to provide the Allergy Awareness training course which was devised by the Allergy UK charity. The Service also promotes the Allergy Aware Scheme which allows businesses to demonstrate their commitment to providing safe food for consumers with allergies.

During 2019/20 the SRS attended multiple Event Liaison Panels and Event Safety Groups across the region, assessing and attending site visits to in excess of 127 events to offer advice and guidance on food safety matters, health and safety, trading standards, pollution, licensing and other specialist area such as water usage.

Maximising the use of Shared Regulatory Service's Resources

Maximising the use of resources was the original catalyst for creating SRS, with the work in this area continuing. By reducing "triplication" of effort, introducing better processes, making our systems work without constant intervention, improving access into the service, will benefit all activities and increase customer satisfaction. Income generating activities such as marketing the metrology laboratory, offering paid for advice services, building Primary Authority partnerships and extending the training provision to business are examples of the Service's move to becoming a more "commercial" culture.

Above all, the Service recognises that crucial to the success of SRS are the people who work within the service. The Service will continue to ensure that 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 Business Support team has achieved further efficiencies over the course of the year as the continuance of evolving through streamlining and the harmonisation of working practices across the three hubs. Four apprentices have been appointed to support the work of the team and will be given the opportunity to gain knowledge and experience across the whole service. These posts have been funded by accessing the £200k agreed retention from the 2018/19 SRS underspend.

As a consequence of pro-active visits undertaken by the trading standards teams to 21 jewellers in the region, 4 premises were found to be selling un-hallmarked goods, and a fifth premises offering counterfeit and un-hallmarked goods, the prestigious Silver Touchstone Award was awarded to the SRS.

The Intelligence function within the SRS was established towards the end of 2018 with the aim of providing a specialist resource to implement the widely used and accepted Intelligence Operating Model to inform and lead service delivery of both the SRS and the Illegal Money Lending Unit that sits within the SRS. It is based on the Police National Intelligence Model, the National Trading Standards Intelligence Operating Model and is the first framework

available to mainstream this approach into regulatory services. The team proactively identify and monitor emerging issues, referrals and intelligence received by the Service. Thus, producing target and problem profiles, with the aim of reducing non-productive activities so that resources can be re-directed to problem areas. The Service has established close links with key intelligence partners, where regular two-way dissemination of intelligence occurs.

In the recent WAO national report of the provision of environmental health service in Wales, the report concluded that overall the report findings were positive, concluding, that the 'SRS model has enabled all three partners to sustain its delivery of environmental health services in a context of reducing resources and additional responsibilities being placed on it by ongoing changes in legislation.'

The improvement of the SRS website is an ongoing process where information is constantly being updated and improved, with the Air Pollution consistently receiving the most page views. Equality information is accessed via the customer satisfaction surveys which enables the Service to identify issues or concerns and more specifically access to services provided by the Service.

Income generated by the Service underpins sustainable service delivery – the UKAS Accreditation Metrology Laboratory is based in Cardiff which undergoes an annual audit to sustain its accreditation. The 2019 audit was particularly significant as it marked the transition from the 2005 iteration of the standard to the new 2017 version. In the last four years, calibration work has been undertaken for in excess of 70 different businesses who represent a broad range of sectors including avionics, food, pharmaceutical and medical where accuracy and confidence in their weighing equipment is fundamental to their operations. Stemming from this successful transition is the possibility of now widening the scope of the accreditation to include volume in addition to weight with feasibility studies now being undertaken to scope this work and the customer base.

Income generation is a key priority for the SRS, with a more commercial approach by developing paid for services and marketing them to businesses. During the last year, the courses on allergens were particularly popular attracting 99 delegates, with the launch of the Infection Control training for Special Procedures practitioners attracting 16 delegates.

The Housing Enforcements teams have worked with British Gas to deliver the Warm Home Nest Scheme, undertaking a sizeable number of inspections of private rented properties across the region in accordance with the Housing Health and Safety Rating Scheme, with a payment of services attached to each inspection.

The SRS is committed to developing staff to ensure they are effective in their roles. To this end, the Service has invested in several learning and development activities to support the business including the following;

- By match-funding suitable external study. This has resulted in a number of employees pursuing academic qualifications such as M.Sc. qualifications in Environmental Health and Public Service Management several of whom have now successfully completed their studies and are able to apply their learning in the workplace.
- Three Team Managers have been seconded to Welsh Government, Welsh Local Government Association and to Cardiff Council. This has enabled team members to act up into these roles which provide valuable development opportunities and experience for officers, whilst also contributing to the effective management of the Service
- In house training sessions were undertaken in relation to the introduction of the Public Health (Minimum Price for Alcohol) (Minimum Unit Price) (Wales) Regulations 2019.

Shared Regulatory Service Joint Committee

These were delivered at a lower cost to the service and were accessible to a greater number of officers.

- Training in food standards work continued amongst the food safety officers to enable them to undertake food standard interventions simultaneously with food safety inspections of low risk food standards. Such training and the concept of generic working not only provides team members with learning and career development opportunities but benefits the Service by building a more cohesive and resilient approach to inspections.

During 2019/20, throughout the various disciplines across the SRS there were a total of 113 successful prosecutions, and 18 Home Office cautions being issued.

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 blue ink, appearing to read 'J. Williams', is written over a faint, light blue grid background.

Date: 30th June 2020

Chair of Shared Regulatory Service Joint Committee

Vale of Glamorgan Council

Civic Offices

Holton Road

Barry

CF63 4RU

Responsibilities of 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 2020, and its income and expenditure for the period then ended.

Signature:



Date: 30th June 2020

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

The independent auditor's report of the Auditor General for Wales to the members of Shared Regulatory Services Joint Committee

Shared Regulatory Service Expenditure and Funding Analysis 2018/19

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 2018/19	Net Expenditure Chargeable to General Fund Balances £'000	Line Adjustments £'000	Comprehensive Income and Expenditure £'000
Authority Specific - Licensing	1,454	154	1,608
Authority Specific - Other	776	96	872
Trading Standards	1,671	252	1,923
Food Services	1,304	150	1,454
Pollution	876	90	966
Housing Services	839	70	909
Health & Safety and Communicable Disease	558	74	632
Animal Welfare Services	429	(2)	427
Environmental Services	324	42	366
Net Cost of Services	8,231	926	9,157
<u>Financing and Investment Income and Expenditure</u>			
Contribution from Other Local Authorities	(8,727)	0	(8,727)
Interest Receivable	0	(6)	(6)
Repayment of Underspend	346	0	346
Pensions Interest Payable	0	270	270
(Surplus) or Deficit on the Provision of Services	(150)	1,190	1,040
Opening General Fund Balance at 31 March 2018	(740)		
Less Deficit on General Fund Balance in Year	(150)		
Closing General Fund Balance at 31 March 2019	(890)		

Shared Regulatory Service Expenditure and Funding Analysis 2019/20

Expenditure and Funding Analysis 2019/20	Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Line £'000	Comprehensive Income and Expenditure £'000
Authority Specific – Licensing	1,549	104	1,653
Authority Specific - Other	860	69	929
Trading Standards	1,578	181	1,759
Food Services	1,293	105	1,398
Pollution	926	74	1,000
Housing Services	811	73	884
Health & Safety and Communicable Disease	590	53	643
Animal Welfare Services	565	8	573
Environmental Services	307	26	333
Net Cost of Services	8,479	693	9,172
<u>Financing and Investment Income and Expenditure</u>			
Contributions from Local Authorities	(8,377)	0	(8,377)
Interest Receivable	0	0	0
Repayment of Underspend	296	0	296
Pensions Interest Payable	0	260	260
(Surplus) or Deficit on the Provision of Services	398	953	1,351
Opening General Fund Balance at 31 March 2019	(890)		
Less Surplus on General Fund Balance in Year	398		
Closing General Fund Balance at 31 March 2020	(492)		

SRS Movement in Reserves Statement 2018/19 and 2019/20

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	Notes	Shared Regulatory Service					Total Reserves £'000	Total Reserves £'000
		Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000		
Shared Regulatory Service								
Balance at 31 March 2018 Carried Forward		(740)	191	10,990	(172)	11,009	10,269	
Movement in Reserves during 2018/19								
Total Comprehensive Income & Expenditure		1040	0	(380)	0	(380)	660	
Adjustments between Accounting Basis & Funding Basis		(1,190)	(43)	1,324	(91)	1,190	0	
Increase / Decrease in Year		(150)	(43)	944	(91)	810	660	
Balance as at 31st March 2019 Carried Forward	27,28	(890)	148	11,934	(263)	11,819	10,929	
Movement in Reserves during 2019/20								
Total Comprehensive Income & Expenditure		1,351	0	326	0	326	1,677	
Adjustments between Accounting Basis & Funding Basis		(953)	22	920	11	953	0	
Increase / Decrease in Year		398	22	1,246	11	1,279	1,677	
Balance as at 31st March 2020 Carried Forward	27,28	(492)	170	13,180	(252)	13,098	12,606	

SRS Comprehensive Income and Expenditure Statement 2019/20

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 2019 £000's		Notes	Period Ended 31st March 2020 £000's
1,608	Authority Specific - Licensing	6	1,653
872	Authority Specific – Other	7	929
1,923	Trading Standards	8	1,759
1,454	Food Services	9	1,398
966	Pollution	10	1,000
909	Housing Services	11	884
632	Health & Safety and Communicable Disease	12	643
427	Animal Welfare Services	13	573
366	Environmental Services	14	333
9,157	Net Cost of Services		9,172
	<u>Finance & Investment Income and Expenditure</u>		
(8,727)	Contributions from Local Authorities		(8,377)
(6)	Interest Receivable		0
346	Repayment of Underspend		296
270	Pensions Interest Payable		260
(8,117)	Financing & Investment Income & Expenditure		(7,821)
1,040	(Surplus) / Deficit on Provision of Services		1,351
	<u>Other Comprehensive Income & Expenditure</u>		
(380)	Re-measurement of Pension Liability		326
(380)	Other Comprehensive Income & Expenditure		326
660	Total Comprehensive Income & Expenditure		1,677

SRS Balance Sheet as at 31st March 2020

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.

31st March 2019 £'000	Balance Sheet as at 31st March 2020 Shared Regulatory Service	Notes	31st March 2020 £'000
	Long Term Non-Current Assets		
210	Property, Plant and Equipment	17	223
53	Intangible Assets	18	29
0	Long Term Debtors		18
263	Total Non-Current Assets		270
85	Short Term Debtors	22	295
0	Short Term Payment in Advance	22	18
1,388	Short Term Debtors Cash Owing from Host Authority	22	645
1,473	Current Assets		958
(390)	Short Term Creditors	23	(281)
(148)	Short Term Creditors - Accumulated Absence Provision	23	(170)
(538)	Current Liabilities		(451)
(11,934)	Pensions Liability		(13,180)
(193)	Other Long Term Liabilities		(203)
(12,127)	Long Term Liabilities		(13,383)
(10,929)	Net Assets		(12,606)
(890)	Usable Reserves		(492)
148	Accumulated Absences	30	170
(263)	Capital Adjustment Account	31	(252)
11,934	Pensions Reserve	29	13,180
11,819	Unusable Reserves		13,098
10,929	Total Reserves		12,606

SRS Cash Flow Statement 2018/19 and 2019/20

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 47 of this report.

31st March 2019 £'000		Notes	31st March 2020 £'000
(1,040)	Net Surplus/(Deficit) on the provision of service	26	(1,351)
1,717	Adjust net surplus or deficit on the provision of services for non-cash movements	24	704
0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0
677	Net Cash-flows from operating activities		(647)
(138)	Investing activities	25	(96)
0	Financing activities		0
539	Net (increase)/decrease in cash and cash Equivalents		(743)
849	Cash and cash equivalents at the beginning of the reporting period		1,388
1,388	Cash owed To/(From) Host Authority as at 31st March		645

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 2019/20, and the Service Reporting Code of Practice for Local Authorities 2019/20 (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 change 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 2019/20.

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 2020.

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 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 2020.

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 exclude 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 2019/20 Code are:-

- **IFRS 16 Leases** will require local authorities that lessees to recognise most leases on their balance sheet 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 IFRS 16 for local governments to 1st April 2020.

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.

There is a high degree of uncertainty about future levels of funding for local government. However, as per the Shared Regulatory Services Joint Working Agreement, budgets savings requirements are agreed by the partners on a three basis.

3. Events After The Balance Sheet Date

The unaudited Statement of Accounts will be authorised for issue by the Head of Finance (Section 151 Officer) on the 30th June 2020. 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 2019/20 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.

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 2020 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 2020, therefore, no provision has been made in the accounts for doubtful debts as it 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.

Material Items of Income and Expenditure

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

6. Authority Specific Licensing

The following table analysis the expenditure in respect of Authority Specific Licensing.

Restated 31st March 2019 £000's		31st March 2020 £000's
1,190	Staff Costs	1,264
141	IAS Adjustment	62
6	Premises	0
4	Transport	4
263	Supplies & Services	330
0	Third Party Payments	0
4	Amortisation	0
0	Depreciation	0
1,608	Operating Expenditure	1,660
0	Grant Income	0
0	Fees & Charges	(7)
1,608	Net Cost of Services	1,653

Staffing costs within the 3 partner authorities increased as a result of previously unfilled vacancies being appointed to in 2019/20.

7. Authority Specific - Other

Restated 31st March 2019 £000's		31st March 2020 £000's
709	Staff Costs	782
96	IAS Adjustment	42
0	Premises	0
5	Transport	14
42	Supplies & Services	80
18	Third Party Payments	16
2	Amortisation	0
0	Depreciation	0
872	Operating Expenditure	934
0	Grant Income	0
0	Fees & Charges	(5)
872	Net Cost of Services	929

A new post was created from within the existing staffing compliment (which formed part of the savings taken in the year) in respect of Bridgend Empty Homes. The new service commenced 1st April 2019, and endeavours to address housing issues with the Bridgend area by reducing the number of vacant properties.

8. Trading Standards

The following table analyses the Trading Standards Net Cost of Services for the year.

Restated 31st March 2019 £000's		31st March 2020 £000's
2,012	Staff Costs	1,958
261	IAS Adjustment	102
44	Premises	40
56	Transport	69
336	Supplies & Services	368
4	Third Party Payments	0
6	Amortisation	24
11	Depreciation	27
2,730	Operating Expenditure	2,588
(675)	Grant Income	(682)
(132)	Fees & Charges	(147)
1,923	Net Cost of Services	1,759

In 2018/19 the SRS worked as part of a multi-agency team in an investigation which resulted in the seizure of a significant quantity of counterfeit goods, this case is still ongoing and has continued to attract legal costs in 2019/20. One of the team leaders within this discipline was made redundant in 2018/19, with all duties transferred to another specialist Trading Standards team leader. The Illegal Money Lending Unit falls under Trading Standards and is wholly funded by a grant received from the Treasury.

9. Food Services

The following table analyses the Food Services Net Cost of Services.

Restated 31st March 2019 £000's		31st March 2020 £000's
1,135	Staff Costs	1,196
178	IAS Adjustment	63
0	Premises	0
17	Transport	14
121	Supplies & Services	132
0	Third Party Payments	0
3	Amortisation	0
0	Deprecation	0
1,454	Operating Expenditure	1,405
0	Grant Income	0
0	Fees & Charges	(7)
1,454	Net Cost of Services	1,398

The Food Teams have had a number of maternity related absences plus vacancies where external agency was accessed to enable the service to meet its obligations.

10. Pollution Services

The following table analyses the Net Cost of Services for Pollution Services.

Restated 31st March 2019 £000's		31st March 2020 £000's
792	Staff Costs	868
114	IAS Adjustment	37
0	Premises	0
17	Transport	10
33	Supplies & Services	78
0	Third Party Payments	0
2	Amortisation	0
8	Deprecation	12
966	Operating Expenditure	1,005
0	Grant Income	0
0	Fees & Charges	(5)
966	Net Cost of Services	1,000

As a direct result on maternity related absences, plus vacancies and secondments to other teams, external agency was accessed to enable the service to meet its obligations. Unfortunately, these costs were incurred at a premium.

11. Housing Services

The following table analyses the Net Cost of Services for Housing Services.

Restated 31st March 2019 £000's		31st March 2020 £000's
747	Staff Costs	740
110	IAS Adjustment	40
0	Premises	0
23	Transport	9
37	Supplies & Services	111
0	Third Party Payments	0
2	Amortisation	0
0	Deprecation	6
919	Operating Expenditure	906
(7)	Grant Income	0
(3)	Fees & Charges	(22)
909	Net Cost of Services	884

12. Health & Safety and Communicable Disease

Restated 31 st March 2019 £000's		31st March 2020 £000's
549	Staff Costs	609
77	IAS Adjustment	32
0	Premises	0
6	Transport	6
43	Supplies & Services	63
0	Third Party Payments	0
2	Amortisation	0
0	Deprecation	0
677	Operating Expenditure	710
0	Grant Income	0
(45)	Fees & Charges	(67)
632	Net Cost of Services	643

The team leader of this team is currently on secondment to work where she is assisting in the implementation of part 4 of the Public Health (Wales) Act 2017, the costs of which are being recharged back to Welsh Government. This has enabled a member of the team to act up into a management role.

13. Animal Welfare Services

Restated 31 st March 2019 £000's		31st March 2020 £000's
303	Staff Costs	333
42	IAS Adjustment	18
1	Premises	0
39	Transport	56
42	Supplies & Services	286
6	Third Party Payments	0
1	Amortisation	0
3	Deprecation	18
437	Operating Expenditure	711
(10)	Grant Income	(19)
0	Fees & Charges	(119)
427	Net Cost of Services	573

In late January 2020, working as part of a multi-disciplinary team, the team seized 240 horses from multiple sites within the SRS region in accordance with the Animal Welfare Act 2006. The horses were transported to an alternative location, where appropriate veterinary intervention was sought. As a result, additional costs in respect of accommodation, transportation and security have been incurred within Supplies and Services. Welsh Government have made a 50% contribution to the costs in 2019/20. The case was due to be heard on the 1st April 2020, but due to Covid-19 this has now been delayed.

14. Environmental Services

Restated 31 st March 2019 £000's		31st March 2020 £000's
298	Staff Costs	277
35	IAS Adjustment	15
2	Premises	1
5	Transport	4
41	Supplies & Services	54
0	Third Party Payments	0
1	Amortisation	0
2	Deprecation	2
384	Operating Expenditure	353
0	Grant Income	0
(18)	Fees & Charges	(20)
366	Net Cost of Services	333

During the year, the team leader plus part of a team member commenced a part-time secondment to Cardiff to work on the Authority's clean Air Strategy. The post was not been back-filled in the year.

15. Notes to the Expenditure and Funding Analysis

Notes to the Expenditure and Funding Analysis 2018/19 - Restated					
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
Authority Specific - Licensing	(46)	4	201	(5)	154
Authority Specific - Other	(25)	2	123	(4)	96
Trading Standards	(56)	(25)	342	(9)	252
Food Services	(42)	3	198	(9)	150
Pollution	(28)	(11)	134	(5)	90
Housing Services	(26)	(29)	129	(4)	70
Health & Safety and Communicable Disease	(18)	2	93	(3)	74
Animal Welfare Services	(12)	(39)	52	(3)	(2)
Environmental Services	(11)	2	52	(1)	42
Net Cost of Services	(264)	(91)	1,324	(43)	926
Contributions from LAs	0	0	0	0	0
Interest Receivable	(6)	0	0	0	(6)
Pensions Interest Payable	270	0	0	0	270
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit	0	(91)	1,324	(43)	1,190

Notes to the Expenditure and Funding Analysis 2019/20					
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
Authority Specific – Licensing	(39)	0	139	4	104
Authority Specific - Other	(26)	0	93	2	69
Trading Standards	(65)	13	229	4	181
Food Services	(40)	0	141	4	105
Pollution	(24)	12	84	2	74
Housing Services	(26)	6	91	2	73
Health & Safety and Communicable Disease	(20)	0	71	2	53
Animal Welfare Services	(11)	(22)	40	1	8
Environmental Services	(9)	2	32	1	26
Net Cost of Services	(260)	11	920	22	693
Contributions from LAs	0	0	0	0	0
Interest Receivable	0	0	0	0	0
Pensions Interest Payable	260	0	0	0	260
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit	0	11	920	22	953

Adjustments for Capital Purposes

- Depreciation/ impairment and revaluation gains and losses are added in.
- Adjustments for disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

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.

Other Differences

- Adjustments are made for accumulated absences.

16. Adjustments Between Accounting Basis and Funding Basis Analysis

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	(2,354)	0	2,354	0	2,354
Capital Expenditure financed from Revenue Balances	138	0	0	(138)	(138)
Charges for Depreciation/Amortisation of Non-Current Assets	(47)	0	0	47	47
	(1,190)	(43)	1,324	(91)	1,190

Adjustments Between Accounting Basis and Funding Basis Under Regulations 2019/20					
Shared Regulatory Service	Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Unusable Reserves £'000
Holiday Pay	(22)	22	0	0	22
Reversal of Items Relating to retirement benefits debited or credited to the CIES	980	0	(980)	0	(980)
Employers pension contributions and direct payments to pensions payable in year	(1,900)	0	1,900	0	1,900
Capital Expenditure financed from Revenue Balances	78	0	0	(78)	(78)
Charges for Depreciation/Amortisation of Non-Current Assets	(89)	0	0	89	89
	(953)	22	920	11	953

17. Property, Plant & Equipment

	Vehicles £'000	Equipment £'000	Total £'000
Cost or Valuation as at 1 April 2019	197	62	259
Additions	58	20	78
Cost or Valuation as at 31 March 2020	255	82	337
Accumulated depreciation and impairment as at 1 April 2019	(21)	(28)	(49)
Depreciation charge	(50)	(15)	(65)
Accumulated Depreciation and Impairment as at 31 March 2020	(71)	(43)	(114)

Net Book Value	Vehicles £'000	Equipment £'000	Total £'000
At 31 March 2019	176	34	210
At 31 March 2020	184	39	223

18. 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 £24k was charged to revenue in 2019/20. The movement on Intangible Asset balances during the year are as follows;

	Purchased Assets 2018/19 £'000	Purchased Assets 2019/20 £'000
Balance at start of year		
Gross carrying amounts	117	117
Accumulated Amortisation	(41)	(64)
Net carrying amount at start of year	76	53
Additions	0	0
Purchases	0	0
Amortisation	(23)	(24)
Other Disposals	0	0
Amortisation written off on disposal	0	0
Net carrying amount at end of year	53	29
Comprising		
Gross carrying amounts	117	117
Accumulated Amortisation	(64)	(88)
Net carrying amount at end of year	53	29

19. 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 2020, the Joint Committee is owed £645k from the Council relating to these transactions.

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

2018/19			2019/20	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
1,858	(2,030)	Bridgend CBC	1,942	(2,015)
5,447	(5,636)	The City of Cardiff Council	5,680	(5,536)
1,847	(1,982)	Vale of Glamorgan	1,901	(1,926)
9,152	(9,648)	Total	9,523	(9,477)

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's 22 and 23.

2018/19			2019/20	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
31	(1,787)	Bridgend CBC	34	(1,741)
211	(5,116)	The City of Cardiff Council	246	(4,956)
190	(1,777)	Vale of Glamorgan Council	197	(1,679)
432	(8,680)	Total	477	(8,376)

Welsh Government effect influence on the SRS via legislation and grant funding. As at 31st March 2020 there are no sums in respect of grants outstanding from Welsh Government.

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.

20. Audit Fees

2018/19 £'000		2019/20 £'000
12	Wales Audit Office Fees	12
12	Total	12

21. Leases

There are no long-term agreements as at the Balance Sheet date. The Joint Committee holds no leased assets.

22. Debtors

2018/19 £'000		2019/20 £'000
24	Government Bodies	142
3	Bridgend County Borough Council	12
34	City and County of Cardiff Council	92
2	Other Local Authorities	0
20	Public Corporations	35
1,388	Vale of Glamorgan Council (Host Authority)	645
2	Other Entities and Individuals (including trade debtors)	32
1,473	Total	958
0	Provision for Bad Debt	0
1,473	Balance as at 31st March	958

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

23. Creditors

2018/19 £'000		2019/20 £'000
18	Government Bodies	30
0	Vale of Glamorgan (Host Authority)	0
7	Bridgend County Borough Council	5
87	City And County of Cardiff Council	88
2	Other Local Authorities	1
60	Public Corporations	61
216	Other Entities and Individuals (including trade creditors)	96
390	Total	281
148	Employee Absences Accrual	170
538	Balance as at 31st March	451

24. Cash Flow Statement - Operating Activities

2018/19 £'000		2019/20 £'000
24	Depreciation	65
23	Amortisation	24
145	Increase/ (Decrease) in Creditors	(77)
201	(Increase)/Decrease in Debtors	(228)
1,324	Movement on Pension Liability	920
1,717	Adjustments to net surplus or deficit on the provision of services for non-cash movements.	704

25. Cash Flow Statement – Investing Activities

2017/18 £'000		2019/20 £'000
(138)	Purchase of property, plant and equipment, investment property and intangible assets	(78)
0	Other receipts from investing activities	(18)
(138)	Net Cash Flows from Investing Activities	(96)

26. Expenditure and Funding Analysis by Nature

2018/19 £'000		2019/20 £'000
8,789	Employee Expenses	8,437
1,211	Other Service Expenses	1,747
346	Repayment of Underspend	296
47	Depreciation, Amortisation and Impairment	88
270	Interest on net defined benefit liability/ (asset)	260
10,663	Total Expenditure	10,828
(890)	Fees Charges & Grant Income	(1,100)
(6)	Interest Receivable	(0)
(8,727)	Local Authority Contributions	(8,377)
(9,623)	Total Income	(9,477)
1,040	(Surplus)/ Deficit on the Provision of Services	1,351

27. 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 2018	684	56	740
Other Operating expenditure	(346)	0	(346)
2018/19 Provisional Underspend	496	0	496
Balance as at 31st March 2019	834	56	890
Balance as at 1st April 2019	834	56	890
Other Operating Expenditure	(297)	(10)	(307)
Drawdown to fund Apprentices	(45)	0	(45)
2019/20 Provisional Overspend	(46)	0	(46)
Balance as at 31st March 2020	446	46	492

28. Movement on Unusable Reserves

	Pension Reserves £'000	Accumulated Absences £'000	Capital Adjustment £'000	Total Unusable Reserves £'000
Balance as at 1st April 2018	(10,990)	(191)	172	(11,009)
Increase/(Decrease)	(944)	43	91	(810)
Balance as at 31st March 2019	(11,934)	(148)	263	(11,819)
Balance as at 1st April 2019	(11,934)	(148)	263	(11,819)
Increase/(Decrease)	(1,246)	(22)	(11)	(1,279)
Balance as at 31st March 2020	(13,180)	(170)	252	13,098

29. Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

2018/19 £'000	Pensions Reserve	2019/20 £'000
(10,990)	Balance as at the 1st April	(11,934)
380	Re-measurements of net defined liability/(asset)	(960)
	Reversal of items relating to retirement benefits debited of credited to the Surplus or Deficit on the Provision of Services in the CIES	980
1,030 (634)	Adjustment against the net defined benefit liability for the McCloud ruling	634
(1,720)	Employers pension contribution and direct payments to pensioners payable in the year	(1,900)
(11,934)	Balance as at the 31st March	(13,180)

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

30. 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 i.e. annual leave carried forward at 31st March. Statutory arrangements require that the impact on the SRS Fund Balance is neutralised by transfers to/from the Account.

2018/19 £'000	Accumulated Absences Account	2019/20 £'000
(191)	Balance as at 1st April	(148)
(148)	Amounts accrued at the end of the current year	(170)
191	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.	148
(148)	Balance as at 31st March	(170)

31. 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.

2018/19 £'000	Capital Adjustment Account	2019/20 £'000
172	Balance as at 1st April	263
(24)	Charges for depreciation of Non-Current Assets	(65)
(23)	Amortisation of Intangible Assets	(24)
138	Capital Expenditure charged against the Joint Committee Balance	78
263	Balance as at 31st March	252

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 2020. 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 £1.24M.

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 2019 % per annum	31st March 2020 % per annum
Discount Rate	2.50%	2.30%
Rate of Increase to Pensions in Payment	2.10%	1.80%
Rate of Increase to Deferred Pensions	2.10%	1.80%
Rate of Increase in Salaries	3.10%	2.80%

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 2019	31st March 2020
Males		
Member Aged 65 at Accounting Date	22.4	22.2
Member Aged 45 at Accounting Date	23.0	23.2
Females		
Member Aged 65 at Accounting Date	24.8	24.6
Member Aged 45 at Accounting Date	25.9	26.0

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 2019	Asset Split as at 31st March 2020
Equities	63.70%	66.30%
Property	7.70%	6.90%
Government Bonds	10.70%	9.50%
Corporate Bonds	11.00%	15.80%
Cash	1.50%	1.40%
Other	5.40%	0.1%
Total	100.00%	100.00%

Reconciliation of Funded Status to Balance Sheet

	Value at 31st March 2019 £M	Value at 31st March 2020 £M
Fair Value of Assets	19.530	19.240
Present Value of Funded Defined Benefit Obligation	(30.830)	(32.420)
Funded Status	(11.300)	(13.180)
Unrecognised Asset	0	0
(Liability) Recognised on the Balance Sheet	(11.300)	(13.180)

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 2019	Period Ended 31st March 2020
Operating Cost	£M	£M
Current Service Cost	1.72	1.65
Past Service Cost (including curtailments)	0.00	0.25
Settlement Cost	0.00	0.00
Financing Cost		
Interest on Net Defined Benefit Liability/(Asset)	0.27	0.26
Pension Expense Recognised in Surplus or Deficit	1.99	2.16
Re-measurements in Other Comprehensive Income		
Return on Plan Assets (in excess of)/below that recognised in Net Interest	(0.75)	2.20
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	1.69	(0.93)
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	(1.32)	(0.26)
Actuarial (Gains)/Losses due to Liability Experience	0.00	(0.05)
Total Amount Recognised in Other Comprehensive Income	(0.38)	0.96
Total Amount Recognised in Comprehensive Income & Expenditure	1.61	3.12

The current service costs included an allowance for the administration expenses of £0.03M at 31st March 2020.

Changes to the Present Value of the Defined Obligation During the Period

	Period Ended 31st March 2019	Period Ended 31st March 2020
	£M	£M
Opening Defined Benefit Obligation	27.92	30.83
Current Service Cost	1.72	1.65
Interest Expense on Defined Benefit Obligation	0.73	0.77
Contribution by Participants	0.36	0.35
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	1.69	(0.93)
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	(1.32)	(0.26)
Actuarial (Gains)/Losses due to Liability Experience	0.00	(0.05)
Net Benefits Paid Out	(0.27)	(0.19)
Past Service Cost Including Curtailments	0.00	0.25
Net Increase in Liabilities from Disposals/Acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Defined Benefit Obligation	30.83	32.42

Changes to the Fair Value of Assets During the Accounting Period

	Period Ended 31st March 2019 £M	Period Ended 31st March 2020 £M
Opening Fair Value of Assets	16.93	19.53
Interest Income on Assets	0.46	0.51
Re-measurements Gains/(Losses) on Assets	0.75	(2.20)
Contributions by the Employer	1.30	1.24
Contribution by the Participant	0.36	0.35
Net Benefits Paid out	(0.27)	(0.19)
Net increase in Assets from Disposals/Acquisitions	0.00	0
Settlements	0.00	0
Closing Fair Value of Assets	19.53	19.24

Actual Return on Assets

	Period Ended 31st March 2019 £M	Period Ended 31st March 2020 £M
Interest Income on Assets	0.46	0.51
Re-measurements Gains/(Losses) on Assets	0.75	(2.20)
Actual Return on Assets	1.21	(1.69)

Sensitivity Analysis

Discount Rate Assumption

Adjustment to Discount Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Obligation (£M)	31.51	32.42	33.36
% Change in Present Value of Total Obligation	-2.80%		2.90%
Projected Service Cost (£M)	1.58	1.65	1.72
Approximate % Change in Projected Service Cost	-4.30%		4.50%

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)	32.71	32.42	32.13
% Change in Present Value of Total Obligation	0.90%		-0.90%
Projected Service Cost (£M)	1.65	1.65	1.65
Approximate % Change in Projected Service Cost	0.00%		0.00%

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)	33.07	32.42	31.80
% Change in Present Value of Total Obligation	2.00%		-1.90%
Projected Service Cost (£M)	1.72	1.65	1.58
Approximate % Change in Projected Service Cost	4.50		-4.30%

Post Retirement Mortality Assumption

Adjustment to Mortality Age Rating Assumption	- 1 year	Base Figure	+ 1 year
Present Value of Total Obligation (£M)	33.46	32.42	31.41
% Change in Present Value of Total Obligation	3.20%		-3.1%
Projected Service Cost (£M)	1.71	1.65	1.59
Approximate % Change in Projected Service Cost	3.90%		-3.80%

- 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.

32. 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	2018/19 No of Employees	2019/20 No of Employees
£60,000 - £64,999	0	0
£65,000 - £69,999	0	0
£70,000 - £74,999	0	0
£75,000 - £79,999	1	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 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

Exit Packages 2019/20			
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	0	0	0
£20,001 - £40,000	0	0	0
£40,001 - £60,000	0	0	0
£60,001 - £140,000	0	0	0
Total	0	0	0

33. Interest

Interest is paid based on monthly average cash balances due to/from the Vale of Glamorgan Council.

	2018/19	%	2019/20	%
	£		£	
Interest (Charged)/Received on the SRS Account Balance	£6201.65	0.3%	£402.24	0.7%

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 Date

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.

Financial Instruments

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments 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 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) of 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.

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 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 from the use of a non-current asset.

VALE OF GLAMORGAN COUNCIL

JOINT SHARED REGULATORY SERVICE

Annual Governance Statement 2019/20

1. Scope of Responsibility

1.1 The Joint Shared Regulatory Service (SRS) has been commissioned by three Local Authorities namely: -

- City of Cardiff County Council
- Bridgend County Borough Council
- 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 culture and values, by which an organisation is directed and controlled, and 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 risk to an reasonable level. It cannot eliminate all risk of failure to achieve policies, priorities, 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. It also evaluates 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 2019 to 31st March 2020.

3. The Governance Framework

- 3.1 The CIPFA / Solace governance framework “Delivering Good Governance in Local Government 2016” sets out the seven core fundamental principles of good 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 2019 to 31st March 2020 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 was updated in 2017, which and was 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)
- Head of Legal and Regulatory 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 2019/20 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 182 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.

Shared Regulatory Service Joint Committee

- 3.10 During 2019/20 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 2019/20, 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 2020 AGM that financial controls of the service are operating effectively and in compliance with the Council’s Financial Procedure Rules.
- 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 2019/20 and 2020/21 Audit Plans.
- 3.17 The 2019/20 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. 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 are to prepare the Annual Report for the period 2019/20, which was to be presented to the Joint Committee in June 2020. As a consequence of the Covid-19 restrictions, the unaudited accounts will be circulated to the members of the Joint Committee by 30th June 2020, and the report will be referred to at the next Joint Committee.

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 2019/20.

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

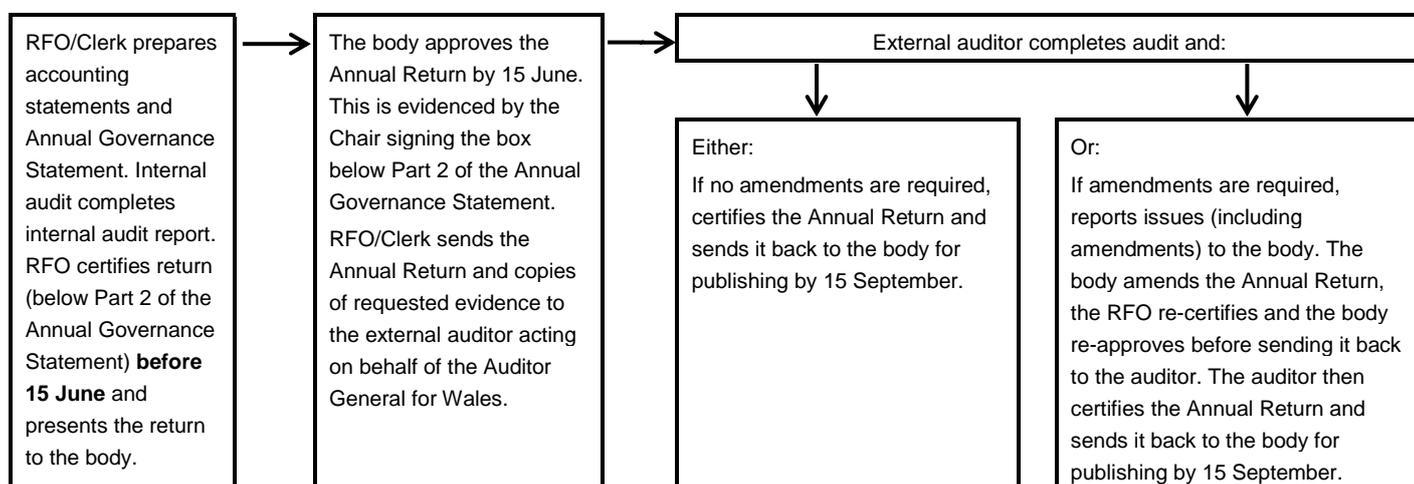
Smaller relevant local government bodies in Wales Annual Return for the Year Ended 31 March 2020

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 2019-20 for:

Name of body: Vale Valleys and Cardiff Adoption Service

	Year ending		Notes and guidance for compilers
	31 March 2019 (£)	31 March 2020 (£)	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	(12,513)	(12,370)	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	1,542,235	2,200,256	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	(1,319,245)	(1,560,302)	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	(222,847)	(557,502)	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	(12,370)	70,082	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	156,610	310,549	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	(168,980)	(240,467)	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	(12,370)	70,082	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 2020, 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.	6, 12
<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.	6, 7
<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.	6
<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.	6, 23
<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.	6, 9
<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.	6, 8
<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.	6
<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.	6, 8, 23

* 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 2020.</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 style="text-align: center;">Insert minute reference and date of meeting</p>
<p>RFO signature: </p>	<p>Chair of meeting signature: signature required</p>
<p>Name: Carys Lord</p>	<p>Name: name required</p>
<p>Date: 15th June 2020</p>	<p>Date: dd/mm/yyyy</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 2020.</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 style="text-align: center;">Insert minute reference and date of meeting</p>
<p>RFO signature: signature required</p>	<p>Chair of meeting signature: signature required</p>
<p>Name: name required</p>	<p>Name: name required</p>
<p>Date: dd/mm/yyyy</p>	<p>Date: dd/mm/yyyy</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 2020 of:

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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: Vale Valleys and Cardiff Regional Adoption Service

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 2020.

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"/>	Through testing a few minor errors were identified but these were not considered material
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"/>	No petty cash
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.

[My detailed findings and recommendations which I draw to the attention of the Committee are included in my detailed report to the Committee dated _____.] * Delete if no report prepared.

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 2018-19 and 2019-20. 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: 10/06/2020

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 2019) equals the balance brought forward in the current year (line 1 of 2020). Explain any differences between the 2019 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?		
	Does the bank reconciliation as at 31 March 2020 agree to Line 9?		
Approval	Has the RFO certified the accounting statements and Annual Governance Statement (Regulation 15 (1)) no later than 15 June 2020?		
	Has the body approved the accounting statements before 15 June 2020 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?		
All sections	Have all pink boxes in the accounting statements and Annual Governance Statement been completed and explanations provided where needed?		
	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.		

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?		