



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## **NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

### **AUDIT COMMITTEE**

**24<sup>th</sup> JUNE 2021**

## **REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES**

### **MATTER FOR INFORMATION**

#### **WARDS AFFECTED**

ALL

### **CLOSURE OF ACCOUNTS 2020/21**

#### **Purpose of the report**

1. This report introduces the information in relation to the Council's Draft (unaudited) Statement of Accounts for 2020/21

#### **Background**

2. The Council's financial year ends on 31<sup>st</sup> March and following this date, the exercise starts to complete the annual accounts.
3. The Council prepares its revenue and capital position which provides financial information reflecting the structure and operations of the Council. A draft Statement of Accounts is also produced to comply with the current Accounting Code of Practice which is issued by the Chartered Institute of Public Finance and Accountancy.
4. The Accounts and Audit (Wales) (Amendment) Regulations 2018, updated the Statutory timescales for the Section 151 officer/the Director of Finance and Corporate Services to sign and date the accounts to certify that they present a true and fair view. The revised require certification by 31<sup>st</sup> May 2021 for draft accounts and 31<sup>st</sup> July for final audited Statement of Accounts.
5. Due to the Covid19 pandemic Welsh Government's expectations for the timescales for the preparation and publication of the statutory accounts for 2020-21 has been extended to allow authorities to prepare their accounts in line with the extended deadlines of 2019-20 i.e. draft accounts by 31<sup>st</sup> August 2021 and final audited accounts by 30 November 2021.

6. In order to assist Audit Wales to manage the overall pressure on sign off of the accounts Neath Port Talbot have agreed with the auditors to work to the statutory deadlines of 31<sup>st</sup> May and 31<sup>st</sup> July

### **Closure of Accounts 2020/21**

7. The draft Statement of Accounts 2020/21 is included as Addendum 1 and members should note that these accounts were forwarded to the Auditors on 27<sup>th</sup> May 2021 to enable them to commence their audit work on 1<sup>st</sup> June 2021.

### **Next Steps**

8. The Statement of Accounts is now subject to audit by AuditWales culminating in the Statement being signed by the Chair of this Committee once the audit has been completed.

### **Summary**

9. The draft Statement of Accounts for 2020/21 are forwarded to Audit Committee for information and review.

### **List of Background Papers**

10. Closing working papers 2020/21

### **Appendices**

Addendum 1 Draft Statement of Accounts 2020/21

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Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

# Draft Statement of Accounts 2020/21



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# NARRATIVE REPORT

## 1. INTRODUCTION

Neath Port Talbot County Borough covers over 170 square miles. It is home to around 141,000 people living and working in more than 66,000 households in communities across the County Borough. The Council provides many different services to residents and business. We are responsible for maintaining approximately 860 Kilometres of roads, 940 Kilometres of footpaths and over 19,000 street lights within the borough.

### Our Services and the Way We Work

The Council provides a number of varied services on a daily basis a number of which are shown below:

Education, Leisure & Lifelong Learning	Social Services, Health & Housing
<ul style="list-style-type: none"> <li>• Primary, Secondary &amp; Special Schools</li> <li>• School Catering</li> <li>• Adult Education</li> <li>• Youth Services</li> <li>• Libraries</li> <li>• Theatres and Leisure</li> </ul>	<ul style="list-style-type: none"> <li>• Homecare</li> <li>• Residential Care</li> <li>• Supporting Children &amp; Vulnerable Adults with Disabilities</li> <li>• Homelessness</li> <li>• Disabled Facility Grants</li> </ul>
Environment	Corporate Services
<ul style="list-style-type: none"> <li>• Highways Maintenance</li> <li>• Street Lighting</li> <li>• Building Control</li> <li>• Planning and Economic Development</li> <li>• Waste Management</li> <li>• Food Hygiene and Trading Standards</li> <li>• Pest Control</li> <li>• Cemeteries &amp; Crematoria</li> <li>• Waste Collection, Recycling &amp; Disposal</li> </ul>	<ul style="list-style-type: none"> <li>• Council Tax Support &amp; administration</li> <li>• Licencing</li> <li>• Finance and Human resources</li> <li>• ICT, Customer and Digital Services</li> <li>• Legal Services</li> </ul>
Other Housing Services	Other Corporate Services
<ul style="list-style-type: none"> <li>• Housing Benefit Support and Administration</li> </ul>	<ul style="list-style-type: none"> <li>• Precepts, Levies and Contributions</li> <li>• Other Corporate Initiatives</li> </ul>

# NARRATIVE REPORT

The Council is made up of 64 locally elected councillor who represent 42 divisions of Neath Port Talbot. The constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure decision are efficient, transparent and accountable to local people. Council appoint a leader of the Council who appoints Cabinet Members, each with a responsibility for a specific portfolio of services.

The role of Cabinet is:

- to be responsible for most major decisions;
- provide leadership;
- propose the budget framework and subsequent budget.

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

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

Regulatory and other committees support delivery of Council services. Council has given Audit Committee the responsibility to review and approve the Financial Statements of the Council. The Councils Management Team is led by the Chief Executive and includes Corporate Directors, (including the monitoring Officer and Section 151 Officer). They are responsible for:

- providing impartial advice on policy and implementing decisions of the Cabinet and Council; and
- delivery of services and performance

## 2. ACCOUNTING STATEMENTS

The statement of accounts is made up of a number of statements that are accompanied by explanatory notes. The following paragraphs provide an explanation of the purpose of the information included within these statements.

### **Statement of Responsibilities**

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

### **Expenditure and Funding Analysis**

The expenditure and funding analysis starts by showing how annual expenditure is used and funded from resources, such as government grants, council tax and business rates. It then updates this position to show those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between directorates, which reflect the Council's management structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement.

# NARRATIVE REPORT

## **Comprehensive Income and Expenditure Statement**

This 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 and this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

## **Movement in Reserves Statement**

This shows the movement in the year on the different reserves held by the Authority, analysed into usable reserves, that is, those that can be applied to fund expenditure or reduce local taxation and other unusable reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the 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 general fund balance.

## **Balance Sheet**

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

## **Cash Flow Statement**

This shows the changes 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 as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. 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 borrowing to the Authority.



## NARRATIVE REPORT

### 3. REVENUE SPENDING IN 2020/21

The Authority's budget requirement for 2020/21 was set at £304,082m. Actual spending compared to the budget was as follows:

Neath Port Talbot Management Accounts	Revised Budget £000	Actual £000
<b>Expenditure</b>		
Directly Controlled Expenditure	258,310	256,450
Capital Financing	19,282	19,282
Levies, Contributions and Miscellaneous Funds	8,046	8,045
Council Tax Support	18,748	18,599
Contingencies and Reserves	(304)	1,858
<b>Net expenditure</b>	<b>304,082</b>	<b>304,234</b>
<b>Income</b>		
Revenue Support Grant / NNDR	(226,762)	(226,762)
Council Tax	(77,707)	(77,707)
Less Discretionary Rate Relief	387	120
<b>Total Income/Budget Requirement</b>	<b>(304,082)</b>	<b>(304,349)</b>
<b>NET BUDGET (SURPLUS)/DEFICIT TO BALANCES</b>	<b>0</b>	<b>(115)</b>
<b>General Fund Working Balance</b>		
Opening Working Balance 1st April		(19,921)
Movement in Working Balance		(115)
<b>Closing Working Balance 31st March</b>		<b>(20,036)</b>

### 4. CAPITAL SPENDING IN 2020/21

	Actual £000
<b>Capital Investment</b>	<b>58,769</b>
<b>The expenditure was financed by:</b>	
Government Grants and Other Contributions	(46,304)
Loans	(10,284)
Capital Receipts	(936)
Direct Revenue Contributions and Reserves	(1,245)
	<b>(58,769)</b>

The capital investment figure of £58.769m includes £58.024m incurred directly by the Council and £745k incurred on behalf of the Council by Caerphilly CBC. Caerphilly CBC are acting on behalf of all Welsh Authorities in purchasing schools ICT infrastructure as part of the Welsh Governments HWB Programme. Whilst the expenditure is being incurred by Caerphilly, for accounting purposes each Authority is required to reflect their element within their Statement of Accounts.

## NARRATIVE REPORT

### 5. EXTERNAL DEBT

At the year end, the Authority's total external debt was £301.612m which excludes accrued interest of £2.790m that is included within debt in the balance sheet. Sources of borrowing include the Public Works Loan Board and banks for long term borrowing and other financial institutions for short term borrowing.

### 6. RESERVES AND BALANCES AT 31<sup>ST</sup> MARCH 2021

The Authority holds both General and Earmarked Reserves. Earmarked reserves are set aside to support specified future revenue expenditure while the General Reserve is available to support the Authority against unexpected events and emergencies. Reserves held by the authority are as follows:

	<b>Actual £000</b>
Earmarked Reserves to Support Revenue Expenditure	58,105
Revenue Reserve to Support Capital Expenditure	911
General Reserve Working Balances	20,036
<b>Total General Reserve Balance</b>	<b>79,052</b>

### 7. REVALUATION OF ASSETS

The net book value of assets increased during 2020/21 by £13.057m. There was a £7.906m gain relating to the revaluation of assets undertaken by the Director of Environment / Strategic Property and Valuation Manager.

The Authority's property, plant and equipment are valued on a five year rolling programme by the Director of Environment / Strategic Property and Valuation Manager in accordance with the Royal Institute of Chartered Surveyors Statements of Asset Valuation Practice.

The significant assumption applied when estimating the fair value of property, plant and equipment is that the asset will continue in its existing use. Where there is a market value for the asset, its value will be determined with reference to the market, but in instances where no market exists for an asset, depreciated replacement cost, which is the current cost of replacing an asset with the modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation, will be used as the basis of valuation.

During 2020/21, the following categories of assets were revalued:

- Land and Vacant Buildings was valued as at 1<sup>st</sup> September 2020 on a Current Value and Existing Use Valuation basis;
- Surplus Assets not for Sale was valued as at 31<sup>st</sup> March 2021 on a Fair Value Surplus basis;
- Surplus Assets not for Sale – Regeneration was valued as at 31<sup>st</sup> March 2021 on a Fair Value and Historic Cost basis;

## NARRATIVE REPORT

Assets held for sale are valued annually and seven assets with a value of £3.980m were valued at 31st March 2021.

Due to the COVID-19 pandemic, in addition to the above categories of assets being revalued the Councils internal valuer also deemed it necessary to revalue certain assets held within the Councils Civic Centres and Buildings portfolio category. Certain classes of assets such as these will be monitored more regularly during this period.

### 8. INTERNATIONAL ACCOUNTING STANDARD 19 - PENSIONS

The accounts comply with the requirements of the above standard with the revenue accounts reflecting the current year cost of pension provision to employees as advised by the pension fund actuary. The balance sheet contains the actuary's assessment of the Authority's share of the pension fund liability at 31<sup>st</sup> March.

The pension fund liability disclosed in the balance sheet is the total projected deficit that exists over the expected life of the fund. This deficit changes on an annual basis dependent on the performance of investments and the actuarial assumptions that are made in terms of current pensioners, deferred pensioners and current employees.

### 9. SIGNIFICANT PROVISIONS

The Authority holds three significant provisions:

- An insurance provision of £4.638m to cover the likely cost of settling outstanding insurance liabilities. This is made up of a long term provision of £3.038m and a short term provision of £1.6m.
- A provision of £0.923m for housing warranties following the transfer of the Housing stock to Tai Tarian in March 2011.
- A provision of £0.067m to provide the costs of early retirements and redundancies which have been agreed by 31<sup>st</sup> March 2021, with leaving dates during 2021/22.

### 10. GROUP ACCOUNTS

There is a requirement for local authorities to produce group accounts to recognise material financial or controlling interests in companies, voluntary organisations, public bodies, etc. An assessment was made of all such interests and this did not identify any relationship which is considered material, therefore, group accounts have not been prepared.

# NARRATIVE REPORT

## 11. IMPACT OF CURRENT ECONOMIC CLIMATE ON THE AUTHORITY

The Council continues to operate in an environment where further savings, cuts and income generation proposals are required to set its annual budget. It involves stakeholders as part of its consultation process to help to identify the savings required.

In setting the budget, Members consider the requirement of delivering its statutory services, as well as those other services that the public and users have come to expect. The challenge is to set a budget at activity levels that are sustainable and equitable. Members also have to consider the demand for services and changes to these services in light of the impact on:

- Service users
- Employees
- Legislation including the Equality Act 2010 and Wellbeing of Future Generations (Wales) Act 2015 considerations
- Income generation
- Council tax level

The Council has set a budget of £316.246m for 2021/22. This includes a council tax increase of 2.75%, increased funding from the Welsh Government of 4.2% and the use of £3.1m from general reserves to underpin the budget. It is critical that as we recover from Covid19 that we receive confirmation of multi-year funding to enable set medium term financial plans for the Council. It is noted that the Welsh Government has only published budget plans for 2021/22, as they await the outcome of the UK Government Spending Review, before they are able to confirm the funding available to them and its distribution to public services.

This Council will prepare further work to update its Medium Term Financial Plan when more information is available, but identified in March 2021 that further savings will be required to address a predicted shortfall of some £49m over the next 3 years to March 2025.

2020/21 has been an extraordinary year due to the Covid19 Pandemic, it has significantly impacted on Council services, the costs incurred and the income generated. New Council services and new ways of working have had to be developed. This included the development of the Safe and Well Service to support vulnerable people and those that needed to shield, Track Trace and Protect (TTP) service to support and keep people safe from Covid-19, Joint Enforcement Team to ensure compliance with the new legislation and rules, payments of financial support grants to businesses, payments to families entitled to free school meals, people on low earnings/benefits that were advised to self-isolate, payment to care workers etc. Office based staff worked from home or were seconded to some of the above mentioned roles.

# NARRATIVE REPORT

The Covid19 pandemic continues to disrupt the lives of people, businesses and council services. The UK and Welsh Governments have provided significant additional financial support during 2020/21 and we will need them to continue to provide such support in the next financial year. If the Government do not provide sufficient additional funding then the Council will have to further utilise reserves in order to continue to provide operational sustainability of Council services critical to local residents, taxpayers and service users.

During 2020/21 the Council was reimbursed by the Welsh Government Hardship Fund £24.2m for increased costs and loss of income. The Council also administered schemes on behalf of the Welsh Government to pay grants to businesses and individual recipients totalling £50.268m. The total amount of financial support from the WG and Health received by the Council in 2020/21 to fund our activities and support our communities and businesses total £83.3m. Further details can be found in Note 38.

## **12. CHANGE IN ACCOUNTING POLICIES**

Changes in accounting policies are made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

## **13. FURTHER INFORMATION**

Further information relating to the accounts can be obtained from the Director of Finance and Corporate Services, Neath Port Talbot County Borough Council, Civic Centre, Port Talbot, SA13 1PJ.

# EXPENDITURE AND FUNDING ANALYSIS

## THE AUTHORITY'S RESPONSIBILITIES

### The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Finance and Corporate Services;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the statement of accounts.

## DIRECTOR OF FINANCE & CORPORATE SERVICES RESPONSIBILITIES

The Director of Finance and Corporate Services is responsible for the preparation of the Authority's statement of accounts in accordance with proper practice as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Director of Finance and Corporate Services 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 Director of Finance and Corporate Services has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- ensured that the accounts show a true and fair view of the financial position of the Authority as at the date of preparation and of its expenditure and income for the year ended 31<sup>st</sup> March 2021.



**Director of Finance and Corporate Services**

**Date: 27<sup>th</sup> May 2021**

## EXPENDITURE AND FUNDING ANALYSIS

2019/20				2020/21		
Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
111,471	22,579	134,050	Education, Leisure & Lifelong Learning	107,581	18,125	125,706
79,704	4,556	84,260	Social Services, Health & Housing	78,609	5,458	84,067
37,461	28,192	65,653	Environment	38,488	25,189	63,677
18,382	1,751	20,133	Corporate Services	18,582	1,956	20,538
(107)	(65)	(172)	Other Housing Services	(239)	131	(108)
27,534	(9,925)	17,609	Other Central Services	24,925	(9,772)	15,153
<b>274,445</b>	<b>47,088</b>	<b>321,533</b>	<b>Net cost of services</b>	<b>267,946</b>	<b>41,087</b>	<b>309,033</b>
(272,144)	(8,774)	(280,918)	Other Income & Expenditure	(287,905)	(36,284)	(324,189)
<b>2,301</b>	<b>38,314</b>	<b>40,615</b>	<b>Surplus or Deficit</b>	<b>(19,959)</b>	<b>4,803</b>	<b>(15,156)</b>
<b>61,394</b>			<b>Opening General Fund Balance</b>	<b>59,093</b>		
(2,301)			In year movement	19,959		
			Surplus / (Deficit)			
<b>59,093</b>			<b>Closing General Fund Balance</b>	<b>79,052</b>		

Further information in relation to the adjustments column in the expenditure and funding analysis can be found in note 4.

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2019/20				2020/21		
Gross Expenditure	Gross Income	Net Expenditure	Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
174,559	(40,509)	<b>134,050</b>		174,783	(49,077)	<b>125,706</b>
			Education, Leisure & Lifelong Learning			
121,904	(37,644)	<b>84,260</b>		129,181	(45,114)	<b>84,067</b>
			Social Services, Health & Housing			
89,798	(24,145)	<b>65,653</b>		89,815	(26,138)	<b>63,677</b>
			Environment			
26,595	(6,462)	<b>20,133</b>		28,244	(7,706)	<b>20,538</b>
			Corporate Services			
45,673	(45,845)	<b>(172)</b>		43,830	(43,938)	<b>(108)</b>
			Other Housing Services			
18,011	(402)	<b>17,609</b>		24,966	(9,813)	<b>15,153</b>
			Other Central Services			
<b>476,540</b>	<b>(155,007)</b>	<b>321,533</b>		<b>490,819</b>	<b>(181,786)</b>	<b>309,033</b>
			<b>Cost of Services</b>			
21,803	-	<b>21,803</b>	8	22,645	-	<b>22,645</b>
			Other Operating Expenditure			
23,103	(497)	<b>22,606</b>	9	21,567	(251)	<b>21,316</b>
			Financing & investment Income & Expenditure			
-	(325,327)	<b>(325,327)</b>	10	-	(368,150)	<b>(368,150)</b>
			Taxation and Non-specific Grant Income			
<b>521,446</b>	<b>(480,831)</b>	<b>40,615</b>		<b>535,031</b>	<b>(550,187)</b>	<b>(15,156)</b>
			<b>(Surplus) or Deficit on Provision of Services</b>			
		<b>(18,335)</b>	20			<b>1,787</b>
			(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			
		-	20			-
			Impairment Losses on Non-current assets Charged to the Revaluation Reserve			
		<b>(41,790)</b>	20			<b>62,800</b>
			Actuarial (Gains)/Losses on Pension Assets/Liabilities			
		<b>(60,125)</b>				<b>64,587</b>
			<b>Other Comprehensive (Income) &amp; Expenditure</b>			
		<b>(19,510)</b>				<b>49,431</b>
			<b>Total Comprehensive (Income) &amp; Expenditure</b>			



## MOVEMENTS IN RESERVES STATEMENT

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 31st March 2019</b>	<b>61,394</b>	<b>6,971</b>	<b>10,477</b>	<b>78,842</b>	<b>(148,726)</b>	<b>(69,884)</b>
<b>2019/20</b>						
<b>Movement in reserves during 2019/20</b>						
Total Comprehensive Income and Expenditure	(40,615)	-	-	<b>(40,615)</b>	60,125	<b>19,510</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 6)	38,314	1,105	1,152	<b>40,571</b>	(40,571)	-
<b>Increase/(Decrease) in Year</b>	<b>(2,301)</b>	<b>1,105</b>	<b>1,152</b>	<b>(44)</b>	<b>19,554</b>	<b>19,510</b>
<b>Balance at 31st March 2020</b>	<b>59,093</b>	<b>8,076</b>	<b>11,629</b>	<b>78,798</b>	<b>(129,172)</b>	<b>(50,374)</b>
<b>Movement in reserves during 2020/21</b>						
Total Comprehensive Income and Expenditure	15,156	-	-	<b>15,156</b>	(64,587)	<b>(49,431)</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 6)	4,803	807	2,805	<b>8,415</b>	(8,415)	-
<b>Increase/(Decrease) in Year</b>	<b>19,959</b>	<b>807</b>	<b>2,805</b>	<b>23,571</b>	<b>(73,002)</b>	<b>(49,431)</b>
<b>Balance at 31st March 2021</b>	<b>79,052</b>	<b>8,883</b>	<b>14,434</b>	<b>102,369</b>	<b>(202,174)</b>	<b>(99,805)</b>

## BALANCE SHEET

31st Mar 2020 £000		Note	31st Mar 2021 £000
709,142	Property, Plant and Equipment	11	722,199
1,183	Heritage Assets		1,183
86	Long Term Investments	12	86
1,262	Long Term Debtors	12	1,018
<b>711,673</b>	<b>Long Term Assets</b>		<b>724,486</b>
56,541	Short Term Investments	12	52,524
5,368	Assets Held for Sale	16	3,980
651	Inventories		663
41,489	Short Term Debtors	13	61,903
3,303	Cash and Cash Equivalents	15	3,811
<b>107,352</b>	<b>Current Assets</b>		<b>122,881</b>
(13,697)	Short Term Borrowing	12	(13,568)
(42,048)	Short Term Creditors	17	(41,371)
(153)	Grants Receipts in Advance - Capital		(1,112)
(1,543)	Short Term Provisions	18	(1,667)
<b>(57,441)</b>	<b>Current Liabilities</b>		<b>(57,718)</b>
(16,264)	Long Term Creditors	12	(16,256)
(297,098)	Long Term Borrowing	12	(290,834)
(495,303)	Other Long Term Liabilities	35	(578,403)
(3,293)	Long Term Provisions	18	(3,961)
<b>(811,958)</b>	<b>Long Term liabilities</b>		<b>(889,454)</b>
<b>(50,374)</b>	<b>Net assets</b>		<b>(99,805)</b>
(78,798)	Usable Reserves	19	(102,369)
129,172	Unusable Reserves	20	202,174
<b>50,374</b>	<b>Total Reserves</b>		<b>99,805</b>

## CASH FLOW STATEMENT

2019/20 £000		Note	2020/21 £000
(40,615)	Net Surplus or (Deficit) on the Provision of Services		15,156
51,824	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	21a	43,264
(22,580)	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	21b	(44,909)
(11,371)	Net Cash Flows from Operating Activities	*	13,511
(13,381)	Investing Activities	22	(6,743)
24,548	Financing Activities	23	(6,260)
(204)	Net Increase or Decrease in Cash and Cash Equivalents		508
3,507	Cash and Cash Equivalents at the Beginning of the Reporting Period		3,303
<b>3,303</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	15	<b>3,811</b>

\* The cash flows for operating activities include the following items:

2019/20 £000		2020/21 £000
(495)	Interest Received	(267)
10,810	Interest Paid	10,415

# NOTES TO THE ACCOUNTS

## 1. ACCOUNTING POLICIES

### i. General Principles

The statement of accounts summarises the Council's financial transactions for 2020/21 and its position at 31<sup>st</sup> March 2021. The Council is required to prepare an annual statement of accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended by The Accounts and Audit (Wales) (Amendment) Regulations 2018), in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS).

The accounts are prepared on a going concern basis.

### ii. Recognition of Income and Expenditure

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

- revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet.
- services received (including employees services) are recorded as expenditure when the services are received, rather than when payments are made.
- interest receivable on investments and payable on borrowing is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Government grants and third party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that grant monies and contributions will be received. Where conditions attached to grants and contributions remain outstanding, monies received to date are carried forward in the balance sheet as creditors (receipts in advance) until the conditions have been satisfied.
- 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 are not considered collectable, the balance is reduced by a provision for doubtful debts.

### iii. Changes in accounting policies and prior period adjustments

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

## NOTES TO THE ACCOUNTS

**iv. Property, Plant and Equipment**

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

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis subject to a de-minimus limit of £10,000, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains, but does not add to an asset's potential to deliver future economic benefits or service potential, such as repairs and maintenance, is charged as an expense when it is incurred.

Assets are initially measured at cost, comprising of the purchase price and any costs attributable to bringing the asset to an operational condition. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, that is estimated at highest and best use from a market participant's perspective. Where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are carried in the balance sheet using the following measurement basis:

<b>Asset type</b>	<b>Measurement basis</b>	<b>Revaluation year</b>	<b>Depreciation basis (straight line unless not finite usable life)</b>
Other operational land and buildings	Existing use value or depreciated replacement cost if no market based evidence.	Rolling programme across five years	Land n/a Buildings 3 to 40 years
Vehicles, Plant, Furniture and Equipment	Existing use value or depreciated historical cost if of low value or short life.	n/a	5 to 20 years
Infrastructure assets	Depreciated historical cost	n/a	40 years
Community assets	Depreciated historical cost	2024/25	5 to 40 years
Surplus assets	Fair value	2020/21	5 to 40 years
Assets under construction	Depreciated historical cost	n/a	n/a
Assets held for sale	Revalued immediately before reclassification	Annually	n/a
School assets	Depreciated replacement cost (modern equivalent asset)	2021/22	Land n/a Buildings usually 50 years, though varied for agreed closures
Service Concession	Existing use value or depreciated replacement cost if no market based evidence.	2022/23	Land n/a Buildings 3 to 40 years

# NOTES TO THE ACCOUNTS

## Revaluations

The Council's internal valuer undertake this exercise in accordance with the professional standards of the Royal Institution of Chartered Surveyors. Assets included in the balance sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. The Council must balance the requirement to include asset values at their fair or current value each year end with the costs involved in providing valuations. To ensure the information is materially correct, the Council valuer undertake an annual review to identify any significant impairments or change in the usage of assets.

The revaluation reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

## Impairment and Downward Revaluation

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired in value because of a change in service potential or significant and permanent changes to the market value.

- Where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the revaluation reserve, the carrying amount of the asset is written down against the relevant service lines in the comprehensive income and expenditure statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the comprehensive income and expenditure statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Disposals

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 CIES against any receipts arising from the disposal as a gain or loss on disposal. If more than £10,000 is received at disposal, this is treated as a capital receipt and kept in a reserve that can only be used for capital purposes.

## Componentisation

Where a single asset may have a number of different components, each having a different useful life, three factors are taken into account to determine whether a separate valuation of components is to be recognised in the accounts in order to provide an accurate figure for depreciation. These factors are:

- materiality with regards to the Council's financial statements. Componentisation will only be considered for individual non land assets that have a net book value of more than £2.5m or 0.5% of total net book value.
- significance of component. For individual assets meeting the above threshold, where services within a building, such as boilers, heating, lighting, ventilation, etc., are a material component of the cost of that asset, i.e. greater than 30%, then those services will be valued separately on a component basis.
- difference in rate or method of depreciation compared to the overall asset. Only those elements that normally depreciate at a significantly different rate from the non-land element as a whole, or that require a different method of depreciation will be identified for componentisation.

## NOTES TO THE ACCOUNTS

Assets that do not meet the test above can be disregarded for componentisation on the basis that any adjustment to depreciation charges would not result in a material misstatements in the accounts.

### v. Charges to Revenue for Non-Current Assets

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

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

### vi. Financial Instruments

These are recognised in the balance sheet when the Council becomes a party to the contractual provisions and are initially measured at fair value.

Financial liabilities are carried at their amortised cost. For most of the Council's borrowing, it means that the amount presented in the balance sheet is the outstanding principal repayable, plus accrued interest. Annual interest, which is the amount payable for the year according to the loan agreement, is charged to the financing and investment income and expenditure line within the comprehensive income and expenditure statement. The Council has spread the cost of historical premiums and discounts arising from debt rescheduling over the term of the replacement loan. The reconciliation of amounts charged to the comprehensive income and expenditure statement to the net charge required against the general fund balance is managed by a transfer to or from the financial instruments adjustment account in the movement in reserves statement.

Financial assets are classified to reflect the business model for holding the financial assets and their cash flow characteristics and are held at fair value. The Council's investments at 31<sup>st</sup> March 2021 had no impairment allowance included for these financial assets, as the risk is immaterial. The Council's debtor position, excluding council tax, is included within the financial assets statement. These debts have been reviewed and although there is no significant financing component, funds are set aside for any potential impairment based on a collective assessment of the value and age of the outstanding debt.

### vii. Heritage Assets

Heritage assets are defined as assets that have historical, artistic, scientific, technological, geographical or environmental qualities, which are held and maintained principally for their contribution to knowledge and culture.

The Council holds heritage assets on the balance sheet in relation to works of art. Assets are included when an insurance valuation has been undertaken and the valuation for the individual asset is £5,000 or more. In the absence of historic cost, the insurable sum is deemed as an appropriate and relevant method of valuation, with the last valuation undertaken by Sotheby's in 2003. These items are considered to have indeterminate lives and a high residual value, consequently the Council does not consider it appropriate to charge depreciation.

# NOTES TO THE ACCOUNTS

## **viii. Leases**

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

The Council holds one finance lease, as a lessee, for other land and buildings, which is recognised on the balance sheet. This is matched by a liability for the obligation to pay the lessor.

Where the Council grants an operating lease as a lessor for property or land, the asset is retained in the balance sheet and rental income is credited to the comprehensive income and expenditure statement.

## **ix. Service Concessions**

These are agreements for services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council is deemed to control the services provided under the contract and as ownership of the assets will pass to them at the end of the contract period, the Council carries the assets on its balance sheet as part of property, plant and equipment.

Further details of service concession costs and liabilities can be found in note 32.

## **x. Revenue Expenditure Funded from Capital Under Statute**

Legislation requires defined items of revenue expenditure charged to services within the comprehensive income and expenditure statement to be treated as capital expenditure. This is transferred from the general fund balance via the movement in reserves statement to the capital adjustment account and is included in the capital expenditure and financing disclosure at note 31.

## **xi. Cash and Cash Equivalents**

Cash includes cash in hand, overnight deposits and bank overdrafts. Cash equivalents can be quickly converted to known amounts of cash with low risk of change in value. Cash equivalents held as part of treasury management operations are included as short term investments.

## **xii. Employee Benefits**

Short term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure on an accruals basis in the relevant service line in the comprehensive income and expenditure statement.

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the comprehensive income and expenditure statement.



## NOTES TO THE ACCOUNTS

### **xiii. Retirement Benefits**

The Council participates in two formal pension schemes, the Local Government Pensions Scheme, which is administered by the City and County of Swansea Pension Fund and the Teachers' Pension Scheme, administered by the Teachers Pension Agency. Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council.

The nature of the teachers' scheme prevents the Council's individual share of the pension liability from being separately identified. The scheme is therefore accounted for as if it were a defined contribution scheme.

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

- i. The assets attributable to the Council are measured at fair value at the balance sheet date, after deducting accrued expenses. The attributable liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. Net pension assets are recognised only to the extent that the Council is able to recover a surplus, either through reduced contributions in the future or through refunds from the scheme. Unpaid contributions to the schemes are recorded as creditors due within one year.
- ii. For pension charges, the change in defined benefit asset or liability is analysed and charged to the comprehensive income and expenditure statement as follows:
  - Current service cost, past service cost and gains / losses on curtailments and settlements are included within Cost of Services;
  - Net interest on the net defined benefit liability is included within financing and investment income and expenditure; and
  - Actuarial gains / losses are incorporated within other comprehensive income and expenditure.

Further details for pensions can be found in notes 34 and 35.

### **xiv. Interest in Companies and Other Entities**

The Council holds no material value interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and therefore there is no requirement to prepare group accounts. Transactions for the Council's companies are included within the Council's own single entity accounts.

### **xv. Inventories**

Inventories are included in the balance sheet at average purchase price or latest purchase price, which is a departure from normal practice which values stock at the lower of cost or net realisable value. The effect of this departure is not material.

### **xvi. Overhead and Support Costs**

The costs of overheads and support services are charged to services in accordance with the Council's arrangements for accountability and financial performance.

## NOTES TO THE ACCOUNTS

### **xvii. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are based on the Council's obligations arising from a past event, the probability that a transfer of economic benefit will take place and when a reliable estimate can be made of the value of the obligation. They are charged to the appropriate service revenue account in the year the obligation becomes known and are reviewed at each balance sheet date.

Contingent liabilities and assets are included where an event has taken place that gives a possible obligation or asset arising from past events, which will only materialise if certain events not wholly within the control of the Council take place. They are not recognised in the balance sheet, but disclosed in a note to the accounts when material.

### **xviii. Reserves**

Usable reserves are set aside for future policy purposes or contingencies.

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

### **xix. Schools**

Schools assets, liabilities, reserves, transactions and cash flows are included in the Council's financial statements, which complies with the accounting Code.

### **xx. Value Added Tax (VAT)**

VAT payable is excluded from spend except when it cannot be recovered from HMRC. VAT receivable is excluded from income.

## **2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED**

The Code of Practice requires that the Council disclose information relating to the anticipated impact of any accounting change required by a new standard that has been issued but not yet adopted by the Code. This requirement applies to the adoption of the following new or amended standards.

IFRS 16 Leases was due to be implemented during 2020/21 however CIPFA/LASAAC have agreed to defer the implementation until the 2022/23 financial year, this aligns with the governments Financial Reporting Advisory Board proposals.

The 2021/22 Code introduces changes arising from the accounting guidance in relation to:

- Definition of a Business: Amendments to IFRS 3 Business Combinations;
- Interest Rate Benchmark Reform; Amendments to IFRS 9, IAS 19 and IFRS 7
- Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16.

These amendments should not materially affect this Council.

The Code requires implementation after 1<sup>st</sup> April 2021, there is therefore no impact on the 2020/21 statement of accounts.

# NOTES TO THE ACCOUNTS

## 3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Council's balance sheet at 31<sup>st</sup> March 2021, for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:

### **Provisions – Insurance Claims**

The Council has a provision of £4.638m as at 31<sup>st</sup> March 2021 to meet the potential cost of insurance liabilities. The number and value of potential claims includes actuarial assumptions particularly in respect of the most recent financial years, as these are immature in terms of insurance experience. Any significant change in assumptions and/or number and value of claims could significantly alter the value of the provision. The Council holds insurance reserves to mitigate any risk.

### **Pensions Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries was engaged to provide the Council with expert advice and assumptions and the various costings and disclosures necessary to comply with the code of practice. If any of the assumptions change as a result of actual experience then the net liability of the Council would increase or decrease as a result.

## NOTES TO THE ACCOUNTS

### 4. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

These adjustments are made to present the Council's accounts on an accounting and funding basis in accordance with generally accepted accounting practices. Further details in relation to these adjustments can be found in the "Adjustments between accounting basis and funding basis under regulations" note 6 below.

	2020/21			
	Adjustments for Capital Purposes	Net Charge for Pensions	Other Differences	Total Adjustments
	£000	£000	£000	£000
Education, Leisure & Lifelong Learning	15,719	3,109	(703)	18,125
Social Services, Health & Housing	1,887	2,596	975	5,458
Environment	22,444	2,126	619	25,189
Corporate Services	160	1,326	470	1,956
Other Housing Services	-	-	131	131
Other Central Services	(9,966)	93	101	(9,772)
<b>Net cost of Services</b>	<b>30,244</b>	<b>9,250</b>	<b>1,593</b>	<b>41,087</b>
Other Income & Expenditure	(47,282)	11,050	(52)	(36,284)
<b>Difference Between General Fund and CIES Surplus/Deficit</b>	<b>(17,038)</b>	<b>20,300</b>	<b>1,541</b>	<b>4,803</b>

	2019/20			
	Adjustments for Capital Purposes	Net Charge for Pensions	Other Differences	Total Adjustments
	£000	£000	£000	£000
Education, Leisure & Lifelong Learning	17,983	3,901	695	22,579
Social Services, Health & Housing	1,482	3,209	(135)	4,556
Environment	25,652	2,598	(58)	28,192
Corporate Services	82	1,652	17	1,751
Other Housing Services	-	-	(65)	(65)
Other Central Services	(9,957)	-	32	(9,925)
<b>Net cost of Services</b>	<b>35,242</b>	<b>11,360</b>	<b>486</b>	<b>47,088</b>
Other Income & Expenditure	(21,064)	11,980	310	(8,774)
<b>Difference Between General Fund and CIES Surplus/Deficit</b>	<b>14,178</b>	<b>23,340</b>	<b>796</b>	<b>38,314</b>

## NOTES TO THE ACCOUNTS

### 5. EXPENDITURE AND INCOME ANALYSED BY NATURE

The following table discloses the nature of expenses and income, analysing the comprehensive income and expenditure on a subjective basis. These figures include the expenditure and income for all schools, which follows the reporting requirements stipulated by the Code of Practice.

2019/20 £000		2020/21 £000
	<b>Expenditure</b>	
213,849	Employee Benefits	219,078
226,953	Other Service Expenses	239,969
36,048	Depreciation, Amortisation and Impairment	31,720
22,793	Interest Payable	21,619
21,703	Precepts and Levies	23,274
100	Gain on the Disposal of Assets	(629)
<b>521,446</b>	<b>Total Expenditure</b>	<b>535,031</b>
	<b>Income</b>	
(56,975)	Fees, Charges and Other Service Income	(52,309)
(497)	Interest and Investment Income	(251)
(135,466)	Income from Council Tax, National Non Domestic Rates	(139,795)
(287,893)	Government Grants and Contributions	(357,832)
<b>(480,831)</b>	<b>Total Income</b>	<b>(550,187)</b>
<b>40,615</b>	<b>(Surplus) / Deficit for Year</b>	<b>(15,156)</b>

The total income for fees, charges and other service income identified in the table above is collected from the following service segments, which reflect the Council's management structure:

2019/20 £000		2020/21 £000
	<b>Income</b>	
(11,068)	Education, Leisure & Lifelong Learning	(5,484)
(25,175)	Social Services, Health & Housing	(24,519)
(17,306)	Environment	(14,273)
(2,132)	Corporate Services	(2,000)
(1,294)	Other Central Services	(6,033)
<b>(56,975)</b>	<b>Fees, Charges and Other Service Income</b>	<b>(52,309)</b>

# NOTES TO THE ACCOUNTS

## 6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

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

### **General Fund Balance**

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

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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

## NOTES TO THE ACCOUNTS

	Usable reserves			
	General fund balance	Capital receipts reserve	Capital grants unapplied	Movement in unusable reserves
2020/21	£000	£000	£000	£000
<b>Adjustments primarily involving the capital adjustment account</b>				
<b>Reversal of items debited or credited to the comprehensive income and expenditure statement:</b>				
Charges for depreciation and impairment of non current assets	25,603	-	-	(25,603)
Revaluation losses on property, plant and equipment	6,117	-	-	(6,117)
Capital grants and contributions applied	(44,117)	-	-	44,117
Revenue expenditure funded from capital under statute	12,503	-	-	(12,503)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	1,087	-	-	(1,087)
<b>Insertion of items not debited or credited to the comprehensive income and expenditure statement:</b>				
Statutory provision for the financing of capital investment	(10,102)	-	-	10,102
Capital expenditure charged against the general fund	(1,245)	-	-	1,245
<b>Adjustments primarily involving the capital grants unapplied account:</b>				
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(4,992)	-	4,992	0
Application of grants to capital financing transferred to the capital adjustment account	-	-	(2,187)	2,187
<b>Adjustments primarily involving the capital receipts reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(792)	792	-	0
Use of the capital receipts reserve to finance new capital expenditure	(936)	-	-	936
Transfer from deferred capital receipts reserve upon receipt of cash	12	-	-	(12)
<b>Adjustments primarily involving the deferred capital receipts reserve:</b>				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	-	15	-	(15)
<b>Adjustment primarily involving the financial instruments adjustment account:</b>				
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	(176)	-	-	176
<b>Adjustments primarily involving the pensions reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure account	50,690	-	-	(50,690)
Employer's pension contributions and direct payments to pensioners payable in the year	(30,390)	-	-	30,390
<b>Adjustments primarily involving the accumulated absences account:</b>				
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,541	-	-	(1,541)
<b>Total adjustments</b>	<b>4,803</b>	<b>807</b>	<b>2,805</b>	<b>(8,415)</b>

## NOTES TO THE ACCOUNTS

	Usable reserves			
	General fund balance	Capital receipts reserve	Capital grants unapplied	Movement in unusable reserves
2019/20	£000	£000	£000	£000
<b>Adjustments primarily involving the capital adjustment account</b>				
<b><i>Reversal of items debited or credited to the comprehensive income and expenditure statement:</i></b>				
Charges for depreciation and impairment of non current assets	26,697	-	-	(26,697)
Revaluation losses on property, plant and equipment	9,351	-	-	(9,351)
Capital grants and contributions applied	(21,475)	-	-	21,475
Revenue expenditure funded from capital under statute	14,232	-	-	(14,232)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	1,205	-	-	(1,205)
<b><i>Insertion of items not debited or credited to the comprehensive income and expenditure statement:</i></b>				
Statutory provision for the financing of capital investment	(10,009)	-	-	10,009
Capital expenditure charged against the general fund	(182)	-	-	182
<b>Adjustments primarily involving the capital grants unapplied account:</b>				
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(4,361)	-	4,361	0
Application of grants to capital financing transferred to the capital adjustment account	-	-	(3,209)	3,209
<b>Adjustments primarily involving the capital receipts reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(1,105)	1,105	-	0
Transfer from deferred capital receipts reserve upon receipt of cash	-	-	-	0
<b>Adjustments primarily involving the deferred capital receipts reserve:</b>				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	-	-	-	0
<b>Adjustment primarily involving the financial instruments adjustment account:</b>				
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	(175)	-	-	175
<b>Adjustments primarily involving the pensions reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure account	52,580	-	-	(52,580)
Employer's pension contributions and direct payments to pensioners payable in the year	(29,240)	-	-	29,240
<b>Adjustments primarily involving the accumulated absences account:</b>				
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	796	-	-	(796)
<b>Total adjustments</b>	<b>38,314</b>	<b>1,105</b>	<b>1,152</b>	<b>(40,571)</b>



## NOTES TO THE ACCOUNTS

### 7. MOVEMENT IN RESERVES

This note sets out the amounts set aside from the general fund into reserves to provide financing for future expenditure plans.

	<b>Balance at 1st Apr 2019 £000</b>	Movement in 2019/20	<b>Balance at 31st Mar 2020 £000</b>	Movement in 2020/21	<b>Balance at 31st Mar 2021 £000</b>
Balances Held by Schools Under a Scheme of Delegation	(1,116)	1,750	634	(7,849)	(7,215)
Other Education and Leisure	(1,080)	(620)	(1,700)	(519)	(2,219)
Hillside Secure Centre-Equalisation	(1,092)	818	(274)	(157)	(431)
Social Services	(1,164)	(210)	(1,374)	(2,812)	(4,186)
Environment	(3,889)	(458)	(4,347)	(1,102)	(5,449)
Finance and Chief Executive	(2,427)	443	(1,984)	(321)	(2,305)
Insurance	(9,043)	2,392	(6,651)	652	(5,999)
Fire Authority	(10)	10	0	-	0
Swansea Bay City Deal	(75)	(38)	(113)	-	(113)
Income Generation	(716)	62	(654)	(466)	(1,120)
Members Community Fund	(547)	156	(391)	(271)	(662)
Community Resilience	(2,000)	-	(2,000)	-	(2,000)
Housing Warranties	(220)	-	(220)	-	(220)
Pantteg	(500)	-	(500)	-	(500)
Waste	(393)	-	(393)	-	(393)
Landfill Site	(1,005)	(7)	(1,012)	(1)	(1,013)
DARE	-	-	0	(2,000)	(2,000)
Digital Transformation	-	-	0	(1,170)	(1,170)
School IT Equalisation (HWB)	-	(250)	(250)	(150)	(400)
Corporate Contingency	-	(2,269)	(2,269)	(2,472)	(4,741)
Treasury Management	(6,826)	(813)	(7,639)	(1,263)	(8,902)
ERVR Transitional	(4,818)	282	(4,536)	129	(4,407)
Accommodation	(2,274)	-	(2,274)	-	(2,274)
Joint Committees	(319)	5	(314)	(72)	(386)
<b>Earmarked Reserves</b>	<b>(39,514)</b>	<b>1,253</b>	<b>(38,261)</b>	<b>(19,844)</b>	<b>(58,105)</b>
Capital	(912)	1	(911)	-	(911)
General Fund	(20,968)	1,047	(19,921)	(115)	(20,036)
<b>GRAND TOTAL</b>	<b>(61,394)</b>	<b>2,301</b>	<b>(59,093)</b>	<b>(19,959)</b>	<b>(79,052)</b>

## NOTES TO THE ACCOUNTS

<b>Earmarked Reserves</b>		<b>2020/21 £000</b>
<b>Education, Leisure and Lifelong Learning</b>		
Schools	Delegated schools reserve-These reserves are ring-fenced for each individual school.	(7,215)
Schools Other	This includes funding to meet the cost of repairs and maintenance in schools and assist primary schools in funding ERVR.	(167)
Other Education & Leisure	This is to fund Margam Discovery Centre Building Maintenance, Home to school Transport and equalisation.	(2,052)
<b>Education, Leisure and Lifelong Learning</b>		<b>(9,434)</b>
<b>Social Services and Health</b>		
Hillside General	The fund has been established to equalise the capital investment required over time for the Hillside Secure Unit.	(431)
Other Social Services	To fund development work required to transform services and deliver further savings in future, to fund expenditure on renewal of equipment over several years, to equalise expenditure on volatile services.	(4,186)
<b>Social Services and Health</b>		<b>(4,617)</b>
<b>Environment</b>		
Vehicle	This reserve will be used to fund a cost effective transport programme to meet service requirements.	(152)
Local Development Plan	To meet statutory obligation for Local Development Plan.	(290)
Winter Maintenance	To equalise the cost incurred during harsh winters.	(744)
Environment Equalisation Account	This reserve will be used to fund one off pressures across the Directorate.	(763)
General	This reserve will be used to fund Vehicle Tracking maintenance.	(92)
Vehicle Renewals	This reserve will be used to fund the purchase of new Vehicles.	(2,321)
Other	This includes Asset recovery reserve, Baglan Bay Innovation Centre, renewable energy projects, Metal Box, Air Quality and to equalise expenditure on volatile services.	(1,087)
<b>Environment</b>		<b>(5,449)</b>
<b>Finance and Chief Executive's</b>		
Election Equalisation	This reserve will be used to meet the cost of the five year cycle of elections.	(335)
IT Renewals Fund	This Reserve will be used to fund the costs of major IT projects.	(933)
Corporate Equalisation	This reserve will fund one off pressures arising across the directorate.	(597)

## NOTES TO THE ACCOUNTS

<b>Earmarked Reserves</b>		<b>2020/21</b>
		<b>£000</b>
<b>Finance and Chief Executive's (continued)</b>		
Building Capacity & Capability	This relates to developing capacity in relation to transformational projects across the Council.	(197)
Other	This includes reserves for Health & Safety, development fund for modernisation and voluntary organisations.	(243)
<b>Finance and Chief Executive's Reserves</b>		<b>(2,305)</b>
<b>Corporate Issues</b>		
Insurance - Claims	This reserve is generated from insurance settlements and will be used to fund future insurance related projects and claims.	(5,999)
Members Community Fund	The reserve is set up to enable members to invest in activities and projects that improve outcomes within their local wards.	(662)
Community Resilience Fund	The reserve is to provide funds to develop resilience in services within the community.	(2,000)
Housing Warranties	This reserve has been set aside in recognition of the warranties to potential liabilities following the transfer of Housing Services.	(220)
Pantteg	The reserve is set up to fund ongoing costs relating to the landslide.	(500)
Waste	This reserve will be used to fund future Waste Service projects.	(393)
Landfill Site	This is held for aftercare obligations at the Giants Grave site, which might arise if the Council's wholly owned company (NPT Waste Management Ltd) has insufficient resources.	(1,013)
DARE	The reserve has been established to fund de-carbonisation projects.	(2,000)
Corporate Contingency	To fund unforeseen future pressures in delivering the forward financial plan.	(4,741)
Treasury Management	This reserve will be used to equalise the impact of fluctuations in Treasury Management returns and fund future borrowing decisions, including the financing of the Swansea Bay City Deal.	(8,902)
ER VR Transitional Reserve	This reserve will fund future ER/VR costs.	(4,407)
Accommodation	This reserve will be used to support the Authority's Accommodation Strategy and other property costs.	(2,274)
Joint Committees	This reserve is for Intermediate Care pooled fund, the Regional Safeguarding Board, Substance Misuse, SWTRA and Workways Regional Fund.	(386)

## NOTES TO THE ACCOUNTS

Earmarked Reserves		2020/21
		£000
<b>Corporate Issues (continued)</b>		
Other	This reserve will be used to fund costs relating to the Swansea Bay City Deal, income generation project work, Digital Transformation and schools IT costs.	(2,803)
<b>Corporate Issues</b>		<b>(36,300)</b>
<b>Total Earmarked Reserves</b>		<b>(58,105)</b>
<b>Capital Reserves</b>	Revenue reserves earmarked for capital purposes.	(911)
<b>General Reserve / Working Balance</b>	Revenue reserve to fund non-specific future expenditure.	(20,036)
<b>Total Reserves</b>		<b>(79,052)</b>

### 8. OTHER OPERATING EXPENDITURE

2019/20 £000		2020/21 £000
2,044	Community Council Precepts	2,267
19,659	Precepts and Levies (Police and Fire)	21,007
100	(Gains)/Losses on the Disposal of Non Current Assets	(629)
<b>21,803</b>	<b>Total</b>	<b>22,645</b>

### 9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2019/20 £000		2020/21 £000
10,813	Interest Payable and Similar Charges	10,569
11,980	Pension Interest Cost and Expected Return on Pension Assets	11,050
310	Changes in Impairment Loss Allowance	(52)
(497)	Interest Receivable and Similar Income	(251)
<b>22,606</b>	<b>Total</b>	<b>21,316</b>

### 10. TAXATION AND NON SPECIFIC GRANT

2019/20 £000		2020/21 £000
(89,714)	Council Tax Income	(94,855)
(45,752)	Non Domestic Rates	(44,940)
(168,695)	Non Ring Fenced Government Grants	(181,702)
(21,166)	Capital Grants and Contributions	(46,653)
<b>(325,327)</b>	<b>Total</b>	<b>(368,150)</b>

## NOTES TO THE ACCOUNTS

### 11. PROPERTY, PLANT AND EQUIPMENT

2020/21	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	Service Concession in PPE
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
At 1st April 2020	437,357	33,339	407,023	647	13,915	13,187	<b>905,468</b>	18,563
Additions	8,176	2,920	10,063	1	-	34,492	<b>55,652</b>	-
Revaluation Increases/(Decreases) Recognised in the Revaluation Reserve	(1,057)	-	-	-	(1,428)	-	<b>(2,485)</b>	-
Revaluation Increases/(Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(5,353)	(2,336)	-	-	(1,136)	-	<b>(8,825)</b>	-
Derecognition - Disposals	(288)	(1,538)	-	-	(702)	-	<b>(2,528)</b>	-
Derecognition - Other	(10,742)	(5,090)	(1,209)	(1)	-	-	<b>(17,042)</b>	-
Assets Reclassified (to)/from Held for Sale	-	-	-	-	1,300	-	<b>1,300</b>	-
Change in Asset Classification	4,214	-	180	-	1,810	(6,204)	<b>0</b>	-
<b>At 31st March 2021</b>	<b>432,307</b>	<b>27,295</b>	<b>416,057</b>	<b>647</b>	<b>13,759</b>	<b>41,475</b>	<b>931,540</b>	<b>18,563</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1st April 2020	(50,673)	(20,290)	(125,223)	-	(136)	(4)	<b>(196,326)</b>	(1,889)
Depreciation Charge	(12,306)	(3,083)	(10,120)	-	(94)	-	<b>(25,603)</b>	(852)
Depreciation Written Out to the Revaluation Reserve	580	-	-	-	119	-	<b>699</b>	-
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	923	1,644	-	-	138	-	<b>2,705</b>	-
Derecognition - Disposals	22	1,482	-	-	24	-	<b>1,528</b>	-
Derecognition - Other	2,566	5,090	-	-	-	-	<b>7,656</b>	-
Change in Asset Classification	74	-	-	-	(74)	-	<b>0</b>	-
<b>At 31st March 2021</b>	<b>(58,814)</b>	<b>(15,157)</b>	<b>(135,343)</b>	<b>0</b>	<b>(23)</b>	<b>(4)</b>	<b>(209,341)</b>	<b>(2,741)</b>
<b>Net Book Value</b>								
At 31st March 2021	373,493	12,138	280,714	647	13,736	41,471	<b>722,199</b>	15,822
At 31st March 2020	386,684	13,049	281,800	647	13,779	13,183	<b>709,142</b>	16,674

Service Concessions - These are agreements for services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council is deemed to control the services provided under the contract and as ownership of the assets will pass to them at the end of the contract period, the Council carries the assets on its balance sheet as part of property, plant and equipment.

Further details of service concession costs and liabilities can be found in note 32.

## NOTES TO THE ACCOUNTS

2019/20	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	Service Concession in PPE
<b>Cost or Valuation</b>	£000	£000	£000	£000	£000	£000	£000	£000
At 1st April 2019	438,362	31,327	399,046	701	14,002	2,065	<b>885,503</b>	18,563
Additions	8,310	3,766	9,297	42	-	13,146	<b>34,561</b>	-
Revaluation Increases/(Decreases) Recognised in the Revaluation Reserve	15,796	-	-	-	-	-	<b>15,796</b>	-
Revaluation Increases/(Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(11,491)	-	-	(53)	(1,767)	-	<b>(13,311)</b>	-
Derecognition - Disposals	(67)	(1,750)	-	-	-	-	<b>(1,817)</b>	-
Derecognition - Other	(12,561)	(4)	(1,320)	(43)	-	-	<b>(13,928)</b>	-
Assets Reclassified (to)/from Held for Sale	(1,411)	-	-	-	75	-	<b>(1,336)</b>	-
Change in Asset Classification	419	-	-	-	1,605	(2,024)	<b>0</b>	-
Other Movements in Cost of Valuation	-	-	-	-	-	-	<b>0</b>	-
<b>At 31st March 2020</b>	<b>437,357</b>	<b>33,339</b>	<b>407,023</b>	<b>647</b>	<b>13,915</b>	<b>13,187</b>	<b>905,468</b>	<b>18,563</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1st April 2019	(45,979)	(19,149)	(115,314)	-	(65)	(4)	<b>(180,511)</b>	(890)
Depreciation Charge	(13,847)	(2,839)	(9,909)	-	(102)	-	<b>(26,697)</b>	(999)
Depreciation Written Out to the Revaluation Reserve	734	-	-	-	244	-	<b>978</b>	-
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	2,180	-	-	-	1,760	-	<b>3,940</b>	-
Derecognition - Disposals	-	1,698	-	-	-	-	<b>1,698</b>	-
Derecognition - Other	4,266	-	-	-	-	-	<b>4,266</b>	-
Change in Asset Classification	1,973	-	-	-	(1,973)	-	<b>0</b>	-
Other Movements in Depreciation and Impairment	-	-	-	-	-	-	<b>0</b>	-
<b>At 31st March 2020</b>	<b>(50,673)</b>	<b>(20,290)</b>	<b>(125,223)</b>	<b>0</b>	<b>(136)</b>	<b>(4)</b>	<b>(196,326)</b>	<b>(1,889)</b>
<b>Net Book Value</b>								
At 31st March 2020	386,684	13,049	281,800	647	13,779	13,183	<b>709,142</b>	16,674
At 31st March 2019	392,383	12,178	283,732	701	13,937	2,061	<b>704,992</b>	17,673

### Depreciation

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

Land	Depreciation not applicable
Buildings	At least 20 years
Vehicles, plant, furniture and equipment	3 - 20 years
Infrastructure	40 years

### Effects of Changes in Estimates

During 2020/21, there have been no material changes made to the accounting estimates for property, plant and equipment.

## NOTES TO THE ACCOUNTS

### Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. All valuations are carried out internally. Valuations of land and buildings is carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment is based on historic cost.

## 12. FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

The following categories of financial instrument are carried in the balance sheet:

2020/21	Long term (Non-current)		Short term (Current)	
	Investments	Debtors	Investments	Debtors
	31st Mar 2021 £000	31st Mar 2021 £000	31st Mar 2021 £000	31st Mar 2021 £000
	Amortised Cost	86	1,018	52,524
<b>Total Financial Assets</b>	<b>86</b>	<b>1,018</b>	<b>52,524</b>	<b>59,226</b>

Financial Liabilities	Long term (Non-current)		Short term (Current)	
	Borrowings	Creditors	Borrowings	Creditors
	31st Mar 2021 £000	31st Mar 2021 £000	31st Mar 2021 £000	31st Mar 2021 £000
	Amortised Cost	(290,834)	(16,256)	(13,568)
<b>Total Financial Liabilities</b>	<b>(290,834)</b>	<b>(16,256)</b>	<b>(13,568)</b>	<b>(41,371)</b>

2019/20	Long term (Non-current)		Short term (Current)	
	Investments	Debtors	Investments	Debtors
	31st Mar 2020 £000	31st Mar 2020 £000	31st Mar 2020 £000	31st Mar 2020 £000
	Amortised Cost	86	1,262	56,541
<b>Total Financial Assets</b>	<b>86</b>	<b>1,262</b>	<b>56,541</b>	<b>39,080</b>

Financial Liabilities	Long term (Non-current)		Short term (Current)	
	Borrowings	Creditors	Borrowings	Creditors
	31st Mar 2020 £000	31st Mar 2020 £000	31st Mar 2020 £000	31st Mar 2020 £000
	Amortised Cost	(297,098)	(16,264)	(13,697)
<b>Total Financial Liabilities</b>	<b>(297,098)</b>	<b>(16,264)</b>	<b>(13,697)</b>	<b>(42,048)</b>

## NOTES TO THE ACCOUNTS

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at principal plus accrued interest. Accrued interest is included within the current values above as it is effectively payable or receivable within one year.

The debtors position differs from that reported in the balance sheet as the debts relating to council taxation do not meet the definition of a financial instrument.

### Income, Expenses, Gains and Losses

31st Mar 2020 £000	Surplus or Deficit on the Provision of Services	31st Mar 2021 £000
10,813	Financial Liabilities Measured at Amortised Cost	10,569
<b>10,813</b>	<b>Total Net Gains/Losses</b>	<b>10,569</b>
<b>(497)</b>	<b>Interest Expense</b>	<b>(251)</b>

### Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. The fair value of the loans and receivables and financial liabilities is determined by calculating the net present value (NPV) of future cash flows, which provides an estimate of the value of payments in the future as at 31<sup>st</sup> March 2021, using the following assumptions:

- For loans from the PWLB and other loans payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The discount rate used in the NPV calculation is equal to the current rate in relation to the same instrument from a comparable lender and is the rate applicable in the market as at 31<sup>st</sup> March 2021, for an instrument with the same duration. Where it is difficult to obtain the rate for an instrument with identical features in an active market then the prevailing rate of a similar instrument with a published market rate has been used as the discount factor.



## NOTES TO THE ACCOUNTS

The values calculated are as follows:

31st Mar 2020			31st Mar 2021	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
(241,804)	(272,659)	PWLB Debt	(232,598)	(280,556)
(64,500)	(92,833)	Non-PWLB Debt	(67,443)	(100,560)
(1,568)	(1,568)	Non-PWLB Debt Temporary	(1,572)	(1,572)
<b>(307,872)</b>	<b>(367,060)</b>	<b>Total Debt</b>	<b>(301,613)</b>	<b>(382,688)</b>
<b>(16,264)</b>	<b>(16,264)</b>	<b>Long Term Creditors</b>	<b>(16,256)</b>	<b>(16,256)</b>

### 31<sup>st</sup> March 2021 – Debt

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the prevailing rates available for similar loans in the market at the balance sheet date. This shows a notional future loss, based on economic conditions at 31<sup>st</sup> March 2021, arising from a commitment to pay interest to lenders above market rates.

Fair value of assets:

31st Mar 2020			31st Mar 2021	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
56,500	56,500	Loans and Receivables	52,500	52,500
1,262	1,262	Long Term Debtors	1,018	1,018

### 13. DEBTORS

31st Mar 2020 £000		31st Mar 2021 £000
23,746	Central Government Bodies	44,093
1,813	Other local Authorities	1,785
3,461	NHS Bodies	3,483
12,898	Other Entities and Individuals	13,446
4,561	Payments in Advance	4,158
(4,990)	Less Provision for Impairment Loss	(5,062)
<b>41,489</b>	<b>Total</b>	<b>61,903</b>

## NOTES TO THE ACCOUNTS

### 14. DEBTORS FOR LOCAL TAXATION

Included within the total debtors figure above are debts relating to the collection of local taxation, as adjusted for those that are unlikely to be collected.

31st Mar 2020 £000		31st Mar 2021 £000
1,480	Less than One Year	1,763
2,127	More than One Year	2,236
(1,198)	Less provision for Impairment Loss	(1,322)
<b>2,409</b>	<b>Total</b>	<b>2,677</b>

### 15. CASH AND CASH EQUIVALENTS

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

31st Mar 2020 £000		31st Mar 2021 £000
110	Cash Held by the Authority	96
3,193	Bank Current Accounts	3,715
<b>3,303</b>	<b>Total</b>	<b>3,811</b>

### 16. ASSETS HELD FOR SALE

2019/20 Current Assets £000		2020/21 Current Assets £000
3,536	<b>Balance Outstanding at Start of Year</b>	5,368
	<i>Assets Newly Classified as Held For Sale:</i>	
3,100	Property, Plant and Equipment	1,800
(6)	Revaluation Losses	-
1,589	Revaluation Gains	-
	<i>Assets Declassified as Held For Sale:</i>	
(1,764)	Property, Plant and Equipment	(3,100)
(1,087)	Assets Sold	(88)
<b>5,368</b>	<b>Balance Outstanding at Year End</b>	<b>3,980</b>

## NOTES TO THE ACCOUNTS

### 17. CREDITORS

31st Mar 2020 £000		31st Mar 2021 £000
(7,923)	Central Government Bodies	(7,350)
(5,860)	Other Local Authorities	(7,539)
(82)	NHS Bodies	(621)
(26,077)	Other Entities and Individuals	(22,957)
(2,106)	Receipts in Advance	(2,904)
<b>(42,048)</b>	<b>Total</b>	<b>(41,371)</b>

### 18. PROVISIONS

#### Long Term Provisions

	Injury and Damage Compensation Claims £000	Other Provisions- Housing Warranty £000	Total £000
<b>Balance at 1st April 2019</b>	(2,148)	(923)	(3,071)
Net Transfer (To)/ From	(222)	-	(222)
<b>Balance at 31st March 2020</b>	(2,370)	(923)	(3,293)
Net Transfer To/ From	8	-	8
Net Transfer (To)	(676)	-	(676)
<b>Balance at 31st March 2021</b>	<b>(3,038)</b>	<b>(923)</b>	<b>(3,961)</b>

#### Short Term Provisions

	Injury and Damage Compensation Claims £000	Other Provisions - Redundancy £000	Total £000
<b>Balance at 1st April 2019</b>	(1,256)	(766)	(2,022)
Net Transfer From	38	766	804
Net Transfer (To)	-	(325)	(325)
<b>Balance at 31st March 2020</b>	(1,218)	(325)	(1,543)
Net Transfer From	(382)	325	(57)
Net Transfer (To)	-	(67)	(67)
<b>Balance at 31st March 2021</b>	<b>(1,600)</b>	<b>(67)</b>	<b>(1,667)</b>

## NOTES TO THE ACCOUNTS

### Long and Short Term - Injury and Damage Compensation Claims

This provision covers the estimated cost of settling all the outstanding insurance claims of the Council that existed at 31<sup>st</sup> March 2021.

### Long Term - Other Provisions – Housing Warranties

This long term provision has been set aside in recognition of the warranties and commitments relating to potential liabilities following the transfer of housing services in 2010/11. The provision reflects the costs likely to be incurred in future years.

### Short Term - Other Provisions – Redundancy

The Council undertook an exercise to seek volunteers for voluntary redundancy as part of the Council's savings strategy and in line with the Council's desire to avoid compulsory redundancy as far as is possible. Many of those who finished left the Council before the 31<sup>st</sup> March. However, there were some agreements to leave after this date and accounting regulations require the Council to account for the costs in the year that the agreement was made. A charge has been made to this year's individual revenue accounts, for the cost of these leaving during next year, with this provision being set up to meet the costs when the individuals actually leave.

## 19. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the movement in reserves statement and summarised below:

31st Mar 2020 £000		31st Mar 2021 £000
(59,093)	Earmarked and General Reserve Working Balance	(79,052)
(11,629)	Unapplied Grants	(14,434)
(8,076)	Usable Capital Receipts	(8,883)
<b>(78,798)</b>	<b>Total</b>	<b>(102,369)</b>

## 20. UNUSABLE RESERVES

31st Mar 2020 £000		31st Mar 2021 £000
(91,441)	Revaluation Reserve	(93,285)
(281,012)	Capital Adjustment Account	(290,643)
1,665	Financial Instruments Adjustment Account	1,489
495,303	Pensions Reserve	578,403
(15)	Deferred Capital Receipts Reserve	(3)
4,672	Accumulated Absences Account	6,213
<b>129,172</b>	<b>Total</b>	<b>202,174</b>

## NOTES TO THE ACCOUNTS

### Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1<sup>st</sup> 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.

2019/20		Revaluation Reserve	2020/21	
£000	£000		£000	£000
	(78,299)	<b>Balance at 1st April</b>		(91,441)
		Historic cost adjustment between Revaluation Reserve and Capital Adjustment Account	(7,365)	
		<b>Revised Balance at 1st April</b>		(98,806)
(18,953)		Upward Revaluation of Assets	(924)	
618		Downward Revaluation of Assets and Impairment Losses Not Charged to the Surplus/Deficit on the Provision of Services	2,711	
	(18,335)	Downward Revaluation of Assets and Impairment Losses Not Charged to the Surplus/Deficit on the Provision of Services		1,787
5,154		Difference Between Fair Value Depreciation and Historical Cost Depreciation	3,590	
39		Accumulated Gains on Assets Sold or Scrapped	144	
	5,193	Amount Written Off to the Capital Adjustment Account		3,734
	<b>(91,441)</b>	<b>Accumulated Gains on Assets Sold</b>		<b>(93,285)</b>

### Capital Adjustment Account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the comprehensive income and expenditure statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

## NOTES TO THE ACCOUNTS

The account also contains revaluation gains accumulated on property, plant and equipment before 1<sup>st</sup> April 2007, the date that the revaluation reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

2019/20		Capital Adjustment Account	2020/21	
£000	£000		£000	£000
	(292,429)	<b>Balance at 1st April</b>		(281,012)
-		Historic cost adjustment between Revaluation Reserve and Capital	7,365	
	(292,429)	<b>Revised Balance at 1st April</b>		(273,647)
		Reversal of Items Relating to Capital Expenditure Debited or Credited to the CIES:		
26,697		Charges for Depreciation and Impairment of Non Current Assets	25,603	
9,351		Revaluation Losses on Property, Plant and Equipment	6,117	
14,232		Revenue Expenditure Funded from Capital Under Statute	12,503	
1,205		Non Current Assets Written Off on Disposal or Sale as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	1,087	
	51,485			45,310
	(5,193)	Adjusting Amounts Written Out of the Revaluation Reserve		(3,734)
	(246,137)	Net Written out Amount of the Cost of Non Current Assets Consumed in the Year		(232,071)
		Capital Financing Applied in the Year:		
-		Use of the Capital Receipts Reserve to Finance New Capital Expenditure	(936)	
(24,684)		Application of Grants to Capital Financing from the Capital Grants Unapplied	(46,304)	
(10,009)		Statutory Provision for the Financing of Capital Investment Charged Against the General Fund	(10,102)	
(182)		Capital Expenditure Charged Against the General Fund	(1,245)	
	(34,875)			(58,587)
-		Deferred Sale Proceed to Comprehensive Income and Expenditure Account	15	
	0			15
	<b>(281,012)</b>			<b>(290,643)</b>

## NOTES TO THE ACCOUNTS

### 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. The Council uses the account to release premiums and discounts paid which were received on the early redemption of loans. Over time, the premiums are posted back to the general fund balance in accordance with statutory arrangements for spreading the effect on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result the balance of the premiums at 31<sup>st</sup> March 2021 will be charged to the general fund until 2055.

2019/20		Financial Instruments Adjustment	2020/21	
£000	£000		£000	£000
(175)	1,840	<b>Balance at 1st April</b>	(176)	1,665
		Proportion of Premiums Incurred in Previous Financial Years to be Charged Against the General Fund Balance in Accordance with Statutory Requirements		
	(175)			(176)
	<b>1,665</b>	<b>Balance at 31st March</b>		<b>1,489</b>

### Pensions Reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the comprehensive income and expenditure statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019/20 £000	Pension Reserve	2020/21 £000
513,753	<b>Balance at 1st April</b>	495,303
(41,790)	Actuarial (Gains) or Losses on Pensions Assets and Liabilities	62,800
52,580	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	50,690
(29,240)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(30,390)
<b>495,303</b>	<b>Balance at 31st March</b>	<b>578,403</b>

## NOTES TO THE ACCOUNTS

### 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 Council 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.

2019/20 £000	Deferred Capital Receipts Reserve	2020/21 £000
(15)	<b>Balance at 1st April</b>	(15)
-	Transfer to the Capital Receipts Reserve Upon Receipt of Cash	12
<b>(15)</b>	<b>Balance at 31st March</b>	<b>(3)</b>

### Accumulated Absences Account

The accumulated absences account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, that is, annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from the account.

Due to the Covid19 Pandemic the average number of annual leave days not taken has increased from 2.35 to 8.32 days.

2019/20		Accumulated Absences Account	2020/21	
£000	£000		£000	£000
(3,876)	3,876	<b>Balance at 1st April</b>	(4,672)	4,672
4,672		Settlement or Cancellation of Accrual made at the end of the Preceding Year	6,213	
		Amounts Accrued at the end of the Current Year		
	796	Amount by which Officer Remuneration Charged to the CIES on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements		1,541
	<b>4,672</b>	<b>Balance at 31st March</b>		<b>6,213</b>



## NOTES TO THE ACCOUNTS

### 21. CASH FLOW STATEMENT – OPERATING ACTIVITIES

- a. Adjustments to net surplus or deficit on the provision of services for non-cash movements

2019/20 £000		2020/21 £000
26,697	Depreciation and Impairment on Non Current Assets	25,603
9,351	Revaluation Losses on Property, Plant and Equipment	6,117
91	(Increase)/Decrease in Long Term Debtors	244
(9,035)	(Increase)/Decrease in Short Term Debtors	(20,414)
(62)	(Increase)/Decrease in Inventories	(12)
(6,783)	Increase/(Decrease) in Short term Creditors	(677)
(2,337)	Increase/(Decrease) in Long term Creditors	(8)
(479)	Increase/(Decrease) in Short term Provisions	124
222	Increase/(Decrease) in Long term Provisions	668
153	Increase/(Decrease) in Grants Receipts in Advance	959
1,205	Amounts of Non Current Assets Written Off on Disposal or Sale as Part of the Gain/Loss on Disposal to the	1,087
23,340	Increase/ (Decrease) in Pension Liability	20,300
-	Impairments Charged to the CIES	-
(41)	Finance Lease Interest	(41)
9,662	REFCUS Adjustment for Non Enhancing Spend Included in PPE Additions	9,386
(160)	Other Non-Cash Items Charged to Net Surplus/Deficit on the Provision of Services	(72)
<b>51,824</b>		<b>43,264</b>

- b. Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities

2019/20 £000		2020/21 £000
1,105	Proceeds from the Sale of Property, Plant and	792
21,475	Other Receipts from Investing Activities	44,117
<b>22,580</b>		<b>44,909</b>

## NOTES TO THE ACCOUNTS

### 22. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2019/20 £000		2020/21 £000
(34,561)	Purchase of Property, Plant and Equipment	(55,652)
(4,964,342)	Purchase of Short Term and Long Term Investments	(576,600)
1,105	Proceeds from the Sale of Property, Plant and	792
4,962,942	Proceeds from Short Term and Long Term Investments	580,600
21,475	Other Receipts from Investing Activities	44,117
<b>(13,381)</b>	<b>Net Cash Flows From Investing Activities</b>	<b>(6,743)</b>

### 23. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2019/20 £000		2020/21 £000
30,516	Cash Receipts of Short and Long Term Borrowing	2,946
(5,968)	Repayments of Short and Long Term Borrowing	(9,206)
<b>24,548</b>	<b>Net Cash Flows from Financing Activities</b>	<b>(6,260)</b>

The financing activities relate to non-cash changes. The financing cash flows can be further split between short and long term borrowing as follows:

	Long Term £000	Short Term £000	Total £000
Cash Receipts	(2,943)	(3)	(2,946)
Repayments	-	9,206	9,206
<b>Net Cash Flows from Financing Activities</b>	<b>(2,943)</b>	<b>9,203</b>	<b>6,260</b>

### 24. AGENCY SERVICES

#### South Wales Trunk Road Agency

The Council performs agency work on trunk roads in South and West Wales on behalf of the Welsh Government the related expenditure is fully reimbursed. The financial activity relating to this contract is not included in the comprehensive income and expenditure statement.

#### COVID 19 Agency Arrangements

During 2020-21 the Council have been acting on behalf of the Welsh government as an agent with regard to various COVID19 related grants. Expenditure for which has been fully reimbursed. These include business grants, hardship funding and social care recognition schemes. The financial activity relating to this contract is not included in the comprehensive income and expenditure statement. Further details can be found in note 38.

## NOTES TO THE ACCOUNTS

### 25. POOLED BUDGETS

#### **Community Equipment Store – Health, Neath Port Talbot Council and the City and Country of Swansea**

Neath Port Talbot Council is party to a pooled arrangement with the Swansea Bay University Health Board and the City and County of Swansea Council. This arrangement is led by the City and County of Swansea.

The agreement for this pool is that the host partner shall retain operational responsibility for any costs, expenses or liabilities in excess of the pooled fund at any time during its existence, other than where these have been incurred with the express agreement of the partners. Where this agreement has been made, the partners are jointly responsible in the proportions of their respective contributions to the pool.

2019/20			2020/21	
£000	£000		£000	£000
		Funding Provided to the Pooled Budget:		
(526)		Grant	(1,773)	
(624)		City and County of Swansea	(700)	
(351)		Neath and Port Talbot Council	(394)	
(1,525)		The Health Board	(1,406)	
	(3,026)	In Year Contributions		(4,273)
	(3,026)	Total Income		(4,273)
	2,233	Expenditure Met from the Pooled Budget:		2,937
	(793)	Net (Surplus)/Deficit Arising on the Pooled Budget During the Year		(1,336)
	<b>(111)</b>	<b>Authority Share of the Net (Surplus)/ Deficit Arising on the Pooled Budget</b>		<b>0</b>

#### **Intermediate Care – Neath Port Talbot Council and Health**

Neath Port Talbot Council is host to a pooled arrangement with the Health Board, which covers arrangements to plan and arrange provision of adult and older people's services.

The arrangement for this pool is that the partners shall be jointly responsible, in accordance with the funding agreement for any costs, claims, expenses or liabilities incurred in accordance with the terms of the pool agreement. Also, any underspend will be put into a ring-fenced reserve or distributed to partners as agreed by the partnership board.

## NOTES TO THE ACCOUNTS

2019/20			2020/21	
£000	£000		£000	£000
(2,728)		Funding Provided to the Pooled Budget:		
(2,579)		Neath and Port Talbot Council	(2,654)	
		The Health Board	(2,457)	
	(5,307)	Total Income		(5,111)
	5,280	Expenditure Met from the Pooled Budget:		5,108
	(27)	Net (Surplus)/Deficit Arising on the Pooled Budget During the Year		(3)
	<b>(27)</b>	<b>Authority Share of the Net (Surplus)/ Deficit Arising on the Pooled Budget</b>		<b>(3)</b>

### 26. MEMBERS REMUNERATION

The Council paid the following amounts to members of the Council during the year, including on-costs for national insurance and pensions.

2019/20 £000		2020/21 £000
1,342	Basic and Senior Salaries	1,352
6	Expenses	-
<b>1,348</b>	<b>Total</b>	<b>1,352</b>

### 27. OFFICERS REMUNERATION

The Council is required to provide details on a range of remuneration issues, such as the median remuneration for all employees compared to the Chief Executive, the amounts earned by senior officers, salary costs greater than £60,000 and the cost and number of any exit packages. As the effect of including voluntary aided schools is not material, the information prepared for the remuneration notes includes the staff employed at the voluntary aided faith schools in the area, which are:

- Alderman Davies Church in Wales Primary
- Bryncoch Church in Wales Primary
- St Therese's Catholic Primary
- St Joseph's Catholic Primary, Infants and Junior schools
- St Joseph's Comprehensive.

The Accounts and Audit Regulations (Wales) 2014 introduced the requirement for the statement of accounts to include a ratio showing the remuneration of the Council's highest paid officer, its Chief Executive, compared to the median remuneration of all employees, which is £24,491. The ratio is:

	Pay multiple
Median employee earnings : Chief Executive's earnings	1 : 5.43

## NOTES TO THE ACCOUNTS

The remuneration paid to the Council's senior employees is as follows:

			Salary, Fees and Allowances £	Expenses Allowances £	Employers Pension Contribution £	Total £
Chief Executive Steven J Phillips	2019/20		£142,485	-	£25,647	£168,132
	<b>2020/21</b>	*	<b>£109,802</b>	-	<b>£22,290</b>	<b>£132,092</b>
Karen Jones	<b>2020/21</b>	**	<b>£32,849</b>	-	<b>£6,668</b>	<b>£39,517</b>
Director of Education, Leisure & Lifelong Learning	2019/20		£115,277	-	£20,750	£136,027
	<b>2020/21</b>		<b>£116,697</b>	-	<b>£23,689</b>	<b>£140,386</b>
Director of Environment	2019/20	*	£89,288	-	-	£89,288
	2019/20	**	£26,150	-	£4,707	£30,857
	<b>2020/21</b>		<b>£110,236</b>	-	<b>£22,378</b>	<b>£132,614</b>
Director of Social Services, Health & Housing	2019/20		£110,037	-	-	£110,037
	<b>2020/21</b>		<b>£115,755</b>	-	<b>£21,540</b>	<b>£137,295</b>
Director of Finance and Corporate Services	2019/20		£115,277	-	-	£115,277
	<b>2020/21</b>		<b>£118,447</b>	-	-	<b>£118,447</b>
Assistant Chief Executive & Digital Officer	2019/20		£91,179	-	£16,412	£107,591
	<b>2020/21</b>		<b>£70,392</b>	-	<b>£14,290</b>	<b>£84,682</b>
Head of Human Resources	2019/20		£80,061	-	£14,411	£94,472
	<b>2020/21</b>		<b>£83,605</b>	-	<b>£16,972</b>	<b>£100,577</b>
Head of Legal Services	2019/20		£75,941	-	£13,669	£89,610
	<b>2020/21</b>		<b>£79,928</b>	-	<b>£16,225</b>	<b>£96,153</b>

The Employers pension contribution of 20.3% (18% in 2019/20) excludes any deficit contribution to the Fund and represents the normal contribution required for the year. No contribution cost is included when an officer has left the employers pension scheme.

The figures do not include any remuneration for the former Chief Executive in his role as returning officer. The amount paid to the former Chief Executive in 2020/21 was £1,297 (2019/20 £9,500), which is based on rates defined by the respective election bodies.

The Chief Executive post was filled by appointment on 1<sup>st</sup> January 2021 after the retirement of the former Chief Executive. There are two lines showing for the Chief Executive in 2020/21 to show the pay of the \*retiring Chief Executive, followed by the figures of the \*\*newly appointed Chief Executive.

The Director of Environment post was filled by appointment on 3<sup>rd</sup> January 2020 after the retirement of the former Director of Environment. There are two lines showing in 2019/20 for the Director of Environment to show the pay of the \*retiring Director, followed by the figures of the \*\*newly appointed Director.

The Assistant Chief Executive & Digital Officer Post was deleted on 7<sup>th</sup> January 2021 after a restructure of the Senior Management Team which included the Head of Human Resources and the Head of Legal Services now reporting directly to the Chief Executive.

## NOTES TO THE ACCOUNTS

The number of other staff employed by the Council, including head teachers, receiving more than £60,000 remuneration for the year, excluding employer's pension contributions, is listed below, in bands of £5,000. The number of employees has increased in 2020/21 due to a 2.75% pay increase on 1<sup>st</sup> April 2020.

Number of Employees				Number of Employees
2019/20				2020/21
43	£60,000	-	£64,999	42
20	£65,000	-	£69,999	28
7	£70,000	-	£74,999	12
7	£75,000	-	£79,999	7
10	£80,000	-	£84,999	10
2	£85,000	-	£89,999	4
-	£90,000	-	£94,999	2
3	£95,000	-	£99,999	-
-	£100,000	-	£104,999	1
1	£105,000	-	£109,999	-
-	£110,000	-	£114,999	1
<b>93</b>				<b>107</b>

As a result of a voluntary redundancy scheme in 2020/21, a number of additional employees received remuneration above £60,000. These individuals were paid the following amounts:

Number of Employees				Number of Employees
2019/20				2020/21
2	£60,000	-	£64,999	-
-	£65,000	-	£69,999	1
1	£70,000	-	£74,999	-
1	£85,000	-	£89,999	-
<b>4</b>				<b>1</b>

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit Package cost band	Number of Compulsory Redundancies		Number of other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
							£000	£000
£0 - £20,000	7	7	37	21	44	28	392	242
£20,001 - £40,000	-	-	14	11	14	11	369	374
£40,001 - £60,000	-	-	4	3	4	3	199	162
£60,001 - £100,000	-	-	2	2	2	2	166	123
<b>Total</b>	<b>7</b>	<b>7</b>	<b>57</b>	<b>37</b>	<b>64</b>	<b>44</b>	<b>1,126</b>	<b>901</b>

## NOTES TO THE ACCOUNTS

The Council continues to minimise compulsory redundancy as far as is possible by using alternatives such as voluntary redundancy and redeployment to alternative employment. Those who left under either voluntary or compulsory redundancy received redundancy payments in line with the Council's scheme and where eligible, accessed their pensions.

### 28. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the statement of accounts, certification of grant claims and statutory inspections provided by the Council's external auditors:

2019/20 £000		2020/21 £000
177	Fees Payable to Audit Wales for External Audit Services Carried Out by the Appointed Auditor for the Year	177
100	Fees Payable to Audit Wales for Statutory Work Carried Out Under the Local Government Measure	100
45	Fees Payable to Audit Wales for the Certification of Grant Claims and Returns for the Year	20
<b>322</b>	<b>Total</b>	<b>297</b>

### 29. GRANT INCOME

The Council credited the following grants and contributions to the comprehensive income and expenditure statement:

2019/20 £000	Grant Income	2020/21 £000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
168,695	Revenue Support Grant	181,702
6,405	Regeneration and Town Centre Redevelopments	8,512
5,852	21st Century Schools	24,722
50	Intermediate Care Fund	-
320	Local Transport Fund	907
564	Safe Routes / Accident Reduction Measures	215
15	Coastal Risk Management Projects	-
521	Active Travel	1,153
1,496	Additional Infrastructure Funding	753
9	Flood Prevention Grants	1,213
7	Flying Start	11
167	Childcare Offer Capital Grant	589
1,928	Additional Schools Funding	2,202
2,000	Hillside	-
1,113	HWB - Education Techology Grant	744
-	Drainage	1,018
-	Waste Transfer Station Grant	1,295
719	Other Capital Grants	3,319
<b>189,861</b>	<b>Total Grants Credited to Taxation and Non Specific Grant Income</b>	<b>228,355</b>

## NOTES TO THE ACCOUNTS

2019/20 £000	Grant Income	2020/21 £000
	<b>Credited to Services</b>	
1,453	Post 16	1,797
653	Youth	459
241	Active Young People	-
2,139	Childcare Offer	2,875
5,181	Children & Communities	7,618
-	Regional Consortia School Improvement Grant (RCSIG)	6,149
1,827	Teachers Pension	-
2,715	LA Education Grant	2,063
5,132	Pupil Deprivation Grant	6,035
255	Pupil Deprivation Grant - Looked After Children	-
294	Rural Development Plan	377
-	Minority Ethnic, Gypsy Traveller Grant	202
-	Covid Schools Funding	2,542
1,638	Other Education Grants	3,258
2,394	Concessionary Bus Fares	2,400
114	Bus Services Grant	116
-	Road Safety Grant	33
121	Other Highways Grants	249
1,912	Families First	-
354	Social Care Workforce Development	1,001
411	Youth Justice Board	233
3,076	Substance Misuse	3,515
3,807	Flying Start	-
1,494	Safe & Resilient Communities	-
152	Syrian Vulnerable Person Resettlement	134
-	Sustainable Social Services	1,992
505	Other Social Services Grants	109
701	Housing Benefit Admin	673
44,447	Mandatory Rent Allowances	42,238
421	Mandatory Rent Rebate	-
4,245	General Capital Grant for Housing Expenditure	1,547
425	Housing Energy Efficiency Grant	295
4,804	Supporting People	-
-	Housing Support	4,938
-	Culture & Heritage	4
177	Recreation & Sport	217
1,486	Community Purposes	481
-	Single Environment Grant	9
2,483	Workways	2,624
886	Sustainable Waste	753
459	Enabling Natural Resources & Wellbeing	-
326	Schools Information Technology Grant	-
1,304	Other Services Grants	4,392



## NOTES TO THE ACCOUNTS

2019/20 £000	Grant Income	2020/21 £000
	<b>Credited to Services (continued)</b>	
-	COVID19 - LA Hardship Fund	13,074
-	COVID19 - Loss of Income	9,589
-	COVID19 - Social Services voids	2,570
-	COVID19 - Social Services rate increase	1,884
-	COVID19 - Council Tax Reduction Scheme	604
-	COVID19 - Sickness Reimbursement Scheme	46
-	COVID19 - Care Home Testing	80
-	COVID19 - Care Home Visiting Pods	137
<b>98,032</b>	<b>Total Grants Credited to Services</b>	<b>129,477</b>
<b>287,893</b>	<b>Total Grant Income</b>	<b>357,832</b>

### 30. RELATED PARTIES

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

#### Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties, such as council tax bills and housing benefits. Grants and contributions received from government departments are set out in the note to the expenditure and funding analysis in note 5. Grant receipts are shown in note 29.

#### Members

Members of the Council have direct control over the Council's financial and operating policies. The total paid to members in 2020/21, including on-costs, is shown in note 26.

Under the code of conduct incorporated in the Council's Constitution, members are required to record in the register of members interests any financial and other personal interests, together with any gift, hospitality, material interest or advantage. The register is open to inspection by the public and is available on an individual member basis on the Council Website.

Members of the Council serve on numerous outside bodies some of which either receive funding from the Council or issue levies and precepts to be paid by the Council. These payments are made with proper consideration of declarations of interest and relevant members do not take part in any discussion or decision relating to the grants.

# NOTES TO THE ACCOUNTS

## Officers

The Chief Executive and Head of Legal Services are unpaid shareholder representatives on behalf of the Council with Neath Port Talbot Waste Management Ltd. The role does not involve any decision making on the day to day running of the Company.

## Entities Significantly Influenced by the Council

### Swansea Bay City Deal

The Swansea Bay City Deal is a £1.3bn investment in 9 major projects across the Swansea Bay City Region, which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.

The Swansea Bay City Deal is being led by the four regional local authorities through a Joint Committee Agreement, together with non-voting partners, Swansea Bay and Hywel Dda University Health boards, Swansea University and the University of Wales Trinity Saint David.

Within the Joint Committee Agreement there is acknowledgement that all partners will contribute £50,000 per annum to support the central administrative functions of the programme, as well as 1.5% "Top Slice" being applied to programme/project City Deal grant awards.

Neath Port Talbot Council contribution is fully paid up to 31<sup>st</sup> March 2021.

As at the 31<sup>st</sup> March 2021, no City Deal grant funding was awarded to Neath Port Talbot County Borough Council, due to programme/project business cases being still in development.

Under the agreement of the Joint Committee (JC – 9<sup>th</sup> July 2020) costs in respect of the provision of support services by Local Authorities to the Swansea Bay City Deal were re-included within the Joint Committee budget allowing for the recharge of those functions by Authorities (omitted in the prior year 2019/20). As such expenditure was recharged during the financial year by City and County of Swansea for Legal and democratic services in respect of the Joint Committee, Carmarthenshire County Council for the Accountable Body function, Pembrokeshire County Council for the provision of Internal Audit services and Neath Port Talbot CBC for Democratic Services in respect of the Joint Scrutiny Committee.

As agreed by the Joint Committee (JC – 11<sup>th</sup> June 2020) interest accumulated on Swansea Bay City Deal cash balances will be distributed to Authorities on a programme/project basis aligned to their allocated grant.

	2020/21 £000
<b><u>Income</u></b>	
Democratic Services Recharge	(21)
Interest Apportionment (derived from SBCD cash balances)	-
SBCD Grant Award	-
	(21)
<b><u>Expenditure</u></b>	
Partnership Contribution	50
<b>Total Balance of Related Parties</b>	<b>29</b>

## NOTES TO THE ACCOUNTS

### Waste

The Council owns a waste management company (Neath Port Talbot Waste Management Company Ltd). The waste management company has a 100% shareholding in the operating company for the materials recycling plant (Neath Port Talbot Recycling Ltd), which stopped trading on 30<sup>th</sup> September 2019. Both companies are due to be dissolved during 2021/22.

No waste management charges were made by the Council to NPT Recycling Ltd during 2020/21. In 2019/20 £4.544M was paid on behalf of Neath Port Talbot CBC and Bridgend CBC, the Council received income from Bridgend CBC. The waste services provided by NPTRL was TUPE transferred into Neath Port Talbot Council on 1<sup>st</sup> October 2019.

### Celtic Leisure

The Council has a contracted with Celtic Leisure (a company limited by guarantee) to manage its indoor leisure activities and the Gwyn Hall. Following negotiations with the Council the Trustees have agreed to surrender the contract prior to the Trust commencing liquidation procedures. The Council has agreed to provide the Trust with funding to meet its obligations until the date of the completion of the contract and in respect of the planned liquidation.

The Council pays Celtic Leisure an annual management fee to run the service (excluding the structural maintenance of buildings) which for 2020/21 was £1.461m (£1.593m in 2019/20). During 2020/21 the Council also paid a COVID loss of income Grant to Celtic Leisure of £1.475m and a one off payment for purchase of assets for £0.150m. There was £44,000 (£99,000 in 2019/20) outstanding balance owed by Celtic Leisure on 31<sup>st</sup> March 2021.

## 31. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

2019/20 £000		2020/21 £000
	<b>Capital Investment</b>	
34,561	Property, Plant and Equipment	55,652
4,570	Revenue Expenditure Funded from Capital Under Statute	3,117
<b>39,131</b>		<b>58,769</b>
	<b>Sources of Finance</b>	
-	Capital Receipts	(936)
(24,684)	Government Grants and Other Contributions: Sums Set Aside from Revenue	(46,304)
(182)	Direct Revenue Contributions and Reserves	(1,245)
(14,265)	Loans	(10,284)
<b>(39,131)</b>		<b>(58,769)</b>

## NOTES TO THE ACCOUNTS

As at 31<sup>st</sup> March 2021, the Authority has entered into a number of contracts for the construction of Property, Plant and Equipment. The budgeted cost of these commitments for 2021/22 and future years are shown in the table below.

The major commitments are:

Major Capital Commitments	2021/22 £000	Future £000	Total £000
Replacement Comprehensive School at Cefn Saeson	3,376	-	3,376
Replacement Primary at Abbey	6,049	1,419	7,468
New Build Block Ysgol Gymraeg Ystalyfera Bro Dur (North Campus)	4,545	342	4,887
Harbourside Infrastructure	2,563	-	2,563
Plaza Redevelopment	3,300	-	3,300
Neath Town Centre Redevelopment	10,817	1,070	11,887
The Technology Centre	4,957	-	4,957
	<b>35,607</b>	<b>2,831</b>	<b>38,438</b>

Where Capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2019/20 £000		2020/21 £000
<b>(338,618)</b>	<b>Opening Capital Financing Requirement</b>	<b>(342,873)</b>
(4,486)	Increase in Underlying Need to Borrow (Supported by Government Financial Assistance)	(4,489)
(9,778)	Increase in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	(5,795)
10,009	Minimum Revenue Provision and Prudential Borrowing	10,102
<b>(342,873)</b>	<b>Closing Capital Financing Requirement</b>	<b>(343,055)</b>

### 32. SERVICE CONCESSION

On 1<sup>st</sup> April 2012, the Council entered into a service concession arrangement with Tai Gwalia CYF to take over and operate the Council's long term care and short term respite care homes. As part of this arrangement, the Council transferred its existing care homes to Tai Gwalia CYF who have constructed two new residential care homes, Plas Bryn Rhosyn in Neath and Llys Y Seren in Port Talbot, on land owned by the Council. This arrangement is in place until 2037.

The agreement included the construction of two residential care homes with a commitment that the Council will purchase a guaranteed number of beds for the duration of the contract. The contract includes a series of events which could trigger termination of the contract. At the end of the contract the assets transfer into the ownership of the Council for no additional charge. The Council carries the non-current assets used under the contract on the balance sheet as service concession assets.

## NOTES TO THE ACCOUNTS

The following table shows the payments to be made under the service concession:

	Payment for Services £000	Reimburse Capital Expenditure £000	Interest £000	Total £000
Payable:				
Within 1 year	5,240	96	157	5,493
Within 2 to 5 years	17,199	446	563	18,208
Within 6 to 10 years	17,118	734	528	18,380
Within 11 to 15 years	16,022	993	268	17,283
Years 16 to 17	3,204	238	15	3,457
<b>Total</b>	<b>58,783</b>	<b>2,507</b>	<b>1,531</b>	<b>62,821</b>

The future service liability for reimbursing capital expenditure is:

2019/20 £000		2020/21 £000
2,682	Balance Outstanding at 1st April	2,597
(85)	Payments During the Year	(90)
<b>2,597</b>	<b>Balance outstanding at 31st March</b>	<b>2,507</b>

### 33. LEASES

#### Council as Lessee

##### Finance Leases

The Council has one finance lease recognised in its balance sheet.

31st Mar 2020 £000		31st Mar 2021 £000
3,232	Other Land and Buildings - Asset Value	3,158

The Council is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years, while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31st Mar 2020 £000		31st Mar 2021 £000
	<b>Finance Lease Liabilities</b>	
11	Current	11
855	Non Current	843
834	Finance Lease Costs Payable in Future Years	795
<b>1,700</b>	<b>Minimum Lease Payments</b>	<b>1,649</b>

## NOTES TO THE ACCOUNTS

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

Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	Finance Lease Liabilities
31st Mar £000	31st Mar £000		31st Mar £000	31st Mar £000
52	11	Not Later than One Year	52	11
206	49	Between 1 and 5 Years	206	51
1,442	806	Later than 5 Years	1,391	792
<b>1,700</b>	<b>866</b>		<b>1,649</b>	<b>854</b>

### Council as Lessor

#### Operating Lease

The Council currently leases out property under operating lease agreements ranging from indoor market units to shops, clubs, land, etc.

The lease income received in 2020/21 was £1.204m and in 2019/20 was £1.295m. The leases are short term by nature and future income streams will be affected by external factors, most noticeably economic conditions and therefore cannot be estimated with certainty.

### 34. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this statement of accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2020/21, the Council paid £11.4m to Teachers' Pensions in respect of teachers' retirement benefits, based on a 23.68% which has been the effective rate from 1<sup>st</sup> September 2019. The figures for 2019/20 was £9.699m.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a discretionary basis within the defined benefit detailed in note 35.

# NOTES TO THE ACCOUNTS

## 35. DEFINED BENEFIT PENSION SCHEMES

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Council participates in two post-employment schemes:

- the Local Government Pension Scheme, administered locally by the City and County of Swansea. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. Benefits earned up to 31<sup>st</sup> March 2014 were linked to final salary, with benefits after this date based on a career average revalued earnings scheme.
- arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there is no investment assets built up to meet these pensions' liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The City and County of Swansea Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the City and County of Swansea Council. Policy is determined in accordance with the pension fund regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, such as large-scale withdrawals, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the general fund the amounts required by statute.

### Discretionary Post-Retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

### Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the general fund via the movement in reserves statement. The following transactions have been made in the comprehensive income and expenditure statement and the general fund balance via the movement in reserves statement during the year.

# NOTES TO THE ACCOUNTS

## **McCloud**

During 2019, the Supreme Court rejected the Government's request to appeal against a judgement relating to "McCloud/Sargeant" a judge and a fire fighter who represented their pension scheme members in claiming unlawful discrimination. This concerned the transitional protections given to older scheme members as part of pension reforms introduced in 2014/15, which have been judged age discriminatory.

The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. The pension fund actuary, Aon Hewitt, has based the estimate on the major provisions of the remedy.

## **Guaranteed Minimum Pension (GMP) Equalisation**

GMP is a portion of the pension that was accrued by individuals who were contracted out of the State Second Pension between 6<sup>th</sup> April 1978 and 6<sup>th</sup> April 1997.

In October 2020 a second ruling in the Lloyds bank case clarified that compensation would be required to members who transferred benefits out since May 1990. The Government has not yet acknowledged a liability in public service schemes nor indicated an approach to rectify this so no allowance has been made for a potential liability arising from this ruling.



## NOTES TO THE ACCOUNTS

Local Government Pension Scheme	Discretionary Benefits Arrangements		Local Government Pension Scheme	Discretionary Benefits Arrangements
2019/20			2020/21	
£m	£m		£m	£m
		<b>Comprehensive Income and Expenditure Statement (CIES)</b>		
		<b>Cost of Services:</b>		
40.36	-	Current Service Cost	39.15	-
0.24	-	Past Service Costs	0.49	-
-	-	(Gain)/Loss from Settlements	-	-
		<b>Financing and Investment Income and Expenditure</b>		
11.17	0.81	Net Interest Expense	10.35	0.70
<b>51.77</b>	<b>0.81</b>	<b>Total Post-Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>49.99</b>	<b>0.70</b>
		<b>Other Post-Employed Benefit Charged to the CIES</b>		
		<b>Remeasurement of the Net Defined Benefit Liability</b>		
62.94	-	Return on Plan Assets (excluding the amount included in the net interest expense)	(163.88)	-
(40.44)	(1.27)	Actuarial Gains and Losses Arising on Changes in Demographic Assumptions	-	-
(21.94)	(0.26)	Actuarial Gains and Losses Arising on Changes in Financial Assumptions	234.78	2.55
(40.66)	(0.16)	Actuarial Gains and Losses due to Liability Experience	(11.52)	0.87
<b>(40.10)</b>	<b>(1.69)</b>	<b>Total Amount Recognised in Other Comprehensive Income</b>	<b>59.38</b>	<b>3.42</b>
<b>11.67</b>	<b>(0.88)</b>	<b>Total Post Employment Benefit Charged to the CIES</b>	<b>109.37</b>	<b>4.12</b>
		<b>Movement in Reserves Statement</b>		
<b>(11.67)</b>	<b>0.88</b>	Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in Accordance with the Code	<b>(109.37)</b>	<b>(4.12)</b>
		<b>Actual Amount Charged Against the General Fund Balance for Pensions in the Year</b>		
26.68	-	Employers' Contributions Payable to Scheme	27.94	-
-	2.56	Retirement Benefit Payable to Pensioners	-	2.45

## NOTES TO THE ACCOUNTS

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the Council's obligation in respect of its defined benefits plan is as follows:

Local Government Pension Scheme	Discretionary Benefits Arrangement		Local Government Pension Scheme	Discretionary Benefits Arrangement
2019/20 £m	2019/20 £m		2020/21 £m	2020/21 £m
(1,090.77)	(31.68)	Present Value of the Defined Benefit Obligation	(1,355.71)	(33.35)
627.15		Fair Value of Plan Assets	810.66	
<b>(463.62)</b>	<b>(31.68)</b>	<b>Total</b>	<b>(545.05)</b>	<b>(33.35)</b>

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

2019/20 £m		2020/21 £m
669.72	Opening Fair Value of Scheme Assets	627.15
16.13	Interest Income on assets	14.49
(62.94)	Remeasurement Gains/(Losses): The Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	163.88
26.68	Contributions by the Employer	27.94
6.15	Contributions from Employees into the Scheme	6.49
(28.59)	Benefits Paid	(29.29)
<b>627.15</b>	<b>Closing Fair Value of Scheme Assets</b>	<b>810.66</b>

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

Funded Liabilities: Local Government Pension	Unfunded Liabilities: Discretionary Benefits		Funded Liabilities: Local Government Pension	Unfunded Liabilities: Discretionary Benefits
2019/20 £m	2019/20 £m		2020/21 £m	2020/21 £m
(1,148.35)	(35.12)	Opening Balance at 1st April	(1,090.77)	(31.68)
(40.36)	-	Current Service Cost	(39.15)	-
(27.30)	(0.81)	Interest cost	(24.84)	(0.70)
(6.15)	-	Contributions from Scheme	(6.49)	-
40.44	1.27	Remeasurement Gains and (Losses): Actuarial Gains/Losses Arising from Changes in Demographic	-	-
21.94	0.26	Actuarial Gains/Losses Arising from Changes in Financial Assumptions	(234.78)	(2.55)
40.66	0.16	Actuarial Gains and Losses Due to Liability Experience	11.52	(0.87)
(0.24)	-	Past Service Cost	(0.49)	-
28.59	2.56	Benefits Paid	29.29	2.45
<b>(1,090.77)</b>	<b>(31.68)</b>	<b>Liabilities Extinguished on Settlement</b>	<b>(1,355.71)</b>	<b>(33.35)</b>

## NOTES TO THE ACCOUNTS

Local Government Pension Scheme Assets for Neath Port Talbot

The following table shows an analysis of the scheme assets.

Fair Value of Scheme Assets				Fair Value of Scheme Assets		
2019/20				2020/21		
UK £000	Overseas £000	Total £000		UK £000	Overseas £000	Total £000
		13,776	Cash and Cash Equivalents		12,582	
			<b>Pooled Investments Vehicles</b>			
			Managed funds:			
			Quoted			
	3,194	3,194	Equity	-	0	
	36,250	36,250	Fixed Interest	-	0	
			Unquoted			
	436,335	436,335	Equity	586,052	586,052	
9,824	15,321	25,145	Property	9,762	23,292	
6,355	-	6,355	Property Unit Trust	6,757	6,757	
28,436	5,952	34,388	Fixed Interest	26,151	71,892	
11,076	-	11,076	Index-Linked	11,201	11,201	
	15,764	15,764	Hedge Fund	-	18,730	
	29,022	29,022	Private Equity	-	41,168	
	10,611	10,611	Infrastructure	-	23,620	
	3,722	3,722	Private Debt	-	11,783	
	571	571	Derivatives	-	822	
	244	244	Cash Funds	-	1,350	
	-	0	Cash Dividends Due	12	12	
55,691	556,986	612,677	<b>Total Pooled Investment</b>	53,883	742,796	
		697	Net Current Assets		1,405	
		627,150	<b>Total Assets</b>		810,666	

In January 2019, the three segregated equity funds were transitioned to the Wales Pension Partnership Global Opportunities Fund as a pooled Equity Investment Vehicle. The Scheme no longer has any segregated global equity mandates.

## NOTES TO THE ACCOUNTS

The following investments represented more than 5% of the Fund's net assets:

Neath Port Talbot Share			Neath Port Talbot Share	
Value of Net Assets £000	Proportion of Net %		Value of Net Assets £000	Proportion of Net %
139,807	22.3	Blackrock ACS Low Carbon Tracker Fund	188,741	23.3
31,452	5.0	Harbour Vest - Private Equity Fund	-	-
36,112	5.8	Goldman Sachs Global Libor Plus II	-	-
381,264	47.0	WPP Global Opportunities Fund	381,264	47.0

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by AON Hewitt, an independent firm of actuaries, estimates for the City and County of Swansea Pension Fund being based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2020.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme	Discretionary Benefit Arrangements		Local Government Pension Scheme	Discretionary Benefit Arrangements
2019/20			2020/21	
		<b>Mortality Assumptions:</b>		
		Longevity at 65 for Current		
22.2	22.2	Men	22.3	22.3
24.2	24.2	Women	24.3	24.3
		Longevity at 65 for Future		
23.2	-	Men	23.3	-
25.7	-	Women	25.8	-
		<b>Rate of Inflation:</b>		
-	-	RPI	-	-
2.0%	2.0%	CPI	2.7%	2.7%
3.5%	-	Rate of Increase in Salaries	4.2%	-
2.0%	2.0%	Rate of Increase in Pensions	2.7%	2.7%
2.3%	2.3%	Rate for Discounting Scheme	2.1%	2.1%

## NOTES TO THE ACCOUNTS

### Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31<sup>st</sup> March 2021 and the projected service cost for the year ending 31<sup>st</sup> March 2022 is set out below:

#### Discount Rate Assumption

Adjustment to Discount Rate	+0.1% p.a.	-0.1% p.a.
Present Value of Total Obligation (£m's)	1,328.60	1,384.18
% Change in Present Value of Total Obligation	-2.0%	2.1%
Projected Service Cost (£m's)	54.06	57.92
Approximate % Change in Projected Service Cost	-3.4%	3.5%

#### Rate of General Increase in Salaries

Adjustment to Salary Increase Rate	+0.1% p.a.	-0.1% p.a.
Present Value of Total Obligation (£m's)	1,359.78	1,351.64
% Change in Present Value of Total Obligation	30.0%	-30.0%
Projected Service Cost (£m's)	55.96	55.96
Approximate % Change in Projected Service Cost	0.0%	0.0%

#### Rate of Increase to Pensions in Payment and Deferred and Rate of Revaluation of Pension Accounts Assumption

Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present Value of Total Obligation (£m's)	1,378.76	1,332.66
% Change in Present Value of Total Obligation	1.7%	-1.7%
Projected Service Cost (£m's)	57.92	54.06
Approximate % Change in Projected Service Cost	3.5%	-3.4%

#### Post Retirement Mortality Assumption

Adjustment to mortality age rating assumption	-1 year	+1 year
Present Value of Total Obligation (£m's)	1,405.87	1,306.90
% Change in Present Value of Total Obligation	3.7%	-3.6%
Projected Service Cost (£m's)	58.25	53.67
Approximate % Change in Projected Service Cost	4.1%	-4.1%

#### Asset Liability Matching Strategy

The City and County of Swansea Pension Fund has not formally adopted any asset liability matching strategies within its current statement of investment principles. The Pension Fund is an open defined benefit LGPS fund which is open to new membership. Noting the positive cash flow of the Fund at this present time, the Fund has adopted a medium/long term investment horizon in its allocation to growth assets, however, the need to meet on-going liabilities, is addressed by the allocation to cash distributing assets in the form of bonds, property and infrastructure.

# NOTES TO THE ACCOUNTS

## Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The City and County of Swansea Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next nineteen years from 1<sup>st</sup> April 2020, funding levels are monitored to achieve this. Cash flows used in the valuation were estimated based on the 2019 actuarial valuation data provided.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31<sup>st</sup> March 2022 is £28.71m. Expected payments to beneficiaries of the discretionary benefits schemes in the year to 31<sup>st</sup> March 2022 are £0.95m for the LGPS Scheme and £1.51m for Teachers.

## 36. DISCLOSURE OF NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

### Key Risks

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

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

### Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. Risk management is carried out by a central treasury team, under policies approved by Council in the treasury management strategy, annual investment strategy, capital strategy and minimum revenue policy report. The full report can be accessed on the Council's web site.

### Credit Risk

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

This risk is minimised through the annual investment strategy, which is available on the Council website.

The key areas of the investment strategy in relation to minimum criteria for investment counterparties and investment limits are included within the Council Annual Investment Strategy.

## NOTES TO THE ACCOUNTS

The Council's maximum exposure to credit risk in relation to its investments in individual banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. A minimal risk of irrecoverability applies to all of the Council's deposits and by adopting stringent investment criteria this risk continues to be minimised.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not allow credit for its trade debtors. The following analysis shows the age profile of the due amounts:

<b>31st Mar 2020 £000</b>		<b>31st Mar 2021 £000</b>
1,850	Current - Up to One Month	3,085
555	One to Three Months	1,069
609	Three to Six months	484
419	Six Months to One Year	534
1,094	More than One Year	1,212
<b>4,527</b>	<b>Total</b>	<b>6,384</b>

### Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money and the Public Works Loan Board. There is no significant risk that it will be unable to raise finances to meet its commitments under financial instruments.

### Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters.

## NOTES TO THE ACCOUNTS

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

<b>31st Mar 2020 £000</b>		<b>31st Mar 2021 £000</b>
(10,774)	Less than 1 Year	(2,572)
(1,001)	Between 1 and 2 Years	(26,651)
(37,706)	Between 2 and 5 Years	(13,556)
(1,732)	Between 5 and 10 Years	(2,175)
(256,659)	More than 10 Years	(256,659)
<b>(307,872)</b>	<b>Total</b>	<b>(301,613)</b>

### Market Risk

**Interest Rate Risk** – the Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed 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 borrowing will fall ;
- Investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, 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 general fund balance.

The Council has a number of strategies for managing interest rate risk. The annual treasury management strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. This strategy is used to set a treasury indicator which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor the market and interest rate forecasts during the year and adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.



## NOTES TO THE ACCOUNTS

If all interest rates had been 1% higher (with all other variables held constant) the financial effect at 31<sup>st</sup> March would be:

	<b>31st Mar 2021 £000</b>
Increase/Decrease in Interest Received and Credited to the CIES	362
Increase/Decrease in External Interest Payable and Debited to the CIES	2,951

**Price Risk** – The Council does not invest in equity shares or marketable bonds.

### 37. LOCAL TAXATION

#### Council Tax

Council tax is the current form of local taxation for domestic properties. All domestic properties are placed into one of nine valuation bands according to their open market value at 1<sup>st</sup> April 2003. The average amount of council tax for a property in Band D in 2020/21 was £1,935.44. This was calculated by dividing the amount of council tax required by Neath Port Talbot Council, each community council, and the South Wales Police Authority by the council tax base of 48,098 (which is the number of properties we collect council tax from, adjusted by discounts etc., and converted to the equivalent number of band d properties). The amounts for properties in other bands are calculated by multiplying the band d figure by the relevant multiplier in the table below:

Band	A	B	C	D	E	F	G	H	I	Total
Multiplier	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	
No. of Chargeable Dwellings	13,178	26,274	11,329	7,067	4,310	1,352	504	89	16	64,119

#### Business Rates

Non domestic rates are calculated by multiplying a property's rateable value by the rating multiplier (or rate in the pound). Rateable values are determined by the Valuation Office Agency and the multiplier is set by the Welsh Government. The multiplier for 2020/21 was 53.5p (2019/20 52.6p). The Council is responsible for collecting rates due from businesses in its area but pays the proceeds into the NNDR pool administered by the Welsh Government. The Welsh Government redistributes the sums payable back to local authorities on the basis of a fixed amount per head of population.

In 2020/21, the total non-domestic rateable value at the year-end was £103,395m (2019/20 £100.980m).

## NOTES TO THE ACCOUNTS

### Significant Precepts or Demands

An element of the council tax bill relates to funding which is paid over to other organisations. The main demands and precepts were:

Town or Community Councils	2020/21 £000
Blaengwrach	39
Blaenhonddan	230
Briton Ferry	152
Cilybebyll	100
Clyne and Melincourt	22
Coedffranc	399
Crynant	50
Cwmllynfell	40
Dyffryn Clydach	50
Glynneath	236
Gwaencaegurwen	86
Neath	400
Onllwyn	24
Pelenna	40
Pontardawe	183
Resolven	55
Seven Sisters	50
Tonna	38
Ystalyfera	73
	<b>2,267</b>
<b>Other Levies and Demands</b>	
Police and Crime Commission for South Wales	13,117
Fire Authority	7,890
	<b>21,007</b>

### 38. COVID 19

The Covid-19 pandemic significantly impacted on the work of the Council resulting in the development of new services and new ways of working. This included the development of the Safe and Well Service to support vulnerable people and those that needed to shield, Track Trace and Protect (TTP) service to support and keep people safe from Covid-19, Joint Enforcement Team to ensure compliance with the new legislation and rules, payments of financial support grants to businesses, payments to families entitled to free school meals, people on low earnings/benefits that were advised to self-isolate, payment to care workers etc. Office based staff worked from home or were seconded to some of the above mentioned roles.

## NOTES TO THE ACCOUNTS

The total amount of financial support from the both Welsh Government and Health received by the Council in 2020/21 to fund our activities and support our communities and businesses total £83.3m. The following table shows that the Council was reimbursed £28.610m by the Welsh Government and £4.417m from other local public bodies to cover increased service costs and also loss of income.

2020/21	Expenditure £000	Income £000	Income Other Public Bodies £000
Reimbursement of Additional Expenditure incurred	14,553	(14,553)	0
Reimbursement- Loss of Income	0	(9,648)	0
Digital Transformation	0	(1,170)	0
Savings Strategies Contribution	0	(1,170)	0
Council Tax Administration & Court Cost	0	(153)	0
Business Grant Administration	0	(432)	0
Council Tax Support Increased Cost	0	(604)	0
Council Tax Grant	0	(727)	0
Circular Economy	0	(153)	0
Field Hospital	2,481	0	(2,481)
Track Trace Protect (TTP)	1,978	0	(1,936)
	<b>19,012</b>	<b>(28,610)</b>	<b>(4,417)</b>

The Council also administered schemes on behalf of the Welsh Government as an Agency service to pay grants to businesses and individual recipients totalling £50.268m.

2020/21	Expenditure £000	Income £000
Grants To Businesses	28,217	(28,217)
Business Restrictions Grant	12,939	(12,939)
Firebreak Grants	4,199	(4,199)
Discretionary Grant	1,292	(1,292)
Discretionary Firebreak Grants	496	(496)
Freelance Grants	437	(437)
Business Start Up Grants	80	(80)
Social Care Recognition Scheme	2,002	(2,002)
Social Care Sick Pay Scheme	279	(279)
Self Isolation Grant	247	(247)
Flood Grants paid to Skewen Residents	80	(80)
	<b>50,268</b>	<b>(50,268)</b>

# NOTES TO THE ACCOUNTS

## 39. ANNUAL GOVERNANCE STATEMENT

The Council is required by statute to provide an Annual Governance Statement that covers all significant corporate systems, processes and controls, spanning the whole range of its activities. It is signed by the Council's Leader and Chief Executive and approved by Cabinet.

**The Independent Auditor’s Report of the Auditor General for Wales to  
the Members of Neath Port Talbot County Borough Council**

**Report on the Audit of the Financial Statements – To be inserted  
following Audit**

**The Independent Auditor's Report of the Auditor General for Wales to  
the Members of Neath Port Talbot County Borough Council**

**The Independent Auditor’s Report of the Auditor General for Wales to  
the Members of Neath Port Talbot County Borough Council**

**The Independent Auditor's Report of the Auditor General for Wales to  
the Members of Neath Port Talbot County Borough Council**



## GLOSSARY OF TERMS

This glossary of terms has been prepared on the basis that a basic knowledge of accountancy terms is held. It provides a description of specialist terms relating to local government finance.

Audit Wales	Previously Wales Audit Office (WAO) - A body that independently examines the activities of the Council.
Accumulated absences	The Code of Practice requires an adjustment for accumulated absences which gives a monetary value to the cost of holidays accrued by staff but not taken at the end of the financial year. The net effect of this adjustment is reversed from the accounts.
Actuary	An actuary is someone who works with complex mathematical models to predict the likelihood of future years. Their skills are used to work out insurance and pension fund valuations, taking into account relevant factors such as trends in insurance claims and life expectancy.
Cash flow statement	This statement summarises the movements in cash during the year for both revenue activities and capital activities.
CIPFA/LASAAC	CIPFA/LASAAC is the body that sets the Code of Practice on Local Authority Accounting in the United Kingdom.
Comprehensive income and expenditure statement	This accounts records day to day spending and income on items such as salaries and wages, the running costs of services and the financing of capital expenditure. It shows the accounting cost in the year, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
Componentisation	Accounting standards require that assets are split into separate components where there are significant differences in the life of elements of the assets which would have a significant effect on the depreciation costs.
Contingent asset	This is a possible asset that arises from past events but whose existence will only be confirmed after an uncertain future.
Contingent liability	This is a possible obligation that may arise from past events and whose existence will be confirmed by the occurrence of uncertain future events.
Expenditure and funding analysis	This analysis is designed to provide a more direct link between the Council's budgeted spend and the figures reported under generally accepted accounting practices. It provides a link between management information and the figures included in the Comprehensive Income and Expenditure Statement.
Fair value	This is the estimated value of an asset or liability at the balance sheet date. The 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.

## GLOSSARY OF TERMS

Financial instruments	This relates to any contract which gives rise to a financial asset in one organisation and a financial liability or equity instrument of another. A collective name for investments, trade debtors and borrowings.
General fund balance	This represents the cumulative retained surpluses on the Council's revenue budget. It includes reserves the Council has earmarked to fund its plans as well as a cushion against unexpected events or emergencies. The level of the balance is considered as part of the annual budget process each year.
Impairment	This happens when fixed asset or investment values change significantly due to changes in circumstances. It can occur if there is a significant change in a fixed asset's market value or significant physical damage such as fire. The cost of impairment is charged to the revenue account in the year it occurs.
Minimum revenue provision (MRP)	A minimum annual charge that has to be made to the revenue accounts to systematically reduce the principal element of loans which have been raised and used to pay for capital schemes.
Movement in reserves statement	This statement shows the movement in the year on the different reserves held by the Council, analysed between the usable reserves which can be applied to fund expenditure or reduce local taxation and other reserves and the unusable reserves which cannot be utilised in this way.
National non domestic rates (NDR)	Also known as the Business Rate, it is the charge occupiers of business premises pay which is collected by this Council and paid to the Welsh Government for reallocation. The charge is based on the rateable value of the business premises.
Pension reserve	The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits (pensions) and for funding benefits in accordance with statutory provisions.
Pooled budgets	These are budgets which are joined up across differing organisations with similar objectives and used to ensure improvements through coordinating expenditure.
Precepts	Precepts are levied on the Council by non-billing organisations such as the police and community councils to enable them to cover their costs in the performance of their services or duties.
Provision	This is an amount set aside in the accounts for a past event which is likely or certain to result in a financial cost some time in the future, though the exact amount and date may be uncertain.

## GLOSSARY OF TERMS

Public Works Loans Board (PWLB)	This is a Government Agency which provides longer term loans to local authorities.
Related party transactions	These are disclosed to highlight any relationships that may exist between the Council and third parties who may materially affect or influence the way the Council or third parties are able to operate.
Reserves	These are sums set aside to meet future expenditure. This Council splits the total reserve to show those earmarked to fund specific expenditure and those held to fund non-specific future expenditure in the general reserve.
Revaluation reserve	This reserve is used to record gains in fixed asset values as a result of formal revaluations of the Council's fixed assets.
Revenue expenditure funded from capital under statute	This represents revenue expenditure which the Council is allowed to apply to Capital under statutory provisions. It does not result in fixed assets controlled by the Council.
Revenue Support Grant/NNDR	This is general government grant in support of local council services which is paid by the Welsh Government. The distribution of this grant tries to take account of the differing needs in each Council.
Service concession	A service concession arrangement arises when a Council grants a contract to a supplier who provides or maintains capital assets on the Council's behalf, which revert to the Council's ownership at the end of the contract. The grantor regulates the services the operator must provide using the assets and also controls any significant residual interest in the assets at the end of the term of the arrangement.
The Code of Practice	<p>The Code of Practice incorporates guidance in line with IFRS, IPSAS and UK GAAP accounting standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council.</p> <p>Note: values throughout these accounts are presented rounded to whole values as shown throughout the accounts. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.</p>