

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES



**ANNUAL REPORT AND ACCOUNTS
1999/2000**

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES ANNUAL REPORT 1999/2000

Chairman's Statement

The past year has been a milestone for the Commission. The programme of electoral reviews set out by the Secretary of State in directions to us in 1995 has, for our part, been completed, although we have recently been directed to review our proposals for the electoral arrangements for parts of The Vale of Glamorgan in the current year.

Our sponsor department from July has been the National Assembly for Wales. I am glad to report that our long standing independence as an advisory body has remained unaltered. In October, Mr Peter Law, Assembly Secretary for Local Government and Housing made time, in a very busy schedule, to address our Annual Open Meeting in Lampeter. He gave all those present a valuable insight into the Assembly's procedures and indicated some of the future issues arising for the Commission from the Political Parties, Elections and Referendums Bill being considered by Parliament. These are matters which will be considered in the forthcoming policy review of the Commission this summer. We look forward to playing our part in this important process.

In the meantime, it is for the National Assembly to make the final electoral orders so that the next local government elections, in 2003, will be contested in divisions which will all have been the subject of a recent review.

As we approached the end of the programme of electoral reviews, we have been able to meet our obligation to keep the principal areas of Wales under review and we have examined a number of boundary anomalies. Our aim has been to facilitate the effective and convenient delivery of services and our work has been assisted greatly by the submission of evidence from all the councils and many individuals involved.

Once again I wish to record my appreciation of the work of the Commission's Secretariat and my fellow Commissioners.



PROFESSOR ERIC SUNDERLAND OBE LL MA PhD LLD FIBiol
Chairman

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1. INTRODUCTION

The Commission

1.1 The Local Government Boundary Commission for Wales was established in June 1974 under the terms of Section 53 of the Local Government Act 1972 (the 1972 Act). The statutory functions of the Commission are specified in Sections 54 to 78 of the 1972 Act as amended by the Local Government (Wales) Act 1994 (the 1994 Act). Schedule 8 to the 1972 Act makes provision for the Commission's constitution and proceedings.

1.2 The purpose of the Commission is:

to review local government areas and electoral arrangements in Wales, with a view to considering whether or not to make proposals to the National Assembly of Wales for effecting changes which appear to the Commission to be desirable in the interests of effective and convenient local government.

Membership

1.3 Chairman: Professor E. Sunderland OBE LL JP MA PhD LLD FIBiol,
Deputy Chairman: Mr. E. F. L. FitzHugh OBE DL JP,
Member: Mrs. S. G. Smith LLB.

Appointments to the Commission are made by the National Assembly of Wales. The Commission must have at least one Welsh speaker, and for the duration of his office, the Chairman has this statutory role. Commissioners currently hold membership of other public bodies. Professor Sunderland is a Board member and Chairman of the Welsh Committee of the British Council, Chairman of the Environment Agency's Advisory Committee for Wales and a member of the BBC Broadcasting Council for Wales. Mr FitzHugh is the Chairman of the North East Wales NHS Trust. Mrs Smith is a member of the Boundary Commission for Wales and a Non-Executive Director of the Cardiff and Vale NHS Trust.

The Commission meet approximately once a month or as the programme of work dictates. Eleven meetings were held during 1999/00.

The Secretariat

1.4 The Commission are supported by a secretariat located in Caradog House; 1-6 St. Andrews Place, Cardiff. At the beginning of the year there were 7 members of staff, in 2 teams. In November 1999 a single team structure with 5 members of staff was adopted. The Secretary and the Mapping Officer are directly employed by the Commission while the 3 other members of staff are seconded from the National Assembly of Wales and Companies House.

Statutory Duties

1.5 The main duties of the Commission are:

Local Government Areas

- i) to keep under review all principal areas in Wales for the purpose of considering whether or not to propose to the National Assembly changes appearing to the Commission desirable in the interests of effective and convenient local government;
- ii) to consider requests for reviews from local authorities;
- iii) to consider reports made by principal councils in respect of community reviews carried out by them and make recommendations to the National Assembly;

Electoral Arrangements

- iv) under the provisions of the new section 64 inserted into the 1972 Act by Section 6 of the 1994 Act, as soon as practicable after the ordinary election of councillors for any of the Welsh principal areas held in 1995 the Commission were required to:
 - a) review the electoral arrangements for that area with a view to considering future electoral arrangements; and
 - b) formulate proposals for those arrangements; and
- v) not less than ten or more than fifteen years after the completion of the initial review and thereafter, at similar intervals, to review the electoral arrangements for every principal area in Wales.

Directions

- vi) the Secretary of State may direct the Commission to conduct a review of Wales as a whole, or of any one or more local government areas or parts of such areas in Wales.

Review Procedure

- 1.6 Section 60 of the 1972 Act lays down procedural guidelines to be followed when undertaking all reviews. The basic stages of a review are:
- i) an announcement of the review's commencement in which initial suggestions and comments are invited by a specified date;
 - ii) the publication of the Commission's draft proposals when comments on them are similarly invited by a specified date; and
 - iii) the publication of final proposals after which any further comments must be addressed to the National Assembly of Wales.

2 OBJECTIVES

- 2.1 A Policy Review undertaken by the Welsh Office in 1993 identified the review of electoral arrangements as the principal work of the Commission for 5 years following the election of the shadow unitary authorities in May 1995, as directed by the Secretary of State for Wales.
- 2.2 In June 1995 the Secretary of State directed the Commission to undertake the review of the electoral arrangements of each of the unitary authorities in accordance with a timetable for submissions to conclude by December 1999. He also issued directions for the guidance of the Commission regarding overall council size, electoral ratio and consideration of single/ multi-member divisions.

The Review of Electoral Arrangements

- 2.3 The primary aim of an electoral review is to achieve fair electoral arrangements for each principal council. Electoral arrangements are defined as:
- i) the total number of councillors to be elected to the council;
 - ii) the number and boundaries of electoral divisions;
 - iii) the number of councillors to be elected for each electoral division; and
 - iv) the name of any electoral division.

The Programme of Electoral Reviews

- 2.4 To meet the timetable of reviewing the electoral arrangements of the 22 principal councils by December 1999, the Commission adopted a programme in which each review was allocated twelve months.

Targets

- 2.5 The progress of reviews is monitored against the key stages. There are no statutory time periods for the consultation or other stages of the procedure; these are at the discretion of the Commission. The Commission have given careful consideration to the need to provide adequate time for the views of the local authorities and other interested persons to be submitted. Targets have been set within each twelve month review to reflect the requirements for publicity and consultation, consideration of the issues involved and the production and deposit of draft and final reports
- 2.6 A period between the Commission's target date for each final report and the Secretary of State's directed timetable was built into the programme to allow for contingencies. This period has allowed the Commission to extend consultation with local authorities or take account of revised electorate forecasts that have become available. Accordingly, it is the Secretary of State's timetable of deadlines that are referred to when reporting achievement of targets.

3. ACTIVITY IN THE PREVIOUS YEAR

Reviews of Electoral Arrangements

3.1 In **1998/99**, the Commission continued the programme, which began in 1995, of reviewing the electoral arrangements of the 22 principal councils in accordance with the Secretary of State's directions.

3.2 The reviews of the electoral arrangements of the following principal councils were completed:

	Date of submission	Target
Cardiff	July 1998	July 1998
Gwynedd (further part)	September 1998	September 1998
Newport	July 1998	December 1999
Anglesey	November 1998	December 1999
Blaenau Gwent	January 1999	December
1999		

3.3 In November 1998 the Secretary of State made Orders which enabled 14 principal councils to be elected in May 1999 on arrangements recommended by the Commission.

3.4 In November 1998 the Secretary of State also notified the Commission that he was to direct a further review of parts of The Vale of Glamorgan following the Commission's submission of their final report for the County Borough in March 1998.

3.5 In January 1999 he also directed a further review of parts of Newport.

3.6 The review of the electoral arrangements of the last 3 principal councils in the programme were continued:

Ceredigion
Monmouthshire
Torfaen

These reviews were suspended, by the Commission, so that these councils could be given the opportunity to conduct community reviews, although, at a later stage, Torfaen decided not to do so.

Principal Area Reviews

3.7 The statutory duty to keep county areas under review became a significant part of the Commission's work during the year.

3.8 In February 1998, following public consultation, the Secretary of State directed the Commission to review the boundary between the County Boroughs of The Vale of Glamorgan and Bridgend in the vicinity of the Communities of Wick, Ewenny and St. Bride's Major. The review began in May 1998 and a postal ballot was undertaken as part of the consultation process.

- 3.9 In July 1998 the Commission began a review of the boundary between the County Boroughs of Bridgend and Rhondda Cynon Taff in the vicinity of the Ogmore Vale Community ward of Evanstown and the Community of Gilfach Goch.
- 3.10 In February 1999 the Commission began a review of the boundary between the County Boroughs of Blaenau Gwent and Caerphilly in the vicinity of Tafarnaubach Industrial Estate.
- 3.11 The Commission held their inaugural Annual Open Meeting at Builth Wells in November 1998 when the Commission's web site was launched. A geographic information system (GIS) was installed during the year

4. THE WORK OF THE COMMISSION DURING 1999/2000

- 4.1 The Operational Plan for **1999/2000** proposed activity in both main categories of the Commission's statutory duties.

Reviews of Electoral Arrangements

- 4.2 Reviews of the electoral arrangements of the following principal councils were completed within the directed deadlines:

	Date of submission	Target
Torfaen 1999	October 1999	December
Ceredigion	December 1999	December 1999
Newport (further part)	December 1999	December 1999
Monmouthshire	March 2000	March 2000

- 4.3 The further review of the electoral arrangements of Newport involved the Communities of Coedkernew, Marshfield, Michaelstone-y-Fedw, Rogerstone and Tredegar Park. The deadline for the Monmouthshire review was revised by direction from the National Assembly to allow for the receipt of information from the Council in relation to reconfigured community wards.
- 4.4 The directions from the National Assembly for Wales to undertake a further review of parts of **The Vale of Glamorgan** by 31 March 2001 were received in March 2000. With the exception of the further review of The Vale, the Commission's programme of electoral reviews is complete.

Principal Area Reviews

- 4.5 The boundary review between the County Boroughs of The Vale of Glamorgan and Bridgend in the vicinity of the Communities of Wick, Ewenny and St. Bride's Major which had been undertaken, for the most part, in the previous year, was completed in July 1999. The Commission recommended that there be no change to the boundary. The Assembly agreed this on 6th December 1999.
- 4.6 The boundary review between the County Boroughs of Bridgend and Rhondda Cynon Taff (Evanstown and Gilfach Goch) was subject to a ballot of the electors of Evanstown after the publication of the draft report in March 1999. The Commission found that the delivery of services is fragmented by the present boundary but in the light of a clear majority in favour of retaining the present boundary the Commission, in their final report in April 2000, recommended no change.
- 4.7 The review of the boundary between the County Boroughs of Blaenau Gwent and Caerphilly (Tafarnaubach Industrial Estate) was completed in February 2000, with the Commission recommending a change to the boundary so that the whole industrial estate would lie within Blaenau Gwent.
- 4.8 In May 1999 a review of the boundary between the City and County of Swansea and the County Borough of Neath Port Talbot in the vicinity of Pontadawe Road

was begun. The Commission's draft report was published in February 2000 seeking views on the changes being proposed.

- 4.9 In November 1999 the Commission began a review of the boundary between the County Boroughs of Rhondda Cynon Taff and The Vale of Glamorgan in the area south of the M4 motorway. This review, together with those referred to in paragraphs 4.11 and 4.12, below, is continuing at the time of reporting.
- 4.10 In November 1999 the Commission began the review of the boundary between the Counties of Carmarthenshire and Pembrokeshire in the vicinity of the Community of Llandissilio West.
- 4.11 The Commission received representations from St. Dogmaels Community Council to review the boundary between the Counties of Ceredigion and Pembrokeshire where it divides the village of St. Dogmaels. The Commission agreed to undertake this review which started in March 2000.

Community reviews

- 4.12 The Commission have previously drawn attention to the way in which community areas have been affected by demographic changes brought about by development since the Special Community Review carried out by the Commission between 1974 and 1985. This function is now the responsibility of principal councils. Councils who propose amendments to community areas are required to make them as recommendations to the Commission, which after consideration, make recommendations to the National Assembly. Reviews of community electoral arrangements, including changes to community wards, are the sole responsibility of the principal councils, although the Commission have reserve powers in certain circumstances. To enable councils to share the experiences of those who have undertaken community reviews, the Commission organised a seminar on the procedures in conjunction with the Annual Open Meeting held in October 1999 at Lampeter.

5. CORPORATE MANAGEMENT: POLICIES AND PRACTICE

Management Statement, Financial Memorandum and Codes

- 5.1 A Management Statement and Financial Memorandum guides the Commission's management processes and requires the submission, to the National Assembly, of Operational Plans, Annual Reports and other relevant information for the purposes of budgeting, monitoring and assessing performance. Quarterly liaison meetings and an annual review meeting are held with the sponsor division of the National Assembly.
- 5.2 A Code of Best Practice for Commissioners has been adopted and a register of the direct or indirect pecuniary interests of Commissioners is open for public inspection. Access can be arranged by contacting the Secretary at the Commission's offices. There is a similar code in relation to staff.
- 5.3 The Commission meets as an Audit Committee, chaired by the Deputy Chairman of the Commission. During the year the Committee met four times.
- 5.4 Working practices have been adopted which accord with the principles of openness, consultation and helpfulness. For example, the Commission give widespread publicity to their intention to hold each review and write to and visit the local authority concerned to discuss the review and invite their initial comments. For each review the Commission issue a press release on their draft and final proposals and sufficient copies of reports are supplied to enable their free distribution to all principal council members, community councils and local libraries. A number of copies are also available for local residents on request. The Commission's web site: www.lgbc-wales.gov.uk gives information about the Commission, the progress of reviews and access to previous reports.
- 5.5 The Commission's Annual Open Meeting was held in October 1999 at Lampeter. In November 1999 the Commission organised a liaison meeting between the Parliamentary and Local Government Commissions of England, Scotland and Wales in City Hall, Cardiff.

Budget and Audit

- 5.6 The Commission's expenditure on staff costs, other operating charges and acquisitions of fixed assets during 1999/2000 of £354,912 on a cash basis was well within the grant-in-aid allocation for the year of £504,000. This reflects the quantity of work outlined in chapter 4 and the Commission's commitment to achieving value for money when purchasing goods and services.
- 5.7 To ensure efficiency and value for money a comprehensive set of desk instructions relating to systems and procedures is in place. Grant Thornton, the Commission's internal auditors, have undertaken an audit of these systems and procedures and the National Audit Office has undertaken the external audit of the Commission's finances.

Welsh Language Scheme

- 5.8 The Commission wish to make it clear that the public can deal with them in Welsh and in July 1998, the Commission adopted their Welsh Language Scheme in accordance with the provisions of the Welsh Language Act 1993 and the Welsh Language Schemes (Public Bodies) Order 1996. The Commission have now issued their second annual report to the Welsh Language Board on the operation of the scheme. In summary, the report confirms that the Commission are complying with the measures, timetable and targets set out in their scheme. Evidence of the commitment to **the principle that in the conduct of public business in Wales, the Commission will treat the Welsh and English languages on a basis of equality** is contained in the bilingual publication of all the reports and attendant publicity referred to in this Annual Report. However the scheme also contains many other detailed measures in support of the principle and a copy of the full report will be supplied on request or may be accessed on the Commission's web site.

Training and Information Technology

- 5.9 Staff training has concentrated on IT and mapping during the year although courses relevant to other staff development purposes have been attended.
- 5.10 The Commission have installed a Geographic Information System to improve their ability to test alternatives and present proposals relating to their work. The Commission's information technology systems successfully complied with the Year 2000 change.

Policy review

- 5.11 In the White Papers, "Modernising Local Government," the Government put forward several proposals concerning local government electoral arrangements which would have implications for the future workload of the Commission. These are matters which will be considered by the National Assembly for Wales. The next quinquennial policy review of the Commission is to take place early in the summer of the current financial year and will deal with the implications of these and issues arising from the establishment of an Electoral Commission by the Political Parties Elections and Referendum Bill.

6. ACCOUNTS

FOREWORD TO THE ACCOUNTS for the year ended 31 March 2000

Statutory Background

- 6.1 The Local Government Boundary Commission for Wales was established under Section 53 of the Local Government Act 1972 for the purposes of keeping under review the areas and electoral arrangements of local government in Wales.
- 6.2 From 1 April 1995 the Commission became an advisory Non-Departmental Public Body funded by Grant-in-aid from the Welsh Office and since 1 July 1999, the National Assembly for Wales.
- 6.3 The Commission's general function, as set out in the 1972 Act, is to "make proposals to the National Assembly for effecting changes appearing to the Commission desirable in the interests of effective and convenient local government".
- 6.4 The main duties under statute are:
- i) to keep under review all local government areas in Wales for the purpose of considering whether or not to propose to the National Assembly changes appearing to the Commission desirable in the interests of effective and convenient local government;
 - ii) to consider requests for reviews from local authorities as well as recommendations from principal councils arising out of their own community reviews;
 - iii) to consider the results of reviews carried out by either the Commission or local authorities and make recommendations to the National Assembly;
 - iv) to conduct a review of Wales as a whole, or of any one or more local government areas or parts of such areas in Wales, as directed by the National Assembly; and
 - v) under provisions of the new Section 64 inserted in the 1972 Act by Section 6 of the Local Government (Wales) Act 1994 as soon as practicable after the ordinary election of councillors for any of the Welsh principal areas as held in 1995 to:
 - a) review the electoral arrangement for that area with a view to considering future electoral arrangements; and
 - b) formulate proposals for these arrangements.
- 6.5 The accounts have been prepared in accordance with an Accounts Direction by the National Assembly for Wales, with the agreement of the Treasury.

Review of Activities

- 6.6 During the year the Commission completed the reviews of the electoral arrangements of the final three councils in their overall programme of such reviews and, at the Secretary of State's direction, dated 29 January 1999, undertook a further review of the electoral arrangements of part of the County Borough of Newport.
- 6.7 Boundary reviews became a significant part of the Commission's work during the year. As detailed in the Annual Report, the Commission completed two reviews, continued with one, which was completed at the beginning of the current year and started four.
- 6.8 Principal councils, who are responsible for undertaking reviews of both community areas and community electoral arrangements, did not submit any recommendations for community area changes for the Commission's consideration during the year. The Commission, with the assistance of staff from local government, held a seminar on the procedures and there have been discussions with councils in respect of this work throughout the year.
- 6.9 The Commission discharged their corporate management obligations in accordance with their Management Statement and Financial Memorandum, the Commissioners' Code of Best Practice and the Welsh Language Scheme. The establishment of the secretariat was reduced and re-structured to reflect the new levels of work at the end of the programme of electoral reviews.

Results and Appropriations

- 6.10 The surplus for the period amounted to £2,253 and was transferred to reserves. Government funds at 31 March 2000 amounted to £21,887.

Payment Policy

- 6.11 The Commission's payment policy is to pay all invoices within 30 days of receipt. This policy is in accordance with the requirements laid down in Government Accounting and follows the CBI Prompt Payment Code. In 1999/00, the Commission received 248 invoices and paid 95 % of these within 30 days.

Future Developments

- 6.12 The Commission's programme of electoral reviews was concluded in 1999/2000. However, the National Assembly in March 2000 issued directions to further review the electoral arrangements of part of County Borough of The Vale of Glamorgan and other reviews of electoral arrangements will be dependent upon any further directions which may be issued by the National Assembly following consideration of submitted reports.
- 6.13 The National Assembly may, as part of its consideration of the White Paper, "Modernising Local Government in Wales", propose changes to the legislation and guidelines relevant to the future electoral review work of the Commission.

- 6.14 On 17 July 2000 the National Assembly issued directions to the Commission to undertake a review of the boundary between the County of Denbighshire and the County Borough of Wrexham by 31 October 2001. The Commission have an ongoing obligation to keep under review the areas of principal councils and to give consideration to any recommendations made by principal councils in respect of community area reviews undertaken by them.
- 6.15 The National Assembly conducted a policy review of the work of the Commission during July and August 2000. The report of the review was not available when these accounts were prepared.

Commission Members

- 6.16 Commission Members who served during the year were:

Professor E Sunderland OBE LL (Chairman)
E F L FitzHugh OBE DL (Deputy Chairman)
Mrs S G Smith

- 6.17 On 8 June 2000 the National Assembly extended the current appointment of the Chairman and Deputy Chairman until 31 December 2001. Mrs. Smith's current appointment runs until 31 March 2002.

Appointment of Auditors

- 6.18 The Auditor General for Wales is the appointed auditor of the Commission.
- 6.19 The Audit Committee, which is chaired by Mr. FitzHugh, met on four occasions during the year to approve the annual accounts, consider all reports from the internal and external auditors and administer the Commission's fraud policy and complaints procedure.



R L KNIGHT
Accounting Officer
14 September 2000

STATEMENT OF THE COMMISSION'S AND THE SECRETARY'S RESPONSIBILITIES

The Commission are required to prepare a statement of accounts in the form and on the basis determined by the National Assembly for Wales with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Commission's state of affairs at the year-end and of their income and expenditure, total recognised gains and losses, and cash flows for the financial year.

In preparing the accounts the Commission are required to:

- i) observe the accounts direction issued by the National Assembly for Wales with the consent of the Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ii) make judgements and estimates on a reasonable basis;
- iii) state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- iv) prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

The Accounting Officer for the Assembly has designated the senior full-time official, the Secretary, as the Accounting Officer for the Commission. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the National Assembly for Wales Accounting Officers' Memorandum issued by the Treasury.

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Local Government Boundary Commission for Wales.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Commission;
- regular reviews by the Commission of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- clearly defined procurement guidelines.

The Local Government Boundary Commission for Wales have appointed internal auditors who operate to standards defined in the Government Internal Audit Manual. The work of the internal auditors is informed by an analysis of the risk to which the Commission are exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Commission's Audit Committee and approved by me. At least annually, the appointed internal auditors provide me with a report on internal audit activity in the Commission. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of the Commission's system of internal financial control.

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the Audit Committee which oversees the work of the internal auditors, the finance officer of the Commission who has responsibility for the development and maintenance of the financial control framework, and comments made by the external auditors in their management letter and other reports.

As Accounting Officer, I am aware of the recommendations of the Turnbull Committee and I am taking reasonable steps to comply with the Treasury's requirement for a statement of internal control to be prepared for the year ended 31 March 2002, in accordance with guidance to be issued by them.



R L KNIGHT
Accounting Officer
14 September 2000

THE CERTIFICATE OF THE AUDITOR GENERAL TO THE NATIONAL ASSEMBLY FOR WALES

I have audited the financial statements on pages 17 to 26. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 21 and 22.

Respective responsibilities of the Commission, the Secretary and Auditor

As described on page 13 the Commission and Secretary are responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. The Commission and Secretary are also responsible for the preparation of the contents of the Annual Report. My responsibilities, as independent auditor, are guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with directions made by the National Assembly for Wales and whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Commission has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 14 reflects the Commission's compliance with Treasury's guidance 'Corporate governance: statement on the system of internal financial control'. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Commission and Secretary in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern

them. In forming my opinion, I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- i) the financial statements give a true and fair view of the state of affairs of the Local Government Boundary Commission for Wales at 31 March 2000 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the directions made by the National Assembly for Wales; and
- ii) in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

John Bourn
Auditor General for Wales
September 2000

National Audit Office
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2000

	Note s	2000 £	1999 £
GROSS INCOME			
Grant-in-Aid	2	318,665	386,578
Release of Deferred Government Grant	9	12,479	12,212
		<u>331,144</u>	<u>398,790</u>
EXPENDITURE			
Staff costs	3	172,597	214,712
Depreciation and other amounts written off fixed assets	5	12,479	11,715
Notional charge: Cost of Capital		1,251	1,250
Other operating charges	4	142,282	172,408
		<u>328,609</u>	<u>400,085</u>
Operating surplus/(deficit)		2,535	(1,295)
Interest receivable		684	1,190
Deficit on disposal of fixed assets		-	(497)
Amount surrenderable to National Assembly for Wales		(966)	(1,283)
Surplus/(deficit) for the year transferred to reserves		<u>2,253</u>	<u>(1,885)</u>
STATEMENT OF RETAINED RESERVES			
Retained surplus brought forward		1,119	1,754
Surplus/(deficit) for the year		2,253	(1,885)
Adjustment for cost of capital		1,251	1,250
Retained surplus carried forward		<u>4,623</u>	<u>1,119</u>

All activities are classed as continuing

The notes on pages 21 to 26 form part of these accounts.

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

BALANCE SHEET as at 31 March 2000

	Notes	2000		1999	
		£	£	£	£
FIXED ASSETS					
Tangible Fixed Assets	5		17,264	18,619	
CURRENT ASSETS					
Debtors and prepayments	6	4,624		24,396	
Cash at bank/in hand		<u>81,942</u>		<u>5,098</u>	
		86,566		29,494	
CREDITORS					
Amounts falling due within one year	7	<u>(81,943)</u>		<u>(28,375)</u>	
NET CURRENT (LIABILITIES)/ASSETS			4,623		1,119
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,887</u>		<u>19,738</u>
FINANCED BY:					
ACCRUALS AND DEFERRED INCOME					
Deferred Government Grant	9		17,264	18,619	
RESERVES					
Income & Expenditure Account	9		4,623	1,119	
			<u>21,887</u>		<u>19,738</u>

The notes on pages 21 to 26 form part of these accounts.



R L KNIGHT

Secretary and Accounting Officer

14 September 2000

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

CASH FLOW STATEMENT

for the year ended 31 March 2000

Reconciliation of operating surplus to net cash inflow from operating activities

	Notes	2000	1999
		£	£
Operating surplus/(deficit)		2,535	(1,295)
Adjustment for notional charge – Cost of Capital		1,251	1,250
Depreciation and other amounts written off fixed assets		12,479	11,715
Decrease/(Increase) in debtors		19,772	(22,642)
Increase in creditors		53,268	6,129
Release of deferred Government Grant		(12,479)	(12,212)
Net cash inflow/(outflow) from operating activities		76,826	(17,055)

CASH FLOW STATEMENT

Net cash inflow/(outflow) from operating activities		76,826	(17,055)
Returns on investment and servicing of finance	10	18	(93)
Capital expenditure	10	(11,124)	(11,564)
Financing	10	11,124	11,564
Increase/(decrease) in cash		76,844	(17,148)

Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash for the period		76,844	(17,148)
Net funds at 1 April 1999		5,098	22,246
Net funds at 31 March 2000		81,942	5,098

The notes on pages 21 to 26 form part of these accounts.

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 2000

	2000	1999
	£	£
Surplus/(deficit) for the financial year	2,253	(1,885)
Adjustment for notional cost of capital	1,251	1,250
Other recognised gains and (losses) for the year	-	(896)
Total recognised gains and (losses) for the year	<u>3,504</u>	<u>(1,531)</u>

The notes on pages 21 to 26 form part of these accounts.

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2000

1. ACCOUNTING POLICIES

1.1 Accounting Convention

The accounts are prepared under the historical cost convention except that fixed assets are, where appropriate, carried at the value to the business by reference to current costs. Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act 1985 and the accounting standards issued or adopted by the Accounting Standards Board so far as those requirements are appropriate. The Commission is exempt from the requirement to produce a note of historical cost profits and losses under Financial Reporting Standard No. 3.

1.2 Valuation of fixed assets

Fixed assets are stated at their value to the Commission by reference to current replacement costs less depreciation. Fixed assets are capitalised at the cost of acquisition and installation and are revalued annually using appropriate indexation. In the opinion of the Commission, there is no material difference between the historic and current replacement cost of office furniture and equipment. Computer software costs are written off as incurred.

Any increases or temporary diminutions in value for each class of asset are taken to a revaluation reserve. Permanent diminutions in value are charged to the Income and Expenditure account.

1.3 Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation over their estimated useful lives as follows:

Computer equipment	5 years
Office furniture and equipment	5 years

1.4 Government Grants

Grants of a revenue nature are credited to income in the year to which they relate.

Government grants receivable for capital expenditure are credited to a deferred government grant account and released to the income and expenditure account over the expected useful lives of the relevant assets by equal amounts.

1.5 Value Added Tax (VAT)

The Commission is not registered for VAT. All expenditure and fixed asset purchases are inclusive of relevant VAT.

1.6 Pensions

Payment is made to the Paymaster General of such sums as may be appropriate as representing accruing liabilities of the Principal Civil Service Pension Scheme in respect of pensions and other similar benefits for persons employed by the Commission and in respect of the administrative expenses attributable to the liabilities and their discharge.

1.7 Notional Charges

i) Cost of Capital

As directed by the National Assembly for Wales, a notional capital charge reflecting the cost of capital employed is included in operating costs and calculated at 6% of average capital employed.

2. GRANT-IN-AID

	2000	1999
	£	£
Grant-in-Aid received from the National Assembly for Wales	374,720	374,865
Add: Amount to be received from the National Assembly for Wales	-	23,277
Less: Amount to be repaid to the National Assembly for Wales	(44,931)	-
Less: Grant-in-Aid for capital expenditure	(11,124)	(11,564)
Grant-in-Aid credited to Income and Expenditure account	<u>318,665</u>	<u>386,578</u>

3. STAFF AND MEMBERS' COSTS:

	2000	1999
	£	£
i) Staff and Members' Costs		
Commission Members' Remuneration	12,462	12,223
Wages and Salaries	131,288	166,222
Employers National Insurance	10,156	13,318
Pensions costs	18,691	22,949
	<u>172,597</u>	<u>214,712</u>
Average number of staff employed during the financial year	<u>6</u>	<u>9</u>

Except for the Secretary, none of the Commission's staff earned more than £30,000.

- ii) The employees of the Commission are Civil Servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. For 1999-2000 contributions (excluding VAT) of £18,691 (1998-1999 £22,949) were paid to the Paymaster General at rates determined from time to time by the Government Actuary and advised by the Treasury. For 1999-2000 the rates ranged between 12.0% and 16.5% of gross pay depending on the salary of the employee.

iii) **Commission Members' Remuneration**

The Commission members' remuneration related entirely to services rendered during the year. No pension contributions were made.

The emolument of the Chairman of the Commission, who was also the highest paid member, was £5,689 (1998-99: £5,494). The other members of the Commission received less than £5,000 each.

iv) **Salaries and Pensions**

In accordance with the Greenbury Code and DAO (GEN) 3/00, The Local Government Boundary Commission for Wales is required to disclose the following details concerning remuneration of senior staff including those with responsibility for running policy making departments:-

Name and Title	Age	Salary £	Real Increase in Pension at 60 £	Total Accrued Pension at 60 at 31 Mar 00 £
Roger Knight Secretary	55	40,103	522	1,971
Steve Halsall Team Leader	44	27,347	497	7,248

The present Secretary took office on 22 April 1996 under a four year, fixed term contract which has subsequently been extended by the Secretary of State for Wales to 20 October 2000. His remuneration during the year was £46,608 and included employer's pension contributions of £6,505 (1998-99: £45,603, including employer's pension contributions of £6,265). The Secretary's Salary is inclusive of a performance bonus. The Secretary is an ordinary member of the Principal Civil Service Pension Scheme. The employer's contributions to the scheme amounted to 16.5% of the Secretary's salary.

iv) **Pensions**

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). This is a statutory scheme which provides benefits on a "final salary" basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum

equivalent to 3 years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. Pensions increase in payment in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on the length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

iv) **Gifts Register**

The Commission also operates a gifts register. No gifts were received during the year.

4. OTHER OPERATING COSTS

	2000	1999
	£	£
Travel and Subsistence:		
Staff	2,987	3,367
Commission members	5,116	6,065
Course Fees and Staff Training	1,909	3,952
External Audit Fee	4,876	4,700
External Auditor Remuneration for Other Audit Work	470	411
Advertising	26,362	35,974
Translation	4,992	4,837
Printing, postage and stationery	13,259	16,023
Telephone	2,139	2,590
Accommodation costs	58,551	66,759
Hire of office machinery	1,974	1,974
Legal and professional	5,754	8,003
Non-capital computer costs	8,934	12,305
Other	4,959	5,448
	<u>142,282</u>	<u>172,408</u>

5. TANGIBLE FIXED ASSETS

	Computer Equipmen t £	Office Furniture & Equipment £	Total £
Cost or Valuation			
At 1 April 1999	27,974	19,792	47,766
Additions	11,124	-	11,124
At 31 March 2000	<u>39,098</u>	<u>19,792</u>	<u>58,890</u>
Depreciation			
At 1 April 1999	15,686	13,461	29,147
Provided during the year	5,592	3,958	9,550

Permanent diminution in value	2,929	-	2,929
At 31 March 2000	<u>24,207</u>	<u>17,419</u>	<u>41,626</u>
Net Book Value			
At 31 March 2000	<u>14,891</u>	<u>2,373</u>	<u>17,264</u>
At 1 April 1999	12,288	6,331	18,619

There were no commitments to purchase fixed assets at 31 March 2000.

The depreciation charge for the year of £12,479 comprises the provision during the year of £9,550 and the permanent diminution in value of computer equipment of £2,929.

6. DEBTORS

	2000 £	1999 £
National Assembly for Wales Grant-in-Aid receivable	-	23,276
Prepayments	3,427	1,120
Other debtors	1,197	-
	<u>4,624</u>	<u>24,396</u>

7. CREDITORS: amounts falling due within one year

	2000 £	1999 £
Trade creditors	23,680	16,904
National Assembly for Wales Grant-in-Aid repayable	44,931	30
Taxation and Social Security	4,167	4,457
Accruals	9,165	6,984
	<u>81,943</u>	<u>28,375</u>

8. OPERATING LEASES

	Buildings		Office Machinery	
	2000 £	1999 £	2000 £	1999 £
Annual Commitments under operating leases which expire:				
Within one year	-	-	1,974	1,974
Within two to five years	-	-	-	-
In over five years	45,432	45,432	-	-

9. MOVEMENTS IN GOVERNMENT FUNDS

	Deferred Government Grant	Income & Expenditur e Account	Total
	£	£	£
Surplus for the year		2,253	2,253
Adjustment for cost of capital		1,251	1,251
Grant-in-Aid received for capital expenditure	11,124		11,124
Deferred Grant-in-Aid released to income and expenditure account	(12,479)		(12,479)
Movement in Government Funds for the year	(1,355)	3,504	2,149
Government Funds at 1 April 1999	18,619	1,119	19,738
Government Funds at 31 March 2000	17,264	4,623	21,887

10. NOTES TO THE CASH FLOW STATEMENT

GROSS CASH FLOWS

	2000	1999 (restated)
	£	£
<u>Returns on investment and servicing of finance</u>		
Interest received	684	1,190
Interest paid to National Assembly for Wales	(666)	(1,283)
	<u>18</u>	<u>(93)</u>
<u>Capital expenditure</u>		
Payments to acquire tangible fixed assets	<u>(11,124)</u>	<u>(11,564)</u>
<u>Financing</u>		
Amount received from National Assesmbly for Wales for capital expenditure	<u>11,124</u>	<u>11,564</u>

11. RELATED PARTY TRANSACTIONS

The Local Government Boundary Commission for Wales is a Non-Departmental Public Body (NDPB) sponsored by the National Assembly for Wales, (formerly, by the Welsh Office).

The National Assembly for Wales is regarded as a related party. During the year, the Commission has had various material transactions with the National Assembly

for Wales. In addition, the Commission has had a small number of material transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with Companies House and Paymaster.

None of the Commission members, key managerial staff or other related parties has undertaken any material transactions with the Local Government Boundary Commission for Wales during the year.