

**LOCAL GOVERNMENT BOUNDARY COMMISSION FOR
WALES**

Commission's annual report and financial statements

31 March 2011

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REPORT OF THE ACCOUNTING OFFICER

History and Statutory Background

The Local Government Boundary Commission for Wales (the Commission) was established in June 1974 under the terms of 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.

From 1 April 1995 the Commission became an advisory Non-Departmental Public Body funded by Grant-in-aid from the former Welsh Office and after 1 July 1999, an Assembly Sponsored Public Body (ASPB). When the Government of Wales Act 2006 came into effect on 25 May 2007 the Commission became an Assembly Government Sponsored Body (AGSB).

Commission Members, Secretary and Senior Staff

The Commission Members throughout 2010-11 were:

Mr Paul Wood	(Chairman)
Rev Hywel Meredydd Davies BD	(Deputy Chair)
Mr John Bader	(Member)

Senior managers throughout 2010-11 were:

Mr E H Lewis BSc DPM FRSA FCIPD	(Secretary and Accounting Officer)
Mr S R Halsall	(Deputy Secretary)

The terms of appointment of Commission Members and senior managers can be found in the Remuneration Report (on page 8).

Accounts Direction

The accounts have been prepared in accordance with the Accounts Direction issued by the Welsh Ministers.

Register of Interests

A register of company directorships and other significant interests is maintained and held at the Commission's offices in Caradog House, Cardiff and is available for inspection by the public on request. Alternatively, the register can be accessed from the Commission's web site at: www.lgbc-wales.gov.uk

Appointment of Auditors

The accounts of the Commission are audited by the Auditor General for Wales under Statutory Instrument 2003 number 749 issued in accordance with the Government for Wales Act 1998. On behalf of the Welsh Assembly Government, the Auditor General for Wales also undertakes Additional Assurance work on the Commission's activities. Audit fees are disclosed in Note 4 to these accounts.

Audit Committee

The Audit Committee was chaired by Rev. H M Davies. Mr P Wood and Mr J Bader served as members of the Audit Committee. The Audit Committee's main duties are to consider the effectiveness of the Commission's overall internal control and risk management systems and to ensure adequate processes and mechanisms are in place for the assessment and management of risk. It considers the scope of audit coverage and adequacy of management responses to the audit recommendations and advises the Secretary on audit and compliance matters. The Audit Committee met on three occasions during the year 2010-11.

Charitable and Political Donations

The Commission did not make any charitable or political donations during 2010-11.

Disclosure of Audit Information

So far as I am aware there is no relevant audit information of which the Commission's auditors are unaware. I have taken all the steps that should be taken to make myself aware of any relevant audit information and to establish that the Commission's auditors are aware of any such information.

Financial Instruments

Details of Financial Instruments are given at Note 7 to the accounts on page 26.

Going Concern

These accounts are prepared on a going concern basis. So far as I am aware the net current liabilities will be financed from resources voted by the Welsh Government (Grant-in-Aid) in the future.

Payment Policy

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 Better Payment Practice Code issued by the Department of Trade and Industry. In 2010-11, the Commission received 360 invoices and paid 99% of these within 30 days.

Pension Scheme

Details of the Commission's pension scheme are disclosed in the Remuneration Report, at pages 8 to 11.

Events After the Reporting Period

These accounts were authorised for issue on 19 August 2011 by the Accounting Officer. On 22 June 2011 the Welsh Government Minister for Local Government and Communities, Carl Sargeant, terminated the appointments of the Members of the Local Government Boundary Commission for Wales with effect from 22 July 2011 as a result of the findings of the Mathias Review, an independent review into the electoral reports and electoral review processes as conducted by the Local Government Boundary Commission for Wales. This development did not necessitate any change to the Financial Statements in these accounts.

Mr Lewis' appointment as Secretary to the Commission was terminated by the Minister for Local Government and Communities on 29 July 2011. His designation as the Accounting Officer for the Commission was withdrawn by the Welsh Government on 12 August 2011. For an interim period the Welsh Government's Director General for Local Government and Communities takes on the Accounting Officer duties in respect of the Commission.

MANAGEMENT COMMENTARY

The Commission's general function, as set out in the Local Government Act 1972, is to "make proposals to the Welsh Assembly Government for effecting changes appearing to the Commission desirable in the interests of effective and convenient local government".

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 Welsh Assembly Government 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 Welsh Assembly Government;
- 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 Welsh Assembly Government; 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.

The Commission are required under the Act to carry out reviews of the electoral arrangements of principal councils in Wales at intervals of not less than 10 or more than 15 years from the submission of the last report of the Commission on the previous review.

The Commission conduct their reviews by means of consultation with the principal councils, community councils and other interested parties including the public. The Commission announces and publicises their intention to conduct the review and invites representations from all interested parties for a period of nine weeks. The Commission then take account of representations received when formulating their draft proposals which are published in a report outlining the Commission's decisions in respect of changes (if any) to the existing boundary or electoral arrangements. The Commission announce the publication of their Draft Proposals Report and enter into a further consultation period during which further representations are invited from interested parties. These representations are then taken into account when the Commission formulate their final proposals. The Commission's final proposals are published in a report which is submitted to the Welsh Assembly Government, which may if it thinks fit make an order giving effect to any proposals made by the Commission, either as submitted or with modifications. The Commission publicises the publication of their Final Proposals Report and there is a six

week period during which interested parties may make representations concerning the Commission's proposals to the Welsh Assembly Government.

Review of Activities During 2010-11

Electoral reviews were the major part of the Commission's work during the year. The Commission received a Direction from the Minister for Social Justice and Local Government dated 13 January 2009 to conduct a review of electoral arrangements for the 22 Welsh unitary authorities to be completed by no later than 30 June 2011. During 2010-11 the Commission commenced reviews of the electoral arrangements for Carmarthenshire County (May 2010), Torfaen County Borough (June 2010), The Vale of Glamorgan County Borough (July 2010) and Swansea City and County (August 2010). However, the review for the City and County of Swansea has been delayed pending completion of a review of the boundary between the Communities of Birchgrove and Clydach. The Commission published Draft Proposals Reports for electoral arrangements for Conwy County Borough (April 2010), Merthyr Tyfil County Borough (May 2010), Monmouthshire County (June 2010), Powys County (July 2010), Gwynedd County (September 2010), Bridgend County Borough (September 2010), Ceredigion County (September 2010), Wrexham County Borough (November 2010), Caerphilly County Borough (January 2010) and The Vale of Glamorgan County Borough (February 2010).

The Commission completed their review of electoral arrangements and submitted their Report and Proposals to the Welsh Assembly Minister for Social Justice and Local Government for Newport City and County (August 2010), Neath Port Talbot County Borough (August 2010), Denbighshire County (August 2010), The Isle of Anglesey County (August 2010), Merthyr Tydfil County Borough (September 2010), Rhondda, Cynon, Taff County Borough (November 2010), Cardiff City and County (November 2010), Monmouthshire County (February 2011), Powys County (February 2011) and Conwy County Borough (March 2011).

Principal councils are responsible for undertaking reviews of community areas and community electoral arrangements. In August 2009 the Commission received recommendations made by Pembrokeshire County Council following that Council's review of communities in their area. The Commission reviewed Pembrokeshire County Council's recommendations and submitted their Report and Proposals to the Welsh Assembly Minister for Social Justice and Local Government in April 2010.

The Commission discharged their corporate management obligations in accordance with their Management Statement and Financial Memorandum, the Commissioners' Code of Best Practice, Complaints Procedure, Code of Practice on Public Access to Information and Welsh Language Scheme.

The Commission continued to provide a Secretariat to the Boundary Commission for Wales during 2010-11 and commenced and completed interim reviews of the boundaries between the parliamentary constituencies of Brecon and Radnorshire CC and Merthyr Tydfil and Rhymney CC, Ogmore CC and Pontypridd CC, Cardiff North BC and Cardiff South and Penarth BC and Cardiff South and Penarth BC and Vale of Glamorgan CC. Under the Memorandum of Agreement expenditure incurred by the Secretariat of the Boundary Commission for Wales will be met by the Commission's Grant-in-Aid and reclaimed from the Cabinet Office by the Welsh Assembly Government. During 2010-11 the Commission's expenditure relating to the Boundary Commission for Wales was £107,941 (2009-10; £50,614), as disclosed in notes 2 and 4 to these accounts.

The Commission's annual Operational Plan submitted to the sponsor division includes a draft timetable giving key deadline dates for the various stages of their review work. However, the nature of the Commission's review work means that this timetable may be subject to change as a result of requirements for additional information and other changes in the circumstances surrounding the reviews.

The Commission's Code of Practice on Public Access to Information requires all requests for information covered by the Freedom of Information (Fol) Act to be met within 15 working days. In 2010-11 there were 9 requests for information covered by the Fol Act, 89% of which were provided within 15 working days of receipt of the request.

Future Developments

The Commission will be undertaking the work necessary to complete the reviews of electoral arrangements for Welsh unitary authorities. The increase in the Commission's workload resulting from this review work has necessitated an increase in Secretariat staff. The Minister for Social Justice and Local Government directed the Commission to conduct a further review of electoral arrangements for the Isle of Anglesey County. This further review will be carried out and completed during 2011-12.

The Commission also 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. It is anticipated that during 2011-12 the Minister for Social Justice and Local Government will issue a direction to the Commission for a review of the boundary between the Communities of Birchgrove and Clydach in the City and County of Swansea and a direction to review the boundaries between the Communities of St. Mary Out Liberty, Tenby and Saundersfoot in the County of Pembrokeshire.

The Commission's Secretariat also provides a Secretariat to the Boundary Commission for Wales. The Boundary Commission for Wales commenced the 2013 Review of Parliamentary Constituencies (Sixth General Review) in March 2011. Work on the 2013 Review will continue throughout 2011-12.

The Commission's offices at Caradog House are leased by the Welsh Assembly Government until 2012 with lease costs being met by the Commission. The Commission's information technology system is largely provided and maintained by the Welsh Assembly Government as part of their Merlin partnership contract for which the Commission pays a monthly charge in line with the terms and conditions of the contract. The Commission's other assets comprise office furniture and small items of IT and office equipment. The Commission also uses Geographical Information System software to assist it in carrying out its functions.

Risks and uncertainties

Risks faced by the Commission relate largely to operational and information areas. Operational risks are managed by the establishment of clear desk instructions for staff and the legal vetting of all reports and documents issued. Information requirements are limited to specialised areas including the use of Geographical Information System software. Independent checks and site visits to locations under review are undertaken as necessary to reduce the risk of inaccurate information affecting the Commission's decision making process. There are also elements of risk in the areas of health and safety and fraud/theft. Periodic health and safety checks are carried out by senior management and acted upon by the Commission. Integral to the Commission's internal system of control, it has

independent accountants which considerably reduces the risk of fraud and money laundering. The Commission's internal auditors produce an annual report which is considered by the Audit Committee and the recommendations made are acted upon.

Risks are also managed by the establishment of a risk management policy together with a risk register which is reviewed annually. In addition to this the Commission maintains a Business Continuity Plan which is updated as necessary.

Environmental, Social and Community Issues

The Local Government Boundary Commission for Wales is actively pursuing policies that will seek to reduce the impact the Commission's operations have on the environment. Whilst the Commission will undertake a number of initiatives to reduce environmental impact, such as ensuring all staff receive sustainable development training, the main delivery will be achieved via the Green Dragon Environmental Standard and through the Commission's sustainable procurement policies. The Commission has developed a Sustainable Procurement Policy and Strategy and the Commission's work towards reducing the environmental impact of its activities has been recognised with the awarding of level two of the Green Dragon Environmental Standard. The Commission has also achieved Level three of the Sustainable Procurement Assessment Framework in the key areas.

The Welsh Assembly Government's strategic agenda is set out in One Wales. It states that it is a comprehensive and progressive government programme for improving the quality of life of people in all of Wales' communities, from all walks of life, concentrating on the most vulnerable and disadvantages. The Commission acknowledges and supports the commitment of the Welsh Assembly Government to the regeneration of diverse communities across Wales, and will endeavour to take account of that commitment in making any recommendations.

Employee Policy

The Commission maintains a small core of directly employed staff consisting of the Secretary, Deputy Secretary, a Review Officer and an Administrative Support Officer. Directly employed staff have salary bands and terms and conditions of service analogous with Welsh Assembly staff of corresponding grades. It is intended that the core of directly employed staff will be increased during 2011-12 to meet the requirement of undertaking the 2013 Review of Parliamentary Constituencies. Any need for further staffing requirements are met by employing inwardly seconded staff from other government departments for a fixed term of either 2 or 3 years. Staff seconded from other government departments remain on the salary scales and terms and conditions of their parent department whilst employed by the Commission. This policy allows the Commission to retain a core of staff with knowledge of mission critical systems and procedures whilst meeting increases in review workload efficiently.

The Commission has an extensive range of policies which reflect current legislation, and aim to secure retention and motivation. These policies are reviewed regularly. All policies are equality checked before implementation.

Sickness Absence

During 2010-11 one of the Commission's permanent staff was absent on sick leave for a total of 20 days (2009-10 - none of the Commission's permanent staff was absent on sick leave).

Information

The Local Government Boundary Commission for Wales has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Personal Data Management

The Local Government Boundary Commission for Wales takes all reasonable measures to protect the personal data obtained from its stakeholders and employees during the course of its business activities. Data management controls include password protection on all databases holding personal and sensitive data, restricting access to data, holding manual data in locked cupboards and ensuring data handling protocols are in place.

There were no personal data related incidents during 2010-11.

Financial Results

The net expenditure for the year amounted to £686,005 (2009-10; £636,316) and this has been transferred to the general reserve. Grant-in-Aid received from the Welsh Assembly Government amounted to £679,441 (2009-10; £615,483) and this has been credited direct to the general reserve.

As Grant-in-Aid is provided on a cash basis and cannot be drawn down in advance of need and the accounts are prepared on an accruals basis this can result in a net negative reserves position. This has been the case for the last three years.

JUNE MILLIGAN
Accounting Officer
19 August 2011

REMUNERATION REPORT

Powers to make remuneration to Commission Members are set out in Schedule 8 paragraph 2 of the Local Government Act 1972. This function was transferred to the National Assembly for Wales under SI 1999 Transfer of Functions Order No 672. Annual increases to the remuneration of Chairs and Members of AGSBs are authorised by the First Minister.

The appointment of the Chairman, Mr Paul Wood, was for a term of 5 years running from 1st May 2008 until 30th April 2013. The appointment of the Deputy Chair, Rev. Hywel Meredydd Davies, was for a term of 5 years running from 1st January 2007 until 31st December 2011. The appointment of the Member, Mr John Bader was for a term of 5 years running from 1st January 2009 until 31st December 2013.

On 22 June 2011 the Welsh Government Minister for Local Government and Communities, Carl Sargeant, terminated the appointments of the Members of the Local Government Boundary Commission for Wales with effect from 22 July 2011 as a result of the findings of the Mathias Review, an independent review into the electoral reports and electoral review processes as conducted by the Local Government Boundary Commission for Wales. An interim Chairman, Mr Max Caller CBE, was appointed on 22 July 2011 and his appointment will run until 31 March 2012. Two further interim Members, Mr Sandy Blair and Mr Owen Watkin, were appointed on 12 August 2011 and their appointments will also run until 31 March 2012. It is expected that, following an appointment process undertaken by the Welsh Government, new Members of the Commission will be in place by 1 April 2012.

The Secretary to the Commission, Mr Edward Lewis, was directly employed by the Commission and took office on 1st April 2001 under a two and one half year, fixed term contract (renewable), based upon a three-day working week. His contract was renewed as open ended from 1st October 2003. On 1st January 2007 the post of Secretary changed from part time to full time with the agreement of the Welsh Assembly Government. The Commission's Secretary is deemed to be the equivalent of the Welsh Government's Executive Band 2. Annual increases in salary are applied in accordance with those agreed for staff of the Welsh Government and no performance bonuses are applicable. Mr Lewis' appointment as Secretary to the Commission was terminated by the Minister for Local Government and Communities on 29 July 2011. His designation as the Accounting Officer for the Commission was withdrawn by the Welsh Government on 12 August 2011. For an interim period the Welsh Government's Director General for Local Government and Communities takes on the Accounting Officer duties in respect of the Commission

The Commission's Deputy Secretary, Mr Steve Halsall, is directly employed by the Commission on an open ended full time basis and took office on 1st April 2006. The Commission's Deputy Secretary is deemed to be the equivalent of the Welsh Government's Management Band 1. Annual increases in salary are applied in accordance with those agreed for staff of the Welsh Government and no performance bonuses are applicable.

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for mis-conduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Commission Members' Remuneration (*)

Name	2010-11 Fees £'000	2009-10 Fees £'000
Mr P J Wood (Chair)	11	11
Rev H M Davies (Deputy Chair)	7	7
Mr D J Bader (Member)	5	6

The Commission members' remuneration related entirely to fees for services rendered during the year. Pension contributions are not payable.

Senior Managers' Salary and Pension Entitlements

Salaries (*)

Name	2010-11 Salary £'000	2009-10 Salary £'000
Mr E H Lewis (Secretary)	50-55	50-55
Mr S R Halsall (Deputy Secretary)	40-45	40-45

'Salary' includes gross salary, no amounts for overtime or allowances were paid. During 2010-11 there were no payments made in respect of performance pay or bonuses. In line with the Welsh Assembly Government's pay policy there was no salary increase for 2010-11. However, as with Welsh Assembly Government staff, a Differential Award of a non consolidated payment of £400 was made to staff who were on the maximum of their pay scale.

Benefits-in-Kind and Gifts Register

None of the Commission's Members or staff received any benefits-in-kind during the year. The Commission operates a gifts register, no gifts or hospitality were received during the year.

Pension Benefits (*)

Name	Accrued pension at pension age as at 31/03/11 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/11	CETV at 31/3/10 ¹	Real increase in CETV	Employer contributions to partnership pension accounts
	£'000	£'000	£'000	£'000	£'000	
Mr E H Lewis Secretary	5 - 10 plus lump sum of 15 - 20	0 - 2.5 plus lump sum of 0 - 2.5	123	108	11	-
Mr S R Halsall Deputy Secretary	20 - 25 plus lump sum of 35 - 40	0 - 2.5 plus lump sum of 0 - -2.5	375	345	-0.5 ²	-

¹ The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/03/10 and 31/03/11 have both been calculated using the new factors, for consistency. The CETVs at 31/3/10 therefore differs from the corresponding figures in last year's report which was calculated using the previous factors.

² Taking account of inflation, the CETV funded by the employer has decreased in real terms.

Civil Service Pensions

The Secretary and Deputy Secretary are ordinary members of the Principal Civil Service Pension Scheme. The employer's contributions to the scheme amounted to 21.8% of the Secretary's salary and 18.8% of the Deputy Secretary's salary.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2010-11, employers' contributions of £27,484 were payable to the PCSPS (2009-10 £25,091) at one of four rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands. Rates will change from 2011-12. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Classic Scheme : Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. 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 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.

Premium Scheme : Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum of up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8ths the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on 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. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

Classic Plus Scheme : This is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

Nuvos Scheme : Scheme members build up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with RPI.

Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased in line with the Retail Prices Index.

The accrued pension quoted is the pension the member is entitled to receive when they reach 60 or immediately on ceasing to be an active member of scheme if they are already 60.

Of the Commission's staff two are members of the Classic Scheme, one is a member of the Classic-Plus Scheme and one was a member of the Premium Scheme.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to

the Civil Service Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

* This information is subject to audit.

JUNE MILLIGAN
Accounting Officer
19 August 2011

STATEMENT OF THE COMMISSION'S AND THE ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government of Wales Act 2006, Welsh Ministers have directed the Commission to prepare for each financial year a statement of accounts in the form and on the basis determined by the Welsh Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its net operating costs, recognised gains and losses, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- i) Observe the accounts direction issued by the Welsh Ministers 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 as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- iv) Prepare the financial statements on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping of proper records and for safeguarding the Commission's assets, are as set out in the Accounting Officers' Memorandum.

STATEMENT ON INTERNAL CONTROL

Introduction

I took over Accounting Officer responsibilities for the Commission on 12 August 2011 following my decision to withdraw the designation of the former Secretary as Accounting Officer. In signing this Statement on Internal Control I have placed reliance on the information that I have received from the Commission's officials and its external auditors in respect of the organisation's internal control framework.

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Commission's policies, aims and objectives, set by the Welsh Assembly Government Minister, whilst safeguarding the public funds and Commission's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Welsh Public Money.

The Commission's risk management register is reviewed regularly by the Audit Committee. The Commission liaises with their sponsor division in the Welsh Assembly Government also. As an Accounting Officer, I meet regularly with the Principal Accounting Officer for the Welsh Government providing me with the opportunity to raise any issue of concern with her.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Commission's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Commission for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Management Statement and Financial Memorandum (MSFM) and Memorandum of Agreement (MOA)

The current version of the Commission's MSFM was finalised in July 2009. The Commission has a MOA in place with the Cabinet Office which sets out the terms and conditions under which the Commission's Secretariat acts as a Secretariat for the Boundary Commission for Wales.

Capacity to handle risk

The risk management process is subject to regular internal reviews and a risk register is maintained. Staff are trained or equipped to manage risk in a way appropriate to their authority and duties. The guidance issued is in the form of comprehensive desk instructions, which are periodically updated. The results of internal and external audit reviews are examined to identify any improvements that can be made to working practices.

The risk and control framework

The key elements of the risk management strategy are through a local assessment of risks. The way in which the Commission's risks are identified, evaluated and controlled are by maintaining a risk register with risk appetites and risk priorities being determined by discussion with the Audit Committee. The key way in which risk management is embedded in the activity of the organisation is through regular team meetings.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Commission who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. Key factors in the process are:-

- The establishment of key risk indicators;
- The maintenance of a risk register;
- Reports from the Accounting Officer to the Audit Committee on internal control activities;
- An Audit Committee which meets three times per annum;
- Management meetings held monthly to consider plans and strategic direction of the Secretariat; and
- Internal Audit Reviews on agreed areas.

In 2003 the Commission's information technology system was replaced by that used by the Welsh Assembly Government. This system is maintained by the Welsh Assembly Government's contractors who manage the maintenance of IT equipment and back-up of data thereby reducing the Commission's own exposure to the risk of system failure.

There have been no significant internal control issues identified during the year. Internal Audit concluded in their overall assessment that substantial assurance was achieved for the areas reviewed this year.

JUNE MILLIGAN
Accounting Officer
19 August 2011

The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales

I certify that I have audited the financial statements of the Local Government Boundary Commission for Wales for the year ended 31 March 2011 under the Local Government Boundary Commission for Wales (Accounts, Audit and reports) Order 2003. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of the Commission's and the Secretary's Responsibilities, the Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements, in accordance with the Local Government Boundary Commission for Wales (Accounts, Audit and reports) Order 2003 and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Local Government Boundary Commission for Wales' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Local Government Boundary Commission for Wales; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that 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 addition I read all the financial and non-financial information in the Report of the Accounting Officer, the unaudited part of the Remuneration report and the Management Commentary to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of the Local Government Boundary Commission for Wales' affairs as at 31 March 2011 and of the Comprehensive Net

Expenditure , Changes in Taxpayers Equity and cash flows for the year then ended;
and

- have been properly prepared in accordance with Welsh Ministers' directions issued under the Local Government Boundary Commission for Wales (Accounts, Audit and reports) Order 2003.

Opinion on Regularity

In my opinion, 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.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under the Local Government Boundary Commission for Wales (Accounts, Audit and reports) Order 2003 ; and
- the information which comprises the Report of the Secretary and Accounting Officer, the unaudited part of the Remuneration report and the Management Commentary, included within the Annual Report, is consistent with the financial statements.

Matters on which I report by exception

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

- the Statement on Internal Control does not reflect compliance with HM Treasury guidance;
- proper accounting records have not been kept;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

31 August 2011

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2011

	Notes	2011 £	2010 restated £
EXPENDITURE			
Staff costs	2	406,688	363,181
Depreciation	6	4,208	7,768
Other expenditure	4	289,674	265,363
Total Expenditure		700,570	636,312
INCOME			
Other non-retainable income		14,566	-
Total Income		14,566	-
Net Expenditure		(686,004)	(636,312)
Net interest (payable) / receivable		(1)	(4)
Net Expenditure after interest		(686,005)	(636,316)
OTHER COMPREHENSIVE EXPENDITURE			
Net gain/(loss) on revaluation of property, plant and equipment		-	-
Total Comprehensive Expenditure for the year ended 31 March 2011		(686,005)	(636,316)

All activities are classed as continuing

The notes on pages 23 to 31 form part of these accounts.

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

STATEMENT OF FINANCIAL POSITION as at 31 March 2011

	Notes	31 March 2011 £	31 March 2010 restated £
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	<u>5,149</u>	<u>8,711</u>
Total non-current assets		<u>5,149</u>	<u>8,711</u>
CURRENT ASSETS			
Trade and other receivables	8	<u>1,670</u>	<u>1,550</u>
Cash and cash equivalents	9	<u>4,875</u>	<u>4,186</u>
Total current assets		<u>6,545</u>	<u>5,736</u>
Total assets		<u>11,694</u>	<u>14,447</u>
CURRENT LIABILITIES			
Trade and other payables	10	<u>(56,355)</u>	<u>(52,544)</u>
Total current liabilities		<u>(56,355)</u>	<u>(52,544)</u>
Total assets less current liabilities		<u>(44,661)</u>	<u>(38,097)</u>
FINANCED BY:			
General reserves	12	<u>(44,661)</u>	<u>(38,097)</u>
		<u>(44,661)</u>	<u>(38,097)</u>

The notes on pages 23 to 31 form part of these accounts

JUNE MILLIGAN
Accounting Officer
19 August 2011

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

STATEMENT OF CASH FLOWS for the year ended 31 March 2011

	Notes	2011 £	2010 restated £
Cash flows from operating activities			
Net expenditure after interest		(686,005)	(636,316)
Adjustments for:			
Cost of capital charge		-	(950)
Decrease / (Increase) in trade and other receivables		(120)	246
Depreciation		4,208	7,768
Increase in trade payables		3,811	16,398
Net cash outflow from operating activities		<u>(678,106)</u>	<u>(612,854)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(646)	-
Net cash outflow from investing activities		<u>(646)</u>	<u>-</u>
Cash flows from financing activities			
Grants from parent departments		<u>679,441</u>	<u>615,483</u>
Net financing			
Net (decrease) in cash and cash equivalents at the start of the period		689	2,629
Cash and cash equivalents at the beginning of the period	9	<u>4,186</u>	<u>1,557</u>
Cash and cash equivalents at the end of the period	9	<u>4,875</u>	<u>4,186</u>

The notes on pages 23 to 31 form part of these accounts.

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

STATEMENT OF CHANGES IN TAX PAYERS' EQUITY for the year ended 31 March 2011

	Notes	Government Grant Reserve £	Total Reserves £
Balance at 31 March 2009		(16,314)	(16,314)
Changes in accounting policy		-	-
Restated balance at 1 April 2009		<u>(16,314)</u>	<u>(16,314)</u>
Changes in tax payers' equity 2009-10			
Grant in Aid from Welsh Assembly Government		615,483	615,483
Comprehensive Expenditure for the year		(637,266)	(637,266)
Balance at 31 March 2010		<u>(38,097)</u>	<u>(38,097)</u>
Changes in taxpayers' equity for 2010-11			
Grant in Aid from Welsh Assembly Government		679,441	679,441
Comprehensive Expenditure for the year		(686,005)	(686,005)
Balance at 31 March 2011		<u>(44,661)</u>	<u>(44,661)</u>

The notes on pages 23 to 31 form part of these accounts.

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (IFRS based FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Local Government Boundary Commission for Wales for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Local Government Boundary Commission for Wales are described below. These have been applied consistently in dealing with items that are consider material to the accounts.

1.1 Accounting Convention

The accounts are prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

1.2 Valuation of Non-Current Assets

Non-current assets are stated at their value to the Commission by reference to historic cost less depreciation. Non-current assets are capitalised at the cost of acquisition and installation where that cost exceeds £500. 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.

1.3 Depreciation

Depreciation of non-current assets is calculated to write off their cost or valuation over their estimated useful lives. All non-current assets are depreciated over five years. A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

1.4 Employee benefits

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees. Annual leave is provided for over the period that the leave accrues. This accounting policy was introduced in 2009-10 in line with the requirement of IAS19, Employee Benefits.

1.5 Funding

The Local Government Boundary Commission for Wales receives Grant-in-Aid from the Welsh Assembly Government to fund its general revenue and capital activities. In accordance with the FReM this Grant-in-aid is regarded as financing and is credited to the General Reserve on receipt.

Government grants receivable for specific capital expenditure are credited to the Government Grant Reserve and released to the operating cost statement account over the expected useful lives of the relevant assets by equal amounts. The Commission has not received any specific capital grant in the current or prior years.

1.6 Inventories

The Local Government Boundary Commission for Wales does not hold any stock of material value.

1.7 Value Added Tax (VAT)

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

1.8 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) which are described in the Remuneration Report. The defined benefit schemes are unfunded and are non-contributory except in respect of dependents' benefits. The Commission recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employee's services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payments of future benefits is a charge on the PCSPS.

1.9 Notional Cost of Capital

As directed by the Welsh Assembly Government, a notional capital charge reflecting the cost of capital employed is included in operating costs and calculated at 3.5% of average capital employed. A change to the 2010-11 FReM means that there is no requirement to calculate this figure for the current year.

1.10 Management of Financial Risk

The Commission has no borrowings and relies primarily on Welsh Assembly Government grants for its cash requirements. It also has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

1.11 Financial Instruments

The Commission does not have any significant financial instruments. Short term instruments can include cash, trade debtors and trade creditors. Where applicable, the current value is the same as the fair value at the year end.

1.11.1 Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

1.11.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, short term deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.11.3 Trade and other payables

Trade and other payables are not interest bearing and are stated at their nominal value.

1.11.4 Borrowings

There are no interest bearing loans or overdrafts.

1.11.5 Impairment

The carrying value of the Local Government Boundary Commission for Wales' assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the assets recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and value in use.

1.11.6 Financial Assets and Financial liabilities which arise from contracts for the purchase or sale of non financial items are recognised when performance occurs, i.e. when receipt or delivery of the goods or services is made.

1.12 Operating Leases

The Commission's offices at Caradog House are leased by the Welsh Assembly Government until 2012 with lease costs being met by the Commission. An operating lease is also in place for the photocopier. These lease costs are charged to the operating cost statement in the year during which the costs are incurred. The Commission is included in the Welsh Assembly Government's Merlin IT contract for the provision of all IT services including hardware and software. As part of this agreement the Commission pays a monthly charge to the Welsh Assembly based on the number of Commission staff with access to the Merlin system proportionate to the total number of overall users throughout the Welsh Assembly. Costs for the provision of hardware and software through the Merlin contract are met by the Commission but these remain assets of the Welsh Assembly Government.

2. STAFF NUMBERS AND RELATED COSTS

	2011 Permanently employed staff £	2011 Inward Secondments £	2011 Contract Staff £	2011 Commission Members £	2011 Total £
Wages and salaries	141,828	158,724	931	22,600	324,083
Social security costs	11,374	10,568	-	1,068	23,010
Pension costs	27,484	29,056	-	-	56,540
Holiday pay accrual	1,986	1,069	-	-	3,055
Total Net Costs	182,672	199,417	931	23,668	406,688

Average number of persons employed

The average number of whole-time equivalent persons employed during the year by these categories was as follows:

No.	No.	No.	No.	No.
4	7	1	3	15

Comparatives:

	2010 Permanently employed staff £	2010 Inward Secondments £	2010 Contract Staff £	2010 Commission Members £	2010 Total £
Wages and salaries	127,130	137,918	-	24,533	289,581
Social security costs	13,657	8,842	-	1,362	23,861
Pension costs	25,091	24,648	-	-	49,739
Total Net Costs	165,878	171,408	-	25,895	363,181

Average number of persons employed

The average number of whole-time equivalent persons employed during the year by these categories was as follows:

No.	No.	No.	No.	No.
3	6	0	3	12

The emolument of the Chair of the Commission was £10,756 (2009-10: £11,294). Rev. H Davies (Deputy Chair) received £6,794. Mr J Bader (Member) received £5,050. Further details of remuneration can be found in the Remuneration Report, at pages 8 to 11.

The above costs include £59,317 (2009-10; £19,393) in respect of staff resources expended on behalf of the Boundary Commission for Wales. The increase in Boundary Commission for Wales costs for 2010-11 is due to the commencement of the 2013 Review of Parliamentary Constituencies.

3. REPORTING OF CIVIL SERVICE AND OTHER COMPENSATION SCHEMES – EXIT PACKAGES

There were no redundancy or other departure cost during 2010-11.

4. OTHER EXPENDITURE

	2011	2010
	£	£
Running Costs		
Travel and Subsistence Staff	7,303	15,512
Travel and Subsistence Commission Members	5,560	6,926
Course Fees and Staff Training	1,987	6,362
Auditor General for Wales – annual audit fee	7,801	7,576
– other audit fees	762	746
Internal Audit Fees	4,914	4,583
Advertising	34,338	34,742
Translation	37,932	29,625
Printing, postage and stationery	30,273	28,850
Telephone and contracts	1,830	1,215
Accommodation costs	6,682	2,883
Legal and professional	22,074	9,660
Non-capital computer costs	43,141	27,846
Other	1,269	4,282
Rentals under operating leases	83,808	85,505
Interest charges	-	-
Non-cash items		
Depreciation	4,208	7,768
Total	<u>293,882</u>	<u>274,081</u>

The above costs include £48,624 (2009-10; £31,220) in respect of travel and subsistence, printing, telephone and accommodation expended on behalf of the Boundary Commission for Wales. Costs for the Boundary Commission for Wales are calculated as the percentage of staff time spent on parliamentary issues, with the exception of accommodation costs which are set at a fixed rate of 36%. The increase in Boundary Commission for Wales costs for 2010-11 is due to the commencement of the 2013 Review of Parliamentary Constituencies.

5. INCOME

There is no income. Grant-in-Aid is financing income and is credited directly to reserves. During 2010-11 the Commission received £14,566 in respect of a rebate paid by HM Revenue and Customs for overpayment of Employers' National Insurance contributions made in previous years. This amount was netted off Grant-in-Aid funding received from the Welsh Assembly Government and has been shown as Other non-retainable income in the Statement of Comprehensive Net Expenditure on page 17.

6. PROPERTY, PLANT AND EQUIPMENT

	Information Technology £	Furniture & Fittings £	Total £
Cost or Valuation			
At 1 April 2010	59,501	36,376	95,877
Additions	-	646	646
Disposals	(3,715)	(422)	(4,137)
At 31 March 2011	<u>55,786</u>	<u>36,600</u>	<u>92,386</u>
Depreciation			
At 1 April 2010	55,367	31,799	87,166
Provided during the year	1,754	2,454	4,208
Eliminated on disposal	(3,715)	(422)	(4,137)
At 31 March 2011	<u>53,406</u>	<u>33,831</u>	<u>87,237</u>
Net Book Value at 31 March 2011	2,380	2,769	5,149
Net Book Value at 31 March 2010	4,134	4,577	8,711
Asset financing			
Assets owned	2,380	2,769	5,149
Net Book Value at 31 March 2011	<u>2,380</u>	<u>2,769</u>	<u>5,149</u>

7. FINANCIAL INSTRUMENTS

As the cash requirements of the Commission are met through Grant-in-Aid provided by the Welsh Assembly Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Commission's expected purchase and usage requirements and the Commission is therefore exposed to little credit, liquidity or market risk.

8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2011 £	2010 £
Amounts falling due within one year:		
Prepayments and accrued income	1,670	1,550
Total	<u>1,670</u>	<u>1,550</u>

9. CASH AND CASH EQUIVALENTS

	2011 £	2010 £
Balance at 1 April	4,186	1,557
Net change in cash and cash equivalent balances	689	2,629
Commercial banks and cash in hand	<u>4,875</u>	<u>4,186</u>
Balance at 31 March	<u>4,875</u>	<u>4,186</u>

10. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2011 £	2010 £
Amounts falling due within one year:		
Taxation and social security	1,854	2,186
Trade payables	13,528	16,964
Accruals and deferred income	27,858	23,333
Holiday pay accrual	13,115	10,061
	<u>56,355</u>	<u>52,544</u>

10.1 INTRA - GOVERNMENT BALANCES

	Amounts falling due within 1 year		
	31 March 2011 £	31 March 2010 £	1 April 2009 £
Welsh Assembly Government	2,133	5,120	1,751
Department for Work and Pensions	7,194	6,875	7,686
Driver and Vehicle Licensing Agency	7,321	7,319	-
Business Innovation and Skills	6,943	7,439	-
HM Revenue and Customs	7,169	2,186	1,449
Companies House	-	-	3,903
Balances with other central government bodies	<u>30,760</u>	<u>28,939</u>	<u>14,789</u>
Balances with bodies external to government	12,480	13,544	14,985
Total	<u>43,240</u>	<u>42,483</u>	<u>29,774</u>

11. OPERATING LEASES

	2011 £	2010 £
Total future minimum lease payments under Non-cancellable operating leases comprise:		
Buildings		
Not later than 1 year	85,000	84,000
Later than 1 and not later than 5 years	42,000	127,000
Total	<u>127,000</u>	<u>211,000</u>
Information Technology		
Not later than 1 year	21,800	21,600
Later than 1 and not later than 5 years	89,200	88,400
Total	<u>111,000</u>	<u>110,000</u>
Other		
Not later than 1 year	1,900	2,000
Later than one and not later than five years	-	1,900
Total	<u>1,900</u>	<u>3,900</u>
Total	<u>239,900</u>	<u>324,900</u>

The figures for the Information Technology operating lease payments relate to the Commission's inclusion on the Welsh Assembly Government's Merlin IT contract. It is assumed that the Merlin IT contract is continuous and therefore it is not possible to calculate minimum payments later than 5 years.

12. GENERAL RESERVE

	2011 £	2010 £
Net expenditure	(686,005)	(636,316)
Non cash charges – Cost of capital	-	(950)
	<u>(686,005)</u>	<u>(637,266)</u>
Welsh Assembly Grant-in-Aid	679,441	615,483
	<u>(6,564)</u>	<u>(21,783)</u>
General reserve at 1 April	<u>(38,097)</u>	<u>(16,314)</u>
General reserve at 31 March	<u><u>(44,661)</u></u>	<u><u>(38,097)</u></u>

13. SPECIAL PAYMENTS AND LOSSES

The Commission did not make any special payments in 2010-11. The Commission recorded losses amounting to £4,696 in 2010-11 resulting from fruitless payments and overpayment of National Insurance contributions. These losses were reported to the Welsh Assembly Government in accordance with the Commission's Financial Memorandum.

14. RELATED PARTY TRANSACTIONS

The Welsh Assembly Government is regarded as a related party. During the year, the Commission has had various material transactions with the Welsh Assembly Government. Grant-in-Aid received during the year amounted to £679,441.

The Secretariat of the Commission also acts as Secretariat to the Parliamentary Boundary Commission for Wales (BCW). The BCW is a Non-Departmental Public Body sponsored by the Ministry for Justice (MoJ). The MoJ is regarded as a related party.

The Commission has no other related party transactions. None of the Commission members, key managerial staff or other related parties has undertaken any material transactions with the Commission during the year.

15. ANALYSIS OF NET EXPENDITURE BY SEGMENT

The Net Expenditure Account reflects the segments that the operating results of the Local Government Boundary Commission for Wales are reported to the Commission. Consequently no further analysis of net expenditure by segment is provided.

16. CONTINGENT LIABILITIES AND ASSETS

There were no contingent liabilities or assets at the end of 2010-11.

17. EVENTS AFTER THE REPORTING PERIOD

These accounts were authorised for issue on 19 August 2011 by the Accounting Officer. On 22 June 2011 the Welsh Government Minister for Local Government and Communities, Carl Sargeant, terminated the appointments of the Members of the Local Government Boundary Commission for Wales with effect from 22 July 2011 as a result of the findings of the Mathias Review, an independent review into the electoral reports and electoral review processes as conducted by the Local Government Boundary Commission for Wales. This development did not necessitate any change to the Financial Statements in these accounts.

Mr Lewis' appointment as Secretary to the Commission was terminated by the Minister for Local Government and Communities on 29 July 2011. His designation as the Accounting Officer for the Commission was withdrawn by the Welsh Government on 12 August 2011. For an interim period the Welsh Government's Director General for Local Government and Communities takes on the Accounting Officer duties in respect of the Commission.