

THE LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES



**ANNUAL REPORT AND ACCOUNTS
2000/2001**

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES ANNUAL REPORT 2000/2001

Chairman's Statement

The Commission have, during the past year, undertaken a wide range work within the statutory powers that govern our activity.

Although, by the end of the previous year, we had completed our overall programme of electoral arrangements, an element of electoral review work continued since the National Assembly for Wales directed us to undertake a further review of the electoral arrangements for parts of The Vale of Glamorgan. We have completed this review and submitted our Final Report to the National Assembly for Wales within the directed deadline of March 2001.

With this exception, and the consideration of a community review undertaken by a principal council, the main emphasis of our activity concerned the important duty of reviewing principal council areas. Our work in this regard was in part a continuation of reviews commenced in the previous year and partly involved new projects. Most notably, in July 2000, we received Directions from the National Assembly for Wales to review the boundary between Denbighshire and Wrexham in the vicinity of Llangollen, Llantysilio and adjacent communities. This review is continuing in the current year in order to meet the directed deadline of October 2001.

The details of this and our other reviews are contained in the report but, at the outset, I wish to emphasise that our overriding objective is, in an independent and objective manner, to bring forward proposals in the interest of effective and convenient local government. As part of our procedures we consult as widely as possible and as a result, during the year, we have received particularly voluminous mail. We have considered every representation and although inevitably we make proposals with which some people disagree, we appreciate all contributions as we assess evidence before reaching our conclusions.

I wish thank my fellow Commissioners and the Secretariat for their continued support throughout the year. When his contract came to an end in March the Commission recorded their appreciation of Roger Knight's contribution as Secretary for the preceding five years and we look forward to working with his successor, Edward Lewis.



**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 for 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 for Wales. The Chairman's and the Deputy Chairman's terms of office both extend to December 2001 while Mrs. Smith's runs until April 2002. Mr. FitzHugh is Chairman of the Audit Committee. 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 Chairman of the Environment Agency's Wetlands for Wales Project and Chairman of the Commission on Electoral Arrangements (National Assembly 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 and Chair of the Standards Committee of Pembrokeshire County Council.

Commission meetings are usually held monthly as the programme of work dictates. It is the Commission's normal practice to visit the locality of reviews, especially in respect of area (boundary) reviews. In the interests of efficiency, site inspections are combined with Commission meetings whenever possible. Ten meetings were held during 2000/01.

The Auditor General for Wales is the Commission's external auditor, while contracts exist for the provision of internal audit, legal, accountancy, translation and printing services.

The Secretariat

1.4 The Commission's secretariat is located in Caradog House; 1-6 St. Andrews Place, Cardiff. At the beginning of the year there were 5 members of staff. The posts of Secretary and Mapping Officer were occupied as direct employees of the Commission while the 3 other members of staff were civil servants seconded from the National Assembly for Wales (2) and Companies House (1). During the year, increasing use of the Geographic Information System meant that the post of Mapping Officer was deleted from the establishment when

his contract expired in September 2000 and in October 2000 the Secretary's post was converted to part-time.

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 for Wales 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 area reviews carried out by them and make recommendations to the National Assembly for Wales;

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 for Wales.

2 OBJECTIVES

- 2.1 The Commission are sponsored by the Local Government Modernisation Division of the National Assembly for Wales. The Commission are subject to Policy Reviews at five-yearly intervals. These provide medium term strategic and policy guidelines for the Commission's annual plans. The last strategic planning period began with a Policy Review of the Commission undertaken by the Welsh Office in 1993. The recommendations of that review paved the way for a substantial increase above previous levels in the work of the Commission starting at the time of the election of the shadow principal councils in May 1995, and extending up to and beyond the local government elections held in May 1999. The main activity of the Commission throughout that period was in response to Directions issued by the Secretary of State to undertake the review of the electoral arrangements of each of the principal councils in accordance with a timetable for submissions to conclude by December 1999.
- 2.2 A Policy Review, to cover the next five-year period was undertaken between July 2000 and February 2001. This reviewed all aspects of the Commission's work and made recommendations relating to sponsorship, staffing, accommodation, *Better Wales* issues and future relationships with other Commissions with responsibility for similar work. One of the conclusions identified a continuing need for the Commission. The results of the policy review will enable the Commission to plan future workload and resource requirements against a stable policy background.

Targets

- 2.3 During the review of electoral arrangements the Commission allocated twelve months to each review. This period was incorporated into a programme of electoral reviews and enabled the Commission to meet the deadlines specified in the statutory Directions. The comparable Commissions in England and Scotland also allocate twelve months for this type of work.
- 2.4 Directions from the National Assembly for Wales to the Commission to undertake area reviews also contain directed deadlines, and these are generally the same as for electoral arrangement directions, although consideration is given to the complexity of each review. The Commission also aim to complete area reviews undertaken at the request of local authorities within twelve months.
- 2.5 The procedures to be followed when undertaking a review are defined by statute, requiring the Commission to inform and consult widely and take into account representations before making any final proposals to the National Assembly for Wales.
- 2.6 There are no statutory time periods for the consultation or other stages of the procedures, which are left to the discretion of the Commission. The Commission have given careful consideration to the need to provide adequate time for the views of local authorities and other interested persons to be submitted. Targets are set within the twelve months of a review for the stages of publicity and consultation, the production of draft and final reports and the time needed for assessing the issues involved. However, the Commission occasionally find it necessary to take into consideration particular circumstances and, unless directed deadlines apply, are flexible in adherence to targets.

3. ACTIVITY IN THE PREVIOUS YEAR

Reviews of Electoral Arrangements

- 3.1 In **1999/2000**, the Commission continued the programme, which was begun in 1995, of reviewing the electoral arrangements of the 22 principal councils.
- 3.2 Reviews of the electoral arrangements of the following principal councils were completed within the directed deadlines:

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

- 3.3 The further review of the electoral arrangements of Newport involved the Communities of Coedkernew, Marshfield, Michaelstone-y-Fedw, Rogerstone and Tredegar Park and was undertaken in response to directions received from the Secretary of State for Wales in January 1999 following the Commission's original submission of proposals in July 1998. The deadline for the Monmouthshire review was revised by direction from the National Assembly for Wales to allow for the receipt of information from the Council in relation to reconfigured community wards.
- 3.4 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.

Principal Area Reviews

- 3.5 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 National Assembly for Wales agreed this on 6th December 1999.
- 3.6 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 on 7 April 2000, recommended no change. (This review is reported as completed in the year though technically it extends into 2000/2001 by seven days).
- 3.7 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.
- 3.8 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.

- 3.9 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.
- 3.10 In November 1999 the Commission began a review of the boundary between the Counties of Carmarthenshire and Pembrokeshire in the vicinity of the Communities of Clynderwen and Llandissilio West.
- 3.11 In March 2000 the Commission started to review the boundary between the Counties of Ceredigion and Pembrokeshire where it divides the village of St. Dogmaels.
- 3.12 The reviews referred to in paragraphs 3.8–3.11 were continued in 2000/2001.

Community Reviews

- 3.13 Councils who propose amendments to community areas are required to make them as recommendations to the Commission, who, in turn, after consideration, make proposals to the National Assembly for Wales. 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.

4. THE WORK OF THE COMMISSION DURING 2000/2001

Reviews of Electoral Arrangements

- 4.1 The further review (referred to in paragraph 3.4, above) which, the National Assembly for Wales had directed in respect of the electoral arrangements in the Communities of Cowbridge with Llanblethian, Dinas Powys, Llancarfan, Llanfair, Llan-maes, Llantwit Major, Michaelston, Penllyn, Rhoose and St. Donats in The Vale of Glamorgan began in May 2000. A Draft Proposals Report was published in September and the Final Proposals were published in March 2001, in accordance with the Directions. The Final Proposals amend the electoral arrangements for The Vale of Glamorgan submitted in March 1998 by the Commission for the specified areas.
- 4.2 The Commission's programme of electoral reviews is complete.

Principal Area Reviews

- 4.3 The review of the boundary between the City and County of Swansea and the County Borough of Neath Port Talbot in the vicinity of Pontardawe Road, in respect of which a Draft Report had been published in February 2000, was completed and in July 2000 the final report published recommending to the National Assembly for Wales that the existing boundary be re-aligned to include the properties 162-172 Pontadawe Road within the City and County of Swansea.
- 4.4 In May 2000 a Draft Proposals Report for the review between the County Boroughs of Rhondda Cynon Taff and The Vale of Glamorgan to the south of the M4 was published. Following the publication of the Draft Proposals it came to light that a number of electors may not have been notified to the Commission and accordingly omitted from the initial consultation and an additional period of time has been allowed to enable them to submit their comments. The Final report was published in March 2001 in which the Commission recommended that the present boundary should not be re-aligned to follow the M4 but that it would be in the interests of effective and convenient local government to re-align the boundary to include two residential properties in The Vale of Glamorgan.
- 4.5 The review of the boundary between the Counties of Carmarthenshire and Pembrokeshire in the vicinity of the Communities of Clynderwen and Llandissilio West began in November 1999. The Commission requested additional details regarding service delivery from both County Councils, a public meeting with the Community Councils involved was held in October 2000 and Draft Proposals were published in February 2001.
- 4.6 The review between the Counties of Ceredigion and Pembrokeshire began in March 2000 at the request of St Dogmaels Community Council who contend that the village of St. Dogmaels should lie wholly within a single authority. Many representations were received and a Draft Proposals Report was published in December 2000. The Commission's Final Proposals will be published in the year 2001/2002.
- 4.7 In July 2000 the National Assembly for Wales directed the Commission to conduct a review of the boundary between the Communities of Llangollen and Llantysilio in the County of Denbighshire and the Communities of Penycae, Cefn, Llangollen Rural, Chirk, Glyntraian and Llansantffraid Glyn Ceiriog in the County Borough of Wrexham. The directions contained the following guidance:

- a) discrete settlements of human habitation should, wherever possible, be situated within one principal area;
- b) boundaries between local government areas should, wherever possible, follow identifiable physical features such as rivers and roads; and
- c) regard should be given to the effect of any proposals upon the County of Denbighshire.

4.8 The review began in August 2000. The Commission were subsequently informed by Denbighshire County Council that they would be seeking a Judicial Review in respect to the National Assembly for Wales's decisions to direct the Commission to undertake this review. The Council thought it inappropriate to meet representatives of the Commission pending the outcome of the Judicial Review. Following the refusal of permission to apply for a Judicial Review on 24 November 2000, the Commission were able to continue the review and held meetings with both principal councils in December 2000 and February 2001 and, in March 2001, attended the annual town meeting held by Llangollen Town Council.

4.9 In order to consider the effect of any proposals upon the County of Denbighshire, the Commission employed consultants with an expertise in local government finance to produce a report on the likely implications of transferring the Communities of Llangollen and Llantysilio from Denbighshire to Wrexham. The Commission considered the consultant's report on 22 March 2001 and provided copies to the principal councils, Llangollen Town Council and Llantysilio Community Council. It was also made available on the Commission's web site. A period was given to allow interested parties to comment.

4.10 As anticipated in the National Assembly for Wales' directions to the Commission, the review has continued in the current year.

4.11 The Commission were requested to review the boundary between County Boroughs of Newport and Torfaen in the vicinity of Llantarnam. Following preliminary consultation, the Commission decided that as there appears to be sufficient justification to undertake a review and this commenced in January 2001.

Community Reviews

4.12 Bridgend County Borough Council submitted recommendations under section 55(2) of the Act to the Commission for the sub-division of the Community of Cynffig into two separate communities. The Commission's consideration of the County Borough Council's report commenced in October 2000 and proposals confirming the County Borough Council's recommendation were made to the National Assembly for Wales in March 2001.

5. CORPORATE MANAGEMENT: POLICIES AND PRACTICE

Management Statement, Financial Memorandum and Codes

- 5.1 A Management Statement and associated Financial Memorandum describe the relationship between the Commission and the National Assembly for Wales and require the submission of Annual Operational Plans and Annual Reports to the National Assembly for Wales for the purposes of planning, budgeting and assessing performance. Quarterly liaison meetings and an annual review meeting are held with the sponsor division of the National Assembly for Wales. Following a meeting on 30 August 2000 with the National Assembly for Wales Secretary responsible for Local Government the Commission were invited to present their Annual Report and Accounts to the Local Government and Housing Committee of the National Assembly for Wales on 29 November 2000.
- 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 Audit 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. During the year the Commission adopted a Code of Practice on Complaints and a Code of Practice on Access to Public Information. As part of the latter, agreed minutes of Commission meetings are published on the web site.
- 5.5 In October 2000 the Commission held their third Annual Open Meeting, on this occasion in Cardiff.

Budget and Audit

- 5.6 The Commission's expenditure on staff costs, other operating charges and acquisitions of fixed assets during 2000/2001 of £282,249 on a cash basis was within the grant-in-aid allocation for the year of £327,330. The Commission is committed 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 over several years. The National Audit Office has undertaken the external audit of the Commission's accounts on behalf of the Auditor General for Wales.

Welsh Language Scheme

- 5.8 The Commission wish to make it clear that the public can deal with them in Welsh. 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 third 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 the Geographic Information System and mapping during the year although courses relevant to other staff development purposes have been attended.

6. ACCOUNTS

FOREWORD TO THE ACCOUNTS for the year ended 31 March 2001

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, an Assembly Sponsored Public Body (ASPB).
- 6.3 The Commission's general function, as set out in the 1972 Act, is to "make proposals to the National Assembly for Wales 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 for Wales 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 for Wales;
 - 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 for Wales; 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 undertook a further review of the electoral arrangements of part of the County Borough of The Vale of Glamorgan in accordance with Directions received from the National Assembly for Wales in March 2000.
- 6.7 Boundary reviews were the major part of the Commission's work during the year. As detailed in the Annual Report, the Commission completed two reviews, continued with two and started two.
- 6.8 Principal councils are responsible for undertaking reviews of community areas and community electoral arrangements. One principal council submitted recommendations for community area changes for the Commission's consideration during the year, although there have been discussions with several 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 by the deletion of the post of cartographer as result of greater use of the GIS and the post of Secretary was converted to part-time to reflect the level of work being undertaken following the completion of the programme of electoral reviews.

Results and Appropriations

- 6.10 The deficit for the period amounted to £2,636 and was transferred to reserves. Government funds at 31 March 2001 amounted to £10,925.

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 2000/2001, the Commission received 204 invoices and paid 95 % of these within 30 days.

Future Developments

- 6.12 The Commission's programme of electoral reviews was concluded with the completion of the further review the electoral arrangements of part of County Borough of The Vale of Glamorgan. Other reviews of electoral arrangements will be dependent upon any directions which may be issued by the National Assembly for Wales or requests from principal councils.
- 6.13 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.
- 6.14 The National Assembly for Wales may, as part of its consideration of "Modernising Local Government in Wales", propose changes to the legislation and guidelines relevant to the future electoral review work of the Commission.

6.15 The National Assembly for Wales conducted a policy review of the work of the Commission between July 2000 and February 2001. The report of the review concluded that there is a continuing need for the Commission.

Commission Members

6.16 Commission Members who served during the year were:

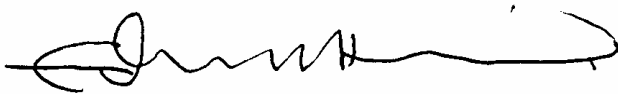
Professor E Sunderland OBE LL (Chairman)
E F L FitzHugh OBE DL (Deputy Chairman)
Mrs S G Smith

6.17 On 8 June 2000 the National Assembly for Wales 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 consider all reports from the internal and external auditors and administer the Commission's fraud policy and complaints procedure.



EDWARD H LEWIS
Accounting Officer
3 September 2001

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 National Assembly for Wales has designated the senior 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.

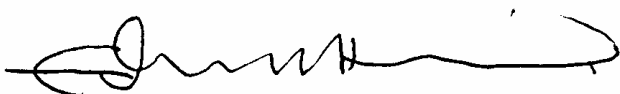
The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- 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.



EDWARD H LEWIS

Accounting Officer
3 September 2001

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 United Kingdom 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 2001 and of the deficit, 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
3 September 2001

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 2001

	Notes	2001	2000
		£	£
GROSS INCOME			
Grant-in-Aid	2	295,093	318,665
Transfer from Government Grant Reserve	9	8,326	12,479
		<u>303,419</u>	<u>331,144</u>
EXPENDITURE			
Staff costs	3	132,583	172,597
Depreciation and other amounts written off fixed assets	5	8,326	12,479
Notional charge: Cost of Capital		984	1,251
Other operating charges	4	165,323	142,282
		<u>307,216</u>	<u>328,609</u>
Operating surplus/(deficit)		(3,797)	2,535
Interest receivable		1,078	684
Reversal of notional cost of capital		(984)	(1,251)
Amount surrenderable to National Assembly for Wales		(901)	(966)
Surplus/(deficit) for the year transferred to reserves		<u>(2,636)</u>	<u>3,504</u>
STATEMENT OF RETAINED RESERVES			
Retained surplus brought forward		4,623	1,119
Surplus/(deficit) for the year		(2,636)	3,504
Retained surplus carried forward		<u>1,987</u>	<u>4,623</u>

All activities are classed as continuing

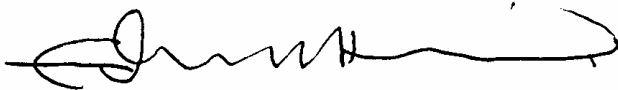
The notes on pages 21 to 26 form part of these accounts.

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

BALANCE SHEET as at 31 March 2001

	Notes	2001		2000	
		£	£	£	£
FIXED ASSETS					
Tangible Fixed Assets	5		8,938		17,264
CURRENT ASSETS					
Debtors and prepayments	6	1,986		4,624	
Cash at bank/in hand		66,556		81,942	
		68,542		86,566	
CREDITORS					
Amounts falling due within one year	7	(66,555)		(81,943)	
NET CURRENT ASSETS			1,987		4,623
TOTAL NET ASSETS			10,925		21,887
FINANCED BY:					
RESERVES					
Government Grant Reserve	9		8,938		17,264
Income & Expenditure Account	9		1,987		4,623
			10,925		21,887

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



EDWARD H LEWIS
Secretary and Accounting Officer
3 September 2001

LOCAL GOVERNMENT BOUNDARY COMMISSION FOR WALES

CASH FLOW STATEMENT for the year ended 31 March 2001

Reconciliation of operating surplus to net cash inflow from operating activities

	Notes	2001	2000
		£	£
Operating surplus/(deficit)		(3,797)	2,535
Adjustment for notional charge – Cost of Capital		984	1,251
Depreciation and other amounts written off fixed assets		8,326	12,479
Decrease/(Increase) in debtors		2,638	19,479
Increase/(Decrease) in creditors		(15,389)	53,268
Transfer from Government Grant Reserve		(8,326)	(12,479)
Net cash inflow/(outflow) from operating activities		(15,564)	76,826

CASH FLOW STATEMENT

Net cash inflow/(outflow) from operating activities		(15,564)	76,826
Returns on investment and servicing of finance	10	177	18
Capital expenditure	10	-	(11,124)
Financing	10	-	11,124
Increase/(decrease) in cash		(15,387)	76,844

Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash for the period		(15,387)	76,844
Net funds at 1 April 2000		81,942	5,098
Net funds at 31 March 2001		66,555	81,942

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 2001

	2001	2000
	£	£
Surplus/(deficit) for the financial year	(2,636)	3,504
Movement in Government Grant Reseve	(8,326)	(1,355)
Total recognised gains and (losses) for the year	<u>(10,962)</u>	<u>2,149</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 2001

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

	2001 £	2000 £
Grant-in-Aid received from the National Assembly for Wales	310,832	374,720
Less: Amount to be repaid to the National Assembly for Wales	(15,739)	(44,931)
Less: Grant-in-Aid for capital expenditure	-	(11,124)
Grant-in-Aid credited to Income and Expenditure account	295,093	318,665

3. STAFF AND MEMBERS' COSTS:

	2001 £	2000 £
i) Staff and Members' Costs		
Commission Members' Remuneration	16,670	12,462
Wages and Salaries	94,657	131,288
Employers National Insurance	7,839	10,156
Pensions costs	13,417	18,691
	132,583	172,597
Average number of staff employed during the financial year	5	6

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 2000-2001 contributions (excluding VAT) of £17,417 (1999-2000 £18,691) were paid to the Paymaster General at rates determined from time to time by the Government

Actuary and advised by the Treasury. For 2000-2001 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 £7,584 (1999-00: £5,689). 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 £ (k)	Real Increase in Pension at 60 £ (k)	Total Accrued Pension at 60 at 31 Mar 01 £ (k)
Roger Knight Secretary	56	30 – 35	0 – 2.5	0 – 5
Steve Halsall Team Leader	45	25 – 30	0 – 2.5	5 – 10

The present Secretary took office on 22 April 1996 under a four year, fixed term contract which was subsequently extended by the National Assembly for Wales to 31 March 2001. His remuneration during the year was £39,750 and included employer's pension contributions of £5,517 (1999-00: £46,608, including employer's pension contributions of £6,505). 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.

v) **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.

vi) **Gifts Register**

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

4. OTHER OPERATING COSTS

	2001	2000
	£	£
Travel and Subsistence:		
Staff	1,843	2,987
Commission members	8,302	5,116
Course Fees and Staff Training	165	1,909
External Audit Fee	4,780	4,876
External Auditor Remuneration for Other Audit Work	-	470
Advertising	25,809	26,362
Translation	6,374	4,992
Printing, postage and stationery	12,567	13,259
Telephone	2,845	2,139
Accommodation costs	65,744	58,551
Hire of office machinery	1,968	1,974
Legal and professional	7,508	5,754
Non-capital computer costs	2,189	8,934
Consultancy fees	21,738	-
Other	3,491	4,959
	<u>165,323</u>	<u>142,282</u>

5. TANGIBLE FIXED ASSETS

	Computer Equipment £	Office Furniture & Equipment £	Total £
Cost or Valuation			
At 1 April 2000	39,098	19,792	58,890
Disposals	(6,884)	-	(6,884)
At 31 March 2001	<u>32,214</u>	<u>19,792</u>	<u>52,006</u>
Depreciation			
At 1 April 2000	24,207	17,419	41,626
Provided during the year	4,677	862	5,539
Permanent diminution in value	2,787	-	2,787
Disposals	(6,884)	-	(6,884)
At 31 March 2001	<u>24,787</u>	<u>18,281</u>	<u>43,068</u>
Net Book Value			
At 31 March 2001	<u>7,427</u>	<u>1,511</u>	<u>8,938</u>
At 1 April 2000	14,891	2,373	17,264

There were no commitments to purchase fixed assets at 31 March 2001.

The charge to the Income and Expenditure Account for the year of £8,326 comprises the

provision during the year of £5,539 and the permanent diminution in value of computer equipment of £2,787.

6. DEBTORS

	2001 £	2000 £
Prepayments	<u>1,986</u>	<u>4,624</u>

7. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Trade creditors	37,798	23,680
National Assembly for Wales Grant-in-Aid repayable	15,739	44,931
Taxation and Social Security	4,478	4,167
Accruals	8,540	9,165
	<u>66,555</u>	<u>81,943</u>

8. OPERATING LEASES

	Buildings		Office Machinery	
	2001 £	2000 £	2001 £	2000 £
Annual Commitments under operating leases which expire:				
Within one year	-	-	3,363	1,974
Within two to five years	-	-	-	-
In over five years	65,712	45,432	-	-

9. MOVEMENTS IN GOVERNMENT FUNDS

	Reserve Government Grant £	Income & Expenditure Account £	Total £
Surplus for the year	-	(2,636)	(2,636)
Deferred Grant-in-Aid released to income and expenditure account	(8,326)	-	(8,326)
Movement in Government Funds for the year	<u>(8,326)</u>	<u>(2,636)</u>	<u>(10,962)</u>
Government Funds at 1 April 2000	17,264	4,623	21,887
Government Funds at 31 March 2001	<u>8,938</u>	<u>1,987</u>	<u>10,925</u>

10. NOTES TO THE CASH FLOW STATEMENT

GROSS CASH FLOWS

	2001	2000 (restated)
	£	£
<u>Returns on investment and servicing of finance</u>		
Interest received	1,078	684
Interest paid to National Assembly for Wales	(901)	(666)
	<u>177</u>	<u>18</u>
<u>Capital expenditure</u>		
Payments to acquire tangible fixed assets	-	(11,124)
	<u>-</u>	<u>(11,124)</u>
<u>Financing</u>		
Amount received from National Assembly for Wales for capital expenditure	-	11,124
	<u>-</u>	<u>11,124</u>

11. RELATED PARTY TRANSACTIONS

The Local Government Boundary Commission for Wales is an Assembly Sponsored Public Body (ASPB) 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.