



STATEMENT OF ACCOUNTS

**Year Ended 31st March 2014
for**

The Vale of Glamorgan County Borough Council

EXPLANATORY FOREWORD

The Authority's Statement of Accounts for the year 2013/14 are set out on the following pages.

They consist of :-

EXPLANATORY NOTE

Pages 3-7 Provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. The three graphs show in broad terms where the Council's money comes from, what it is spent on and what services it provides.

STATEMENT OF ACCOUNTS

Pages 8-18 The Statement of Accounting Policies.

Page 19 Statement of Responsibilities for the Statement of Accounts.

Pages 20-21 Movement in Reserves Statement.

Page 22 Comprehensive Income and Expenditure Statement.

Pages 23-24 The Balance Sheet as at 31 March 2014.

Page 25 The Cash Flow Statement - which summarises the total movement of the Council's funds.

Pages 26-76 Notes to the Financial Statements.

Pages 77-81 The Housing Revenue Account.

TRUST FUNDS

Page 82 The Trust Fund Statement - this shows monies held by the Authority on behalf of various trusts etc.

ANNUAL GOVERNANCE STATEMENT

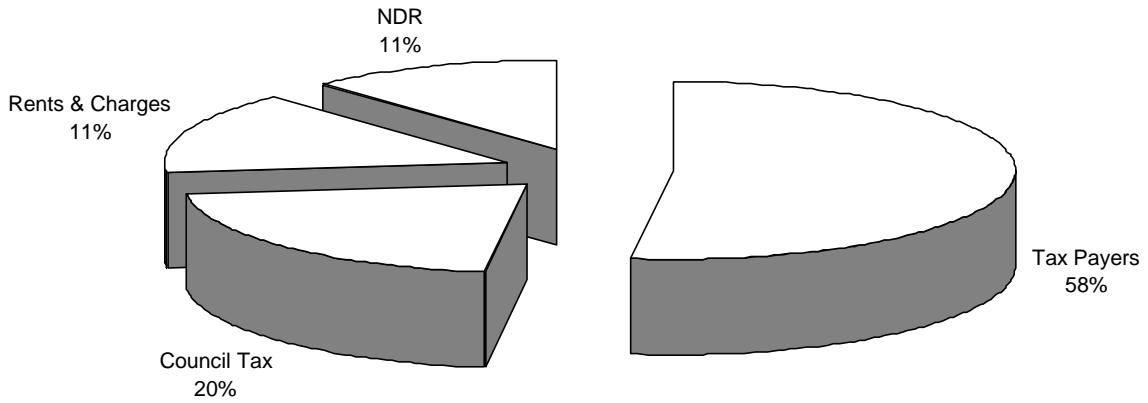
Page 83-100 Annual Governance Statement

INDEPENDENT AUDITOR'S REPORT

Pages 101-102 Independent Auditor's Report to Vale of Glamorgan Council

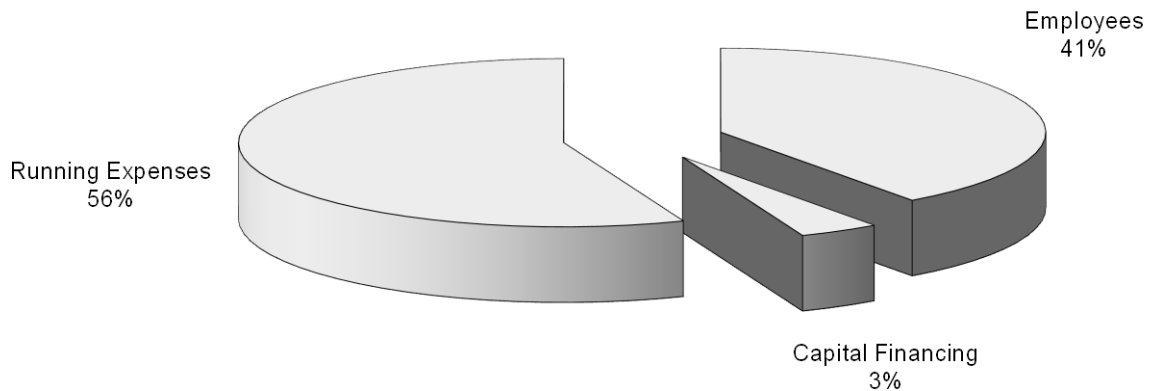
EXPLANATORY NOTE

Where the money comes from:



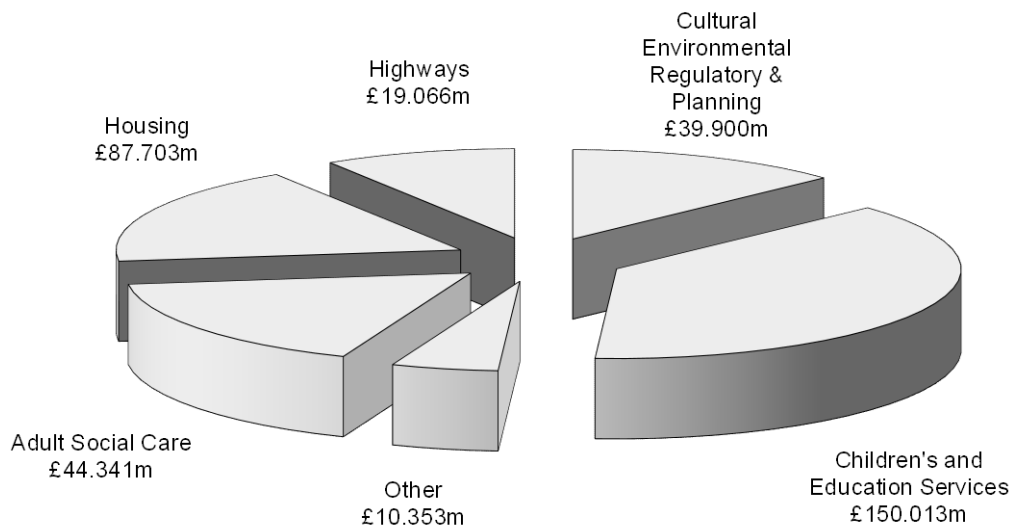
1. The largest source of income is Government grant (Tax Payer) which provides 58% of the total, 11% comes from the services the Council provides through rents, fees and charges. Council Tax accounts for 20% of the total income.

What the money is spent on:



2. Running Expenses such as maintaining buildings, operating vehicles and purchase of supplies and services take up over half of the total expenditure. Employees account for 41% of the total. Financing charges are mainly the payments of principal and interest on loans.

Gross Cost of Services



3. Some 43% of the gross cost of services is on Children's and Education services; a further 25% is spent on Housing.

Budget

4. The main component of the Budget for 2013/14 and how these compare with the amount to be met from Government Grant and Local Taxpayers are set out below: -

	Original Budget £,000	Actual £,000	Difference £,000
Final net Revenue Expenditure after all necessary adjustments	220,234	217,394	(2,840)
The Police and Crime Commissioner for South Wales	9,857	9,857	0
Community Council Precepts	2,170	2,170	0
Revenue Support Grant	(125,547)	(125,547)	0
Council Tax Reduction Scheme	(788)	(788)	0
National Non Domestic Rate	(38,832)	(38,832)	0
Council Tax	(65,594)	(68,386)	(2,792)
(Increase) / Decrease in Council Fund Balance for the Year	1,500	(4,132)	(5,632)

5. The Welsh Assembly Government determined the Council's standard spending assessment for 2013/14 as £219.212M upon which revenue support grant is calculated.
6. Council Fund balance amounts to £13.960M.

Capital

7. In 2013/14 the Council spent £65.38M on capital expenditure compared with the Revised Budget of £70.08M (the original budget was £54.98M)
8. Capital expenditure was incurred on services and financed for 2013/14 as shown below:-

Expenditure Incurred on Services	£,000	£,000
Education & Schools	29,035	
Catering	40	
Total Learning & Skills		29,075
Children Services	590	
Adult Services	308	
Total Social Services		898
Environment and Visible Services	5,832	
Parks and Grounds Maintenance	163	
Public Sector Housing	17,826	
Total Visible Services and Housing		23,821
Economic Development & Leisure	6,575	
Planning & Transportation	710	
Private Sector Housing and Community Safety	2,777	
Total Development Services		10,062
Resources		1,522
TOTAL CAPITAL EXPENDITURE 2013 / 14		65,378

Capital Expenditure Financed By :	£,000
Loans	5,791
Capital Receipts	1,151
Other Receipts:	
General Capital Funding Grant	2,003
Revenue	21,371
WG Grants	32,822
Other Grants/contributions	2,240
TOTAL CAPITAL EXPENDITURE 2013 / 14	65,378

9. The Council's assets at the 31 March 2014 have a book value of over £580 million and an insurance value of well in excess of this figure.

10. Fixed Assets

	2013	2014
HRA Housing		
Council Dwellings (including hostel)	3,940	3,938
Policy		
Offices	6	6
Depots	2	2
Highways & Transportation		
Roads :		
Principal	74kms	74kms
Non Principal	369kms	369kms
Unclassified	587kms	587kms
Highway Structures	565	565
Bridleway, Footpaths, Definitive ROW	567kms	567kms
Car Parks :		
Multi Storey	1	1
Surface	22	22
Leisure & Cultural		
Leisure Centres	6	6
Parks and Recreation Grounds	1,494	1,494
	acres	acres
Markets	1	1
Country Parks	2	2
Historic Houses & Gardens	1	1
Piers	1	1
Community Centres	24	24
Economic Development		
Industrial Units	88	88
Education & Libraries		
Nursery Schools	3	3
Infants Schools	2	2
Junior Schools	2	2
Primary Schools	44	44
Secondary Schools	8	8
Special Schools	3	3
Youth Centres & Adult Learning Centres	5	5
Libraries – Full time	5	5
Libraries – Part time	4	4
Property Services		
Agricultural Holdings (hectares)	310.1	310.1
Social Services		
Residential Establishments	6	5
Day Centres & Clubs	4	4
Family Centre	2	2

11. Levels of Borrowing / Funding Arrangements

The Local Government Act 2003 requires a local authority to set its authorised borrowing limit for the following year. The limit set for this Authority for 2013/14 was £174 million.

The actual external borrowing as at 31 March 2014 was £96.785 million as shown below and in the balance sheet. The external debt was made up of the following:

Source of Loan	31 March 2013 £,000	31 March 2014 £,000
Public Works Loan Board	92,854	90,548
Long Term Loans	6,138	6,135
Other	100	102
	99,092	96,785

The Authority before the commencement of the 2013/14 financial year approved the Treasury Management Strategy / Policy Statement which deals with the treasury functions of the Authority.

12. Other Comprehensive Income and Expenditure

In 2012/13 the figure for Other Comprehensive Income and Expenditure was included in the columns Council Fund Balance and Housing Revenue Account, in the Movement in Reserves Statement (page 20); however it should have been included in the column Unusable reserves. Accordingly the figures have been restated, together with corresponding amendments in the line Adjustment between accounting basis under regulations. There is no impact on the closing balances at 31 March 2013.

13. Impact of the Current Economic Climate

The financial pressures on the Authority including low investment income rates continued during 2013/14. The Authority considers that it has sufficient balances and reserves, however they will be put under pressure from future financial pressures.

14. The Euro

A decision of if, or when, the United Kingdom will use the common European currency has not yet been made. No assessment or financial plans of the effect to the Authority of the introduction of the currency is included in the 2013/14 accounts.

15. Further Information

Further information about the accounts is available from the Resources Directorate, Civic Offices, Holton Road, Barry CF63 4RU. This is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press.

FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES

1. General

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2005 (as amended) which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance.

2. Revenue / Expenditure

The transactions of the Council are accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected

There are certain exceptions to this principle. The main items are:-

(a) Electricity charges, telephone expenses, leasing and similar periodic payments are included in the Accounts on a payments basis and not accrued to 31st March each year. Payments in respect of a full twelve months are included.

(b) The amount included in the accounts for Government Revenue Support Grant for 2013/14 is on the basis of cash received. Where final figures are not available e.g. Subsidy Entitlement, the amounts included are based on the latest available information.

The difference between the amounts charged annually to the Revenue Accounts in respect of items (a) and (b) and the amounts that would be charged if they were accrued to 31st March each year is not significant.

3. Cash and Cash Equivalents

Cash and cash equivalents is represented by cash in hand, current account balances and deposits that have been invested over night on the last working day in March and any instant access investment accounts.

4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

A change in accounting policies or to correct a material error can result in a prior period adjustment. Changes in accounting estimates do not give rise to a prior period adjustment but are accounted for prospectively, i.e. in the current and future years affected by the change. Changes to accounting requirements for the amendments to IAS 19 (2011 amendments) which have been adopted by the 2013/14 Code of Practice on Local Authority Accounting in the United Kingdom represent a change in accounting policy. The change of accounting policy comes from there being new classes of components of defined benefit cost to be recognised in the financial statements (i.e. net interest on the net defined benefit liability (asset) and remeasurements of the net defined benefit liability (asset), and, where there is a material impact, new definitions or recognition criteria for service costs, eg past service costs and new recognition criteria for termination benefits. This change in accounting policy has resulted in a prior period adjustment.

In addition the Council has reprofiled a number of its provisions that better reflects the requirements of the Code of Practice. This has resulted in a prior period adjustment.

The table below shows the amendments that have been made to the Comprehensive Income and Expenditure Statement for 2012/13 as a result of these changes. Other statements and notes affected have been restated.

Comprehensive Income and Expenditure Statement 2012/13

	Original	Adjustment	Restated
	2012/13		2012/13
	Net Exp		Net Exp
	£,000	£,000	£,000
EXPENDITURE ON SERVICES			
Adult Social Care	33,434	(339)	33,095
Central Services	1,823	4	1,827
Children's and Education Services	109,251	(1,684)	107,567
Cultural and Related Services	14,136	64	14,200
Environmental and Regulatory Services	12,536	36	12,572
Planning Services	2,089	(185)	1,904
Highways and Transport Services	10,898	23	10,921
Local Authority Housing (HRA)	6,427	9	6,436
Housing Services	2,139	4	2,143
Corporate and Democratic Core	3,440	(380)	3,060
Non Distributed Costs	153	0	153
COST OF SERVICES	196,326	(2,448)	193,878
Other Operating Expenditure	18,471	0	18,471
Financing and Investment Income and Expenditure	9,910	5,090	15,000
Taxation and non specific grant income	(228,977)	0	(228,977)
(Surplus) or Deficit on Provision of Services	(4,270)	2,642	(1,628)
Surplus or Deficit on revaluation of Property, Plant and Equipment	(366)	0	(366)
Remeasurements of the net defined benefit liability / (asset)	30,980	(5,580)	25,400
Other Comprehensive Income and Expenditure	30,614	(5,580)	25,034
Total Comprehensive Income and Expenditure	26,344	(2,938)	23,406

5. Charges to Revenue for Non- Current Assets

The following amounts are charged to revenue to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets chargeable to the service.
- Amortisation of intangible fixed assets attributable to the service.

Council Tax is not required to be raised to fund depreciation, revaluation, impairment losses or amortisations. However, an annual contribution is required from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance.

6. Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year end. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year end which employees can carry forward into the next financial year. Holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or where applicable to Non Distributed costs .

Post Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, administered by Cardiff County Council Pension Authority

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Authority.

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

The Local Government Pension Scheme

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

- The liabilities of the Cardiff and Vale pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate.
- The assets of the Cardiff and Vale Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value.

The change in the net pensions liability is analysed into the following components:

Service cost comprising

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. Debited to the surplus or deficit of services in the Comprehensive Income and Expenditure as part of Non Distributed costs.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Statutory provisions require the Council Fund balance be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year in relation to retirement benefits.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements.

7. Events After the Balance Sheet Date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Such events could result in the Statement of Accounts being adjusted. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

8. Financial Instruments

Financial Liabilities

Financial liabilities are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- Available-for-sale assets – assets that have a quoted market price and / or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

When a soft loan is made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of

interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

9. Available – for – Sale Assets

Available-for-Sale Assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure Income line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain / loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement along with any net gain / loss for the asset accumulated in the reserve.

10. Government Grants and Contributions

Government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Grants and contributions advanced for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Once conditions are satisfied, the grant or contributions is credited to the Comprehensive Income and Expenditure Statement.

Capital grants are credited to the Comprehensive Income and Expenditure Statement and are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Grants not yet used to finance capital expenditure, are posted to the Capital Grants Unapplied reserve. Once applied, it is posted to the Capital Adjustment Account.

11. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

12. Inventories

Inventories should be included in the Balance Sheet at the lower of cost and net realisable value. However, some stock is valued at the latest price paid, with an allowance made for obsolete and slow-moving items. The effect of the different treatment is considered to be immaterial.

13. Leases

Leases can be classified as operating leases. The land and buildings elements of a lease are considered separately for classification.

The Authority as Lessee

Operating Leases

Rentals paid under operating leases are charged to the services in the Comprehensive Income and Expenditure Statement that benefit from the use of the leased property, plant or equipment.

The Authority as Lessor

Operating Leases

Rental income under an operating lease is credited to the Comprehensive Income and Expenditure Statement; the property, plant or equipment is retained in the Balance Sheet.

14. Overheads and Support Services

The full cost of overheads and support services are charged in the Comprehensive Income and Expenditure Statement as part of net expenditure.

15. Property, Plant and Equipment

Revaluation of the assets of the Authority will be undertaken on a rolling basis over a five year cycle by an external valuer. An annual internal desk top review will also be undertaken for those assets not externally valued in the year.

Council Dwellings are regarded by the Authority as operational and valued using the Beacon approach (adjusted vacant possession value).

Land and Property regarded by the Authority as operational was valued on the basis of constructing modern equivalent buildings, or where this could not be assessed because there was no market for the subject asset (ie specialised property) the depreciated replacement cost.

Land and Property regarded by the Authority as non-operational have been valued on the basis of cost, fair value, or depreciated replacement cost as appropriate.

Infrastructure, Vehicles, Plant and Equipment and Community Assets are included at cost (less depreciation where required).

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that the future economic benefits or service

potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

A de-minimis rule for capital has been applied – generally no capital expenditure valued at under £10,000 is included within capital spend.

Assets are initially measured at cost, comprising:

- a. the purchase price
- b. any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- c. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is not added to fixed assets in the Balance Sheet but is charged as an expense as it is incurred. This entry is then reversed out to the Capital Adjustment Account to ensure there is no impact on Council Tax levels.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Where decreases in value for individual assets are identified, they are accounted for either by setting it off against gains for the asset in the Revaluation Reserve or against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets over their useful lives. An exception is where assets are without a determinable finite useful life (i.e. Freehold Land and Community Assets) and assets that are not available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings - straight line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment - over the life of the asset.
- Infrastructure – straight line allocation over 40 years.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non Current Assets Held for Sale

An asset is reclassified as Held for Sale when it is probable that the carrying amount will be recovered principally through a sale transaction. The asset is revalued immediately before reclassification. Depreciation is not charged on Assets Held for Sale.

Where assets no longer meet the criteria to be classified as Assets Held for Sale they are reclassified back to non-current assets.

Component accounting

Assets with a net book value in excess of £3.5million will be reviewed to determine if there are any significant components that require a separate depreciation calculation and whether it is material. No adjustments for component accounting was made in the accounts.

16. Provisions, Contingent Liabilities and Contingent Assets

Provisions

The Council sets aside provisions for specific future expenses that are likely or certain to be incurred but the amount of which cannot yet be determined accurately.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

See note 22 to the Balance Sheet.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

17. Specific Reserves

These reserves represent sums of money that are voluntarily set aside for specific purposes. The purpose of these reserves is explained in Note 9 to the Balance Sheet.

18. Revenue Expenditure Funded from Capital under Statute

Expenditure that may be capitalised under statutory provisions but does not result in the creation of non current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. The total gross expenditure is £4.614 million. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Council Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

19. Value Added Tax

Income and expenditure excludes any amounts related to Value Added Tax (VAT), as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Head of Finance (Section 151 Officer).
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the statement of accounts.

The Statement of Accounts was presented to and approved by Council on the 29th September 2014.

Signed Mayor as Chairman of the Council

Date H. Hamilton

Responsibilities of the Head of Finance (Section 151 Officer)

The Head of Finance (Section 151 Officer) is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Head of Finance (Section 151 Officer) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code

The Head of Finance (Section 151 Officer) has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Head of Finance (Section 151 Officer)

I certify that the statement of accounts gives a true and fair view of the financial position of The Vale of Glamorgan County Borough Council at the reporting date and of its expenditure and income for the year ended 31st March 2014.

A. Jenkins CPFA
Head of Finance
(Section 151 Officer)

*RESTATED MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory Council Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council

2012/13	*Council Fund Balance	Ear-Marked General Fund Reserves	*Housing Revenue Account	Ear-Marked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	*Total Usable Reserves	*Un-Usable Reserves	*Total Auth. Reserves
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Bal. at 31 March 2012	7,993	51,408	14,881	0	11,811	227	86,320	224,841	311,161
Movement in reserves during 2012/13									
Surplus or (Deficit) on the provision of services	5,403	0	(3,775)	0	0	0	1,628	0	1,628
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(25,034)	(25,034)
Total Comprehensive Income and Expenditure	5,403	0	(3,775)	0	0	0	1,628	(25,034)	(23,406)
Adjustments between accounting basis and funding basis under regulations (Note 8)	3,243	0	2,464	0	1,757	(35)	7,429	(7,429)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	8,646	0	(1,311)	0	1,757	(35)	9,057	(32,463)	(23,406)
Transfers to/from Earmarked Reserves (Note 9)	(6,811)	6,811	0	0	0	0	0	0	0
Increase/Decrease in 2012/13	1,835	6,811	(1,311)	0	1,757	(35)	9,057	(32,463)	(23,406)
Bal. at 31 March 2013	9,828	58,219	13,570	0	13,568	192	95,377	192,378	287,755

MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory Council Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council

2013/14	Council Fund Balance	Ear-Marked General Fund Reserves	Housing Revenue Account	Ear-Marked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Un-Usable Reserves	Total Auth. Reserves
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Bal. at 31 March 2013	9,828	58,219	13,570	0	13,568	192	95,377	192,378	287,755
Movement in reserves during 2013/14									
Surplus or (Deficit) on the provision of services	21,775	0	(10,694)	0	0	0	11,081	0	11,081
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	103,161	103,161
Total Comprehensive Income and Expenditure	21,775	0	(10,694)	0	0	0	11,081	103,161	114,242
Adjustments between accounting basis and funding basis under regulations (Note 8)	(15,545)	0	3,530	0	1,212	165	(10,638)	10,638	0
Net Increase/Decrease before Transfers to Earmarked Reserves	6,230	0	(7,164)	0	1,212	165	443	113,799	114,242
Transfers to/from Earmarked Reserves (Note 9)	(2,098)	2,098	0	0	0	0	0	0	0
Increase/Decrease in 2013/14	4,132	2,098	(7,164)	0	1,212	165	443	113,799	114,242
Bal. at 31 March 2014	13,960	60,317	6,406	0	14,780	357	95,820	306,177	401,997

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2012/13 Restated Gross Exp £,000	2012/13 Restated Income £,000	2012/13 Restated Net Exp £,000		2013/14 Gross Exp £,000	2013/14 Income £,000	2013/14 Net Exp £,000
			EXPENDITURE ON SERVICES			
40,223	7,128	33,095	Adult Social Care	44,341	8,188	36,153
3,455	1,628	1,827	Central Services	3,045	1,388	1,657
139,288	31,721	107,567	Children's and Education Services	150,013	35,028	114,985
17,265	3,065	14,200	Cultural and Related Services	14,202	2,287	11,915
20,008	7,436	12,572	Environmental and Regulatory Services	18,660	6,231	12,429
5,422	3,518	1,904	Planning Services	7,038	4,488	2,550
18,668	7,747	10,921	Highways and Transport Services	19,066	8,326	10,740
22,512	16,076	6,436	Local Authority Housing (HRA)	30,110	17,086	13,024
56,420	54,277	2,143	Housing Services	57,593	46,899	10,694
7,456	4,396	3,060	Corporate and Democratic Core	7,215	4,910	2,305
153	0	153	Non Distributed Costs	93	0	93
330,870	136,992	193,878	Cost of Services	351,376	134,831	216,545
18,471	0	18,471	Other Operating Expenditure – note 10	23,394		23,394
15,000	0	15,000	Financing and Investment Income and Expenditure – note 11	15,408		15,408
0	228,977	(228,977)	Taxation and non-specific grant income – note 12		266,428	(266,428)
		(1,628)	(Surplus) or Deficit on Provision of Services			(11,081)
		(366)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(4,991)
		0	(Surplus) or deficit on revaluation of available for sale financial assets			0
		25,400	Remeasurements of the net defined benefit liability / (asset)			(98,170)
		25,034	Other Comprehensive Income and Expenditure			(103,161)
		23,406	Total Comprehensive Income and Expenditure			(114,242)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves ie. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the movement in Reserves Statement line 'Adjustments between accounting basis and funding basis and regulations'.

BALANCE SHEET

31 March	Restated 31March			31 March
2013 £,000	2013 £,000		Notes	2014 £,000
553,600	553,600	Property, Plant and Equipment	13	584,375
168	168	Intangible Assets	16	95
10	10	Long Term Investments	17	10
198	198	Long Term Debtors	17	122
553,976	553,976	Long Term Assets		584,602
85,480	85,480	Short Term Investment	17	95,586
3,250	3,250	Assets Held for Sale	14	1,313
382	382	Inventories	18	398
28,474	28,474	Short Term Debtors	19	20,937
0	0	Cash and Cash Equivalents	20	0
117,586	117,586	Current Assets		118,234
3,704	3,704	Short Term Borrowing	17	4,401
23,551	23,670	Short Term Creditors	21	26,806
10,471	9,268	Provisions	22	8,746
263	263	Capital Grants Received in Advance	36	1,020
2,354	2,354	Cash and Cash Equivalents	20	4,482
40,343	39,259	Current Liabilities		45,455
7,821	0	Provisions	22	0
95,388	95,388	Long Term Borrowing	17	92,384
247,170	247,170	Other Long Term Liabilities (pensions)	39	161,500
1,990	1,990	Capital Grants Received in Advance	36	1,500
352,369	344,548	Long Term Liabilities		255,384
278,850	287,755	Net Assets		401,997
86,472	95,377	Usable Reserves	23	95,820
192,378	192,378	Unusable Reserves	24	306,177
278,850	287,755	Total Reserves		401,997

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

Restated 31 March		Notes	31 March
2013			2014
£,000			£,000
1,628	Net surplus or (deficit) on the provision of services		11,081
16,640	Adjustments to net surplus or deficit on the provision of services for non-cash movements	25	55,459
(18,787)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	(39,676)
(519)	Net cash flows from Operating Activities		26,864
6,818	Investing Activities	26	(29,312)
(8,966)	Financing Activities	27	320
(2,667)	Net increase or decrease in cash and cash equivalents		(2,128)
313	Cash and cash equivalents at the beginning of the reporting period		(2,354)
(2,354)	Cash and cash equivalents at the end of the reporting period	20	(4,482)

NOTES TO THE ACCOUNTS

1. The amount of Revenue Support Grant recorded as income is based on the Council's latest available information. No material adjustment is likely to arise on the final settlement for 2013/14 entitlements.

2. COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for The Vale of Glamorgan Council and the Police and Crime Commissioner for South Wales, Town and Community Councils for the forthcoming year and dividing this amount by the council tax base. The Council Tax base is the number of properties in each band adjusted by a proportion to convert the number to a band D equivalent, totalled across all bands – for 2013/14.

This basic amount for a band D property (£1,206.33 in 2013/14) is multiplied by the proportion specified for the particular band to give the individual amount due.

Council Tax bills were based on the following proportions for Bands A to I :

Band A	0.67
Band B	0.78
Band C	0.89
Band D	1.00
Band E	1.22
Band F	1.44
Band G	1.67
Band H	2.00
Band I	2.33

3. NATIONAL NON-DOMESTIC RATES

The National Non Domestic Rate Contributions (NNDR) is accounted for on a cash basis. NNDR is organised on a national basis. The Government specifies an amount (46.4p in 2013/14 and 45.2p in 2012/13); local businesses pay rates calculated by multiplying their rateable value by that amount.

The Council collects rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Welsh Assembly Government. The sums paid into the pool are redistributed back to local authorities' Council Funds on the basis of a fixed amount per head of population.

The NNDR income raised, after reliefs etc was £36,677,108 for 2013/14 (£33,040,535 in 2012/13) and was based on an average rateable value for the Council's area of £96,456,793 (£98,568,773 in 2012/13).

Other than that shown below the Authority does not provide any other goods and services to other public bodies under the Local Authority Goods and Services Act 1970.

The Authority collects water rates from Council tenants for Dwr Cymru. In 2013/14 we collected £1,927,000 (£1,896,000 in 2012/13) and earned a commission of £268,000 (£242,000 in 2012/13) which benefited our Council Fund.

4. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE YET TO BE ADOPTED

Accounting Standards are subject to continual review by the International Accounting Standards Board and when changes are agreed, included in updates of the Accountancy Code of Practice.

For 2013/14, the following accounting policy changes that need to be reported relate to:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (as amended in 2011)
- IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)
- IAS 32 Financial Instruments: Presentation
- Annual Improvements to IFRSs 2009-2011

Implementation of the above will not be required until 1 April 2014. The impact on the Authority's accounts is not known or reasonably estimable at this time.

5. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out above, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Included in the Balance Sheet for Property, Plant and Equipment for 2012/13 and 2013/14 are the values for maintained schools. A table at page 41 sets out the types of maintained school and the valuation included in the Authority's Balance Sheet as at 31 March 2014. Currently there is no definitive CIPFA guidance as to how these assets are to be shown in the accounts.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Useful asset lives will impact on depreciation calculations.

Provisions

Provisions are included in the accounts for Single Status and Municipal Mutual Insurance liability using current information.

Debtors

Sundry and council tax debtors were examined which resulted in a provision for doubtful debts. If the provision is too low, the Authority's finances would be affected.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries are engaged to provide the Cardiff Pension Authority with expert advice about the assumptions to be applied.

7. EVENTS AFTER THE BALANCE SHEET

The audited Statement of Accounts was authorised for issue by the Head of Finance (Section 151 Officer) on the 15th September 2014. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

8. *RESTATED ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

	Usable Reserves (£,000)				£,000
	*Council Fund Balance	*Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied.	*Movement in Unusable Reserves
2012/13					
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation and impairment of non-current assets	11,968	10,692	0	0	(22,660)
Revaluation (surplus)/ deficit on Property Plant and Equipment	0	0	0	0	0
Amortisation of intangible assets	138	0	0	0	(138)
Capital grants and contributions applies	(9,943)	(2,800)	0	0	12,743
Revenue expenditure funded from capital under statute	9,140	0	0	0	(9,140)
Amounts of non current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	2,480	588	0	0	(3,068)
Insertion of items not debited / credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	(4,638)	(39)	0	0	4,677
Capital expenditure charged against the General Fund and HRA balances	(11,824)	(5,538)	0	0	17,362
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(192)	0	0	192	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	(227)	227
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,731)	(588)	2,337	0	(18)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(634)	0	634
Transfer from deferred Capital Receipts Reserve upon receipt of cash	0	0	54	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve:					
Transfer to Capital Receipts Reserve upon receipt of cash	0	0	0	0	(54)
Adjustments primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(4)	0	0	0	4
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	21,025	315	0	0	(21,340)
Employer's pensions contributions and direct payments to pensions payable in the year	(12,077)	(173)	0	0	12,250
Adjustments primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,099)	7	0	0	1,092
Total Adjustments	3,243	2,464	1,757	(35)	(7,429)

8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

	Usable		Reserves	(£,000)	£,000
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2013/14					
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation and impairment etc of non-current assets	9,392	19,479			(28,871)
Revaluation (surplus)/ deficit on Property Plant and Equipment	0	0			0
Amortisation of intangible assets	84				(84)
Capital grants and contributions applies	(29,718)	(2,800)			32,518
Revenue expenditure funded from capital under statute	260				(260)
Amounts of non current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	5,998	1,530			(7,528)
Insertion of items not debited / credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	(5,593)	(40)			5,633
Capital expenditure charged against the General Fund and HRA balances	(7,270)	(13,595)			20,865
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(357)			357	0
Application of grants to capital financing transferred to the Capital Adjustment Account				(192)	192
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,184)	(1,261)	2,481		(36)
Use of the Capital Receipts Reserve to finance new capital expenditure			(1,294)		1,294
Transfer from deferred Capital Receipts Reserve upon receipt of cash			25		0
Adjustments primarily involving the Deferred Capital Receipts Reserve:					
Transfer to Capital Receipts Reserve upon receipt of cash					(25)
Adjustments primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(4)				4
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	24,335	375			(24,710)
Employer's pensions contributions and direct payments to pensions payable in the year	(12,054)	(156)			12,210
Adjustments primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	566	(2)			(564)
Total Adjustments	(15,545)	3,530	1,212	165	10,638

9. TRANSFERS TO/FROM EARMARKED RESERVES

This sets out the amounts set aside from the Council Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Council Fund and HRA expenditure in 2013/14

		1 April	Tfr	Tfr	31 March	Tfr	Tfr	31
		2012	In	Out	2013	In	Out	March
		Restated	Restated	Restated	Restated	£,000	£,000	2014
		£,000	£,000	£,000	£,000			£,000
	Council Fund							
1.	School Reserves	3,497	0	198	3,299	0	58	3,241
2.	Computer Renewal	3,081	2,543	1,386	4,238	430	191	4,477
3.	Donation Fund	51	8	12	47	6	14	39
4.	Capital Fund	288	0	0	288	0	0	288
5.	Early Retirement Fund	1,812	0	0	1,812	0	51	1,761
6.	Project Fund	5,531	94	0	5,625	230	424	5,431
7.	Corporate Governance	338	0	0	338	0	0	338
8.	Repairs and Renewals	1,778	1,375	976	2,177	823	923	2,077
9.	Visible Services Reserve	4,813	1,700	986	5,527	397	1,000	4,924
10.	School Investment Strategy	3,124	2,042	85	5,081	3,489	2,958	5,612
11.	Council Building Fund	6,509	3,533	2,045	7,997	0	1,105	6,892
12.	Events	772	250	256	766	0	172	594
13.	Schools Invest to Save	123	0	57	66	123	9	180
14.	Housing (General Fund)	15	0	0	15	0	7	8
15.	Library	112	2	0	114	57	0	171
16.	Planning Enquiries	59	0	0	59	0	46	13
17.	Catering	108	0	0	108	94	22	180
18.	Public Protection	727	151	7	871	0	0	871
19.	Energy Management	320	0	48	272	86	139	219
20.	Other	2,982	1,021	472	3,531	1,753	103	5,181
21.	Leisure Management Strategy	2,162	0	1,104	1,058	0	1,058	0
22.	Building Control	(16)	37	0	21	66	0	87
23.	Single Status	2,500	0	288	2,212	0	2,162	50
24.	Corporate and Customer Services	739	75	4	810	0	62	748
25.	Personnel	197	0	0	197	0	0	197
26.	Insurance Fund	1,024	0	298	726	495	552	669
27.	Schools Long Term Sickness	793	0	0	793	94	191	696
28.	Schools Rationalisation	978	0	0	978	15	59	934

	Cont'd	1 April	Tfr	Tfr	31 March	Tfr	Tfr	31
		2012	In	Out	2013	In	Out	March
		Restated	Restated	Restated	Restated	£,000	£,000	2014
		£,000	£,000	£,000	£,000			£,000
29.	Regeneration and Economic Development Fund	0	0	0	0	1,457	0	1,457
30.	Urban Development Plan	113	0	113	0	0	0	0
31.	Bad Weather	550	0	0	550	0	119	431
32.	Glamorgan Record Office	80	0	8	72	0	7	65
33.	Welfare Reforms	588	109	0	697	266	0	963
34.	Legal Claims	3,352	0	1,700	1,652	218	0	1,870
35.	Social Services Plan	1,224	2,359	0	3,583	610	0	4,193
36.	Social Services Pressures	1,084	3,099	1,544	2,639	897	1,868	1,668
37.	Capital Schemes	0	0	0	0	2,097	0	2,097
38.	Coastal Works	0	0	0	0	900	0	900
39.	Jenner Park	0	0	0	0	795	0	795
	Total	51,408	18,398	11,587	58,219	15,398	13,300	60,317
	HRA							
40.	Housing Revenue Account	14,881	0	1,311	13,570	0	7,164	6,406
		14,881	0	1,311	13,570	0	7,164	6,406

1. Schools Reserve

Under Local Government Management of Schools, schools are able to carry forward Surpluses and Deficits. These are committed to be spent on schools and are not available for general use.

2. Computer Renewal

This is a fund set aside to meet computer renewals required by the Authority.

3. Donation Fund

This represents donations received for the Heritage Coast.

4. Capital Fund

This fund will be used for smaller schemes.

5. Early Retirement Fund

This represents an amount set aside to meet future costs of early retirement scheme.

6. Project Fund

This fund is to finance future capital projects.

7. Corporate Governance

This reserve has been set aside in respect of the Modernising Local Government Agenda.

8. Repairs and Renewal Funds

This Authority maintains a repairs and renewal fund primarily for the replacement of plant and vehicles.

9. Visible Services

The fund is available to be used to improve Visible Services.

10. School Investment Strategy

The fund is available in respect of improvements to Schools and will contribute towards the 21st Century schools capital programme.

11. Council Building Fund

The fund is available in respect of repairs and maintenance of Council Buildings.

12. Events

To provide funds to promote the Vale of Glamorgan particularly in respect of tourism and economic development.

13. Schools Invest to Save

This reserve facilitates schools to engage in the Voluntary Early Retirement and Redundancy Scheme enabling schools to make revenue staff savings in the long term.

14. Housing (General Fund)

To contribute to the cost of the rural housing enabler.

15. Library

To provide funds to make improvements in the Library Service, books, materials etc.

16. Planning Enquiries

Monies set aside to accommodate the costs of any future major planning enquiries.

17. Catering

To provide funds to make improvements to the Catering function provided in the Vale.

18. Public Protection

Monies set aside to assist the implementation of collaboration and other service improvements.

19. Energy Management

Services repay the cost (plus a 4% interest charge) to the Fund from energy savings so that the money can be recycled.

20. Other

Various amounts set aside for education, election and community service issues.

21. Leisure Management Strategy

Used to finance developments in Leisure facilities

22. Building Control

Ringfenced funding in relation to the Building Control Trading account. Reflects the current trading position.

23. Single Status

This Reserve has been set aside to assist in covering costs associated with the implementation of single status and job evaluation.

24. Corporate and Customer Services

To fund temporary posts, the purchase of hardware, software and equipment.

25. Personnel

This fund has been set aside to fund the cost of temporary Personnel Officers and the purchase of computer hardware and equipment.

26. Insurance Fund

This Reserve covers an estimate of potential claims (those estimated to have occurred but not reported as at 31 March 2014). These would include claims for public and employers liability, motor vehicle, buildings insurance costs.

27. Schools Long Term Sickness

This Reserve will be used to cover long term sickness costs in schools as part of a long term sickness insurance scheme.

28. Schools Rationalisation

This reserve will meet the costs of school restructuring and reorganisation and support schools in the improvement of their teaching and learning facilities. In addition this reserve facilitates schools to engage in the capital loan scheme.

29. Regeneration and Economic Development Fund

To fund regeneration projects within the Authority.

30. Urban Development Plan

Reserve no longer required.

31. Bad Weather

This Reserve will be used to fund costs due to bad weather conditions.

32. Glamorgan Record Office

To fund expenditure at the Record Office.

33. Welfare Reforms

To fund pressures on the Authority resulting from Welfare Reforms.

34. Legal Claims

Funds have been set aside to cover potential legal cases.

35. Social Services Plan

These monies support the agreed Social Services plan to achieve a balanced budget over a number of years.

36. Social Services Pressures

To cover potential expenditure on high cost children placements

37. Capital Schemes

To fund certain committed capital schemes.

38. Coastal Works

To assist in the ongoing liabilities that have arisen following the coastal developments in the Vale..

39. Jenner Park

To provide funds for improvements at Jenner Park Stadium.

40. Housing Revenue Account

The Authority maintains a Housing Revenue Account. This reserve is ring fenced by statute for use by the Housing Revenue Account.

10. OTHER OPERATING EXPENDITURE

2012/13		2013/14
£,000		£,000
2,156	Parish Council Precepts	2,170
15,566	Levies	16,141
749	Gains/losses on the disposal of non-current assets	5,083
18,471		23,394

The make up of payments to Town and Community Councils is shown below.

	2012/13	2013/14
	£	£
Barry	911,040	913,080
Colwinston	3,288	4,097
Cowbridge with Llanblethian	131,862	132,050
Dinas Powys	91,170	89,754
Ewenny	11,779	13,000
Llancarfan	4,500	5,000
Llandough	37,727	37,727
Llandow	6,800	6,800
Llanfair	3,437	3,437
Llangan	9,984	10,260
Llan-Maes	7,241	7,532
Llantwit Major	214,590	216,475
Michaelston	5,292	5,450
Penarth	529,270	531,824
Pendoylan	6,000	6,000
Penllyn	9,000	9,000
Peterston-S-Ely	8,000	10,000
St. Athan	24,516	25,365
St. Brides Major	12,000	12,000
St. Donats	3,247	3,264
St. Georges and St. Brides – S-Ely	3,000	3,500
St. Nicholas and Bonvilston	6,372	7,620
Sully	81,955	83,200
Welsh St. Donats	5,000	5,000
Wenvoe	25,500	25,500
Wick	3,254	3,254
Total	2,155,824	2,170,189

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2012/13		2013/14
Restated		
£,000		£,000
5,701	Interest payable and similar charges	5,355
9,800	Interest on net defined benefit liability / (asset)	10,560
(379)	Interest receivable and similar income	(426)
(122)	Other income	(81)
15,000	Total	15,408

12. TAXATION AND NON SPECIFIC GRANT INCOMES

2012/13		2013/14
£,000		£,000
(64,867)	Council Tax income	(68,386)
(33,507)	Non domestic rates	(38,832)
(117,668)	Revenue Support grants	(125,547)
0	Council Tax Reduction Scheme	(788)
(12,935)	Capital grants and contributions	(32,875)
(228,977)	Total	(266,428)

13. PROPERTY, PLANT AND EQUIPMENT – 31 MARCH 2014

Assets	Council Dwelling	Other Land & Bldgs	Vehicle Plant & Equipt	Infra-Struct	Comm Asset	Assets under Const.	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Cost or Valuation as at 1 April 2013	165,078	327,622	19,751	79,331	3,860	5,688	601,330
Additions	17,826	6,070	2,390	5,814	0	28,145	60,245
Acc Dep & Imp WO to GCA		(14,508)					(14,508)
Reval'n increases/ decreases recognised in reval'n reserve		4,991					4,991
Reval'n increases/ decreases recognised in surplus/(deficit) in provision of services		4,456					4,456
Derecog. - disposals	(113)	(5,731)	(1,247)	0	0	0	(7,091)
Transfers		121				(121)	0
Reclassified held for sale		(788)					(788)
Derecog - other	(17,826)	(4,968)	0	0	0	0	(22,794)
At 31 March 2014	164,965	317,265	20,894	85,145	3,860	33,712	625,841
Accum. Deprec'n and Impairment as at 1 April 2013	(1,660)	(15,590)	(14,509)	(15,971)	0	0	(47,730)
Deprec'n	(1,651)	(4,878)	(1,668)	(1,939)			(10,136)
Deprec'n written out		14,508					14,508
Derecog. - disposals	2	588	1,215				1,805

Assets cont'd	Council Dwelling	Other Land & Bldgs	Vehicle Plant & Equipt	Infra-Struct	Comm Asset	Assets under Const.	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Reclassified held for sale		87					87
Deprec'n reversals recognised in the Revaluation Reserve							
At 31 March 2014	(3,309)	(5,285)	(14,962)	(17,910)	0	0	(41,466)

Net Book Value £,000

At 31 March 2014 161,656 311,980 5,932 67,235 3,860 33,712 584,375

At 31 March 2013 163,418 312,032 5,242 63,360 3,860 5,688 553,600

PROPERTY, PLANT AND EQUIPMENT – 31 MARCH 2013

Assets	Council Dwelling	Other Land & Bldgs	Vehicle Plant & Equipt	Infra-Struct	Comm Asset	Assets under Const.	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Cost or Valuation as at 1 April 2012	165,366	326,706	18,329	73,158	3,860	0	587,419
Additions	9,036	5,122	1,850	6,173	0	5,688	27,869
Acc Dep & Imp WO to GCA	0	(71)	0	0	0	0	(71)
Reval'n increases/ decreases recognised in reval'n reserve	300	63	0	0	0	0	363
Reval'n increases/ decreases recognised in the Surplus/Deficit on the provision of services	0	0	0	0	0	0	0

PROPERTY, PLANT AND EQUIPMENT – 31 MARCH 2013 cont'd							
	Council Dwelling	Other Land & Bldgs	Vehicle Plant & Equipt	Infra- Struct	Comm Asset	Assets under Const.	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Derecog - disposals	(588)	(145)	(428)	0	0	0	(1,161)
Transfers	0	0	0	0	0	0	0
Reclassified held for sale	0	0	0	0	0	0	0
Derecog - other	(9,036)	(4,053)	0	0	0	0	(13,089)
At 31 March 2013	165,078	327,622	19,751	79,331	3,860	5,688	601,330
Accum. Deprec'n and Impairment as at 1 April 2012	(9)	(11,090)	(13,376)	(14,186)	0	0	(38,661)
Deprec'n	(1,654)	(4,571)	(1,561)	(1,785)	0	0	(9,571)
Deprec'n written out	0	71	0	0	0	0	71
Derecog. - disposals	3	0	428	0	0	0	431
Deprec'n reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0
At 31 March 2013	(1,660)	(15,590)	(14,509)	(15,971)	0	0	(47,730)

Net Book Value £,000

At 31 March 2013	163,418	312,032	5,242	63,360	3,860	5,688	553,600
At 31 March 2012	165,357	315,616	4,953	58,972	3,860	0	548,758

Depreciation

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

Indicative asset lives are as follows:

Council Dwellings - 100 years

Other Land and Buildings - 3 years to 125 years

Vehicles, Plant and Equipment 3 years to 11 years

Infrastructure - 40 years

Capital Commitments

At 31 March 2014, the Authority has entered into a number of contracts for the construction, or enhancement of property, plant and equipment in 2014/15 and future years. The major commitments are listed below:-

Scheme	£'000
Penarth Learning Community	12,958
Ysgol Nant Talwg	1,644
Gileston to Oldmill Highway Improvement	1,225
Barry Island Public Realm Works	684
Leisure Centre Refurbishment	602
Total	17,113

Revaluations

The Council Dwellings and Other Land and Buildings etc are revalued on a rolling 5 year programme normally by a MRICS external valuer. In accordance with this programme the Education and Social Services portfolio were revalued by a FRICS valuer working for GVA Grimley Limited. An internal desktop review of the valuation of the Authority's Council Dwellings and Other Land and Buildings etc as at 31 March 2014 was carried out. This resulted in an increase in the valuation of the Other Land and Building etc assets but no amendment was required to be made to the Council Dwellings valuation. The Other Land and Building assets etc will be revalued externally by an appropriately qualified valuer during 2014/15.

Schools

The Authority has the following maintained Schools which are included in the Council's Balance Sheet.

	Voluntary Controlled		Voluntary Aided		Foundation	
	31.3.13	31.3.14	31.3.13	31.3.14	31.3.13	31.3.14
Number of Schools	3	3	11	11	1	1
Value of Land and Buildings - £	3,411,495	3,491,000	6,917,050	6,372,000	17,952,429	19,750,000

Retentions - As at the 31 March 2014 £1,281,000 (£483,000 as at 31 March 2013) has been deducted from payments to contractors to protect the Authority from situations such as the contractor going bankrupt during the defects liability period. Normally a proportion of the retention is paid on practical completion; the balance following the defects liability period stipulated in the contract, subject to any defects being made good.

Dyffryn House and Gardens remains on Balance Sheet, operation transferred to the National Trust for a period of 99 years for a peppercorn rent.

The Authority has reviewed its assets and given consideration to the presentation of those assets that would have a heritage connection. Those heritage assets currently included in operational assets will be maintained under this classification. In addition the Authority holds a number of items that can be

grouped under the heading 'civic regalia'; they are used on ceremonial occasions during the Council's year. There is no known value for 'civic regalia' as at 31 March 2014 (although it is unlikely to be significant). It was felt that any external valuation costs of 'civic regalia' would not be cost effective compared to the benefits to the users of the Authority's financial statement. Taking account of this 'civic regalia' has not been recognised as a Heritage Asset in the Balance Sheet.

14. ASSETS HELD FOR SALE

	Current		Non Current	
	31 March 2013	31 March 2014	31 March 2013	31 March 2014
	£,000	£,000	£,000	£,000
Balance outstanding at start of year	5,585	3,250	0	0
Assets newly classified as held for sale		306		
Property, Plant and Equipment				
Transfer	0	0	0	0
Disposal	(2,335)	(2,243)	0	0
Balance outstanding at year end	3,250	1,313	0	0

15. CAPITAL EXPENDITURE AND CAPITAL FINANCING

	2012/13	2013/14
	£,000	£,000
Opening Capital Financing Requirement	113,939	115,333
PLUS		
Capital Investment		
Property, Plant and Equipment Assets	27,869	60,245
Intangible Assets	36	11
Revenue Expenditure Funded from Capital under Statute	12,673	4,614
LESS		
Sources of Finance		
Capital Receipts	(617)	(1,260)
Government Grants and Other Contributions	(16,502)	(37,065)
Sums set aside from revenue		
Direct Revenue Contributions	(17,362)	(20,865)
Minimum Revenue Provision(inc Voluntary)	(4,703)	(5,669)
Closing Capital Financing Requirement	115,333	115,344

Explanation of movements in year		
Increase in underlying need to borrow	1,394	11
Increase /(decrease) in Capital Financing Requirement	1,394	11

16. INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets. Software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are 5 years.

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £84,000 was charged to revenue in 2013/14.

The movement on Intangible Asset balances during the year is as follows

	2012/13		2013/14	
	Purchased	Total	Purchased	Total
	Assets		Assets	
	£,000	£,000	£,000	£,000
Balance at start of year				
Gross carrying amounts	2,092	2,092	2,128	2,128
Accum. Amortisation	(1,822)	(1,822)	(1,960)	(1,960)
Net carrying amount at start of year	270	270	168	168
Additions				
Purchases	36	36	11	11
Amortisation	(138)	(138)	(84)	(84)
Net carrying amount at end of year	168	168	95	95

Comprising				
Gross carrying amounts	2,128	2,128	2,139	2,139
Accum. Amortisation	(1,960)	(1,960)	(2,044)	(2,044)
Net carrying amount at end of year	168	168	95	95

17. FINANCIAL INSTRUMENTS

	LongTerm		Current	
	31 March 2013	31 March 2014	31 March 2013 Restated	31 March 2014
	£,000	£,000	£,000	£,000
Investments				
Loans and receivables	10	10	85,480	95,586
Total Investments	10	10	85,480	95,586
Debtors				
Debtors per Balance Sheet	198	122	28,474	20,937
Adjustment for Statutory Debtors	0	0	(1,634)	(1,578)
Total Debtors	198	122	26,840	19,359
Cash and Cash Equivalents	0	0	0	0
Total Financial Assets	208	132	112,320	114,945
Borrowings				
Financial liabilities at amortised cost	95,388	92,384	3,704	4,401
Total Borrowings	95,388	92,384	3,704	4,401
Creditors				
Creditors per Balance Sheet	0	0	23,670	26,806
Adjustment for Statutory Creditors	0	0	0	0
Total Creditors	0	0	23,670	26,806
Cash and Cash Equivalents	0	0	2,354	4,482
Total Financial Liabilities	95,388	92,384	29,728	35,689

Income, Expense, Gains and Losses

	2012/13				2013/14			
	Fin. Liabs measur'd at amort cost	Fin Assets: Loans and receive-ables	Fin. Assets: Avail. for sale assets	Total	Fin. Liabs measur'd at amort cost	Fin Assets: Loans and receive-ables	Fin. Assets: Avail. for sale assets	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Interest Expense	(5,701)	0	0	(5,701)	(5,355)			(5,355)
Total Expense in Surplus or Deficit on the Prov. of Services	(5,701)	0	0	(5,701)	(5,355)			(5,355)
Interest Income	0	379	0	379	426			426
Total Income in Surplus or Deficit on the Provision of Services	0	379	0	379	426			426

Fair Value of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions

- Estimated interest rates at 31 March 2014 are the PWLB / market set of rates in force on that date.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to be approximate to fair value.
- The fair value of trade and other receivables is taken to be invoiced or billed amount.

The fair values calculated are as follows:

	31 March	31 March	31 March	31 March
	2013	2013	2014	2014
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£,000	£,000	£,000	£,000
Financial Liabilities	95,388	132,343	92,384	118,907

The fair value is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. This commitment to pay interest above current market rates increases the amount that the Authority would have to pay if the lender requested or agreed to early repayment of the loans

18. INVENTORIES

	Consumable Stores		Maint. Materials		Total	Total
	2012/13 £,000	2013/14 £,000	2012/13 £,000	2013/14 £,000	2012/13 £,000	2013/14 £,000
Balance outstanding at start of year	92	62	357	320	449	382
Purchases	930	1,229	1,820	1,732	2,750	2,961
Recognised as an expense in the year	(960)	(1,213)	(1,857)	(1,732)	(2,817)	(2,945)
Balance outstanding at end of year	62	78	320	320	382	398

19. DEBTORS

	31 March 2013	31 March 2014
	£,000	£,000
Central Government bodies	16,819	13,051
Other local authorities	3,873	1,346
NHS bodies	168	956
Public corporations and trading funds	1	0
Other entities and individuals	11,454	9,379
Gross Total	32,315	24,732
Less: Provision for Bad Debts	(3,841)	(3,795)
Total	28,474	20,937

20. CASH AND CASH EQUIVALENTS

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

31 March 2013		31 March 2014
£,000		£,000
92	Cash held by the Authority	90
786	Cash at Bank	979
5,000	Short-term Investment	0
5,878	Total	1,069
(8,232)	Bank Overdraft	(5,551)
(2,354)	Total Cash and Cash Equivalents	(4,482)

21. CREDITORS The broad categories are : -

	31 March 2013 Restated	31 March 2014
	£,000	£,000
Central Government bodies	6,850	6,428
Other local authorities	2,576	2,824
NHS bodies	470	325
Public corporations and trading funds	142	129
Other entities and individuals	13,632	17,100
Total	23,670	26,806

22. PROVISIONS (restated *)

	Legal Claim	Insurance	MMI	Single Status	Social Servs. Plan	Dyffryn	Other	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
* Balance at 1 April 2012	674	3,148	0	8,348	3,575	7,205	1,462	24,412
Additional provisions made in 2012/13	0	514	160	0	0	37	1,306	2,017
Amounts used / Tfr out in 2012/13	0	0	0	7,892	1,544	7,205	520	17,161
*Balance at 1 April 2013	674	3,662	160	456	2,031	37	2,248	9,268
Additional provisions made in 2013/14	0	302	135	0	0	0	704	1,141
Amounts used / Tfr.out in 2013/14	0	260	143	30	0	0	1,230	1,663
Balance at 31 March 2014	674	3,704	152	426	2,031	37	1,722	8,746

a. Legal Claim

There are currently potential and ongoing legal cases related to Social Services. A reasonable assessment of costs has been made and a provision.

b. Insurance

This provision covers all known claims as at 31 March 2014. These include provisions for public and employers liability (Authority liability up to £75,000 per claim), motor vehicle (Authority liability up to £2,500 per claim 'own damage only'), buildings (Authority liability up to £75,000 for Schools per claim, up to £5,000 for each Council House / Flat claim and up to £10,000 for all other general property claims), plus a number of risks insured internally, which cannot be covered economically by conventional external insurance.

c. MMI

The Scheme administrators may well require the Authority to contribute a further levy. A total of £152,000 has been set aside to meet this potential liability. Further information is included within note 40 - Contingent Liability.

d. Single Status

These monies are in respect of equal pay / job evaluation liabilities at the balance sheet date.

e. Social Services Plan

These monies support the agreed Social Services plan to achieve a balanced budget over a number of years.

f. Dyffryn

Outstanding sums following the transfer of the running of Dyffryn to an external organisation

g. Other

Included within this figure is a sum of £382,000 in respect of the Leisure Partnership.

23. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

24. UNUSABLE RESERVES

31 March 2013 £,000		31 March 2014 £,000
128,085	Revaluation Reserve	127,801
313,702	Capital Adjustment Account	342,700
(127)	Financial Instruments Adjustment Account	(123)
31	Deferred Capital Receipts Reserve	6
(247,170)	Pensions Reserve	(161,500)
(2,143)	Accumulated Absences Account	(2,707)
192,378	Total Unusable Reserves	306,177

Revaluation Reserve

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

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2012/13		2013/14
£,000		£,000
129,733	Balance at 1 April	128,085
366	Upward revaluation of assets	4,991
0	Previous losses charged to Provision of Services now set off against subsequent revaluation surpluses	0
(1,711)	Difference between fair value depreciation and historical cost depreciation	(5,275)
(303)	Amount written off to the Capital Adjustment Account	0
128,085	Balance at 31 March	127,801

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2012/13		2013/14
£,000		£,000
311,069	Balance at 1 April	313,702
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
(22,660)	Charges for depreciation and impairment of non current assets	(28,871)
(138)	Amortisation of intangible assets	(84)
(9,140)	Revenue expenditure funded from capital under statute	(260)
(2,766)	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(7,528)
1,694	Other (Adjusting amounts written out of the Revaluation Reserve etc)	5,239
	Capital financing applied in year:	
634	Use of the Capital Receipts Reserve to finance new capital expenditure	1,294
2,800	Use of the Major Repairs Reserve to finance new capital expenditure	2,800
9,943	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	29,718
227	Application of grants to capital financing from the Government Grants Unapplied Account	192
4,677	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	5,633
17,362	Capital Expenditure charged against the Council Fund and HRA balances	20,865
313,702	Balance at 31 March	342,700

Financial Instruments Adjustment Account

The financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2012/13		2013/14
£,000		£,000
(131)	Balance at 1 April	(127)
4	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	4
(127)	Balance at 31 March	(123)

Pensions Reserve

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

2012/13		2013/14
Restated		
£,000		£,000
(212,680)	Balance at 1 April	(247,170)
(25,400)	Remeasurements of the net defined benefit liability / (asset)	98,170
(21,340)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(24,710)
12,250	Employer's pension contributions and direct payments to pensioners payable in the year	12,210
(247,170)	Balance at 31 March	(161,500)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2012/13		2013/14
£,000		£,000
85	Balance at 1 April	31
(54)	Transfer to the Capital Receipts Reserve upon receipt of cash	(25)
31	Balance at 31 March	6

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year ie annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from the Account.

2012/13		2013/14
£,000		£,000
(3,235)	Balance at 1 April	(2,143)
(2,143)	Amounts accrued at the end of the current year	(2,707)
3,235	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements.	2,143
(2,143)	Balance at 31 March	(2,707)

25. CASH FLOW STATEMENT-OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2012/13		2013/14
£,000		£,000
367	Interest Received	397
5,809	Interest Paid	5,473

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

2012/13		2013/14
Restated		
£,000		£,000
22,660	Depreciation	28,871
138	Amortisation	84
(4)	Soft Loans (non-subsidiary)	(4)
(108)	Increase / Decrease in interest creditors	(50)
(8)	Increase / Decrease in interest debtors	(6)
(1,035)	Increase / Decrease in creditors	3,136
(2,084)	Increase / Decrease in debtors	3,938
67	Increase / Decrease in inventories	(16)
9,090	Movement in pension liability	12,500
(15,144)	Contribution to / from Provisions	(522)
3,068	Carrying amount of non-current assets and non current assets held for sale, sold or de-recognised	7,528
16,640	Adjustments to net surplus or deficit on the provision of services for non-cash movements.	55,459

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2012/13		2013/14
£,000		£,000
(2,319)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,445)
(16,468)	Any other items which the cash effects are investing or financing cash flows	(37,231)
(18,787)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(39,676)

26. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2012/13		2013/14
£,000		£,000
(27,905)	Purchase of property, plant and equipment, investment property and intangible assets	(60,256)
2,319	Proceeds from sale of property, plant and equipment, investment property and intangible assets	2,445
32,404	Other receipts from investing activities	28,499
6,818	Net cash flows from investing activities	(29,312)

27. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2012/13		2013/14
£,000		£,000
(4,510)	Other receipts from financing activities	2,577
(4,456)	Repayments of short and long-term borrowing	(2,257)
(8,966)	Net cash flows from financing activities	320

28. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements and are based on the Council's current structure.

The income and expenditure of the Authority's principal Directorates recorded in the final report for the year is as follows:

Directorate Income and Expenditure - 2013/14			
	Learning & Development	Social Services	Total
	£,000	£,000	£,000
Fees , Charges & Other Service Income	(10,818)	(5,307)	(16,125)
Government & Other Grants	(15,737)	(4,626)	(20,363)
Total Income	(26,555)	(9,933)	(36,488)
Employee Expenses	92,852	17,725	110,577
Other Service Expenses	34,480	45,403	79,883
Total Expenditure	127,332	63,128	190,460
Net Expenditure	100,777	53,195	153,972

Directorate Income and Expenditure – 2012/13			
	Learning & Development Restated	Social Services Restated	Total Restated
	£,000	£,000	£,000
Fees , Charges & Other Service Income	(10,237)	(4,935)	(15,172)
Government & Other Grants	(16,849)	(3,680)	(20,529)
Total Income	(27,086)	(8,615)	(35,701)
Employee Expenses	90,296	16,719	107,015
Other Service Expenses	32,468	38,945	71,413
Total Expenditure	122,764	55,664	178,428
Net Expenditure	95,678	47,049	142,727

Reconciliation of Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of Directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	Restated	
	2012/13 £,000	2013/14 £,000
Net Expenditure in the Directorate Analysis	142,727	153,972
Net Expenditure in services & support services not included in the Analysis	56,867	62,974
Amounts in the Comprehensive Income & Expenditure Statement not reported to management in the Analysis	52,182	54,485
Amounts included in the Analysis not included in the Comprehensive Income & Expenditure Statement	(57,898)	(54,886)
Cost of Services in Comprehensive Income and Expenditure Statement	193,878	216,545

**Reconciliation to Subjective Analysis
2013/14**

	Directorate Analysis	Services not Analysed	Amounts not reported for decision making	Amounts not included in I+E	Cost of Services	Corporate Amounts	TOTAL
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Fees, Charges & Other Service Income	(16,125)	(38,213)	0	0	(54,338)	0	(54,338)
Interest and Investment Income	0	(426)	0	426	0	(426)	(426)
Income from Council Tax	0	0	0	0	0	(68,386)	(68,386)
Government & Other Grants	(20,363)	(58,156)	0	0	(78,519)	(198,042)	(276,561)
Surplus on Trading not included in Net Cost of Service	0	(81)	0	81	0	(81)	(81)
Council Tax Surplus	0	(2,792)	0	2,792	0	0	0
Total Income	(36,488)	(99,668)	0	3,299	(132,857)	(266,935)	(399,792)
Employee Expenses	110,577	45,994	564	(12,210)	144,925	0	144,925
Other Service Expenses	79,883	192,619	(73,200)	(23,776)	175,526	0	175,526
Depreciation, Amortisation & Impairment	0	0	28,955	0	28,955	0	28,955
Soft Loans	0	0	(4)	0	(4)	0	(4)
Interest Payments	0	5,355	0	(5,355)	0	5,355	5,355
Precepts and Levies	0	6,284	0	(6,284)	0	18,311	18,311
Gains and Loss on Disposal of Fixed Assets	0	0	0	0	0	5,083	5,083
Interest on net defined benefit liability / (asset)	0	10,560	0	(10,560)	0	10,560	10,560
Remeasurements of the net defined benefit liability / (asset)	0	(98,170)	98,170	0	0	0	0
Total Expenditure	190,460	162,642	54,485	(58,185)	349,402	39,309	388,711
(Surplus) or Deficit on the Provision of Services	153,972	62,974	54,485	(54,886)	216,545	(227,626)	(11,081)

*Restated Reconciliation to Subjective Analysis 2012/13							
	*Directorate Analysis	*Services not Analysed	*Amounts not reported for decision making	*Amounts not included in I+E	*Cost of Services	*Corporate Amounts	*TOTAL
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Fees, Charges & Other Service Income	(15,172)	(40,306)	0	0	(55,478)	0	(55,478)
Interest and Investment Income	0	(379)	0	379	0	(379)	(379)
Income from Council Tax	0	0	0	0	0	(64,867)	(64,867)
Government & Other Grants	(20,529)	(61,887)	0	0	(82,416)	(164,110)	(246,526)
Surplus on Trading not included in Net Cost of Service	0	(122)	0	122	0	(122)	(122)
Council Tax Surplus	0	(1,480)	0	1,480	0	0	0
Total Income	(35,701)	(104,174)	0	1,981	(137,894)	(229,478)	(367,372)
Employee Expenses	107,015	50,634	(1,092)	(12,250)	144,307	0	144,307
Other Service Expenses	71,413	63,290	55,880	(25,912)	164,671	0	164,671
Depreciation, Amortisation & Impairment	0	0	22,798	0	22,798	0	22,798
Soft Loans	0	0	(4)	0	(4)	0	(4)
Interest Payments	0	5,701	0	(5,701)	0	5,701	5,701
Precepts and Levies	0	6,216	0	(6,216)	0	17,722	17,722
Gains and Loss on Disposal of Fixed Assets	0	0	0	0	0	749	749
Interest on net defined benefit liability / (asset)	0	9,800	0	(9,800)	0	9,800	9,800
Remeasurements of the net defined benefit liability / (asset)	0	25,400	(25,400)	0	0	0	0
Total Expenditure	178,428	161,041	52,182	(59,879)	331,772	33,972	365,744
(Surplus) or Deficit on the Provision of Services	142,727	56,867	52,182	(57,898)	193,878	(195,506)	(1,628)

29. TRADING OPERATIONS

The Authority has a number of operations which are treated as trading. Details of their Expenditure and Income are shown below:

BUILDING MAINTENANCE SUMMARY REVENUE AND APPROPRIATION ACCOUNT

	2012/13 £	2013/14 £
TOTAL EXPENDITURE	7,503,316	9,129,702
TOTAL INCOME	(7,539,240)	(9,207,051)
(SURPLUS)/ DEFICIT	(35,924)	(77,349)

Building Maintenance provides a scheduled and responsive building maintenance for the Council's residential properties and public buildings.

The 2013/14 surplus shown above is a gross figure and includes the surplus earned from works undertaken under the Welsh Housing Quality Standard (WHQS) programme. The WHQS surplus amounted to £136k and has been returned to the Housing Revenue Account.

VALE CATERING SUMMARY REVENUE AND APPROPRIATION ACCOUNT

	2012/13 £	2013/14 £
TOTAL EXPENDITURE	2,520,132	3,015,681
TOTAL INCOME	(2,618,677)	3,112,585
(SURPLUS)/ DEFICIT	(98,545)	(96,904)

Provision of a catering service to the pupils at the majority of Schools within the Vale, and the provision of a canteen and catering function service.

BUILDING CLEANING SUMMARY REVENUE AND APPROPRIATION ACCOUNT

	2012/13 £	2013/14 £
TOTAL EXPENDITURE	2,484,286	2,249,877
TOTAL INCOME	(2,465,761)	(2,255,087)
(SURPLUS)/ DEFICIT	18,525	(5,210)

No capital financing charge on capital employed is included in the figures.

Building Cleaning provides a scheduled and responsive building cleaning service for the Council's residential properties and public buildings.

**CARETAKING/SECURITY
SUMMARY REVENUE AND APPROPRIATION ACCOUNT**

	2012/13	2013/14
	£	£
TOTAL EXPENDITURE	1,064,540	1,053,660
TOTAL INCOME	(1,070,825)	(1,092,140)
(SURPLUS)/ DEFICIT	(6,285)	(38,480)

No capital financing charge on capital employed is included in the figures.

Caretaking/Security provides a scheduled and responsive security service for the Council's residential properties and public buildings.

30. AGENCY SERVICES

The Council carries out certain work on an agency basis for which it is fully reimbursed.

The principal areas of work is an arrangement to pay the salaries and wages on behalf of the following organisations. In 2013/14 this amounted to:-

	2012/13	2013/14
	£,000	£,000
Cowbridge with Llanblethian Town Council	87	88
Citizens Advice Bureau	516	663
Vale Council for Voluntary Services	310	292
Bear Park After School Club	66	64
Dinas Powys Voluntary Concern	11	11
Evenlode Breakfast Club	20	20

31. MEMBERS ALLOWANCES

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

	2012/13	2013/14
	£,000	£,000
Salaries	621	381
Allowances	218	456
Expenses	5	4
Total	844	841

32. PUBLICITY

Section 5 of the Local Government Act 1986 requires a Local Authority to keep a separate account of expenditure on publicity.

The Council's spending on publicity is as follows:-

2012/13 £,000		2013/14 £,000
130	Recruitment Advertising	141
210	Other Advertising	99
1	Other Publicity (Public Relations)	1
341		241

33. BUILDING CONTROL TRADING ACCOUNT

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

Building Regulations Charging Account	Chargeable 2013/14 £,000	Non-Chargeable 2013/14 £,000	Total Building Control 2013/14 £,000
Expenditure			
Employee Expenses	147	90	237
Premises	3	2	5
Transport	10	5	15
Supplies and Services	20	8	28
Central and Support Service Charges	82	59	141
Total Expenditure	262	164	426
Income			
Building Regulation Charges	324		324
Other Grant Income	4		4
Total Income	328		328
(Surplus)/Deficit for Year	(66)	164	98
Previous Year			
Expenditure	262	150	412
Income	299	0	299
(Surplus) / Deficit for year	(37)	150	113

The surplus on the chargeable element of the service has been transferred to the Building Control Reserve.

34. EXTERNAL AUDIT COSTS

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and non-audit services provided by the Authority's external auditors.

	2012/13	2013/14
	£,000	£,000
Fees payable to the Wales Audit Office / Grant Thornton with regard to external audit services carried out by the appointed auditor.	148	164
Fees payable to the Wales Audit Office in respect of statutory inspection and performance	133	100
Fees payable to the Grant Thornton for the certification of grant claims and returns	50	57
	331	321

35. EMPLOYEES EMOLUMENTS

The Returning Officer's remuneration is not included in the table below for the 2013/14 accounts and the 2012/13 comparatives.

The number of employees whose remuneration excluding employers pension contributions was £60,000 or more in bands of £5,000 were:

Remuneration Band	2012/13	2013/14
	Number of Employees	Number of Employees
£60,000-£64,999	11	14
£65,000-£69,999	12	14
£70,000-£74,999	14	11
£75,000-£79,999	7	2
£80,000-£84,999	4	7
£85,000-£89,999	0	2
£90,000-£94,999	0	1
£95,000-£99,999	2	1
£100,000-£104,999	1	0
£105,000-£109,999	3	3
£120,000-£124,999	1	0
£125,000-£129,999	0	1

The number of employees above exclude Teaching positions employed by their Governing Body.

The remuneration bands include expenses chargeable to United Kingdom income tax.

2012/13 Senior Officers Emoluments – Salary is £150,000 or more per year

Post Holder Information (Post Title and name)	Note	Salary	Expense Allowances	Comp. for Loss of Office	Total Remuneration excluding pension contributions	Pension Contr.
		£	£	£	£	£
Chief Executive						
J.M.Evans	1	48,810	428	30,000	79,238	0

1. In addition to the salary figure above for the Chief Executive, a sum of £22,089 in respect of remuneration as Returning Officer was paid. The holder of this post ceased employment on the 31 July 2012. The full time equivalent salary was £146,412.

2012/13 Senior Officers Emoluments – Salary is between £60,000 and £150,000 per year

Post Holder Information (Post Title)	Note	Salary	Expense Allowances	Comp. for Loss of Office	Total Remuneration excluding pension contributions	Pension Contr.
		£	£	£	£	£
Director of -						
Legal, Public Protection and Housing	1	36,027	413	30,000	66,440	0
Environmental and Economic Regeneration	1	23,117	245	30,000	53,362	4,970
Finance, ICT and Property	1	35,952	413	0	36,365	7,730
Social Services		107,855	117	0	107,972	23,189
New Positions						
Managing Director / Dir. of Resources	2	84,755	0	0	84,755	18,222
Director of -						
Development	3	71,850	430	0	72,280	15,448
Visible Services and Housing	3	71,850	166	0	72,016	15,448
Chief Learning and Skills Officer	3	48,635	92	0	48,727	10,456

1. The holders of the posts of Director of Legal, Public Protection and Housing, Environmental and Economic Regeneration and Finance, ICT and Property ceased in their roles on the 31 July, 15 June and 31 July 2012 respectively. Their full time equivalent salary was £107,855.
2. In addition to the salary figure for the post of Managing Director / Director of Resources, a sum of £5,611 in respect of remuneration as Returning Officer was paid. The post of Managing Director / Director of Resources was filled on the 1 August 2012 with a full time equivalent salary of £127,133.
3. The posts of Director of Development, Visible Services and Housing were filled on the 1 June 2012 and the Chief Learning and Skills Officer post was filled on the 17 September 2012. The full time equivalent salary of these posts is in the range £85,500 to £95,000.

2013/14 Senior Officers Emoluments – Salary is between £60,000 and £150,000 per year

Post Holder Information (Post Title)	Salary	Expense Allowances	Total Remuneration excluding pension contributions	Pension Contr.
	£	£	£	£
Managing Director / Dir. of Resources	127,133	0	127,133	27,334
Director of:				
Social Services	107,855	402	108,257	23,189
Development	87,875	192	88,067	18,893
Visible Services and Housing	87,875	163	88,038	18,893
Chief Learning and Skills Officer	92,625	562	93,187	19,914

The number of exit packages with total cost per band and total cost of the compulsory and other departures are set out in the tables below.

Teachers are included even where appointed by the Governing body, as the liability for redundancy costs is with the Authority rather than the school.

2012/13

Exit Package cost band (including special payments)	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band
£			£
0-20,000	32	32	313,389
20,001-40,000	11	11	310,503
40,001-60,000	3	3	136,044
60,001-100,000	5	5	350,280

2013/14

Exit Package cost band (including special payments)	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band
£			£
0-20,000	11	11	111,047
20,001-40,000	7	7	200,883
40,001-60,000	5	5	234,715
60,001-140,000	4	4	353,196

36. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Taxation and Non Specific Income heading and those significant items to services.

	2012/13	2013/14
	£,000	£,000
Credited to Taxation and Non Specific Income		
Revenue Support Grant	117,668	125,547
Council Tax Reduction Scheme Grant	0	788
Non Domestic Rate Contr.	33,507	38,832
Welsh Assembly Govt	11,537	32,697
Lottery	408	0
Countryside Council for Wales	0	43
Other	990	135
Total (note 12)	12,935	32,875
Credited to Services		
Department for Works and Pensions	48,131	39,348
Welsh Assembly Govt	36,961	38,207
Youth Justice Board	226	191
Sports Council For Wales	35	17
Countryside Council for Wales	41	42
Home Office	56	56
Total	85,450	77,861

Capital Grants Received in Advance

	2012/13	2013/14
	£,000	£,000
Section 106 agreements - unapplied	2,253	2,520
The amount has been apportioned as follows:		
To be applied within one year	263	1,020
To be applied after one year	1,990	1,500
Total	2,253	2,520

37. RELATED PARTIES

Other than that shown below there are no matters that the Council are required to disclose separately as material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council other than those shown elsewhere in the notes to the accounts.

Welsh Government effect influence on the Authority via legislation and grant funding.

The Authority has material transactions with Vale of Glamorgan Local Health Board in respect of Social Service matters whereby the Local Health Board reimburses the Authority £1.910 million in respect of their share of nursing home costs and children's placements.

At the 31 March 2014 there were 29 Vale of Glamorgan Councillors who also were members of Town and Community Councils.

The Authority is part of the Joint Archive Committee that oversees the provision of Archive services. The appropriate share of the Committee's assets and liabilities have been included within these accounts. The amounts are not material to these accounts.

There is a pooled budget in existence for the operation of a Joint Equipment Store (JES). The contributors to the pool are the Vale of Glamorgan Council, Cardiff County Council and the Cardiff and Vale University Health Board. The JES is run by Cardiff County Council and provides community equipment and minor adaptations to residents of Cardiff and the Vale of Glamorgan. £185,000 was paid into the pool in respect of 2013/14.

The Joint Education Service was established by the five authorities that make up the Central South Consortia. The Joint Education Service is responsible for School Improvement Services across the five authorities. The Vale of Glamorgan Contributed £653,276 in 2013/14 towards statutory School Improvement Services. It also paid over £129,904 of Welsh in Education Grant (including LA match funding). The Local Authority commissioned £12,347 in traded services. The Vale of Glamorgan Schools paid £84,831 for traded services in 2013/14. In addition staff were seconded to work for the Joint Education Service and reimbursement for these staff amounted to £18,155 in 2013/14.

38. OPERATING LEASES

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

	2012/13 Land and Buildings	2012/13 Other Leases	2013/14 Land and Buildings	2013/14 Other Leases
	£,000	£,000	£,000	£,000
Operating leases which expire:				
Within 1 year	258	256	258	355
Between 1 and 5 years	910	460	790	1,068
After 5 years	600	0	463	17
Total	1,768	716	1,511	1,440

39. PENSION ASSETS AND LIABILITIES

Local Government Pension Scheme Funded Benefits

The disclosures below relate to the funded liabilities within the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is part of the Local Government Pension Scheme (the 'LGPS'). The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits to be paid for the period covered by this disclosure are set out in the LGPS (Benefits, Membership and Contributions) Regulations 2007.

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The contributions to be paid until the date the next actuarial valuation of the Fund is available are set out in the Rates and Adjustment Certificate.

The Fund Administering Authority, City and County of Cardiff, is responsible for the governance of the Fund.

The Employer's regular contributions to the Fund for the accounting period ending 31 March 2015 are estimated to be £11.68M.

Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

The latest actuarial valuation of The Vale of Glamorgan Council's liabilities took place as at 31 March 2013. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS 19 purposes were:

Principal Financial Assumptions (% per annum)

	31 March 2012	31 March 2013	31 March 2014
Discount Rate	4.8	4.4	4.3
RPI Inflation	3.6	3.7	3.4
CPI Inflation	2.6	2.8	2.4
Rate of increase to pensions in payment*	2.6	2.8	2.4
Rate of increase to deferred pensions	2.6	2.8	2.4
Rate of general increase in salaries*	4.6	4.7	3.4

*In excess of Guaranteed Minimum Pension increases in payment where appropriate

*In addition there has been allowance for the same age related promotional salary scales as used at the actuarial valuation of the Fund as at 31 March 2013.

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

Post retirement mortality (retirement in normal health)

Post Retirement Mortality	31 March 2013	31 March 2014
Males		
Future lifetime from age 65 (aged 65 at accounting date)	24.0	23.7
Future lifetime from age 65 (aged 45 at accounting date)	25.7	25.7
Females		
Future lifetime from age 65 (aged 65 at accounting date)	26.8	26.6
Future lifetime from age 65 (aged 45 at accounting date)	28.8	28.9

	31 March 2013	31 March 2014
Commutation	Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2010 pension entitlements, for additional lump sum. Each member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2010 pension entitlements, for additional lump sum.	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. The assets allocated to the employer in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to those notional assets. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if the situation arises.

The Administering Authority does not invest in property or assets related to itself. It is possible, however, that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of their balanced investment strategy.

	Asset split at 31 March 2013	Asset split at 31 March 2014
	(%)	(%)
Equities	76.0	78.3
Property	5.6	5.4
Government Bonds	7.5	6.9
Corporate Bonds	9.1	8.0
Cash	1.2	1.3
Other*	0.6	0.1
Total	100.0	100.0

*Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It has been assumed that these will get a return in line with equities.

Reconciliation of Funded Status to Balance Sheet

	31 March 2012	31 March 2013	31 March 2014
	£m's	£m's	£m's
Fair Value of Assets	229.98	264.80	298.19
Present Value of Funded Defined Benefit Obligation	423.21	491.84	441.49
Funded status	(193.23)	(227.04)	(143.30)
Impact of minimum funding requirement / asset ceiling	0	0	0
Asset / (Liability) recognised on the Balance Sheet	(193.23)	(227.04)	(143.30)

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

Active Members 42%
Deferred Pensioners 15%
Pensioners 43%

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

	For Year Ending 31 March 2013 Restated	For Year Ending 31 March 2014
	£M's	£M's
Operating Cost		
Current Service Cost *	11.37	14.04
Past Service Cost (incl curtailments)	0.17	0.11
Settlement Cost	0.00	0.00
Financing Cost		
Interest on net defined benefit liability / (asset)	8.95	9.76
Pension expense recognised in Surplus or Deficit	20.49	23.91
Remeasurements in Other Comprehensive Income		
Return on plan assets (in excess of) / below that recognised in net interest	(21.72)	(20.04)
Actuarial (gains) / losses due to change in financial assumptions	46.58	(48.35)
Actuarial (gains) / losses due to changes in demographic assumptions	0.00	(15.13)
Actuarial (gains) / losses due to liability experience	(0.70)	(13.33)
Total Amount recognised in Other Comprehensive Income	24.16	(96.85)
Total Amount Recognised	44.65	(72.94)

*The current service cost included an allowance for the administration expenses of £0.15M.

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

	For Year Ending 31 March 2013 Restated	For Year Ending 31 March 2014
	£M's	£M's
Opening Defined Benefit Obligation	423.21	491.84
Current Service Cost	11.37	14.04
Interest Expense on defined benefit obligation	20.03	21.45
Contributions by Participants	3.12	3.12
Actuarial (gains) / losses on liabilities - financial assumptions	46.58	(48.35)
Actuarial (gains) / losses on liabilities - demographic assumptions	0.00	(15.13)
Actuarial (gains) / losses on liabilities - experience	(0.70)	(13.33)
Net Benefits Paid Out*	(11.94)	(12.26)
Past Service Cost (incl curtailments)	0.17	0.11
Net increase in liabilities from disposals / acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Defined Benefit Obligation	491.84	441.49

* Consists of net cash – flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid and including an approximate allowance for the expected cost of death in service lump sums. Also includes an allowance for fund administration expenses of £0.15M.

Changes to the Fair Value of Assets during the Accounting Period

	For Year Ending 31 March 2013 Restated	For Year Ending 31 March 2014
	£M's	£M's
Opening Fair Value of Assets	229.98	264.80
Interest Income on Assets	11.09	11.69
Remeasurement gains / (losses) on Assets	21.72	20.04
Contributions by the Employer	10.83	10.8
Contributions by Participants	3.12	3.12
Net Benefits Paid Out*	(11.94)	(12.26)
Net increase in assets from disposals / acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Fair Value of Assets	264.80	298.19

* Consists of net cash – flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid and including an approximate allowance for the expected cost of death in service lump sums. Also includes an allowance for fund administration expenses of £0.15M.

Actual Return on Assets

	For Year Ending 31 March 2013 Restated	For Year Ending 31 March 2014
	£M's	£M's
Interest Income on Assets	11.09	11.69
Remeasurement gains / (losses) on Assets	21.72	20.04
Actual Return on Assets	32.81	31.73

Local Government Pension Scheme Unfunded Benefits

The disclosures below relate to the unfunded pension arrangements established by The Vale of Glamorgan Council. These are termination benefits made on a discretionary basis upon early retirement in respect of members of the Local Government Pension Scheme (LGPS) under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations and members of the Teachers' Pension Scheme.

No pension fund exists to meet these benefits.

In the accounting period 31 March 2015 the Employer expects to pay £1.45 million directly to beneficiaries.

The latest actuarial valuation of unfunded benefits took place as at 31 March 2008. Liabilities have been estimated by the independent qualified actuary basis on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS 19 purposes were:

Principal Financial Assumptions (% per annum)

	31 March 2012	31 March 2013	31 March 2014
Discount rate	4.6	4.1	4.2
RPI Inflation	3.4	3.5	3.2
CPI Inflation	2.4	2.6	2.2
Rate of increase to pensions in payment	2.4	2.6	2.2

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

Post retirement mortality (retirement in normal health)

Post Retirement Mortality (retirement in normal health)	31 March 2013	31 March 2014
Males		
Future lifetime from age 65 (aged 65 at accounting date)	24.0	23.7
Females		
Future lifetime from age 65 (aged 65 at accounting date)	26.8	26.6

Reconciliation of Unfunded Defined Benefit Obligation to Balance Sheet

	31 March 2012	31 March 2013	31 March 2014
	£m's	£m's	£m's
Present Value of Unfunded Defined Benefit Obligation	19.45	20.13	18.20
Pension (Liability) recognised on the Balance Sheet	(19.45)	(20.13)	(18.20)

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

	For Year Ending 31 March 2013 Restated	For Year Ending 31 March 2014
	£M's	£M's
Operating Cost		
Current Service Cost	0.00	0.00
Past Service Cost (incl curtailments)	0.00	0.00
Settlement Cost	0.00	0.00
Financing Cost		
Interest on net defined benefit liability / (asset)	0.86	0.80
Pension expense recognised in Surplus or Deficit	0.86	0.80
Remeasurements in Other Comprehensive Income		
Return on plan assets (in excess of) / below that recognised in net interest	0.00	0.00
Actuarial (gains) / losses due to change in financial assumptions	1.28	(0.99)
Actuarial (gains) / losses due to changes in demographic assumptions	0.00	(0.35)
Actuarial (gains) / losses due to liability experience	(0.04)	0.02
Total Amount recognised in Other Comprehensive Income	1.24	(1.32)
Total Amount Recognised	2.10	(0.52)

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

	For Year Ending 31 March 2013 Restated	For Year Ending 31 March 2014
	£M's	£M's
Opening Defined Benefit Obligation	19.45	20.13
Current Service Cost	0.00	0.00
Interest Expense on defined benefit obligation	0.86	0.80
Contributions by Participants	0.00	0.00
Actuarial (gains) / losses on liabilities - financial assumptions	1.28	(0.99)
Actuarial (gains) / losses on liabilities - demographic assumptions	0.00	(0.35)
Actuarial (gains) / losses on liabilities - experience	(0.04)	0.02
Net Benefits Paid Out	(1.42)	(1.41)
Past Service Cost (incl curtailments)	0.00	0.00
Net increase in liabilities from disposals / acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Defined Benefit Obligation	20.13	18.20

Changes to the Fair Value of Assets during the Accounting Period

	For Year Ending 31 March 2013 Restated	For Year Ending 31 March 2014
	£M's	£M's
Opening Fair Value of Assets	0.00	0.00
Interest Income on Assets	0.00	0.00
Remeasurement gains / (losses) on Assets	0.00	0.00
Contributions by the Employer	1.42	1.41
Contributions by Participants	0.00	0.00
Net Benefits Paid Out	(1.42)	(1.41)
Net increase in assets from disposals / acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Fair Value of Assets	0.00	0.00

40. CONTINGENT LIABILITY .

- A provision for a further levy that may be imposed on the Authority by the Administrator of Municipal Mutual Insurance Limited (MMI) has been included in the Authority's accounts.

41. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority's activities expose it to a variety of financial risks:

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The Council has approved the Annual Treasury Management Strategy which includes policies on risk management.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they are rated independently and comply with the credit rating as set out in the Treasury Management and Investment Strategy Statement. The Authority's internally managed investments complied with this strategy statement and does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority has a cautious approach to risk, with its priority to safeguard capital. The majority of the new investments were made with the Debt Management Account Deposit Facility which is guaranteed by the UK Government.

	Amount at 31 March 2014	Historical Experience of default	Historical experience adjusted for market conditions at 31 march 2014	Estimated max. exposure to default and uncollectability
	£000	%	%	£000
Deposits with banks and financial institutions	95,586	0	0	0
Bonds	0	0	0	0
Customers	0	0	0	0

Liquidity Risk

As the Authority has ready access to borrowings from the money markets and the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. When the Authority borrows money the maturity date determined for the loan is considered on each occasion.

The Authority has a loan of £4 million in respect of a LOBO (Lenders Option Borrowers Option). The Lender can increase the interest rate by giving three business days notice before the interest payment dates in each year ie the 24th August and the 24th February, it would then be for the Authority to decide whether to accept the increase or repay the loan. The loan has a full term maturity date of 24th February 2054.

The maturity analysis of financial liabilities is as follows:

	£,000
Less than one year	4,401
Between one and two years	2,166
Between two and five years	4,624
More than five years	85,594
Total	96,785

Market Risk

Interest Rate Risk

The Authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- Investments at variables rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the Council Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The total Government Grant Support receivable by the Authority for future years is indicative only and therefore no amount has been included for this in the table.

The Treasury Management Strategy Statement includes a section on borrowings and the Head of Finance (Section 151 Officer) will monitor the interest rate market and adopt a pragmatic approach to changing circumstances.

If interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£,000
Increase in interest payable on variable rate borrowings	61
Increase in interest receivable on variable rate investments	(187)
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	(126)
Share of overall impact credited to the HRA	(7)
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	10,497

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2012/13 Restated		2013/14	2013/14
£,000		£,000	£,000
	EXPENDITURE		
2,869	Repairs and Maintenance	2,320	
3,601	Supervision and Management	2,963	
184	Rents, Rates, Taxes, & Other Charges	217	
5,089	Negative housing revenue account subsidy payable	5,020	
10,692	Fixed Assets - Depreciation / Impairment (note 9)	19,479	
1	Debt Management Costs	1	
76	Bad & Doubtful Debts	110	
22,512	Total Expenditure		30,110
	INCOME		
15,346	Dwelling Rents	16,220	
272	Non – Dwelling Rents (gross)	290	
448	Charges for Services and Facilities	567	
10	Contributions towards expenditure	9	
16,076	Total Income		17,086
6,436	NET EXPENDITURE OF HRA SERVICES as INCLUDED IN THE WHOLE AUTHORITY COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT		13,024
0	HRA services share of Corporate and Democratic Core		0
0	HRA share of other amounts included in the whole authority Net Expenditure of Continuing Operations but not allocated to specific services		0
6,436	NET EXPENDITURE OF HRA SERVICES		13,024
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
0	(Gain) / loss on sale of HRA assets	269	
97	Interest payable and similar charges	96	
(83)	Interest and Investment Income	(42)	
125	Interest on net defined benefit liability / (asset)	147	
(2,800)	Capital Grants	(2,800)	
3,775	(Surplus) or deficit for the year on HRA services		10,694

MOVEMENT ON THE HRA STATEMENT

2012/13		2013/14
Restated		
£,000		£,000
(14,881)	Balance on the HRA at the end of the previous year	(13,570)
3,775	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	10,694
(303)	Revaluation Surplus on Property, Plant and Equipment	0
(2,161)	Adjustments between accounting basis and funding basis under statute	(3,530)
1,311	Net (increase) or decrease before transfers to or from reserves	7,164
0	Transfers to or (from) reserves	
1,311	(Increase) or decrease on the HRA	7,164
(13,570)	Balance on the HRA at the end of the current year	(6,406)

NOTE TO THE STATEMENT OF MOVEMENT ON THE HRA BALANCE

Adjustments Between Accounting Basis and Funding Basis under Statute

	2012/13	2013/14
	Restated	
	£,000	£,000
Revaluation Surplus on Property, Plant and Equipment	303	0
Charges for depreciation and Impairment of Non – Current Assets	(10,692)	(19,479)
Capital Grants and Contributions	2,800	2,800
Statutory Provision for the Financing of Capital Investment	39	40
Capital Expenditure charged against HRA	5,538	13,595
Gains / losses on sales of non current assets		(269)
Pensions Reserve	(142)	(219)
Accumulated Absences	(7)	2
Total Adjustments	(2,161)	(3,530)

Summary

Housing Revenue Account - Revenue Balance at 31st March 2014 £ 6.406million

1. Gross Rent Income

This is the total rent income due for the year after allowance is made for voids. During the year 3.18% of the total rent due was uncollectable due to lettable properties being vacant; in 2012/13 the figure was 1.87%. Average rents were £78.75 a week in 2013/14, an increase of 3.32% over the previous year. The aggregate provision in respect of uncollectable rent and other housing debts is £690,924.

2. Rent Rebates

Assistance with rents is available under the Housing Benefit Scheme for those on low incomes. 75.33% of the Council's tenants receive some help with the costs of rent charges.

3. Housing Stock

Average Housing Stock over the past ten years is shown below :

2002/03	4,382
2003/04	4,209
2004/05	4,077
2005/06	4,012
2006/07	3,979
2007/08	3,959
2008/09	3,951
2009/10	3,949
2010/11	3,946
2011/12	3,944
2012/13	3,943
2013/14	3,940

The numbers and types of dwelling at 31st March for the past two years is shown below :

Number of Dwellings

Type of Dwelling	At 31 st March 2013	At 31 st March 2014
1 Bedroom Houses	0	0
2 Bedroom Houses	311	314
3 Bedroom Houses	1,589	1,585
4 or more Bedroom Houses	90	89
1 Bedroom Bungalows	261	261
2 Bedroom Bungalows	69	69
3 Bedroom Bungalows	33	33
1 Bedroom Flats	886	887
2 Bedroom Flats	593	592
3 Bedroom Flats	95	95
Other - Hostel	13	15
Total	3,940	3,940

The change in stock can be summarised as follows :-

Housing Stock 31 st March 2013	3,940
Less : Sold	(2)
Add:Change of use	2
Housing Stock 31 st March 2014	3,940

4. Rent Arrears

During the year 2013/14 rent arrears as a proportion of gross rent income was 4.44% of the amount due compared to 3.93% in 2012/13. The figures are as follows: -

	2012/13 £,000	2013/14 £,000
Arrears at 31 st March	723	862

Amounts written off during the year 2013/14 amounted to £39,090 (2012/13 £28,594).

5. Housing Revenue Account Subsidy

The Housing subsidy for 2013/14 includes a debit adjustment of £8,113 (2012/13 £7,596) in respect of a prior year adjustment.

6. Sale of Council Dwellings / Administration Costs

The costs of administering the sale of Council dwellings (disposal proceeds £165,500) were £7,260 in 2013/14, compared to £18,150 in 2012/13 (disposal proceeds £606,464).

7. Water Rates

Total monies collected in respect of water rates were £1,927,000 (£1,896,000 in 2012/13). Commission earned on this for 2013/14 was £268,000 (£242,000 in 2012/13).

8. Capital Expenditure

	2012/13 £,000	2013/14 £,000
Supported Borrowing	560	280
Useable Capital Receipts	159	1,151
Revenue Contributions	5,538	13,595
Major Repairs Reserve	2,800	2,800
Total	9,057	17,826

9. Fixed Assets - Depreciation / Impairment

The charge is broken down as follows:-

	2012/13 £,000	2013/14 £,000
Dwellings	1,654	1,651
Other	2	2
Impairment	9,036	17,826
Total	10,692	19,479

Council Dwellings / Other are included in Paragraph 13 pages 38, 39 and 40

10. Pension Reserve

The impact of the principal assumptions used by the independent qualified actuaries in updating the latest valuations of the Fund for IAS19 are shown below:-

	2012/13 Restated	2013/14
	£	£
IAS 19 Adjustment	(17,314)	(71,832)
Interest on net defined benefit liability / (asset)	(125,111)	(147,224)
Contribution from Pension Reserve	(142,425)	(219,056)

11. Major Repairs Allowance

The Major Repairs Allowance is a grant provided by the Welsh Assembly Government and is used to fund capital expenditure in the Housing Revenue Account.

	2012/13	2013/14
	£,000	£,000
Opening Balance brought forward	0	
Grant Received in Year	2,800	2,800
Grant Utilised in Year	(2,800)	(2,800)
Closing Balance Carried Forward	0	0

TRUST FUNDS

1. Education Trust Fund

The Council administers the Cowbridge Comprehensive School Fund which has been set up for the benefit of Cowbridge School or it's pupils. Educational awards must be made on a basis of "need" or "merit".

Fund	Balance at 31 March 2013 £	Net Fund Income £	Total Expenditure £	Revaluation £	Balance at 31 March 2014 £
Cowbridge Comprehensive Fund	3,047,138	106,630	(53,645)	28,357	3,128,480

The Cowbridge Comprehensive School Fund although not audited as part of the Council audit, will be subject to external audit.

The Authority is the Custodian Trustee of the Sir Thomas Mansel Franklin Trust.

2. Welsh Church Acts

The Council is sole trustee of this Fund which was set up on the disestablishment of The Church in Wales. Funds generated from investments and property rents are disbursed in the form of grants to deserving causes on the basis of applications considered by the Welsh Church Act Estate Committee.

	Balance at 31 March 2013 £	Acquisitions/ Disposals £	Revaluation £	Surplus / (Deficit) £	Balance at 31 March 2014 £
Accumulated Fund	3,729,980	24,500	784,599	10,417	4,549,496

The fixed assets of the fund are included at their 31March 2014 value. The external investments held by the fund are included at their market value at 31 March 2014.

The Welsh Church Acts fund although not audited as part of the Council audit, will be subject to external audit.

3. Cowbridge Sixth Form Site (1912 Scheme)

In 2013/14 the Council identified an asset which is held in trust. The relevant scheme dates from 1912 and provides that the site is to be used for the purposes of a Secondary School. The net fund balance at the 31 March 2014 was £445,625.

Annual Governance Statement

2013/14

INDEX

Section	Content	Page (s)
1	Scope of Responsibility	83
2	The Purpose of the Governance Framework	84-85
3	The Governance Framework	85
4	Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area. (Putting the Citizens First; Achieving Value for Money)	85-89
5	Members and Officers working together to achieve a common purpose with clearly defined functions and roles. (Knowing who does what and why).	89-90
6	Promoting Values for the council and Demonstrating the Values of Good Governance through upholding High Standards of Conduct and Behaviour. (Living Public Service Values).	90-91
7	Taking Informed and Transparent Decisions which are subject to effective scrutiny and managing risk. (Fostering Innovation Delivery).	91-93
8	Developing the Capacity and Capability of Members and Officers to be effective. (Being a Learning Organisation).	93-94
9	Engaging with Local People and other Stakeholders to ensure robust public accountability. (Engaging with others).	94-96
10	Review of Effectiveness.	96-97
11	Significant Governance Issues.	97-99
12	Assurance Summary.	100

1. Scope of Responsibility

- 1.1 The Vale of Glamorgan Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.
- 1.2 The Council also has a duty under the Local Government (Wales) Measure 2009 to secure continuous improvement in the exercise of its functions in terms of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation. This builds upon the principles set out by the Welsh Government (WG) under the Wales Programme for Improvement (WPI) which reflected the Assembly's shared vision of public service improvement and local and national accountability and the Wales Programme for Government.
- 1.3 In discharging its overall responsibilities, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.
- 1.4 The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework and incorporates the governance principles and values as set out by the Welsh Government (WG).

2. The Purpose of the Governance Framework

2.1 The governance framework comprises the systems and processes, and cultural values, by which the Authority is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. This can be represented by the following table which sets out the Council's Assurance Cycle.

TARGET	PLAN	ACTION	REVIEW
What are we seeking to receive assurance on?	What sources of assurance do we require?	How will we organise ourselves to receive adequate assurances?	How will we know we are effective:
<p>Delivery against the Corporate Plan in line with the governance framework;</p> <p>Delivery of services within budget and in accordance with approved targets and objectives;</p> <p>Management of the Council's key risks;</p> <p>Design and effectiveness of Internal control systems;</p> <p>Compliance with laws, regulations, internal policies and procedures;</p> <p>The adequacy of key governance tools e.g. performance management and risk management frameworks;</p> <p>Value for Money including the prevention and detection of Fraud;</p> <p>Direction of travel in relation to previous governance issues.</p>	<p>Community Strategy;</p> <p>Corporate Plan;</p> <p>Workforce Plan,</p> <p>Human Resources Strategy;</p> <p>Medium Term Financial Plan;</p> <p>Annual Budget;</p> <p>Service Plans;</p> <p>Team Plans;</p> <p>Personal Development Review System;</p> <p>Internal Audit Annual Plan;</p> <p>External Audit Annual Plan;</p> <p>Other external agencies;</p> <p>Executive and Scrutiny work programme;</p> <p>Audit Committee Work Programme;</p> <p>Corporate Risk Management Group work programme;</p> <p>Information Strategy & Governance Board work programme;</p>	<p>Cabinet (as the Executive Committee);</p> <p>Scrutiny Committees including Task & Finish Groups;</p> <p>Audit Committee;</p> <p>Standards Committee;</p> <p>Joint Committees;</p> <p>Other Quasi-Judicial Committees e.g. planning and licensing;</p> <p>Corporate Management Team;</p> <p>Statutory Officers;</p> <p>Partnerships;</p> <p>Officer working groups;</p> <p>Local Service Board;</p> <p>Other collaborative arrangements.</p>	<p>The eight Corporate Priority outcomes as set out in the Corporate Plan are achieved.</p> <p>Annual Improvement objectives and associated actions are achieved.</p> <p>Positive Internal and External Audit Annual Opinion Reports and Letters.</p> <p>Adherence to Financial Strategy and Budget.</p> <p>Controls established and countermeasures identified to mitigate risks to an acceptable level.</p> <p>Monitoring and Performance Management Reports validate action taken in support of priority outcomes.</p> <p>Output from Cabinet and Scrutiny Committees support the principles of good governance.</p> <p>Audit Committee are able to discharge their governance role.</p> <p>Annual Governance Statement.</p>

- 2.2 The system of internal control is a significant part of the governance framework and is designed to manage the risk of failure to achieve policies, aims and objectives to a reasonable level rather than to eliminate all risk. The system of internal control is an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The following paragraphs summarise the governance framework and the system of internal control, which has been in place within the Council for the year ended 31st March 2014 and up to date of approval of the Annual Statement of Accounts. The framework is described to reflect the arrangements in place to meet the core principles of effective governance.

3. The Governance Framework

3.1 CIPFA has identified six principles of corporate governance that underpin the effective governance of all local authority bodies. In addition, WG have set out seven principles and values within their draft "Making the Connections" governance principles and values document. The Council on the 6th May 2009 approved its Code of Corporate Governance which adopted the six principles as defined by CIPFA and SOLACE, incorporating the WG governance principles (shown in italics) as follows:

- Focusing on the Council's purpose and on outcomes for the community and creating and implementing a vision for the local area; (*Putting the Citizen First*); (*Achieving Value for Money*).
- Members and officers working together to achieve a common purpose with clearly defined functions and roles; (*Knowing Who Does What and Why*);
- Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour; (*Living Public Service Values*);
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk; (*Fostering Innovation Delivery*);
- Developing the capacity and capability of Members and officers to be effective; (*Being a Learning Organisation*);
- Engaging with local people and other stakeholders to ensure robust public accountability; (*Engaging with Others*);

3.2 The Vale of Glamorgan Council has used these principles when gathering evidence to gain assurance that governance within the Authority is robust.

4. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area (*Putting the Citizen First; Achieving Value for Money*).

4.1 The Council aims to deliver high quality services that provide value for money and which are aligned to the needs and priorities of the local community. In accordance with the requirements of the Local Government (Wales) Measure 2009, the Council has prepared a Community Strategy to promote the economic, social and environmental well being of its area. Rather than just a Council-owned document, this Strategy has been developed with the Council's partners in the Local Service Board and represents a joint approach for setting objectives to improve the quality of life in the Vale over ten years to 2021.

4.2 With the Community Strategy providing the over-arching framework, the Vale of Glamorgan Council, as a key partner, has a pivotal role to play. The agenda is a complicated one as differing and often conflicting priorities have to be dealt with and

decisions reached. In setting its objectives, therefore, the Council must take into account a number of factors including service demands, legislative requirements, community wishes, the agendas of partner organisations, together with the expectations of the Welsh Government and external regulators. This is all encapsulated in the Corporate Plan, a five-year document that describes how the Council will contribute to the Community Strategy and provides focus and direction for Elected Members, employees, partner organisations, service users and other stakeholders.

4.3 During 2012/13 the Corporate Plan (2010 – 2014) was reviewed with all actions either being addressed or incorporated within the new Corporate Plan (2013 -2017). As part of this review extensive consultation was carried out with stakeholders including Council Members, Local Service Board Partners, the Public, Town and Community Councils and the Business Sector. This consultation was undertaken in tandem with a review of the budget.

4.4 The outcome of this was the adoption of the new Corporate Plan covering the period 2013 – 2017. The Plan identifies eight priority outcomes as listed below; each of these outcomes is supported by key actions with delivery dates varying over the life of the plan.

- Citizens of the Vale of Glamorgan can easily access efficiently managed services that are focused around their needs, have confidence in how decisions are made and are proud to live in the Vale.
- Children and young people are engaged and supported and take full advantage of life opportunities available in their local community and beyond.
- Citizens of the Vale of Glamorgan have the skills, knowledge and abilities required to maximise their opportunities.
- The Vale of Glamorgan has a thriving economy supporting cohesive sustainable communities.
- Current and future generations of Vale residents and visitors enjoy the build and natural environments of the Vale of Glamorgan and actively protect and maintain them.
- Vale of Glamorgan residents have access to affordable, good quality suitable housing and housing advice and support.
- Citizens of the Vale of Glamorgan are healthy and have equality of outcomes and, through appropriate support and safeguards, the most vulnerable members of our community maximise their life opportunities.
- Residents and citizens of the Vale of Glamorgan feel safe and are safe within their community.
- Vale of Glamorgan Youth Cabinet & Youth Mayor – In March 2014 the first youth cabinet was elected for the Vale of Glamorgan. The cabinet comprises of seven young people from the Vale who will represent the views of their peers to decision makers. In October 2014 one of the cabinet members will be elected as a Youth Mayor and will act as a figurehead for the group who can represent young people at official events.
- The new Youth Cabinet and Youth Mayor will give young people a real voice on issues under consideration by the Council's Cabinet, Scrutiny Committees and at meetings of Full Council. Youth Cabinet Members will work directly with Cabinet Members, the Leader of the Council and will contribute to consultations relating to all Council services.

4.5 The Council undertakes annual Service Planning through which regular self-assessment takes place as a means of achieving continuous improvement across both corporate and service related functions. This informs and is informed by the Corporate Plan, the Council's Improvement Plan as well as a Performance Audit Plan, which is produced in conjunction with the Council's external regulators. Scrutiny Committees, review the Service Plans on a quarterly basis, including the achievement of set targets and actions. A key factor in the development of the Service Planning process has

been the incorporation of significant changes resulting from the adoption of a Workforce Plan and Human Resources Strategy, together with a focus on outcomes and a rationalisation of the number of plans.

- 4.6 The Council has a Medium Term Financial Plan, which currently covers the period 2013/14 to 2016/17 and is updated on an annual basis. The Plan is a mechanism that attempts to match future predicted resources and expenditure, identify potential shortfalls and provide the financial strategy for the next 4 years (i.e. up to the Council Elections in 2017). The resulting Financial Strategy provides differing funding bases for Education and Schools, Social Services and other services having regard to the relative priorities, cost pressures and risks inherent in each. The Capital Programme and Strategy has been set to the year 2018/19 with resources allocated in accordance with Corporate Priority and risk. The annual revenue budget together with the capital programme reflects how the Council's financial resources are aligned to Council priorities. Both the Revenue and Capital Financial Strategies were devised following engagement with a number of different external stakeholder groups to inform decisions on future priorities. This included the sharing of draft budget proposals with the Local Service Board, business sector and town and community councils. In addition, Vale Viewpoint, a representative panel of over 1,000 Vale residents was surveyed on the Council's Corporate Plan priorities and budget priorities were also discussed with Vale 50+ Strategy Forum.
- 4.7 These consultations were delivered in a variety of ways including face-to-face discussions, email and reports as appropriate. The results were considered and influenced a number of decisions by the Council when allocating budgets and savings targets for 2014/15 and beyond. The Council also has a robust process in place to scope and where necessary carry out a full equality impact assessment as a result of budget cuts and/or changes in policy. Any assessment will, of course, involve prior consultation with users or groups displaying the protected characteristics.
- 4.8 Monthly monitoring reports for the revenue budget and the capital programme are submitted to Scrutiny Committees, with Scrutiny Committee (Corporate Resources) nominated as the lead Scrutiny Committee. Cabinet receive references from Scrutiny Committees including revised estimates and proposed changes to the Capital programme. Chief Officers are responsible for ensuring that expenditure is maintained within approved budgets and undertake ongoing monitoring to achieve this. For the 2013/14 Financial Year, all Directorates achieved outturn within their overall budget allocation. The Council's Medium Term Financial Plan outlines how the Corporate Plan is to be funded; this has taken place against a backdrop of severe economic recession and a significant reduction in public finances. The Financial Strategy is incorporated into the Plan which is produced in July and used as a mechanism to progress the budget for the following year.
- 4.9 Priorities for service improvement have been identified, and there are a range of projects in progress with a view to achieving significant business efficiencies over the coming years. The Council has a number of corporate processes, programmes and projects designed to improve efficiency including the establishment of areas for savings over the next four years. In order to achieve this, the Council will need to investigate alternative forms of service delivery including collaboration with other local authorities, the wider public sector and the third/voluntary sector. At present the Council is involved in progressing a number of projects as part of WG's Regional Collaboration fund (RCF) and Intermediate Care Fund (ICF) around social care, housing and regulatory services. Existing collaborative ventures also are in place e.g. Prosiect Gwyrdd for Waste Disposal, the Central South Education Consortium for school improvement, Internal Audit Shared Service, Civil Parking Enforcement. .
- 4.10 The Council operates a complaints procedure and uses this to identify areas where service quality is not satisfactory, and to take action to improve. As a result, corporate complaints are captured on the Oracle CRM system and this gives an audit trail about

how we handle such complaints. The CRM system also provides the Council with management information, such as the number of complaints, the Stage of the complaint (i.e. Stage 1, or 2) and whether the complaint was upheld, partially upheld or not upheld. During 2013/14 the Council expanded the number of services using the CRM system to record complaints. In addition, the information being captured on the CRM system has been improved during 2013/14 to include the reason for the complaint and where appropriate the action undertaken to resolve it. The Council will be introducing formal reporting on what services have learnt from complaints over the next year and this will demonstrate how aspects of the services have been improved as a result of complaints. Examples could include improving access to services, amending procedures and policies, revising service standards and / or improving communication and publicity. This may be achieved by staff training and/or process/procedural reviews.

4.11 In May 2009 the Council adopted a Code of Corporate Governance based on best practice as recommended by CIPFA (The Chartered Institute of Public Finance and Accountancy) and SOLACE (The Society of Local Authority Chief Executives). A self-assessment of how the Council is performing against this model framework was undertaken by Internal Audit again in 2013/14, the outcome of which was that the Council has embedded Corporate Governance into all aspects of its functions.

4.12 The Council constantly strives to ensure that its functions are exercised with a view to continuous improvement and regard to the principles of economy, efficiency and effectiveness. In particular, the requirements of the Local Government Measure under the Wales Programme for Improvement place a duty on local authorities to pursue service excellence, improvement and efficiency. In order to achieve this, a process of continuous internal review takes place, much of which is governed by the Council's own comprehensive performance management framework and is supplemented by the work of external agencies and regulators.

4.13 A key function within the efficiencies remit is that of business improvement intended to achieve leaner / improved processes for service delivery that better meet the needs of the Council and its customers.

4.14 The review of the Council's Code of Corporate Governance identified that the Council was able to demonstrate a number of positive indicators under Principle 1 - **"Putting the Citizen First"**, these included:

- A wide range of methods to engage residents and service users in providing feedback on Council services and influencing decision making. These included both focused community consultation and wider ranging customer feedback projects;
- A number of corporate engagement tools such as Vale Viewpoint – the shared LSB Citizens' Panel, the biennial Vale of Glamorgan Council Public Opinion survey and a range of service user groups all designed to capture feedback from residents and service users to inform future service delivery;
- Ongoing work to engage hard to reach groups in partnership with voluntary organisations such as the Vale Older People's Forum and Vale Youth Forum and a number of equalities groups operating in the Vale.
- Public Engagement Framework and good practice guide;
- Endorsement and promotion of the National Principles for Public Engagement Wales;
- Use of Vale of Glamorgan Council website and OneVale contact centre to provide information relating to consultation and engagement in the Vale and as a fully accessible point for customer and citizen engagement;
- Service level engagement with customers – e.g. council tax support for the over 60s and 70s;
- Evidence of member engagement with citizens: links with Community Councils.

4.15 The review of the Council's Code of Corporate Governance also identified that the Council was able to demonstrate a number of positive indicators for “**Achieving Value for Money**”, these included

- A Corporate focus on delivering efficiencies *with targets aligned to the Medium Term Financial Plan and the Budget Review with specific areas for savings totalling £7.391 million identified as part of the 2014/15 final budget proposals*;
- A number of corporate processes, programmes and projects designed to improve efficiency for example the space project, whereby Children Services relocated to the Dock Offices allowing the sale of Haydock House as surplus to requirements.
- The Council is involved in progressing a number of projects as part of WG's Regional Collaboration fund (RCF) and Intermediate Care Fund (ICF) around social care, housing and regulatory services. Existing collaborative ventures also are in place e.g. Prosiect Gwyrd for Waste Disposal, the Central South Education Consortium for school improvement, Internal Audit Shared Service, Civil Parking Enforcement.

5. Members and Officers working together to achieve a common purpose with clearly defined functions and roles (*Knowing Who does What and Why*).

5.1 The Council aims to ensure that the roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear. It does this by operating a Leader and Cabinet system of governance as part of a wider policy to strengthen its ability to deliver effective community leadership, democratic renewal and continuous improvement in services. Under this system:

- The Council meeting sets the overall budget and policy framework and is a focus for debate about the performance of the Cabinet (Executive);
- Scrutiny Committees advise on policy formulation and hold the Cabinet to account in relation to specific matters. They may also review areas of Council activity which are not the responsibility of the Cabinet or matters of wider local concern;
- The Cabinet makes decisions within this framework. Decisions may be delegated to individuals in the Cabinet, committees of the Cabinet, officers, area committees, joint arrangements, other authorities, or contracted out;
- Most regulatory decisions continue to be made by committees of the Council (e.g. Planning and Licensing Committee);

5.2 There is a Standards Committee to promote high standards of conduct and assist Members to observe the Code of Conduct.

5.3 The Constitution is at the heart of the Council's business. It allocates power and responsibility within the Authority, as well as between it and others. It also regulates the behaviour of individuals and groups through codes of conduct, protocols and standing orders.

5.4 The Constitution represents a coherent single document that is used as a comprehensive point of reference by individuals and organisations both inside and outside the Council. It comprises Articles and Rules of Procedure (including financial procedures) and associated material. Articles set the overall framework and in general are not subject to frequent change. They identify what is to be done and by whom. Procedural rules and codes of conduct broadly outline how the Articles will be put into effect. They may be subject to more frequent change. Whilst the Constitution is not a statutory document, the Council is satisfied that it is consistent with statute, regulations and guidance. To ensure continued compliance, the Head of Legal Services is the Monitoring Officer appointed under Section 5 of the Local Government and Housing Act 1989. The Constitution is kept under constant review by the Monitoring Officer. A

full review of the Council's Constitution was commenced during 2013/14 with a view to assessing its compatibility with a new Welsh model.

- 5.5 All Committees have clear terms of reference and work programmes to set out their roles and responsibilities. The Audit Committee provides assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.
 - 5.6 The Council's Managing Director (as Head of Paid Service) led the Council's officers and chaired the Corporate Management Team.
 - 5.7 In accordance with the Local Government (Wales) Measure, the Council has appointed a designated Head of Democratic Services (the role being undertaken by the Operational Manager (Democratic Services) and has established a Democratic Services Committee, which meets on a quarterly basis.
 - 5.8 All staff, including senior management, have clear conditions of employment and job descriptions which set out their roles and responsibilities. Terms and conditions of employment are overseen by the Human Resources Division.
 - 5.9 The Head of Finance, as the Section 151 Officer appointed under the 1972 Local Government Act, carried overall responsibility for the financial administration of the Council. A corporate finance function provides support to departments and determines the budget preparation and financial monitoring process.
 - 5.10 The Monitoring Officer carries overall responsibility for legal compliance and her staff work closely with departments to advise on requirements in this respect.
 - 5.11 The review of the Council's Code of Corporate Governance identified that the Council was able to demonstrate a number of positive indicators for "**Knowing who does what and why**", these included:
 - Member induction and training programme – Ongoing Member Development continues to be provided and will be informed by the undertaking of personal Development Interviews for members.
 - Constructive working relationships between members and officers;
 - CMT is an effective forum for considering corporate and cross-cutting issues,
 - Council maturing in the way it conducts its business through the cabinet / scrutiny split.
 - Positive responses about accountability and functions from both members and officers.
 - 5.12 The development of collaborative arrangement has and will continue to necessitate the formation and review of appropriate governance arrangements to ensure that functions and roles are clearly defined and that the purpose and objective of the collaboration are met. This can be illustrated through the formation of a joint committee to deal with the Prosiect Gwyrdd for residual waste disposal, the Central South East Consortium for School Improvement and the Internal Audit Shared Service Board for the Internal Audit collaboration with Bridgend CBC.
- 6. Promoting Values for the Council and Demonstrating the Values of Good Governance through upholding High Standards of Conduct and Behaviour (*Living Public Service Values*).**
- 6.1 The Council supports a culture of behaviour based on its statement of values. This guides both how the long-term vision is put into effect and how members and officers behave in their day-to-day work.

- 6.2 The behaviour of elected members and officers is governed by codes of conduct, which include a requirement for declarations of interest to be completed.
- 6.3 The Council takes fraud, corruption and maladministration very seriously and has the following policies, which aim to prevent or deal with such occurrences;
- Anti-Fraud and Bribery Policy
 - Whistleblowing Policy
 - HR policies regarding the disciplining of staff involved in such incidents.
- 6.4 The Public Services Ombudsman and the Council's Standards Committee investigate allegations of misconduct by members, with the Standards Committee promoting and maintaining high standards of conduct and monitoring the operation of the Member's code of conduct.
- 6.5 A complaints procedure is in place for the Council to receive and investigate any complaint made against it, including its members and officers and this is overseen by the Council's Complaints Officer. Complaints regarding members are directed to the Public Services Ombudsman and the Monitoring Officer.
- 6.6 In addition the Audit Committee helps raise the profile of internal control, governance, risk management and financial reporting issues within the Council. It enhances public trust and confidence in the financial governance of the Council. The Terms of Reference in place for the Committee are consistent with the core functions as recommended by CIPFA. In accordance with the Local Government (Wales) Measure 2011, the Council has appointed a Lay Member to the Audit Committee who presently holds the position as Vice Chairperson.
- 6.7 The review of the Council's Code of Corporate Governance identified that the Council was able to demonstrate a number of positive indicators for "**Living public sector values**", these included:
- The Council having a regularly reviewed Code of Governance and an Annual Governance Statement.
 - No issues reported about member and staff behaviour;
 - Audit Committee being well-regarded;
 - A strong public sector ethos among members who are willing to co-operate for the common good of the citizens of the Vale.

7. Taking Informed and Transparent Decisions which are subject to effective scrutiny and Managing Risk (*Fostering Innovation Delivery*).

- 7.1 The Council's Constitution sets out how the Council operates and the process for policy and decision-making. Full Council sets the policy and budget framework. Within this framework, all key decisions are made by the Cabinet. Cabinet meetings are open to the public (except where items are exempt under the Access to Information Act).
- 7.2 All key decisions made by Cabinet are taken on the basis of written reports, including assessments of resource implications (Financial and Employment), Sustainability and Climate Change implications, legal implications (including Human Rights), Crime and Disorder implications, Equal Opportunity implications (including Welsh Language issues), Corporate and Service objectives and consultation (including ward member consultation) are an integral part of the process.
- 7.3 The decision-making process is scrutinised by five Scrutiny Committees, which support the work of the Cabinet as Executive and the Council as a whole. They allow citizens to have a greater say in Council matters by holding inquiries into matters of local concern. Scrutiny Committees also monitor the decisions of the Cabinet. They

can “call in” a decision that has been made by the Cabinet but not yet implemented. This enables them to consider whether the decision is appropriate. They may recommend that the Cabinet reconsider the decision. They may also be consulted by the Cabinet or the Council on forthcoming decisions and on the development of policy. Any Member also has the right to request the inclusion of items on a relevant Scrutiny Committee agenda.

- 7.4 Other decisions are made by officers under delegated powers. The authority to make day-to-day operational decisions is detailed within the Scheme of Delegations contained in the Constitution.
- 7.5 Policies and procedures governing the Council’s operations include Financial Regulations, Procurement Policy & Strategy, and Risk Management Strategy. Ensuring compliance with these policies is the responsibility of managers across the Council.
- 7.6 The Council has a well-developed performance management framework linking the Community Strategy to its own Corporate Plan and then through Service and Team Plans down to individual performance as part of a Personal Development and Review System. The financial consequences are considered via the Medium Term Financial Plan, which informs the Corporate Plan and the Annual Budget. This, in turn, informs Service and Team Plans. Further work has been undertaken to integrate workforce planning into this process.
- 7.7 The Council has adopted a robust approach to the management of risk through the integration of a risk management strategy into the Authority’s performance management framework. Service risks are identified as part of the Service Planning process and are linked, where appropriate, to a Corporate Risk definition assisted by the use of mandatory cross-cutting objectives.
- 7.8 Risks are viewed from both a Service and Council-wide perspective which allows the key risks to be distilled by the Corporate Risk Management Group into a tangible Corporate Risk Register that has regard to underlying Corporate Risk themes and reflects the views of senior management across all Services. The Corporate Risk Management Group regularly reviews the controls and implementation of necessary counter-measures to mitigate the risks.
The current top risks facing the Council have been identified as:
- Failure to deliver the School Investment Strategy.
 - Failure to meet Welsh Housing Quality Standards.
 - Failure to meet the national waste agenda and targets.
 - Inability to anticipate and plan for the workforce needs of the future in order to meet challenging services requirements.
 - Ability to maintain services to an acceptable standard in light of reduced funding levels.
 - The failure to implement adequate information security management systems across the Council.
 - Failure to adapt to the impact of climate change and failure to mitigate climate change in the Vale of Glamorgan.
 - Failing to manage the collaboration agenda effectively.
 - Implications of not having an adopted Local Development Plan.
 - Failure to deliver statutory school improvement functions.
- 7.9 The Council’s Risk Management Strategy also provides essential input to the determination of Council priorities, targets and objectives. All of this serves to inform the development of the Improvement Plan. The Constitution determines whether Cabinet or Council acts as the approving body for these key documents and quarterly

monitoring reports are taken to Cabinet and Scrutiny Committees in order to measure performance against Service Plans.

7.10 The financial management of the Council is conducted in accordance with all relevant legislation and its Constitution. In particular, financial procedure rules relating to Contract Standing Orders, Financial Regulations and Officer Delegations provide the framework for financial control. The Head of Financial Services (the designation of this post has been changed to the Head of Finance as and from 1st May 2014) has responsibility for establishing a clear framework for the financial management of the Council's affairs and for ensuring that arrangements for their proper administration are made under Section 151 of the Local Government Act 1972. As part of its performance management framework, the Council produces, on an annual basis, a rolling Medium Term Financial Plan which links the strategic planning process with the budget process and ensures consistency between them. As such, it forms an integral part of the Authority's corporate management framework for performance management and facilitates the allocation of resources to corporate priorities. Chief Officers are responsible for the financial management of their respective services and are supported by training, support and regular financial management information. Monthly financial monitoring reports are produced for both Cabinet and Scrutiny Committees, culminating in the production of the statutory Annual Statement of Accounts.

7.11 The review of the Council's Code of Corporate Governance identified that the Council was able to demonstrate a number of positive indicators for "**Fostering innovative delivery**", these included:

- Members and officers believe the Council strives to identify more effective and innovative ways of working;
- There is a culture of willingness to challenge existing practices particularly given the current financial situation;
- A good level of risk awareness amongst officers and members;
- Memorandum of Understanding with Bridgend County Borough Council on future service collaboration.

8. Developing the Capacity and Capability of Members and Officers to be Effective (*Being a Learning Organisation*).

8.1 The Council aims to ensure that members and officers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well-trained and competent people in effective service delivery. All new members and staff undertake an induction to familiarise them with protocols, procedures, values and aims of the Council.

8.2 There is a Member Development Strategy, which provides a framework for supporting elected members in the numerous roles that they are required to undertake both within, and outside, the Council. The Strategy assists members to develop and strengthen their capacity as confident and effective political and community leaders, who are appropriately self-aware, self-managed, proactive, aware of their impact on others and capable of forming healthy and productive relationships, networks and partnerships. As indicated above, an ongoing Member Development Programme will be delivered and the Strategy itself has been reviewed and submitted to the Democratic Services Committee.

8.3 The Council has also developed a Workforce Plan the purpose of which is to set out the anticipated workforce priorities over the next four years and the actions needed to achieve the change agenda. The Plan is supported by more detailed plans from each of the Council's main service areas and aims to focus on the common and cross-cutting themes. The themes and objectives within the Plan are congruent with those set out in the Council's Corporate Plan 2013 -17 and the Medium Term Financial Plan.

Service Plans are being developed to incorporate the necessary workforce planning requirements.

- 8.4 The Council's Performance Development & Review System (PDRS) process enables the individual to understand how they contribute to achieving the aims of the Council as expressed in the Team and Service Plans. The PDRS process is recognition that plans are delivered by individuals working in teams to achieve objectives – people are the Council's most important asset and resource. PDRS is the foundation stone and integral part of the Council's Performance Management Framework.
- 8.5 The review of the Council's Code of Corporate Governance identified that the Council was able to demonstrate a number of positive indicators for "**Being a learning organisation**", these included:
- An embedded PDRS system identifying staff training needs;
 - Training provided for Members;
 - The Service plans include "where we excel" section;
 - Performance management regime effective in bringing together top down and bottom up issues.

9. Engaging with local people and other stakeholders to ensure robust public accountability (*Engaging with Others*);

- 9.1 The Council is committed to understanding and learning from the views of the public. Engagement is the process by which views of stakeholders are able to inform and influence policy and service delivery. The Council's planning and decision-making processes are designed to include consultation with stakeholders and the submission of views by local people. The Council's Public Engagement Framework details public engagement activities, which are undertaken by the Council.
- 9.2 Arrangements for consultation and for gauging local views include the Vale Viewpoint – the joint LSB Citizen's Panel, the Vale on the Road events, and more focused community engagement projects involving more participative methods such as focus groups and interactive workshops. A public opinion survey is carried out every two years by an independent market research company to provide the Council with feedback on a number of services. All elected members offer surgeries, or equivalent means of providing assistance, for their constituents. The Council's Cabinet now undertake public meetings across the Vale to provide residents with the opportunity to speak face-to-face with decision makers. All strategic documents such as the Vale of Glamorgan Community Strategy are planned and written in consultation with a range of relevant stakeholders.
- 9.3 During 2013/14 the Council has undertaken a number of consultation and engagement projects that have informed service delivery. These include the following (this list is not exhaustive):
- The Future of Library Services in the Vale – During November and December 2013 a large public consultation and series of staff focus groups on the future of library services were undertaken. Over 1,000 residents responded to this exercise.
 - Childcare Sufficiency Assessments – An in-depth consultation with parents and childcare professionals in the Vale was undertaken over a number of months in 2013. The responses informed the Childcare Sufficiency Assessment 2013-14 for the Vale of Glamorgan which has now been submitted to Welsh Government.
 - Consultation on a Proposal to Increase the Number of Welsh Medium School Places in Barry – The Council's Cabinet has approved the proposal to increase the number of Welsh medium school places in Barry.
 - Llantwit Learning Community Consultation – The Council proposes to establish the Llantwit Learning Community to transform educational opportunities in Llantwit Major.

- Licensing Conditions and Guidance for Pet shops, Dog Boarding Kennels and boarding Catteries – The Vale of Glamorgan Licensing Committee are considering introducing new licensing conditions.
- The Vale of Glamorgan Council Draft Improvement Objectives 2014/15 – This responses from this consultation was used to inform the final Improvement Plan.
- Rhoose Point Byelaws Consultation – In order to combat increased reports of anti-social behaviour at the open spaces at Rhoose Point, the Council is considering introducing byelaws to cover the area. To gain an understanding of the views of local residents a public consultation was undertaken.
- School Catchment Area Consultation – The responses made during the consultation will be used to inform the decision making process as to whether the Council will make some changes to the School Catchment Areas.
- Council Tax Reduction Scheme – The Council Tax Reduction Scheme, which helps to support households with the payment of their Council tax, will be subject to new Welsh Government regulations. The Council has consulted with stakeholders to find out their views on three areas of discretion.
- Co-educational Schooling in Barry – The Council conducted a public consultation on the possibility of merging Barry Comprehensive School and Bryn Hafren Comprehensive School into a single mixed secondary school for Barry.
- The future of the former Bryneithin site in Dinas Powis – A public consultation was undertaken during July and August 2013 to gain an understanding of the opinion of local residents on the future of the former Bryneithin site in Dinas Powis.
- The summer survey of the new Vale Viewpoint citizens panel – During July and August 2013, the Council asked the Vale Viewpoint citizens panel a series of questions on roads, parks and leisure facilities as well as a number of other issues. The results were reported to the Vale LSB and will be used to inform future service delivery.
- Possible 20mph Speed Limits for Penarth and Llandough – During april and May 2013 the Council asked residents what they thought of the idea of 20mph speed limits for some areas of Penarth and Llandough. The results showed that there was little support for this idea outside of Llandough.
- Vale on the Road events – three road-show events in Barry, Penarth and Cowbridge, offering Councillors, Heads of Service and Service Managers to address residents' views and concerns face to face;
- Local Democracy Week 2011 – four consultation events at schools across the Vale involving 500+ young people covering a wide range of youth issues;
- Strategic Equality Plan Engagement – engagement project with equality groups operating in the Vale and residents with protected characteristics to identify Council's Equality Objectives for the next five years;
- Town Centres Framework – citizens' panel consultation to decide future priorities for developing/regenerating town centres in the Vale.

9.4 The review of the Council's Code of Corporate Governance identified that the Council was able to demonstrate a number of positive indicators for “**Engaging with others**”, these included:

- Internal and external communication strategy;
- Examples of successful collaborations with other organisations – Prosiect Gwyrd; Wales Purchasing Consortium; Social Services joint commissioning; Internal Audit shared service with Bridgend County Borough Council;
- Local Service Board becoming a useful mechanism. The five key partnership groups bring together public, private and voluntary agencies, along with representative individuals and groups to make decisions on policy and use of resources.
- The implementation during 2014/15 of a joint Local Service Board incorporating Cardiff Council which can build upon the principles of collaboration.

- Centralise partnership management in the Corporate and Customer Services Directorate which is intended to lead to greater efficiency;
- Recognition that partnership working is likely to be an important element in managing the increasingly difficult financial position.
- Developing collaborations and shared services (e.g. Regional Collaboration fund initiatives with Bridgend, Cardiff and the University Health Board).
- Members of the public are invited to participate in forums and are involved in regular opinion-taking exercises.

10. Review of Effectiveness

10.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by the work of Internal Audit and chief officers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

10.2 The review mechanism includes:

- The Cabinet (as Executive) who are responsible for considering overall financial and performance management and receive comprehensive reports on a regular basis. The Cabinet is also responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
- A Scrutiny function which holds the Cabinet to account. Scrutiny Committee (Corporate Resources) is responsible for maintaining an overview of financial performance including value for money.
- The Audit Committee which provides the focus for reviewing the effectiveness of the system of internal control. This is primarily based upon reviewing the work of Internal Audit and receiving reports from the Council's external auditors. The Committee met regularly throughout the year to provide independent assurance to the Council in relation to the effectiveness of the risk management framework, internal control environment and governance matters. In accordance with the Local Government Measure a lay person was appointed to the Committee during 2012/13.

10.3 Internal Audit, an independent and objective assurance service to the management of the Vale of Glamorgan Council, completes a programme of reviews throughout the year to provide an opinion on the internal control, risk management and governance arrangements. In addition, the Section undertakes fraud investigation and proactive fraud detection work, which includes reviewing the control environment in areas where fraud or irregularity has occurred. Significant weaknesses in the control environment identified by Internal Audit are reported to senior management, the Audit Committee and the Cabinet as appropriate.

10.4 As part of the normal audit reporting process, recommendations are made and agreed with the relevant chief officers to address any issues that could impact upon the system of internal control. Furthermore, the Head of Accountancy & Resource Management, as Head of Internal Audit (the Head of Internal Audit role changed to Operational Manager Audit with effect from May 2014) provides regular updates and an annual report to the Audit Committee summarising any significant internal control issues and the Annual Governance Statement itself has been subject to Audit Committee review.

10.5 The Wales Audit Office's Annual Improvement Report is considered by the Corporate Management Team, Cabinet, Corporate Resources Scrutiny Committee and the Audit Committee. Audit Committee also receives the Appointed Auditor's

Annual Report, which supports the external audit of the Council's Annual Statement of Accounts. Other external regulatory agencies provide support to specific service areas (e.g. Estyn for Education, CSSIW for Social Care). In addition, the Audit Committee receives regular updates on the implementation of recommendations made by External Audit and other Regulatory Bodies.

- 10.6 The Corporate Risk Management Group continually review corporate risks and ensure that actions are being taken to effectively manage the Council's highest risks. The results of this process are reported regularly to Audit Committee.
- 10.7 The Cabinet and Scrutiny Committee functions also provide a further mechanism for review and challenge of any issues that may impact upon the system of internal control. Scrutiny Committees regularly undertake "Task and Finish" groups (such as that set up by the Scrutiny Committee Corporate Resources to review the impact of Welfare Reform).
- 10.8 Internal Audit undertakes a continuous audit of Council services, which are assessed and prioritised according to relative risk. This risk assessment draws upon the corporate and service risks identified as part of the Service planning process and work of the Corporate Risk Management Group. In carrying out its duties, Internal Audit complies with the Public Sector Internal Audit Standards.
- 10.9 We have been advised on the implications of the result of the review of the effectiveness of governance framework including 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.

11. Significant Governance Issues

- 11.1 One of the main issues raised and highlighted since 2011/12 has been the ability of the Council to carry on meeting its service objectives and delivering positive outcomes for its customers and clients in the light of continued reductions in Welsh Government Funding.
- 11.2 The Council has addressed this by undertaking regular Budget reviews and putting in place a financial strategy for the Council to 2017. The purpose of this is to ensure:
- A sustainable budget is achieved within predicted funding levels,
 - The budget is aligned to the Council's priorities as set out in the Corporate Plan;
 - Best value for money is being obtained, i.e. identifying efficiency savings, opportunities for income generation and better use of external grants.
 - Collaborative initiatives and options for alternative service delivery are considered.
- 11.3 Separate financial strategies have been established for funding education and schools, social services and other services having regard to the relative risks and priorities of each. In total over the 4 years to 2017 savings of £20.9M minimum will need to be achieved. In accordance with the financial strategies agreed, savings targets together with areas for savings have been identified and further work will be required to ensure that all necessary action has been taken to mitigate any potential impact upon service delivery and clients e.g. consultation and scoping/completion of equality impact assessments.
- 11.4 Notwithstanding the above, there are certain major projects which form part of the Council's Corporate Risk Register the mitigation of which will be crucial for the Council to continue to manage in the ensuing financial year: Specifically, these are the:

- Delivery of the School Investment Strategy.
- Meeting the Welsh Housing Quality Standards and a sustainable solution for the Housing Revenue Account.
- Meeting the national waste agenda and targets.
- Managing the Welfare Reform agenda.
- Preparation of a Local Development Plan.

11.5 In 2012/13, a number of key control issues were identified by Internal Audit and were included in the Annual Governance Statement. These included:-

- A lack of contractual arrangements within Visible Services particularly within the Waste Management Service. These concerns have now been addressed during 2013/14 culminating in a report to the Audit Committee on 7th July 2013.
- Concerns relating to the adequacy and effectiveness of the financial and quality monitoring arrangements surrounding the contractual partnership arrangements between the Council and the Leisure Centres service provider. At the request of the Managing Director; this matter was subsequently referred to the Council's External Auditors – Grant Thornton LLP UK for an independent review. ***The resulting report was presented to the Audit Committee at their meeting of 7th July 2014. The review found that there is no performance management regime which formally and systematically tests the extent to which the contracts examined are being monitored. Four proposals for improvement have been identified and a formal response received from the relevant Director to address the findings of the review.***

11.6 Prior to the production of the 2012/13 Final Annual Governance Statement which accompanies the audited Statement of Accounts; a further significant issue was identified and therefore included. This related to the Council's Building Services Division and in particular Mobile Working.

11.7 In 2013/14 Internal Audit issued a number of reports to Senior Management; all of which identified significant weaknesses within the control environment. As a consequence, the Head of Housing and Building Services submitted a report to Cabinet on 29th July 2013 outlining the proposed actions to be taken to address the weaknesses which would be included within a time bound change plan. The proposals included for a Plan for Change Governance Structure overseen by a Cabinet Working Group which would provide the necessary assurances to Members, Corporate Management Team, External and Internal Audit that the significant weaknesses identified are being properly addressed.

11.8 In order to ensure that progress is being made; Internal Audit has undertaken their first follow up work; this was very much a desk-top exercise to allow the procedures to be implemented by the Head of Housing and Building Services to take effect; and included minimal testing. Due to this light touch review; the formulation of an overall audit opinion was not appropriate at this time. However, the Head of Housing and Building Services has subsequently produced a comprehensive update on where her Division is in relation to addressing the weaknesses identified which indicates that significant progress has been made by her and her team. ***Internal Audit has subsequently undertaken a further follow up in August 2014 where from the evidence obtained from the Auditors follow up review it can be concluded that progress has and continues to be made within Building Services. Continued improvements in terms of governance, financial monitoring, budgetary control and staff monitoring by way of timesheets and vehicle telemetry show positive, ongoing development within the Section. Although the Auditors were unable to obtain specific evidence from Xmbrace to substantiate their findings; the KPI figures alongside interviews and independent evidence obtained by the***

Auditors draw similar conclusions. One area worthy of further management attention is the details obtained by the Auditors which indicate that there is a trend which sees an increasing number of jobs remaining unclosed. Whilst the Auditors appreciate that the increase is nowhere near the original level as identified in March 13, the numbers have started to rise. Speedy and efficient closing of work within ConSol must continue to be a priority within the Section as it will allow for a more accurate monitoring of budgets and a more positive reputation between Building Services and its Clients.

- 11.9 The Head of Audit's Annual Opinion report was presented to the Audit Committee at their meeting held on 28th April 2014. The overall opinion has provided reasonable assurance on the adequacy and effectiveness of the Council's systems of Governance, risk management and internal control. In addition to above, a small number of significant control issues were identified during the year but action plans have been agreed with the relevant managers to address the weaknesses identified. Where weaknesses have been identified they have tended to relate to specific service areas rather than an across the board breakdown in controls.
- 11.10 In addition to these areas the challenge from an audit perspective, as recognised by corporate and senior management, remains the financial context in which the Council is required to operate. The impact of delivering the further programme of savings will be substantial, will impact on all areas of the business and is predicated on a range of reasonable but ambitious assumptions. There has been extensive planning and ongoing consultation on the budget proposals and efficiency targets have been set out in directorate plans. Whilst the Council is well placed to respond to this challenge, and the Section 151 Officer is of the opinion that the savings whilst extremely challenging are achievable, the scale and pace of required change continues to remain a fundamental risk. In addition, the implications of the Williams Commission report on Local Government reorganisation has yet to be determined. However, the introduction of Paving Legislation in advance of the reorganisation will have implications for the Council.
- 11.11 In a Council of this size and complexity, with its significant savings requirements, there is an inherent risk of breakdown in the systems of control particularly where roles, responsibilities and systems are changing. As the Council continues to experience reduced resources, increased demands on services and new and innovative forms of service delivery there is a need to ensure that the Council's control environment remains robust, proportionate and is as efficient and effective as possible.
- 11.12 **Since the production of the draft Annual Governance Statement in June 2014, a further significant governance issues has arisen. The Council's Head of Paid Service – Managing Director / Director of Resources has expressed her intention to retire. The imminent loss of the Managing Director comes at a difficult time for the Council in terms of increasing budget challenges, the need for leadership and momentum in relation to a range of challenging work programmes and the continuing uncertainty of local government reorganisation.**
- 11.13 **A special meeting of the Council was held on the 2nd September 2014 to consider a number of options for covering the statutory duties of the Head of Paid Service in the short and long term. The Council approved the arrangements for the flexible retirement of the Managing Director/Director of Resources as an interim measure from the 25th November 2014 up to the 31st March 2015.**

12 Assurance Summary

- 12.1 Good governance is about running things properly. It is a means by which the Council shows it is taking decisions for the good of the people of the area, in a fair, open and equitable way. It also requires standards of behaviour which support good decision making both collective and individual in an open and honest manner. It is the foundation for the delivery of good quality services that meet all local people's needs and is fundamental to demonstrating that public money is well spent. Without good governance councils will struggle to improve services.
- 12.2 From the review, assessment and ongoing monitoring work undertaken, as supported by the work of Internal Audit, we have reached the opinion that, overall, key systems are operating soundly and that there are no fundamental control weaknesses. We can confirm, to the best of our knowledge and belief, having made appropriate enquiries that this statement provides an accurate and fair view and that those significant issues as identified in Section 11 above are being addressed.

Signed:

S. Davies

Managing Director

Date:

Signed:

N. Moore

Leader of the Council

Date:

Independent auditor's report to the Members of Vale of Glamorgan Council

I have audited the accounting statements and related notes of Vale of Glamorgan Council for the year ended 31 March 2014 under the Public Audit (Wales) Act 2004.

Vale of Glamorgan Council accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts page 19, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

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

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Vale of Glamorgan Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Vale of Glamorgan Council as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Annual Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in

Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Vale of Glamorgan Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Signature.....

Date.....

Name: Anthony Barrett
Appointed Auditor

Address: Wales Audit Office
24 Cathedral Road
Cardiff. CF11 9LJ