STATEMENT OF ACCOUNTS

2012-13

FLINTSHIRE COUNTY COUNCIL

CONTENTS

EXPLANATORY FOREWORD

The Statement of Accounts 2012/13 provides details of the Council's financial position for the year ended 31st March 2013. The information presented on pages 8 to 77 is in accordance with the requirements of the 2012/13 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) based on International Financial Reporting Standards (IFRSs), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The statements included are :-

- The core financial statements comprising of –

  - Movement in Reserves Statement – this statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (ie 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.

    Headline figures – Usable reserves £63,154k; unusable reserves £254,367k.

  - 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 local 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.

    Headline figure – Deficit on the provision of services £28,258k which is carried into the movement in reserves statement.

  - 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, i.e. 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 Reserve that may only be used to fund capital expenditure or repay debt). The second category is 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 under regulations'.

    Headline figure – Net worth of the Council £317,521k representing a decrease from the balance sheet total of £404,606k as at 31st March 2012.

- **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.

- The supplementary financial statements comprising of –

  - **The Housing Revenue Account Income and Expenditure Statement –** 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 regulations; 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.

    Headline figure – Increase in HRA balance of £41k to £1,931k.

- The pension fund accounts are presented in accordance with required guidance, on pages 78 to 104.

Medium Term Financial Plan

The Council has a Medium Term Financial Plan (MTFP) which serves to forecast funding levels and resource requirements over the medium term, identify any funding gap, and enable specific actions to be identified to balance the budget and manage resources. The MTFP gathers information from activity across all Council Fund services (but not the Housing Revenue Account), taking account of all costs and efficiency savings anticipated over the medium term for both the revenue budget and the capital programme, including planned future developments in service delivery.

The revenue budget is that which covers the Council's day-to-day expenditure and income on such items as salaries and wages, running costs of services and the financing costs of capital expenditure (and revenue expenditure funded from capital under statute - REFCUS). The capital programme covers expenditure on the acquisition of significant assets which will be of use or benefit to the Council in providing its services beyond the year of account, such as the enhancement or replacement of roads, buildings and other structures.

REVENUE BUDGET, OUTTURN AND OVERALL FINANCIAL POSITION

The Council Fund budget for 2012/13 was set at £241,203k and approved by Council on 1st March 2012. Budget monitoring information was reported to Cabinet on a monthly basis throughout the year, with final outturn reported on 16th July 2013.

The 2012/13 budget enabled the Council to deliver its ongoing change programme of service modernisation and improvement, and also provide significant investment in priority areas, which was achieved against a backdrop of reduced Welsh Government funding support and the continuing effects of the economic downturn.

Total net expenditure for 2012/13 amounted to £238,590k against the budget of £242,678k.

	2012/13 Budget	2012/13 Actual	Variance
	£000	£000	£000
Corporate Services :			
Chief Executive	2,346	2,257	(89)
Finance	4,351	4,544	193
Legal and Democratic Services	3,341	3,157	(184)
Human Resources and Organisational Development	2,628	2,539	(89)
ICT and Customer Services	5,413	5,295	(118)
	18,079	17,792	(287)
Community Services	58,614	55,125	(3,489)
Environment	31,811	31,771	(40)
Lifelong Learning	110,993	111,026	33
Net expenditure on services	219,497	215,714	(3,783)
Central loans and investment account	14,200	13,661	(539)
Central and Corporate Finance	10,765	10,796	31
Total net expenditure	244,462	240,171	(4,291)
Contribution from reserves	(1,784)	(1,581)	203
Budget requirement	242,678	238,590	(4,088)
Financed by			
Council tax (net of community council precepts expenditure)	56,750	56,891	(141)
General grants	145,366	145,366	0
Non-domestic rates redistribution	40,562	40,562	0
Total resources	242,678	242,819	(141)
Net variance - (underspend)	0	(4,229)	(4,229)

The net underspend of £4,088k, increased to £4,229k by way of additional Council tax income (£141k). The £4,229k has served with other agreed funding transfers of £786k to produce a year-end Council fund revenue reserves total of £51,874k, which includes the unearmarked Council fund balance of £9,270k.

	2013	Net Underspend	Other	2012
	£000	£000	£000	£000
Council fund (unearmarked) balance	9,270	4,088	(1,286)	6,468
Earmarked council fund reserves	39,507	0	4,201	35,306
Locally managed schools	3,097	0	439	2,658
Total council fund revenue reserves	51,874	4,088	3,354	44,432

MATERIAL ASSETS ACQUIRED AND LIABILITIES INCURRED

Significant capital programme expenditure (as part of the overall capital expenditure as detailed on page 5) was incurred during the year in progressing the amalgamation of Custom House Junior and Dee Road Infant schools, Connah's Quay (£2,387k); works are now substantially complete except for retention and some external works which will complete in 2013/14. A substantial part of the overall funding of the scheme has been provided by way of Welsh Government 21st Century Schools Grant.

Redevelopment works at the Jade Jones Pavilion, Flint have resulted in the inclusion of additional finance leased assets on the Council's balance sheet to the value of £2,530k. This investment has provided new facilities including ten pin and crown green bowling, a new soft play area and refurbished reception, cafeteria and bar facilities.

SOURCES OF CAPITAL FINANCING AND CAPITAL PROGRAMME BUDGET

Each year the Council approves a programme of capital works, which provides for investment in assets such as land, buildings and road improvements. The 2012/13 Capital Programme was approved in the sum of £33,223k (Housing Revenue Account £9,398k, and Council Fund £23,825k); this figure moved during the course of the year to a final programme total of £42,330k, (Housing Revenue Account £11,632k and Council Fund £30,698k). Capital Programme budget monitoring information was reported to Cabinet on a quarterly basis throughout the year, with final outturn reported on 16th July 2013.

The programme was financed by way of supported borrowing, other borrowing, capital receipts, capital grants and contributions, reserves and revenue account funding.

	2013
	£000
Supported borrowing *	5,141
Other borrowing (including Salix loans)	3,778
Capital receipts	6,051
Capital grants and contributions	17,297
Capital reserves/capital expenditure funded from revenue account	4,928
Core financing	37,195
Finance leases	2,626
Total financing	39,821

* cash reserves used in place of borrowing, as detailed in Borrowing Facilities note on page 5.

The core capital financing total of £37,195k was supplemented by finance lease arrangements which mainly were in respect of refurbishment works at the Jade Jones Pavilion, Flint.

CAPITAL OUTTURN

The financing total of £39,821k supported capital expenditure (including REFCUS of £7,890k) across those programme areas detailed in the table on page 5; the information included in this table is presented on the basis of those 'service blocks' used by Welsh Government in collecting capital data by way of the Capital Outturn Return (COR) form, for its published Local Government Finance Statistics.

	2013
	£000
Education	6,621
Social services	42
Transport	7,550
Housing	15,888
Libraries, culture and heritage	180
Agriculture and fisheries *	350
Sport and recreation	3,117
Other environmental services	6,073
Outturn	39,821

* incorporating land drainage and flood prevention/coast protection (to which the Council's expenditure relates)

BORROWING FACILITIES

No new long term Public Works Loan Board (PWLB)/financial institution borrowing was undertaken during 2012/13 - the Council continues to use cash reserves to fund capital expenditure in place of new borrowing. The balance sheet (long term) borrowing total of £172,356k includes the sum of £243k relating to two interest free loans from Salix Finance Ltd. - an independent company funded by the Carbon Trust to help improve energy efficiency in public sector buildings - repayable over the period 2012/13 to 2018/19.

PENSION LIABILITY

Disclosures are in accordance with International Accounting Standard 19 (IAS 19), accounting in full for the pension liability. The liability recorded in the balance sheet (£305,518k) is the total projected deficit over the life of the fund. IAS 19 has no impact on Council tax levels or housing finance, but the 2012/13 liability increase does impact on the net worth of the Authority as reflected in the balance sheet total of £317,521k (£404,606k as at 31st March 2012).

IMPACT OF THE CURRENT ECONOMIC CLIMATE

Approximately 80% of the funding for Council services comes from Welsh Government through Revenue Support Grant. In 2012/13, the funding reduced by 0.2% which came on top of a 1.7% cut in 2011/12. When the effect of inflation and the cost of additional demands for services are taken into account, the real impact on the revenue budget was much greater.

Faced with this financial challenge and the continuing effects of the economic downturn, the budget strategy for 2012/13 was to reduce internal operating costs at the same time as reviewing opportunities to increase grants and contributions from external bodies and by making an inflationary uplift to existing fees and charges. Careful budget planning, and the identification of £4,700k of new efficiencies, enabled the setting of a budget which: provided for investment in key services (specifically in school budgets and social care); allowed for some unsupported (prudential) borrowing to assist capital programme spending; took account of affordability issues in setting the Council Tax and fees and charges for service use; minimised the effects on customers and public services by not proposing any significant service cuts or job losses.

REVALUATION OF ASSETS

The whole of the assets of the Authority must be revalued every five years - the Council meets this requirement by revaluing a proportion of the total asset portfolio each year; during 2012/13 (the third year of the new cycle, commencing 1st April 2010), approximately 25% of non-dwelling assets were revalued. The overall impact of the 2012/13 revaluation process was a net decrease in the value of non-current property assets - property, plant and equipment, investment properties and the agricultural estate - recorded in the balance sheet (from £797,352k to £760,376k).

CHANGE IN ACCOUNTING POLICIES

There have been no material changes to accounting policies during 2012/13.

FURTHER INFORMATION

The Statement of Accounts is available on the internet (www.flintshire.gov.uk); any further information is available from the Head of Finance, Flintshire County Council, County Hall, Mold, CH7 6NA.

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, this is the Head of Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

Signed :

Carolyn Thomas
Chair to the County Council

Date :

THE HEAD OF FINANCE'S RESPONSIBILITIES

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

In preparing this statement of accounts, the Head of Finance has :-

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

The Head of Finance has also :-

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

The following statement of accounts has been prepared in accordance with the Accounts and Audit (Wales) (Amendment) Regulations 2010. The statement of accounts presents a true and fair view of the financial position of the Authority at 31st March 2013, and its income and expenditure for the year then ended.

In addition the statement presents a true and fair view of the financial transactions of the Clwyd Pension Fund during the year ended 31st March 2013 and the amount and disposition at that date of its assets and liabilities.

Signed :

Kerry Feather CPFA
Head of Finance

Date :

MOVEMENT IN RESERVES STATEMENT

for the year ended 31st March 2013

The movement in reserves statement shows the movement in the year on the different reserves held by the Council, analysed into Usable Reserves (those that can be applied to fund expenditure or reduce local taxation) and other (Unusable) Reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council'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.

	Note	Council Fund Balance £000	Earmarked Council Fund Reserves £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Authority £000
At 31st March 2012		6,468	37,964	1,890	6,074	3,185	55,581	349,025	404,606
Surplus/(deficit) on the provision of services		(17,694)	0	(10,564)	0	0	(28,258)	0	(28,258)
Other comprehensive income and expenditure		0	0	0	0	0	0	(58,827)	(58,827)
Total comprehensive income and expenditure		(17,694)	0	(10,564)	0	0	(28,258)	(58,827)	(87,085)
Adjustments between accounting and funding basis under regulations	7	25,136	0	10,605	(726)	816	35,831	(35,831)	0
Net increase/(decrease) before transfers to earmarked reserves		7,442	0	41	(726)	816	7,573	(94,658)	(87,085)
Transfers to/(from) earmarked reserves	34	(4,640)	4,640	0	0	0	0	0	0
Increase/(decrease) in year		2,802	4,640	41	(726)	816	7,573	(94,658)	(87,085)
At 31st March 2013		9,270	42,604	1,931	5,348	4,001	63,154	254,367	317,521

MOVEMENT IN RESERVES STATEMENT

	Note	Council Fund Balance £000	Earmarked Council Fund Reserves £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves of the Authority £000
At 31st March 2011		5,962	32,839	1,614	6,227	9,144	55,786	462,231	518,017
Surplus/(deficit) on the provision of services *		(59,763)	0	(20,349)	0	0	(80,112)	0	(80,112)
Other comprehensive income and expenditure		0	0	0	0	0	0	(36,552)	(36,552)
Total comprehensive income and expenditure		(59,763)	0	(20,349)	0	0	(80,112)	(36,552)	(116,664)
Adjustments between accounting and funding basis under regulations *	7	62,598	(457)	20,625	(153)	(5,959)	76,654	(76,654)	0
Net increase/(decrease) before transfers to earmarked reserves		2,835	(457)	276	(153)	(5,959)	(3,458)	(113,206)	(116,664)
Transfers to/(from) earmarked reserves	34	(2,329)	5,582	0	0	0	3,253	0	3,253
Increase/(decrease) in year		506	5,125	276	(153)	(5,959)	(205)	(113,206)	(113,411)
At 31st March 2012		6,468	37,964	1,890	6,074	3,185	55,581	349,025	404,606

* Prior period adjustment - see Note 44. In the 2011/12 accounts the deficit on the provision of services was recorded as £47,011.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
for the year ended 31st March 2013

The Comprehensive Income and Expenditure 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 local taxation. Authorities raise local 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.

	Note	2013 Gross Expenditure	2013 Gross Income	2013 Net Expenditure	2012 Gross Expenditure	2012 Gross Income	2012 Net Expenditure
Service Expenditure Analysis	2	£000	£000	£000	£000	£000	£000
Adult social care *		49,699	(8,876)	40,823	53,468	10,570	42,898
Central services to the public		2,231	(1,207)	1,024	2,287	1,011	1,276
Education and children's services *		167,486	(27,174)	140,312	187,218	23,883	163,335
Cultural and related services *		30,547	(12,160)	18,387	24,620	11,873	12,747
Environmental and regulatory services *		27,294	(7,382)	19,912	22,836	4,065	18,771
Planning services *		12,189	(5,181)	7,008	10,242	6,225	4,017
Highways and transport services *		23,422	(6,591)	16,831	26,975	7,526	19,449
Housing services :							
Housing - Council fund		64,659	(56,544)	8,115	68,082	60,822	7,260
Housing revenue account (HRA)		34,985	(26,440)	8,545	43,625	25,212	18,413
Corporate and democratic core		4,297	0	4,297	2,534	0	2,534
Non distributed costs *		1,304	0	1,304	7,074	0	7,074
Cost of services *		418,113	(151,555)	266,558	448,961	151,187	297,774
Other Operating Expenditure	3			17,095			21,906
Financing and Investment Income and Expenditure	4			20,844			14,416
Taxation and Non-Specific Grant Income	5			(276,239)			(274,333)
(Surplus)/deficit on the provision of services				28,258			59,763
(Surplus)/deficit arising on revaluation of non-current assets				(4,176)			16,627
(Surplus)/deficit arising on revaluation of available-for-sale financial assets				370			(114)
Actuarial (gains) or losses on pension assets and liabilities				62,633			37,181
Other comprehensive income and expenditure				0			(46)
Total comprehensive income and expenditure				87,085			113,411

* Prior period adjustment - see Note 44. In the 2011/12 accounts the Cost of services was recorded as £285,022.

BALANCE SHEET
as at 31st March 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
NON-CURRENT ASSETS					
Property, Plant & Equipment	17,18,20				
Council dwellings		270,298		276,284	
Other land and buildings **		272,283		291,283	
Vehicles, plant, furniture and equipment		18,522		12,458	
Surplus assets		5,411		6,952	
Infrastructure assets		154,422		153,619	
Community assets		4,720		9,678	
Assets under construction		544		5,691	
Total Property, Plant & Equipment			726,200		755,965
Investment properties **	17,18,20		21,453		28,109
Agricultural estate	17,18,20		12,723		13,278
Intangible assets	16		697		732
Long term investments	21,36		15		2,753
Long term debtors	22		1,592		1,066
NON-CURRENT ASSETS TOTAL			762,680		801,903
CURRENT ASSETS					
Inventories	23	1,024		1,269	
Short term debtors (net of impairment provision)	24	39,404		29,935	
Short term investments	25	19,474		13,599	
Cash and cash equivalents	26	34,348		38,937	
Assets held for sale	27	3,774		2,752	
CURRENT ASSETS TOTAL			98,024		86,492
CURRENT LIABILITIES					
Borrowing repayable on demand or within 12 months	28	(4,296)		(10,487)	
Short term creditors *	29	(32,885)		(28,974)	
Provision for accumulated absences	32	(2,612)		(3,738)	
Deferred liabilities	12	(556)		(414)	
Grants receipts in advance *	30	(3,029)		(4,095)	
Provisions	32	(43)		0	
CURRENT LIABILITIES TOTAL			(43,421)		(47,708)
NON-CURRENT LIABILITIES					
Long term creditors	29	(2,480)		(1,905)	
Long term borrowing	31	(172,356)		(172,410)	
Deferred liabilities	33	(7,553)		(6,663)	
Provisions	32	(10,968)		(13,654)	
Other long term liabilities	4	(305,518)		(240,834)	
Grants receipts in advance *	30	(887)		(615)	
NON-CURRENT LIABILITIES TOTAL			(499,762)		(436,081)
NET ASSETS			317,521		404,606

* prior period adjusted figures

BALANCE SHEET

	Note	2013 £000	2013 £000	2012 £000	2012 £000
USABLE RESERVES					
Capital receipts reserve	34	5,348		6,074	
Capital grants unapplied	34	4,001		3,185	
Council fund	34	9,270		6,468	
Earmarked reserves	34	42,604		37,964	
Housing revenue account	34	1,931		1,890	
USABLE RESERVES TOTAL			63,154		55,581
UNUSABLE RESERVES					
Revaluation reserve	35	52,739		58,060	
Available-for-sale financial instruments reserve	35	(3)		368	
Capital adjustment account **	35	527,474		557,855	
Financial instruments adjustment account	35	(8,381)		(9,051)	
Pensions reserve	35	(305,518)		(240,834)	
Equal pay account	35	(9,334)		(13,644)	
Deferred capital receipts	35	2		9	
Accumulated absences account	35	(2,612)		(3,738)	
UNUSABLE RESERVES TOTAL			254,367		349,025
TOTAL RESERVES			317,521		404,606

** Prior period adjustment - see Note 44.

In the 2011/12 the Non-current assets were recorded as £814,655k and the Capital adjustment account £570,607k

The Balance Sheet shows the value at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories –

- Usable Reserves - 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 (e.g. the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

- Unusable Reserves - those reserves that the Authority is unable to use to provide services, including reserves that hold unrealised gains and losses (e.g. 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 under regulations'.

CASH FLOW STATEMENT

for the year ended 31st March 2013

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.

	Note	2013		2012	
		£000	£000	£000	£000
Net surplus or (deficit) on the provision of services *		(28,258)		(59,763)	
Adjustment to surplus or deficit on the provision of services for non-cash movements **		59,923		92,289	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(23,016)		(20,554)	
Net cash outflows from operating activities	45		8,649		11,972
Net cash flows from investing activities	46	(11,094)		(13,037)	
Net cash flows from financing activities	47	(2,144)		(193)	
			(13,238)		(13,230)
Net increase or decrease in cash and cash equivalents			(4,589)		(1,258)
Cash and cash equivalents at the beginning of the reporting period	26		38,937		39,982
Other			0		213
Cash and cash equivalents at the end of the reporting period	26		34,348		38,937

* The cash flow statement is reported using the indirect method, whereby net surplus or deficit on the provision of services is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing or financing cash flows.

** Prior period adjustment - see Note 44. In the 2011/12 accounts the Adjustment to deficit on the provision of services was £79,537k.

1. STATEMENT OF ACCOUNTING POLICIES

General Matters

The accounts have been prepared in accordance with the requirements of the 2012/13 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) - based on International Financial Reporting Standards (IFRSs) - issued by CIPFA, supported by guidance notes on the application of accounting standards.

There have been no changes in the adopted estimation techniques, and no material and unusual charges or credits are included within the accounts.

Accounting Standards Issued But Not Yet Adopted

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Council's accounting periods beginning on or after 1st April 2013 or later periods, but the Council has not early adopted them:

- IAS 1 – Presentation of Financial Statements. Changes to IAS 1 will require new groupings of the sections under Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement into reclassifiable and non-re-classifiable groupings. This is a presentational issue only and will not impact on any of the reported amounts in the Comprehensive Income and Expenditure Statement.
- IAS 12 – Income Taxes: Deferred Taxation. As the Council is not liable for Corporation Tax the standard will not apply to the Council's accounts.
- IAS 19 - Employee Benefits. Changes to the classification, recognition, measurement and disclosure requirements introduced by the June 2011 amendments to IAS 19 for post-employment benefits. The Council will apply the revised accounting standard from 1st April 2013 which will require 2012/13 figures to be restated in the 2013/14 accounts for comparative purposes. It is not expected to have a material (bottom line) impact on the Council's financial statements as the real costs of retirement benefits recognised in the Comprehensive Income and Expenditure Statement are reversed out in the Movement in Reserves Statement and replaced with cash payable in year, the statutory charge required to be made against Council Tax.
- IFRS 9 - Financial Instruments. The Council will apply IFRS 9 from 1st April 2015. It is not expected to have a material impact on the Council's financial statements.

Standards Early Adopted

There are no standards that have been early adopted by the Authority.

Critical Judgments and Assumptions Made

In preparing the Statement of Accounts, the authority has had to make judgments, estimates and assumptions for certain items that affect the application of its policies and reported levels of assets, liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience, current trends and other relevant factors that are considered to be reasonable and are used to inform the basis for judgments about the carrying values of assets and liabilities, where these are not readily available from other sources. However, because these cannot be determined with certainty, actual results could be materially different from those assumptions and estimates made.

The significant accounting estimates within the Statement of Accounts relate to non current assets and the impairment of financial assets.

Estimates and underlying assumptions are regularly reviewed. Changes in accounting estimates are adjustments of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities. Changes to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting judgments made and key sources of estimation uncertainty identified by the authority which have a significant effect on the financial statements are:

- Retirement Benefit Obligations – The Authority recognises and discloses its retirement benefit obligation in accordance with the measurement and presentational requirements of IAS 19 “Employee Benefits”. The estimation of the net pension liability depends on a number of complex judgments and estimates 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 is engaged to provide the authority with expert advice about the assumptions to be applied. Changes in these assumptions can have a significant effect on the value of the Authority’s retirement benefit obligation.

- Provisions – The Authority is required to exercise judgment in assessing whether a potential liability should be accounted for as a provision or contingent liability. In calculating the level of provisions the authority also exercises judgment; they are measured at the authority’s best estimate of the costs required to settle the obligation at the Balance Sheet date. The level of the Authority’s provisions and details of its contingent liabilities are set out in notes 32 and 39 respectively;

- Impairment of Financial Assets – The Authority provides for the impairment of its receivables based on the age, type and recoverability of each debt.

- Property, Plant and Equipment – Assets are depreciated over their useful life and reflect such matters as the level of repairs and maintenance that will be incurred in relation to individual types of asset, cost of replacement and assuming prudent maintenance, an estimate of the unexpired useful life of the asset.

- Asset Valuations – The authority values its non current assets on the basis of Fair Value, with the exception of the Housing Stock which is valued to ‘Existing Use Value – Social Housing’. The Authority exercises judgment on whether there is market evidence to value the asset on the basis of Fair Value and where there is no such evidence, the authority uses a depreciated replacement cost (DRC) approach.

- Asset Componentisation – The Authority has based the componentisation of assets using categories of typical buildings that the vast majority of its asset base would fall under. The Authority’s valuers have considered the current gross replacement costs and main components of these typical buildings on the basis of a Modern Equivalent Asset, less allowances for all relevant forms of obsolescence and optimisation. The costs for these have been obtained from the nationally recognised Building Cost Information Service and applied in accordance with the Royal Institution of Chartered Surveyors approved methodology. The Authority has also exercised judgment in classifying its assets under each typical building category and whether assets fall outside these categories and require individual attention for asset componentisation purposes.

- Future Levels of Government Funding and Levels of Reserves – The future levels of funding for local authorities has a high degree of uncertainty. The Authority has set aside amounts in provisions, working balances and reserves which it believes are appropriate based on local circumstances including its overall budget size, risks, robustness of budget estimates, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions and the Authority's track record in financial management. The Authority's budget strategy for 2013/14 was approved in March 2013 and can be found on the Authority's website.

Accounting for the Costs of the Carbon Reduction Commitment Scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme; the scheme is currently in its introductory phase which will last until 31st March 2014. There is a requirement for the Authority to purchase and surrender allowances (currently retrospectively), on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability is measured at the best estimate of the expenditure required to meet the obligation - normally at the current market price of the number of allowances required to meet the liability at the reporting date - and will be discharged by surrendering allowances. The cost to the Authority is apportioned to services on the basis of energy consumption, and is recognised (and reported) in the costs of services.

Borrowing Costs

The Council has elected to adopt the adaptation by the Code in respect of IAS 23 which allows borrowing costs in respect of qualifying assets to be expensed rather than capitalised. Therefore, all borrowing costs are recognised as an expense as they are incurred.

Capital Receipts

Capital receipts arise from the disposal of property assets and the repayment of advances, and are accounted for on an accruals basis; amounts not exceeding £10,000 from any disposal are treated as revenue income, in accordance with capital regulations. The requirement to set-aside 75% of receipts from the sale of council houses to repay debt was removed by way of the Local Government Act 2003, but the Council continues to make the set-aside as assumed in the HRA subsidy rules. The balance of receipts that is not reserved in this way, and which has not been used for capital financing purposes is included in the balance sheet as usable capital receipts. Non-housing capital receipts are 100% usable.

Cash and Cash Equivalents

Cash is represented by cash in hand. Cash equivalents are considered to be deposits with financial institutions that are readily convertible to known amounts of cash. The Council has determined that investments less than 3 months in length are deemed cash and cash equivalents.

In the Balance Sheet and Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

Component Accounting

Where a material item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately; the requirements are applicable to enhancement expenditure incurred, acquisition expenditure incurred, and revaluations carried out.

A deminimis materiality level of 0.5% of the value of the asset base has been set, below which individual items of property, plant and equipment will not be considered for componentisation; significant components will be deemed as those whose current cost is 20% or more of the total current cost of the asset, and categorised as follows based on significance, useful life and depreciation method :-

Component	Detail
Superstructure and Substructure	Frame, upper floors, roof, stairs, external walls, external windows and doors, internal walls and partitions, internal doors
Internal Finishes and Fittings	Wall, floor, ceiling finishes, fittings and furnishings
Services	Sanitary appliances, services equipment, disposal installations, water installations, heat source, space heating and air conditioning, ventilating systems, electrical installations, fuel installations, fire and lightening protection, communications and security installations, builders work in connection with and management and commissioning of services
Land	Land upon which the property is constructed

The basis upon which the calculation of the value of the components is made is replacement cost. In general, the expected split for components would be 50-60% for Superstructure and Substructure, 20% for Internal Finishes and Fittings and 20-30% for Services; the actual split is determined following individual valuation of the property. Land is a separate component in its own right, but is not considered for depreciation purposes.

When an asset is enhanced or replaced, the cost of the replacement component is compared with the cost of the total asset. If the cost of the enhancement or replacement is above 15% (or £20,000) of the overall cost of the asset, a proportion of the relevant component’s carrying value is derecognised and replaced by the cost of the new replacement asset.

When an asset is acquired or revalued, the cost of its component parts will be broken down into Superstructure and Substructure, Internal Finishes and Fittings, and Services providing that the asset exceeds the deminimis threshold of 0.5% of the value of the asset base. Land is identified as a separate component in its own right.

Debt Redemption (Minimum Revenue Provision)

The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 requires the Council to make prudent provision for the repayment of its debt. The Council sets amounts from revenue aside each year for the repayment of loans originally taken out to finance capital expenditure. This is called the minimum revenue provision (MRP).

Under capital accounting arrangements, the Council's services are charged depreciation to reflect the consumption of capital assets used. The depreciation charge is treated as the Council's revenue provision and any variation from the statutory minimum is transferred between the capital adjustment account and the income and expenditure account. The MRP is calculated in accordance with the 2012/13 MRP Policy Statement agreed by Council in March 2012 and Welsh Government Guidance on MRP.

The Council's Policy is to:

- Charge a minimum revenue provision equal to 2% of debt outstanding for the housing revenue account and 4% for the council fund, on capital expenditure incurred before 1 April 2008 and on future supported capital expenditure.

- Capital expenditure incurred on or after 1 April 2008 and funded by prudential borrowing will be repaid based on the useful asset life of the asset using equal annual instalments.

A breakdown of MRP charged for the year is disclosed in Note 6 on page 36.

In addition, the Authority may pay off or replace loans earlier than originally planned as part of its debt management strategy, dependent upon prevailing market conditions, risk and financial benefits that may accrue to the authority.

Debtors and Creditors

The revenue and capital accounts of the Authority are prepared on an accruals basis. Sums are included in the final accounts to cover income or expenditure attributable to the year of account for goods received or work done, but for which payment has not been received/made by 31st March 2013.

Depreciation

Straight line depreciation is provided for on all property, plant and equipment with a finite useful life (other than for non-depreciable land), with provision made from the first full financial year following acquisition/valuation in the case of all assets other than those acquired under finance leases, for which provision is made from the year of acquisition. The calculation is based on the 2012/13 opening net balance sheet valuations (valuation list less cumulative depreciation), with assumed nil residual values for all property, plant and equipment.

The most common useful lives used in respect of the provision for depreciation are:-

	Years
Other land and buildings	50
Vehicles, plant, furniture and equipment	3 - 10
Infrastructure assets	40

Where the asset comprises two or more major components, and the cost of the component is significant in relation to the total cost of the asset, with substantially different useful economic lives, each component has been accounted for separately.

Council Dwellings are depreciated by a sum equivalent to the Major Repairs Allowance (MRA). Assets capitalised under finance leases are depreciated over the life assigned to the asset by either the contract in place or, in the absence of this information being available, the Council's independent lease consultants as a result of their review of the lease.

Assets under Construction are not depreciated until the asset is brought into use.

Employee Benefits

The full cost of employees is recognised in the year in which the service is received from employees. The cost of annual leave entitlement, flexi-time and time off in lieu (TOIL) earned but not taken by employees at the end of the year is accrued in the financial statements. Where retrospective adjustments or special payments are required, for example through pay awards or redundancy payments, an accrual is also included.

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:

These are initially measured at fair value and carried at their amortised cost. Annual credits to 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. 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.

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 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. Values are based on the following principles:

- instruments with quoted market prices – the market price
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the available-for-sale reserve. The exception is where impairment losses have been incurred – these are debited to the comprehensive income and expenditure statement, along with any net gain/loss for the asset accumulated in the reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the comprehensive income and expenditure statement.

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to 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. This means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the comprehensive income and expenditure statement is the amount payable for the year in the loan agreement.

Government Grants and Contributions

Grant receipts in support of capital and revenue expenditure are accounted for on an accruals basis. Where an asset is financed partly or wholly by government grant (or any other contribution), the income is recognised in the comprehensive income and expenditure statement. Grants to cover general revenue expenditure (such as revenue support grant) are also credited to the comprehensive income and expenditure statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

Heritage Assets

Heritage assets are those assets that the Council intends to preserve in trust for future generations because of their cultural, environmental or historical associations. The Authority’s heritage assets include historical buildings, its archive (record office) collections, and museum collections.

Historical Buildings :

The Council’s Historical Buildings are located primarily in the Greenfield Valley Heritage Park. Historical buildings are classified as operational or non-operational.

Operational –

If in addition to being held for their heritage characteristics, they are used for other activities or to provide other services; they are valued in the same way as other buildings of that general asset type, and accounted for as operational assets.

Non-Operational –

If held for their heritage characteristics only; they are valued in accordance with FRS 30 (Heritage Assets). Consideration has been given to the categorisation and valuation of these assets on the basis of their existing and any potential alternative use. The majority of these do not command a market value and given their nature such value cannot be made on replacement cost basis; as such, historical cost measurement is considered appropriate where records are held. In accounting for these assets, it is recognised that the acquisition of the majority of them pre-date the existence of the current administrative authority (i.e. pre 1996 Local Government Re-organisation), and thereby prevents the collection of accurate/total historical cost information for accounting purposes.

Collections :

County Archives –

The archives, ranging from a single piece of paper to thousands of documents, are held under a variety of terms, the most common ones being deposit (long-term loan), gift or purchase.

A few purchased items are held, the most notable of which is Thomas Pennant's own copy of his *History of the Parishes of Whiteford & Holywell* (with additional illustrations) which was purchased in 1986 (price unrecorded).

The majority of archives are held on deposit. No attempt has been made to assign a cash or insurance value to this irreplaceable historical and cultural heritage, although in cases where the archives have been purchased, records of their saleroom value at the time may exist. Obtaining a valuation of all the owned assets would be a lengthy, resource intensive and costly exercise, and any market value placed on these assets would not be a true reflection of the value of the assets to the County's heritage; the assets, if lost, could not be replaced or reconstructed. Consequently, the Council does not recognise these assets on the balance sheet.

A small number of items are artefacts rather than documentary material which forms the large majority of the holdings, and as such are exceptions. The Council considers it appropriate to insure the artefacts even though it does not own them; their historical insurance value is £174,415 and is not considered material for reporting/disclosure purposes.

County Museum –

The County's museum collection consists of about 6,800 items or groups of items. Of these approximately 260 are displayed at Mold Museum, 100 at Buckley Museum and a group of about 580 items are on loan to Greenfield Valley Trust. The remainder is held in an off-site store.

The vast majority of the collection items have been donated. The only purchased items are - the Martin Harrison Collection of Buckley Pottery, consisting of 351 pieces of pottery and 103 tiles which was purchased in 2010 for £19,000, largely by way of grant funding; the collection was valued for the purposes of the grant aid application. A ceramic platter has since been added to this collection, purchased by the Tyrer Charitable Trust and donated to the Museums Service. Items have also been purchased through the Treasure Trove scheme and valued as part of that process – the purchase prices range from £50 to £1,500, some of which were grant aided.

There are 6 ceramic vessels on display in Buckley Museum which have insurance values as supplied by the lender (National Museums Liverpool).

The vast majority of the collection cannot be valued because of its diverse and unique nature. Conventional valuation approaches lack sufficient reliability and the cost of obtaining the valuations for these items would be disproportionate in terms of the benefit derived. As with the County Archives collection, the Council does not recognise these assets on the balance sheet.

Impairment

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by the loss being taken initially to the revaluation reserve to the extent that there is a balance on that reserve relating to the specific asset, with any excess charged to the relevant service revenue account.

Intangible Assets

Intangible assets are non-monetary assets without physical substance. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Council and where the cost of the asset can be measured reliably. Development expenditure, or purchased software licences may meet the definition of assets when access to the future economic benefits that they represent is controlled by the Council, either through custody or legal protection; a deminimis expenditure level of £10,000 below which the requirements of capital accounting will not be applied is in place.

Intangible assets are amortised from the first full financial year following acquisition/ implementation. The most common useful lives used in respect of amortisation are:-

	Years
Software licences	5
Development expenditure	7

Interest Charges

External interest payable is charged to the comprehensive income and expenditure statement together with the amortisation of gains and losses on the repurchase or early settlement of borrowing carried forward in the balance sheet.

Inventories

Inventories are valued at the lower of cost or net realisable value. The cost of each type of inventory is measured in a different way; the measurements used in respect of the Council's main inventories are:-

• Halkyn	Weighted average
• Alltami (Grounds Maintenance)	Weighted average
• Alltami (Vehicle Spares)	Weighted average
• Alltami (Fuel)	FIFO (first in first out)
• Canton	FIFO

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties and the agricultural estate have been valued at fair value. In cases where there was no market-based evidence of fair value for a particular asset, depreciated replacement cost has been used. Properties are not depreciated but are revalued annually according to market conditions at the year-end.

Gains and losses on the revaluation and impairment of investment properties are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement rather than through the revaluation reserve. The same treatment is applied to gains and losses on disposal. The gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance and therefore are reversed out in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund Balance.

Investments

Investments are shown in the balance sheet at fair value (market value) for each class of financial instrument.

Short term deposits and investments are included in the cash and cash equivalents rather than short term investments if they mature within 3 months of the acquisition date, under IAS 7.

Jointly Controlled Operations and Jointly Controlled Assets

The Council recognises on the balance sheet the assets that it controls and the liabilities that it incurs from the activity of any jointly controlled operations undertaken in conjunction with other parties, and reflects within the comprehensive income and expenditure statement the expenditure it incurs, and the share of income it earns from such.

The Authority accounts for only its share of any assets (items of property, plant and equipment) that are jointly controlled with other parties, and its share of liabilities and expenses and income earned; the joint arrangement does not involve the establishment of a separate entity.

Leases

Finance Leases

For a lease to be classified as a finance lease substantially all risks and rewards of ownership need to be bourne by the Council. There are five examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease. These are:

- the lease transfers ownership of the asset to the lessee by the end of the lease term
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value so as to make it reasonably certain the option will be exercised
- the lease term is for the major part of the economic life of the asset
- the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset (the Council have determined ‘substantially all’ to equate to 90% as advised by their independent lease consultants), and
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

Where substantially all risks and rewards of ownership of a leased asset are bourne by the Council, the asset is recorded as property, plant and equipment and a corresponding liability is recognised. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The property, plant and equipment acquired under finance leases are depreciated over the life of the asset as per the depreciation accounting policy.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Operating lease rentals are charged to revenue accounts, on an accruals basis, on a straight-line basis over the term of the lease.

Property leases are classified and accounted for as separate leases of land and buildings.

Non-Current Assets Held for Sale

Non-current assets held for sale have been valued at fair value. Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Assets intended for disposal are reclassified as non-current assets held for sale once all of the following criteria are met:

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset (or disposal group) must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Overheads

The costs of centrally provided support services and administrative buildings have been charged to services in line with the 2012/13 Service Reporting Code of Practice (SeRCOP). The costs of the corporate and democratic core and any non distributed costs are allocated to separate objective heads and are not apportioned to any other service.

Pensions

The Council participates in two different pension schemes which meet the needs of employees in particular services. The schemes provide members with defined benefits related to pay and service:

Teachers:
This is an unfunded scheme administered by the Department for Education (DfE). The pension costs charged to the accounts are at a contribution rate set by the DfE on the basis of a notional fund.

Other Employees:
This is a funded defined benefit final salary Local Government Pension Scheme (LGPS). All actuarial gains and losses are recognised in Other Comprehensive Income and Expenditure.

The accounts recognise the full liability that the Council has for meeting the future cost of retirement benefits that will arise from years of service earned by employees up to the balance sheet date, net of the contributions paid into the Fund and the investment income they have generated. The discount rate which is used to place a value on liabilities and calculate the current service cost is based on the redemption yields available on high quality corporate bonds.

Charges to service revenue accounts are based on a share of current service cost (the increase in future benefits arising from service earned in the current year) rather than employer's contributions. Discretionary benefits awarded on early retirement are accounted for in the year that the award decision is made.

Property, Plant and Equipment

Expenditure relating to the acquisition, creation or enhancement of property, plant and equipment is capitalised, provided that the asset yields benefits to the authority and to the services it provides for a period of more than one year; a deminimis expenditure level of £20,000 below which the requirements of capital accounting will not be applied is in place. Expenditure for the routine repair and maintenance of fixed assets is charged direct to service revenue accounts.

Property, plant and equipment are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Practice and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). They are classified into various groupings as required by the 2012/13 Code of Practice on Local Authority Accounting.

The valuation methodology used for the HRA Housing Stock is the Beacon Approach, an adjusted vacant possession value technique based on the value of the property assuming vacant possession, with an adjustment factor to reflect continued occupation by a secured tenant. This methodology - the most widely adopted amongst local authorities in Wales - is the methodology that is most likely to produce consistent valuations of similar HRA properties in different local authorities. The fair value of council dwellings is measured using existing use value–social housing (EUV–SH) as defined by RICS Valuation Standards, being the estimated amount for which a property should exchange (on the date of valuation) between a willing buyer and a willing seller, in an arm's-length transaction. Other operational fixed assets (infrastructure and community assets) and assets under construction are valued on the basis of historic cost.

The whole of the assets of the Authority must be revalued every five years - the Council meets this requirement by revaluing a proportion of the total asset portfolio each year; during 2012/13 (the third year of the current cycle, which commenced 1st April 2010), approximately 25% of non-dwelling assets were revalued. Material changes to valuations are adjusted in the interim period, as they occur. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. The revaluation reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account. Different classes of asset included on the group balance sheet are measured on different bases (in common with the balance sheet).

Provisions

The Council makes proper provisions for any liabilities or losses which are likely to be incurred, or certain to be incurred but where the expenditure required in settlement of the liability is uncertain with regards to the amount or timing of any payment.

Reserves

Amounts set aside for purposes falling outside the definition of provisions are considered as reserves. They represent either a planned set-aside of cash to resource unforeseen expenditure demands in the short term, resources to assist cash flow management or accumulated resources which have not been spent or earmarked at the end of the accounting period. Transfers to and from them are shown as appropriations in the movement on reserves statement, which replaces the statement of movement on the council fund balance.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the capital adjustment account then reverses out the amounts charged in the movement on reserves statement so there is no impact on the level of Council tax.

Segment Reporting

Responsibility for the allocation of resources rests with elected Members and the Responsible Financial Officer. The assessment of performance is undertaken by Members and the relevant Chief Officer. Segments have been identified which reflect the Council's organisational structure as reported to the Chief Operating Decision Maker (the Executive), and these have been reflected in the financial statements.

A segment is reported where its expenditure is 10% or more of the gross expenditure within the net cost of services; or its income is 10% or more of the gross income within the net cost of services.

Where the reportable segments identified do not include at least 75% of the expenditure within the net cost of services, additional segments or combinations of segments are treated as reportable segments until the reportable segments include at least 75% of the expenditure within the net cost of services.

The Council does not report assets or liabilities internally and as such there is not requirement to report these by segment in the financial statements.

Value Added Tax

The Council receives reimbursement for the net cost of value added tax incurred. The accounts have been prepared exclusive of tax, in accordance with SSAP 5.

2. SEGMENTAL REPORTING

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. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- expenditure on some support services is budgeted for centrally and not charged to directorates.

The income and expenditure of the Authority's principal directorates recorded in the budget reports for the year is as follows:

2012/13		Community Services £000	Environment £000	Lifelong Learning £000	Corporate Services £000	Central and Corporate Finance £000	HRA £000	Total £000
Income	Fees, charges & other service income	(7,005)	(19,361)	(17,276)	(51,253)	(4,917)	(31,622)	(131,434)
	Government grants	(7,773)	(7,133)	(22,321)	(358)	(162)	6,166	(31,581)
	Total	(14,778)	(26,494)	(39,597)	(51,611)	(5,079)	(25,456)	(163,015)
Expenditure	Employee expenses	27,968	24,095	106,676	13,053	1,946	5,974	179,712
	Other service expenses	41,935	34,171	43,947	56,349	25,868	19,408	221,678
	Total	69,903	58,266	150,623	69,402	27,814	25,382	401,390
Final Outturn		55,125	31,772	111,026	17,791	22,735	(74)	238,375

2011/12		Community Services £000	Environment £000	Lifelong Learning £000	Corporate Services £000	Central and Corporate Finance £000	HRA £000	Total £000
Income	Fees, charges & other service income	(8,332)	(37,516)	(14,685)	(49,840)	(18,783)	(55,795)	(184,951)
	Government grants	(9,343)	(7,220)	(20,004)	(709)	0	6,311	(30,965)
	Total	(17,675)	(44,736)	(34,689)	(50,549)	(18,783)	(49,484)	(215,916)
Expenditure	Employee expenses	28,488	24,270	105,337	12,558	3,579	6,034	180,266
	Other service expenses	44,490	52,147	41,373	55,912	36,815	43,080	273,817
	Total	72,978	76,417	146,710	68,470	40,394	49,114	454,083
Final Outturn		55,303	31,681	112,021	17,921	21,611	(370)	238,167

Reconciliation of Directorate 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.

	2012/13	2011/12
	£000	£000
Final outturn	238,375	238,167
Add amounts not reported to management*	45,801	96,823
Remove amounts reported to management not included in comprehensive income and expenditure statement	(17,618)	(37,216)
Net Cost of Services in Comprehensive Income and Expenditure Statement	266,558	297,774

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

Reconciliation to Subjective Analysis 2012/13	Service Analysis	Not Reported to Management	Not Included in I&E	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(131,434)	0	0	(131,434)	0	(131,434)
Interest and investment income	0	0	0	0	(26,269)	(26,269)
Income from council tax	0	0	0	0	(72,197)	(72,197)
Distribution from non-domestic rate pool	0	0	0	0	(40,562)	(40,562)
Government grants and contributions	(31,581)	0	0	(31,581)	(163,480)	(195,061)
Gain or loss on disposal of fixed assets	0	0	0	0	(5,192)	(5,192)
Total Income	(163,015)	0	0	(163,015)	(307,700)	(470,715)
Employee expenses	179,712		0	179,712	0	179,712
Other service expenses	221,678	(18,058)	1,289	204,909	0	204,909
Support Service recharges	0	18,907	(18,907)	0	0	0
Depreciation, amortisation and impairment	0	44,952	0	44,952	0	44,952
Interest payments	0	0	0	0	47,112	47,112
Precepts & levies	0	0	0	0	22,288	22,288
Total operating expenses	401,390	45,801	(17,618)	429,573	69,400	498,973
Surplus or deficit on the provision of services	238,375	45,801	(17,618)	266,558	(238,300)	28,258

Reconciliation to Subjective Analysis 2011/12	Service Analysis	Not Reported to Management	Not Included in I&E	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(184,951)	0	0	(184,951)	0	(184,951)
Interest and investment income	0	0	0	0	(31,517)	(31,517)
Income from council tax	0	0	0	0	(69,962)	(69,962)
Distribution from non-domestic rate pool	0	0	0	0	(35,203)	(35,203)
Government grants and contributions	(30,965)	0	0	(30,965)	(169,168)	(200,133)
Gain or loss on disposal of fixed assets	0	0	0	0	(42)	(42)
Total Income	(215,916)	0	0	(215,916)	(305,892)	(521,808)
Employee expenses	180,266	3,545	0	183,811	0	183,811
Other service expenses	273,817	20,293	(14,795)	279,315	0	279,315
Support Service recharges	0	22,421	(22,421)	0	0	0
Depreciation, amortisation and impairment*	0	50,564	0	50,564	0	50,564
Interest payments	0	0	0	0	45,933	45,933
Precepts & levies	0	0	0	0	21,948	21,948
Total operating expenses	454,083	96,823	(37,216)	513,690	67,881	581,571
Surplus or deficit on the provision of services	238,167	96,823	(37,216)	297,774	(238,011)	59,763

* Prior period adjustment - see Note 44. In the 2011/12 accounts the Amount not reported to management was recorded as £84,071k

3. OTHER OPERATING EXPENDITURE

	2013	2012
	£000	£000
Precept - North Wales Police Authority	13,059	12,705
Other preceptors - community councils	2,247	2,191
Levy - North Wales Fire and Rescue Authority	6,982	7,052
Net gain on the disposal of non-current assets	(5,193)	(42)
	17,095	21,906

4. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

An aggregate net financing and investment income and expenditure total of £20,844k (£14,416k in 2011/12), incorporates the investment losses and investment expenditure detailed below.

	2013	2012
	£000	£000
Interest payable and similar charges	10,075	10,231
Investment losses and investment expenditure (see page 29)	7,267	4,824
Pensions interest cost and expected return on pensions assets (see page 31)	8,919	7,706
Interest and investment income	(5,417)	(8,345)
	20,844	14,416

Investment Losses and Investment Expenditure

The following entries have been recognised:

	2013 £000	2013 £000	2013 £000	2012 £000	2012 £000	2012 £000
Impairment on investment property		6,099			748	
Impairment adjustments - Landsbanki	66			(202)		
Less interest receivable - Landsbanki	(101)			(159)		
		(35)			(361)	
			6,064			387
Investment (properties) expenditure			1,203			4,437
			7,267			4,824

Total impairments, net adjustment of £35k, relate to investments in the Icelandic bank Landsbanki, which collapsed in October 2008. The Council had £3,700k deposited with Landsbanki with varying maturity dates and interest rates illustrated in the following table :-

Date Invested	Maturity Date	Amount Orignally Invested £000	Interest Rate %	Amount Returned To Date £000	Outstanding Investment £000
22/07/08	17/10/08	1,200	5.82	571	629
01/09/08	14/11/08	1,500	5.70	714	786
08/09/08	18/11/09	1,000	5.67	475	525
		3,700		1,760	1,940

All monies are currently subject to the administration process. In late 2011, it was confirmed that priority status had been upheld by the Icelandic Supreme Court, ensuring that local authority investors (including Flintshire County Council), are recognised as preferential creditors.

The Winding up Board of Landsbanki made distributions to the Council as a priority creditor, in February, May and October 2012 totalling £1,760k.

The Winding Up Board published details of Landsbanki's (LBI's) financial position as at 31st December 2012 on its website. This showed that LBI's assets, including partial repayments already made in respect of priority claims were greater than the sum of the priority claims. It is therefore still considered likely that UK local authorities will recover 100% of their deposits, subject to potential future exchange rate fluctuations. The final impact on the Council will not be known until the distribution process is completed.

The available information is not definitive as to the amounts and timings of payments to be made by the administrators, and it is likely that further adjustments will be made to the accounts in future years. However, the gross impairment adjustment for 2012/13 (£66k) recognised in the comprehensive income and expenditure statement and shown in the following table has been calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the Authority until monies are fully recovered.

Date Invested	Maturity Date	Amount Invested	Interest Rate	Cumulative Impairment 1/4/2012	In Year Impairment 2012/13	Carrying Amount
		£000	%	£000	£000	£000
22/07/08	17/10/08	1,200	5.82	(108)	(21)	500
01/09/08	14/11/08	1,500	5.70	(134)	(27)	625
08/09/08	18/11/09	1,000	5.67	(90)	(18)	417
		3,700		(332)	(66)	1,542

The carrying amounts have been calculated using the present value of the expected repayments, discounted using the investment's original rate. The expected repayments (in December of each year) have been estimated as follows, based on the statements made by the administrator:-

2013	2014	2015	2016	2017	2018	2019	Total
£000	£000	£000	£000	£000	£000	£000	£000
269	254	240	227	214	202	136	1,542

Adjustments to the assumptions will be made in future accounts as more information becomes available.

The future pattern of distributions by the Landsbanki Winding Up Board is not known, but based on the above information, the Local Authority Accounting Panel recommends that the estimate of the recoverable amount is based on a total repayment of 100% and that future payment schedule should be estimated as follows:-

Date	%
December 2013	7.50
December 2014	7.50
December 2015	7.50
December 2016	7.50
December 2017	7.50
December 2018	7.50
December 2019	5.35
	50.35

Pensions - Teachers:

In 2012/13, the Council paid £7,294k to the Department for Education in respect of teachers' pension costs (£7,271k in 2011/12), which represents 14.1% (average) of teachers' pensionable pay (14.19% in 2011/12).

In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2012/13 these amounted to £513k (£487k in 2011/12), representing 1.00% of pensionable pay (0.95% in 2011/12).

The Teachers' Pension Scheme is a defined benefit scheme but is treated as a defined contribution scheme for accounting purposes as the Authority is unable to identify its share of assets and liabilities.

Pensions - Other Employees:

The Council received £791k from the fund for benefits administration and other central support services (£803k in 2011/12).

The impact of the pension costs charge on the balance sheet and comprehensive income and expenditure statement is reflected in the notes that follow.

Further information regarding the Clwyd Pension Fund accounts is provided on pages 78 to 104, and in the Clwyd Pension Fund Annual Report which is available upon request.

Transactions Relating to Retirement Benefits -

The cost of retirement benefits is recognised in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the movement in reserves statement. The transactions that have been made in the comprehensive income and expenditure statement and the movement in reserves statement during the year are :-

	2013		2012	
	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement				
Net Cost of Services -				
Current service cost	14,035		12,845	
Past service cost/(gain)	78		175	
Curtailments/settlements	221		473	
Net Operating Expenditure -		14,334		13,493
Interest cost	29,771		30,878	
Expected return on scheme assets	(20,852)		(23,172)	
		8,919		7,706
Net charge to comprehensive income and expenditure		23,253		21,199
Movement in Reserves Statement				
Reversal of net charges made for retirement benefits in		(23,253)		(21,199)
Actual amount charged against the Council fund				
Employers' contributions payable to scheme		21,202		20,849
Net debit/(credit) to the movement in reserves statement		(2,051)		(350)

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, there are actuarial losses of £62,633k (losses of £37,181k in 2011/12). The cumulative amount of actuarial losses is £248,225k (net).

Assets and Liabilities in Relation to Retirement Benefits -

Reconciliation of present value of the scheme liabilities :-

	2013	2012
	£000	£000
1st April	611,007	564,531
Current service cost	14,035	12,845
Interest cost	29,771	30,878
Contributions by scheme participants	4,913	4,866
Actuarial gains and losses	76,603	20,425
Benefits paid	(23,205)	(23,186)
Past service costs	78	175
Past service gains	0	0
Curtailments/settlements	221	473
31st March	713,423	611,007

Reconciliation of fair value of the Local Government Pension Scheme (LGPS) assets -

	2013	2012
	£000	£000
1st April	370,173	361,228
Expected rate of return	20,852	23,172
Actuarial gains and losses	13,970	(16,756)
Employer contributions	19,572	19,258
Contributions by scheme participants	4,913	4,866
Benefits paid	(21,575)	(21,595)
31st March	407,905	370,173

The actuarial assumptions used have been agreed with the actuary (Mercer Human Resource Consulting Limited) in line with the guidance provided by CIPFA.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. The assumed investment return on government bonds is the yield on 20 year fixed interest gilts at the relevant date. The return on equities is the yield on 20 year fixed interest gilts plus an allowance for the ‘risk premium’ associated with equity investment.

The actual return on scheme assets in the year was £34,822k (£6,416k in 2011/12).

Scheme History -

	2013	2012	2011	2010	2009	2008
						Restated
	£000	£000	£000	£000	£000	£000
Present value of liabilities	(713,423)	(611,007)	(564,531)	(589,060)	(429,545)	(501,354)
Fair value of assets	407,905	370,173	361,228	340,130	248,841	314,562
Surplus/deficit in the scheme	(305,518)	(240,834)	(203,303)	(248,930)	(180,704)	(186,792)

The liabilities total reflects the underlying long-term commitments that the Authority has in respect of retirement benefits due. The net liability of £305,518k is included as part of the unusable reserves total on the Balance Sheet (within the overall reserves balance of £317,521k) on page 12.

Statutory arrangements for funding the deficit means that the financial position of the authority remains healthy; the deficit on the local government scheme will be made good by increased contributions over the working life of employees, as assessed by the scheme actuary. The total contributions expected to be made to the LGPS by the Council in the year to 31st March 2014 is £19.7m.

Basis for Estimating Assets and Liabilities -

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Mercer Human Resource Consulting Limited, an independent firm of actuaries; estimates for the County Council are based on the latest full valuation of the scheme as at 1st April 2010. The principal assumptions used by the actuary for LGPS are -

	2013	2012
Long term expected return on assets in the scheme		
Equity investments	7.0%	7.0%
Bonds	3.9%	4.1%
Other	7.0%	7.0%
Mortality Assumptions		
Longevity at 65 for current pensioners -		
Men	22.2 yrs	21.8 yrs
Women	24.8 yrs	24.4 yrs
Longevity at 65 for future pensioners -		
Men	24.1 yrs	23.2 yrs
Women	26.8 yrs	26 yrs
Rate of inflation (Consumer Prices Index)	2.4%	2.5%
Rate of increase in salaries	3.9%	4.0%
Rate of increase in pensions	2.4%	2.5%
Rate for discounting scheme liabilities	4.2%	4.9%
Take up option to convert annual pension into retirement lump sum	50%	50%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:-

	2013	2012
	%	%
Equity investments	43.6	41
Other bonds	14.8	16
Property	7.3	10
Cash/liquidity	1.5	3
Other assets	32.8	30
	100	100

History of Experience Gains and Losses -

The actuarial gains identified as movements on the Pensions Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March 2013 :-

	2013	2012	2011	2010	2009	2008 Restated
	%	%	%	%	%	%
Differences between the expected and actual return on assets	3.4	(4.53)	(1.74)	19.67	(38.72)	(9.70)
Experience gains and losses on liabilities	0.00	0.00	3.31	0.00	0.00	1.68

5. TAXATION AND NON-SPECIFIC GRANT INCOME

	2013 £000	2012 £000
Council tax income	(72,197)	(69,962)
Non-domestic rates	(40,562)	(35,203)
Non-ringfenced government grants	(145,366)	(151,229)
Capital grants and contributions	(18,114)	(17,939)
	(276,239)	(274,333)

Council Tax

All domestic properties are included in the Council Tax Valuation List which is issued and maintained by the Valuation Office Agency, part of HMRC. Each property is placed in one of none property bands (Band A to Band I) depending on the open market valuation of the dwelling at 1st April 2003 (otherwise known as the valuation date). A tenth band (A-) is only available to those taxpayers who live in band 'A' properties and are entitled to a disabled banding reduction.

Council Tax is payable based on the valuation band into which a property has been placed by the Valuation Office Agency. Gross charges are calculated by dividing the total income requirements of the County Council, Police and Crime Commissioner for North Wales and Town/Community Councils by the council tax base.

The tax base is the total of all the properties in each band expressed as Band 'D' equivalent numbers and adjusted for exemptions, discounts and disregards. Allowances are also made within the tax base for bad or doubtful debts.

The tax base for 2012/13 was 60,865 band 'D' equivalent properties (60,692 in 2011/12) as calculated in the table below:

Chargeable Dwellings	Band A*	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Band I	Total
Number of chargeable dwellings	-	3,800	8,904	19,217	11,873	9,771	6,613	2,968	570	224	63,940
Dwellings with disabled reliefs	-	21	56	139	114	121	88	42	11	22	614
Adjusted chargeable dwellings	21	3,835	8,987	19,192	11,880	9,738	6,567	2,937	581	202	63,940
Adjusted Chargeable Dwellings											
Dwellings with no discounts	10	1,276	4,896	12,504	8,390	7,448	5,463	2,521	502	178	43,188
Dwellings with one discount	11	2,558	4,084	6,677	3,481	2,281	1,098	409	59	19	20,677
Dwellings with two discounts	0	1	7	11	9	9	6	7	20	5	75
Discounted chargeable dwellings	21	3,835	8,987	19,192	11,880	9,738	6,567	2,937	581	202	63,940
Discounted Chargeable Dwellings											
Total discounted dwellings	18	3,195	7,963	17,517	11,006	9,163	6,290	2,831	556	195	-
Ratio to band "D"	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	21/9	-
Band "D" equivalent	10	2,130	6,193	15,571	11,006	11,200	9,085	4,719	1,112	454	61,480

Collection rate adjustment (at 1%)	(615)
Exempt properties adjustment	0
Council Tax Base 2012/13	60,865

The Flintshire County Council precept for a band ‘D’ property in 2012/13 was £932.39 (£905.23 in 2011/12). Council tax bills were based on the following multipliers for bands A* to I :-

Band	A*	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9

Other precepts added to 2012/13 Council Tax demand notices included the North Wales Police Authority precept in the sum of £13,059k (£12,705k in 2011/12) and 34 Town and Community Councils who collectively raised precepts totalling £2,247k (£2,191k in 2011/12)

Analysis of the net proceeds from Council tax:

	2013 £000	2012 £000
Council tax collected	72,531	70,225
Add - Decrease in bad debts provision	33	27
Less - Amounts written off to provision	(367)	(290)
	72,197	69,962
Less - Payable to North Wales Police Authority	(13,059)	(12,705)
	59,138	57,257

Non-Domestic Rates (NDR)

NDR is organised on a national basis. The government sets the rate poundage which in 2012/13 was 45.2p for all properties (42.8p in 2011/12). The Council is responsible for collecting the rates in its area, which are paid into the NDR pool administered by the Welsh Government.

The Welsh Government distributes NDR pool receipts to local authorities on the basis of a fixed amount per head of population. 2012/13 NDR income paid into the pool was £58,603k after relief and provisions (£57,981k in 2011/12), based on a year end rateable value total of £153,000k (£153,115k in 2011/12).

Analysis of the net proceeds from non-domestic rates:

	2013 £000	2012 £000
Non-domestic rates collected	59,110	58,378
Less - Paid into NDR pool	(58,603)	(57,981)
Less - Cost of collection	(374)	(438)
Less - Increase in bad debts provision	(132)	41
	0	0
Receipts from pool	40,562	35,203
	40,562	35,203

Non-Ringfenced Government Grants

	2013	2012
	£000	£000
Revenue Grants - General		
Revenue support grant	143,891	149,753
Improvement agreement grant	1,475	1,476
	145,366	151,229

	2013	2012
	£000	£000
Capital Grants and Contributions		
Capital grants	12,914	12,739
Major repairs allowance	5,200	5,200
	18,114	17,939

6. PROVISION FOR REPAYMENT OF EXTERNAL LOANS

Section 22 of the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 requires the Authority to set aside a minimum revenue provision (MRP) in respect of the financing of capital expenditure incurred in that year or in any financial year prior to that year. The amounts set aside in 2012/13 were as follows :-

	2013	2012
	£000	£000
Total minimum revenue provision	7,578	6,403
Recharge to housing revenue account	(558)	(552)
	7,020	5,851

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

The debit adjustment for the year is £35,831k (£76,654k debit in 2011/12).

2012/13	Usable Reserves: Council Fund Balance £000	Council Fund Reserves £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Adjustments 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	29,954	0	15,974	0	0	(45,928)
Revaluation losses on Property, Plant and Equipment	18,502	0	0	0	0	(18,502)
Movements in the market value of Investment Properties	4,543	0	0	0	0	(4,543)
Amortisation of intangible assets	50	0	0	0	0	(50)
Capital grants and contributions applied	0	0	0	0	(17,298)	17,298
Revenue expenditure funded from capital under statute	7,367	0	0	0	0	(7,367)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	2,287	0	785	0	0	(3,072)
Realised investment upon liquidation of AD Waste	(3,151)	0	0	0	0	3,151
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(7,052)	0	(649)	0	0	7,701
Capital expenditure charged against the Council Fund and HRA balances	(236)	0	(4,692)	0	0	4,928
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to CIES	(18,114)	0	0	0	18,114	0
Adjustments involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&ES	(4,983)	0	(798)	5,781	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		0	0	(6,507)	0	6,507
Contribution from the capital receipts reserve towards administrative costs of non-current asset disposals	0	0	0	0	0	0
Transfer from deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(494)	0	(174)	0	0	668
Adjustments involving the Pensions Reserve:						
Amount by which pension costs calculated in accordance with the Code (ie in accordance with IAS19) are different from the contributions due under the pension scheme regulations	1,899	0	152	0	0	(2,051)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0
Employer’s pensions contributions and direct payments to pensioners payable in the year	0	0	0	0	0	0
Adjustment involving the Equal Pay Adjustment Account:						
Amount by which amounts charged for Equal Pay claims to the CIES are different from the cost of settlements chargeable in the year in accordance with statutory requirements	(4,310)	0	0	0	0	4,310
Adjustment involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,126)	0	0	0	0	1,126
Adjustments involving the Deferred Capital Receipts Account:						
Transfer from deferred Capital Receipts Reserve to CIES	0	0	7	0	0	(7)
Other Adjustment						
Net transfer to or from earmarked reserves as required by legislation	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	25,136	0	10,605	(726)	816	(35,831)

2011/12	Usable Reserves: Council Fund Balance £000	Council Fund Reserves £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Adjustments involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CI&ES):						
Charges for depreciation and impairment of non current assets *	32,643	0	23,792	0	0	(56,435)
Revaluation losses on Property, Plant and Equipment	29,897	0	0	0	0	(29,897)
Movements in the market value of Investment Properties	(1,261)	0	0	0	0	1,261
Amortisation of intangible assets	(15)	0	15	0	0	0
Capital grants and contributions applied	0	0	0	0	(23,898)	23,898
Movement in the Donated Assets Account	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	7,741	0	50	0	0	(7,791)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(42)	0	0	0	0	42
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(6,281)	0	(552)	0	0	6,833
Capital expenditure charged against the Council Fund and HRA balances	(1,288)	(457)	(2,714)	0	0	4,459
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to CI&ES	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(17,939)	0	0	0	17,939	0
Adjustments involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&ES						
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	(153)	0	153
Contribution from the capital receipts reserve towards administrative costs of non-current asset disposals						
Transfer from deferred Capital Receipts Reserve upon receipt of cash						
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	(132)	0	0	132
Adjustments involving the Pensions Reserve:						
Amount by which pension costs calculated in accordance with the Code (ie in accordance with IAS19) are different from the contributions due under the pension scheme regulations	350	0	0	0	0	(350)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	0	0	1,105	0	0	(1,105)
Employer's pensions contributions and direct payments to pensioners payable in the year	0	0	(977)	0	0	977
Adjustment involving the Equal Pay Adjustment Account:						
Amount by which amounts charged for Equal Pay claims to the CIES are different from the cost of settlements chargeable in the year in accordance with statutory requirements	3,545	0	0	0	0	(3,545)
Adjustment involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	102	0	38	0	0	(140)
Other Adjustment						
Net transfer to or from earmarked reserves as required by legislation	15,146	0	0	0	0	(15,146)
Adjustments between accounting basis & funding basis under regulations	62,598	(457)	20,625	(153)	(5,959)	(76,654)

* Prior period adjustment - see Note 44. In the 2011/12 accounts the Charges for depreciation and impairment of non-current asstes was recorded as £43,683k.

8. RELATED PARTIES

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

- Welsh Government exerts significant influence through legislation and grant funding – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties such as council tax bills and housing benefits. Material transactions are detailed in note 5 with further (revenue) grant support provided across various services to the value of £37,686k (£38,267k in 2011/12), including year end debtors of £2,636k.
- Relevant transactions with members of the Council during 2012/13 amounted to £584k (£528k in 2011/12), including year end creditors of £19k. This is based on a return received from all 70 members. One member was appointed in March 2011 as a commissioner to run Anglesey County Council. Transactions with Anglesey County Council for normal Council business amounted to £570k in 2012/13 (£368k in 2011/12), including year end creditors of £67k. The personal interests of all members are recorded in the Public Register of Members' Interests, in accordance with the law and the Council's Code of Conduct. The Register is available for public inspection by contacting the Head of Legal and Democratic Services at Flintshire County Council, County Hall, Mold.
- Relevant transactions with senior officers of the Council during 2012/13 amounted to £124k. The Head of Finance is related to the Office Manager of Welsh Border Community Transport which received grant funding from the Council, and the Head of ICT & Customer Services is a voluntary non-executive director of the Society of IT Management.
- Total precepts and levies to the North Wales Police Authority and the North Wales Fire and Rescue Authority amounted to £20,041k (£19,757k in 2011/12); total precepts to the 34 community/town councils amounted to £2,247k (£2,191k in 2011/12).
- Details of transactions with the Clwyd Pension Fund are provided in note 4 on pages 31 to 33, and within the Pension Fund accounts on pages 78 to 104.

9. AUDIT FEES

Total audit and inspection fees due during the year amounted to £496k (£495k in 2011/12). External audit services were provided by Wales Audit Office.

	2013	2012
	£000	£000
Fees for the accounts	216	216
Fees for the Local Government Measure	140	127
Fees for grants	140	152
	496	495

10. AGENCY SERVICES

Flintshire County Council is one of six partners within the North Wales Trunk Road Agency (NWTRA), the other partners being Anglesey, Conwy, Denbighshire, Gwynedd and Wrexham Councils. The Environment directorate within Flintshire County Council undertakes trunk road work on behalf of NWTRA for the Welsh Government. Reimbursement for work carried out under the Trunk Road Agency Agreement amounted to £2,280k (£2,063k in 2011/12).

Income and expenditure relating to the Trunk Road Agency Agreement is incorporated in the comprehensive income and expenditure statement net cost of services total.

The six North Wales councils act as agents of Welsh Government in providing recyclable loans under the Houses into Homes Scheme, for the repair of properties which have been long term vacant, with the aim of bringing them back into use. Flintshire County Council is the lead/banker authority for the North Wales region and responsible for administering the fund. Total income of £2,332k was received from Welsh Government during 2012/13 with payments against this sum amounting to £1,847k, of which Flintshire County Council received £529k.

11. OFFICERS' REMUNERATION

Regulation 7A of the Accounts and Audit (Wales) (Amendment) Regulations 2010 requires disclosure (in £5,000 bandings) of the number of employees whose remuneration - all sums paid to or receivable by the employee including payments on termination of employment, expense allowances chargeable to tax, and the money value of benefits - exceeded £60,000 :-

	2013		2012	
Remuneration Band	Non-Schools	Schools	Non-Schools	Schools
	No.	No.	No.	No.
£60,000 - £64,999	1	18	2	13
£65,000 - £69,999	5	4	7	5
£70,000 - £74,999	4	4	10	3
£75,000 - £79,999	2	1	2	1
£80,000 - £84,999	5	4	1	3
£85,000 - £89,999	0	0	0	0
£90,000 - £94,999	1	2	0	2
£95,000 - £99,999	2	0	2	0
£100,000 - £104,999	1	0	0	0
£105,000 - £109,999	0	0	0	0
£110,000 - £114,999	1	0	1	0
£115,000 - £119,999	1	0	0	0
£120,000 - £124,999	0	0	0	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	0	0	0
£135,000 - £139,999	0	0	1	0
£140,000 - £144,999	0	0	0	0
£145,000 - £149,999	0	0	0	0
£150,000 - £154,999	0	0	0	0
£155,000 - £159,999	0	0	1	0
£160,000 - £164,999	1	0	1	0
	24	33	28	27

Information has been compiled on the basis of the requirements of the Accounts and Audit Regulations, and related CIPFA guidance; the 2012/13 numbers include 4 interim employees covering permanent posts. All non-schools numbers include the senior employee posts listed on page 41. The band values do not include employer pension contributions, which for 2012/13 were accounted for at a rate of 14.1% for teachers and 22.5% for other employees.

Senior Employee Emoluments

The Accounts and Audit (Wales (Amendment) Regulations 2010 introduced the requirement to disclose the individual remuneration details for senior employees by post where the salary is between £60,000 and £150,000 and by name where the salary exceeds £150,000. Senior employees for the purpose of the disclosure are the chief executive, directors, statutory officers and persons for whom the chief executive is directly responsible.

Post Title	Note	Pensionable Pay £	Expense Allowance £	Total Remuneration Excluding Pension Contributions £	Employer's Pension Contributions £	Total Remuneration Including Pension Contributions £
2012/13						
Chief Executive (Colin Everett)	1	159,597	0	159,597	35,909	195,506
Director of Environment		97,328	0	97,328	21,899	119,227
Director of Community Services		91,437	0	91,437	20,400	111,837
Director of Lifelong Learning		97,328	0	97,328	21,899	119,227
Head of Finance		81,960	0	81,960	18,441	100,401
Head of Legal and Democratic Services	2	76,917	0	76,917	16,744	93,661
Head of Human Resources and Organisational Development		74,063	0	74,063	15,608	89,671
Head of ICT & Customer Services	3	80,679	0	80,679	18,009	98,688
		759,309	0	759,309	168,909	928,218
2011/12 (comparative information)						
Chief Executive - Colin Everett	1	156,302	80	156,382	35,168	191,550
Director of Environment		97,328	0	97,328	21,899	119,227
Director of Community Services	4	62,776	0	62,776	14,124	76,900
Director of Lifelong Learning		97,328	0	97,328	21,899	119,227
Head of Finance		81,960	0	81,960	18,411	100,371
Head of Human Resources and Organisational Development		69,154	0	69,154	15,560	84,714
Head of ICT & Customer Services	3	75,557	0	75,557	17,000	92,557
		640,405	80	640,485	144,061	784,546

Note 1 : Pensionable pay includes remuneration for (a) returning officer for local and national elections (with costs reimbursed by the respective Government for the latter), and (b) clerk to the North Wales Fire and Rescue Authority (with costs reimbursed by that body). Base salary (un-reviewed and unchanged since 2007) is £131,233.

Note 2 : Commenced April 2012. Acting/interim arrangements prior to the appointment are not included in the comparative analysis. Pensionable pay includes remuneration relating to role as Deputy Clerk to the North Wales Fire and Rescue Authority (with costs reimbursed by that body).

Note 3 : Pensionable pay includes remuneration for additional responsibilities (Assistant Chief Executive for Organisational Change).

Note 4 : Commenced July 2011.

Exit Packages

The Council is required to disclose (in £20,000 bandings) the numbers of exit packages agreed and the cost of the packages to the authority in the financial year. The totals disclosed are made up of redundancy payments, pension strain (including teacher's pension lump sum payments).

Exit costs arising in 2013/14 which the authority is demonstrably committed to incurring at the 31st March 2013 are also included in the disclosure.

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

Exit Package Cost Band	Compulsory Redundancies		Other Departures Agreed		Total Exit Packages by Cost Band		Total Exit Packages in Each Band	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	No.	No.	No.	No.	No.	No.	£	£
£0 - £20,000	16	37	13	26	29	63	147,931	391,215
£20,001 - £40,000	5	5	5	11	10	16	271,494	465,060
£40,001 - £60,000	0	1	4	9	4	10	184,487	471,003
£60,001 - £110,000	1	0	2	2	3	2	238,997	162,125
	22	43	24	48	46	91	842,909	1,489,403

12. LEASING

Lessee Rentals

Finance Leases -

The Council has acquired a number of items of vehicles, plant and equipment under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

Asset Classification	2013 £000	2012 £000
Vehicles, plant and equipment	7,941	5,987
	7,941	5,987

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property, plant and equipment acquired by the Council, and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts of which £556k is due to be paid during the next 12 months (£414k equivalent for the previous financial year).

	2013 £000	Repaid £000	New £000	2012 £000
Finance lease liabilities (net present value of the minimum lease payments):				
Current	556	47	189	414
Non-current	7,552	439	2,418	5,573
	8,108	486	2,607	5,987
Finance costs payable in future years	5,496	701	2,177	4,020
Minimum lease payments	13,604	1,187	4,784	10,007

Minimum lease payments - the lowest amount that a lessee can expect to pay on a lease over its lifetime
Finance lease liabilities - the capital element of the minimum lease payments
Finance costs - the interest element of the minimum lease payments

The minimum lease payments and finance lease liabilities will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	2013	2012	2013	2012
	£000	£000	£000	£000
Not later than one year	1,281	947	556	414
Later than one year and not later than five years	5,577	4,234	2,706	2,146
Later than five years	6,746	4,826	4,846	3,427
	13,604	10,007	8,108	5,987

Operating Leases -

In 2012/13, operating lease rentals paid amounted to £1,908k (£1,760k in 2011/12).

Asset Classification	2013 £000	2012 £000
Land	55	23
Buildings	152	140
Vehicles, plant and equipment	1,701	1,597
	1,908	1,760

The minimum lease payments due under operating leases in future years are:

	Land	Buildings	Vehicles, Plant & Equipment	Total
	£000	£000	£000	£000
Not later than one year	37	152	1,181	1,370
Later than one year and not later than five years	70	562	1,872	2,504
Later then five years *	952	445	0	1,397
	1,059	1,159	3,053	5,271

* Any open ended agreements are calculated to 2021/22 in line with the general average life of the longest leases

Lessor Rentals

Operating Leases –

The Council leases out property under operating leases largely for economic development purposes. In 2012/13, lease rentals receivable amounted to £2,387k (£2,286k in 2011/12).

The minimum lease payments receivable under operating leases in future years are:

	Land	Buildings	Total
	£000	£000	£000
Not later than one year	226	2,181	2,407
Later than one year and not later than five years	916	6,599	7,515
Later then five years *	11,444	12,368	23,812
	12,586	21,148	33,734

* Any open ended agreements are calculated to 2029/30 in line with the general average life of the longest leases

Finance Leases –

The Council does not lease out any properties on finance leases.

13. MEMBERS' ALLOWANCES

Allowances totaling £1,347k (inclusive of employer's national insurance and superannuation) were paid to members of the Council in 2012/13 (£1,363k in 2011/12), including £6k paid to former members of the Council who did not return to office following the May 2012 elections.

	2013	2012
	£000	£000
Basic allowance	921	913
Special responsibility allowance	228	264
Care allowance	0	3
Employer's national insurance	85	89
Employer's superannuation *	57	38
Members' expenses *	56	56
	1,347	1,363

* 2011/2012 figures have been restated to include additional amounts of Employer's superannuation and Members' expenses in respect of the Chair and Vice Chair of the Council, which were not included in last years accounts. The totals reported in last years accounts were £36k for Employer's superannuation and £46k for Members' expenses.

The allowances paid fall into the following bands :-

Allowance Band	2013 Number of Members	2012 Number of Members
£10,000 - £14,999	41	46
£15,000 - £19,999	11	3
£20,000 - £24,999	7	8
£25,000 - £29,999	7	4
£30,000 - £34,999	1	5
£35,000 - £39,999	0	3
£40,000 - £44,999	2	0
£45,000 - £49,999	0	0
£50,000 - £54,999	0	1
£55,000 - £59,999	1	0
	70	70

14. TRADING OPERATIONS

Since the repeal in January 2000 of the statutory requirements relating to the accounting and reporting for direct service organisations, there is no longer a prescribed requirement to keep trading accounts for services.

15. NATIONAL HEALTH SERVICES (WALES) ACT 2006

The Council has an agreement with Wrexham County Borough Council and the Betsi Cadwaladr University Health Board, pursuant to Section 33 of the National Health Service (Wales) Act 2006, for the provision of an integrated community equipment service under a pooled fund arrangement. The service is provided through staff of Flintshire County Council (as host partner) from Unit 3, Hawarden Industrial Estate, Hawarden.

Partnership	2013 £000	2012 £000
Gross expenditure	1,043	1,013
Gross income	(1,054)	(1,020)
(Surplus) / deficit for year	(11)	(7)
Contribution to Budget		
Flintshire County Council	406	362

Unit 3, which is situated within Flintshire, is jointly owned by Flintshire County Council (50.25%) and Wrexham County Borough Council (49.75%), and has been valued at £907k; the premises are included in Flintshire County Council's balance sheet (as host partner):-

Valuation	Gross £000	Net £000	%
Flintshire County Council	456	447	50.25
Wrexham County Borough Council	451	442	49.75
	907	889	100.00

16. INTANGIBLE ASSETS

	2013			2012		
	Software Licences £000	Development Expenditure £000	Total £000	Software Licences £000	Development Expenditure £000	Total £000
Balance at 1st April						
Gross carrying amounts	463	549	1,012	243	549	792
Accumulated amortisation	(65)	(215)	(280)	(28)	(136)	(164)
Net carrying amount	398	334	732	215	413	628
Additions	101	58	159	220	0	220
Amortisation for the period *	(116)	(78)	(194)	(37)	(79)	(116)
Balance at 31st March	383	314	697	398	334	732
Comprising:						
Gross carrying amounts	564	607	1,171	463	549	1,012
Accumulated amortisation	(181)	(293)	(474)	(65)	(215)	(280)
Total	383	314	697	398	334	732

* Additional amortisation following the reclassification of an existing intangible asset from development to software licences.

Intangible assets are amortised from the first full financial year following acquisition, in line with the related accounting policy as included on page 21. The amortisation of £194k charged to revenue in 2012/13 (£116k in 2011/12) is absorbed as an overhead across all the service headings in the Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

17. PROPERTY PLANT AND EQUIPMENT

Movements 2012/13

	Council Dwellings & Garages	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Infrastructure Assets	Community Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1st April, 2012	281,509	376,343	42,643	6,967	200,535	11,439	5,204	924,640
Additions	10,742	7,011	5,539	0	5,975	55	2,585	31,907
Disposals	0	0	0	0	0	0	0	0
Reclassifications	(550)	(2,746)	6,863	1,126	0	(6,863)	0	(2,170)
Revaluations	(10,809)	(30,558)	23	(2,568)	0	118	(7,245)	(51,039)
At 31st March 2013	280,892	350,050	55,068	5,525	206,510	4,749	544	903,338
Depreciation and Impairments								
At 1st April, 2012	(5,225)	(87,972)	(31,171)	(15)	(46,916)	(1,761)	0	(173,060)
Depreciation charge for 2012/13	(5,208)	(8,552)	(3,746)	0	(5,172)	0	0	(22,678)
Impairment charge for 2012/13	(185)	(308)	(671)	(99)	0	(11)	0	(1,274)
Disposals	0	0	0	0	0	0	0	0
Reclassifications	0	432	(1,739)	(177)	0	1,739	0	255
Revaluations	24	17,661	0	177	0	4	0	17,866
At 31st March 2013	(10,594)	(78,739)	(37,327)	(114)	(52,088)	(29)	0	(178,891)
Balance Sheet at 31st March 2013	270,298	271,311	17,741	5,411	154,422	4,720	544	724,447
Ex AD Waste assets *	0	972	781	0	0	0	0	1,753
Balance Sheet at 31st March 2013	270,298	272,283	18,522	5,411	154,422	4,720	544	726,200
Balance Sheet at 1st April 2012	276,284	291,283	12,458	6,952	153,619	9,678	5,691	755,965
Nature of Asset Holding								
Owned	270,298	272,283	10,581	5,411	154,422	4,720	544	718,259
Finance Lease	0	0	7,941	0	0	0	0	7,941
Private Finance Initiative	0	0	0	0	0	0	0	0
At 31st March 2013	270,298	272,283	18,522	5,411	154,422	4,720	544	726,200

* Revalued during 2012/13. See Note 43.

Movements 2011/12

	Council Dwellings & Garages	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Infrastructure Assets	Community Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1st April 2011	305,432	470,006	33,877	9,032	195,677	10,920	12,025	1,036,969
Additions	10,348	7,303	7,779	0	4,858	519	3,991	34,798
Disposals	(118)	0	0	(275)	0	0	0	(393)
Reclassifications	0	(137)	450	7,118	0	0	0	7,431
Revaluations **	(34,153)	(100,829)	537	(8,908)	0	0	(10,812)	(154,165)
At 31st March 2012	281,509	376,343	42,643	6,967	200,535	11,439	5,204	924,640
Depreciation and Impairments								
At 1st April 2011	(12,146)	(128,574)	(27,922)	(1,113)	(41,661)	(1,462)	(10,812)	(223,690)
Depreciation charge for 2011/12	(5,216)	(5,245)	(1,630)	0	(5,255)	(299)	0	(17,645)
Impairment charge for 2011/12	0	0	(1,082)	0	0	0	0	(1,082)
Disposals	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Revaluations	12,137	45,847	(537)	1,098	0	0	10,812	69,357
At 31st March 2012	(5,225)	(87,972)	(31,171)	(15)	(46,916)	(1,761)	0	(173,060)
Balance Sheet at 31st March 2012	276,284	288,371	11,472	6,952	153,619	9,678	5,204	751,580
Acquisitions AD Waste purchase *	0	2,912	986	0	0	0	487	4,385
Balance Sheet at 31st March 2012	276,284	291,283	12,458	6,952	153,619	9,678	5,691	755,965
Balance Sheet at 1st April 2011	293,286	344,344	6,941	7,919	154,016	9,458	1,700	817,664
Nature of Asset Holding								
Owned	276,284	291,283	6,471	6,952	153,619	9,678	5,691	749,978
Finance Lease	0	0	5,987	0	0	0	0	5,987
Private Finance Initiative	0	0	0	0	0	0	0	0
At 31st March 2012	276,284	291,283	12,458	6,952	153,619	9,678	5,691	755,965

** Prior period adjustment - see Note 44. In the 2011/12 accounts Other Land and Buildings was recorded at £303,972k.

Property, Plant and Equipment

- Council dwellings, other land and buildings, vehicles, plant, furniture and equipment that are held, occupied, used or contracted to be used on behalf of the Authority, or consumed in the direct delivery of services. Included are dwellings and other housing properties, office buildings, schools, libraries, sports centres and pools, residential homes/day centres, depots and workshops, cemetery buildings, off street car parks, vehicles, mechanical plant, fixtures and fittings and other equipment.
- Infrastructure assets are inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Included are highways, footpaths, bridges, water and drainage facilities and coastal defences.
- Community assets are assets that the Authority intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect of sale and change of use. Included are parks and open spaces, recreation grounds, play areas and cemetery land.

18. INVESTMENT PROPERTIES AND AGRICULTURAL ESTATE

Movements 2012/13

	Investment Properties	Agricultural Estate	Total
	£000	£000	£000
Cost or Valuation			
At 1st April 2012	28,550	13,278	41,828
Additions	24	0	24
Disposals	0	0	0
Reclassifications	(1,745)	(555)	(2,300)
Revaluations	(5,166)	0	(5,166)
At 31st March 2013	21,663	12,723	34,386
Depreciation and Impairments			
At 1st April 2012	(587)	0	(587)
Depreciation charge for 2012/13	0	0	0
Impairment charge for 2012/13	0	0	0
Disposals	0	0	0
Reclassifications	(255)	0	(255)
Revaluations	587	0	587
	(255)	0	(255)
Balance Sheet at 31st March 2013	21,408	12,723	34,131
* Ex AD Waste assets	45	0	45
Balance Sheet at 31st March 2013	21,453	12,723	34,176
Balance Sheet at 1st April 2012	28,008	13,278	41,286
Nature of Asset Holding			
Owned	21,453	12,723	34,176
Finance Lease	0	0	0
Private Finance Initiative	0	0	0
At 31st March 2013	21,453	12,723	34,176

* Revalued during 2012/13. See Note 43

Movements 2011/12

	Investment Properties £000	Agricultural Estate £000	Total £000
Cost or Valuation			
At 1st April 2011	31,038	14,864	45,902
Additions	261	0	261
Disposals	0	(1,215)	(1,215)
Reclassifications	0	0	0
Revaluations *	(2,749)	(371)	(3,120)
At 31st March 2012	28,550	13,278	41,828
Depreciation and Impairments			
At 1st April 2011	(4,178)	(371)	(4,549)
Depreciation charge for 2011/12	0	0	0
Impairment charge for 2011/12	0	0	0
Disposals	0	0	0
Reclassifications	0	0	0
Revaluations	3,591	371	3,962
	(587)	0	(587)
Balance Sheet at 31st March 2012	27,963	13,278	41,241
Acquisitions AD Waste purchase	146	0	146
Balance Sheet at 31st March 2012	28,109	13,278	41,387
Balance Sheet at 1st April 2011	27,006	14,493	41,499
Nature of Asset Holding			
Owned	28,109	13,278	41,387
Finance Lease	0	0	0
Private Finance Initiative	0	0	0
At 31st March 2012	28,109	13,278	41,387

* Prior period adjustment - see Note 44. In the 2011/12 accounts Investment properties were

19. ASSET VALUATION

Non-Current Asset Valuation

The freehold and leasehold properties which comprise the Authority's property portfolio have been valued in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors, and the CIPFA Guide to Asset Registers - they are classified into various groupings as required by the 2012/13 Code of Practice on Local Authority Accounting in the United Kingdom. The whole of the assets of the Authority must be revalued every five years - during 2012/13 approximately 25% of non-dwelling assets were revalued, although material changes to valuations are adjusted as they occur. The valuation process incorporates impairment reviews in compliance with IAS 36.

Council dwellings and garages have been valued on the basis of existing use value for social housing. All property, plant and equipment are now valued at fair value (as is required by the implementation of IFRS) in accordance with IAS 16, with the exception of infrastructure assets, community assets and assets under construction which are valued on the basis of historical cost.

Investment properties and the agricultural estate have also been valued at fair value in accordance with IAS 40. Those assets included at fair value have been valued by way of in-house valuers –

Property, Plant and Equipment -	
Council housing garages	Paula M. Blellock BSc (Hons) MRICS of Flintshire County Council
Council dwellings	Not applicable this financial year
Residential homes	Not applicable this financial year
Other operational land and buildings	Paula M. Blellock BSc (Hons) MRICS,Paul Brockley BSc (Hons) MRICS, John Allen MRICS, Lisa McLellan BSc (Hons) MRICS all of Flintshire County Council
Non-Operational Assets	
Investment property	Paula M. Blellock BSc (Hons) MRICS of Flintshire County Council
Agricultural estate	Not applicable this financial year

Straight line depreciation is provided for on all non-current assets with a finite useful life, other than for non-depreciable land and non-operational investment properties in accordance with IAS 16 and IAS 40. The calculation is based on the 2012/13 opening balance sheet valuations, with assumed nil residual values for all non-current assets, and varying useful life values across the portfolio.

Where the asset comprises of two or more major components with substantially different useful economic lives, each component has been accounted for separately. A materiality level has been set for componentisation being individual assets greater than or equal to £2.5 million and significant components have been identified as 20% of the value of any material asset. Details of the useful lives for depreciation purposes are included within the Accounting Policies on page 18.

Vehicles, plant, furniture and equipment are valued on the basis of historical cost at £18,522k, net of depreciation (£12,458k in 2011/12).

20. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table on page 51 (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the capital financing requirement, a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

Future Commitments

At 31st March 2013, the Council's forward capital programme for the next four years includes (amongst other indicative programme schemes), significant specific commitments in respect of:

- School modernisation works (£37,411k)
- Private sector housing renewal loans (£9,850k)
- School buildings repair and maintenance 'backlog' works (£9,530k)
- Depot rationalisation (£2,350k)

	2013 £000	2012 £000
Capital Investment		
Property, plant and equipment	31,907	34,798
Investment properties	24	261
Intangible assets	159	220
REFCUS (see page 25)	7,890	8,355
	39,980	43,634
Sources of Finance		
Capital receipts	(6,051)	(2,618)
Capital grants and contributions	(17,297)	(23,898)
Capital reserves / CERA	(5,087)	(4,095)
	(28,435)	(30,611)
Increase/(decrease) in capital financing requirement	11,545	13,023
Increase in supported borrowing	5,141	5,788
Increase in other (unsupported) borrowing	3,778	1,812
Assets acquired under finance leases	2,626	5,423
	11,545	13,023

21. LONG TERM INVESTMENTS

Long term investments are carried in the balance sheet at fair value. Further related information is included in note 36 on pages 64 – 67.

	2013 £000	2012 £000
War stock	15	15
Shares	0	725
Banks/building society deposits	0	2,013
	15	2,753

22. LONG TERM DEBTORS

	2013 £000	2012 £000
Other entities and individuals	1,592	1,066
	1,592	1,066

Analysis of long term debtors classified as ‘Other entities and individuals’ :-

	2013 £000	2012 £000
Mortgages - Former council house tenants	0	2
Renewal and improvement loans	1,291	769
First time buyer loans	100	100
Assisted car purchase loans	160	155
Private street works	41	40
	1,592	1,066

23. INVENTORIES

The Council holds total inventories of £1,024k (£1,269k in 2011/12) in the balance sheet as at 31st March 2013.

	2013 £000	2012 £000
Building maintenance	29	90
Highways maintenance	286	322
Fleet fuel	23	33
Grounds maintenance	8	8
Vehicle maintenance	38	35
Rock salt	291	257
Miscellaneous	349	524
	1,024	1,269

In accordance with IAS 2 the total cost in the year of each main type of inventory held at the balance sheet date is to be disclosed.

	2013 £000	2012 £000
Building maintenance *	0	463
Highways maintenance	308	332
Fleet fuel (Queensferry) **	0	93
Fleet fuel, grounds maintenance and vehicle maintenance (Alltami)	623	511
	931	1,399

* Building maintenance inventory is now externally managed under a partnership arrangement with Travis Perkins.
** Fleet fuel previously located at Queensferry has been transferred to the Alltami depot.

24. SHORT TERM DEBTORS

	2013 £000	2012 £000
Housing rents	1,491	1,398
Council tax	2,651	2,700
Government departments	9,443	454
Taxation	3,420	1,816
Lending	127	138
Payments made in advance	2,424	3,492
Benefit overpayments	2,260	1,651
Non-domestic rates agency	3,380	450
Other debtors	16,976	20,535
	42,172	32,634
Less provision for impairment losses (note 32)	(2,768)	(2,699)
	39,404	29,935

25. SHORT TERM INVESTMENTS

The balance sheet total of £19,474k (£13,599k in 2011/12) is recorded net of those sums invested for 3 months or less (including overnight/call account monies) which are treated as cash, amounting to £36,300k (£24,000k in 2011/12). Included within the total are accounting entries relating to deposits with the Icelandic bank Landsbanki (see note 4 on pages 29 to 30).

	2013	2012
	£000	£000
Investments (3 months – 365 days)	17,800	11,000
Accrued interest	130	128
	17,930	11,128
Residual Landsbanki Investment	1,938	2,613
Accrued Interest	737	633
Impairment	(1,131)	(1,065)
AD Waste	0	290
	1,544	2,471
	19,474	13,599

26. CASH AND CASH EQUIVALENTS

	2013		2012	
	£000	£000	£000	£000
Current Assets				
Temporary investments (call accounts)		2,000		16,000
Cash and cash equivalents	36,743		25,458	
Cash overdrawn	(4,395)		(2,521)	
		32,348		22,937
		34,348		38,937

27. ASSETS HELD FOR SALE

Those assets that are highly probable to be sold within one year of classification. The re-classifications adjustment (£3,774k) links with those reclassifications recorded within Property, Plant and Equipment – see note 17 on page 46 and note 18 on page 48.

	Council Dwellings & Garages	Other Property, Plant & Equipment	Investment Properties	Agricultural Estate	Total
	£000	£000	£000	£000	£000
At 1st April 2012	518	2,234	0	0	2,752
Assets newly classified as held for sale	704	579	2,786	555	4,624
Assets declassified as held for sale	(154)	0	0	0	(154)
Net Reclassifications	550	579	2,786	555	4,470
Revaluation losses	0	(135)	(241)	0	(376)
Revaluation gains	0	0	20	0	20
Net Revaluations	0	(135)	(221)	0	(356)
Assets sold	(785)	(779)	(1,528)	0	(3,092)
At 31st March 2013	283	1,899	1,037	555	3,774

28. BORROWING REPAYABLE ON DEMAND OR WITHIN 12 MONTHS

	2013	2012
	£000	£000
Accrued interest on long term external borrowing	4,242	4,298
Government (PWLB)	-	1,500
Invest to Save loan (from Welsh Government)	-	131
Energy Efficiency Loans (from Salix Finance Ltd.)	54	27
AD Waste - inter company loan	-	4,531
	4,296	10,487

29. CREDITORS

	2013		2012	
	£000	£000	£000	£000
Short Term				
General creditors *		30,824		26,344
Payments received in advance				
Housing rents	247		233	
Council tax	592		679	
Other	1,222		1,718	
		2,061		2,630
		32,885		28,974
Long Term				
Payments received in advance				
Other		2,480		1,905
		2,480		1,905

* 2012 figures have been restated to exclude amounts in respect of government grant receipts in advance that are yet to be recognised as income. These amounts were included within short term creditors in last years accounts but are now reported separately as detailed in note 30. The total excluded from short term creditors for 2012 is £4,710k, split between short term revenue grants (£4,095k) and long term revenue grants (£615k).

30. GRANTS RECEIPTS IN ADVANCE

	2013	2012
	£000	£000
Short Term		
Revenue grants *	3,029	4,095
	3,029	4,095
Long Term		
Revenue grants *	887	615
	887	615

* prior period adjusted figures

31. LONG TERM BORROWING

Analysis	Interest Rates Minimum %	Interest Rates Maximum %	2013 £000	2012 £000
By Loan Type (Fixed Rate)				
Salix Finance (Energy Efficiency)	Interest Free		243	297
Government (PWLB)	0.54	9.50	153,163	153,163
Other financial institutions	4.48	4.58	18,950	18,950
			172,356	172,410
By Maturity				
Between 1 and 2 years			0	55
Between 2 and 5 years			1,600	162
Between 5 and 10 years			15,734	14,771
More than 10 years			155,022	157,422
			172,356	172,410

32. PROVISIONS

The amounts recognised as provisions are the best estimates of the expenditure required to settle present obligations. The provision total (non current and current) of £11,011k incorporates the following balances :-

	2013 £000	Movement Out £000	Movement In £000	2012 £000
Claims (staff)	9	0	0	9
North Wales Safety Camera Partnership	0	(1)	0	1
Equal pay	9,334	(4,310)	0	13,644
M M I Scheme of Arrangement	577	0	577	0
Aftercare of former landfill sites	1,091	(20)	1,111	0
	11,011	(4,331)	1,688	13,654

- The staff claims provision covers the anticipated costs of various staff claims against the Council; no immediate calls against the provision are expected.
- The North Wales Safety Camera Partnership provision provides cover for compensation to drivers who have been wrongly fined for speeding in a designated area when it was not correctly marked as a 30 m.p.h. zone. The timing and certainty of obligations depends entirely upon those motorists who haven't already submitted claims, proceeding to do so.
- The equal pay provision provides cover for the potential costs associated with the settlement of historic equal pay cases, which includes the potential liability for existing and potential equal pay claims. The equal pay account included in the balance sheet on page 12 (and the disclosure on page 62) is used to hold an amount equal to equal pay which has been deferred from being charged to the Council fund under the Local Authority (Capital Finance and Accounting) (Wales) Regulations. The single status/equal pay reserve (as included within earmarked reserves on page 57), provides cash-backing for the provision; the £9,334k is not additional to the £25,653k earmarked reserve figure.
- The provision in relation to the 'MMI Scheme of Arrangement' was created in 2012/13 following the decision taken by the board of MMI to trigger the scheme of arrangement on 13th November 2012.

  MMI was the predominant insurer of public sector bodies prior to it ceasing to write insurance business from September 1992. In order to ensure an orderly run-off, a scheme of arrangement with its Creditors was put in place. In the event of it becoming clear that a solvent run-off was unlikely to be achieved then the scheme of arrangement would be triggered.

All scheme Creditors would be subject to a percentage levy on all scheme liabilities paid to date and any future payments would be made at a reduced rate.

The scheme administrator has informed scheme Creditors that the levy will be 15% of claims paid to date. Flintshire, as the incumbent local government organisation, is responsible for paying the levy in relation to the former borough councils of Delyn and Alyn and Deeside, and its share of the former county council of Clwyd as agreed with the other North Wales Local Authorities. 15% of total claims paid to date equates to the provision of £577k.

- In the 2011/12 accounts a deferred liability of £1,090k was included in Flintshire's balance sheet. This followed the Council's acquisition of AD Waste Ltd and was to recognize the need to provide for the environmental aftercare costs of former waste disposal sites. In 2012/13 this was transferred to provisions, reviewed for adequacy and increased to £1,091k to reflect the transfer of responsibility to the Council for the environmental aftercare costs of these former waste disposal sites, with £43k a current liability and £1,048k a non-current liability.

Current Provisions – Accumulated Absences

The provision for accumulated absences in 2012/13 is £2,612k (£3,738k in 2011/12).

	2013	Movement Out	Movement In	2012
	£000	£000	£000	£000
Accumulated absences	2,612	(1,302)	176	3,738
	2,612	(1,302)	176	3,738

Short-term accumulating compensated absences refer to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Authority. The most significant benefit covered by this heading is holiday pay. Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render service that increases their entitlement to future compensated absences. As a result, the Authority is required to accrue for any annual leave earned but not taken at 31st March each year. Under the previous accounting arrangements, no such accrual was required. The Government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.

Current Provisions - Provision for Impairment Losses (Bad Debts)

Amounts due to the Council have been reduced by estimated provisions for impairment losses.

	2013	2012
	£000	£000
Housing rents	719	637
Council tax	770	803
Other debtors	1,279	1,259
	2,768	2,699

33. DEFERRED LIABILITIES

	2013 £000	2012 £000
Non-current finance leases	7,553	5,573
AD Waste Limited	0	1,090
	7,553	6,663

A finance lease total of £7,553k is due to be paid beyond 2012/13 (£5,573k in 2011/12) as part of the minimum lease payments due as disclosed in note 12 on page 42.

The AD Waste Limited liability £1,090k in 2011/12 in respect of the environmental aftercare of former waste disposal sites, was transferred to non-current provisions in 2012/13 as disclosed in note 32 on page 55.

34. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and note 7 on page 36.

Council Fund

The Council fund balance of £9,270k represents the value of unearmarked reserves available to the Authority (£6,468k in 2011/12).

Earmarked Reserves

Total earmarked reserves of £42,604k (£37,964k in 2011/12) include revenue service balances of £6,495k (£6,479k in 2011/12), the surpluses generated by locally managed schools of £3,097k (£2,658k in 2011/12), and various other specific reserves. Movement between earmarked reserves is summarised in the following table :-

	Balance at 1 April 2011 £000	Transfers Out 2011/12 £000	Transfers In 2011/12 £000	Balance at 31 March 2012 £000	Transfers Out 2012/13 £000	Transfers In 2012/13 £000	Balance at 31 March 2013 £000
Service balances	5,795	(4,519)	5,203	6,479	(5,340)	7,783	8,922
School balances	1,974	(2,741)	3,425	2,658	(2,917)	3,356	3,097
Single status/equal pay	20,380	0	3,776	24,156	0	1,497	25,653
Benefits equalisation	255	0	234	489	(121)	751	1,119
County elections	49	0	43	92	(4)	0	88
Clwyd Theatr Cymru	5	(5)	(43)	(43)	26	0	(17)
Supporting people	1,209	0	284	1,493	0	0	1,493
Community equipment store	48	0	7	55	0	11	66
Building control trading account	248	(39)	0	209	0	0	209
Milk quotas	68	0	4	72	0	5	77
Waste disposal	895	(84)	0	811	(103)	0	708
Planning gain	3	0	0	3	0	0	3
Flintshire Enterprise Ltd	219	(32)	0	187	(48)	0	139
Third party claims	87	0	0	87	0	0	87
Design fees	0	0	120	120	0	0	120
Mineral and waste	0	0	7	7	0	4	11
Winter maintenance	0	0	245	245	(245)	0	0
Insurance fund - asbestos	100	0	60	160	0	0	160
Flintshire Insurance Fund	1,037	(363)	0	674	(14)	0	660
Clwyd Insurance Fund	10	0	0	10	(1)	0	9
Housing - CERA	457	(457)	0	0	0	0	0
	32,839	(8,240)	13,365	37,964	(8,767)	13,407	42,604

Housing Revenue Account

The housing revenue account reserve cumulative balance of £1,931k (£1,890k in 2011/12) includes the 2012/13 HRA surplus of £41k (£276k in 2011/12), as detailed on pages 74 and 75.

Capital Receipts Reserve

The capital receipts reserve contains receipts from the sale of assets which have yet to be used to finance capital or to repay debt.

Capital Grants Unapplied

Capital grants unapplied are amounts received but not yet applied to finance capital expenditure.

35. UNUSABLE RESERVES

The details of movements on unusable reserves are as follows –

	2013	2012
Reserves	£000	£000
Revaluation reserve	52,739	58,060
Available-for-sale financial instruments reserve	(3)	368
Capital adjustment account *	527,474	557,855
Financial instruments adjustment account	(8,381)	(9,051)
Pensions reserve	(305,518)	(240,834)
Equal pay account	(9,334)	(13,644)
Deferred capital receipts	2	9
Accumulated absences account	(2,612)	(3,738)
Total Unusable Reserves	254,367	349,025

*Prior period adjustment - see Note 44.

In the 2011/12 the Capital adjustment account was recorded as £570,607k

Revaluation Reserve

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

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

The revaluation reserve records unrealised revaluation gains arising since 1st April 2007, the date that the Reserve was created. The reserve is matched by non-current assets within the balance sheet - the resources are not available for financing purposes.

Revaluation Reserve:

	2013		2012	
	£000	£000	£000	£000
Balance at 1st April		58,060		114,579
Upward revaluation of assets	10,994		9,464	
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(6,818)		(26,091)	
Surplus or deficit on revaluation of non-current assets not posted to the surplus/deficit on the provision of services		4,176		(16,627)
Difference between fair value depreciation and historical cost depreciation	(9,497)		(39,892)	
Accumulated gains on assets sold or scrapped	0		0	
Amount written off to the capital adjustment account		(9,497)		(39,892)
Balance at 31st March		52,739		58,060

Available-for-Sale Financial Instruments Reserve

The available-for-sale financial instruments reserve records unrealised revaluation gains arising from holding available-for-sale investments, plus any unrealised losses that have not arisen from impairment of the assets. The reserve is matched by borrowings and investments within the balance sheet - the resources are not available for financing purposes.

	2013		2012	
	£000	£000	£000	£000
Balance at 1st April		368		254
Upward revaluation of investments	0		114	
Downward revaluation of investments not charged to the surplus/deficit on the provision of services	(371)		0	
		(371)		114
Balance at 31st March		(3)		368

Pensions Reserve

The pensions reserve is an adjustment account that absorbs the timing differences arising from different arrangements for post employment benefits and for funding benefits in accordance with statutory provisions.

The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement - the benefits are earned by employees accruing years of service. The liabilities recognised in the accounts are updated to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

Statutory arrangements require those benefits earned to be financed as and when the Authority makes the employer’s contributions to the pension fund, or eventually pays any pensions for which it has direct responsibility. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The actuarial gains and losses identified as movements on the pensions reserve in 2012/13 are as detailed within the tables included in note 4 on pages 30 to 33:-

	2013	2012
	£000	£000
Statement of Actuarial (Gains) and Losses -		
Asset (gain)/loss	(13,970)	16,756
Liability (gain)/loss	76,603	20,425
Net (Gain)/Loss	62,633	37,181

Capital Adjustment Account

The capital adjustment account absorbs the timing difference 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 the statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the revaluation reserves to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties and revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

Note 7 on pages 36 and 37 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

	2013		2012	
	£000	£000	£000	£000
Balance at 1st April		557,855		574,061
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
- Charges for depreciation and impairment of non-current assets*	(65,693)		(86,582)	
- Amortisation of intangible assets	(35)		104	
- Revenue expenditure funded from capital under statute	(7,367)		(7,791)	
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	1,171		(1,540)	
		(71,924)		(95,809)
Long term debtors adjustments		837		967
Adjusting amounts writen out of the revaluation reserve		10,744		39,892
Net written out amount of the cost of non-current assets consumed in the year		(60,343)		(54,950)
Capital financing applied in the year:				
- Use of the capital receipts reserve	2,263		2,858	
- Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	17,297		23,898	
- Statutory provision for the financing of capital investment charged against the council fund and HRA balances	6,867		6,852	
- Capital expenditure charged against the council fund and HRA balances	4,927		3,875	
- Application of capital receipts to finance assets transferred from AD Waste	3,506			
- Disposal of investment in AD Waste	(355)			
		34,505		37,483
Movements in the market value of investment properties debited or credited to the Comprehensive income and expenditure statement	(4,543)		1,261	
		(4,543)		1,261
Balance at 31st March		527,474		557,855

* Prior period adjustment - see Note 44. In the 2011/12 accounts Charges for depreciation and impairment of non-current assets was recorded as £73,830k.

Financial Instruments Adjustment Account

The financial instruments adjustment account (FIAA) provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early payment of debt) are recognised under the Code and are required by statute to be met from the Council fund. Again, the reserve is matched by borrowings and investments within the balance sheet, and the resources are not available for financing purposes.

	2013		2012	
	£000	£000	£000	£000
Balance at 1st April		(9,051)		(9,679)
Premiums incurred in the year and charged to the comprehensive income and expenditure statement	0		0	
Proportion of premiums incurred in previous financial years to be charged against the Council Fund balance in accordance with statutory requirements	670		628	
Impaired investment transfers - Landsbanki	0		0	
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		670		628
Balance at 31st March		(8,381)		(9,051)

Equal Pay Account

The equal pay account compensates for the differences between the rate at which the Authority provides for the potential costs of equal pay settlements in relation to equal pay cases and the ability under statutory provisions to defer the impact on the council fund balance until such time as cash might be paid out to claimants.

	2013		2012	
	£000	£000	£000	£000
Balance at 1st April		(13,644)		(10,099)
(Increase) / decrease in provision for equal pay cases	4,310		(3,545)	
Cash settlements paid in the year	0		0	
Amount by which amounts charged for equal pay claims to the comprehensive income and expenditure statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements		4,310		(3,545)
Balance at 31st March		(9,334)		(13,644)

Deferred Capital Receipts

Deferred capital receipts are amounts derived from sales of assets, which will be received in instalments over agreed periods of time. The reserve holds the gain recognised on the disposal of non-current assets but for which cash settlement has yet to take place. They arise from mortgages on sales of council houses.

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.

	2013	2012
	£000	£000
Council houses	2	9
	2	9

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, e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the council fund balance is neutralised by transfer to or from the account.

	2013		2012	
	£000	£000	£000	£000
Balance at 1st April		(3,738)		(3,598)
Settlement or cancellation of accrual made at the end of the preceding year	3,738		3,598	
Amounts accrued at the end of the current year	(2,612)		(3,738)	
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		1,126		(140)
Balance at 31st March		(2,612)		(3,738)

36. FINANCIAL INSTRUMENTS

Financial instruments included in the balance sheet are made up of the following financial liabilities and assets:

	Long-Term		Current	
	2013	2012	2013	2012
	£000	£000	£000	£000
Financial liabilities at amortised cost	172,356	172,410	4,296	5,798
Payables	0	0	42,036	30,234
Total financial liabilities	172,356	172,410	46,332	36,032
Loans	1,291	769	19,802	13,599
Receivables	0	2,013	31,469	19,879
Available-for-sale financial assets	15	740	0	0
Total financial assets	1,306	3,522	51,271	33,478

The balance sheet value of trade payables and other payables amounted to £42,036k (£30,234k in 2011/12) as disclosed above, and trade receivables amounted to £31,469k (£19,879k in 2011/12).

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2013				2012			
	Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets		
	Liabilities Measured at Amortised Cost	Loans and Receivables	Available-for-Sale Assets	Total	Liabilities Measured at Amortised Cost	Loans and Receivables	Available-for-Sale Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Interest expense	(10,073)	0	0	(10,073)	(10,231)	0	0	(10,231)
Impairment losses	0	35	0	35	0	361	0	361
Interest payable and similar charges	(10,073)	35	0	(10,038)	(10,231)	361	0	(9,870)
Interest income	0	749	0	749	0	670	0	670
Interest and investment income	0	749	0	749	0	670	0	670
Gain on revaluation			0				0	
Deficit arising on revaluation of financial assets			0				0	
Net gain/(loss)for the year	(10,073)	784	0		(10,231)	1,031	0	

Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables 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 (in line with the 2011/12 method). The 2012/13 borrowing figure for Public Works Loans Board (PWLB) loans has been calculated by reference to the 'premature repayment' set of rates in force on 31st March 2013 (in line with the 2011/12 method).

The 2012/13 Lender Option Borrower Option loans (LOBOs) figure has been calculated by discounting the cashflows over the whole life of the loans at the appropriate interest rate.

The fair value of shares and war stock are calculated using the value of undated gilts as published for 31st March 2013.

The fair value of trade and other receivables is taken to be the invoiced or billed amount, and no early repayment or impairment is recognised.

The fair values are calculated as follows:

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities				
PWLB	157,179	226,577	158,734	223,022
LOBOs	19,176	26,298	19,177	26,480
	176,355	252,875	177,911	249,502

The PWLB fair value is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed 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. The same is the case for LOBOs, with the interest rates higher than the PWLB rates available at the balance sheet date, resulting in a higher fair value.

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Loans and Receivables				
War stock	15	15	15	15
Shares	0	0	725	725
Long term investments	0	0	2,013	2,013
	15	15	2,753	2,753

Disclosure of Nature and Extent of Risks Arising from Financial Instruments

The Council manages its Treasury Management risk by adoption of the CIPFA Treasury Management in the Public Services - Code of Practice 2011, the Prudential Code for Capital Finance in Local Authorities, and an Annual Investment Strategy as issued by the National Assembly for Wales under section 15 (1) (a) of the Local Government Act 2003. The Authority must prepare (as a minimum) a Policy and Strategy Statement (a mid-year report) and an annual outturn report for submission to Cabinet, in accordance with Financial Procedure Rules. The Welsh Government also requires investment limits on specified (investments offering high security and liquidity), non-specified investments (investments with greater potential risk) and investments committed for more than one year. In addition, key prudential indicators must be set and Treasury Management Practices documented. These practices include financial risks such as Credit Risk, Liquidity Risk and Market Risk.

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 effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by Flintshire County Council in the Policy and Strategy Statement. Flintshire provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Risk - Liabilities

The Council has raised long term finance by either borrowing from the PWLB or the market via LOBOs.

- PWLB – The majority of this debt is fixed rate, hence there is interest rate risk. If rates fall in the future, the Council will be paying higher than the current market rate, however, it is considered more beneficial to have budget certainty on future payments of interest in a low interest rate environment; currently 6% of PWLB debt is variable rate, reducing the interest rate risk but increasing budget uncertainty. There is an option in the Treasury Management Strategy to have 35% variable debt if deemed appropriate. Liquidity risk is managed through the debt maturity profile and a prudential indicator which does not allow any more than 10% of debt to reach maturity in any one year.

- LOBOs - All LOBOs have a fixed rate of interest for a period of between 12 and 23 months followed by a further fixed rate for the period of the loan, however the loan can be recalled by the lender after a certain fixed period of time. LOBOs are used because they have an interest rate lower than PWLB and this is balanced against the risks of rates rising and the loan having to be repaid which results in re-financing risk at a time of higher interest rates. The amount of LOBOs is restricted to 35% of long term borrowing.

Analysis shows that if interest rates rose by 1% the financial effect would be an increase in variable rate debt costs of £90k.

Risk - Loans and Receivables

Long Term Investments -

- Investments of more than 1 year (or in Money Market Funds), are referred to as non-specified investments because of the additional interest rate risk. There is a limit of £20m for long term investments and additional procedures for authorisation by the Head of Finance.
- Deposits with banks and building societies do carry some credit risk and this is managed by using three rating agencies and only investing in highly rated banks or building societies with assets of more than £1bn. The criteria used during 2012/13 is shown in the table below :–

	FITCH		MOODY'S		STANDARD & POORS	
Rating Type	UK & Overseas	Building Societies	UK & Overseas	Building Societies	UK & Overseas	Building Societies
Short Term	F1	F2	P1	P2	A-1	A-2
Long Term	A	A-	A2	A3	A	A-

Analysis shows that if interest rates rose by 1% the financial effect would be an increase in investment income of £455k. If rates fell by 1%, there would be a loss of income for the same amount.

The Council has £3,700k deposited in the Icelandic bank Landsbanki, which collapsed in October 2008. Information currently available indicates that the invested sum will be fully repaid.

Bonds -

Investments in bonds have limited credit risk because they are government backed but the market will fluctuate based on current interest rates thus changing the fair value.

Other Receivables -

Customers are required to make arrangements to pay outstanding monies due to the Council, based on their ability to pay. Customers are requested to complete a financial assessment form and are required to confirm in writing the amount agreed and the start date of the arrangement, and to make the Council fully aware of any circumstances surrounding their ability to pay which they wish to be taken into account in making the assessment.

37. FOUNDATION SCHOOLS

The Schools Standards and Framework Act 1998 changed the status of grant maintained schools to foundation schools maintained by the local education authority. The change for funding purposes took effect from 1st April 1999, resulting in the inclusion of the current assets and liabilities controlled by Flintshire's only foundation school (Derwen Primary, Higher Kinnerton) in the balance sheet. Fixed assets and long term liabilities remain vested in the governing body of the school and therefore values and amounts have not been consolidated in the balance sheet.

38. OTHER FUNDS ADMINISTERED BY THE AUTHORITY

The County Council administered 21 education trust funds during 2012/13, each consisting of relatively small sums of money received from individuals and invested in order to provide an annual income for prizes etc. The administration of 1 of the funds was transferred to its associated school during 2012/13 and 1 fund was dissolved as it had fulfilled its purpose; the remaining 19 funds are under review. The total fund balance at 31st March 2013 was £203,318 (£277,394 in 2011/12), which is not reflected in the balance sheet.

The Council also administers a trust fund on behalf of Optec D.D. (UK) Limited. The fund provides financial support to the youth exchange scheme between Flintshire County Council and Murata and Kuga Cho in Japan. The fund balance at 31st March 2013 was £115,492 (£130,474 in 2011/12), and is not included in the balance sheet.

The Council is responsible for the management and maintenance of St. Margaret's Cemetery, Rhewl. This registered charity has three bank accounts with a total current value of £357 (also £357 in 2011/12). The bank accounts are not shown in the balance sheet.

Flintshire County Council acts as lead authority in the administration of the Welsh Church Acts Fund on behalf of Denbighshire, Flintshire and Wrexham. Income received from investments, net of central management expenses, is apportioned to each authority to be used to give grants which accord with the stated objectives. At 31st March 2013 the fund balance was £599,782 (£577,424 in 2011/12), Flintshire having an unused income balance of £500 (£548 in 2011/12). These figures are not reflected in the balance sheet.

The Community Services Directorate - Social Services for Adults Section maintain individual bank accounts for service users living in the community who are unable to cope with their financial affairs due to their mental incapacity; individual members of the Deputyship team are approved to act as corporate appointee with the Department for Work and Pensions for each service user. The total amount held by the Council at 31st March 2013 was £3,441k in 423 separate accounts (£2,588k in 306 accounts in 2011/12).

39. CONTINGENT LIABILITIES

- The Council is reconsidering its legal position in relation to a number of equal pay claims registered in the Employment Tribunal as a result of judgments involving other authorities including Sheffield and Birmingham. An offer has been made to relevant trade unions to discuss the potential for settling the claims; the settlement costs will be made from the single status/equal pay reserve. The outcome of the Birmingham City Council case (2012) may increase the potential liability costs as claims may now be brought for up to 6 years, rather than 6 months (as was the case previously).

- An Adjudication Panel Wales hearing in respect of an elected Member concluded on 19th July 2013 resulting in the Member’s disqualification for 2½ years, for breaching the Code of Conduct. The Member sought leave to appeal the decision from the High Court, and a decision is expected in October 2013. Dependent upon permission to appeal being granted, and the outcome of the appeal, the Council may have to pay none, some or all of the Members costs of defending the original cost, this does not include the Member’s costs in seeking the right to appeal or the appeal itself.

- A group of property search companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not yet been issued. The Council has been informed that the value of those claims at present is £186k plus interest and costs. The claimants have also intimated that they may bring a claim against all English and Welsh authorities for alleged anti-competitive behavior. It is not clear what the value of any such claim would be as against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

- As part of its ‘Contaminated Land Inspection Strategy’ the Council is currently undertaking environmental investigations at 10 former waste disposal sites within the county. The Council is working with Natural Resources Wales (formerly known as the Environment Agency) to establish the potential liability for any necessary remedial works and future aftercare costs.

- Further to the provision in relation to the ‘MMI Scheme of Arrangement’ in Note 32 page 55, the Council recognises that any future payments made by MMI after the imposition of the initial levy will be made at the reduced rate of 85% and has created an earmarked reserve to fund the 15% that the Council in any future claim settled will need to fund. The projection of future claims is uncertain because of the latent nature of many of the claims that MMI is still receiving. The levy is subject to review at least once every 12 months by the scheme administrator. Despite setting an initial levy of 15%, when modelling projected outcomes for the solvent run-off of MMI, the administrator indicated that the levy could range between 9.5% and 28%.

40. CONTINGENT ASSET

The Council continues to pursue refunds of VAT from HM Revenue and Customs, following the House of Lords decisions in the cases of Fleming (trading as Bodycraft) and Conde Nast Publications Ltd. In 1996, the time limit for claiming overpaid VAT was reduced to three years; the absence of transitional arrangements was held in 2008 to breach Community law and the three year cap was disapplied. The individual claims relate to various periods between April 1973 and December 1996. Subject to the current UK High Court case of Littlewoods Retail Ltd and Others versus HM Commissioners of Revenue and Customs, the Council will pursue appeals to the Tax Tribunal and/or in the High Court for compound interest where repayment to date has been made with the addition of simple interest only.

41. HERITAGE ASSETS: FURTHER INFORMATION ON THE COLLECTIONS

County Archives

Flintshire Record Office holds the historic and administrative archives for the County of Flintshire. These comprise some two miles of records dating from the 13th Century to the present day and are held for the express purpose of ensuring their preservation, and providing public access to information recording the county’s heritage.

Records held include central and local government records but also privately owned records such as records of landed estates, businesses, local societies, family papers etc., together with significant collections of records of Flintshire churches and local schools.

The largest private collections are the Mostyn Estate and Chester solicitors Birch Cullimore (part only of their huge collection of clients’ papers – those relating to Flintshire); the significance of the archives held are generally in the collections as a whole rather than individual items.

Flintshire Record Office acquires archive material relating to Flintshire which is deemed to be of lasting historical interest. Material acquired is kept in secure, environmentally controlled strong rooms and made accessible to the public in a supervised search room. The Record Office has a qualified archive conservator who packages and repairs material as necessary. Archive material is rarely disposed of - should it be deemed desirable to do so it is dealt with in accordance with any applicable legal requirements and where possible in consultation with the original donor or depositor.

Public access is available in the search-room which is open Monday, Tuesday, Thursday and Friday, 10am to 4.30pm. Information regarding the records held (and some images) are included on the Record Office’s pages on the Flintshire County Council website. There is also a presence on a number of other websites – Archives Wales; National Grid for Learning Cymru; The National Archives, and images can be accessed from the Record Office pages of the FCC website.

County Museum

The Museum Service works to an Acquisition and Disposal Policy which complies with the National Museum Accreditation Scheme. In outline, the Service collects items only of relevance to the history of the County of Flintshire and only disposes of items for sound curatorial reasons and in line with strict guidelines. The Service's Collection Management Plan governs the way in which the collection is cared for, made accessible and generally managed. The collection is catalogued on a collections management system, which will be made publicly accessible online in the near future.

The museum collection is listed comprehensively on a database and primarily consists of social history and archaeological collections, the most significant of which is the collection of Buckley Pottery - a collection of about 1000 items connected to the Buckley Pottery industry, ranging from the medieval period to the second world war, primarily donated by Dr. Fraser in the 1970s, James Bentley in the 1990s and the Martin Harrison Collection purchased in 2010. Buckley Pottery has national significance, and as a whole this collection is the largest of its type.

There is a collection of agricultural items primarily acquired by Delyn Borough Council in the 1980s, the majority of which is now loaned to Greenfield Valley Trust. It is of significance to local agricultural history, mainly nineteenth and early twentieth century in date and includes large items such as ploughs, threshers and other farm equipment.

Some art is included within the collection - over 100 paintings by local amateur artist James Bentley, of relevance to Buckley history, and about a dozen other paintings by local artists. There are 2 large civic portrait oil paintings currently displayed at the Mold Library Headquarters.

Significant archaeological archives include those from excavations at Caergwrle Castle, Flint Castle, and Pentre Farm, Flint. The Gilbert Smith Archaeological Collection consists of about 650 items originally acquired by the amateur archaeologist Gilbert Smith in the 1930s. Highlights include a group of weapons from the medieval moated site of Llys Edwin, excavated in the 1930s.

Access to the Buckley and the Mold Museum is free of charge and both are open 6 days a week, all year round. Greenfield Valley Heritage Park is managed by a charitable Trust and there is an entry charge to the museum. Access to the reserve collections is encouraged and available by way of appointment.

42. JOINT ARRANGEMENTS

Flintshire County Council is involved in various joint arrangements/partnerships with neighbouring North Wales Councils, being :-

- North East Wales Community Equipment Service (with Wrexham)
- North East Wales Food Waste Hub (with Conwy and Denbighshire)
- North Wales Residual Waste Treatment Project (with Anglesey, Conwy, Denbighshire and Gwynedd)
- North Wales Procurement Partnership (with Anglesey, Conwy, Denbighshire, Gwynedd and Wrexham)
- Taith [North Wales Regional Transport Consortium] (with Anglesey, Conwy, Denbighshire, Gwynedd and Wrexham)

Flintshire County Council is the host partner for the North East Wales Community Equipment Service (details of which are provided in note 15 on page 45), the North Wales Residual Waste Treatment Project (NWRWTP), and Taith.

Separate (joint committee) financial statements are prepared for both the NWRWTP and Taith. The 2012/13 joint committee statements record NWRWTP expenditure of £843k [£503k net of grant] (£998k in 2011/12) and Taith expenditure of £185k (£150k in 2011/12); the net expenditure totals are shared equally by all partners. Flintshire County Council's share of the NWRWTP income and expenditure is recorded in the Net Cost of Services in the Comprehensive Income and Expenditure Statement in line with the accounting policy for Jointly Controlled Operations.

43. POST BALANCE SHEET EVENT – LIQUIDATION OF AD WASTE LTD

Flintshire County Council was the sole shareholder of AD Waste Ltd, holding 100 ordinary £1 shares and 354,900 preferred ordinary £1 shares. On 29th October 2008 Flintshire County Council resolved to take the activities of the company in house.

The transfer of trade and assets of the company, at fair values, was effected on 30th September 2010. At this time assets and liabilities as set out below were transferred to Flintshire's balance sheet:

Assets: property plant & equipment, investment properties and intangible assets	£4,531k
Liabilities: financial provision aftercare costs of closed landfill sites	(£1,025k)
Net:	£3,506k

The transferred assets and liabilities were off-set on Flintshire's balance sheet under an inter company loan transfer agreement in line with UK transfer pricing rules relating to intra-group transactions, by way of:

Borrowing repayable on demand	(£4,531k)
Short term debtors	£1,025k
Inter company loan	(£3,506k)

The inter-company loan accrued interest on a daily basis at an annual rate of 5% above the base rate and at 31st March 2013 was £328k.

AD Waste Ltd was put into voluntary liquidation on 29th June 2012, with the process of liquidating the company estimated to take between 6 to 18 months to resolve. At the time of producing Flintshire's draft accounts the process had not been completed, subsequently the final general meeting of the company was held on 11th September 2013 resulting in an adjusting post balance sheet event.

During the liquidation process the liquidators have made 3 distributions. The first, a non-cash distribution was made on 23rd July 2012 by way of set-off of the surplus assets and the inter company loan for a value of £3,834k (representing £3,506k inter company loan and £328k interest on the loan) which equated to a rate of £10.79 per share. Further cash distributions were made on 21st December 2012 (£600k) and the final distribution on 24th July 2013 (£271k).

The values of the inter company loan, interest on the loan, the shares, and the liquidators distributions have all been collated in a liquidation realisation account with the balance a net gain of £4,220k being realised in the Comprehensive Income and Expenditure Statement.

Throughout the liquidation process the Council has been regularly reviewing the financial provision for the aftercare costs of former landfill sites and has increased the provision to £1,091k in line with the environmental agreements with Natural Resources Wales.

The transferring assets have been re-valued as at 31st March 2013 to update the values of the assets on the balance sheet from the September 2010 valuations, and to bring in line with the Council's asset valuation policies. The total revised value of the assets is £1,798k resulting in a net reduction of £2,733k being recorded in the Net Cost of Services line in the Comprehensive Income and Expenditure Statement; reflecting the length of time that has past since the assets were last valued and the use that has been made of the assets during valuations.

44. PRIOR PERIOD ADJUSTMENT

A review of all capital expenditure held on the balance sheet was undertaken during the year. Whilst meeting the capital definition of enhancing expenditure (in terms of the nature of the expenditure incurred), it has now been determined that the expenditure is non-enhancing in valuation terms i.e. the capital expenditure incurred has not increased the valuation of those property, plant and equipment / investment properties assets to which it relates. Accordingly the 2011/12 balance sheet values have been reduced by way of a prior period adjustment.

The impact of the prior period adjustment is an additional £12,752k charge to the Comprehensive Income and Expenditure Account, based on the restated asset values detailed in the table below:-

	Original 2011/12 Accounts £000	Restated 2011/12 Accounts £000	Variance £000
Property, Plant and Equipment	303,972	291,283	12,689
Investment Properties	28,172	28,109	63
Total	332,144	319,392	12,752

The adjustment is followed through in related 2011/12 comparative figures within the Statement of Accounts.

45. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The net cash flows from operating activities of £8,649k (£11,972k in 2011/12) include the following interest elements :

	2013 £000	2012 £000
Interest received	606	607
Interest paid	(10,063)	(6,446)

46. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2013 £000	2012 £000
Purchase of property, plant & equipment, investment property and intangible assets	(29,482)	(30,420)
Purchase of short term and long term investments	(6,125)	(2,613)
Other payments for investing activities	(523)	(565)
Proceeds from the sale of property, plant & equipment, investment property and intangible assets	4,909	2,622
Proceeds from short term and long term investments	2,013	0
Other receipts from investing activities	18,114	17,939
Net cash flows from investing activities	(11,094)	(13,037)

47. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2013 £000	2012 £000
Cash receipts of short term and long term borrowing	0	324
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liability relating to finance leases	0	(451)
Repayment of short term and long term borrowing	(1,658)	(66)
Other payments for financing activities	(486)	0
Net cash flows from financing activities	(2,144)	(193)

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

for the year ended 31st March 2013

	2013		2012	
	£000	£000	£000	£000
Expenditure				
Repairs and maintenance		8,471		9,111
Management and supervision		3,077		3,058
Rents, rates, taxes and other charges		1,175		997
Housing revenue account subsidy payable		6,168		6,311
Depreciation and impairment of non-current assets		15,974		23,861
Debt management costs		13		15
Increase in bad debt provision		166		272
Total expenditure		35,044		43,625
Income				
Dwelling rents (gross)	25,388		24,316	
Non-dwelling rents (gross)	296		286	
		25,684		24,602
Charges for services and facilities		757		610
Other		182		
Total income		26,623		25,212
Net cost of HRA services as included in the whole authority Comprehensive Income and Expenditure Statement		8,421		18,413
HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services		124		136
Net cost of HRA services		8,545		18,549
Interest payable and similar charges		1,438		1,436
Net loss on sale of HRA assets		176		0
HRA investment income		(10)		(9)
Pensions interest cost and expected return on pension assets		414		373
Total (surplus)/deficit on the HRA Income and Expenditure Statement		10,564		20,349

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

This statement shows how the surplus/deficit on the Housing Revenue Account Income and Expenditure Statement for the year reconciles to the surplus/deficit for the year on the Statutory Housing Revenue Account.

	Note (from core notes)	2013 £000	2012 £000
At 1st Apri1 2012		1,890	1,614
Surplus/(deficit) on the HRA income and expenditure statement		(10,564)	(20,349)
Total comprehensive income and expenditure		(10,564)	(20,349)
Adjustments between accounting and funding basis under regulations	7	10,605	20,625
Net increase/(decrease) before transfer to earmarked reserves		41	276
Transfers to/(from) earmarked reserves		0	0
Increase/(decrease) in year on the HRA		41	276
At 31st March 2013		1,931	1,890

1. LEGISLATION

The housing revenue account, in accordance with the Local Government and Housing Act 1989, reflects a statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure - maintenance, rent rebates, administration - and capital financing costs, and how these are met by rents, subsidy and other income.

2. HOUSING STOCK

The type and number of dwellings at 31st March 2013 were :-

Type	2013 No.	2012 No.
Houses	4,073	4,084
Flats	1,375	1,376
Maisonettes	191	199
Bungalows	1,796	1,796
	7,435	7,455

3. RENT ARREARS

The rents total of £1,254k (£1,173k in 2011/12) includes, in addition to the basic rent element, amounts due in respect of water/sewerage rates, heating charges, household insurance, communal television licences and value added tax on some garage rentals. These individual rent elements cannot be separately identified from the whole.

Analysis of arrears	2013 £000	2012 £000
Rents		
Current tenants	768	848
Former tenants	486	325
	1,254	1,173

Provision for impairment losses (bad debts)	£000	£000
Opening provision	645	481
Written off in year	(61)	(108)
Increase in provision	252	272
	836	645

4. NON-CURRENT ASSET ACCOUNTING

Capital Financing

Housing revenue account capital expenditure of £10,742k (£10,348k in 2011/12) was financed as follows :-

	Capital Receipts	Capital Grants & Contributions	Revenue Contributions	Total
	£000	£000	£000	£000
Capital financing	808	5,242	4,692	10,742
	808	5,242	4,692	10,742

Major Repairs Allowance (MRA)

Included within the capital grants and contributions total (£5,242k) is the 2012/13 MRA allocation figure of £5,200k (also £5,200k in 2011/12). The MRA allocation figure is included within the government grants – general line in the Comprehensive Income and Expenditure Statement. This Welsh Government grant was fully used in 2012/13 in financing qualifying capital expenditure.

Capital Receipts

Gross capital receipts of £806k (£325k in 2011/12) were realised by way of the disposal of dwellings, land sales, shared ownership sales and mortgage repayments :-

	2013	2012
	£000	£000
Council dwellings	608	318
Mortgages	7	7
Land sales	191	0
	806	325

Depreciation

Straight line depreciation is provided for on all housing revenue account non-current assets with a finite useful life, other than for non-depreciable land. The charge of £5,214k (£5,220k in 2011/12) is based on the 2012/13 opening net balance sheet valuations (valuation list less cumulative depreciation), with assumed nil residual values.

	2013	2012	
	£000	£000	
Dwellings	5,196	5,200	(equating to the value of MRA)
Garages	12	10	
Plant and equipment	6	10	
	5,214	5,220	

Impairment Losses and Revenue Expenditure Funded from Capital Under Statute

A HRA dwellings impairment adjustment total of £10,742k was accounted for in 2012/13 (£1,808k in 2011/12), and no revenue expenditure funded from capital under statute (£50k in 2011/12).

THE MANAGEMENT AND MEMBERSHIP OF THE CLWYD PENSION FUND

The Clwyd Pension Fund is administered by Flintshire County Council on a lead authority basis. The administration and investment strategy of the Fund is considered and agreed each quarter by the Clwyd Pension Fund Panel, consisting of five elected Members, the Head of Finance, the Clwyd Pension Fund Manager, a consultant to the Fund, and a scheme member observer. The Fund's investment management arrangements were implemented by twelve investment managers during 2012/13.

The Clwyd Pension Fund is a statutory Local Government Pension Scheme (LGPS), set up to provide death and retirement benefits for local government employees, other than teachers, police and firefighters in North East Wales. In addition, other qualifying bodies which provide similar services to that of local authorities have been admitted to membership of the LGPS and hence the Fund.

The Clwyd Pension Fund operates a defined benefit scheme whereby retirement benefits are funded by contributions and investment earnings. Contributions are made by active members in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2007 and range from 5.5% to 7.5% of pensionable pay for the financial year ending 31st March 2013. Employee contributions are matched by employer's contributions which are set based on triennial actuarial funding valuations. The last valuation was at 31st March 2010. The benefits of the scheme are prescribed nationally by Regulations made under the Superannuation Act 1972. The next actuarial valuation will be as at 31st March 2013, the findings of which will become effective on 1st April 2014.

The fund is governed by the Superannuation Act 1972 and administered in accordance with the following secondary legislation:

- The LGPS (Benefits , Membership and Contributions) Regulations 2007 (as amended)
- The LGPS (Administration) Regulations 2008 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2009

Membership of the LGPS is voluntary and organisations participating in the Clwyd Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the fund.
- Admitted bodies, which are organizations that participate in the fund under an admission agreement between the fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar contractors undertaking a local authority function following outsourcing to the private sector.

The membership of the Fund as at 31st March 2013 and 2012 is shown below:-

	2013 No.	2012 No.
Contributors	14,920	14,519
Pensioners :		
Ex employees	8,386	8,071
Widows/dependants	1,488	1,482
Preserved benefits	7,539	7,386
Total membership	32,333	31,458

The scheduled bodies which contributed to the Fund during 2012/13 are :-

Counties :	Flintshire, Denbighshire, Wrexham.
Colleges :	Glyndwr University, Deeside College, Yale College of Wrexham.
Community Councils:	Argoed, Coedpoeth, Connah's Quay, Hawarden, Rhosllanerchrugog, Buckley, Prestatyn, Offa, Mold, Caia Park, Rhyl, Shotton, Llanasa.
Other:	North Wales Fire Service, North Wales Valuation Tribunal,

The admitted bodies contributing to the Fund are :-

Other: Careers Wales, Cartref y Dyffryn Ceiriog, Compass Group UK, Denbighshire Voluntary Services, Clwyd Leisure, Bodelwyddan Castle Trust, Grosvenor Facilities Management.

The content of the accounts comply with accounting standards, but further information is available in the Clwyd Pension Fund Annual Report and Statement of Investment Principles which are presented each year to the Annual Joint Consultative Meeting for employers and member representatives each November.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Statement of Accounts summarises the Fund's transactions for the 2012/13 financial year and its position at year end as at 31st March 2013. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 which is based upon International Financial reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis is, disclosed at Note 15 of these accounts.

In summary, accounting policies adopted are detailed as follows:

- Contributions, benefits and investment income due are included on an accruals basis.
- Investments are included in the accounts at market value, usually bid price.
- Debtors and creditors are raised for all amounts outstanding at 31st March.
- Individual Transfer values received and paid out have been accounted for on a cash basis.
- Bulk Transfer values paid out are accounted for on an accruals basis.
- The financial statements do not take account of liabilities to pay pensions and other benefits after the reported accounting period.
- Investment management expenses are accounted for on an accruals basis and include the fees paid and due to the fund managers and custodian, actuarial fees, performance measurement and investment consultant fees.
- Administration expenses are accounted for on an accruals basis. All staff costs are charged direct to the fund and management, accommodation and other support service costs are apportioned to the Fund in accordance with council policy.
- Acquisition costs of investments include all direct transaction costs and sales receipts are net of all direct transaction costs.

	Note	2013 £000	2013 £000	2013 £000	2012 £000	2012 £000	2012 £000
Contributions and Benefits							
Contributions receivable :							
From employers	1	52,294			50,654		
From employees or members	1	14,381			14,315		
			66,675			64,969	
Transfers in		4,735			4,952		
Other income		1,411			1,636		
			6,146			6,588	
				72,821			71,557
Benefits payable :							
Pensions	1	44,717			41,563		
Lump sums (retirement)	1	10,859			10,844		
Lump sums (death grants)	1	1,401			1,382		
			56,977			53,789	
Payments to and on account of leavers :							
Refunds of contributions		8			12		
Transfers out (individual)		1,544			3,034		
Transfers out (bulk)	10	0			23,530		
Other		52			96		
Administrative and other expenses bourne by the scheme	2	1,047			1,244		
			2,651			27,916	
				59,628			81,705
NET ADDITIONS (WITHDRAWALS)				13,193			(10,148)
Returns on Investments							
Investment income	4		2,397			3,326	
Change in market value of investments (Realised and Unrealised)	4		110,113			21,097	
Investment management expenses	2		(5,294)			(5,267)	
NET RETURNS ON INVESTMENT				107,216			19,156
NET (DECREASE)/INCREASE IN THE FUND				120,409			9,008
OPENING NET ASSETS OF THE SCHEME				1,060,823			1,051,815
CLOSING NET ASSETS OF THE SCHEME				1,181,232			1,060,823

	Note	2013 £000	2012 £000
Net Assets Statement			
Investment Assets :	5		
Managed fixed interest fund		175,148	170,075
Managed UK equity funds		122,222	104,624
Managed overseas equity funds		391,597	334,145
Managed multi strategy funds		120,380	118,080
Property funds		82,260	75,307
Infrastructure funds		23,907	23,414
Timberland / Agricultural funds		20,511	14,686
Commodity funds		34,588	36,879
Private equity funds		138,137	122,317
Hedge fund of funds		47,070	47,321
Leveraged loans		0	530
Opportunistic Funds		5,910	0
Other investment assets	8	0	3
Cash	7	17,331	36,476
Investment Liabilities :			
Other investment liabilities	8	874	0
Current Assets :			
Due within 1 year	9	3,845	3,703
Due over 1 year	9	0	200
Current liabilities	9	(2,548)	(26,937)
NET ASSETS AT 31ST MARCH		1,181,232	1,060,823

1. ANALYSIS OF CONTRIBUTIONS RECEIVABLE/BENEFITS PAYABLE

Contributions represent those amounts receivable from various employing authorities in respect of their own contributions and those of pensionable employees. The total contributions received from employers during 2012/13 amounted to £52.294m (£50.654m in 2011/12).

This comprised an amount of £26.717m (£26.663m in 2011/12) relating to the common contribution rate average of 11.7% paid by all employers and £25.577m (£23.991m in 2011/12) relating to the individual adjusted rates and additional contributions paid in respect of deficit funding for individual employers.

Benefits payable and refunds of contributions have been brought into the accounts on the basis of all valid claims approved during the year.

Analysis of contributions received and benefits payable is shown below :-

	Benefits Payable	Contributions Receivable
Scheduled Bodies -	£000	£000
Flintshire County Council	19,494	22,566
Wrexham County Borough Council	18,614	20,262
Denbighshire County Council	12,960	16,107
Fund apportionment with :		
Gwynedd and Powys County Councils	2,459	0
Colleges	1,836	4,423
Schools	107	77
Community Councils	166	222
Others - scheduled bodies	540	1,165
Others - admitted bodies	1,078	1,853
	57,254	66,675

The above merely reflects the figures in the accounts. The circumstances pertaining to each of the bodies listed is different for a variety of reasons (contribution and pensioner profiles, employees' contribution rates, early retirement experience etc.) and direct comparisons, therefore, are largely meaningless.

Flintshire County Council, Wrexham County Borough Council and Denbighshire County Council have recognised a liability, in their respective accounts, for pension contributions on the back pay element of their equal pay settlements. However, as a result of the uncertainty relating to the value and timing of these payments, these amounts have not yet been recognised in the Pension Fund accounts.

2. ADMINISTRATION AND INVESTMENT MANAGEMENT EXPENSES

The regulations permit the County Council to charge the cost of administering the scheme to the Fund. The external managers' fees have been accounted for on the basis contained within their management agreement.

The cost of pensions administration and investment management is shown below :-

	2013	2012
	£000	£000
Administration Expenses		
Employee Costs	630	567
Support Services	161	189
Supplies and Services	135	395
Audit Fees	35	35
Actuarial Fees	86	58
	1,047	1,244
Investment Expenses		
Fund Management Fees	5,187	5,155
Custody Fees	15	39
Performance Monitoring Fees	24	24
Consultancy Fees	68	49
	5,294	5,267
Total Fees	6,341	6,511

Investment management fees are based on valuations of the investments. The Fund is invested in pooled vehicles of which the majority of fees are charged within the Funds. In order to be transparent, the Fund discloses these fees. The fees included in the Pooled Vehicles amounted to £5.3m during the year (£4.9m during 2011/12).

3. INVESTMENTS AND PERFORMANCE

Further details on the investment strategy are available in the Statement of Investment Principles which can be obtained from the Head of Finance, County Hall, Mold, CH7 6NA (Web site www.clwydpensionfund.org.uk or Telephone 01352 702264).

The County Council uses the investment performance services of the WM Company. Their report for the financial year 2012/13 showed that the Fund achieved an overall return of +10.0% from its investments (+2.4% in 2011/12). This compares with the Fund's benchmark return of +9.2% for the year.

4. ANALYSIS OF TRANSACTIONS AND RETURN ON INVESTMENTS

Overview

The Fund invests its surplus monies in assets through a wide range of managers. All these main investments are through pooled vehicles where the Fund is one of many investors and where these pooled monies are invested on a common basis, although in the Fund's alternative assets there are a couple of quoted holdings. Generally, however, the Fund has no direct holdings of equities, bonds, properties, private equity companies, commodities or other financial instruments.

Transactions and Return on Investments

Details of the 2012/13 investment transactions and the net profit on sales of £8.680m (£7.907m in 2011/12) together with investment income of £2.397m (£3.326m in 2011/12) are set out below. The unrealised profit for 2012/13, as a result of the change in the market value of investments, amounted to £101.433m (£13.190m in 2011/12). Therefore the increase in market value of investments (realised and unrealised) is £110.113m (£21.097m in 2011/12).

Direct transaction costs are included in the cost of purchases and sale proceeds. Transaction costs are incremental costs that are directly attributable to the acquisition and disposal of an investment. They include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges and transfer taxes and duties. They are added to purchase costs or netted against sales proceeds, as appropriate. These costs cannot be directly identified as the Clwyd Pension Fund is almost wholly invested through pooled vehicles. Investment income includes share dividends, interest on investments and net property rental income. Accruals are made for dividends receivable, interest receivable and the recoverable tax on dividends.

	Market Value 2011/12	Purchases & Take On	Sales & Take Off	Realised Gain (Loss)	Unrealised Gain (Loss)	Market Value 2012/13	Investment Income
	£000	£000	£000	£000	£000	£000	£000
Fixed Interest Securities	170,075	0	10,000	2,382	12,691	175,148	0
UK Equities Passive	104,624	0	0	0	17,598	122,222	0
Overseas Equities Active	245,992	12,537	4,857	1,980	32,727	288,379	11
Overseas Equities Passive	88,152	0	0	0	15,066	103,218	0
Multi Strategy	118,080	123	0	0	2,177	120,380	0
Property	75,307	6,704	5,358	(2,816)	8,423	82,260	1,837
Infrastructure	23,414	5,086	7,979	2,510	876	23,907	250
Timber	14,686	4,761	170	0	1,234	20,511	0
Commodities	36,879	0	0	0	(2,291)	34,588	0
Private Equity	122,318	19,636	15,461	1,221	10,423	138,137	164
Opportunistic	0	5,782	0	0	128	5,910	11
Hedge Fund of Funds	47,321	0	(1,283)	228	804	47,070	0
Leveraged Loans	530	0	53	(1,880)	1,403	0	0
	1,047,378	54,629	42,595	3,625	101,259	1,161,730	2,273
Cash	36,476	0	0	0	0	17,331	0
Fees within Pooled Vehicles	0	0	0	5,300	0	0	0
Interest	0	0	0	0	0	0	124
Currency	0	0	0	(71)	0	0	0
	36,476	0	0	5,229	0	17,331	124
Total 2012/13	1,083,854	54,629	42,595	8,854	101,259	1,179,061	2,397
2011/12	1,051,611	230,350	152,119	7,907	13,190	1,083,854	3,326

	Market Value 2010/11	Purchases & Take On	Sales & Take Off	Realised Gain (Loss)	Unrealised Gain (Loss)	Market Value 2011/12	Investment Income
	£000	£000	£000	£000	£000	£000	£000
Fixed Interest Securities	123,024	27,129	0	0	19,922	170,075	0
UK Equities Active	63,659	0	63,935	(6,407)	6,683	0	97
UK Equities Passive	97,724	5,000	0	0	1,900	104,624	0
Overseas Equities Active	174,219	101,434	25,160	1,384	(5,884)	245,992	106
Overseas Equities Passive	89,147	5,000	5,917	917	(995)	88,152	0
Multi Strategy	88,318	29,109	(13)	(13)	652	118,080	0
Property	65,317	13,241	4,743	(1,377)	2,869	75,307	1,903
Infrastructure	20,753	4,444	2,319	0	536	23,414	268
Timber	12,212	2,671	413	0	216	14,686	0
Commodities	39,814	21,000	20,786	744	(3,893)	36,879	0
Private Equity	112,563	21,322	12,394	2,063	(1,237)	122,318	796
Hedge Fund of Funds	50,646	0	918	99	(2,506)	47,321	13
Leveraged Loans	16,346	0	15,547	4,308	(4,577)	530	0
	953,742	230,350	152,119	1,718	13,686	1,047,378	3,183
Cash	97,373	0	0	0	0	36,476	0
Futures Contracts	496	0	0	1,345	(496)	0	0
Fees within Pooled Vehicles	0	0	0	4,927	0	0	0
Interest	0	0	0	0	0	0	143
Currency	0	0	0	(83)	0	0	0
	97,869	0	0	6,189	(496)	36,476	143
Total 2011/12	1,051,611	230,350	152,119	7,907	13,190	1,083,854	3,326
2010/11	953,195	698,740	771,446	44,275	35,690	1,051,611	2,898

5. MARKET VALUE OF INVESTMENTS (EXCLUDING CASH AND FUTURES)

The book cost of the investments as at 31st March 2013 is £948.212m (£936.363m in 2011/12). The market value of investments as at 31st March 2013 is £1,161.730m (£1,047.378m in 2011/12) which can be analysed as follows.

By Continent

The UK holdings as at 31st March 2013 account for 17% of total investments at market value:

	2013	2012
	£000	£000
UK	203,154	188,638
Europe	142,201	123,678
Asia Pacific	119,172	102,693
North America	116,680	87,017
Emerging/ Frontier markets	91,714	73,290
Global Investments	488,809	472,062
	1,161,730	1,047,378

By Fund Manager

	2013 £000	2013 %	2012 £000	2012 %
BlackRock	56,385	5	58,295	6
Wellington	117,468	10	110,168	11
Aberdeen	93,876	8	72,862	7
State Street (Transition Manager)	0	0	134	0
Pioneer	2,001	0	2,974	0
Liongate	21,358	2	21,467	2
SSARIS	23,711	2	22,880	2
Duet	48,826	4	47,227	5
BlueCrest	31,470	3	29,309	3
Investec	62,797	5	52,480	5
Stone Harbor	175,148	15	170,075	16
SSgA	225,440	19	192,776	18
Pyrford	32,525	3	30,476	3
Property	82,260	7	75,307	7
Infrastructure	23,907	2	23,414	2
Timber / Agriculture	20,511	2	14,686	1
Private Equity	138,137	12	122,318	12
Opportunistic	5,910	1	0	0
Leveraged Loans	0	0	530	0
	1,161,730	100	1,047,378	100

By Listed /Managed

	2013 Listed Managed £000	2013 Listed £000	2013 Unlisted £000	2012 Listed Managed £000	2012 Listed £000	2012 Unlisted £000
Fixed Interest Securities	0	0	175,148	0	0	170,075
UK Equities	122,222	0	0	104,624	0	0
Overseas Equities	328,800	0	62,797	281,531	134	52,480
Multi Strategy	120,380	0	0	118,080	0	0
Property	29,107	0	53,153	43,615	0	31,691
Infrastructure	0	4,764	19,143	0	4,287	19,127
Timber / Agriculture	0	0	20,511	0	0	14,686
Commodities	0	0	34,588	0	0	36,879
Private Equity	0	3,446	134,691	0	4,170	118,148
Hedge Fund of Funds	21,358	0	25,712	21,467	0	25,854
Opportunistic	0	0	5,910	0	0	0
Leveraged Loans	0	0	0	0	0	530
	621,867	8,210	531,653	569,317	8,591	469,470
			1,161,730			1,047,378

6. FAIR VALUE OF INVESTMENTS

Financial Instruments

Whilst the Fund invests almost exclusively through pooled vehicles, the managers of these vehicles invest in a variety of financial instruments including bank deposits, quoted equity instruments, fixed interest securities, direct property holdings, unlisted equity products, commodity futures and other derivatives. This exposes the Fund to a variety of financial risks including credit and counterparty risk, liquidity risk, market risk and exchange rate risk.

Stock lending is the loan of specific securities from one investor to another that entitles the lender to continue receiving income generated by the stock plus an additional payment by the borrower. Exposure to risk is reduced by the borrower providing high quality collateral (cash, securities or gilts). It is effectively a trading activity to generate income rather than an investment. The Fund has no direct exposure to stock lending but the Fund's passive equity manager does use stock lending in its pooled vehicles to generate income as an offset to transaction costs.

Fair Value – Valuation Bases

Investments are shown in the accounts at fair value as at 31st March 2013 on the following bases.

- UK and overseas listed securities are valued within the respective pooled vehicles using the official bid prices quoted on the relevant stock exchange. Overseas holdings are converted to sterling at an exchange rate quoted at close of business on 31st March 2013.
- Unit trusts are valued at the bid market price.
- Other pooled vehicles are valued at the bid point of the latest process quoted by their respective managers or fund administrators at 31st March 2013. Where a bid price is not available the assets are priced at the net asset value provided.
- Property funds are valued at the bid market price, which is based upon regular independent valuation of the pooled vehicle's underlying property holdings.
- Private equity holdings are interests in limited partnerships. It is important to recognise the highly subjective nature of determining the fair value of these investments. They are inherently based on forward looking estimates and judgments involving many factors. These holdings are valued based upon the Fund's share of the net assets of the partnership according to the latest financial statements published by the respective managers. Where these valuations are not at the Fund's balance sheet date, the valuations are adjusted having due regard to the latest dealings, asset values and other financial information available at the time of preparing these statements in order to reflect the Fund's balance sheet date. The managers' valuation statements are prepared in accordance with the European Private Equity and Venture Capital Association (EVCA) Guidelines, net of carried interest. These incorporate the US-based FAS157 protocol on valuation approaches –
    - Market – uses prices and other relevant data generated by market transactions involving identical or comparable assets/liabilities (e.g. money multiples)
    - Income – uses valuation techniques to convert expected future amounts to a single present amount (discounted cash flows or earnings)
    - Cost – based upon the amount that currently would be required to replace the service capacity of an asset (adjusted for obsolescence)

  Managers are required "to use the method that is appropriate in the circumstances and for which sufficient data is used and to apply the approach consistently until no longer appropriate." It is also possible to use multiple or combinations of approaches. Most private equity managers use a combination the "market" and "income" approaches.

- Infrastructure investments are generally carried at the lower of cost and fair value, except where there are specific upward or downward valuations. In estimating fair value, managers use their judgment, having regard to the EVCA guidelines noted above for valuing unquoted investments. Upward valuations are considered only where there is validation of the investment objectives and such progress can be demonstrated. Downward valuations are enacted regardless of the investment stage where the manager considers that there is impairment to the underlying investment.

- Timberland investments are carried at net asset value as determined by the General Partner. In most cases fair value is derived from the audited financial statements provided by underlying managers or vehicles. In circumstances where audited financial statements are not available to 31st March, the valuations are derived from unaudited quarterly reports from the underlying managers or vehicles. Where the timber investments are direct rather than through underlying managers, valuations are based upon regular independent valuation of these holdings.

- Commodity exposure is actively managed through the use of exchange traded and OTC derivative instruments (Futures, Options and Swaps) and some securities. Exchange traded derivatives are priced using a vendor file sent daily from Bloomberg with IDC as a second source. These prices are sourced directly from the derivative exchanges. Options receive the last trade price on the primary exchange. If an option does not trade, the bid price is utilized to value the option. Valuations for OTC options are sourced from brokers/dealers that are usually the counterparty to the deal. If the necessary inputs are available from vendors on a schedule that permits same day pricing, OTC options may be valued using a vendor- supplied option calculator, with the dealer price used to validate the model results. Residual cash is primarily invested in short-dated investment-grade, US dollar-denominated debt obligations.

- Funds of hedge funds and multi-strategy hedge funds are valued monthly to create a net asset value on the basis of the Fund's proportionate share of the value of underlying pools on a manager by manager basis. Generally the fair value of the Fund's investment in a related pool represents the amount that the Fund could be reasonably expected to receive from the pool if the Fund's investment was redeemed at the date of valuation, based upon information reasonably available at the time that the valuation was made and that the fund believes to be reliable.

- GTAA funds invest for the most part in markets that are not exchange-based. These include OTC or "interdealer" markets and leverage is utilized by such funds to a significant level. If market prices are not available or do not reflect current market prices, the Fund applies its own pricing policies by reference to such relevant prices as are available to establish a fair value for the assets held.

Fair Value – Hierarchy

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed interest securities and unit trusts. Listed investments are shown at bid price.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available, for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where those techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would be unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgment in determining appropriate assumption.

The following tables show the position of the Fund's assets at 31st March 2013 and 31st March 2012 based upon this hierarchy.

	Market Value 2012/13	Level 1	Level 2	Level 3
	£000	£000	£000	£000
Fixed Interest Securities	175,148	70	175,078	0
UK Equities Passive	122,222	121,366	856	0
Overseas Equities Active	288,379	281,460	420	6,499
Overseas Equities Passive	103,218	102,495	723	0
Multi Strategy	120,380	64,504	55,876	0
Property (1)	82,260	0	0	82,260
Infrastructure (1)	23,907	4,764	0	19,143
Timber Agriculture (1)	20,511	0	0	20,511
Commodities	34,588	14,496	20,092	0
Private Equity (2)	138,137	3,446	0	134,691
Hedge Fund of Funds	47,070	0	43,997	3,073
Opportunistic Funds	5,910	0	0	5,910
	1,161,730	592,601	297,042	272,087
Cash	17,331	17,331	0	0
Total 2012/13	1,179,061	609,932	297,042	272,087

(1) Property/ Infrastructure /Timber – Various valuation bases are used. Direct fund holdings are valued based upon independent valuations, but funds also often hold joint venture and partnership interests which are subject to a variety of valuation methodologies. To be conservative, all funds have been classified Level 3 unless the fund itself is quoted.

(2) Private Equity – Various valuation bases are used – cost, quoted prices (often discounted for "lock-ups", transaction multiples, market multiples, future realisation proceeds, company prospects, third party opinion etc. Company and fund valuations often reflect combinations of these valuation bases. To be conservative, all funds have been classified Level 3 unless the fund itself is quoted.

Although the majority of the investments within the Fund are unlisted, the underlying investments of those funds are listed. Within the Private Equity and Property/ Infrastructure/ Timber portfolios, although some are listed, the Fund does have substantial holdings in unquoted investments (£262.515m) compared to £227.798m in 2011/12. These are valued at a fair value by the fund managers, using an appropriate basis of valuation. The valuations are reliant upon a significant degree of judgment, and due to the subjectivity and variability of these valuations there is an increased likelihood that the valuations included in the financial statements would not be realised in the event of a sale. The difference could be materially lower or higher.

In the period post closure and reporting of the accounts, further details will be received on the valuations of Property, Private Equity, Infrastructure, and Timber investments within the Fund. It has been estimated that the Fund has been undervalued by £0.899m (£2.297m in 2011/12). The table below shows the valuations reported in these accounts for the four investment categories alongside the final updated valuations provided.

	2013 Reported £000	2013 Updated £000
Property funds	82,260	82,382
Infrastructure funds	23,907	24,130
Timberland / Agricultural funds	20,511	20,531
Opportunistic funds	5,910	5,943
Private equity funds	138,137	138,639

	Market Value 2011/12	Level 1	Level 2	Level 3
	£000	£000	£000	£000
Fixed Interest Securities	170,075	323	169,752	0
UK Equities Active	0	0	0	0
UK Equities Passive	104,624	0	104,624	0
Overseas Equities Active	245,992	234,896	9,736	1,360
Overseas Equities Passive	88,152	0	88,152	0
Multi Strategy	118,080	65,671	52,351	58
Property (1)	75,307	0	0	75,307
Infrastructure (1)	23,414	4,287	0	19,127
Timber (1)	14,686	0	0	14,686
Commodities	36,879	18,635	18,244	0
Private Equity (2)	122,318	4,170	0	118,148
Hedge Fund of Funds	47,321	0	39,545	7,776
Leveraged Loans	530	0	0	530
	1,047,378	327,982	482,404	236,992
Cash	36,476	36,476	0	0
Total 2011/12	1,083,854	364,458	482,404	236,992

7. INVESTMENT RISKS

As demonstrated, the Fund maintains positions in a variety of financial instruments including bank deposits, quoted equity instruments, fixed interest securities, direct property holdings and unlisted equity products. This exposes the Fund to a variety of financial risks including credit and counterparty risk, liquidity risk, market risk and exchange rate risk.

Procedures for Managing Risk

The principal powers to invest are contained in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 and require an Administering Authority to invest any pension fund money that is not needed immediately to make payments from the Pension Fund. These regulations require the Pension Fund to formulate a policy for the investment of its fund money. The Administering Authority's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The Pension Fund annually reviews its Statement of Investment Principles (SIP) and corresponding Funding Strategy Statement (FSS), which set out the Pension Fund's policy on matters such as the type of investments to be held, balance between types of investments, investment restrictions and the way risk is managed. The SIP and FSS can be found on the Fund's website (www.clwydpensionfund.org.uk) under the "Governance and Investments" tab.

The Fund carries out a formal review of its structure at least every 4 years, usually every 3 years. The last review was carried out in 2010 and implemented in April 2011. The Fund's optimisation model, used to help determine the Fund's strategic benchmark, suggests that the asset mix so determined coupled with the requirements for certain fund managers to outperform their market indices should produce long-term returns of just over 9% with a volatility of around 10%. A key element in this review process is the consideration of risk and for many years now the Fund has pursued a policy of lowering risk by diversifying investments across asset classes, investment regions and fund managers. Furthermore alternative assets are subject to their own diversification requirements and some examples are given below.

- private equity – by stage, geography and vintage where funds of funds are not used
- property – by type, risk profile, geography and vintage (on closed-ended funds)
- infrastructure – by type (primary/secondary), geography and vintage
- hedge funds – multi-strategy or funds of funds

Manager Risk

The Fund is also well diversified by manager with no single manager managing more than 19% of Fund assets. On appointment fund managers are delegated the power through an investment management agreement to make such purchases and sales as they deem appropriate under the mandate concerned. Each mandate has a benchmark or target to outperform or achieve, usually on the basis of 3-year rolling periods. An update, at least quarterly, is required from each manager and regular meetings are held with managers to discuss their mandates and their performance on them. There are slightly different arrangements for some of the alternative assets. On private equity, property, infrastructure and timber/agriculture, investment is fund rather than manager-specific, with specific funds selected by the in-house team after careful due diligence. These commitments tend to be smaller in nature than main asset class investments but again regular performance reports are received and such investments are reviewed with managers at least once a year.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. As noted above almost all the Fund's investment are through pooled vehicles and a number of these are involved in derivative trades of various sorts, including futures, swaps and options. Whilst the Fund is not a direct counterparty to such trades and so has no direct credit risk, clearly all derivative transactions incorporate a degree of risk and the value of the pooled vehicle, and hence the Fund's holding, could be impacted negatively by failure of one of the vehicle's counterparties.

However, part of the operational due diligence carried out on potential manager appointees concerns itself with the quality of that manager's risk processes around counterparties and seeks to establish assurance that these are such as to minimise exposure to credit risk. Once appointed, managers are required to provide copies of their annual internal control reports for review to ensure that the standards expected are maintained.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the council's minimum credit criteria.

Subject to cash flow requirements, cash can be deposited in one of the following:

- The Pension Fund bank account with the National Westminster Bank for daily liquidity
- A National Westminster deposit account with access up to 180 days notice
- A Money Market AAA Fund for unexpected liquidity requirements or higher rates of return.

The Fund believes it has managed its exposure to credit risk and has no experience of default or uncollectible deposits in the last three financial years. The Fund's cash holdings as at 31st March 2013 was £17.331m (£36.476m at 31st March 2012). This was held as follows:

	Rating	2013 £000	2012 £000
Money Market Funds			
BlackRock	AAA	478	476
Bank of New York Mellon	AAA	979	665
Bank Deposit Accounts			
National Westminster Bank PLC	AA	15,850	32,553
Bank Current Accounts			
National Westminster Bank PLC	AA	24	2,782
		17,331	36,476

Within the Fund, the areas of focus in terms of credit risk are bonds and some of the alternative asset categories.

- The Fund's bond portfolio is managed on an unconstrained basis and has a significant exposure to credit, emerging market debt and loans. At 31st March 2013, the Fund's exposure to non-investment grade paper was £51.6 million or 29.5% of the fixed interest portfolio (33.2% at 31st March 2012).
- On private equity and infrastructure the Fund's investments are almost entirely in the equity of the companies concerned.
- The Fund also has residual "side pocketed" holdings with one manager which are currently illiquid. Details of this holding is set out as follows :-

	Book Cost £000	Market Value £000
Hedge Fund of Funds - Pioneer	1,548	2,001
Total	1,548	2,001

Liquidity Risk

The Pension Fund now has its own bank account. At its simplest, liquidity risk is the risk that the Fund will not be able to meet its financial obligations when they fall due, especially pension payments to its members. At a strategic level the Administering Authority, together with its consulting actuary, reviews the position of the Fund triennially to ensure that all its obligations can be suitably covered. Ongoing cash flow planning in respect of contributions, benefit payments, investment income and capital calls/distributions is also essential. This is in place with the Fund's position updated much more regularly.

Specifically on investments, the Fund holds through its managers a mixture of liquid, semi-liquid and illiquid assets. Whilst the Fund's investment managers have substantial discretionary powers regarding their individual portfolios and the management of their cash positions, they hold within their pooled vehicles a large value of very liquid securities, such as equities and bonds quoted on major stock exchanges, which can easily be realised. Traditional equities and bonds now comprise 58% of the Fund's value and, whilst there will be some slightly less liquid elements within this figures (emerging market equities and debt for example), the funds investing in these securities offer monthly trading at worst – often weekly or fortnightly.

On alternative assets the position is more mixed. Whilst there are a couple of quoted vehicles here, most are subject to their own liquidity terms or, in the case of property, redemption rules. Closed-ended funds such as most private equity vehicles and some property and infrastructure funds are effectively illiquid for the specified fund period (usually 10 years), although they can be sold on the secondary market, usually at a discount.

The table below analyses the value of the Fund's investments at 31st March 2013 by liquidity profile.

	Market Value 2012/13 £000	1 Month £000	2 - 3 Months £000	3 - 6 Months £000	6 - 12 Months £000	Closed - ended £000	Locked £000
Fixed Interest Securities	175,148	175,148	0	0	0	0	0
UK Equities Passive	122,222	122,222	0	0	0	0	0
Overseas Equities Active	288,379	284,137	4,242	0	0	0	0
Overseas Equities Passive	103,218	103,218	0	0	0	0	0
Multi Strategy	120,380	120,380	0	0	0	0	0
Property	82,260	0	0	0	29,107	53,153	0
Infrastructure	23,907	4,764	0	0	0	19,143	0
Timber	20,511	0	0	0	0	20,511	0
Commodities	34,588	34,588	0	0	0	0	0
Private Equity	138,137	3,446	0	0	0	134,691	0
Hedge Fund of Funds	47,070	0	0	45,069	0	0	2,001
Opportunistic Funds	5,910	0	0	0	0	5,910	0
	1,161,730	847,903	4,242	45,069	29,107	233,408	2,001

It should be noted that different quoted investments are subject to different settlement rules but all payments/receipts are usually due within 7 days of the transaction (buy/sell) date. Because the Fund uses pooled vehicles for quoted investments these are often subject to daily, weekly, 2-weekly or monthly trading dates. All such investments have been designated “within 1 month” for the purposes of liquidity analysis. Open-ended property funds are subject to redemption rules set by their management boards. Many have quarterly redemptions but these can be held back in difficult markets so as not to force sales and disadvantage continuing investors. For liquidity analysis purposes, a conservative approach has been applied and all such investments have been designated “within 6-12 months”.

Closed-ended funds have been designated illiquid for the purposes of liquidity analysis. However, these closed-ended vehicles have a very different cash flow pattern to traditional investments since the monies committed are only drawn down as the underlying investments are made (usually over a period of 5 years) and distributions are returned as soon as underlying investments are exited (often as early as year 4).

In terms of cash flow, therefore, the net cash flow for such a vehicle usually only reaches a maximum of about 60-70% of the amount committed and cumulative distributions usually exceed cumulative draw downs well before the end of the specified period, as these vehicles regularly return 1½ to 2½ times the money invested. At the same time, it has been the Fund’s practice to invest monies on a regular annual basis so the vintage year of active vehicles ranges from 1997 to 2013. This means that, whilst all these monies have been designated closed-ended and thereby illiquid on the basis of their usual “10-year life”, many are closer to maturity than implied by this broad designation.

As can be seen from the table, even using the conservative basis outlined above, around 73% of the portfolio is realisable within 1 month.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial institution will fluctuate because of changes in market price. The Fund is exposed to the risk of financial loss from a change in the value of its investments and the consequential danger that its assets will fail to deliver returns in lines with the anticipated returns underpinning the valuation of its liabilities over the long term.

Market risk is comprised of two elements –

- The risks associated with volatility in the performance of the asset class itself (beta);
- The risks associated with the ability of managers, where allowed, to move away from index weights and to generate alpha, thereby offsetting beta risk by exceeding market performance.

The following table sets out an analysis of the Fund’s market risk positions at 31st March 2013 by showing the amount invested in each asset class and through each manager within each main asset class, the index used as a benchmark, the target set for managers against this benchmark and managers’ maximum target volatility (or risk) against index in achieving this.

This target volatility is a measure of the maximum degree of dispersion of likely results compared with the selected benchmark.

	Manager	Market Value 2012/13 £000	Benchmark	Target (Gross)	Risk (<) %
Fixed Interest Securities	Stone Harbor	175,148	FT All Stocks	+1.5%	4.0
UK Equities–passive	SSgA	122,222	FTSE All Share	Match	0.5
Foreign equities–active	Investec	62,797	MSCI AC World NDR	+3.5%	10.0
	Aberdeen	85,042	MSCI AC Asia/P ex Japan	+3.0%	12.0
	Aberdeen	8,834	MSCI Frontier Markets	+3.0%	12.0
	Wellington	82,880	MSCI EM Free	+2.5%	8.0
	Duet	48,826	Absolute	+8-10%	3.0
Foreign equities–passive	SSgA	31,007	FTSE AWD Europe ex UK	Match	0.5
	SSgA	38,081	FTSE AWD North America	Match	0.5
	SSgA	34,130	FTSE AWD Japan	Match	0.5
Multistrategy funds	BlackRock	56,385	7 day LIBID	+15.0%	20.0
	BlueCrest	31,470	Absolute	+10-15%	6.0
	Pyrford	32,525	RPI	+5.0%	8.0
Hedge fund of funds	Liongate	21,358	Absolute	+8-10%	6.0
	SSARIS	23,711	Absolute	+8-10%	5.0
	Pioneer	2,001	Absolute	+8-10%	4.0
Commodity fund	Wellington	34,588	GCSI Equally Weighted	+1.5%	4.0
Property funds	Various	82,260	IPD Balanced PUTs	Exceed	
Infrastructure funds	Various	23,907	Absolute	+15.0%	
Timber /Agricultural funds	Various	20,511	Absolute	+15.0%	
Private equity funds	Various	138,137	Absolute	+15.0%	
Opportunistic funds	Various	5,910	Absolute	+15.0%	
		1,161,730			

The risks associated with volatility in market values are managed mainly through a policy of broad asset diversification. The Fund sets restrictions on the type of investment it can hold through investment limits, in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The Fund also adopts a specific strategic benchmark (details can be found in the Fund's SIP) and the weightings of the various asset classes within the benchmark form the basis for asset allocation within the Fund. Under normal conditions there is quarterly rebalancing to this strategic benchmark within fixed tolerances. This allocation, determined through the Fund's asset allocation model, is designed to diversify and minimise risk for a specific level of performance through a broad spread of investments across both the main and alternative asset classes and geographic regions within each asset class. The current strategic benchmark is targeted to produce long-term returns of just over 9% with a volatility of around 10%.

Market risk is also managed through manager diversification – constructing a diversified portfolio across multiple investment managers. On a daily basis, managers will manage risk in line with the benchmarks, targets and risk parameters set for the mandate, as well as their own policies and processes. The Fund itself monitors managers on a regular basis (at least quarterly) on all these aspects. On property and private equity, fund and manager diversification is vital and, whilst a full list of investments is not detailed here, the Fund has exposures as follows:

	Market Value 2013 £000	Managers No.	Funds No.	Properties / Companies Estimated No.
Real Assets	126,678	18	31	>280
Private Equity / Opportunistic	144,047	19	58	>4,000

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments.

The fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the fund to ensure it is within limits specified in the fund's investment strategy.

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund's performance measurer, WM Company, the fund has determined that the following movements in market price risk are reasonably possible for the 2012/13 reporting period:

Asset Type	Potential Market Movements (+ / -)
Global Equity inc UK	11.8%
UK Equity	14.2%
Oveseas Equity	12.7%
Global Fixed Income	4.9%
Alternatives	3.3%
Property	3.7%

The sensitivities are consistent with the assumptions provided by WM Company based on historic data collated for the Fund. The analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates remain the same.

Had the market price of the Fund's investments increased / decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (prior year comparator also provided).

Asset Type	Market Value 2012/13	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash and cash equivalents	17,331	0.0	17,331	17,331
Investment portfolio assets:-				
Global Equity inc UK	111,623	11.8	124,795	98,451
UK Equity	122,222	14.2	139,578	104,866
Overseas Equity	279,974	12.7	315,531	244,217
Global Fixed Income	175,148	4.9	183,730	166,566
Alternatives	390,503	3.3	403,390	377,616
Property	82,260	3.7	85,304	79,216
	1,179,061		1,269,659	1,088,263

Asset Type	Market Value 2011/12	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash and cash equivalents	36,476	0.0	36,476	36,476
Investment portfolio assets:-				
Global Equity inc UK	99,709	14.7	114,396	85,022
UK Equity	104,624	17.5	122,965	86,283
Overseas Equity	234,437	15.5	270,798	198,076
Global Fixed Income	170,075	5.4	179,310	160,840
Alternatives	363,226	3.9	377,501	348,951
Property	75,307	6.0	79,833	70,781
	1,083,854		1,181,279	986,429

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash slows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund recognizes that interest rates can vary and affect both the income to the fund and the net assets available to pay benefits. The Fund's Fixed Income manager has advised that they would expect a small change of 50 basis points (bps) from one year to the next. As the fund does not use Fixed Income securities to provide income, the following sensitivity analysis only refers to cash and cash balances.

Asset Type	Carrying Value	Change in year in net assets available to pay benefits	
	2012/13	+50BPS	-50BPS
	£000	£000	£000
Cash and cash equivalents	1,457	7	(7)
Cash balances	15,874	79	(79)
	17,331	86	(86)

Asset Type	Carrying Value	Change in year in net assets available to pay benefits	
	2011/12	+50BPS	-50BPS
	£000	£000	£000
Cash and cash equivalents	1,141	6	(6)
Cash balances	35,335	176	(176)
	36,476	182	(182)

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any other currency other than the functional currency of the Fund (GBP). The Fund holds assets denominated in currencies other than GBP.

The following table summarises the Fund's currency exposure as at 31st March 2013 and as at the previous year end:

Currency Exposure - Asset Type	Market Value 2012/13	Market Value 2011/12
	£000	£000
Global Fixed Income	175,148	170,075
Overseas Equities Active	288,379	245,992
Overseas Equities Passive	103,218	88,152
Multi Strategy	120,380	118,080
Commodities	34,588	36,879
Hedge Funds	47,070	47,321
Property	39,755	31,691
Infrastructure	11,521	8,892
Timber / Agriculture	20,511	14,686
Opportunitistic	5,910	0
Private Equity	112,096	96,971
	958,576	858,739

Following analysis of the historical data in consultation with the fund's Performance Measurers, WM Company, and analysis of the exposures to foreign currency for the year to 31st March 2013, it was considered that the likely volatility associated with foreign exchange rate movements to be 5.1%. For the period to 31st March 2012, this was calculated to be 7.4%.

This analysis assumes that all other variables, in particular interest rates, remain constant. These individual year percentages strengthening / weakening against the various currencies in which the fund hold investments would increase / decrease the net assets available to pay benefits as follows:

Currency Exposure - Asset Type	Market Value	Percentage Change	Value on Increase	Value on Decrease
	2012/13	%	£000	£000
Global Fixed Income	175,148	5.1	184,073	166,223
Overseas Equity - Active	288,379	5.1	303,074	273,684
Overseas Equity - Passive	103,218	5.1	108,478	97,958
Multistrategy	120,380	5.1	126,514	114,246
Hedge Funds of Funds	47,070	5.1	49,469	44,671
Commodities	34,588	5.1	36,351	32,825
Timber	20,511	5.1	21,556	19,466
Infrastructure	11,521	5.1	12,108	10,934
Property	39,755	5.1	41,781	37,729
Opportunistic	5,910	5.1	6,211	5,609
Private Equity	112,096	5.1	117,808	106,384
	958,576		1,007,423	909,729

Currency Exposure - Asset Type	Market Value	Percentage Change	Value on Increase	Value on Decrease
	2011/12	%	£000	£000
Global Fixed Income	170,075	7.4	182,686	157,464
Overseas Equity - Active	245,992	7.4	264,232	227,752
Overseas Equity - Passive	88,152	7.4	94,688	81,616
Multistrategy	118,080	7.4	126,836	109,324
Hedge Funds of Funds	47,321	7.4	50,830	43,812
Commodities	36,879	7.4	39,614	34,144
Timber	14,686	7.4	15,775	13,597
Infrastructure	8,892	7.4	9,551	8,233
Property	31,691	7.4	34,041	29,341
Private Equity	96,971	7.4	104,161	89,781
	858,739		922,414	795,064

8. OTHER INVESTMENTS

	2013		2012	
	£000	£000	£000	£000
Other Investment Assets :				
Sale of Investments / Income accrual	874		3	
		874		3
Other Investment Liabilities :				
Purchases of investments	0		0	
		0		0
Other Investment Balances		874		3

9. DEBTORS/CREDITORS

	2013		2012	
	£000	£000	£000	£000
Current Assets :				
Contributions due - Employees	1,099		1,109	
Contributions due - Employers	2,105		2,100	
Added years	52		25	
H.M. Revenue and Customs	54		69	
Pension strain	251		342	
Administering authority	210		1	
Miscellaneous	74		57	
		3,845		3,703
Assets over 1 year :				
Pension strain	0		200	
		0		200
Less Current Liabilities :				
Lump sums	(1,774)		(1,628)	
Death grants	(131)		(333)	
Administering authority	(303)		(1,122)	
Added years	(55)		(86)	
Bulk Transfer Value Payable	0		(23,530)	
Miscellaneous	(285)		(238)	
		(2,548)		(26,937)
Net Current Assets		1,297		(23,034)

Analysis of debtors

	2013	2012
	£000	£000
Central Government Bodies	54	69
Other Local Authorities	3,468	3,426
NHS Bodies	0	0
Public Corporations and Trading Funds	0	0
Other Entities and Individuals	323	408
	3,845	3,903

Analysis of creditors

	2013	2012
	£000	£000
Central Government Bodies	0	0
Other Local Authorities	(331)	(24,702)
NHS Bodies	0	0
Public Corporations and Trading Funds	0	0
Other Entities and Individuals	(2,217)	(2,235)
	(2,548)	(26,937)

10. POST BALANCE SHEET EVENT

The accounts outlined within the statement represent the financial position of the Clwyd Pension Fund as at 31st March 2013. Since this date, the performance of the global equity markets may affect the financial value of pension fund investments. This movement does not affect the ability of the Fund to pay its pensioners.

Changes have been agreed to the Local Government Pension Scheme which will take effect from 1st April 2014. These changes will not impact the Statement of Accounts for 2012/13.

11. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

A market value or an estimate thereof has not been included for the money purchase AVC investments. These assets are specifically allocated to the provision of additional benefits for particular members. The Clwyd Pension Fund has the services of two AVC providers for members' additional benefits with the funds being invested in a range of investment products including fixed interest, equity, cash, deposit, property and socially responsible funds, as follows :-

Contributions paid	£	806,956
Units purchased	No.	125,608
Units sold	No.	62,549
Market value as at 31st March 2013	£	4,404,457
Market value as at 31st March 2012	£	3,824,312

12. RELATED PARTY TRANSACTIONS

Governance

Under legislation, introduced in 2004, Councillors are entitled to join the Pension Scheme. As at 31st March 2013, no Members of the Pension Panel have taken this option. The Members of the Pension Fund Panel do not receive any fees in relation to their specific responsibilities as members of the Panel.

Key Management Personnel

No senior officers responsible for the administration of the Fund have entered into any contract, other than their contract of employment with the Council, for the supply of goods or services to the Fund. Kerry Feather, the Head of Finance (Treasurer and Administrator to the Clwyd Pension Fund) has been identified as holding a key position in the financial management of the fund.

Flintshire County Council

In the course of fulfilling its role as administering authority to the Fund, Flintshire County Council provided services to the Fund for which it charged £791,039 (£802,768 in 2011/12).

These costs are in respect of those staff employed in ensuring the pension service is delivered, and other costs such as payroll and information technology. The costs are included in the accounts within administration expenses (see note 2). At the year end, a net balance of £0.093m was owing to Flintshire in relation to creditors payments made on behalf of the fund and support service costs which were not available as at 31st March 2012. (£1.039m in 2011/12).

13. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

As at 31st March 2013, the Fund has contractual commitments of £458.4m (£383.4m in 2011/12) in private equity and property funds, of which £323.4m (£283.2m in 2011/12) has been invested, leaving an outstanding commitment of £135.0m (£100.2m in 2011/12).

14. TRANSACTION COSTS

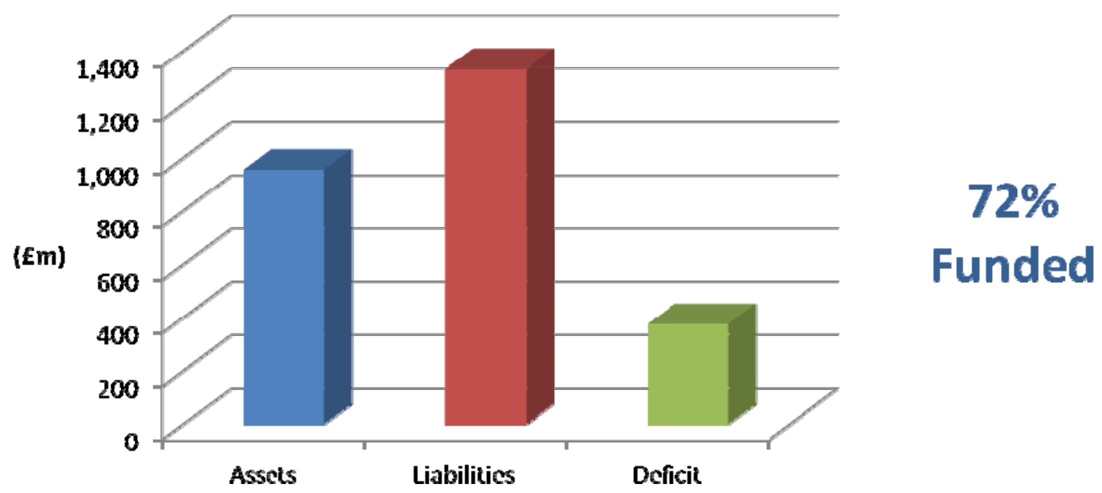
Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment. They include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges and transfer taxes and duties. They can be added to purchase costs or netted against sales proceeds, as appropriate. These costs cannot be directly identified as the Clwyd Pension Fund is wholly invested in pooled vehicles.

15. ACTUARIAL VALUATION & VALUE OF PROMISED RETIREMENT BENEFITS FOR THE PURPOSE OF IAS 26 (Provided by the Fund's Actuary)

This statement has been provided to meet the requirements under Regulation 34(1)(d) of The Local Government Pension Scheme (Administration) Regulations 2008.

An actuarial valuation of the Clwyd Pension Fund was carried out as at 31 March 2010 to determine the contribution rates with effect from 1 April 2011 to 31 March 2014.

On the basis of the assumptions adopted, the Fund's assets of £956 million represented 72% of the Fund's past service liabilities of £1,332 million (the "Funding Target") at the valuation date.



The valuation also showed that a common rate of contribution of 11.7% of pensionable pay per annum was required from employers. The common rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

Adopting the same method and assumptions as used for assessing the Funding Target the deficit would be eliminated by an average additional contribution rate of 9.0% of pensionable pay for 20 years. This would imply an average employer contribution rate of 20.7% of pensionable pay in total.

Further details regarding the results of the valuation are contained in our formal report on the actuarial valuation dated 30 March 2011.

In practice, each individual employer's position is assessed separately and the contributions required are set out in our report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Different approaches adopted in implementing contribution increases and deficit recovery periods are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

	For past service liabilities (Funding Target)	For future service liabilities (Common Contribution Rate)
Rate of return on investments (discount rate)		
- pre retirement	6.5% per annum	6.75% per annum
- post retirement	5.5% per annum	6.75% per annum
Rate of pay increases	4.5% per annum	4.5% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	3.0% per annum	3.0% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2013. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2014.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2013 (the 31 March 2012 assumptions are included for comparison):

	31 March 2012	31 March 2013
Rate of return on investments (discount rate)	4.9% per annum	4.2% per annum
Rate of pay increases	4.0% per annum	3.9% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.5% per annum	2.4% per annum

The demographic assumptions are the same as those used for funding purposes other than the allowance for future improvements in life expectancy, which has been updated taking into account the latest evidence on this issue. The updated allowance underlying the 31 March 2013 calculations is in line with the projections model published in November 2009 by the Continuous Mortality Investigation (CMI) with a long-term improvement rate of 1.25% p.a. The previous allowance as at 31 March 2012 used a long-term improvement rate of 1.0% p.a.

During the year, corporate bond yields reduced, resulting in a lower discount rate being used for IAS26 purposes at the year end than at the beginning of the year (4.2% p.a. versus 4.9% p.a.). The impact of this was offset slightly by the 0.1% p.a. fall in assumed inflation.

The value of the Fund's promised retirement benefits for the purposes of IAS26 as at 31 March 2012 was estimated as £1,613 million. The effect of the changes in actuarial assumptions between 31 March 2012 and 31 March 2013 as described above is to increase the liabilities by *c*£204 million. Adding interest over the year increases the liabilities by a further *c*£79 million, and allowing for net benefits accrued/paid over the period increases the liabilities by another *c*£5 million. The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2013 is therefore £1,901 million.

Paul Middleman
Fellow of the Institute and Faculty of Actuaries
Mercer Limited
May 2013

I have audited the accounting statements and related notes of:

- Flintshire County Council; and
- Clwyd Pension Fund

for the year ended 31 March 2013 under the Public Audit (Wales) Act 2004.

Flintshire County Council's 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.

Clwyd Pension Fund's accounting statements comprise the Fund Account and the Net Assets 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 2012/13 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, the responsible financial officer is responsible for the preparation of the statement of accounts, including Clwyd Pension Fund's accounting statements, 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 the Flintshire County Council's and Clwyd Pension Fund'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. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Flintshire County Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Flintshire County Council as at 31 March 2013 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 2012/13.

Opinion on the accounting statements of Clwyd Pension Fund

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of Clwyd Pension Fund during the year ended 31 March 2013 and of the amount and disposition of the fund's assets and liabilities as at that date; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

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 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 Flintshire County 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.

Anthony Barrett
Appointed Auditor
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Signature Date: 30th September 2013

This statement has the following five sections:-

1. Scope of Responsibility.
2. The Purpose of the Governance Framework.
3. The Governance Framework.
4. Review of Effectiveness.
5. Significant Governance Issues.

1. SCOPE OF RESPONSIBILITY

Flintshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used appropriately and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, ensuring that we are economic, efficient and effective as an organisation.

In discharging this overall responsibility, Flintshire County Council should maintain proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and the management of risk.

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) / the Society of Local Authority Chief Executives and Senior Managers (SOLACE) 'Delivering Good Governance in Local Government: A Framework'.

The Code of Corporate Governance is included in the Council's Constitution and a copy is also available from the Democracy & Governance Manager in Legal and Democratic Services.

This Statement explains how Flintshire County Council has complied with the Code and also meets the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2010.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework brings together the systems and processes, staff, other resources, culture and values by which the Council is managed and controlled and the activities through which it accounts to, engages with and leads the community. The framework enables the Council to monitor achievement against its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risks and challenges to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore provide proportionate and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, priorities, aims and objectives, to evaluate the likelihood of those risks and challenges occurring and to evaluate the impact if they do; to manage risks efficiently, effectively and economically.

The governance framework has been in place at Flintshire County Council for the year ended 31st March 2013 and up to the date of approval of the annual statement of accounts.

3. THE GOVERNANCE FRAMEWORK

a) Council Constitution

The Council's Constitution defines the roles of the Cabinet, Council, Audit Committee, Standards Committee, Overview & Scrutiny Committees and all other Committees. It also details the portfolios of each of the Cabinet members, the responsibility for functions including the delegation arrangements and various codes and protocols including the Members' Code of Conduct, the Officers' Code of Conduct, the Member/Officer Protocol and the Code of Corporate Governance.

b) Code of Corporate Governance

The key elements of the Council's governance arrangements are reflected in the Code of Corporate Governance. The Code forms part of the Constitution and applies to all aspects of the Council's business. Members and employees are required to conduct themselves in accordance with the high standards expected by the citizens of Flintshire and the six core principles set out within the revised CIPFA / SOLACE Framework:-

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability

The Cabinet, in consultation with the Constitution Committee, is responsible for approving the Code of Corporate Governance. The Chief Executive and Monitoring Officer are responsible for ensuring that it is kept up to date by way of annual reviews commencing in October each year.

Updating the Code of Corporate Governance and gaining assurance to inform this annual governance statement is undertaken and co-ordinated over the year as part of a cyclical approach.

c) Council (Plan) Governance Framework

The final drafting and publication of the Council (Plan) Governance Framework was endorsed by the Council's Cabinet and County Council in August 2012. The framework is a family of co-related documents describing how the organisation's priorities and values are reflected within the Directorates and their functions and how the Council interacts with partners and its customers and communities.

The framework is revised and updated annually.

d) Members

Flintshire County Council has 70 Councillors that represent 57 electoral divisions and are democratically elected normally every 4 years. The Council operates a Leader and Cabinet Executive which during the year to 31st March 2013 was made up of 8 members. Role descriptions have been approved for the Leader, Cabinet Members, Committee Chairs and ordinary Members. For the 2012/13 year there were 6 Overview & Scrutiny Committees supported by a team of officers.

These Committees were as follows:-

- Housing
- Corporate Resources
- Environment
- Lifelong Learning
- Community Profile & Partnerships
- Social & Health Care

In addition the Council has the following Standing Committees:-

- Audit Committee
- Constitution Committee
- Standards Committee
- Planning and Development Control Committee
- Licensing Committee
- Democratic Services

The terms of reference of the various Committees are set out in the Council's Constitution. The number, size and terms of reference of the Standing Committees are reviewed annually at the Council's annual meeting in May.

On taking office all Members are required to sign a Declaration of Acceptance of Office whereby they undertake to be guided by the National Code of Local Government Conduct in the performance of their functions as a Councillor. Flintshire's Members' Code complies with the National Code and all Members are given a copy of it when taking up office. Any complaints that a Member has not complied with the Code are considered by the Public Services Ombudsman for Wales who may refer any apparent breaches to either the Council's Standards Committee or to the Adjudication Panel for Wales which may apply sanctions if a breach of the Code is found.

e) Officers

Article 16 of the Constitution explains the role of the Chief Executive who is the Council's statutory Head of Paid Service. This includes providing leadership to the management and employees of the Council; ensuring that the Council has the governance, structure, workforce, resources and business systems needed to provide high quality, cost effective and responsive services to the people of Flintshire; working closely and supportively with elected Members to ensure the realisation of the Council's culture, vision, policies and programmes; working with partners at the local, regional and national level both to fulfil Flintshire's potential and to represent its interests, and to contribute to the governance of Wales as a devolved nation.

The Head of Legal and Democratic Services is the Council's Monitoring Officer under Section 5 of the Local Government & Housing Act 1989. In addition to the statutory responsibilities of ensuring the Council complies with the law and avoids maladministration the Council's Constitution also gives the Monitoring Officer responsibility for monitoring the operation of the Constitution and contributing to the promotion of high standards of conduct through the provision of support to the Standards Committee.

The Head of Finance is the Responsible Finance Officer and takes responsibility for the proper administration of the Council's financial affairs under Section 151 of the Local Government Act 1972 and in accordance with the CIPFA Statement on the role of the Chief Financial Officer.

f) Finance

There are robust arrangements for effective financial management and control through the Council's accounting procedures, key financial systems, Financial Procedure Rules and Contract Procedure Rules as set out in the Constitution. Both the Financial Procedure Rules and Contract Procedure Rules are regularly reviewed and are available on the Council's Infonet.

The Council's Medium Term Financial Strategy provides a framework for the financial principles through which revenue and capital resources are forecast, organised and managed to deliver the Council's vision and strategic objectives. The Medium Term Financial Plan forecasts funding levels and resources required over the medium term to support strategic decision making; to ensure balanced budgets in future years, and so that the Council can invest in its improvement priorities. The Council has four types of resources – people, money, assets and information.

The Council's process for setting its annual revenue budget and capital programme is set out in the Budget and Policy Framework Procedure Rules in Part 4 of the Constitution. When the Authority sets its budget elected members take account of the level of risk and uncertainty regarding its budgetary estimates in the context of the prevailing economy and public services climate.

The Council operates a scheme of delegated budgets supported by the Corporate Finance team which consists of central and directorate based finance teams supporting budget managers. Revenue budget monitoring reports, including full year forecasts, are reported to the Cabinet and the Corporate Resources Overview and Scrutiny Committee on a monthly basis. These reports identify reasons for variances and set out any corrective action that is proposed. Capital Programme monitoring reports are reported to the Cabinet and the Corporate Resources Overview and Scrutiny Committee on a quarterly basis.

The Council has adopted the Chartered Institute of Public Finance Accountants (CIPFA) Treasury Management in the Public Services: Code of Practice. Treasury Management is conducted in accordance with the Council's Treasury Management Policy and Strategy Statement and Treasury Management Practices which are both reviewed annually. All borrowing and long term financing is made in accordance with CIPFA's Prudential Code. Treasury Management update reports are made to the Audit Committee and Cabinet on a quarterly basis.

g) Flintshire Futures

The Council has adopted the Flintshire Futures Programme as its strategy for organisation change and reform to secure efficiencies whilst modernising the way we work and improving local public services.

The Flintshire Futures Programme has four sub programmes:-

- Corporate Change e.g. assets and procurement
- Service Reviews e.g. Modernising Social Care
- Regional Collaboration e.g. School Improvement Service
- Local Collaboration e.g. energy management and carbon reduction

h) Business Planning

The Council has an established and effective approach to business planning. The process is described and signposted within the Council (Plan) Governance Framework (see c) above).

Alongside this is the Council's Improvement Plan which is published annually and describes the Council's priorities (Improvement Objectives) which are supported by both corporate and Directorate level (sub) priorities. These priorities are connected to the County's Vision and priorities as determined by the Local Service Board.

The ‘building blocks’ of the Council’s business planning approach are:-

- County Vision (Community Strategy) as set by the Local Service Board.
- Council Priorities as set by the County Council and supported by Directorate and corporate sub priorities.
- Council Improvement Targets – a set of performance indicators designated as those which require focused attention for improvement.
- Risk management – described in our Strategic Assessment of Risks and Challenges (SARC) document – a set of issues to which risks, objectives and actions for mitigation are described.
- Outcome Agreement (with Welsh Government) actions and measures.
- Directorate and Service Plans, plus the corporate resource plans (for Human Resources, ICT and Customer Services, Finance and Legal and Democratic).
- Findings of and Council responses to external regulation.
- Quarterly performance reporting at Head of Service level to Cabinet and Overview and Scrutiny – a monitoring report on progress on all the issues above.

An integral part of business planning is understanding and taking action against risks related to the business. The Council’s risk management processes are embedded and include:-

- Operational risk – identified at service level
- Project risk – identified through the project management system
- Partnership risk - identified through the partnership governance framework

A corporate risk management model as described in the Risk Management Strategy supports these arrangements.

The Council’s strategic risk register is entitled the Strategic Assessment of Risks and Challenges (SARC). This ‘live’ document defines and details the priorities for change and improvement. It is embedded within our business planning processes.

- As a tool it collates the risks the Council has to consider, with regular updating and reporting on progress
- It uses a red, amber, green (RAG) matrix to evaluate the current risk status and predicts the period when the risk will be mitigated or managed within the Council’s risk appetite. It also identifies any change in level of risk status.

The SARC has three sections:-

- Community Leadership – critical local issues which cannot be solely delivered by the Council (e.g. Affordable Housing)
- Council Delivery – public service issues which are largely within the control and responsibility of the Council
- Council Governance – issues of organisational governance and management (e.g. Finance)

Part of the Council's approach to risk management includes its business continuity arrangements. The Council has a resilient approach to business continuity practices in place. Business continuity management prepares the organisation to plan effective responses to business interruptions, such as severe weather or a power outage, for its critical services to function and then return to normal as soon as possible.

The approach includes:

- Mission Critical Services which must be maintained or recovered as a priority should a business interruption occur; these services have Business Continuity Plans in place.
- a Corporate Business Continuity Plan which is the overall framework within which the plans for Mission Critical Services operate. It sets out the actions to be taken should a number of business continuity impacts be faced at the same time across e.g. accommodation or ICT infrastructure.
- regular testing and updating of all Business Continuity Plans to ensure they are kept up to date and current

Overall strategic responsibility for ensuring that services are maintained is the responsibility of the designated senior officers.

i) Corporate Strategies

The Council has four principal corporate resource strategies (see *) and other plans which provide the resource and accountability framework and support for the delivery of the Directorate and Service Plans. They include:-

- Medium Term Financial Strategy and Plan *
- People Strategy *
- Asset Management Plan *
- ICT Strategy *
- Procurement Strategy
- Health and Safety Policy

j) Regulation and Assurance

Regulation and accountability provides assurance for the effectiveness of the Council's arrangements for the services it is responsible for and the achievement of its objectives. It is undertaken both internally within the organisation through its governance arrangements, practices and procedures and externally by various organisation's such as the Wales Audit Office (WAO) which has an independent statutory role.

k) Information Governance

The Council's existing arrangements on information governance include the designation of an Information Governance Manager, a group of officers who meet on a monthly basis to give corporate advice on compliance with the Data Protection Act, corporate procedures in place for dealing with Data Protection, Freedom of Information, Environmental Information Regulations and Records Management. These procedures and guidance are available on the Council's Infonet.

l) Audit Committee

Internally, the Council's, Audit Committee's role and function is to provide assurance of the system through:-

- Reviewing and assessing the risk management, internal control and corporate governance arrangements of the authority.
- Reviewing and scrutinizing the authority's financial affairs and reviewing the financial statements prepared by the authority.
- Overseeing the authority's internal/external audit arrangements.

The above reflects the expanded role of the committee as a result of the Local Government (Wales) Measure 2011. The lay person appointed to the committee pursuant to that measure was subsequently appointed Vice Chair of the committee.

m) Internal Audit

The Internal Audit service is provided in accordance with CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom and in accordance with the CIPFA Statement on the Role of the Head of Internal Audit. The Code states that Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. An annual audit plan is prepared on the basis of the Internal Audit Strategy.

In accordance with the requirements of the CIPFA Code of Practice the Internal Audit Manager reports to the Audit Committee a summary of audit findings each quarter and prepares an annual report that summarises the results of internal audit work during the year on the overall system of internal control within the Authority.

n) External Arrangements

External arrangements for regulation and assurance are provided by a number of statutorily appointed bodies principally the Wales Audit Office (WAO), Estyn and the Care and Social Services Inspectorate (CSSIW).

Their role is independent of government and they examine and challenge the performance and effectiveness of Welsh public bodies work and produce either periodic or annual local and national reports on their findings.

o) Partnerships

The Council is involved in various ways in partnerships (as lead, joint partner, service recipient, service provider) at national, regional and local levels. Nationally, the Council is part of the local government 'family' in Wales making contributions in social policy development, influencing national decisions and in guiding professional and other bodies. The Council is an active member of many regional partnerships and representative bodies and a collaborative partner in numerous regional projects and partnerships.

On a County level, the Local Service Board (LSB) brings together the public service providers in Flintshire including: Flintshire County Council, North Wales Police, Betsi Cadwaladr University Health Board, Deeside College, Glyndwr University, Flintshire Local Voluntary Council, National Public Health Service, North Wales Fire and Rescue Service and Natural Resources Wales.

The Flintshire LSB was established in 2008. Its remit is to focus on five main areas:-

- Building and Maintaining effective and trusting partnership relationships as a set of local leaders.
- Discharging the responsibilities of an LSB - this includes producing a meaningful and fit for purpose Community Strategy.
- Consistent and effective governance and performance of strategic partnerships, e.g., Community Safety Partnership, Health, Social Care and Well Being Partnership, Children and Young People's Partnership and Regeneration Partnership.
- Identifying and working on common issues as public bodies/employers.
- Promoting collaboration in the design and provision of local public services to make best economic use of local partner's resources, such as people, money, assets and technology.

The following strategic partnerships make up Flintshire in partnership:-

- Children & Young People's Partnership and 'Making a Positive Difference' Plan (2011 to 2014)
- Community Safety Partnership and Strategic Plan (2011 to 2014)
- Flintshire Housing Partnership
- Health, Social Care and Well-being Partnership and the Good Health, Good Care Strategy (2011 to 2014)
- Local Safeguarding Children Board Strategic Plan (2011 to 2014)
- Regeneration Partnership
- Voluntary Sector Compact
- Youth Justice Plan and Board

Strategic partnership performance is reported to the Council's Cabinet and the Community Profile and Partnerships Overview and Scrutiny Committee twice yearly.

p) Whistle-blowing

The Council is committed to the highest possible standards of openness, probity and accountability. To support that commitment we encourage employees and others with serious concerns about any aspect of the Council's work to come forward and voice those concerns. It is recognised that sensitive cases have to proceed on a confidential basis. This policy makes it clear that employees can do so without fear of reprisal. The policy is included in the Council's Constitution and is available on the Council's Infonet.

q) Complaints

The Council has adopted a formal complaints procedure which also seeks comments and compliments and this is periodically updated.

r) Clwyd Pension Fund

The Clwyd Pension Fund is administered by Flintshire County Council on a lead authority basis. Since 1 April 2006 the Local Government Pension Scheme Regulations have required a pension fund administering authority to prepare, publish and maintain a governance policy statement. This statement is published in the Annual Report which is available on the Clwyd Pension Fund website: www.clwydpensionfund.org.uk.

4. REVIEW OF EFFECTIVENESS

Flintshire 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 effectiveness is informed by the work of the Senior Managers within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Manager's annual report, self assessment questionnaires on corporate governance completed by all Heads of Service and also by comments made by the external auditors and other review agencies and inspectorates.

a) Council Constitution

During the course of the year the Council Constitution has been kept under review and changes made to keep it up-to-date. There has also been the start of a programmed 3 year review of the entire Constitution pursuant to a decision of the Constitution Committee. The Constitution Committee also agreed that sessions should be held with Members and officers to raise awareness of the provisions in the Constitution and such briefing sessions have been held during the year and will continue in 2013/14.

b) Code of Corporate Governance

Each year there is a review and update of the Code of Corporate Governance. This is coordinated by the Corporate Governance Officer Working Group. The two main tasks of the Working Group are to update annually the Code of Corporate Governance and to prepare the Annual Governance Statement.

Following the work of the Officer Working Group an updated version of the Code of Corporate Governance was reported to the Corporate Management Team at its meeting on 20th November 2012 and then to the Audit Committee at its meeting on 12th December 2012. At both meetings the updated version was agreed and subsequently the Constitution amended to include this updated version.

The Corporate Governance Working Group this year amended the Corporate Governance self-assessment questionnaire. It has been produced to reflect feedback on its use for the first time last year. This included more time for Heads of Service to complete the questionnaire. Unfortunately several questionnaires were not returned by the deadline which led to delay in preparing the draft AGS for consideration by the Chief Executive, Monitoring Officer and Section 151 officer. In some areas Heads of Service have recognised the need to improve existing arrangements and produced action plans to address this. The Working Group decided that more needs to be done to make employees aware of the Officer Code of Conduct and the Finance Procedure Rules and is formulating proposals on this. The results of the questionnaire informed the preparation of this AGS.

c) Council (Plan) Governance Framework

During the year it has been used as part of the management development programme for Managers at Institute of Leadership and Management (ILM) Levels 4 and 5 and received a favourable response as a comprehensive and user friendly resource. The annual review of the framework will be presented to both the Council's Cabinet and County Council meetings in June 2013.

d) Members

Following the County Council elections in May 2012 an extensive induction programme was delivered which included both formal and informal briefings, arrangements for new members to have mentors, fact sheets on various topics and a Your Council event following the annual meeting on the 15th May 2012.

In addition each year there is a Member development programme and during 2012/13 the following formal training was provided and available to all members:-

- Various planning topics
- Member Code of Conduct
- Overview & Scrutiny
- ICT Facilities & Emergency Planning
- Safeguarding & Protecting Vulnerable Adults
- Audit Committee
- Equality & Welsh Language
- Data Protection
- Corporate Health & Safety
- Dealing with the media
- Treasury Management

e) Officers

The Learning and Development Team, working in Partnership with Deeside College have developed a comprehensive development programme enabling employees to develop their skills and competencies further and to achieve national ILM qualifications. A range of over 30 specialist half and full day development programmes are also offered to the workforce.

f) Finance

The Council's revenue budget and capital programme for 2012/13 were agreed by the Council. The budget is aimed at protecting 'front line' public services and re-investment to meet council priorities despite a reduced level of funding.

In order to achieve a balanced budget the Council:

- Reviewed previous year decisions for pressures and efficiencies and revised them to reflect current need.
- Took a targeted approach to inflation
- Reviewed and challenged the in-year position
- Reviewed Reserves and Balances
- Progressed the Flintshire Futures work streams

The final outturn for the year with an in year budget underspend of £4m was reported in July, which exceeded the efficiency targets within the budget. On capital, the introduction of more robust monitoring arrangements has been successful in achieving over 85% of planned spend in year. Whilst positive to the Council's financial position, it is recognised that earlier reporting of efficiencies is needed to support financial and service planning and decision making for future budget years. This is now planned.

The financial future facing the Council continues to be very uncertain and challenging. The next stage of the development of the Medium Term Financial Plan will be published in June alongside the new Improvement Plan. This provides greater opportunity to deepen the links between service and financial planning and provide a more robust framework for future reporting of the effectiveness.

The Finance Function Review was completed in the year and recruitment in the year has ensured that the finance service is now fully resourced and fit for purpose.

g) Flintshire Futures

The efficiency dividends from the early stages of the Flintshire Futures Programme from internal service change and reduced operating costs have supported a balanced budget for 2013/14 and have assisted in achieving an in-year under-spend for 2012/13.

A significant amount of work has been undertaken by the newly formed Flintshire Futures Programme Board to re-focus the organisational change programme. High level targets and delivery plans for the five workstreams of the Corporate Change sub programme i.e. Assets, Customer, Finance, Procurement and Workforce have been set. These efficiencies will contribute towards 'bridging the gap' in annual Council Fund revenue budgets for 2013-2018 as part of the Medium Term Financial Strategy and Plan. This work will be expanded with a more challenging programme of organisational change and reform under development.

h) Business Planning

The Council approved its first Improvement Plan in June 2011. This Plan built on the Administration Priorities established in 2010 and identified a set of ten (primary) Improvement Priorities supported by more detailed secondary Directorate priorities. The Improvement Plan format is under review for 2013-14.

The Improvement Plan has been monitored in the following ways:

- Quarterly performance reports for each Head of Service summarise performance against progress and outcome. These are presented to Cabinet and relevant Overview and Scrutiny Committees
- Cabinet receives a report on all the Improvement Priorities twice yearly
- Annual achievement against each of the ten Improvement Priorities is summarised in the Council's Annual Performance Report (APR) which is presented to both Cabinet and County Council.

The Council's strategic risks have been reported through the Strategic Assessment of Risks and Challenges (SARC) and have been monitored and reviewed as part of the Quarterly Performance reports quarterly basis and published on the Council's Infonet twice yearly.

In addition the SARC is reviewed regularly and at least twice yearly to ensure that emerging risks are captured and assurance of risks and mitigating actions is achieved. This is reported to the Council's Cabinet and Audit Committee.

Part of the Council's approach to risk management includes its business continuity arrangements. As part of regular testing of plans, an exercise to assess performance and resilience of the Corporate Business Continuity Plan was held in November 2012.

The results show that the Strategic Business Response Team coped well with a challenging scenario having shown:

- A clear understanding of the purpose and value of having a defined Corporate Business Continuity Plan
- An understanding of the potential consequences of an incident and how to deal with them

The Mission Critical Business Continuity Plans were invoked during the severe weather experienced during March 2013. A critical analysis of how these plans were utilised and services delivered has been undertaken. Recommendations and lessons learnt are being used to update and refresh the plans accordingly.

i) Corporate Strategies

All Corporate Strategies are reviewed periodically; key ones (Finance, ICT, and People) annually. Their review takes into account mid and longer term planning considerations and they have been regularly reported to Cabinet and Corporate Resources Overview and Scrutiny in quarterly performance reports.

j) Regulation and Assurance

During the year the WAO conducted a study of the corporate governance arrangements in all 22 County Councils. Feedback on Flintshire's arrangements was positive.

k) Information Governance

During the year:-

- There was an extensive programme of Data Protection training

- Over 1300 requests of information under the Freedom of Information Act or Environmental Information Regulations were dealt with
- Quarterly performance reports on dealing with such requests were made to Overview & Scrutiny Committee and the statistical information was published on the Council's website.

l) Audit Committee

The Audit Committee carries out an overview of the activities of the Council's internal and external audit functions. Elected members are provided with reports from the Wales Audit Office and summary reports on major systems and processes from Internal Audit. They supervise Internal Audit's completion of the audit plan and the Audit Manager submits his annual report to the committee. The committee also receives regular updates on risk management.

The committee received specific training after the May elections to enable the members to fulfil their role. Members completed a self assessment against CIPFA Toolkit for Local Authority Audit Committees in late 2012. The results showed that in the main the Committee meets the guidelines. Some areas were highlighted where existing arrangements can be strengthened. Training for the Audit Committee will be maintained in 2013/14.

m) Internal Audit

The department undertook a self-assessment against the CIPFA guidelines for Internal Audit in Local Government and found a high level of compliance.

The Wales Audit Office also undertake an annual review of the Council's Internal Audit service against the CIPFA Code of Practice for Internal Audit in Local Government. Although this evaluation is not carried out to provide assurance to FCC about the internal audit function, in their latest review they concluded that internal audit complied with nine of the eleven standards and partially complied with the other two.

In his annual report, based on the results of internal audits undertaken during the year, the Internal Audit Manager has concluded that Flintshire's arrangements for governance, risk management and internal control are adequate and effective.

n) External Arrangements

All formal reports are presented to the Cabinet and Audit Committee and considered by the various Overview & Scrutiny Committees as appropriate. Some reports such as the annual improvement report are presented to the full Council. In February 2013 a briefing meeting was held between Audit Committee members, Chairs & Vice Chairs Overview & Scrutiny Committees and relevant officers leading to a better understanding of their respective roles when considering such reports.

o) Partnerships

In February 2012 the Council's Cabinet and County Council endorsed the adoption of the Compact between the Welsh Government and Welsh Local Government and subsequently became a signatory.

The Council has also reaffirmed its commitment to collaboration with other local authorities and public bodies where the interests of Flintshire to protect/improve public services and to achieve efficiencies can be met.

As recognised in the 'Compact' above two major regional delivery partnerships have been implemented during 2012/13:

- Regional School Effectiveness and Improvement Service (RSEIS)
- Social Services Regional Commissioning Hub

There is significant collaborative working which pre-exist the Compact in service areas including transport, residual and food waste procurement, procurement services and ICT.

The governance arrangements for the national and regional collaborations have been determined locally with a protocol adopted by Cabinet in February 2012 for project governance and reporting.

A review of the North Wales Partnerships in 2011 resulted in a series of changes which have continued during 2012/13:-

- Community Safety Partnership: Flintshire's Community Safety Partnership now operates through the Flintshire Local Service Board with strategic functions being discharged at a regional level through the Safer Communities Board

p) Whistle-blowing

A small number of staff members have used the policy during 2012/13 to raise concerns, which shows that the policy is known. All were treated sensitively and correctly, with the allegation being investigated whilst protecting the confidentiality of the whistleblower.

q) Complaints

In April 2012 the Council adopted a new Compliments, Concerns and Complaints Policy in accordance with the Welsh Government's all Wales Model for complaints handling in the public sector. During 2012/13 there has been a significant improvement in performance relating to response times for initial complaints and it is anticipated that this will continue into the next year. The number of complaints for the first half of the year were high owing to the changes to the major service and operational changes in the Streetscene set of services, however, for the remainder of the year there was a significant reduction as the new service settled. A new structure within Customer Services has been implemented with a focus on improved monitoring of complaints and performance reporting. Working in partnership with Deeside College, an accredited complaints training workshop will be developed and implemented to further strengthen the council's complaints handling procedure across the organisation.

r) Clwyd Pension Fund

The Annual Report of the Clwyd Pension Fund includes the Fund's Governance Compliance Statement and a review of its effectiveness by the Independent Advisor/Consultant. The annual report includes details of attendance by Members at Panel Meetings and the training they have received during the year. In 2011/12, the Fund adopted the CIPFA Code of Practice on knowledge and skills on Pension Finance for Members and Officers. The training continued in 2012/13 to satisfy the requirements of this Code of Practice.

5. SIGNIFICANT GOVERNANCE ISSUES

Set out below is a list of significant strategic risks to the Council and the proposed mitigating actions for those risks.

Issues	Risk	Mitigation
Single Status and Equal Pay	The protracted completion of work on a Single Status Agreement with negative impacts on:- • Organisational capacity • Workforce morale • Financial planning of workforce costs • Continuation of outdated and unaffordable Part 3 terms and conditions • The reputation of the Council	Completion of the nine point action plan for Single Status adopted by Council in 2009. Finalisation and agreement of a legal, acceptable and affordable Single Status Agreement within 2013. Financial planning for the one-off and on-going costs of Single Status.

Issues	Risk	Mitigation
Single Status and Equal Pay (continued)	The legal and financial risks of issued and unissued Equal Pay claims.	A parallel Equal Pay strategy including a financial settlement plan to meet the costs of offsetting potentially successful Equal Pay claims.
The public sector fiscal position	The unpredictable scale of major reductions in Welsh Government resources and vying national priorities on the Revenue Support Grant (RSG) and specific grants. The level of potential reductions in RSG counter to previous Welsh Government indicative budget planning.	Influencing national decision-makers through negotiation as part of the collective negotiations. Medium Term Financial Planning on a number of challenging scenarios.
Medium Term Financial Planning	Planning being able to adjust to accommodate changing predictions for loss of funding (see above). The maturity of the Council's Medium Term Financial Strategy and Plan to reflect organisational changes and major cost reductions/service choices.	Producing two revisions of the Medium Term Financial Plan in-year which will be updated on an ongoing basis alongside the 2014/15 budget. Broadening the scale of organisational change and cost reduction programmes.
Housing Business Plan	Failing to achieve a deadline for the Welsh Housing Quality Standard acceptable to Welsh Government Having sufficient capital resources available to fund the required works.	Approval of a revised Housing Business Plan to achieve the Standard by 2022 or 2020 (the latter subject to borrowing approval) by Welsh Government in July 2013. The continued improvement of the financial performance of the Housing Revenue Account coupled with strategic choices for certain sections of the housing stock.
Joint Working with Health	The possible impacts of the Betsi Cadwaladr University Health Board being in special measures on the Council as a partner. The impacts on joint service planning of the outcomes of the past reviews of community services and the future reviews of acute services.	Effective joint strategic planning between the two organisations. The success of joint service planning and both County and locality level planning and delivery.
The Deeside Renewal Area	The impact in reductions of capital resources on the aims and objectives for housing and environmental improvement.	Prioritisation of the use of available resources. Diversifying the resources drawn in for investment in the Renewal Area.

Issues	Risk	Mitigation
Leisure	The sustainability of the leisure service and its portfolio of facilities given the continuing overspend in its annual budget.	Decisions against the developing action plan for the service. Decisions on a scale of facilities and services which can be sustained longer-term.
School Modernisation	The scale of cost of the backlog on schools repair and maintenance. Reaching agreement on the planned Secondary School Modernisation Programme. The capacity and financial impacts of the School Modernisation programme.	Prioritising capital resources to meet need. Proceeding on plan with the three Secondary Area Reviews. Investing in expert capacity and completing the business case process with Welsh Government for the pre-allocated C21st Schools capital funding.
Welfare Reform	Protect the vulnerable from the impacts of Welfare Reforms	Implementing the partnership programme of Welfare Reform protective measures Maintaining welfare reform support, advice and protection as a Council Priority. Providing specific and targeted support through housing, social care welfare rights and benefits services.
Collaboration Governance	Failing to sufficiently hold services to account which may be managed under new and less immediate collaborative governance arrangements. Business continuity and performance failure during the transition from old to new service delivery models.	Ensuing agreed and supported governance models for new collaborations. Fully applying the Council protocol on performance reporting for new collaborative services.
National Reviews of the Public Sector	The potential of major proposals for change in local government responsibilities and functions and regional working under alternative models of service governance, commissioning and delivery, specifically:- • The Public Services Commission • The Hill review (Education) The risks of uncertainty in forward planning, impacts on resources and disruptions to business continuity in planning and transition for any change set by Welsh Government are significant.	Active participation in the reviews Active involvement in the negotiation and planning over any agreed changes both politically and professionally at both national and regional level. Prioritisation of time and resources for planning any local change which is required to implement any directed change from Welsh Government.

Signed……………………………………Leader of the Council

Signed……………………………………Chief Executive