Pecyn Dogfennau

Mark James LLM, DPA, DCA
Prif Weithredwr,
Chief Executive,
Neuadd y Sir, Caerfyrddin. SA31 1JP
County Hall, Carmarthen. SA31 1JP

Annwyl Gynghorydd,

PWYLLGOR ARCHWILIO - DYDD MERCHER, 30AIN MEDI, 2015

Gweler yn amgaeedig, yr adroddiadau canlynol nad oedd ar gael i'w hanfon allan gyda'r Agenda.

Rhif ar yr Agenda	Eitem
5c	**ISA 260 CYNGOR SIR GAERFYRDDIN. (Tudalennau 161 - 180)**
10.	**CYFRIFLEN CYNGOR SIR GAERFYRDDIN 2014/15. (Tudalennau 181 - 368)**

Yn gywir,

Mark James

Prif Weithredwr

Amg.

Y Pwyllgor Archwilio
30 Medi 2015

Safon Ryngwladol ar Archwilio (ISA) 260 – Cyngor Sir Caerfyrddin 2014/15
Yr argymhellion / penderfyniadau allweddol sydd eu hangen: Derbyn adroddiad Safon Ryngwladol ar Archwilio 260 Swyddfa Archwilio Cymru (Cyngor Sir Caerfyrddin a Chronfa Bensiwn Dyfed) ar gyfer 2014-2015.
Y Rhesymau: Yr Archwilydd Cyffredinol sy'n gyfrifol am ddarparu sylwadau ynghylch a yw'r datganiadau ariannol yn olwg gywir a theg ar sefyllfa Cyngor Sir Caerfyrddin ar 31ain Mawrth 2015.
Angen ymgynghori â'r Pwyllgor Craffu perthnasol: AMHERTHNASOL
Angen i'r Bwrdd Gweithredol wneud penderfyniad: NAC OES Angen i'r Cyngor wneud penderfyniad: NAC OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:- Y Cynghorydd David Jenkins		
Y Gyfarwyddiaeth: Gwasanaethau Corfforaethol Pennaeth y Gwasanaeth: Owen Bowen Awdur yr Adroddiad: Owen Bowen	Swyddi: Pennaeth Dros Dro y Gwasanaethau Ariannol	Rhif Ffôn: 01267 224886 Cyfeiriadau E-bost: OBowen@sirgar.gov.uk

EXECUTIVE SUMMARY
Audit Committee
30th September 2015

ISA 260 Carmarthenshire County Council 2014-15

The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the position of Carmarthenshire County Council at 31stMarch 2015

Document to follow – audit being finalised.

DETAILED REPORT ATTACHED ?	YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Owen Bowen **Interim Head of Financial Services**

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	**YES**	**NONE**	**NONE**	**NONE**	**NONE**	**NONE**

1. Legal

Compliance with the Accounts and Audit Regulations 2014

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Owen Bowen **Interim Head of Financial Services**

1.Scrutiny Committee – Not applicable

2.Local Member(s) – Not applicable

3.Community / Town Council – Not applicable

4.Relevant Partners – Not applicable

5.Staff Side Representatives and other Organisations – Not applicable

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Accounts and Audit (Wales) Regulations 2014		Resources Department, County Hall, Carmarthen
Code of Practice on Local Authority Accounting 2014		Resources Department, County Hall, Carmarthen

Archwilydd Cyffredinol Cymru
Auditor General for Wales

WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Audit of Financial Statements Report

Carmarthenshire County Council

Audit year: 2014-15

Issued: September 2015

Document reference: 547A2015

Status of report

This document has been prepared for the internal use of Carmarthenshire County Council as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@wao.gov.uk.

The team who delivered the work comprised Richard Harries, Geraint Norman, Jason Blewitt, Leanne Malough, Andrea Williams, Derek Jenkins, Ian Griffiths, Michelle Davies, Rhian Phipps, Jonathan Mather, Mandy Williams, Neall Hollis and Katie Queenan.

Contents

The Auditor General is proposing to issue an unqualified audit report on your 2014-15 financial statements. As was the case last year, the audit report will highlight an emphasis of matter paragraph regarding what he considers to be unlawful expenditure in the 2013-14 expenditure. There are also some issues set out in this report to discuss with you prior to your approval of the financial statements.

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Summary report

Introduction

1. The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Carmarthenshire County Council (the Council) at 31 March 2015 and its income and expenditure for the year then ended.
2. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
3. The quantitative level at which we judge such misstatements to be material for the Council is £6.2 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity such as remuneration, termination benefits and related party disclosures.
4. International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
5. This report sets out for consideration the matters arising from the audit of the financial statements of the Council for 2014-15, that require reporting under ISA 260. A separate report has been issued for the Dyfed Pension Fund.

Status of the audit

6. We received the draft financial statements for the year ended 31 March 2015 on the agreed deadline of 30 June 2015 and we have now substantially completed our audit.
7. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Director of Corporate Services.

Proposed audit report

8. It is the Auditor General's intention to issue an unqualified audit report on the financial statements but this will include an 'emphasis of matter' paragraph in respect of the previous year's comparative figures.
9. As was the case for the last two years, the emphasis of matter has arisen as there is a difference of opinion, between the Council and ourselves, about two decisions the Council has made which, in our view, has resulted in unlawful expenditure being included in the financial statements. The first decision was to allow the senior officers to receive the equivalent of the employer's pension contribution where they have opted out of the Local Government Pension Scheme. The second decision was to grant an indemnity to the Chief Executive to proceed with a libel counter-claim against a claimant. For both decisions, payments made have been disclosed in the financial

statements (see Note 6.48). The Council does not agree with our view that these items of expenditure are unlawful but the Council has made sufficient disclosure in the financial statements for us to complete the audit.

10. Whilst the Council inform us that no payments have been made during 2014-15, the 2013-14 comparatives containing this expenditure are disclosed as a comparative in the remuneration note and so the emphasis of matter remains in our audit opinion.

11. The audit report can be issued once the financial statements have been approved and you have provided us with a Letter of Representation based on the suggested wording set out in Appendix 1. The proposed audit report for the Council and Dyfed Pension Fund is set out in Appendix 2.

Significant issues arising from the audit

Uncorrected misstatements

12. There are no uncorrected misstatements included in the financial statements which remain uncorrected.

Corrected misstatements

13. There were a number of misstatements in the draft financial statements which have been corrected by officers. These range from narrative disclosures to material errors. The material changes were in respect of asset valuations. These have been corrected by officers but we consider these should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. Further details are set out with explanations in Appendix 3.

14. The overall impact of the amendments was to reduce net revenue expenditure by £0.38 million and to reduce the asset base by £38.5 million.

Other significant issues arising from the audit

15. In the course of our audit, we consider a number of matters, both qualitative and quantitative, relating to the financial statements and report any significant issues arising to you. There were some issues arising in these areas this year:

- **We have some concerns about the qualitative aspects of your accounting practices and financial reporting**. These concerns are specifically related to the Council's approach to the valuation of some fixed assets as set out below. With the exception this issue the financial statements have been compiled on time and to a high standard.
- **We did not encounter any significant difficulties during the audit**.
- **Beyond those items listed in this report, there were no significant matters discussed and corresponded upon with management which we need to report to you**.

- **There are no other matters significant to the oversight of the financial reporting process that we need to report to you**.
- **We have identified some significant weaknesses in your internal controls:**
  - We have identified some significant weaknesses in the Council's approach to asset valuations. These weaknesses have resulted in material adjustments in the financial statements as set out in Appendix 3. The overall effect of these was to reduce the value of assets by £38.5 million. We rely on the view of the Council's valuer as the expert in this area but this year we have questioned some of the assumptions used which have resulted in the changes. The Council has agreed to improve its processes for asset valuations in 2015-16 ensuring that the basis of valuations are documented and are correct. Our work next year will support this and may involve us obtaining independent valuations to support our audit opinion.
  - Our testing of asset ownership identified that the Council could not provide evidence of ownership for one asset - the Carmarthen Community Education Centre valued at £547,000. The Council is in the process of obtaining this evidence.
  - For a number of years we have reported to officers that there was no supporting evidence for the Deferred Capital Receipts Reserve balance of £348,000. This is again the case in 2014-15. This issue needs to be resolved in 2015-16.
  - The Council holds a range of earmarked reserves and which it reviews as part of the annual budget setting process. Given the current financial position, as part of its budget setting process, the Council needs to ensure it more fully reviews all reserves ensuring that they have a clear purpose and are still required. Reserves which are not required should be released and considered when setting future budgets.
  - Within earmarked reserves, the Council holds a £9.6 million Insurance Reserve. A proportion of this reserve should be disclosed as a provision (ie, a short-term liability in the balance sheet). The Council is currently unable to quantify this, although we are satisfied that it would not have a material impact on the financial statements. Officers have agreed to follow up this issue in 2015-16.
  - Our sample testing identified that the Council has paid a number of external IT support contractors in advance for contracts lasting four or five years. We have identified two contracts with a total value of some £70,000. Paying for this type of contract is not permitted under the Council's contract standing orders and presents a number of risks and is unlikely to provide good value for money. The Council should look into this issue further as a matter of urgency.

- **There is one other matter that we want to communicate to those charged with governance.**
  - For a number of years we have reported weaknesses within the Council's grants management processes. Internal Audit has already issued a critical report on the Council's management of the Welsh Government's Supporting People grant to the July 2015 Audit Committee. Our 2014-15 grants work is in its early stages but we have again identified concerns regarding some of the WEFO European grant schemes. We are currently in discussion with WEFO and officers to resolve these issues. These issues will be reported to a future Audit Committee meeting, but WEFO have confirmed that currently there will be no clawback of grant.

Independence and objectivity

16. As part of the finalisation process, we are required to provide you with representations concerning our independence. We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and the Council that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

30 September 2015

Representations regarding the 2014-15 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Carmarthenshire County Council (the Council) for the year ended 31 March 2015 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2014-15; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Council and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been correctly valued and recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

In 2012-13 and 2013-14 there was a difference of opinion between the Council and the Auditor General about the lawfulness of two decisions made by the Council. Details are set out in Note 6.48 of the financial statements. The Council confirms that no similar payments are included in the 2014-15 financial statements.

Subject to the matters identified above, the financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on 30 September 2015.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:	Signed by:
Director of Corporate Services – signed on behalf of management	Chair of the Audit Committee - signed on behalf of those charged with governance
Date:	Date:

Appendix 2

Auditor General for Wales' report to the Members of Carmarthenshire County Council

I have audited the accounting statements and related notes of:

- Carmarthenshire County Council; and
- Dyfed Pension Fund;

for the year ended 31 March 2015 under the Public Audit (Wales) Act 2004.

Carmarthenshire 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.

Dyfed 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 2014-15 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 6, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Dyfed 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 Financial Reporting Council'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 Carmarthenshire County Council and Dyfed Pension Fund and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

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

become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Carmarthenshire County Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Carmarthenshire County Council as at 31 March 2015 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 2014-15.

Emphasis of matter – unlawful transactions

I draw attention to the matters disclosed in the 2013-14 comparative figures in Note 6.48 to the financial statements in relation to (i) remuneration totalling £13,775 in 2013-14 paid to the Chief Executive in lieu of employer pension contributions; and (ii) £3,601 of expenditure in 2013-14 incurred in granting an indemnity to the Chief Executive to bring a libel counter-claim against a claimant. I consider these transactions to be unlawful. My opinion is not qualified in respect of these matters.

Opinion on the accounting statements of Dyfed Pension Fund

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

- give a true and fair view of the financial transactions of Dyfed Pension Fund during the year ended 31 March 2015 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 2014-15.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword 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 following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit; and
- the Governance Statement contains material misstatements of fact or is 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 Carmarthenshire County Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

For and on behalf of Huw Vaughan Thomas

Auditor General for Wales

24 Cathedral Road

Cardiff
CF11 9LJ

30 September 2015

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance

Nature and value of correction
Comprehensive Income and Expenditure Statement • £125,000 of capital expenditure was incorrectly included in revenue. The error was amended which meant revenue expenditure was reduced by £125,000 and capital expenditure was increased by £125,000. • Revenue expenditure was reduced by £255,000 as a result of the error identified under Note 6.19 below.
Note 6.8 Property, Plant & Equipment (PPE) The following amendments were made to PPE as a result of incorrect valuations: • Three sports pitches were incorrectly valued in the year resulting in an overstatement of some £19 million. • Some of the assets valued by the Council incorrectly included a 'finance charge' resulting in an overstatement of some £19 million. • The infants' block of Trimsaran Primary School was incorrectly valued in previous years and this was corrected in 2014-15. A note was added to the draft financial statements to disclose this £12 million correction.
Note 6.16 – Short Term Debtors Council Tax Payers and Housing Tenants arrears were transposed in error. Council Tax Payers were amended from £1.5 million to £3.9 million, Housing Tenants were amended from £3.9 million to £1.5 million. Total arrears were unchanged at £5.4 million.
Note 6.19 Short Term Creditors We sample tested accruals from the IT department and identified a number of errors. We expanded our sample testing and concluded that around half of the IT accruals should be excluded as they relate to future accounting periods. Short-term creditors and revenue expenditure were reduced by £255,000.
Note 6.35 Employee Emoluments This year there was a new requirement to include the remuneration ratio of the Chief Executive's pay compared to the median pay of all Council employees. The remuneration ratio disclosure was added to the note. Various other minor additions and disclosures were also made to this note.
Note 6.45 - Defined benefit pension schemes The Actuarial gains and losses arising on changes in demographic assumptions and the Actuarial gains and losses arising on changes in financial assumptions are included in the Note 6.45, but the 2014-15 balance for financial assumptions has been incorrectly included on the demographic assumptions line. The financial statements were amended as follows: • The Actuarial gains and losses arising on changes in demographic assumptions amended from £156.9 million to £0.

Nature and value of correction
• The Actuarial gains and losses arising on changes in financial assumptions amended from £0 to £156.9 million.
Annual Governance Statement (AGS) Various minor amendments were made to the AGS to ensure that it was up to date.
Other amendments A number of other less significant amendments were made to the financial statements. We have not listed all of these items as they relate to either revisions in disclosures of information, reclassifications between headings, or the amounts involved are trivial. These amendments had no impact on net expenditure.

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24 Heol y Gadeirlan
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Ffôn: 029 2032 0500
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Gwefan: www.wao.gov.uk

Pwyllgor Archwilio
30 Medi 2015

Cyfriflen 2014-2015
Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen: 1. Cymeradwyo'r Datganiad Cyfrifon 2014/2015 (Cyngor Sir Caerfyrddin a Chronfa Bensiwn Dyfed) ar ôl yr archwiliad.
Y Rhesymau: Mae angen i'r Cyngor gymeradwyo Cyfrifon 2014/15 erbyn 30 Medi 2015 i gydymffurfio â Rheolau Cyfrifon ac Archwilio (Cymru) 2014. Mae gan y Pwyllgor Archwilio bwer dirprwyedig i gymeradwyo'r Cyfrifon yn unol a'r Mesuriad Llywodreath Leol.
Ymgynghorwyd â'r pwyllgor craffu perthnasol NADDO
Angen i'r Bwrdd Gweithredol wneud penderfyniad NAC OES **Angen i'r Cyngor wneud penderfyniad NAC OES**

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-
Cyng. David Jenkins

Y Gyfarwyddiaeth: **Gwasanaethau Corfforaethol** **Enw Pennaeth y Gwasanaeth :** **Owen Bowen** **Awdur yr Adroddiad:** **Owen Bowen**	**Swyddi:** **Pennaeth Gwasanaethau Cyllidol Dros Dro**	**Rhif ffôn: 01267 224886** **Cyfeiriadau E-bost:** **Obowen@sirgar.gov.uk**

EXECUTIVE SUMMARY
Audit Committee
30th September 2015

Statement of Account 2014-2015

In line with the Accounts and Audit (Wales) Regulations 2014, the Statement of Accounts is now presented to Audit Committee for approval.

As noted in the earlier agenda item (Welsh Audit Office report) a number of amendments were made to the accounts, including clarification in some disclosure notes.

For the Council Fund, there has been no change to the balance on general reserves for the year, and similarly no change to the Housing Revenue Account balance at year end.

The Net Assets on the balance sheet has been re-stated to reflect the amendments to the valuations of schools and sports pitches as outlined in the WAO report.

All minor changes agreed have been reflected in the Statement of Accounts presented for approval.

Detailed report to follow due to audit being finalised.

DETAILED REPORT ATTACHED ?	YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Owen Bowen **Interim Head of Financial Services**

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	**YES**	**YES**	**NONE**	**NONE**	**NONE**	**NONE**

1. Legal

Compliance with the Accounts and Audit Regulations 2014

2. Finance:

Overall the Authority's Council Fund net expenditure for the year was below the original budget, resulting in a lower than budgeted transfer of £175k from balances on the Council Fund, and a transfer of £4,448k from the Housing Revenue Account balance.
At the balance sheet date the Council Fund General Balances stood at £8.500m, the Housing Revenue Account £10.662m and the balances held by schools under LMS £3.941m

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Owen Bowen **Interim Head of Financial Services**

1.Scrutiny Committee – Not applicable

2.Local Member(s) – Not applicable

3.Community / Town Council – Not applicable

4.Relevant Partners – Not applicable

5.Staff Side Representatives and other Organisations – Not applicable

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:
THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Accounts and Audit (Wales) Regulations 2014		Resources Department, County Hall, Carmarthen
Code of Practice on Local Authority Accounting 2014		Resources Department, County Hall, Carmarthen

EICH CYNGOR arleinamdani
www.sirgar.llyw.cymru

YOUR COUNCIL doitonline
www.carmarthenshire.gov.wales

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 2015

CHRIS MOORE FCCA
DIRECTOR OF CORPORATE SERVICES
COUNTY HALL
CARMARTHEN

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1 EXPLANATORY FOREWORD

The following Statement of Accounts brings together in summary form the financial transactions of the Authority and of the Dyfed Pension Fund for the year 2014-2015.

The Authority's Accounts for the year 2014-2015 are set out on the following pages of this report, and have been produced in line with the 2014 Code of Practice on Local Authority Accounting (the Code).

1.1 The accounts consist of the following financial statements:

Movement in Reserves Statement
This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Provision of Services line shows a deficit of £36,751m being the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

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

The Balance Sheet
This shows the assets and liabilities of the Authority as at 31 March 2015.

The Cash Flow Statement
The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period.

The Housing Revenue Account Income and Expenditure Statement and Movement on the Housing Revenue Account Statement
This shows the income and expenditure incurred on Council housing (which is included in the whole Authority income and expenditure statement) and how the surplus/deficit for the year reconciles to the movement on HRA balance for the year.

Dyfed Welsh Church Fund and Other Trust Funds
These accounts show the financial transactions and net assets relating to sums within the trusts.

The accounts are supported by the Statement of Accounting Policies (Note 6.1 - Notes to the Accounts).

1.2 Revenue Budget

The following table shows how the actual spend on services during 2014-2015 compared with the budget set for the year.

Service	Working Budget				Actual				
	Expenditure	Income	Net Non Controllable	Net	Expenditure	Income	Net Non Controllable	Net	Variance For Year
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	15,748	(5,403)	(2,698)	7,647	16,091	(5,893)	(2,698)	7,500	(147)
Education & Childrens Services	179,486	(39,305)	69,940	210,121	195,397	(55,314)	69,940	210,023	(98)
Regeneration & Leisure	27,109	(15,354)	8,811	20,566	26,269	(14,570)	8,811	20,510	(56)
Resources	90,576	(55,387)	(11,911)	23,278	92,494	(58,154)	(11,911)	22,429	(849)
Social Care & Housing	112,060	(42,056)	6,325	76,329	121,381	(49,701)	6,325	78,005	1,676
Environment	125,488	(88,884)	8,811	45,415	129,196	(92,694)	8,811	45,313	(102)
Departmental Expenditure	**550,467**	**(246,389)**	**79,278**	**383,356**	**580,828**	**(276,326)**	**79,278**	**383,780**	**424**
Net Interest & Capital Accounting Adjustments				(56,337)				(58,100)	(1,763)
Pension Reserve Adjustment				(1,364)				(1,364)	0
Accumulated Leave				(502)				(502)	0
Levies and Contributions:									
Brecon Beacon Nat Parks				151				151	0
Fire Authority				8,877				8,877	0
Net Expenditure				**334,181**				**332,842**	**(1,339)**
Outcome Agreement Grant				(565)				(565)	0
Contribution to/(from) General Balances				(801)				(175)	626
Contribution to/(from)Earmarked Reserves				(200)				55	255
To/(from) Departmental Reserves				0				458	458
To/(from) Major Development Fund				0				1,317	1,317
Net Budget				**332,615**				**333,932**	**1,317**
Revenue Support Grant				(202,696)				(202,696)	0
Non Domestic Rates				(58,163)				(58,163)	0
Council Tax				(71,756)				(73,073)	(1,317)
				0				0	0

The financial position, at year end showed an over-spend at service level within the year of £424k.

The Social Care budget experienced demand led pressures on residential placements and care packages resulting in an overspend of £1.676m. This has been offset in part by under-spends in other departments, in addition to which the Authority has achieved savings on capital financing costs and a higher than estimated collection level on Council Tax.

The resultant outturn has meant that the Authority drew £0.175m from its general reserves for the 2014-2015 financial year compared to a budgeted requirement of £0.801m.

HOUSING REVENUE ACCOUNT	Working Budget			Actual			Variance For Year
	Expenditure	Income	Net	Expenditure	Income	Net	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Revenue Account	40,356	(35,486)	4,870	40,104	(35,656)	4,448	(422)
Transfers to/from HRA balances	0	0	(4,870)	0	0	(4,448)	422

The Housing Revenue Account reported an under spend of £422k for the year. This is mainly due to increased expenditure on Repairs & Maintenance +£34k ,Supplies & Services +£142k ,severance costs +£119k ,other staffing costs +£32k and paying for internal services +£121k.This is offset by lower than expected expenditure on bad debts -£186k ,HRAS & capital charges -£468k and staff travelling -£40k. Additionally there is increased income due fewer voids - £356k offset by reduction in insurance/grant of +£180k.

1.3 Reserves

In the changeable and challenging environment currently facing Local Government the Authority is committed to maintaining a reasonable level of reserves. At the year end the general reserves amounted to the following:

	£'000	£'000
Council Fund:		
Held by Schools under Local Management of Schools Regulations (LMS)	3,941	
Generally available for new expenditure	8,500	12,441
Housing Revenue Account		10,662
		23,103

In addition to general reserves the Authority holds earmarked reserves of £72.258m for specific purposes.

1.4 Borrowing

£28m new borrowing was taken from the Public Works Loans Board (PWLB) in 2014-15. As at the 31 March 2015 the Authority's total borrowing stood at £280m, which was within the Authority's authorised limit of £431m. Further detail is included in Note 6.47 to the Accounts.

The Authority's borrowing procedures and limits are outlined in the Treasury Management Policy and Strategy, which is approved annually.

1.5 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The debit balance on the Pensions Reserve of £276m 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.

1.6 Current Economic Climate

The accounting statements are required to reflect the conditions applying at the end of the financial year.

All the assets of the Authority are re-valued on a cyclical basis and in many instances therefore the current valuation (last undertaken in past years) is likely to reflect current market value.

On 24th June 2014, Lesley Griffiths the Minister for Local Government and Government Business provided an update on the financial outlook for 2015-16 and beyond. Whilst the indicative budget settlements for 2015-16 provided by Welsh Government saw average reductions of 1.5%, she highlighted that further amendments to the budget may be required and suggested that Local Authorities should consider how they would respond to reductions of up to 4.5%. The actual settlement reduction for Carmarthenshire County Council was confirmed at 3.3% in December 2014. The minister further highlighted that the period beyond 2015-16 looks set to be equally challenging, and in this context it would be prudent to assume the current trends in Local Government funding will continue. Measures are already being put in place to try and address the anticipated real term reductions in settlements in the future by developing efficiency and service rationalisation proposals to deliver balanced budgets and still maintain reasonable level of reserves.

1.7 Capital

In 2014-15 the Authority spent some £101.1m on capital projects. This expenditure was financed by a combination of borrowing, useable capital receipts, grants, contributions and earmarked reserves.

£28.5m was spent on Housing with the areas of spend being as follows:

Public Sector	
Refurbishment & redevelopment of Housing Stock	£25.2m
Private Sector	
Disability Facility Grants	£2.3m
Renewal Areas	£0.7m
Travellers Sites	£0.2m
Emergency Repairs	£0.1m

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The non-housing capital programme involved expenditure on all services. The major areas of expenditure were as follows:

	£'m	
Education & Childrens Services	39.1	New Schools, Renovations and Improvements & Childrens Services projects
Leisure	0.7	Rights of Way, Sports & Leisure, Arts & Culture and Libraries
Infrastructure	8.5	Roads, Bridges, Cycle Paths, Road Safety, Car Parks, Waste Management and Fleet Management
Economic Development	16.6	Physical Regeneration Projects County Wide, Community Development and Joint Ventures
Social Services	3.5	Care Homes and Learning Disability Developments
Corporate	4.2	Capital Minor Works, Eastgate Development and IT Strategy Developments

1.8 Accounting Standards that have been issued but have not yet been adopted.

Where a new Standard has been published but has not yet been adopted by the Code, the Authority is required to disclose information relating to the impact of the accounting change. The following changes will be required from 1 April 2015:

IFRS 13 - introduces a consistent definition of fair value and disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value with some exceptions. This standard is not expected to have a material impact on the Statement of Accounts.

IFRIC 12 - provides guidance on levies imposed by government on entities paying the levy. The IFRIC specifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy. This standard is not expected to have a material impact on the Statement of Accounts.

Annual Improvements to IFRSs 2011-2013 cycle - improvements are minor, providing clarification and will not have a material impact on the Statement of Accounts.

1.9 Post Balance Sheet Events

On the 2 April 2015 the Authority exited the HRA subsidy system. In order to exit, the Authority had to make a one-off settlement payment of £79.97M to the Welsh Government, which was funded from a basket of loans from the Public Works Loan Board.

1.10 Further Information

Further information about the accounts is available from the Chief Accountant, Resources Department, County Hall, Carmarthen, SA31 1JP.

2 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 these affairs. In this Authority, that officer was the Director of Resources until September 2014 and subsequently the Head of Financial Services until the Director of Corporate Services' appointment in September 2015.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

Audit Committee Approval

Approval of Statement of Accounts post audit.

Chair of Audit Committee Dated: 30 September 2015

The Director of Corporate Services' Responsibilities

The Director of Corporate Services is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Corporate Services has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper and timely accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;

Certification of Accounts

I certify that the Statement of Accounts on pages 29 to 170 gives a true and fair view of the financial position of Carmarthenshire County Council and the Dyfed Pension Fund at 31st March 2015 and its income and expenditure for the year ended 31st March 2015.

Chris Moore FCCA Dated: 24 September 2015
Director of Corporate Services

3 ANNUAL GOVERNANCE STATEMENT

3.1 Scope of Responsibility

Carmarthenshire County Council (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Authority also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Authority is responsible for putting in place proper arrangements for the Governance of its affairs and facilitating the effective exercise of its functions including having appropriate arrangements for the management of risk.

The Authority details how it deals with all aspects of Governance through its Constitution which defines the standards, roles and responsibilities of the Executive, its Members, Committees and its Officers. The Constitution includes a Scheme of Delegation outlining the decision making process, taking into account the relevant legislation.

A ***Corporate Governance Group*** comprising key Officers and 2 Executive Board Members is in place to inform and monitor progress on issues affecting Governance, including the ***Code of Corporate Governance***, approved by Council in June 2012. The Chair of the Audit Committee attends the Corporate Governance Group meetings in an observer capacity. The Code of Corporate Governance recognises policies and processes that are consistent with the principles of the CIPFA / SOLACE Framework ***'Delivering Good Governance in Local Government'***.

This Statement explains how the Authority has complied with the various elements of the Governance Framework

3.2 The Governance Framework

The Governance Framework comprises the systems, processes, cultures and values by which the Authority is directed and controlled and also the way it accounts to, engages with and leads the Community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of Internal Control is a significant part of that framework and is designed to manage risk to a reasonable level. It aims to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives. It evaluates the likelihood and impact of identified risks being realised and to manage individual risks appropriately.

3.3 The Governance Environment

The CIPFA/SOLACE Governance Framework sets out 6 fundamental principles of Corporate Governance being:-

Principle 1 ***Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area***

Principle 2 ***Members and officers working together to achieve a common purpose with clearly defined functions and roles***

Principle 3 ***Promoting values for the Authority and demonstrating the values of good Governance through upholding high standards of conduct and behaviour***

Principle 4 ***Taking informed and transparent decisions which are subject to effective scrutiny and managing risk***

Principle 5 ***Developing the capacity and capability of Members and officers to be effective***

Principle 6 ***Engaging with local people and other stakeholders to ensure robust public accountability***

The Authority addresses the 6 Fundamental Principles through the following:

3.3.1 **Purpose and Vision**

The Authority has a well established mechanism for acting with key partners within the Carmarthenshire Local Service Board (LSB).The Integrated Community Strategy (ICS) has been developed by the Carmarthenshire Local Service Board and sets out the vision and outcomes for the people of Carmarthenshire to be delivered by key organisations in the public and voluntary sectors. The Authority's strategic priorities and aspirations are aligned to the multi-agency county-wide outcomes identified through our ***Integrated Community Strategy for Carmarthenshire 2011/16.*** This Strategy focuses on improving the economic, social and environmental well-being of the people of Carmarthenshire. No one organisation alone can achieve these outcomes and it is recognised that each partner has a role to play in achieving these outcomes through collaboration.

All partners are expected to cascade their Integrated Community Strategy commitments into their own plans and this is the approach we take with our Annual Improvement Plan. The Annual Report and Improvement Plan is produced by the Authority to provide comprehensive and balanced information to the public about our services, so that they can see how we are performing and the challenges we are facing. These commitments and improvement priorities (which are reviewed by the Wales Audit Office) are then cascaded down into Divisional Business Plans with targets and actions being monitored via the Performance Information Management System (PIMS). These are monitored by Managers, Corporate Management Team, Executive Board and Scrutiny Committees.

3.3.2 **Core Values**

The Authority has adopted a set of ***Core Values*** which are used to ensure that all Members and Staff understand the underlying principles to which the Authority subscribes. They are used during the Induction Process and are used as a proactive means of evaluating the Authority's actions to ensure that we adhere to these values and principles and that we are putting them into practice.

The **Core Values** are detailed below:

1. **Openness, Trust, Honesty, Integrity**
2. **Putting Customers First**
3. **Listening and Delivering on Promises**
4. **Working in Partnership**
5. **Valuing our Staff**
6. **Ensuring Equality of Opportunity**
7. **Treating People and the Environment with Respect**
8. **Improving our Services**

These Core Values are currently being reviewed by the People Strategy Group who are consulting widely with elected Members and staff. It is expected that these will be finalised in Autumn 2015.

3.3.3 **Leader's Annual Report and Forward Work Programme**

The Leadership of the Council changed at the Council's Annual General Meeting on 20th May 2015 and a new Administration was formed. The out-going Leader presented his Annual Report for 2014/15. The new Leader will present his 12 month Forward Work Programme at Full Council in July 2015 and this provides a basis for Scrutiny Committees to develop their own **Forward Work Programmes** so as to maximise the way in which they can contribute positively to the policy development of the Authority, as well as discharging their statutory role of holding the Executive to account. The Leader then intends to work with his administration to develop a longer term, 5 year Programme, with the aim of presenting this to Full Council in the Autumn of 2015.

3.3.4 **Consulting and Engaging with Citizens and Service Users**

The Authority has a well established method of consulting and engaging with citizens and service users. There is a ***Citizens Panel*** (operated jointly with Dyfed Powys Police and the Hywel Dda Health Board), a ***50 Plus Forum*** to consult older people, a ***Youth Forum*** and numerous specific consultation groups to seek the views of those with disabilities or those within the various categories identified by the 2010 ***Equality Act*** (including minority ethnic groups and sexual orientation).

The Authority's sophisticated system for Performance Management is well used by Officers and Members and is used as a 'real-time' tool by the Corporate Management Team and Executive Board for monitoring performance. Detailed information is extracted and used by the Authority's Scrutiny Committees and the data is used to identify specific topic areas where the Committees undertake more intensive studies to monitor performance and make policy recommendations.

The Authority also makes extensive use of the annual ***All-Wales Satisfaction Survey*** commissioned by Welsh Government. The results are used to help the Authority in its self-assessment of services and are included in the Annual Report and Improvement Plan.

The Authority has been webcasting all Full Council meetings since May 2013 and Planning Committee since November 2014. Webcasting of all Executive Board meetings was agreed by Council in June 2015.

The Authority undertakes extensive consultation on its Budget annually, which includes seminars, budget road shows, on-line and Citizen Panel surveys, and stake holder meetings with both the Youth Council and Unions. The results of the consultations are considered and presented to Executive Board and County Council as part of the Budget Strategy Report.

3.3.5 **Ensuring Effective External Communication**

The Authority has a centralised communication team who are committed to deliver effective communications with our residents by pro-actively engaging and promoting openness to protect and enhance the reputation of the Council. The forthcoming ***Communications and Consultation Strategy*** (to be approved by Executive Board in July 2015) will focus on the importance on engaging and communicating with our audiences in a manner which provides a clear call to action and ensuring that we deliver messages that are asked of us.

The Authority has seen a clear increase in the use of Social Media and the newly launched transactional Corporate Website as a way for our audience to communicate and engage with the Council. There are now some 3,200 followers on ***Facebook*** with an average post reaching 1,050 Users; 4,600 followers on ***Twitter***; with the new **corporate website** receiving 48,964 user sessions in its first month (information as of May 2015).The Council is responding to this by utilising Digital Marketing as a key communication tool via the Corporate Website, iLocal, Micro-Sites, Social Media and eMail marketing.

Traditional methods are also essential to ensure we reach the maximum audience. Methods such as local and national media (average 1500 press releases are sent per annum). Marketing campaigns such as *"Love your Local Market*", Recycling, Fostering and Housing Options are delivered alongside the newly designed ***'Carms News'*** which is delivered to every household in the County - a *'whole public service'* vehicle overseen by the Local Service Board.

3.3.6 **Managing Performance / Scrutiny Function**

The Authority's Elected Members are closely involved in managing performance, at both Executive Board and Scrutiny Committee level. Performance data often initiates in-depth studies by the Scrutiny Committees, usually via Task and Finish Groups, and these have contributed in a proactive way to policy development and service improvement on numerous occasions in recent years.

During 2015/16 the Council will implement a new procedure whereby Heads of Service will be challenged by Executive Board members on their Business Plans.

The Wales Audit Office (WAO) annually report to Full Council in relation to the effectiveness of the Authority.

Performance data is held on the Council's computerised PIMS system (Performance Information Management System) and this is available to Directors, Heads of Service and Members on a 'real-time' basis.

An exception based report on our key measures and actions are reported quarterly to both Corporate Management Team and the Executive Board and this enables any problem areas to be identified at an early stage and remedial action taken.

The Authority is a partner in the Local Service Board and the Council's Policy and Resources Committee receives an Annual Performance Report from the incumbent Chair of the LSB.

3.3.7 **The Constitution**

The Authority adopted a new form of Constitution in the form promoted by the Welsh Assembly Government upon the modernisation of local government following the Local Government Act 2000, and this has been kept under constant review since then to ensure that it meets the needs of the Authority and its regulators in terms of transparency of Governance, accountability and decision making. A wholescale review of the Constitution was commenced by a politically balanced 10 member strong cross-party Constitutional Review Working Group (CRWG) of the Council in December 2014 following the commissioning and publication of a Report by a Peer Review Team of the Welsh Local Government Association. CRWG's recommendations were presented to an Extraordinary General Meeting of the Council on 17th June 2015. The Constitutional changes to be implemented are reflected in Section 3.5 (Governance Issues to be Addressed)

Some recommendations from the Peer Review Report which did not involve Constitutional change have already been implemented, examples included having standing items on the Agendas of Council for Questions by Members of the Public, and Questions on Notice by Members, (regardless of whether any such questions have been received) and moving the minutes of Scrutiny Committees off the formal Agenda to a *For Information Only* part of the Agenda.

During 2015/16 the Authority will implement ***modern.gov*** as its system of meeting administration and Members will be provided with Tablet Devices (ipads) for the conduct of their Council business

The Constitution is published on the Council's website and essentially explains the way the Council operates and how it takes decisions. It comprises 8 parts, namely:

1. Summary & Explanation – a brief overview of the make up of the Council and its *decision making bodies.*
2. The Articles – a fuller description of the Council and its constituent parts.
3. Functions / Delegations This Part explains which Members are responsible for which decisions, and in particular whether they are decisions which can only be taken by the Council, or only by the Executive Board, and the decisions which have been delegated *to officers to take under a Scheme of Delegation.*
4. Rules of Procedure including the rules relating to the Conduct of Council and Committee meetings (commonly known as ***"Standing Orders"***),rules relating to proceedings of the Executive Board and Scrutiny Committees, rules relating to access to *information,* ***Contract Procedure Rules, Financial Procedure Rules and Officer Employment Rules.***
5. Codes & Protocols Amongst the Codes included in this Part is the statutory ***Code of Conduct for Members***. In this respect Members' conduct is strictly governed whether it be in respect of their role as Councillors or as decision makers. In particular Members having a personal and prejudicial interest in any business being transacted at meetings have to declare their interest and withdraw from the meeting (unless they have obtained a dispensation to participate).
6.1 Councillors and Co-Opted Members' Scheme of Allowances which sets out the respective Job Profiles and Personal Specifications for Members, Executive Board Members, and Chairs and Vice-Chairs of Committees, as well as details of payments

which Members are entitled to. In relation to payments to Members as of the 1st April 2012 the Independent Remuneration Panel for Wales, which is the body formed to determine Members' payments (now called "salaries"), used its new powers to actually prescribe the amounts to be paid as opposed to prescribing maximum payments which could be made. The purpose of this prescription was to make payments more consistent across Wales.

6.2 Management Structures

7. Names & Addresses of Councillors

8. Bilingual Composition of Executive Board and Committees

As well as the wholescale review of the Constitution mentioned above, the Constitution is a living document and individual amendments are reported to Council for decision on an as and when required basis, following consideration by the Constitutional Review Working Group.

The Authority will undergo a 4 yearly assessment Wales Audit Office Corporate Assessment in October 2015.

3.3.8 **Audit, Standards and Democratic Services Committees**

The Audit Committee is a key component of Corporate Governance, providing a source of assurance about the Authority's arrangements for managing risk, maintaining an effective control environment and reporting on financial as well as non-financial performance.

The Standards Committee (which includes a majority of External Members) promotes high standards of conduct for Members as well as maintaining an overview of the Authority's processes for complaints handling and its Whistleblowing Procedure.

The Authority also has a Democratic Services Committee (5 Elected Members) and a statutory designated Head of Democratic Services. The Committee's terms of reference as set by the Authority include securing the provision of reasonable training and development opportunities for Members, appointing a Member Development Champion and promoting and supporting good governance.

3.3.9 **Monitoring Officer**

The Monitoring Officer (Head of Administration & Law) is responsible for maintaining the Constitution to ensure that it reflects up to date legislative requirements and the Authority's Governance needs, and is also responsible for ensuring that the provisions are fully complied with at all levels of the Authority's activities. As Chief Legal Officer supported by the in-house legal team, the Monitoring Officer has access to all meetings of the Authority including the Executive Board and the Authority's Corporate Management Team. The Monitoring Officer is well placed to play a proactive role in supporting Members and Officers in both formal and informal settings to comply with the law and with the Authority's own procedures. As the Head of Service with ultimate responsibility for the Democratic Services Unit, the Monitoring Officer is also responsible for the formal recording and publication of the democratic decision making process.

The Monitoring Officer works closely with the Head of Paid Service and the Section 151 Officer in accordance with the provisions of the Local Government and Housing Act 1989 and will report to Council or the Executive Board if she considers that any proposal will give rise to unlawfulness.

There is an All Wales Network of Monitoring Officers which meets on a quarterly basis to discuss topical issues and share best practice, which the Monitoring Officer attends.

3.3.10 **Financial Administration (Section 151 Officer)**

Up until 14th September 2014 the Director of Resources was the responsible officer for the administration of the Authority's affairs under Section 151 of the Local Government Act 1972 and carried overall responsibility for the financial administration of the County Council. This responsibility passed to the Head of Financial Services on an interim basis from the 15th September 2014.

The Chartered Institute of Public Finance and Accountancy (CIPFA) previously published a ***"Statement on the Role of the Chief Financial Officer in Local Government"***. The Statement describes the role and responsibilities of the Chief Financial Officer (CFO) and sets out 5 Key Principles (see below) that define the core activities and behaviours that belong to the role of CFO in public service organisations and the organisational arrangements needed to support them. Carmarthenshire County Council through the appointment of the Director of Resources fully complies with the Statement.

Principle 1 - The CFO in a Local Authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest.

Principle 2 - The CFO in a Local Authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Authority's overall financial strategy.

Principle 3 - The CFO in a Local Authority must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.

Principle 4 - The CFO in a Local Authority must lead and direct a finance function that is resourced to be fit for purpose.

Principle 5 - The CFO in a Local Authority must be professionally qualified and suitably experienced.

The Financial Services Division provides support to Departments and determines the budget preparation and financial monitoring process.

The Authority operates to a defined set of Financial Procedure Rules which are maintained by the Resources Department with any amendments approved by the Audit Committee.

3.3.11 **Risk Management**

The Authority has a well developed approach to managing risk and the ***Risk Management and Business Continuity Strategy 2012/15*** was approved by Audit Committee in March 2012. The Authority has a Risk Management Steering Group which reports directly to Executive Board, Audit Committee and Chief Officers' Management

Team (CMT). The Risk Management Steering Group comprises an Executive Board Member Risk Champion (Executive Board Member for Resources), Departmental Risk Champions and is chaired by the Head of Audit, Risk & Procurement.

The Authority aims to embed good risk management into all its processes including a specific section in Committee Reports for the implications from a Risk Management perspective to be discussed and explained.

Corporate, Service and Project Risks are captured within a Risk Register. We use ***"Web Based Risk Register Software"***, which allows Departments to input, access, maintain and manage Service and Project Risks.

3.3.12 **Corporate Governance Group**

As stated in Section 3.1, a Corporate Governance Group has been established to co-ordinate, manage and report on the Governance arrangements of the Authority. The Group comprised:

- Director of Resources (s.151 Officer up to 14th September 2014)
- Head of Administration & Law (Monitoring Officer)
- Head of Financial Services (interim s151 Officer from 15th September 2014)
- Assistant Chief Executive (Regeneration & Policy)
- Assistant Chief Executive (People Management)
- Head of Audit, Risk & Procurement
- Audit & Risk Manager
- HR Manager
- Executive Board Member for Resources
- Executive Board Member for Business Support
- Chair of Audit Committee (in an observer capacity)

The Group are responsible for updating the Code of Governance and developing the Annual Governance Statement.

In addition, the Group now oversees the work of the Information Management Group (see 3.3.15).

3.3.13 **Dealing with Complaints**

The Authority has a ***Corporate Complaints Policy*** and details of the complaints received are monitored by the Scrutiny Committees and annually by the Standards Committee. The Complaints Procedure is in line with the Model Procedure put forward by the Local Government Ombudsman.

The Authority has a centralised Complaints Team which will ensure compliance with the standards we set out in our Policy and ensure consistency of approach across the whole Authority.

Annual reports are provided to Corporate Management Team, Executive Board and Scrutiny Committees with more detailed monthly reports provided to Departmental Management Teams in order to monitor trends, identify problem areas and generate service improvement based on customer experience.

The Authority investigated and responded to 573 complaints during 2014/15 compared to 676 during 2013/14. The Complaints Team also addressed a further 550 enquiries and requests for assistance which offered the Team the opportunity to try and rectify difficulties before complaints arose.

One key priority for the new Complaints Team is to better translate complaints into service improvement by identifying problems and weaknesses and coming up with solutions. Previously recommendations and service improvement proposals arising from complaints were not monitored. They are now entered onto the centralised PIMS database and their progress is monitored by the complaints team. Last year there were 63 such recommendations of which 36 (57%) have been implemented. A selection of such improvements are included in this year's Annual Improvement Plan.

3.3.14 **Managing our Workforce**

Carmarthenshire County Council has some 9,000 employees who each contribute to the achievement of our Corporate Priorities.

Our staff are supported by the People Management Division who maintain a range of Policies and Procedures to ensure that all staff are managed in a fair and consistent way. Key Policies and Procedures include:

- Health & Safety Policy
- Staff Recruitment and Selection Policy including safe recruitment
- Induction Procedure
- Whistleblowing Policy
- Grievance, Disciplinary and Dignity at work policies
- Officers' Code of Conduct
- Organisational Development / Review Policy
- People Strategy

Our Staff are encouraged to develop and this is consistent with our objectives as an organisation that has been accredited with Investors in People. The development of our workforce is underpinned by the following:

- Appraisal Process
- Learning and Development Strategy
- Encouraging Continuous Professional Development (CPD)
- Effective Workforce Planning
- People Strategy

Following the implementation of the Single Status Agreement in 2011/12, a small officer group maintains an overview of the management of change, the NJC pay and grading structure and offers advice to managers regarding reward generally. This group aims to ensure that the integrity of the pay and grading structure is maintained.

The Authority is conducting an Equal Pay Audit the results of which will be published during 2015/16.

3.3.15 **Information Assets**

The Council's Assistant Chief Executive – Regeneration & Policy acts as the Authority's ***Senior Information Risk Owner***. A Corporate Information Governance Group meets regularly in order to safeguard and secure the authority's information. Minutes of these meetings are provided for consideration by the Corporate Governance Group.

There are various safeguards in place to guard against the loss or release of personalised information. These include encryption of laptops, memory storage media and other devices. The Authority employs:

- an Information Security Officer who advises on data security and external advisers and consultants are employed from time to time to test and advise on the Authority's security arrangements.
- a Data Protection Officer who advises on legal compliance and ensures that policies and procedures are in place and are being adhered to.

These safeguards are subject to ongoing review and include a combination of technical solutions and training for staff involved in managing and handling sensitive data.

A priority for the Authority has been to increase the amount of training provided on the Data Protection Act. A mandatory e-learning programme has been rolled out to all office based staff

Work is ongoing around the role and responsibilities of Information Asset Owners (IAOs). During 2014/15, a training programme has been put in place which will take place in the 2015/16. This will help IAOs to understand the importance of the assets for which they are responsible; to encourage responsible sharing of data where this will promote better service delivery; and to fully understand what is needed to ensure the integrity and security of data. The development and maintenance of an Information Asset Register has also been identified as a key priority for 2015/16.

The Corporate Information Governance Group is also looking at ways to improve awareness and the dissemination of information, including a regular newsletter highlighting legislative changes, security priorities, best practice and potential risks and pitfalls.

3.4 Review of Effectiveness

A review of the effectiveness of our Governance arrangements (including the system of Internal Control) is undertaken regularly by the Corporate Governance Group through its work.

The review of effectiveness is informed by managers within the Authority who have responsibility for the development and maintenance of the Governance environment, the Head of Internal Audit's Annual Report and also by comments made by the External Auditors (Wales Audit Office).

The effectiveness of the Governance framework draws on evidence and assurances from:

- Council
- Leadership / Executive Board
- Executive Board Members
- Scheme of Delegation to Officers
- Business Management Group
- The Audit Committee / Scrutiny Committees / Risk Management Steering Group
- Standards Committee
- Internal Audit
- External Audit
- Public Services Ombudsman for Wales

3.4.1 **Council**

The Council meets on a monthly basis and takes decisions on Council functions. Its Agendas are published at least 3 clear days in advance of meetings, and its meetings are open to the public (subject to exemptions). Its Minutes are published and are available to the Public.

The main conclusions of the Auditor General's Annual Improvement Report which was issued to the Authority in June 2015 are quite succinct and have therefore been included in full below. This will be presented to Full Council in September 2015

The Council has continued to make good progress in its priority areas and it is working to address a range of governance issues highlighted in public reports during the year.

Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the **Council is likely to comply with the requirements of the Measure during 2015-16**. The Auditor General has reached this conclusion because:

- The Council has improved its performance in its key priority areas, it has evaluated and reported these improvements to the public in a fair and balanced way;

- The Council's financial management arrangements have served it well in the past and the Financial Statements present a true and fair view of the Council's and the Dyfed Pension Fund's financial position and transactions, however, the Council's arrangements for the production and submission of grant claims still need to be strengthened;

- Reviews of two specific areas of the Council's activities, Housing Services and the Transform Innovate and Change Programme have shown good examples of robust governance with appropriate contributions from Members and officers; and

following the publication of two public interest reports in January 2014, the Council proactively engaged the Welsh Local Government Association to deliver an independent peer review of the Council's governance arrangements: responding positively the Council has established a cross-party group to address the recommendations and drive

cultural change, which, whilst still at an early stage, is showing promise.

3.4.2 **Leadership / Executive Board**

The Executive Board takes decisions on executive functions within the policy and budget framework set by the Council. The Agenda is published at least 3 clear days in advance of its meetings and meetings are held in public (subject to statutory exemptions). Its Minutes are published and its decisions are subject to call in by the relevant Scrutiny Committee (ref para 3.4.8 below)

The Administration of the Council changed in May 2015 and is now a Plaid / Independent Coalition as opposed to the previous Labour / Independent Coalition. As a result the Council's Full Forward Work programme is slightly delayed but will be published shortly.

The Authority meets with Town and Community Councils twice yearly in a formal Forum.

3.4.3 **Executive Board Members**

The Executive Board Members have decision making powers in relation to their own portfolio areas. Whilst their meetings are not open to the public their decisions are published and are subject to call in by the relevant Scrutiny Committees (ref para 3.4.8 below).

Following the change in Administration the portfolios have been slightly amended.

3.4.4 **Scheme of Delegation to Officers**

The Scheme of Delegation itemises the decisions which are delegated to officers, whether by the Council or by the Executive Board. In exercising delegated powers Officers must comply with any statutory requirements and the Council's Policy and Budget Framework, amongst other requirements. Any significant decisions have to be recorded and be made available to the relevant Scrutiny Committee upon request.

3.4.5 **Audit Committee**

The Audit Committee meets throughout the year to provide independent assurance to the Authority in relation to the effectiveness of the Internal Control Environment and Risk Management Framework.

The Audit Committee are also responsible for approving the Authority's Statement of Accounts.

Under the ***Local Government Wales Measure 2011*** it is mandatory for Local Authorities to have an Audit Committee. The Measure provides that there must be an independent Co-opted Member on the Audit Committee and a new Co-opted Member was appointed by the Council for a period of 3 years at its 12th June 2013 meeting following an external advertisement process to replace the retiring Co-opted Member.

Job Profiles are in place for both the Chair of Audit Committee and the Members of Audit Committee. In line with the Local Government Measure 2011, the Chair of Audit Committee is a Member from the Opposition Group.

3.4.6 **Democratic Services Committees**

This is a statutory Committee with terms of reference which include promoting and supporting good governance. An important aspect of that aim is secured by the provision of reasonable training and development opportunities for Members and the appointment of the Chair of the Committee as the Member Development Champion.

During 2015/16 the Group Leaders are going to be conducting one to one Personal Development Reviews with their Members to, amongst other things, ascertain their training and development needs.

3.4.7 **Scrutiny Committees**

As highlighted in Section 3.3.6, the Scrutiny Function plays a highly valuable role in ensuring performance improvement and challenge. The role of Scrutiny in "Task and Finish Groups" has clearly had a positive influence on policy development.

The Authority has a well developed system of performance management. Scrutiny Committees receive a detailed half-year report on performance which includes an update on all Performance Indicators and Key Actions contained within Divisional Business Plans.

All Scrutiny Committees have the constitutional power to call-in executive decisions, whether taken by the Executive Board collectively or by individual Executive Board Members on their own portfolio areas. In order to allow call in to be exercised no decision taken by the Executive Board or Executive Board Members shall take effect until 3 days after the decision is published and circulated via e-mail to Members of the relevant Scrutiny Committee.

In line with the Local Government Measure 2011, the respective Chairs of the Community Scrutiny Committee and Environment Scrutiny Committee are Members from the Opposition Group.

3.4.8 **Standards Committee**

Standards Committee oversees standards of members conduct, arranges training for members of the Council and members of Town and Community Councils on the Code of Conduct, and considers applications for dispensations to participate in meetings where members identify personal and prejudicial interests in the business in hand.

The Committee also oversees the arrangements for providing a safe environment for Whistleblowing.

3.4.9 **Dyfed Pension Fund Panel**

Carmarthenshire County Council is the statutorily appointed Administering Authority for the Dyfed Pension Fund. The Pension Fund Panel comprises 3 County Council Members plus a nominated substitute to act in the absence of a Member. The Pension Fund Panel has the following responsibilities:

- To review the performance of the Dyfed Pension Fund, decide on the strategic direction of all matters relating to the investment of the Fund and monitor all aspects of the investment function.

- To determine on Administering Authority Pension Fund matters.

During 2014/15 the Pension Fund Panel was supported by the Director of Resources and Head of Financial Services, the Financial Services Division and an Independent Investment Adviser. The Director of Resources, who was the Section 151 Officer retired on the 14th September 2014, his responsibilities in respect of the Pension Fund passed to the Head of Financial Services on an interim basis from 15 September 2014.

The Fund's Governance Policy sets out in detail the Governance arrangements of the Fund.

From the 1st April 2015 the Authority is required under Public Service Pension Act (PSPA) 2013 to create a Local Pension Board. This Board will have an oversight or scrutiny role and is intended to assist the Administering Authority in securing compliance with regulations and requirements imposed by the Pensions Regulator and the Department for Communities and Local Government.

Carmarthenshire County Council has agreed the creation of the Pension Board (County Council 11th February 2015) which will have 3 Scheme Member representatives and 3 Employer representatives, with one further independent member who will be the Chair of the Board. The first meeting of the Board will take place before the 1st August 2015.

3.4.10 **Risk Management Steering Group**

The Risk Management Steering Group has been seen as a very good example of how Risk Management can be developed and ensure that Risk Management is embedded in decision making throughout the organisation. The Group meet quarterly and is supported by the work of its Sub Groups i.e. Property & Liability Risks, Motor Fleet Risks and Business Continuity Sub Groups.

3.4.11 **Internal Audit**

The review of the effectiveness of the system of Internal Control and Governance arrangements is informed by the work of the Internal Auditors on which the Authority gains assurance. Internal Audit are required to undertake their work in accordance with the standards as set out in the ***Public Sector Internal Audit Standards (PSIAS)*** established in 2013 are the agreed professional standards for Internal Audit in Local Government.

As required by the Standards, the Head of Internal Audit prepares an Annual report for consideration by the Audit Committee. The format of the Annual Report complies with the requirements of the Code of Practice.

The Authority maintains an effective Internal Audit function. The ***Strategic and Annual Audit Plans*** are approved by Audit Committee annually and regular reports are made to the Audit Committee throughout the year on progress and any Significant Weaknesses identified.

In addition to the planned work, the Internal Audit Unit undertakes fraud investigation and proactive fraud detection work.

The Wales Audit Office have consistently been able to place reliance on the work of Internal Audit.

3.4.12 **External Audit (Wales Audit Office)**

The Wales Audit Office as External Auditor to the Authority reviews and comments on the financial aspects of Corporate Governance which includes the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption.

The Annual Improvement Report is seen as a key driver for improvement.

3.4.13 **Public Services Ombudsman For Wales**

The Public Services Ombudsman for Wales considers complaints from Members of the public in relation to Members' conduct and maladministration. His Report is published annually.

S.16 Ombudsman's Reports (i.e. Public interest reports) are reported to County Council as required by law.

3.5 Governance Issues to be Addressed

Maintaining good Governance is an ongoing task. Undoubtedly the reduced revenue and capital funding from the Welsh Government will have a significant impact on the ability of the Authority to maintain and develop services and will impact upon issues of Governance.

Key issues of Governance which were identified in previous years' Annual Governance Statements are shown in Appendix 1 together with an update of progress made in managing each of the issues.

The following additional Governance issues need to be considered and addressed during the next 12 months:

1. Working with the new Administration to develop a 5 year Forward Work Programme and priorities for the Council
2. Responding to the Corporate Assessment to be undertaken by Wales Audit Office during 2015/16
3. Implement the Governance Review decisions approved by Council
4. Ensure that 100% of Managers complete the Whistleblowing E-learning module
5. Implement new Pensions Board
6. Responding to the new EU General Data Protection Regulation (GDPR) (as a replacement to the Data Protection Act 1998)
7. Review the WAO Grant Certification Report 2013/14 and implement any agreed actions
8. Monitor progress with implementing improvements in the management of Supporting People Grant

We propose over the coming year to take steps to address the above matters to further enhance our Governance arrangements. An Action Plan summarising the above Actions, Responsible Officers and Target Dates is attached in Appendix 2. We are satisfied that these steps will address the need for improvements and will monitor their implementation and operation as part of our next annual review.

Approval

Leader of Council **Date**

Chief Executive **Date**

APPENDIX 1

UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS				
SOURCE	**ISSUES**	**RESPONSIBLE OFFICER**	**ACTIONS/PROGRESS**	**STATUS**
AGS 2012/13 No. 1	Governance of Partnerships and Commissioning The Corporate Governance Group is committed to increasing its focus on governance of partnerships and commissioning to ensure that the arrangements in place are appropriate and robust.	Assistant Chief Executive (Regeneration & Policy)	A major review of all Partnerships and Commissioning is currently being undertaken under the supervision of Customer Focus and Policy Division. Final report to LSB 22nd July 2015	Ongoing
AGS 2012/13 No. 2	Updating the Authority's Constitution Ensure that the Constitution is fit for purpose in line with the requirements of the Local Government (Wales) Measure 2011 and also to consider whether to update the Constitution to the Modular Constitution for Wales commissioned by Welsh ACSeS (*Association of Council Secretaries and Solicitors*).	Head of Administration and Law	A trawl of adoption of the Modular Constitution across Wales shows low take up. Ultimately, whether Carmarthenshire moves to the Modular Constitution will be a matter for Full Council. The Peer Review Report was received by Full Council at its meeting of 12th November 2014, when it resolved to establish a cross party politically balanced Constitutional Review Working Group (CRWG) to consider the Peer Review recommendations. CRWG met on a fortnightly basis and presented its recommendations to Full Council on 17th June 2015.	Complete (see AGS 2013/14 No.3)

UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS				
SOURCE	**ISSUES**	**RESPONSIBLE OFFICER**	**ACTIONS/PROGRESS**	**STATUS**
AGS 2012/13 No. 5	Close Personal Relationships in the Workplace Policy and Procedure Officers are developing improved Procedures and Guidance to minimise the risk of staff failing to declare relationships which could be deemed to be inappropriate or which may risk bringing the Authority's actions / decisions into question	Assistant Chief Executive (People Management and Performance)	The Close Personal Associations Guidance has been finalised and agreed by CMT. The Standards of Behaviour Guidance and revised Grievance Policy and Procedure has been agreed by CMT and recently consulted upon with recognised Trades Unions via Corporate Employee Relations Forum (CERF). This new framework will replace the Dignity at Work Policy and Procedure and was presented to the Executive Board Member (HR, Efficiencies and Collaboration) in June 2015 for formal adoption.	Complete
AGS 2013/14 No. 1	Conduct WLGA led "Peer Review" of decision making arrangements	Assistant Chief Executive (Regeneration & Policy)	The Peer Review Report was received by Full Council at its meeting of 12th November 2014, when it resolved to establish a cross party politically balanced Constitutional Review Working Group (CRWG) to consider the Peer Review recommendations. CRWG met on a fortnightly basis and presented its recommendations to Full Council on 17th June 2015.	Complete
AGS 2013/14 No. 2	Consider extending webcasting to Planning Committee meetings	Assistant Chief Executive (Regeneration & Policy)	Planning meetings have been webcast Live since November 2014	Complete

UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS				
SOURCE	**ISSUES**	**RESPONSIBLE OFFICER**	**ACTIONS/PROGRESS**	**STATUS**
AGS 2013/14 No. 3	Review Constitution and consider adopting "Modular Constitution"	Head of Administration and Law	The due date set by the Peer Review Report proved to be too ambitious, despite the Constitutional Review Working Group (CRWG) meeting fortnightly. CRWG presented its recommendations to Full Council 17th June 2015.	Ongoing
AGS 2013/14 No. 4	Review Management arrangements at Director and Heads of Service level	Assistant Chief Executive (People Management and Performance)	Chief Executive reported to Council 20 May 2015 (Senior Management Structure)	Completed
AGS 2013/14 No. 5	Review Financial Procedure Rules and ensure Budget Managers are fully aware of their responsibilities	Head of Audit, Risk & Procurement Head of Financial Services	Budget Manual, Grants Project Manual and Managing Capital Manual reviewed and updated version approved by Audit Committee (11 July & 26 September 2014) Financial Procedure Rules update to be approved by Audit Committee 2015/2016	AGS 2013/14 No. 5
AGS 2013/14 No. 6	Consider and implement the changes required by the Local Government Pension Scheme (LGPS) Governance Regulations to the governance arrangements of the Dyfed Pension Fund, including the establishment of a Local Pensions Board	Head of Financial Services	County Council approved the creation and Terms of Reference of the Pension Board in February 2015. Pension Board Members have now been appointed, First Pension meeting will take place before 1st August 2015 as per the regulations	Complete
AGS 2013/14 No. 7	Review the WAO Grant Certification Report 2012/13 and implement any agreed actions	Head of Financial Services / Grants Panel	All actions reviewed and followed up with Departments	Complete

APPENDIX 2

GOVERNANCE ISSUES ACTION PLAN			
	NEW GOVERNANCE ISSUES IDENTIFIED IN THIS YEAR'S ANNUAL GOVERNANCE STATEMENT		
ISSUE REF	**ACTION**	**RESPONSIBLE OFFICER**	**TARGET DATE**
AGS 2014/15 No. 1	Working with the new Administration to develop a 5 Year Forward Work Programme and priorities for the Council	Assistant Chief Executive (Regeneration and Policy)	November 2015
AGS 2014/15 No. 2	Responding to the Corporate Assessment to be undertaken by Wales Audit Office during 2015/16	Assistant Chief Executive (Regeneration and Policy)	March 2016
AGS 2014/15 No. 3	Implement the Governance Review decisions approved by Council	Head of Administration and Law	September 2015
AGS 2014/15 No. 4	Ensure that 100% of Managers complete the Whistleblowing E-learning module	Head of Administration and Law	October 2015
AGS 2014/15 No. 5	Implement new Pensions Board	Head of Financial Services	August 2015
AGS 2014/15 No. 6	Responding to the new EU General Data Protection Regulation (GDPR) (as a replacement to the Data Protection Act 1998)	Assistant Chief Executive (Regeneration and Policy)	March 2016
AGS 2014/15 No. 7	Review the WAO Grant Certification Report 2013/14 and implement any agreed actions	Head of Financial Services /Grants Panel	March 2016
AGS 2014/15 No. 8	Monitor progress with implementing improvements in the management of Supporting People Grant	Head Of Housing & Public Protection	June 2016

4 AUDITOR GENERAL FOR WALES' REPORT TO THE MEMBERS OF CARMARTHENSHIRE COUNTY COUNCIL

I have audited the accounting statements and related notes of:

- Carmarthenshire County Council; and
- Dyfed Pension Fund

for the year ended 31 March 2015 under the Public Audit (Wales) Act 2004.

Carmarthenshire 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.

Dyfed 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 2014-15 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 6, the responsible financial officer is responsible for the preparation of the statement of accounts, including Dyfed 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 Financial Reporting Council'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 Carmarthenshire County Council and Dyfed Pension Fund and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

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

Opinion on the accounting statements of Carmarthenshire County Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Carmarthenshire County Council as at 31 March 2015 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 2014-15.

Emphasis of matter – unlawful transactions

I draw attention to the matters disclosed in the 2013-14 comparative figures in note 6.48 to the financial statements in relation to (i) remuneration totalling £13,775 in 2013-14 paid to the Chief Executive in lieu of employer pension contributions; and (ii) £3,601 of expenditure in 2013-14 incurred in granting an indemnity to the Chief Executive to bring a libel counter-claim against a claimant. I consider these transactions to be unlawful. My opinion is not qualified in respect of these matters.

Opinion on the accounting statements of Dyfed Pension Fund

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

- give a true and fair view of the financial transactions of Dyfed Pension Fund during the year ended 31 March 2015 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 2014-15.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword 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 following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement contains material misstatements of fact or is 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 Carmarthenshire County Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

For and on behalf of Huw Vaughan Thomas **Date:**
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

5 FINANCIAL STATEMENTS

The financial statements comprise of the following:

5.1 MOVEMENT IN RESERVES STATEMENT

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

5.2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

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

5.3 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 is 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 of reserves is that which 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’.

5.4 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.

5.1 MOVEMENT IN RESERVES STATEMENT

	Council Fund Balance	Earmarked Council Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	TOTAL USABLE RESERVES	Unusable Reserves	TOTAL AUTHORITY RESERVES
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2013	**(7,845)**	**(63,748)**	**(19,116)**	**(12,526)**	**0**	**(620)**	**(103,855)**	**(754,843)**	**(858,698)**
Movement in reserves during 2013/14									
Surplus or (deficit) on the provision of services	20,587	0	7,154	0	0	0	27,741	0	**27,741**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(138,258)	**(138,258)**
Total Comprehensive Income and Expenditure	**20,587**	**0**	**7,154**	**0**	**0**	**0**	**27,741**	**(138,258)**	**(110,517)**
Adjustments between accounting basis and funding basis under regulations(Note 6.4)	(35,219)	0	(3,281)	(6,821)	0	(705)	(46,026)	46,026	**0**
Net (Increase)/Decrease before Transfers to/from Earmarked Reserves	**(14,632)**	**0**	**3,873**	**(6,821)**	**0**	**(705)**	**(18,285)**	**(92,232)**	**(110,517)**
Transfers to/(from) Earmarked Reserves(Note 6.22)	13,802	(13,935)	133	0	0	0	0	0	**0**
(Increase)/Decrease in Year	**(830)**	**(13,935)**	**4,006**	**(6,821)**	**0**	**(705)**	**(18,285)**	**(92,232)**	**(110,517)**
Balance at 31 March 2014	**(8,675)**	**(77,683)**	**(15,110)**	**(19,347)**	**0**	**(1,325)**	**(122,140)**	**(847,075)**	**(969,215)**
Movement in reserves during 2014/15									
Surplus or (deficit) on the provision of services	28,723	0	8,028	0	0	0	36,751	0	**36,751**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	35,572	**35,572**
Total Comprehensive Income and Expenditure	**28,723**	**0**	**8,028**	**0**	**0**	**0**	**36,751**	**35,572**	**72,323**
Adjustments between accounting basis and funding basis under regulations(Note 6.4)	(26,820)	0	(3,824)	(7,165)	0	50	(37,759)	37,759	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**1,903**	**0**	**4,204**	**(7,165)**	**0**	**50**	**(1,008)**	**73,331**	**72,323**
Transfers to/(from) Earmarked Reserves(Note 6.22)	(1,728)	1,484	244	0	0	0	**0**	0	**0**
(Increase)/Decrease in Year	**175**	**1,484**	**4,448**	**(7,165)**	**0**	**50**	**(1,008)**	**73,331**	**72,323**
Balance at 31 March 2015	**(8,500)**	**(76,199)**	**(10,662)**	**(26,512)**	**0**	**(1,275)**	**(123,148)**	**(773,744)**	**(896,892)**

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5.2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

2013-14 Total Gross Expenditure £'000	2013-14 Total Gross Income £'000	2013-14 Total Net Expenditure £'000		2014-15 Total Gross Expenditure £'000	2014-15 Total Gross Income £'000	2014-15 Total Net Expenditure £'000
			Expenditure on Services			
19,141	(2,466)	16,675	Central Services to the Public	19,467	(2,642)	16,825
47,353	(7,405)	39,948	Cultural and Related Services	23,076	(7,538)	15,538
25,425	(7,092)	18,333	Environmental and Regulatory Services	23,673	(5,895)	17,778
18,715	(12,626)	6,089	Planning Services	20,225	(13,465)	6,760
213,748	(42,808)	170,940	Education and Children's Services	258,823	(39,567)	219,256
34,752	(12,904)	21,848	Highways and Transport Services	34,932	(13,207)	21,725
			Housing Services:			
67,172	(64,519)	2,653	Council Fund Housing	65,069	(62,425)	2,644
43,103	(34,846)	8,257	Housing Revenue Account	45,199	(35,590)	9,609
102,131	(27,918)	74,213	Adult Social Care	112,663	(38,087)	74,576
7,019	(3,007)	4,012	Corporate and Democratic Core	6,734	(333)	6,401
6,049	(3,667)	2,382	Non Distributed Costs	7,101	(3,752)	3,349
584,608	**(219,258)**	**365,350**	**Cost of Services**	**616,962**	**(222,501)**	**394,461**
			Precepts and Levies:			
		166	Brecon Beacons National Park			152
		9,080	Mid & West Wales Fire Authority			8,877
		4,631	Community Councils			4,878
		14,106	Dyfed Powys Police Authority			14,722
		(5,898)	(Gains)/losses on the disposal of non-current assets			(7,010)
		22,085	**Other Operating Expenditure**			**21,619**
		154	(Surpluses)/Deficits on Trading Activities not included in Net Cost of Services		Note 6.5	(1,696)
		14,100	Interest Payable and Similar Charges			13,871
		12,145	Net interest on the net defined benefit liability (asset)			8,350
		(624)	Interest Receivable and Similar Income			(473)
		7,136	Income and expenditure in relation to investment properties and changes in their fair value			168
		0	Investment Losses/(Gain)			0
		0	Other income			0
		32,911	**Financing and Investment Income and Expenditure**			**20,220**
		(213,939)	Revenue Support Grant			(202,696)
		(1,573)	General Government Grants			(787)
		(88,321)	Council Tax		Note 6.6	(92,674)
		(57,149)	Net Proceeds of Non-Domestic Rates		Note 6.7	(58,163)
		(31,623)	Capital Grants and Contributions			(45,229)
		(392,605)	**Taxation and Non-specific Grant Income**			**(399,549)**
		27,741	**(Surplus)/Deficit on Provision of Services**			**36,751**
		(13,587)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(44,416)
		(124,671)	Actuarial (gains)/losses on pension assets/liabilities			79,988
		(138,258)	**Other Comprehensive Income and Expenditure**			**35,572**
		(110,517)	**Total Comprehensive Income and Expenditure**			**72,323**

5.3 BALANCE SHEET

31/03/14 £'000 (Restated)		Notes	£'000	31/03/15 £'000
1,373,065	Property, Plant & Equipment	6.8	1,395,252	
2,139	Heritage Assets	6.9	2,248	
26,385	Investment Property	6.10	26,374	
1,186	Long Term Investments	6.11	1,164	
6,227	Long Term Debtors	6.12	5,784	
1,409,002	**Long Term Assets**			1,430,822
74	Short Term Investments	6.13	27,048	
752	Assets Held for Sale	6.14	133	
1,060	Inventories	6.15	1,066	
44,506	Short Term Debtors	6.16	53,369	
25,289	Cash and Cash Equivalents	6.17	11,267	
71,681	**Current Assets**			92,883
(10,178)	Short Term Borrowing	6.18	(7,677)	
(58,614)	Short Term Creditors	6.19	(62,632)	
(2,579)	Provisions	6.20	(2,447)	
(71,371)	**Current Liabilities**			(72,756)
(2,164)	Provisions	6.20	(3,214)	
(251,516)	Long Term Borrowing	6.21	(274,692)	
(186,417)	Other Long Term Liabilities	6.45	(276,151)	
(440,097)	**Long Term Liabilities**			(554,057)
969,215	**Net Assets**			**896,892**
8,675	Council Fund		8,500	
15,110	Housing Revenue Account	7.2	10,662	
73,498	Earmarked Council Fund Reserves	6.22	72,258	
4,185	Held by Schools under LMS	6.22	3,941	
0	Major Repairs Reserve	6.22	0	
19,347	Capital Receipts Reserve	6.23	26,512	
1,325	Capital Grants Unapplied	6.24	1,275	
122,140	**Usable Reserves**			123,148
290,994	Revaluation Reserve	6.25	323,284	
747,378	Capital Adjustment Account	6.26	731,974	
(907)	Financial Instruments Adjustment Account	6.27	(870)	
370	Deferred Capital Receipts Reserve	6.28	348	
(186,417)	Pensions Reserve	6.29	(276,151)	
(4,343)	Accumulated Absences Account	6.30	(4,841)	
847,075	**Unusable Reserves**			773,744
969,215	**Total Reserves**			**896,892**

The 31 March 2014 figures have been restated to reflect the reclassification of certain Short Term Investments to Long Term Investments (see notes 6.11 & 6.13).

5.4 CASH FLOW STATEMENT

2013-14 £'000		Note	2014-15 £'000
115,285	Taxation		120,893
380,551	Grants		342,830
11,558	Rents		12,055
301	Interest received		326
88,922	Other receipts from operating activities		69,274
596,617	**Cash inflows generated from operating activities**		**545,378**
(222,823)	Cash paid to and on behalf of employees		(216,838)
(32,275)	Housing benefit paid out		(34,544)
(44,697)	NNDR payments to national pool		(45,341)
(18,737)	Precepts paid		(19,600)
(14,475)	Interest paid		(13,840)
(209,780)	Other payments for operating activities		(196,668)
(542,787)	**Cash outflows generated from operating activities**		**(526,831)**
53,830	**Net cash flows from operating activities**	6.51	**18,547**
(60,293)	Purchase of property, plant & equipment, investment property and intangible assets		(77,914)
(171,193)	Purchase of short term and long term investments		(142,800)
(12,748)	Other payments for investing activities		(20,897)
10,202	Proceeds from Sale of property, plant & equipment, investment property and intangible assets		13,333
178,458	Proceeds of short term and long term investments		115,816
39,360	Other receipts from investing activities		58,946
(16,214)	**Net cash flows from investing activities**		**(53,516)**
118	Cash receipts of short and long term borrowing		28,000
(14,695)	Repayments of short term and long term borrowing		(7,800)
1,122	Other payments for financing activities		747
(13,455)	**Net cash flows from financing activities**		**20,947**
24,161	**Net increase or decrease in cash and cash equivalents**		**(14,022)**
1,128	Cash and cash equivalents at the beginning of the reporting period		25,289
25,289	**Cash and cash equivalents at the end of the reporting period**	6.17	**11,267**

6 NOTES TO THE ACCOUNTS

6.1 Statement of Accounting Policies

General

The Statement of Accounts summarises the transactions of Carmarthenshire County Council and of the Dyfed Pension Fund for the 2014-2015 financial year and their position at the year ended 31 March 2015.

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Areas within the accounts that do not comply with the above publication have been suitably noted where necessary.

6.1.1 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivables on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- An exception to this principle is when certain revenue payments are made

quarterly (e.g. electricity, gas) where the revenue accounts are charged with four payments. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

6.1.2 **Property, Plant & Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition: Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement: Assets are initially measured at cost, comprising the purchase price and/or any expenditure that is directly attributable to bringing the asset into working condition for its intended use.

Assets are then carried in the Balance Sheet on the basis recommended by CIPFA and in accordance with The Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards. Assets are classified into the groupings required by the Code of Practice on Local Authority Accounting on the following basis:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value

With the exception of infrastructure and community assets, revaluations of fixed assets are carried out on the basis of a five-year rolling programme with any material change to asset values being adjusted in the accounts in the year it arises.

The historic timetable of assets revaluations is given below:

Housing Stock	2010-11
Social Care, Regeneration & Environment Assets	2011-12
Corporate Assets	2012-13
Chief Executives, Regeneration & Leisure	2013-14
Schools	2014-15

Assets acquired under finance leases are capitalised in the Authority's accounts, together with the liability to pay future rentals.

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

Impairment:

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals and Assets Held for Sale

When it becomes highly probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and credited to the Capital Receipts Reserve. These can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Reserve from the Council Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – either a straight-line allocation over the useful life of the asset or as a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 40 years.

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

Component Accounting
Component accounting is used when a single asset has one or more constituent parts with a significantly different economic life to the main asset. Components within the main asset would therefore be depreciated at different rates.

In order to determine whether there is a material difference in the depreciation charge, the Authority carries out a sensitivity analysis on its largest capital projects. A charge is calculated based on the asset as a whole compared to a charge based on the component parts. The component based charge will be used if there is a material difference between the two calculations.

6.1.3 **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 are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance. The gains and losses are therefore reversed out of the Council Fund Balance 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.

6.1.4 **Heritage Assets**

There are different types of Heritage Assets which have been accounted for as follows.

- **Former Community Assets**
  Those heritage assets which were formerly included within community assets have been transferred to the new Heritage Assets category. They are recorded at historic cost and include Carmarthen Castle, civic regalia and works of art.
- **Infrastructure Artwork**
  These assets were previously included as infrastructure and were either part of a larger capital project or standalone artworks on roundabouts or in town centres. As former infrastructure assets they are recorded at historic cost.
- **Museum Exhibits/Archive Records**
  The Authority holds a large collection museum exhibits and archive material which have not been included in the Balance Sheet. Cost information is not readily available for these items and the Authority believes that the benefits of obtaining a valuation for these items would not justify the cost.

6.1.5 Intangible Assets

These are assets that do not have a physical substance but will provide future economic benefits to the Authority such as software licences or internally generated assets which have been capitalised.

The Authority does not currently hold any intangible assets. Enhancements are categorised each year and any intangible assets would be identified as part of this annual exercise.

6.1.6 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the Council Fund balance (MRP or Loans Fund Principal), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

6.1.7 Revenue Expenditure Funded from Capital under Statute (REFFCUS)

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

6.1.8 Cash and Cash Equivalents

Cash Equivalents are investments that are readily convertible to known amounts of cash with no change in value. Cash is withdrawn and deposited depending on a deficit or surplus of cash on the day. All call accounts are classified for this purpose. Cash Equivalents also includes fixed term investments that mature within three months or less from the date of acquisition.

6.1.9 **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in 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 reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

6.1.10 **Leasing**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

A review of all leases held by the Authority (both as Lessee and Lessor) has been undertaken. All leases are currently treated as operating leases. A few small leases have been identified that could potentially be reclassified as finance leases. These relate to equipment and are insignificant both in terms of value and term length. The reclassification adjustments would not materially affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Authority.

The Authority as Lessee – operating leases
Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

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The Authority as Lessor – operating leases
Where the Authority grants an operating lease over a property, the asset is retained in the Balance Sheet. Rental income is credited to the appropriate service in the Comprehensive Income and Expenditure statement.

6.1.11 **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, 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 according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Council Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

6.1.12 **Financial Assets**

Loans and Receivables

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

Where the Authority has made loans at less than market rates (soft loans), any material loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over

the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the Council Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

6.1.13 Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

6.1.14 Cost of Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014/15* (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.

Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Cost of Services.

6.1.15 **Provisions**

Provisions are made where an event has taken place that gives the Authority an obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

6.1.16 **Reserves**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Council Fund Balance in the Movement in Reserves statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

6.1.17 **Employee Benefits**

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which

the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

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

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

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payments of benefits is recognised in the Balance Sheet and the Education and Children's Services Line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to teachers' pensions in the year.

The Dyfed Pension Fund

The Fund is accounted for as a defined benefit scheme.

The liabilities of the Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 3.3% (based on the indicative rate of return on high quality corporate bond [AA Corporate Bond]).

The assets of the Fund attributable to the Authority are included in the Balance Sheet at their fair value:

- quoted securities – bid price value
- unquoted securities – professional estimate
- unitised securities – bid price value
- property – market value.

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

Service cost comprising:

- current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the Fund – cash paid as employer's contributions to the fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the Council Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting

standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits
The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Fund.

6.1.18 **Interests in Companies and other Entities**

The Council has material interests in CWM Environmental that has the nature of a subsidiary that require the preparation of group accounts. Group Accounts have not been prepared, as the consolidation would not materially affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

6.1.19 **Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

We have identified the following arrangements that could fall within the above definition for accounting purposes:-

- ERW - the regional education consortium for mid and south west Wales

	ERW		Regional Waste Partnership	
	2014-2015		2014-2015	
	Total	CCC Share	Total	CCC Share
	£'000	£'000	£'000	£'000
Expenditure	431	90	13	3
Income	(262)	(55)	0	0
Surplus/Deficit for the year	169	35	13	3
Current Assets	476	99	0	0
Current Liabilities	(64)	(13)	0	0
Total assets less liabilities	412	86.2	0	0
Reserves	412	86	0	0
Total Financing	412	86	0	0

The closure of the Regional Waste Partnership was formally confirmed at a special meeting held on November 24 2014, following the withdrawal of the preferred bidder.

The above is not an exhaustive list – other potential arrangements include the Welsh Purchasing Consortium amongst others. For the purposes of the accounts no actual entries have been made for these arrangements other than the direct expenditure and income applicable to each scheme. The adjustments are not material and would not affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

6.1.20 **Contingent Liabilities**

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

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

6.1.21 **VAT**

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

6.1.22 **Carbon Reduction Commitment Energy Efficiency Scheme**

The authority is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the second phase, which ends on 31 March 2019. The authority is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, ie carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. 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. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

6.2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 6.1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has a robust three year budget strategy with efficiency and service rationalisation proposals to deliver a balanced budget and has therefore determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result.

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £4m plus interest invested in Kaupthing, Singer and Friedlander (KSF) at that time. By the end of 2014-2015 £3.3m plus interest had been repaid by the administrators. See note 6.47.

Voluntary Controlled and Voluntary Aided schools are currently excluded from the Authority's balance sheet and have been since 2009-10 as although the Authority has liabilities and risks in terms of property costs such as repairs and maintenance, it does not own the schools nor does it have any rights to the future economic benefits inherent in the assets.

6.3 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £20.7m for 2014-15. However, the assumptions interact in complex ways. During 2014-15, the Authority's actuaries advised that net pensions liability had increased by £153m attributable to the updating of adjustments.

6.4 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.

	Usable Reserves					
2014-15	**Council Fund Balance**	**Housing Revenue Account**	**Capital Receipts Reserve**	**Major Repairs Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	(26,754)	(17,635)	0	0	0	44,389
Revaluation losses on Property Plant and Equipment	(51,071)	(4,315)	0	0	0	55,386
Movements in the market value of Investment Properties	(168)	0	0	0	0	168
Capital grants and contributions applied	38,056	643	0	0	0	(38,699)
Revenue expenditure funded from capital under statute	(2,932)	(56)	0	0	0	2,988
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	(4,052)	(2,121)	0	0	0	6,173
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	10,167	2,592	0	0	0	(12,759)
Capital expenditure charged against the Council Fund and HRA balances	8,436	8,986	0	0	0	(17,422)

	Usable Reserves					
2014-15	**Council Fund Balance**	**Housing Revenue Account**	**Capital Receipts Reserve**	**Major Repairs Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	340	0	0	0	(340)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	390	(390)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	11,045	2,139	(13,184)	0	0	0
Statutory Capital Receipts	73	0	(127)	0	0	54
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	4,641	0	0	(4,641)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0	56	0	0	(56)
Capital Receipts Set Aside	0	0	1,471	0	0	(1,471)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(22)	0	0	22

	Usable Reserves					
2014-15	**Council Fund Balance**	**Housing Revenue Account**	**Capital Receipts Reserve**	**Major Repairs Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	6,190	0	(6,190)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	6,190	0	(6,190)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	77	(40)	0	0	0	(37)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 6.45)	(33,297)	(666)	0	0	0	33,963
Employer's pensions contributions and direct payments to pensioners payable in the year	23,762	455	0	0	0	(24,217)
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(502)	4	0	0	0	498
Total Adjustments	**(26,820)**	**(3,824)**	**(7,165)**	**0**	**50**	**37,759**

	Usable Reserves					
2013-14	**Council Fund Balance**	**Housing Revenue Account**	**Capital Receipts Reserve**	**Major Repairs Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	(25,371)	(16,560)	0	0	0	41,931
Revaluation losses on Property Plant and Equipment	(28,199)	(3,939)	0	0	0	32,138
Movements in the market value of Investment Properties	(7,136)	0	0	0	0	7,136
Capital grants and contributions applied	24,355	71	0	0	0	(24,426)
Revenue expenditure funded from capital under statute	(818)	(63)	0	0	0	881
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	(1,909)	(2,294)	0	0	0	4,203
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	10,345	2,426	0	0	0	(12,771)
Capital expenditure charged against the Council Fund and HRA balances	1,228	9,040	0	0	0	(10,268)

	Usable Reserves					
2013-14	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	996	0	0	0	(996)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	291	(291)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,854	2,248	(10,102)	0	0	0
Statutory Capital Receipts	44	0	(84)	0	0	40
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	1,658	0	0	(1,658)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0	63	0	0	(63)
Capital Receipts Set Aside	0	0	1,659	0	0	(1,659)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(15)	0	0	15

	Usable Reserves					
2013-14	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	6,200	0	(6,200)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	6,200	0	(6,200)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	159	(39)	0	0	0	(120)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 6.45)	(41,526)	(833)	0	0	0	42,359
Employer's pensions contributions and direct payments to pensioners payable in the year	22,997	436	0	0	0	(23,433)
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,762	26	0	0	0	(1,788)
Total Adjustments	**(35,219)**	**(3,281)**	**(6,821)**	**0**	**(705)**	**46,026**

6.5 Trading Operations

The Authority undertakes various trading operations, as listed in the table below. These trading activities mainly derive their turnover from rents, fees and charges and are either undertakings with the public and other third parties or are internal trading operations, which were originally set up as DSOs. Social Services residential homes are not operated as a trading activity within the Authority. At present all costs attributable to the operation of these homes are charged direct to the Social Services budget. The actual outturn figures in respect of these trading operations are detailed below:

2013-14 Total Gross Expenditure	2013-14 Total Gross Income	2013-14 Total Net (Income)/ Expenditure		2014-15 Total Gross Expenditure	2014-15 Total Gross Income	2014-15 Total Net (Income)/ Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
			Activities/Section			
45,942	(47,822)	(1,880)	Property Services and Hydrology	38,707	(40,037)	(1,330)
1,306	(1,522)	(216)	Vehicle Repair & Maintenance	1,326	(1,655)	(329)
3,324	(3,191)	133	Building Cleaning	3,466	(3,287)	179
5,546	(5,284)	262	Fleet Management	5,199	(5,181)	18
1,168	(1,243)	(75)	Civil Design	1,062	(1,235)	(173)
2,562	(581)	1,981	Commercial Properties	505	(547)	(42)
556	(307)	249	Rural Estate	692	(307)	385
839	(579)	260	Provision Markets	826	(601)	225
50	(131)	(81)	Livestock Markets	70	(252)	(182)
1,056	(1,535)	(479)	Industrial Sites	1,074	(1,521)	(447)
62,349	**(62,195)**	**154**		**52,927**	**(54,623)**	**(1,696)**

6.6 Council Tax

Council tax income is derived from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by dividing the amount of income required for Carmarthenshire County Council and the Dyfed-Powys Police Authority for the forthcoming year by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a band D equivalent and adjusted for discounts - £69,905 for 2014-15 (£68,382 for 2013-14). The Council Tax payable by a household is calculated by multiplying the basic amount for a band D property (£1,026.48 for Carmarthenshire County Council) by the proportion specified for the particular band.

Council Tax bills are based on multipliers for bands A to I. The following table shows the multiplier applicable to each band together with the equivalent number of Band 'D' properties within each band. In addition there is one lower band (A-) designed to offer the appropriate discount in respect of disabled dwellings where legislation allows a reduction in banding to that one below the band in which the property is actually valued.

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
Band D Dwellings	14	4,738	15,972	13,518	12,069	13,656	8,024	3,135	482	90

Analysis of the net proceeds from Council Tax:

	2013-14 £'000	2014-15 £'000
Council Tax Collectable	89,139	93,185
	89,139	93,185
Less:		
Movement in Impairment Allowance	(818)	(511)
Net Proceeds from Council Tax (including Precepts)	**88,321**	**92,674**

6.7 National Non Domestic Rates (NNDR)

NNDR is organised on a national basis. The government specifies an amount for the rate (47.3p for rateable values in 2014-15 and 46.4p for rateable values in 2013-14) and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value (which had been re-valued with effect from the 1 April 2010) by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the National Assembly for Wales. The National Assembly for Wales redistributes the sums payable back to local authorities on the basis of a fixed amount per head of population.

The NNDR income after relief and provisions of £45,454 for 2014-2015 was based on an average rateable value of £119,724,923 (£118,502,879 for 2013-2014). As at 31st March 2015 the total non domestic rateable value was £120,324,658 (£119,125,188 as at 31st March 2014).

Analysis of the net proceeds from Non-Domestic rates:

	2013-14 £'000	2014-15 £'000
Non Domestic Rates Collectable	44,484	45,454
Less		
Amount Paid into NNDR Pool	(44,697)	(45,341)
Cost of Collection	(376)	(377)
Movement in Impairment Allowance	(774)	(107)
	(1,363)	(371)
Receipts from Pool	58,512	58,534
Net Proceeds from NNDR	**57,149**	**58,163**

6.8 Property, Plant & Equipment

Movements in 2014-15	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Infra-structure	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value 01/04/14	**542,781**	**680,040**	**18,230**	**264,699**	**2,830**	**20,942**	**51,063**	**1,580,585**
Additions	24,583	19,042	680	7,122	26	234	30,300	**81,987**
Revaluation Increases Recognised in the Revaluation Reserve	172	84,202	0	1	0	216	0	**84,591**
Revaluation Losses Recognised in the Revaluation Reserve	(483)	(39,130)	0	0	0	(562)	0	**(40,175)**
Revaluation Increases Recognised in the Provision of Services	46	1,115	0	0	0	154	0	**1,315**
Revaluation Losses Recognised in the Provision of Services	(4,360)	(51,088)	0	(565)	0	(688)	0	**(56,701)**
Derecognition of Disposals	0	0	(452)	0	0	(1,586)	0	**(2,038)**
Derecognitions - Other	0	0	0	0	0	0	0	**0**
Reclassifications: to & from Assets Held for Sale	(1,578)	(38)	0	0	0	(1,489)	0	**(3,105)**
Reclassifications: to & from Investment Properties	0	0	0	0	32	280	0	**312**
Reclassifications: from Assets Under Construction	1,677	11,269	16	(437)	695	2,420	(15,640)	**0**
Reclassifications: PPE	0	0	0	0	0	0	0	**0**
Write back of Dep'n to the Gross Carrying Amount on Revaluation	(389)	(66,312)	(927)	(172)	0	(248)	0	**(68,048)**
Gross Book Value 31/03/15	**562,449**	**639,100**	**17,547**	**270,648**	**3,583**	**19,673**	**65,723**	**1,578,723**

Included within Other Land and Buildings is an adjustment of £12m in respect of a previous year's revaluation error relating to a primary school.

Movements in 2014-15	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Infra-structure	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value 31/03/15	**562,449**	**639,100**	**17,547**	**270,648**	**3,583**	**19,673**	**65,723**	**1,578,723**
Accumulated Depreciation and Impairment at 01/04/14	**(64,697)**	**(74,378)**	**(9,467)**	**(58,405)**	**(332)**	**(241)**	**0**	**(207,520)**
Depreciation Charge	(17,635)	(19,173)	(1,728)	(5,817)	(23)	(13)	0	**(44,389)**
Depreciation Written Out to Revaluation Reserve	388	66,312	927	172	0	248	0	**68,047**
Depreciation Written Out to Provision of Services	0	0	0	0	0	0	0	**0**
Derecognition of Disposals	0	0	387	0	0	3	0	**390**
Derecognitions - Other	0	0	0	0	0	0	0	**0**
Reclassifications: to/ from AHFS	0	0	0	0	0	1	0	**1**
Reclassifications: Among PPE	0	0	0	0	0	0	0	**0**
Reclassifications: Among Investment Properties	0	0	0	0	0	0	0	**0**
Other Movements in Depreciation and Impairments	0	(7)	0	45	(17)	(21)	0	**0**
Cumulative Depreciation to 31/03/15	**(81,944)**	**(27,246)**	**(9,881)**	**(64,005)**	**(372)**	**(23)**	**0**	**(183,471)**
Net Book Value at 31/03/15	**480,505**	**611,854**	**7,666**	**206,643**	**3,211**	**19,650**	**65,723**	**1,395,252**

Movements in 2013-14	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Infra-structure	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value 01/04/13	**523,305**	**699,680**	**16,379**	**250,496**	**4,756**	**23,554**	**38,947**	**1,557,117**
Additions	26,421	6,692	2,783	7,807	57	56	20,663	**64,479**
Revaluation Increases Recognised in the Revaluation Reserve	481	18,613	0	0	165	2,551	0	**21,810**
Revaluation Losses Recognised in the Revaluation Reserve	(555)	(6,299)	0	0	0	(1,368)	0	**(8,222)**
Revaluation Increases Recognised in the Provision of Services	106	110	0	0	0	322	0	**538**
Revaluation Losses Recognised in the Provision of Services	(4,045)	(27,729)	(191)	(156)	(349)	(926)	0	**(33,396)**
Derecognition of Disposals	0	0	(534)	0	0	0	0	**(534)**
Derecognitions - Other	0	0	(131)	0	0	0	0	**(131)**
Reclassifications: to & from Assets Held for Sale	(2,466)	(113)	0	0	0	(2,151)	0	**(4,730)**
Reclassifications: to & from Investment Properties	(190)	(1,952)	0	0	40	(1,200)	0	**(3,302)**
Reclassifications: from Assets Under Construction	121	2,109	0	6,298	19	0	(8,547)	**0**
Reclassifications: PPE	38	(240)	1,461	254	(1,858)	345	0	**0**
Write back of Dep'n to the Gross Carrying Amount on Revaluation	(435)	(10,831)	(1,537)	0	0	(241)	0	**(13,044)**
Gross Book Value 31/03/14	**542,781**	**680,040**	**18,230**	**264,699**	**2,830**	**20,942**	**51,063**	**1,580,585**

Movements in 2013-14	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Infra-structure	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value 31/03/14	**542,781**	**680,040**	**18,230**	**264,699**	**2,830**	**20,942**	**51,063**	**1,580,585**
Accumulated Depreciation and Impairment at 01/04/13	**(48,574)**	**(68,128)**	**(9,531)**	**(52,991)**	**(326)**	**(413)**	**0**	**(179,963)**
Depreciation Charge	(16,560)	(17,808)	(2,075)	(5,414)	(6)	(69)	0	**(41,932)**
Depreciation Written Out to Revaluation Reserve	435	11,558	1,537	0	0	241	0	**13,771**
Depreciation Written Out to Provision of Services	0	0	0	0	0	0	0	**0**
Derecognition of Disposals	0	0	471	0	0	0	0	**471**
Derecognitions - Other	0	0	131	0	0	0	0	**131**
Reclassifications: to/ from AHFS	2	0	0	0	0	0	0	**2**
Reclassifications: Among PPE	0	0	0	0	0	0	0	**0**
Reclassifications: Among Investment Properties	0	0	0	0	0	0	0	**0**
Other Movements in Depreciation and Impairments	0	0	0	0	0	0	0	**0**
Cumulative Depreciation to 31/03/14	**(64,697)**	**(74,378)**	**(9,467)**	**(58,405)**	**(332)**	**(241)**	**0**	**(207,520)**
Net Book Value at 31/03/14	**478,084**	**605,662**	**8,763**	**206,294**	**2,498**	**20,701**	**51,063**	**1,373,065**

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

Asset		Life (Years)
Council Dwellings		30
Land	*(including Community Assets)*	infinite
Buildings	*(including Community Assets)*	30
Plant, Furniture & Equipment		5 to 10
Vehicles		1 to 10
Infrastructure		40

Non Enhancing Expenditure

As in 2013-14, non-enhancing expenditure has been included within the additions in the year and then written off as a revaluation loss. In preceding years this expenditure was written off directly to the CIES.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on a depreciated historic cost basis.

Statement of Non-Current Assets Carried at Current Value 2014-15

The following statement shows the progress of the Authority's rolling programme for revaluation of fixed assets. The valuations are carried out in house by the Authority's Valuers who are Fellows of the Royal Institute of Chartered Surveyors. The basis for valuation is set out in the statement of accounting policies.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Surplus Assets £'000	TOTAL £'000
Valued at fair value as at:					
31 March 2015	19,668	(40,940)	(683)	(1,269)	(23,224)
31 March 2014	19,476	(19,640)	1,851	(2,612)	(925)
31 March 2013	20,711	18,174	(4,093)	432	35,224
31 March 2012	12,351	(13,051)	(5,373)	403	(5,670)
31 March 2011	(122,725)	14,859	1,263	22,719	(83,884)
Previous Years	612,968	679,698	24,582	0	1,317,248
Gross Book Value at 31/03/15	**562,449**	**639,100**	**17,547**	**19,673**	**1,238,769**

Capital Commitments

As at 31 March 2015 the Council was contractually committed to capital works which amounted to approximately £25 million. Major contracts included the following schemes:

	£'000
HOUSING	
Public Sector Housing	1,214
ENVIRONMENTAL	
Bridge Strengthening	139
Trebeddrod Reservoir	692
Llanelli Beach	134
SOCIAL CARE	
Carmarthen Area Flexible Care Scheme	216
EDUCATION AND CHILDREN	
Modernising Education Programme	
Dyffryn Amman	2,495
Maes Y Gwendraeth	4,429
Bro Dinefwr	9,289
Bro Dinefwr (Archaeology)	24
Strade	1,303
Ffwrnes	163
Carreg Hirfaen	3,244
Burry Port	1,524
New School South Llanelli	135
CORPORATE	
Ty Elwyn	240
REGENERATION	
Llanelli Town Centre	127
	25,368

6.9 Heritage Assets

	Art Collections	Civic Regalia	Museum Exhibits	Public Sculptures	Ancient Monuments	Archives	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation Gross Carrying Amount 01/04/13	**30**	**16**	**33**	**720**	**1,273**	**30**	**3**	**2,105**
Re-classification	0	0	0	0	0	0	0	0
Additions	0	0	31	2	1	0	0	34
Revaluation Increases	0	0	0	0	0	0	0	0
Revaluation Losses	0	0	0	0	0	0	0	0
Cost or Valuation Gross Carrying Amount 31/03/14	**30**	**16**	**64**	**722**	**1,274**	**30**	**3**	**2,139**
Re-classification	0	0	0	0	0	0	0	0
Additions	0	0	7	39	63	0	0	109
Revaluation Increases	0	0	0	0	0	0	0	0
Revaluation Losses	0	0	0	0	0	0	0	0
Cost or Valuation Gross Carrying Amount 31/03/15	**30**	**16**	**71**	**761**	**1,337**	**30**	**3**	**2,248**

Heritage Assets: Five Year Summary of Additions & Valuations

	Art Collections	Civic Regalia	Museum Exhibits	Public Sculptures	Ancient Monuments	Archive	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2014-15	**0**	**0**	**7**	**39**	**63**	**0**	**0**	**109**
2013-14	**0**	**0**	**31**	**2**	**1**	**0**	**0**	**34**
2012-13	**0**	**0**	**(40)**	**0**	**0**	**30**	**0**	**(10)**
2011-12	**0**	**0**	**30**	**12**	**0**	**0**	**0**	**42**
2010-11	**0**	**0**	**0**	**21**	**0**	**0**	**0**	**21**
Previous Years	**30**	**16**	**43**	**687**	**1,273**	**0**	**3**	**2,052**
Cost or Valuation Gross Carrying Amount 31/03/15	**30**	**16**	**71**	**761**	**1,337**	**30**	**3**	**2,248**

Heritage Assets: Archives collections

The archive service was established in 1959 to collect historically important records. Since then it has accrued 8345 deposits of records – each deposit may be as small as one item or as large as several thousand. The service now has about 400 cubic metres of records housed in three strong rooms. All the items are unique. The records held are categorised under various headings.

Records under the Public Records Act 1958:

Land Tax 1797, Hearth Tax 1670, Survey of Crown lands 1560 and Census for Carmarthenshire 1841-1911.
Carmarthenshire Quarter Sessions: Order/minute books 1748-1752, 1794-1813, and 1820 -1971.Case files and papers 1833-1971; Judges' notebooks, jury books, justices' roll, registers of convictions and appeal books, 19th and 20th centuries. Public Records deposited with the Clerk of the Peace.
Carmarthenshire electoral registers from 1851 (Carmarthenshire and Llanelli constituencies from 1918 to date)
Plans of railways, roads, canals, harbours and other public undertakings 1808-1950
Enclosure acts and awards 1810-1873
Turnpike Trust records relating to Carmarthenshire
Petty Sessions: minutes and registers in Carmarthenshire 19th and 20th centuries
Hospital Records: minutes, reports, financial records and plans for various hospitals.
Territorial Association: Carmarthen Territorial and Auxiliary Forces Association minutes.
Shipping Records: Crew agreements and official logbooks of ships registered in Llanelli 1863-1913: Registers of ships and fishing boats in the ports of Llanelli 1824-1957 and Carmarthen 1839-1849.
Land Valuation Records: Valuation lists made under the Finance Act 1910 by the Commissioners of Inland Revenue: this includes detailed valuations of properties in every parish in Carmarthenshire.

OFFICIAL RECORDS
County Council: Carmarthenshire County Council 1889-1974, motor vehicle licensing records 1907-1974; Dyfed County Council minutes 1973-1996: Carmarthenshire County council minutes 1997-2011.
Education Records: Log Books of various schools 1862-1976; school board minutes 1871- 1903; school managers' minutes 1872-1973; some admission registers 19th and 20th centuries.
Board of Guardians and the Workhouse: Minutes and financial records of the Guardians for Carmarthenshire Union 19th century-1948; Llandeilofawr Union 1836-1948; Llandovery Union 1840-1950; Llanelli Union c. 1840-1948; Workhouse records from Penlan Carmarthen 1866-1975; Abercennen Llandeilo 1839-1969; Llanelli 1913-1950.
Borough Records: Records for Carmarthen, Kidwelly, Laugharne, Llandovery and Llanelli Borough including minutes, rate books, title deeds, rentals, accounts and other material.
District Councils: Minutes, rate books, financial records, correspondence and plans for Llandeilo RDC / UDC, Cwmamman UDC c.1860-1974and Ammanford UDC 1903-1974.
Water Authority: Minutes, reports, accounts and correspondence of the Towy Fishery Board 1867-1951.
Parish Councils: Minutes, title deeds, rate books, financial records and correspondence from many parishes 1894-1974.
Ecclesiastical Records: Church in Wales: registers of baptisms, marriages and burials of all Carmarthenshire parishes 16th-20th centuries; vestry minutes, churchwardens' accounts, overseers' papers, rate books and tithe maps for some parishes 18th-20th centuries. Tithe Apportionments and tithe maps 1848-c.1920. Nonconformist: microfilms

of non-parochial registers in the Public Record Office; some original chapel records 18th-20th centuries.

DEPOSITED PRIVATE COLLECTIONS:
Many of the following are still owned by the original depositor and are on indefinite loan to the archive service. A few notable items include the Vaughan of Golden Grove pedigree created in 1641, and regarded as one of the finest examples of its kind; the Golden Grove Books – four volumes of Welsh family pedigrees complied in c.1703, but relating to sources dating back to the eleventh century; Rebecca Riots letters.
Family and Estate records: 14-20th centuries' collections relating to many estates across the county. These contain title deeds, rentals, correspondence, financial records, maps, diaries, political and personal records.
Solicitors: Records accumulated by the firms within Carmarthenshire including deeds, rentals, correspondence and maps covering many large estates.
Business Records: John Francis and son, estate agents: records include deeds, wills, rentals and maps relating to various estates together with a collection of over 1,000 sale catalogues. Others business records include Waddle Engineering Llanelli, Buckleys Brewery Llanelli, the woollen industry in the Teifi Valley, Emlyn Anthracite Colliery and Llanelli Harbour Trust records.
Societies: Carmarthenshire Antiquarian Society collection includes borough records; police records; ecclesiastical records; poor law records; education records; maps; railway plans and a series of scrapbooks containing title deeds, cuttings, pictorial and antiquarian material, 13th – 20th centuries. Also, other records include Carmarthenshire Women's Institutes, United Counties Hunters' Society, Llanelli Constituency Labour Party, Ferryside RNLI and the Carmarthen branch of ASLEF 20th century and other trade union records.
Ordnance Survey Maps: Including various maps relating to Carmarthenshire dating back to the Nineteenth Century.
Newspapers: Carmarthen Journal 1810 - present, The Welshman 1846 -1950, South Wales Guardian and the Amman Valley Chronicle.

All the above records are normally available for use by the public, however at present due to fungal contamination in the strong rooms, they have had to be removed for restoration works, so are currently unavailable. Before the collections are returned it will be necessary to ensure that suitable accommodation is available or otherwise to look at alternative solutions such as working with other bodies to provide the service. The exact timescales are unknown at present but in the meantime it is planned that some collections will be deposited with Glamorgan Archives and Swansea University Archives during the calendar year 2016 in order to make them available to researchers.

Heritage Assets: Further information on Carmarthenshire County Council's museums' collections

Carmarthenshire Museums Services consist of five museums and one heritage room.

While the collections of Carmarthenshire County Museum and Parc Howard Museum & Art Gallery are analysed separately, those of the Museum of Speed, Carmarthen Town Museum and Bro Aman Museum are included within the information about Carmarthenshire County Museum.

Parc Howard
Parc Howard was opened in 1912. Its collections have been drawn together mainly by donation. They reflect Llanelli's past.

Material Culture: including all material in the collection other than Fine Art and Ceramics
This collection has a broad range of material culture reflecting the history of Llanelli from the 18th century. Notable items are an example of the Stepney Spare Wheel, products of the local iron, tin and steel industries and an example of the first tin beer can, which were made for the local Felinfoel Brewery. The collection also reflects local sport, brewing, religion, costume, WW2, and the town's civic history and notable figures. Of the 3,000 material culture objects in Parc Howard's collection, approximately 11% are on display at one time.

Fine Art Collection
This collection consists of nearly 500 works of art, including oil paintings, works of art on paper and sculptures. The core of the collection's most important paintings came from the collection of Lady Stepney, who originally leased the museum and park to Llanelli Borough Council. The collection contains works by Llanelli born artists James Dickson Innes and Charles William Mansel Lewis and a large scale work by Hubert von Herkomer. Paintings by John Bowen and Tony Evans, two significant 20th century local artists, are also held. Of the 491 works of art, some 8.5%, including the collections' most significant works, are on display at one time. The remaining items are held in a secure store but can be made accessible to scholars and are shown in rotating exhibitions.

Ceramics Collection
This collection contains the largest collection of Llanelly Pottery in public ownership. Nearly 80% of this collection of 721 items is on display at any one time. The Llanelly Pottery collection has been brought together since 1912 by a mixture of purchase and donation. The collection ranges from wares produced during the earliest years of manufacturing in 1840s until its final years during the 1920s. Among the earliest wares of significance are the collection of lithophanes and a bust of John Wesley, as well as examples of transfer printed ware patterns and forms. Approximately 30% of these are on display at any one time. Ceramics not on display are held in secure stores but can be made accessible to scholars.

Carmarthenshire County Museum
The collections were begun by the Carmarthenshire Antiquarian Society and opened in 1908, being one of Wales' oldest museums.

Material Culture: this includes all material except Archaeology, Natural Sciences, Ethnography and Fine Art.
Carmarthenshire's post-medieval history encompasses both rural and industrial urban life and the collections reflect this dichotomy. The collections contain furniture, such as dressers, local ceramics, agricultural and industrial tools and machinery (including the anthracite coal industry), costume, samplers, quilts, lovespoons, photographs, militaria, numismatics, sports, education, tradition, the contents of a local cottage, faith, folk belief, education, memorabilia and commercial life. Of particular significance are the frieze from the Picton Monument, militia material, the cottage interior and a copy of the first translation of the New Testament into Welsh, as well as Carmarthenshire dressers with their original crockery. Of the collection of material culture of nearly 30,000 objects, approximately 9% of the collection is on display at any one time but objects not on display are held in secure stores but can be made accessible to scholars.

Archaeology Collection
Archaeology is a major regional collection containing items of local, regional, Welsh, UK and international significance. It can be viewed in two parts, material primarily acquired by the Carmarthenshire Antiquarian Society (1907 – 1939) and acquisitions of large archives from controlled excavations (1967 – present), mainly from the Dyfed

Archaeological Trust and CADW. These archives include the paper, photographic and digital records. The date range is from Middle Palaeolithic to 20th century.
Significant items include: Middle Palaeolithic/late Neanderthal chert tools from Coygan Cave (50,000 ya) (international importance), Mesolithic shale figurines and pierced beads from Nab Head (international importance), Bronze Age metalwork hoards (regional importance), Romano-British wooden figurine from Strata Florida (international importance), Romano-British brooch from Carmarthen (national importance), Romano-British gold pendant from Dolaucothi (national importance), excavation archives from Roman Carmarthen and Dolaucothi/Pumsaint (both national importance), early medieval inscribed standing stones (international importance), excavation archives from Dryslwyn and Laugharne castles and Carmarthen Greyfriars (national importance), Whitland floor tiles (national importance). The ceramics sequence from Laugharne Castle and Greyfriars combined provides a good reference collection for most of the medieval period in south-west Wales. There are over 30,000 items. At any time, 1.3% of the collection is on display.

Natural History and Geology Collection
This is a small collection of mainly local flora and fauna, rocks, fossils and minerals which has developed very slowly since the museum's inception.

Early natural history acquisitions include vertebrate skeletal material, taxidermy specimens, collections of eggs and invertebrates and a few examples of pressed plants. A significant item is an 17th/18th herbarium. Later acquisitions (1970s) are mainly stuffed animals used in display.

The geological collection dates from the early years of the museum and perhaps from the 1970s/80s when some local collections appear to have been acquired.

There are 1700 geological items of which 67 are on display, representing 4% of this collection.

Ethnography

This is a small collection of 300 objects was acquired from families associated with the Carmarthenshire Antiquarian Society. The various provenances reflect the activities of these families and individuals within the late Victorian/Edwardian empire. None of the collection is currently on display but has been exhibited in the recent past.

Fine Art
This collection consists of oil paintings, works on paper and sculpture. It has one of the largest collections of oil paintings in a local museum in Wales. Notable works of art include the portraits of Sir Richard Vaughan of Golden Grove, Madam Bevan and David Morley. Works by 20th century Carmarthenshire artists are well represented, particularly those by Edward Morland Lewis, B. A. Lewis and Stanley Lewis. Of the 2000 or so works of art, approximately 216 or 11% are on display either at the county museum or in public buildings.

Kidwelly Industrial Museum
This museum consists of an industrial complex, including buildings, machinery and displays. It is owned by Carmarthenshire County Council but is leased to an independent trust.

6.10 Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2013-14 £'000	2014-15 £'000
Rental income from investment properties	1,018	1,105
Direct operating expenses arising from investment property	(705)	(630)
Net gain/(loss)	**313**	**475**

The following table summarises the movement in the fair value of investment properties over the year:

	2013-14 £'000	2014-15 £'000
Balance at start of year	30,043	26,385
Additions:		
Purchases	0	0
Enhancements	176	1,269
Disposals	0	(800)
Net Gains\(Losses) from fair value adjustments	(7,136)	(168)
Transfer:		
(To)/From Property, Plant and Equipment	3,302	(312)
(To)/From Assets Held for Sale	0	0
	26,385	**26,374**

6.11 Long Term Investments

The investments consist of:

	31 March 2014 £'000	31 March 2015 £'000
2.5% Consols	1	1
3.5% Conversion Stock	1	0
3.5% War Stock	31	0
Cwm Environmental Ltd.	329	329
Banks and 100% Wholly Owned Subsidiaries	824	834
	1,186	**1,164**

The 31 March 2014 figures have been restated to include £824k in Banks and 100% Wholly Owned Subsidiaries that was previously included in Short Term Investments (note 6.13).

These investments are all shown at cost.

The Government Stocks were acquired prior to the 1974 reorganisation of local government.

CWM Environmental Ltd. is a wholly owned subsidiary company of the Authority. The company has been set up in accordance with the Environmental Protection Act 1990 for the purpose of Waste Disposal.
The company was vested with the Welsh Office on 10 March 1997 and the following represents the Authority's Interest at 31 March 2015:

	£'000
Share Capital	329

The investment has been included in Long-Term Investments within the Balance Sheet and the Authority has given no commitment to this company to meet any accumulated deficits or losses.

CWM Environmental Ltd operate two wholly owned subsidiaries with the following shareholding:

Pembrokeshire Recycling Company Ltd	£1.00
Carmarthenshire Recycling Company Ltd	£1.00

Pembrokeshire Recycling Company Ltd and Carmarthenshire Recycling Company Ltd are registered in England and Wales and are dormant.

The Company has produced separate Annual Reports for the year ended 31 December 2014, which includes an unqualified audit opinion by its Auditors Pricewaterhouse Coopers LLP. Detailed below is a summary of the trading results for the year ended 31 December 2014 and net assets as at that date for CWM Environmental Ltd:

	Year ended 31 December 2014
	£'000
Turnover	14,103
Less: Cost of Sales	(10,984)
Gross Profit	**3,119**
Overheads	(2,942)
Net Profit before taxation	**177**
Taxation on (loss) / profit	(129)
Retained Profit/(Loss)	**48**
Net Assets as at 31 December 2014	**6,018**

A copy of the Annual Report can be obtained from the Registered Office at the following address:

MRF Unit, Alltycnap Road
Cillefwr Industrial Estate
Johnston, Carmarthen
SA31 3RA

Whilst CWM Environmental has the nature of subsidiaries which require the preparation of group accounts, Group Accounts have not been prepared as the consolidation would not materially affect the Authority's financial position or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

6.12 Long Term Debtors

	31 March 2014 £'000	31 March 2015 £'000
Mortgages raised on Council House Sales	35	16
Charges against estates of persons in residential homes (Carmarthenshire County Council)	581	620
Charges against estates of persons in residential homes (External Providers)	1,091	704
Capital Contribution to the loans of 1st time homebuyers	1,324	1,289
Dwr Cymru Welsh Water	85	50
Car Loans	143	171
Loan Scarlets	2,616	2,616
Loan Towy Community Church	255	239
Other	97	79
	6,227	**5,784**

The County Council, as part of the Development Agreement entered into with Llanelli Rugby Football Club Limited (the club), advanced a sum of £2.4m for a term of 15 years to the club. The County Council has obtained indemnities from three of the original funding directors of the club which guarantee the interest obligations due under the terms of the loan for the first five years. In October 2010, the County Council agreed to a variation in the terms of the loan whereby interest payments of £216,000 were deferred to the end of the loan period in 2023. In October 2013, the Executive Board agreed to a variation in the terms of the loan whereby the interest charged will be reduced from the fixed rate of 7% to a variable rate of 3.5% plus the base interest rate (currently 0.5%) and capped at a maximum rate of 10%.

A 15 year annuity loan of £270k at a variable interest rate of 2.5% above base rate (currently 0.5%) was entered into with the Towy Community Church in December 2012 to assist in the implementation of the Xcel project.

6.13 Short Term Investments

This represents investments repayable within twelve months and is analysed as follows:

	31 March 2014 £'000	31 March 2015 £'000	Movement £'000
Banks and 100% Wholly Owned Subsidiaries	74	7,028	6,954
Local Authorities	0	20,020	20,020
	74	**27,048**	**26,974**

The 31 March 2014 figures have been restated to reflect the reclassification of £824k previously included within Banks and 100% Wholly Owned Subsidiaries from Short Term Investments to Long Term Investments (note 6.11).

6.14 Assets Held for Sale

	Current Assets 2013-14 £'000	Current Assets 2014-15 £'000
Balance at start of year	89	752
Assets newly classified as held for sale:		
- Property, Plant and Equipment	4,728	3,104
- Intangible Assets	0	0
- Other Assets / Liabilities in disposal groups	0	0
Revaluation losses	(7)	0
Revaluation gains	0	0
Impairment losses	0	0
Assets declassified as held for sale		
- Property, Plant and Equipment	0	0
- Investment Properties	0	0
- Other Assets / Liabilities in disposal groups	0	0
Assets sold	(4,058)	(3,723)
Transfers from Non Current to Current	0	0
Other movements	0	0
Balance at year end	**752**	**133**

6.15 Inventories

2013-14	Environment £'000	Education & Children Services £'000	Regeneration & Leisure £'000	Other £'000	Total £'000
Balance as at 31 March 2013	835	98	174	15	1,122
Purchases	2,409	2,023	268	0	4,700
Transfers	0	0	0	0	0
Recognised as an expense in the year	(2,460)	(2,021)	(277)	0	(4,758)
Written off balances	0	0	0	0	0
Other net movements in year	(3)	0	0	(1)	(4)
Balance as at 31 March 2014	**781**	**100**	**165**	**14**	**1,060**
2014-15					
Purchases	2,240	1,917	203	0	4,360
Transfers	0	0	0	0	0
Recognised as an expense in the year	(2,217)	(1,921)	(209)	0	(4,347)
Written off balances	0	(2)	0	0	(2)
Other net movements in year	(4)	0	0	(1)	(5)
Balance as at 31 March 2015	**800**	**94**	**159**	**13**	**1,066**

6.16 Short Term Debtors

	31 March 2014 £'000	31 March 2015 £'000
HM Revenue & Customs	1,947	4,918
Central Government	14,647	24,164
Police, Fire, National Park and Local Authorities	8,004	4,875
NHS Bodies	3,434	2,622
Council Tax Payers	3,652	3,871
Housing Tenants	1,087	1,504
Employee Related	166	147
Other	11,569	11,268
	44,506	**53,369**

6.17 Cash and Cash Equivalents

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

2013-14 £'000		2014-15 £'000
742	Cash held by the Authority	831
(894)	Bank current accounts	(2,588)
25,441	Short-term deposits with banks	8,021
0	Short-term deposits with Local Authorities	5,003
25,289	**Total Cash and Cash Equivalents**	**11,267**

6.18 Short Term Borrowing

This represents borrowing repayable within twelve months and is analysed as follows:

	31 March 2014 £'000	31 March 2015 £'000	Movement £'000
Public Works Loan Board	9,867	7,366	(2,501)
Market Loan	64	64	0
Salix, Invest to Save & Home Improvement Loan Scheme (HILS)	247	247	0
	10,178	**7,677**	**(2,501)**

6.19 Short Term Creditors

	31 March 2014 £'000	31 March 2015 £'000
HM Revenue & Customs	(4,018)	(3,849)
Central Government	(5,347)	(4,860)
Police, Fire, National Park and Local Authorities	(7,211)	(5,898)
NHS Bodies	(766)	(827)
Housing Tenants	(446)	(384)
Council Tax Payers	(2,514)	(2,679)
Employee Related	(6,759)	(7,389)
Other	(31,553)	(36,746)
	(58,614)	**(62,632)**

6.20 Provisions

The summary below shows the movement in the level of provisions during 2014-15:

	1 April 2014 £'000	Reversal £'000	Addition £'000	Utilisation £'000	31 March 2015 £'000
Resources Department	470	(40)	442	(149)	723
Regeneration & Leisure Department	12	0	31	(13)	30
Environment Department	66	(52)	101	0	115
Education & Children's Services	78	0	17	0	95
Chief Executives Department	367	0	477	(258)	586
Social Care, Housing & Public Protection	830	(784)	1,180	0	1,226
Single Status	250	0	378	(192)	436
Losses on Investments	898	(43)	0	0	855
MMI Pre LGR Provision	284	0	0	0	284
Landfill Site - Aftercare Provision	1,488	0	0	(177)	1,311
	4,743	**(919)**	**2,626**	**(789)**	**5,661**

Balances as at 31 March 2015	Current Liabilites (< 1 year) £'000	Long Term Liabilites (> 1 year) £'000	Total £'000
Resources Department	723	0	723
Regeneration & Leisure Department	30	0	30
Environment Department	101	14	115
Education & Children's Services	95	0	95
Chief Executives Department	586	0	586
Social Care, Housing & Public Protection	226	1,000	1,226
Single Status	218	218	436
Losses on Investments	21	834	855
MMI Pre LGR	284	0	284
Landfill Site - Aftercare Provision	163	1,148	1,311
	2,447	**3,214**	**5,661**

Purpose of Main Provisions

Resources Department
Provision of £452k is made in respect of potential bad debts on rental income from properties, plus provision for overtime for the closure of the accounts.

Regeneration & Leisure Department
Provision is set aside for potentially ineligible costs on external grant schemes.

Environment Department
£74k provision for health and safety works at Gelli Onn, £26k provision for potential ineligible costs on external grant schemes.

Education and Childrens Services
A £94k provision for anticipated residual severance costs.

Chief Executives
Provision is made for potential legal challenge on the right to charge for personal search fees. £421k for the Carbon Reduction Commitment allowances in respect of the emissions generated in 2014-15.

Social Care, Health & Housing
A provision of £366k is made for the potential write off of residents contribution debt, and £438k for potential payments on homecare balances, £180k against a possible shortfall of income from the Health Board, and £195k in respect of legal costs for ongoing Trading Standards prosecutions.

Single Status
During 2011-12, the authority implemented single status, and settled the majority of Equal pay claims received. In 2013-14 the 'Red Book' staff were transferred to Single Status terms and conditions. The provision reflects outstanding costs of completing the exercise and meeting the working time directive.

Losses on Investments
In October 2008 the Icelandic banking sector defaulted on its obligations. Provision has been made in the accounts for the estimated non-recoverable amounts. See note 6.47.

MMI Pre LGR
For the policy years before 1992/93, each local authority insured by MMI is exposed to a potential insurance liability relating to the closure of Municipal Mutual Insurance (MMI) on 30th September 1992. In January 2012 the Directors of MMI triggered the “MMI Scheme of Arrangement” with the levy notice being issued on 1st January 2014. The initial levy was for 15% and whilst there remains a net liability position on MMI's balance sheet the Schemes Administrator continues to monitor the claims position and will advise the scheme creditors if an adjustment to the levy is required. As the matter is on-going, the provision is retained in the accounts.

Landfill Site - Aftercare
Entities that operate landfill sites have a duty to carry out restoration works and undertake appropriate aftercare, including the monitoring and control of gas and leachate production at the sites. This provision recognises the estimated aftercare costs for the Wernddu and Nantycaws closed landfill sites.

6.21 Long Term Borrowing

Total Outstanding as at	31st March 2014 £'000	31st March 2015 £'000	Maturity Dates
Sources of Borrowing			
Public Works Loan Board	247,637	270,623	2015-2059
Market Loans (Note i)	3,117	3,117	2016-2055
Salix, Invest to Save & Home Improvement Loan Scheme (HILS)	762	952	2016-2030
	251,516	**274,692**	

(i) Market Loans

Total Outstanding as at	31st March 2014 £'000	31st March 2015 £'000
FMS Wertmanagement AoR	3,117	3,117
	3,117	**3,117**

The FMS Wertmanagement AoR Bank loan is a Lenders Option Borrowers Option (LOBO) loan. It is shown at the Equivalent Interest Rate (EIR). It is a stepped interest rate loan, with a current rate of 4.72 %. The lender has the option to vary the interest rate at each interest payment date. If the lender exercises the option the Authority then has the option as to either accept the new interest rate or repay the loan back to the lender. In the accounts an adjustment has to be made to equalise the difference between the rate charged and the rate paid to show the true cost of the loan over the loan period.

The Home Improvement Loan Scheme (HILS) is issued under statute by the Welsh Government. The purpose of the scheme is to provide loans to owner occupiers and the private rented sector to improve properties or to bring empty properties back into use. The term of the funding is until 31st March 2030, with advances to third parties repayable interest free.

6.22 Earmarked Reserves

A summary of the earmarked reserves set up by this Authority or its predecessor Authorities is set out below:

	1 April 2014	Transfers In	Transfers Out	31 March 2014	Transfers In	Transfers Out	31 March 2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Insurance	9,839	1,911	(1,292)	10,458	1,983	(2,815)	9,626
Capital Investment Fund	202	0	(26)	176	0	(90)	86
Development Fund	1,011	199	(197)	1,013	166	(280)	899
Outcome Agreement Fund	4,582	284	0	4,866	0	(1,620)	3,246
Local Authority Business Growth Incentive Grant	446	0	0	446	0	(213)	233
Major Development Fund	12,862	5,371	(96)	18,137	1,732	(146)	19,723
Schools Organisation Fund	962	494	(382)	1,074	0	(464)	610
Financial Management System	273	0	0	273	0	0	273
Corporate Retirement Fund	2,967	0	(413)	2,554	3,000	(1,395)	4,159
Human Resources System	554	0	(20)	534	0	(481)	53
Derelict Land	127	0	0	127	0	(8)	119
Youth Support Services Scheme	21	0	0	21	0	0	21
Parc Dewi Sant /St David's Park	897	107	(154)	850	107	0	957
Joint Ventures	1,258	158	0	1,416	179	(3)	1,592
Redundancy	1,201	21	(303)	919	294	(183)	1,030
Fleet Management	1,932	1,308	(108)	3,132	876	(9)	3,999
Regeneration - Externally Funded Schemes	1,215	1,119	(966)	1,368	436	(425)	1,379
Council Tax/Housing Benefit	503	452	0	955	676	0	1,631
MEP Capital Funding	5,043	4,782	(1,278)	8,547	3,430	(3,507)	8,470
IT Infrastructure	1,093	761	0	1,854	555	(499)	1,910
Salix Fund	531	263	(271)	523	190	(324)	389
Support Carmarthenshire Business	123	20	0	143	0	0	143
Llanelly House	135	0	0	135	0	(45)	90
National Botanic Garden	75	0	(75)	0	200	0	200
Employee Developmental	458	31	(181)	308	251	(121)	438
Ty Elwyn Refurbishment	424	0	0	424	0	(424)	0
Local Authority Mortgage Scheme	200	0	0	200	0	0	200
Job Evaluation	4,726	1,837	0	6,563	277	(3,378)	3,462
Highways Capital Charges	215	153	0	368	380	0	748
Community Asset Transfer Fund	255	0	(2)	253	0	0	253
Departmental Reserves	4,188	2,535	(948)	5,775	1,021	(553)	6,243
Other	149	34	(97)	86	16	(26)	76
	58,467			**73,498**			**72,258**

	1 April 2013 £'000	Transfers In	Transfers Out	31 March 2014 £'000	Transfers In	Transfers Out	31 March 2015 £'000
Held by Schools under LMS	5,281	1,592	(2,688)	4,185	1,321	(1,565)	3,941
	5,281			**4,185**			**3,941**
HRA:							
Major Repairs	0	6,200	(6,200)	0	6,190	(6,190)	0
Total	**0**			**0**			**0**

Capital Investment Fund
The fund was set up with aim of providing a means of supporting the Authority's Capital Programme. The remaining balance will be used in 2015-2016.

Development Fund
The aim of this fund is to assist the Authority in its long term planning by allocating resources to projects that, due to lack of funding, could not be carried out within normal budgetary allocations.

Outcome Agreement Fund
This is the balance of the Outcome Agreement Grant received from the Welsh Government based upon the Policy Agreement and is earmarked to support the Three Year Capital Programme.

Local Authority Business Growth Incentive Grant
This is the balance of the Local Authority Business Growth Incentive grant received for both the 2006-2007 and the 2007-2008 financial years over and above that allocated to support the budget. This balance has been earmarked to support 'Y Ffwrnes' and will be utilised in 2015-2016.

Major Development Fund
This fund has been created to support major capital development projects in the County and is reflected in the capital programme.

Schools Organisation Fund
This balance is for meeting some of the costs that will be incurred in delivering the Modernisation Education Provision strategy.

Financial Management System
Set up to meet the funding of the significant investment in the provision and development of the new Financial Management System. The balance will be utilised in 2015-2016.

Corporate Retirement Fund
This Fund has been set up to support the Authority's redundancy and early retirement policy, enabling the Authority to provide for the actuarial strain on the Pension Fund which arises from any early retirement or redundancy.

Human Resources System
Set up to meet the funding of the significant investment in the provision of the Payroll/Human Resources System.

Derelict Land
This fund was set up to allow the Authority to react quickly when areas of derelict land are identified and there is opportunity for the Authority to deal with the problem areas. The use of this reserve is expected to generate replacement funds to enable further projects to be undertaken.

Youth Support Services Scheme
This will be used for match funding for ESF applications to extend Youth Support Services.

Parc Dewi Sant/St David's Park
This fund has been established to finance the ongoing programme of refurbishment works that are required to allow the buildings to be used as office accommodation. Income generated from these buildings has been set aside into this reserve to allow funding of these works.

Joint Ventures
The Authority has entered into various Joint Venture agreements with the Welsh Government. Rental income received in relation to these is set aside to meet future obligations.

Redundancy
This fund has been established by Departments to meet potential redundancy costs that may be incurred at the termination of fixed term contracts for staff at the end of externally funded schemes.

Fleet Management
This reserve has been established to equalise the whole of life cost of operating and maintaining Council's vehicles to the service users over agreed durations.

Regeneration - Externally Funded Schemes
To provide match funding for ongoing projects or externally funded schemes in future years.

Council Tax/Housing Benefits
This reserve has been earmarked to meet the potential costs falling on Carmarthenshire arising from the annual reductions in the Housing Benefits Administration grant and Welfare reform.

MEP Capital Funding
Sum set aside to meet the cost of prudential borrowing to finance the Modernising Education Provision programme. This will now be utilised during 2015-2016.

IT Infrastructure
This fund has been established to support the replacement of the UNIX servers & other servers that were outside of the scope of the original 'Mozart' server implementation project.

Salix Fund
Salix, which is an independent social enterprise that provides funding for proven technologies which are cost effective in saving CO2, have provided the Authority with a grant to allow loans to be made to schools/ departments to fund energy saving schemes. These loans are repaid from the resultant savings and the fund is replenished for other schools/ departments to benefit from the scheme.

Support Carmarthenshire Business
Reserve set aside to provide financial support to ratepaying businesses in Carmarthenshire experiencing difficulties in the economic recession providing short term loans for a maximum of 18 months.

Llanelly House
To provide seed funding over a 5-year period to the Llanelly House project, in order to assist with the start up and sustainability of this new facility which is seen as being integral to the long term regeneration plans for the town centre.

Employee Development Fund
Reserve set aside to provide 4 tiers of work placement and training within the Council as a means of assisting local people, including young people with limited or no employment history to gain qualifications and employment in order to enhance their employment prospects.

Ty Elwyn Refurbishment
This fund had been established to finance in part the refurbishment works that are required at the Ty Elwyn building.

Local Authority Mortgage Scheme
In operating a Local Authority Mortgage scheme for first time buyers within the county, the Council is required to provide a financial indemnity of up to 20% of a mortgage for those that qualify and meet the strict lending criteria. This reserve has been established to set aside funds should there be a call on the indemnity.

National Botanic Garden
Reserve set aside to provide financial support to the National Botanic Garden over a three year period from 2015-2016.

Job Evaluation
The Authority has implemented the outcome of the Job Evaluation exercise and has set up this reserve to assist with the cost of implementation.

Highways Capital Funding (Local Government Borrowing Initiative LGBI)
The fund has been established to meet the cost of borrowing to finance the Highways capital improvement and maintenance programme.

Community Assets Transfer Fund
The authority recognised that there are some services or local facilities that could be operated more effectively if run by Community Groups or Community Councils. This fund was established to undertake improvements to facilities or give financial incentives to enable these projects to be taken forward.

Departmental Reserves
The Authority has a policy that allows departments to carry forward up to 50% of any year end underspend that can be allocated towards specific projects/services within the departments.

6.23 Capital Receipts Reserve

	2013-14 £'000	2014-15 £'000
Opening Balance	12,526	19,347
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	10,102	13,184
Statutory Capital Receipts	84	127
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	15	22
	22,727	32,680
Capital Receipts Set Aside	(1,659)	(1,471)
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,658)	(4,641)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(63)	(56)
Closing Balance	**19,347**	**26,512**

The capital receipts reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans. The major repairs allowance received from the Welsh Assembly Government was applied in full during the year. There was no balance carried forward in respect of this grant.

6.24 Capital Grants Unapplied

	2013-14 £'000	2014-15 £'000
Opening Balance	620	1,325
Additions	996	340
	1,616	1,665
Grants and Contributions applied	(291)	(390)
Closing Balance	**1,325**	**1,275**

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

2013-14 £'000			2014-15 £'000
288,692	**Balance at 1 April**		**290,994**
21,810	Upward revaluation of assets	84,591	
(8,223)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(40,175)	
13,587	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		44,416
(9,120)	Difference between fair value depreciation and historical cost depreciation	(11,313)	
(2,165)	Accumulated gains on assets sold or scrapped	(813)	
(11,285)	Amount written off to the Capital Adjustment Account		(12,126)
290,994	**Balance at 31 March**		**323,284**

6.26 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account 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 Reserve 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 gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated

on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 6.4 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013-14 £'000		2014-15 £'000
765,086	**Balance at 1 April**	**747,378**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(32,811)	Charges for depreciation and impairment of non-current assets	(33,076)
(32,138)	Revaluation losses on Property, Plant and Equipment	(55,386)
(881)	Revenue expenditure funded from capital under statute	(2,988)
(4,203)	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	(6,173)
695,053		649,755
2,165	Adjusting amounts written out of the Revaluation Reserve	813
697,218	Net written out amount of the cost of non-current assets consumed in the year	650,568
1,659	Capital Receipts Set Aside	1,471
(40)	Additional in Year Movements	(54)
1,658	Use of the Capital Receipts Reserve to finance new capital expenditure	4,641
63	Use of Capital Receipts to finance Cost of Sales	56
6,200	Use of the Major Repairs Reserve to finance new capital expenditure	6,190
24,426	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	38,699
291	Application of grants to capital financing from the Capital Grants Unapplied Account	390
12,771	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	12,759
10,268	Capital expenditure charged against the General Fund and HRA balances	17,422
754,514		732,142
(7,136)	Movements in the market value of Investment Properties (debited) or credited to the Comprehensive Income and Expenditure Statement	(168)
747,378	**Balance at 31 March**	**731,974**

6.27 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the Council Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the Council Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2015 will be charged to the Council Fund over the next 9 years.

2013-14 £'000		2014-15 £'000
(1,027)	**Balance at 1 April**	**(907)**
82	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0
38	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	37
(907)	**Balance at 31 March**	**(870)**

6.28 Deferred Capital Receipts Reserve

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

2013-14 £'000		2014-15 £'000
385	**Balance at 1 April**	**370**
(15)	Transfer to the Capital Receipts Reserve upon receipt of cash	(22)
370	**Balance at 31 March**	**348**

6.29 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. 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.

2013-14 £'000		2014-15 £'000
(292,162)	**Balance at 1 April**	**(186,417)**
124,671	Remeasurements of the net defined benefit liability/(asset)	(79,988)
(42,359)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(33,963)
23,433	Employer's pensions contributions and direct payments to pensioners payable in the year	24,217
(186,417)	**Balance at 31 March**	**(276,151)**

6.30 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, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from the Account.

2013-14 £'000			2014-15 £'000
(6,131)	**Balance at 1 April**		**(4,343)**
6,131	Settlement or cancellation of accrual made at the end of the preceding year	4,343	
(4,343)	Amounts accrued at the end of the current year	(4,841)	
1,788	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		(498)
(4,343)	**Balance at 31 March**		**(4,841)**

6.31 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by *the* Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority's Executive Board on the basis of budget reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. The income and expenditure of the Authority's principal departments recorded in the budget reports for the year is as follows:

Departmental Income and Expenditure 2014-15	Chief Executive	Education and Children's Services	Regeneration and Leisure	Resources	Social Care & Housing	Environment	Housing Revenue Account	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employee expenses	10,867	140,873	15,745	15,437	34,368	27,862	3,539	248,691
Other service expenses	6,085	37,740	19,568	73,115	90,150	31,660	18,406	276,724
Support service recharges	5,944	5,089	2,670	8,109	4,188	4,286	1,304	31,590
Depreciation & similar charges	6	64,511	3,509	1,969	910	6,919	21,950	99,774
Total Expenditure	**22,902**	**248,213**	**41,492**	**98,630**	**129,616**	**70,727**	**45,199**	**656,779**
Fees, charges and other service income	(13,862)	(11,649)	(12,615)	(26,982)	(28,469)	(18,150)	(35,370)	(147,097)
Government grants	(1,543)	(26,743)	(8,407)	(50,530)	(22,962)	(7,684)	(220)	(118,089)
Total Income	**(15,405)**	**(38,392)**	**(21,022)**	**(77,512)**	**(51,431)**	**(25,834)**	**(35,590)**	**(265,186)**
Net Expenditure	**7,497**	**209,821**	**20,470**	**21,118**	**78,185**	**44,893**	**9,609**	**391,593**

Departmental Income and Expenditure 2013-14	Chief Executive £'000	Education and Children's Services £'000	Regeneration and Leisure £'000	Resources £'000	Social Care & Housing £'000	Environment £'000	Housing Revenue Account £'000	TOTAL £'000
Employee expenses	11,396	140,300	17,091	15,573	35,233	30,644	3,527	253,764
Other service expenses	6,955	42,373	17,309	73,248	79,838	35,840	17,724	273,287
Support service recharges	6,283	5,376	2,940	8,531	4,553	4,241	1,353	33,277
Depreciation & similar charges	6	15,231	26,385	3,239	2,216	6,493	20,499	74,069
Total Expenditure	**24,640**	**203,280**	**63,725**	**100,591**	**121,840**	**77,218**	**43,103**	**634,397**
Fees, charges and other service income	(14,023)	(12,775)	(10,933)	(31,012)	(26,113)	(23,483)	(34,491)	(152,830)
Government grants	(2,566)	(28,853)	(9,234)	(51,099)	(17,059)	(7,600)	(355)	(116,766)
Total Income	**(16,589)**	**(41,628)**	**(20,167)**	**(82,111)**	**(43,172)**	**(31,083)**	**(34,846)**	**(269,596)**
Net Expenditure	**8,051**	**161,652**	**43,558**	**18,480**	**78,668**	**46,135**	**8,257**	**364,801**

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

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

	2013-14 £'000	2014-15 £'000
Net expenditure in the Departmental Analysis	364,801	391,593
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis:		
Corporate Insurance Liability Claims Income & Expenditure	703	1,172
Amounts in the Analysis not included in Cost of Services in the Comprehensive Income and Expenditure Statement:		
Surpluses/(Deficits) on Trading Activities	(154)	1,696
Cost of Services in Comprehensive Income and Expenditure Statement	**365,350**	**394,461**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of departmental 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.

2014-15	Departmental Analysis £'000	Other amounts included in the CIES £'000	Amounts not reported to management for decision making £'000	TOTAL £'000
Employee expenses	248,689	0	1,172	249,861
Other service expenses	276,723	0	0	276,723
Support service recharges	31,590	0	0	31,590
Depreciation & similar charges	99,775	0	0	99,775
Interest Payable & Similar Charges	0	13,871	0	13,871
Investment Losses / (Gain)	0	0	0	0
Pensions interest cost & expected return on Pensions Assets	0	8,350	0	8,350
Precepts & Levies	0	28,629	0	28,629
(Gain) or Loss on disposal of Non Current Assets	0	(7,010)	0	(7,010)
Changes in the fair value of investment properties	0	168	0	168
Total Expenditure	**656,777**	**44,008**	**1,172**	**701,957**
Fees, charges and other service income	(147,096)	0	0	(147,096)
Interest and Investment Income	0	(473)	0	(473)
Government grants and contributions	(118,088)	0	0	(118,088)
Taxation & Non Specific Grant Income	0	(399,549)	0	(399,549)
Total Income	**(265,184)**	**(400,022)**	**0**	**(665,206)**
(Surplus) or deficit on the provision of services	**391,593**	**(356,014)**	**1,172**	**36,751**

2013-14	Departmental Analysis £'000	Other amounts included in the CIES £'000	Amounts not reported to management for decision making £'000	TOTAL £'000
Employee expenses	253,764	0	703	254,467
Other service expenses	273,287	0	0	273,287
Support service recharges	33,277	0	0	33,277
Depreciation & similar charges	74,069	0	0	74,069
Interest Payable & Similar Charges	0	14,100	0	14,100
Investment Losses / (Gain)	0	0	0	0
Pensions interest cost & expected return on Pensions Assets	0	12,145	0	12,145
Precepts & Levies	0	27,983	0	27,983
(Gain) or Loss on disposal of Non Current Assets	0	(5,898)	0	(5,898)
Changes in the fair value of investment properties	0	7,136	0	7,136
Total Expenditure	**634,397**	**55,466**	**703**	**690,566**
Fees, charges and other service income	(152,830)	0	0	(152,830)
Interest and Investment Income	0	(624)	0	(624)
Government grants and contributions	(116,766)	0	0	(116,766)
Taxation & Non Specific Grant Income	0	(392,605)	0	(392,605)
Total Income	**(269,596)**	**(393,229)**	**0**	**(662,825)**
(Surplus) or deficit on the provision of services	**364,801**	**(337,763)**	**703**	**27,741**

6.32 Pooled Budgets

The Authority has entered into a pooled budget arrangement with Hywel Dda Local Health Board for the provision of an integrated community equipment store. The Authority and the Board have an agreement in place from 1st October 2009, with the partners contributing funds to the agreed budget of £148,768 and £381,960 respectively. Any additional funding together with any deficit or surplus arising on the pooled budget at the end of each financial year is agreed between partners.

		2013-14		2014-15
	£'000	£'000	£'000	£'000
Funding provided to the pooled budget:				
the Authority	255		155	
the Local Health Board	396		382	
		651		537
Expenditure met from the pooled budget:		(691)		(564)
Net surplus arising on the pooled budget during the year		(40)		(27)
Authority share of the net surplus arising on the pooled budget		(20)		(14)

6.33 The Service Expenditure Reporting Code of Practice

The Code provides guidance and establishes 'proper practices' with regards to financial reporting for Best Value. It has defined a calculation for total cost, established a Service Expenditure Analysis (SEA) for reporting financial data and has also established and clearly defined the SEA's of Corporate and Democratic Core and Non Distributed Cost.

The Corporate and Democratic Core is the element that brings together the costs of democratic representation and management and corporate management. Democratic representation is defined as all aspects of members' activities in that capacity, including corporate programme and service policy making and more general activities relating to governance and the representation of local interests. Corporate management is defined as those activities and costs which provide the infrastructure that allows services to be provided and the information that is required for public accountability.

Non Distributed Costs are costs for which no user benefits and would include the following:

* Past service costs
* Gains or losses on Settlements and Curtailments
* Costs associated with unused shares of I.T. facilities
* Costs of shares of other long-term unused but unrealised assets
* Impairment losses relating to assets under construction, non-current assets held for sale, other surplus assets held for disposal (but which do not satisfy the criteria in the Code to be classified as held for sale) and depreciation on the latter category of assets
* The revenue expenditure involved in holding surplus assets

The code has been applied to the 2014-15 accounts and the SEA has been used within the Income and Expenditure Account.

6.34 Members Allowances

The Authority paid the following amounts to Members of the Council during the year:

	2013-14 £	2014-15 £
Allowances	1,235,941	1,238,307
Expenses	47,728	46,262
Total	**1,283,669**	**1,284,569**

Further information on Members Allowances is available on the Authority's website www.carmarthenshire.gov.uk under Councillors Allowances.

6.35 Employee Emoluments

The numbers of employees whose remuneration excluding pension contributions was £60,000 or more were:

Remuneration Band	No. of Employees 2013-14	No. of Employees 2014-15	Left During 2014-15
60,000 to 64,999	20	22	4
65,000 to 69,999	17	16	5
70,000 to 74,999	8	10	2
75,000 to 79,999	5	8	4
80,000 to 84,999	3	2	0
85,000 to 89,999	14	13	1
90,000 to 94,999	2	2	0
95,000 to 99,999	3	3	1
100,000 to 104,999	2	2	1
105,000 to 109,999	3	3	0
110,000 to 114,999	0	1	1
115,000 to 154,999	0	0	0
155,000 to 159,999	2	0	0
160,000 to 164,999	1	0	0
Total No. of Employees :	**80**	**82**	**19**

Remuneration value includes redundancy/termination payments.

Included in the bandings above are four teachers who are employed by voluntary aided schools.

The bandings above exclude the senior officers of the Authority's Management Team that are listed in detail in the following table.

Senior Officers emoluments where salary is £150,000 or more per year

The following table sets out Senior Officers emoluments where salary is £150,000 or more, including pension contributions or equivalent payments.

Post		Salary (including fees & allowances)	Pension contributions	Expense Allowances
Mr M V James	13/14	180,846	0	170
Chief Executive & Returning Officer	14/15	168,938	0	201

Senior Officers emoluments where salary is between £60,000 & £150,000 per year

Post		Salary (including fees & allowances)	Pension contributions	Expense Allowances
Director of Regeneration & Leisure (i)	13/14	105,243	0	0
	14/15	106,295	0	0
Director of Technical Services / Environment (ii)	13/14	95,675	0	1,918
	14/15	72,474	0	983
	14/15	26,612	3,506	0
Director of Social Care, Health & Housing (iii)	13/14	113,775	10,763	0
	14/15	48,316	0	0
	14/15	46,638	6,088	0
Director of Resources (iv)	13/14	119,594	14,351	0
	14/15	55,027	7,183	0
Head of Financial Services (iv)	14/15	58,801	7,676	0
Director of Education & Children's Services	13/14	117,539	14,098	0
	14/15	120,790	15,769	0
Head of Education Services (v)	13/14	95,853	11,502	0
	13/14	27,708	3,325	0
	14/15	97,088	12,674	0

For the purpose of putting a value on the pension contributions relating to senior officers, the Common Contribution Rate of 12.9% of pensionable pay has been used. This rate does not allow for the Deficit Recovery which is a liability of the Authority and does not relate specifically to the employee.

(i) The Director of Regeneration & Leisure worked 4 days per week. He also acted up in the case of the Chief Executive's absence for which he was paid a 10% uplift.

(ii) The role of Director of Technical Services / Environment was undertaken by two individuals during 2014/15 due to retirement.

(iii) The Director of Social Care & Housing retired in September 2014 with a new Director being appointed in November 2014.

(iv) The Director of Resources retired in September 2014. The Head of Financial Services was subsequently appointed section 151 officer.

(v) The role of Head of Education Services was undertaken by two individuals during part of 2013/14 due to staff absence.

In relation to Senior Officers Emoluments, reference should also be made to note 6.48.

The ratio of the Chief Executive's pay to the median pay in Carmarthenshire County Council was as follows:

	2013/14	2014/15
Chief Executive's pay	9.27	8.21
Median pay	1	1

6.36 Exit Packages

During 2014/15 the Authority incurred significant expenditure in terms of redundancy costs paid to leavers together with costs incurred in compensation payments to the Local Government Pension Fund in respect of early access pension costs. During this period the authority operated a voluntary severance scheme to support the delivery of its required efficiencies.

A significant number of compulsory redundancies during 2014-15 were as a result of externally funded schemes coming to an end.

All costs relating to termination benefits have been included as part of service definitions within the Comprehensive Income and Expenditure Statement.

The above costs are detailed in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total Number of Exit Packages by cost band		Total Cost of Exit Packages in each band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	**2013/14 £**	**2014/15 £**
£0 - £20,000	0	90	122	50	122	140	**952,823**	**965,758**
£20,000 - £40,000	0	5	45	39	45	44	**1,264,730**	**1,274,876**
£40,000 - £60,000	0	2	14	10	14	12	**683,011**	**606,300**
£60,000 - £80,000	0	0	15	5	15	5	**1,070,904**	**360,833**
£80,000 - £100,000	0	0	0	6	0	6	**0**	**554,835**
£100,000 - £150,000	0	1	1	0	1	1	**133,459**	**125,960**
TOTAL	**0**	**98**	**197**	**110**	**197**	**208**	**4,104,927**	**3,888,562**

6.37 Audit Costs

In 2014-15 Carmarthenshire County Council incurred the following fees relating to financial audit and inspection, payable to the Wales Audit Office:

	2013-14 £'000	2014-15 £'000
Financial Audit Services	184	184
Local Government Measure	108	116
Public Interest Report	51	0
Certification of Grant Claims & Returns	161	188
Burry Port Harbour Inspection	0	2
Total	**504**	**490**

In 2014-15 the Council received a payment of £56,503 from the Wales Audit Office as a result of a redistribution of reserves to local government bodies. This one-off redistribution results from the new accounting regime for the Wales Audit Office under the Public Audit (Wales) Act 2013.

6.38 Insurance Cost

The insurance funds are used to meet the cost of claims and other losses which could fall on the Authority. Whilst the Authority purchases a range of insurance cover, part of the risk remains with the Authority through the acceptance of "Policy Excesses" and through the setting of "Indemnity Limits".

On Liability and Property Policies there is a "Stop Loss" which is the aggregate maximum exposure that the Authority could face provided the Indemnity Limit is not breached (see below).

The Insurer may set a limit at the maximum exposure they are contracted to cover and this is termed the "Indemnity Limit".

The Table below illustrates the Authority's potential exposure by identifying the main policies, the relevant excess per claim, the overall Stop Loss and the Indemnity Limit that applied for the period 1st July 2014 to 30th June 2015:

Description	Policy Excess (per claim/ event)	Stop Loss	Indemnity Limit
Public and Employers' Liability	£130,000	£1,700,000	£30,000,000
Property	Education Properties - £250,000 General Properties - £50,000 Housing Properties - £50,000	£1,000,000	Sum Insured £1,925,625,471
Motor	£1,000 per claim (own damage i.e. Council Vehicle) No excess applies for 3rd Party Property Damage or Personal Injury Claims	Not Applicable	* Damage to Own Vehicle – Market Value * 3rd Party Vehicle or Property Damage - £5m any one claim * 3rd Party Death or Injury – Unlimited

6.39 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2013-14 £'000 (Restated)	2014-15 £'000
Credited to Services		
Education & Children's Services:		
14-19 Network Funding	4,307	508
Foundation Phase	6,134	6,095
DCELLS Post 16 & ACL Funding	6,855	6,648
Flying Start	2,695	3,251
Cymorth Grant	2,244	2,244
School Effectiveness Grant / Welsh in Education Grant	2,167	1,850
Deprivation Grant	1,704	3,348
Adult Social Services:		
Supporting People	6,778	6,870
Continuing Health Care Grant	1,103	923
Intermediate Care Fund	0	6,504
Work Choice	529	516
Wanless Grant	800	800
Houses into Homes	2,024	817
General Capital Grant	2,385	3,548
Improvement Agreement Grant	0	1,227
Specific Grant for Renewals	852	654
Highways & Transport Services:		
Concessionary Fares Subsidy	2,031	1,791
Local Transport Services Grant	668	695
Convergence (European)	286	415
Cultural, Environmental, regulatory & Planning Services:		
Sustainable Waste Management Grant	4,062	4,015
Convergence (European)	5,462	4,269
Rural Development Plan	3,300	2,924
Workways	691	424
Communities First Cluster	505	742
Sports Council for Wales	575	567
Central Services to the Public:		
Housing Benefit	50,647	50,236
Substance Misuse	1,249	0
Other Grants - WAG funded	4,439	4,704
Other Grants	5,886	6,547
Total	120,378	123,132

Grant Income Credited to Services for 2013-14 has been restated to include REFCUS (Revenue Expenditure Funded from Capital Under Statute) grant totalling £7,738k not previously included in this note.

	2013-14 £'000	2014-15 £'000
Revenue Support Grant	**213,939**	**202,696**
General Government Grants		
Outcome Agreement Grant	284	565
Council Tax Reduction Grant	1,289	0
Other	0	222
Total	**1,573**	**787**
Capital Grants and Contributions		
21st Century Schools Grant/School Building Improvement Grant	14,800	29,831
Major Repairs Allowance	6,200	6,190
Learning in Digital Wales	1,289	0
Flying Start	688	814
Improvement Agreement Grant	1,628	100
Transport Grants	2,029	1,364
Swansea CC (National Stations Improvement Programme)	778	1
General Capital Grant	1,021	0
Rural Development Plan	127	6
Targeted Match Funding	788	305
ERDF Convergence	1,156	5,024
Strategic Regeneration Area Grant	182	13
Intermediate Care Fund	0	518
Other Grants	937	1,063
Total	**31,623**	**45,229**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	31 March 2014 £'000	31 March 2015 £'000
Revenue Grants Receipts in Advance		
Houses into Homes Grant	1575	758
Social Services	270	124
Flood Risk Regulations grant	182	51
Chief Executive's various	100	25
Technical Services various	108	89
Regeneration various	45	0
Leisure various	50	3
Education various	159	136
	2,489	**1,186**

6.40 Related Party Transactions

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

Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. housing benefits). Grants received from government departments are set out in Note 6.39.

Other Public Bodies

The Authority has a pooled budget arrangement with Hywel Dda Local Health Board for the provision of an integrated community equipment store. Transactions are detailed in Note 6.32

Dyfed Pension Fund

The Dyfed Pension Fund is administered by Carmarthenshire County Council. Transactions between the two bodies are detailed in Note 6.45. Short Term Creditors (Note 6.19) includes an amount of £3.6m owed to the Dyfed Pension Fund at 31st March 2015.(£2.8m at 31st March 2014).

CWM Environmental Limited

CWM Environmental Limited is a wholly owned subsidiary company of Carmarthenshire County Council. Details of investments are included in Note 6.11 under Long Term Investments.

Members' Interests

The Authority has arrangements in place requesting members and Officers to identify and disclose related party transactions.

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in Note 6.34.

The Authority paid grants totalling £122k to organisations in which twelve members had an interest. The grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants.

Officers' Interests

During 2014-15, the Acting Assistant Chief Executive (Focus & Policy) took up a position representing Carmarthenshire County Council on the Board of Coleg Sir Gar. This role was previously undertaken by the Director of Regeneration and Leisure.

A summary of Carmarthenshire County Council's transactions with Coleg Sir Gar is set out below:

	2013-14 £'000	2014-15 £'000
Expenditure	539	564
Income	1,276	1,194

Balances outstanding at 31st March:	2014 £'000	2015 £'000
Creditor	13	407
Debtor	0	411

Expenditure includes payment to Coleg Sir Gar for the provision of 14-19 vocational courses.

Income includes funding from Coleg Sir Gar for the provision of Adult Community Learning Courses and for the 16-18 Student Transport agreement.

6.41 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below 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 (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2013-14 £'000	2014-15 £'000
Capital Investment		
Property, Plant and Equipment	64,479	81,987
Landfill Aftercare Costs	0	0
Investment Properties	176	1,269
Heritage Assets	34	109
Long Term Loans	22	0
Write-off Debtors	83	0
Revenue Expenditure Funded from Capital under Statute	8,618	16,704
	73,412	100,069
Sources of Finance		
Capital Receipts	1,721	4,697
Government grants and other contributions	38,364	58,605
Sums set aside from revenue	845	7,751
Direct revenue contributions	9,603	10,061
MRP/Borrowing	22,879	18,955
	73,412	100,069
Opening Capital Financing Requirement	**359,142**	**369,097**
Explanation of Movements in Year		
Increase in underlying need to borrow (supported by government financial assistance)	2,676	2,635
Increase in underlying need to borrow (unsupported by government financial assistance)	7,279	2,089
Assets acquired under finance leases	0	0
Increase/(decrease) in Capital Financing Requirement	9,955	4,724
Closing Capital Financing Requirement	**369,097**	**373,821**

6.42 Leases

Authority as Lessee

Operating Leases

The Authority leases in property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres

- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

	2013-14 £'000	2014-15 £'000
Not later than one year	669	662
Later than one year and not later than five years	2,001	1,928
Later than five years	5,875	5,488
	8,545	**8,078**

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2013-14 £'000	2014-15 £'000
Minimum Lease payments	1,162	1,231

Authority as Lessor

Operating Leases

The Authority leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres

- for economic development purposes to provide suitable affordable accommodation for local businesses.

The income credited to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2013-14 £'000	2014-15 £'000
Not later than one year	1,263	1,176
Later than one year and not later than five years	3,974	3,288
Later than five years	33,451	24,189
	38,688	**28,653**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into.

In 2014/15 £181,602 contingent rents were receivable by the the Authority. (£120,061 in 2013/14).

The Authority also holds various capital assets, principally vehicles, plant and office equipment financed under the terms of operating leases and accounted for as such, the rentals being charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement.

6.43 Impairment Losses

An assessment has been made at the year end which indicates that there are no instances of impairment to the Authority's assets.

6.44 Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2014-15 Carmarthenshire County Council paid £8.85m to the Department for Education in respect of teachers' pension costs, which represents 14.1% of teachers and lecturers pensionable pay. The figures for 2013-14 were £8.89m and 14.1%. There were no contributions remaining payable at year-end. The contributions due to be paid in the next financial year are estimated to be £9.81m.

In addition, the County Council is responsible for all pension payments relating to added years it has awarded together with the related increases. In 2014-15 these amounted to £0.523m.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme. These benefits are fully accrued in the pensions liability described above.

6.45 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments. Liabilities for these payments need to be disclosed at the time employees earn their future entitlement.

The Dyfed Pension Fund (the Fund) is a member of the Local Government Pension Scheme (LGPS). It is administered by Carmarthenshire County Council and is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Dyfed Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Dyfed Pension Fund Panel. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Panel and are advised by an Independent Investment Adviser and officers of Carmarthenshire County Council.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions relating to Post-employment benefits

The cost of retirement benefits is recognised in the 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 post employment/retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

	2013-14 £'000	2014-15 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	26,997	22,647
Past Service Costs	77	47
Settlements and Curtailments	3,140	2,919
Financing and Investment Income and Expenditure		
Net Interest Expense	12,145	8,350
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	42,359	33,963
Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets	(25,202)	(76,898)
Experience gain on liabilities	(11,974)	0
Actuarial gains and losses arising on changes in demographic assumptions	6,070	0
Actuarial gains and losses arising on changes in financial assumptions	(93,565)	156,886
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(82,312)	113,951
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for Provision of Services for Post Employment Benefits in the accordance with the code	(42,359)	(33,963)
Actual amount charged against the Council Fund Balance for pensions in the year:		
Employers' Contributions payable to Scheme	23,433	24,217

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Assets and Liabilities in Relation to Post-employment Benefits

Carmarthenshire County Council

Reconciliation of present value of the scheme liabilities:

	2013-14 £'000	2014-15 £'000
Balance as at 1 April	(978,044)	(926,948)
Current Service Cost	(26,997)	(22,647)
Interest cost	(40,406)	(41,081)
Contributions by scheme participants	(7,175)	(7,360)
Experience gain on liabilities	11,974	0
Actuarial gains and losses arising on changes in demographic assumptions	(6,070)	0
Actuarial gains and losses arising on changes in financial assumptions	93,565	(156,886)
Curtailments	(3,140)	(2,919)
Benefits paid	29,422	31,844
Past service costs	(77)	(47)
Balance as at 31 March	(926,948)	(1,126,044)

	2013-14 £'000	2014-15 £'000
Balance as at 1 April	685,882	740,531
Interest on plan assets	28,832	33,318
Experience gain on assets	25,202	76,898
Administration expenses	(571)	(587)
Employer contributions	23,433	24,217
Contributions by scheme participants	7,175	7,360
Benefits paid	(29,422)	(31,844)
Balance as at 31 March	740,531	849,893
Net Scheme Liabilities	**(186,417)**	**(276,151)**

The Dyfed Pension Fund assets comprised:

		Quoted	2013-14 £'000 (Restated)	2014-15 £'000
Equities	UK	Yes	303,546	200,489
	Overseas Pooled Funds	No	230,527	168,279
	US	Yes	0	4,249
	Europe	Yes	0	97,483
	Japan	Yes	0	29,661
	Pacific Rim	No	0	25,412
	Emerging Markets	No	0	55,073
Bonds	UK Index linked	Yes	69,684	90,174
	UK Corporate	No	69,017	85,414
Property	UK	No	2,073	0
	Overseas	Yes	592	0
	Overseas	No	1,629	0
	Property Funds	No	65,907	87,369
Cash	Cash instruments	Yes	741	425
	Cash accounts	Yes	3,332	3,315
	Net current assets	No	(6,517)	2,550
Total			**740,531**	**849,893**

Scheme History

	2010-11 £'000	2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000
Present value of liabilities in the Local Government Pension Scheme	(765,062)	(827,233)	(978,044)	(926,948)	(1,126,044)
Fair value of assets in the Local Government Pension Scheme	585,820	601,309	685,882	740,531	849,893
Surplus/(deficit) in the scheme	**(179,242)**	**(225,924)**	**(292,162)**	**(186,417)**	**(276,151)**

The liabilities show the underlying commitments that the Authority has in the long-run to pay post-employment benefits. The total net liability of £276m has a substantial impact on the net worth of the Authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy with the deficit on the Fund made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2016 is £20.3m.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, returns on investments, future inflation etc. The Fund's assets and liabilities within the Balance Sheet and the current and past service costs included within the Comprehensive Income and Expenditure Statement have been assessed by Mercer Ltd, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31 March 2013.

The main assumptions used in its calculations are shown below:

	2013-14 %	2014-15 %
Financial Assumptions:		
Rate of CPI inflation	2.4	2.0
Rate of increase in salaries	3.90	3.50
Rate of increase in pensions	2.4	2.0
Rate for discounting Fund liabilities	4.5	3.3

	2013-14 %	2014-15 %
Long Term Expected Rate of Return of Assets:		
Equity investments	7.0	6.5
Government Bonds	3.4	2.2
Other Bonds	4.3	2.9
Property	6.2	5.9
Cash/Liquidity	0.50	0.50
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	23.2	23.3
Women	25.7	25.8
Longevity at 65 for future pensioners:		
Men	25.4	25.5
Women	28.0	28.1

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation of the Scheme	
	Increase in assumption £'000	Decrease in assumption £'000
Longevity (increase or decrease of 1 year)	22,647	(22,647)
Rate of inflation (increase or decrease by 0.1% p.a.)	21,097	(21,097)
Rate of increase in salaries (increase or decrease by 0.1% p.a.)	5,539	(5,539)
Rate of increase in pensions (increase or decrease by 0.1% p.a.)	21,097	(21,097)
Rate for discounting scheme liabilities (increase or deacrease by 0.1% p.a.)	(20,706)	20,706

6.46 Contingent Liabilities

The Authority believes that there are no Contingent Liabilities to report. As outlined in note 6.20, the authority has made full provision for all known events that give a legal or constructive obligation that probably requires settlement by transfer of economic benefits or service potential.

6.47 Financial Instruments

Disclosure Notes for Financial Liabilities, Financial Assets and Risk

Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet include the following categories of financial instruments:

	Long Term		Current	
	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000
Financial liabilities (principal amount)	251,399	274,575	7,800	5,262
Accrued Interest	0	0	2,377	2,415
Other accounting adjustments	117	117	0	0
Financial liabilities at amortised cost	251,516	274,692	10,177	7,677
Financial liabilities at fair value through the Income & Expenditure Account	0	0	0	0
Total borrowings	**251,516**	**274,692**	**10,177**	**7,677**
Loans and receivables (principal amount)	670	680	70	27,020
Accrued Interest	154	154	4	28
Loans and receivables at amortised cost	824	834	74	27,048
Unquoted equity investment at cost	362	330	0	0
Total investments	**1,186**	**1,164**	**74**	**27,048**

Financial Instruments Gains/Losses

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

	Financial Liabilities		Financial Assets			
	Liabilities measured at amortised cost		Loans and Receivables		Totals	
	2013-14 £'000	2014-15 £'000	2013-14 £'000	2014-15 £'000	2013-14 £'000	2014-15 £'000
Interest expense	(14,100)	(13,871)	0	0	(14,100)	(13,871)
Impairment Losses	0	0	0	0	0	0
Interest payable and similar charges	(14,100)	(13,871)	0	0	(14,100)	(13,871)
Interest Income	0	0	624	473	624	473
Interest and investment income	0	0	624	473	624	473
Net gain/(loss) for the year	**(14,100)**	**(13,871)**	**624**	**473**	**(13,476)**	**(13,398)**

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

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The fair values calculated are as follows:

	31 March 2014		31 March 2015	
	Carrying amount	Fair Value	Carrying amount	Fair Value
PWLB Debt	257,504	325,914	277,989	408,034
Non - PWLB debt	4,189	4,631	4,380	5,590
Total Financial Liabilities	**261,693**	**330,545**	**282,369**	**413,624**

The fair value is greater than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

	31 March 2014		31 March 2015	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Money market loans < 1year	74	74	27,048	27,048
Money market loans > 1year	824	824	834	834
Total investments	898	898	27,882	27,882
Trade Debtors	17,448	17,448	13,042	13,042
Total Loans and Receivables	**18,346**	**18,346**	**40,924**	**40,924**

The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date, and include accrued interest. The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments.

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and include accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

Disclosure of nature and Extent of Risk Arising from Financial Instruments

Key Risks

The Authority's activities expose it to a variety of financial risks, the key risks are:

- 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;

- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.

- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Revised editions of the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice in 2009 and 2011.
- by the adoption of a Treasury Policy Statement and treasury management clauses;
- by approving annually in advance prudential indicators for the following three years limiting:
    - The Authority's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures of the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management policy and strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported quarterly to Members. These policies are implemented by the Treasury and Pension Investments Section.

The annual Treasury Management strategy which incorporates the prudential indicators was approved by Council on 19th February 2014 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2014/15 was set at £431m. This is the maximum limit of external borrowings or other long term liabilities.

- The Operational Boundary was expected to be £392m. This is the expected level of debt and other long term liabilities during the year.

- The maximum amounts of fixed and variable interest rate exposure were set at £372m and £37m based on the Council's net debt.

The Authority maintains 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 through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit Risk

Investments

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. This risk is minimised through the Annual Investment Strategy (which forms part of the Authority's Treasury Management Policy and Strategy Report), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Treasury Management Policy and Strategy report also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The Council's Schedule of Approved Counterparties shows the minimum criteria for investment counterparties. This is as follows:

- An Upper Limit where Credit ratings of Short Term of F1, P-1 or A-1 apply together with Credit Ratings for Long Term AA-, Aa3 and AA-.
  Maximum Investment of £10m.

- A Middle Limit where Credit ratings of Short Term of F1, P-1 or A-1.
  Maximum Investment £7m.

- UK Banks Part Nationalised included as investment counterparties, as long as they continue to have appropriate UK Government support
  Maximum Investment £7m

- Other Limits
  - Local Authority. Maximum Investment £10m
  - AAA Rated Money Market Fund. Maximum Investment £5m
  - Debt Management Office £40m

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £12k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the

Authority's deposits, but excepting the £4m KSF deposit (detailed at the end of this note), there was no evidence at the 31 March 2015 that this was likely to crystallise.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

	Amount at 31 March 2015 £'000	Historical Experience of default %	Adjustment for market conditions at 31 March 2015 %	Estimated maximum exposure to default £'000
Deposits with banks and financial institutions				
AAA rated counterparties	26,500	0.00	0.00	0
AA rated counterparties	0	0.02	0.02	0
A rated counterparties	13,500	0.09	0.09	12
BBB rated counterparties	0	0.20	0.20	0
Trade debtors	13,042	3.50	3.50	456
	53,042			468

The investment of £0.7m in Kaupthing, Friedlander and Singer (KSF) has been excluded from the above figures with full details being provided at the end of this note.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any other losses from non-performance by any of its counterparties in relation to deposits and bonds.

Trade Debtors

The trade debtors figure of £13.042m shown above includes £7.400m which is past its due date for payment. The past due amount can be analysed by age as follows:

	31st March 2014 £'000	31st March 2015 £'000
Less than three months	4,321	2,151
Three to six months	525	647
Six months to one year	739	942
More than one year	3,365	3,660
	8,950	7,400

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral as at 31st March 2015 was £818k.

Liquidity Risk

The Authority has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury management policy and strategy), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

Refinancing and Maturity Risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury management policy and strategy addresses the main risks and the treasury management team addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is shown below together with the maximum and minimum exposures.

	2013-2014			2014-2015		
	Approved Maximum Limit %	Approved Minimum Limit %	31st March 2014 £'000	Approved Maximum Limit %	Approved Minimum Limit %	31st March 2015 £'000
Less than one year	15	0	10,178	15	0	7,677
Between one and two years	25	0	5,262	25	0	5,723
Between two and five years	50	0	22,368	50	0	21,663
Between five and ten years	50	0	38,332	50	0	44,472
More than ten years	100	25	185,554	100	25	202,834
			261,694			282,369

The maturity analysis of financial assets is as follows:

	2013-2014 £'000	2014-2015 £'000
Less than one year	74	27,048
Greater than one year	824	834
	898	27,882

All trade and other payables are due to be paid in less than one year and trade debtors of £13.042m are not shown in the table above.

Market Risk

Interest rate risk - The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and effect the Council Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the Movements in Reserves Statement, unless the investments have been designated as Fair Value through the Income and Expenditure Account.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Policy and Strategy Report and the 3 year Capital Programme Report draws together the Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs.

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

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	(448)
Increase in Government grant receivable for financing costs	(230)
Impact on Surplus or Deficit on the Provision of Services	(678)
Share of overall impact debited to the HRA*	240
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	(438)
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	55,071

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost

Price risk - The Authority, excluding the pension fund, does not invest in equity shares. It therefore has no exposure to loss arising from movements in price.

Foreign exchange risk - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Kaupthing Singer and Friedlander Ltd (KSF)

Early in October 2008, the Icelandic bank Kaupthing collapsed and the UK subsidiary of the bank, Kaupthing Singer and Friedlander went into administration. The Authority had £4m deposited, with varying maturity dates and interest rates.

The Authority made a provision in 2008/09 in respect of the expected future impairment in anticipation of the regulations ceasing on 31 March 2015 and the Council Fund

bearing the impact of the impairment. During 2014-15 £43k of the provision has been released and £855k is being maintained as a contingency against future changes.

All money within this institution is currently subject to the administration and receivership process. The amounts and timing of payments to depositors such as the Authority will be determined by the administrators/receivers.

For Kaupthing, Singer & Friedlander Ltd a total repayment of £3.300m was received (82.5%) to 2014-15. An estimated further 2.50% is expected to be received by the end of 2016-17, taking total dividends expected to be paid to 85%.

The current position on actual payments received and estimated future payouts is as shown in the table.

Date	Repayment
Received to date	82.50%
Qtr 4 2015-16	0.50%
Qtr 4 2016-17	2.00%

Recoveries are expressed as a percentage of the Authority's claim in the administration, which includes interest accrued up to 7th October 2008.

6.48 Public Interest Reports regarding the Lawfulness of Expenditure

In January 2014, the Appointed Auditor issued two Public Interest Reports in accordance with section 22 of the Public Audit (Wales) Act 2004 to draw the public's attention to two matters which, in his view, the Authority did not have the necessary statutory powers to approve:

(i) remuneration paid to the Chief Executive under a policy to pay monies in lieu of employer pension contributions;
(ii) the granting of an indemnity to the Chief Executive to bring a libel counter-claim against a Claimant

Prior to the issuing of the Public Interest Reports by the Appointed Auditor the authority had, at the Executive Board Meeting held on 4th December 2013, resolved that: without conceding that it is intrinsically unlawful, the pay supplement policy be withdrawn on procedural grounds.

The Public Interest Reports were considered at an Extraordinary Meeting of Council on 27th February 2014, where members resolved the following:

Senior Officers Pay and Pensions

(iii) that the report of the Wales Audit Office on Senior Officers' Pay and Pensions be accepted

Indemnity for Libel counterclaim

(iv) Note the findings of the Wales Audit Office, and whilst recognising that the legal position is still as yet unresolved, agree to withdraw the provision in the council's constitution which allows for the granting of indemnities to Members and Officers to bring actions for defamation, until such time as the legal position is clarified.

(v) Request that Welsh Government provide further clarification of the effect of their Guidance on the 2006 Order which states that indemnities can be granted in accordance with other legislation not revoked by that Order.

(vi) Recognise that the case to which this particular indemnity was related had already been determined by the courts and that costs were in fact awarded against the other party.

(vii) Set up a cross party group to look at governance and procedural issues run by an independent person.

Costs incurred prior to the consideration of the Public Interest Reports and included within the comparator figures in the Accounts for 2013-2014 are:

(viii) £13,775 remuneration paid to the Chief Executive under a policy to pay monies in lieu of employer pension contributions to address retention and recruitment issues arising from changes to the taxation regime.

(ix) £3,601 in granting an indemnity to the Chief Executive to bring a libel counter-claim against a Claimant (for which the Court has ordered costs against the Claimant)

There were no costs during 2014-2015 in relation to monies paid in lieu of employer pension contributions or in respect of the indemnity.

Following the decisions taken at the Extraordinary Council Meeting, the Appointed Auditor has confirmed that he now considers the matter closed but will be monitoring progress.

6.49 Burry Port Harbour

Carmarthenshire County Council has been given a range of statutory powers and duties for the purposes of improving, maintaining and managing the Burry Port harbour through the Burry Port Harbour Revision Order 2000. In accordance with the Harbours Act 1964, statutory harbour authorities are required to prepare annual statement of accounts relating to the harbour activities. Currently, the harbour activities are included in the Authority's statement of accounts, with the relevant figures for 2014-2015 being:

2013-14 £	Expenditure	2014-15 £
72,029	Employee Costs	65,624
21,415	Premises Related Costs	25,136
702	Transport Related Costs	105
46,480	Supplies and Services	44,605
24,189	Central Recharges	32,694
9,988	Divisional and Departmental Recharges	10,514
786,707	Capital Costs	176,085
961,510	**Total Expenditure**	**354,763**
	Income	
(145,865)	Fees and Costs Recoverable	(124,692)
(1,440)	Other Income	(15,770)
(147,305)	**Total Income**	**(140,462)**
814,205	**Net Cost**	**214,301**

2013-14 £	Assets held:	2014-15 £
3,429,213	Infrastructure, Land & Buildings	3,326,181
876,631	Plant / Vehicles / Equipment	803,578
4,305,844		**4,129,759**

A separate annual income and expenditure account and statement of balances has been prepared for Burry Port Harbour as required under the 'smaller body' threshold as defined by the Accounts and Audit (Wales) Regulations 2014. The separate statement is available from the Chief Accountant, Resources Department, County Hall, Carmarthen, SA31 1JP.

6.50 Euro Costs

It is expected that at some future date the Authority may need to deal with the Euro in its financial transactions. No commitment exists in respect of costs incurred and there is no exceptional expenditure to disclose. It is believed that most financial systems are Euro compliant or there is a contractual obligation for the supplying company to make them Euro compliant, therefore, any costs likely to be incurred in respect of accounting, making payments or receiving income are thought to be minimal.

6.51 Reconciliation of Net Deficit to Net Cashflows from Operating Activities

2013-14 £'000		2014-15 £'000
(27,741)	Surplus/(Deficit) for Year:	(36,751)
41,931	Depreciation	44,389
32,138	Impairment & Downward Valuations	55,386
2,942	Increase in Creditors	4,018
17,182	Increase in Debtors	(8,420)
62	Decrease in Inventories	(6)
(18,926)	Movement in Pension Liability	(9,746)
6,242	Other non-cash transactions	(30,323)
53,830	**Net Cash Flow from Operating Activities**	**18,547**

7 HOUSING REVENUE ACCOUNT (HRA)

7.1 HRA Income and Expenditure Statement

2013-14 £'000		Note	2014-15 £'000
	Expenditure		
	Repairs and Maintenance		
1,965	- Responsive		1,743
3,976	- Planned/Cyclical		4,279
1,930	- Voids		2,125
6,998	Supervison and Management		6,825
1,433	Central Support Charges		1,446
339	Rents, Rates Taxes and other charges		235
170	Movement in the allowance for Bad Debts		414
6,275	HRA Subsidy payable	8.6	6,255
20,499	Depreciation and Impairment of non current assets	8.12	21,950
63	Revenue Expenditure funded from Capital under Statute		56
33	Debt Management Costs		33
43,681	**Total Expenditure**		45,361
	Income		
(32,838)	Dwelling rents	8.1	(33,542)
(106)	Non-Dwelling Rents	8.1	(90)
(32)	Leaseholders	8.2	(177)
(818)	Service Fees	8.2	(839)
(355)	Grants	8.7	(220)
(1,053)	Other Income		(632)
(478)	Commission - Water Rates	8.8	(508)
(35,680)	**Total Income**		(36,008)
8,001	**Net cost of HRA Services as included in the Comprehensive Income & Expenditure Statement**		**9,353**
256	HRA services' share of Corporate and Democratic Core		256
8,257	**Net (Income)/cost for HRA Services**		**9,609**
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
46	(Gain) or loss on the sale of HRA Non Current		(17)
4,968	Interest Payable and similar charges		5,166
(105)	Interest and Investment Income		(76)
259	Net interest on the net defined benefit liability (asset)		180
(6,271)	Capital grants and contributions receivable		(6,834)
7,154	**(Surplus) or Deficit for the year on HRA Services**		**8,028**

7.2 Movement on the HRA Statement

The overall objectives for Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement, into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2013-14 £'000		Note	2014-15 £'000	2014-15 £'000
(19,116)	Balance on the HRA at the end of the previous year			(15,110)
7,154	(Surplus) or deficit for the year on the HRA Income and Expenditure Account		8,028	
(3,281)	Adjustments between accounting basis and funding basis under statute	7.3	(3,824)	
3,873	Net Increase or (decrease) before transfers to or from reserves		4,204	
133	Transfers (to) or from reserves	7.4	244	
4,006	(Increase) or decrease in year on the HRA			4,448
(15,110)	**Balance on the HRA at the end of the current year**			**(10,662)**

7.3 Adjustments between accounting basis and funding basis under statute

2013-14 £'000		2014-15 £'000
(39)	Amortisation of Premiums and Discounts	(40)
26	Transfers to / (from) Accumulated Absences Account	4
(46)	Gain or loss on sale of HRA noncurrent assets	17
(397)	HRA share of contributions to or from the Pensions Reserve	(211)
9,040	Capital expenditure funded by the HRA	8,986
(11,865)	Transfer to / from the Capital Adjustment Account	(12,580)
(3,281)		**(3,824)**

7.4 Transfers to or (from) Earmarked Reserves

2013-14 £'000 Trfs from	£'000 Trfs to	£'000 Net		2014-15 £'000 Trfs from	£'000 Trfs to	£'000 Net
216	(118)	98	Insurance Reserve	215	(42)	173
37	(2)	35	Salix	37	0	37
0	0	0	Corporate Retirement Fund	34	0	34
253	**(120)**	**133**		**286**	**(42)**	**244**

8 NOTES TO THE HRA INCOME AND EXPENDITURE STATEMENT

Introduction

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to an authority's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ringfenced from the rest of the Council Fund, so that rents cannot be subsidised from council tax (or vice versa).

8.1 Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. For 2014-15 this totalled £33.5m (£32.9m for 2013-14). At the 31st March 2015 2.12% of lettable properties were vacant (1.79% in 2013-14). Average rents were £73.02 a week in 2014-15 (£70.21 in 2013-14).

8.2 Service Fees and Leaseholders

This represents the income of the Authority from charges for services and facilities in connection with the provision of houses and other property within the HRA - £839k in 2014/15 (£818k in 2013/14).

Leaseholders charges have been identified separately with 2014/15 being the first full year of data at £177k.

8.3 Rebates

Assistance with rents is available under the Housing Benefit Scheme for those on low incomes. This totalled £21.1m in 2014-15 (£20.9m for 2013-14). 66.2% of the Council's tenants receive some help with the cost of rent and Council Tax (67.7% in 2013-14).

8.4 Housing Stock

The Council was responsible for managing on average 8,997 dwellings during 2014-15 (9,042 in 2013-14). The stock at 31 March 2015 was as follows:

	2013-14	2014-15
Houses	4,884	4,854
Flats / Maisonettes / Bedsits	1,969	2,167
Bungalows	2,157	1,962
	9,010	8,983

The change in stock can be summarised as follows:

	2013-14	2014-15
Opening Stock as at 1 April	9,074	9,010
Sales	(43)	(35)
Demolitions/Deactivated	(6)	(9)
New Building/Acquisitions/Conversions	(15)	17
Closing Stock as at 31 March	9,010	8,983

8.5 Rent Arrears

	As at 31 March 2014 £'000	As at 31 March 2015 £'000
Arrears	1,354	2,360
Arrears as a Percentage of Gross Rent Income	4.02%	6.91%

There is a 1.86% year on year increase of current tenants rent arrears as a percentage of gross collectable rent debit. Performance is outside margins of what is considered good practice level (2%) at 3.6%.There is a 1.03% year on year increase in former tenants rent arrears as a percentage of gross collectable rent debit however allowing for write-offs there is a 0.96% deterioration in performance

Provision for Bad Debts at 31 March 2015 was £1,198,170 for rent (£1,318,119 inclusive of water rates). The comparative figures for 2013-14 are £907,960 for rent (£1,008,957 inclusive of water rates).

8.6 HRA Subsidy

Housing Revenue Account Subsidy is received from the Welsh Government based on a notional HRA comprising of elements for Maintenance and Management, Debt Financing and Interest on Receipts and Rents. The removal of Rent Rebates from the Housing Revenue Account and Housing Revenue Account Subsidy has substantially changed the grant. We repay Welsh Government for the surplus on our notional HRA, in 2014-15 this was £6.255m (£6.275m in 2013-14).

8.7 Grants

Supporting People Grant £220k (£355k in 2013-14) was received from the Welsh Government during 2014-15 as a result of the de-pooling of tenants support service costs.

8.8 Commission

The Authority collects water rates on behalf of Dwr Cymru Welsh Water and receives commission on the monies due. In 2014-15 this amounted to £508k (£478k in 2013-14) net of void loss on properties. The value of water rates was £3.9m in 2014-15 (£3.8m in 2013-14).

8.9 Capital Expenditure

Capital Expenditure in 2014-15 on HRA land and dwellings totalled £25.151m (£28.201m in 2013-14).

	2013-14 £'000	2014-15 £'000
Funded by :		
Major Repairs Allowance	6,200	6,190
Borrowing	12,348	8,666
Grants	72	644
Miscellaneous Income	0	32
Direct Revenue Financing	9,040	8,986
Capital Receipts - Sales of Dwellings/Land	537	628
Capital Receipts - Motgage Principal	4	5
	28,201	**25,151**
Spent on:		
Houses	28,114	25,036
Land	59	37
Other	28	78
	28,201	**25,151**

8.10 Capital Receipts

Capital Receipts in 2014-15 totalled £2.1m (£2.2m in 2013-14). The table below shows the type of receipt and how much was used to finance capital expenditure and how much was used to repay debt.

	Financing Expenditure 2013-14 £'000	Repayment of Debt 2013-14 £'000	Total 2013-14 £'000	Financing Expenditure 2014-15 £'000	Repayment of Debt 2014-15 £'000	Total 2014-15 £'000
Sales of Council Dwellings	513	1,647	2,160	442	1,443	1,885
Sale of Land	24	0	24	173	0	173
Mortgage Principal	4	12	16	5	16	21
Other	0	0	0	13	12	25
	541	1,659	2,200	633	1,471	2,104

8.11 IAS19 Accounting For Pensions Costs

Actual deductions for pensions contributions and any adjustment for current service cost are shown in the net cost of service. Net interest costs are included in the surplus/deficit on HRA services and then adjusted in the Movement in Reserves Statement, to ensure that only prescribed statutory debits/credits calculated in accordance with the LG&H act 1989 are applied to the HRA.

The following transactions have been made during the year:

	2013-14 £'000	2014-15 £'000
HRA Income & Expenditure Statement		
Cost of Service:		
Current Service Cost	574	487
Financing and Investment Income and Expenditure		
Net Interest Cost	861	883
Total Post Employment Benefit charged to the Surplus or (Deficit) for the year on HRA Services	1,435	1,370
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or (Deficit) for the year on HRA Services for Post Employment Benefits in the accordance with the code	(833)	(666)
Actual amount charged against the HRA Balance for pensions in the year:		
Employers' Contributions payable to Scheme	436	455
	(397)	(211)

8.12 Depreciation

Authorities are required to charge depreciation and impairment losses on all HRA properties calculated in accordance with proper practices, including non-dwelling properties. There is no specification in the Item 8 Determination that depreciation should be debited to the HRA Income and Expenditure Statement (or equally that it should be reversed out in the Statement of Movement on the HRA Balance). However, it has become generally accepted since the introduction of resource accounting into the HRA in 2005/06 that statutory requirements can be satisfied on a 'no net impact' basis - debits and credits expected by proper practices (but not specified in legislation) can be made to the HRA provided that they are subsequently reversed out and replaced by statutory amounts in the calculation of the HRA Balance.

Depreciation and Impairment losses have therefore been debited to the Income and Expenditure Statement in accordance with the general provisions of the Code and reversed out in the Movement on the HRA Balance. The depreciation charge has then been replaced with the HRA Minimum Revenue Provision via a credit from the Capital Adjustment Account to avoid having an effect on rent levels.

HRA dwellings are revalued on a 5 year cycle, which was last undertaken in 2010/11.

Depreciation and Impairment Losses:

	2013-14 £'000	2014-15 £'000
Depreciation on dwellings	16,560	17,635
Revaluation losses & impairments	3,939	4,315
	20,499	21,950

Revaluation losses and impairments were incurred on:

	2013-14 £'000	2014-15 £'000
Houses	3,852	4,200
Land	59	37
Other	28	78
	3,939	4,315

9 DYFED WELSH CHURCH FUND ACCOUNT

The Dyfed Welsh Church Fund is a scheme that mainly awards grants towards the costs of maintaining places of worship. However, registered charities which benefit residents may apply for help towards running costs, or the cost of a specific project or purchasing a piece of equipment. Besides nationally recognised charities, the Fund supports local charities responsible for providing recreational facilities or other services which are of benefit to the Community.

At Local Government Reorganisation 1996 the fund was split among the new Unitary Authorities with the amount available to each new authority being calculated on the following agreed percentages:

Carmarthenshire County Council	41%
Ceredigion County Council	25%
Pembrokeshire County Council	34%

It was agreed that Carmarthenshire County Council would take responsibility for administering the investment portfolio.

The following accounts provide a report of the financial transactions during the year and the disposition of its assets at the year end for the Fund in total, that is administered by Carmarthenshire County Council and then the second set of accounts details Carmarthenshire County Council's share of the Dyfed Welsh Church Fund when the LGR percentage split has been applied.

9.1 Fund Accounts administered by Carmarthenshire County Council

Revenue Account

2013-14 £'000 31/03/14 (Restated)		2014-15 £'000 31/03/15
	Income	
(14)	Rent of Buildings/Land	(14)
(66)	Investment Income	(67)
(80)		(81)
	Expenditure	
89	Grants to Voluntary & Other Organisations	83
17	Management and Administration	18
26	**Revenue Account (Surplus)/Deficit for the Year**	20
(28)	Net Profit on Sales of Investments	(35)
(6)	Change in unrealised (Gains)/Losses on investments	(290)
0	Change in unrealised (Gains)/Losses on Non- Current Assets	1,232
(8)	**Net (Surplus)/Deficit for the Year**	927

The 2013-14 comparatives for Investment Income and Management & Administration fees have been restated to reflect the change in which BlackRock (Fund Manager) calculates the fees.

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Net Assets Statement

2013-14 £'000 31/03/14		2014-15 £'000 31/03/15
3,150	Investments	3,396
2,182	Other Land & Buildings	950
5,332		4,346
0	Debtors	14
637	Cash	641
(138)	Creditors	(97)
5,831	**Net Assets**	4,904
	Represented by	
431	Capital Adjustment Account	431
1,732	Revaluation Reserve	500
2,314	Capital Fund	2,269
499	Revenue Fund	558
855	Unrealised Profit/(Loss) Reserve	1,146
5,831	**Closing Balance of Fund**	4,904

Reconciliation of the Movement in Fund Net Assets

2013-14 £'000		2014-15 £'000
5,823	Opening Net Assets	5,831
(26)	Revenue Account Surplus/(Deficit) for the Year	(20)
28	Net Profit on Sale of Investments	35
6	Unrealised Profit/(Loss) Reserve - Investments	290
0	Unrealised Profit/(Loss) Reserve - Non-Current Assets	(1,232)
5,831	**Closing Net Assets of the Fund**	4,904

9.2 Fund Accounts for Carmarthenshire County Council
Revenue Account

2013-14 £'000 31/03/14 (Restated)		2014-15 £'000 31/03/15
	Income	
(6)	Rent of Buildings/Land	(6)
(26)	Investment Income	(27)
(32)		(33)
	Expenditure	
86	Grants to Voluntary & Other Organisations	54
6	Management & Administration	7
60	**Revenue Account (Surplus)/Deficit for the Year**	28
(11)	Net Profit on Sales of Investments	(14)
(3)	Change in unrealised (Gains)/Losses on Investments	(119)
0	Change in unrealised (Gains)/Losses on Non-Current Assets	505
46	**Net (Surplus)/Deficit for the Year**	400

The 2013-14 comparatives for Investment Income and Management & Administration fees have been restated to reflect the change in which BlackRock (Fund Manager) calculates the fees.

Net Assets Statement

2013-14 £'000		2014-15 £'000
1,292	Investments	1,393
895	Other Land & Buildings	389
2,187		1,782
0	Debtors	6
191	Cash	158
(104)	Creditors	(72)
2,274	**Net Assets**	1,874
	Represented by	
177	Capital Adjustment Account	177
710	Revaluation Reserve	205
949	Capital Fund	931
87	Revenue Fund	91
351	Unrealised Profit/(Loss) Reserve	470
2,274	**Closing Balance of Fund**	1,874

Reconciliation of the Movement in Fund Net Assets

2013-14 £'000		2014-15 £'000
2,320	Opening Net Assets	2,274
(60)	Revenue Account Surplus (Deficit) for the Year	(28)
11	Net Profit on Sales Reinvested	14
3	Unrealised Profit/(Loss) Reserve - Investments	119
0	Unrealised Profit/(Loss) Reserve - Non-Current Assets	(505)
2,274	**Closing Net Assets of the Fund**	1,874

10 TRUST FUNDS 2014-2015

10.1 Receipts & Payments Account for the Year Ended 31 March 2015

Total 2013-14 £'000		Education Services 2014-15 £'000	Social Services 2014-15 £'000	Cultural Services 2014-15 £'000	Total 2014-15 £'000
	Receipts				
(283)	Dividends/Interest/Sales/Contributions	(82)	(4)	(222)	(308)
283	**Total Payments**	91	3	210	304
0	**(Surplus)/Deficit**	9	(1)	(12)	(4)

10.2 Balance Sheet as at 31 March 2015

Total 2013-14 £'000		Education Services 2014-15 £'000	Social Services 2014-15 £'000	Cultural Services 2014-15 £'000	Total 2014-15 £'000
	Assets				
264	Investments	240	24	0	264
19	Stocks	0	0	21	21
0	Debtors	0	0	5	5
565	Cash	297	66	189	552
848	**Total Assets**	537	90	215	842
	Liabilities				
(15)	Creditors	0	0	(2)	(2)
(15)	**Total Liabilities**	0	0	(2)	(2)
833	**NET ASSETS**	**537**	**90**	**213**	**840**

Investments are shown at Book Value, however their Market Value as at 31st March 2015 was £758,223 (£695,736 as at 31st March 2014).

11 NOTES TO THE TRUST FUNDS

11.1 Background

Carmarthenshire County Council is currently responsible for the administration of sixty two separate trust funds.

11.2 Education Services

The Council administers fifty one education related trusts, the majority of which are registered charities. The breakdown of the purposes for which the education trusts were established is as follows:

Prizes to Pupils in recognition of Academic Achievement	16
Provision of Further and or Higher Education Scholarships	18
School Funding *(including special needs schools)*	10
Other	7

11.3 Cultural Services

The Council administers two cultural trust funds, one which was established specifically for the funding of an art gallery at “Oriel Myrddin”, Carmarthen and one for Carmarthen Museum known as “George Arbour Stephens Trust Fund.”

11.4 Social Services

During the financial year the Council was responsible for the administration of nine trusts on behalf of social services clients. Five are for the benefit of residents at specific residential homes throughout the County. Four relate to funds administered on behalf of individuals. Owing to the sensitive nature of these four trusts and the need to maintain privacy, details about the purpose for which each is administered is not published.

12 SOCIAL CARE / CHILDREN'S SERVICES – SAFEKEEPING, SAFE CUSTODY, AMENITY FUNDS & STAFF BENEFIT ACCOUNTS

12.1 Residents Safekeeping

People in residential homes are allowed a personal allowance payable to them each week. If the resident does not wish to spend all of this allowance in any given week, the balance is paid into the Residents Safekeeping account. The balance as at 31st March 2015 was £324,512 (£334,226 as at 31st March 2014) and this reflects the amount of personal allowances held by the Authority on behalf of its residents.

12.2 Safe Custody Accounts

The Social Care, Health and Housing Department maintains individual Safe Custody accounts for service users living in the community who are unable to deal with their financial affairs due to their mental incapacity. The Director of Social Care, Health and Housing is appointee with The Department of Work and Pensions for each of these service users. The balance as at 31st March 2015 was £1,379,015 (£1,356,528 as at 31st March 2014) and this reflects the amount of money held by the Authority on behalf of its service users.

12.3 Amenity Funds

Amenity funds represent funds held on behalf of establishments such as day centres and residential homes. Payments are for items purchased for the benefit of residents and clients of these establishments and the income is generated from donations and gifts etc from families of clients and bequests from the estates of deceased clients. The balance as at 31st March 2015 was £74,381 (£80,384 as at 31st March 2014).

Amenity funds also represent funds held on behalf of establishments such as childrens centres/playgroups. Payments are for items purchased for the benefit of residents and clients of these establishments and the income is generated from donations and gifts etc from families of clients and bequests from the estates of deceased clients. The balance as at 31st March 2015 was £4,989 (£2,996 as at 31st March 2014).

12.4 Staff Benefit Accounts

Staff Benefit Accounts represent funds held on behalf of staff working within particular establishments. Income is derived from donations received from families of clients and bequests from the estate of deceased clients. Payments are for items that benefit all staff working in a particular establishment. The balance as at 31st March 2015 was £5,541 (£5,513 as at 31st March 2014).

13 DYFED PENSION FUND STATEMENT OF ACCOUNTS

EXPLANATORY FOREWORD

The Dyfed Pension Fund accounts are set out on the following pages and provide information about the financial position, performance and financial adaptability of the Fund for the year 2014-2015. They show the results of the stewardship of management, that is, the accountability of management for the resources entrusted to it, and of the disposition of its assets at the period end.

The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15, which is based upon International Financial Reporting Standards (IFRS), as amended for the public sector. Reference is also made to the Financial Reports of Pension Schemes – A Statement of Recommended Practice (Revised May 2007) published by the Pensions Research Accountants Group (PRAG) where it is felt that these disclosures provide more sufficient detail.

For readers with a more detailed or specialist interest of the operation of the Dyfed Pension Fund during 2014-2015, reference should be made to the Annual Report and Accounts 2014-2015 (when published).

The main accounts and reports contained within this Statement of Accounts are as follows:

- The Fund Account
- The Net Assets Statement
- The Statement by the Consulting Actuary

Fund Account for the Year Ended 31 March 2015

2013-14 £'000			Note	2014-15 £'000
		Dealings with members, employers and others directly involved in the Fund		
		Contributions		
		Employer		
41,012	*	Normal		37,244
7,896	*	Augmentation		7,465
1,356	*	Deficit		6,368
		Member		
17,257		Normal		17,750
22		Additional voluntary		56
3,820		Transfers in from other pension funds	13.6	1,317
71,363				70,200
		Benefits payable		
(52,720)		Pensions payable		(56,527)
(15,871)		Commutation and lump sum retirement benefits		(14,764)
(1,470)		Lump sum death benefits		(1,214)
(5,709)		Payments to and on account of leavers	13.7	(2,421)
(75,770)				(74,926)
(4,407)		**Net Additions (Withdrawals) from dealings with Members**		**(4,726)**
		Returns on Investments		
32,507		Investment Income	13.9	26,383
0		Other Income		106
(30)		Taxes on Income (Irrecoverable Withholding Tax)	13.10	(33)
		Changes in the market value of investments		
17,043		Unrealised	13.11.2	103,751
47,649		Realised	13.11.3	122,088
(3,112)	*	Management Expenses	13.8	(4,856)
94,057		**Net Return on Investments**		**247,439**
89,650		**Net Increase (Decrease) in the net assets available for benefits during the year**		**242,713**
1,581,258		Opening Net Assets of Scheme		1,670,908
1,670,908		**Closing Net Assets of Scheme**		**1,913,621**

* 2013-14 re-presented to comply with CIPFA Code Guidance

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Net Assets Statement

31/03/14 £'000		Note	31/03/15 £'000
1,663,306	Investment Assets		1,905,698
4,623	Cash deposits		2,774
(489)	Investment liabilities		(16)
1,667,440		13.11.1	1,908,456
10,050	Current assets	13.16	9,926
(6,582)	Current liabilities	13.17	(4,761)
3,468	Net Current Assets/(Liabilities)		5,165
1,670,908	**Total Net Assets**		**1,913,621**

Reconciliation of the Movement in Fund Net Assets

2013-14 £'000		2014-15 £'000
1,581,258	Opening Net Assets	1,670,908
24,958	Net New Money Invested	16,873
64,692	Profit and losses on disposal of investments and changes in the market value of investments	225,840
1,670,908	**Closing Net Assets of Fund**	**1,913,621**

NOTES TO THE PENSION FUND ACCOUNTS

13.1 Description of the Fund

The Dyfed Pension Fund (the Fund) is part of the Local Government Pension Scheme and is administered by Carmarthenshire County Council.

The following description of the Fund is a summary only. For more detail, reference should be made to the Annual Report and Accounts 2014-2015 (when published) and the underlying statutory powers underpinning the scheme, namely the Superannuation Act 1972 and the Local Government Pension Scheme (LGPS) Regulations.

13.1.1 General

The Fund is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- the LGPS Scheme Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2009.

It is a contributory defined pension scheme administered by Carmarthenshire County Council to provide pensions and other benefits for pensionable employees of Carmarthenshire County Council, Pembrokeshire County Council, Ceredigion County Council and a range of other scheduled and admission bodies within the former Dyfed geographical area. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The Fund is overseen by the Dyfed Pension Fund Panel (the Panel).

13.1.2 Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Dyfed Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.

- Admission bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admission bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 64 employer organisations within the Dyfed Pension Fund as at 31 March 2015 and these are detailed in Note 13.21. The membership details of these organisations are summarised below:

31/03/14		31/03/15
19,375	Number of active contributors in the Fund	19,451
10,270	Number of pensioners	10,906
13,066	Number of deferred pensioners	13,854
42,711	**Total membership**	**44,211**
50	Number of employers with active members	49

These figures reflect the recorded position as at 31st March 2015 but are always subject to some movement post year end for notifications from employing bodies received after this date.

13.1.3 **Funding**

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2015. Employee contributions are matched by employers' contributions which are set based on the triennial actuarial funding valuation as at 31 March 2013. Currently, employer contribution rates range from 5.6% to 46.8% of pensionable pay as detailed in Note 13.21.

13.1.4 **Benefits**

Pension benefits under the LGPS are based on final pensionable pay and length of pensionable service, summarised below:

	Service pre 1 April 2008	Service post 31 March 2008
Pension	Each year is worth 1/80 x final pensionable salary.	Each year is worth 1/60 x final pensionable salary.
Lump Sum	Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1st April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Price Index (CPI).

There are a range of other benefits provided under the scheme including early retirement, ill-health pensions and death benefits. For more details, please refer to the Dyfed Pension Fund website – www.dyfedpensionfund.org.uk

13.2 Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2014-2015 financial year and its position at year end as at 31 March 2015. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-2015 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 after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed in the Statement by the Consulting Actuary.

13.3 Summary of significant accounting policies

Fund Account – revenue recognition

13.3.1 Contributions

Normal contributions, both from members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

13.3.2 Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

13.3.3 **Investment income**

13.3.3.1 Interest income
Interest income is recognised in the fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination

13.3.3.2 Dividend income
Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

13.3.3.3 Distributions from pooled funds
Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

13.3.4 **Benefits payable**

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

13.3.5 **Taxation**

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

As Carmarthenshire County Council is the administering Authority, VAT is recoverable on all Fund Activities. The Accounts are shown exclusive of VAT.

13.3.6 **Management Expenses**

All administrative expenses are accounted for on an accruals basis. All staff, management, accommodation and other overheads are apportioned to the Fund in accordance with council policy.

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

An element of one of the Investment Managers' fees is performance related. The performance related fee was £0.11m in 2014-2015 (2013-2014: Penalty fee £0.61m).

Net Assets Statement

13.3.7 **Financial assets**

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised by the Fund.

The values of investments as shown in the net assets statement have been determined as follows:

13.3.7.1 Market-quoted investments
The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

13.3.7.2 Fixed interest securities
Fixed interest securities are recorded at net market value.

13.3.7.3 Unquoted investments
Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the investment manager.

13.3.7.4 Limited partnerships
Fair value is based on the net asset value ascertained from periodic valuations by those controlling the partnership.

13.3.7.5 Pooled investment vehicles
Pooled investment vehicles are valued at closing bid price if available. If this is not available then these investments will be valued at the closing single price. In the case of accumulation funds, the change in market value will also include income which is reinvested in the Fund.

13.3.8 **Foreign currency transactions**

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market value of overseas investments and purchases and sales outstanding at the end of the reporting period.

13.3.9 **Cash and cash equivalents**

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

The Fund has its own bank accounts which deal with the transactions of the Fund since 1 April 2011, in accordance with section 6 of the Local Government Pension Scheme (Management and Investment of Pension Funds) Regulations 2009.

Cash balances held by the Fund are invested on a short term basis on the London Money Market by Carmarthenshire County Council until it is required to meet its liabilities or to transfer surplus cash to the investment managers for reinvestment.

13.3.10 **Financial liabilities**

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net asset statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

13.3.11 **Actuarial present value of promised retirement benefits**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS19 and relevant actuarial standards.

As permitted under IAS26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a reference in the accompanying actuarial report.

13.3.12 **Additional voluntary contributions (AVC)**

Occupational Pension Schemes are required by Statute to provide in-house AVC arrangements. The Fund has joint providers: Prudential, Standard Life and Equitable Life, where a range of investment options are available.

It is for individual scheme members to determine how much they contribute (subject to HM Revenue & Customs limits) and the investment components or its mix.
AVC's are invested separately from the assets of the Fund and are not included in the accounts in accordance with section 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Pension Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only – Note 13.18.

13.4 Critical judgements in applying accounting policies

13.4.1 **Fund liability**

The Fund's liability is calculated every three years by the appointed actuary. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 13.22. This estimate is subject to significant variances based on changes to the underlying assumptions.

13.4.2 **Unquoted Property investments – Partners Group Red Dragon Limited Partnership**

In assessing the fair value of non-traded financial instruments, the Limited Partnership uses a variety of market and income methods such as time of last financing, earnings and multiple analysis, discounted cash flow method and third party valuation and makes assumptions that are based on market conditions and expected market participant assumptions existing at the end of each reporting period. Other information used in determining the fair value of non-traded financial instruments include latest financial reports, subsequent cash flows and internally performed monitoring of triggering events (such as exits and IPOs) as well as pricing movements in comparable investments together with techniques such as option pricing models and estimated discounted value

of future cash flows. These practices are in line with widely used international industry guidelines. The value of the Partners Group Red Dragon Limited Partnership as at 31 March 2015 was £27.2m (31 March 2014: £27.6m).

13.5 Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the net assets statement at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £20.7m for 2014-15. However, the assumptions interact in complex ways. During 2014-15, the Authority's actuaries advised that the net pensions liability had increased by £153m attributable to updating of the assumptions.
Property – Limited Partnership investments	The Limited Partnership property investments are valued in line with widely used industry guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total Limited Partnership property investments are £27.2m. There is a risk that this investment may be under or overstated in the accounts.

13.6 Transfers in from other pension funds

2013-14 £'000		2014-15 £'000
3,820	Individual transfers in from other schemes	1,317
3,820		**1,317**

13.7 Payments to and on account of Leavers

2013-14 £'000		2014-15 £'000
(19)	Refunds to members leaving service	(126)
(5)	Payments for members joining state scheme	(26)
(3,490)	Group transfers to other schemes	0
(2,195)	Individual transfers to other schemes	(2,269)
(5,709)		**(2,421)**

13.8 Management Expenses

2013-14 £'000 Restated		2014-15 £'000
(1,101)	Administrative costs	(1,155)
(1,805)	Investment management expenses (Note 13.13)	(3,544)
(206)	Oversight and governance costs	(157)
(3,112)		**(4,856)**

2013-14 restated in accordance with CIPFA guidance.

2014-15 audit fees of £24,006 included within oversight and governance costs. This amount includes £5,109 rebate in respect of previous year's audit fees (2013-14 £28,958).

13.9 Investment Income

2013-14 £'000		2014-15 £'000
1,548	Fixed interest securities	764
24,773	Equity dividends	17,494
4,023	Pooled property investments	5,177
1,374	Pooled investments - Unit trust and other manager funds	580
744	Property	2,360
13	Interest on cash deposits	13
32	Other	(5)
32,507		**26,383**

13.10 Taxation

2013-14 £'000		2014-15 £'000
(30)	Witholding tax - equities	(33)
(30)		**(33)**

13.11 Investments

13.11.1 Net investment assets

Fair value 31/03/2014 £'000		Fair value 31/03/2015 £'000
	Investment assets	
	Fixed interest securities	
	UK Corporate Bonds	
161,653	- BlackRock	185,611
	Indexed Linked Securities	
161,398	- BlackRock	185,896
	Equities	
	UK Quoted Equities	
651,730	- BlackRock	463,834
	Pooled Investments	
	Overseas equities	
518,792	- BlackRock	487,701
	Global equities	
0	- Baillie Gifford	200,810
0	- Columbia Threadneedle	189,948
	Pooled property investments	
132,565	- Schroders	156,975
20,155	- Partners Group	20,164
	Property	
5,217	- Schroders	4,364
7,454	- Partners Group	7,085
	Cash deposits	
2,327	- BlackRock	2,534
2,296	- Schroders	240
	Investment income due	
3,402	- BlackRock	2,974
	Tax reclaims due	
298	- BlackRock	299
101	- Schroders	21
	Amounts receivable for sales	
541	- BlackRock	16
1,667,929	**Total investment assets**	**1,908,472**
	Investment liabilities	
	Amounts payable for purchases	
(489)	- BlackRock	(16)
(489)	**Total investment liabilities**	**(16)**
1,667,440	**Net investment assets**	**1,908,456**

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13.11.2 Reconciliation of movements in investments

During the year, investments purchased totalled £531m whilst sales totalled £391m. The sales realised a net gain of £140m. Acquisition costs are included in the purchase price of the investment.

	Fair value 31/03/2014 £'000	Purchases at Cost £'000	Sales at Cost £'000	Cash movement £'000	Change in unrealised gains/(losses) £'000	Fair value 31/03/2015 £'000
Fixed interest securities	323,051	43,709	(17,321)	0	22,068	371,507
Equities	651,730	66,008	(244,804)	0	(9,100)	463,834
Pooled investments	518,792	395,186	(110,746)	0	75,226	878,458
Pooled property investments	152,720	25,838	(17,170)	0	15,751	177,139
Property	12,671	0	(648)	0	(574)	11,449
	1,658,964	**530,741**	**(390,689)**	**0**	**103,371**	**1,902,387**
Other investment balances						
Cash deposits	4,623	0	0	(1,849)	0	2,774
Amount receivable for sales investments	541	0	0	(525)	0	16
Investment income due	3,402	0	0	(808)	380	2,974
Tax reclaims due	399	0	0	(78)	0	321
Amounts payable for purchases investments	(489)	0	0	473	0	(16)
	1,667,440	**530,741**	**(390,689)**	**(2,787)**	**103,751**	**1,908,456**

	Fair value 31/03/2013 £'000	Purchases at Cost £'000	Sales at Cost £'000	Cash movement £'000	Change in unrealised gains/(losses) £'000	Fair value 31/03/2014 £'000
Fixed interest securities	328,500	34,543	(25,810)	0	(14,182)	323,051
Equities	627,928	204,887	(188,708)	0	7,623	651,730
Pooled investments	520,017	0	(15,064)	0	13,839	518,792
Pooled property investments	100,353	47,022	(4,191)	0	9,536	152,720
Property	12,340	104	0	0	227	12,671
	1,589,138	**286,556**	**(233,773)**	**0**	**17,043**	**1,658,964**
Other investment balances						
Cash deposits	7,812	0	0	(3,189)	0	4,623
Amount receivable for sales investments	2,166	0	0	(1,625)	0	541
Investment income due	3,959	0	0	(557)	0	3,402
Tax reclaims due	0	0	0	399	0	399
Amounts payable for purchases investments	(2,236)	0	0	1,747	0	(489)
	1,600,839	**286,556**	**(233,773)**	**(3,225)**	**17,043**	**1,667,440**

Transaction costs are included in the cost of purchase and sale proceeds. Identifiable transaction costs incurred during the year amounted to £0.27m (2013-2014: £0.98m). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled vehicles. The amount of indirect costs is not separately provided to the scheme.

13.11.3 **Realised gains and losses**

2013-14 £'000		2014-15 £'000
5,292	Fixed Interest Securities	31,875
36,054	Equities	23,607
5,974	Pooled Investments	65,472
329	Pooled property investments	1,189
0	Property	(55)
47,649		**122,088**

13.11.4 **Geographical analysis of investments**

Fair value 31/03/14 £'000	Geographical analysis	Fair value 31/03/15 £'000
1,120,194	UK	1,052,607
126,797	Europe (excl UK)	99,724
197,719	North America	396,901
56,201	Japan	81,563
52,543	Pacific Rim	95,570
113,986	Emerging Markets	182,091
1,667,440		**1,908,456**

13.11.5 **Fund manager analysis**

Fair value 31/03/14 £'000	Fund manager analysis	Fair value 31/03/15 £'000
1,499,651	BlackRock	1,328,850
140,179	Schroders	161,600
27,610	Partners Group	27,248
0	Baillie Gifford	200,810
0	Columbia Threadneedle	189,948
1,667,440		**1,908,456**

13.12 Concentration of Investments

The following investments represent more than 5% of the Fund's total net assets as at 31 March 2015:

	Value as at 31/03/2015 £'000	Proportion of Investment Portfolio %
Blackrock Ascent Life US Equity Fund	215,026	11.27
Baillie Gifford Global Alpha Fund	200,810	10.52
Columbia Threadneedle Global Equity Fund	189,948	9.95
Aquila Life over 5yr UK index linked	185,896	9.74
Blackrock Active Selection Fund UK	185,611	9.73

13.13 Investment Management Expenses

2013-14 £'000 Restated		2014-15 £'000
(1,731)	Management fees	(3,497)
(74)	Custody fees	(47)
(1,805)		**(3,544)**

2013-14 Restated in accordance with CIPFA guidance

13.14 Financial Instruments

13.14.1 Classification of financial instruments

Accounting policies describe how different asset classes are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities (excluding cash) by category and net assets statement heading.

2013-14					2014-15			
Designated at fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Total £'000		Designated at fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Total £'000
				Financial assets				
323,051	0	0	323,051	Fixed interest securities	371,507	0	0	371,507
651,730	0	0	651,730	Equities	463,834	0	0	463,834
518,792	0	0	518,792	Pooled investments	878,459	0	0	878,459
152,720	0	0	152,720	Pooled property investments	177,139	0	0	177,139
12,671	0	0	12,671	Property	11,449	0	0	11,449
0	7,462	0	7,462	Cash	0	6,360	0	6,360
4,342	0	0	4,342	Other investment balances	3,310	0	0	3,310
0	7,211	0	7,211	Debtors	0	6,340	0	6,340
1,663,306	**14,673**	**0**	**1,677,979**		**1,905,698**	**12,700**	**0**	**1,918,398**
				Financial liabilities				
(489)	0	0	(489)	Other investment balances	(16)	0	0	(16)
0	0	(6,582)	(6,582)	Creditors	0	0	(4,761)	(4,761)
(489)	**0**	**(6,582)**	**(7,071)**		**(16)**	**0**	**(4,761)**	**(4,777)**
1,662,817	**14,673**	**(6,582)**	**1,670,908**	**Total**	**1,905,682**	**12,700**	**(4,761)**	**1,913,621**

13.14.2 **Net gains and losses on financial instruments**

2013-14 £'000		2014-15 £'000
	Financial assets	
64,692	Fair value through profit and loss	225,840
0	Loans and receivables	0
64,692	**Total Financial assets**	**225,840**
	Financial liabilities	
0	Fair value through profit and loss	0
0	Loans and receivables	0
0	**Total Financial liabilities**	**0**
64,692	**Total**	**225,840**

13.14.3 **Fair value of financial instruments and liabilities**

The following table summarises the carrying value of the financial assets and financial liabilities by class of instrument compared with their fair values:

Carrying value 31/03/14 £'000	Fair value 31/03/14 £'000		Carrying value 31/03/14 £'000	Fair value 31/03/14 £'000
		Financial assets		
1,274,951	1,663,306	Fair value through profit and loss	1,413,591	1,905,698
14,673	14,673	Loans and receivables	12,700	12,700
1,289,624	**1,677,979**	**Total financial assets**	**1,426,291**	**1,918,398**
		Financial liabilities		
(489)	(489)	Fair value through profit and loss	(16)	(16)
(6,582)	(6,582)	Financial liabilities at amortised cost	(4,761)	(4,761)
(7,071)	**(7,071)**	**Total financial liabilities**	**(4,777)**	**(4,777)**
1,282,553	**1,670,908**	**Total**	**1,421,514**	**1,913,621**

13.14.4 **Valuation of financial instruments carried at fair value**

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, quoted index linked securities and certain unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

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 these 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 include limited partnerships, where fair value is ascertained from periodic valuations provided by those controlling the partnership. Assurance over the valuation is gained from the independent audit of the partnership.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into levels 1 to 3, based on the value at which the fair value is observable.

Fair values at 31 March 2015	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets				
Financial assets at fair value through profit and loss	843,579	1,034,870	27,249	1,905,698
Loans and receivables	12,700	0	0	12,700
Total financial assets	**856,279**	**1,034,870**	**27,249**	**1,918,398**
Financial liabilities				
Financial liabilities at fair value through profit and loss	(16)	0	0	(16)
Financial liabilities at amortised cost	(4,761)	0	0	(4,761)
Total financial liabilities	**(4,777)**	**0**	**0**	**(4,777)**
Net financial assets	**851,502**	**1,034,870**	**27,249**	**1,913,621**

Fair values at 31 March 2014	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets				
Financial assets at fair value through profit and loss	819,531	816,165	27,610	1,663,306
Loans and receivables	14,673	0	0	14,673
Total financial assets	**834,204**	**816,165**	**27,610**	**1,677,979**
Financial liabilities				
Financial liabilities at fair value through profit and loss	(489)	0	0	(489)
Financial liabilities at amortised cost	(6,582)	0	0	(6,582)
Total financial liabilities	**(7,071)**	**0**	**0**	**(7,071)**
Net financial assets	**827,133**	**816,165**	**27,610**	**1,670,908**

13.15 Nature and extent of risks arising from financial instruments

13.15.1 Risk and risk management

The Fund has developed a formal risk assessment process and maintains a formal risk register. This ensures that risks are identified appropriately and are assessed and managed effectively. For more details, and to view the Risk Register, please refer to the Fund's website – www.dyfedpensionfund.org.uk.

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Authority manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Panel. Risk management policies are established to identify and analyse the risks faced by the Authority's pensions operations. Policies are reviewed regularly to reflect changes in activity and market conditions.

13.15.2 Market risk

Market risk is the risk of loss from fluctuations in equity prices and, interest and foreign exchange rates. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Panel and its independent adviser undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in three ways:

- The exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.
- by investing in a diverse portfolio in terms of managers and investments and again by the actuary only anticipating a long-term return on a relatively prudent basis to reduce risk of under-performing.

13.15.3 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 in the market.

The Fund is exposed to share 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 maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Panel to ensure it is within limits specified in the Fund's investment strategy.

13.15.4 **Other price risk – sensitivity analysis**

Potential price changes are determined based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds as an example, so the overall outcome will depend largely on funds' asset allocations. The potential volatilities shown below, are consistent with a one standard deviation movement in the change in value of the assets over the latest three years:

Asset Type	Potential market movements (+/-)
Cash	0.02%
UK Equities	10.35%
Overseas Equities	9.50%
UK Corporate Bonds	6.10%
Index Linked Securities	9.66%
Property	2.30%

Had the market price of the Fund increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows:

Asset Type	Value as at 31 March 2015 £'000	Change %	Value on Increase £'000	Value on Decrease £'000
Cash	2,774	0.02%	2,775	2,774
UK Equities	463,833	10.35%	511,840	415,826
Overseas Equities	878,460	9.50%	961,912	795,005
UK Corporate Bonds	185,611	6.10%	196,933	174,289
Index Linked Gilts	185,896	9.66%	203,853	167,938
Property	188,587	2.30%	192,925	184,250
Sales receivable	16	0.00%	16	16
Purchases payable	(16)	0.00%	(16)	(16)
Income receivables	3,295	0.00%	3,295	3,295
Total Assets	**1,908,456**		**2,073,533**	**1,743,377**

Asset Type	Value as at 31 March 2014 £'000	Change %	Value on Increase £'000	Value on Decrease £'000
Cash	4,623	0.02%	4,624	4,622
UK Equities	651,730	12.36%	732,284	571,176
Overseas Equities	518,792	12.15%	581,825	455,759
UK Corporate Bonds	161,653	5.57%	170,657	152,649
Index Linked Gilts	161,398	8.91%	175,779	147,017
Property	165,391	2.01%	168,715	162,067
Sales receivable	541	0.00%	541	541
Purchases payable	(489)	0.00%	(489)	(489)
Income receivables	3,801	0.00%	3,801	3,801
Total Assets	**1,667,440**		**1,837,737**	**1,497,143**

13.15.5 **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 flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Panel in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates against the relevant benchmarks.

The actuary, as part of their triennial valuation and dictated by the Funding Strategy Statement, will only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing. Progress is analysed at three yearly valuations for all employers.

The Fund's direct exposure to interest rate movements as at 31 March 2015 and 31 March 2014 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

31/03/14 £'000	Asset type	31/03/15 £'000
4,623	Cash and cash equivalents	2,774
2,839	Cash held at CCC	3,586
323,051	Fixed interest securities	371,507
330,513	**Total**	**377,867**

13.15.6 **Interest rate risk sensitivity analysis**

Interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates:

Asset type	Value as at 31/03/15	Change in year in the net assets available to pay	
		+1%	-1%
	£'000	£'000	£'000
Cash and cash equivalents	2,774	28	(28)
Cash held at CCC	3,586	36	(36)
Fixed interest securities	371,507	3,715	(3,715)
Total change in available assets	**377,867**	**3,779**	**(3,779)**

Asset type	Value as at 31/03/14	Change in year in the net assets available to pay	
		+1%	-1%
	£'000	£'000	£'000
Cash and cash equivalents	4,623	46	(46)
Cash held at CCC	2,839	28	(28)
Fixed interest securities	323,051	3,231	(3,231)
Total change in available assets	**330,513**	**3,305**	**(3,305)**

13.15.7 **Discount Rate**

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

13.15.8 **Currency risk**

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

The Fund's currency rate risk is routinely monitored by the Panel in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following table summarises the Fund's currency exposure as at 31 March 2015 and as at 31 March 2014:

Fair value 31/03/14 £'000	Asset type	Fair value 31/03/15 £'000
518,792	Overseas Equities	827,540
28,325	Property	28,208
128	Cash	100
547,245	**Total overseas assets**	**855,848**

13.15.9 **Currency risk sensitivity analysis**

The aggregate currency exposure within the Fund as at 31 March 2015 was 6.04%. (2013-14: 5.18%)

This analysis assumes that all other variables, in particular interest rates, remain constant.

An 6.04% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay Benefits as follows:

Asset type	Fair value 31/03/15	Change in year in the net assets available to pay benefits	
		+6.04%	-6.04%
	£'000	£'000	£'000
Overseas equities	827,540	877,524	777,556
Property	28,208	29,911	26,504
Cash	100	106	94
Total change in available assets	**855,848**	**907,541**	**804,154**

Asset type	Fair value 31/03/14	Change in year in the net assets available to pay benefits	
		+5.18%	-5.18%
	£'000	£'000	£'000
Overseas equities	518,792	545,665	491,919
Property	28,325	29,792	26,858
Cash	128	135	121
Total change in available assets	**547,245**	**575,592**	**518,898**

13.15.10 **Credit risk**

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Employers in the Fund are not currently assessed for their creditworthiness or individual credit limits set. There is risk of being unable to collect contributions from employers with no contributing members (e.g. risk associated with employers with a small number of declining contributing members) so Carmarthenshire County Council monitors membership movements on an annual basis.

New employers to the Fund have to agree to the provision of a bond to prevent the risk of future financial loss to the Fund in the event of not being able to meet its pension liability on cessation. Carmarthenshire County Council currently guarantees to meet any future liabilities falling on the Fund as a result of cessation. This is done to ensure that actuarial recovery periods and amounts are kept at a manageable level for smaller employers.

No collateral is held as security on financial assets. Carmarthenshire County Council does not generally allow credit to employers.

All investments held by investment managers are held in the name of the Dyfed Pension Fund so if the investment manager fails the Fund's investments are not classed amongst the manager's assets.

Any cash held is in the Carmarthenshire County Council accounts and is invested in line with Carmarthenshire County Council's approved credit rated counterparty list.

13.15.11 **Liquidity risk**

This refers to the possibility that the Fund might not have sufficient Funds available to meet its commitments to make payments.

Carmarthenshire County Council has a comprehensive cash flow management system that seeks to ensure that cash is available if needed. Also, at present, contributions received from contributing employers and members far exceed the benefits being paid.

The amount held in the Fund's bank accounts meet the normal liquidity needs of the Fund and any surplus cash is invested. The Fund's actuaries establish what contributions should be paid in order that all future liabilities can be met.

The investments of the Fund are mainly of a liquid nature. Although any forced liquidation of the investments may be subject to a financial loss.

13.16 Current assets

31/03/14 £'000		31/03/15 £'000
	Contributions due from employer	
3,800	- Employer	3,906
1,454	- Employee	1,457
2,839	Cash Balances	3,586
1,957	Debtors	977
10,050		**9,926**

13.16.1 Analysis of Current assets

31/03/14 £'000		31/03/15 £'000
4	Central government bodies	0
8,394	Other local authorities	8,302
1	NHS bodies	1
1	Public corporations and trading funds	1
1,650	Other entities and individuals	1,622
10,050		**9,926**

13.17 Current liabilities

31/03/14 £'000		31/03/15 £'000
(5,663)	Unpaid benefits	(3,273)
(919)	Creditors	(1,488)
(6,582)		**(4,761)**

13.17.1 Analysis of Current liabilities

31/03/14 £'000		31/03/15 £'000
(515)	HMRC	(572)
0	Central government bodies	(258)
0	Other local authorities	0
0	NHS bodies	0
(386)	Public corporations and trading funds	(630)
(5,681)	Other entities and individuals	(3,301)
(6,582)		**(4,761)**

13.18 Additional Voluntary Contributions (AVC)

Occupational Pension Schemes are required by Statute to provide in-house AVC arrangements. The Fund has joint providers: Prudential, Standard Life and Equitable Life, where a range of investment options are available.

It is for individual Scheme members to determine how much they contribute (subject to HMRC limits) and the investment components or its mix.

The contributions made to separately invested AVC schemes and the value, as at the balance sheet date, of these investments are shown below:

AVC Provider	Value as at 31/03/14 £ '000	Contributions £ '000	Expenditure £ '000	Change in Market Value £ '000	Value as at 31/03/15 £ '000
Prudential	2,131	814	(420)	135	2,660
Equitable Life	704	21	(84)	30	671
Standard Life	3,287	720	(832)	260	3,435
Total	**6,122**	**1,555**	**(1,336)**	**425**	**6,766**

13.19 Funding arrangements

In line with Local Government Pension Scheme (Administration) Regulations 2008, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contributions rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2013. The next valuation will take place as at 31 March 2016.

For more details, and to view the Funding Strategy Statement (FSS), please refer to the Fund's website – www.dyfedpensionfund.org.uk and the Annual Report and Accounts 2014-15.

13.20 Related Party Transactions

The Fund is administered by Carmarthenshire County Council (the Authority), consequently there is a strong relationship between the Authority and the Fund.

The Authority incurred costs of £0.843 million (2013-2014: £0.839 million) in relation to the administration of the Fund and was subsequently reimbursed by the Fund.

The Authority is also the single largest employer of members in the Fund and contributed £31.308 million to the Fund in 2014-2015 (2013-2014: £30.575 million).

The Fund holds part of its cash balance with the Authority in order to meet its day to day expenditure. This cash is invested on the Money Markets by the Authority's Treasury Management section. During the year to 31 March 2015, the Fund had an average investment balance of £5.62 million (2013-2014: £5.87 million) earning interest of £32,317 (2013-2014: £32,458).

13.20.1 **Governance**

Pension Panel

There are three members and one substitute member of the Pension Panel. During 2014-15 these were Councillor Wyn Evans, Councillor Siân Thomas, Councillor Terry Davies and the substitute was Councillor Philip Hughes. They are all active members of the Fund.

The Director of Resources, Mr Roger Jones, who had the role of Section 151 Officer for the Authority, played a key role in the financial management of the Fund and retired in September 2014. Chris Moore the Head of Financial Services and an active member of the Fund was assigned the role of Section 151 Officer from September 2014.

The Panel members, and the Senior Officers that advise the Panel, are required to declare their interest at each meeting.

The Panel members and Head of Financial Services accrue their benefits in line with the regulations encompassing councillors and employees of the employing bodies of the Fund.

Pension Board

A local Pension Board was approved by County Council on the 11th February 2015 effective from 1st April 2015 in line with the Public Service Pension Act 2013. It consists of three employer representatives, three member representatives and an independent chair.

For more details, and to view the Governance Policy, please refer to the Fund's website – www.dyfedpensionfund.org.uk and the Annual Report and Accounts 2014-15 (when published).

13.21 Employing bodies contribution rates, contributions receivable and benefits payable

2013-14				2014-15			
Contri-bution rate %	Contri-butions £'000	Benefits payable £'000		Contri-bution rate %	Deficit Contri-bution £'000	Contri-butions £'000	Benefits payable £'000
			Scheduled bodies				
16.6	30,575	30,005	Carmarthenshire County Council	12.9	4,363	31,308	29,970
14.7	14,160	13,435	Pembrokeshire County Council	13.5	1,063	14,875	14,502
15.2	10,512	8,531	Ceredigion County Council	13.6	702	10,833	10,084
13.1	4,546	2,412	Office for the Police & Crime Commissioner for Dyfed-Powys	11.6	374	3,858	2,306
16.0	1,557	1,368	Mid & West Wales Fire Authority	13.5	128	1,501	1,063
14.7	229	156	Coleg Ceredigion	14.7	0	253	202
13.7	1,190	708	Coleg Sir Gar	13.7	0	1,247	818
13.6	545	589	Pembrokeshire Coast National Park	13.6	0	593	825
13.2	819	187	Pembrokeshire College	13.2	0	908	250
	64,133	57,391			6,630	65,376	60,020
			Designated (Resolution) bodies				
24.7	13	5	Aberystwyth Town Council	24.7	0	7	5
9.9	1	0	Aberaeron Town Council	9.9	0	1	0
18.1	58	66	Carmarthen Town Council	18.1	0	62	66
14.2	3	0	Cwmamman Town Council	14.2	0	4	0
22.6	4	1	Gorslas Community Council	22.6	0	4	1
24.4	43	102	Haverfordwest Town Council	24.4	0	9	30
30.5	11	10	Kidwelly Town Council	30.5	0	9	14
21.9	2	1	Llanbadarn Fawr Community Council	21.9	0	2	1
17.5	1	1	Llanarthney Community Council	17.5	0	1	1
14.9	154	116	Llanelli Rural Council	14.9	0	175	168
15.3	44	74	Llanelli Town Council	15.3	0	46	74
12.7	6	0	Llangennech Community Council	12.7	0	6	0
17.1	15	6	Llannon Community Council	17.1	0	17	6
19.9	21	17	Pembrey & Burry Port Town Council	19.9	0	22	7
9.3	5	14	Tenby Town Council	9.3	0	5	13
12.0	3	0	Pembroke Town Council	12.0	0	8	0
8.5	8	0	Pembroke Dock Town Council	8.5	0	7	0
	392	413			0	385	386

(continued overleaf)

2013-14				2014-15			
Contri-bution rate %	Contri-butions £'000	Benefits payable £'000		Contri-bution rate %	Deficit Contri-bution £'000	Contri-butions £'000	Benefits payable £'000
			Admission bodies				
			Community Admission Body (CAB)				
0.0	2	0	Cardigan Swimming Pool	0.0	0	2	0
15.7	58	16	Ceredigion Association of	15.7	0	50	16
14.2	974	752	Careers Wales	14.2	0	1,055	1,033
11.9	74	26	Carmarthenshire Association of Voluntary Services	11.9	0	52	32
11.8	7	0	Carmarthenshire Federation of Young Farmers Clubs	11.8	0	8	0
14.5	37	7	laith Cyf	14.5	0	33	7
44.2	5	20	Leonard Cheshire Disability	44.2	0	5	15
22.1	34	22	Llanelli Burial Board	22.1	0	37	21
6.2	54	0	Menter Bro Dinefwr	6.2	0	54	0
11.9	42	121	Menter Cwm Gwendraeth	11.9	0	35	27
5.6	15	0	Menter Gorllewin Sir Gar	5.6	0	13	0
16.5	8	0	Menter laith Castell-Nedd Port Talbot	16.5	0	8	0
18.6	10	3	Narberth & District Community & Sports Association	18.6	0	10	2
13.0	107	17	Pembrokeshire Association of Voluntary Services	13.0	0	104	91
11.6	81	26	PLANED	11.6	0	90	47
13.2	120	18	PRISM	13.2	0	90	32
11.3	280	43	Tai Ceredigion	11.3	0	281	141
17.5	625	540	University of Wales-Trinity St David	17.5	0	622	494
46.8	38	222	Aberystwyth University	46.8	0	29	236
14.4	228	328	Welsh Books Council	14.4	0	216	339
16.6	25	39	West Wales Action for Mental Health	16.6	0	30	39
16.9	51	35	Valuation Tribunal Wales	16.9	0	57	86
	2,875	2,235			0	2,881	2,658
			Transferee Admission Body (TAB)				
12.5	49	33	Garnant Golf Club Ltd	12.5	0	0	3
17.8	5	0	Grwp Gwalia	17.8	0	41	54
0.0	0	0	Danfo	21.5	0	21	0
0.0	0	0	Human Support Group (HSG)	20.3	0	96	37
	54	33			0	158	94

(continued overleaf)

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2013-14				2014-15			
Contri-bution rate %	Contri-butions £'000	Benefits payable £'000		Contri-bution rate %	Deficit Contri-bution £'000	Contri-butions £'000	Benefits payable £'000
			Bodies with no pensionable employees				
0.0	5	6	DVLA	0.0	0	6	7
0.0	51	755	Dyfed Powys Magistrates Courts	0.0	0	52	344
0.0	1	5	Carmarthen Family Centre	0.0	0	0	5
0.0	1	3	Milford Haven Town Council	0.0	0	0	2
0.0	0	2	Mencap	0.0	0	0	2
0.0	0	9,139	Dyfed County Council	0.0	0	0	8,918
0.0	0	4	Dyfed AVS	0.0	0	0	2
0.0	13	14	NHS	0.0	0	10	11
0.0	13	42	Welsh Water	0.0	0	13	42
0.0	0	9	Cwm Environmental	0.0	0	0	8
0.0	0	5	Cartrefi Cymru	0.0	0	0	5
0.0	5	5	Rent Officer Service	0.0	0	1	1
	89	9,989			0	82	9,347
	67,543	**70,061**	**Total**		**6,630**	**68,882**	**72,505**

13.21.1 **Bodies with No Pensionable Employees**

It has been assumed that for the following bodies, the proportion of pension increases stated below will continue to be recharged.

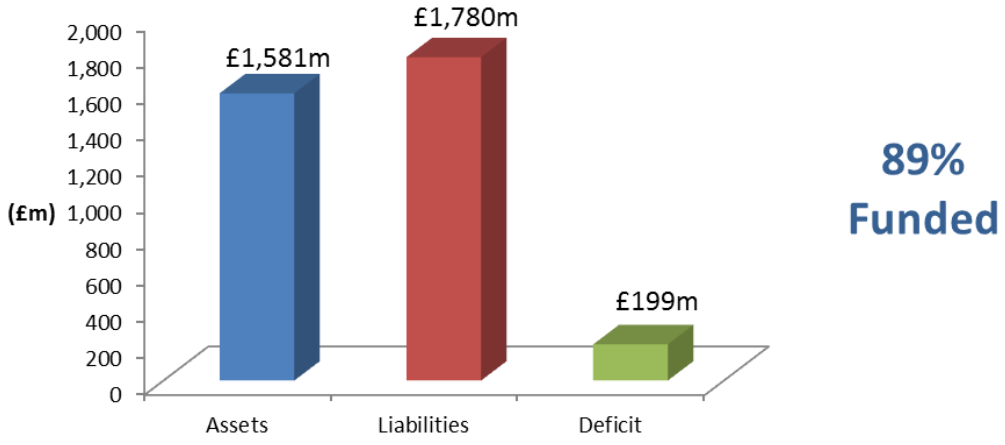
	Proportion to be recharged %
DVLA	100
Milford Haven Town Council	100
National Health Service	100
Carmarthen Family Centre	100
Welsh Water	50

13.22 Actuarial Statement

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Dyfed Pension Fund was carried out as at 31 March 2013 to determine the contribution rates for the period 1 April 2014 to 31 March 2017.

On the basis of the assumptions adopted, the Fund's assets of £1,581 million represented 89% of the Fund's past service liabilities of £1,780 million (the "Funding Target") at the valuation date. The deficit at the valuation was therefore £199 million.



The valuation also showed that a common rate of contribution of 12.9% 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. It allows for the new LGPS benefit structure effective from 1 April 2014.

After the valuation date, there were significant changes in financial markets. In particular there was an increase in gilt yields, which underpin the liability assessment. This improved the funding position materially to 94% with a resulting deficit of £103 million. This improvement was taken into account when setting the deficit contribution requirements for employers where required to stabilise contribution rates. On average across the Fund, the updated deficit would be eliminated by a contribution addition of £7 million per annum increasing at 4.1% per annum (equivalent to approximately 2.7% of projected Pensionable Pay at the valuation date) for 17 years if all assumptions are borne out in practice.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2014.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the 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). Any different approaches adopted, e.g. with regard to the implementation of 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)	4.8% per annum	5.6% per annum
Rate of pay increases (long term)	4.1% per annum*	4.1% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.6% per annum	2.6% per annum

* allowance was also made for short-term public sector pay restraint over a 3 year period.

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2016. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2017.

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 2015 (the 31 March 2014 assumptions are included for comparison):

	31 March 2014	31 March 2015
Rate of return on investments (discount rate)	4.5% per annum	3.3% per annum
Rate of pay increases	3.9% per annum	3.5% per annum *
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.4% per annum	2.0% per annum

* includes a corresponding allowance to that made in the actuarial valuation for short-term public sector pay restraint.

The demographic assumptions are the same as those used for funding purposes. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2014.

During the year, corporate bond yields fell significantly, resulting in a lower discount rate being used for IAS26 purposes at the year end than at the beginning of the year (3.3% p.a. versus 4.5% p.a.). The expected long-term rate of CPI inflation also fell during the year, resulting in a lower assumption for pension increases at the year end than at the beginning of the year (2.0% p.a. versus 2.4% p.a.).

The value of the Fund's promised retirement benefits for the purposes of IAS26 as at 31 March 2014 was estimated as £1,944 million.

The effect of the changes in actuarial assumptions between 31 March 2014 and 31 March 2015 as described above is to increase the liabilities by *c*£329 million. Adding interest over the year increases the liabilities by c£87 million. The net effect of allowing for benefits accrued against benefits paid was zero (including any increase in liabilities arising as a result of early retirements/augmentations).

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2015 is therefore £2,360 million.

John Livesey
Fellow of the Institute and Faculty of Actuaries
Mercer Limited

June 2015

13.23 Events after the balance sheet date

There have been no events since 31st March 2015 and up to the date when these accounts were authorised that require any adjustments to these accounts.

14 GLOSSARY OF TERMS

The following section attempts to explain the meaning of some of those technical terms that are used in the Statements. The section is split into General and those terms relating to the Pension Fund Accounts.

General

Accrual
An accrual is a sum shown in our accounts to cover income or expenditure for the accounting period that was not paid at the date of the balance sheet.

Agency Services
Agency services are services provided by or for us, by or for an outside organisation.

Assets Held for Sale
These are assets which are no longer being used to provide a service and are being actively marketed with the likelihood of sale being highly probable within 1 year.

Audit
An audit is an independent examination of our activities.

Balance
The surplus or deficit on any account at any point in time.

Balance Sheet
This is a statement of our assets, liabilities and other balances at the end of the financial year.

Bid Price
The price that a third party would pay the scheme in an arm's length transaction for the investment.

Billing Authority
A local authority responsible for collecting the council tax and non-domestic rates, i.e. unitary councils, metropolitan districts, London boroughs, the City of London and district councils in areas where there is a two-tier system of county and district councils.

Budget
A budget is a spending plan, usually for the following financial year.

Budgetary Control
A mechanism whereby finances are controlled by comparing actual expenditure against the approved budget at regular periods throughout the year (normally monthly) and taking appropriate action to rectify adverse/unfavourable variances

Budget Requirement
The estimated revenue expenditure on Council Fund services that needs to be financed from the council tax, and referred to by the Secretary of State for the Environment when deciding the criteria for capping increases in local authority revenue expenditure.

Capital Expenditure
Capital expenditure is spending on non-current assets such as Property, Plant and Equipment, Investment Properties and Heritage Assets. This would include the purchase or construction of new assets, together with subsequent expenditure on major maintenance or development work.

Capital Receipt
These are the sales proceeds from the disposal of land and buildings which are restricted in their use by statute. They can only be used to fund new capital expenditure or set aside to finance historic capital expenditure.

Commitment
Where an order for goods and services has been placed but the actual expenditure has not yet been paid. Effectively this will include any contractual or legal liability due by the Authority

Commuted Sum
This is a lump sum that we receive to replace the amounts that we were due to receive in future years.

Contingency
Money set aside in the budget to meet the cost of unforeseen times of expenditure, or shortfalls in income and to provide for inflation, where this is not included in individual budgets.

Council Fund
The main revenue fund of the local authority. Day to day spending on services is met from this fund.

Council Tax
The main source of local taxation to local authorities. Council tax is levied on households within its area by the billing authority and the proceeds are used to meet the Billing Authority's council tax requirement and to pay the precepting authorities.

Council Tax Benefit
Assistance provided by billing authorities to adults on low incomes to help them pay their council tax bill. The cost to authorities of council tax benefit is largely met by government grant.

Creditor
A creditor is someone to whom money is owed at the end of the financial year for work done, goods received or services rendered.

Current Assets
These are short-term assets that are available for us to use in the following accounting year.

Current Liabilities
These are short-term liabilities that are due for payment by us in the following accounting year.

Debtor
A debtor is someone who owes money to us at end of the financial year.

Depreciation
Depreciation is the amount set aside and recorded in the annual accounts to meet the loss in value of assets.

Direct Revenue Financing (DRF)
Resources provided from an authority's revenue budget to finance the cost of capital projects (also known as CERA or RCCO).

Earmarked Reserves
These are reserves that we have set aside for a specific purpose.

Estimates
The amounts which are expected to be spent, or received as income, during an accounting period. The term is also used to describe detailed budgets, which are either being prepared for the following year, or have been approved for the current year.

European Social Fund
The European Social Fund is a fund to provide grants for certain employment, training, retraining, resettlement and job creation schemes.

Fees And Charges
Income raised by charging users of services for the facilities, e.g. charges for the use of leisure facilities, car parking, the collection of trade refuse etc.

Financial Procedures
A written code of procedures approved by the council, intended to provide a framework for the proper financial management of the Authority.

Financial Year
This is the accounting period. For local authorities it starts on 1 April and finishes on 31 March in the following year.

Finance Leases
A means by which capital items are bought. (When we use finance leases we take on most of the risks (and rewards) of owning the assets.)

Gilt Edged Stocks
These are investments in government or local Authority stocks. They are regarded as risk-free.

Gross Expenditure
The total cost of providing the council's services before taking into account income, such as fees and charges for services etc.

Heritage Assets
Heritage Assets are defined as those that are held and maintained principally for their contribution to knowledge and culture.

Housing Benefit
An allowance to persons on low income (or none) to meet in whole or part their rent. Benefit is allowed or paid by local authorities but central government refunds part of the costs of the benefits and of the running costs of the service to local authorities. Benefit paid to the Authority's own tenants is known as 'rent rebate' and that paid to private sector tenants as 'rent allowance'.

Housing Revenue Account (HRA)
This account contains all our housing income and expenditure.

IFRS
International Financial Reporting Standard.

IFRIC
International Financial Reporting Interpretations Committee.

The above two are accounting standards which provide a guideline for financial accounting.

Investment Properties
These are properties that are being held solely to earn rentals or for capital appreciation or both, rather than for the provision of services

Investments
A long-term investment is an investment that is held for use on a continuing basis in the activities of the Authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

LAAP
Local Authority Accounting Panel

Leasing
This is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years.

LGR
Local Government Reorganisation

Liability
A liability is an amount due and payable at some time in the future.

Minimum Revenue Provision (MRP)
This is the amount we have to set aside to repay loans.

National Non-Domestic Rates (NNDR)
The NNDR, or Business Rate, is the charge occupiers of business premises pay to finance part of local Authority spending. The NNDR is set by Government and is a percentage of the rateable values. The percentage is the same throughout Wales. The total collected is split among individual authorities in proportion to their adult populations.

Net Realisable Value
The selling price of the asset reduced by the relevant costs of selling it.

Objective Analysis Of Expenditure
This is an analysis of expenditure according to the type of output, i.e. Service or function on which it is incurred. Commonly expenditure and income are presented in a two-dimensional table with subjective headings (e.g. Wages and salaries, goods and services purchased, debt charges, income from sales) as columns and objective headings (e.g. School meals, fire service) as rows.

Operating Leases
A means by which capital items are bought.
These are leases where risks (and rewards) of ownership of the asset remain with the owner.

Pensions Assets/Liabilities (Notes to the Movement in Net Pension Liabilities)

The Current Service Costs - the value of the increase in liabilities for active members as a result of their service increasing by one year (i.e. from the start of the year to the end of the year), less any employee contributions.

Employer Contributions - The employer contributions are the amounts actually paid by the employer during the year. They include any amounts paid in respect of early retirement strains and any recharges in respect of compulsory added years benefits.

Past Service Costs - Past service costs arise when the employer makes a commitment to provide a higher level of benefit than previously promised, for example the creation of a pension benefit for a spouse where such a benefit did not previously exist or a grant of early retirement with added-on years of service.

Interest Costs - The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period. Another way of viewing the "interest on liabilities" is the unwinding of 1 year's discounting in relation to the liabilities.

Interest on Pension Assets – This is the interest on assets held at the start of the period and cashflows occurring during the period, calculated using the discount rate at the start of the year.

Remeasurements (assets) – This is the return on plan assets net of administration expenses and interest income. It replaces actuarial gains and losses on assets. For the LGPS, any change as a result of reviewing an employer's allocation of assets as at an actuarial valuationwill also be included within remeasurements.

Remeasurements (liabilities) – Remeasurements (liabilities) can be sub-divided into 'Changes in actuarial assumptions' and 'Experience (gains) losses on liabilities'. 'Changes in actuarial assumptions' is not shown as its own separate entry but instead the changes in demographic and financial assumptions are shown separately.

Gains or Losses on Settlements or Curtailment - Where under the scheme rules the employees have the option to retire early or transfer out of the scheme, the resulting settlements and curtailments are allowed for in the normal demographic assumptions made by the actuary and any gains and losses arising are actuarial gains and losses. Losses arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the employer becomes demonstrably committed to the transaction and recognised in the profit and loss account covering that date. Gains arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction and recognised in the profit and loss account covering that date.

Pension Fund
The fund maintained to meet pension payments on the retirement of participants.

Precepting Authorities
Those authorities which are not billing authorities, i.e. do not collect the council tax and non-domestic rates. For Carmarthenshire County Council the precepting authorities are Dyfed Powys Police and the Community Councils.

Precepts
This is the amount that we levy/pay to a non-billing Authority (for example a Community Council) so that it can cover its expenses (after allowing for its income).

Property, Plant and Equipment
These are assets with a physical substance that are held for use in the production or supply of goods and services, for rental to others (as part of a service) or for administrative purposes. Any asset included in this category is expected to be used for more than one financial year.

Provision
Provisions are amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

Prudential Code
A major change from 01/04/04 in the way Capital Finance is controlled. The Authority can set its own borrowing limits at a level it decides is affordable, sustainable and prudent. This makes the Council more accountable for its capital investment decisions.

Public Works Loan Board (PWLB)
This is a Government agency that provides longer-term loans to local authorities. It charges interest rates only slightly higher than those at which the Government itself can borrow.

Related Party Transactions
These are the transfer of assets or liabilities or the provision of services on behalf of a related party irrespective of whether a charge is made.

Reserve
Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or 'balances') which every Authority must maintain as a matter of prudence.

Rent Allowance
The specific name given to housing benefit paid to tenants of a privately owned dwelling who are on low incomes, to help them pay their rent.

Rent Rebate
The name given to housing benefit paid to tenants of a local Authority dwelling.

Revenue Account
This is an account that records our day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Revenue Support Grant (RSG)
A grant paid by central government in aid of local Authority services in general, as opposed to specific grants, which may only be used for a specific purpose.

SSAP
Statement of Standard Accounting Practice.

Scheduled Organisation
A scheduled organisation is one whose employees have an automatic right to be members of a pension fund.

Securities
These are investments such as stocks, shares and bonds.

SeRCOP
Service Expenditure Reporting Code of Practice - establishes proper practices with regard to consistent financial reporting for services – all local authorities in the United Kingdom are expected to adopt its mandatory requirements and detailed recommendations. It is also expected that CIPFA members will comply with all the discretionary requirements of SeRCOP as it defines best practice in terms of financial reporting.

Standard Spending Assessment (SSA)
Central government's assessment of what an individual Authority needs to spend in order to provide a standard level of service. The SSA is used to calculate the Authority's revenue support grant and its capping limit.

SORP
Statement of Recommended Practice.

Stocks
Stocks are raw materials purchased for day-to-day use. The value of those stock items not used at the end of the financial year is shown within current assets in the balance sheet.

Subjective Analysis
An analysis of income and expenditure according to type (group and detail codes). Such expenditure headings are wages and salaries, debt charges, building maintenance, consumable materials. On the income side the examples are government grants, fees and charges.

Temporary Borrowing or Investment
This is money borrowed or invested for an initial period of less than one year.

Trust Funds
Trust funds are funds held on behalf of individuals or organisations/charities. Trustees administer the money for the beneficiaries.

Unit Trusts
These are investment companies that accept money from many different investors. The money is pooled and used to buy investments.

Variance
The difference between actual expenditure and budget - expressed in cash or percentage terms.

Virement
The transfer of funds between budget heads. Virement must be properly authorised by the appropriate committee or by officers under delegated powers.

Wales Audit Office
An independent body, established in April 2005. The Wales Audit Office is lead by the Auditor General for Wales who is responsible for the appointment of external auditors to local authorities and has a duty to ensure that local authorities make proper arrangements to secure economy efficiency and effectiveness in their use of resources.

Work In Progress
Work in progress is the value of work done on an unfinished project at the end of the financial year and which has not yet been recharged to the appropriate revenue account.

<u>Pension Fund</u>

Active Management
A style of Investment Management which seeks to provide out performance of a relevant Benchmark through either Asset Allocation, Market Timing or Stock Selection (or a combination of these). Directly contrasted with Passive Management.

Actuary
An independent consultant who advises on the viability of the Fund. Every three years the actuary reviews the assets and liabilities of the Fund and reports to the County Council as administering Authority on the financial position and the recommended employers contribution rates. This is known as the actuarial valuation.

Asset Class
A specific area/type of Investment e.g. UK Equities, overseas Equities, Fixed Income, Cash.

Benchmark Return
The aim of the Fund Manager is to outperform the Benchmark return by 1%. The benchmark return is the return that would be achieved if the Fund Manager had not deviated from the weightings of each asset class given to them by the Investment Panel, and had achieved returns in each of these asset classes consistent with the average return of all Local Authority Funds for that class. The Benchmark weightings of asset classes is outlined within the Statement of Investment Principles.

Corporate Governance
Issues relating to the way in which a company ensures that it is attaching maximum importance to the interests of its shareholders and how shareholders can influence management.

Deficit Funding
Contributions payable for example, for a limited period or as a single payment, to improve the funding of a defined benefit scheme, often arising from a scheme funding recovery plan.

Equities
Ordinary shares in UK and overseas companies traded on a recognised stock exchange. Shareholders have an interest in the profits of the company and are normally entitled to vote at shareholders' meetings.

Fixed Interest Securities
Investments in mainly government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a stated future date but which can be traded on the Stock Exchange in the meantime.

Fund Manager
A person or company to whom the Investment of the whole or part of the assets of a fund is delegated by the Trustees.

Investment
An asset acquired for the purpose of producing income and Capital Gain for its owner.

Investment Adviser
A professionally qualified individual or company whose main livelihood is derived from providing objective, impartial Investment advice to companies, pension funds or individuals, for a stated fee.

Market Indicators
(i) The movement in Stock market are monitored continuously by means of an Index made up of the current prices of a representative sample of stock.
(ii) Change in the rates at which currencies can be exchanged.

Market Value
The price at which an investment can be sold at a given date.

Out performance/Under performance
The difference in Returns gained by a particular fund against an "Average" Fund or an Index over a specified time period i.e. a Target for a fund may be out performance of a Benchmark over a 3-year period.

Passive Management (also called Indexation/Index Tracking)
A style of Investment Management which aims to construct a Portfolio in such a way as to provide the same Return as that of a chosen Index i.e. Stocks are purchased to be as representative as possible of the make-up of the Index. Contrasts with Active Management.

Performance
A measure, usually expressed in percentage terms, of how well a fund has done over a particular time period - either in absolute terms or as measured against the "Average" Fund or a particular Benchmark.

Performance Measurement
A service designed to help investors evaluate the performance of their investments. This usually involves the comparison of a fund's performance with a selected Benchmark and/or with a Universe of similar funds. The main Performance Measurement Companies are The WM Company, which the Dyfed Pension Fund uses, and CAPS.

Portfolio
A collective term for all the investments held in a fund, market or sector.

Preserved Benefits
The pension benefits payable from normal retirement age to a member of the Fund who has ceased to contribute as a result of leaving employment or opting out of the Pension scheme before normal retirement age.

Return
The total gain from holding an investment over a given period, including income and increase (decrease) in market value.

Risk
Generally taken to mean the Variability of Returns. Investments with greater risk must usually promise higher returns than more "stable" investments before investors will buy them.

Transfer Value
Payments made between funds when contributors leave service with one employer and decide to take the value of their contributions to their new fund.

Unrealised Increase/(Decrease) In Market Value
The increase/(decrease) in market value, since the purchase date, of those investments held at the year end.

Mae’r dudalen hon yn wag yn fwriadol