

EXPLANATORY FOREWORD

Introduction

The format and content of these accounts are dictated by the 2009 Statement of Recommended Practice (SORP). The purpose of the SORP is to give a reporting framework so that information will appear in the same format to assist users compare between different Local Authorities. It will explain the financial facts rather than comment on the policies of the Authority.

This Statement of Accounts comprises various sections:

- **Explanatory Foreword** - provides information on the format of this Statement of Accounts together with a review of the financial out turn. The foreword will set out:
 - The financial out turn both for revenue and capital.
 - Change in accounting policies.
 - Matters of significance.
 - Trust fund accounts.
 - Future developments including the 10/11 budget.
- **The Statement of Responsibilities** – this sets out the responsibilities of the Authority and the Chief Finance Officer concerning the Authority's financial affairs.
- **The Audit Opinion and Certificate** – as provided by and reflecting the view of the appointed auditor following the audit of these Statement of Accounts.
- **The Accounting Policies** - are disclosed for two reasons:
 - To explain to a non specialist the basis of preparations of Local Authority accounts.
 - To explain the particular policy followed where there is more than one acceptable basis.
- **The Core Financial Statements** – the format and contents of these are prescribed in detail by the SORP with little or no allowance for Authorities to steer away from the presentation requirements. The Statements required are:
 - The Income and Expenditure Account – this details the Authority's income and expenditure for the year. It details the net expenditure on all functions for which the Authority is responsible and demonstrates how the cost has been financed. It is intended to show the financial position of the Authority before allowing for concessions by statute that mean certain costs are excluded when calculating Council Tax and the ability to divert particular expenditure that can be met from capital resources.
 - The Statement of Movement on the Council Fund Balance – shows how the resources generated or consumed during the year reconcile with statutory requirements for raising Council Tax.

- The Statement of Total Recognised Gains and Losses – accepted accounting methods mean that not all gains and losses experienced by a Local Authority are reflected in the Income and Expenditure Account. This statement summarises all gains and losses so the full financial result can be assessed.
- The Balance Sheet – states the Authority's assets, liabilities and reserves as at 31st March 2010. All movements in stock, creditor, debtor and reserves balances in the Income and Expenditure Account are accounted for via this statement.
- The Cash Flow Statement – this summarises the cash received and paid during the year and therefore breaks down the movement of the cash shown on the balance sheet between years. Cash for this statement is described as cash in hand and deposits repayable on demand less overdrafts repayable on demand.
- The Notes to the Core Financial Statements – these provide further and supporting information to the other Core Financial Statements.
- The Pension Fund Accounts – the financial data has been extracted from the 2009/10 Powys County Council Pension Fund annual report and included in these statements for information. They are independent of the statements above. Powys County Council is the administering Authority of the pension fund. The fund has to be completely separate from Powys County Council's own finances.
- The Statement of Internal Control – the Authority is required to carry out an annual review of the effectiveness of internal control. This statement sets out the arrangements in place for internal control and details of the annual review.

The Housing Revenue Account (HRA) and related notes are disclosed on pages 68 to 70. The HRA contains all the Council's income and expenditure on its own houses.

A glossary of terms is included to aid the user as this is primarily a technical document though effort is made to use plain English. Should you have any queries or comments on these accounts please contact the Accountancy Manager, Powys County Council, County Hall, Llandrindod Wells, LD1 5LG.

A Revenue Budget is prepared before the start of each financial year which sets out the proposed annual cost of service provision. A comparison of the budgeted expenditure and income against the actual position for the year is as follows:

Summary	Budget £'000	Actual Outturn £'000	Budget Under/ (Overspends) £'000	Technical Adjustments £'000	I & E Outturn £'000	I&E Variance £'000
People & Wellbeing						
Schools	96,593	97,425	-832	6,119	103,544	-6,951
Recreation, Culture & Countryside	13,904	13,789	115	2,439	16,228	-2,324
Adult & Commissioning	40,132	38,451	1,681	-64	38,387	1,745
Children Services	16,712	15,567	1,145	5	15,572	1,140
People & Well Being BPU	1,033	313	720	-72	241	792
Organisation & Regeneration				0		
Regeneration & Development	5,443	5,641	-198	216	5,857	-414
Housing & Regulatory Services	5,068	6,587	-1,519	448	7,035	-1,967
Organisation & Regeneration BPU	7	-210	217	0	-210	217
Legal, Scrutiny & Democratic	3,262	3,208	54	0	3,208	54
Finance & Corporate Performance	466	192	274	-45	147	319
Information & Customer Services	664	104	560	-173	-69	733
Human Resources	-2,564	-2,554	-10	-40	-2,594	30
Local Env Services (inc NM&W)	31,204	28,270	2,934	2,100	30,370	834
Central - Non Trading	-2,239	-5,484	3,245	15,886	10,402	-12,641
Levies & Precepts	19,020	19,683	-663	0	19,683	-663
Interest Payments	7,403	7,461	-58	0	7,461	-58
Interest Receipts	-1,162	-986	-176	0	-986	-176
MRP	6,422	6,422	0	-6,422	0	6,422
Operating Expenditure	241,368	233,879	7,489	20,397	254,276	-12,908
Less Call on Reserves:						
Depreciation	0	-1,744	1,744	-11,176	-12,920	12,920
FRS17 Adjustments	0	0	0	-4,610	-4,610	4,610
MRP	0	0	0	6,422	6,422	-6,422
To Specific Reserves	0	9,299	-9,299	55	9,354	-9,354
Reffcus	0	-1,660	1,660	0	-1,660	1,660
Transfer To General Fund	0	91	-91	0	91	-91
Impairments	0	0	0	-17,819	-17,819	17,819
Deferred Government Grants	0	0	0	5,533	5,533	-5,533
From (To) Other	-2,199	-2,452	253	3,594	1,142	-3,341
Reserves:						
Total Net Expenditure	239,169	237,413	1,756	2,396	239,809	-640
Financed By:						
Revenue Support Grant	142,010	142,010	0	0	142,010	0
Non Domestic Rates	35,934	35,934	0	0	35,934	0
Council Tax	61,225	61,865	-640	0	61,865	-640
	239,169	239,809	-640	0	239,809	-640

The table above seeks to reconcile the difference between the spend that is reported to budgets holders and the information produced for these financial statements. The columns in grey represent the management information presented as part of the monthly budgetary control reports. Variances between actual and budgeted expenditure are explained on the following page.

Schools - £832 k over spend

The Schools and Inclusion revenue budget shows a final outturn figure of £832k overspend. Significant variances within this were:

- Home to School and College Transport had a total under spend of £446k primarily being a one off saving due to the introduction of a revised payment system.
- Severance Pay payments had an over spend of £342k, which is to be funded by top slicing the schools delegated budget in 2010/2011.
- Pupil Inclusion budgets show an overall over spend of £835k. This includes £66k on Statemented expenditure, £915k relating to Complementary Education and £103k on Out of County Placement.
- The overspends were in part offset by additional grant funding of £200k for Social Inclusion.

Recreation, Culture and Countryside - £115k under spend

The largest variance is attributable to Sports and Leisure, which was underspent by £134k by year end.

Adult and Commissioning- £1,681k under spend

Contributing factors to the under spend were:

- There is an overall 2009/10 over spend within the Older People Service budgets of just under £422k. The majority of this related to Home Care budgets being overspent by £529k.
- Learning Disabilities budgets were under spent in 2009/10 by just over £2m. The largest variance is within Independent Residential Care, which came in £941k under budget and is largely attributable to Transitions slippage, as only 13 of the 25 children on the 2008/09 list have transferred into Adult Social Care.

Children Services - £1,145k under spend

£1,269k had been budget to be transferred from reserves to cover the budgeted expenditure, in the event it was not required as spend on fieldwork (480k under spend) and Service Contracts (£410k under spend) was not as high as expected and eventually there was only a £124k call from reserves.

The Looked After Children budget was £596k over spent at year end due to additional in year placements. However this overspend was offset by additional grant income, under spends in the Fostering and Development Fund and other budgets and staff savings.

People and Well Being BPU - £720k under spend

The People and Well being Business Performance Unit (BPU) under spend for 2009/10 was mainly attributable to staff slippage and lower than expected staff costs.

The Budgeted was supported by the planned use of £631k reserves, in the event £89k was contributed.

Regeneration and Development - £198k over spend

Economic Regeneration had a net overspend of £262k for the year. This was mainly due to staffing costs and some significant redundancy costs incurred in the year. This was offset by a W.A.G grant of £95k for additional windfarm work.

Housing and Regulatory Services - £1,519k over spend

This overspend includes a depreciation charge to the HRA of £2,316k which is actually financed from capital resources leaving the service with an under spend of £797k in total for the year made up of:

- The Housing General Fund had a net under spend of £425k, although £213k of this relates to funding received from outside the HGF and under spends of staff costs.
- Housing Revenue Account had a net under spend of £266k, although Premises costs were £462k more than budget this was offset by Supplies and Services being £248k less than budget and total income generating £351k more than budget.

Organisation and Regeneration BPU - £217k under spend

The Organisation & Regeneration BPU under spend of was mainly due to savings on staffing costs.

Legal, Scrutiny and Democratic - £54k under spend

The final overall position is an under spend of £54k. The most significant variances against budget relate to an under spend on Electoral Registration expenditure on supplies and services, notably computer software and maintenance. Legal services benefited from increased legal fees income and an under spend on salaries.

Finance and Corporate Performance - £274k under spend

The largest contributors to the under spend were from a £90k variance in procurement arising from staff vacancies and increased Grant income within Revenues and Benefits which as a department contributed £114k in total. The remainder was generated by staff vacancies.

Information and Customer Services - £560k under spend

After accounting for a £252k under spend from the I.T. refresh programme the Information and Customer Services section under spent by £308k in total, mainly due to a phased implementation of the I.T. strategy resulting in delayed staff costs and purchasing of maintenance contracts. Performance Management showed an under spend of £55k due to staff vacancies.

Human Resources £10k over spend

The overall position on HR is a small net over spend of £10k. The Job Evaluation process is continuing to be resolved and accordingly £2,822k has been transferred to reserves as budgeted.

Local and Environmental Services (including Network Management and waste) - £2,934k under spend

This service area showed a significant under spend in 2009/10 of £2,936k as set out below:

- Property and Design had an under spend of £147k mainly due to committed works not being completed by contractors.
- Facilities Management service is showing a net under spend of £110k of which the Property Care service shows an overspend of £102k due to renegotiated SLAs. The Catering service reported a surplus of some £219k, partly due to a number of targeted initiatives put forward by Catering Managers.
- On Street Services showed an under spend of £908k mainly due to winter maintenance activities being significantly higher than usual with a large amount of these costs being funded by the Trunk Road Agency.
- There were significant under spends within Refuse, Cleaning and Waste Services totalling £1.489m. The amount of waste being generated has slowed which has led to a lower growth in landfill tax and related collection and disposal costs. Contract costs in respect of civic amenity sites have been significantly reduced as has the amount of "dumping" of chargeable waste at civic amenity sites.

Central - Non Trading - £3,245k under spend

The net under spend for 2009/10 is the mainly attributable to:

- An under spend of £204k on Invest to Save has been paid directly into the Invest to Save reserve to fund future projects.
- The Director of O&R post has been vacant due to a secondment and now appointment of the Director to the Chief Exec post. This generated a £144k under spend.
- A surplus was made by charging £1,744k more depreciation than was budgeted. This amount was credited to the Transport Reserve in order to help finance the future purchase of vehicles.
- The Benefits section generated a £369k under spend through vacancies and additional Grant income. The remaining under spend can be explained by an insurance under spends of £174k and unapplied growth of £200k.

Levies and Precepts - £663k over spend

Levies and Precepts shows an over spend of £663k due to a change in the rules on the way fire authorities are allowed to show their reserves. Previously fire authorities

were not able to hold their own reserves but now they can and this overspend reflects paying back the reserves we held on the fire authority's behalf.

Interest Paid and Received - £234k over spend

This is largely due to lower investments rates and the early prudent redemption of debt domiciled in Ireland.

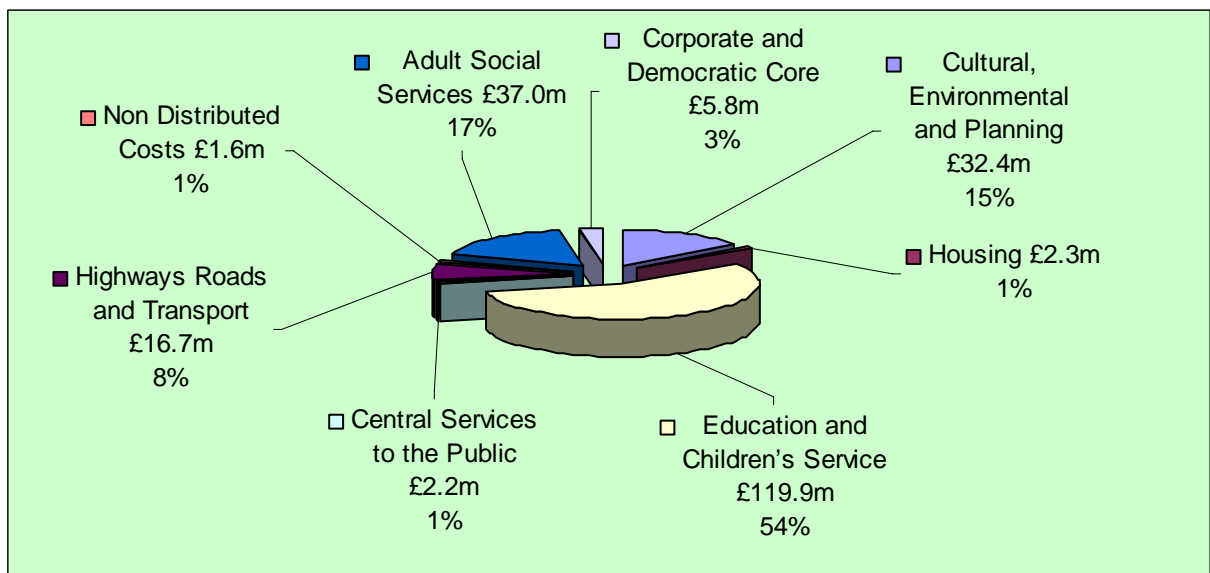
Council Tax - £640 surplus

The council tax surplus for the year is £640k as more Council Tax bills were raised than budgeted for due to an increase in properties. Revenue expenditure, including precepts is financed through local taxation and by government grants, the proportions are:

	2008/09	2009/10
	%	%
Central Government (Revenue Support Grant and Non Domestic Rates)	75	74
Council Tax	25	26

2009/10 Net Expenditure:

This graph details the net expenditure using the Best Value Accounting Code of Practice (BVACOP) accounting structure. This is the required method for producing the Income and Expenditure Account which is shown on page 31. As can be seen in the graph, 71% of Powys County Councils Revenue Spend in 2009/10 was on Education and Social Services.



Revenue Reserves

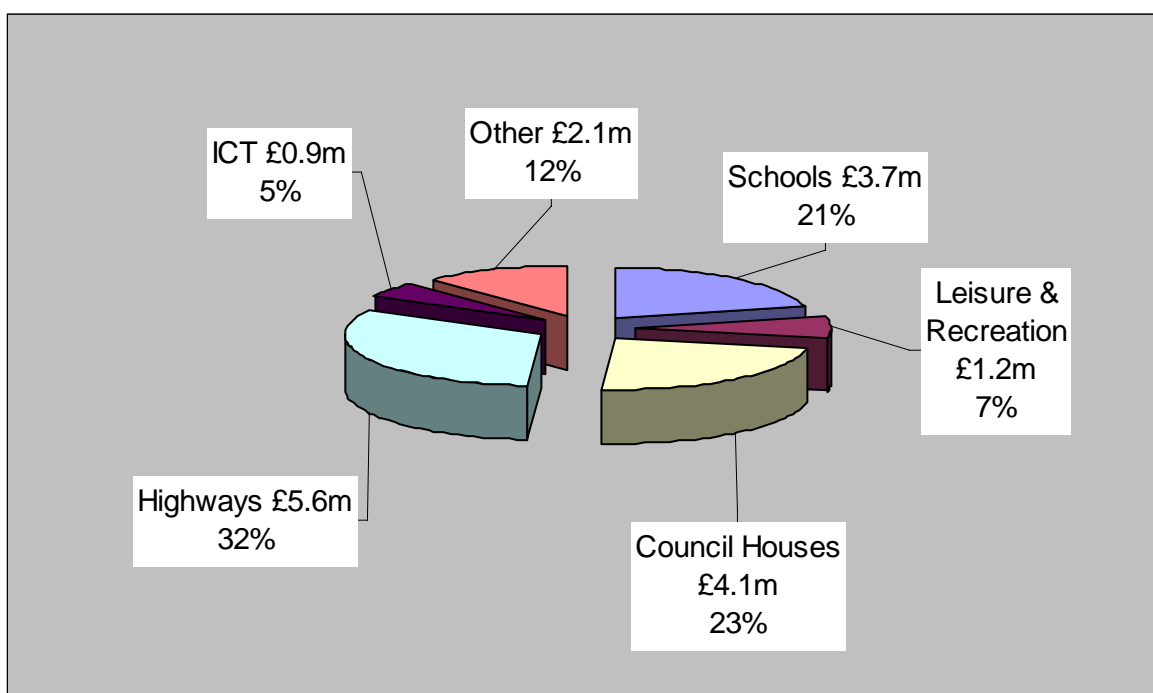
Revenue Reserves represent an accumulation of revenue over and under-spends and sums set aside specifically to meet future expenditure e.g. to replace vehicles, maintain roads in adverse weather conditions. The ring-fenced Reserves must be used for the purpose intended. The HRA and School Reserves are ring-fenced by statute.

Revenue Reserves	Note	31.03.09 £`000	31.03.10 £`000
Ring fenced or Restricted Use Reserves			
Housing Revenue Account		1,631	2,128
Schools Reserves	43	2,081	2,514
Other Specific Reserves	44	16,521	18,535
Committee Specific Reserves			
Other Specific Reserves	44	3,909	8,625
Central or General Reserves			
Council Fund		7,193	7,045
		31,335	38,847

£3,100k of the Committee Specific Reserves has been committed to finance expenditure in 2010/11. A reserve balance, (excluding capital, insurance and other restricted reserves) of 7% of the Net Budget is considered a prudent level in order to fund future unexpected expenditure and losses to minimise the effect on services and future Council Tax bills. The actual % of reserves against expenditure held is 8.75% (2008/09 7.32%)

Capital Expenditure 2009/10

Capital Expenditure is the money spent on major assets needed to provide services. It is in addition to the day-to-day revenue spending. The following graph shows how the 2009/10 Capital Expenditure of £17.6m (excluding £1.6k Reffcus) was spent:



Sales of Council houses raised £0.4m and other disposals of Land and Buildings raised a total of £11.4m in the year of which £8.5m related to the Newtown Livestock Market.

Capital Reserves

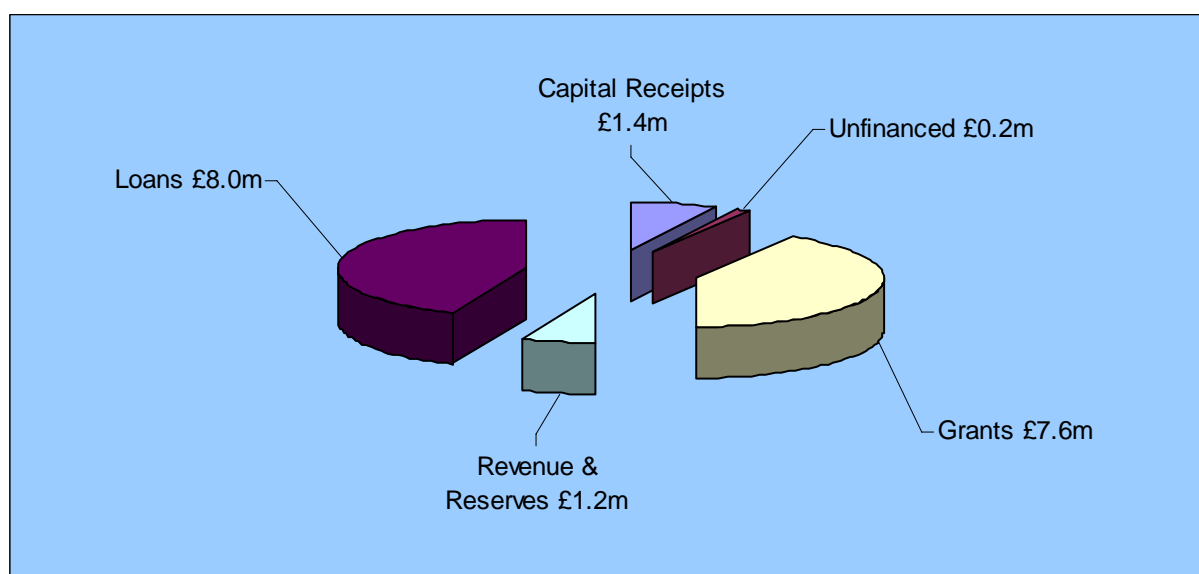
At 31st March 2010 the Authority had Capital Reserves of:

	£'000
Capital Reserves	285,697
Capital Receipts	15,507
	301,204

The £15,507k Capital Receipts are available to fund future capital spend. The £282,205k Capital Reserves are matched by fixed assets within the balance sheet and therefore are not a resource available to the Authority. They are statutory reserves for accounting purposes that do not represent cash held. Capital Receipts cannot finance revenue expenditure.

Capital Financing 2009/10

The following graph details how the 2009/10 capital programme was financed.



Unfinanced expenditure represents Capital Spend that will be financed through Capital Receipts or grants to be received in 2010/11. These grants are accounted for as a debtor.

Borrowing Arrangements

Borrowing is the main source of finance for the Authority's capital spend. The overall borrowing at 31 March 2010 totalled:

	£'000
Short Term Borrowing	15,511
Long Term Borrowing	146,112
Total Borrowing	161,623

Other Significant Matters

Prior Period Adjustments

The following changes have been made to improve comparability between 2009/10 and 2008/09.

(i) Precepts/Council Tax

It has been common practice in Wales to net some precepts due off the total council tax figure due. This practice is no longer accepted and all money due to precepting authorities must now be shown. For Powys County Council this means that the precept due to the Dyfed Powys Police Authority is now disclosed separately. The effect on the 08/09 comparatives is as follows:

	Original £'000	Revised £'000	Change £'000
Income & Expenditure Account			
Precepts	8,039	17,581	9,542
Council Tax Income	-50,002	-59,544	-9,542
Cashflow Statement			
Community Precepts Received	-1,714	0	1,714
Council Tax Received	-50,874	-52,588	-1,714
NET EFFECT			0

(ii) National Non Domestic Rates (NNDR)

Billing authorities such as Powys County Council collect NNDR under what is in substance an agency arrangement. The 2009 SORP requires changes to how we account for NNDR under such agency arrangements and, as such, the following adjustments are required to the 2008/09 comparatives:

	Original £'000	Revised £'000	Change £'000
Balance Sheet			
Due from NNDR Customers	1,220	0	-1,220
NNDR Bad Debt Provision	-341	0	341
Welsh Government Debtor	3,285	4,164	879
Short Term Debtors	21,967	20,721	-1,246
Short Term Creditors	-27,573	-26,327	1,246
Cashflow Statement			
NNDR Payments to Pool	23,792	0	-23,792
NNDR Receipts	-20,641	0	20,641
Management of Liquid Resources	0	3,151	3,151
NET EFFECT			0

(iii) Other Capital Reserves

To more properly reflect the nature of "Other Capital Reserves" the balance is now combined within other specific reserves.

	Original £'000	Revised £'000	Change £'000
Other Capital Reserves	5,094	0	-5,094
Other Specific Reserves	15,336	20,430	5,094
NET EFFECT	20,430	20,430	0

(iv) Deferred Capital Receipts

SORP 2009 has required Deferred Capital Receipts of £84k to be disclosed as a reserve instead of long term liabilities.

	Original £'000	Revised £'000	Change £'000
NET WORTH	159,890	159,974	84

(v) Intangible Assets

Following a review of vehicles, plant and equipment it was established that some Fixed Assets are more properly disclosed as Intangible Fixed Assets.

	Original £'000	Revised £'000	Change £'000
Intangible Assets	0	1,531	1,531
Vehicles, Plant and Equipment	14,241	12,710	-1,531
NET EFFECT			0

Icelandic Banks

In common with many other authorities Powys County Council continues to have money invested in Iceland as follows:

Institution	Amount Invested £'000	Impaired Value Per Accounts £'000
Glitner Bank HF	2,000	1,945
Landsbanki Islands	2,000	1,473

Powys County Council and its auditors have been advised by the appointed administrators of the Icelandic banks as to the suggested level of monies that we can expect back. These amounts are quoted above. Further details are available in note 49. Accounting procedures have required an increase in the impairment from £495k to £694k be made. It will be reversed in the Statement of Movement on Council Fund Balance so that there is no impact on the level of Council Tax.

Pension Fund Liability/Deficit

Note 48 details the Pension Liability of the Authority. This represents the extent that Pension Fund Actuaries estimate the future liabilities that are unfunded, as calculated

under the requirements of FRS 17. Benefits payable from the pension fund are in no way affected by this liability. The Authority is committed to the long term goal of eliminating the pension fund deficit through contributions rather than accepting risky alternative investment strategies.

Powys County Council is responsible for producing the accounts for the Powys County Council Pension Fund. The pension accounts detailing the financial information are reproduced in pages 71 to 94. The pension fund is valued by its actuaries every three years. This valuation determines the contributions that must be paid by the employing members of the Fund. The most recent valuation was calculated as at 31 March 2007. It concluded that the funding level has risen from 63% to 73%. The next valuation will be calculated as of 31st March 2010.

In its budget on 22 June 2010 the Government announced that future increases in public sector pensions will reflect movements in the Consumer Price Index (CPI), effective from April 2011. Increases are currently determined by reference to the Retail Price Index (RPI).

The rate at which pensions will increase is one of the key factors in determining the liabilities of defined benefit pension funds. Any change in the rate at which pensions will increase will therefore affect the value of pension fund liabilities. The CPI differs from, and tends to be lower than, the RPI. The change from RPI to CPI is therefore expected to result in a reduction in the pensions liabilities and therefore the pension deficit on the balance sheet. The change will also impact upon the income and expenditure / profit and loss account over the next accounting period.

Hewitt have calculated that the impact on the balance sheet if the CPI change had occurred at the accounting date would have been to reduce the value of the liabilities on the balance sheet by:

- Approximately £45M for LGPS funded benefits.
- Approximately £1M for LGPS unfunded benefits.

Hewitt have based this figure on the FRS 17 assumptions applicable at the accounting year end, and allowing for CPI increases being lower than RPI increases by around 0.7% p.a. in the long term (Hewitt's best estimate of the differential at the accounting date). The actual figure will also reflect the date of measurement and assumptions used when producing next year's figures.

It is anticipated that the reduction in liabilities will be accounted for as a (negative) past service cost i.e. this change constitutes a change to benefits since pension scheme members will expect a lower benefit following the change.

It is also anticipated that the move to CPI will reduce the interest cost and current service cost calculated for the next accounting period compared to the position if pension increases remained linked to the RPI. In its budget on 22 June 2010 the Government announced that future increases in public sector pensions will reflect movements in the Consumer Price Index (CPI), effective from April 2011. Increases are currently determined by reference to the Retail Price Index (RPI).

Group Accounts

The need for Group Accounts is not required as the Authority has no such relationship with any external organisation.

Format of Accounts

The Income and Expenditure Account produced is fully compliant with the Best Value Accounting Code of Practice, which is a standard way of showing financial information across Local Authorities and does not necessarily reflect Powys County Council's own internal management arrangements which are shown on page 3.

Trust Fund Accounts

During the year the management and trusteeship of the following Trusts were transferred to The Community Foundation in Wales and are no longer a responsibility of the authority. Further information on these trust funds can be obtained from CFIW on 02920 536590 or at www.cfiw.org.uk.

	Income (to date of transfer) £'000	Expenditure (to date of transfer) £'000	Assets Transferred £'000
Montgomeryshire Trust Fund To provide facilities for recreation and other leisure time activities	6	6	278
Brecon Girls Grammar School General education purposes for the residents of the former County of Brecknockshire	0	3	179
Montgomery Int. and Tech. Educ. Fund To support the first year study at University of Wales Aberystwyth, for pupils who attend a Montgomeryshire High School	10	2	892
Radnor Int. and Tech. Fund (Llandod) For the benefit of pupils in pursuit of educational and vocational training	1	1	56
SPM Bligh Estate Fund For individuals and groups pursuing studies/activities in technical and vocational subjects	16	7	712
Total	33	19	2,117

During the year the management and trusteeship of the following Trust was transferred to John Beddoes School and is no longer a responsibility of the authority. Further information on this trust fund can be obtained from John Beddoes School on 01544 267565.

	Income (to date of transfer) £'000	Expenditure (to date of transfer) £'000	Assets Transferred £'000
Radnor Int. and Tech. Fund (J Beddoes) For the benefit of pupils in pursuit of educational and vocational training and to maintain the Presteigne Curfew Bell	6	6	176
Total	6	6	176

The Authority remains sole Trustee for the Welsh Church Acts Fund and Rhayader Leisure Centre. Their accounts are summarised over the page and do not form part of the Authority's accounts.

Welsh Church Acts Fund

The Welsh Church Acts Fund was established under the Welsh Church Act of 1914 and is administered by the County Council. Grants are made from the Fund to individuals and organisations with charitable status. The Accounts of the Welsh Church Acts Fund are set out below. These accounts do not form part of the Council's Consolidated Accounts.

	2008/09	2009/10
	£`000	£`000
REVENUE ACCOUNT		
Investment Income	-57	-43
Rents	-3	-3
Unrealised Loss /(Profit) on Investments	407	-347
Increase in Value of Land	-6	-213
TOTAL INCOME	341	-606
Grants	43	70
Administration	14	29
TOTAL EXPENDITURE	57	99
Deficit/Surplus (-) for the Year	398	-507
Fund Balance Brought Forward	-1,899	-1,501
FUND BALANCE CARRIED FORWARD	-1,501	-2,008

	2008/09	2009/10
	£`000	£`000
BALANCE SHEET		
Land and Buildings	50	263
Investments	1,391	1,737
TOTAL FIXED ASSETS	1,441	2,000
Debtors	0	29
Creditors	0	-32
Cash	60	11
NET ASSETS	1,501	2008
FUND SURPLUS	1,501	2008

Rhayader Leisure Centre Trust Fund

Rhayader Leisure and Community Centre was established as a charitable trust on 01 March, 1994. The full annual report and accounts are published separately and copies are available from the Accountancy Manager. These draft accounts do not form part of the Authority's Consolidated Accounts.

	2008/09	2009/10
	£`000	£`000
Income	-328	-466
Expenditure	360	459
(Surplus) For the Year	32	-7
Fund Brought Forward	-16	16
Fund Carried Forward	16	9

The Charities Act 1993 requires there is an independent examination of the statement of accounts of the above two trust funds. The audit certificate at the rear of this Statement of Accounts does not represent a report under the provisions of the Charities Act 1993.

Future Developments

2010/11 Revenue Budget

The Budgeted Revenue Spend for 2010/11 has been set at £232,945k. The approved use of the budget is as follows:

Summary	2010/11 Base Budget £'000	%
Care and Well Being		
Adult Services and Commissioning	41,637	18
Children's Services	15,754	7
Housing and Regulatory Service	4,464	2
Finance and Infrastructure		
Finance	351	0
Local and Environmental Service	30,070	13
Business Performance Unit	0	0
Law and Governance		
Legal, Scrutiny and Democratic	3,307	1
Information and Customer Service	484	0
Human Resources	544	0
Skills and Learning		
Schools and Inclusion	96,992	42
Leisure and Recreation	13,529	6
Regeneration and Development	5,013	2
Central – Non Trading	20,800	9
TOTAL NET EXPENDITURE	232,945	100

The table above is based on the service directorates detailed in the Authority's budget book rather than the BVACOP classification on page 30. The directorates shown are those in existence throughout 2009/10 and despite being reorganised for 2010/11, have been used for comparability to the table on page 3.

Copies of the detailed budget book are available from our website at www.powys.gov.uk or can be requested from the following address:

Accountancy Manager,
Powys County Hall,
Llandrindod Wells,
Powys
LD1 5LG

Changes from last year's budget can be summarised as follows:

	£'000
Base Budget b/f	227,270
Inflation	1,709
Grant Transfers into budget	1,484
Specific Pressures	534
Investments / Growth	3,876
Loss of income due to recession	1,550
Efficiencies	-3,478
	232,945

The Welsh Assembly Government (WAG) will fund 77.8% of the Council's 2010/11 net revenue budget. It is provided in the form of a settlement known as Aggregate External Finance (AEF). AEF has increased across Wales by an average of 2.1%, with the highest increase being 3.1%. Powys received the minimum possible 'floor' increase of just 1% (2009/10 'floor' increase received by Powys was 1.5%).

WAG have given no indication of what level of resource might be received in future years. In view of the national economic situation and the potential impact on public sector funding, AEF has been assumed at just 0.5% for 2011/12 and 0% for 2012/13. These levels of funding represent a significant reduction in resources and will inevitably lead to a severe restriction in future years' budgets.

The AEF for Powys for 2010/11 totals £181.2m and consists of the following:

- Revenue Support Grant (RSG) totalling £143.6m
- Non domestic rates - Powys collects rates from business ratepayers on behalf of WAG. It is then redistributed to local authorities in proportion to resident population over 18. Powys will receive £37.6m.

The settlement mechanism gives no requirement to specifically fund certain services nor any specific service levels. It is for Powys County Council to determine how it uses the funding, together with the Council Tax it collects, to meet its service priorities in accordance with legislation.

The Council Tax increase has been set at 4.25%. For a Band D property this represents an increase of £36.25 per annum and a Council Tax of £889.17.

Inflation

The budget is based on the current year's level inflated for next year's prices, using 2.3% for teaching pay (which has been agreed nationally), 1% for other staff pay, 0% for all other costs and 1.8% for income budgets. This inflation totals £1.7m. Repricing does not allow for volume changes, for example greater tonnage of waste disposal. The Council must decide whether this will be funded through the Medium Term Financial Plan or managed within existing budgets.

Medium Term Financial Plan

In total the budget for 2010/11 has increased by £5,675k to meet inflation, unavoidable demand, cost pressures and service developments but this is also net of significant efficiencies.

Government continues to impose new legislative and policy pressures backed by tougher regulatory and inspection regimes. These do not always accord with local priorities and pressures. Demographic changes interact with these priorities to create increased demands on resources well in excess of funding available. The Council takes a longer term view to balance the budget over a 3 year period. Investment over this period has been aligned with the Corporate Statement of Intent and known cost pressures.

The key priorities in the Corporate Improvement Plan are to meet Social Services and Learning Difficulties pressures and, in particular, the need to modernise service delivery. Indeed, there is significant investment of over £2.5m included in the budget for Social Care. Also being progressed is the Schools Modernisation

Programme, the Local Environment Initiative and the Waste Management programme, all essential elements of the Corporate Improvement Plan. There is a specific concern over the deteriorating financial position of schools and there is a package of measures in the budget to help ease the position. Schools will be funded based on an increase in line with the settlement per pupil. For schools with declining pupil numbers there may be a reduction in funding. Provision has been made for income losses arising from the recession. In particular, some elements of discretionary income e.g. planning fees have fallen significantly as have interest returns on investments.

The approved funding for 2010-11 includes the following:

- £2,588k for various Social Care pressures including specific cost increases and demographic changes over and above inflation
- £643k for Landfill tax and waste modernisation
- £548k for fairer charging
- £516k for continuation of the Schools Special Grant now in the funding formula
- £200k for Street lighting
- £385k for ICT Investment

Efficiencies and Savings

The overall funding from WAG and Council Tax was not sufficient to deliver the level of additional funding as set out above. Efficiencies of £3,478k have been identified, which will be achievable without affecting Service delivery.

The efficiencies identified are as follows:

- £412k – Reduction in School Roll
- £871k – Reprioritisation of grant funding to fund services
- £753k – Restructuring of back office functions
- £500k – Local Environment Initiative Service efficiencies
- £233k – Regeneration Service efficiencies
- £262k – Education review of centrally funded posts.
- £200k – Plant rationalisation
- £247k - Other efficiencies less than £100k each

The Finance Business Plan has placed strong emphasis on ensuring these efficiencies and savings are delivered and ongoing performance will be measured throughout the year.

International Financial Reporting Standards

Due to a Central Government requirement, the 2009/10 accounts will be the last produced under the Statement of Recommended Practice. From 1st April 2010 a Code of Practice will be introduced which will be based on International Financial Reporting Standards. This will require some changes to certain figures within these accounts when they appear as comparative figures in the 2010/11 accounts. The changes will be required because of different accounting methods between the current SORP and the future Code of Practice. This does not mean that this set of accounts contains errors.

STATEMENT OF ACCOUNTING POLICIES

1. Accounting Convention

The financial statements have been prepared under the historical cost convention on an accruals basis. They comply with the current Statement of Recommended Practice on Local Authority Accounting in Great Britain and the Best Value Accounting Code of Practice from the Chartered Institute of Public Finance and Accounting. The only departure from the historical cost convention is the use of current market value for certain assets.

2. Fixed Assets

Intangible fixed assets have no physical substance but are identifiable and controllable. Computer software is capitalised where it relates to enhancement or development of corporate systems, such expenditure is deemed to create long term benefits in the form of savings and improved service delivery. The balance is amortised to the relevant service account over the economic life of the asset. They are included in the accounts at historic cost net of amortisation and only revalued if they have a readily ascertainable market value.

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services for administrative purposes on a continuing basis.

A. Recognition

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the council and the services it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of the asset (e.g. repairs and maintenance) is charged to the revenue account as it is incurred.

B. Measurement

Assets are initially measured at cost, comprising all 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 following basis:

Category of Asset	Basis
Dwellings, other land and buildings, vehicles, plant and equipment	Lower of net current replacement cost or net realisable value in existing use. Dwellings are valued on a discounted future income basis.
Investment properties and assets surplus to requirements	Lower of net replacement cost or net realisable value. The exception to this is are investment properties, which are included at open market value
Infrastructure Assets and Community Assets	Historic cost
Intangible Assets	Historic cost

Net Current Replacement Cost is assessed as:

- Non specialised operational properties – existing use value
- Specialised operational properties – depreciated replacement cost
- Investment property and surplus assets – market value

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains might be credited to the Income and Expenditure Account when they arise from the reversal of an impairment loss previously charged to revenue. The Revaluation Reserve recognises revaluation gains since 1 April 2007 only, the date of its formal implementation. Gains before that date have been consolidated in the Capital Adjustment Account.

Fixed Assets are valued by the County Council's in house team led by Nigel Baldwin, (M.R.I.C.S.). All assets are valued over a five year cycle.

C. Depreciation & Amortisation

All tangible fixed assets other than land have been depreciated on a straight line basis using the following methods:

	Years
Operational Buildings	50
Garages	40
Mobile Offices/Portacabins	20
Council Dwellings	50
Vehicles, plant, equipment and fittings	5,7,10
Infrastructure	50
Non Operational	No Depreciation
Intangible	7

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

D. Disposals

When an asset is disposed or decommissioned, the value in the Balance Sheet is written off to the Income and Expenditure A/C as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal. Any revaluation gains are transferred to the Capital Adjustment Account. A proportion (75%) of capital receipts relating to housing disposals under right to buy legislation is set aside for repayment of debt. The balance of receipts is required to be credited to the Useable Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the

council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the Statement of Movement on the Council Fund Balance.

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

E. Impairment

The value of each category of fixed assets is reviewed at the year end to establish if there has been a material change in value during the period. If an impairment loss on a fixed asset occurs it will be recognised and treated in accordance to the treatment prescribed by the Code of Practice. This treatment is:

- (i) If the loss is caused by the consumption of economic benefits, the loss is charged to the Service Revenue Account.
- (ii) Otherwise – written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

F. Charges to Revenue for Fixed Assets

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

- Depreciation attributable to the assets used by the relevant service.
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they 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, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the capital financing requirement, excluding amounts attributable to HRA activity which is at least 2%). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the Council Fund Balance by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

G. Leases

It is not Authority policy to acquire fixed assets using finance leases. However, if a lease did qualify as a finance lease the asset would be treated as capital expenditure, matched by a liability, interest on that liability would be charged to the Income and Expenditure Account. Payments on operating leases are charged to revenue as they fall due.

H. Non Enhancing Expenditure

In accordance with proper practice expenditure that does not substantially lengthen the useful life of an asset or substantially increase the market value of an asset is deemed non enhancing expenditure and charged directly to the Income and Expenditure account in the year of expenditure.

I. Revenue Expenditure Funded From Capital Under Statute

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

3. Grants

Revenue grants are matched with the expenditure to which they relate. Grants are credited to the Revenue Account in the period in which they are payable. Under or overpaid grants are reflected in the Balance Sheet.

Where the acquisition of fixed assets is financed wholly or in part by grant or other contribution, the amount due is credited to the individual Revenue Accounts over the useful life of the asset to match the depreciation of the asset it relates to.

4. Stocks and Work in Progress

Stock is valued at the lower of cost and net realisable value in accordance with SSAP 9.

5. Value Added Tax

VAT is only included in the accounts to the extent that it is irrecoverable.

6. Provision for Bad and Doubtful Debts

Bad debts written off are charged to service Revenue Accounts in the period they are cancelled. A provision for doubtful debts is also provided for at the year end and any increase or decrease in the provision is reflected in the Revenue Account.

7. Provisions

Provisions are made for future liabilities of an uncertain amount and timing that may arise as a result of past transactions as prescribed by FRS12. This stipulates a provision can only be made if:

- It represents a present obligation as a result of a past event.
- The financial effects can be reasonably estimated.
- It is likely to occur.

8. Reserves

Amounts set aside for purposes falling outside the definition of provisions are considered reserves. Expenditure is not charged directly to a reserve but is first recognised in either the Revenue Account or Capital Accounts.

Capital Reserves are not available for revenue purposes. Certain Capital Reserves can be used only for statutory purposes, these include:

- Revaluation Reserve
- Useable Capital Receipts
- Capital Adjustment Account

Revenue Reserves arise from events which have allowed for monies to be set aside, surpluses or decisions causing anticipated expenditure to be delayed.

9. Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account 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 council 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 Income and Expenditure Account is the amount receivable for the year in the loan agreement.

The Council has made no loans to employees or organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Income and Expenditure Account 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 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 Income and Expenditure Account 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 Statement of Movement on the Council Fund Balance.

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 Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account.

Available-for-sale Assets

The Authority presently has no available-for-sale assets but they would initially be measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council.

Assets would be maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value would be balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where impairment losses have been incurred – these would be debited to the Income and Expenditure Account along with any net gain/loss for the asset accumulated in the Reserve.

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

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account along with any accumulated gains/losses previously recognised in the STRGL. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

10. Provision for Repayment of External Loans

The council is not required to raise council tax or housing rents to cover depreciation, impairment losses or amortisations but it is required to make provision from revenue for the repayment of debt as measured by the Capital Financing Requirement. The only requirement of the Regulations is that the provision is prudent. There is a required minimum of 2% of outstanding debt in respect of Council Housing and 4% in respect of other debt (The Minimum Revenue Provision). The Authority met this requirement.

11. Financial Liabilities

Examples of Liabilities are creditors and borrowings from third parties

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. For most of the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

Gains and losses on the repurchases or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account 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 Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate.

Where premia and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the Council Fund Balance to be spread over future years. The following rules that apply in respect of this:-

- Premia is spread over the longer of the outstanding term of the replaced loan or the term of the replacement loan although authorities are able to choose a shorter period
- Discounts are spread over a minimum period equal to the outstanding term on the replaced loan or 10 years if shorter.

The reconciliation of amounts charged to the Income and Expenditure Account 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 Statement of Movement on the Council Fund balance.

The authority does not give financial Guarantees to make specified payments to reimburse the holder of debt.

12. Calculating Fair Value for Financial Instruments

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows which provides an estimate of the value of payments in the future in today's terms. This is the widely accepted valuation technique commonly used by the private sector. The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, the prevailing rate of a similar instrument with a published market rate would be used as the discount factor.

Complexities of the NPV calculation

It is unlikely that the future cash instalments of an instrument will fall in equal time periods from the date of valuation, and there is likely to be a "broken" period from the valuation date to the next installment. This means that an adjustment needs to be made to each discount factor in order to take account of the timing inequality.

Evaluation of PWLB debt

We have used the new borrowing rate, as opposed to the premature repayment rate, as the discount factor for all PWLB borrowing. This is because the premature repayment rate includes a margin which represents the lender's profit as a result of rescheduling the loan which is not included in the fair value calculation since any motivation other than securing a fair price should be ignored. LAAP 73 states that PWLB will be using the premature repayment rate in their calculations. It is at the Authority's own discretion which set of values it chooses to disclose.

Inclusion of accrued interest

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, we have also included accrued interest in the fair value calculation. This figure will be calculated up to and including the valuation date.

Discount rates used in NPV calculation

The rates used were obtained by our advisors from the market on 31st March using bid prices where applicable.

Assumptions

The following assumptions are made but do not have a material effect on the fair value of the instrument:

- Interest is calculated using the most common market convention, ACT/365
- For fixed term deposits it is assumed that interest is received annually or on maturity if duration is less than one year.

13. Cash Balances

The cash balance/overdraft shown on the Balance Sheet and analysed in the Cash Flow Statement only includes:

- Cash physically held by the Authority on the 01 April and the 31 March.
- Readily available cash deposited with our bankers. The balance at the bank is adjusted for items not yet processed by the bank.

No cash equivalents, loans, long term deposits or investments have been included in the opening or closing cash balances. These are separately disclosed.

14. Debtors and Creditors

The Revenue Accounts are prepared on the basis of income due and converted payments. The only exceptions are periodic payments in respect of fuel which will not necessarily correspond exactly with the year of account. Capital Accounts are prepared on the basis of receipts and payments during the year with accruals for significant outstanding items and provision for certain grants receivable at year end.

15. Overhead and Support Services

The cost 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 Best Value Accounting Code of Practice 2007. The total absorption costing principle is used and 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 Council's status as a multi functional democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two categories are defined in BVACOP and accounted for as separate headings in the Income and Expenditure Account as part of Net Cost of Services.

16. Pension Costs

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

- The Teachers` Pension Scheme, administered by Capita Teachers` Pensions on behalf of the Department for Children, Schools and Families (DCSF)
- The Local Government Pensions Scheme administered by Powys County Council.

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

However, the arrangements for the teacher's scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme i.e. no liability for future payments of benefits is recognised in the Balance Sheet and the education service revenues account is charged with the employer's contributions payable to teachers' pensions in the year.

The Local Government Pension Scheme

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

- The liabilities of the Powys County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit 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 5.5% (based on the indicative rate of return on a high quality corporate bond)
- The assets of the Powys County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – bid value
 - Unquoted securities – professional estimate
 - Unitised securities – average of the bid and offer rates
 - Property – market value
- The change in the net pensions liability is analysed into seven components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked.
 - Past service cost – the increase in liabilities arising from current year decisions whose effect related to years of service earned in earlier years, debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.
 - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to Net Operating Expenditure in the Income and Expenditure Account.
 - Expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return, credited to Net Operating Expenditure in the Income and Expenditure Account.
 - Gains/losses on settlements and curtailments – the result of actions to relieve the council of liabilities or vents that reduce the expected future service or accrual of benefits of employees, debited to the Net Cost of

Services in the Income and Expenditure Account as part of Non Distributed Costs.

- 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, debited to the Statement of Total Recognised Gains and Losses.
- Contributions paid to the Powys County Council pension fund, cash paid as employer's contributions to the pension fund.

Statutory provisions limit the Council to raising Council Tax to cover the amounts payable by the Council to the pension fund in the year. In the Statement of Movement on the Council Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits amounts payable to the fund but unpaid at the year end.

Discretionary Benefits

The Council 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 Local Government Pension Scheme.

17. Insurance

The Authority holds a range of insurance policies with external insurance companies so that protection is afforded against all major risks. These policies are subject to substantial excesses and we maintain an internal reserve to fund these excesses and any unfunded liabilities. The Reserve has been created by charging Revenue accounts a premium reflecting annual insurance costs.

18. Interest

The Authority invests surplus funds for various periods, priority is given to ensuring the security and liquidity of the Council's cash whilst achieving optimum yield. The interest is credited to the Council Fund. Interest payable on borrowings and receivable 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 contract.

19. Long Term Contracts

The expenditure or revenue on long term contracts is recognised in the revenue period that it falls due. Further information is disclosed in note 5.

20. Contingent Liabilities

Contingent Liabilities are accounted for in accordance with FRS 12. If it becomes probable that a transfer of future economic benefit will be required, a provision will be recognised in the accounts of the year in which the change in probability occurs.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Strategic Director of Finance and Infrastructure.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

These accounts were approved by the Audit Committee on the 27th Sept 2010.

Signature:

Cllr Sandra Davies
Audit Committee Chairman

Strategic Director of Finance and Infrastructure Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts and Pension Fund Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and consistent.
- Complied with the Code of Practice.

The Strategic Director of Finance and Infrastructure has also:

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

Certificate of the Strategic Director of Finance and Infrastructure on the Accounts of Powys County Council and Powys County Council Pension Fund for 2009/10.

I certify that the accounts set out on pages 1 to 100 present a true and fair view of the financial position of Powys County Council as at 31st March 2010 and its income and expenditure for the year then ended.

Signature:

Date: 27th Sept 2010

G Petty
Strategic Director – Finance and Infrastructure

INCOME AND EXPENDITURE ACCOUNT 2009/10

	Note	2008/09 Net Expenditure £`000	2009/10 Gross Expenditure £`000	2009/10 Gross Income £`000	2009/10 Net Expenditure £`000
Central Services to the Public		2,113	11,185	-8,986	2,199
Cultural, Environmental and Planning		35,423	52,763	-20,383	32,380
Education and Children's Services		113,803	154,625	-34,813	119,812
Highways Roads and Transport		20,820	41,871	-25,162	16,709
Housing Services:					
General		1,104	28,882	-27,474	1,408
Housing Revenue Account		1,183	23,043	-22,102	941
Adult Social Services		37,297	63,546	-26,511	37,035
Corporate and Democratic Core		9,077	13,289	-7,396	5,893
Non Distributed Costs		941	1,729	-138	1,591
NET COST OF SERVICES		221,761	390,933	-172,965	217,968
Loss/(Surplus) on Disposal of Fixed Assets		1,032			-206
Precepts and Levies	3	17,581			19,683
(Surplus)/Deficit on Trading Operations Not Included in Net Cost of Services	6	-859			-2,287
Interest Payable and Similar Charges		8,870			7,461
Interest and Investment Income		-4,095			-802
Pensions Interest Cost and Expected Return on Pension Assets		7,730			12,260
Investment Losses	39	495			199
NET OPERATING EXPENDITURE		252,515			254,276
Council Tax	1	-59,544			-61,865
Revenue Support Grant	2	-140,490			-142,010
Non Domestic Rates Redistribution	2	-34,824			-35,934
NET DEFICIT		17,657			14,467

STATEMENT OF MOVEMENT ON THE COUNCIL FUND BALANCE

	2008/09 £`000	2009/10 £`000
Deficit for the Year on the Income and Expenditure Account	17,657	14,467
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the Council Fund Balance for the year		
Depreciation and Impairment of Fixed Assets	-33,677	-30,739
Government Grants Deferred Amortisation	5,644	5,533
Transfer to FIAA	396	-209
Revenue Expenditure Funded From Capital Under Statute	-1,041	-1,660
Net (Loss)/Surplus on Sale of Fixed Assets	-1,032	206
Net Charges Made for Retirement Benefits in Accordance With FRS 17	-17,010	-21,330
	-46,720	-48,199
Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the Council Fund Balance for the year		
Minimum Revenue Provision for Capital Financing	6,428	6,422
Amortisation of Premiums/Discounts	-226	-272
Employers Contributions Payable to the Powys CC Pension Fund and Retirement Benefits	17,145	16,720
	23,347	22,870
Transfer to or from the Council Fund Balance that are required to be taken into account when determining the Movement on the Council Fund Balance for the year		
Housing Revenue Account Balance	358	497
Transfer (from)/ to School Reserves	-704	428
Net Transfer to Other Specific Reserves	1,441	9,354
Transfer to Capital Adjustment account	5,076	662
Other Capital Reserve	-1,464	-170
	4,707	10,771
Net Additional Amount Required by Statute and Non-Statutory Proper Practices to be Debited or Credited to the Council Fund Balance for the Year	-18,666	-14,558
Increase in Council Fund Balance for the Year	1,009	91
Transfers to/(from) Other Reserves	12	-239
Council Fund Balance 1 April	6,172	7,193
Council Fund Balance 31 March	7,193	7,045
Amount of Council Fund Balance Held by Schools Under Local Management Schemes	0	0
AMOUNT OF COUNCIL TAX BALANCE GENERALLY AVAILABLE FOR NEW EXPENDITURE	7,193	7,045

School Reserves held under local management agreements are shown separately on the Balance Sheet and, as such, School Reserves do not form part of the Council Fund Balance. They amounted to £2,514k at 31st March 2010 (31st March 2009 £2,081k).

STATEMENT OF TOTAL RECOGNISED GAINS and LOSSES

	Note	2008/09 £'000	2009/10 £'000
Loss for the Year on the Income and Expenditure Account		17,657	14,467
(Gain) on the Revaluation of Assets	37	-81,493	-46,892
Gain on Available-for-Sale Financial Assets		-1,858	-202
Actuarial Loss on Pension Fund Assets and Liabilities	48	49,760	85,400
TOTAL RECOGNISED (GAINS)/LOSSES FOR THE YEAR		-15,934	52,773

BALANCE SHEET – 31 March

	Note	2009 £'000	2010 £'000
Fixed Assets			
Intangible Assets	21	1,531	1,541
Tangible Assets			
Operational Assets			
Council Dwellings	21	141,356	139,257
Other Land and Building	21	251,527	282,776
Vehicles Plant and Equipment	21	12,710	11,521
Infrastructure Assets	21	77,568	77,347
Community Assets	21	1,583	1,594
Non Operational Assets			
Surplus Assets	21	12,120	4,352
Assets Under Construction	21	877	3,779
Total Fixed Assets		499,272	522,167
Long Term Investments	27	13,210	11,622
Long Term Debtors	23	3,396	202
TOTAL LONG TERM ASSETS		515,878	533,991
Current Assets			
Stock and Work in Progress	24	832	586
Debtors	25	20,721	20,878
Investments	27	17,262	34,462
CURRENT ASSETS		38,815	55,926
Current Liabilities			
Short Term Borrowing	27	-5,010	-15,511
Creditors	26	-26,327	-28,494
Bank Overdraft		-3,636	-5,403
TOTAL ASSETS LESS CURRENT LIABILITIES		519,720	540,509
Long-term liabilities			
Long Term Borrowing	27	-166,639	-146,112
Provisions	33	-4,431	-4,835
Government Grants Deferred	35	-45,836	-49,511
Liability Related to Defined Benefit Pension	48	-142,840	-232,850
TOTAL ASSETS LESS LIABILITIES		159,974	107,201
Financed by:			
Revaluation Reserve	37	100,142	134,529
Capital Adjustment Account	38	163,660	147,740
Financial Instruments Adjustment Account	39	2,028	1,547
Useable Capital Receipts Reserve	40	5,565	15,349
Deferred Capital Receipts	36	84	158
Pensions Reserve	41	-142,840	-232,850
Council Fund		7,193	7,045
Available-for-Sale Financial Instruments Reserve	42	0	1,881
Housing Revenue Account		1,631	2,128
School Reserves	43	2,081	2,514
Other Specific Reserves	44	20,430	27,160
TOTAL NET WORTH	32	159,974	107,201

CASH FLOW STATEMENT

	Note	2008/09 £'000	2009/10 £'000
REVENUE ACTIVITIES			
Cash Outflows			
Cash Paid to and on Behalf of Employees		162,636	170,174
Other Operating Cash Payments		103,235	111,927
Housing Benefit Paid Out		11,627	13,643
Precepts and Levies Paid		18,244	19,020
		295,742	314,764
Cash Inflows			
Rents (after rebates)		-7,743	-8,114
Council Tax Income		-52,588	-55,028
National Non-Domestic Rate Receipts From Pool	2	-34,824	-35,934
Revenue Support Grant		-140,490	-142,010
DWP Grants for Benefits		-18,493	-21,069
Other Government Grants	47	-46,332	-53,512
Cash Received for Goods and Services		-7,406	-25,936
NET CASH (INFLOW) FROM REVENUE ACTIVITIES		-12,134	-26,839
SERVICING OF FINANCE			
Cash Outflows			
Interest Paid		9,088	7,352
Premiums Paid on Rescheduled Debt		-8	-10
Cash Inflows			
Interest Received		-3,931	-1,400
NET CASH (INFLOW) FROM SERVICING OF FINANCE AND REVENUE ACTIVITIES	45	-6,985	-20,897
CAPITAL ACTIVITIES			
Cash Outflows			
Purchase of Fixed Assets		24,219	17,388
Other Capital Cash Payments		0	0
New Long Term Investments		2,000	0
Temporary Investments Made		353,628	312,725
Cash Inflows			
Sale of Fixed Assets		-1,812	-11,537
Capital Grants Received		-17,437	-9,868
Insurance Receipts		-132	-610
Investments Repaid		-373,573	-299,365
NET CASH (INFLOW) BEFORE FINANCING		-20,092	-12,164
MANAGEMENT OF LIQUID RESOURCES			
Net Change in other Liquid Resources		3,151	3,921
FINANCING			
Cash Outflows			
Repayments of Amounts Borrowed	46	50,009	12,010
Cash Inflows			
New Loans Raised	46	-37,000	-2,000
(INCREASE)/DECREASE IN CASH		-3,932	1,767

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Council Tax

Council Tax income derives from charges raised according to the value of residential properties which have been classified into ten valuation bands based on the draft valuation list prepared by the Valuation Office that came into effect 01 April 2006. Charges are calculated by taking the amount of Council Tax income required by the County Council, Dyfed Powys Police and Community Councils for the forthcoming year and dividing this amount by the Council Tax base. The Council Tax base is the number of properties in each band adjusted by a proportion to convert the number to a band D equivalent and adjusted for discounts. The tax base used for the calculation of Council Tax in 2009/10 was 57,936 (58,607 in 2008/09).

The basic charge of £852.92 (£828.16 in 2008/09), for a band D property in 2009/10 for County Council purposes is multiplied by the proportion specified for the particular band to give the amount due for each individual property. A similar exercise is done for Dyfed Powys Police Authority and Community Council purposes to arrive at the total Council Tax charge per property.

Council Tax bills were based on the following multipliers for bands A to I.

Band	A*	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Number of Properties in Band	10	2,895	5,733	9,428	8,338	12,486	11,492	6,065	1,099	390

	2008/09 £`000	2009/10 £`000
Council Tax Income	59,810	62,188
Miscellaneous Write Offs	-266	-323
Net Proceeds From Council Tax	59,544	61,865

2. Government Grants

Government grants receiveable not attributable to a service were as follows:

	2008/09 £`000	2009/10 £`000
Revenue Support Grant	140,490	142,010
National Non Domestic Rates (NNDR)	34,824	35,934
	175,314	177,944

NNDR is organised on a national basis. The Welsh Assembly Government (WAG) specifies an amount for the rate (48.9p in 2009/10 and 46.6p in 2008/09) and, subject to the effects of transitory arrangements, local businesses pay rates calculated by multiplying their rateable value by this amount. The Council pays the rates it collects to a pool administered by WAG. WAG redistributes the sums payable back to Local Authorities on the basis of a fixed amount per head of population.

The NNDR income was based on a rateable value of £58.7m at the year end (£58.1m for 2008/09).

3. Precepts and Levies

Details of precepts and levies paid during the year are as shown below. A precept forms an element on the Council Tax bill that may apply to only part of the Authority's geographical area. A levy is a general charge on the Authority's Revenues.

	2008/09 £'000	2009/10 £'000
Community Council Precepts	1,714	1,775
Mid and West Wales Fire Authority	5,653	7,161
Dyfed Powys Police Precept	9,542	10,063
Powysland Internal Drainage Board	28	32
Brecon Beacons National Park	644	652
	17,581	19,683

4. Operating Lease Rental

Various services use assets financed by operating lease. The lease costs form part of each Service's Revenue Expenditure. Total operating lease rentals paid in the year were £1,552k (£1,566k in 2008/09).

The Authority is committed to making payments of £1,900k comprising the following elements. There are no commitments for land and buildings.

	£'000
Lease Expiring in 2010/11	247
Lease Expiring between 2011/12 and 2014/15	1,653
Lease Expiring after 2015/16	0
	1,900

5. Obligations under Long Term Contracts

The Council has entered into a number of sewerage guarantee schemes with the Severn Trent Water Authority in Montgomeryshire. Future payments under these schemes total £54k. Also, obligations under a contract with BUPA to purchase a minimum number of beds amounts to £4.2m. This contract is due to expire in April 2011 but negotiations are currently underway for a further extension.

In addition, Powys County Council has a contract with Viola Transport for the provision of a bus service until 31st March 2012. The outstanding commitment as at 31st March 2010 is £7m (31st March 2009 £10.5m)

There are no other significant undischarged long term obligations.

6. Trading Operations

The BVACOP defines trading operations as services provided for users on a basis other than a straight forward recharge of cost.

Services can be provided for external and internal users, but the vast majority of activity is internal. Significant areas of trading activities during 2009/10 were:

	2008/09 (Surplus)/ Deficit £`000	2009/10 Expenditure £`000	2009/10 Income £`000	2009/10 (Surplus)/Deficit £`000
Building Cleaning	100	3,474	-3,368	106
Building Maintenance	107	2,186	-2,136	50
Catering	551	4,924	-4,919	5
Central Administration	1,743	17,281	-16,864	417
Engineering and Building Design	-477	11,710	-11,914	-204
Grounds Maintenance	-67	0	0	0
Highways Maintenance	58	3,909	-3,802	107
Information Technology Dept	-352	2,590	-3,219	-629
Internal Insurance	79	2,079	-2,209	-130
Refuse Collection	-128	1,330	-1,414	-84
Vehicle Maintenance and Transport	-254	3,559	-3,659	-100
Pension Deficit Funding on Trading Accounts	-2,219	-1,825	0	-1,825
	-859	51,217	-53,504	-2,287

All internal trading activities of the Council are being reviewed to establish if an internal market is still an appropriate method of accounting for costs.

External Income from Other Public Bodies

The disclosures relating to income empowered under the Local Authorities (Goods and Services) Act 1970 are no longer required by the SORP.

7. Section 137 of the Local Government Act 1972 (as amended by S.66 (5) of the Local Government (Wales) Act, 1994)

Publication of any such expenditure is no longer required by the SORP.

8. Publicity Expenditure (S.5 (1) Local Government Act 1986)

Publication of any such expenditure is no longer required by the SORP.

9. Building Control

This disclosure note is no longer required by the SORP.

10. Agency Services

The Council carries out work on an agency basis for other organisations for which it is fully reimbursed. These amounts are excluded from the Income and Expenditure Account. The significant Agency Services provided in 2009/2010 were:

Agency	Description	2008/09 £'000	2009/10 £'000
Welsh Assembly Government	Trunk Roads Maintenance and Improvement	14,263	14,881

11. Teacher Pension Costs

In 2009/10 the County Council paid £6.4m to the Department for Education and Skills in respect of teacher's pension costs which represents 14.1% of teacher's pensionable pay, (£6.3m, 14.1% in 2008/09). These contributions are set in relation to the current period only.

In addition, the County Council is responsible for all pension payments relating to added years it has awarded, together with an actuarially calculated percentage of any early retirements awarded after 1st September, 1998. It is also responsible for any related increases on these awards. In 2009/10 payments made in relation to added years amounted to £1.2m, representing 2.55% of pensionable pay, (£0.92m, 2.07% in 2008/09).

12. Transport Act 2000

The Council does not operate a scheme of road user charging or a workplace parking charge scheme that would be governed by this act.

13. Pooled Budgets and Joint Arrangements

(Section 31 Health Act 1999)

Powys Local Health Board (LHB) and Powys County Council have entered into a partnership agreement in accordance with Section 31 of the Health Act 1999.

The health related function which is subject to these arrangements is the provision of care by a registered nurse in care homes, which is a service provided by the NHS Body under Section 2 of the National Health Service Act 1977.

In accordance with the Social Care Act 2001 Section 49 care from a registered nurse is funded by the NHS regardless of the setting in which it is delivered. (Circular 12/2003). The agreement will not affect the liability of the parties for the exercise of their respective statutory functions and obligations. The partnership agreement operates in accordance with the Welsh Assembly Government Guidance NHS Funded Nursing Care 2004. The allocation received for 2009/10 for free nursing care was £1,942k.

Powys County Council paid to Care Homes:

	2009/10 £'000	2009/10 £'000	2009/10 £'000
Gross Funding	Staff	Other	Total
Powys County Council		1,064	1,064
Powys Local Health Board		878	878
Total Funding		1,942	1,942
Expenditure			
Monies Spent in Accordance with Pooled Budget Arrangement	170	1,720	1,890
Total Expenditure	170	1,720	1,890
Net (Over)/Under Spend	-170	222	52

Net Under Spend - held	£'000
Powys County Council	0
Powys Local Health Board	52
	52

The above Memorandum account has yet to be audited.

Pooled Equipment Budget

An agreement has been entered into between Powys County Council and Powys Local Health Board for the delivery of an integrated equipment service under Section 75 of the National Health Service Act 2006.

	2009/10 £'000
Gross Funding	
Powys County Council	384
Powys Local Health Board	400
Other	80
Total Funding	864
Expenditure	
Management Costs	32
Equipment Purchase	590
Maintenance and Inspection	123
Delivery, Cleaning and Collection Charges	299
VAT Adjustment	102
Total Expenditure	1,146
Net (Over) Spend	-282

Net Under Spend - held	
Powys County Council	-139
Powys Local Health Board	-143
	-282

The above table has not been audited.

13. Accounting for joint arrangements which are not entities (JANE's)

The Council works in partnership with many other Local Authorities in the joint provision of services. Traditionally one Authority acts as lead in these arrangements and will incur all expenditure for the service with the other authorities making a contribution for a calculated or negotiated share of the costs. Where contributions in cash during the year are less than or exceed the final amount due a debtor/creditor is kept in the lead authority's books to add/deduct from the next years contribution.

Within the 2009 SORP there is a requirement that for these joint arrangements:-

- 1) Lead Authorities no longer record such over/underpayments as debtors and creditors but rather transfer any balances to an earmarked reserve (the joint arrangement reserve)
- 2) The Lead Authority would then have to recognise only its part of the over/under spend in the reserve with entries through the revenue account being required to create debtors/creditors in respect of participating authority's share of the reserves.
- 3) All these entries would effectively be reversed on 1st April of the following year.

In respect of this Authority we have identified the following JANE's to which these accounting entries could be applied:- South and Mid Wales Consortium (SWAMWAC) – Education support

Since the amounts would be reversed on 1st April and are not significant no actual entries have been made for these arrangements other than the direct expenditure and income applicable to each scheme. The following reflects the potential entries that could be made (none of which impact on the general reserves position of the Council):-

Income and Expenditure Account	Expenditure £'000	Income £'000
Net cost of Services - Education		45
Net transfer to Joint arrangement reserve	67	
	67	45
Balance Sheet	Assets £'000	Reserve £'000
Debtors	69	
Earmarked reserves		69
	69	69

14. Minimum Revenue Provision

The County Council is required to make a minimum provision from its Revenue Account for the repayment of debt. In 2009/10 that amount was £6,422k (£6,428k in 2008/09) and has been charged to the Income and Expenditure Account.

15. Members Allowances

A total of £1,092k was paid to Councillors in basic and special responsibility allowances (£1,045k in 2008/09). Councillors are also reimbursed travel and subsistence expenses in accordance with regulations.

16. Senior Officers Emoluments

Senior officer posts that attracted remuneration of at least £60k were:

2009/10	Salary (inc fees & allowances)	Benefits in kind	Total Remuneration Excluding Pension Cont.	Pension Cont.	Total Remuneration including Pension Cont.
Post Title	£'000	£'000	£'000	£'000	£'000
Chief Executive	124	0	124	29	153
Strategic Director - Finance & Infrastructure	98	0	98	23	121
Strategic Director - Law & Governance	92	0	92	21	113
Head of Schools and Inclusion	78	2	80	18	98
Head of Local & Environmental Services	78	0	78	18	96
Head of Housing and Public Protection	78	0	78	18	96
Interim Strategic Director - Care & Well-Being	76	2	78	18	96
Strategic Director - Communities, Skills & Learning	76	2	78	18	96
Interim Head of Information & Customer Services	77	0	77	18	95
Head of Children's Services	77	0	77	18	95
Head of Regeneration & Development	74	0	74	17	91
Director - Performance, Partnerships & Communications	73	1	74	17	91
Head of Adult Services & Commissioning	72	0	72	17	90
Interim Head of Human Resources	20	1	21	5	26
Interim Head of Legal & Democratic Services	15	0	15	3	18
Interim Head of Business & Performance Unit	12	0	12	3	15
Head of Leisure & Recreation	9	0	9	2	11

The above table refers to emoluments paid to employees for the period they held senior officer positions in 2009-10.

The following table shows where the post holder did not occupy their post for the full year from 1 April 2009 to 31 March 2010.

Current Post	Date of Commencement	Previous Senior Post held where different from current post
Chief Executive	23/09/2009	Interim Chief Executive
Strategic Director – Finance & Infrastructure	21/12/2009	Head of Finance & Corporate Performance
Strategic Director – Law & Governance	21/12/2009	Interim Head of Legal & Democratic Services
Head of Childrens Services	21/12/2009	Interim Head of Childrens Services
Interim Strategic Director – Care & Well-Being	19/12/2009	Head of Business & Performance (P&WB)
Strategic Director – Communities, Skills & Learning	21/12/2009	Head of Leisure & Recreation
Director – Performance, Partnerships & Communications	21/12/2009	Head of Business & Performance (O&R)
Interim Head of Human Resources	21/12/2009	n/a
Interim Head of Business & Performance Unit	01/02/2010	n/a
Interim Head of Legal & Democratic Services	08/01/2010	n/a
Head of Leisure & Recreation	08/02/2010	n/a

2008/09	Salary (inc fees & allowances)	Benefits in kind	Total Remuneration Excluding Pension Cont.	Pension Cont.	Total Remuneration including Pension Cont.
Post Title	£'000	£'000	£'000	£'000	£'000
Chief Executive	115	8	123	26	149
Interim Chief Executive	109	1	110	25	135
Executive Director - People & Well-Being	109	1	110	25	135
Head of Human Resources	88	1	89	20	109
Head of Finance & Corporate Performance	82	2	84	19	103
Head of Adult Services & Commissioning	79	0	79	18	97
Head of Local & Environmental Services	78	0	78	18	96
Head of Schools and Inclusion	76	2	78	18	96
Head of Legal, Scrutiny & Democratic Services	76	0	76	18	94
Head of Housing and Public Protection	76	0	76	18	94
Head of Information & Customer Services	71	3	74	16	90
Head of Business & Performance (P & WB)	69	2	71	16	87
Head of Leisure & Recreation	69	2	71	16	87
Head of Performance & Programme Management	69	0	69	16	85
Head of Business & Performance (O & R)	67	1	68	16	84
Principal Advisor Schools & Inclusion	64	3	67	15	82
Senior Manager Highways & Transportation	61	4	65	14	79
Head Children's Services	62	0	62	14	76

The following number of higher paid officers, excluding senior officers, of the County Council received emoluments in excess of £60,000 in the year. Remuneration bands exclude employers pension contributions.

Remuneration Band	2008/09 No	2009/10 No
£60,000 - £64,999	7	7
£65,000 - £69,999	5	5
£70,000 - £74,999	3	4
£75,000 - £79,999	2	3
£80,000 - £84,999	0	1

17. Exceptional Items

£1,098k was paid in redundancy costs with an additional £826k paid to the pension fund to cover the cost of early retirement.

18. Transactions with Related Parties

The CIPFA Code of Practice requires the disclosure of all material transactions with related parties which are not disclosed elsewhere in the accounts. Related parties for the purposes of this disclosure note are those individuals or organisations who have direct or indirect control over the Council or are subject to the same control as the Council or:

- Have influence over the financial and operational policies of the Council to an extent that the Council might be inhibited from pursuing at all times its own separate interests or
- In entering into a transaction with the Council are subject to influence from the same source to such an extent that the Council may subordinate it's own separate interests.

The main related parties who may have dealings with the County Council and the extent of those dealings in 2009/10 are as follows:

County Councillors and their Close Families

As required by law the Authority holds a Register of Members` Interests which Members are required to maintain.

In addition Members declare interests where they are involved in Authority decisions affecting that interest. The only significant transactions with companies in which members had an interest were:

		£,000
School Transport	Cllr G.P. Vaughan	30
Banwy Fuels	Cllr W.B Thomas	33

Some members of Powys County Council are also associated members of: Dyfed Powys Police Authority, Mid and West Wales Fire Authority and Brecon Beacons National Park.

Chief and Senior Officers and their Close Families

Senior Officers of the Council maintain a register of gifts received and are asked annually to declare any relevant interests. No material transactions were identified in 2009/10.

Central Government and Government Agencies

Material transactions with the Government are summarised in the Cash flow Statement (page 35) and the Income and Expenditure Account (page 31).

The Powys Pension Fund

As well as making employer contributions to the fund the County Council also provides administrative services for the fund. In 2009/10 the Council was paid £554k for these services (£480k for 2008/2009). Any amounts outstanding to or from related parties are disclosed in notes 25 and 26.

19. Audit Costs

During the year the Auditor General for Wales was paid for the following work performed:

	2008/09 £`000	2009/10 £`000
Accounts	127	164
Performance Audit	102	86
Performance Inspection	73	0
Grant Claims	137	129
	439	379

20. Commitments under Capital Contracts

At 31st March 2010 the Authority had significant contractual commitments for the following schemes:

	£`000s
Gwalia Refurbishment	302
Treffonen New School	4,880
Rhayader Leisure Centre Refurbishment	33
Penrhos Youth Centre	78
Llandrindod Wells Youth Centre	1,130
	6,423

In addition, there was an outstanding commitment of £605k in respect of Private Sector Housing at 31st March 2010.

21. Fixed Assets

	Total Assets £'000s	Council Dwellings £'000s	Other Land and Buildings £'000s	Vehicles Plant and Equip. £'000s	Infrastructure £'000s	Comm, Assets £'000s	Non Op Assets £'000s	Assets Under Construction £'000s	Intangible Assets -Systems £'000s
Cost/Valuation									
At 1 April 2009	577,931	148,029	272,889	53,609	86,072	1,680	12,174	1,112	2,366
Additions	17,609	4,145	5,517	1,989	2,061	59	37	3,478	324
Disposals	-12,019	-397	-985	-939	0	0	-9,698	0	0
Reclassifications	0	0	192	0	-591	-650	1,882	-835	0
Revaluations	24,030	396	22,964	0	-2	646	3	24	0
As at 31.03.10	607,551	152,173	300,577	54,659	87,540	1,735	4,398	3,779	2,690
Accumulated Depreciation									
At 1 April 2009	-67,396	-2,354	-14,711	-40,856	-8,477	-97	-54	-15	-832
Charge for 2009/10	-12,920	-2,264	-5,493	-3,137	-1,687	-43	0	0	-296
Disposals	885	8	5	869	0	0	3	0	0
Reclassifications	0	0	22	0	1	-1	-35	12	1
Revaluation	8,260	52	8,164	0	0	0	41	3	0
As at 31.03.10	-71,171	-4,558	-12,013	-43,124	-10,163	-141	-45	0	-1,127
Accumulated Impairment									
At 1 April 2009	-11,263	-4,319	-6,651	-43	-26	0	0	-220	-3
Charge for 2009/10	-17,819	-4,165	-13,108	29	-11	0	-545	0	-19
Disposals	4	4	0	0	0	0	0	0	0
Reclassifications	0	0	-219	0	0	0	-1	220	0
Revaluation	14,864	122	14,190	0	7	0	545	0	0
As at 31.03.10	-14,214	-8,358	-5,788	-14	-30	0	-1	0	-22
Net Book Value									
Opening 01.04.09	499,272	141,356	251,527	12,710	77,568	1,583	12,120	877	1,531
Closing 31.03.10	522,167	139,257	282,776	11,521	77,347	1,594	4,352	3,779	1,541

Capital Expenditure of £19,954k was financed as follows:

	£'000s
Enhancements	17,609
REFFCUS	1,660
Impairments	-28
Unfinanced Brought Forward	713
	19,954
Financed By	
Loans	8,072
Receipts	1,440
Grants	9,108
Reserves and Revenue	1,146
Unfinanced Carried Forward	188
	19,954

Disposals

The major disposals in 2009/10 are as follows:

	£'000s
Council Dwellings	447
Schools and Inclusion	460
County Farm Estates	834
Leisure and Recreation	700
Corporate	8,836
Housing and Regulatory Services	150
	11,427

Valuation of Fixed Assets

Fixed Assets are valued by the County Council's in house team led by Nigel Baldwin, (M.R.I.C.S). All assets are valued over a five year cycle.

Category of Asset	Basis of Valuation
Dwellings	Existing use value – social housing basis. Last valued 1 April 08.
Operational Assets Excluding Dwellings and Infrastructure	Existing value in use or depreciated replacement cost
Vehicles, Plant and Equipment	Current cost
Infrastructure Assets	Historic cost
Community Assets	Historic cost
Non-Operational Assets	Open market value
Intangible Assets	Historic cost

22. Assets Held

The following table provides an indication of the range of significant assets owned and operated by Powys County Council as at 31st March 2010.

	2008/09 No	2009/10 No
SCHOOLS and INCLUSION		
Primary Schools	71	70
Secondary Schools	13	13
Special Schools	3	3
ADULT SERVICES and COMMISSIONING		
Social Services Day Centres	6	6
Day Centres	4	4
Homes for the Elderly	12	12
LEISURE and RECREATION		
Sports and Leisure Centres	16	16
Other Leisure Facilities	27	27
Museums	4	4
Libraries	14	14
Theatre	1	1
Youth Centres	18	18
REGENERATION and ENVIRONMENT		
Highways Depots and Sites	23	23
Car Parks	71	71
Markets	13	12
Public Conveniences	50	46
Materials Recycling Facilities	1	1
Smallholdings (Hectares) No 170	4,564	4,556
Airport Infrastructure	1	1
Business Centres	0	0
Workshop Sites	14	14
Tourist Information Centres	1	1
Visitor Attractions	2	2
Other Art Buildings	1	1
PUBLIC PROTECTION and WELL BEING		
Cemeteries	17	17
Gypsy Site	1	1
Council Dwellings	5,454	5,446
CORPORATE SUPPORT		
Administration Offices	18	17

Following a verification exercise the following figures were changed from those disclosed in last years accounts:

	Original No.	Revised No.
Homes for the Elderly	0	12
Youth Centres	0	18
Highways Depots	0	23
Smallholdings	5,564	4,564

23. Long Term Debtors

Long term debtors are due for collection after more than one year from 31st March.

	2009 £'000	2010 £'000
Private Street Works	68	20
Mortgage Advances	84	62
Loans to Community Councils	8	6
Community Related Loans	22	19
Low Cost Housing (See below)	3,214	0
Renovation Grant Loans	0	95
	3,396	202

Low Cost Housing

Under this scheme the Council bought properties and sold them at a discount to eligible purchasers. The debtor sums reflect the amounts repayable to the Council when those properties are sold and are measured at market value. From 1st April 2010 onwards they are now categorized as a long term investment.

24. Stocks and Work in Progress

Stock and work in progress are stated at the lowest of cost and net realisable value. Stocks are those held as at 31st March.

	2009 £'000	2010 £'000
Stocks		
Building Materials, Vehicle Parts etc (DSO Stocks)	505	392
Road Salt	102	125
Other	98	69
	705	586
Work In Progress		
Highways Maintenance	103	0
Other	0	0
Grounds Maintenance	24	0
	832	586

25. Short Term Debtors

Short term debtors are amounts owed to the Authority that are due for collection within one year from 31st March.

	2009 £`000	2010 £`000
Welsh Assembly Government	2,888	4,297
Council Tax	3,872	3,656
Miscellaneous Grants		
European Community	410	1,411
Countryside Commission for Wales	0	70
Sports Council for Wales	61	0
Other Public Bodies		
Fire Levy	663	0
Powys Local Health Board	788	573
Ceredigion Council	2	2
Other Education Authorities	758	755
Shropshire County Council	11	0
Other Debts		
VAT – HMRC	2,428	2,228
Housing Tenants	857	806
Employees	331	352
Other Short Term Debtors	8,748	7,764
Payments in Advance	1,942	2,187
	23,759	24,101
Provision For Bad Debts	-3,038	-3,223
	20,721	20,878

26. Short Term Creditors

Short term creditors are amounts owed by the Authority that are due for payments within one year from 31st March.

	2009 £'000	2010 £'000
Sundry Creditors	16,971	14,290
HM Revenues and Customs	3,057	3,113
Welsh Assembly Government	6	2,301
Wages and Salaries	1,485	2,152
Payments Received in Advance	2,213	3,461
Deposits – Section 40 Advance	511	436
Deposits – Section 106 deposit	181	797
Commutated Sums – Land Drainage	331	339
Council Tax Credits	1,572	1,605
	26,327	28,494

27. Borrowings and Investments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-Term		Current	
	2009 £000's	2010 £000's	2009 £000's	2010 £000's
Financial Liabilities at Amortised Cost	-166,639	-146,112	-5,010	-15,511
Total Borrowings	-166,639	-146,112	-5,010	-15,511
Available For Sale Assets	0	3,199	0	0
Loans and Receivables	13,210	8,423	17,262	34,462
Total Investments	13,210	11,622	17,262	34,462

Monies due from the Icelandic banks as disclosed in Note 49 are now in default. The maturity of the financial liabilities is disclosed in Note 30.

28. Financial Instruments Gains and Losses

	Financial Liabilities Financial Liabilities at Amortised Cost £000's	Financial Assets Loans and Receivables £000's	Financial Assets Available For Sale Assets £000's	TOTAL £000's
Interest Expense	7,461	0		7,461
Impairment Loss		199		199
Interest Payable and Similar Charges	7,461	199		7,660
Interest Income	0	-802		-802
Interest and Investment Income	0	-802		-802
Gains on Revaluation of Investments			-202	-202
Net Loss/(Gain) for the Year	7,461	-603	-202	6,656

The average rate on borrowings for 2009/10 was 4.39% (2008/09 4.73%).

29. Fair Value of Asset and Liabilities Carried at Amortised Cost

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

- The PWLB borrowing rates at 31st March 2010 for loans from the PWLB and market rates for other loans receivable and payable.
- No early repayment recognised.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount less a provision for debt not expected to be received.

The fair values are calculated as follows:

	2010 Carrying Amount £000's	2010 Fair Value £000's
Financial Liabilities at Amortised Cost	161,623	167,468
Loans and Receivables	42,885	42,920

The fair value of the liabilities is more than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the balance sheet date. This commitment to pay interest below current market rates reduces the amount that the Authority would have to pay if the lender requested or agreed to early repayment of the loans. Icelandic investments have been excluded from Loans and Receivables as no fair value can be readily established.

30. Nature and Extent of Risks Arising From Financial instruments

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

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by a treasury team under policies approved by the Board in the annual Treasury Management Policy Statement. The Policy provides written principles for areas such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. The Authority has an investment list of banks and other financial institutions which is based on current credit ratings, credit default swap data and other relevant financial information. The ratings determine the maximum amount that can be invested with a particular institution and the length of time for which it may be invested. The Authority has a policy of not lending more than £10m of its surplus balances to one institution at any one time.

Customers are not currently assessed for their creditworthiness or individual credit limits set. No financial assets have had their terms renegotiated that would otherwise have been past due or impaired.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and collectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2010	Actual Provision for bad debts made	Bad Debt Written Off In Year	Other Impairments In Year
	£000's	£000's	£000's	£000's
Deposits with Banks and Financial Institutions	42,885	0	0	199
<u>Customers</u>				
Council Tax	3,656	-579	-323	0
Housing Rents	806	-580	-152	0
Sundry Debtors	19,639	-2,064	-565	0
	24,101	-3,223	-1,040	0

No collateral is held as security on financial assets. The Authority does not generally allow credit for customers. The past due date can be analysed by age as follows:

Debtors Ledger Control	3 to 6 Months	6 to 9 Months	Over 9 Months	Total
	£000's	£000's	£000's	£000's
Total	255	395	1,024	1,675

	1 –2 Years	2- 5 Years	Over 5 Years	Total
	£'000	£'000	£'000	£'000
Council Tax	732	604	39	1,375

Liquidity Risk

As the Authority has ready access to borrowings from the Public Works Loans Board there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities in cash terms is as follows.

	£'000
Within a Year	14,011
Between 1-2 Years	12
Between 2-5 Years	41
Between 5-10 Years	97
Over 10 Years	145,692
Total	159,853

The upper and lower limits for the maturity structure of borrowings is:

	Upper Limit	Lower Limit
Under 12 months	40%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and above	100%	40%

All trade and other payables are due to be paid within one year.

Market Risk

Interest Rate Risk

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

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure account will rise
- Borrowings at fixed rates – the fair value of the liabilities will fall
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- Investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the Council Fund Balance £ for £. Movements in the fair value of fixed rate investments will be reflected in the Statement of Recognised Gains and Losses (STRGL).

The Authority has a number of strategies for managing interest rate risk. As stated in the prudential indicators report, it is policy to aim to keep a maximum of 60% of net outstanding principals in variable rate exposures. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The Treasury Management Team actively assesses interest rate exposure and feeds the projected figures for interest payable and receivable into the annual and quarterly budgets. This allows variances to be accommodated. The team also advises whether new borrowing is taken out and whether it should be fixed or variable.

To highlight the sensitivity of rises, if interest rates had been 1% higher during 2009/10 with all other variables constant, the financial effect would be:

	£000's
Increase in interest payable on variable rate borrowings	250
Increase in interest receivable on variable rate investments	-1,147
Reduction in Surplus of Income and Expenditure Account	-897
Share of overall impact debited to the HRA	3

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

Price Risk

The Authority only holds equity instruments in respect of the pension fund. It is therefore exposed to an element of risk in relation to movements in the price of equities. This is mitigated by investing in a diverse portfolio.

Foreign Exchange Risk

The Authority only holds financial assets or liabilities denominated in foreign currencies in respect of the pension fund. It is therefore exposed to an element of risk on relation to currency fluctuation. This risk is mitigated by holding investments in a range of foreign currencies.

31. Contingent Liabilities

Under the Equal Pay Act (Amendment) Regulations 2003 the Council must complete and implement a local pay review. As a result there is a possibility that compensation claims could be raised in relation to equal pay for work of equal value. Any Settlement is uncertain at this stage.

32. Analysis of the Net Assets Employed

	2009	2010
	£'000	£'000
Council Fund	38,340	-13,062
Housing Revenue Account	121,634	120,263
	159,974	107,201

The total FRS17 pension liability of £232m has a substantial impact upon the net worth of the Authority as recorded in the Balance Sheet, resulting in an overall balance of £107m.

33. Provisions

	At 01.04.09 £`000	Payments/ Transfer	At 31.03.10 £`000
Frozen Holiday Pay	3	-1	2
Insurance Provision (see Below)	1,388	-32	1,356
Other Provisions	3,040	437	3,477
	4,431	404	4,835

The insurance provision consists of:

	2009 £`000	2010 £`000
Employers Liability	686	418
Public liability	657	916
General Fleet Vehicles	6	12
Leased Fleet Vehicles	16	10
Property	23	-
	1,388	1,356

The above costs represent the amount the Authority is potentially liable for in each class of insurance. There are no material unfunded risks.

34. Post Balance Sheet Events

In its budget on 22 June 2010 the Government announced that future increases in public sector pensions will reflect movements in the Consumer Price Index (CPI), effective from April 2011. Increases are currently determined by reference to the Retail Price Index (RPI).

The rate at which pensions will increase is one of the key factors in determining the liabilities of defined benefit pension funds. Any change in the rate at which pensions will increase will therefore affect the value of pension fund liabilities. The CPI differs from, and tends to be lower than, the RPI. The change from RPI to CPI is therefore expected to result in a reduction in the pensions liabilities and therefore the pension deficit on the balance sheet. The change will also impact upon the income and expenditure / profit and loss account over the next accounting period.

Hewitt have calculated that the impact on the balance sheet if the CPI change had occurred at the accounting date would have been to reduce the value of the liabilities on the balance sheet by:

- Approximately £45M for LGPS funded benefits.
- Approximately £1M for LGPS unfunded benefits.

Hewitt have based this figure on the FRS 17 assumptions applicable at the accounting year end, and allowing for CPI increases being lower than RPI increases by around 0.7% p.a. in the long term (Hewitt's best estimate of the differential at the accounting date). The actual figure will also reflect the date of measurement and assumptions used when producing next year's figures.

It is anticipated that the reduction in liabilities will be accounted for as a (negative) past service cost i.e. this change constitutes a change to benefits since pension scheme

members will expect a lower benefit following the change.

It is also anticipated that the move to CPI will reduce the interest cost and current service cost calculated for the next accounting period compared to the position if pension increases remained linked to the RPI.

35. Government Grants Deferred

	2008/09 £'000	2009/10 £'000
Balance as at 01 April	41,496	45,836
Grants Received	11,562	9,802
Released to Revenue Account	-1,941	-1,379
Grants Non Enhancing Expenditure	-4,268	-4,154
REFFCUS Grants		-69
Movement in Capital Debtors	-1,013	-525
Carried Forward 31 March	45,836	49,511

The Government Grants deferred account shows the value of Government Grants used to finance capital expenditure. Grants are amortised to match any depreciation charged through the Income and Expenditure Account.

36. Deferred Credits and Capital Receipts

	2008/09 £'000	2009/10 £'000
Balance as at 01 April	812	84
Mortgages Released to Capital Receipts	-41	-21
Reclassify Debtor	-696	0
New Receipts	9	95
Carried Forward 31 March	84	158

Deferred Capital Receipts represents the balance due to the County Council under the right to buy sale of a council house funded through a mortgage issued by one of the County Council's predecessor Authorities.

37. Revaluation Reserve

	2008/09 £'000	2008/09 £'000	2009/10 £'000	2009/10 £'000
Balance as at 01 April		25,781		100,142
Correction to previous years balances		0		-25
Revaluations	57,373		37,872	
Accumulated Depreciation	24,120		6,433	
Accumulated Impairment			2,848	
Impairments Charged to Revaluation Reserve		81,493	-261	46,892
Depreciation Transfer from CAA		-1,695		-2,468
Disposals		-594		-9,124
Impairments		-4,843		-888
Carried Forward 31 March		100,142		134,529

This records the difference between the carrying value of fixed assets and their depreciated historical cost.

38. Capital Adjustment Account

	2008/09 £'000	2009/10 £'000
Balance as at 01 April	173,473	163,660
Correction to Previous Years Balances	0	297
Financing Fixed Assets	8,157	2,580
Depreciation	-11,690	-12,920
Depreciation Transfer to Revaluation Reserve	1,695	2,468
Minimum Revenue Provision	6,428	6,422
REFFCUS Financing	-1,041	-1,660
Disposals	-2,299	-2,048
Impairment due to Revaluation	-14,254	-11,767
Impairment due to Economic Consumption	-2,861	-5,164
Impairment Transactions	0	28
Government Grants written down	4,098	4,154
Deferred Government Grants from I and E Account	1,545	1,379
Reserved Capital Receipts	409	311
Carried Forward 31 March	163,660	147,740

This account provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the Capital System.

39. Financial Instruments Adjustments Account (FIAA)

	2008/09 £'000	2009/10 £'000
Balance as at 01 April	1,858	2,028
Premia Paid from Rescheduling of Debt	892	-10
Premia Released to Income and Expenditure Account	-227	-272
Impairment on Icelandic Investment	-495	-199
Carried Forward 31 March	2,028	1,547

40. Useable Capital Receipts

	2008/09 £'000	2009/10 £'000
Balance as at 01 April	6,577	5,565
Gross Capital Receipts	1,919	11,628
Reserved Receipts	-409	-311
Financing Fixed Assets	-2,448	-1,353
Financing REFFCUS	-20	-87
Council House Sale Admin Costs	-54	-93
Carried Forward 31 March	5,565	15,349

41. Pension Reserve

	2008/09 £'000	2009/10 £'000
Balance Brought Forward	-92,560	-142,840
Actuarial Gains or Losses	-49,760	-85,400
Revenue Costs	-520	-4,610
Carried Forward 31 March	-142,840	-232,850

The large actuarial loss is due largely to the discount factor used to measure liabilities. See note 48 for further details.

42. Available-for-Sale Financial Assets Reserve

	2008/09 £`000	2009/10 £`000
Balance as at 01 April	0	0
Transferred From Other Specific Reserves 01 April	0	1,859
Revaluation	0	202
Transferred To Capital Adjustment Account	0	-180
Carried Forward 31 March	0	1,881

Represents the surplus of the valuation over cost on investment assets available for sale.

43. School Reserves

	2008/09 £`000	2009/10 £`000
Balance as at 01 April	2,779	2,081
Surplus/(Deficit) in Year	-704	428
Other Movement	6	5
Carried Forward 31 March	2,081	2,514

The following schools have deficit reserves of over £100k. Action is taking place to address these deficit positions.

	2008/09 £`000	2009/10 £`000
Brecon High School	102	398
Builth High School	105	211
Welshpool High School	62	203
John Beddoes High School	37	154

44. Other Specific Reserves

Reserve Name	Note	At 01.04.09 £`000	Transfers Between Reserves £`000	Transfer to/ (from) Reserves £`000	At 31.03.10 £`000
Restricted Use and Non Transferable					
Other		826	-243	-2	581
Insurance Reserve		2,196	-36	126	2,286
Corporate Initiative Reserve		5,883	12	2,707	8,602
Homefinder Reserve		1,859	-1,859	0	0
Fire Authority		663	0	-663	0
Capital Project Reserves		5,094	-415	2,387	7,066
		16,521	-2,541	4,555	18,535
Committee Specific Reserves					
Carried Forward Reserves		1,892	1,322	4,983	8,197
Repairs and Renewals Revenues		518	-212	-16	290
Economic Development Fund		270	-14	-298	-42
Highways Reserve		449	-449	0	0
Winter Maintenance		225	-225	0	0
Salt Barn Reserve		470	-505	35	0
Business Rates Revaluation		85	0	95	180
		3,909	-83	4,799	8,625
		20,430	-2,624	9,354	27,160

A brief description of the purpose of each Specific Reserve is as follows:

<p>Insurance Reserve To mitigate the effect of large claims against the Authority.</p> <p>Corporate Initiative Reserve Balance of unspent money for specific initiatives and one off authority wide projects and costs.</p>	<p>Carried Forward Reserves Accumulated balances that are Committee specific and not available for general purposes. These reserves finance variances in annual spending patterns from the Councils target. Conversely any over spends are carried forward for recoument in future years.</p>
<p>Capital Projects Reserves Set aside to specifically fund capital in nature expenditure.</p>	<p>Repairs and Renewals Reserves set up by Directorates to fund future repairs expenditure.</p> <p>Economic Development Fund Specifically to fund economic development within Powys.</p>

45. Reconciliation of Revenue Surplus to Cash Flow

	2008/09 £'000	2009/10 £'000
Deficit on Income and Expenditure Account	17,657	14,467
<u>Non Cash items in Income and Expenditure Account</u>		
Depreciation	-11,692	-12,920
Amortisation of Government Grants	5,643	1,379
Impairments of Assets	-21,985	-17,703
Investments Written Off	-495	-199
Loss on Disposal of Fixed assets	-1,032	206
Provisions Applied/Written Back	-4	-404
Unwinding of Discounts on Premia	-226	-272
Charges for Retirement Benefits (FRS17)	-17,010	-21,330
Other Non Cash	-61	398
<u>Other Adjustments</u>		
Money Paid to Pension Fund	17,145	16,720
Increase/(Decrease) in Long & Short Term Debtors	559	157
(Increase)/Decrease in Long & Short Term Creditors	3,560	-2,167
Increase/(Decrease) in Stock & WIP	32	246
Money from Low Cost Homes	-89	0
Movement in Capital Debtor	1,013	525
	-6,985	-20,897

46. Reconciliation of Financing Cash Flows to Balance Sheet

	2008/09 £'000	2009/10 £'000
Financing Cash Outflows	-50,009	-12,010
Financing Cash Inflows	37,000	2,000
Net Cash outflow/(Inflow)	-13,009	-10,010
Effective Interest Movement – Non Cash	-65	-16
Change	-13,074	-10,026

	31.03.09 £'000	31.03.10 £'000	Change
Long Term Borrowing	-166,639	-146,112	-20,527
Short Term Borrowing (Included in Creditors)	-5,010	-15,511	10,501
	171,649	-161,623	-10,026

Cash is taken to be cash in hand and deposits repayable on demand less overdrafts repayable on demand.

47. Analysis of Government Grants

The main Revenue Grants received were:	2008/09 £'000	2009/10 £'000
Housing Grants	8,956	9,792
Other Housing	49	0
Other Social Services (Primarily Mental Handicap Strategy)	4,686	4,599
Supporting People	4,509	4,573
Other Transport Grants (Including Concessionary Travel)	1,829	3,072
Waste Disposal and Recycling Grants	2,907	3,439
Planning	150	0
Other Education Grants	13,857	18,168
Welsh Language Grant	48	36
PIG Policy Agreements	1,447	1,433
Invest to Save	0	375
Depreciation Grant	0	48
Economic and Community Regeneration	500	927
Miscellaneous	964	1,487
Housing Benefit Local Housing Allowance Rollout	56	46
Communities First	395	499
Work Based Learning	1,800	1,889
Reffcus	1,787	1,500
Community Regeneration	33	0
Public Protection	247	266
Business Performance Grants	613	0
Sports Council	615	507
GLASU	435	420
Welsh Arts Council	300	313
Nutrition in Schools/Appetite for Life	149	123
	46,332	53,512

48. Powys Pension Scheme

The Powys County Council Pension Fund is a final salary defined benefit Local Government Pension Scheme administered by Powys County Council. As part of the terms and conditions of employment of its employee, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has the commitment to make the payments it needs to be disclosed at the time that employees earn their future entitlement. In accordance with FRS 17 the Council is required to disclose the following information. The information in the following notes only relates to Powys County Councils share of the fund.

Disclosures under FRS17 (LGPS Funded Benefits) Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the Council Fund Balance during the year:

Income and Expenditure Account	2008/09 Unfunded £m	2008/09 Funded £m	2008/09 Total £m	2009/10 Unfunded £m	2009/10 Funded £m	2009/10 Total £m
Net Cost of Services						
Current Service Cost		-8.46	-8.46		-8.28	-8.28
Past Service Costs		-0.82	-0.82		-0.79	-0.79
Net Operating Expenditure						
Interest Cost	-0.87	-23.42	-24.29	-0.88	-24.26	-25.14
Expected Return on Assets in the Scheme		16.56	16.56		12.88	12.88
Net Charge to Income and Expenditure Account	-0.87	-16.14	-17.01	-0.88	-20.45	-21.33
Statement of Movement in the Council Fund Balance						
Reversal of Net Charges made for Retirement Benefits In Accordance with FRS17	0.87	16.14	17.01	0.88	20.45	21.33
Actual amount charged against the Council Fund Balance During the Year:						
- Employers Contributions Payable To Scheme	0.00	16.37	16.37	0.00	15.91	15.91

Asset and Liabilities in Relation to Retirement Benefits

The underlying assets and liabilities for retirement benefits attributable at 31 March are as follows:

	2007 £m	2008 £m	2009 £m	2010 £m
Funded				
Present Value of Liabilities	-374.81	-344.33	-363.53	-508.61
Notional Value of the Assets	254.84	264.31	234.26	291.01
NET Liability	-119.97	-80.02	-129.27	-217.60
Unfunded				
Present Value of Liabilities	-14.63	-13.21	-13.57	-15.25
Notional Value of the Assets				
NET Liability	-14.63	-13.21	-13.57	-15.25
Total				
Present Value of Liabilities	-389.44	-357.54	-377.10	-523.86
Notional Value of the Assets	254.84	264.31	234.26	291.01
NET Liability	-134.60	-93.23	-142.84	-232.85

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £232m has a substantial impact upon the net worth of the Authority as recorded in the Balance Sheet, resulting in an overall balance of £107m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

The deficit on the scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

In accordance with paragraph 77(o) of FRS17 (revised), the assets for the current period and previous three periods are measured at current bid price. Assets previously measured at mid-market value for the periods ending 2008 and 2007 have been re-measured for this purpose. Asset values for the periods ending 2006 are shown at mid market value and have not been re-measured as permitted by FRS17 (revised).

A Reconciliation of the present value of the scheme liabilities is as follows:

Pension Scheme Liabilities	2009	2009	2010	2010
	Unfunded £m	Funded £m	Unfunded £m	Funded £m
Brought Forward 01 April	13.21	344.33	13.57	363.53
Current Service Cost	0.00	8.46	0.00	8.28
Interest Cost	0.87	23.42	0.88	24.26
Contributions by Participants		4.36		4.44
Actuarial (Gains)	0.28	-4.34	1.61	123.70
Net Benefits Paid Out	-0.79	-13.52	-0.81	-16.39
Past Service Cost		0.82		0.79
Carried Forward 31 March	13.57	363.53	15.25	508.61

An analysis of the changes to the fair value of assets for the year can be shown as:

Pension Scheme Assets	2008/09	2009/10
	£m	£m
Brought Forward 01 April	264.31	234.26
Expected Return on Assets	16.56	12.88
Actuarial Gains	-53.82	39.91
Contributions by the Employer	16.37	15.91
Contributions by Participants	4.36	4.44
Net Benefits Paid out	-13.52	-16.39
Carried Forward 31 March	234.26	291.01

Actual Return on Assets	2008/09	2009/10
	£m	£m
Expected Return on Assets	16.56	12.88
Actuarial Loss / (Gain) on Assets	-53.82	39.91
Actual Return on Assets	-37.26	52.79

Amounts Recognised in STRGL	2008/09	2009/10
	£m	£m
Total Actuarial Gains / (Losses) - Funded	-49.48	-83.79
Total Actuarial Gains / (Losses) - Unfunded	-0.28	-1.61
Total Recognised in STRGL	-49.76	-85.40

Basis for Estimating Assets and Liabilities

Liabilities are valued on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The valuations have been carried out as of 31st March 2007 and updated for following years by Hewitt's Associates the independent actuaries to the fund. Under the projected unit method the current service cost will increase as the members of the scheme approach retirement (for schemes where the age profile of the active membership is significantly rising).

The following are the main assumptions used by the actuaries in their calculations to 31st March:

	2008	2009	2010
	%	%	%
Inflation	3.7	3.4	3.9
Rate of General Increase in Salaries	5.2	4.9	5.4
Rate of Increase to pensions in Payment	3.7	3.4	3.9
Rate of Increase to Deferred Pensions	3.7	3.4	3.9
Discount Rate	6.8	6.7	5.5

The Principal Demographic Assumptions are:

Post Retirement Mortality	31.03.09	31.03.10
Males		
Base Table (in 2007)	PNMA00 with allowance for MC improvement factors to 2007	PNMA00 with allowance for MC improvement factors to 2007
Scaling to Above Base Table Rates	130%	130%
Cohort Improvement Factors (from 2007)	80% of LC	80% of LC
Minimum Underpin to Improvement Factors	1.25%	1.25%
Future lifetime from age 65 (currently aged 65)	20.8	20.9
Future lifetime from age 65 (currently aged 45)	23.0	23.1
Females		
Base Table (in 2007)	PNMA00 with allowance for MC improvement factors to 2007	PNMA00 with allowance for MC improvement factors to 2007
Scaling to Above Base Table Rates	130%	130%
Cohort Improvement Factors (from 2007)	60% of LC	60% of LC
Minimum Underpin to Improvement Factors	1.25%	1.25%
Future lifetime from age 65 (currently aged 65)	22.8	22.9
Future lifetime from age 65 (currently aged 45)	25.0	25.1

Assets in the Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories by proportion of total assets held by the fund:

	2008 Long Term return %	% Of Assets 31.03.08	2009 Long Term return %	% Of Assets 31.03.09	2010 Long Term return %	% Of Assets 31.03.10
Equity Investments	7.6	45.4	7.0	37.4	8.0	48.4
Property	6.6	6.0	6.0	8.2	8.5	6.8
Government Bonds	4.6	36.5	4.0	27.9	4.5	21.2
Corporate Bonds	6.7	10.5	5.8	23.2	5.5	14.4
Cash/Other	5.6	1.6	1.6	3.3	0.7	9.2
	6.5	100.0	5.6	100.0	6.3	100.0

Powys County Council employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31st March 2010.

History of Experience Gains and Losses

	2006 £m	2007 £m	2008 £m	2009 £m	2010 £m
Funded					
Experience gains / (losses) on Liabilities			-1.96	-1.53	4.31
Experience gains / (losses) on Assets			-16.05	-53.82	39.91
			-18.01	-55.35	44.22
Unfunded					
Experience gains / (losses) on liabilities			-0.10	-0.17	0.45
			-0.10	-0.17	0.45
Total					
Experience gains / (losses) on Liabilities			-2.06	-1.70	4.76
Experience gains / (losses) on Assets			-16.05	-53.82	39.91
			-18.11	-55.52	44.67

In accordance with Paragraph 79 of FRS17 (as revised), unfunded liabilities are disclosed separately for periods beginning on or after 6th April 2007. The history of experience gains / (losses) on liabilities shown has not been restated for periods ending 2007 and 2006 and includes the experience relating to unfunded liabilities.

49. Icelandic Banks

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had £4m deposited across 2 of these institutions, with varying maturity dates and interest rates as follows

Institution	Amount Invested £'000	Type	Rate
Landsbanki Islands	1,000	Fixed 05/03/09	6.01
Landsbanki Islands	1,000	Fixed 25/06/09	6.41
Glitner Bank HF	2,000	Fixed 25/06/09	6.36

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the authority will be determined by the administrators / receivers. The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available the authority considers that it is appropriate to consider an impairment adjustment for the deposits and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years.

Exchange risks would normally be taken into account when estimating future cashflows. However, currency restrictions mean there is no futures market for the Icelandic Krona, it is therefore impossible to price the exchange risk.

Landsbanki

Landsbanki Islands HF is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a successor bank in Iceland (NBI). During March 2010 a settlement was reached about the way in which this successor will compensate Landsbanki for the assets taken over. Compensation is being provided through a series of Interest-bearing bonds.

The Local Authority Accounting Panel has advised that we assume that Local Authority debt will enjoy priority status. The following model of estimated recovery from Landsbanki is based on receiving Priority status.

Date	Repayment	Date	Repayment
October 2011	22.17%	October 2015	8.87%
October 2012	8.87%	October 2016	8.87%
October 2013	8.87%	October 2017	8.87%
October 2014	8.87%	October 2018	19.47%

Should priority status not be achieved the value of the investment is estimated at £593k.

The Authority has taken advantage of the Capital Finance Regulations to defer the impact of the impairment on the General Fund, and a cumulative sum of £631k has been transferred to the Financial Instruments Adjustment Account.

Glitnir Bank HF

Glitnir Bank HF is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Glitnir) with the management of the affairs of Old Glitnir being placed in the hands of a resolution committee. Old Glitnir's affairs are being administered under Icelandic law. If Local Authority Assets retain priority status, 100% of deposits will be repaid. No payment is expected to be made prior to the court cases and any appeals being heard. It is therefore estimated that the earliest date by which payment could be made is the end of June 2011.

The Authority has taken advantage of the Capital Finance Regulations to defer the impact of the impairment on the Council Fund, and a cumulative sum of £63k has been transferred to the Financial Instruments Adjustment Account.

Should priority status not be achieved the value of the investment is estimated at £473k. Adjustments to the assumptions will be made in future accounts as more information becomes available.

HOUSING REVENUE ACCOUNT

Income and Expenditure Account

	Note	2008/09 £`000	2009/10 £`000
Income			
Dwelling Rents		16,508	17,523
Non Dwelling Rents		531	467
Other Charges for Services and Facilities		179	253
Contributions Towards Expenditure		66	108
Housing Grant		0	51
Government Grants		3,737	3,700
TOTAL SERVICE INCOME		21,021	22,102
Expenditure			
Management and Maintenance		9,029	10,283
Subsidy Payable		5,493	5,687
Rent and Rates		187	123
Change in Provision for Bad and Doubtful Debts		119	122
Voids		261	271
Depreciation and Impairment of Fixed Assets		7,062	6,503
Debt Management Expenses		53	54
TOTAL SERVICE EXPENDITURE		22,204	23,043
Net Cost of services per Authority Income and Expenditure Account		1,183	941
HRA Services Share of Corporate and Democratic Core		105	109
Net Cost of HRA Services		1,288	1,050
Gain or Loss on Sale of HRA Fixed Assets		-291	-188
Interest Payable and Similar Charges		998	833
Amortisation of Premiums and Discounts		90	110
Pensions Interest Cost and Expected Return on Assets		61	104
HRA Investment Income		-63	-88
DEFICIT FOR THE YEAR ON HRA SERVICES		2,083	1,821

Statement of Movement on the HRA Balance	Note	2008/09 £`000	2009/10 £`000
Deficit for the Year on the HRA Income and Expenditure Account		2,083	1,821
Net Additional Amount Required by Statute to be Debited to the HRA Balance for the Year	5	-2,442	-2,318
Decrease /(Increase) in the HRA Balance		-359	-497
Balance as at 01 April 09		-1,272	-1,631
Balance as at 31 March 10		-1,631	-2,128

NOTES TO THE HOUSING REVENUE ACCOUNTS

1. Housing Stock

	Number Of Bedrooms							2009/10 Total
	2008/09 Total	1	2	3	4	5	6	
Detached House/Bungalow	50	4	33	10	3	0	0	50
Semi detached House/Bungalow	2,168	271	811	1,042	39	3	0	2,166
Terraced House	2,152	208	721	1,145	67	5	1	2,147
Flats	1,063	323	690	49	0	0	0	1,062
Bedsits	21	21	0	0	0	0	0	21
	5,454	827	2,255	2,246	109	8	1	5,446

2. Arrears and Provision for Housing Bad Debts at 31 March

	2009 £'000	2010 £'000
Current Tenant Arrears	372	338
Former Tenant Arrears	485	468
Total Arrears	857	806
Bad Debts	124	152
Provision For Bad Debt	610	580

3. Housing Revenue Account Capital Expenditure

During the year the Authority incurred the following expenditure on Housing Revenue Assets:

	Total £'000	Dwellings £'000	Other Land and Buildings £'000	Equipment £'000	Non Operational £'000
Capital Expenditure	£'000	£'000	£'000	£'000	£'000
Enhancing Costs	4,091	4,091	0	0	0
Total Expenditure	4,091	4,091	0	0	0
Impairment	4,091	4091	0	0	0

The impairment charge of £4,091k relates to non-enhancing capital works on council dwellings that cannot be carried forward in the balance sheet as a fixed asset. The Capital Expenditure was financed as follows:

	£'000
Brought Forward Unfinanced	0
Major Repairs Allowance	3,700
Useable Capital Receipts	391
	4,091

4. Housing Revenue Account Capital Receipts

The following amounts were received during 2009/10:

	£`000
Disposal of Land	76
Housing	356
Other Property	15
	447

5. Note to the Statement of Movement in the HRA Balance

	2008/09 £`000	2009/10 £`000
Items included in the HRA Income and Expenditure Account but excluded from the HRA Balance for the year		
Difference Between Interest Payable and Similar Charges Including Amortisation of Premiums and Discounts in Accordance With Statute	-90	-110
Depreciation and Impairment of Fixed Assets	-7,062	-6,503
Other Differences with Statute	36	
Deferred Government Grants	3,737	3,700
Gain or Loss on Sale of HRA Fixed Assets	291	188
Net Charges Made for Retirement Benefits in Accordance With FRS17	-185	-226
	-3,273	-2,951
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
(From)/ To Other Committees	30	18
Employers Contribution Payable to Powys County Council Pension Fund	298	293
HRA Minimum Revenue Provision	337	322
Capital Expenditure Funded by the HRA	166	0
	831	633
Net additional amount required by statute to be (credited) to the HRA Balance for the year	-2,442	-2,318

6. Housing Revenue Account Contributions to the Pension Reserves

The net contribution to the Pension Reserve relating to the Housing Revenue Account was:

	2008/09 £`000	2009/10 £`000
Employer Contributions Actually Paid	298	293
Current Cost of Employees	-124	-122
Expected Return and Interest	-61	-104
Contribution to Reserve	113	67

PENSION FUND ACCOUNT

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CHAIRMANS STATEMENT

The Pension Fund aims to deliver pensions effectively and efficiently at the lowest cost to the contributing employers. This requires a balance be struck between the risk and return of the investments held and to consider the future liabilities of the fund. We are committed to a long-term goal of stabilising the future pension costs to employers.

The cost to employers is based on the triennial actuarial valuation of the fund, the most recent one being completed as at 31 March 2007. That valuation highlighted a rise in the funding level of the fund from 63% to 73%. The aim is to achieve 100% funding. The next valuation is due to be calculated as at 31 March 2010. The purpose of the Valuation is to establish the contribution rates that employers should pay into the fund in order to finance member future benefits. Employee rates are set in statute and are not affected by the valuation report.

Over the past 12 months the fund has reported an improved performance after 2008-09 produced negative returns. The decision to increase the equity weighting has proved beneficial as the equity market has risen in value. Away from the traditional assets of Bonds and Equities, our property and private equity assets have performed less well. However we feel the diversification property and private equity offer is beneficial as was proved by Private Equity's strong performance in 2008-09 when other asset classes performed poorly. The fund will further diversify in 2010-11 when Active Currency Managers and Hedge Fund of Fund Managers will be appointed.

It is worth noting that regardless of how the investments of the fund perform the pensions of existing pensioners and the future pensions of employees are guaranteed. The Fund cannot be "wound up" like private sector schemes. It also has the added advantage for members, except Councillors, that future benefits are based on their final salary rather than an average salary as is increasingly common in many private sector schemes.

I trust that you find this years report interesting and informative. Should you have any comments on this report or any aspect regarding the administration of the scheme, see page 91 for details of how to contact us. As a reminder, the Members of Powys County Council are the Trustees of the fund and as such are responsible for the administration.

Cllr Tony Thomas
Chair of the Pensions and Investment Committee

FUND ADMINISTRATION

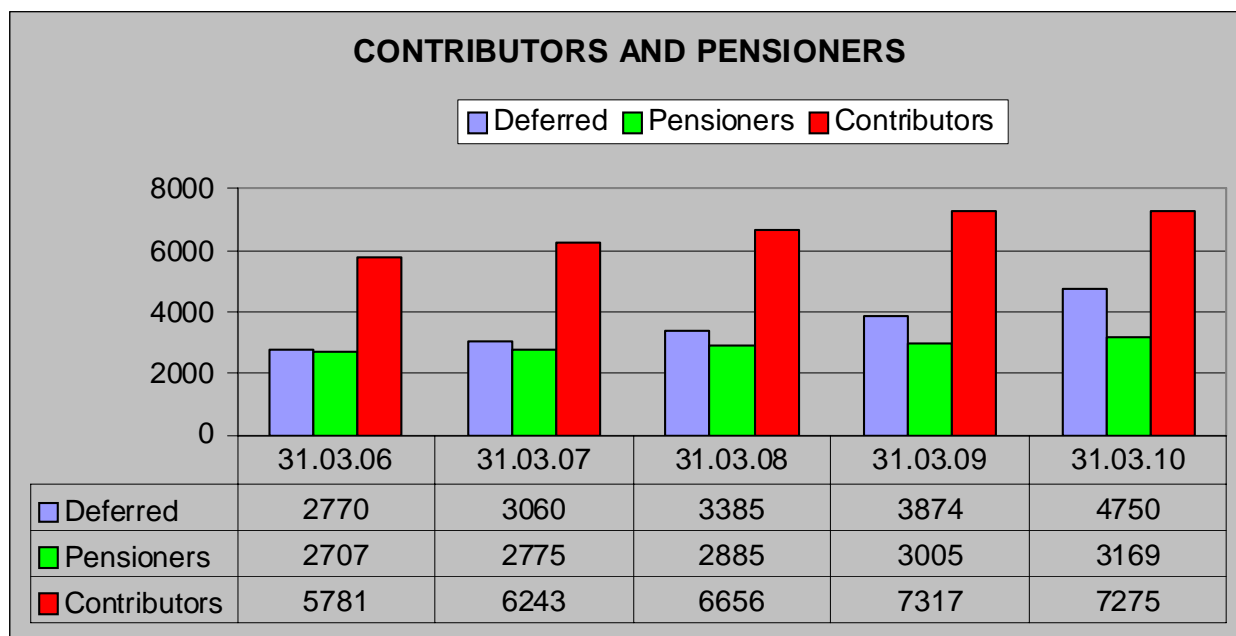
Scheme Details

Powys County Council is the administering Authority for the Powys Pension Fund. The Pension Fund provides future pension entitlement to all eligible employees of Powys County Council and the other participating bodies (appendix one). Membership of the scheme is not mandatory. It is a defined benefit pension scheme based on final salary. The contributions payable by employees and the benefits due to them are prescribed by the Local Government Pension Scheme Regulations. With effect from 01 April 2008 all members have been allocated a contribution rate based on the following:

Band	Range	Contribution Rate
1	£0 -£12,600	5.5%
2	>£12,600 - £14,700	5.8%
3	>£14,700 - £18,900	5.9%
4	>£18,900 - £31,500	6.5%
5	>£31,500 - £42,000	6.8%
6	>£42,000 - £78,700	7.2%
7	>£78,700	7.5%

The fund excludes membership for teachers, police officers and fire fighters, for whom separate schemes exist.

The following graph below shows the membership of the fund. Deferred members are former employees of the contributing authorities who have yet to draw their pensions.



Pension Increases

Pensions paid to retired members are subject to annual mandatory increases linked to RPI. Increases take effect in the first full week of each financial year. The table below shows the pension increases of the last 5 years:

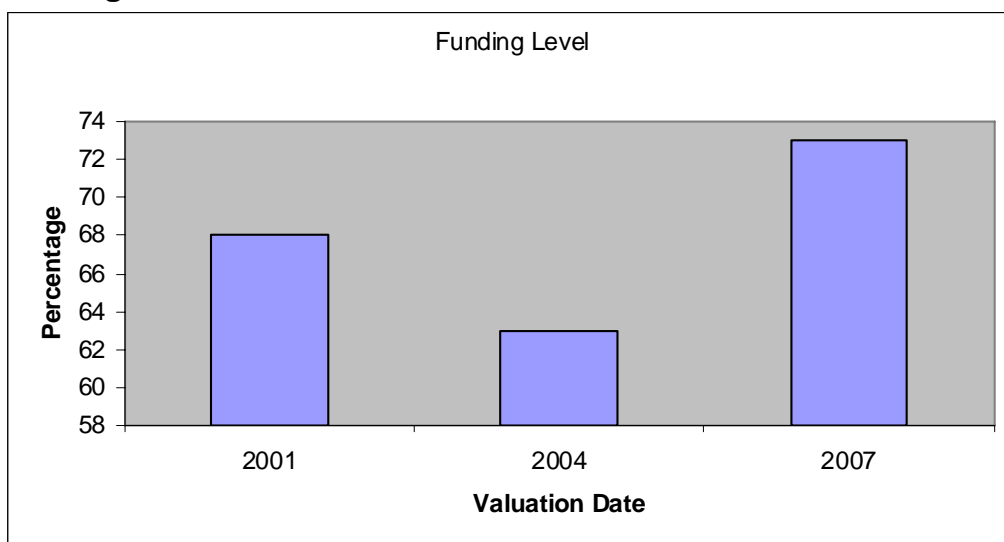
Effective Date	Increase %
10 th April 2006	2.7
9 th April 2007	3.6
7 th April 2008	3.9
6 th April 2009	5.0
12 th April 2010	0.0

Management of the Fund

The County Council is the designated statutory body responsible for administering the Powys Pension Fund of its constituent scheduled and admitted bodies. The County Council has delegated the decision-making responsibilities to the Pension and Investment Committee, which meets at least quarterly. The Committee has co-opted two non-voting members, one staff representative nominated by the Trade Unions and one representative nominated by the Outside Bodies Employers. The Committee will review market conditions and economic trends with the aim of forming a view on the prospects for each of the world markets over the short, medium and long term. The Pensions and Investment Committee, alongside the Head of Finance and the external experts it employs, provided the general direction and advice by which the Fund was managed. It also monitored the performance of the Fund and the investments for which the administering authority is responsible.

Day to day administration of the scheme is provided by the Pensions Section of Powys County Council. A list of the bodies that have been admitted to the scheme can be found in Appendix one (page 91).

Funding and Valuation



The aim of the funding is to accumulate current contributions at a level sufficient to provide known benefits at some time in the future. In short therefore, the scheme

benefits are financed by contributions from employees and employers together with income from investments. Both the employees' contributions and the benefits to be provided by the scheme are fixed by the Government as set out in the Local Government Pension Scheme Regulations, leaving the employers' rate of contribution as the only element which can be deliberately adjusted. The performance of investments depends upon market circumstances.

The employers' rate of contribution is assessed by the Actuary to the Fund who reviews the future income and liabilities of the Fund. These reviews, or actuarial valuations, are required by law with a major review being undertaken every third year. The next valuation of the Fund will be completed in Autumn 2010.

The actuarial valuation as at 31 March 2007 showed the assets held at the valuation date were sufficient to cover only 73% of the accrued liabilities assessed on an ongoing basis. Efforts continue to be made to address this deficit. It is the long-term goal to achieve 100% funding. The level of funding has no impact on members' benefits which are guaranteed by law.

Additional Voluntary Contribution (AVC) Scheme

Since 06 April 1988, it has been a legal requirement for all Pension Schemes to provide members with access to an in-house AVC Scheme. The Authority's appointed providers are the Equitable Life Assurance Society and the Standard Life Assurance Company. Members are able to pay contributions into a variety of AVC arrangements offered by the providers, in order to secure additional pension benefits. The AVC investments are excluded from the Pension Fund Accounts.

Prior Period Adjustments

To aid comparison the following 2008/09 disclosures have been restated.

Extract From Pension Fund Account

	Original £'000	Revised £'000	Change £'000
Returns on Investments			
Investment Income	5,352	5,503	151
Change in Market Value of Investments	-46,136	-46,586	-450
Investment Management Expenses	-1,350	-1,051	299
(NET LOSS) ON INVESTMENTS	-42,134	-42,134	0

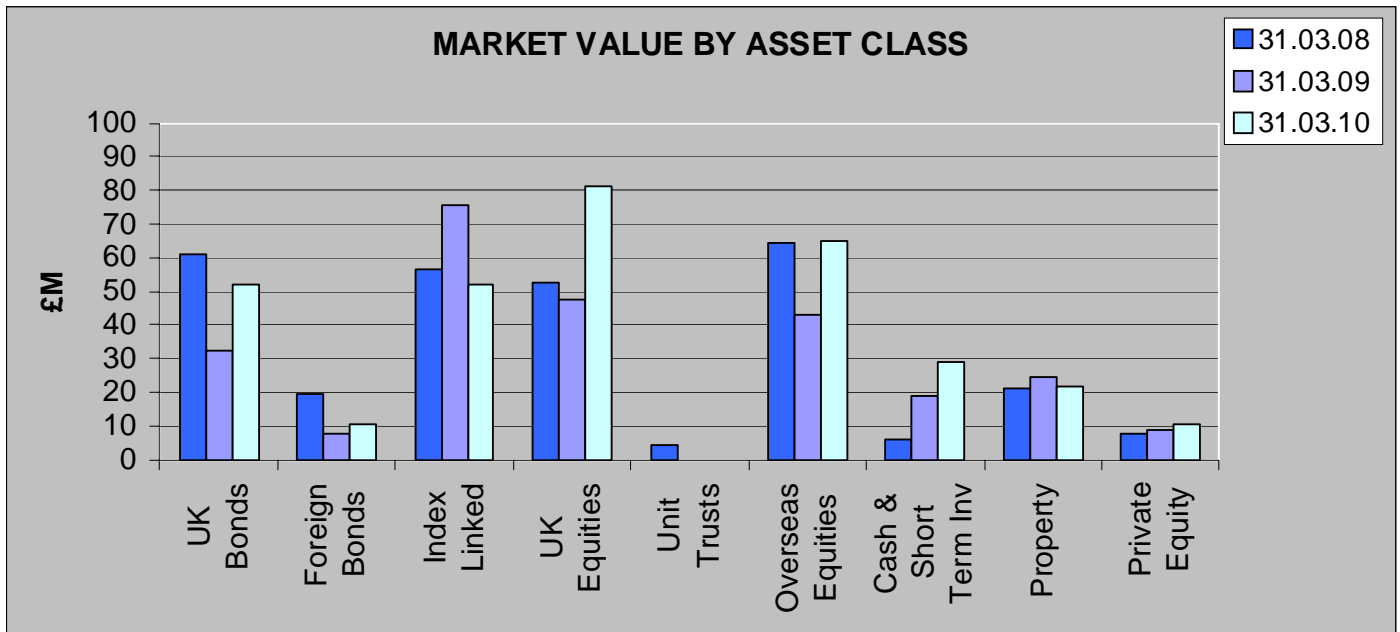
£12,344k has been miscategorised in the 2008-2009 accounts.

Investments

	Original £'000	Revised £'000	Change £'000
Fixed Interest	40,372	52,716	12,344
Index Linked	75,858	63,514	-12,344

INVESTMENT REPORT

The prime requirement in managing the Fund is to ensure adequate diversification of its assets over different asset classes and different geographical areas. The right balance must be struck between the desire for enhanced returns and potential 'risk' of volatility in those returns i.e. the investment policy of the Fund is aimed at maximising returns within the acceptable limits of risk. There is no ideal split for any fund, so the portfolio balance needs to be regularly monitored and adjusted in line with the economic, financial and market indicators.



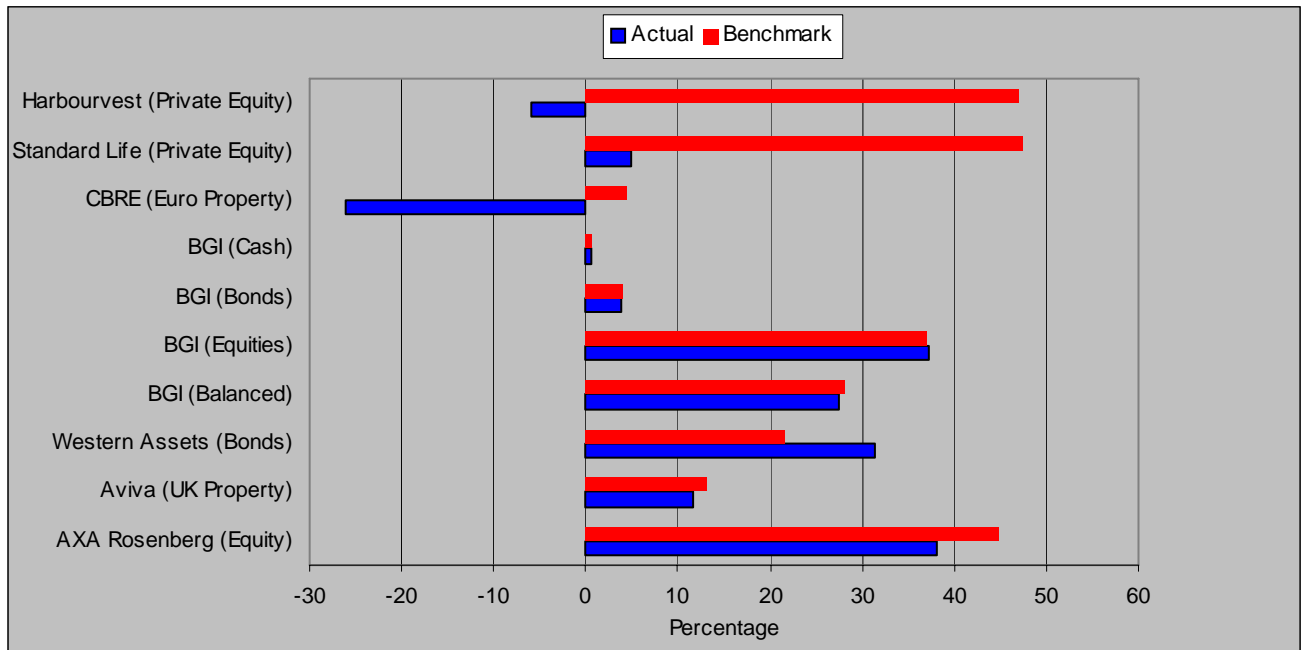
The investment style of the Fund is to appoint external expert fund managers with clear performance benchmarks and place accountability for performance against those benchmarks on the fund managers. The Head of Finance must ensure that the management of the Fund falls within the requirements of the Local Government Pension Scheme Regulations.

Performance Review

	1 Year %	3 Years %	5 Years %
Powys Overall Return Annualised Rolling Return pa	22.9	1.3	5.2
Inflation	4.4	2.7	3.2
Average Earnings Index	6.8	3.8	4.1

Given the long-term nature of the Fund, perhaps the most significant column above is that detailing the comparisons over five years. Powys has increased its equity holdings in an attempt to capitalise on the resurgent market. Inflation and average earning percentages have been provided by Watson Wyatt.

The performance of each of the current Fund Managers for 2009/10 is shown in the graph on the next page. The blue bars represent the actual performance and the red records the agreed benchmark. The Fund Managers have been given a rolling 3-year specific performance target measured against the benchmark return in the relevant asset class. The targets include a minimum acceptable performance level.



As can be seen from the Graph, with the exception of Harbourvest and CB Richard Ellis all funds reported a positive actual return.

HarbourVest and Standard Life (Private Equity)

HarbourVest has performed poorly in 2009-10. Standard Life has produced a positive return but has underperformed the benchmark. At present only a small percentage of the fund has been invested with these managers, so they have not affected the overall return to any significant degree. No realistic assessment of performance can be made until the vehicle is fully funded which may take 5 years.

Western Assets (active bond manager).

The company have performed well throughout 2009-10 outperforming the benchmark by 9.7% over the last 12 months.

Aviva (active UK property manager).

The fund underperformed the benchmark over the year by 1.6%. This relates to an overweight cash position relative to the benchmark and the ungeared nature of the fund. Aviva reduced this cash weighting in the final quarter and reported a slight overperformance of the benchmark (0.1%) in that period.

CBRE (European Property)

The company has performed below the benchmark (-38.8%) for the year. However, establishing a reliable benchmark for this asset class is difficult. The portfolio has been positioned to be relatively defensive with low weightings to vulnerable economies such as Spain and Emerging Europe.

AXA Rosenberg (active global equity).

After a period of sustained underperformance the decision was made to replace AXA Rosenberg in February 2010. Assets are still held with AXA and will be transferred to three new Global Equity Managers when their contracts are finalised. AXA reported an absolute return of 38.2% for the 12 months which reflected the growth in equity markets over that time. However the fund still underperformed the MSCI World Benchmark of 44.8% over the last 12 months.

Blackrock Global Investors (passive mixed portfolio manager).

This manager is employed to track the market and so will match its benchmark and does each year. Barclays Global Investors were taken over by Blackrock during the year, there were no costs for the fund as a result of this change.

Significant Shareholdings at 31 March 2010 were:

UK Equities	Sector	(£000s)	% of Fund
BP PLC	Oil and Gas	5,510.41	1.71
Royal Dutch Shell Plc	Oil and Gas	5,497.14	1.70
HSBC Holdings Plc	Banking	5,485.13	1.70
Vodafone Group Plc	Communications	3,834.02	1.19
GlaxoSmithKline Plc	Medical	3,310.53	1.03
Overseas	Country	(£000s)	% of Fund
Intl Business Machines Corp	North America	988.22	0.31
Microsoft Corp	North America	861.36	0.27
Hewlett Packard	North America	848.68	0.26
Pfizer Inc	North America	825.69	0.26
Exxon Mobil Corp	North America	813.47	0.25

Investment Manager Structure

Asset Class	Manager					Total %
	BGI	AXA Rosenberg	Western Asset	Aviva/ CBRE	Std Life/ Harbourvest	
	Passive %	Active %	Active %	Active %	Active %	
UK Equities	24.4	0.8				25.2
Overseas Equities	11.7	8.3				20.0
UK Fixed Interest Gilts	1.7		0.2			1.9
Sterling Non Gilts	2.4		12.0			14.4
Index Linked Gilts	16.0		0.1			16.1
Overseas Bonds	1.8		1.4			3.2
Property				6.8		6.8
Private Equity					3.2	3.2
Cash	8.5	0.1	0.6			9.2
TOTAL	66.5	9.2	14.3	6.8	3.2	100.0

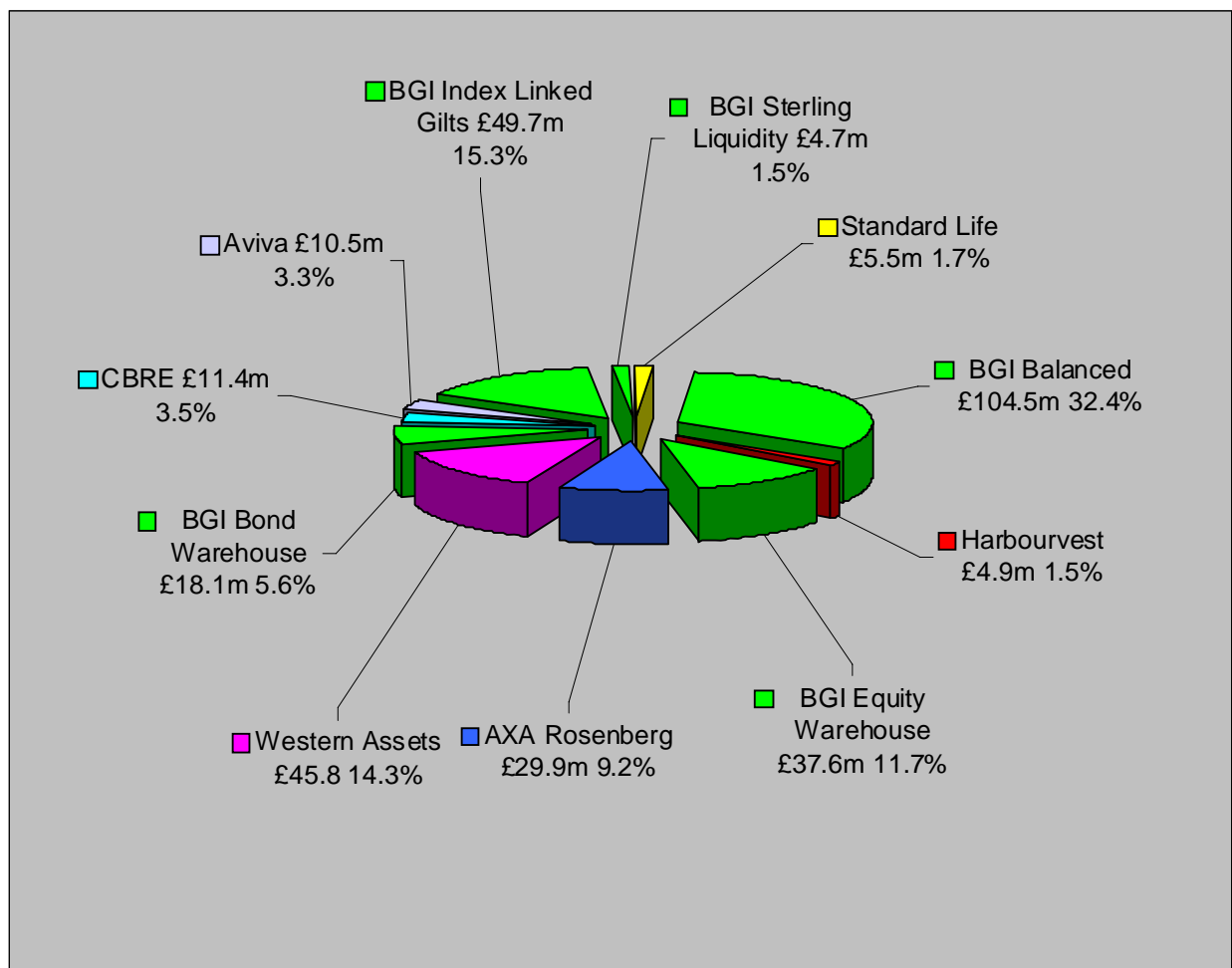
The strategic asset allocation is as follows:

	2008/09	2009/10
Equities	45%	50%
Fixed Interest and Index Linked Securities	40%	35%
Property	10%	10%
Private Equity	5%	5%

The strategic asset allocation is the ideal target and cannot be achieved until the scheme is fully funded in all areas, e.g. private equity. It does not reflect the actual investments held at the year-end. The current structure aims to have a 65:35 split between return seeking and liability matching assets. The decision was made to increase the return seeking elements to take advantage of the recovery in the equity markets.

The Fund at 31 March 2009 was significantly underweight in equities (35%) but has increased its equity holding to 45% at 31 March 2010.

The market value of assets spread between the fund managers as at 31 March 2010 is shown below:



The Future

The fund is currently formalising contracts with three new Global Equity Managers, Aberdeen, MFS and Schroders to replace the asset held with Alliance Bernstein (now held in the BGI equity portfolio) and AXA Rosenberg. The council has also appointed two Active Currency and two Hedge Fund of Funds Managers. Due legal process is currently underway before funds are transferred to the appointed managers. The funds to be transferred will be financed from existing resources.

Statement of Investment Principles

As required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No.3093) the Pensions and Investment Committee have produced a Statement of Investment Principles which complies with the six investment principles set out by the Chartered Institute of Public Finance Accountants (CIPFA) Pensions Panel. A copy is available on request from the Pension Accountant, see appendix 1 for contact details.

NET ASSETS STATEMENT

As at 31 March

	Note	2009 £'000	2010 £'000
Investments	10	258,437	322,807
Current Assets and Liabilities	13	508	971
NET ASSETS AS AT 31 MARCH		258,945	323,778

The accounts show cash held with the Investment Managers as investments as recommended in the Statement of Recommended Practice Financial Reports for the Pension Schemes.

PENSION FUND ACCOUNT

	Note	2008/09 £'000	2009/10 £'000
Contributions and Benefits			
Contributions Receivable	3	23,624	23,254
Transfers In	4	1,616	2,263
Other Income	5	52	64
TOTAL INCOME		25,292	25,581
Benefits Payable	6	17,026	18,273
Payments on Account of Leavers	7	411	2,300
Administrative Expenses	8	540	613
TOTAL EXPENDITURE		17,977	21,186
NET ADDITIONS FROM DEALING WITH MEMBERS		7,315	4,395
Returns on Investments			
Investment Income	9	5,503	3,851
Change in Market Value of Investments		-46,586	57,464
Investment Management Expenses	12	-1,051	-877
NET (LOSS)/PROFIT ON INVESTMENTS		-42,134	60,438
NET INCREASE IN THE FUND		-34,819	64,833
OPENING NET ASSETS		293,764	258,945
CLOSING NET ASSETS		258,945	323,778

NOTES TO THE PENSION ACCOUNTS

1. Basis of Preparation

The financial statements have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2009; A Statement of Recommended Practice (SORP), developed by CIPFA/LASAAC.

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statement by the actuary included in the annual report and these financial statements should be read in conjunction with it.

2. Accounting Policies

- Contributions and Benefits
Contributions are accounted for on an accruals basis. Benefits payable represents the benefits entitlement up to the end of the reporting period.
- Transfers to other Schemes
Transfer payments made to other schemes are as a result of early leavers and are accounted for when paid.
- Transfers from other Schemes
Transfers received from other schemes are for new members and are accounted for when received. No liability to the scheme accrues until all monies have been received from the transferor's scheme.
- Refunds to Leavers
These are accounted for when due.
- Investment Management Expenses
Each fund manager receives a fee for their services based on the market value of the assets they manage.
- Investment Income
Interest earned and other investment income is accounted for on an accruals basis.
- Foreign Currency Transactions
Assets and liabilities held in a foreign currency are translated at the rate of sterling quoted at year-end. Income and expenditure arising during the year is translated into sterling at the rate quoted on the date of receipt or payment. Resulting exchange gains or losses are recognised through the revenue account.

NOTES TO THE PENSION ACCOUNTS

- Valuation of Assets

No property is directly held by the fund. The market value used for quoted investments is that quoted by the stock exchange on 31 March 10. Fund Managers value unquoted securities at the year-end in line with generally accepted guidelines to ascertain the fair value of the investment.

3. Contributions Receivable

		2008/09	2009/10
		£'000	£'000
Employers			
Normal		17,219	17,544
Special		0	0
Additional		1,582	797
Members			
Normal		4,823	4,913
		23,624	23,254

		2008/09	2009/10
		£'000	£'000
Contributions were made as follows:			
Powys County Council (Administering Authority)		21,660	21,318
Scheduled Bodies (Appendix 2)		1,179	1,197
Admitted Bodies (Appendix 2)		785	739
		23,624	23,254

4. Transfers In

		2008/09	2009/10
		£'000	£'000
Individual Transfers From Other Schemes		1,616	2,263

5. Other Income

		2008/09	2009/10
		£'000	£'000
Administrative Fees Received		0	6
Additional Allowances Recovered		52	58
		52	64

6. Benefit Payable

		2008/09	2009/10
		£'000	£'000
Pensions		13,944	14,773
Commutations and Lump Sum Retirement Benefits		2,480	3,221
Lump Sum Death Benefits		602	279
		17,026	18,273

		2008/09	2009/10
		£'000	£'000
Benefits Can Be Further Analysed:			
Powys County Council (Administering Authority)		8,232	9,381
Scheduled Bodies		7,997	8,167
Admitted Bodies		797	725
		17,026	18,273

7. Payments to and on Account of Leavers

	2008/09 £`000	2009/10 £`000
Refunds to Members Leaving Service	7	2
Payments to Members Joining State Scheme	-1	0
Individual Transfers to Other Schemes	405	2,298
	411	2,300

8. Pensions Administration

	2008/09 £`000	2009/10 £`000
Powys CC Fees	480	554
Direct Administration Fees	35	29
Audit Fees	25	30
Actuarial Fees	0	0
	540	613

9. Investment Income

	2008/2009 £`000	2009/10 £`000
Income From Fixed Interest	2,898	2,283
Income From Indexed Securities	868	845
Dividends From Equities	1,570	647
Interest on Cash Deposits	167	76
	5,503	3,851

10. Investments

	Value at 01.04.09 £`000	Purchases at Cost £`000	Sales Proceeds £`000	Change in Market Value £`000	Value at 31.03.10 £`000
Fixed interest	52,716	25,293	-32,178	16,819	62,650
Equities	91,101	48,108	-36,870	43,999	146,338
Index linked	63,514	15,617	-24,619	-2,400	52,112
Property	23,087	750	0	-1,873	21,964
Private Equity Short Term	8,874	1,022	0	529	10,425
Investments	19,145	22,192	-12,409	390	29,318
	258,437	112,982	-106,076	57,464	322,807

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at anytime during the year, including profits and losses realised on sales of investments during the year. Some transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamps duty and other fees. These transaction costs incurred in the year are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the scheme.

11. Breakdown of Investments

	2009 £'000	2010 £'000
Fixed Interest Securities		
UK Public Sector Quoted	12,371	6,257
UK Quoted	32,532	45,934
Overseas Public Sector	55	9,945
Overseas Quoted	7,758	514
	52,716	62,650
Equities		
UK Quoted	47,794	81,460
Overseas Quoted	43,307	64,878
	91,101	146,338
Index Linked Securities		
UK Quoted	59,672	52,112
Overseas Quoted	3,842	
	63,514	52,112
Unit Trusts	0	0
Private Equity	8,874	10,425
Property	23,087	21,964
Cash	18,770	29,466
Derivatives (see below)		
Futures Options	65	0
Forward Foreign Exchange Contracts	310	-148
	375	-148
	258,437	322,807

The objective of a derivative is to decrease risk in a portfolio by entering into future positions to match assets that are already held in the portfolio without disturbing the underlying asset. The foreign exchange contracts above are further analysed as follows:

Forward Foreign Exchange Contracts	Expiration	Market Value £'000
Sterling	Less than 1 year	4,662
<u>Hedged against:</u>		
Euro	Less than 1 year	-1,895
Japan	Less than 1 year	0
Norway	Less than 1 year	0
Poland	Less than 1 year	0
Sweden	Less than 1 year	0
US	Less than 1 year	-2,915
		-148

12. Investment Management Expenses

	2008/09 £`000	2009/10 £`000
Administrative Management and Custody	1,037	861
Performance Measurement Charges	14	16
	1,051	877

13. Current Assets and Liabilities

	2009 £`000	2010 £`000
Contributions Due From Employers In Respect Of Employers and Members	161	149
Cash Balances	603	1,099
Accrued Expenses	-256	-277
	508	971

Amounts unpaid at the year end are subsequently paid within a reasonable time frame, i.e. the majority of the balances are paid within a 3 month period.

14. Related Party Transactions

Details of Members and officers of the Council represented on the Pensions and Investment Committee are shown on page 90. Their combined contributions into the scheme were £24k in 2009/10.

15. Additional Voluntary Contributions (AVC)

Although not part of these accounts the Authority has two AVC providers – Standard Life and Equitable Life. The amounts below represent monthly contributions from employees and do not include any transfers from private pension schemes. The employing Authorities make no contribution.

	2009 £`000	2010 £`000
Powys County Council	86	93
Other Bodies	-	-
	86	93

16. Contingent Liabilities

No contingent liabilities were known to exist at the balance sheet date.

17. Post Balance Sheet Events

No such events are known to exist at the balance sheet date.

18. Capital Commitments

The Pension Fund had the following outstanding commitments at the balance sheet date

	2009	2010
	£'000	£'000
Private Equity and Property Mandate		
Standard Life (Private Equity)	3,683	3,239
Harbourvest (Private Equity)	4,423	3,514
CBRE (Property)	1,500	750
	9,606	7,503

Powys County Council

Statement of the Actuary for the year ended 31 March 2010

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Powys County Council Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2007, in accordance with Regulation 77(1) of the Local Government Pension Scheme Regulations 1997.

Actuarial Position

1. Rates of contributions paid by the participating Employers during 2009/10 were based on the actuarial valuation carried out as at 31 March 2007.
2. The valuation as at 31 March 2007 showed that the funding ratio of the Fund had improved since the previous valuation with the market value of the Fund's assets at that date (of £290.8M) covering 73% of the liabilities allowing, in the case of current contributors to the Fund, for future increases in pensionable remuneration. The main reasons for the improvement in the funding ratio since 31 March 2004 were higher than expected investment returns on the Fund's assets and additional employer contributions paid to reduce the deficit revealed at the 2004 valuation. These had been partially offset by the impact of changes in the actuarial assumptions used, including changes to reflect higher price inflation expectations and longevity improvements.
3. The valuation also showed that the required level of contributions to be paid to the Fund by participating Employers (in aggregate) with effect from 1 April 2008 was as set out below:
 - 15.5% of pensionable pay to meet the liabilities arising in respect of service after the valuation date.

Plus

- 6.8% of pensionable pay to restore the assets to 100% of the liabilities in respect of service prior to the valuation date, over a recovery period of 25 years from 1 April 2008.

Less

- 1.3% of pensionable pay in respect of assumed additional investment returns over the period to 1 April 2011.

These figures are based on the Regulations in force, or enacted by Parliament and due to come into force, at the time of signing the valuation report and, in particular, allowed for the following changes to the Fund benefits since the previous valuation:

- The Rule of 85 retirement provisions were reinstated, and subsequently removed again. Transitional protections for some categories of member were extended to widen their coverage.
- Changes were made consistent with the Finance Act 2004.
- A new scheme has been put in place which came into effect as at 1 April 2008. All existing members transferred to the new scheme as at that date.

4. The majority of Employers participating in the Fund pay different rates of contributions depending on their past experience, their current staff profile, and the recovery period agreed with the Administering Authority. The rates of contributions payable by each participating Employer over the period 1 April 2008 to 31 March 2011 are set out in a certificate dated 31 March 2008 which is appended to our report of the same date on the actuarial valuation.

If the assumptions are borne out in practice, the rate of contribution for each employer would increase as at 1 April 2011 due to the cessation of the allowance for assumed additional short term investment returns. It would then continue at the resultant level for the balance of the recovery period used for that employer, before reverting to the relevant long term rate. In practice contribution rates will be reviewed at the next actuarial valuation which is currently being carried out as at 31 March 2010, with contribution rates changing with effect from 1 April 2011 (see point 7).

5. The contribution rates were calculated taking account of the Fund's funding strategy as described in the Funding Strategy Statement, and for the majority of Employers, using the projected unit actuarial method.

6. The main actuarial assumptions were as follows:

Discount rate for periods

In service	6.5% a year
Left service:	5.5% a year

Short term investment returns until 1 April 2011

Equity/property assets	6.95% a year
Other investments	5.2% a year

Rate of general pay increases 4.7% a year

Rate of increases to pensions in payment 3.2% a year

Valuation of assets market value

7. Contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2010 which is currently being carried out. The formal actuarial valuation report and the Rates and Adjustment certificate setting out the employer contribution rates for the period from 1 April 2011 to 31 March 2014 are required by the Regulations to be signed off by 31 March 2011.

8. This statement has been prepared by the Actuary to the Fund, Hewitt Associates Limited, for inclusion in the accounts of Powys County Council. It provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2007. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This statement must not be considered without reference to the formal valuation report which details fully the context and limitations of the actuarial valuation.

Hewitt Associates Limited does not accept any responsibility or liability to any party other than our client, Powys County Council, in respect of this statement.

Hewitt Associates Limited

16 June 2010

PENSIONS AND INVESTMENT COMMITTEE

The Pensions and Investment Committee meet on a quarterly basis. During 2009/10 it consisted of the following:-

County Councillors:

Mr A.Thomas (Chairman)
Mr S. Baynes
Mr G. Vaughan
Mr L. Fitzpatrick
Mr B. Thomas

Members Representative:

Mr G. Jones

Outside Bodies Employers Representative

Mr E. Morgan

County Council Officers In Attendance:

Mr G. Petty (Strategic Director – Finance & Infrastructure)
Mr S. Cameron (Accountancy Manager)
Mr C. Leah (Principal Accountant)
Mr J. Rollin (Pensions Manager)
Mr D.Paley (Senior Accountancy Assistant)

Fund Managers:

Blackrock Global Investors
AXA Rosenberg
Western Asset Management
CBRE
Aviva Investors
HarbourVest Partners LLC
Standard Life Investments

Global Custodian

J.P. Morgan

Independent Advisor to the Fund

Mr S. Cole (Hewitt Associates Limited)

Actuary

Hewitt Associates Limited

The Global Custodians hold the investments in the name of the Pension Fund.

APPENDIX 1

Other Bodies

Powys County Council administers the scheme for employees and ex employees of the following bodies:

Scheduled Bodies

Powys County Council
Welshpool Town Council
Llanidloes Burial Joint Committee
Coleg Powys
Newtown and Llanllwchaearn Town Council
Brecon Beacons National Park
Ystradgynlais Town Council
Knighton Town Council
Brecon Town Council
Ystradfellte Community Council
Llandrindod Wells Town Council
Powys Valuation Panel

Admitted Bodies

Powys Association of Voluntary Organisations
Careers Wales Powys
Presteigne Shire Hall Museum Trust
Theatr Brycheiniog
Carefirst Partnership (BUPA)
MENCAP
Menter Maldwyn

Community Councils and various other statutory bodies have the right to be included in the fund. Other bodies can be admitted at the discretion of the administering Authority.

Contact List and Communications

A copy of this report is sent automatically to all participating bodies. A copy is available to anyone else on demand, subject to a small administration charge. In addition a short report is sent annually to all current contributors and pensioners. Should you have any comments on the financial statement, short report or any other pension matter please contact the appropriate officer in the following list:

Pensions Administration		
Pensions Manager:	Joe Rollin	08708 510264
Joiners, Refunds, AVC, Maternity Absences:		
Surnames A-Jn	Nathan Goode	08708 510432
	Nicole Johnstone	08708 510544
Surnames Jo-L	Pauline Cooper	01597 826463
Surnames M-Z	Kim Jones	01597 826343
	Graham Jerman	01597 826162
Retirements, Deaths, Transfers:		
Surnames A-J	Megan Price	08705 510505
Surnames K-Z	Chris Hurst	08708 510267
Accounts and Investments		
Strategic Director – Finance & Infrastructure	Geoff Petty	01597 826363
Pensions Accountant	Carl Leah	01597 826490

APPENDIX 2

Analysis of Contributions by Scheduled and Admitted Bodies

2009/10	No of Contrib utors	Employers Normal £	Additio nal £	Members Normal £	Total £
Scheduled Bodies					
Brecon Beacons National Park	126	478,114	-	180,307	658,421
Brecon Town Council	6	12,065	-	3,132	15,197
Coleg Powys	148	343,395	-	118,493	461,888
Llandrindod Wells Town Council	1	4,416	-	1,436	5,852
Llanidloes Burial Joint Committee	1	2,825	-	756	3,581
Newtown Town Council	3	12,135	-	3,842	15,977
Welshpool Town Council	3	17,852	-	3,077	20,929
Ystradfellte Community Council	1	427	-	142	569
Ystradgynlais Town Council	3	11,186	-	3,466	14,652
Total	292	882,415	-	314,651	1,197,066
Admitted Bodies					
BUPA	84	299,138	-	58,294	357,432
Mencap	1	1,671	-	406	2,077
Menter Maldwyn	3	8,864	-	3,638	12,502
P.A.V.O (Former P.R.C)	10	33,536	-	11,770	45,306
P.C.G.S Ltd	50	216,254	-	73,037	289,291
Presteigne Shirehall	1	2,949	-	734	3,683
Theatr Brycheiniog	6	19,600	-	8,724	28,324
Total	155	582,012	-	156,603	738,615
2008/09					
Scheduled Bodies					
Brecon Beacons National Park	128	483,861	-	177,163	661,024
Brecon Town Council	5	11,912	-	3,049	14,961
Coleg Powys	152	330,763	-	114,752	445,515
Llandrindod Wells Town Council	1	4,293	-	1,312	5,605
Llanidloes Burial Joint Committee	1	2,899	-	628	3,527
Newtown Town Council	3	12,833	-	4,312	17,145
Welshpool Town Council	2	14,146	-	2,495	16,641
Ystradfellte Community Council	1	353	-	117	470
Ystradgynlais Town Council	3	11,118	-	3,238	14,356
Total	296	872,178	-	307,066	1,179,244
Admitted Bodies					
BUPA	94	339,376	-	63,460	402,836
Mencap	1	1,667	-	417	2,084
Menter Maldwyn	3	9,227	-	3,760	12,987
P.A.V.O (Former P.R.C)	10	52,368	-	13,557	65,925
P.C.G.S Ltd	51	199,207	-	70,103	269,310
Presteigne Shirehall	1	3,340	-	844	4,184
Theatr Brycheiniog	6	19,147	-	8,488	27,635
Total	166	624,332	-	160,629	784,961

APPENDIX 3 Benefits Paid to Scheduled and Admitted Bodies

	Retirement Pensions	Commutations & Lump Sums	Death Benefits	Total
	£	£	£	£
2009/10				
<u>Scheduled Bodies</u>				
Brecknock B.C.	763,932	965	-	764,897
Brecon Beacons National Park	202,998	28,587	-	231,585
Coleg Powys	111,751	99,196	-	210,947
Knighton Town Council	6,971	-	-	6,971
Llandrindod Wells Town Council	1,668	-	-	1,668
Llanidloes Burial Committee	493	-	-	493
Magistrates Courts Committee	2,040	-	-	2,040
Montgomeryshire D.C.	979,266	36,362	-	1,015,628
Newtown Town Council	4,205	27,869	-	32,074
Powys CC (pre 1/4/96)	5,235,696	91,442	1,350	5,328,488
Probation Committee	60,992	-	-	60,992
Radnorshire D.C.	484,208	2,846	-	487,054
Welshpool Town Council	24,367	-	-	24,367
Ystradgynlais Town Council	72	-	-	72
TOTAL	7,878,659	287,267	1,350	8,167,276
<u>Admitted Bodies</u>				
BUPA	196,762	142,147	3,030	341,939
D.B.R.W.	219,565	1,514	-	221,079
P.A.V.O.	35,017	12,099	-	47,116
P.C.G.S Ltd.	83,074	10,139	-	93,213
Powys Valuation Panel	20,425	-	-	20,425
Theatr Brycheiniog	54	-	-	54
Wales European Centre	884	-	-	884
TOTAL	555,781	165,899	3,030	724,710
2008/09				
<u>Scheduled Bodies</u>				
Brecknock B.C.	753,447	558	490	754,495
Brecon Beacons National Park	189,858	552	-	190,410
Coleg Powys	90,162	23,599	-	113,761
Knighton Town Council	6,640	-	-	6,640
Llandrindod Wells Town Council	2,227	5,497	-	7,724
Llanidloes Burial Committee	474	-	-	474
Magistrates Courts Committee	1,943	-	-	1,943
Montgomeryshire D.C.	964,558	19,598	-	984,156
Newtown Town Council	2,375	-	-	2,375
Powys CC (pre 1/4/96)	5,268,728	95,954	9,745	5,374,427
Probation Committee	56,973	834	-	57,807
Radnorshire D.C.	476,011	-	-	476,011
Welshpool Town Council	23,489	-	-	23,489
Ystradgynlais Town Council	3,730	-	-	3,730
TOTAL	7,840,615	146,592	10,235	7,997,442
<u>Admitted Bodies</u>				
BUPA	160,087	158,079	5,841	324,007
D.B.R.W.	212,358	24,785	-	237,143
P.A.V.O.	28,249	41,421	-	69,670
P.C.G.S Ltd.	67,601	77,914	-	145,515
Powys Valuation Panel	19,356	-	-	19,356
Theatr Brycheiniog	53	-	-	53
Wales European Centre	884	-	-	884
TOTAL	488,588	302,199	5,841	796,628

GLOSSARY OF TERMS

Accruals

Income or expenditure which is due but will not be received or paid until after the end of the financial year.

Actuary

An independent consultant who advises the fund and every three years produces a report on the funds financial position.

Additional Voluntary Contribution (A.V.C.)

An option available to individuals to secure additional pension benefits by making additional payments to an A.V.C. provider.

Admitted Bodies

Bodies whose staff can become members of the pension fund by virtue of an admission agreement made between the fund and relevant body.

Deferred Pension Benefit

A pension benefit which a member has accrued but is not yet entitled to receive payment of.

Equities

Shares in companies traded on a stock exchange. Shareholders have voting rights and have an interest in the profits of the company.

Fixed Interest

Corporate Bond – A certificate of debt issued by companies which guarantee a fixed rate of interest, with a promise to repay the original sum on a fixed date. These can be traded on a stock exchange.

Global Tactical Asset Allocation (G.T.A.A.)

A type of investment that deals in derivatives of other types of investments. With the intention of moving in and out of markets more quickly as opportunities arise.

Index Linked

Stocks that have their value related directly to an index, usually the Retail Price Index and are therefore protected against inflation.

Scheduled Bodies

Local Authorities and other similar bodies whose staff automatically qualify to become members of the pension fund.

Transfer Values

These can be paid or received. They represent the capital value of pension rights, which a member may transfer on changing pension schemes.

STATEMENT ON INTERNAL CONTROL 2009/10

1. Scope of Responsibility

Powys County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, whilst being used economically, efficiently and effectively.

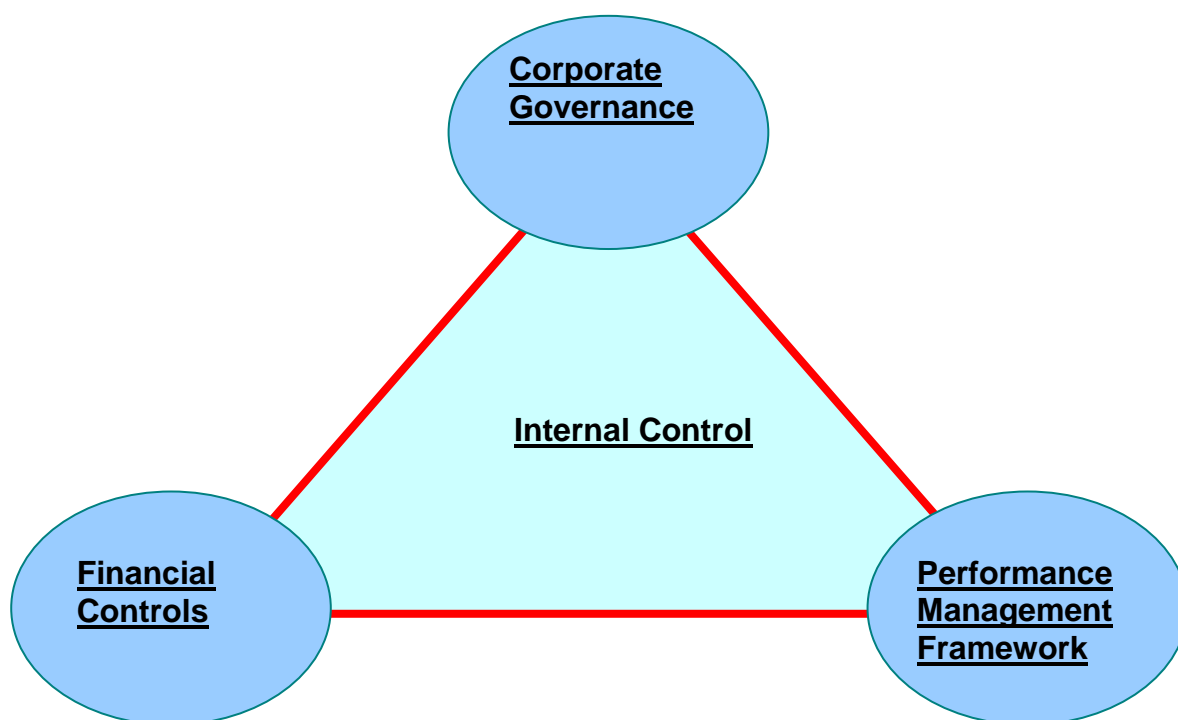
In discharging this overall responsibility, the Council is responsible for ensuring there is a sound system of internal control which facilitates the effective exercise of the Council's functions, including the arrangements for the management of risk.

2. Objective of the System of Internal Control

The system of internal control provides a reasonable assurance that the risks associated with the delivery of the Council's aims, objectives and policies have been identified, evaluated and prioritised in terms of their probability and impact if realised.

The System of Internal Control outlined in this report has been in place at Powys County Council throughout the financial year 2009-10, including through to 30th September 2010, when the statement of accounts is approved.

The internal control environment supports the Council in establishing, implementing and monitoring policies and objectives. The relationship between the key elements of the Council's internal control environment are shown in the diagram below:



2a. Corporate Governance

- **The Constitution**

This sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It includes details of responsibilities for reviewing and agreeing the Council's corporate governance arrangements. Both member and officer codes of conduct are set out in the constitution by which they are expected to comply.

The Constitution had a major update in 2007 and is subject to regular reviews.

- **Policy and Decision Making**

Most decisions are the responsibility of the Board, which comprises 15 councillors. Meetings of the board are open to the public except where personal or confidential matters are being discussed and the item is determined not to be in the public interest for disclosure. Four scrutiny committees carry out examination functions, with the authority to "call-in" decisions made by Board, in particular whether they are not in accordance with the policy framework or budget. Other regulatory functions carried out by specific committees, include licensing, planning, rights of way, employment, and pensions and investments. Within the constitution it is set out what decisions are delegated to officers.

- **Board**

The Board is responsible for the development and decision making in relation to policy. Designated Board members will hold the portfolio for a specific service area and lead policy development with officers.

- **The Audit Committee**

It monitors the work of both internal and external auditors and inspectors, ensuring service departments respond and implement their recommendations. This includes quarterly monitoring of the audit plan and tracker and approval of the statement of accounts.

2b. Finance

- **Financial Management**

The system of financial management is based on a framework of regular management information sent to all budget holders for capital and revenue. Heads of Service receive 5 written reports and forecasts per annum, which are then condensed based on an exception basis for Board, using a traffic light system. Persistent overspends and a recovery plan are discussed with relevant portfolio holders, Service Heads and the Head of Finance.

The People, Regeneration and Environment and the Corporate Governance Scrutiny Committees receive quarterly financial monitoring reports.

The budget setting process facilitates planning for a 3 year cycle with indicative budgets being published in the budget book. This allows the Council and the public to see the affordability of the medium term financial plan and take early action to address pressures that are identified.

Financial regulations are included in the Council's Constitution and are available on the intranet. They form part of the financial training programme module within the management courses. They were updated in 2007.

- **Audit and Review of Effectiveness**

Internal audit complies with the Auditing Practices Board's guideline "Guidance for Internal Auditors" as interpreted by CIPFA's Code of Practice for Internal Audit in Local Government 2006. Audit planning is risk based, a summary of the findings are reported to the Audit Committee each quarter and used by external audit as assurance of systems adequacy. For 2009-10 it states that internal audit had completed 107 audits, 2 of which gave high levels of assurance, 89 gave a satisfactory level and 16 a limited level. The reviews to Audit Committee focus on those service areas that are failing to implement the audit findings. Heads of Service have significantly improved their compliance, since the requirement to attend the committee along with the relevant portfolio holder to justify why non-compliance has occurred.

The audit manager also provides an annual independent opinion on the adequacy and effectiveness of the systems of internal control. At the Audit Committee in June 2010 the opinion was given as satisfactory levels of internal control, based on his findings from the internal audit work and the review of the fundamental systems. In addition satisfactory arrangements were implemented to ensure the effective, efficient and economic operation of the Council's affairs.

The Wales Audit Office undertakes the external audit role by providing assurance, assessment and improvement reviews. Reports are prepared within the guidelines of responsibilities detailed in the Code of Audit and Inspection Practice and in the context of the Statement of Responsibilities issued by the Auditor General for Wales.

In 2009 the new Local Government (Wales) Measure introduced a new reporting regime. Corporate assessment will be ongoing throughout the year and a Corporate Assessment Report will be produced annually in April/May. A Performance Assessment Report will replace the annual Audit Letter. An Improvement Report containing a summary of the Corporate Assessment and findings from the Performance Assessment will be available annually in November.

These reports are reviewed by the Audit Committee, alongside a quarterly tracker that monitors the progress of action plans proposed by Heads of Service in relation to the reviews.

- **Responsible Officers**

The Section 151 officer has overall responsibility for the financial administration of the Council. Service departments are supported by central finance staff and budget monitoring and forecasts are reported to Board 5 times per annum.

The Monitoring officer has overall responsibility for legal issues. Legal staff work closely with service departments to provide advice and support.

All Board reports require the views of the s151 officer and the monitoring officer.

2c. Performance Management Framework (PMF)

Built around the principles of Plan, Do, Check and Act, the PMF is essential in a large, complex organisation that needs to work with multiple external partners to deliver overall results for its customers. It lays out the common system and methods needed to perform and improve, helping us to work as one 'joined up' community rather than separate services.

- **Corporate Planning Cycle (CPC)**

The CPC provides the structure within which the council's key priorities can be defined, resourced and implemented at the highest, strategic level of the organisation through to frontline services responsible for delivering those priorities.

- **Strategic Review**

This is the starting point for the CPC and will include a synopsis of the resident's survey, an overview of both performance and finance, a summary of the authority's high risks and an overview of the emerging agendas from the county's community strategy and thematic partnerships. The Strategic review is presented to the Executive Management team (EMT) during August.

- **Corporate Statement of Intent (CSol)**

The statement outlines the direction and priorities for the whole Authority in terms of delivering its programmes for change, the targeted allocation of resources and the need for improved cost management. EMT develop the CSol which is then discussed by all members in their Political Groups along with the Corporate Management Team (CMT). The CSol is signed off by Board in October and is the corporate fore-runner to business planning.

- **Business Plans**

The preparation of a forward plan that encompasses the priorities expressed in the corporate statement of intent and other key change objectives that will improve service provision. Business Plans are agreed and signed off by Executive Directors and Portfolio Holders by 31st March.

- **Peer Review**

The Peer Review provides an environment where the objectives and ambitions identified within service business plans can be informally challenged by CMT and the Board. This has the potential to deliver better quality of business plans and increases the chances of success through improved communication across all service areas.

- **Aim High Powys – AHP (Programme and Project Management)**

The AHP Programme will transform the way Powys County Council works through providing high standards of service to customers; delivering value for money and continuously improving services; having effective Corporate governance and management; being a good employer; using its resources effectively for the benefit of the people of Powys; having effective team working; and being an effective communicator with the public stakeholders and staff, by applying effective Programme / Project management disciplines and techniques.

This transformation is about delivering major Council-wide change in the following areas:

- easier access to our services for our customers;

- improved standards of social service delivery;
- modernising our schools in line with future needs;
- improving the culture and performance of our people;
- improving our internal and external communication;
- Aligning our waste management systems with future needs;
- Improve cost effectiveness in our service delivery;
- Ensure we meet our Equalities and Welsh Language requirements;
- Ensuring that capital projects are delivered on time, to budget and with the desired outcome.

The Council has an established a Programme Board to manage the AHP and Capital Programmes. The Board receive status reports from each of the Project Sponsors for AHP and Capital projects, assess progress towards achieving the programme benefits, and approve new projects within the programme on a bi-monthly basis".

- **Corporate Improvement Plan (CIP)**

The CIP is the council's main strategic document and is the basis through which we can measure success in delivering our vision. Stage 1 looks at our forward plan and is signed off by Full Council in April each year. Stage 2 looks at our performance over the previous year and has a statutory deadline for publication of the 31st October.

- **Performance Measurement and Monitoring**

Performance measures quantitatively tell us something important about our services, and the processes that produce them. They are a tool to help understand, manage and improve our service provision.

Regular monitoring of performance enables managers to identify gaps in performance, enabling us to make timely changes. The responsibility for monitoring performance is shared with staff, managers, Heads of Service, CMT, EMT, Portfolio Holders, Board and Members as each has a role to play. Business plans, objectives and performance measures are at least monitored on a quarterly basis.

The CIP is monitored quarterly at CMT, EMT and Board and is also reported to the Principal Scrutiny Committee. People, Regeneration and Environment and Corporate Governance Scrutiny Committees also monitor performance on a quarterly basis. The completion of agreed actions against recommendations from external regulators review is monitored quarterly by the Audit Committee.

The annual review of the performance indicators is presented to Board and scrutiny committees

- **Risk Management**

Risk management is concerned with the identification, evaluation and treatment of risks which may threaten the achievement of objectives. Its aim is to add value through increasing the probability of success and reducing the probability of failure. The Corporate Risk Management Strategy, which is regularly reviewed, outlines the rationale for managing risk, the risk management process and responsibilities.

The risk register is the designated portal for co-ordinating recognised risks. Risk reviews by Heads of Service have served to review existing risks as well as scanning for those which may emerge in the future. Key risks are recorded on the risk register together with agreed control measures to reduce the risk impact and probability,

where appropriate. These control measures are then reflected in Service Strategies in order to achieve objectives.

In previous years the risk register has provided the foundation for the Joint Risk Assessment (JRA).

Under the new Local Government (Wales) Measure 2009, the need to undertake a Joint Risk Assessment is no longer required. Our regulators therefore agreed to accept our Risk Register 2009 without going through the rigorous and formal process of agreement seen in previous years.

Understanding and managing our risks is still a key element of sound corporate and business planning and the current register identifies a number of key risks that would threaten the Council's achievement of objectives. Whilst significant progress has been made on risk management, it is not yet fully embedded in all activities of the Council. The mechanisms for maintaining the risk register are currently the subject of review to assist in further embedding the process in the future.

4. Statement on Internal Control

On the basis of this process, the legal and financial advice of the responsible officers, and the Council's policies and working arrangements, we certify that we approve the Statement of Internal Control for 2009-010.

Councillor Michael Jones
Chairman of Board

Date

Jeremy Patterson
Chief Executive

Date

AUDITOR'S REPORT TO POWYS COUNTY COUNCIL

Independent auditor's report to the Members of Powys County Council

I have audited the accounting statements and related notes of:

- Powys County Council; and
- Powys Pension Fund

for the year ended 31 March 2010 under the Public Audit (Wales) Act 2004. Powys County Council's accounting statements comprise the Income and Expenditure Account, Statement of Movement on Council Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement, Housing Revenue Account Income and Expenditure Account and Statement of Movement on Housing Revenue Account Balance.

Powys Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to Powys County Council in accordance with Part 2 of the Public Audit (Wales) Act 2004 and for no other purpose, as set out in the *Statement of responsibilities* prepared by the Auditor General for Wales.

The maintenance and integrity of the Powys County Council's web site is the responsibility of the local government body; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the statement of accounts since it was initially presented on the web site.

Respective responsibilities of the responsible financial officer and the independent auditor

The responsible financial officer's responsibilities for preparing the statement of accounts, including the pension fund accounts, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2009 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements and related notes give a true and fair view, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2009:

- the financial position of the local government body and its income and expenditure for the year; and
- the financial transactions of the pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

I review whether the Statement on Internal Control reflects compliance with 'The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003' published by CIPFA in April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit. I am not required to consider, nor have I considered, whether the Statement on Internal Control

covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the local government body's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and related notes and consider whether it is consistent with the audited accounting statements and related notes. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements and related notes. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Public Audit (Wales) Act 2004, the Code of Audit Practice issued by the Auditor General for Wales, and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the local government body in the preparation of the accounting statements and of whether the accounting policies are appropriate to the local government body's and pension fund's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion on the accounting statements of Powys County Council

In my opinion the accounting statements and related notes give a true and fair view, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2009, the financial position of Powys County Council as at 31 March 2010 and its income and expenditure for the year then ended.

Opinion on the accounting statements of Powys Pension Fund

In my opinion the pension fund accounts and related notes give a true and fair view, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2009, the financial transactions of Powys Pension Fund during the year ended 31 March 2010 and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

My conclusion on Powys County Council's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010 will be reported separately in the published Annual Audit Letter.

Certificate of completion

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

John Herniman
Wales Audit office
24 Cathedral Road
Cardiff
27 September 2010

GLOSSARY OF TERMS

Accrual

An accrual is a sum (provision) shown in the accounts to cover income or expenditure for the accounting period but which was not actually paid or received as at the date of the balance sheet.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the date of the balance sheet.

Best Value

This was introduced as part of the Local

Actuary

An actuary is a person who works out insurance and pension premiums, taking into account factors such as life expectancy.

Actuarial Valuation

This is when an actuary checks what the pension scheme assets are worth and compares them with the scheme's liabilities. They then work out how much the contributions from employers and members must be so that there will be enough money in the scheme when people receive their pensions.

Additional Voluntary Contributions

An option to secure additional pension benefits by making regular payments in addition to the 6% of basic earnings payable.

Admitted Bodies

Voluntary and Charitable bodies that fulfil certain conditions can apply to allow their employees to become members of the Local Government Pension Scheme.

Agency Services

Agency services are services provided by an outside organisation.

Audit

An audit is an independent examination of the Council's activities.

Government Act 1999 to improve the services provided by local authorities.

Budget

A budget is a spending plan set by the Council against which the actual spend is Monitored

Capital Expenditure

Capital expenditure is spending on fixed assets. These are assets that we will use for several years to provide services. Such items include buildings, equipment and vehicles.

Capital Finance Reserve

This is money set aside to repay loans and reflect the use of capital receipts grants and revenue resources to fund capital expenditure.

Capital Receipts

Capital receipts are sums of money received from the sale of capital assets.

Cash flow statement

A statement that summarises the movement of cash in the year.

Contingent Liabilities

Contingent liabilities exist where it is probable that a future event will result in a material cost to the Council and can be estimated with reasonable accuracy.

GLOSSARY OF TERMS

Corporate Governance

This is the system by which organisations are run, and the means by which they are responsible to their taxpayers, employees and society.

Corporate Management

A service within the Authority that provides services on behalf of all departments to the Council. It includes treasury management, the maintenance of registers, and the completion of statutory returns.

Current Asset

These are short-term assets that are available for use in the following accounting year.

Current Liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting year.

Current Service Costs (Pension)

The increase in the liability of a defined benefit pensions scheme as a result of employee's service in the current period

Debtor

A debtor is an organisation/individual that owes the Council money at the balance sheet date.

Defined Benefit

A defined benefit pension scheme pays pensions based on the final Salary levels.

Depreciation

Depreciation represents the loss in value of an asset caused by the use of that asset.

Earmarked Reserves

Reserves set aside for specified Purposes.

External Interest

Interest paid to an external organisation.

Financial Year

This is the accounting period. For local authorities it starts on 01 April and ends on the 31 March in the following year.

Finance Leases

Finance leases are used to finance purchases where the Council takes on most of the risks associated with owning the asset.

Fixed Asset

These are long –term assets used in the provision of services, they include buildings, vehicles etc. that have a life expectancy of more than one year.

Fixed Asset Restatement Reserve

This represents the balance resulting from periodical revaluations of fixed assets and cannot be used for reinvestment.

GLOSSARY OF TERMS

Financial Reporting Standards (FRS`s)

Financial regulations to be followed as set by the Accounting Standards Board.

Financial Instruments Adjustment Account (FIAA)

The FIAA provides a balancing mechanism between the different rates at which gains and losses (such as premia on the early repayment of debt) are recognised under the SORP and required by statute to be met from the Council Fund.

Leasing

This is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years.

Liability

A liability is an amount payable at some time in the future.

Minimum Revenue Provision (MRP)

This is the amount that has been 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. NNDR is set by central government and is a percentage of the rateable values. The percentage is the same throughout Wales. The total collected is split between individual authorities in proportion to their adult populations.

Net Realisable Value

The selling price of an asset, reduced by the relevant cost of selling it.

Housing Revenue Account (HRA)

This account contains all the councils income and spending on its own houses.

Operating Leases

These are leases where risks of ownership of the asset remain with the owner.

Past Service Costs (Pension)

For a defined benefit pension scheme, this is the extra cost resulting from changes or improvements to the proportion of retirement benefit that relates to an employees past service.

Post Balance Sheet Events

Post balance sheet events are items that have arisen after the balance sheet date. The items did not occur at the time the balance sheet was prepared but have subsequently been discovered. To give a fair representation they may need to be disclosed.

Precepts

An amount paid to a body such as a community council based on a specific council tax rate for some or all of the County Councils areas.

GLOSSARY OF TERMS**Open Market Value in Existing Use**

Is a basis of valuation of a fixed asset.

Provision for Credit Liability

Money set-aside to repay debt, forming

Operating Assets

These are assets used in the provision of our services.

Related Party Transactions

These are the transfer of assets or liabilities or the performance of services by, to, or for a related party no matter whether a charge is made.

Revenue Account

This is an account that records the councils day to day income and expenditure. It deals with items such as salaries, wages and running costs; it includes cost for the financing of capital expenditure.

Reffcus

Revenue expenditure finance from capital under statute relates to spend of a revenue nature that was financed by the capital programme

Stocks

Raw materials purchased for day to day use in the provision of services. The value of unused stocks forms part of the balance sheet being shown as current assets.

part of the capital financing reserve.

Public Works Loan Board (PWLB)

A government body providing long-term finance to local authorities. Its interest rates are only slightly higher than those at which the Government its self can borrow.

Temporary Borrowing or Investment

Money either borrowed or lent for a period of less than one year.

Trust Funds

Where money is held or invested on behalf of an organisation or individual, being administered according to their wishes by the appointed Trustee.

Voids

Voids are empty properties.

Work in Progress

Work in progress is the value of work undertaken and is unfinished at the end of year, and is yet to be charged to the revenue account.

