

Report & Accounts 2013/14



Contents

Report & Accounts 2013/14

Newport City Council

3	Head of Finance's Explanatory Foreword and Report
11	Statement of Responsibility
12	Annual Governance Statement
32	Independent Auditor's Report
34	Comprehensive Income and Expenditure Statement
35	Movement in Reserves Statement
36	Balance Sheet
37	Cash Flow Statement
38	Accounting Policies
51	Notes to the Accounts
118	Glossary of Acronyms
119	Further Information

Head of Finance's Explanatory Foreword and Report

Report & Accounts 2013/14

Newport City Council

Introduction

The purpose of this foreword is to offer a guide to the context in which the Authority operates, provide an overview of the most significant matters affecting the accounts, outline any changes in accounting policies applied in preparing the accounts and explain the Authority's overall financial position.

These financial statements cover the period 1 April 2013 to 31 March 2014 and have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2013/2014' (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Four key statements together with supporting notes detail the financial performance, these are:

- **The Comprehensive Income and Expenditure Statement (CIES):** showing the accounting cost in year of providing services in accordance with generally accepted accounting practices;
- **The Movement in Reserves Statement:** summarises the Authority's income and expenditure activity and shows how this is adjusted to arrive at the Authority's funding, or council tax position, and how surpluses/ deficits have been distributed to reserves;
- **The Balance Sheet:** shows the value as at the 31 March 2014 of the assets and liabilities held and recognised by the Authority;
- **The Cash Flow Statement:** shows the movements in cash and cash equivalents of the Authority during the reporting period.

Background

The accounts need to be seen in the context of the challenging funding position which Local Government face and local events within the Authority.

Impact of Current Economic Climate on the Authority

In line with other Authorities, Newport City Council's grant settlement continue to put pressure on the budget, with the need to invest in baseline services and meet increasing demand for services far outweighing funding availability. In 2013/14, like the previous 2-3 years, significant savings were required to produce a balanced budget and maintain essential services. This brings with it two issues and challenges:

- the increasingly difficult but important need to manage within budget
- identify and create funds, through use of reserves for example, to meet the significant one-off costs required to implement saving proposals

In 2013/14, the Authority developed a medium term change/efficiency programme which articulated the changes required across all services and enable sustainable services over the medium term. The savings delivered by this programme are embedded within the Authority's Medium Term Revenue Plan. Cabinet and Authority agreed this programme in February 2014.

Head of Finance's Explanatory Foreword and Report

Report & Accounts 2013/14

Newport City Council

Very recent indications from the Welsh Government are that financial settlements for the medium term are to be far worse than anticipated and the programme will need to be expanded to meet the increasing challenge. This will put further pressure on the Authority to identify enabling funds to implement the changes required.

Significant events

Within the 2013/14 financial year, the events that require mention were in relation to:

- the Authority agreeing to the making of a 'development loan' to Queensberry Newport of up to £89.110 million for the Friar's Walk development – a retail/leisure development in the city's centre and the major strand in the regeneration of the city. This was agreed by the Council on 13th December and no monies had been drawn down under this facility as at 31 March 2014. More detail is supplied in Note 43.
- the settlement of the equal pay claims against the Authority. Some claims remain outstanding as at 31 March 2014, mainly in relation to those staff groups transferred out of the direct services of the Authority and it is planned that these are settled in the 2014/15 financial year. Whilst the Authority had built up a reserve to deal with the anticipated costs of this, it was successful in securing a 'capitalisation directive' for these costs, which allows the Authority to capitalise and therefore fund the cost over a longer term. This route was chosen for the eventual funding of claims settled in 2013/14. This has essentially allowed the Authority to reduce funds held in this reserve and usefully transfer them to the invest to save reserve to deal with costs associated with implementing its change/efficiency programme.

Having highlighted the key issues, the following notes refer to the main statements contained within these accounts, key financial risks and the Authority's capital and borrowing activities.

Comprehensive Income and Expenditure Statement – 'Managing our budget'

Summary

It is pleasing to note that under challenging financial conditions, mainly arising from spending pressures in social care, the Authority managed its budget in 2013/14 and produced a small (1.6% of the total budget) underspend. In overall terms, this came from the Authority's revenue contingency budget not required in 2013/14 (£1.5million), and net under spending by departments (£2.5million), which was generated mainly from vacancies. As the Authority was developing its current Change/Efficiency savings programme in this year, senior managers were careful to leave non-essential posts vacant if they were likely to be affected by the programme and this generated significant in-year savings. This underspend was put into reserves, which is explained more fully in the balance sheet section below.

This underspend was reported to the Authority's Cabinet in their June 2014 meeting and the table summarising the position is shown below.

Head of Finance's Explanatory Foreword and Report

Report & Accounts 2013/14

Newport City Council

	Approved Estimate £'000	Actual Net Expenditure £'000	Variance to Original £'000
Lifelong Learning and Leisure			
- Education Inc schools	99,414	99,603	189
- Culture, Libraries and Leisure	6,531	6,166	(365)
Social Services	61,650	60,691	(959)
Environment and Regeneration	22,090	22,371	281
Corporate Services	17,201	15,809	(1,392)
Capital Financing Costs & Interest	20,979	19,804	(1,175)
Total Expenditure On Services	227,865	224,444	(3,421)
Levies/Other	19,389	20,447	1,058
Transfer to/(from) Reserves	5,607	5,808	201
Restructuring/other savings related expenditure	950	950	-
General contingency	1,473	-	(1,473)
Net Council Fund	255,284	251,649	(3,635)
Government Grants	(209,035)	(209,035)	-
Council Tax	(46,249)	(46,587)	(338)
Further transfer from/(to) Balances	-	(3,973)	(3,973)

In terms of these accounts, the position is made more complicated by our need to comply with relevant accounting requirements. In essence, we have to charge certain expenditure into the accounts, however, these are not 'cash related' expenditure and therefore do not need funding from the Authority's main funding sources – it's revenue support grant and council tax. Therefore, in these accounts, in line with the accounting regulations, we also reverse them out which leaves us with a 'bottom line' based on how we are funded i.e. on our 'funding basis'. After this reversal – the 'bottom line' agrees to what was reported to Cabinet.

Within the comprehensive Income & Expenditure account, the Authority is reporting a deficit on provision of services of £10.6million, under the relevant accounting basis. As said, we then reverse certain costs charged to the Income & Expenditure accounts, and this is done through the 'Movement in Reserves' statement which immediately follows the Comprehensive I&E Statement, to show a final position based on its funding basis.

The key movements are:

- £24.1million of depreciation and impairment charges on non-current assets;
- £14.2million revaluation losses on property, plant and equipment assets;

Head of Finance's Explanatory Foreword and Report

Report & Accounts 2013/14

Newport City Council

- £11million relating to the difference between pension costs chargeable under regulation and those under accounting requirements; and
- £18.5million of capital grants applied during the year, that are now recognised in full in the Comprehensive Income & Expenditure Statement.

Following these adjustments, the Authority achieved a surplus of on a 'funding' basis of £3.9million, the same as reported to Cabinet in its June 2014 meeting. Note 28 provides a full reconciliation between the accounting based deficit and the funding based surplus.

Balance Sheet – the Authority's Reserves, Provisions and Contingencies

The Authority has a strong balance sheet position with useable reserves of about £80million. This provides a good platform to begin its challenging journey of creating sustainable services as funding is reduced.

Usable reserves

Note 8 to these accounts lists the Authority's main cashable reserves and the movements within those reserves in 2013/14 and balances at 31 March 2014.

In summary, the Authority's 'general reserves', excluding school reserves, has remained at the agreed level of £5million, which is the minimum required and is sufficient in the context of having a revenue contingency budget and earmarked reserves. School reserves have remained more or less static at £4.2m. However this is after they transferred nearly £500k to a schools capital reserve to fund future improvements to their facilities.

Earmarked (i.e. specific) revenue reserves have increased from £64.5million to £71.2million during the financial year, following increases to the invest to save reserve, and the creation of new reserves for 'capital works' and the 'Friars Walk' loan. In total, available reserves to the Authority have increased by £6.6million from £73.8million to £80.4million.

Useful notes on the Authority high profile and important reserves are shown below:

- Funds within the 'invest to save reserve' are sufficient to implement its medium term change/efficiency programme, though this will inevitably require on-going review as we develop the programme to meet anticipated worsening funding challenges in 2015/16 onwards.
- Funds within the 'pay reserve' are deemed sufficient to fund remaining outstanding equal pay claims and the anticipated one off costs of implementing its new pay/grading framework.
- Funds have been made available for the creation of a 'Friars Walk' reserve which will be used to provide limited mitigation against any potential default or delay in the Queensberry Newport loan repayment. No issues in this respect are known and anticipated to date but the Authority will credit surplus interest charges and any other funds available into this reserve, for the purpose outlined above.

Head of Finance's Explanatory Foreword and Report

Report & Accounts 2013/14

Newport City Council

Impact of Pension Deficit on Reserves

The Authority participates in the Local Government Pension Scheme. Employees and employer's contribute into the fund and along with investment income and growth generated, the funds are used to pay its pension obligations. The Fund is valued every three years to assess if the assets are sufficient to fund its pension obligations, taking account of actuarial assumptions of member's life expectancy, investment returns, value of pensions paid out etc. The last valuation was 2013 and this is used to assess what future contributions might be required to ensure, that in the long run, the fund is sufficiently funded.

On an annual basis, and for the purpose of providing information to meet pensions costs reporting regulations, the schemes actuaries provide an interim update. As at 31 March 2014, this assessed the scheme as in deficit at £184.6m.

However, this position must not be taken out of context. The fund is there for the long term funding of pensions. Therefore, this deficit on the pension scheme and its impact on the Authority's overall reserves is also a long term issue – the deficit and liability would not arise in any single year. The deficit is currently being addressed over the long term by increased employer and employee contributions in the 2014/15 year, as well as the pension scheme benefits being calculated differently, such as moving to career average salaries as opposed to final salary.

Further details on pension balances and transactions can be found in notes 40-41.

Provisions

Provisions are funds set aside on the balance sheet to meet likely liabilities. They are reviewed each year and in particular, an assessment of what new issues and risks are in place which may requires sums to be identified and set aside.

Following our assessment of risks, total provisions decreased by £9.4million to £8.1million, due largely to settlements of equal pay claims and movements on the accumulated absence provision.

The key risk to the Authority relate to our 'insurance' provision which has increased by about £1million this year. This is due to a number of high risk, and high pay-out claims against the Authority that are currently working their way through the legal system.

Details of the movements of individual provisions are shown in Note 21.

Contingencies

A number of contingent liabilities are disclosed. No financial provision have been made for these as they are in relation to events where the Authority has little influence or control over, much certainty that they will actually happen, whether there will be any financial impact and if so, how much. However, the Authority have taken a prudent approach and put funds aside within reserves to deal with two of the issues disclosed, as noted below.

Head of Finance's Explanatory Foreword and Report

Report & Accounts 2013/14

Newport City Council

However, along with the provisions note 21, it gives the reader of the accounts information about the financial risks facing the Authority. For 2013/2014, contingency liabilities disclosures covered:

- MMI run off claims;
- On-going insurance claims against the Authority, for which no provision is justifiable at this point under accounting regulations. A reserve of £1.8million has been set aside to fund these potential risks however; and
- Outstanding single status claims against the Authority. Again, the Authority's pay reserve has sums set aside to fund the settlement of these.

Further details are available at Note 43.

Capital Expenditure and Funding

Total capital expenditure in 2013/14 was £24.5million (£25.7million in 2012/13). The main items within this figure are shown below:

	Adjusted Estimate £'000	Actual Expenditure £'000	Variance To Estimate £'000
Education & Young People	6,251	6,299	48
Leisure & Culture	1,194	1,195	1
Regeneration & Development	809	728	(81)
Human Resources & Assets	2,059	2,030	(29)
Licensing & Statutory Functions	10	10	-
Social Care & Well-Being	2,768	2,739	(29)
Infrastructure	8,327	8,343	16
Newport Unlimited	3,127	3,169	42
Total Capital Expenditure	24,545	24,513	(32)

The most significant capital expenditure during the year related to:

- £1.2million to complete works at Llanwern High School;
- £2.2million on the highways local government borrowing scheme;
- £2.0million on housing renovation schemes including disabled facilities and energy efficiency grants; and
- £1.8million on the Friar's Walk development project.

Head of Finance's Explanatory Foreword and Report

Report & Accounts 2013/14

Newport City Council

- £3.8million on other city centre projects such as the bus station and Newport Unlimited schemes

Financial Year 2013/14 was the last year of the current 4 year capital programme and in February 2014, the Authority approved a new medium term programme. The new programme is ambitious in terms of its size (£80.5million) which is mainly due to slippage of schemes from the old programme, and this, coupled with the worsening funding challenges will mean that a robust review of this is needed already. At this stage, we envisage that slippage will contribute to reduced spend on the programme rather than reduction/deletions of individual schemes.

The Authority has continued to fund most of its capital programme spend from 'cash' resources as opposed to new borrowing. Given its strong cashable reserves position, it has, over a number of years, pursued a policy of drawing down its cash reserves rather than taking on new borrowing and use short term borrowing to maintain required liquidity. This is cheaper and also ensures we reduce counterparty investment risks. No new borrowing was taken out in 2013/14 although the Authority is now beginning to reach a point where longer term borrowing needs to be considered. The Authority's loan facility to Queensberry Newport will in itself necessitate that longer term borrowing is taken out in 2014/15 and beyond.

Material Assets/Liabilities

Other than outlined elsewhere in this foreword, the Authority has not taken on any other material assets or liabilities during the year.

Changes to Accounting Policies

Community Assets are now valued at the lower of net current replacement costs or net realisable value in existing use, following the revaluation of some assets. No prior year adjustment was considered necessary as these amounts were not considered material.

Future developments – Looking Forward

As has already been mentioned elsewhere in this foreword, the increasing financial challenges being faced by this Authority, with others, will dominate how we plan, structure and deliver services in the future. I am confident that the Authority has a strong position to take this forward in terms of enabling funds.

As part of the change/efficiency programme, the Authority will be implementing new service delivery models and one of these was implemented in July 2014, when the Authority partnered with the 'Norse' group for the delivery of asset management and building maintenance services. This will deliver improved and more efficient services. The Authority is also implementing a new Leisure Trust in Newport and this will deliver the Authority's sports and leisure services when implemented, in early 2015.

The Authority will also be implementing a new pay and grading framework in 2014/15 and as already noted, completing its settlements of outstanding equal pay claims. The current budget

Head of Finance's Explanatory Foreword and Report

Report & Accounts 2013/14

Newport City Council

includes substantial sums for the anticipated increase in the 'pay bill' when the new pay & grading system is implemented.

The Authority has an approved capital programme until 2017/18, covering spend of £80.5million, and includes such key projects as the city centre re-generation, and the new school building programme. As said above, this does require re-phasing to both reduce costs in the earlier years and provide a realistic assumption as to what projects can physically be delivered. The Authority will need to consider when and to what extent it stops relying on short term loans for liquidity and take out longer term loans in 2014/15.

Statement of Responsibility for the Statement of Accounts

Report & Accounts 2013/14

Newport City Council

The Authority's responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Head of Finance's Responsibility

The Head of Finance is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Head of Finance has:

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

The Head of Finance has also:

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

Head of Finance Certificate

I certify that the accounts set out in pages 35 to 118 give a true and fair view of the financial position of Newport City Council at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

Meirion Rushworth

Meirion Rushworth
Interim Head of Finance

29 September 2014

John Baker

John Baker
Chair of Audit Committee

29 September 2014

- 1.1 This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), the 'Delivering Good Governance in Local Government Framework'. It embraces the elements of internal financial control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.

2 Scope of Responsibility

- 2.1 Newport City Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.
- 2.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.
- 2.3 The Authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)*.
- 2.4 The code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government', was approved by Cabinet and then Council in July 2013. A copy of the code can be obtained from the Head of Finance. This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (Wales) Regulations 2005.

3 The Purpose of the Governance Framework

- 3.1 The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 3.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 3.3 The governance framework has been in place at the Council for the year ended 31 March 2014 and up to the date of approval of the statement of accounts.

4 The Governance Framework

4.1 The Council's code of governance has been developed in line with the following principles:

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

The key elements of the Council's governance framework are as follows:

4.2 The Council's Corporate Plan for 2012-2017 "Standing Up For Newport" sets out the 5 year vision for the council. 5 clear aims are set out in the Corporate Plan; these have been adopted as the Council's Improvement Objectives:

- a Caring City;
- a Fairer City;
- a Learning and Working City;
- a Greener and Healthier City;
- a Safer City.

The strategic planning process shows how the corporate plan fits in with the improvement plan and other key plans and strategies in Newport

4.3 The Improvement Plan is the delivery vehicle for the Corporate Plan. The Improvement Plan summary leaflet highlights what the Council is aiming to do and how it is going to measure its success towards the aims set out above; 10 Improvement Objectives have been agreed.

4.4 The Single Integrated Plan [SIP] [Cabinet February 2013] – 'Feeling good about Newport' represents the combined strategic planning intent of a partnership of the key public service providers in Newport which includes the Council - for improving the quality of life in terms of the social, economic and environmental well-being of the whole community. It is agreed by all the partner organisations who are members of the One Newport Local Service Board. A review of partnership arrangements, in line with Welsh Government planning guidance has resulted in an integrated partnership structure and Single Integrated Plan (SIP) that replaces the Community Strategy and four core partnerships of:

- Healthy Newport (Health, Social Care and Wellbeing Strategy)
- Young Newport (Children and Young People's Plan)

- Prosperous Newport (Prosperous Newport Plan)
- Safer Newport (Community Safety Plan)

The priorities within the SIP are:

- Skills and work
- Economic opportunity
- Safe and cohesive communities
- Health and wellbeing
- City centre
- Alcohol and substance misuse

- 4.5 The Council's stakeholders are consulted in regard to determining the priorities needed to realise the vision set out in the Corporate Plan, Improvement Plan, SIP, and the service-planning process establishes and communicates those priorities and means of achieving them.
- 4.6 The Council's Risk Management Policy requires the proactive participation of all those responsible for planning and delivering services in identifying, evaluating and managing significant risks to the Council's priorities, services and major projects. The risks and the controls necessary to manage them are recorded in the respective service plans, and any required improvements to controls are monitored to ensure implementation.
- 4.7 Processes are in place to ensure the economic, effective and efficient use of resources and for securing continuous improvement in the way that functions are exercised. This is supported by reviews undertaken by the external auditors and inspectors, and cooperating with the Welsh Government and as part of the wider collaborative agenda.
- 4.8 The Chief Executive Officer and the Strategic Directors are accountable for ensuring that the Council Priorities are delivered, and performance against key targets is regularly monitored via the performance management framework, Views, and is regularly reported to the Performance Board.
- 4.9 In order to ensure the successful delivery of services and completion of projects, central guidance and support is provided in respect of procurement and project management.
- 4.10 The Constitution, which can be found on the Council's website, sets out:
- how the Council operates and makes decisions,
 - the procedures to ensure that decision-making is transparent and accountable to local people and other stakeholders,
 - the key roles of all members and senior officers, including the lead responsibilities for corporate governance of the Leader, the Managing Director and other designated senior officers,
 - a scheme of delegated powers for decision-taking
 - responsibilities for reviewing and agreeing the Council's corporate governance arrangements,
 - arrangements for ensuring it is regularly reviewed and updated
 - its related codes and protocols.

- 4.11 The Council takes its decisions by way of the full Council meeting or the Executive. The Executive comprises the Cabinet working as a collective; individual Cabinet Members and Chief Officers. The Scheme of Delegation; responsibility for functions and Terms of Reference, all of which are included in the Constitution, make it clear at which level decisions are taken. Agendas, reports, decision schedules and minutes of all meetings of the Council or the Cabinet are available to the public by way of the Council's website except in exceptional circumstances where reports are not available to the public as they may contain exempt or confidential matters. Any minutes or decisions arising from the consideration of such report are, however, available to the public via the website. Report and Decision schedules showing decisions taken by individual cabinet members are also available to the public via the websites except in similar exceptional circumstances. Every report considered as part of the decision making process by members must contain comments by the Council's Monitoring Officer and by the Section 151 Officer and (where there are staffing issues) by the Head of People and Transformation. The report template ensures report authors consider potential risks and financial implications of their proposals.
- 4.12 The Council has appointed 3 Scrutiny Committees to assist in policy development and also to hold the executive to account. Each Committee is politically balanced and the chairs are allocated in proportion to the number of seats held by political groups. In response to the Local Government Measure the Council established an Audit Committee and a Democratic Services Committee. Agendas, reports, decision schedules and minutes of all meetings of these committees are available to the public by way of the Council's website except in exceptional circumstances where exempt or confidential matters are discussed.
- 4.13 There are robust arrangements for effective financial control through the Council's accounting procedures, Financial Regulations and Contract Standing Orders (CSOs). These include established budget planning procedures, which are subject to risk assessment, and regular reports to members comparing actual revenue and capital expenditure to annual budgets. The Chief Finance Officer is responsible for the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972. Procedures for tendering and contract letting are included in the CSOs. The Council's Treasury Management arrangements follow professional practice and are subject to regular review by Cabinet and the Council's Audit Committee.
- 4.14 The ethical governance framework includes:
- codes of conduct for officers and members, which are regularly reviewed, updated and tested for compliance,
 - a protocol governing Member/Officer relations,
 - a whistle-blowing policy widely communicated within the Council and which is regularly reviewed.
 - registers of personal and business interests for Members and Chief Officers,
 - an agreed policy and associated corporate procedures for ensuring that complaints about services can be properly made and investigated, and for ensuring that any lessons can be applied.
 - Strategic Equality Plan and Equality Objectives March 2013.

- 4.15 The Head of Law and Standards is the designated 'Monitoring Officer' in accordance with the Local Government and Housing Act, 1989, and ensures compliance with established policies, procedures, laws and regulations. After appropriate consultation, this officer will report to the full Council in respect of any proposals, decisions or omissions which could be unlawful or which have been subject of an Ombudsman Investigation resulting in a finding of maladministration.
- 4.16 Established anti-fraud and corruption arrangements provide a deterrent, promote detection, identify a clear pathway for investigation and encourage prevention. These include procedures designed to combat money-laundering, the anti-fraud and corruption policy and the whistleblowing policy.
- 4.17 The Audit Committee considers the work of external auditors and inspectors and the responses to audit and inspection recommendations. It also has responsibility for approving the annual Statement of Accounts and its associated reports (which include this statement).
- 4.18 All reports to Scrutiny forums, Cabinet Members and Cabinet incorporate a risk assessment. Scrutiny forums also consider and monitor service plans which include the key risks of service provision within that area.
- 4.19 Internal Audit operate to the standards set out in the Public Sector Internal Audit Standards [PSIAS] and its role and status is set out in the Council's Internal Audit Terms of Reference. The Chief internal Auditor is accountable to the Head of Finance and the Audit Committee.
- 4.20 The Chief Internal Auditor reports to the Audit Committee a summary of audit findings for each quarter, and also reports annually an opinion on the overall adequacy and effectiveness of the Council's control environment. The overall opinion for 2013/14 was 'Good'.
- 4.21 The Council has an objective and professional relationship with its external auditors and statutory inspectors, as evidenced by the Annual Report. This can be found on the Council's website. The Council is subject to external compliance requirements such as the Wales Audit Office high level risk assessments for its financial systems and information and technology, and the extensive requirements of Public Services Network (PSN, formally GCSx) compliance, assessed annually by the Cabinet Office, and Payments Card Industry Data Security Standards (PCI-DSS).
- 4.22 Local Authorities collect, store, process, share and dispose of a vast amount of information. The Council must meet its statutory responsibilities effectively and protect the personal information it holds throughout its life cycle; from creation through storage; uses, retention, archiving and deletion, outlined in the Information and Technology Strategy 2011 -14.
- 4.23 Following adoption of the Information Risk Policy in 2013 the Council has defined roles and responsibilities for information risk as:
- The Senior Information Risk Owner (SIRO) has high level responsibility for controls relating to information security and the role is undertaken by the Head of Customer and Information Services
 - Information Asset Owners (IAO's) must effectively manage the information assets that they "own"

- The Information Management team are the operational lead on information governance in conjunction with the IT Service
- The Information Governance Group provides a high level management overview of information governance
- The Council's Information Risk Register is maintained by the Information Management team to document and manage risks

(External link to the policy: [Information Risk Policy](#))

- 4.24 The Standards Committee, which includes a majority of independent representatives, advises on and monitors the Member Code of Conduct, the Protocol for Member/Officer Relations, and any other Codes relating to the conduct of Members.
- 4.25 The Council's recruitment procedures provide equality of employment opportunities. An equality-assessed pay structure to meet the requirements of the Single Status Agreement of 1997 is currently being developed.
- 4.26 Agreed arrangements enable the Council to comply with statutory requirements in respect of child protection and the protection of vulnerable adults. Recruitment procedures help ensure that Council employees and Members working with children or vulnerable adults are checked for their suitability to do so.
- 4.27 In accordance with its statutory responsibilities, the Council has in place a Health and Safety Policy and related procedures.
- 4.28 The Council is required to meet statutory obligations regarding the handling of data and as part of the development of the Information & Technology strategy, has adopted an Information Risk Management Policy which outlines roles and responsibilities for information risk management. This ensures that the requirements of the legislation, including the Data Protection Act 1998, Environmental Information Regulations 2004 and the Freedom of Information Act, 2000 are met and that the risks around information are managed appropriately. The Information Risk Management Policy also formalised the requirement for an Annual Information Risk Report which was reviewed by Scrutiny Committee before being reported to the Deputy Leader in July 2013.
- 4.29 The [Annual Information Risk Report](#) provides an annual assessment of the Council's information governance arrangements and key risks, supported by an action plan. The highest level information risks may be escalated up in to the Corporate Risk Register as appropriate.
- 4.30 There are also agreed procedures to meet the requirements of the Regulation of Investigatory Powers Act 2000.
- 4.31 In terms of Transparency, the Council publishes all expenditure >£500 on its website on a quarterly basis in accordance with the Data Protection Act.
- 4.32 In line with the Local Government Measure a separate Democratic Services Committee was established during 2012/13 along with a Head of Democratic Services.

- 4.33 Newport City Council receives grants from Welsh Government for capital and infrastructure projects; the work on which spans a number of years. The funding streams are generally approved on an annual basis by Welsh Government although once they give initial commitment to fund a specific scheme and fund the first stage or year of the project, there is an understanding between the two parties that funding will continue for the duration of the scheme.

5 Review of Effectiveness

- 5.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Senior Leadership Team within the Authority which has responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 5.2 The governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 5.3 The processes that have been applied to maintain, review and improve the effectiveness of the governance framework include:
- i) periodic reviews of the Constitution and ethical governance arrangements (including the extent of compliance with the Regulation of Investigatory Powers Act) by the Monitoring Officer,
 - ii) periodic reviews of the financial controls by the Chief Finance Officer,
 - iii) formal risk management and regular ongoing review of the processes involved,
 - iv) the Internal Audit function, whose work takes account of identified risks through regular audits of the major systems, establishments and major projects in accordance with the annual internal audit plan, and which includes 'follow-up' work to ensure that Heads of Service implement agreed recommendations,
 - v) the work of the Scrutiny Forums and other Committees, including its Standards Committee and Audit Committee,
 - vi) the opinions and recommendations of the Council's external auditors and other inspection and review agencies,
 - vii) regular monitoring of performance against the Improvement Plan and service plans and of key targets, and reporting of this to senior management and members;
 - viii) the outcomes of the Annual Information Risk Report.

6 Principle 1: Focusing on the purpose of Newport City Council and on outcomes for the community and creating and implementing a vision for the local area

- 6.1 One Newport's Single Integrated Plan (SIP) – Feeling Good about Newport – was produced and published in May 2013. A Single Integrated Plan (SIP) is a defining statement of strategic planning intent for the local authority area and contains the LSB's vision for improving the city. No single organisation can meet the total needs of a community, so there is a requirement to plan and deliver services in collaboration with other public and private sector organisations.

- 6.2 The SIP identifies key priorities and programmes that the LSB will work towards achieving over a set period of time. These priorities have been identified as those where the LSB and other key stakeholders must work together to achieve success.
- 6.3 This was supported by the SIP Board Action and Decision Log and the SIP Performance Management Framework during the year.
- 6.4 An Initial Evaluation of the Council's Corporate Plan was taken to Cabinet in April 2013; "monitoring was underpinned by robust performance management arrangements to ensure the Council was on track to deliver its Corporate Plan priorities."
- 6.5 A progress report on Delivering a Better Newport based on the corporate objectives, was presented to Cabinet in June 2013; it showed that 78% of the actions identified in the 2012/13 Improvement Plan were on track. A review of the 2012/13 Improvement Plan, taken to Cabinet in October 2013, and was assessed as being successful.
- 6.6 An Improvement Objectives and the Improvement Plan report for 2013/14 was also taken to Cabinet in June 2013; this incorporated consultation feedback. In November 2013 Cabinet received a progress report to Q2; "the overall assessment of progress towards achieving the Improvement Objectives set out in the plan is classed as 'Amber – Good.' Good progress is being made in a number of key areas and this is not to be overlooked, however there are a number of key measures that are falling below target at this stage and action needs to be taken to address the underperformance."
- 6.7 The Wales Audit Office's (WAO) Corporate Assessment of the Council, taken to Cabinet in October 2013, stated: "The Council is at a pivotal point as it begins to address longstanding weaknesses in arrangements that underpin improvement and, with wider ownership and strengthened capacity, it has the potential to achieve the scale and pace of change required." The report also contained a number of specific recommendations and proposals for improvement.
- 6.8 WAO Annual Improvement Assessment Letter Report went to Cabinet in February 2014. "There were several positive findings including the vision and mission stated in the Prospectus for Change, a clearer improvement plan for 13/14 and the implementation of a comprehensive business planning process. Areas for Improvement for next year were better alignment with strategic planning and improved ownership of the improvement plan in service areas."
- 6.9 "The performance data for 2012/13 referred to in the Wales Audit Office presentation was considered by Performance Board in September, 2013. For National Strategic Indicators (NSI's) and Public Accountability Measures (PAM's), year on year improvement had increased from 37% [16/43] better than previous year at the end of 12/13 to 55% [24/44] better than previous year at the end of November, 2013. This clearly demonstrated that the improved processes implemented by the Council were making improvements in performance."
- 6.10 Progress has been made in ensuring that the Strategic Director's vision of 'Every Child, Every Chance, Every Day' is shared and understood by Education Service

Staff and schools. This also forms the basis of the foreword to the Education Service Plan which is a public document.

- 6.11 The Strategic Director's vision links to the Corporate Plan and Medium Term Financial Plan.
- 6.12 2013/14 service planning incorporated an understanding of customer needs, service area outcomes and improvement priorities, performance management and monitoring, an action plan to achieve the outcomes, an assessment of service related risk, an acknowledgement of regulators' proposals for improvement and an equalities impact assessment.
- 6.13 A Prospectus for Change 2013-17 – Improving People's Lives – Providing the Best Affordable Services was introduced in 2013/14. The Council is facing an unprecedented challenge – significantly reducing resources combined with increasing demand for, and expectations of public services. "To meet this challenge we must think carefully about what we do, what we stop doing, how we do things and who we do them for."
- 6.14 Reports were taken through the Scrutiny process during the year which linked service plans to the Council's policies, priorities and objectives. The agendas and minutes of which became public documents available through the Council's website.
- 6.15 Communication is important to Newport; the Annual Statement of Accounts was taken through the Audit Committee process before being endorsed by Cabinet and Council. All Council decisions, reports and questions asked by Members are available on the website. Headline figures of the Council's financial position were included in the Council tax leaflets distributed with all bills. Financial information, Improvement Plan progress, Council activities, achievements, developments, updates and events were included in Newport Matters which is distributed to every household in the City, is available on the Council's intranet and website.
- 6.16 Equality Impact Assessments are required by law under the Equality Act 2010. Newport's assessments also examine 'Fairness' and the Welsh language to ensure that the needs of other vulnerable people are considered, as well as the effect on different areas within Newport. A range of these were undertaken during 2013/14 which have been published on the website.
- 6.17 To ensure that users receive a high quality of service, service plans were reviewed mid and end of the year through Scrutiny. The Customer Complaints Policy was updated and reported through Cabinet; the process of which is available on the website, where the public can also report a problem or concern via the Street Scene pages.
- 6.18 Dealing with customer complaints helps Newport to identify and deal with failures in service delivery. The Council's complaint / compliment procedure is available on the web site. The following table shows the number of complaints received for the past two years.

Annual Governance Statement

Report & Accounts 2013/14

Newport City Council

	2012/13	2013/14
Stage 1 Complaints	520	475
Stage 2 Complaints	21	30
Complaints to Ombudsman	1	2
Customer Feedback / Compliments	215	347

- 6.19 The Customer Services Strategy included a target of increasing the number of people using online services – monitored by Customer and Information Service service plan.
- 6.20 And where things are not working as well ... The performance board has recognised the shared role of Cabinet members in performance against Improvement targets. The Performance Board also recognises the role of scrutiny in looking at any systematic failures. Newport is learning from its mistakes. The implementation of action plans continued across the board with the Corporate Assessment, Improvement Plan, Estyn Inspections, service plans and internal audit reports.
- 6.21 Where value for money of the public pound is concerned, the budget proposals were examined by a joint meeting of Scrutiny Committees and then by the individual committees as part of the budget process. It is intended that the MTFP will form the basis of some of the Scrutiny Reviews in the coming year. As part of its review process the internal audit team checks to ensure corporate contacts are being utilised.
- 6.22 Some examples of achieving value for money through the procurement process included:

Contract	Collaborative	Type	Savings
Maintenance of Traffic Signals & Equipment	Yes 'Old' Gwent (x5) (NCC lead)	Tight Specification; Tight Qualification; 100% price evaluation	25%; £19,000 Cost saving as a result of following a competitive tendering process.
Provision of Mobile Communications (Phones)	Yes Collaborative contract with MCC (NCC lead)	Mini competition off GPS (now CCS) framework	56%; £90,000 Reduction in tariff charges and handset reduction using a competitive Framework

Annual Governance Statement

Report & Accounts 2013/14

Newport City Council

Provision of MDF Fleet (photocopiers)	No	Renegotiation of rental charges	20%; £66,000 Renegotiation within current contract terms resulting in a reduction in lease rental and click charges.

Medium Term Financial Plan

- 6.23 Regular budget / outturn reports for revenue and capital were presented to and approved by Cabinet during the year. The updated MTFP and budget monitoring reports were presented to and approved by Cabinet in June 2013, July 2013, November 2013, December 2013 and February 2014. The 2014/15 Budget and MTFP were submitted to Council in February 2014; budget proposals also went through the scrutiny process during 2013/14. A public consultation exercise was also undertaken to determine the 14/15 budget proposals.
- 6.24 The LDP review includes the monitoring of targets to ensure policies are delivering the agreed outcomes. In terms of measuring the environmental impact of policies, plans and decisions, the Council is working with the WLAG as one of 10 lead authorities for sustainability.

7 Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes for citizens.

- 7.1 Developing the Relationship with Cabinet between Cabinet and Scrutiny was a major focus of both the National Scrutiny Study and the Corporate Assessment, highlighting the need to clarify roles and responsibilities of Cabinet and Scrutiny. A meeting was held on 11 March 2014 between the Scrutiny Improvement Group and Cabinet, to discuss how the relationship between Scrutiny and the Executive can be strengthened. Regular meetings will now take place to develop the links further.
- 7.2 The scheme of delegation in the constitution sets out the various responsibilities of Members and Officers. This is updated as required via the Democratic Services Committee.
- 7.3 The Democratic Services Committee will review any necessary changes to the Constitution. Over the past year some changes to Standing Orders have occurred following deliberations by the Committee. A more wide ranging review of the Constitution is planned to commence in the coming year.

- 7.4 Appropriate and relevant job descriptions were in place for the Chief Executive, Senior Leadership Team (SLT), Monitoring Officer and Head of Finance. The minutes of the SLT were also made available on the Intranet during the year.
- 7.5 To ensure agreed procedures and all applicable statutes are complied with the Monitoring Officer attends all Council meetings; authors of all scrutiny, audit committee, Cabinet, Council reports need to obtain comments from the Monitoring Officer, Chief Finance Officer and the Head of People and Transformation before submission. All reports taken in 2013/14 included such comments.
- 7.6 A protocol on Members / Officers relations is included within the Council's Constitution and this was reviewed by the Standards Committee during 2013/14. A Planning Committee Code of Best Practice is also in place.
- 7.7 Remunerating Members - The Members' scheme is now determined by the Independent Remuneration Panel. A report on any discretionary payments is presented to the Council following consideration by the Democratic Services Committee.
- 7.8 In order to effectively monitor service delivery, the Performance Board monitors the Improvement Plan and addresses areas of under-performance; (Performance Board agendas and minutes). Service plans are monitored by the Scrutiny Committees as evidenced in minutes.

Partnerships/collaboration working

- 7.9 Partnership and Co-operative Principles (Outcome Agreement) is included within the Council's Improvement Plan with its aim being to support the delivery of public sector reform by working collaboratively with our partners to improve outcomes for the City. A single plan for partnership working in Newport will be delivered via the "One Newport" Local Service Board (Single Integrated Plan) – inter-related work streams include: health and wellbeing, skills and work, economic opportunity, safe and cohesive communities, the city centre and alcohol and substance misuse.
- 7.10 Although the majority of partnership and collaborative arrangements were identified during the year for all service areas, the governance arrangements for individual relationships needs to be worked through and clarified in order to determine the continuation of the partnership relationships.
- 7.11 The establishment of the Education Achievement Service (EAS) for 5 South East Wales Education authorities in 2012 including Newport, has appropriate governance arrangements in place.
- 7.12 Prosiect Gwrydd is a key partnership Newport is involved in with 5 neighbouring local authorities; Newport's Contract Waste Profile has been reported to Cabinet March 2012. Covered by IAA agreement.
- 7.13 The Gwent Frailty Programme was launched in April 2011. Progress of achievements was reported through Cabinet during 2013/14. The Frailty Programme is a multi-agency partnership aimed at improving Intermediate Care services in Gwent and spans the ABHB, 5 Local Authority partners and a number of voluntary sector organisations.

- 7.14 In One Place obtained Cabinet support in November 2013 to facilitate collaboration between Aneurin Bevan Health Board (ABHB), the five local authorities and Housing Associations within Gwent with the aim of streamlining the process of developing suitable accommodation for people with complex health and social care needs in Gwent.
- 7.15 One Newport Local Service Board includes health, police, colleges, local government, housing, third sector and central government; it has a Shared strategic purpose detailed in the Single Integrated Plan with terms of reference and Performance Management Framework.
- 7.16 The South East Wales Improvement Collaborative (SEWIC) Fostering Group is a working group to develop a marketing strategy, with the objective of creating a unified brand to represent all 10 of the local authorities in South East Wales. It reports to SEWIC Board of Social Services Directors.
- 7.17 There is Council policy on information sharing along with numerous information sharing protocols with our partners.
- 7.18 Information sharing is key to joined up service delivery. The Wales Accord on the Sharing of Personal Information (WASPI) was developed as a practical approach to multi agency sharing for the public sector in Wales, and Newport signed up to this in January 2011. The Authority is required to meet statutory obligations regarding the handling and sharing of data, in accordance with the Data Protection Act 1998. The Information Sharing Policy has been developed to ensure information is only shared appropriately, safely and compliantly.

8 Principle 3: Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- 8.1 The code of conduct and member / employee relationship document are set out in the constitution.
- 8.2 There were no successful “call-in” challenges to decisions on procedural grounds and no judicial review challenges on grounds of legality during the year.
- 8.3 There were 6 complaints of Member misconduct made to the Ombudsman in 2013/14 involving City Councillors. None of these were accepted for formal investigation. Therefore, there were no referrals to the Standards Committee and no findings of misconduct or breaches of the Member Code.
- 8.4 All waivers of the Contract Standing Orders are reported through Audit Committee quarterly. The Internal Audit team continues to deliver awareness raising sessions on the importance of compliance with these Contract Standing Orders.
- 8.5 The Audit Committee previously called in a Head of Service and Cabinet Member, holding them accountable for addressing required improvements to the internal control environment within their service area. A follow up audit review of this area moved the audit opinion from Unsatisfactory to Good.

- 8.6 41 Internal Audit opinions were issued in 2013-14; 2 were very good, none were deemed to be unsatisfactory or unsound. The overall opinion on the adequacy of the internal control environment for 2013 -14 was therefore **GOOD**; this was an improvement from the Reasonable in the previous year.

	2012-13	2013-14
Very Good	2	2
Good	9	21
Reasonable	29	18
Unsatisfactory	5	0
Unsound	0	0
Total	45	41

- 8.7 Management have agreed to implement the action points in order to address the weaknesses identified and Internal Audit will be following this up in 2014/15.

- 8.8 The audit opinions are about the adequacy of the internal control environment within a particular service area or establishment at a particular point in time. They are not a reflection of how well the service is delivered or the establishment is run.

9 Principle 4: Taking informed and transparent decisions, which are subject to effective scrutiny and managing risk in order to foster innovation.

- 9.1 Minutes, Agendas & Reports along with their subsequent decision schedules and questions to Cabinet Members are all available on the web site. Council, Cabinet, Scrutiny and Audit Committee reports are available on the Council's website.

- 9.2 A Scrutiny Improvement Group has been established to review and improve the scrutiny function, which is supported by Cabinet. The group comprises of members and officers and meets monthly.

- 9.3 Audit Committee meets regularly and its activities can be seen via the Council's website.

- 9.4 To enable good, quality information, advice and support to ensure that services are delivered effectively and are what the community wants / needs, a report template has been developed which helps authors to consider relevant issues in report writing and insists that statutory officers are consulted. Minutes, Agendas & Reports along with decision schedules are all available on web site. Legal / Finance / HR officers attend key meetings to respond to questions as required.

Risk management

- 9.5 The Council's Corporate Risk Strategy and Risk Register were endorsed by Cabinet in 2012/13. The Corporate Risk Register was updated in line with the Medium Term Financial Plan and presented to Cabinet in January 2013; further updates were presented to Audit Committee during the year.
- 9.6 The Corporate Risk Register was updated and presented to Cabinet in October 2013 and January 2014. Mitigation of risk is incorporated within the risk register, which moves the risk from inherent to residual. The major risks Newport has identified, following an assessment of current controls or mitigation in place, as part of this process are shown in the table below:

	Risk	Residual Risk Assessment January 2013	Residual Risk Assessment October 2013	Residual Risk Assessment January 2014
1	Partnerships	High	-	-
2	Waste Management	High	High	Medium
3	Job evaluation (Total Reward)	High	Medium	Medium
4	Welfare Reform Agenda	High	High	High
5	Budget prioritisation - Balancing the Budget	Medium	Medium	Medium
6	Aligning Resources to meet Budget Pressure (Transformation)	Medium	-	-
7	Asset Management	Medium	Medium	Medium
8	Business Continuity	Medium	Medium	Medium
9	Performance Management	Medium	Medium	Medium
10	Skills and Workforce Capacity	Medium	Medium	Medium
11	Failure to meet the needs of customers	Medium	-	-
12	Change & Efficiency Programme	-	Medium / High	Medium / High
13	Adult Services / Demand Led Services	-	Medium	Medium
14	City Centre Regeneration	-	Medium	Medium

- 9.7 The Audit Committee felt that managing the risks faced by service areas was an important aspect of the manager's role and should be part of his / her day to day responsibilities. Further work was required to ensure that risk management became fully embedded within Council operations so that it became more of a living document so that operational managers took greater responsibility for owning and dealing with the risks identified in their areas.
- 9.8 A report template for all formal member and scrutiny reports, requires authors to consider risk and its management or mitigation when writing reports.

- 9.9 Heads of Service submitted their 2013/14 service plans to the respective scrutiny forum in April 2013. The plan included an overview of the service area, budget information and links to the medium term financial plan, an understanding of its customers' needs, service area outcomes, service improvement priorities, performance measures, links to corporate priorities and equalities assessments. The key risks for each service area were identified in each of the service plans. Service Plans were reviewed by Scrutiny members in November / December 2013 to ensure that the delivery of the service was on track and key objectives were being met. These will continue to be reviewed.
- 9.10 Each Head of Service incorporate the keys risks to their service within operational plans which identified the impact, the likelihood and any mitigation in place to manage those risks.

Information Governance

- 9.11 The purpose of the Annual Information Risk Report is to provide an assessment of the information governance arrangements for the Council and identify where action is required to address weaknesses and make improvements. This was presented to the Deputy Leader July 2013.
- 9.12 The Annual Information Risk report forms an important element of information risk management, and includes an action plan. Progress on the actions will be reported in the 2014 report and includes:
- 402 staff trained on information security since Apr 2013;
 - Information Governance group established;
 - Development of a number of policies including Information Risk, Confidential Waste and Records Management;
 - Approach to information risk reviewed by Scrutiny Committee;
 - PSN (Public Services Network) compliance achieved Dec 2013;
 - Development of an Information Sharing Policy in compliance with WASPI and supporting the development of Information Sharing protocols.

Other work is ongoing, and the report will also consider security incidents, and data breaches through the year,

(Link) [Annual Information Risk Report 2014](#)

- 9.13 The Council's website includes other information which the Council is required to publish, such as allowances paid to members in accordance with statutory provisions, and developing the transparency agenda the publication of data on Council spending over £500. There are also agreed procedures to meet the requirements of the Regulation of Investigatory Powers Act 2000.

(Link to transparency data: www.newport.gov.uk/transparency)

10 Principle 5: Developing the capacity and capability of members and officers to be effective.

- 10.1 Councillor programmes have been held mainly based on their various roles within the authority. The Democratic Services Committee recognised the Council needed to do more to base the programme on individual needs as identified by Councillors. To this end the Committee agreed to pilot a series of interviews with the Organisation Development team to participate in this pilot.
- 10.2 There is an ongoing programme of events for members involved in Planning & Licensing Committees and Sub Committees.
- 10.3 The majority of employees have undertaken the 'my review' process. This ensures that all officers and managers reflect on CPD opportunities which are needed to improve their skill, knowledge and understanding base. Education Service confirmed that all staff in their service had gone through the process.
- 10.4 Education Senior Management lead Cabinet Member briefings on a regular basis. Briefings stimulate discussion around the need for Member training. These considerations are followed up with Democratic Services, ensuring that an appropriate and timely Members training programme is planned.
- 10.5 Overview and Scrutiny are leading a programme of training and support aimed at improving challenge and scrutiny. The Gwent Scrutiny Challenge is being undertaken in partnership with Gwent colleagues and with support from WG's Scrutiny Development Fund, WAO, WLGA and CfPS.

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

- 11.1 The Scrutiny Annual Report is produced for the Council meeting in July each year.
- 11.2 The Scheme of Delegation sets out responsibilities for decision making. The Council's website includes the Cabinet and Cabinet Member decisions / Member profiles. The Scrutiny Handbook is being updated. Development of Customer Insight to better understand our communities. Dissemination of ward meeting minutes.
- 11.3 There were positive responses to consultation exercises undertaken; 7000+ responses to Scrutiny Committee work on Gypsy and Traveller site selection and 14000+ consultation responses to the LDP.
- 11.4 Social media, Twitter and Facebook for example, is increasingly being used to engage local people and communicate the corporate message.
- 11.5 Majority of meetings are held in public as shown from Committee agendas and minutes which are then available on the website. The Council now broadcasts Council meetings and Planning / Licensing Committees live on the internet and is working towards webcasting other formal member meetings.

Annual Governance Statement

Report & Accounts 2013/14

Newport City Council

11.6 The Council has responded to Freedom of Information Act requests within the required 20 days:

	2011-12	2012-13	2013-14
No' of FOI requests	540	698	869
No' responded to within 20 days	456	631	757
Percentage of FOIs responded to within 20 days [Target 87%]	84%	90%	87%

11.7 The WAO previously commented on the robustness and appropriateness of Newport's Annual Governance Statement:

WAO Comment	Newport's Response
The 2011-12 process relied too heavily on input from a limited number of officers, there was no 'self assessment' or review / acknowledgement of areas of weakness	<ul style="list-style-type: none"> • Presentation on the Annual Governance Statement delivered to the Corporate Management Team in January 2014 • Working Group of key officers was set up to review the Code of Corporate Governance and contribute to its effectiveness through the Annual Governance Statement (AGS) • Action Plan for areas of further development included within the 2013/14 AGS
Stronger links/formal evidence is needed that shows whether the specific assurance measures stated in the Statement have been delivered satisfactorily	<ul style="list-style-type: none"> • Reference to specific documentation, measures, performance Cabinet, Scrutiny review process subsequently within the AGS • Documentation available to support the completion of the AGS includes links to corresponding documentation held within Newport City Council along with a review of its effectiveness
The review of governance (and the AGS itself) has limited review/content on key areas such as partnerships/collaboration working	<ul style="list-style-type: none"> • A review of partnership arrangements was completed by Heads of Service in year • Examples of governance arrangements in place for key partnerships subsequently included in the AGS, although further work required to assess the effectiveness of the governance arrangements of all partnership arrangements the Council has in place.

12 Action Plan 2013/14

12.1 The following issues will be reviewed and considered during 2014/15 to further enhance the Council's governance arrangements

	Governance issue to be addressed	How	Responsible Officer	By when
	<p>Principle 2</p> <p>Ensure that relationships between the Council, its partners and the public are clear so that each knows what to expect of the other</p>	<p>Review the Partnership Evaluation to clarify the governance arrangements in place and to determine the continuation of the partnership relationships.</p>	<p>Framework Partnership Manager Heads of Service</p>	<p>March 2015</p>
	<p>Principle 4</p> <p>Risk Management Arrangements</p>	<p>Strengthening the risk management arrangements through improved processes and governance arrangements to ensure it becomes more of a living document</p>	<p>Head of People and Transformation</p>	<p>March 2015</p>
	<p>Principle 6</p> <p>Engaging with local people and stakeholders</p>	<p>Develop use of Customer and Community Insight to ensure understanding of communities</p>	<p>Information Governance Manager/ Partnership Manager</p>	<p>Ongoing</p>
	<p>Principle 6</p> <p>Commitment transparency and openness</p>	<p>Move to a more open approach with publication of data.</p>	<p>Head of CIS Information Governance Manager</p>	<p>2014/15, monitored as part of CIS service plan</p>

13 Conclusion

- 13.1 We propose over the coming year to continually monitor and review the projects within each service area to mitigate and manage these risks to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:*Bob Bright*.....Date.....19 September 2014

Leader

Signed*Will Godfrey*.....Date 17 September 2014

Chief Executive

Independent Auditor's Report to the Members of Newport City Council

Report & Accounts 2013/14

Newport City Council

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

Newport City Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the Cash Flow Statement.

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

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 11, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

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

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Newport City Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes. In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Newport City Council

In my opinion the accounting statements and related notes:

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

Independent Auditor's Report to the Members of Newport City Council

Report & Accounts 2013/14

Newport City Council

Opinion on other matters

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

Matters on which I report by exception

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

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

The maintenance and integrity of the Newport City Council website is the responsibility of the client's officers; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Anthony Barrett

Appointed Auditor

24 Cathedral Road

Cardiff

CF11 9LJ

30 September 2014

Comprehensive Income and Expenditure Statement

Report & Accounts 2013/14

Newport City Council

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

2012/13			2013/14			
Gross Expenditure	Gross Income	Net Expenditure	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
4,721	(2,506)	2,215		4,214	(2,750)	1,464
24,853	(5,505)	19,348		21,499	(5,536)	15,963
18,535	(7,750)	10,785		23,533	(6,930)	16,603
12,338	(4,523)	7,815		12,921	(4,205)	8,716
200,338	(37,468)	162,870		170,039	(34,449)	135,590
19,026	(5,778)	13,248		19,380	(5,413)	13,967
70,937	(67,604)	3,333		63,233	(57,702)	5,531
60,523	(14,717)	45,806		59,336	(13,793)	45,543
4,044	-	4,044		4,884	-	4,884
757	-	757		452	-	452
-	(126)	(126)		789	-	789
416,072	(145,977)	270,095		380,280	(130,778)	249,502
1,044	(973)	71	6	-	-	-
20,566	-	20,566	9	20,609	-	20,609
21,009	(9,389)	11,620	10	24,596	(9,323)	15,273
-	-	-		-	-	-
-	(260,478)	(260,478)	11	-	(274,792)	(274,792)
458,691	(416,817)	41,874		425,485	(414,893)	10,592
		81,641				6,033
		34,501				(59,018)
		116,142				(52,985)
		158,016				(42,393)

Movements in Reserves Statement

Report & Accounts 2013/14

Newport City Council

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

	Council Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Useable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at the 31 Mar 2012 carried forward	(5,000)	(59,234)	(1,680)	(65,914)	(145,770)	(211,684)
Movement in reserves during 2012/13						
(Surplus) / deficit on the provision of services	41,874	-	-	41,874	-	41,874
Other comprehensive Income and Expenditure	-	-	-	-	116,142	116,142
Total Comprehensive Income and Expenditure	41,874	-	-	41,874	116,142	158,016
Adjustments between accounting basis and funding basis under regulations (Note 7)	(47,934)	-	(1,871)	(49,805)	49,805	-
Net Increase/ Decrease before Transfers to Earmarked Reserves	(6,060)	-	(1,871)	(7,931)	165,947	158,016
Transfer to/ from Earmarked Reserves	6,060	(6,060)	-	-	-	-
Increase/ Decrease in 2012/13	-	(6,060)	(1,871)	(7,931)	165,947	158,016
Balance at the 31 Mar 2013 carried forward	(5,000)	(65,294)	(3,551)	(73,845)	20,177	(53,668)
Balance at the 31 Mar 2013 carried forward	(5,000)	(65,294)	(3,551)	(73,845)	20,177	(53,668)
Movement in reserves during 2013/14						
(Surplus) / deficit on the provision of services	10,592	-	-	10,592	-	10,592
Other comprehensive Income and Expenditure	-	-	-	-	(52,985)	(52,985)
Total Comprehensive Income and Expenditure	10,592	-	-	10,592	(52,985)	(42,393)
Adjustments between accounting basis and funding basis under regulations (Note 7)	(15,264)	-	(1,851)	(17,115)	17,115	-
Net Increase/ Decrease before Transfers to Earmarked Reserves	(4,672)	-	(1,851)	(6,523)	(35,870)	(42,393)
Transfer to/ from Earmarked Reserves (Note 8)	4,672	(4,672)	-	-	-	-
Increase/ Decrease in 2013/14	-	(4,672)	(1,851)	(6,523)	(35,870)	(42,393)
Balance at the 31 Mar 2014 carried forward	(5,000)	(69,966)	(5,402)	(80,368)	(15,693)	(96,061)

Balance Sheet

Report & Accounts 2013/14

Newport City Council

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

31 March 2013 £'000		Notes	31 March 2014 £'000
483,256	Property, Plant and Equipment	12	465,976
17,002	Heritage Assets	13	12,944
7,349	Investment Property	14	7,240
251	Long Term Investments	15	251
13,771	Long Term Debtors	15	13,313
521,629	Long Term Assets		499,724
7,078	Assets Held for Sale	19	6,595
184	Inventories	16	262
38,930	Short Term Debtors	17	36,727
113	Cash and Cash Equivalents	18	94
46,305	Current Assets		43,678
(3,389)	Bank Overdrafts	18	(789)
(15,901)	Short Term Borrowing	15	(10,421)
(33,077)	Short Term Creditors	20	(37,689)
(15,632)	Provisions	21	(6,087)
(67,999)	Current Liabilities		(54,986)
(8,047)	Long Term Creditors	15	(6,684)
(1,845)	Long Term Provisions	21	(2,001)
(147,993)	Long Term Borrowing	15	(145,625)
(288,382)	Other Long Term Liabilities	15	(238,045)
(446,267)	Long Term Liabilities		(392,355)
53,668	Net Assets		96,061
(73,845)	Usable Reserves	22	(80,368)
20,177	Unusable Reserves	23	(15,693)
(53,668)	Total Reserves		(96,061)

Cash Flow Statement

Report & Accounts 2013/14

Newport City Council

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

2012/13		Note	2013/14
£'000			£'000
41,874	Net (surplus)/ deficit on the provision of services as shown on the Comprehensive Income and Expenditure Statement		10,592
(72,664)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	27	(44,248)
2,371	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25	2,278
<u>(28,419)</u>	Net cash flows from Operating Activities		<u>(31,378)</u>
20,603	Investing Activities	25	18,333
<u>3,722</u>	Financing Activities	26	<u>10,464</u>
(4,094)	Net (increase) or decrease in cash and cash equivalents		(2,581)
<u>(7,370)</u>	Cash and cash equivalents at the beginning of the reporting period	18	<u>(3,276)</u>
<u>(3,276)</u>	Cash and cash equivalents at the end of the reporting period	18	<u>(695)</u>

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

I ACCOUNTING POLICIES

The Statement of Accounts summarises the Authority's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Authority is required to prepare an annual Statement of Accounts by the Public Accounts and Audit (Wales) Regulations 2005, and in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14 and supported by International Financial Reporting Standards (IFRS).

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

Accruals of Income and Expenditure

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

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

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Discontinued Operations

Discontinued operations arise where an activity has permanently ceased; terminates during the period or within three months of the period end; has a material impact on the Authority's service provision or on the Authority's net expenditure; and the operation has clearly defined assets, liabilities, income and expenditure of operations for operational and financial reporting purposes.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Service revenue accounts and central support services are debited with the following amounts to recognise the real cost of holding non-current assets during the year:

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

The Authority is not required to raise council tax to cover these charges but instead has to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. This charge is known as the minimum revenue provision (MRP) and is calculated in accordance with an annual MRP policy approved by the Authority.

Depreciation, impairment losses and amortisations are therefore replaced by the MRP in the Movement of Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account.

Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end.

They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pension on behalf of the Department for Education.
- The Local Government Pension Scheme, administered by Torfaen County Borough Council.

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement 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 Torfaen County Borough (Greater Gwent) pension fund attributable to the Authority 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 (based on the indicative rate of return on high quality corporate bonds).
- The assets of the Torfaen County Borough (Greater Gwent) pension fund attributable to the Authority are included in the Balance Sheet at their fair value
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.
- The change in the net pensions liability is analysed into the following components:

Service Costs

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

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements

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

Contributions paid to the Torfaen County Borough (Greater Gwent) pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

Full pensions details are included in notes 40 and 41.

Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Financial Instruments

Financial Liabilities

Financial liabilities are contractual obligations to deliver cash or other financial assets or exchange potentially unfavourable assets and liabilities. These are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income & Expenditure Account for interest payable are based on the carrying value of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income & Expenditure Account is the amount payable for the year in the loan agreement.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Account, regulations allow the impact on the Council Fund Balance to be spread over future years. Where there has been an early repayment and no new loans taken up then the Authority policy is to spread the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. However where a new loan has replaced the early repayment, the gain or loss is spread over the term of the new loan.

The reconciliation of amounts charged to the Comprehensive Income & 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 in Reserves.

Financial Assets

Financial assets include cash, equity instruments and contractual rights to receive cash or exchange potentially favourable assets or liabilities. In this respect, loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income & 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 the loans the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income & Expenditure Account is the amount receivable for the year in the loan agreement.

The Authority does not issue loans to external organisations at interest rates less than market rates.

The Authority does not have financial assets that are Available for Sale.

Government Grants and Contributions

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income. Capital Grants are reversed out to the capital adjustment account as expenditure is incurred. Unused capital grants are held within the Capital Grants Unapplied Reserve. Grants or contributions requiring return if conditions are not satisfied, are held on the balance sheet as grants received in advance until the conditions are met at which point they are recognised in the Comprehensive Income and Expenditure Statement.

Tangible and Intangible Heritage Assets (described in this summary of significant accounting policies as heritage assets)

The Authority's Heritage Assets are held in a number of collections in varying locations across the Authority. The Authority holds collections of heritage assets in order to increase the knowledge, understanding and appreciation of the history and culture of the Authority's local area.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However some measurement rules are relaxed in relation to heritage assets as detailed below. The Authority's collections of heritage assets are accounted for as follows.

Museum Collection

The Museum collection includes paintings (both oil and watercolour) and lithographs which are reported in the Balance Sheet at market value. The collection is generally re-valued every five years by the most appropriately deemed method. On occasion assets will be re-valued outside of this where they are loaned to other organisations. The assets within the collection are deemed to have indeterminate lives, and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation, with valuations made with reference to appropriate commercial markets for the assets using the most relevant and recent information from sales at auctions.

Tredegar House – Property and Contents

Tredegar House is a 17th century Charles II mansion and grounds which is reported in the balance sheet at market value. In line with the Authority's accounting policies on property, plant and equipment, the property is re-valued every five years, and depreciated over its estimated remaining useful life.

The contents of the property include paintings, furniture and other artefacts of the time period. These items are reported in the balance sheet at insurance value which is based on market values. These insurance valuations will be updated every five years. The artefacts within the collection are considered to have indeterminate lives; hence the Authority does not consider it appropriate to charge depreciation.

The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at a valuation ascertained by the museum's curators in accordance with the Authority's policy on valuations of art collections.

Public Art and Features

The Authority holds a large number of public art features, such as murals and statues, on public display throughout the local area. These are reported in the Balance Sheet at market value. The collection is re-valued every five years by the Authority's internal experts based on anticipated replacement costs of the art, which is considered too closely represent their market value. The assets within the Public Art collection are deemed to have indeterminate lives, and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation, with valuations made with reference to appropriate commercial markets.

Archaeology

The Authority does not consider that reliable cost information can be obtained for the items held within its archaeological collection. This is because of the diverse nature of the assets held and the lack of comparable market values. Consequently the Authority does not generally recognise these assets on the balance sheet. However where specific costs can be identified, these will be capitalised, for example the freeze drying requirements of the Newport Ship. Depreciation on these items is considered on a case by case basis.

The Authority's acquisitions principally relate to an ancient ship discovered in the early 1990's. The Authority does not normally make any purchases of archaeological items.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment – see impairment note in this summary of significant accounting policies.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

The Authority will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see later notes in this summary of significant accounting policies).

Interest in Companies and Other Entities

The Authority has considered the status of its relationships with its partner organisations and continues to prepare entity accounts only with any material interest in companies and other entities being recorded as investments (i.e. cost less any provision for losses).

Inventories and Long Term Contracts

The value of stocks at the year-end is recorded in the accounts at historical cost. This valuation is not in accordance with IAS2 or the Code of Practice, which requires the value to be stated as the lower of cost and net realisable value (NRV). Any difference between cost and NRV is considered to be negligible and historical cost has been used for all valuations.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or held for sale.

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Jointly Controlled Operations and Jointly Controlled Assets

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

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

These have not been incorporated into the 2012/13 or 2013/14 financial statements on the basis of materiality, Note 49 outlines the income and expenditure of these operations for information.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment (PPE) or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), and matched by a lease (long-term debtor) asset in the Balance Sheet.

The Authority utilises external care home facilities to support its customers' needs. In most instances occupancy is relatively small. However, there are two homes of 4 and 6 beds where occupancy is significant. Notwithstanding this, the valuation of these two properties is small compared to the total PPE asset base and therefore is not included in the figures shown in Note 13.

Lease rentals receivable are apportioned between:

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the Council Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the Council Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overhead and Support Service

The costs of overheads and support services are charges to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2012/13* (SERCOP). The full cost of overheads and support services are shared between users in proportion to the benefits received. The proportions used are: Central departments - allocated on a time allocation or usage basis; administrative buildings - floor area; and Computing costs - usage. Exceptions to this are: Corporate and Democratic Core (costs relating to the Authority's status as a multi-functional democratic organisation); and Non-Distributed Costs (the cost of discretionary benefits awarded to employees retiring early). These two categories are accounted for as separate headings in the Comprehensive Income and Expenditure Account, as part of the Net Cost of Services.

Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Authority maintains a deminimus cost of £10,000 for any asset to be capitalised. However where groups of assets e.g. PC's are purchased individually fall below the deminimus level, these will be considered for capitalisation as a group of assets on a case by case basis.

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 using the following measurement bases:

- Land and buildings – lower of net current replacement costs or net realisable value in existing use;

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

- Vehicles, plant and equipment – depreciated historical cost as a proxy for net realisable value on materiality grounds;
- Infrastructure assets – depreciated historical cost or nominal value if unavailable;
- Community assets – lower of net current replacement costs or net realisable value in existing use;
- Assets under construction – historical cost;
- Non-specialised operational properties – existing use value;
- Specialised operational properties – depreciated replacement cost; and
- Investment properties and surplus assets – market value.

Assets are included in the balance sheet at current value and are re-valued where there have been material changes in the value, but as a minimum every five years. When Assets under Construction are completed, they are valued at the date of completion in line with the appropriate valuation method for the asset type. Valuations are on the basis recommended by CIPFA and in accordance with the statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

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

Where decreases in value are identified, they are accounted for by:

- where there is a balance in the Revaluation Reserve the difference between the historic carrying value of the asset and its re-valued value is written off against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance the difference between the historic carrying amount of the asset and its re-valued value (impaired value) is written down against the relevant service line(s) in the Comprehensive income and Expenditure Account.

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

Valuations are undertaken by the Authority's estates team under the supervision of the Authority's Corporate Property Officer, Mr D J Waters FRICS.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Adopted roads built by developers are in many respects seen as donated assets. Whilst donated assets are required to be measured at fair value at recognition, infrastructure assets are measured initially at historical cost and subsequently at depreciated historical cost rather than fair value.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

- where there is a balance in the Revaluation Reserve the difference between the historic carrying value of the asset and its re-valued value is written off against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance the difference between the historic carrying amount of the asset and its re-valued value (impaired value) is written down against the relevant service line(s) in the Comprehensive income and Expenditure Account.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Depreciation is calculated on the following bases:

ASSET	POLICY	Life
Land	No depreciation charged	
Buildings	Straight line depreciation on estimated remaining life	As advised by Valuer
New roads	Straight line depreciation on estimated remaining life	40 years
Vehicles & Plant	Straight line depreciation on estimated remaining life or over the term of the lease in the case of assets acquired by finance leases	5 - 7 years
Computer Equipment	Straight line depreciation on estimated remaining life	Usually 5 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Componentisation

Assets purchased or re-valued during the year are reviewed to confirm whether any part of the asset will have a significantly different useful life. Where this is the case the asset will be 'componentised' and the differing parts will be depreciated over their respective useful lives.

However, property assets will only be componentised where the total asset value is £2.5million or greater. These assets are componentised into Buildings, Land, Mechanical and Electrical plant and Externals elements on revaluation.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Non-current Assets Held for Sale and Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where responsibility for making available the required property, plant and equipment needed to provide services passes to the contractor. The Authority is deemed to control the services provided under its PFI schemes and as ownership of the property, plant and equipment passes to the Authority at the end of the contracts the Authority carries the assets used under the contracts within its own balance sheet as part of property, plant and equipment.

The recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by a liability for amounts due to the scheme operator to pay for the assets. Non-current assets recognised on the balance sheet are revalued and depreciated in the same way as property, plant and equipment directly owned by the Authority.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year which recognises performance achieved – charged to the relevant service in the Income and Expenditure Account;
- Finance cost – an interest charge on the outstanding balance sheet liability, charged to Financing and Investment Income and Expenditure in the Income and Expenditure Account;
- Contingent rent – an amount paid in respect of the property during the contract, charged to Financing and Investment Income and Expenditure in the Income and Expenditure Account;
- Payment toward liability – used to write down the balance sheet liability towards the operator;

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

- Lifecycle replacement costs – recognising elements of the assets require regular replacement and therefore charged to fixed assets on the balance sheet, or revenue as appropriate.

The Authority receives government grants to support its financing liabilities each year. In the early years of such contracts this income exceeds the Authority's net expenditure on these schemes. The Authority has agreed that it will transfer any consequential Income and Expenditure surpluses arising from its PFI arrangements, together with any additional revenue provision deemed necessary to a PFI Reserve. The reserve funds are released in the later years of the contract when payments exceed available revenue support.

Provisions, Contingent Assets and Contingent Liabilities

Provisions are made where an event has taken place that gives the Authority an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the appropriate service revenue account in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are made in settlement of the obligation, these are charged to the provision in the balance sheet. Estimated settlements are reviewed at the end of each financial year and the charges made to the service adjusted accordingly.

Back pay arising from unequal pay claims

The Authority has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Authority implemented its equal pay strategy. However, statutory arrangements allow settlements to be financed from the Council Fund in the year that payments actually take place, not when the provision is established. The provision is therefore balanced by an Equal Pay Back Pay Account created from amounts credited to the General Fund balance in the year the provision was made or modified. The balance on the Equal Pay Back Pay Account will be debited back to the General Fund balance in the Movement in Reserves Statement in future financial years as payments are made.

In accordance with recommended practice a provision was included in the 2009/10 accounts offset by an equal sum in reserves. The provision is therefore not cash backed. The position is reviewed each year and appropriate adjustments made.

Contingent Assets/ Liabilities

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

Contingent assets/ liabilities are not recognised in the financial statements but disclosed as a note to the accounts where it is probable that there will be an inflow/ outflow of economic benefits or service potential. A contingent liability is also disclosed where a liability exists but a reliable estimate cannot be made.

Reserves and Balances

Council Fund Balance: The Authority holds a Council Fund Balance to meet future funding requirements and as a hedge against any unforeseen financial losses. The adequacy of the level of this reserve is reviewed annually by the Chief Finance Officer as part of the Authority's budget approval process.

Earmarked Reserves: The Authority sets aside specific amounts as earmarked reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services. The reserve is then appropriated back from the balance sheet to the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. The most significant reserve is the Southern Distributor Road PFI which will meet future liabilities over the lifetime of the PFI scheme.

Pensions Reserve: This reserve is kept to manage the processes for accounting for retirement benefits. This does not represent usable resources for the Authority.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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

Value Added Tax (VAT)

Income and expenditure excludes any amounts related to VAT, as all VAT collected on income is paid over to HM Revenue and Customs, and all VAT paid on expenditure is recovered from them. Income and expenditure arising from changes in legislation affecting amounts claimed are included against services unless significant in which case, they appear as Exceptional Items on the Comprehensive Income and Expenditure Statement.

Carbon Reduction Commitment Allowances

The authority is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the last year of its introductory phase, which ends on 31 March 2014. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions, ie carbon dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

Changes to Accounting Policies

Accounting Policies for employee benefits have been updated in light of changes to International Accounting Standard (IAS) 19. No prior year adjustment was considered necessary as this relates to disclosure changes only and the overall balances held by the Authority have not changed.

Community Assets are now valued at the lower of net current replacement costs or net realisable value in existing use, following the revaluation of some assets. Again no prior year adjustment was considered necessary as these amounts were not considered material.

2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) has introduced a number of changes in accounting policy, these will need to be adopted fully by the Council in the 2014/15 financial statements.

The Council is required to estimate the impact of these new standards within the 2013/14 financial statements, although the full standards remain un-adopted.

IFRS 10/11/12 and ISA 27/28/32

These Standards which come into force on 1 April 2014, update the requirements for assessing control over subsidiaries, as well as outlining more detailed disclosure requirements around the assumptions made in assessing the control we hold over, and the risks that these bodies present to the Authority.

A review of the updated requirements has indicated that these would not present a significant change to the Authorities financial statements, however as noted more detailed disclosures will be required.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There remains a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision;
- The Authority is deemed to control the services provided by Newport Transport, an arm's length company for which the authority holds majority shares. However, the value of the undertaking is relatively immaterial when compared to the Authority's overall operation. The Authority's accounts do not therefore reflect this operation. However, a summary statement of the undertaking is provided along with reference to where the full set of accounts is available;

4 EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Interim Head of Finance on 29 September 2014. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Events after the Balance Sheet date have had no material effect on the figures presented in these financial statements.

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

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

The items in the Authority's Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	<p>A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p> <p>The actuary has advised the effects of a 0.1% movement in the following criteria:</p> <p>Discount Rate – £10million increase/decrease to liability</p> <p>Inflation – £10million increase/decrease to liability</p> <p>A one year increase in life expectancy would result in an additional liability of £10million</p>

6 MATERIAL ITEMS OF INCOME AND EXPENSE

Material items occurring outside of the Authority's normal activities and which, by virtue of their size and potential incidence on the financial statements are disclosed separately to give a true and fair view. These are shown either under the heading of discontinued operations or exceptional items.

During the year the Authority received income and incurred expenditure on the following exceptional items:

<u>Exceptional Items</u>	31-Mar-13 £'000	31-Mar-14 £'000
Housing Benefit Bad Debt Provision reversal	(973)	-
Insurance funds paid to constituent Gwent Authorities	540	-
MMI insurance costs	504	-
	71	-

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2013/14

	Usable Reserves		
	Council Fund Balance £'000	Capital Receipts Reserve £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:	(16,631)	-	16,631
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Account	(31,510)	-	31,510
Charges for depreciation and impairment of non-current assets	(24,109)	-	24,109
Revaluation losses on PPE & Assets Held for Sale	(14,235)	-	14,235
Movements in the fair value of Investment Properties	(15)	-	15
Capital grants and contributions applied	18,550	-	(18,550)
Revenue expenditure funded from capital under statute	(8,453)	-	8,453
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,248)	-	3,248
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:	14,879	-	(14,879)
Statutory provision for the financing of capital investment	13,044	-	(13,044)
Capital expenditure charged against the General Fund	1,835	-	(1,835)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	Usable Reserves		Movement in Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	
	£'000	£'000	£'000
Adjustments primarily involving the Capital Receipts Reserve:	2,309	(1,851)	(458)
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,278	(2,278)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	1,427	(1,427)
Transfer from Deferred Capital Receipts Reserve on receipt of cash	31	(1,000)	969
Adjustment primarily involving the Financial Instruments Adjustment Account:	124	-	(124)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	124	-	(124)
Adjustments primarily involving the Pensions Reserve:	(11,080)	-	11,080
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 41)	(25,335)		25,335
Employer's pensions contributions and direct payments to pensioners payable in the year	14,255		(14,255)
Adjustment primarily involving the Unequal Pay Back Pay Adjustment Account:	7,998	-	(7,998)
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	7,998	-	(7,998)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	Usable Reserves		Movement in Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	
	£'000	£'000	£'000
Adjustment primarily involving the Accumulated Absences Account:	2,016	-	(2,016)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,016	-	(2,016)
TOTAL ADJUSTMENTS	(15,264)	(1,851)	17,115
<u>2012/13 Comparative figures</u>			
Adjustments primarily involving the Capital Adjustment Account:	(44,011)	-	44,011
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Account	(58,219)	-	58,219
Charges for depreciation and impairment of non-current assets	(20,097)	-	20,097
Revaluation losses on Property Plant and Equipment	(44,728)	-	44,728
Movements in the market value of Investment Properties	-	-	-
Capital grants and contributions applied	14,422	-	(14,422)
Revenue expenditure funded from capital under statute	(5,592)	-	5,592
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,224)	-	2,224
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:	14,208	-	(14,208)
Statutory provision for the financing of capital investment	13,083	-	(13,083)
Capital expenditure charged against the General Fund	1,125	-	(1,125)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	Usable Reserves		Movement in Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	
	£'000	£'000	£'000
Adjustments primarily involving the Capital Receipts Reserve:	371	(1,871)	1,500
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	371	(371)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	500	(500)
Transfer from Deferred Capital Receipts Reserve on receipt of cash	-	(2,000)	2,000
Adjustment primarily involving the Financial Instruments Adjustment Account:	124	-	(124)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	124	-	(124)
Adjustments primarily involving the Pensions Reserve:	(3,003)	-	3,003
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 41)	(17,127)	-	17,127
Employer's pensions contributions and direct payments to pensioners payable in the year	14,124	-	(14,124)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	Usable Reserves		Movement in Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	
	£'000	£'000	£'000
Adjustment primarily involving the Unequal Pay Back Pay Adjustment Account:			
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	692	-	(692)
	692	-	(692)
Adjustment primarily involving the Accumulated Absences Account:			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,107)	-	2,107
	(2,107)	-	2,107
TOTAL ADJUSTMENTS	(47,934)	(1,871)	49,805

8 TRANSFERS TO/FROM EARMARKED RESERVES

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

Key Reserves to note are:

- **Invest to save reserve** - established to enable funding of specific projects which demonstrate savings to the revenue budget within a 5 year timetable;
- **Capital works reserve** - established to fund specific capital schemes included in the Capital Programme;
- **Insurance reserve** – to assist in the management of the Council's insurance risks. To meet excesses and costs on claims against the Council and to provide cover on self-insured risks;
- **MMI Insurance reserve** – established to assist with potential future funding requirements of MMI in line with the agreed 'Scheme of Arrangement';
- **Pay reserve** - established to fund potential pay liabilities in future years;
- **Usable capital receipts reserve** - holds proceeds from sale of property, plant and equipment, used to finance new capital expenditure;

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

- **Southern Distributor Road PFI reserve** - smooth's out funding differences that arise between the grant received from the Welsh Government and the capital payments made to the contractor. The reserve will balance over the life of the project;
- **Friars Walk reserve** – established to assist with any potential future funding needs for the Friars Walk scheme.

	Balance at 31-Mar-13	Movements between Reserves		Via Comprehensive I&E Account		Balance at 31-Mar-14
		Transfers Out	Transfers In	Transfers Out	Transfers In	
	£'000	£'000	£'000	£'000	£'000	£'000
Council Fund:	(5,000)					(5,000)
Balances held by schools for future use	(4,392)			178		(4,214)
Earmarked Reserves:						
Works of art	(21)					(21)
Music Service	(87)				(18)	(105)
School Works	(60)			186	(465)	(339)
STEP School Computers	(273)				(423)	(696)
Theatre & Arts Centre	(250)			17		(233)
Residual Housing Functions	(40)			40		-
Invest to Save	(6,965)	255	(6,194)	3,690	(445)	(9,659)
Capital Expenditure	(836)		(255)	1,629	(651)	(113)
Insurance Reserve	(995)		(524)		(253)	(1,772)
MMI Insurance Reserve	(415)					(415)
Cymorth Income	(38)					(38)
Legal Claims	(400)	300				(100)
Super Connected Cities	(90)				(913)	(1,003)
Snooker	(15)	15				-
Pay Reserve	(9,599)	5,903		530	(2,780)	(5,946)
Municipal Elections	(12)				(37)	(49)
Local Development Plan	(516)				(105)	(621)
Pupil Referral Unit	(60)					(60)
Health & Safety	(16)					(16)
Council Tax Reduction	(1,000)	500				(500)
Landfill	(320)			259	(152)	(213)
Education Achievement Service	-				(92)	(92)
Schools Redundancies	-				(125)	(125)
Christmas Lights	-				(75)	(75)
Capital Works	-				(1,275)	(1,275)
Friars Walk	-				(1,750)	(1,750)
Usable Capital Receipts	(3,551)			1,427	(3,278)	(5,402)
Glan Usk PFI	(140)			22		(118)
Southern Distributor Road PFI	(38,754)				(1,664)	(40,418)
Total	(73,845)	6,973	(6,973)	7,978	(14,501)	(80,368)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

9 OTHER OPERATING EXPENDITURE

31-Mar-13		31-Mar-14
£'000		£'000
	Precepts and levies:	
214	Community Councils	221
6,790	South Wales Fire Authority	6,854
927	Caldicot and Wentlooge Drainage Board	927
389	Home Office	117
10,393	Gwent Police	10,612
-	(Gains) and losses on assets held for sale	940
1,853	Loss/ (Profit) on the disposal of non-current assets	938
20,566	Total	20,609

10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

31-Mar-13		31-Mar-14
£'000		£'000
14,911	Interest payable and similar charges	15,172
6,098	Pensions interest cost and expected return on pensions assets	9,410
(24)	Interest receivable and similar income	(121)
(8,762)	PFI special grant	(8,598)
(603)	Income and expenditure in relation to investment properties and changes in their fair value	(590)
11,620	Total	15,273

11 TAXATION AND NON SPECIFIC GRANT INCOMES

31-Mar-13		31-Mar-14
£'000		£'000
(55,083)	Council tax income	(47,071)
(37,457)	Non domestic rates	(43,951)
(156,958)	Non-ring fenced government grants	(166,558)
(10,980)	Capital grants and contributions	(17,212)
(260,478)	Total	(274,792)

National Non-Domestic Rates (NNDR)

The total rateable value for non-domestic rates was £156,571,049 at 31 March 2014 (£162,508,529 at 31 March 2013). The rate poundage for occupied properties was 46.4p per £ of rateable value (45.2p in 2012/2013) with empty properties being charged at 46.4p (45.2p in 2012/2013).

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

31-Mar-13		31-Mar-14
£'000		£'000
(65,096)	NNDR collectable	(65,602)
63,950	Payments to NNDR pool	64,578
828	NNDR bad debts written off and/or provided for	704
318	NNDR cost of collection allowance	320
<u>-</u>		<u>-</u>

In 2013/2014, Newport received £43.951million from the Welsh NNDR pool in support of its services (£37.457million – 2012/2013).

LOCAL TAXATION

Council Tax Collection

	31-Mar-13	31-Mar-14
	£'000	£'000
INCOME		
Council taxes (net of council tax benefits)	(45,644)	(48,107)
Council tax benefits	(10,120)	(10,268)
Total income	<u>(55,764)</u>	<u>(58,375)</u>
EXPENDITURE		
Precepts payable		
- Gwent Police Authority	10,393	10,612
- Community Councils	214	221
Newport Council Fund requirement	44,457	45,763
Council tax written off and provided for	680	905
Total expenditure	<u>55,744</u>	<u>57,501</u>
Net surplus for the year	<u>(20)</u>	<u>(874)</u>

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	31-Mar-13		31-Mar-14	
	Dwellings	Tax Base	Dwellings	Tax Base
Total number of properties on valuation list	63,560	63,560	64,274	64,274
Adjusted as follows				
Less exempt properties @ 100%	1,705	(1,705)	1,996	(1,996)
Less single discounts @ 25%	23,610	(5,903)	23,779	(5,945)
Less multiple discounts @ 50%	977	(489)	1,047	(524)
Band D conversion		(259)		(278)
Losses on collection		(1,380)		(1,999)
Tax Base		53,824		53,532
		£		£
Council tax requirement		55,064,463		56,595,992
Less payable to Gwent Police		(10,392,876)		(10,611,577)
Less payable to Community Councils		(214,238)		(220,918)
Net requirement Newport City Council		44,457,349		45,763,497
Band D tax for the year		825.98		854.89

Losses on collection have been calculated at 4% (3% 2012/13)

This basic amount of £854.89 for a band D property (£825.98 in 2012/2013) is multiplied by the proportion specified for the particular band to give the individual amount due:

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

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

12 PROPERTY, PLANT AND EQUIPMENT

	Other land & buildings	Vehicles, plant & equipment	Infrastructure assets	Community assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2013	312,354	25,713	188,242	3,308	6,055	4,066	539,738	74,555
Re-classification	(8,982)	520	6,181	334	4,348	(3,896)	(1,495)	
Capital Expenditure	11,136	3,398	10,002	27	-	1,132	25,695	
Impairments & Revaluations	(20,670)	-	(492)	(3,281)	(1,519)	-	(25,962)	(3,616)
Disposals	(590)	(666)	-	(12)	(1,088)	-	(2,356)	
At 31 March 2014	293,248	28,965	203,933	376	7,796	1,302	535,620	70,939
Accumulated Depreciation and Impairment								
At 1 April 2013	(2,134)	(18,224)	(36,114)	(4)	(6)	-	(56,482)	(12,809)
Re-classification	11	-	(17)	-	6	-	-	-
Depreciation charge in year	(8,630)	(2,040)	(5,978)	(1)	(143)	-	(16,792)	(1,865)
Revaluation impact	2,877	-	49	5	76	-	3,007	1,931
Disposals	3	553	-	-	67	-	623	-
At 31 March 2014	(7,873)	(19,711)	(42,060)	-	-	-	(69,644)	(12,743)
Net Book Value								
At 1 April 2013	310,220	7,489	152,128	3,304	6,049	4,066	483,256	61,746
At 31 March 2014	285,375	9,254	161,873	376	7,796	1,302	465,976	58,196

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	Other land & buildings	Vehicles, plant & equipment	Infrastructure assets	Community assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2012	446,898	23,888	180,001	4,090	4,842	26,182	685,901	74,564
Re-classification	15,991	261	737	(989)	559	(24,153)	(7,594)	-
Capital Expenditure	11,236	2,478	7,755	216	14	2,134	23,833	-
Impairments & Revaluations	(158,244)	-	(251)	(9)	690	(97)	(157,911)	(9)
Disposals	(3,527)	(914)	-	-	(50)	-	(4,491)	-
At 31 March 2013	312,354	25,713	188,242	3,308	6,055	4,066	539,738	74,555
Accumulated Depreciation and Impairment								
At 1 April 2012	(18,082)	(16,802)	(30,850)	(2)	(5)	-	(65,741)	(10,945)
Re-classification	-	-	-	-	-	-	-	-
Depreciation charge in year	(9,657)	(2,317)	(5,264)	(2)	(1)	-	(17,241)	(1,864)
Revaluation impact	25,605	895	-	-	-	-	26,500	-
At 31 March 2013	(2,134)	(18,224)	(36,114)	(4)	(6)	-	(56,482)	(12,809)
Net Book Value								
At 1 April 2012	428,816	7,086	149,151	4,088	4,837	26,182	620,160	63,619
At 31 March 2013	310,220	7,489	152,128	3,304	6,049	4,066	483,256	61,746

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

The Authority also has a number of Schools located within the Newport area which are Voluntary Aided and Voluntary Controlled and which are not owned by the Authority. Although these schools are recognised as located within the authority's boundary, they are not disclosed within the Balance Sheet as they are not Authority owned assets.

Infrastructure Assets includes £5,099k of adopted assets (2012/13: £822k)

Depreciation

Assets are depreciated on a straight line basis using the following useful asset lives:

ASSET	POLICY	LIFE
Land	No depreciation charged	
Buildings	Straight line depreciation on estimated remaining life	As advised by Valuer
New Roads	Straight line depreciation on estimated remaining life	40 years
Vehicles and Plant	Straight line depreciation on estimated remaining life or over the term of the lease in the case of assets acquired by finance leases	5 - 7 years
Computer equipment	Straight line depreciation on estimated remaining life.	usually 5 years

Capital Commitments

The Authority approved a four-year programme of capital investment in 2010/11 to improve the infrastructure and facilities in Newport. Of this programme, the Authority is contractually committed to carry out works as follows:

	31-Mar-13	31-Mar-14
	£'000	£'000
Central Services	-	-
Cultural & Related Services	320	274
Education	1,440	166
Environmental Services	8,220	-
Highways, Roads & Transport	200	2,958
Housing (General Fund)	-	-
Planning & Development Services	737	273
	<u>10,917</u>	<u>3,671</u>

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

	Other land & buildings £'000	Vehicles, plant & equipment £'000	Infrastructure assets £'000	Community assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at Historic Cost	418	28,965	203,933	-	-	1,302	234,618
Valued at fair value as at:							
31 March 2014	27,591	-	-	376	7,423	-	35,390
31 March 2013	263,687	-	-	0	373	-	264,060
31 March 2012	1,552	-	-	-	-	-	1,552
31 March 2011	-	-	-	-	-	-	-
31 March 2010	-	-	-	-	-	-	-
Total Cost or Valuation	293,248	28,965	203,933	376	7,796	1,302	535,620

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

13 Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Authority

	Museum Collection	Tredegar House & Park	Public Art & Features	Archaeology	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2013	7,925	5,980	3,282	94	17,281
Additions				15	15
Revaluations	80	(4,050)			(3,970)
Impairment Losses/(reversals) recognised in the					-
Disposals			(365)	(17)	(382)
At 31 March 2014	8,005	1,930	2,917	92	12,944
Accumulated Depreciation and Impairment					
At 1 April 2013	-	(279)	-	-	(279)
Re-classification					-
Depreciation charge in year		(63)			(63)
Revaluation impact		342			342
At 31 March 2014	-	-	-	-	-
Net Book Value					
At 1 April 2013	7,925	5,701	3,282	94	17,002
At 31 March 2014	8,005	1,930	2,917	92	12,944

Revaluations for the Museum Collection are as at 25 September 2012, and were completed by Patrick Bowen Fine Art Consultants (Patrick Bowen MRICS). Valuations were completed based on a high auction or market value, and there were no significant limitations to the valuation.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	Museum Collection £'000	Tredegar House & Park £'000	Public Art & Features £'000	Archaeology £'000	Total Heritage Assets £'000
Cost or Valuation					
At 1 April 2012	3,411	5,980	3,282	64	12,737
Additions	-	(3)	-	30	27
Revaluations	4,514	-	-	-	4,514
Impairment Losses/(reversals) recognised in the	-	3	-	-	3
Disposals	-	-	-	-	-
At 31 March 2013	7,925	5,980	3,282	94	17,281
Accumulated Depreciation and Impairment					
At 1 April 2012	-	(215)	-	-	(215)
Re-classification	-	-	-	-	-
Depreciation charge in year	-	(64)	-	-	(64)
Revaluation impact	-	-	-	-	-
At 31 March 2013	-	(279)	-	-	(279)
Net Book Value					
At 31 March 2011	3,411	5,765	3,282	64	12,522
At 31 March 2013	7,925	5,701	3,282	94	17,002

Additions of Heritage Assets

Additions comprise:	£'000
Capital expenditure on Newport Medieval Ship	15
	15

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Five year summary of transactions

It was not considered practical to provide this information for earlier than 31 March 2010.

	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14
	£'000	£'000	£'000	£'000	£'000
Cost of Acquisitions					
Museum Collection	-	-	26	-	-
Tredegar House & Park	-	2	-	(3)	-
Public Art & Features	-	-	16	-	-
Archaeology	-	-	47	30	15
Total	-	2	89	27	15

Assets Acquired by Donation

Museum Collection	-	-	-	-	-
Tredegar House & Park	-	-	-	-	-
Public Art & Features	-	-	-	-	-
Archaeology	-	-	-	-	-
Total	-	-	-	-	-

Impairments recognised in the period

Museum Collection	-	-	-	-	-
Tredegar House & Park	-	(2)	-	3	-
Public Art & Features	-	-	-	-	-
Archaeology	-	-	-	-	-
Total	-	(2)	-	3	-

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14
	£'000	£'000	£'000	£'000	£'000
Disposal of Assets					
Museum Collection					
Carrying Value	-	-	-	-	-
Proceeds	-	-	-	-	-
Tredegar House & Park					
Carrying Value	-	-	-	-	-
Proceeds	-	-	-	-	-
Public Art & Features					
Carrying Value	-	-	-	-	(365)
Proceeds	-	-	-	-	-
Archaeology					
Carrying Value	-	-	-	-	(17)
Proceeds	-	-	-	-	-

Disposal of Assets

No cash amounts have been received for any asset disposals. The amounts included above relate to assets that have been derecognised from the fixed asset register or donated to other bodies.

Further information on the collections held

Museum Collection

The Authority has developed its collection since 1888. The collection now illustrates the changing face of the South Wales' rural and industrial landscape and includes donations from the Arts Council of Wales and the Contemporary Art Society for Wales.

Elements of the collection are regularly exhibited at the Museum on a rotating basis. Key elements of the collection include:

- 19th and 20th century mainly British oil paintings, watercolours, drawings and prints with particular attention directed to topographical works relating to Newport. The collection represents the work of a large number of artists including James Flewitt Mullock, David Cox, Dame Laura Knight, Stanley Spencer, William Roberts, Merlyn Evans and William Russell Flint;
- Contemporary paintings by Welsh artists or artists living in Wales. These include works by Falcon Hildred, Harry Holland, Thomas Rathmell, Evan Charlton, Felicity Charlton, Ernest Zobole and Jack Crabtree;
- Contemporary prints including work by Patrick Caulfield, Derek Boshier, John McFarlane, Chris Orr, Terry Millington, Anthony Davies and Norman Ackroyd;
- Decorative arts including Staffordshire figures, commemorative ware and studio ceramics. These include the Iris and John Fox collection, the John Wait teapot collection and works by Jane Hamlyn, Lucie Rie, Nicholas Homoky, Geoffrey Swindell and Morgan Hall.

Tredegar House & Park

Tredegar House is one of the best examples of a 17th century Charles II mansion in Britain. The contents of the property include paintings, furniture and other artefacts of the time period.

From 16 March 2012 the property has been leased to the National Trust for Wales. Further information on the preservation and management of this property can be found on their website at <http://www.nationaltrust.org.uk>.

Public Arts & Fixtures

The Authority holds a large number of public art features, such as murals and statues, on public display throughout the local area.

Archaeology

There are a number of archaeological sites within the Authority area, and as a result, over the last 25 years this collection has substantially increased in size.

The archaeology collections of the Newport Museum and Art Gallery include:

- Prehistoric material from the old County of Gwent most notably the Severn Estuary;
- Roman material mostly from the Roman sites of Caerwent and Caerleon, Mill Street;
- Medieval material representing mostly castles and abbeys;
- Collections of local and non-local prehistoric flints; and
- Associated archive material.

In addition some material originating from excavations carried out on historic monuments on behalf of the Welsh Office (Cadw), and excavations prior to new developments is held – most significantly, the Newport Ship timbers and associated artefacts.

The management of the collections is overseen by the Museums Officer (Collections and Premises). The Museums Officer manages a small team of professional staff which curates the collections and monitors its wellbeing. A project to establish a full computerised inventory of the collections is currently underway. The project started in 2006 and encompasses all collections cared for by the Museums & Heritage Service. It is scheduled to be completed in 2014/15. This programme of work allows for improvements in storage conditions and highlights specific conservation needs of objects and collections. While the in-house focus is on preventive conservation measures which aim to stabilise an object's condition, specialist active conservation treatment is out-sourced and generally sought before objects are displayed.

The Curatorial team are also responsible for all acquisitions and disposals of collections objects. Each potential acquisition is assessed against a number of criteria set out in the Museums Acquisitions and Disposals Policy. Most objects added to the collections are donated by individuals or organisations. Purchases are few and far between and are often carried out with grant aid from external bodies such as The Art Fund or the V&A Purchase Grant Fund. The disposal process follows ethical guidelines published by the Museums Association, an umbrella organisation for museums and museum professionals in the UK. It favours the transfer of objects to other organisations within the public domain.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

14 INVESTMENT PROPERTIES

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

	31-Mar-13	31-Mar-14
	£'000	£'000
Rental income from investment property	605	608
Direct operating expenses arising from investment property	(2)	-
Net gain/ (loss)	603	608

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	31-Mar-13	31-Mar-14
	£'000	£'000
Balance at start of the year	6,833	7,349
Additions:		
- Purchases	-	-
- Construction	-	-
- subsequent expenditure	-	-
Disposals	-	-
Net gains/ (losses) from fair value adjustments	-	(15)
Transfers:		
- to/ from inventories	-	(75)
- to/ from Property, Plant and Equipment	516	(19)
Other changes	-	-
Balance at end of the year	7,349	7,240

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

15 FINANCIAL INSTRUMENTS

a) Long Term Investments

The investments held by the Authority (at cost) consist of:

	31-Mar-13	31-Mar-14
	£'000	£'000
Newport Transport Limited	251	251
South East Wales Education Achievement Service Limited	-	-
	<u>251</u>	<u>251</u>

The Authority has assessed the fair value of its investment in Newport City Transport Limited would not be significantly different from the historic cost presented.

South East Wales Education Achievement Service is a Company Limited by Guarantee, and as such has no share capital. The general funds of the company as at 31 March 2014 were nil, and this has been assessed as the fair value of the Authority's investment.

b) Long Term Debtors

Long-term debtors, held at cost, are amounts outstanding from sales of council houses, advances for house purchase/repair, and the officers' car loan scheme. It also includes debt in relation to the Police Authority which did not transfer when that function was removed from local authority control, Tredegar House Lease Premium, and monies owed by Gwent Crematorium.

	31-Mar-13	31-Mar-14
	£'000	£'000
Tredegar House Lease Premium	11,567	11,327
Gwent Crematorium	1,474	1,488
Deferred debt - Gwent Police	343	132
Officers' car loan scheme	165	149
Council house mortgages	46	30
House purchase/repair loans	28	28
Other long term debtors	148	159
	<u>13,771</u>	<u>13,313</u>

c) Long Term Creditors

The largest holding is in respect of the Tredegar Lease Premium which relates to funds due to the National Trust for their running of Tredegar House.

Section 106 deposits also make up a major part of the balance, at the end of the year this was £2.8million. These amounts are paid by developers and recognise that their works impact on the local infrastructure which, in turn requires improvement. Section 106 deposits are generally held by the Authority to fund specific projects.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	31-Mar-13	31-Mar-14
	£'000	£'000
Section 106 deposits	(4,101)	(2,835)
Tredegar Lease Premium	(3,829)	(3,733)
Other long term creditors	(117)	(116)
	<u>(8,047)</u>	<u>(6,684)</u>

d) Short Term Investments

There were no temporary investments outstanding at 31 March 2013 or 31 March 2014.

e) Borrowings

Short-term borrowing includes loans borrowed for up to 364 days and any principal or interest payable within this period. At 31 March 2014 total short-term borrowing was £10.421 million (31 March 2013 - £15.901million) including principal outstanding of £5.9million (31 March 2013 - £12.657million).

The following is an analysis of all borrowing shown in the Balance Sheet:

	31-Mar-13		31-Mar-14	
	% rates	£'000	% rates	£'000
Outstanding debt and interest rate spread				
Public Works Loans Board (fixed)	1.72-10.00	72,063	1.72-10.00	72,075
Stock	8.88	39,648	8.88	39,704
Market loans	3.77-5.05	35,655	3.77-5.05	35,645
Other	0.00	16,528	0.00	8,622
		<u>163,894</u>		<u>156,046</u>

With maturity in the following periods

Maturity Analysis	31-Mar-13	31-Mar-14
	£'000	£'000
<u>Short-term borrowing</u>	15,901	10,421
<u>Long-term borrowing</u>		
More than 1 and less than 2 years	2,179	3,937
More than 2 and less than 5 years	11,467	10,423
More than 5 and less than 10 years	58,812	57,179
More than 10 years	75,535	74,086
Total long-term borrowing	<u>147,993</u>	<u>145,625</u>
Total borrowing	<u>163,894</u>	<u>156,046</u>

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

The principal value of the outstanding debt relates to the stock issue £40million, market loans £35million and PWLB £72.232million. The respective debt of £39.704million, £35.645million and £69.974million shown in the Balance Sheet and the table above results from the Code requirement to re-measure loans and disclose liabilities at amortised cost.

There is also a requirement to calculate and disclose the fair values associated with the Authority's long-term borrowing and these are as follows:

	31-Mar-13		31-Mar-14	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
PWLB	72,063	103,384	69,974	92,944
Market loans	35,655	47,655	35,654	43,508
Stock	39,648	55,940	39,704	49,820
Other	627	626	293	293

The PWLB fair value has been calculated by reference to the premature repayment set of rates in force on 31 March 2014. In the absence of fair values being provided by the majority of the lenders for the Authority's market loans, the fair value has been calculated using market rates available on 31 March 2014. The Stock Issue fair value has been calculated using a UK Treasury Gilt yield for a similar period and interest rate as the Stock.

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

Following the reorganisation of local government in Wales, Newport became responsible for managing Gwent County Council debt that could not be dis-aggregated. As at 31 March 2014, the Authority was managing £NIL (31 March 2013 £0.3million) of EIB loans on behalf of the other unitary authorities in the former Gwent area. All costs, interest and principal repayments in respect of these loans are fully recharged to those authorities and are not included in these accounts.

f) Other Long Term Liabilities

PFI Liabilities

Under the Code, assets under PFI arrangements are held on the Authority's Balance Sheet. In creating these assets an opposite PFI liability is created within Other Long Term Liabilities. These are written down over the contract period by way of grant from the Welsh Government or other receipts.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

More details are available in note 36. However, the balances on the PFI Liabilities are represented as:

	31-Mar-13	Grant	Other	31-Mar-14
	£'000	£'000	£'000	£'000
Southern Distributor Road - PFI	(42,711)		1,554	(41,157)
Glan Usk Primary School - PFI	(12,837)		630	(12,207)
Total PFI Other Long Term Liabilities	(55,548)	-	2,184	(53,364)

Pension Liabilities

Represent the Authority's net liability in respect of its past and current employees for current and future pensions. The accounts are prepared in accordance with recommended best practice. The liability varies according to revaluation gains and losses and is balanced by the un-usable Pensions reserve. The liabilities are secured by the Authority's future council tax levies.

	31-Mar-13	Movement	31-Mar-14
	£'000	£'000	£'000
Pensions liabilities	(232,552)	47,938	(184,614)
Total Pensions Other Long Term Liabilities	(232,552)	47,938	(184,614)

The valuation of this liability is provided by the fund actuaries, details are included in note 41.

Finance Leases

A small number of finance leases are held in the accounts at cost

	31-Mar-13	Movement	31-Mar-14
	£'000	£'000	£'000
Finance leases	(236)	199	(37)
Total Finance Lease Other Long Term Liabilities	(236)	199	(37)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Housing mortgages

Outstanding council home mortgage advances are included in Other Long Term Liabilities as deferred capital receipts and valued at cost.

	31-Mar-13 £'000	Movement £'000	31-Mar-14 £'000
Total Housing Mortgages (Other Long Term Liabilities)	(46)	16	(30)
Total Long Term Liabilities	(288,382)	50,337	(238,045)

16 INVENTORIES

Inventories are purchased and used by the Authority at historical cost. Work in progress is included at cost. An analysis is as follows:

	31-Mar-13 £'000	31-Mar-14 £'000
Stocks		
Building Services	128	205
Leisure & Catering	24	28
Museum Shop	8	7
Printing/Stationery	16	15
Monwel Hankinson	8	7
	184	262

17 SHORT TERM DEBTORS

Short term debtors are shown in the Balance Sheet net of provisions for bad and doubtful debts:

	31-Mar-13			31-Mar-14		
	Gross £'000	Provision £'000	Net £'000	Gross £'000	Provision £'000	Net £'000
General	11,941	(2,913)	9,028	10,019	(2,769)	7,250
Council tax payers	4,974	(2,454)	2,520	5,215	(2,810)	2,405
NHS bodies	731	-	731	381		381
Central government bodies	26,519	(983)	25,536	26,414	(1,290)	25,124
Other local authorities	1,121	(6)	1,115	1,567		1,567
	45,286	(6,356)	38,930	43,596	(6,869)	36,727

Client Account NNDR debts and pre-payments are incorporated into Government Departments in accordance with the Code.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

18 CASH AND CASH EQUIVALENTS

The cash held by the Authority represents petty cash balances held by numerous establishments throughout the Authority and any credit bank balances that are not included within our "pooled account" with Santander.

The bank overdraft includes un-cleared payments within the banking system. In practice, the treasury management policy of the Authority is to maintain the pooled bank account balance as near to zero as possible to minimise interest charges on overdrawn balances and maximise interest earned by short-term lending of surplus funds. The actual pooled bank balance at the close of business on 31 March 2014 was an overdrawn balance of £6k (31 March 2013 – balance of £415k).

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

	31-Mar-13	31-Mar-14
	£'000	£'000
Cash held by the authority	113	94
Bank Current accounts	(3,389)	(789)
Total Cash and Cash Equivalents	(3,276)	(695)

19 ASSETS HELD FOR SALE

	31-Mar-13	31-Mar-14
	£'000	£'000
Assets at the start of the year	-	7,078
Assets newly classified as held for sale:		
Property, Plant and Equipment	7,078	1,589
Revaluation losses	-	(940)
Revaluation gains	-	-
Impairment losses	-	-
Assets declassified as held for sale:		
Property, Plant and Equipment	-	-
Assets sold	-	(1,132)
Transfers	-	-
Assets at year-end	7,078	6,595

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

20 SHORT TERM CREDITORS

The following is an analysis of the short term creditors shown in the Balance Sheet:

	31-Mar-13	31-Mar-14
	£'000	£'000
General	(18,822)	(21,593)
Central government bodies	(8,924)	(9,407)
Prepayments of council tax	(982)	(1,208)
NHS bodies	(694)	(1,342)
Other local authorities	(3,655)	(4,139)
	<u>(33,077)</u>	<u>(37,689)</u>

NNDR client prepayments are now included within Debtors – Government Grants in accordance with the Code.

21 PROVISIONS

Provisions represent sums set aside for liabilities or losses which are likely to be incurred or certain to be incurred but where the amount or timing of such liability is not certain. In the case of each of the provisions listed below, the amount of the liability and the timing of the resulting transfer of economic benefits are uncertain.

	31-Mar-13	Further provisions	Amounts used	Unused amounts reversed	31-Mar-14
	£'000	£'000	£'000	£'000	£'000
<i><u>Current Provisions</u></i>					
Accumulated absence provision	(6,137)	-	-	2,016	(4,121)
Pill Kiosk	(32)	(15)	-	-	(47)
MMI Provision	(504)	-	463	41	-
Insurance Provision	(651)	(1,759)	821	-	(1,589)
Equal pay - back pay provision	(8,308)	-	4,333	3,665	(310)
Other	-	(20)	-	-	(20)
	<u>(15,632)</u>	<u>(1,794)</u>	<u>5,617</u>	<u>5,722</u>	<u>(6,087)</u>
<i><u>Long Term Provisions</u></i>					
Landfill Capping	(1,845)	(156)	-	-	(2,001)
	<u>(1,845)</u>	<u>(156)</u>	<u>-</u>	<u>-</u>	<u>(2,001)</u>

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Equal Pay	Provision to comply with recommended practice in respect of equal pay claims. The majority of payments have been made, and final negotiations are on-going with agreement expected during 2014/15. This provision had no effect on the 2013/14 Authority surplus, and its future funding is currently being considered.
Accumulated Absences	Accounting provision to recognise impact of accruing leave at the end of the year. No payment is made as employees have to take leave prior to leaving the Authority. This is therefore not cash backed.
Landfill Capping	Provision to comply with recommended practice in respect of costs relating to the future capping of Landfill sites once they have been fully utilised.
Insurance	Provision for known insurance claims currently being made against the Authority for a variety of incidents.

22 USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 8.

23 UNUSABLE RESERVES

	31-Mar-13 £'000	31-Mar-14 £'000
Revaluation Reserve	(97,452)	(88,466)
Capital Adjustment Account	(130,315)	(118,064)
Financial instruments adjustment account	2,198	2,074
Deferred Capital Receipt Reserve	(1,000)	(31)
Transport Company Realisation Account	(251)	(251)
Pensions Reserve	232,552	184,614
Equal pay - back pay	8,308	310
Accumulated Absence Account	6,137	4,121
	20,177	(15,693)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

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

	31-Mar-13 £'000	31-Mar-14 £'000
Balance at 1 April	(184,094)	(97,452)
Upward revaluation of assets	(30,603)	(5,913)
Downward revaluation of assets and impairment losses not charged to provision of services	112,244	11,946
Surplus or deficit on revaluation of non-current assets not charged to provision of services	81,641	6,033
Other Adjustments	-	(123)
Difference between fair value depreciation and historic cost depreciation	3,094	659
Accumulated gains on assets sold or scrapped	1,907	2,417
Amount written off to the Capital Adjustment Account	5,001	2,953
Balance at 31 March	(97,452)	(88,466)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Capital Adjustment Account

The requirement to maintain a Capital Adjustment Account commenced in April 2007 as a requirement of the 2007 SORP. The opening balance represented the closing value of the previously maintained Capital Financing Account and Fixed Asset Restatement Account. The Account represents a store of capital resources set aside to meet past capital expenditure.

	31-Mar-13 £'000	31-Mar-14 £'000
Balance at 1 April	(168,825)	(130,315)
<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</i>		
Charges for depreciation and impairment of non-current assets	20,097	24,109
Revaluation losses on Property, Plant and Equipment	44,728	13,295
Amortisation of intangible assets		
Revenue Expenditure Funded from Capital under Statute	5,592	8,453
Amount of non-current assets written off on disposal or sale as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	2,224	3,248
	<hr/>	<hr/>
	72,641	49,105
Adjusting amounts written out of the Revaluation Reserve	(5,001)	(2,953)
	<hr/>	<hr/>
Net written out amount of the cost of non-current assets consumed in the year	67,640	46,152
<i>Capital financing applied in the year:</i>		
Use of Capital Receipts Reserve to finance new capital expenditure	(500)	(1,427)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(14,422)	(18,550)
Statutory provision for the financing of capital investment charged against the Council Fund balances	(13,083)	(13,044)
Capital expenditure charged against the Council Fund balance	(1,125)	(1,835)
	<hr/>	<hr/>
	(29,130)	(34,856)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	31-Mar-13	31-Mar-14
	£'000	£'000
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-	15
Movements in the market value of Assets Held for Sale debited or credited to the Comprehensive Income and Expenditure Statement		940
Balance at 31 March	(130,315)	(118,064)

Financial Instruments Adjustment Account

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

The Authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the Council Fund Balance through the Movement in Reserves Statement. Over time, the expense is posted back to the Council Fund Balance in accordance with statutory arrangements for spreading the burden on the Authority tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account at the end of the year will be charged to the Council Fund over the next 41 years.

	31-Mar-13	31-Mar-14
	£'000	£'000
Balance at 1 April	2,322	2,198
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-	-
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(124)	(124)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(124)	(124)
Balance at 31 March	2,198	2,074

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Deferred Capital Receipts Reserve

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

	31-Mar-13 £'000	31-Mar-14 £'000
Balance at 1 April	(3,000)	(1,000)
Transfer of deferred sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	-	(31)
Transfer to Capital Receipts Reserve	2,000	1,000
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	2,000	969
Balance at 31 March	(1,000)	(31)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	31-Mar-13 £'000	31-Mar-14 £'000
Balance at 1 April	195,048	232,552
Actuarial gains or losses on pensions assets and liabilities	34,501	(59,018)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	17,127	25,335
Employer's pensions contributions and direct payments to pensioners payable in the year	(14,124)	(14,255)
Balance at 31 March	232,552	184,614

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Equal Pay - Back pay Account

The Equal Pay Back Pay Account compensates for the differences between the rate at which the Authority provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the Council Fund Balance until such time as cash might be paid out to claimants. This is a best practice accounting requirement which is not cash backed.

	31-Mar-13 £'000	31-Mar-14 £'000
Balance at 1 April	9,000	8,308
Decrease in provision for back pay in relation to Equal Pay cases	(692)	(3,869)
Cash settlements paid in the year	-	(4,129)
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	(692)	(7,998)
Balance at 31 March	8,308	310

Accumulated Absences Account

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

	31-Mar-13 £'000	31-Mar-14 £'000
Balance at 1 April	4,030	6,137
Settlement or cancellation of accrual made at the end of the preceding year	(4,030)	(6,137)
Amounts accrued at the end of the current year	6,137	4,121
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,107	(2,016)
Balance at 31 March	6,137	4,121

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

24 CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items reported under Financing Activities:

	31-Mar-13 £'000	31-Mar-14 £'000
Interest received	(23)	(121)
Interest paid	14,918	14,960
	14,895	14,839

25 CASH FLOW STATEMENT - INVESTING ACTIVITIES

	31-Mar-13 £'000	31-Mar-14 £'000
Purchase of property, plant and equipment, investment property and intangible assets	22,974	20,611
Purchase of short-term and long-term investments	789,025	476,810
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,371)	(2,278)
Proceeds from short-term and long-term investments	(789,025)	(476,810)
Net cash flows from investing activities	20,603	18,333

26 CASH FLOW STATEMENT - FINANCING ACTIVITIES

	31-Mar-13 £'000	31-Mar-14 £'000
Cash receipts of short- and long-term borrowing	(125,645)	(23,030)
Other receipts from financing activities	-	-
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,362	2,536
Repayments of short- and long-term borrowing	127,005	30,958
Net cash flows from financing activities	3,722	10,464

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

27 CASH FLOW STATEMENT – NON CASH MOVEMENTS

	31-Mar-13	31-Mar-14
	£'000	£'000
Depreciation	(17,305)	(16,855)
Impairment and downward valuations	(47,520)	(21,489)
(Increase)/Decrease in bad debt provision	1,630	(513)
Increase/(Decrease) in short term debtors	(24)	(1,688)
Increase/(Decrease) in long term debtors	(343)	(458)
(Increase)/Decrease in short term creditors	(713)	(4,611)
(Increase)/Decrease in long term creditors	(546)	1,363
Increase/(Decrease) in stock	(52)	78
(Increase)/Decrease in provisions	(2,688)	9,389
Pensions liability	(3,003)	(11,080)
Carrying amount of non-current assets sold	(2,224)	(3,248)
Financial Instrument adjustments	125	(124)
Movement in Value of Investment Properties	-	(15)
Other non cash adjustments	(1)	5,003
	(72,664)	(44,248)

28 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice.

Decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across Service Areas.

The resource allocation reports are prepared on a cash limited basis so that managers are responsible for income and expenditure for which they have direct control. This is different from the accounting policies used in preparing the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year as contained within the Comprehensive Income and Expenditure Statement; and
- expenditure on some support services is budgeted for centrally and only charged to services at the year end.

The Authority monitors spending on the basis of its management structure not SERCOP. The statements on the following pages facilitate a better understanding as to how the Authority monitors its income and expenditure in the new structure during the year and how it reports the financial accounts position through the Comprehensive Income and Expenditure Statement.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

29 MEMBERS' ALLOWANCES AND EXPENSES

All Councils are required to publish details of the amounts paid to elected members each year. Information on the amounts actually paid to each Council member is published on the Authority's web site. The total allowances and expenses paid in the financial year was £908,774 (2012/2013 – £884,567). All members are entitled to the same basic allowance of £13,175 per annum (2012/2013 - £13,175). Also additional responsibility allowances are paid to members holding the following positions:

	31-Mar-13	31-Mar-14
	£	£
Leader of the Council	34,325	34,325
Deputy Leader	20,285	20,285
Cabinet Member	15,605	15,605
Chair of Scrutiny Forum	8,735	8,735
Chair of Planning	8,735	8,735
Chair of Licensing	8,735	8,735
Opposition Leader	8,735	8,735

The Council also pays seven lay (unelected) members a total of £2,636 (2012/13: £3,908) to sit on a number of committees. This includes both fees and expenses.

30 OFFICER REMUNERATION

The remuneration paid to the Authority's senior employees was as follows:

Post Holder Information		Salary	Car Allowances	Pensions contributions	Total
		£	£	£	£
Chief Executive	2013/14	134,638	900	25,850	161,388
(Took up office 1 January 2013)	2012/13	33,659	225	6,462	40,346
Managing Director +	2013/14	-	-	-	-
(Departed 25 September 2012)	2012/13	70,625	460	13,560	84,645
Strategic Director (People) *	2013/14	16,625	150	3,192	19,967
(Departed 31 May 2013)	2012/13	99,750	1,000	19,434	120,184
Strategic Director (People) *	2013/14	82,484	772	15,837	99,093
(Appointed 1 June 2013)	2012/13	-	-	-	-
Strategic Director (Place)	2013/14	108,444	900	20,819	130,163
	2012/13	101,313	800	19,452	121,565
Chief Education Officer	2013/14	87,302	-	16,866	104,168
	2012/13	87,382	600	16,777	104,759
Head of Legal Services (Monitoring Officer)	2013/14	76,418	450	14,672	91,540
	2012/13	76,418	400	14,672	91,490

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Post Holder Information		Salary £	Car Allowances £	Pensions contributions £	Total £
Head of Finance (Section 151 Officer) (Departed 17 January 2014)	2013/14	62,655	369	12,030	75,054
	2012/13	74,557	400	14,315	89,272
Interim Head of Finance (Section 151 Officer) (Took up office 20 January 2014)	2013/14	14,117	90	2,710	16,917
	2012/13	-	-	-	-
Interim Corporate Director (Corporate Services) (Departed 1 March 2013)	2013/14	-	-	-	-
	2012/13	65,536	450	12,583	78,569
Head of People and Transformation (Took up senior role 14 May 2013)	2013/14	67,222	594	12,903	80,719
	2012/13	-	-	-	-

+ Election Returning Officer fees are not included in these figures

* Includes statutory responsibility as Director of Social Services

Prior to appointment on the 20 January 2014 the Interim Head of Finance was employed as the Assistance Head of Finance and received remuneration for this role – this is not included in the figures above.

Election Returning Officer Fees

During 2014 the Chief Executive received £490 for his role as the Authorities Returning Officer.

There were no employees whose salary, excluding pensions contributions, exceeded £150,000 per annum.

The ration between the Council's highest paid employee and the median position for 2013/14 was 1:7.0 (2012/13: 1:6.5)

The Authority's other employees receiving more than £60,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	31-Mar-13		31-Mar-14	
	Teaching	Other	Teaching	Other
£105,000 - £109,999	2	-	-	-
£95,000 - £99,999	3	-	3	-
£90,000 - £94,999	3	-	2	1
£85,000 - £89,999	2	-	2	-
£80,000 - £84,999	2	-	2	1
£75,000 - £79,999	1	3	2	2
£70,000 - £74,999	3	-	5	1
£65,000 - £69,999	14	4	17	4
£60,000 - £64,999	17	3	16	7

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

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

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Total Cost of exit packages in each band
	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13
£0 - £20,000	6	22	28	259,232
£20,001 - £40,000	-	17	17	522,644
£40,001 - £60,000	-	9	9	426,810
£60,001 - £80,000	-	5	5	355,255
£80,001 - £100,000				
Total	6	53	59	1,563,941

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Total Cost of exit packages in each band
	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14
£0 - £20,000	21	117	138	1,112,309
£20,001 - £40,000	5	40	45	1,287,275
£40,001 - £60,000	-	12	12	535,684
£60,001 - £80,000	-	1	1	64,339
£80,001 - £100,000	-	1	1	99,048
Total	26	171	197	3,098,655

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

31 EXTERNAL AUDIT COSTS

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

	31-Mar-13 £'000	31-Mar-14 £'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	172	191
Fees payable in respect of local government measure	137	133
Fees payable for the certification of grant claims and returns for the year	110	115
Total	419	439

WAO have informed the Council that a 15% rebate will be due against their 2012/13 audit fee, although exact figures for this have not yet been received.

32 GRANTS INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/14:

	31-Mar-13 £'000	31-Mar-14 £'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	155,342	165,084
Performance Incentive/ Deprivation Grant	1,485	1,475
Other Welsh Government Grant	-	-
Total	156,827	166,559
Credited to Services		
Housing Benefit Subsidy claimed	66,208	56,454
PFI Schemes	7,866	8,560
Post 16 Education	7,661	7,375
Supporting People	3,016	6,859
Integrated Advisory Service	1,050	-
Substance Misuse Action	1,362	1,338
Cymorth	23	-
Families First	-	1,038
Wales Waste Strategy	3,006	2,865
GEMSS/EMAG	1,582	1,674
Foundation Phase Funding	4,628	4,801
Flying Start – 2 Year olds	2,501	3,497
SEN Recoupment Post 16	1,295	-
SEG Poverty	1,154	1,203
Pupil Deprivation Grant	1,763	1,752
Total	103,115	97,416

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Where grants, contributions and donations are given, subject to conditions being met, they are held as Capital Grants Received in Advance (Unapplied) until the conditions are met. The balances held at the year-end are as follows:

Capital Grants Received in Advance (Unapplied)

- Miscellaneous	-	-
Total	-	-

33 RELATED PARTIES

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

Welsh Government

The Welsh government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits).

Grants received from government departments are set out in the analysis in Note 32.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2013/14 is shown in Note 29.

During 2013/14, works and services and grants to the value of £9.40million (2012/13: 6.67million) were commissioned from or paid to companies in which twelve members had an interest. This included balances of £4.80million paid to Newport Transport Limited (2012/13: 4.80million) which is further disclosed below. Contracts were entered into in full compliance with the Authority's standing orders.

In all instances, grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Civic Centre during office hours.

Officers

There were no declared organisations in which senior officers of the Authority held pecuniary interests.

Other Public Bodies

One member sat on the Board of the South Wales Fire Authority respectively. Significant payments to these organisations are disclosed at Note 9.

Senior Officers do not hold any positions of seniority within any other Public Sector body.

Entities Controlled or Significantly Influenced by the Authority

Newport Transport's board includes five Council members and one Council officer nominated by the Council. The accounts of the company are summarised in note 47 to these accounts.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Newport Transport Ltd is a company wholly owned by the Authority. During the year, the Authority received services from Newport Transport to the value of £4.8million (2012/2013 - £4.8million). At 31 March 2014 Newport Transport was owed £0.269million (2012/2013 - £0.359million) in respect of these services. The services principally related to maintenance work on the Authority's vehicle fleet. The Authority provided services to Newport Transport during the year amounting to £0.2million (2012/2013 - £0.2million). At 31 March 2014 the Authority was owed £0.001million (2012/2013 - £0.001million) in respect of these services.

Newport Unlimited's board includes two Council members and two Council officers nominated by the Council. Further details of the organisation are provided at note 45.

34 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	31-Mar-13 £'000	31-Mar-14 £'000
<i>Opening Capital Financing Requirement</i>	286,596	286,920
<u>Capital investment</u>		
Property, Plant and Equipment	23,833	25,695
Heritage Assets	27	15
Revenue Expenditure Funded from Capital Under Statute	5,592	8,453
<u>Sources of finance</u>		
Capital receipts	(500)	(1,427)
Government grants and other contributions	(14,422)	(18,550)
Sums set aside from revenue	(590)	(995)
Direct revenue contributions	(533)	(840)
Minimum Revenue Provision	(13,083)	(13,044)
<i>Closing Capital Financing Requirement</i>	286,920	286,227
<u>Explanation of movements in year</u>		
Increase in underlying need to borrow:		
Supported by government financial assistance	4,710	3,942
Un-supported by government financial assistance	8,662	8,409
Assets acquired under finance leases	35	-
Bullet Repayment of PFI Liability	-	-
Assets acquired under PFI contracts	-	-
Minimum Revenue Provision	(13,083)	(13,044)
<i>Increase in Capital Financing Requirement</i>	324	(693)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

35 LEASES

Authority as Lessee

Finance Leases

The Authority has acquired a number of vehicles and equipment under finance leases. The assets acquired under these leases are included in Property Plant and Equipment in the balance sheet at the following net amounts as these are cancellable.

	31-Mar-13 £'000	31-Mar-14 £'000
Vehicle, Plant, Furniture and Equipment	344	188
	<u>344</u>	<u>188</u>

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31-Mar-13 £'000	31-Mar-14 £'000
Finance lease liabilities (net present value of minimum lease payments)		
- current	199	37
- non-current	37	-
Finance costs payable in future years	<u>10</u>	<u>-</u>
Minimum lease payments	<u>246</u>	<u>37</u>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-13 £'000	31-Mar-14 £'000	31-Mar-13 £'000	31-Mar-14 £'000
Not later than one year	209	37	199	37
Later than one year and not later than five years	37	-	37	-
Later than five years	-	-	-	-
	<u>246</u>	<u>37</u>	<u>236</u>	<u>37</u>

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Operating Leases

The Authority has acquired some of its buildings and fleet by operating leases. All vehicles acquired are now within the secondary rental period of the lease agreement and therefore payments due are excluded from the table below. The minimum lease payments due on properties under non-cancellable leases in future years are:

	31-Mar-13 £'000	31-Mar-14 £'000
Not later than one year	709	882
Later than one year and not later than five years	2,151	2,755
Later than five years	3,233	3,429
	<u>6,093</u>	<u>7,066</u>

Authority as Lessor

Finance Leases

The Authority does not currently lease out any properties under a finance lease.

Operating Leases

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

- to enable the Authority to provide services for the local community; or
- to provide an income stream to help support the council tax levy.

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

	31-Mar-13 £'000	31-Mar-14 £'000
Not later than one year	960	1,083
Later than one year and not later than five years	3,533	3,807
Later than five years	69,533	85,110
	<u>74,026</u>	<u>90,000</u>

The Authority leases out a number of farms on a life tenancy basis. These leases have been assumed to have a 99 year lease term.

36 PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

Southern Distributor Road PFI Scheme

Newport City Council entered into a 40 year contract with Morgan Vinci Ltd to design, build, operate and finance the Southern Distributor Road. The contract specifies minimum standards of performance over a range of areas including reductions in journey time, reduction in the level of congestion, accident levels, improvements in road safety and road availability. The contractor took on the obligation to construct and maintain the road to an acceptable minimum standard.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

The road was opened on 13th December 2004 and the agreement has a 40 year life.

Property Plant and Equipment

The assets used to provide services on the Southern Distributor Road are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12.

Payments

The Authority makes an agreed annual payment which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments, remaining to be made under the PFI contract at 31 March 2014 (excluding any estimation of inflation and availability/ performance deductions), are as follows:

	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2014/15	658	1,461	4,407	6,526
Payable within two to five years	2,809	6,361	17,896	27,066
Payable within six to ten years	4,077	8,089	23,969	36,135
Payable within eleven to fifteen years	4,473	9,621	24,767	38,861
Payable within sixteen to twenty years	5,254	11,356	25,205	41,815
Payable within twenty one to five years	5,761	12,573	25,108	43,442
Payable within twenty six to thirty years	3,946	7,986	14,284	26,216
	26,978	57,447	135,636	220,061

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable. The liability outstanding is as follows:

	31-Mar-13 £'000	31-Mar-14 £'000
Balance outstanding at start of year	44,263	42,711
Payments during the year	(1,552)	(1,691)
Other	-	137
Balance outstanding at year-end	42,711	41,157

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Glan Usk Primary School

2013/2014 was the fifth year of a 25 year PFI contract for the construction and facilities management of Glan Usk Primary School.

The school operates its core areas 44 weeks per annum including a Multi-Use Gaming Area and an Artificial Turf Pitch. The Multi Use Gaming Area and the Artificial Turf Pitch are also available to the community during non-school hours.

The contract operates minimum standards for the services to be provided by the contractor, with deductions from the fees payable being made if facilities are unavailable or performance is below minimum standards.

Property Plant and Equipment

The assets used to provide services on the Glan Usk Primary School are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12.

Payments

The Authority makes an agreed annual payment which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2014 (excluding any estimation of inflation and availability/ performance deductions) are as follows:

	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2014/15	596	604	730	1,930
Payable within two to five years	2,464	2,500	2,976	7,940
Payable within six to ten years	3,694	3,050	3,724	10,468
Payable within eleven to fifteen years	5,238	2,520	3,385	11,143
Payable within sixteen to twenty years	5,130	3,096	3,683	11,909
Payable within twenty one to five years	741	436	478	1,655
	17,863	12,206	14,976	45,045

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable. The liability outstanding is as follows:

	31-Mar-13 £'000	31-Mar-14 £'000
Balance outstanding at start of year	13,470	12,836
Payments during the year	(634)	(630)
Balance outstanding at year-end	12,836	12,206

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

37 IMPAIRMENT LOSSES

Impairment losses and impairment reversals by class of assets are disclosed within the Property, Plant and Equipment balances consolidated in Note 12. The amounts are charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure dependent on class of impairment.

During 2013/14 the Authority has recognised the following impairment losses:

	31-Mar-13	31-Mar-14
	£'000	£'000
Land & Buildings	2,437	6,932
Community Assets	9	27
Infrastructure Assets	251	296
Assets Under Construction	97	-
Heritage Assets	(3)	-
	<u>2,791</u>	<u>7,255</u>

38 CAPITALISATION OF BORROWING COSTS

There was no capitalisation of borrowing costs in 2012/13 or 2013/14.

39 TERMINATION BENEFITS

The Authority completed redundancies of 197 employees in 2013/14, incurring liabilities of £3.1million (59 employees at £1.6million in 2012/13). See Note 30 for the number of exit packages and total cost per band. All balances were payable to Council officers, as part of the Authority's general services rationalisation and efficiencies programme.

40 PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

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

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

In 2013/14 the Authority paid £6.9million to Teachers' Pension in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2012/13 were £6.8million and 14.1%. As at the 31 March 2014 contributions of £578,000 were payable (31 March 2013: £568,000).

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for within Note 41 as "Unfunded Teachers' Discretionary Benefits".

41 DEFINED BENEFITS PENSIONS SCHEMES

Participation in Pension Scheme

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

The Authority participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Torfaen County Borough Council – this is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement (Unfunded Teachers Discretionary Benefits) – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

The Authority recognises the cost of retirement benefits in the reported 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 post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Council Fund Balance via the Movement in Reserves Statement during the year:

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	Local Government Pension Scheme 31-Mar-13 £'000	Unfunded Teachers Discretionary Benefits 31-Mar-13 £'000	Local Government Pension Scheme 31-Mar-14 £'000	Unfunded Teachers Discretionary Benefits 31-Mar-14 £'000
<i>Comprehensive Income and Expenditure Statement</i>				
<i>Cost of Services:</i>				
Current service costs	10,828	-	14,254	-
Past service cost (gain)	37	-	29	-
Settlement and curtailments	369	-	879	-
<i>Financing and Investment Income and Expenditure</i>				
Interest cost	8,663	502	8,976	434
Expected return on scheme assets	-	-	-	-
<i>Total Post Employment Benefit Charged to the Surplus/ Deficit on Provision of Services</i>	19,897	502	24,138	434
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(33,888)	-	(27,473)	82
Actuarial gains and losses arising on changes in demographic assumptions	5,621	151	14,670	820
Actuarial gains and losses arising on changes in financial assumptions	57,732	1,302	(46,652)	(465)
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	29,465	1,453	(59,455)	437

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Movement in Reserves

Statement

Reversal of net charges made to the Surplus or Deficit for the Provision of Services post employment benefits in accordance with the Code	19,897	502	24,138	434
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Actual amount charged against the Council

Fund Balance for pensions in the year

Employers' contributions payable to scheme	13,002	1,122	13,135	1,120
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The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to 31 March 2014 is a gain of £59.018million (2012/13 showed a loss of £34.501million).

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities: Local Government Pension Scheme 31-Mar-13 £'000	Unfunded liabilities: Teachers Discretionary Benefits 31-Mar-13 £'000	Funded liabilities: Local Government Pension Scheme 31-Mar-14 £'000	Unfunded liabilities: Teachers Discretionary Benefits 31-Mar-14 £'000
Opening balance at 1 April	(494,676)	(11,469)	(578,582)	(12,302)
Current service cost	(11,079)	-	(13,999)	-
Interest cost	(23,867)	(502)	(24,010)	(434)
Contributions by scheme participants	(3,939)	-	(3,976)	-
Experience gains and (losses)	-	-	25,812	(82)
Actuarial gains and losses arising on changes in demographic assumptions	(5,621)	(151)	(14,670)	(820)
Actuarial gains and losses arising on changes in financial assumptions	(57,732)	(1,302)	46,652	465
Benefits paid	18,547	1,122	17,876	1,120
Past service costs	154	-	(29)	-
Settlement/curtailment	(369)	-	(1,644)	-
Closing balance at 31 March	(578,582)	(12,302)	(546,570)	(12,053)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme 31-Mar-13 £'000	Local Government Pension Scheme 31-Mar-14 £'000
Opening balance at 1 April	311,097	358,332
Interest on plan assets	15,204	15,034
Return on plan assets (excluding the amount included in the net interest expense)	33,888	1,661
Employer contributions	13,002	13,135
Contributions by scheme participants	3,939	3,976
Benefits paid	(18,547)	(17,876)
Administration	(251)	(253)
Closing balance at 31 March	358,332	374,009

The actual return on scheme assets in the year was £28.17million (2012/2013: £48.8million).

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £184.614million has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in net assets of £280.675million

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the local government scheme will be made good by maintaining contributions at an appropriate rate over the remaining working life of employees, as assessed by the scheme actuary;
- finance is only required to be raised to cover the teachers' pensions when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2015 is £12.249million. Expected contributions to the Teachers' Pension Scheme in the year to 31 March 2015 are £6.9million.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Estimated duration of benefit obligation is 18 years. Both the Teachers' Discretionary Benefits and Greater Gwent (Torfaen) Pension Fund liabilities have been assessed by Mercer Human Resource Consulting, an independent firm of actuaries, estimates for the Greater Gwent (Torfaen) Pension Fund being based on the latest full valuation of the scheme as at 31 March 2014.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Unfunded Teachers Discretionary Benefits	
	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14
Mortality assumptions:				
Longevity at 65 for current pensioners:				
- Men (years)	21.7	23	21.7	23
- Women (years)	23.9	25.4	23.9	25.4
Longevity at 65 for future pensioners:				
- Men (years)	23.2	25.2	N/A	N/A
- Women (years)	26.5	27.8	N/A	N/A
Other Assumptions:				
Rate of CPI Inflation	2.4%	2.4%	2.4%	2.4%
Rate of increase in salaries	3.9%	3.9%	N/A	N/A
Rate of increase in pensions	2.4%	2.4%	2.4%	2.4%
Rate for discounting scheme liabilities	4.2%	4.5%	3.7%	4.3%
Take-up of option to convert annual pension	50.0%	50.0%	N/A	N/A

The Teachers' Pension Scheme has no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories,

	31-Mar-13	31-Mar-14
	£'000	£'000
Equities	113,949	121,739
Investment Funds	222,166	226,462
Property	7,525	9,724
Alternatives	12,542	12,716
Cash	2,150	3,366
	358,332	374,007

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserves in 2013/14 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2014.

	2009/10 %	2010/11 %	2011/12 %	2012/13 %	2013/14 %
Differences between the expected and actual return on assets	23.7	2.5	6.4	8.5	7.5
Experience gains/ (losses) on liabilities	-	4.9	-	-	-

42 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- credit risk - failure to receive amounts due to the Authority;
- liquidity risk - insufficient funds to meet its commitments; and
- market risk - financial instability arising from changes in interest rates and stock markets.

The Authority's overall risk management programme focuses on unpredictability of financial markets and minimises any adverse effects on the resources available to fund services. Risk Management is undertaken by the central treasury team, under policies approved by the Authority in its Treasury Management and Investment Strategy. Specifically it manages the risks listed as follows:

Credit Risk

Arising from deposits with banks and financial institutions, as well as credit exposure to the Authority's customers, this risk is minimised by only making deposits with financial institutions once they meet minimum credit criteria. Details are included in the annual investment strategy. In summary however, an institution must have a credit rating of at least A- for long term investments or F1 for short term investments (or equivalent). At 31 March 2014 the investments totally complied with this policy, with no amounts being invested as bank deposits of 364 days or less. Whilst the Treasury Management policy allows investment for periods of 1 year and up to 2 years, this option has not yet been applied.

This Authority has no recent experience of non-payment of its investments and therefore assesses its Credit risk in this area as negligible.

The Authority does not currently apply credit ratings to its council tax and general customers although this is always under review. Its exposure to non-payment of these debts is summarised as:

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	Amount at 31 Mar 2014	Historic experience of default	Estimated Exposure to non- repayment March 2014	Estimated Exposure at 31 Mar 2013
	£'000	%	£'000	£'000
Council tax debts	5,215	0.63	33	66
Trade debtors	4,954	12.11	600	700
			633	766

The Authority expects repayment of its general debt within 30 days. However £2.573million of the £4.954million is past this due date. The general debt is analysed as:

	31-Mar-13	31-Mar-14
	£'000	£'000
Less than thirty days	1,965	2,381
Less than three months	784	656
Three months to one year	729	610
More than one year	1,476	1,307
	4,954	4,954

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The Authority has ready borrowing access to the money market and the Public Works Loans Board to cover short term unforeseeable events. However, there is a risk that the Authority may need to replenish significant borrowings at a time that interest rates are not favourable. Consequently, under its Treasury Management Strategy it sets limits on the proportion of fixed rate borrowings in accordance with CIPFA's Treasury Management recommended practice. The strategy ensures that no more than 6% of loans are due to mature within a rolling three year period through the careful planning of new loans taken out and, where it is economic to do so, using early repayment mechanisms. The maturity analysis of loans is as follows:

	31-Mar-13	31-Mar-14
	£'000	£'000
<u>Loan maturity</u>		
Less than one year	15,901	10,421
Between one and two years	2,179	4,080
Between two and five years	11,467	10,586
More than five years	134,347	130,959
	163,894	156,046

All trade and other payables are repayable in less than one year.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Market Risk

Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to changes in interest rates on its borrowings and investments. These are very complex to the extent that an increase in interest rates would have the following effects:

- Borrowing at variable rates will see an increase in the expenses interest charged to the Income and Expenditure Account;
- Investments at variable rates will see an increase in the income interest shown on the Income and Expenditure Account.

The impact of interest rate changes in borrowing and investment held at variable interest rates will impact on the Authority's Income and Expenditure Account and therefore its Council Fund Balances.

The Authority has a number of strategies to manage the interest rate risk, as contained within its Treasury Management and Investment Strategy. The approved policy is to keep a maximum of 50% of its borrowings in variable rate loans. Where it is economically sound to do so the Authority will, during falling interest rates, repay early high cost fixed rate loans to limit loss exposure.

The treasury management team actively assesses the Authority's interest rate exposure and feeds this into its medium term financial planning process. This minimises any adverse effects. Under this process, at 31 March 2013, if interest rates had been 1% higher and assuming all other variables are held constant, the financial effects would be:

Impact of 1% increase in interest rates

£'000

Increase in interest receivable on variable rate investments

1,072

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

Price Risk

The Authority does not generally invest in equity shares and therefore has no exposure to movement in share price.

Foreign exchange risk

The Authority has a small Euro bank account of just over €2,000. The exposure to losses arising from movement in exchange rates is therefore negligible.

43 CONTINGENT LIABILITIES

There are a number of contingent liabilities identified as at 31 March 2014:

- **MMI Insurances** - The Authority manages the residual insurance fund of the former Gwent County Council. Municipal Mutual Insurance Limited (MMI) covers some of the claims of both ex- authorities (Gwent CC and Newport Borough Council). Following a High Court case in March 2012, MMI has now confirmed that they will be unable to settle the remaining claims in total, and the Authority is now required to meet a balance of the remaining claims.

In April 2013, Ernst & Young, the Scheme Administrators advised that the levy to be paid by Members had been set at the mid-point (15%) of the potential ranges of between 9.5 % and 28%. The 15% levy at £463k (based on the Council's current claims value of £3.085million) was paid during the financial year. A further reserve of £415k has been established to manage the risk of the levy ultimately being set at 28%. Our own Actuaries have advised that the levy could be as high as 90%.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

- **Insurance Claims** - The Authority manages current insurance claims made against it on an on-going basis. As at 31 March 2014 the total claims outstanding were £4.4million. Claims totalling £1.5million have been included as a provision in Note 21. However the remaining claims totalling an estimated £2.9million (2012/13: £3.1million) were un-finalised with significant uncertainty remaining over their final liability, and hence are shown here as a contingent liability. A reserve of £1.7million has been established to manage this risk, based on 50% of the remaining claims.
- **City Centre Regeneration** – On 13 December 2013 the Council signed an agreement to loan Queensbury Newport Limited a maximum of £89.110 million in order to fund the development of Friars Walk. The repayment of the loan is due by June 2017 and is dependent on the successful sale of the completed development. If this has not been achieved, the asset ownership would revert to the Council. This leaves a risk for the Council of the difference between the outstanding loan and the valuation of the asset received.
- **Single Status** - The Authority continues to make progress towards a Single Status, total reward package for employees. This work is currently un-finalised with significant uncertainty over the final liability.
- **Tredegar House** - The Authority leases Tredegar House to the National Trust. As part of this lease the Authority has agreed to pay the National Trust £150,000 per annum until 2025. However this payment is recoverable should visitor numbers exceed 120,000 during the year. As the level of visitors is uncertain there remains uncertainty over the liability.
- **Newport City Homes** - As part of the legal agreements associated with the transfer of the housing stock, the Authority provided a number of property-related, employment, planning, environmental and other warranties to Newport City Homes and its funders. The environmental warranties will be covered by insurance. The property-related warranties are limited to £9,000 per property, and cover 9,144 separate properties. Other warranties and indemnities would only apply after Newport City Homes has committed pre-determined levels of expenditure within its Business Plan. To date there has been no call on these warranties.

44 CONTINGENT ASSETS

No contingent assets were identified at 31 March 2014.

45 NEWPORT UNLIMITED

Newport Unlimited is a private company limited by guarantee with financial backing and Board member support from the Welsh Government and Newport City Council.

The objects of the company are to develop and secure the regeneration in the physical environment and to strengthen the economy of specific areas of the city and other locations in Newport. The company sets a strategic policy for the regeneration of Newport but does not enter into transactions on its own behalf. Instead, revenue contributions will be expended by the relevant stakeholders. Stakeholders to the organisation are Newport City Authority, (supplying 1/3 of funding) and the Welsh Government (supplying 2/3's of funding).

Newport's contributions included within these accounts amounted to £206,000 and this expenditure is shown in the net cost of services total.

Newport Unlimited ceased to trade and operate from 31 March 2014.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

46 SOUTH EAST WALES EDUCATION ACHIEVEMENT SERVICE

The South East Wales Education Achievement Service is a company limited by guarantee, with the five Local Authorities in the Gwent area each being a member of the company.

The objects of the company are to provide services to the Participating Authorities in relation to their functions in the field of education and, subject to the Participating Authorities' unanimous prior approval, to other local authorities and other persons exercising functions in the field of education.

An extract of the key figures from the draft unaudited accounts of the company for the year-ending 31 March 2014 is reproduced below.

	31-Mar-13	31-Mar-14
	£'000	£'000
Profit and Loss Account		
Turnover	(3,712)	(7,505)
Cost of sales	3,035	6,232
Gross profit	(677)	(1,273)
Expenses, interest and taxation	574	1,273
Retained (profit) / loss for the year	(103)	-
Balance Sheet		
Long term assets	4,754	2,881
Current assets	1,243	1,646
Creditors: due within 1 year	(1,234)	(1,685)
Creditors: due after 1 year	-	-
Provisions for liabilities/charges	-	-
Pension liability	(4,660)	(2,842)
Net Assets	103	-
Share capital	-	-
Profit & loss account*	103	-
Shareholders' Funds	103	-

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

47 NEWPORT TRANSPORT LIMITED

This is a wholly owned "arms-length" company of the Authority set up under the Transport Act 1985 to run a passenger bus service. An extract of the key figures from the draft unaudited accounts of the company for the year-ending 31 March 2014 is reproduced below:

	31-Mar-13	31-Mar-14
	£'000	£'000
Profit and Loss Account		
Turnover	(11,494)	(11,362)
Cost of sales	10,142	10,228
Gross profit	(1,352)	(1,134)
Expenses, interest and taxation	1,528	1,028
Retained (profit) / loss for the year	176	(106)
Balance Sheet		
Fixed assets	8,106	8,196
Current assets	2,343	1,890
Creditors: due within 1 year	(2,439)	(2,461)
Creditors: due after 1 year	(3,599)	(3,210)
Provisions for liabilities/charges	(219)	(219)
Pension liability	(5,709)	(4,423)
Net Assets	(1,517)	(227)
Share capital	251	251
Profit & loss account*	(1,768)	(478)
Shareholders' Funds	(1,517)	(227)

Figures presented for 2013/2014 are based on the draft unaudited accounts of Newport Transport Limited. 2012/13 figures have been amended to reflect the final audited accounts.

Copies of the company's financial statements can be obtained from Newport Transport Ltd, 160 Corporation Road, Newport, South Wales, NP20 0WF.

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

48 TRUST FUNDS AND THIRD PARTY ASSETS

Details of trusts are as follows:

	31-Mar-13	31-Mar-14
	£	£
Miscellaneous Education Funds	42,553	30,185

The Authority passed a number of its trust fund holdings to the Community Foundation in Wales and, with the agreement of the Charities Commission, passed the management of a number of other dormant funds to schools in 2008/09. The Authority acts as sole trustee for the remaining Education trust funds.

The Authority operates 147 (2013: 185) appointee bank accounts holding £920,880 (2013: £832,065). These relate to third party monies held by the Authority on behalf of its Social Service clients. These figures have been excluded from cash and cash equivalent figures reported in the accounts.

49 JOINT VENTURES & POOLED BUDGETS

The Code defines a joint arrangement as “a contractual arrangement under which the participants engage in joint activities that do not create an entity because it would not be carrying on a trade or business of its own. A contractual arrangement where all significant matters of operating and financial policy are predetermined does not create an entity because the policies are those of its participants, not of a separate entity”.

The Code indicates that where such joint arrangements exist each participant should account directly for its share of the assets, liabilities, income, expenditure and cash flows held within or arising from the arrangement.

The Authority has five such joint arrangements, which have been included within these financial statements; the Gwent Joint Records Committee, Greater Gwent Cremation Committee, Project Gwyrdd, Welsh Purchasing Consortium and the South East Wales Transport Alliance.

The Authority has entered into two Pooled Budget Arrangements:

The Gwent Wide Integrated Community Equipment Service (GWICES) is a Section 33 Partnership Agreement between the five Local Authorities in the Gwent area and the Aneurin Bevan Local Health Board for the provision of an efficient and effective integrated community equipment service to users who are resident in the partner localities. This agreement came into effect on 1 October 2008.

The Gwent Frailty Programme is a Section 33 Partnership Agreement between the five Local Authorities in the Gwent area and the Aneurin Bevan Local Health Board for the delivery of a range of services to avoid hospital admissions, facilitate early discharge and help individuals remain “happily independent”. The Community Resource Teams (CRTs) provide integrated Urgent Response, Re-enablement and Falls services within each Locality in line with agreed Locality Annual Commissioning Plans (LCPs). This agreement came into effect on 4 April 2011, although some expenditure was incurred to establish the scheme during the previous year. S.

Newport’s share of the Income & Expenditure Account and Balance Sheet of these arrangements is follows:

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	31-Mar-13		31-Mar-14	
	Total	NCC share	Total	NCC share
	£'000	£'000	£'000	£'000
Gwent Joint Records Committee				
Income & Expenditure Account				
Expenditure	952	293	996	307
Income	(878)	(270)	(929)	(286)
Net Cost of Service	74	23	67	21
Pension interest cost / expected return on assets	(12)	(4)	8	2
Net Operating Cost	62	19	75	23
Actuarial Gains	68	21	(80)	(25)
(Surplus) / Deficit for the Year	130	40	(5)	(2)
Balance Sheet				
Current assets	494	152	501	155
Current liabilities	(144)	(44)	(175)	(54)
Pension liability	(198)	(61)	(169)	(52)
Total Assets less Liabilities	152	47	157	49
Pension Reserve	198	61	169	52
General Reserve	(350)	(108)	(326)	(101)
	(152)	(47)	(157)	(49)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Greater Gwent Cremation Committee	31-Mar-13		31-Mar-14	
	Total	NCC share	Total	NCC share
	£'000	£'000	£'000	£'000
Income & Expenditure Account				
Expenditure	765	210	668	183
Income	(1,273)	(349)	(1,498)	(411)
Net Cost of Service	(508)	(139)	(830)	(228)
Pension interest cost / expected return on assets	440	121	1,128	309
Net Operating Cost	(68)	(18)	298	81
Actuarial gains	54	15	(231)	(63)
Total Comprehensive I&E	(14)	(3)	67	18
Balance Sheet				
Fixed Assets	2,902	797	2,448	671
Current assets	1,391	382	1,598	438
Current liabilities	(27)	(7)	(33)	(9)
Long term creditors	(1,475)	(405)	(1,488)	(408)
Pension liability	(285)	(78)	(85)	(23)
Total Assets less Liabilities	2,506	689	2,440	669
Pension Reserve	285	77	85	23
Capital Adjustment Account	(312)	(86)	(308)	(84)
Revaluation Reserve	(1,116)	(306)	(750)	(205)
General Reserve	(1,363)	(374)	(1,467)	(403)
	(2,506)	(689)	(2,440)	(669)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Project Gwrydd	31-Mar-13		31-Mar-14	
	Total	NCC share	Total	NCC share
	£'000	£'000	£'000	£'000
Income & Expenditure Account				
Expenditure	1008	200	519	104
Income	(699)	(139)	(519)	(104)
Net Cost of Service	309	61	-	-
Pension interest cost / expected return on assets	-	-	-	-
Net Operating Cost	309	61	-	-
Contributions	-	-	-	-
(Surplus) / Deficit for the Year	309	61	-	-
Balance Sheet				
Current assets	464	93	393	79
Current liabilities	(202)	(41)	(131)	(26)
Pension liability	-	-	-	-
Total Assets less Liabilities	262	52	262	53
General Reserve	(262)	(52)	(262)	(53)
	(262)	(52)	(262)	(53)

Gwent Wide Integrated Community Equipment Service	31-Mar-13	31-Mar-14
	Total	Total
	£'000	£'000
Expenditure		
Staff	108	76
Non-Staff	2,780	2,861
Total Expenditure	2,888	2,937
Funding		
Blaneau Gwent County Borough Council	(305)	(303)
Caerphilly County Borough Council	(644)	(607)
Monmouthshire County Borough Council	(381)	(405)
Newport City Council	(439)	(424)
Torfaen County Borough Council	(396)	(491)
Aneurin Bevan Health Board	(574)	(558)
Contribution to Lead Commissioner - LAs	(76)	(54)
Contribution to Lead Commissioner - LHBs	(32)	(23)
Community Resource Team (Frailty Project)	(41)	(72)
	(2,888)	(2,937)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	31-Mar-13		31-Mar-14	
	Total	NCC share	Total	NCC share
	£'000	£'000	£'000	£'000
South East Wales Transport Alliance				
Income & Expenditure Account				
Expenditure	3,196	320	57,394	5,739
Income	(3,239)	(324)	(57,453)	(5,745)
Net Cost of Service	(43)	(4)	(59)	(6)
Pension interest cost / expected return on assets	-	-	-	-
Net Operating Cost	(43)	(4)	(59)	(6)
Contributions	-	-	-	-
(Surplus) / Deficit for the Year	(43)	(4)	(59)	(6)
Balance Sheet				
Current assets	2,020	202	14,154	1,415
Current liabilities	(1,911)	(191)	(13,986)	(1,399)
Pension liability	-	-	-	-
Total Assets less Liabilities	109	11	168	16
General Reserve	(109)	(11)	(168)	(16)
	(109)	(11)	(168)	(16)

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

	31-Mar-13	31-Mar-14
	Total	Total
	£'000	£'000
Gwent Frailty Project		
Expenditure		
Baseline	8,418	8,527
Declarations		
Reimbursements	1,508	2,904
Invest to Save	2,101	1,955
Central Costs	376	423
Total Costs	12,403	13,809
Funding		
Blaneau Gwent County Borough Council	(442)	(464)
Caerphilly County Borough Council	(1,743)	(1,955)
Monmouthshire County Borough Council	(1,081)	(1,142)
Newport City Council	(1,298)	(1,506)
Torfaen County Borough Council	(500)	(604)
Aneurin Bevan Health Board	(5,475)	(7,134)
Welsh Government Invest to Save	(1,289)	-
Total Funding	(11,828)	(12,805)
Net in year (under)/over spend	575	1,004

	31-Mar-13		31-Mar-13	
	Total	NCC share	Total	NCC share
	£'000	£'000	£'000	£'000
Welsh Purchasing Consortium				
Income & Expenditure Account				
Expenditure	218	14	183	11
Income	-	-	-	-
Net Cost of Service	218	14	183	11
Contributions	(249)	(16)	(244)	(14)
(Surplus) / Deficit for the Year	(31)	(2)	(61)	(3)
Balance Sheet				
Current assets	356	22	414	25
Current liabilities	(12)	(1)	(4)	(1)
Total Assets less Liabilities	344	22	410	24
General Reserve	(344)	(22)	(409)	(24)
	(344)	(22)	(409)	(24)

Glossary of Acronyms

SERCOP	Service Reporting Code of Practice
CAA	Capital Adjustment Account
CERA	Capital Expenditure charged to Revenue Account
CFA	Capital Financing Account
CIPFA	Chartered Institute of Public Finance & Accountancy
Code	CIPFA Code of Recommended Accounting Practice
EIB	European Investment Bank
ERDF	European Regional Development Fund
GAAP	Generally Accepted Accounting Principles
GAVO	Gwent Association of Voluntary Organisations
GCC	Gwent County Council
GEST	Grants for Education Support & Training
IAS	International Accounting Standard
IFRS	International Financial Reporting Standard
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LMS	Local Management of Schools
MRP	Minimum Revenue Provision
NCA	Notional Credit Approval
NNDR	National Non-Domestic Rates
NPV	Net Present Value
NRV	Net Realisable Value
PFI	Private Finance Initiative
PWLB	Public Works Loans Board
RICS	Royal Institute of Chartered Surveyors
RSG	Revenue Support Grant
SEWREC	South East Wales Racial Equality Council
TTF	Treasury Task Force
WIP	Work in Progress

Statement of Accounts

Report & Accounts 2013/14

Newport City Council

Further Information

Further information about the accounts is available from:

Head of Finance
Civic Centre
Newport
South Wales
NP20 4UR

This is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the Accounts before the audit is completed. The availability of the Accounts for inspection is advertised in the local press as is the notice of completion of the audit.