

Rhondda Cynon Taff County Borough Council
Statement of Accounts 1999/00

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Explanatory Foreword

1. Introduction

Rhondda Cynon Taff County Borough Council came into existence on 1st April 1996 as a result of the reorganisation of Local Government in Wales under the Local Government (Wales) Act 1994.

The Council replaced the former Rhondda Borough Council and Cynon Valley Borough Council, together with 94% of the former Taff Ely Borough Council and 43% of the former Mid Glamorgan County Council.

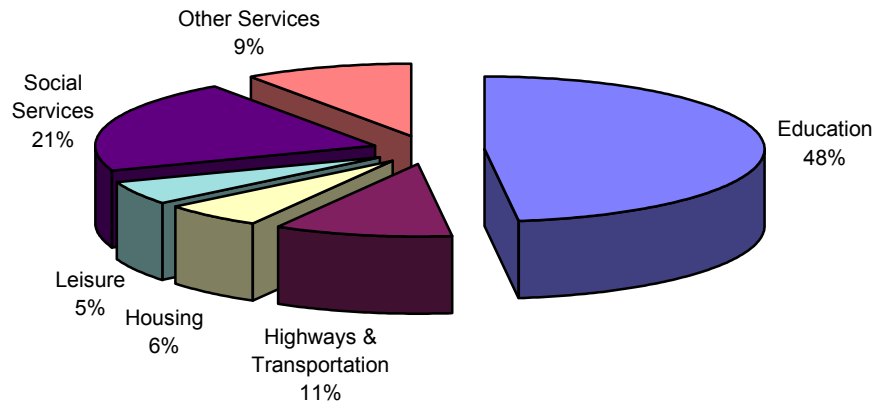
The Council covers an area of 42,000 hectares and provides services to a population of 240,100.

This Statement of Accounts has been compiled to reflect the fourth financial year of the County Borough Council.

The accounts for 1999/00 have been prepared in accordance with current legislation and recommended accounting practice. The form of accounts for all Local Authorities has been prescribed under the Accounts and Audit Regulations 1998. The Code of Practice on Local Authority Accounting in Great Britain 1998 prescribes the form and contents for accounts from 1st April 1996. The accounts set out on pages 9-57 comply with the Code other than where specific reference is made to the contrary.

2. General Fund Revenue Account 1999/00

The Consolidated Revenue Account on page 14 provides an analysis of our gross revenue expenditure and income and shows how this has been funded. The chart below provides an analysis of the net cost of General Fund Services (£273.2m) by department.



Gross Expenditure on General Fund Services amounted to £392m, and this can be analysed over the following expenditure categories.

| Type of Expenditure | £'m | % |
|--------------------------------|------------|------------|
| Employees | 171 | 44 |
| Premises Related | 24 | 6 |
| Transport Related | 10 | 3 |
| Supplies and Services | 70 | 18 |
| Payments to Third Parties | 28 | 7 |
| Transfer Payments | 25 | 6 |
| Capital Charges (eg interest) | 46 | 11 |
| Other Operating Costs | 18 | 5 |
| Total Gross Expenditure | 392 | 100 |

Income during the year totalled £425m and came from the following sources:-

| Income Analysis | £'m | % |
|---|------------|------------|
| <u>Direct Service Income General Fund</u> | | |
| Specific Grants | 44 | 10 |
| Sales, Fees & Charges | 46 | 11 |
| Other Income | 29 | 7 |
| Sub-total Direct Service Income | 119 | 28 |
| <u>Other Income</u> | | |
| HRA | 45 | 11 |
| Revenue Support Grant | 156 | 37 |
| National Non Domestic Rates | 48 | 11 |
| Council Tax | 57 | 13 |
| Total Income | 425 | 100 |

3. Housing Revenue Account

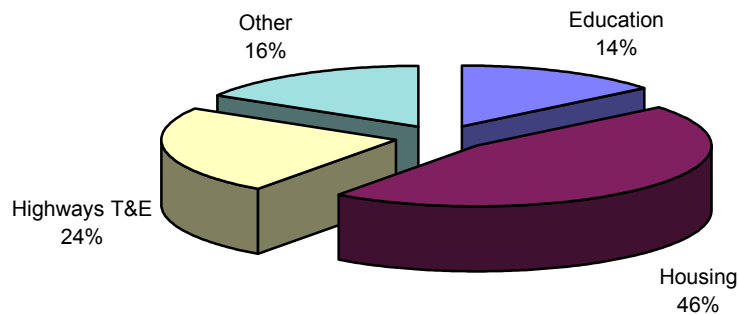
As can be seen from the Housing Revenue Account Summary on page 43, gross expenditure on council housing totalled £44.3m, of which £6.8m (15%) related to repairs and maintenance, £6.2m (14%) to supervision and management, £12.5m (29%) to capital financing and £18.8m (42%) to rent rebates.

Income totalled £44.9m and came from rents £25.0m (56%), housing subsidy £18.4m (41%) and other income £1.5m (3%).

This resulted in net income of £0.5m changing HRA reserves from £1.9m at 1st April 1999 to £2.4m at 31st March 2000.

4. Capital Expenditure and Income 1999/00

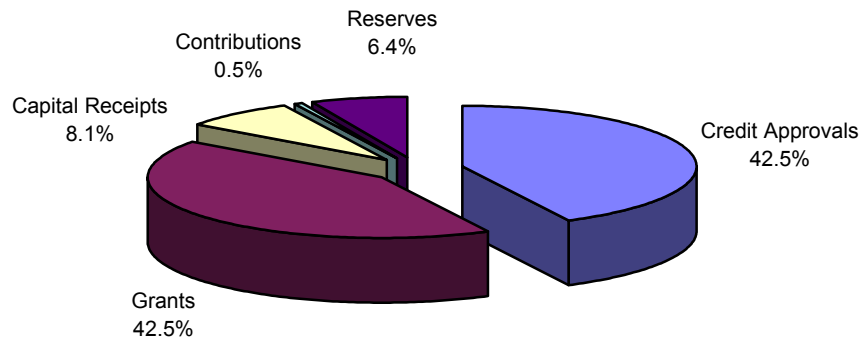
During the year the Council spent £40.5m on capital expenditure, as summarised below:



The type of Capital Expenditure made during the year is summarised below:-

| | £'m | % |
|-----------------------------|-------------|------------|
| Expenditure on Fixed Assets | 24.6 | 61 |
| Deferred Charges | 15.9 | 39 |
| Total | 40.5 | 100 |

This expenditure was financed as follows:



Of the assets acquired & built during the year under the capital programme significant spends were incurred on:-

Perthcelyn Community Primary School,
Llwyncrwn (replacement) Primary School and
Penpych Primary School (opened May 1999)

Major commitments in respect of capital schemes as at 31st March 2000 included the following schemes:-

| | £'000 |
|-----------------------------|-------|
| Perthcelyn Community Centre | 210 |
| Glenboi Primary School | 571 |
| Hawthorn Primary School | 996 |
| Tonypandy Primary School | 200 |

5. Reserves and Provisions

The Statement of Total Movements in Reserves on page 38 analyses movements on all revenue and capital reserves. This shows that the following balances were held at 31st March 2000: -

Capital Reserves £360.4m (of which £1.3m can be used to support capital spending)

Revenue Reserves £7.5m (including Trust Funds of £0.2m and Special Funds of £0.5m)

6. Borrowing Arrangements and Sources of Funds

Each year, in accordance with the Local Authorities (Capital Expenditure) Regulations 1990, the Council has to set limits in relation to:-

- (i) Overall borrowing limit for the year;

- (ii) Short term borrowing limit for the year;
- (iii) Proportion of total amount of interest payable, which is at variable interest rates.

The limits set at the start of the financial year were as follows: -

| | |
|---------------------------------|-------------|
| Overall borrowing limit | £370m |
| Short term borrowing limit | £30m |
| Limit on variable rate interest | £51m or 14% |

As can be seen from the Consolidated Balance Sheet on page 23, Long Term Borrowing totalled £285m at 31st March 2000 while Short Term Borrowing stood at £24m.

Note 10 to the Consolidated Balance Sheet demonstrates that the majority of external borrowing (£304m) was from the Public Works Loan Board with the balance of £6m from market loans and individual lenders in the form of local bonds.

The Authority is required under the Local Government and Housing Act, 1989 to prepare a Treasury Management Strategy for the forthcoming year. Members approved at the meeting of the Finance Committee held on 29th January 1999 that the raising of loans from the PWLB is the most advantageous for the Authority at the present time. This does not preclude the raising of loans from other sources if this is the most financially advantageous at that time. The Treasury Management Policy Document agreed by Members allows the Authority to raise funds from a variety of sources, including the money market and the European Investment Bank. The delegated powers of the County Borough Finance Officer allow him to take the most appropriate form of borrowing from approved sources within the overall borrowing limits set by Finance Committee.

7. Introduction to Accounting Statements

Statement of Accounting Policies

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

Consolidated Revenue Account

This statement assists in an understanding of the council's activities as a whole. The statement is prepared in four distinct sections each divided by a sub total:

- i) The first section gives the cost of the services provided by the Council, net of specific grants - to give the NET COST OF SERVICES.
- ii) The second section comprises items of income and expenditure relating to the Council as a whole. When added to section one, this gives the Council's NET OPERATING EXPENDITURE.
- iii) The third section comprises all amounts transferred to or from reserves. When added to the "net operating expenditure", this gives the amount to be met from GOVERNMENT GRANTS AND LOCAL TAXATION.
- iv) The fourth section shows the income received from Council Tax proceeds, NNDR and Revenue Support Grant.

Consolidated Balance Sheet

This statement shows the Council's financial position as at 31st March 2000. It includes the assets and liabilities of all activities of the Council, the balances and reserves at the Council's disposal, its long term indebtedness, and the fixed and net current assets employed in the Council's operations.

Statement of Total Movements in Reserves

This summarises the movements in both revenue and capital reserves (distributable and non-distributable), identifying all surpluses and deficits of the Council.

Cashflow Statement

This summarises the inflows and outflows of cash arising from transactions with third parties for both revenue and capital purposes.

Housing Revenue Account Summary

This reflects a statutory obligation to account separately for the provision of council housing, as defined in Schedule 4 of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure (repairs & maintenance, supervision & management, rent rebates and capital financing costs) and how these are met by rents, subsidy and other income.

Summary D.S.O. Revenue and Appropriation Account

This reflects a statutory obligation to account separately for direct service organisation operations, as they represent the most significant trading operation of the Council.

The statement is prepared in accordance with the Code of Practice for Compulsory Competition issued by CIPFA. It gives a summarised picture of the DSO activities, showing turnover, total expenditure and surplus/deficit of each DSO.

Summary Pension Fund Accounts

As the lead authority responsible for the Rhondda Cynon Taff County Borough Council Pension Fund, the authority has an obligation to include a summary of the Pension Fund Accounts within its own Statement of Accounts.

The statement is prepared in accordance with the Statement of Recommended Practice No.1 (SORP1), Pension Scheme Accounts.

Statement of Responsibilities - Statement of Accounts

This sets out the responsibilities of the Council and the County Borough Finance Officer for the preparation of the Statement of Accounts.

Certificate of the County Borough Finance Officer

This is the certificate of the fair presentation of the accounts by the County Borough Finance Officer.

Auditor's Report and Certificate

This is the District Auditor's certification of the completion of the audit of the accounts and opinion on the Statement of Accounts as presented.

Statement of Accounting Policies

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting 1998, issued by CIPFA, together with their guidance notes on the application of accounting standards. Under the Accounts and Audit Regulations 1996, these are now recognised by statute as representing proper accounting practices. The authority has complied with the code in all areas other than where specifically noted.

The main accounting principles adopted are outlined below.

1. Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accrual basis in the accounts.

Fixed assets have been recorded in accordance with the Code of Practice on Accounting for Fixed Assets.

Operational assets are generally valued on the basis of current market value in existing use (OMVEU). Specialist items are valued on a depreciated replacement cost basis (DRC).

Non operational assets and investment properties are valued on the basis of open market valuation.

Infrastructure assets are included at historic cost.

Community assets are recorded at historic cost.

Assets are to be revalued every five years. Surpluses are credited to a Fixed Asset Revaluation Reserve.

The Council's policy is to carry out a maintenance programme so that, as far as possible, the useful life of its fixed assets remains unchanged. Therefore, in 1999/00, depreciation was deemed to be chargeable only on vehicles and plant.

2. Deferred Charges

Deferred charges relate to capital expenditure, which is not represented by a tangible fixed asset. If it has a value to the Authority of over one year it should be held in the balance sheet and written off when capital grants are received and residual debt is discharged. In accordance with CIPFA's Capital Accounting Working Group Bulletin Number 3, the Authority wrote off all deferred charges as they do not reflect continuing benefit which will accrue to the Authority over an extended period.

3. Capital Receipts

Capital receipts are derived from the sale of fixed assets. Part IV of the Local Government and Housing Act 1989 identifies a “usable” part, which can be used to finance further capital spend, and a “reserved” part to be set aside to repay existing debt.

The usable portion of receipts in respect of council house sales is set at 25% and was 50% for all other receipts but this was increased to 100% from September 1998.

The usable proportion is credited to the usable capital receipts reserve until utilised to finance new capital expenditure.

4. Basis of Charges for Use of Fixed Assets

Users of fixed assets bear a capital charge based on the current value of the assets. The charge comprises two elements: -

a) Notional interest, which is charged at a rate specified annually by the Government. The rates for 1999/00 were 6% for operational, non-operational assets, infrastructure and community assets.

b) Depreciation is charged, where appropriate, on a straight line basis.

5. Minimum Revenue Provision

The Local Government and Housing Act 1989 requires each Local Authority to set aside a minimum revenue provision for debt redemption. This is 2% of the adjusted credit ceiling at the beginning of the year for the Housing Revenue Account and 4% for the Council Fund.

6. Debtors and Creditors

The revenue accounts of the Council have been prepared on an accrual basis in accordance with the Code of Accounting Practice and SSAP2. This means that sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year.

An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years.

This policy is applied consistently each year and therefore does not have a material effect on the year's accounts.

Purchase or sale of capital items has also been recorded on an accrual basis, in accordance with amended accounting rules under the Code of Practice.

In accordance with the 1998 Code of Practice, income from capital grants has been treated on an accrual basis, and a debtor for this is reflected in the Balance Sheet.

Debtors and creditors in relation to Government Grants (Benefits and Housing Subsidies) are included on the basis of estimated grant due.

7. Stocks and Work in Progress

Stocks are valued at the last purchase price. This is a departure from the requirements of the Code and SSAP 9, which require stocks to be shown at actual cost or net realisable value, if lower. The effect of the different treatment is considered to be immaterial. Work in progress on uncompleted jobs is valued at cost including an allocation of overheads.

8. Cost of Support Services

All central support costs have been fully allocated to services apart from an amount chargeable to Corporate Democratic Core. The basis of the charges for 1999/00 has been based on information supplied by the Support Services Departments.

9. Pensions

The Council participates in two separate pension schemes which meet the needs of employees in particular services.

- a) Teachers - This is an unfunded scheme administered by the Teachers' Pension Agency. The Agency set contribution rates on the basis of a notional fund. Employees contribute at a rate of 6%.
- b) Other employees - Rhondda Cynon Taff administer a fund on behalf of employees under the Local Government Pension Scheme Regulations 1997, under which contribution rates are set by the fund's actuary, based on triennial actuarial valuations, the latest review being at 31st March 1998. Under the Regulations, contribution rates were set to meet 100% of the overall liability of the Fund.

The Fund's Actuary has advised that the pension costs that would have been necessary to provide within the year, in accordance with SSAP24,

“Accounting for Pension Costs” were £14.1m representing 305% of members contributions.

10. Internal Interest

The Council invests temporary surpluses for short-term periods, which may range from overnight to 364 days. The interest is credited to the General Fund and the Housing Revenue Account on the basis of their fund balances.

11. Value Added Tax

The Council is reimbursed VAT incurred on expenditure and the revenue accounts have, therefore, been prepared exclusive of VAT. The only exception is VAT incurred in connection with the purchase of certain motor vehicles.

12. Reserves and Provisions

Reserves and provisions are regulated by the Local Government and Housing Act 1989. Provisions are set aside for specific future expenses, which are certain to be incurred, but the amount or timing of which cannot yet be determined accurately.

The Council makes provision for costs relating to insurance. These are fully explained in note 12.1 to the Consolidated Balance Sheet.

The Council also maintains reserves to meet general, rather than specific, future expenditure. These are disclosed within “Total Equity” in the Consolidated Balance Sheet, and their purposes are explained in the notes to the Consolidated Balance Sheet.

13. Government Grants

All revenue grants received are credited direct to the appropriate revenue account. Capital grants are received in respect of capital schemes and renovation grants. These are held on the Balance Sheet as “usable capital grants” until the year end, and then applied to finance capital expenditure, with the grants shown against the capital financing reserve.

14. Associated and Subsidiary Companies

Under accounting standards, the Council has to identify any interests in the above and determine whether this is of sufficient significance to be included

in the Council's Consolidated Balance Sheet. Details are given in note 22 to the Consolidated Balance Sheet.

Consolidated Revenue Account for the year ended 31st March 2000

| 1998/99 | | 1999/00 | | |
|----------------|---|----------------|------------------|----------------|
| Net Exp | | Gross Exp | Gross Income | Net Exp |
| £'000 | | £'000 | £'000 | £'000 |
| | Continuing Operations | | | |
| 778 | Economic Development | 653 | (89) | 564 |
| 121,613 | Education | 154,376 | (21,832) | 132,544 |
| 4,762 | Environmental Services | 5,923 | (1,204) | 4,719 |
| 3,351 | Finance & I.T. - Departmental Admin | 12,822 | (12,346) | 476 |
| 7,861 | - Miscellaneous Services | 23,152 | (13,596) | 9,556 |
| 2,485 | - Corporate Management | 1,729 | Nil | 1,729 |
| 31,088 | Highways, Transportation & Engineering | 34,621 | (4,939) | 29,682 |
| 830 | Housing – General | 1,849 | (594) | 1,255 |
| 11,050 | Housing – Other | 35,467 | (20,941) | 14,526 |
| 14,286 | Leisure and Tourism | 23,169 | (8,756) | 14,413 |
| (101) | Personnel Services | 1,932 | (1,932) | Nil |
| 2,842 | Planning | 3,828 | (1,128) | 2,700 |
| (51) | Policy - Departmental Admin | 4,857 | (4,698) | 159 |
| 10,742 | - Corporate Core | 4,065 | (1,551) | 2,514 |
| 4,204 | Property Services | 7,884 | (6,557) | 1,327 |
| 52,548 | Social Services | 75,545 | (18,480) | 57,065 |
| 268,288 | Net Cost of General Fund Services | 391,872 | (118,643) | 273,229 |
| (1,917) | Housing Revenue Account | 44,328 | (44,866) | (538) |
| 266,371 | Net Cost of Services | 436,200 | (163,509) | 272,691 |
| | Precepts :- | | | |
| 3,832 | South Wales Police Authority | | | 4,455 |
| 899 | Community Councils | | | 936 |
| 9,135 | Levies | | | 9,622 |
| (854) | Interest on Balances / Investments | | | (331) |
| 5,077 | DLO/DSO Net Deficit | | | 2,165 |
| 39 | Fleet Management Net Costs | | | (3) |
| (16,511) | Net Income Asset Management Revenue a/c | | | (20,531) |
| 267,988 | Net Operating Expenditure | | | 269,004 |
| 1,917 | Transfer of HRA Surplus to Reserves | | | 538 |
| (13,465) | Release of Capital Financing Reserve | | | (9,494) |
| Nil | Contributions to Capital Reserves - Capital Financing | | | Nil |
| (5,112) | Contributions to/(from) Reserves | | | (246) |
| (5,142) | Net Contributions to/(from) Earmarked Reserves | | | 595 |
| 246,186 | Amount to be met from Govt Grants/ Local Taxpayers | | | 260,397 |
| (147,155) | Revenue Support Grant | | | (156,158) |
| (44,082) | NNDR Pool Contribution | | | (47,580) |
| (54,949) | Net Proceeds of Council Tax | | | (56,659) |
| NIL | | | | NIL |

Notes to the Consolidated Revenue Account

1. Section 137 Local Government Act 1972 (As amended by Section 33 Local Government and Housing Act 1989)

Under the above provisions, the Council is able to incur expenditure on activities and projects not specifically authorised by other powers, which, in the Council's opinion, is to the benefit of some or all of its inhabitants.

The amount is limited in accordance with Statutory Instrument 1993 No.41 - The Local Authorities (Discretionary Expenditure Limits) Order 1993 - to an amount of £3.80 per head of population.

Under Statutory Instrument No.40 - The Local Authorities (Discretionary Expenditure) (Relevant Population) Regulations 1993 - the population is defined as "the resident population in the financial year beginning two years before the relevant year", as estimated by the Registrar General before the beginning of the relevant year.

For Rhondda Cynon Taff C.B.C. (with a population of 239,000) the limit is calculated as £908,200.

Each of the former authorities incurred expenditure under this Act, but by Districts mainly in relation to functions for which the legal authority was given to the County Council, and vice versa.

During 1999/00 the Authority incurred expenditure amounting to £97k under these powers, analysed as follows:-

| Type of Expenditure | £'000 |
|---------------------------|-------|
| Town Twinning | 5 |
| Holiday Projects (Grants) | 52 |
| Victim / Drug Support | 40 |
| Total | 97 |

2. Publicity

Under Section 5 of the Local Government Act 1986, Local Authorities are required to keep a separate account of expenditure on advertising and promotion publicity.

During 1999/00 the Council spent a total of £886k in respect of the following:-

| | £'000 |
|-------------------------|-------|
| Recruitment advertising | 770 |
| Promotions | 8 |
| Statutory notices | 36 |
| General advertising | 72 |
| Total | 886 |

3. Agency Arrangements

The Council undertakes work on an agency basis in respect of land reclamation on behalf of the Welsh Development Agency. Expenditure incurred in 1999/00 was £1,034k.

4. Recoupment

“Recoupment” charges relate to arrangements where pupils or clients attend schools or use facilities that are not within their own local authority area. The table below details income and expenditure in respect of recoupment included in the accounts.

| 1998/99 | | 1999/00 | | |
|---------|--|---------|---------|-------|
| Net | | Income | Expend. | Net |
| £'000 | | £'000 | £'000 | £'000 |
| 991 | Education Recoupment | (316) | 1,345 | 1,029 |
| (712) | Social Services Recoupment: Other Local Authorities | (1,722) | 1,130 | (592) |
| 279 | | (2,038) | 2,475 | 437 |

5. Local Authorities Goods and Services Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies.

During 1999/00 financial year the Authority undertook the following work under the provisions of this Act:-

| Category of supply | Client | Amount |
|--|---------------------------------------|--------|
| | | £'000 |
| Supply of Goods and Materials | South Wales Fire Service | 3 |
| | Pontypridd College | 26 |
| | Bridgend College | 3 |
| | University of Glamorgan | 1 |
| | Powys County Council | 34 |
| | Bridgend County Borough Council | 174 |
| | Caerphilly County Borough Council | 136 |
| | Merthyr Tydfil County Borough Council | 69 |
| | Vale of Glam County Borough Council | 46 |
| | | 492 |
| Provision of administrative, professional and technical services | South Wales Police | 185 |
| | South Wales Fire Service | 189 |
| | Pontypridd College | 35 |
| | Aberdare College | 1 |
| | Ystrad Mynach College | 5 |
| | Somerset County Council | 1 |
| | 416 | |

Continued from previous page

| | | |
|-------------------------------------|------------------------------|------------|
| Use of vehicles, plant or apparatus | Aberdare College | 6 |
| | University of Glamorgan | 4 |
| | North Glamorgan Health Trust | 3 |
| | | 13 |
| Maintenance of land or buildings | Pontypridd College | 1 |
| | | 1 |
| | Total | 922 |

6. Officers' Emoluments

Under the Accounts and Audit Regulations 1996, Local Authorities must disclose in their accounts the number of employees whose remuneration in the year fell in each bracket of a scale in multiples of £10,000 commencing at £40,000 (excluding pension contributions).

During 1999/00 the Council employed an average of 13,100 staff, paying total salaries of £168m. Within this, the following salary payments were made within the categories specified: -

| <u>Remuneration Band</u> | <u>No. of employees</u> |
|--------------------------|-------------------------|
| £40,000-£49,999 | 30 |
| £50,000-£59,999 | 11 |
| £60,000-£69,999 | 0 |
| £70,000-£79,999 | 0 |
| £80,000-£89,999 | 1 |

7. Members' Allowances

The Local Authorities (Members' Allowances)(Amendment) Regulations 1995 require authorities to make public schemes for members' allowances and to disclose annually amounts paid to each member under such schemes.

During 1999/00 the Council paid a total of £580k in respect of basic allowances, special responsibility allowances and attendance allowances to 75 members (excluding travelling, subsistence, national insurance and other associated costs).

Details of individual allowances have been published in the local press. Copies may be obtained from County Borough Finance Officer, Bronwydd House, Porth, Rhondda.

8. Pensions

The Council participates in two pension schemes: -

- a) Teachers - This is an unfunded scheme administered by the Teachers' Pension Agency. The pension cost charged to the accounts is the contribution rate set by the TPA on the basis of a notional fund.

In 1999/00 the Council paid £4.33m to the Agency in respect of teachers' pension costs, which represents 7.2% of pensionable pay. In addition, the Council is responsible for all pension payments relating to added years that it has awarded, together with the related increases. In 1999/00 these amounted to £0.72m.

- b) Other employees - Other employees, subject to certain qualifying criteria, contribute to the Local Government Pension Scheme. The pension costs that are charged to the Council's accounts are equal to the contributions paid to the funded pension scheme.

In 1999/00 the Council paid an employer's contribution of £14.3m into the Pension Fund, representing 18.3% of pensionable pay.

The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being 31st March 1998.

Under Pension Fund Regulations, contribution rates were set to meet 100% of the overall liabilities of the Fund. In addition, the Council is also responsible for all pension payments relating to added years' benefits it has awarded, together with the related increases. In 1999/00 these amounted to £0.75m.

The Fund's actuary has advised that the pension cost that it would have been necessary to provide for in the year in accordance with SSAP24 "Accounting for Pension Costs" were £14.1m representing 305% of employees contributions.

Further information can be found in the Pension Fund's Annual Report, which is available on request from County Borough Finance Officer, Bronwydd House, Porth, Rhondda. A summary of this report can be found on pages 48 to 54.

9. Levies by Joint Committees and Other Bodies

Certain services are operated over areas greater than that of one Authority, either on a joint service basis (where one Authority is nominated as a "lead"

Authority to administer the service with several Authorities contributing to the costs) or by external bodies who levy on the appropriate Authorities.

Contributions made under these arrangements are given below: -

| | 1998/99 | 1999/00 |
|---------------------------|--------------|--------------|
| | £'000 | £'000 |
| Fire | 7,453 | 7,830 |
| Probation | 414 | 447 |
| Magistrates' courts | 322 | 332 |
| Coroner | 208 | 251 |
| South Wales Sea Fisheries | 55 | 37 |
| Glamorgan Archives | 148 | 147 |
| Registrars | 83 | 91 |
| National Rivers Authority | 452 | 487 |
| | <u>9,135</u> | <u>9,622</u> |

10. Operating Leases

The following table illustrates future obligations in respect of operating leases:-

| | Paid 1999/00 £'000 | 2000/01 £'000 | 2001/02 £'000 | 2002/03 £'000 | 2003—end of lease £'000 |
|--------------------|--------------------------|------------------|------------------|------------------|-------------------------------|
| Refuse & Cleansing | 375 | 375 | 375 | 375 | 375 |
| Vehicles | 357 | 228 | 0 | 0 | 0 |
| Education Equip. | 213 | 206 | 144 | 93 | 105 |
| Total | 945 | 809 | 519 | 468 | 480 |

11. Minimum Revenue Provision

The Local Government and Housing Act 1989 requires the Council to set aside a minimum revenue provision for debt redemption (2% of the opening debt outstanding in respect of housing and 4% for other services with the exception of borrowing approvals granted for LGR purposes).

For 1999/00 these limits have been calculated as follows: -

| | Credit Ceiling £'000 | M.R.P. £'000 |
|-----------------------------|-------------------------|-----------------|
| Housing Revenue Account | 135,313 | 2,706 |
| General Fund | 185,902 | 8,153 |
| Less commutation adjustment | | (4,289) |
| | | 6,570 |

In addition, the council is allowed to deduct the commutation adjustment from these figures. This reflects an adjustment required to compensate Local Authorities for the timing effects of the premature repayment by the National Assembly for Wales of Housing Improvement Grants.

12. Asset Management Revenue Account

The Asset Management Account bears the depreciation charge and external financing costs and recharges users of assets including DSO stocks on the basis of a capital charge consisting of an interest element and a depreciation charge.

Capital charges to services are statutory charges, internally calculated, and may not relate to actual external costs incurred. These amounts are charged to service accounts and credited to AMRA.

This will then ensure that the capital charges do not impact on the level of the Council Tax or housing rents.

Movements on the account for 1999/00 are summarised below: -

| Asset Management Account | |
|---------------------------------|---------------|
| | £'000 |
| Depreciation | 190 |
| External Interest | 21,472 |
| Total Debit | 21,662 |
| HRA Item 8 Credits | 12,658 |
| Capital Charges | |
| Interest | 29,345 |
| Depreciation | 190 |
| Total Credit | 42,193 |
| Net Credit | 20,531 |

The following table summarises the movements relating to the Release of the Capital Financing Reserve:

| | |
|---|----------|
| | £'000 |
| Minimum Revenue Provision (Note 11, Page 19) | 6,570 |
| Less Depreciation Charges | (190) |
| Total Debit | 6,380 |
| Deferred Charge (Note 2, Page 26) (excl.HRA) | (15,872) |
| Net effect of credit cover for deferred credit | (2) |
| Total Contribution from Capital Financing Reserve | (9,494) |

13. Prior Year Adjustments / Exceptional and Extraordinary Items

The accounts include only costs properly chargeable to the year of account. There are no prior year adjustments.

14. Council Tax

Council tax income derives from charges raised according to the value of residential properties. Charges are calculated by taking the amount of income required for Rhondda Cynon Taff CBC, the South Wales Police Authority and the Community Councils for the year, and dividing this amount by the Council tax base.

The council tax base for 1999/00 was calculated to be £68,166.02 (compared with £68,134.58 in respect of 1998/99). This represents the anticipated yield for every £1 of Council tax levied.

The base is calculated by placing properties in eight bands (A-H). After allowing for discounts and exemptions, these are then converted to the equivalent number of Band D properties, using the appropriate multiplier as below:-

| Band | A | B | C | D | E | F | G | H |
|------------|-----|-----|-----|-----|------|------|------|------|
| Multiplier | 6/9 | 7/9 | 8/9 | 9/9 | 11/9 | 13/9 | 15/9 | 18/9 |

The resultant number of band D properties was finally reduced by a percentage to reflect anticipated losses on collection.

An analysis of the net proceeds from council tax is shown below: -

| Council Tax Analysis | 1998/99 | 1999/00 |
|---------------------------------------|---------|---------|
| | £'000 | £'000 |
| Council tax collected | 42,732 | 47,590 |
| Council tax reduction grant collected | 12,217 | 9,069 |
| | 54,949 | 56,659 |
| Less payable | | |
| South Wales Police Authority | (3,832) | (4,455) |
| Community Councils | (899) | (936) |
| | 50,218 | 51,268 |

15. National Non-Domestic Rates

Indebtedness for non-domestic rates is based on a "multiplier" set nationally by the government, multiplied by the rateable value of a particular property. This calculation will give the property a rate liability for the year.

The multiplier for 1999/00 was 44.3p (42.9p in respect of 1998/99).

The total rateable value at 31st March 2000 was £85.4m (£82.3m as at 31st March 1999).

The Council is responsible for collecting these business rates in its area, but pays the proceeds into the NNDR Pool administered by the National Assembly for Wales. The National Assembly for Wales redistributes total collections back to the local authorities on the basis of a fixed amount per head of population.

Total NNDR collected on behalf of the Pool in 1999/00 amounted to £31.1m and the contribution back to the Council from the Pool in the year amounted to £47.6m.

16. Residual Community Charges

Although the Community Charge was replaced by the Council Tax from 1st April 1993, residual adjustments relating to previously uncollected charges still impact on the accounts of the Council.

During 1999/00, cash received of £2k reduced arrears. The Consolidated Revenue Account has been credited with £67k being a reduction in the provision for bad debts.

17. Related Party Transactions

In accordance with FRS 8, the Authority has a duty to disclose any material transactions with a 'related party'. This is to ensure that financial statements contain disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

The Authority has not complied with the Accounting Code of Practice in this respect.

18. Building Control

Building Control (Local Authority Charges) Regulations 1998 require local authorities to either :

- recover the full cost of operating a building control service with the objective of breaking even over three years; or
- recover at least 90% of the costs over a three year period.

The first three year period began 1st April 1999. During this first year of the scheme, the authority received income of £405k. Related expenditure amounted to £558k giving net costs of £153k.

Consolidated Balance Sheet as at 31st March 2000

| 31/03/99 | | 31/03/00 | |
|------------------|--|-----------|------------------|
| £'000 | | £'000 | £'000 |
| | Fixed Assets | | |
| | <u>Operational Assets</u> | | |
| 166,524 | Council Dwellings | 163,961 | |
| 267,994 | Other Land & Buildings | 275,725 | |
| 4,414 | Vehicles, Plant & Equipment | 3,609 | |
| 208,359 | Infrastructure Assets | 219,491 | |
| 2,113 | Community Assets | 1,597 | |
| | <u>Non Operational Assets</u> | | |
| 713 | Land Awaiting Development | 0 | |
| 4,227 | Miscellaneous Properties | 1,509 | |
| 1,385 | Surplus Assets | 3,944 | |
| 655,729 | | | 669,836 |
| 4,463 | Investment in Companies | 4,463 | |
| 11,022 | Long Term Debtors | 9,679 | 14,142 |
| 671,214 | TOTAL LONG TERM ASSETS | | 683,978 |
| | Current Assets | | |
| 986 | Stocks & Work in Progress | 855 | |
| 46,470 | Debtors | 37,744 | |
| 28,843 | Short Term Investments | 37,395 | 75,994 |
| 747,513 | TOTAL ASSETS | | 759,972 |
| | Current Liabilities | | |
| (19,689) | Short Term Borrowing | (24,303) | |
| (68,502) | Creditors | (61,590) | |
| (3,648) | Bank Overdraft | (3,280) | (89,173) |
| 655,674 | TOTAL ASSETS LESS CURRENT LIABILITIES | | 670,799 |
| | Long Term Liabilities | | |
| (274,358) | Long Term Borrowing | (285,260) | |
| (1,804) | Deferred Liabilities | (1,735) | |
| (14,529) | Provisions | (15,859) | (302,854) |
| 364,983 | TOTAL ASSETS LESS LIABILITIES | | 367,945 |
| | Represented by :- | | |
| | Capital Reserves | | |
| (294,373) | Revaluation Reserve | (284,049) | |
| (57,447) | Capital Financing Reserve | (71,893) | |
| (3,731) | Deferred Capital Receipts Reserve | (3,206) | |
| (2,875) | Usable Capital Receipts Reserve | (1,258) | (360,406) |
| (358,426) | | | |
| | Revenue reserves | | |
| 1,086 | General Fund Balances | 1,177 | |
| (1,843) | Housing Revenue A/C | (2,381) | |
| (4,703) | Delegated Schools | (4,364) | |
| (455) | Earmarked Reserves | (1,237) | |
| (401) | Special Funds | (495) | |
| (241) | Trust Funds | (239) | (7,539) |
| (364,983) | TOTAL EQUITY | | (367,945) |

Notes to Consolidated Balance Sheet

1.0 Fixed Assets

1.1 Movements in Fixed Assets

Movements in fixed assets during the year were as follows:-

| | Balance at 01/04/99 | Expend in year 1999/00 | Disposal 1999/00 | Reval / Reclass 1999/00 | Dep'n 1999/00 | Balance 31/3/00 |
|-----------------------------------|---------------------------|------------------------------|---------------------|-------------------------------|------------------|--------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Operational Assets | | | | | | |
| Council Dwellings | 166,524 | 0 | (2,330) | (233) | 0 | 163,961 |
| Other Land & Buildings | 267,994 | 12,951 | 0 | (5,220) | 0 | 275,725 |
| Vehicles, Plant, Equip't | 4,414 | 537 | (125) | (1,027) | (190) | 3,609 |
| Infrastructure Assets | 208,359 | 11,132 | 0 | 0 | 0 | 219,491 |
| Community Assets | 2,113 | 0 | 0 | (516) | 0 | 1,597 |
| Non Operational Assets | | | | | | |
| Land Awaiting Development | 713 | 0 | 0 | (713) | 0 | 0 |
| Misc. Properties | 4,227 | 0 | (259) | (2,459) | 0 | 1,509 |
| Surplus Assets | 1,385 | 0 | (319) | 2,878 | 0 | 3,944 |
| Total | 655,729 | 24,620 | (3,033) | (7,290) | (190) | 669,836 |

- * The Council's property assets have been revalued as a part of the Council's five yearly revaluation. This exercise produced valuations for all property assets as at 31st March 1999 and was completed during the 1999/00 financial year.

The additions to the Council's Fixed Assets were funded from the following sources:-

| Funding Source | £'000 |
|----------------------|---------------|
| Borrowing Approvals | 13,133 |
| Capital Grants | 6,508 |
| Council Funds | 4,798 |
| Other Contributions | 181 |
| Total Funding | 24,620 |

1.2 Major Items of Capital Expenditure 1999/00

As can be seen from note 1.1, additions to fixed assets during the year totalled £24.6m. In addition to the £11.1m on Infrastructure i.e. transport systems, land and environment improvements, the major items included in this total are listed below: -

| | £'000 |
|---|-------|
| Perthcelyn Community & Training Centres | 238 |
| Michael Sobell BusyBodies Suite | 197 |
| Ystrad Fechan Tennis Court | 84 |
| Penpych Primary School | 632 |
| Cwmbach Junior School | 160 |
| Llwyncrwn Junior School | 1,047 |
| Gadlys Museum | 310 |
| New Cremators Glyntaff | 89 |

1.3 Capital Commitments

As at 31st March 2000, the Council was committed to capital works under contract. The major commitments are listed below :-

| | £'000 |
|-----------------------------|-------|
| Perthcelyn Community Centre | 210 |
| Glenboi Primary School | 571 |
| Hawthorn Primary School | 996 |
| Tonypandy Primary School | 200 |

The Council also issued approvals for both specific and general capital funds, at 31st March 2000, for Private Sector Renovation Grants for Housing in the Rhondda Cynon Taff area of £7.8m. In February 2000, the Council entered a legally binding agreement with Railtrack for Mountain Ash Rail Diversion of £3.6m.

1.4 Analysis of Fixed Assets at 31st March 2000

The main types and numbers of Fixed Assets held at 31st March 2000 are summarised below: -

| Asset type | |
|-----------------------------------|--------|
| Council dwellings | 12,680 |
| Sheltered Housing | 717 |
| Estate Shops | 33 |
| Municipal offices Operational | 43 |
| Municipal offices Non Operational | 23 |
| Adult Education Centres | 9 |
| Schools - Nursery | 39 |
| - Primary | 84 |
| - Primary Welsh | 13 |
| - Secondary | 14 |
| - Secondary Welsh | 4 |
| - Special | 8 |
| Education Youth Centres | 14 |
| Other Education Establishments | 7 |
| Schools Non Operational | 5 |
| Libraries | 31 |
| Homes for the Elderly | 13 |

Continued from previous page

| | |
|------------------------------------|-----------|
| Children's homes | 4 |
| Day centres | 40 |
| Physical Disability Establishments | 3 |
| Garden Centre | 1 |
| Farm | 1 |
| Leisure Centres | 8 |
| Pools | 6 |
| Parks/Play Areas | 224 |
| Community Centres | 10 |
| Cemeteries | 13 |
| Factory Units | 233 |
| Depots/stores | 12 |
| Tourism – Museum/Theatre | 3 |
| Dog Pound | 1 |
| Castle | 1 |
| Infrastructure :- | |
| Principal roads | 162.2 km |
| Other roads | 1029.2 km |
| Trunk roads | 29 km |

1.5 Valuation of Fixed Assets

Assets are valued according to asset type. The table below shows the type of asset held, the basis of valuation and the date of last valuation.

| | Date of last valuation | Basis of valuation |
|------------------------|-------------------------------|---------------------------|
| Council dwellings | 31 st March 1999 | OMVEU |
| Other land & buildings | 31 st March 1999 | OMVEU |
| Specialist Building | 31 st March 1999 | DRC |
| Vehicles, plant etc. | 1999/00 | DRC |
| Infrastructure | N/A | Historic Cost |
| Community assets | N/A | Historic Cost |

2.0 Deferred Charges

An analysis of expenditure for the council in respect of deferred charges during 1999/00 identified that it would be prudent to amortise this expenditure in total within the financial year. This has been actioned during 1999/00 as follows :-

| | £'000 |
|--------------------------------------|---------------|
| Improvement Grants | 13,160 |
| Other: | |
| Social Services | 436 |
| Education | 180 |
| Planning | 35 |
| Property | 79 |
| Leisure | 12 |
| Finance | 700 |
| Chief Executive | 1,270 |
| General Fund Deferred Charges | 15,872 |
| Housing HRA | 20 |
| Total Deferred Charges | 15,892 |

3.0 Other Long Term Assets

3.1 Investments in Companies

This represents investments in associated or subsidiary companies of the authority. The following investments are held at 31st March 2000:

| | |
|--|--------------|
| | £'000 |
| Rhondda Waste Disposal | 1,657 |
| Cynon Valley Waste Disposal (trading as Amgen Cymru) | <u>2,806</u> |
| Total | <u>4,463</u> |

Details of the activities of these companies can be seen in note 22 to the Balance Sheet.

3.2 Long Term Debtors

These are generally in relation to mortgages and items due from other local authorities from previous local government reorganisations. These are analysed below: -

| 31/03/99 £'000 | | 31/03/00 £'000 |
|-------------------|-------------------------|-------------------|
| 2,465 | Private mortgages | 2,061 |
| 3,536 | Council house mortgages | 3,032 |
| 4,897 | Other local authorities | 4,515 |
| 124 | Other advances | 71 |
| 11,022 | Total | 9,679 |

4.0 Stocks and Work in Progress

These are consumable stocks held at 31st March 2000 to be used in 2000/01.

| 31/03/99 £'000 | | 31/03/00 £'000 |
|-------------------|------------------|-------------------|
| 1,004 | Stocks | 855 |
| (18) | Work in progress | 0 |
| 986 | Total | 855 |

5.0 Debtors

This represents amounts due to the Council at 31st March 2000, less a provision for potentially uncollectable debts, analysed as follows: -

| 31/03/99 £'000 | | 31/03/00 £'000 |
|-------------------|--|-------------------|
| 11,364 | Government departments | 13,923 |
| 6,667 | Ratepayers/ chargepayers | 6,082 |
| 1,621 | Housing rents | 1,698 |
| 30,089 | Sundry debtors | 22,264 |
| 236 | Housing advances | 197 |
| 49,977 | | 44,164 |
| (4,233) | Less provision for doubtful debt | (7,007) |
| 45,744 | | 37,157 |
| 726 | Amounts due after one year:- Car loans to employees | 587 |
| 46,470 | Total | 37,744 |

6.0 Short Term Investments

This represents monies received in advance of expenditure requirements. Such sums are invested on a temporary basis until required. As can be seen from the balance sheet the value of Short Term Investments as at 31st March 2000 was £37.4m.

7.0 Short Term Borrowing

This represents monies required to be borrowed on a temporary basis to cover expenditure pending the receipt of income. As can be seen from the balance sheet, the temporary borrowing balance as at 31st March 2000 was £24.3m.

8.0 Creditors

This represents amounts owed by the Council to third parties, and may be analysed as follows: -

| 31/03/99 £'000 | | 31/03/00 £'000 |
|-------------------|---------------------------|-------------------|
| 5,009 | Government departments | 2,971 |
| 1,149 | Ratepayers / chargepayers | 691 |
| 209 | Housing rents | 273 |
| 176 | Housing advances | 157 |
| 48,607 | Sundry creditors | 44,256 |
| 13,352 | MGCC Realisation a/c | 13,242 |
| 68,502 | Total | 61,590 |

The MGCC Realisation account relates to balances due to other authorities from the disaggregation of affairs of the former Mid Glamorgan County Council. During April 2001, approximately 90% of this balance was paid to the other authorities who had signed the Section 56 agreement.

9.0 Bank Overdraft

This represents monies required to be borrowed on a temporary basis by overdraft to cover expenditure pending the receipt of income. The balance of £3.3m shown in the balance sheet represents actual bank balances less unrepresented cheques etc.

10.0 Long Term Borrowing

This represents borrowing to finance capital expenditure (£310m). Generally borrowing is from the Public Works Loan Board (£304m) and market loans (£6m).

PWLB Balances at 31/03/00 may be analysed as follows :-

| Maturity | 31/03/99 £'000 | 31/03/00 £'000 |
|---------------------|-------------------|-------------------|
| Within one year | 19,689 | 23,895 |
| One to two years | 23,237 | 11,415 |
| Two to five years | 45,175 | 48,201 |
| Five to ten years | 58,746 | 51,674 |
| More than ten years | 141,298 | 169,023 |
| | 288,145 | 304,208 |

PWLB amounts due within one year (£23.9m) are classed within Short Term Borrowing on the Balance Sheet.

11.0 Deferred Liabilities

These are debts taken over from former councils on local government reorganisation, where loan management rests with another council. This is analysed between Authorities as follows: -

| Liability | 31/03/99 £'000 | 31/03/00 £'000 |
|-------------------|-------------------|-------------------|
| Vale of Glamorgan | 1,122 | 1,077 |
| Caerphilly | 557 | 546 |
| Finance Leases | 125 | 112 |
| | 1,804 | 1,735 |

The following table discloses the net amount of leased assets included in the balance sheet: -

| Asset Details | 31/03/00 £'000 |
|--------------------------------------|-------------------|
| Llwyncastan Offices (property lease) | 87 |
| Ysgol Gyfun Cymmer (equipment lease) | 25 |
| | 112 |

12.0 Provisions

Provisions are amounts set-aside for specific future expenses, which are certain to be incurred, but the amount or timing of which cannot be determined accurately. Provision is made in respect of the following: -

| Provision | £'000 |
|----------------------|---------------|
| ERDF Claims | 1,102 |
| Works in Default | 120 |
| Private Street Works | 262 |
| MGCC mileage claims | 250 |
| Welsh Water | 132 |
| Insurance | 13,993 |
| | 15,859 |

12.1 Insurance

Rhondda Cynon Taff operates an insurance reserve within the General Fund of the Authority in order to provide for expected losses or negligent acts. The insurance reserve is credited with premium payments charged to service committees, and debited with the costs of meeting claims. It either insures with outside companies or covers the risk itself.

| | RCT element | Other Authorities | Total |
|-----------------|-------------|-------------------|---------------|
| MGCC o/s claims | £1.5m | £1.9m | £3.4m |
| RCT o/s claims | £10.6m | | £10.6m |
| | £12.1m | £1.9m | £14.0m |

12.2 Doubtful Debts

Provision is also made for doubtful debt. This is shown as a deduction from debtors (see balance sheet note 5).

13.0 Fixed Asset Revaluation Reserve

This reserve represents the balance of the surpluses or deficits arising from the periodical revaluation of fixed assets.

14.0 Capital Financing Reserve

This balance of £71.9m is represented by an amount of £36.7m, which is the reserved proportion of capital receipts, and £35.2m relating to capital financing transactions.

15.0 Movements in the Provision for Credit Liabilities

| | £'000 |
|---|---------|
| Balance at 01/04/99 | Nil |
| Receipts set aside 1999/00 | (2,122) |
| Capital Grants from European Union Institutions | (565) |
| Minimum Revenue Provision | (6,570) |
| Less Repayment of Deferred Credit Arrangements | 52 |
| Less Repayment of External Debt | 9,205 |
| Balance at 31/03/00 | Nil |

The Provision for Credit Liabilities (PCL) is a memorandum account and must be reproduced within this Statement in order to comply with the requirements of the Local Government and Housing Act 1989. The PCL should detail the movements in liabilities of the Council and to this end there is a requirement to credit this account with the reserved elements of the capital receipts in the year, the minimum revenue provision and the European Grants received.

16.0 Deferred Capital Receipts Reserve

This consists of two separate elements: -

| | 01/04/99 £'000 | Movements £'000 | 31/03/00 £'000 |
|-------------------|-------------------|--------------------|-------------------|
| Deferred Receipts | 3,538 | (505) | 3,033 |
| Debt Rescheduling | 193 | (20) | 173 |
| Total | 3,731 | (525) | 3,206 |

Deferred Receipts represent the deferred sale proceeds of council houses sold to tenants and financed by the granting of mortgages. It is balanced by a similar amount in long term debtors, being the mortgages outstanding. The balance at 1st April 1999 of £3.5m was reduced by repayments of £505k, leaving a balance at 31st March 2000 of £3.0m. As mortgage repayments are made, deferred capital receipts are reduced and usable capital receipts become available.

The second element, debt rescheduling, relates to discount received or penalties incurred on prematurely repaid loans from the Public Works Loan Board as a result of rescheduling debt. The amount of £173k is to be used to equalise interest payments in future years.

17.0 Usable Capital Receipts Reserve / Capital Financing Reserve

The usable capital receipts reserve is the proportion of capital receipts that may be used to finance capital expenditure. The movements on the reserve are as follows:-

| | Usable £'000 | Reserved £'000 | Total £'000 |
|---------------------------|-----------------|-------------------|----------------|
| Balance 01/04/99 | 2,875 | 34,623 | 37,498 |
| In year receipts | 1,671 | 2,122 | 3,793 |
| Capital financing 1999/00 | (3,288) | 0 | (3,288) |
| Balance 31/03/00 | 1,258 | 36,745 | 38,003 |

18.0 Earmarked Reserves / Delegated Schools Reserves

Earmarked reserves are amounts set aside from revenue reserves in 1999/00 to meet commitments which will be incurred in 2000/01.

Delegated school budgets refer to balances held by schools under delegated schemes. Such balances are committed to be spent on delegated services and are not available to the Council for general use.

Balances are as follows:-

| | 31/03/99 £'000 | 31/03/00 £'000 |
|---------------------------|-------------------|-------------------|
| Earmarked balances | 455 | 1,237 |
| Delegated school balances | 4,703 | 4,364 |
| Total | 5,158 | 5,601 |

19.0 Revenue Balances

Revenue balances are accumulated working balances held as general reserves.

General fund balances relate to general county services, whilst housing revenue account balances relate to the "ring fenced" council housing accounts.

Movements in revenue balances during the year are summarised below:

| | Gen Fund £'000 | HRA £'000 | Total £'000 |
|--------------------------|-------------------|--------------|----------------|
| Balances 01/04/99 | (1,086) | 1,843 | 757 |
| Use of balances | (91) | 538 | 447 |
| Balances 31/03/00 | (1,177) | 2,381 | 1,204 |

20.0 Trust Funds and Special Funds

Included in the Balance Sheet are Trust Funds and Special Funds. These are summarised as follows:

| | 31/03/99 £'000 | 31/03/00 £'000 |
|----------------------------|-------------------|-------------------|
| Special Funds | | |
| Home Finders scheme | 171 | 171 |
| Seed Fund recycle payments | 118 | 80 |
| Others | 112 | 244 |
| | 401 | 495 |
| Trust Funds | | |
| Ynysyngharad Park | 68 | 86 |
| Hirwaun Common Enclosure | 89 | 89 |
| Rhondda Heritage Park | 73 | 54 |
| Others | 11 | 10 |
| | 241 | 239 |

The Council also acts as trustees for various Education and Social Services Trust Funds plus the Welsh Church Act Fund. Separate accounts are maintained for these and balances held at 31st March 2000 (shown below) are not included in the Council's Consolidated Balance Sheet.

| Nature of Fund | 31/03/99 £'000 | 31/03/00 £'000 |
|----------------------|-------------------|-------------------|
| Education Trust Fund | 251 | 261 |
| Welsh Church Act | 7,810 | 7,887 |

The Welsh Church Act Fund balance will change following agreement of the disaggregation position with Monmouthshire County Council and Vale of Glamorgan Council.

Amgen Rhondda Company Registration Number: 3687641

Amgen Rhondda was set up during September 1999 as a wholly owned subsidiary of Amgen Cymru. The principal activity of the company is the disposal of waste. The company has taken over the running of Nantygwyddon Tip from Rhondda Waste Disposal Limited, which went into liquidation during the year ending 31st March 1999, the final accounts for which are in the process of being prepared by the administrators. Accounts for Amgen Rhondda have been prepared for the period 23rd September 1999 to 31st May 2000.

| | <u>1999/00</u> |
|---|----------------|
| | £'000 |
| Shareholding: | 1,657 |
| Net Current Assets | (138) |
| Total Assets less Current Liabilities | 137 |
| NET ASSETS | 137 |
| Results of Operations (Loss)/Profit After Tax | (1) |

Note – No tax was charged to the Profit and Loss Account in the period

Registered Office : Bryn Pica Landfill Site
 Llywdcoed
 Aberdare
 Mid Glamorgan
 CF44 0BX

Audit Opinion True and fair view (Khan Thomas Shankland)

Royalties paid by Amgen Rhondda to the Authority amounted to £78k during the year. At 31st March 2000, Amgen Rhondda owed the Authority £127k and the Authority owed Amgen Rhondda £167k.

Model House Llantrisant Ltd Company Reg. Number: 2208104

This company was registered as limited by guarantee. On 15th January 1991 it became a registered charity (No:1001533). The Council has an "influence" over the company as 3 out of 11 of the Directors who are also members of the company are elected as councillors of Rhondda Cynon Taff County Borough Council. Accounts are prepared for the year ending 31st March 2000. The principal activity of the company is to operate a regional centre of excellence in the field of contemporary craft and design.

Shareholding: Nil (No directors hold any shares as the company is limited by guarantee)

| | <u>1998/99</u> | <u>1999/00</u> |
|---|----------------|----------------|
| | £ | £ |
| Net Current Assets | 149,072 | 90,415 |
| NET ASSETS | 154,484 | 128,156 |
| Results of operations (Loss)/Profit to reserves | 14,220 | (26,328) |

Location of accounts : Registered Office, Municipal Offices
Llewellyn Street, Pentre
Mid Glamorgan.

Audit Opinion True & Fair View (Dennis, Freedman, Clayton and Co.)

23.0 Contingent Liabilities

23.1 ERDF Claims

Rhondda Cynon Taff C.B.C. and its predecessor Authorities were successful in securing European Regional Development Funding (ERDF). This funding resulted in the payment of grants up to a maximum of 50% for project costs covering industrial and community development as well as industrial and land regeneration. These grants are administered by the Welsh European Funding Office.

At the time of Local Government Reorganisation approximately 85 schemes had been approved, with a total grant element of approximately £25.75m. A material number of these ERDF schemes are now in the process of being audited. In some cases the Authority has been unable to provide prime documentation to the District Auditor for items of eligible spend, mainly due to the difficulties experienced by the Authority during Local Government Reorganisation, consequently a number of the claims have been qualified by the auditor.

Due to the possible recoupment by the Welsh European Funding Office of an element of these ERDF grants, a provision of £752k was set up in the 1998/99 accounts. This provision has now been increased to £1,102k as at 31st March 2000. This is based on an assessment by officers of the claims outstanding and the significance of the issues connected with them on a claim by claim basis.

At present the issues can be broken down into those relating to; the 1989/91 ERDF programme, with a total grant element of approximately £1.45m. the 1992/93 ERDF programme, with a total grant element of approximately £12.43m. and the 1994/96 ERDF programme, with a total grant element of approximately £11.87m. To date, the 1989/91 ERDF programme has been cleared with no repayment of grant required and work is underway on the 1992/93 ERDF programme. However the completion of the 1994/96 ERDF programme is still materially incomplete.

To the best of the Authority's knowledge and taking into account the information currently available, the provision of £1,102k will be sufficient. However, until further work has been completed by the Authority and responses received from the Welsh European Funding Office as to how

they plan to treat qualified claims, the full scale of the likely provision required for repayment of grant is not known.

Therefore, until the exercise is completed and further indications are received, there is still a degree of risk around these claims and the potential for the repayment of an as yet unquantifiable amount of ERDF grant, which could be lower or higher than the £1,102k provided in this Statement of Accounts.

The Authority is liaising closely with the District Auditor and the Welsh European Funding Office to bring this matter to a close as soon as possible.

23.2 Land Reclamation

Land Reclamation grants are payable at a grant rate of 100% on eligible expenditure on schemes approved by the Welsh Development Agency (WDA). At the time of Local Government Reorganisation approximately 57 schemes had been approved, with a total grant element of approximately £53.28m. In addition a number of Town Improvement claims, which are also administered by the WDA were approved at this date.

A material number of these Land Reclamation Schemes now require auditing and initial meetings with the WDA have been held to drive this process forward. A provision of £856k has been set up in connection with Land Reclamation Grants in the 1998/99 accounts to cover the possible recoupment of an element of these grants, based on an assessment of risk associated with each claim.

Work has commenced on putting these schemes into a position where they can be audited and a number have been passed to the District Auditor for initial review.

Whilst Rhondda Cynon Taff C.B.C. has commenced the process of reviewing its balances and the judgement of the Authority based on initial indications and the best information currently available, is that the provision set aside is more than sufficient, there still remains a degree of uncertainty around these balances.

The Authority is liaising closely with the District Auditor and the Welsh Development Agency to bring this matter to a close as soon as possible.

24.0 Post Balance Sheet Events

- One of the Council's Local Authority Controlled Companies, Rhondda Waste Disposal Limited went into administration on 21st January 1999. As

a result of this, at the financial year end the company was being administered by Clark and Lowman. The accounts for 1998/99 together with any financial effect of these events on the Authority have yet to be finalised.

- Amgen Rhondda Ltd has subsequently been formed with an undertaking from the Authority to provide £0.9m in share capital. To date (June 2001), £0.8m of this share capital has been released.
- Local Government Reorganisation on 1st April 1996 resulted in the debts and liabilities of the former Mid Glamorgan County Council passing to the successor new unitary authorities. Since this date a number of possible Post Balance Sheet Events relating to Mid Glamorgan County Council have been identified. The Section 56 agreement between unitary authorities has now been signed by all parties with the exception of the County Council of the City and County of Cardiff. However it is hoped that this will be resolved in the near future. The agreement includes a mechanism for dealing with Post Balance Sheet Events and to cover Rhondda Cynon Taff C.B.C.'s potential share, an earmarked reserve of £927k has been set up in the 1999/00 accounts.
- Litigation in defence of claims brought by Landare Investments Ltd may result in a financial liability to meet potential legal costs and any damages awarded by the court. However the likely outcome of this case is not yet known.

25.0 Statement of Total Movements in Reserves

| Capital Reserves | | | | | |
|--|--|--|---|--|------------------|
| | Fixed Asset Restatement Reserve £'000 | Capital Financing Reserve £'000 | Deferred Cap Rec Reserve £'000 | Usable Capital Receipts £'000 | Total £'000 |
| Balance 01/04/99 | (294,373) | (57,447) | (3,731) | (2,875) | (358,426) |
| Disposals in year | 3,033 | | | | 3,033 |
| Received in year | | | | (1,671) | (1,671) |
| Capital Expenditure on Non Enhancing Assets | 10,026 | | | | 10,026 |
| Revaluation | (2,735) | | | | (2,735) |
| Movements in year | | (14,446) | 525 | | (13,921) |
| Capital financing | | | | 3,288 | 3,288 |
| Balance 31/03/00 | (284,049) | (71,893) | (3,206) | (1,258) | (360,406) |

Notes to Capital Reserves Statement

Fixed Asset Restatement Reserve

The purpose of this reserve is to account for differences between the value of fixed assets at original cost (the basis of accounting for fixed assets previously) and their revaluation at market value in accordance with the current capital accounting regime.

The balance on this reserve cannot be used to support spending.

Capital Financing Reserve

This account brings together all capital financing transactions. It includes amounts set aside from the revenue account for repayment of external borrowing, expenditure on fixed assets financed from revenue, the reserved part of capital receipts, applied capital receipts and adjustments on the minimum revenue provision.

The balance on this reserve cannot be used to support spending.

| Revenue Reserves | | | | | |
|----------------------------|-----------------------|-------------------------------|-----------------------------|------------------------------|----------------|
| | General Fund £'000 | Delegated Schools £'000 | Housing Revenue £'000 | Earmk'd Reserves £'000 | Total £'000 |
| Balance 01/04/99 | 1,086 | (4,703) | (1,843) | (455) | (5,915) |
| Contributions to Revenue | 244 | 339 | | | 583 |
| Contributions from Revenue | | | (538) | (935) | (1,473) |
| Movements between reserves | (153) | | | 153 | 0 |
| Balance 31/03/00 | 1,177 | (4,364) | (2,381) | (1,237) | (6,805) |

26.0 Year 2000 Issues

Prior to the onset of the year 2000, investigations into the possibility of loss or failure took place. Any necessary corrective action was undertaken to ensure problems would not arise. As a result there was no adverse affect upon the Authority's operations.

To address potential Y2K issues, a corporate IT provision of £25k was established. Other departments within the authority were required to absorb costs within existing resources.

Cashflow Statement 1999/00

| 1998/99 | | 1999/00 | |
|--------------|--|---------|--------------|
| £m | | £m | £m |
| | <u>Revenue activities</u> | | |
| | <u>Cash Outflows</u> | | |
| 188.2 | Cash paid to and on behalf of employees | 193.7 | |
| 134.4 | Other operating cash payments | 116.4 | |
| 37.4 | Housing benefit paid out | 40.4 | |
| 29.9 | National non-domestic rate payments to national pool | 31.1 | |
| 4.7 | Precepts paid | 5.4 | 387.0 |
| | <u>Cash Inflows</u> | | |
| (12.8) | Rents (after rebates) | (11.0) | |
| (42.7) | Council tax | (47.6) | |
| (44.1) | National non-domestic rate receipts from national pool | (47.6) | |
| (29.9) | Non-domestic rate receipts | (31.1) | |
| (147.2) | Revenue support grant | (156.2) | |
| (18.6) | DSS grants for benefits | (29.2) | |
| (34.6) | Other government grants | (33.3) | |
| (53.4) | Cash received for goods and services | (53.3) | |
| (26.6) | Other operating cash receipts | (18.8) | (428.1) |
| (15.3) | Net Cash Inflow from Revenue Activities | | (41.1) |
| | <u>Servicing of finance</u> | | |
| 20.8 | Interest paid | 21.0 | |
| (1.3) | Interest received | (1.0) | 20.0 |
| | <u>Capital activities</u> | | |
| | <u>Cash Outflows</u> | | |
| 58.3 | Purchase of fixed assets | 40.5 | |
| 0.6 | Purchase of long term investments | | 40.5 |
| | <u>Cash Inflows</u> | | |
| (8.3) | Sale of fixed assets | (3.8) | |
| nil | Repayments of investments | 8.5 | |
| (20.9) | Capital grants received | (17.2) | |
| (4.1) | Other capital cash receipts | (0.2) | (12.7) |
| 29.8 | Net cash outflow before financing | | 6.7 |
| | <u>Financing</u> | | |
| | <u>Cash Outflows</u> | | |
| 41.1 | Repayments of amounts borrowed | 50.2 | |
| | <u>Cash Inflows</u> | | |
| (77.1) | New loans raised | (65.8) | (15.6) |
| (6.2) | (Increase)/decrease in cash & equivalents | | (8.9) |

Notes to the Cashflow Statement

1.0 Reconciliation of Consolidated Revenue Account to Cash flow

| 1998/99 £m | | 1999/00 £m |
|---------------|--|---------------|
| Nil | Consolidated revenue A/C (surplus) / deficit | Nil |
| (6.2) | Depreciation/MRP adjustment | (6.4) |
| 3.4 | Net transfers from reserves | (12.8) |
| (2.0) | (Increase)/Decrease in creditors | 6.9 |
| 9.6 | Increase/(Decrease) in debtors | (8.8) |
| (0.6) | Increase/(Decrease) in stocks | (0.1) |
| (19.5) | Financing items | (19.9) |
| (15.3) | Cash inflow from revenue items | (41.1) |

2.0 Movements in Cash and Cash Equivalents

This can be derived from the consolidated balance sheet (page 23) as follows :-

| | Balances | | Movement in year |
|--------------------|----------|----------|---------------------|
| | 01/04/99 | 31/03/00 | |
| | £m | £m | £m |
| Bank balance (o/d) | (3.6) | (3.3) | 0.3 |
| S/term investments | 28.8 | 37.4 | 8.6 |
| Movement | 25.2 | 34.1 | 8.9 |

3.0 Net Financing 1999/00

The net increase in financing of £15.6m shown in the statement is derived from the movements in both short and long term borrowing as reflected in the consolidated balance sheet on page 23:-

| | 31/03/99 £m | 31/03/00 £m | Movement £m |
|----------------------|----------------|----------------|----------------|
| Long term borrowing | 274.3 | 285.3 | 11.0 |
| Short term borrowing | 19.7 | 24.3 | 4.6 |
| | 294.0 | 309.6 | 15.6 |

4.0 **Government Grants**

Government grants shown in the statement are analysed below:-

| 1998/99 £m | | 1999/00 £m |
|---------------|---|---------------|
| | <u>Revenue</u> | |
| 18.4 | Housing Subsidy | 18.8 |
| 7.2 | Mandatory Awards | 3.4 |
| 2.1 | GEST | 1.8 |
| 6.9 | Other | 9.3 |
| 34.6 | | 33.3 |
| | <u>Capital</u> | |
| 11.3 | Improvement Grants | 10.3 |
| 3.6 | SDS | 0.4 |
| 2.6 | Transport Grant | 1.4 |
| 3.4 | WDA (Land Reclamation) and other grants | 3.8 |
| N/A | ERDF | 1.3 |
| 20.9 | | 17.2 |

5.0 **Reconciliation of Net Cashflow to Movement in Net Debt**

| | 1999/00 £m |
|-------------------------------|---------------|
| (Decrease) / increase in cash | 8.9 |
| Cash to reduce net debt | 50.2 |
| Cash to (increase) net debt | (65.8) |
| Non cash movement | 0.2 |
| Change in net debt | (6.5) |
| Net Debt 01/04/99 | (268.9) |
| Net Debt 31/03/00 | (275.4) |

6.0 **Analysis of Changes in Net Debt**

| | 01/04/99 £m | Cashflows £m | Other £m | 31/03/00 £m |
|------------------------|----------------|-----------------|-------------|----------------|
| Short Term Investments | 28.8 | 8.6 | 0 | 37.4 |
| Short Term Borrowing | (19.7) | 18.6 | (23.2) | (24.3) |
| Bank Overdraft | (3.6) | 0.3 | 0 | (3.3) |
| Long term Borrowing | (274.4) | (34.2) | 23.4 | (285.2) |
| | (268.9) | (6.7) | 0.2 | (275.4) |

Housing Revenue Account

| | 1998/99 £'000 | 1999/00 £'000 |
|--|------------------|------------------|
| INCOME | | |
| Dwelling Rents (gross) | 25,741 | 24,656 |
| Non Dwelling Rents (gross) | 335 | 332 |
| Charges for Services and Facilities | 499 | 671 |
| Contribution towards Expenditure | | |
| Housing Revenue Account Subsidy Receivable | 18,546 | 18,421 |
| Mortgage Interest | 731 | 377 |
| Salary Recharges | 273 | 409 |
| Total Income | 46,125 | 44,866 |
| EXPENDITURE | | |
| Repairs and Maintenance | 6,088 | 6,767 |
| Supervision and Management | 6,178 | 6,260 |
| Rents, Rates, Taxes and Other Charges | 69 | 250 |
| Rent Rebates | 18,703 | 18,559 |
| Capital Financing Costs | 13,171 | 12,492 |
| Total Expenditure | 44,209 | 44,328 |
| Change in Reserve Balance for the Year | 1,916 | 538 |
| Balance on Reserves B/Fwd | (73) | 1,843 |
| Surplus/(Deficit) on HRA Reserves C/Fwd | 1,843 | 2,381 |

Notes to the Housing Revenue Account

1. Gross Rent Income

This is the total rent income due for the year after allowance is made for voids, write-offs etc. During the year 86.1% of properties were available for letting. Average rents during the year were £38.79 (£38.17 in 1998/99). The National Assembly for Wales sets the maximum level of rent increase for each authority. Rents were increased by £1.44 in 1999/00.

2. Housing Benefits

Assistance with rent is available under the housing benefits scheme for those on low income. Over 76% of the Council's tenants receive some help with the cost of rent.

3. Reimbursement of Housing Benefits

Housing benefit is administered by the Council. The cost of providing benefit is £18.6m (£18.5m in 1998/99). This is substantially reimbursed by the government through housing subsidy.

4. Housing Stock

The average number of dwellings in Council House stock during 1999/00 was 13,487.

The total number of properties held at 31st March 2000 was 13,320.

| Type | 1 Bed room | 2 Bed room | 3 Bed room | 4 Bed room | 6 Bed room | Total |
|--------------|--------------|--------------|--------------|------------|------------|---------------|
| Bungalow | 151 | 105 | 14 | 0 | 0 | 270 |
| Bedsit | 206 | 0 | 0 | 0 | 0 | 206 |
| Caravan | 4 | 0 | 0 | 0 | 0 | 4 |
| Flat | 2,164 | 1,981 | 200 | 0 | 1 | 4,346 |
| House | 96 | 1,741 | 6,509 | 148 | 0 | 8,494 |
| Total | 2,621 | 3,827 | 6,723 | 148 | 1 | 13,320 |

5. Rent Arrears

The amount of rent arrears for 1999/00 was £1.7m (£1.6m in 1998/99) and the aggregate provision for bad debts was £1.2m (£0.4m in 1998/99)

DLO Summary Accounts 1999/00

1. The statutory requirements to prepare CCT revenue accounts and financial objectives were repealed from 3rd January 2000, but the National Assembly For Wales in their letter of the 27th January 2000 requested that authorities prepare their accounts on a voluntary basis for the full financial year to 31st March 2000 for their audit as in previous years.
2. The Council has complied with this request; the Council reviewed the management structures of the blue collar activities and with the break up of the Competition Services Department, transferred responsibilities for the work performed to Departments of the Council as follows:-

| Department | Activity |
|--|--|
| Housing | Building Maintenance |
| Highways, Transportation and Engineering | Highways Refuse Collection Street Cleansing Vehicle Maintenance |
| Education | Catering |
| Leisure | Grounds Maintenance |
| Administration and Legal | Building Cleaning |

3. The Leisure Management Activity remained as the responsibility of the Leisure Department.
4. The revenue accounts for each of the above defined activities are required to break even in each financial year after meeting the following charges:-
 - A Capital Financing Charge of 6% on the value of fixed assets used by the DSO, including all assets acquired under Financing Leases.
 - Depreciation charges based on the current value of all such assets which are liable to depreciate.
 - A Financing charge of 6% on stock balances.
5. A summary of the performance of each of the DSO's is given overleaf.

Competition Services Direct Service Organisations Revenue Accounts Summary

| Activity | Expenditure £'000 | Income £'000 | (Profit)/Loss £'000 |
|----------------------|------------------------------|-------------------------|--------------------------------|
| Building Maintenance | 7,263 | (5,507) | 1,756 |
| Highways | 6,448 | (6,628) | (180) |
| Refuse Collection | 3,322 | (2,688) | 634 |
| Street Cleansing | 2,094 | (2,302) | (208) |
| Catering | 6,878 | (6,806) | 72 |
| Grounds Maintenance | 4,033 | (4,022) | 11 |
| Building Cleaning | 1,196 | (1,220) | (24) |
| Vehicle Maintenance | 1,486 | (1,382) | 104 |
| Sub Total | 32,720 | (30,555) | 2,165 |
| Leisure DSO | 6,314 | (6,317) | (3) |
| Totals | 39,034 | (36,872) | 2,162 |

6. Under previous legislation, each DSO had a requirement to break even and may have been required to provide the Secretary of State with an explanation of failure. The Secretary of State could have closed down an activity which he believed had little prospect of returning to profitability. This legislation no longer exists - Local Authorities will now need to comply with best value accounting requirements for trading accounts which will result in deficits being counted as part of the cost of service provision and being measured against national performance indicators in future years.
7. In the financial year 1999/00, Building Maintenance, Refuse Collection, Catering, Grounds Maintenance and Vehicle Maintenance failed to break even whilst Highways, Street Cleansing and Building Cleaning achieved a profit.
8. Past profits earned by the blue collar DSOs were brought into the Council's general reserves on 1st April 1996 in accordance with Council Policy. The net loss of £2,165k has therefore been written off against the Council's general reserves in 1999/00.
9. Surpluses on the Leisure Services DSO have been credited to earmarked reserves in accordance with Council Policy.
10. During the course of 1999/00, it was necessary to make a number of operatives redundant in the DSO. A capitalisation direction permit is currently expected from the National Assembly For Wales. This will mean the redundancy costs shown below have been charged directly to capital and are not included in the revenue accounts.

Summary Of Redundancy Costs 1999/00

| Service | Redundancy |
|----------------------|-------------------|
| Building Maintenance | £ 647, 973 |
| Catering | 623 |
| Total | 648, 596 |

Summary Pension Fund Accounts

The Rhondda Cynon Taff County Borough Council Pension Fund was established with effect from 1st April, 1996, upon the reorganisation of Local Government in Wales under the Local Government Pension Scheme (Local Government Reorganisation in Wales) Regulations, 1995.

With the exception of teachers, police and fire-fighters who have their own schemes, the Local Government Pension Scheme applies to all other employees of local authorities and to employees of certain other bodies providing public services.

The Pension Fund provides pension benefits for employees of Rhondda Cynon Taff, Bridgend and Merthyr Unitary Authorities, along with employees of 38 public service bodies, several of whom have made admission agreements with the Fund.

Fund Account

| 1998/99 £'000 | Contributions and Benefits | 1999/2000 | | |
|------------------|---|-----------|----------|-----------------|
| | | £'000 | £'000 | £'000 |
| | Contributions Receivable | | | |
| (27,771) | From Employers | (32,769) | | |
| (11,347) | From Employees | (11,999) | | |
| | | | (44,768) | |
| (7,163) | Transfers in | | (6,227) | |
| | Other Income | | | |
| (843) | Reimbursements re Former GCC | (784) | | |
| (746) | Other Reimbursements | (828) | | |
| 3 | Other Income | (1) | | |
| | | | (1,613) | (52,608) |
| | Benefits Payable | | | |
| 43,797 | Pensions | 45,987 | | |
| 6,509 | Lump Sums | 6,012 | | |
| | | | 51,999 | |
| | Payments to Leavers | | | |
| 244 | Refunds | 233 | | |
| 29,981 | Transfers Out | 2,072 | | |
| | | | 2,305 | |
| | Admin Expenses | | | |
| 2,438 | Investment | 2,540 | | |
| 677 | Administration | 857 | | |
| 61 | Other | 149 | | |
| | | | 3,546 | 57,850 |
| 35,840 | Net Withdrawal From Fund | | | 5,242 |
| | Returns on Investments | | | |
| 21,489 | Investment Income (fixed interest & equities) | 21,904 | | |
| 3,473 | Investment income | 2,593 | 24,497 | |
| 51,536 | Realisation of investments | | 72,100 | |
| (14,129) | Change in mkt value of investments | | 39,107 | |
| (1,094) | Investment management expenses | | (1,342) | |
| 61,275 | | | | 134,362 |
| 25,435 | Net Increase in the Year | | | 129,120 |
| 805,301 | Opening Net Assets | | | 830,736 |
| 830,736 | Closing Net Assets 1999/2000 | | | 959,856 |

Net Assets Statement

| 31/03/99 | | 31/03/00 | |
|--|---|----------|----------------|
| £'000 | | £'000 | £'000 |
| | Investment Assets | | |
| | Fixed Interest Securities | | |
| 70,082 | UK | 90,502 | |
| 17,388 | Foreign | 60,029 | |
| | | | 150,531 |
| | Equities | | |
| 442,185 | UK | 472,131 | |
| 145,510 | Foreign | 219,915 | |
| | | | 692,046 |
| | Unit Trusts | | |
| 27,790 | Unit Trusts | 46,970 | |
| 885 | Investment Trusts | 677 | |
| | | | 47,647 |
| 19,931 | Property Unit Trusts | | 16,556 |
| | Other Investments | | |
| 40,206 | UK Bonds | - | |
| 32,323 | International Bonds | - | |
| 796,300 | | | 906,780 |
| | Net Current Assets & Liabilities | | |
| 55,704 | Current Assets : Short Term Investments | 51,637 | |
| 14,145 | Current Assets : Debtors | 14,670 | |
| 714 | Current Assets : Cash in Hand | 4,547 | |
| | | | 70,854 |
| (18,301) | Current Liabilities : Creditors | (8,000) | |
| (6,826) | Current Liabilities : Amounts Due to RCT | 1,222 | |
| | | | (6,778) |
| (11,000) | Long-Term Liabilities : Creditors | | (11,000) |
| 830,736 | Total Assets | | 959,856 |
| The market value of long term investments quoted is at 31 st March. | | | |

1. Introduction

The Accounts summarise the transactions and net assets of the Pension Fund, and comply in all material respects with Statement of Recommended Practice No. 1 (SORP1), Pension Scheme Accounts. They do not take account of liabilities to pay pensions and other benefits in future. The actuarial position, which does take account of such liabilities, is set out in Note 2 below, and these accounts should be read in conjunction with it.

The Accounts have been prepared on an accruals basis except for income from venture funds and overseas investments. Transfer values are only accrued where agreed with the fund concerned by 31st March and the transfer has not been paid or received.

2. Actuarial Position

An actuarial valuation of the Fund was carried out as at 31st March 1998. The market value of the Fund's assets at the valuation date was £795.4m, representing 79% of the Fund's accrued liabilities, allowing for future pay increases.

The contribution rates have been calculated using the projected unit actuarial method. The main actuarial assumptions were as follows :

| | |
|--|-----------------|
| Rate of return on investments | 7 ½ % per annum |
| Rate of general pay increases | 5 ¼ % per annum |
| Rate of increases to pensions in payment (in excess of GMP's) | 3 ½ % per annum |

Valuation of assets: discounted value of future income assuming that the part of the assets notionally reinvested in FTA All-share Index will achieve 4½ % per annum dividend growth.

This valuation showed that the required level of contributions for the Fund as a whole with effect from 1st April 1999 was 300% of members' contributions. The required level of contributions found to be payable by the participating Unitary Authorities with effect from the same date are set out below :

| | 31/03/00 % |
|------------------------|---------------|
| County Borough Council | |
| Bridgend | 295 |
| Rhondda Cynon Taff | 305 |
| Merthyr | 335 |

These rates of contribution are rates which, in addition to the contributions paid by the members, are sufficient to meet 100% of the liabilities arising in respect of service after the valuation date and an adjustment over a period equal to the average future working life of the employed members to reflect

the shortfall of the value of each participating employers' notional share of the fund's assets over 100% of its accrued liabilities, allowing, in the case of members in service, for future pay increases.

The rates of contribution paid by the Unitary Authorities over the years 1998/99 and 1999/00 were :

| County Borough Council | 31/03/99 % | 31/03/00 % |
|------------------------|---------------|---------------|
| Bridgend | 246 | 272 |
| Rhondda Cynon Taff | 265 | 305 |
| Merthyr | 276 | 335 |

For Bridgend County Borough Council, the required increase in contribution rate for 1999/00 compared to those in payment over 1998/99 is being phased-in over the next two years.

The next actuarial valuation is due at 31st March 2001 and any change in contribution rates as a result of that valuation will take effect from 1st April 2002.

3. **Taxation**

(a) **UK Income and Capital Gains Taxes**

From 1st July 1997, the Fund has been liable to income tax on interest and dividends. Investment income is therefore shown net. No Capital Gains Tax is chargeable.

There is a liability to income tax on compounded pensions (these are small pensions converted into lump sums). The rate is 20%, and the liability minimal.

(b) **Value Added Tax**

Since the County Borough Council is the administering authority, VAT is recoverable on all Fund activities. The accounts are shown exclusive of VAT.

(c) **Overseas Withholding Tax**

The Fund is exempt from tax on US investment income. Most other overseas investment income suffers withholding tax in the country of origin. Irrecoverable tax is netted off against income.

4. **Realised Profits / Losses on Sale of Investments**

A net profit of £72.1m accrued to the Fund on the sale of investments in 1999/00 :

| 1998/99 | | 1999/2000 | |
|-------------------------|-----------------------|-------------------------|-----------------------|
| £'000 | £'000 | £'000 | £'000 |
| Profit 71,683 | Loss 20,147 | Profit 83,654 | Loss 11,554 |

(Profits and losses are calculated on historical costs. When only part of a holding is sold, the average cost method is used).

5. Capital Commitments

At 31st March 2000, the Fund has commitments on part paid venture fund investments of £61,500.

6. Investments at Market Value

Share values are based on mid market prices at 31st March 2000, supplied by EXTEL Financial and obtained by them from recognised Stock Exchanges. Unit Trust values, including Property Unit Trusts, are based on prices obtained from the Unit Trust Management Companies. Sterling values of overseas securities are based on closing exchange rates supplied by EXTEL Financial.

7. Change of Accounting Policy

Previously, sale proceeds were reported gross with related expenses reported separately. The policy is now to report sale proceeds net of related expenses.

8. Analysis of Investments

| | 1998/99 | | 1999/2000 | |
|---------------------------------------|---------|----------------|-----------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Fixed Interest | | | | |
| UK | 70,082 | | 90,502 | |
| Foreign | 17,389 | | 60,029 | |
| | | 87,471 | | 150,531 |
| UK Equities & Convertibles | | | | |
| Quoted | 470,859 | | 472,131 | |
| Unquoted | - | | - | |
| | | 470,859 | | 472,131 |
| UK Property Unit Trusts | | | | |
| UK Investment Trusts | - | | 677 | |
| UK Investment/Unit Trusts | 19,931 | | 16,556 | |
| | | 19,931 | | 17,233 |
| Foreign Equities | | | | |
| Quoted | 145,510 | | 219,915 | |
| Unit Trusts | - | | - | |
| | | 145,510 | | 219,915 |
| Bonds | | | | |
| UK | 40,206 | | 46,970 | |
| Foreign | 32,323 | | - | |
| | | 72,529 | | 46,970 |
| Total Long Term Investments | | 796,300 | | 906,780 |
| Cash / Short Term Investments | | 56,418 | | 56,184 |
| Market Value of Investments | | 852,718 | | 962,964 |

NB : "Bonds" includes overseas and UK fixed interest investments (in groups of companies). "Fixed interest" relates solely to investments in individual fixed interest stocks.

9. Contingent Liabilities

There is a contingent liability of £270k in respect of potentially refundable contributions for leavers in the past 5 years who have not yet claimed refunds.

A full version of the Rhondda Cynon Taff County Borough Council Pension Fund accounts is available from the Acting County Borough Finance Officer, Finance and I.T., Bronwydd House, Porth, Rhondda CF39 9DL.

Statement of Responsibilities for preparation of Statement of Accounts

The Authority's Responsibilities

The Authority is required :-

- 1) 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 County Borough Finance Officer.
- 2) To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.

The County Borough Finance Officer's Responsibilities

The C.B.F.O. is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain, is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2000.

In preparing this statement of accounts, the C.B.F.O. has:-

- 1) Selected suitable accounting policies and the applied them consistently.
- 2) Made judgements and estimates that were reasonable and prudent.
- 3) Complied with the code.

The C.B.F.O. has also throughout the financial year:

- 1) Maintained proper accounting records which were kept up to date.
- 2) Made judgements and estimates that were reasonable and prudent.
- 3) Complied with the code.

Certificate of the County Borough Finance Officer Rhondda Cynon Taff C.B.C. on the accounts of Rhondda Cynon Taff C.B.C for 1999/00

I Certify that the accounts set out on the pages 7 to 54 presents fairly the financial position of Rhondda Cynon Taff C.B.C. at 31st March 2000 and its income and expenditure for the year then ended.

Signature : _____ Date : _____

K GRIFFITHS
Acting County Borough Finance Officer *

** The official title of the Responsible Finance Officer during the course of 1999/00 was Director of Finance and Information Technology. Further to an internal restructuring, the Responsible Finance Officer is now the County Borough Finance Officer.*

Auditor's Report on the Accounts Of Rhondda Cynon Taff C.B.C. for 1999/00

We have audited the statement of accounts on pages 7 to 55 which has been prepared in accordance with the accounting policies applicable to local authorities. The statement of accounts comprises the Authority's accounts, on pages 14 to 47, which have been prepared in accordance with the accounting policies set out on pages 9 to 13 and the Pension Fund accounts, on pages 48 to 54 which have been prepared in accordance with the accounting policies set out on pages 51 to 53.

Respective responsibilities of Chief Finance Officer and Auditors

As described on page 55 the County Borough Finance Officer is responsible for the preparation of the statement of accounts. Our responsibilities as independent officers are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance. We report to you our opinion as to whether the statement of accounts presents fairly the financial position and results of operations of the Council.

Basis of opinion

We carried out our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards.

Our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the statement of accounts. It also included an assessment of the significant estimates and judgements made by the Authority in the preparation of the statement of accounts and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the statement of accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the statement of accounts.

Fundamental Uncertainty in relation to the Authority's accounts

In forming our opinion we have considered the adequacy of disclosures made in the statement of accounts concerning the fundamental uncertainty surrounding the possibility of European Union and WDA grant funding previously received by the Authority having to be repaid. Details of the circumstances relating to this fundamental uncertainty are described in note 23 to the Balance Sheet. Our opinion is not qualified in this respect.

Opinion on the Authority's accounts

In our opinion the statement of accounts presents fairly the financial position of Rhondda Cynon Taff County Borough Council at 31st March 2000 and its income and expenditure for the year then ended.

Opinion on the Pension Fund accounts

In our opinion the statement of accounts presents fairly the financial transactions of Rhondda Cynon Taff County Borough Council Pension Fund during the year ended 31st March 2000, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

Certificate

We certify that we have completed the audit of accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

SIGNED: _____**DATE:** _____

John Herniman

DISTRICT AUDIT
2-4 Park Grove
Cardiff
CF1 3PA

The maintenance and integrity of the Rhondda Cynon Taf County Borough Council web site is the responsibility of the County Borough Finance Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

GLOSSARY OF TERMS

Accrual

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

Actuary

An actuary is an organisation which calculates insurance and pension premiums, taking into account factors such as life expectancy.

Agency Services

Agency services are services provided by an outside organisation.

Audit

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

Balance Sheet

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

Budget

A budget (or estimate) is a plan of spending, based upon which council tax is set and actual expenditure is subsequently monitored.

Cap

A cap is the limit on spending, set by central government.

Capital Expenditure

Capital expenditure is spending on fixed assets. These are assets which will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.

Capital Financing Reserve (CFR)

This is money set aside in the Authority's accounts for capital spending and to repay loans.

Capital Receipt

Capital receipts are proceeds from the sale of fixed assets such as land or buildings.

Cashflow Statement

This statement summarises the movements in cash during the year.

Consolidated Balance Sheet (CBS)

The balance sheet combines the assets, liabilities and other balances of all our departments, at the end of the financial year, 31st March.

Consolidated Revenue Account (CRA)

This account records day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Contingent Liabilities

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

Creditor

A creditor is someone owed money to at the end of the financial year for goods / services received during the financial year.

Current Assets

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

Current Liabilities

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

Debtor

A debtor is someone who owed the Authority money at the end of the financial year.

Depreciation

Depreciation is the estimated loss in value of fixed assets which are presented in the Balance Sheet.

Direct Labour Organisation or Direct Service Organisation (DLO or DSO)

This is the Authority's own organisation. It consists of workers we directly employ (including supervisory staff), accommodation, equipment etc used to carry out specified tasks for the Authority.

Earmarked Reserves

These are reserves set aside for a specific purpose.

Financial Year

This is the accounting period. For local authorities it starts on 1st April and finishes on 31st March of the following year.

Finance Leases

When finance leases are used to finance purchases, the Authority takes on most of the risks associated with owning the asset.

Fixed Asset

These are long-term assets which are used in the provision of services (usually for more than one year).

Fixed Asset Restatement Reserve (FARR)

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

Housing Revenue Account (HRA)

This account contains all housing income and spending.

Leasing

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

Liability

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

Minimum Revenue Provision (MRP)

This is the amount which has been set aside to repay loans.

National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge to occupiers of business premises. NNDR is set by central government and is a percentage of rateable values. The percentage is the same throughout Wales. The total collected is split between individual authorities in proportion to their adult populations.

Net Realisable Value

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

Operating Assets

These are assets used in the running / provision of services.

Operating Leases

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

Post Balance Sheet Events

Post Balance Sheet items are those which arise after the Balance Sheet date. These are items which did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the fair presentation of the accounts.

Precepts

This is the amount paid to a non-rating body (for example a community council).

Provision for Credit Liabilities (PCL)

This is money set aside to repay debt. This forms part of the capital financing reserve (CFR).

Provision

A provision is an amount set aside in the accounts for expected liabilities which cannot be accurately measured at the end of the financial year.

Public Works Loan Board (PWLB)

This is a Government agency which provides longer term loans to local authorities. It charges interest rates only slightly higher than those at which the Government can borrow.

Related Party Transactions

These are the transfer of assets or liabilities or the performance of services by, to or for a related party.

Stocks

Stocks are raw materials purchased for day to day use. The value of those items which had not been used at the end of the financial year are shown as current assets in the balance sheet.

Temporary Borrowing or Investment

This is money borrowed or invested for an initial period of less than one year.

Trust Fund

Trust funds hold an individual's or organisation's money on their behalf. Trustees administer the money for the owners.

Voids

Voids are empty properties.

Work in Progress (WIP)

Work in progress is the value of work undertaken on an unfinished project at the end of the financial year and which has not yet been charged to the revenue account.