



Prosiect Gwyrdd Statement of Accounts

2010/11

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Explanatory Foreword

1. Introduction

1.1 This document presents the Statement of Accounts for the Prosiect Gwyrdd Joint Committee. These are prepared in accordance with proper accounting practices as contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS).

1.2 The statement of accounts for 2010-11 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code of Accounting Practice on Local Authority Accounting in the United Kingdom 2010-11 has resulted in the restatement of the prior year comparatives from those presented in the Statement of Accounts for 2009-10. This restatement exercise would normally require the accounts to include an additional balance sheet and associated notes at 1 April 2009. However, since this Joint Committee was not formed until 31 July 2009, there is no position to report.

The main changes affecting the Joint Committee resulting from IFRS are outlined below:-

	Significant IFRS Changes
Financial Statements	New statements and amended layouts. More flexibility – detail can be in the statements or the notes; terminology can be amended; and the order of the statements can be changed to suit the authority
Reserves	Reserves are split into those that can be used to deliver services and those that cannot
Employee Expenditure	Untaken holiday pay and similar items are accrued for at the year end. See note 7 to the accounts for further information.

These changes have had no impact on the financial contributions required from the partner Local Authorities to fund the Prosiect Gwyrdd Joint Committee.

1.3 Prosiect Gwyrdd is a partnership between Caerphilly County Borough Council, the County Council of the City and County of Cardiff, Monmouthshire County Council, Newport City Council and the Vale of Glamorgan Council.

- 1.4 The partnership aims to deliver the best long term, environmentally sustainable and cost effective solution for waste after recycling and composting has been maximised. By all of the authorities working together on a regional basis, the partnership is seeking to maximise economies of scale and provide best value for the taxpayer in an area of service delivery that is complex, emotive and often attracts significant public interest, requiring extensive stakeholder engagement.
- 1.5 The five Local Authority partners signed a formal Memorandum of Understanding in July 2007 to deliver the work required in preparation for a procurement process to find a long-term solution for the treatment of their residual waste. In addition, funding was secured from the Welsh Government's Regional Capital Access Fund (RCAF), allowing the partnership to move forward and prepare a robust Outline Business Case.
- 1.6 Each of the partners secured approval from their respective Councils in the summer of 2009 to commence the formal procurement and the formation of the Prosiect Gwyrdd Joint Committee. As a result, the inaugural accounting year relating to the Prosiect Gwyrdd Joint Committee covers the period **31st July 2009 to 31st March 2010**. It should be noted therefore that the comparison figures for 2009-10 relate to 8 months whereas the 2010-11 information covers a full 12 month financial year.
- 1.7 The Joint Committee was formed by the five participating councils to carry out the functions set out in the Joint Working Agreement (JWA) which defines the Councils respective roles and responsibilities for the procurement phase of the Project. Each council has appointed two elected member representatives to the Joint Committee, with the Chairperson being an elected member of the Lead Council. In addition a Joint Scrutiny Committee with representatives from the five participating councils has also been formed with a role to monitor and review the work of the Joint Committee.
- 1.8 The Authorities have agreed that Cardiff Council will be the Lead Council for the purposes of carrying out the procurement phase of the project. In addition, it has been agreed that all revenue costs associated with procurement will be met equally by the five partnering authorities. However, where appropriate, some costs such as the costs associated with the Optional Site, will be shared on a tonnage basis.

1.9 In addition, the Joint Working Agreement clearly sets out the financial remedies available to the Joint Committee should any partner decide to withdraw from the partnership whilst the project remains affordable, in terms of their approved Affordability Envelope. The clause sets out a potential liability cap of up to £3m per partner, which will be calculated taking into account the impact of delay and other costs that crystallise to the remaining partners.

1.10 Table 1 details the Joint Committee's elected membership as at 31st March 2011.

Table 1: Prosiect Gwyrdd Joint Committee Elected Membership as at 31st March 2011

Elected Member	Partner	Portfolio
Cllr Lyn Ackerman	Caerphilly County Borough Council	Environment & Housing
Cllr Colin Mann	Caerphilly County Borough Council	Resources & Sustainability
Cllr Margaret Jones	Cardiff Council	Environment
Cllr Mark Stephens (Chair)	Cardiff Council	Finance & Service Delivery
Cllr Phil Murphy	Monmouthshire County Council	Finance & Performance Improvement
Cllr Bryan Jones	Monmouthshire County Council	County Operations
Cllr William Routley	Newport City Council	Environment & Community Safety
Cllr David Fouweather	Newport City Council	Environment & Community Safety
Cllr Geoff Cox	Vale of Glamorgan Council	Visible & Building Services
Cllr Gordon Kemp	Vale of Glamorgan Council	Finance, ICT & Property

1.11 The Joint Committee is supported in its work by the Project Board, a fully resourced Project Team and appointed professional Technical, Legal, Insurance and Financial advisors.

1.12 As at the 31st March 2011, the Project was at the Invitation to Participate in Dialogue stage of the procurement process with the three remaining bidders. The fourth bidder, WRG, withdrew from the procurement on 29th March 2011 citing 'commercial issues' with their proposed site.

2 Summary of Financial Performance

2.1 The Summary of Financial Performance provides an analysis of the Joint Committee financial performance for the period 1st April 2010 to the 31st March 2011. Table 2 below gives a summary of the 'Actuals' against 'Budgets' analysed using the Chartered Institute of Public Finance and Accountancy (CIPFA) standard subjective groupings.

Table 2: Summary of Financial Performance (1st April 2010 to 31st March 2011)

	Original Budget	Revised Budget	Actual	Variance
	£	£	£	£
Expenditure				
Employees	474,342	474,342	423,145	(51,197)
Premises	18,040	18,040	42,600	24,560
Transport	9,487	9,487	1,741	(7,746)
Supplies & Services	555,857	362,245	471,658	109,413
Support Services	19,487	19,487	12,218	(7,269)
Gross Expenditure	1,077,213	883,601	951,362	67,761
Income				
Welsh Government Grant	(150,000)	(150,000)	(280,000)	(130,000)
Contributions from Local Authorities	(742,355)	(742,355)	(767,355)	(25,000)
Net (Surplus) / Expenditure before appropriations (to) / from Reserves.	184,858	(8,754)	(95,993)	(87,239)
Appropriations (from) / to Joint Committee General Reserve.	(184,858)	8,754	95,993	87,239
Total Joint Committee	0	0	0	0

The Revised Budget reflects Budget slippage that has been carried forward into 2011-12, increasing the budget for that financial year and reducing the budget for 2010-11. A summary of the key variances between the Revised Budget and the Actual are detailed below:

1. Employee costs were lower than budgeted due to a number of factors. This is largely as a result of appointments being on lower spinal points than the budget assumption, plus there was no pay award for staff in 2010-11.
2. Premises costs were higher than budgeted mainly due to the re-classification of the optional site capital payments to revenue with

- the equivalent capital contributions re-classified as revenue contributions from the Partner Local Authorities.
3. Supplies and Services budget was overspent mainly due to a significant overspend on external advisor costs. This was due to an intense period of activity during the year which placed large workload demands on the External Advisors and this additional commitment was reflected in spend. In addition, this period also saw a significant demand on the External Advisors to provide specialist unbudgeted, ad-hoc advice in response to issues that arose during the procurement process.
 4. Welsh Government grant income was significantly higher than initially budgeted due to the Welsh Government approving additional grant support for the project towards the end of the financial year.
 5. To assist partner authorities in managing their contributions over the life of the project, the partnership agreed that the original level of contributions budgeted for in 2010-11 would still be paid. The £25,000 variance is due to the re-classification of capital contributions for the year as previously referred to in paragraph 2.
 6. No contribution was required from the Joint Committee Reserve to fund 2010-11 expenditure. This was largely as a result of the additional unbudgeted grant income being received as per paragraph 4. above. The net revenue surplus for the 2010-11 financial year of £95,993 has been transferred to the Joint Committee Reserve Account.

Statement of Responsibilities for the Statement of Accounts

The Prosiect Gwyrdd Joint Committee Responsibilities

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and to secure that an appropriate officer has the responsibility for the administration of those affairs. In 2010-11, this officer was Christine Salter, Chief Corporate Services and Section 151 Officer of Cardiff Council who holds the statutory post of Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts for the period **1st April 2010 to 31st March 2011**

Cllr Mark Stephens
Chairman
Prosiect Gwyrdd Joint Committee

Date

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Joint Committee's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 ('the Code')

In preparing these financial statements, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

The Chief Finance Officer's Certificate

The financial statements present a true and fair view of the financial position of the Prosiect Gwyrdd Joint Committee at 31 March 2011 and its income and expenditure for the period **1st April 2010 to 31st March 2011.**

Christine Salter
Chief Corporate Services and Section 151 Officer
Treasurer to Prosiect Gwyrdd Joint Committee
Cardiff Council

Date

3. Introduction to Accounting Statements

3.1 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.

3.2 Statement of Responsibilities for the Statement of Accounts

This sets out the responsibilities of the Joint Committee and the arrangements for the preparation of the Statement of Accounts. The Statement is to be signed by the Joint Committee Chair on behalf of the Committee.

3.3 Comprehensive Income and Expenditure Statement

This statement is prepared in accordance with generally accepted accounting practices to record the day-to-day expenditure, on an accruals basis, on items such as salaries and wages, running costs of the service and income received to calculate the net operating expenditure of the Joint Committee.

3.4 Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee analysed into 'usable reserves' and other reserves.

3.5 Balance Sheet

This statement shows the Prosiect Gwyrdd Joint Committee financial position as at the balance sheet date. Where relevant, it includes the fixed assets, current assets and liabilities of all activities of the Joint Committee together with the balances and reserves at its disposal.

3.6 Cash flow Statement

This summarises the inflows and outflows of cash arising from activities during the year which reconciles to the movement in the cash and cash equivalents.

3.7 Annual Governance Statement

This statement sets out the governance framework within which the Joint Committee conducts its affairs, including its arrangements for the management of risk.

Statement of Accounting Policies

In accordance with the Accounts and Audit (Wales) Regulations 2005, this Statement of Accounts summarises the Joint Committees transactions for the 2010/11 financial year and its position at the year-end of 31st March 2011. The accounts are prepared in accordance with proper accounting practices as contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11 ('the Code'), supported by International Financial Reporting Standards (IFRS).

1. Debtors and Creditors

The revenue transactions of the Joint Committee are recorded on an accruals basis. All known debts due to the Joint Committee as at 31st March 2011 are taken into account, as are all known liabilities for goods received or work carried out by this date. Where there was insufficient information available to provide actual figures, estimated amounts have been included.

2. Inventories

Inventories have been valued at the lower of cost and net realisable value and relates to the Regional Focus Group Incentive retail vouchers held at 31st March 2011.

3. Value Added Tax (VAT)

The Income and Expenditure Account has been prepared excluding Value Added Tax. The Committee is not separately registered for VAT and therefore the net value of VAT incurred is recoverable from HM Revenue and Customs under the umbrella of Cardiff Council's VAT registration.

4. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when cash payments are made or received. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

5. Allocation of Central Departmental Support

A proportion of central departmental support of Cardiff Council is allocated to the Prosiect Gwyrdd Joint Committee by the most appropriate method for that particular support service, e.g. Staff time, number of licences,

number of transactions, number of PC's etc. The information used to allocated Support Service costs is to be reviewed annually

6. Retirement Benefits

The Joint Committee does not have the legal power to directly employ staff. Staff involved in Joint Committee activities are therefore employed by a constituent authority. Each constituent authority participates in a defined benefit pension scheme. The Joint Committee meets the cost of the actual pension contributions and accounts for them in the income and expenditure account. Pension costs are therefore accounted for as if contributions had been made to a defined contribution pension scheme because it is not possible to determine the underlying assets and liabilities in the schemes relating to the staff involved in Joint Committee activities on a reasonable and consistent basis. Therefore, no liability for future payments of benefits is recognised in the Balance Sheet. The resultant assets and liabilities relating to Prosiect Gwyrdd employees are included within the Balance sheet of the respective employing authority.

7. Grants and Contributions

Revenue and capital grants and contributions received are matched to the expenditure to which they relate. Government grants are accounted for on an accruals basis and recognised in the accounting statements when the conditions of their receipt have been complied with and there is reasonable assurance that the grant will be received.

Where a contribution or grant remains unapplied at the end of the year, this element is transferred to the Capital Contribution Unapplied Account (reserves)

Where grants are received or receivable that have conditions attached to them that have not been satisfied and are unlikely to be satisfied then this element will be shown as a creditor in the accounts.

8. Events after the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – The Statement of Accounts is not adjusted to reflect such events, but where a category of events would have

a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

9. Cash and Cash equivalents

The Joint Committee does not hold its own bank account so all income and expenditure is handled by the Lead Authority through its own bank balance. Therefore, the amount shown as cash in the balance sheet represents the inter-authority cash held by the Lead Authority on behalf of the Joint Committee.

Comprehensive Income and Expenditure Statement for the year ended 31st March 2011

2009/10 (August 2009 to March 2010) Restated £		2010/11 £	Note
	Continuing Operations		
	Expenditure		
200,685	Employees	421,910	1.0
7,683	Premises	42,600	2.0
2,460	Transport	1,741	
269,608	Supplies and Services	473,697	
6,265	Support Services	12,218	3.0
486,701	Net Cost of Services	952,166	
186	Interest Payable and Similar	0	
(352)	Charges	0	
	Interest and Investment Income	(2,039)	4.0
486,535	Net Operating Expenditure	950,127	
	Income		
(482,772)	Welsh Government Grant	(280,000)	5.0
(780,187)	Contributions from Local Authorities	(767,355)	6.0
(776,424)	Net (Surplus)/Deficit	(97,228)	

There have been no other gains or losses during the year

Movement in Reserves Statement on the Prosiect Gwyrdd Joint Committee Reserve

	Usable General Reserve £	Unusable Reserves £	Total Reserves £
Balance at 31 March 2010	779,660	(3,236)	776,424
Surplus/(Deficit) for the Year on the Income and Expenditure Account	97,228	-	97,228
Appropriation to / (from) Accumulated Absences Account	(1,235)	1,235	-
Net Transfer to/(from) General Reserve	95,993	1,235	97,228
Balance at 31 March 2011	875,653	(2,001)	873,652

Restated	Usable General Reserve £	Unusable Reserves £	Total Reserves £
Balance at 31 July 2009	-	-	-
Surplus/(Deficit) for the Year on the Income and Expenditure Account	776,424	-	776,424
Appropriation to / (from) Accumulated Absences Account	3,236	(3,236)	-
Net Transfer to/(from) General Reserve	779,660	(3,236)	776,424
Balance at 31 March 2010	779,660	(3,236)	776,424

Balance Sheet as at 31st March 2011

2009/10 Restated £		2010/11 £	Note
	Property, Plant & Equipment		
0	Operational Assets	0	
0	Land & Buildings	0	
0	Assets Under Construction	0	
0	Vehicles, Plant, Furniture & Equipment	0	
0		0	
	Current Assets		
480	Inventories	180	
64,941	Short-term debtors	723,884	8.0
825,754	Cash and Cash Equivalents	296,649	
891,175		1,020,713	
	Current Liabilities		
(94,251)	Short-term creditors	(147,061)	9.0
(20,500)	Capital Contribution Unapplied	0	10.0
776,424	Net Current Assets	873,652	
776,424	NET ASSETS	873,652	
	Represented By:		
	Usable Reserves:		
779,660	Joint Committee Reserve	875,653	11.0
	Unusable Reserves:		
(3,236)	Accumulated Absences Account	(2,001)	7.0
776,424	TOTAL RESERVES	873,652	

Cashflow Statement for the Year Ended 31st March 2011

2009/10 (August 2009 to March 2010) Restated £		2010/11 £
	Operating Activities	
	Cash Outflows	
197,449	Cash Paid to and on Behalf of Employees	291,642
195,481	Other Operating Cash Payments	607,414
	Cash Inflows	
(417,831)	Cash Received from Welsh Government Grant	(214,942)
(780,187)	Contributions from Local Authorities	(152,971)
(805,088)		531,143
	Financing Activities	
	Cash Outflows	
186	Interest Paid	0
	Cash Inflows	
(352)	Interest Received	(2,039)
(166)		(2,039)
	Investing Activities	
	Cash Outflows	
0	Purchase of Fixed Assets	0
0	Other Capital Cash Payments	0
	Cash Inflows	
0	Sale of Fixed Assets	0
0	Capital Grants Received	0
(20,500)	Other Capital Cash Receipts	0
(20,500)		0
(825,754)	Net (increase)/decrease in Cash and Cash Equivalents	529,104
0	Cash and cash equivalents at the beginning of the reporting period	825,754
825,754	Cash and cash equivalents at the end of the reporting period	296,650

Cardiff Council administers all cash transactions as the Joint Committee does not operate its own bank account. Interest Receivable/Payable is calculated on all Joint Committee transactions during the year.

Notes to the Statement of Accounts

Note 1 - Officers Emoluments

- 1.1 Under the Accounts and Audit (Wales) Regulations 2005, as amended, Local Authorities and Joint Committees must disclose in their accounts the number of officers whose total remuneration exceeded £60,000 (listed in ranges, in multiples of £5,000). For the purpose of this disclosure, remuneration includes Gross Pay, Employer's National Insurance Contributions, Redundancy payments etc., but excludes Employer's Pension Contributions.
- 1.2 During 2010/11, total expenditure on staff was £421,910. Within this amount no single employee received remuneration above £60,000.

Table 3: Officers Emoluments

Remuneration Band	Number of Officers	
	2009/10	2010/11
£70,000 - £74,999	1	0

Note 2 - Premises

- 2.1 Premises expenditure includes the cost of the annual option payment of £25,000 for the Welsh Government owned site. Due to the relatively immaterial amount of this payment when allocated between partners this is now shown as expenditure in the Comprehensive Income and Expenditure Statement rather than Capital expenditure which was the original intention when the 2009/10 Statement of Accounts were produced. See Note 10 for further information.

Note 3 - Support Services

- 3.1 A proportion of central departmental support of Cardiff Council is allocated to the Prosiect Gwyrdd Joint Committee by the most appropriate method for that particular support service, e.g. Staff time, number of licences, number of transactions, number of PC's etc. The information used to allocated Support Service costs is to be reviewed annually.

Note 4 - Interest and Investment Income

- 4.1 The interest was received in respect of the cash balance held by Cardiff Council on behalf of the Joint Committee during the year. The average rate of interest for the year was 0.43% in line with the 7 day LIBID (London Interbank Bid) rate.

Note 5 - Welsh Government Grant

- 5.1 The Welsh Government awarded a grant totalling £280,000 to the project in respect of the financial year 2010-11.
- 5.2 This grant was fully utilised to offset Joint Committee expenditure during the year 2010-11.

Note 6 - Contributions Received

- 6.1 The JWA provides for contributions towards estimated expenditure for each year to be notified in advance to each Authority, and to be made in one annual instalment – (Clause 7.9 of the JWA).
- 6.2 The contribution provided by the 5 Local Authorities for the period to the 31st March 2011 was as shown in Table 4 below.

Table 4: 2010-11 Partner Contributions

Authority	2010/2011 Revenue Contributions £	2010/2011 Optional Site Contributions £	2010/2011 Total Contributions £
Caerphilly CBC	148,471	4,500	152,971
Cardiff Council	148,471	10,500	158,971
Monmouthshire CC	148,471	2,500	150,971
Newport CC	148,471	3,750	152,221
Vale of Glamorgan Council	148,471	3,750	152,221
TOTAL	742,355	25,000	767,355

- 6.3 Since the project's inception all partnering Councils have contributed equally to the cost of project revenue expenditure after applying the approved level of grant funding. Partner contributions relating to the acquisition of the optional site are based on a projected tonnage basis rather than being shared equally.

Note 7 – Accumulated Absences Account

- 7.1 IFRS introduced a requirement to accrue for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Comprehensive Income and Expenditure Statement but then reversed out through the Movement in Reserves Statement so that there is not impact on contributions paid by the partner Local Authorities. This account does not represent a usable resource for the Joint Committee with the account being an

Unusable Reserve earmarked for the payment of the Accrued employee benefits.

Note 8 - Debtors

8.1 Debtors in the Balance Sheet consist of:

Table 5: 2010/11 Debtors

	2009/10	2010/11
	£	£
Central Government Bodies	64,941	130,000
Other Local Authorities	0	593,884
NHS Bodies	0	0
Public Corporations and Trading Funds	0	0
Other Entities and Individuals	0	0
	64,941	723,884

8.2 The Welsh Government grant of £130,000 although used to offset 2010-11 Prosiect Gwyrdd expenditure was outstanding as at the 31st March 2011.

8.3 Local Authority Revenue Contributions were invoiced but unpaid as at 31st March 2011.

Note 9 - Creditors

9.1 Creditors in the Balance Sheet as at the 31st March 2011 were as follows:

Table 6: 2010/11 Creditors

	2009/10	2010/11
	Restated	
	£	£
Central Government Bodies	0	0
Other Local Authorities	26,375	16,594
NHS Bodies	0	0
Public Corporations and Trading Funds	0	5,760
Other Entities and Individuals	67,876	124,707
	94,251	147,061

Note 10 - Capital Contributions Unapplied

10.1 The Project agreed Heads of Terms in respect of the 'Optional Site' in the autumn of 2009, with the option agreement being concluded on the 17th May 2010. Partners who paid their respective Year 1 Site option costs ahead of 31st March 2010 had these contributions carried forward and held as 'Unapplied'. During 2010-11 the payment of the Optional Site Agreement has been reclassified as Revenue expenditure with the Capital Contributions Unapplied account being written-off to Revenue as "Additional Local Authority Contributions". The balance of the Capital Contributions Unapplied Account at 31st March 2011 was nil.

Note 11 - Joint Committee (General) Reserve

11.1 The Joint Committee (General) Reserve Balance being carried forward as at 31st March 2011 (£875,653), relates to the surplus from the current financial year (£97,228) plus the Reserve brought forward from 31st March 2010 (£779,660) less an adjustment for the accumulated absences account (£1,235).

11.2 The accumulation of a substantial reserve balance is largely in-line with the budget strategy approved by the Joint Committee in December 2009 and reconfirmed in December 2010. The Partner Authorities agreed to pay their full 2010-11 budgeted contributions on the basis that any surplus would be held by the Joint Committee and used to reduce the level of Partner contributions required in future years, thereby minimising any future budgetary impact.

11.3 The Joint Committee Reserve Balance is an integral element of the sources of funding identified to support the overall Project Budget to the end of the procurement process.

Note 12 - Related Party Transactions

12.1 The Joint Committee 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.

12.2 Prosiect Gwyrdd is managed and administered by the Prosiect Gwyrdd Joint Committee. The Joint Committees terms of reference and powers delegated to it are set out in the JWA dated 12th October 2009.

12.3 Cardiff Council is the Lead Procurement Authority for the procurement stage of the project and as such is responsible for the financial and administrative arrangements relating to the Joint Committee's financial affairs.

12.4 Under the terms of the JWA any of the five Local Authority partners may provide support to the Joint Committee to assist it in discharging its

responsibilities. In the period ending 31st March 2011, the following Related Party Transactions were recorded:

Table 7: Related Party Transactions for the Year ending 31st March 2011

Authority	2009/10 £	2010/11		Related Party Details
		Income £	Expend. £	
Caerphilly CBC	(132,555)	(148,471)	65,551	Funding and Staff costs
Newport CC	(153,294)	(148,471)	1,618	Funding and Committee related expenditure
Cardiff Council	301,537	(148,471)	882,958	Funding and All other Project expenditure
Monmouthshire CC	(156,112)	(148,471)	-	Funding
Vale of Glamorgan CC	(156,112)	(148,471)	-	Funding
TOTAL	(296,536)	(742,355)	950,127	

Balances due from or to these related parties at the year end are as follows:

Authority	2009/10 £	2010/11	
		Debtors £	Creditors £
Caerphilly CBC	(23,557)	148,471	(14,976)
Newport CC	(2,818)	148,471	(1,618)
Cardiff Council	-	-	-
Monmouthshire CC	-	148,471	-
Vale of Glamorgan CC	-	148,471	-
TOTAL	(26,375)	593,884	(16,594)

Note 13 - External Audit Costs

13.1 In 2010-11 the Joint Committee incurred estimated External Audit costs of £2,500. The amount incurred in 2009-10 was also £2,500

Note 14 - Reconciliation of Comprehensive Income and Expenditure Statement to Cashflow Statement

2009/10 Restated £		2010/11 £
(779,660)	Income and Expenditure Account (Surplus)/Deficit	(97,228)
(94,251)	(Increase)/Decrease in Creditors	(52,811)
64,941	Increase/(Decrease) in Debtors	658,943
480	Increase/(Decrease) in Stocks	(300)
(20,500)	Increase/(Decrease) in Optional Site Contributions	(4,500)
0	Optional Site Contributions Paid	25,000
(828,990)	Cash (Inflow)/Outflow from Revenue Items	529,104

Note 15 – Events After the Reporting Period

15.1 There were no material events after the reporting period.

Note 16 – Date of Authorisation of the Accounts for Issue

16.1 This Statement of Accounts was authorised for issue on 26th September 2011 by Christine Salter, Treasurer to the Prosiect Gwyrdd Joint Committee. Events after the reporting period have been considered up to this date.

Annual Governance Statement 2010/11: Prosiect Gwyrdd Joint Committee

Scope of Responsibility

The five Local Authorities had each determined to set up the Joint Committee and proceed with the Procurement by decisions made by their respective Cabinets and Councils. The last such decision was made on 30th July 2009 and the Joint Committee is deemed to have become operational on 31st July 2009. The scope of responsibility was to oversee the progress and implementation of the Project, to give the Project strategic direction and to deliver those Procurement Milestones delegated to the Joint Committee by the Partner Councils.

In discharging this overall responsibility, Prosiect Gwyrdd is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Joint Committee has approved and adopted a code of corporate governance, which is, where relevant, consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This statement explains how Prosiect Gwyrdd complied with the Governance Framework and also meets the requirements of the Accounts and Audit Regulations 2005.

The Purpose of the Governance Framework

The Governance Framework comprises the systems, processes, culture and values by which the Project is directed and controlled and its activities through which it accounts to and engages with the community. It enables the Project to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Project's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The following paragraphs summarise the core principles of Prosiect Gwyrdd's Governance Framework and reflects the arrangements in place to meet the relevant core principles of effective governance.

Prosiect Gwyrdd's Governance Framework

The Partner Councils have determined that the Project structures its governance arrangements on the basis of a Joint committee with a Lead Authority. These arrangements are established pursuant to the powers in section 101 of the Local Government Act 1972. The Councils have agreed that Cardiff Council will be the lead authority for the purposes of carrying out the procurement.

The Joint Committee is the key body which oversees the Project and represents the interests of the Councils and its Stakeholders. The Joint Committee is also responsible for monitoring Project progress and managing the political dimensions of the Project.

Each Council has appointed two elected member representatives to the Joint Committee, with the Chairperson being an elected member of the Lead Council.

The key governance document is the Joint Working Agreement (JWA) which sets out:-

- Partner Authorities responsibilities and obligations
- The Joint Committee terms of reference
- The Project Board terms of reference
- Decision Making powers at these different hierarchical governance levels

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

Prosiect Gwyrdd was established to consider the future arrangements for the management of residual waste across the five local authorities of Caerphilly, Cardiff, Monmouthshire, Newport and the Vale of Glamorgan in South-East Wales. The JWA identifies the key tasks and procurement stages the project will undertake – the 'Procurement Milestones' – in order to procure a residual waste treatment solution for the Councils.

Members and Officers working together to achieve a common purpose with clearly defined functions and roles

Responsibility for decision making in relation to the functions of Prosiect Gwyrdd are clearly set out in the JWA.

The JWA sets out those matters that are reserved for the Councils, those matters that can be determined by the Joint Committee and those matters that can be determined by the Project Board.

'Matter Reserved To The Councils' – being a matter identified as such in the Procurement Milestones which will have to be referred to each Council for decision and, for the avoidance of doubt, any such matter will not be dealt with by the Project Board or the Joint Committee (as the case may be) until the matter has been determined by all the Councils. If the Councils fail to

reach the same decision in respect of such matter then the matter shall be referred under a dispute for resolution.

‘Joint Committee Matter’ – being a matter which is to be decided upon at a quorate meeting of the Joint Committee by those present and entitled to vote and any such decision will be binding on all the Councils. For the avoidance of doubt, the Joint Committee may determine that any Joint Committee Matter or any Project Board Matter may be referred back to each Council for decision.

The Joint Committee is supported in its work by the Project Board, a fully resourced Project Team and appointed professional Technical, Legal and Financial advisors.

The Joint Committee will also carry out the following functions;

- Provide strategic direction to the Project Board (to include approval of remit for the Project Board and approval of any resourcing issues);
- Act as a representative for each Council’s Executive/Cabinet to ensure consistency with individual objectives and visions;
- Monitor Project performance, management and working arrangements (to include the necessary audit and assurance checks);
- Ensure that sufficient resources are committed to the Project;
- Arbitrate on any conflicts within the programme or negotiate a solution to any problems between the programme and external bodies;
- Communicate and provide progress on strategic issues within the Project;
- Promote Partnership working between the Councils.

‘Project Board Matter’ – being a matter which is to be decided upon at a quorate meeting of the Project Board by those present and entitled to vote and any such decision will be binding on all the Councils;

It has been agreed that the Joint Committee will follow the principles of the Lead Authority’s Financial and Contract Procedure Rules and their Scheme of Delegations.

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

As Cardiff is the lead authority Prosiect Gwyrdd is primarily following Cardiff Council policies and procedures. Cardiff Council’s values have been actively communicated across the Project and the Council’s performance and development arrangements have been adopted which include specific tools to support staff in reflecting on how best to bring these behavioural values to life in their day to day work. Staff would have undertaken induction training which provides information on a range of policies, procedures and regulations

including those relating to financial control, Health & Safety, Equalities and IT Security.

The lead authority takes fraud, corruption and maladministration very seriously and has the following policies to prevent, and deal with, such occurrences:

- Whistleblowing Policy
- Anti-Fraud and Anti-Corruption Strategy
- HR policies regarding disciplinary of staff involved in such incidents;

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

Responsibility for decision making in relation to the functions of Prosiect Gwyrdd are clearly set out in the JWA and these have been outlined above.

The JWA, and Project Plan, include key milestones to be met which are monitored on a regular basis through reports to the Project Board. This allows all Members Authorities to track progress against the key objectives, monitor performance against milestones and inform remedial action where required. External Quality Assurance is also obtained from the Welsh Government appointed Partnerships UK Transactor, whilst OGC Gateway Reviews are to be undertaken at various stages of the project.

Highlight reports to Project Board also include assessment of the key risks and their mitigations and sets out the challenges and issues for the forthcoming stage of the procurement process.

The Project maintains a comprehensive risk register that identifies all of the Projects Risks and how they link with the proposed contract risk allocation Matrix. Each partnering authority has also signed off the Project Risk Register and committed to ensure that their own Authority's' risks regarding the project are raised at the Corporate Management level as necessary.

The project has in place an approved Project Budget, which details the resources needed, allocated over financial years, to the end of the procurement.

Project officers are acutely aware of the need to maximise value for money from the approved resources. Therefore, the Project Budget is reviewed at least annually as part of the annual budget setting process, to review the adequacy of existing resources and to review and re-align resources, where appropriate to do so.

All key resource commitments are reviewed on a regular basis, particularly, externally procured advisor support, which is reviewed as part of a regular programme of detailed contract review meetings. All resources are subject to a level of scrutiny and challenge to ensure that the partnership secures continuous improvements and value for money.

The system of financial management is based on a framework of regular management information, Financial Procedure Rules within the Lead Authority's Constitution and a system of delegation and accountability. The Prosiect Gwyrdd Project budget is managed within this framework.

Financial Reports in terms of forecasting and budget monitoring will be presented to the Prosiect Gwyrdd Joint Committee at least quarterly, in-line with the requirements of the JWA.

A Member Joint Scrutiny Panel operates whose terms of reference include a role in ensuring the Project decision making process adheres to the published evaluation criteria and process.

The City & County Treasurer, who is also Cardiff Council's Section 151 Officer, has overall responsibility for the financial administration of the Joint Committee in her role as Treasurer to the Joint Committee. The Joint Committee's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Developing the capacity and capability of Members and Officers to be effective

Prosiect Gwyrdd staff participate in Cardiff Council's Personal Performance and Development scheme through which each member of staff has regular structured opportunities to discuss their objectives, performance against those objectives, and their development needs and aspirations.

Prosiect Gwyrdd also benefits from its new staff attending an induction programme to introduce them to the Cardiff Council and its values, objectives, policies and procedures.

A number of worksheet sessions for Project Board have been developed to explore issues arising from the procurement. In addition Project Team members have received specific Competitive Dialogue training.

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

The procurement of a major waste facility will be large scale and complex exercise which will impose obligations on the Project to protect the confidentiality of bidders solutions and which will restrict the availability of information that can be released to stakeholders.

Working within these constraints the Project has extensively engaged with local stakeholders through the following events:-

- A series of Roadshows and drop-in information sessions in each of the constituent Council areas have been run.
- A Focus Group with residents from across the five authority areas has been established with the intention to have two to three events each year.

In addition a dedicated website for the Project has been developed – www.prosiectgwyrdd.co.uk -

Review of Effectiveness

Regulation 4 of the Accounts and Audit (Wales) Regulations 2005 requires authorities to carry out an annual review of the effectiveness of the system of internal control.

The review of the effectiveness of the system of internal control is informed by:-

- The senior managers within the Project and the Project Board who have responsibility for the development and maintenance of the internal control environment;
- The external auditors and other review agencies and inspectorates;
- The work of Internal Audit;
- Comments made by the public in the form of questions, complaints or ombudsman matters;
- The outcome of any Scrutiny reviews;
- Views or comments from the Joint Committee or any constituent Council.

An Internal Control Self Assessment

For 2010-11 Project Board have considered and completed a Senior Management Assurance Statement on internal control arrangements within the Project. The Project Board are responsible for monitoring and reviewing internal controls as an integral part of the risk management process.

Significant issues and risks were considered on highlight reports presented to Project Board during the financial year.

External Audit and Inspection

External Audit is provided by the Wales Audit Office (WAO). The findings from WAO's audit of the 2009-10 Statement of Accounts included that it did not identify any material weaknesses in Prosiect Gwyrdd's internal controls and that there were no other significant audit matters of governance interest to report.

The Office of Government Commerce (OGC) Gateway Review teams will provide independent reviews at various stages of the procurement. No reviews were scheduled or undertaken in 2010-11.

Internal Audit

An Internal Audit service to the Project has been provided by Cardiff Council's Internal Audit Section. The costs of this service have been recovered through

a time based Central Support Service charge. During the audit work undertaken no significant concerns about the financial information reported or any significant matters of governance were identified.

Other Sources of Assurance

As part of the Memorandum of Understanding signed between the Welsh Government and the Partnership, the project is assigned a dedicated Transactor (seconded from Partnerships UK). In addition, the project has access to a number of other project officers from within the Waste Procurement Project Office (WPPO) in the Welsh Government. The Transactor is a member of the Project Board and has a key role in terms of monitoring progress and providing assurance. In essence, the Transactor acts as a 'critical friend' ensuring that the project is progressing effectively and that decisions are consistent with the terms and condition previously agreed with the Welsh Government as part of the funding agreement.

The Project also shares information with other projects in Wales and obtains lessons learnt from projects in England that have already delivered partnerships and residual waste contracts.

Significant Governance Issues

Potential Delays to the Procurement timetable

Action implemented - Review budget to meet revised timetable with relevant financial and legal implications clearly documented.

Potential withdrawal of participant from bidding process

Action implemented - Regular dialogue meetings with participants including review of achievability of key deadlines for submission of information.

Key staffing changes

Action implemented - Handover procedures, regular meetings of Project Board and Project Team.

Monitoring

The JWA provides for relevant matters to be reported to the Joint Committee so that these matters can be monitored and reviewed. In addition, the above significant issues will be regularly monitored and considered further by Project Board including as part of the annual assessment of the Statement on Internal Control.

Project Board were also encouraged to identify any "new" issues for inclusion in the 2010/11 assessment of Internal control.

Certification by the Chair of the Joint Council and the Senior Responsible Officer (SRO)

The Treasurer to the Joint Committee and the Project Board are content that the process followed has been robust and has ensured the engagement of the Project Manager / Director and the Project Team.

Project Board will continue to review the effectiveness of the systems of internal control and the plans to provide improvements in review processes, address weaknesses to ensure continuous improvement of the system of internal control are in place.

On the basis of this process, the legal and financial advice of the statutory officers, and the Project's Policies and working arrangements we certify that we approve the Annual Governance Statement 2010/11.

Date:_____

Councillor M Stephens
Chair, Prosiect Gwyrdd Joint Committee

Date:_____

Rob Quick
Senior Responsible Officer, Prosiect Gwyrdd

Independent auditor's report to the Prosiect Gwyrdd Joint Committee

I have audited the accounting statements and related notes of the Prosiect Gwyrdd Joint Committee for the year ended 31 March 2011 under the Public Audit (Wales) Act 2004. The accounting statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet and Cash Flow Statement.

The accounting statements have been prepared under the accounting policies set out in the Statement of Accounts.

This report is made solely to the Prosiect Gwyrdd Joint Committee in accordance with Part 2 of the Public Audit (Wales) Act 2004 and for no other purpose as set out in the *Statement of the Responsibilities* prepared by the Auditor General for Wales.

Respective responsibilities of the responsible financial officer and the independent auditor

The Chief Corporate Services and Section 151 Officer is responsible for preparing the statement of accounts, in accordance with relevant legal and regulatory requirements and proper practices.

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

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Prosiect Gwyrdd Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword and Summary Financial Performance to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of the Prosiect Gwyrdd Joint Committee

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the Prosiect Gwyrdd Joint Committee as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11.

Opinion on other matters

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

Certificate of completion of audit

I certify that I have carried out the audit of the accounts of the Prosiect Gwyrdd Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

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

Date September 2011

The maintenance and integrity of Prosiect Gwyrdd web site is the responsibility of Caerphilly County Borough Council; 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 statement of accounts since it was initially presented on the web site.