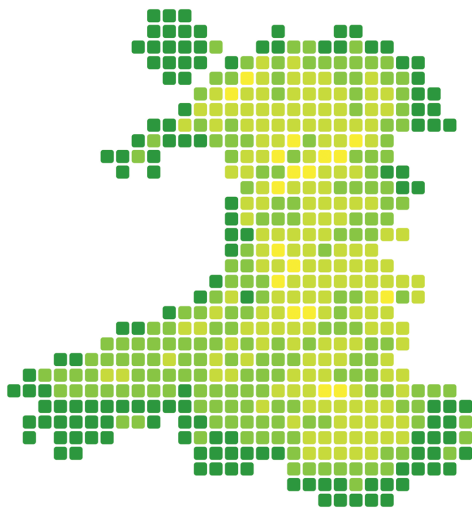


THE LOCAL DEMOCRACY AND BOUNDARY COMMISSION FOR WALES



Comisiwn Ffiniau a
Democratiaeth Leol
Cymru



Local Democracy and
Boundary Commission
For Wales

***ANNUAL REPORT AND FINANCIAL
STATEMENTS
2020/2021***

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Contents

PERFORMANCE REPORT	1
ACCOUNTABILITY REPORT	8
FINANCIAL STATEMENTS	34

CHAIR'S FOREWORD

The Commission is pleased to present its Annual Report for 2020/21.

The Report contains information about the Commission, its activities and the governance arrangements for the reporting period. The Commission has made considerable progress during the year in its work of reviewing the electoral arrangements of the Principal Councils in Wales. Final Reviews have been submitted to the Minister, most of the other reviews are in various stages of completion, leaving two reviews to be commenced.

The Commission hopes that this Annual Report will assist in informing you more about the work of the Commission, how it went about its tasks, and how the Grant-in-Aid allocated to it by the Welsh Government was utilised.

Debra Williams
Chair
26 July 2021

PERFORMANCE REPORT

for the year ended 31 March 2021

OVERVIEW

This section gives a summary of the Commission's purpose, corporate objectives, the key risks to the achievement of its objectives and how it has performed during the year.

Chief Executive's Statement on the Performance of the Commission

The Local Democracy and Boundary Commission for Wales (the Commission)'s Remit Letter of 19 March 2020 issued by Welsh Ministers set out what the Commission should achieve during the financial year 2020-21. A subsequent operational plan setting out how the Commission would achieve its objectives was submitted to Welsh Government.

I consider that the Commission met all of its objectives fully. This is considered in more detail under the Performance Analysis and Review of Activities during 2020-21 sections of this report below on pages 3 to 7.

Statement of Purpose and Activities

The Commission is a Welsh Government Sponsored Body (WGSB). The Commission was established in 1974 under the terms of the Local Government Act 1972 as the Local Government Boundary Commission for Wales and renamed under the terms of Section 2 of the Local Government (Democracy)(Wales) Act 2013 (the 2013 Act). The provisions of the 2013 Act in respect of the Commission replace those of the 1972 Act.

The purpose of the Commission is:

To monitor areas and electoral arrangements relevant to local government in Wales for the purpose of considering whether it is appropriate to make or recommend changes. In carrying out its duties the Commission must seek to ensure effective and convenient local government.

The Commission is required under the 2013 Act to carry out reviews of the electoral arrangements of Wales' principal councils at least once every 10 years.

The Commission conducts its reviews by means of consultation with the principal councils, community councils and other interested parties including the public. The Commission announces and publicises its intention to conduct the review and invites representations from all interested parties for a period of between six and twelve weeks. The Commission then takes account of representations received when formulating its draft proposals which are published in a report outlining the Commission's decisions in respect of changes (if any) to the existing boundary or electoral arrangements. The Commission announces the publication of its Draft Proposals Report and enters into a further consultation period during which further representations are invited from interested parties. These representations are then taken into account when the Commission formulates its final proposals. The Commission's final proposals are published in a report which is submitted to Welsh Ministers, who may if they think fit make an order giving effect to any proposals made by the Commission, either as submitted or with modifications. The Commission publicises the publication of its Final Proposals Report and there is a six week period during which interested parties may make representations concerning the Commission's proposals to the Minister.

Corporate Objectives

The Commission's Corporate Objectives are:

- Ensuring principal area electoral arrangements are fit for purpose – developing a programme of electoral reviews in line with Welsh Government policy objectives.
- Ensuring community boundaries and electoral arrangements are fit for purpose - Work with principal councils to ensure Community boundaries and electoral arrangements are regularly reviewed and coordinated with the programme of electoral reviews.
- Ensuring the boundaries of principal council areas are fit for purpose – As appropriate review principal area boundaries.
- Developing the effectiveness and efficiency of our business – Maintain a high level of Corporate Governance, constantly engage with stakeholders to create a reputation for excellence in all that we do and ensure that the skills of the staff are developed and maintained.
- Ensuring that the Welsh Government's principles in respect of sustainable development, equality and diversity and the Welsh language are embedded in our work.

Risks and uncertainties

Risks faced by the Commission relate largely to operational and information areas and the technical capacity to carry out its programme of review work and meet the Welsh Ministers' requirements set out in their annual Remit Letter to the Commission. The risks relating to capacity to carry out review work are managed by reviewing staff requirements and structure and adopting policies, such as the direct employment of staff, to ensure continuity of knowledge of the review procedures. The Commission also reviews its future budgets to ensure they are adequate for the programme of work to be undertaken. Operational risks are managed by the maintenance of clear desk instructions for staff. Information requirements are limited to specialised areas including the use of Geographical Information System software. There are also elements of risk in the areas of health and safety and fraud/theft. Regular health and safety checks are carried out by senior management and acted upon by the Commission. Integral to the Commission's internal system of control is the engagement of independent accountants whose role in the financial systems and accounts production reduces the risk of fraud and money laundering. The Commission's internal auditors produce an annual report which is considered by the Audit and Risk Assurance Committee and the recommendations made are acted upon.

Risks are also managed by the maintenance of a risk management policy together with Corporate, Operational, Pensions and ICT Risk Registers. The Corporate Risk Register is reviewed at every Commission meeting and all risk registers are reviewed at Audit and Risk Assurance Committee meetings. In addition to this the Commission maintains a Business Continuity Plan which is tested and updated on a regular basis.

During 2020-21 the Commission continued to follow COVID 19 guidance and restrictions issued by the Welsh Government. Staff continued to work from home during full lockdown periods with a rota based partial return to office working for a low number of staff during periods when restrictions were eased. The Commission continued to monitor the risks associated with the COVID 19 restrictions, together with mitigating actions in place, as part of their monthly review of the corporate risk register.

Further details of the risks faced by the Commission can be found in the Governance Statement on page 16.

Going Concern

These accounts are prepared on a going concern basis. To the best of my knowledge I am satisfied that the net current liabilities will be financed from resources voted by the Welsh Government (Grant-in-Aid) in the future.

Performance Summary

During 2020-21 the Commission worked towards meeting the requirements of its Remit Letter and keeping to deadlines set in its timetable for the review of electoral arrangements for principal councils in Wales. The Commission considers that it successfully met both of these aims as set out in the Performance Analysis below.

PERFORMANCE ANALYSIS

For 2020-21 the Welsh Ministers' Remit Letter issued on 19 March 2020 stated that she expected the Commission:

- To continue with the electoral review programme, with the aim of completing all 22 reviews in accordance with the published timetable.
- To continue to consider how accessible the work of the Commission is and in particular how easy it is for all members of the public to understand the reports issued.
- To continue to consider how the work of the Commission takes into account developments in the post Brexit environment and the decision to extend voting rights to 16 and 17 year olds and qualifying foreign citizens in Wales.
- To continue to ensure there are appropriate systems in place to support the work of the Commission, including developing and replacing existing systems as appropriate.

The Commission's operational plan set out how it intends to fulfil the Minister's requirements. The following details the proposed actions and to what extent they were fulfilled:

To continue with the electoral review programme with the aim of completing all 22 reviews in accordance with the published timetable.	The Commission published Draft Proposals reports for the proposed electoral arrangements of 2 principal councils and published Final Recommendations for the electoral arrangements of 8 principal councils. At the end of the reporting period the Commission were preparing to publish Final Recommendation for the last principal council in their review programme.
To consider how accessible the work of the Commission is for the public both in terms of access and understanding the reports issued.	The Commission continued the practice of publishing infographics on their website for each electoral review which provide individuals with an easy to understand overview of the key facts for the review.
To continue to consider how the work of the Commission takes into account developments in the post Brexit environment and the decision to extend voting rights to 16 and 17 year olds and qualifying foreign citizens in Wales.	The Commission has considered the effects of these issues during 2020-21 and will continue to do so in the coming year. For electoral reviews the Commission included 16 and 17 year olds in their 5 year electorate projections. Data for qualifying foreign citizens in Wales was provided by the Office for National

	Statistics.
To continue to ensure there are appropriate systems in place to support the work of the Commission, including developing and replacing existing systems as appropriate.	<p>During 2020-21 the Commission established a robust Work from Home system for all staff and developed new digital procedures to replace existing paper based ones to ensure the continuity of business during the COVID 19 pandemic restrictions.</p> <p>The Commission also significantly upgraded their information database system.</p>

A Post Review Questionnaire has been developed and will be used following the publication of review of electoral arrangements Final Recommendations for each Welsh principal council.

The Commission's Corporate Plan agreed in November 2019 sets out the corporate objectives. Each objective is set out below together with the actions taken by the Commission to meet them:

1. Ensuring principal area electoral arrangements are fit for purpose – developing a programme of electoral reviews in line with Welsh Government policy objectives.
 - Developed and published programme of electoral reviews in 2016.
 - Commenced programme of electoral reviews in late 2016-17.
 - Programme of electoral reviews complied with Electoral Reviews Policy and Practice.
 - During 2018-19 the Commission produced an analysis of the effects of the extension of the electoral franchise to 16/17 year olds and all foreign nationals and has continued delivery of reviews with progress reports at every meeting.
 - Currently on track to deliver electoral review programme by 2021 target date.

2. Ensuring community boundaries and electoral arrangements are fit for purpose - Work with principal councils to ensure Community boundaries and electoral arrangements are regularly reviewed and coordinated with the programme of electoral reviews.
 - Consulted on and published Community Reviews Guidance.
 - Contributed to the work of the Welsh Government's Independent Review Panel on the future role of community and town councils.
 - Commission has provided advice to principal councils regarding the conduct of community reviews as required.

3. Ensuring the boundaries of principal council areas are fit for purpose – As appropriate review principal area boundaries.
 - Commission has continued to keep principal council area boundaries under review.

4. Developing the effectiveness and efficiency of our business – Maintain a high level of Corporate Governance, constantly engage with stakeholders to create a reputation for excellence in all that we do and ensure that the skills of the staff are developed and maintained.
 - Reviewed Risk Register and budget monitoring at every meeting.

- Internal Audit reports with good assurance ratings.
 - Good annual Audit Opinion from Internal Audit.
 - Engaged with all principal, town and community councils at the start of each electoral review.
 - Met with Welsh Government Minister for Housing and Local Government, Welsh Government sponsor division, the Welsh Local Government Association, the Electoral Commission and the Association of Electoral Administrators.
 - The Commission's electoral review portal demonstrates efficiency, excellence and engagement with stakeholders.
 - Staff training throughout the year including 4 half day Masterclasses on Senedd and local government expectations and relationships, Welsh Language beginner's course, Coaching and Mentoring, MS Word and MS Excel. The Commission's 2020-21 staff survey results showed that:
 - I. 100% of Commission staff considered that they were able to access the right learning and development opportunities when they needed to.
 - II. 89% of Commission staff considered that learning and development activities completed in the past 12 months had helped to improve their performance.
 - III. 67% of Commission staff considered that there were opportunities for them to develop their career in the organisation.
 - IV. 78% of Commission staff considered that the Learning and development activities they had completed while working for the Commission were helping them to develop their career.
 - Maintained an automated switchboard system for answering Welsh speakers. However, the Commission also considered that number of Welsh speaking staff was not as high and the in-house Welsh language expertise not as strong as the Commission would have liked.
5. Ensuring that the Welsh Government's principles in respect of sustainable development, equality and diversity and the Welsh language are embedded in our work.
- Welsh Language embedded in every document produced by the Commission.
 - Commission fully compliant with Welsh Language Standards.
 - Commission undertakes Green Dragon auditing annually.
 - Commission staff have commenced Equality and Diversity Impact Assessment Training.
 - Although not subject to the Wellbeing of Future Generations Act, the Commission takes on board the spirit of the Act.
 - The Commission's electoral reviews aim for equality of votes which results in equality in the community.
 - The Commission carries out a Welsh Language and Equality Impact Assessment on each final review report.

Review of Activities during 2020-21

During 2020-21 the Commission published Draft Proposals Reports for its reviews of the electoral arrangements for Isle of Anglesey in May 2020 and Monmouthshire in December 2020. The Commission published Final Recommendations Reports for its reviews of the electoral arrangements for Flintshire in May 2020, Newport in August 2020, Neath Port Talbot in October 2020, Wrexham, Caerphilly, Cardiff and Isle of Anglesey in November 2020 and The Vale of Glamorgan in February 2021.

The Commission undertook the necessary work to meet the requirements of the Welsh Language Standards Compliance Notice from the Welsh Language Commissioner during the year and published its Welsh Language Annual Report for 2019-20 in July 2020.

The Commission discharged its corporate management obligations in accordance with its Framework Document, the Commissioners' Code of Best Practice, Complaints Procedure, Code of Practice on Public Access to Information and its Welsh Language Standard Policy.

The Commission undertook their annual staff survey during 2020-21. The Commission was pleased with the results of the Staff Survey as it had been able to maintain levels of positive responses on par with results from 2019/20. Key improvements include the 17 point increase in relation to 'Taking Action' indicating that the Commission has actively responded to the issues raised in the previous Staff Survey.

The Commission continued to provide a Secretariat to the Boundary Commission for Wales during 2020-21, for which the Commission received funding for expenditure directly from the Cabinet Office. The 2020-21 funding relating to the Boundary Commission for Wales was £208,830 (2019-20; £95,783), as disclosed in Note 4 to the accounts on page 41. The Commission will continue working on the 2023 Review of Parliamentary Constituencies during 2021-22 and therefore an increase in funding is expected for that year.

Future Developments

During 2021-22 the Commission will complete its timetable of electoral review work programme for principal councils in Wales by publishing Final Recommendations for Monmouthshire.

The Commission will also carry out its role in any future community reviews to be undertaken by principal councils and will continue to provide principal councils with any advice and guidance they may require.

The Commission also have an on-going obligation to keep under review the areas of principal councils and to give consideration to any recommendations made by principal councils in respect of community area reviews undertaken by them.

The Chief Executive will continue to assess the Commission's processes for producing the Governance Statement throughout the year. As part of the production of the Annual Report and Accounts a Governance Statement, supplemented by the Annual Report of the Audit and Risk Assurance Committee, will be produced. Consideration of corporate risks is given at each Commission meeting.

The Commission will commence consideration of their Policy and Practice for the next programme of electoral reviews which is expected to commence in 2023.

The Commission's Secretariat also provides a Secretariat to the Boundary Commission for Wales and will continue the 2023 Review of Parliamentary Constituencies in Wales by publishing the Initial Proposals, undertaking the first consultation and the second consultation which will include the public hearings.

Financial Results

The net expenditure for the year amounted to £807,767 (2019-20; £845,556) and this has been transferred to the general reserve. Grant-in-Aid received from the Welsh Government

amounted to £765,197 (2019-20; £881,684) and this has been credited direct to the general reserve.

Payment of Creditors

The Commission's payment policy is to pay all invoices within 30 days of receipt. This policy is in accordance with the requirements laid down in the Late Payment of Commercial Debts (Interest) Act 1998 and follows the Better Payment Practice Code issued by the Department of Trade and Industry. In 2020-21, the Commission received 274 invoices and paid 99% of these within 30 days and 91% within 10 days (2019-20, received 342 invoices and paid 100% of these within 30 days and 94% within 10 days).

Environmental, Social and Community Issues

The Commission is actively pursuing policies that will seek to reduce the impact the Commission's operations have on the environment. Whilst the Commission will undertake a number of initiatives to reduce environmental impact, such as ensuring all members of staff receive sustainable development training, the main delivery will be achieved via the Green Dragon Environmental Standard and through the Commission's sustainable procurement policies. The Commission has developed a Sustainable Procurement Policy and Strategy and the Commission's work towards reducing the environmental impact of its activities has been recognised with the awarding of level two of the Green Dragon Environmental Standard. The Commission has also achieved level three of the Sustainable Procurement Assessment Framework in the key areas.

The Welsh Government's strategic agenda is set out in the Programme for Government. It emphasises the outcomes that Welsh Government are working towards: healthy people living productive lives in a more prosperous and innovative economy; safer and more cohesive communities, with lower levels of poverty and greater equality; a resilient environment with more sustainable use of our natural resources and a society with a vital sense of its own culture and heritage. The Commission acknowledges and supports the commitment of the Welsh Government to develop more inclusive and cohesive communities across Wales, and will endeavour to take account of that commitment in making any recommendations.

Long Term Expenditure Trends

The Commission's funding and expenditure is linked to programmes of electoral review work undertaken for principal councils in Wales. It is expected that the Commission's level of expenditure during 2021-22 will be less than the previous year due to the expected completion of the programme of electoral review work which commenced in January 2017 and is due to end in mid 2021.

SHEREEN WILLIAMS
Accounting Officer
26 July 2021

ACCOUNTABILITY REPORT

for the year ended 31 March 2021

CORPORATE GOVERNANCE REPORT

Commission Members, Chief Executive and Senior Staff

The Commission Members throughout 2020-21 were:

Debra Williams	(Chair)
Ceri Stradling	(Deputy Chair)
David Powell	(Member)
Julie May	(Member)
Theodore Joloza	(Member)

Independent Member of the Audit and Risk Assurance Committee:

Julie James

Senior managers throughout 2020-21 were:

Shereen Williams (Chief Executive and Accounting Officer)
Tom Jenkins (Head of Policy & Programmes)

The appointment of the Chair, Debra Williams, is for a term of 2 years running from 1 January 2020 until 31 December 2021.

The appointments of the Deputy Chair, Ceri Stradling, and Member, David Powell, are for terms of 2 years and 6 months running from 1 October 2019 until 31 March 2022.

The appointments of Members Julie May and Theodore Joloza are for terms of 3 years running from 1 September 2018 to 31 August 2021. After the reporting period the appointments of Julie May and Theodore Joloza were extended for a further 4 months until 31 December 2021. However, Theodore Joloza decided to step down from his role as Commission member in July 2021.

The appointment of the Independent Audit and Risk Assurance Committee Member, Mrs Julie James is for a term of 3 years running from 1 September 2019 until 31 August 2022.

Register of Interests

A register of any company directorships and other significant interests is maintained and held at the Commission's offices in Hastings House, Cardiff and is available for inspection by the public on request. Alternatively, the register can be accessed from the Commission's web site at: <http://ldbc.gov.wales/about/register/>. An annual reminder is sent regarding the need to update this information. Arrangements are also in place for both members and officers to declare interests in respect of decision making at the start of each Commission and Audit and Risk Assurance Committee meeting.

Personal Data Management

The Local Democracy and Boundary Commission for Wales takes all reasonable measures to protect the personal data obtained from its stakeholders and employees during the course of its business activities. Data management controls include password protection on

all databases holding personal and sensitive data, restricting access to data, holding manual data in locked cupboards and ensuring data handling protocols are in place.

Although personal data handled by the Commission is largely limited to that relating to the Commission's employees, information security obligations are treated seriously. 'Protecting Information' training has been undertaken by all staff and all personal data files are kept in locked cabinets. The Commission operates its own ICT system and Commission members of staff were required to comply fully with the Commission's IT data security rules and procedures.

There were no data security incidents during 2020-21 (2019-20: no data security incidents).

Appointment of Auditors

The accounts of the Commission are audited by the Auditor General for Wales under Section 19 of the Local Government (Democracy) (Wales) Act 2013. Audit fees are disclosed in Note 3 to these accounts.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee met on three occasions during the year 2020-21. The Committee was chaired by Ceri Stradling. David Powell and Theodore Joloza served as members of the Committee and Julie James served as the Committee's independent member. The Audit and Risk Assurance Committee's main duties are to consider the effectiveness of the Commission's overall internal control and risk management systems and to ensure adequate processes and mechanisms are in place for the assessment and management of risk. It considers the scope of audit coverage and adequacy of management responses to the audit recommendations and advises the Chief Executive on audit and compliance matters.

Financial Instruments

Details of Financial Instruments are given at Note 6 to the accounts on page 42.

Information

The Commission's Code of Practice on Public Access to Information requires all requests for information covered by the Freedom of Information (Fol) Act to be met within 15 working days. In 2020-21 there were 15 requests for information covered by the Fol Act, 100% of which were provided within 20 working days of receipt of the request. This compares to 2019-20 where there were 4 requests for information (100% of which were provided within 20 working days of receipt of the request).

The Local Democracy and Boundary Commission for Wales has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Ministerial Directions

As a Welsh Government Sponsored Body we are subject to non-statutory instruments, containing appropriate directions. No Ministerial Directions were issued to the Commission during 2020-21.

Gifts and Hospitality

A register of Gifts and Hospitality is maintained for members and staff. The Commission's Gifts and Hospitality Policy requires members and staff to declare offers of gifts of a value of £5 or above and hospitality of a value of £20 or above, whether accepted or declined and whether directly related to Commission business or not. The Gifts and Hospitality Register and declarations are considered at every Audit and Risk Assurance Committee meeting. During 2020-21 no offers of gifts or hospitality were received (2019-20: no offers of gifts or hospitality were received).

Complaints Procedure

The Commission has a Complaints Procedure whereby complaints may be made (by letter, e-mail or telephone) by contacting the Commission. The Commission's Complaints Policy was fully revised in January 2014 following a provision of the Local Government (Democracy) (Wales) Act 2013 which added the Commission to the listed authorities in Schedule 3 to the Public Services Ombudsman (Wales) Act 2005 and brought the Commission under the jurisdiction of the Public Services Ombudsman Wales. Information on how complaints are handled can be found within the Commission's Complaints Procedure document, which can be viewed on the Commission's web site (www.ldbc.gov.wales) or can be obtained from the Commission's offices at the following address:

The Chief Executive
LDBCW
Ground Floor
Hastings House
Fitzalan Court
Cardiff CF24 0BL

The work of the Commission comes within the remit of the Public Services Ombudsman for Wales. All members of staff are required to attend training on complaints handling. The Commission received one complaint during 2020-21 (2019-20: one complaint received). The complaint was that the Commission had acted on a request made by the Chair of an association to withdraw the association's representation regarding the Flintshire electoral review without checking whether the request had the full backing of the association. The Chief Executive responded to the complainant explaining that they had received a letter from the Chair of the association requesting that the representation be withdrawn but that the association still had time to submit their representation to the Minister should they wish to do so. The Commission also informed Welsh Government regarding the situation.

Welsh Language Standards

The Commission has appointed a Welsh speaking permanent staff members as Welsh Language Champion. They have an open remit to work with the Commission staff to raise and improve our use of the Welsh Language. The Commission issues annual reports giving details of how it has complied with the Welsh Language Standards as imposed in the Welsh Language Commissioner's 2016 Final Compliance Notice to the Commission. A copy of the 2020-21 report will be supplied on request or may be accessed on the Commission's web site.

Statement of the Commission's and the Accounting Officer's Responsibilities

Under the Local Government (Democracy)(Wales) Act 2013, Welsh Ministers have directed the Commission to prepare for each financial year a statement of accounts in the form and on the basis determined by the Welsh Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- i) observe the accounts direction issued by the Welsh Ministers including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ii) make judgements and estimates on a reasonable basis;
- iii) state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- iv) prepare the financial statements on a going concern basis; and
- v) confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair balanced and understandable.

The Welsh Government has appointed the Chief Executive as Accounting Officer of the Commission. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping of proper records and for safeguarding the Commission's assets, are as set out in the Accounting Officers' Memorandum and Managing Welsh Public Money published by the Welsh Government.

As the Commission's Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Commission's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

SHEREEN WILLIAMS

Accounting Officer

26 July 2021

ANNUAL GOVERNANCE STATEMENT

2020/21

1. INTRODUCTION

The Local Democracy and Boundary Commission for Wales (“the Commission”) is a statutory body that is sponsored by the Welsh Government and, as such the Commission is required to operate a robust system of corporate governance. The Commission is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. The relationship between the Commission and Welsh Government is defined in a Framework Document.

This Governance Statement is to provide evidence of how the Accounting Officer has managed and controlled the resources used in his or her organisation through the course of the year in line with the principles set out in HM Treasury’s Corporate Governance Code¹.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the committees, systems and processes, cultures and values, by which the Commission operates and its activities through which it accounts to, engages with and reports to the community. It enables the Commission 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 Commission’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 Commission’s overall conclusion for 2020-21 is that the level of governance throughout the year has been sound. The Audit and Risk Assurance Committee’s annual self-assessment exercise for 2020-21 indicated that there was full compliance with good practice.

3. GOVERNANCE FRAMEWORK

3.1 Welsh Government Framework Document, Operational Plan and Remit Letter

The respective roles of the Welsh Government as Sponsor Department and the Commission are set out in a Framework Document. The Framework Document sets out the broad framework within which the Commission operates and details the terms and conditions under which the Welsh Ministers provide Grant-in-Aid to the Commission. This includes the requirement for the Commission to produce an

¹ http://www.hm-treasury.gov.uk/psr_governance_corporate.htm

annual Operational Plan. The Commission are currently consulting with Welsh Government on a revised version of their Framework Document.

The Commission's annual Operational Plan is agreed between the Commission and the Welsh Government and sets out the main work of the Commission for the coming financial year and how this work will be financed. The Operational Plan is produced following the receipt of a Remit Letter from the Welsh Ministers which sets out its policy aims, the notification of the allocated grant-in-aid to the Commission with related budgetary control and guidance on specific requirements in relation to business planning for the coming year.

3.2 Accounting Officer

The Welsh Government designates the Commission's Accounting Officer (normally the Chief Executive). The Accounting Officer's responsibilities are set out in the Welsh Government's publication Managing Welsh Public Money.

The Commission's Chief Executive, Shereen Williams, was designated as Accounting Officer by Welsh Government on 7 January 2019.

3.3 The Corporate Management Team

The Corporate Management Team meets monthly and normally comprises the Chief Executive, Deputy Chief Executive, Head of Policy and Programmes, Head of Business and Finance Manager. Other officers are called on for their professional expertise as required. During the reporting period the Deputy Chief Executive was seconded to Welsh Government and left the Commission in January 2021.

3.4 Committee Structure

The legislation requires that the Commission board shall consist of a 'chairing member' (Chair), a 'deputy to the chairing member' (Deputy Chair) and not more than three other members. During 2020-21 the Commission maintained a quorate of 3 members present at all meeting as stipulated in the Commission's Terms of Reference and thereby meeting the requirements of the legislation. In general, the Commission meets once per month but may meet more or less frequently depending on the flow of work.

In order to support the Commission in respect of issues of risk, financial propriety, internal control and governance and associated assurance an Audit and Risk Assurance Committee has been appointed. The Audit and Risk Assurance Committee comprises three members of the Commission (not the Chair) and an appointed independent member. The Audit and Risk Assurance Committee is scheduled to meet at least three times a year. The Chair of the Audit and Risk Assurance Committee may convene additional meetings as they deem necessary. A representative of the Commission's Welsh Government Sponsor division can attend Audit and Risk Assurance Committee meetings should they consider it necessary to do so.

The Commission is also supported in respect of workforce matters of a confidential or sensitive nature by a Workforce Sub-Committee which meets as required.

The Corporate Management Team attend both Commission and Audit and Risk Assurance Committee meetings. Other officers are called on for their professional

expertise as required. Representatives of Internal and External Audit and Welsh Government attend the Audit and Risk Assurance Committee.

The Commission's Assurance Framework Map is at Annex A.

3.5 The Commission

The Commission is responsible for the strategic direction and management of our organisation. The role of the Commissioners is to make key decisions on corporate policy and the formulation of the Corporate and Operational Plans. They also promote high standards of public finance, upholding the principles of regularity, propriety and value for money and ensure that the Commission's activities are conducted efficiently and effectively.

During 2020-21 the Commission prepared and monitored the Operational and Corporate Plans, reviewed the Risk Register and received updates on Welsh Language Standards. Focus of policy during the year was overseeing delivery of the Operational Plan and ensuring the programme of electoral review work remained on target for delivery by 2021.

The Commission met 13 times during 2020-21 to discharge its responsibilities. Commission Members attendance at these meetings is set out below:

Commission Meetings 2020 – 21		
	Meetings held during period of appointment	Meetings attended
Debra Williams (Chair) ¹	13	11
Ceri Stradling (Deputy Chair)	13	13
David Powell (Member)	13	13
Theodore Joloza (Member)	13	13
Julie May (Member) ²	13	12

¹ D Williams was unable to attend the Commission meetings held on 12 May 2020 and 9 June 2020.

² J May was unable to attend the Commission meeting held on 1 September 2020.

3.6 Audit and Risk Assurance Committee

During 2020-21 the Committee scrutinised the Corporate, Operational, ICT and Pensions Risk Registers and risk management arrangements together with the Assurance Framework, internal controls and governance arrangements and provided assurance to the Commission that the systems, processes and behaviours that exemplify good governance and effective operation are in place. The Committee received all audit reports and monitored the progress of audit recommendations raised. They also assessed the effectiveness of internal audit.

The Commission's Audit and Risk Assurance Committee produce an Annual Report which provided positive feedback to the Accounting Officer on the completeness and reliability of the assurances obtained by the Commission on its risk management and internal controls.

The minutes of the Commission's Audit and Risk Assurance Committee are published on the Commission's website.

The Audit and Risk Assurance Committee met 3 times during 2020-21 to discharge its responsibilities. Committee Members' attendance at these meetings is set out below:

Audit and Risk Assurance Committee Meetings 2020 – 21		
	Meetings held during period of appointment	Meetings attended
Ceri Stradling (Chair)	3	3
David Powell (Member)	3	3
Theodore Joloza (Member)	3	3
Julie James (Independent Member)	3	3

3.7 Workforce Sub-Committee

The Commission's Workforce Sub-committee is a sub-committee of the Commission Board. The role of the Workforce Sub-committee is to consider workforce matters of a confidential or sensitive nature on behalf of the Commission Board and to report on such matters to the Board and, where appropriate, make recommendations.

3.8 Challenges During the Year

During 2020-21 the Commission improved their corporate governance arrangements by aligning board evaluation with the annual staff survey, digitising the few remaining paper-based finance procedures to allow them to be undertaken remotely and strengthening their business continuity procedures.

The Commission made significant progress on their reviews of electoral arrangements for principal authorities which commenced in late 2016-17. During 2020-21 the Commission published Draft Proposals Reports in respect of Isle of Anglesey and Monmouthshire and Final Recommendations in respect of Flintshire, Newport, Neath Port Talbot, Wrexham, Caerphilly, Cardiff, Isle of Anglesey and The Vale of Glamorgan.

The Commission carried out Equality and Welsh Language Impact Assessments for Flintshire, Newport, Neath Port Talbot, Wrexham, Caerphilly, Cardiff, Isle of Anglesey and The Vale of Glamorgan electoral reviews following publication of the Final Recommendations reports.

The main challenge faced by the Commission during the year was the COVID19 pandemic lockdown and restrictions, the impact of which was significantly mitigated against by the recently adopted ICT system which allowed staff to work from home and Commission and Audit Committee meetings to be held remotely. Some issues were encountered with a small number of paper-based procedures, but these were subsequently replaced with digital versions. The lockdown also enabled the Commission to fully test their business continuity arrangements which were also audited during January 2021 as noted in Section 5 below. The findings of the of the audit and the Substantial assurance rating awarded demonstrated that the Commission had robust business continuity arrangements in place. The Commission also carried out a staff survey on staff wellbeing in respect of the impact of COVID19 pandemic restrictions. The survey results showed that staff were generally positive about the Commission's pandemic response although some minor areas were identified where improvements were needed.

4. RISK MANAGEMENT

The Commission is committed to the regular identification and assessment of risk and has a Risk Management programme which is aimed at identifying, managing and monitoring all risks, Corporate, Operational and those risks specific to undertaking review work, the administration of the pension scheme and the ICT system. The Commission aims to ensure that, in discharging its responsibilities to the Welsh Government, the likelihood of failing to deliver its Operational Plan and Strategic Objectives is minimised by means of anticipating and controlling known risks. The Chief Executive and senior management will establish and deliver the Risk Management Programme securing the recognition, assessment, regular review and amelioration of all risks. The Corporate Risks are presented to members in the form of a Corporate Risk Register, supported by a Risk Radar. The Audit and Risk Assurance Committee considers the Risk Registers together with the Risk Management policy at every meeting to provide assurance to the Commission's Risk Management process.

The Commission's risk management arrangements are aligned with the principles of HM Treasury's Orange Book (Management of Risk – Principles and Concepts). The Principles are:

- Risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels.
- Risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives.
- Risk management shall be collaborative and informed by the best available information.
- Risk management processes shall be structured to include:
 - a. risk identification and assessment of risks to determine and prioritise how the risks should be managed;
 - b. the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level;
 - c. the design and operation of integrated, insightful and informative risk monitoring; and
 - d. timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.
- Risk management shall be continually improved through learning and experience.

The Commission complies with these principles by the consideration of its risk appetite and monitoring of existing risks identified together with consideration of its corporate objectives and operational plan and work programme timetables and deadlines in order to identify additional emerging risks. The Commission reviews its Corporate and Review Work Programme risk registers at every meeting and updates the risks and mitigating actions as necessary. The Commission's Management Team review's the Commission' Operational, ICT and Pensions risk registers at least twice a year. The Audit and Risk Assurance Committee receives reports on the Commission's risk management activity and risk management policy at every meeting.

During 2020/21 the main risks identified and managed by the Commission were:

Risk Identified
Impact of Government restrictions and social distancing measures during corona virus pandemic.
Commission fails to maintain good reputation and working relationship and communication with principal councils and senior stakeholders.
Commission is unable to complete electoral reviews by 2021 in time for 2022 elections.

The risk in respect of the impact of COVID19 pandemic government restrictions was mitigated by enacting the Business Continuity Plan, providing the Commission with regular situation updates at meetings, cloud based IT system allowing staff to work from home and remote Commission and management meetings, liaison with Welsh Government and key suppliers/ contractors, postponement of deadlines for review consultations to allow principal authorities more time due to pandemic, wellbeing staff survey undertaken and Internal Audit Pandemic response audit being undertaken. The Commission's internal audit of their Pandemic Response, undertaken in January 2021, resulted in a Substantial audit assurance rating.

The risk of failing to maintain good reputation and working relationship and communication with principal councils and senior stakeholders was mitigated by monthly meetings between Chair and Welsh Government, quarterly liaison meetings between Secretariat and Welsh Government, meetings with principal councils to discuss reviews prior to and during review, consultations with stakeholders on any new policies or major policy changes, post review questionnaires allowing stakeholders an improved opportunity to put forward their views on whether the Commission had carried out its functions properly and fairly and postponement of deadlines for review consultations to allow principal authorities more time due to pandemic.

The risks of the LDBCW being unable to complete electoral reviews by 2021 in time for 2022 elections is mitigated by close liaison with Welsh Government officials to share estimated budget profiles together with agreed policy and practice, drafting and agreeing a timetable for the review work, liaison with key stakeholders, maintaining individual risk registers for the review of each authority, ensuring that the necessary staff are in place and sufficiently trained to undertake the review work and obtaining legal advice on the Monmouthshire and Cardiff electoral reviews.

5. INTERNAL AUDIT

The review of the effectiveness of the system of internal control and governance arrangements is informed by the work of the Internal Auditors and their reporting to the Commission. This work is undertaken by appointed auditors who structure their work based on an annual audit programme. The terms of reference for internal audit require that work is conducted in accordance the Public Sector Internal Audit Standards.

As part of the Commission's corporate business cycle the Commission's Internal Auditors, TIAA Ltd., draws up an internal audit programme which is approved by the Audit and Risk Assurance Committee. The audit process uses the standard PSIAS auditing guidelines and other best practices with the aim of identifying potential weaknesses in controls. Each of these potential weaknesses is then assessed jointly

with the auditors to consider the likely risk and scale of impact, and the alternative controls and potential improvements within the resources of the Commission.

The Internal Audit Opinion on Internal Control 2020-21 has been produced by TIAA Ltd. with the objective of supporting the Annual Governance Statement by giving an opinion on the level of internal control based on the internal work outlined below. The Internal Audit Assurance Statement for 2020-21 states:

'TIAA is satisfied that, for the areas reviewed during the year, the Local Democracy and Boundary Commission for Wales has reasonable and effective risk management, control and governance processes in place'.

Mid-Year Audit Report 2020-21

Audit Area	Date Released	Weakness Identified			Assurance Level
		Urgent priority	Important priority	Routine priority	
Key Financial Controls	September 20	-	1	3	Reasonable
HR Management	October 20	-	1	4	Reasonable

Year End Audit Report 2020-21

Audit Area	Date Released	Weakness Identified			Assurance Level
		Urgent priority	Important priority	Routine priority	
Pandemic Response	February 20	-	-	2	Substantial
LDBCW Reviews	February 20	-	-	3	Substantial

The mid-year audit report provided a Reasonable assurance rating for Key Financial Controls and HR Management. The LDBCW is taking steps to raise the audit assurance rating for their Key Financial Controls and HR Management from Reasonable to Substantial by implementing the audit recommendations made as soon as possible. These findings provide assurance that the LDBCW's arrangements are reducing its exposure to risk. The Committee noted the thoroughness of the audit work, practicality of recommendations and the open and positive response of LDBCW management.

The year-end audit provided Substantial assurance ratings for Pandemic Response and LDBCW Reviews. The internal audit of the LDBCW Reviews covered the processes and procedures for carrying out the reviews and did not cover the findings or recommendations made by the reviews.

6. EXTERNAL AUDIT

The Auditor General for Wales is the Commission's statutory auditor who audit the Commission's annual financial accounts in line with established practice.

The Audit conclusions for the 2019-20 financial year were reviewed at the July 2020 meeting of the Audit and Risk Assurance Committee. An unqualified opinion was given on the 2019-20 Accounts and 4 audit recommendations were raised which were accepted by the Commission. These were:

- The Commission should:
 - i. ensure that all employees have mutually-signed contracts of employment, before they commence employment;
 - ii. where necessary, ensure that signed employment contracts are put in place retrospectively;
 - iii. produce and maintain a central HR record for any change to an employee's circumstances, including any change to their remuneration; and
 - iv. maintain, and keep fully up to date and complete, a HR folder for each employee, and an equivalent HR record for all other staff such as secondees.
- The Commission should immediately stop amending and deleting accounting journals that have been prepared, approved and processed.
- The Commission should ensure all credit card transactions are always supported by sufficient appropriate audit evidence, which includes confirmation of when goods and/or services were received.
- The Commission should always minute the approval of its annual budget, and any subsequent in-year changes considered and approved by Commissioners.

7. BOARD EFFECTIVENESS

7.1 Induction, Development, Training and Performance Appraisal

New Commissioners and Audit and Risk Assurance Committee members are provided with an induction pack which includes information about the review work as well as all the corporate governance policies and procedures. The induction pack is provided in electronic format and individual documents are printed on request. As part of the Commissioners and Audit and Risk Assurance Committee members induction training is provided in respect of the process of carrying out an electoral review. An induction checklist specifically for independent Audit and Risk Assurance Committee members who are not Commission members is also provided.

Commissioners are encouraged to build links with members of other bodies that have interests in common with the Commission. There is a well-established arrangement of annual meetings between the various UK Boundary Commissions and there are also periodic meetings between the Commission Members and the Welsh Local Government Association, One Voice Wales and other stakeholder bodies. The Commission will also consider providing training opportunities for specific areas of expertise that have been identified to be of benefit to the Commission.

The Commission Chair's performance is appraised annually by the Deputy Director of the Commission's Welsh Government Sponsor Division. Commission Members' performance is appraised annually by the Commission Chair. For 2020-21 the Chair concluded that the performance of all Commission Members was fully satisfactory. The Independent Audit and Risk Assurance Committee Member's performance is appraised annually by the Chair of the Audit and Risk Assurance Committee. For 2020-21 the Chair of the Audit and Risk Assurance Committee concluded that the performance of the Independent Audit and Risk Assurance Committee Member was fully satisfactory.

7.2 Board Information

- Terms of Reference for Commission meetings have been adopted.
- A Work Plan for Commission meetings has been adopted.
- A standard format for reports has been adopted. This ensures consistency and requires consideration of issues such as risks and legal implications;
- Authors of reports are encouraged to draw on available and reliable sources of information such as Welsh Government, principal authorities, other Boundary Commissions, government departments etc.;
- A standard format for meeting agendas and minutes has been adopted. Standard agenda items to include, declarations of interest, issues arising, risk management, budget report and a calendar of events. The minutes of the Commission meetings are published and available on the Commission's website;
- Commission members have continued to use laptop computers for storing and viewing meeting papers and other documents relevant to their duties which has continued to reduce stationery costs associated with printing and copying meeting papers.

7.3 Board Performance Evaluation

The Audit & Risk Assurance Committee carried out an annual self-assessment review of its performance by means of a questionnaire completed by members. Overall, the findings of these evaluations were positive during 2020-21 and concluded that the vast majority of the indicators of effectiveness and compliance with good practice had been met. Areas identified for improvement are captured in action plans and addressed during the following year. In respect of the Audit & Risk Assurance Committee evaluation there were no previous year's action points to be addressed. The evaluation of the Audit & Risk Assurance Committee did not raise any action points.

The Commission Board 2020-21 evaluation was postponed until May 2021 in order to align and link it to the annual staff survey.

8. CODE OF CORPORATE GOVERNANCE

The Commission's arrangements comply with the principles of the Corporate Governance Code in all material respects.

9. QUALITY OF REPORTING TO THE BOARD

Following the standardisation of the format of reports and a system of checking the information contained in the reports, the Commission now finds the quality of data acceptable and will strive for further improvements in standardised review reporting to the Board.

10. MEETINGS WITH SPONSOR DEPARTMENT

The Commission Chair and Chief Executive hold regular meetings with the Commission's Welsh Government Sponsor Division and there is frequent contact between members of the Secretariat and members of the Sponsor Division on operational issues. In addition, the Commission's Secretariat hold quarterly liaison meetings with representatives of the Commission's Welsh Government Sponsor

Division to discuss progress on review work, corporate governance issues and any other issues arising regarding the operation of the Commission.

11. PERFORMANCE MANAGEMENT

A performance management system is in place to ensure that members of staff understand what they are doing and why, and how their work links with what the Commission is trying to achieve. Using the Clear Review software all managers are required to set objectives for their staff which are then reviewed throughout the year and updated as necessary. This includes a full career and job-related development and training plan to aid the development of staff.

The performance of Commission members is assessed by the Commission Chair annually and the performance of the Commission in undertaking its duties is monitored at Commission meetings.

12. ICT DATA SECURITY

The Commission receives ICT Security reports from their ICT support officers provided by Qualifications Wales. These reports are considered at each Audit and Risk Assurance Committee meeting. During the reporting period the Commission undertook their annual Cyber Security audit and also preparation for an ICT deep dive security exercise to be undertaken by Qualifications Wales in early 2021-22.

During 2020-21 the Commission undertook ICT Security Awareness training for all Commission members and staff and also nominated a Commission member as ICT Champion.

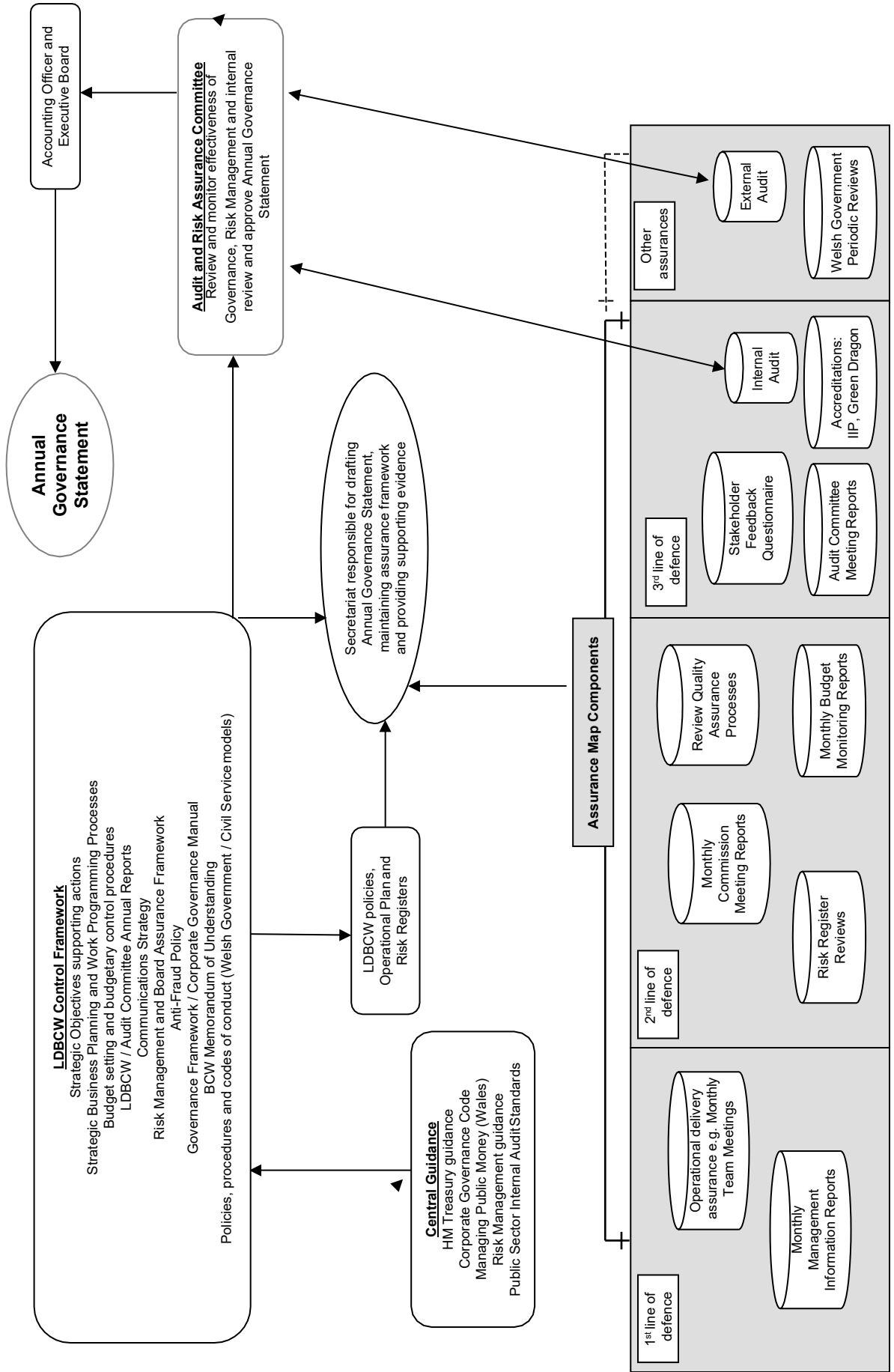
13. WHISTLEBLOWING AND FRAUD

The Commission operates Whistleblowing and Fraud Policies which are made available to staff through the Commission's intranet and Commission Members as part of the induction packs issued to them following appointment. The Commission's Whistleblowing arrangements, together with a report of any instances of whistleblowing and fraud, are considered at every Audit and Risk Assurance Committee meeting. There were no instances of whistleblowing or suspected fraud during 2020-21 (2019-20 – no whistleblowing incidents).

SIGNED _____ DATE _____
Debra Williams
Chair

SIGNED _____ DATE _____
Shereen Williams
Chief Executive and Accounting Officer

LDBCW Assurance Framework Arrangements



Remuneration and Staff Report

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Remuneration Policy

Powers to make remuneration to Commission Members are set out in Schedule 8 paragraph 2 of the Local Government Act 1972. This function was transferred to the National Assembly for Wales under SI 1999 Transfer of Functions Order No 672. Increases to the remuneration of Chairs and Members of WGSBs are authorised by the First Minister.

The Commission also has responsibility for paying the remuneration for Boundary Commission for Wales (BCW) members at daily rates set by the Cabinet Office and approved by HM Treasury. The cost of this remuneration is met from the funding provided by Cabinet Office described on page 6 and disclosed in the staff costs table on page 27.

Annual increases in salary are applied in accordance with those agreed for staff of the Welsh Government and no performance bonuses are applicable.

The information contained within this report is subject to audit with the exception of the figures regarding staff composition and sickness absence.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management and board members of the Commission.

Commission Members' Remuneration (subject to audit)

	2020-21	2019-20
Name	Fees £'000	Fees £'000
Owen Watkin (Chair – LDBCW April to June 2019)	-	3
Debra Williams (Chair)	13	3
Ceri Stradling (Deputy Chair – LDBCW)	10	12
David Powell (Member – LDBCW)	7	7
Julie May (Member – LDBCW)	8	10
Theodore Joloza (Member – LDBCW)	8	9
Julie James (Independent Audit Committee Member – LDBCW)	1	1
Paul Loveluck (Member – BCW)	3	1

Robert McNabb (Member – BCW)	3	1
Huw V Thomas (Member – BCW)	5	-
Sam Hartley (Member – BCW)	5	-

The Commission members' remuneration related entirely to fees for services rendered during the year. Pension contributions are not payable. In June 2020 the LDBCW Deputy Chair and Members had their rate of fees increased by Welsh Government.

The Speaker of the House of Commons is the ex-officio Chairman of the BCW. The BCW Deputy Chair, who presides over the meetings, is a High Court Judge: Mrs Justice Jefford DBE. The post of BCW Deputy Chair is unpaid with only expenses being covered.

Senior Managers' Salary and Pension Entitlements (subject to audit)

Single total figure of remuneration						
Official	Salary (£'000)		Pension Benefits (to nearest £1,000) ¹		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Mrs S Williams (Chief Executive)	60-65	50-55	24,000	20,000	85-90	70-75
Mr M Redmond (Deputy Chief Executive) 1 April 2020 to 10 January 2021	35-40 (45-50) ²	45-50	18,000	21,000	55-60	65-70
Mr D T Jenkins (Head of Policy & Programmes)	50-55	-	21,000	-	70-75	-

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

² Full year equivalent salary

Number of Senior Managers

The Commission employed 3 senior managers during 2020-21 (2019-20: 2 senior managers), a Chief Executive, Deputy Chief Executive and Head of Policy and Programmes. The Commission's Chief Executive is deemed to be the equivalent of the Welsh Government's Executive Band 2 and the Commission's Deputy Chief Executive and Head of Policy and Programmes are deemed to be the equivalent of the Welsh Government's Management Band 1.

Salary

'Salary' includes gross salary and overtime. Two staff members received a 5% Recruitment and Retention allowance during 2020-21. During 2020-21 there were no payments made in respect of performance pay or bonuses. This report is based on accrued payments made by the Commission and thus recorded in these accounts.

Fair Pay Disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Commission in the financial year 2020-21 was £60-65,000 (2019-20: £50-55,000). The mid-point of the banded remuneration of the highest paid director is used when calculating the ratio between the remuneration of the highest paid director and the median remuneration of the workforce. This was 1.9 times (2019-20: 1.8 times) the median remuneration of the workforce, which was £32,540 (2019-20: £29,850).

In 2020-21, 0 (2019-20, 0) employees received remuneration in excess of the highest paid director. Remuneration ranged from £20,500 to £63,625 (2019-20: £24,415 to £52,430).

Total remuneration includes salary, consolidated allowances, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Tax Assurance for Off-Payroll Employees

All of the Commission's directly employed staff and board members are paid through the Commission's payroll system and subject to the appropriate tax and National Insurance contributions. All staff on inward secondment to the Commission from other government departments remain on the payroll system of their parent departments.

During 2020-21 the Commission made off-payroll payments to a temporary staff member employed through an agency. The Commission took measures to confirm that the appropriate tax and National Insurance contributions were being paid by requesting to see the agency staff member's pay slip and by requesting confirmation from the agency which was received. The agency staff member's employment contract is for longer than 6 months but their pay is less than £220 per day (2019-20: one off-payroll staff member).

Pension Benefits (subject to audit)

Name	Accrued pension at pension age as at 31/03/21 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/21	CETV at 31/3/20	Real increase in CETV	Employer contributions to partnership pension accounts
	£'000	£'000	£'000	£'000	£'000	
Mrs S Williams Chief Executive	10 – 15	0 – 2.5	130	113 ¹	8	-
Mr M Redmond Deputy Chief Executive	10 – 15	0 – 2.5	136	123	7	-
Mr D T Jenkins Head of Policy & Programmes	5 – 10	0 – 2.5	48	37	7	-

¹ CETV at 31/3/20 has changed from 12 as disclosed in the 2019-20 accounts to 113 due to transfer into alpha and Nuvos not being included as information was not available at that time.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing

members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to **alpha** have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

No payments were made in respect of loss of office or termination during 2020-21 (and no payments were made during 2019-20).

Staff Numbers and Related Costs (*subject to audit*)

	2020-21 Permanently employed staff £	2020-21 Inward Secondments £	2020-21 Agency Staff £	2020-21 Commission Members £	2020-21 Total £
Wages and salaries	412,253	24,276	22,584	61,496	520,609
Social security costs	37,796	2,441	-	2,100	42,337
Pension costs	109,971	6,579	-	-	116,550
VAT	-	-	4,602	-	4,602
Total Net Costs	560,020	33,296	27,186	63,596	684,098

Average number of persons employed

The average number of full-time equivalent persons employed during the year by these categories was as follows:

	No.	No.	No.	No.	No.
Directly Employed	10.9	-	0.8	8.8	20.5
Other	-	0.8	-	-	0.8
Total Staff	10.9	0.8	0.8	8.8	21.3

Comparatives:

	2019-20 Permanently employed staff £	2019-20 Inward Secondments £	2019-20 Agency Staff £	2019-20 Commission Members £	2019-20 Total £
Wages and salaries	328,182	38,887	18,584	50,112	435,765
Social security costs	31,040	3,795	-	2,731	37,566

Pension costs	90,432	10,538	-	-	100,970
VAT	-	1,447	3,717	-	5,164
	449,654	54,567	22,301	52,843	579,465

Average number of persons employed (restated)

The average number of full-time equivalent persons employed during the year by these categories was as follows:

	No.	No.	No.	No.	No.
Directly Employed	8.5	-	0.7	8.5	17.7
Other	-	2.3	-	-	2.3
Total Staff	8.5	2.3	0.7	8.5	20

The Commission pays VAT on the salary costs of staff inwardly seconded from other government departments. The VAT is not recoverable as the Commission is not VAT registered.

The above costs include £101,259 (2019-20; £45,000) in respect of staff resources and £15,923 (2019-20; £1,769) in respect of members' remuneration expended on behalf of the Boundary Commission for Wales. The increased costs compared to the previous year were due to the commencement of work undertaken for the 2023 Review of Parliamentary Constituencies in Wales.

For 2020-21, employers' contributions of £109,971 were payable to the PCSPS and **alpha** (2019-20: £90,432) at one of four rates in the range 20.0% to 24.5% (2019-20: 20.0% to 24.5%) of pensionable pay, based on salary bands. The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The salary bands and contribution rates remained unchanged for 2021-22. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No members of the Commission staff have opted for a partnership pension.

Employee Policy

The Commission maintains a core of directly employed staff consisting of the Chief Executive, Deputy Chief Executive, Finance Manager, Head of Business, Head of Policy and Programmes, two Review Officers and two Business Support Officers. Directly employed staff have salary bands and terms and conditions of service analogous with Welsh Government staff of corresponding grades. One member of staff was inwardly seconded staff from another government department and two members of staff on loan from other government departments. Members of staff seconded from other government departments remain on the payroll, salary scales and terms and conditions of their parent department whilst employed by the Commission. Staff on loan from other government departments are transferred to the Commission's payroll, salary scales and terms and conditions for the period of their loan. This policy allows the Commission to retain a core of staff with knowledge of mission critical systems and procedures whilst meeting increases in review workload efficiently.

The Commission has an extensive range of policies which reflect current legislation, and aim to secure retention and motivation. These policies are reviewed regularly. All policies are equality checked before implementation. The Commission was first accredited with Investors In People standard in 2009. This was subject to a full review during 2018-19 which concluded that the Commission should retain IIP accreditation.

Staff Composition

The table below shows full time equivalent and headcount staff numbers for 2020-21 as at 31 March 2021.

Pay Band	Male				Female			
	FTE	%	Headcount	%	FTE	%	Headcount	%
Commission Member ¹	5	66	5	66	4	44	4	44
Grade 7	0	0	0	0	1	100	1	100
SEO	1	100	1	100	0	0	0	0
HEO	5	83	5	83	1	17	1	17
EO	0	0	0	0	2.7	100	3	100
TS	1	50	1	50	1	50	1	50
Total	12	55	12	55	9.7	45	10	45
Prior year total	13	62	13	62	7.7	37	8	38
Variance	-1	-7	-1	-7	+2	+8	+2	+7

¹ Includes 3 Parliamentary BCW Members.

Equal Opportunities

The Commission is committed to a policy of equality of opportunity in its employment practices and aims to ensure that no potential or actual employee receives more or less favourable treatment on the grounds of age, disability, ethnic or national origin, gender, marital or parental status, nationality, political belief, race, religion or sexual orientation. The Commission ensures that appropriate facilities are available for disabled employees.

Sickness Absence

During 2020-21 two of the Commission's permanent staff were absent on sick leave for a total of 55 days (2019-20 – six of the Commission's permanent staff were absent on sick leave for a total of 35 days).

Health and Safety

The Commission operates a Staff Health and Safety policy and Manual Handling policy and has an independent fire risk assessment and health and safety review carried out annually.

SHEREEN WILLIAMS

Accounting Officer

26 July 2021

The certificate and independent auditor's report of the Auditor General for Wales to the Senedd

Opinion on the financial statements

I certify that I have audited the financial statements of the Local Democracy and Boundary Commission for Wales for the year ended 31 March 2021 under Paragraph 19 of Part 2 of the Local Government (Democracy) (Wales) Act 2013. These comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Tax Payers' Equity and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of the Local Democracy and Boundary Commission for Wales' affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under section 19 of the Local Government (Democracy) (Wales) Act 2013.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the

body's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. Legislation and directions issued to the Local Democracy and Boundary Commission for Wales do not specify the content and form of the other information to be presented with the financial statements. The Accounting Officer is responsible for the other information in the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

As legislation and directions issued to Local Democracy and Boundary Commission for Wales do not specify the content and form of the other information to be presented with the financial statements, I am not able to confirm that the Annual Report has been prepared in accordance with guidance.

In my opinion, based on the work undertaken in the course of my audit, the information given in the Annual Report is consistent with the financial statements.

Although there are no legislative requirements for a Remuneration Report, the Local Democracy and Boundary Commission for Wales has prepared such a report and, in my opinion, that part ordinarily required to be audited has been properly prepared in accordance with HM Treasury guidance.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report or the Governance Statement.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- proper accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for preparing the financial statements in accordance with the Local Government (Democracy) (Wales) Act 2013 and Welsh Ministers' directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the body's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Local Democracy and Boundary Commission for Wales' policies and procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud; and
- obtaining an understanding of the Local Democracy and Boundary Commission for Wales' framework of authority as well as other legal and regulatory frameworks that the Local Democracy and Boundary Commission for Wales operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Local Democracy and Boundary Commission for Wales.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit and Risk Assurance Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Commission;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all the audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Local Democracy and Boundary Commission for Wales' controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Accounting Officer is responsible for ensuring the regularity of financial transactions. I obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Adrian Crompton
Auditor General for Wales
28 July 2021

24 Cathedral Road
Cardiff
CF11 9LJ

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

FINANCIAL STATEMENTS

LOCAL DEMOCRACY AND BOUNDARY COMMISSION FOR WALES

STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2021

	Notes	2021 £	2020 £
Income	4	<u>(208,966)</u>	<u>(95,987)</u>
Total Operating Income		<u>(208,966)</u>	<u>(95,987)</u>
COSTS			
Staff costs	2	684,098	579,465
Other operating expenditure	3	<u>332,635</u>	<u>362,078</u>
Total Operating Expenditure		<u>1,016,733</u>	<u>941,543</u>
Net Operating Expenditure		<u><u>807,767</u></u>	<u><u>845,556</u></u>
Comprehensive Net Expenditure for the Year		<u><u>807,767</u></u>	<u><u>845,556</u></u>

All activities are classed as continuing

The notes on pages 38 to 44 form part of these accounts.

LOCAL DEMOCRACY AND BOUNDARY COMMISSION FOR WALES

STATEMENT OF FINANCIAL POSITION as at 31 March 2021

	Notes	31 March 2021 £	31 March 2020 £
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	<u>73,563</u>	<u>89,505</u>
Total non-current assets		<u>73,563</u>	<u>89,505</u>
CURRENT ASSETS			
Trade and other receivables	7	<u>22,047</u>	<u>40,241</u>
Cash and cash equivalents	8	<u>20,308</u>	<u>12,387</u>
Total current assets		<u>42,355</u>	<u>52,628</u>
Total assets		<u>115,918</u>	<u>142,133</u>
CURRENT LIABILITIES			
Trade and other payables	9	<u>(54,691)</u>	<u>(38,336)</u>
Total current liabilities		<u>(54,691)</u>	<u>(38,336)</u>
Total assets less current liabilities		<u>61,227</u>	<u>103,797</u>
FINANCED BY:			
General reserves		<u>61,227</u>	<u>103,797</u>
		<u>61,227</u>	<u>103,797</u>

The notes on pages 38 to 44 form part of these accounts.

The Accounting Officer authorised these financial statements for issue on 26 July 2021.

SHEREEN WILLIAMS
Accounting Officer
26 July 2021

LOCAL DEMOCRACY AND BOUNDARY COMMISSION FOR WALES

STATEMENT OF CASH FLOWS for the year ended 31 March 2021

	Notes	2021	2020
		£	£
Cash flows from operating activities			
Net operating costs		(807,767)	(845,556)
Adjustments for:			
Decrease / (Increase) in trade and other receivables		18,194	(27,727)
Depreciation	5	31,248	28,428
Increase / (Decrease) in trade payables		16,355	(23,461)
Net cash outflow from operating activities		(741,970)	(868,316)
Cash flows from investing activities			
Purchase of property, plant and equipment		(15,307)	(31,157)
Net cash outflow from investing activities		(15,307)	(31,157)
Cash flows from financing activities			
Grant in Aid from the Welsh Government		765,197	881,684
Net financing			
Net increase /(decrease) in cash and cash equivalents	8	7,921	(17,789)
Cash and cash equivalents at the beginning of the period	8	12,387	30,176
Cash and cash equivalents at the end of the period		20,308	12,387

The notes on pages 38 to 44 form part of these accounts.

LOCAL DEMOCRACY AND BOUNDARY COMMISSION FOR WALES

STATEMENT OF CHANGES IN TAX PAYERS' EQUITY for the year ended 31 March 2021

	General Reserve £
Balance at 31 March 2019	67,669
Balance at 1 April 2019	<u>67,669</u>
Changes in tax payers' equity 2019-20	
Grant in Aid from Welsh Government	881,684
Comprehensive Expenditure for the year	(845,556)
Balance at 31 March 2020	<u>103,797</u>
Changes in taxpayers' equity for 2020-21	
Grant in Aid from Welsh Government	765,197
Comprehensive Expenditure for the year	(807,767)
Balance at 31 March 2021	<u>61,227</u>

The notes on pages 38 to 44 form part of these accounts.

LOCAL DEMOCRACY AND BOUNDARY COMMISSION FOR WALES

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (IFRS based FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Local Democracy and Boundary Commission for Wales for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Local Democracy and Boundary Commission for Wales are described below. These have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounts Direction

The accounts have been prepared in accordance with the Accounts Direction issued by the Welsh Ministers under the Local Government (Democracy)(Wales) Act 2013.

1.2 Accounting Convention

The accounts are prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

1.3 Administration and Programme Expenditure

The Commission's funding received from both the Welsh Government and Cabinet Office is classed as funding for programme expenditure by both Departments. All income and expenditure figures shown on the Statement of Comprehensive Net Expenditure are therefore deemed to be programme income and expenditure.

1.4 Valuation of Non-Current Assets

Non-current assets are capitalised at the cost of acquisition and installation where that cost exceeds £500. Property, Plant and Equipment are carried at fair value. Depreciated historic cost is used as a proxy for fair value for all classes of assets, as all have either short useful lives, low value, or both. All property plant and equipment are essentially grouped into one of two classes, IT assets or Fixtures, Furniture and Equipment (F+E).

Intangible assets such as computer software costs are accounted for as revenue expenditure and are therefore charged in full when goods and services have been received.

1.5 Depreciation

Depreciation of non-current assets is calculated to write off their cost or valuation

over their estimated useful lives. All non-current assets are depreciated over five years. A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

1.6 Employee benefits

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees. Annual leave is provided for over the period that the leave accrues. This accounting policy was introduced in 2009-10 in line with the requirement of IAS19, Employee Benefits.

1.7 Funding

The Commission receives Grant-in-Aid from the Welsh Government to fund its general revenue and capital activities. In accordance with the FReM this Grant-in-Aid is regarded as financing and is credited to the General Reserve on receipt.

1.8 Income

Receivables other than Grant-in-Aid from the Welsh Government are regarded as income rather than funding. The main source of income received is from the Cabinet Office on an accruals rather than cash basis to meet the cost of maintaining a parliamentary Boundary Commission for Wales Secretariat in Cardiff.

1.9 Inventories

The Commission does not hold any stock of material value.

1.10 Value Added Tax (VAT)

All expenditure is charged inclusive of VAT as the Commission is not registered for VAT and therefore unable to recover recoverable VAT.

1.11 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) and alpha scheme which are described in the Remuneration Report.

1.12 Management of Financial Risk

The Commission has no borrowings and relies primarily on Welsh Government grants for its cash requirements. It also has no significant deposits and all significant assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

1.13 Impact of Standards not yet effective

Commission Members have considered the impact of Standards and Interpretations which have been issued but are not yet effective and which have not been adopted early by the Commission. With the exception of IFRS 16 Leases, Members anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Commission. The

impact of IFRS 16, which has been issued by the IASB but not yet adopted by the European Union and will apply from 2022-23, is not reasonably estimable at this stage.

1.14 Financial Instruments

The Commission does not have any significant financial instruments. Short term instruments can include cash, trade debtors and trade creditors. Where applicable, the current value is the same as the fair value at the year end.

1.14.1 Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

1.14.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, short term deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.14.3 Trade and other payables

Trade and other payables are not interest bearing and are stated at their nominal value.

1.14.4 Borrowings

There are no interest-bearing loans or overdrafts.

1.14.5 Impairment

The carrying value of the Commission's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the assets recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and value in use.

1.14.6 Financial Assets and Financial liabilities which arise from contracts for the purchase or sale of non-financial items are recognised when performance occurs, i.e. when receipt or delivery of the goods or services is made.

1.15 Operating Leases

The Commission's offices at Hastings House are leased for 5 years until 31 March 2023. It is considered that the lease on the Commission's accommodation at Hastings House is an operating lease rather than a finance lease because:

- ownership of the accommodation does not transfer to the Commission at the end of the lease term;
- there is no option to purchase at the end of the lease term;
- the lease term is not for the major part of the economic life of the building; and
- the present value of the minimum lease payments do not amount to at least substantially all of the fair value of the building.

These lease costs are charged to the operating cost statement in the year during which the costs are incurred.

2. STAFF COSTS

Staff costs for the year amounted to £684,098 (2019-20; £579,465) and were comprised of £520,609 (2019-20; £435,765) in salaries and wages, £42,337 (2019-20; £37,566) in social security costs, £116,550 (2019-20; £100,970) in pension costs and £4,602 (2019-20; £5,164) in VAT on agency staff costs. A more detailed breakdown of these costs is provided in the Remuneration Report on page 27.

3. OTHER OPERATING EXPENDITURE

	2021 £	2020 £
Running Costs		
Travel and Subsistence Staff	28	8,961
Travel and Subsistence Commission Members	1,643	9,456
Course Fees and Staff Training	12,178	23,915
Auditor General for Wales – annual audit fee	12,900	10,352
Internal Audit Fees	9,077	7,374
Media and Advertising	3,550	-
Translation	16,856	27,435
Printing, postage and stationery	30,860	54,914
Telephone and contracts	1,065	1,409
Accommodation costs	16,741	18,605
Legal and professional	31,623	12,936
Non-capital computer costs	97,921	93,777
Other	727	2,759
Rentals under operating leases	66,218	61,757
Non Cash Item: Depreciation	31,248	28,428
Total	<u><u>332,635</u></u>	<u><u>362,078</u></u>

The above costs include £91,648 (2019-20; £50,783) in respect of other operating expenditure expended on behalf of the Boundary Commission for Wales. The increased costs compared to the previous year were due to a significant increase in work undertaken in preparation for the 2023 Review of Parliamentary Constituencies in Wales.

4. INCOME

Grant-in-Aid is financing income and is credited directly to reserves. During 2020-21 the Commission received £208,830 in respect of funding from the Cabinet Office to meet the cost of maintaining a Boundary Commission for Wales Secretariat in Cardiff (2019-20, £95,783). The increased costs compared to the previous year were due to a significant increase in work undertaken in preparation for the 2023 Review of Parliamentary Constituencies in Wales. In addition to this the Commission received a rebate of £124 relating to the usage of Welsh Procurement Cards (2019-20, £135) and £13 interest received on the Commission's bank account (2019-20, £70).

5. PROPERTY, PLANT AND EQUIPMENT

	Information Technology £	Furniture & Fittings £	Total £
Cost or Valuation			
At 1 April 2020	157,449	84,256	241,705
Additions	14,089	1,218	15,307
Disposals	(33,735)	-	(33,735)
At 31 March 2021	<u>137,803</u>	<u>85,474</u>	<u>223,278</u>
Depreciation			
At 1 April 2020	82,660	69,541	152,201
Provided during the year	26,013	5,235	31,248
Eliminated on disposal	(33,735)	-	(33,735)
At 31 March 2021	<u>74,939</u>	<u>74,776</u>	<u>149,715</u>
Carrying Value at 31 March 2021	62,864	10,698	73,563
Carrying Value at 31 March 2020	74,789	14,717	89,506
	Information Technology £	Furniture & Fittings £	Total £
Cost or Valuation			
At 1 April 2019	135,171	85,679	220,850
Additions	28,886	2,271	31,157
Disposals	(6,608)	(3,693)	(10,301)
At 31 March 2020	<u>157,449</u>	<u>84,257</u>	<u>241,706</u>
Depreciation			
At 1 April 2019	65,831	68,242	134,073
Provided during the year	23,437	4,991	28,428
Eliminated on disposal	(6,608)	(3,693)	(10,301)
At 31 March 2020	<u>82,660</u>	<u>69,540</u>	<u>152,200</u>
Carrying Value at 31 March 2020	74,789	14,717	89,506
Carrying Value at 31 March 2019	69,340	17,437	86,777

All Assets are owned by the Commission.

6. FINANCIAL INSTRUMENTS

As the cash requirements of the Commission are met through Grant-in-Aid provided by the Welsh Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Commission's expected purchase and usage requirements and the Commission is therefore exposed to little credit, liquidity or market risk. IFRS 9 Financial Instruments is applied, as interpreted and adapted for the public sector. The principal impact of IFRS 9 adoption will be to change the calculation basis for bad debt provisions, changing from an incurred loss basis to a lifetime expected credit loss (ECL) basis. The Commission considered and assessed the new requirements of IFRS 9 and noted that there would be no impact on these accounts.

7. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2021 £	2020 £
Amounts falling due within one year:		
Prepayments and accrued income	22,047	40,241
Total	<u>22,047</u>	<u>40,241</u>

8. CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Balance at 1 April	12,387	30,176
Net change in cash and cash equivalent balances	7,921	(17,789)
Commercial banks and cash in hand	<u>20,308</u>	<u>12,387</u>
Balance at 31 March	<u>20,308</u>	<u>12,387</u>

9. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2021 £	2020 £
Amounts falling due within one year:		
Taxation and social security	-	-
Trade payables	8,421	6,119
Accruals	17,588	20,825
Holiday pay accrual	28,683	11,392
	<u>54,691</u>	<u>38,336</u>

10. OPERATING LEASES

	2021 £	2020 £
Total future minimum lease payments under Non-cancellable operating leases comprise:		
Buildings		
Not later than 1 year	53,858	53,858
Later than 1 and not later than 5 years	36,489	90,347
Later than 5 years	-	-
Total	<u>90,347</u>	<u>144,205</u>

11. SPECIAL PAYMENTS AND LOSSES

The Commission recorded no losses during 2020-21 (2019-20: losses amounting to £949).

12. RELATED PARTY TRANSACTIONS

The Welsh Government is regarded as a related party. During the year, the Commission has had various material transactions with the Welsh Government amounting to expenditure of £13 (2019-20, £4,776). Grant-in-Aid received during the year amounted to £765,197 (2019-20, £881,684). At the end of the reporting period there was no outstanding balance with Welsh Government.

The Secretariat of the Commission also acts as Secretariat to the Parliamentary Boundary Commission for Wales (BCW). The BCW is a Non-Departmental Public Body sponsored by the Cabinet Office. The Cabinet Office is regarded as a related party. During the year, the Commission has had various material transactions with the Cabinet Office amounting to expenditure of £594 (2019-20, £1,677). During 2020-21 the Commission received £208,830 funding from the Cabinet Office (2019-20, £95,783). At the end of the reporting period there were no outstanding balances with Cabinet Office (2019-20: no outstanding balances).

The Commission has not undertaken any transactions with entities in which members and key managerial staff hold an interest.

13. ANALYSIS OF NET EXPENDITURE BY SEGMENT

The Statement of Comprehensive Net Expenditure reflects the segments that the operating results of the Local Democracy and Boundary Commission for Wales are reported to the Commission. The Local Democracy and Boundary Commission for Wales does not have separately identified segments and reports financial information to its Board as disclosed in Notes 2, 3 and 4.

14. CONTINGENT LIABILITIES AND ASSETS

There were no contingent liabilities or assets at the end of 2020-21 (2019-20: No contingent liabilities).

15. EVENTS AFTER THE REPORTING PERIOD

The Accounting Officer authorised these financial statements for issue on 26 July 2021. At the date of signing these accounts there were no significant post balance sheet events after the reporting period to disclose, which affect 2020-21.