

Agenda Item No 8

Executive Board

28 June 2010

Report of the Director of Resources

Financial Statements 2009/10

1 Summary

- 1.1 The Annual Financial Statements have to be signed by the Responsible Financial Officer (RFO) and approved by a full Board of the Council by the end of June 2010.
- 1.2 The accounts have not been audited prior to their presentation to this Board. The attached may be adjusted following the completion of the audit later in the year, and if this is required, the revised Statements will be presented at the first available Executive Board meeting.

Recommendation to the Board

That the Financial Statements 2009/10 be approved subject to audit.
--

2 Consultation

2.1 Portfolio Holder, Shadow Portfolio Holder and Ward Members

- 2.1.1 None.

3 Introduction

3.1 The publication of the Financial Statements is a statutory requirement, with a statutory timetable. For the 2009/10 financial year, the Authority is required to prepare and approve its accounts by 30 June and to publish them by 30 September.

3.2 The 2009/10 Financial Statements, attached at Appendix A, are un-audited. The Council's external auditors, PricewaterhouseCoopers plan to audit the Financial Statements during August.

3.3 The accounts are closed on the best information available at the end of March, which in some instances requires the use of estimates. As the auditors are required to look at transactions that have taken place since the end of the year, and in some instances agree adjustments to the Statements, the Statements are expected to change following the audit. Any changes, other than very minor amendments, will then need to be reported back to this Board.

4 Changes in the 2009/10 Financial Statements

- 4.1 There are only minor presentational changes in the statements for 2009/10 in order to comply with the current appropriate codes of accounting practice.

5 2009/10 Activity

5.1 Members will see details of the year's revenue and capital activity for all the accounts of the Authority set out in the statements, together with explanatory notes. However, some comments on the main statements are given below:

5.2 **General Fund Revenue Account**

5.2.1 The original budget for the General Fund set in February 2009 required the use of balances of £386,250. Despite reductions in some areas of income, a revised budget was approved in February 2010, which required the use of balances of £157,670. The main reason for the reduced call on balances was a number of posts that were frozen during the year, as part of the search for savings for 2010/11. The sum allowed for contingencies was also reduced, as a potential inflationary increase in recycling did not materialise, and the allowance for additional costs following the environmental health restructure was not needed. In addition, the pay award for the year was agreed at 1%, less than the increase included in the original budget. All of these reductions more than covered the loss of investment income, which were a result of the fall in interest rates and the action taken to safeguard the security of funds placed on the money market.

5.2.2 The actual position on the General Fund at the end of the financial year allowed a contribution into balances of £231,700. The main improvements from the revised estimate are:

- Additional salary vacancies and lower recruitment costs where only partly offset by the use of agency and other temporary staff to cover key posts. (£69,780)
- Contingency funds included within the revised estimate were not required (£24,850)
- The Council received unexpected income from the Local Authority Business Growth Incentive Scheme (LABGI) (£33,151)
- Lower than expected costs on Concessionary Fares (£155,000)
- Not all the budgetary provision was needed, following the replacement of the refuse vehicles part way through the year (£70,000)
- The council takes legal action where appropriate for the non payment of council tax. More income was obtained from the award of costs from this process than anticipated when the budget was revised (£35,600)

5.2.3 In addition to the movements highlighted above, there have been a number of movements into and out of earmarked reserves. These movements allow timing issues to be dealt with, for example, if grant income is received late in the year, the expenditure will not take place until the following year. It also allows some services, such as Building Maintenance, to operate as a fund where this is more practical.

5.2.4 It was not possible to spend the approved budget in some budget areas, due to either lack of some staff capacity, or because preparatory work was needed. This

affected areas such as: the Leader project, the Green space Strategy, a range of community development schemes and energy saving initiatives. Earmarked reserves have been used to ensure that the schemes can be completed in the current year.

5.3 **Housing Revenue Account (HRA)**

5.3.1 The original budget for the HRA set in February 2009 anticipated a surplus in the year of £202,590. However, this was revised in the budget approved in February 2009, which anticipated an increased surplus of £242,180. The reasons for this change were detailed in the estimate report, with the main change being the reduction in payment to the CLG outweighing the loss of income, following the amended rent increase change from 6.2% to 3.1%.

5.3.2 The actual position on the HRA is worse than anticipated in the revised budget, with a reduced surplus of £153,734 put into balances. The main reason for this is a change in the investment rate used in the subsidy calculation. This meant that the reduced payment to CLG anticipated in the revised estimate was not as low as expected.

5.3.3 The HRA holds a separate Housing Repairs Fund. This is used to cover the costs of day-to-day repairs and maintenance, including any deficit on the operation of Housing Direct Works (HDW). HDW achieved a surplus of £30,247 during the year, which has gone back into the Repairs Fund. The balance at the end of the year amounted to £176,121, which is available for the coming year.

6 **Balance Sheet**

6.1 The Consolidated Balance Sheet reflects assets at their current value, totalling £157 million, an increase of £8 million from the previous year. Some of the increase relates to enhancement work carried out on assets during the year, and the purchase of a number of refuse freighters. In addition there has been some improvement in economic conditions during 2009/10, and this has partially reversed the loss of value of the Councils housing assets experienced last year. There has also been some disposals of housing and land, although comparatively these have had a relatively small impact on the balance sheet.

6.2 During 2009/10 current assets fell by £2.9 million. The main variation is the decrease of £3.7 million in investments held. As earmarked resources are used to fund capital schemes, the amount available for investment reduces. There has been an increase in cash held, as well as an increase in the amounts owed to the Council.

6.3 Net current liabilities decreased by £0.6 million during the year, as the amounts owed to other parties fell by this amount.

6.4 The main movement in long term liabilities relates to the pension fund, which has been affected by the economic situation. Plans are in place to address this liability over a number of years.

7 Report Implications

7.1 Finance and Value for Money Implications

7.1.1 The actual position reported for both the General Fund and Housing Revenue Account for 2009/10 impacts upon future years. The General Fund is better than predicted when setting the 2010/11 budget. However, significant pressures for increased costs in future years continue. Although the Council has a number of additional reserves, these are earmarked for particular purposes. Savings will still be needed in order to preserve the level of general balances, whilst at the same time maintaining the quality of services and coping with additional responsibilities.

7.1.2 The position on the Housing Revenue Account is not as good as predicted when setting the 2010/11 budget, but balances still exceed the required level.

7.2 Environment and Sustainability Implications

7.2.1 The Council has remained within its overall budgets for the 2009/10 year. This will assist in allowing the Council to manage its expected shortfall in resources, and minimise disruption to essential services.

7.3 Risk Management Implications

7.3.1 The risks of unanticipated changes affecting the financial position of the Council are minimised by the use of the budget strategy, as well as continual assessment, monitoring and reporting of any new financial impact affecting the Council

The Contact Officer for this report is Sue Garner (719374).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
Executive Board	Sue Garner	General Fund Budget and Setting the Council Tax 2009/10	February 2009
Resources Board	Nigel Lane	Housing Revenue Account Estimates 2009/10	February 2009

NORTH WARWICKSHIRE BOROUGH COUNCIL

FINANCIAL STATEMENTS 2009/2010

	Page
Introduction from the Director of Resources and Explanatory Foreword	2
Statement of Accounting Policies	8
Statement of Responsibilities, Issue and Approval Date	16
<i>The Accounting Statements: -</i>	
Income and Expenditure Account	17
Statement of the Movement on the General Fund Balance	18
Statement of Total Recognised Gains and Losses (STRGL)	19
Balance Sheet	20
Cash Flow Statement	21
Notes to the Core Financial Statements	22
<i>Supplementary Financial Statements: -</i>	
Housing Revenue Account Income and Expenditure Account and Statement of Movement on the Housing Revenue Account Balance	43
Notes to the Housing Revenue Statements	45
Collection Fund Income and Expenditure Statement	50
Notes to the Collection Fund	51
Annual Governance Statement	53
Audit Opinion	58
Glossary of Terms	61

We would welcome any comments or suggestions you have about this publication. Please contact Sue Garner, Assistant Director (Finance and Human Resources).

- Phone: 01827 719374
- Fax: 01827 719412
- E-mail address: suegarner@northwarks.gov.uk

Introduction and Explanatory Foreword from the Director of Resources

This section highlights some of the most important matters reported in the accounts and comments on any issues that have had a major effect on our finances.

Introduction

This document summarises our financial affairs for 2009/10 and shows our financial position at 31 March 2010. It includes the following statements and accounts: -

- **Statement of accounting policies** – gives the general rules used for preparing these accounts
- **Statement of responsibilities for the statement of accounts** – identifies who is responsible for preparing the accounts
- **Income and Expenditure Account** – this shows a summary of all the resources generated and used by the Council during the year
- **Statement of the Movement on the General Fund Balance** – a reconciliation showing how the balance of resources generated / consumed in the year links with statutory requirements for raising Council Tax.
- **Statement of Total Movements in Reserves** – shows how our reserves have increased or decreased during the year
- **Statement of Total Recognised Gains and Losses (STRGL)** – this shows all our gains and losses for the year, both revenue and capital
- **Balance sheet** – gives the overall financial position of the Council at the end of the year
- **Cash-flow statement** – summarises all cash flows into and out of the Council during the year
- **Income and Expenditure Account and Statement of Movement on the Housing Revenue Account and Notes** – shows the revenue spending on the Council's own housing stock and then removes entries which aren't funded from rent income
- **Collection Fund account** – shows the Business Rates and Council Tax collected during the year on behalf of itself and other organisations
- **Annual Governance Statement** – identifies the controls the Council has in place to ensure it runs its business effectively and legally, and can properly account for its use of public money
- **Audit Opinion** – the Council's external auditors give an opinion on whether the statements present a true and fair view of the Council's financial position

Changes in the Statements

The Accounting Code of Practice no longer requires the provision of notes to the accounts on Section 137 Expenditure, Publicity Expenditure, Building Control Trading Account, Business Improvement District Revenue Account and Local Authorities (goods and services) Act 1970 Expenditure, so these have been removed.

Information on the Collection Fund has been changed to show more clearly the Council's role as an agent for other organisations. This has changed the headings contained within the bottom half of the Balance Sheet creating a Collection Fund Adjustment Account. The note on Officers remuneration has also been amended to comply with current requirements.

In addition, some of the capital notes have been remodelled to bring them in line with the Whole of Government Accounts. The remainder of the statements have stayed broadly the same.

The Income and Expenditure Account

The Income and Expenditure Account discloses the income receivable and expenditure incurred in operating the Council for the year, and shows a surplus of £2.493 million for 2009/10. The main reason for the surplus is an increase in the value in the Council's housing stock due to the improvement in the housing market. There has also been an under spend on a number of service budgets due to activities being delayed, services performing better than expected and some receiving grants ahead of when the activities will take place. This has been partially offset by the loss on disposal of some assets and the ongoing requirement to pay some of the capital receipts received from the sale of council houses over to the government.

The surplus is then adjusted by the various entries, which are detailed in the note of reconciling items for the Statement of Movement on the General Fund Balance, as these must be taken into account in determining the Council's budget requirement and Council Tax demand.

Revenue spending in 2009/10

➤ General Fund Services

After considering the many spending pressures we faced, and the reductions we were able to make in our budget, we increased our Council Tax by 2%. We originally planned to spend £10.118 million, after using some of our past savings and allowing for expected income generated by services. Priority continued to be given to maintaining the level of service in cleaning rural roads. We also planned to provide match funding for the Leader Project, deliver actions on the Green Space Strategy and provide additional funding to the Citizens Advice Bureau.

The table below summarises our 2009/10 budget compared with the actual figures for General Fund Revenue Services.

	Original Budget £000's	Net Revenue Spending £000's
Total revenue spending	39,788	42,759
Less income relating to those services	29,429	33,088
Net Spending on Services	10,359	9,671
Interest Payable	-	25
Parish Precepts	862	862
Contribution to Balances	-	232
Total	11,221	10,790

The main changes from the original budget relate to:

- A decrease in investment income due to a reduction in interest rates partially offset by a lower payment to the HRA on the balances that it holds.
- Unexpected grant funding was received from the government, from the Local Authority Business Growth Incentives Scheme (LABGI).
- The overall contingency budget was not required.
- Only part year budget provision was required following the replacement of the refuse vehicles.
- Staffing vacancies and a reduction in recruitment costs as some vacancies have not been filled.
- Lower than expected costs on concessionary fares and the collection of council tax

Our money in 2009/10 came mainly from Council Tax, the Government Revenue Support Grant and our share of Business Rates. We also obtained some income from investing our unused balances.

	Original Budget £000's	Other Income £000's
Council Tax	5,191	5,191
Revenue Support Grant	1,006	1,006
Business Rates	4,357	4,357
Contribution from Collection Fund	40	40
Interest on balances	251	196
Contribution from Balances	376	-
Total	11,221	10,790

At the end of the year our total revenue reserves amounted to £6.627 million. The table below shows the different types of reserve we hold.

Revenue Reserves	£000's
General Reserve (for unexpected events)	2,336
For capital spending (for spending on assets with a lasting value)	420
Other reserves (held for specific purposes)	3,871
Total	6,627

The General Reserve held for unexpected events is better than that predicted in our financial strategy. This will help us to maintain reserves at an acceptable level in the future.

➤ **Housing Revenue Account**

This account covers income and expenditure on our own stock of council houses during the year. We are required to provide a separate account for this service.

Spending on services includes the day-to-day costs of managing and maintaining the housing stock. A contribution is also made to the Major Repairs Reserve, which is used for the refurbishment of properties over the long term. We also have to pay an amount over to the Department for Communities and Local Government (CLG) into a national pool for housing.

	Original Budget £000's	Net Revenue Spending £000's
Spending on Services	4,277	4,079
Annual Cost of Capital Expenditure	28	28
Contribution to Major Repairs Reserve	1,715	1,715
Payment to the Government (CLG)	3,312	3,178
Contribution to Balances	203	153
Total	9,535	9,153

Spending on services is lower than the original budget due to:

- A reduction in recruitment costs, manpower budgets no longer required, deferral of spend on computer equipment and a change in the contact centre recharge to the HRA.
- A reduction in the payment to CLG reflecting the reduction in rent increases agreed as a result of the major economic changes in the year and a change in interest rates for reimbursing capital charges.

Spending on the Council's own housing stock is **not** paid for from Council Tax. It is mainly

funded from the rents paid by tenants, with some other small additional amounts such as investment income. These are shown below.

	Original Budget £000's	Net Income £000's
Rents and Contributions	9,484	9,132
Interest earned	51	21
Total	9,535	9,153

- Rental income has reduced due to the reduction in rental income agreed during the year (see note above).
- In addition there has been a reduction in investment income as earmarked reserves have been used during the year to fund decent homes capital expenditure.

As a result, the contribution to general balances was lower than the original estimate. However balances still remain above the required level of £500,000.

At the end of the year our total revenue reserves in the Housing Revenue Account amounted to £0.903 million. The table below shows the different types of reserve we hold.

Revenue Reserves	£000's
Housing Revenue Reserve (for unexpected events)	670
Capital Fund (for spending with a lasting value on housing assets)	50
Major Repairs Reserve (for spending with a lasting value on housing assets)	1
Other reserves (held for specific purposes)	182
Total	903

Collection Fund Statement

We are responsible for collecting Council Tax from the residents of North Warwickshire on behalf of Warwickshire County Council, Warwickshire Police Authority, and the Borough Council itself. Town and Parish Council charges are included within the Borough Council's demand on the Collection Fund. We are also responsible for collecting business rates on behalf of the Government.

Council Tax and Business Rates continued to be managed successfully with a collection rate of 98.52% for Council Tax and 99.35% for business rates falling due in 2009/10.

Capital Spending in 2009/10

Alongside our day-to-day costs we spend money on assets such as buildings, vehicles, equipment and computer systems. During 2009/10 our capital spending was just less than the agreed programme and came to £7.917 million.

The 2009/10 Capital Programme includes amounts brought forward from 2008/09 that had not been spent and is shown below, together with a comparison to actual expenditure.

	Programme £000's	Expenditure £000's
Council Housing	6,115	6,073
Housing General Fund Services	511	478
Other General Fund Services	1,299	1,366
Total	7,925	7,917

A few projects have not been fully completed. Schemes such as council housing improvements and disabled facility grants to private sector housing tend to span several years and therefore spending does not always occur in a set period. Some work has also taken longer to ensure that maximum value for money and partnership working is achieved, such as in the case of the Atherstone Accommodation Project.

All schemes not completed in 2009/10 are reviewed, and where the project is still needed, the money will be spent in 2010/11. Any remaining funding which is unspent, will be available for other projects in the future, or to offset the capital deficit in the next few years.

We received some capital income during the year from the sale of some council houses, two part equity holdings and two pieces of land. The council houses were sold under the Right to Buy legislation. In addition, we disposed of a number of properties as they were transferred to a Housing Association as part of a refurbishment scheme of some ex - NCB houses.

We revalue all of our assets within a five-year period, with a proportion revalued each year. The value of our assets in 2009/10 has increased by £7.8 million, primarily due to the reversal of the downturn in the housing market leading to an increase in value of the Housing Stock by 6.7%. New assets included relate to the implementation of new computer systems in the year and the purchase of 6 new refuse vehicles. When our spending in 2009/10 is included, together with some other adjustments, the total value of assets at the end of the year is £157.3 million.

We had £2 million of outstanding temporary borrowing and no external long term borrowing at the end of the year.

The level of capital resources held at the year-end for future capital spending was £4 million.

Pension Costs

Pension costs are included in the accounts to meet the requirements of Financial Reporting Standard 17 (FRS 17), a reporting standard that relates to retirement benefits. We must make sure that the financial statements reflect fairly the assets and liabilities relating to retirement benefits we are responsible for as an employer, and that we show the true cost of these responsibilities.

Under the FRS 17 regulations, the shortfall on the Local Government Pension scheme in the balance sheet is £24.603 million. Any change in service costs on the Income and Expenditure account is met by a transfer from the Pensions Reserve so that the charge against Council Tax reflects the actual cash paid during the year. A net pension asset indicates that an authority has effectively overpaid contributions relative to the future benefits earned to date by its employees. A net liability shows an effective underpayment.

The pension fund's actuary values the pension fund every three years. The last full valuation took place as at 31 March 2007 and showed the pension fund was 86% funded. Employer's rates are increasing gradually, with the long term aim of achieving a 100% funding level.

Further details of Pension transactions can be found in the notes to the Core Financial Statements.

Other

The external auditors assess the Council's Use of Resources on an annual basis. The last known result assessed the Council as performing adequately. Although a 2009/10 review was carried out, the assessment was not completed as the government have chosen to stop this process.

Looking ahead to 2010/11

Following the consideration of a number of spending pressures we increased our Council Tax by 2.4% in 2010/11. We will be contributing a small sum to our reserves to support future spending on services. The actual decrease in planned net spending (after service income) was 2.01%. We plan to spend £9.915 million in total, giving priority to Community Partnership initiatives, the provision of a public convenience in Polesworth, and additional funding for the Citizens Advice Bureau.

Planned capital spending for 2010/11 is £5.489 million. Our priority for capital spending continues to be the improvement of our housing stock, along with providing support for those in private sector housing. In addition we will be building 25 new council houses on four old garage sites.

We will continue to try to meet inflationary costs and rising service demands by making our services more efficient and improving value for money. Our aims are set out in the budget resolution, which the Council approved in February 2010.

C J Brewer CPFA

Director of Resources, North Warwickshire Borough Council

Statement of Accounting Policies

1. General

The content, layout and general rules we used to prepare these accounts are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (SORP). These ensure that we comply with approved accounting standards and that the accounts present truly and fairly our transactions and financial position during 2009/10 and at the year end of 31 March 2010.

The general principles, which govern the accounting policies used by local authorities, are set out in the above regulations.

2. Accruals of Income and Expenditure

We record all revenue and capital transactions over £250 on an accruals basis. This means that the activity is accounted for in the year that it takes place, not when cash payments are actually made or income is actually received. Where there is no cash transaction a debtor or creditor for the relevant amount is included in the balance sheet. These are shown within the current assets and current liabilities sections of the Balance Sheet respectively.

Amounts less than £250 are included in the accounts when payment is made or income is received. In addition, electricity and other similar quarterly payments are charged at the date of meter reading rather than apportioned between financial years. This policy is consistently applied each year so it does not have a material effect upon the year's accounts.

Business Rate and Council Tax Prepayments, together with grants received in advance for schemes where we are acting as the Accountable Body are shown separately from Creditors as Receipts in Advance.

Supplies are included as expenditure when they are used. Where they have been received but not used, they are carried as stocks on the balance sheet. Similarly works are charged as expenditure when they are completed. Any work that is incomplete at the year end is shown on the balance sheet as work in progress.

3. Provisions

We put amounts of money aside to meet specific service payments, where the timing of the payment is uncertain. For these to count as provisions, they need to pass three tests.

- The Council has a present obligation as a result of a past event,
- There must be a clear responsibility to make this future payment because of the past event and
- A reliable estimate can be made of the amount required.

4. Reserves

We keep general reserves to protect us against unexpected events and to allow us to manage our cash flow. We also keep earmarked reserves, which have been set aside for specific future expenditure. Most of our reserves are revenue reserves, which can be used for both revenue and capital spending. In contrast, the Usable Capital Receipts Reserve can only be used for capital spending.

The Pensions Reserve has been established under FRS 17 and reflects the net liability the Council holds currently on the Pension Fund.

We hold capital grants and contributions we receive, or are due to receive, which are not used to pay for capital spending in the year in separate reserves called the 'Government Grants Deferred Account' and the 'Contributions Deferred Account'.

5. Government Grants and Other Contributions

Government grants are shown in the accounts in the year that they relate to, rather than when we actually receive them. They are only shown in the accounts if we are certain that we will receive them. Some claims for government grants are only completed after the end of the financial year so the best estimate of the income expected is used in the accounts. If an adjustment is later required it will normally be made in the financial year in which the claim is settled.

Capital grants we receive to pay for assets are held in the Government Grants Deferred Account or Other Contributions Deferred Account and released to the Income and Expenditure Account over the expected life of the asset.

Grants that are received in advance of a new asset being enhanced or constructed are held in a Grants and Contributions Unapplied Account until work has commenced, then a proportion of the grant is transferred to a Grants Deferred Account as work is completed.

Grants received relating to partnership working, for which the Council is the Accountable Body, are held as receipts in advance.

6. Retirement Benefits

The Local Government Pension Scheme is a funded, defined benefit scheme administered by Warwickshire County Council. FRS 17 (Retirement Benefits) was introduced in 2003/04 and requires us to look beyond our commitments to pay contributions to the pension fund and to determine the full longer-term effect that the award of retirement benefits in any year has had on our financial position.

The policy is to recognise the full liability that we have for meeting the future cost of retirement benefits that will arise from years of service earned by employees up to the balance sheet date, net of the contributions paid into the Fund and the investment income they have generated. A net pension asset indicates that we have effectively overpaid contributions relative to the future benefits earned to date by our employees. A net liability shows an effective underpayment. The closing balance sheet for 2009/10 includes a pension liability of £24.603 million, balanced by a pension's reserve of the same value (which reflects the fact that we are not required to raise council tax to cover the liability).

The pension cost has been assessed in accordance with the advice of professionally qualified actuaries, Mercer Limited, appointed by Warwickshire County Council, the Pension Scheme administering body. The last full actuarial valuation of the Scheme was undertaken as at 31 March 2007, with an update undertaken for these Statements as at 31 March 2010.

Under the 2009 SORP the Council has adopted the FRS 17 Retirement Benefits.

The assets of the scheme are measured at fair value.

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

The liabilities of the scheme are measured on an actuarial basis using the projected unit method. Scheme liabilities are discounted at a rate that reflects the time value of money and the characteristics of the liability.

The change in the net pension liability is analysed into seven components:

- The current service cost is based on the most recent actuarial valuation at the beginning of the period, with the financial assumptions updated to reflect conditions at that date.
- Past service costs are disclosed on a straight line basis over the period in which the increases in benefits vest.
- The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- The expected rate of return on assets is based on long-term expectations at the beginning of the period and is expected to be reasonably stable.
- Actuarial gains and losses may arise from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date.
- Past service gains are due to changes in the scheme benefits.
- Gains/Losses arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the employer becomes demonstrably committed to the transaction and disclosed in the notes to the accounts covering that date. Gains arising from settlements/curtailments not allowed for in the actuarial assumptions are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction.

The surplus/deficit of the scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme liabilities.

Charges to service revenue accounts are now based on a share of current service cost (the increase in future benefits arising from service earned in the current year) rather than employer's contributions. However, an appropriation to the pensions reserve in the Statement of Movement on the General Fund balance removes the adjusting entries and replaces them with employer's contributions, meaning that the policy has no effect on the General Fund balance.

7. Value Added Tax (VAT)

Generally all VAT collected is payable to HM Revenues and Customs and all VAT paid is recoverable from them. VAT is included within the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure or capital expenditure.

8. Overheads and Support Services.

Most of the costs of management and administration expenses have been recharged to services in line with CIPFA Best Value Accounting Code of **Practice 2008**. Examples of allocation methods used include office costs recharged on the basis of floor area of each office and central services charged on the basis of staff time spent working for individual services.

The costs of managing the Authority are a direct charge to the corporate and democratic core equating to 5.07% of management and administration expenses.

Unallocated costs are shown separately on the income and expenditure account equating to 3.48% of management and administration expenses.

9. Intangible Fixed Assets

Intangible assets are included in capital spending, although a physical asset cannot be clearly seen. We include these assets on the balance sheet at historical cost and treat them in the same way as other assets. We gradually reduce the value of intangible assets, such as software licences, over their useful life (up to 10 years). However, rather than being called depreciation, we refer to this as amortisation. We also review the useful lives of these assets on an annual basis.

10. Tangible Fixed Assets

a) Our spending on buying, creating or improving fixed assets, which give benefit for more than one year, is classed as capital spending. This excludes spending on routine repairs and maintenance of fixed assets which is charged directly to service revenue accounts. The fixed assets in the balance sheet represent land, buildings and other items such as vehicles and plant. We only include individual pieces of land and buildings that exceed £10,000, and plant and equipment that exceed £5,000 in our asset register.

b) The fixed assets shown in the Balance Sheet have been valued on the basis recommended by CIPFA and in line with the Valuation Standards of the Royal Institution of Chartered Surveyors. The valuations have been carried out by the Council's internal valuer, Mr Richard Lewis FRICS, who is a Chartered Valuation Surveyor and are in accordance with the requirements of the RICS Valuation Standards (6th edition). All assets must be re-valued within a 5-year period and we have chosen to use a rolling programme and revalue 1/5 of our assets annually. Generally a proportion of assets from each category will be reviewed each year. Assets, unless otherwise indicated, are being depreciated over their estimated useful economic lives.

The following methods of valuation have been used:

- **Council Dwellings** –the 'Beacon' method has been used whereby "typical" properties are valued and the remaining similar houses in the area are assessed based on this beacon. There is also an assumption that properties are vacant and that the use will continue to be for residential accommodation. An opinion of the best price to be derived (market value) from the sale of the beacon property is made. This value is then discounted to reflect the use of the property for social housing, which is occupied under a secured tenancy. These properties have been depreciated on a straight-line basis over their anticipated life, which has generally been assessed as 50 years. However an assessment of 40 years has been made for those properties with a timber-clad structure, whilst defective housing has not been given an assumed life.

The valuation of each dwelling includes both the building and the land on which it stands. As it is difficult to accurately value the land element of each property, the Council's Valuer has determined that approximately one third of the total value of Council Dwellings is tied up in the land. This amount is now included within the Fixed Asset section of the Balance Sheet within the Land and Buildings total.

- **Land, operational and other assets** have been valued at the lower of net current replacement cost and net realisable value in existing use where they are non-specialised assets and depreciated replacement cost where they are specialised. A representative sample of properties within each category of building type (operational and non-operational) is valued. This value is then applied to other similar buildings. These properties are then depreciated on a straight-line basis over their anticipated lives, which vary according to the type of building. Land associated with our housing stock is included in the Balance Sheet in this category.
- **Non-operational assets** have been valued to Market Value

- **Vehicles, Plant and Equipment** – Assets valued in excess of £5,000 are included at historic cost, net of depreciation. These assets have been depreciated on a straight-line basis over their anticipated lives.
- **Infrastructure assets and community assets** are included at historical cost. Where the historical cost is not known for community assets, a nominal value of £1 has been included. Community assets are not depreciated as they relate to land. In many instances the community assets are on sites that include operational assets, and in these cases the historical cost has been apportioned accordingly. Infrastructure assets are shown net of depreciation (where applicable).

Increases in asset valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The exception to this rule is that a gain might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

c) Impairment

We have to consider whether the value of any of our fixed assets has reduced, for example, physical damage or obsolescence or a decline in the market value. We carry out an annual review to identify any particular assets that this may be relevant to and where the value of an asset is changed, the valuation in the accounts is adjusted to show this. If the reduced value is a result of asset use, the loss is charged to the relevant service account. If the loss is as a result of market decline but it had previously been subject to an increase in value, the impairment can be offset against any credit held within the Revaluation Reserve. Any excess will be written off to the service account. If there were no previous increase and subsequently no credit balances in the Revaluation Reserve, the impairment would be charged in full to the service account.

d) Income from the Sale of Capital Assets (Disposals)

If we dispose of an asset its value held on the balance sheet is written off to the Income and Expenditure Account. Any income from its sale is also shown within the Income and Expenditure Account so that the gain or loss on disposal can be seen. The gain or loss is not a charge against council tax as the cost of fixed assets is fully provided for under separate arrangements for capital financing. The value of the asset written off is transferred to the Capital Adjustment Account from the Statement of Movement on the General Fund Balance.

Income above £10,000 received from the sale of assets is treated as a capital receipt. In general terms we have to pay 75% of Council House sales and 50% of other housing receipts over to the CLG. With some disposals we are allowed to retain all of the income if we plan to spend it on affordable housing. The balance of the receipt is transferred to the Usable Capital Receipts Reserve where it is held until it is used to meet the cost of new capital spending or is set aside to reduce the council's underlying need to borrow. Receipts are transferred to the Reserve from the Statement of Movement on the General Fund Balance.

We do not need to pay over any income from the sale of General Fund assets and this can be fully used for capital spending.

e) Depreciation

All assets with a limited useful life, such as vehicles and buildings, are reduced in value according to the following policies:

- Our new assets begin to fall in value from the date they come into use.
- An asset's value falls steadily throughout its life.

This reduction in value is called depreciation.

We charge depreciation costs on all assets (except land and investment properties) with a limited useful life whether or not their value is being maintained through repairs and maintenance. We have charged depreciation costs on buildings over what our valuer thinks their estimated useful life will be and on vehicles and equipment over their own useful lives. The depreciation charge is to cover the economic usage of the asset but is reversed out so that there is no impact on Council Tax.

Gains on the revaluation of assets are also depreciated with an amount equal to the difference between the current value depreciation and the historical value depreciation transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Where grants and contributions are received that are identifiable to fixed assets with a finite useful life the amounts are credited to the Government Grants Deferred Account or the Contributions Deferred Account. The balance is then written down to revenue to offset the depreciation charges made for the related assets in the relevant service account in line with the depreciation policy applied to them.

11. Charges to Revenue for Fixed Assets

We charge services for all the assets they use to provide their services. The charges cover depreciation, any impairment losses and a proportion of the cost of intangible assets. Depreciation has been calculated where appropriate, by spreading the value of the asset less any residual value over its useful life. Depreciation is charged on all operational buildings owned by the Council, both General Fund and those held within the Housing Revenue Account. These capital charges form part of the net cost of service within the Income and Expenditure Account.

We are not required to raise council tax to cover depreciation, impairment and intangible asset charges. However we are required to make an annual provision from revenue towards the cost of our borrowing requirement which is known as the Minimum Revenue Provision.

For 2009/10, the Council has a choice of methods for the calculation of their Minimum Revenue Provision. We decided to continue to use the previous regulations in compliance with The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008[SI 2008/414] for 2009/10 with the exception of the purchase of 5 new Refuse Freighters. The amount we have set aside for the repayment of borrowing for General Fund services is based on a minimum figure of 4% of the borrowing requirement at the beginning of the financial year. We could also choose to set aside additional amounts for repaying debt but have not done so in 2009/10. The purchase of the Refuse Freighters will be completed using the method repayable over the useful life of the asset and commencing in 2010/11.

The rules for how much we must set aside for the Housing Revenue Account (HRA) are different, and are set out by the Government. There is currently no requirement to charge MRP in respect of housing.

Within the General Fund the depreciation and other charges are replaced by the annual minimum revenue provision made towards our borrowing requirement in the Statement of Movement on the General Fund Balance so that the cost of depreciation does not raise Council Tax.

12. Revenue Expenditure Funded from Capital under Statute

Statutory provisions allow us to spend capital funds on assets that are not owned by this Council, such as grants for private sector housing. As there is no economic benefit to the Council, the expenditure is written down in the year it is incurred.

A transfer to the Capital Adjustment Account reverses out the amounts charged in the Statement of Movement on the General Fund Balance, so there is no impact on the level of council tax.

13. Leases

Finance leases are treated in the same way as other capital spending, with the assets they cover included on the balance sheet and depreciation charged in their normal way. However we don't currently have any finance leases.

We do have a number of operating leases which relate to one industrial estate, photocopiers and some of our vehicles. Rentals payable under operating leases are charged evenly to revenue over the life of the lease.

14. Financial Liabilities (forming part of the Financial Instrument Adjustment Account)

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate.

Premiums and discounts have been charged against the Housing Revenue Account balance, through an entry in the Statement of Movement on the General Fund Balance. The corresponding entry is from the Financial Instruments account on the Balance Sheet.

15. Financial Assets (forming part of the Financial Instrument Adjustment Account)

Loans and Receivables are initially measured at fair value and carried at their amortised cost. However, the council has made a number of loans to Parish councils/voluntary organisations at less than market rates (soft loans). When soft loans are made a loss is recorded in the income and expenditure account for the present value of the interest that will be foregone over the life of the instrument resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the Parish Council/Voluntary Organisation with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable in the financial year – the reconciliation of amounts debited and credited to the income and expenditure account to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance. (Further details are contained in note 34 of the core financial statements).

16. Investments

All investments we make have to meet the conditions set out in our Treasury Management Strategy. Investments are recorded in the accounts at the price we bought them. Interest we earned on the money we lent is shown in the accounts in the year it was earned.

17. Stocks and Work in Progress

In the Balance Sheet, work in progress on incomplete jobs is valued at cost including an allocation of overheads. Stocks are simply valued at cost or net realisable value.

18. Estimation Techniques

In some instances it has been necessary to make certain estimates in order to prepare the Statement of Accounts. Where this applies an informed decision has been made to ensure that these cost or income estimates are as accurate as could reasonably be expected. The most significant area where this approach has been used relates to the subsidy received from the government towards the payment of housing and council tax benefits. The estimate in this case is taken from an initial assessment of the benefit paid out, and the corresponding grant expected.

STATEMENT OF RESPONSIBILITIES, ISSUE AND APPROVAL DATE

The Council's Responsibilities

The Council is required to:

- 1) Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In North Warwickshire Borough Council this is the Director of Resources.
- 2) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- 3) Approve the Statement of Accounts.

The Director of Resource's Responsibilities

The Director of Resources is responsible for the preparation of North Warwickshire Borough Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this Statements of Accounts the Director of Resources has:

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

The Director of Resources has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- ensured the Statement of Accounts presents a true and fair view of the financial position of the Borough Council at 31 March 2010 and its income and expenditure for the year ended 31 March 2010.

Issue Date

The date that these financial statements are authorised for issue is 28 June 2010.

All known material events that have occurred up to and including this date, which relate to 2009/10 or before have been reflected in the accounts.

In accordance with the Accounts and Audit Regulations 10(2) I certify that the Statement of Accounts 2009/10 presents truly and fairly the financial position of the Council at 31 March 2010 and its income and expenditure for the year.

Signed:

Date:

C J Brewer CPFA, Director of Resources

Income and Expenditure Account for the Year Ended 31 March 2010

This Account brings together all of our functions and shows a summary of the resources generated and used by the Authority in the year.

2008/09 Net Expenditure £000's		2009/10 Gross Expenditure £000's	2009/10 Income £000's	2009/10 Net Expenditure £000's	Note
	FUNCTION/ACTIVITY				
542	Central Services to the Public	5,679	(5,302)	377	
7,052	Cultural, Environmental, Regulatory & Planning Services	12,410	(5,804)	6,606	
408	Highways and Transport Services	484	(100)	384	
24,755	Local Authority Housing (HRA and Rent Rebates)	14,607	(19,207)	(4,600)	
1,065	Other Housing Services	8,193	(7,339)	854	
1,720	Corporate and Democratic Core	1,662	(98)	1,564	
197	Non-Distributed Costs	51	-	51	
35,739	NET COST OF SERVICES	43,086	(37,850)	5,236	1
260	Loss on the Disposal of Fixed Assets	613	-	613	
817	Parish Council Precepts	862	-	862	34
73	Interest payable	25	-	25	
392	Contribution of housing capital receipts to Government Pool	239	-	239	
(752)	Interest and Investment income	-	(196)	(196)	
3,381	Interest on Pensions Liability	3,305	-	3,305	21
(2,457)	Expected Return on Pension Assets	-	(1,888)	(1,888)	21
37,453	NET OPERATING EXPENDITURE	48,130	(39,934)	8,196	
(5,038)	Precept demanded from Collection Fund	-	(5,191)	(5,191)	
(45)	Distribution of Collection Fund Surplus	-	(51)	(51)	
(738)	General Government Grant	-	(1,090)	(1,090)	
(4,633)	Distribution from Non Domestic Rate Pool	-	(4,357)	(4,357)	2
26,999	NET (SURPLUS)/ DEFICIT FOR THE YEAR	48,130	(50,623)	(2,493)	

Statement of Movement on the General Fund Balance for the Year Ended 31 March 2010

The Income and Expenditure Account brings together all of our functions and summarises all of the resources that we have generated, used or set aside during the year. However, we are required to raise council tax on a different accounting basis. The main differences are:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are used.
- The payment of a share of housing capital receipts to the government scores as a loss in the Income and Expenditure Account but is met from the usable capital receipts balance rather than council tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The Statement of Movement on the General Fund Balance compares the Authority's spending against the Council tax that it raised for the year taking into account the use of reserves built up in the past and contributions to reserves earmarked for the future.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

2008/09 £000's		2009/10 £000's
26,999	NET (SURPLUS)/ DEFICIT FOR THE YEAR ON THE INCOME AND EXPENDITURE ACCOUNT	(2,493)
(27,065)	Net additional amount required by Statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year (see following table)	2,261
(66)	INCREASE IN GENERAL FUND BALANCE FOR THE YEAR	(232)
(2,038)	General Fund Balance brought forward	(2,104)
(2,104)	GENERAL FUND BALANCE CARRIED FORWARD	(2,336)

Note of reconciling items for the Statement of Movement on the General Fund Balance

2008/09 £000's		2009/10 £000's	2009/10 £000's	Note
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year			
(261)	Amortisation of Intangible fixed assets	(253)		14
(26,224)	Depreciation and impairment of fixed assets	1,989		
(81)	Revenue Expenditure Funded from Capital under Statute	(161)		
223	Government Grants Deferred amortisation	242		
(260)	Net gain/ (loss) on sale of fixed assets	(613)		
17	Difference between amounts DR/CR to the I & E Account and the Collection Fund	11		
(924)	Transfer to/ (from) Pensions Reserve	(1,417)		
(203)	Net charges made for retirement benefits in accordance with FRS17	335		21
(27,713)			133	
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the Year			
147	Minimum revenue provision for the repayment of debt	153		
(392)	Transfer from Usable Capital Receipts Reserve	(239)		
27	Amortised premiums and discounts	29		
374	Capital expenditure financed from revenue (General Fund and HRA)	411		
156			354	
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year			
(285)	Transfer to/(from) HRA balances	153		19
976	Transfer to Earmarked Reserves	666		
(222)	Transfer to/(from) Major Repairs Reserve	(271)		
(177)	Transfer to/(from) Capital Adjustment Account	(74)		
200	Transfer to Earmarked Capital Reserve	1,300		
492			1,774	
(27,065)	Net additional amount required by statute and non statutory practices to be debited or credited to the General Fund Balance		2,261	

Statement of Total Recognised Gains and Losses

This statement brings together all our gains and losses for the year and shows the total increase in our net worth. In addition to the surplus/deficit generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2008/09 £000's		2009/10 £000's
26,999	(Surplus)/Deficit for the year on the Income and Expenditure Account	(2,493)
3,949	(Surplus)/loss arising on revaluation of fixed assets	(1,927)
(1,716)	Actuarial (gains)/losses on pension fund assets and liabilities	7,253
29,232	Total recognised loss for the year	2,833

The Balance Sheet as at 31 March 2010

This shows the overall financial position of the Council at 31 March 2010. It shows the assets and liabilities of the Council as a whole, including the Collection Fund.

2008/09 £000's		Note	2009/10 £000's	2009/10 £000's
	Fixed Assets			
959	Intangible Assets	14		750
	Tangible Assets – Operational			
80,695	Council Dwellings	8	87,708	
58,391	Other Land & Buildings	8	57,991	
5	Infrastructure Assets	8	20	
819	Vehicles, Plant, Furniture & Equipment	8	1,722	
124	Community Assets	8	124	147,565
	Tangible Assets – Non Operational			
7,127	Investment Properties	8	7,870	
-	Assets under construction	8	88	
1,407	Surplus assets, held for disposal	8	1,078	9,036
149,527	TOTAL FIXED ASSETS			157,351
5	Long Term Investments			5
19	Long Term Debtors – mortgagors			15
149,551	TOTAL LONG TERM ASSETS			157,371
52	Stocks and Work in Progress		26	
1,986	Sundry Debtors	28	2,171	
521	Prepayments		499	
605	Cash in Hand	23	1,328	
7,267	Investments	25	3,540	
10,431	TOTAL CURRENT ASSETS		7,564	
3,632	Sundry Creditors	29	3,129	
2,000	Temporary Borrowing	24	2,000	
936	Receipts in Advance	30	852	
6,568	TOTAL CURRENT LIABILITIES		5,981	
3,863	NET CURRENT ASSETS			1,583
153,414	TOTAL ASSETS LESS TOTAL CURRENT LIABILITIES			158,954
-	Long Term Borrowing		-	
16,268	Pension Fund Liabilities	19/21	24,603	
1,428	Government Grants Deferred	19	1,290	
128	Contributions Deferred	19	304	
17,824	LONG TERM LIABILITIES			26,197
135,590	TOTAL ASSETS LESS LIABILITIES			132,757
	Financed by:			
137,432	Capital Adjustment Account	19	140,490	
(145)	Financial Instruments Adjustment Account	19/32	(117)	
57	Collection Fund Adjustment Account		67	
4,125	Revaluation Reserve	19	5,669	
3,292	Usable Capital Receipts Reserve	19	2,664	
-	Grant/Contributions Unapplied		1,042	
19	Deferred Capital Receipts	31	15	
(16,268)	Pension Reserve	19/21	(24,603)	
2,104	General Fund Balance	19	2,336	
517	Housing Revenue Account Balance	19	670	
55	Housing Act Advances	19	56	
17	Major Repairs Reserve	19	1	
4,385	Earmarked Reserves	19	4,467	
135,590	TOTAL NET WORTH			132,757

Signed _____
C J Brewer CPFA, Director of Resources

Date _____

Cash Flow Statement for the Year Ended 31 March 2010

This summarises the movement of cash arising from all Council activities involving transactions with third parties for both revenue and capital purposes

2008/09 £000's	2008/09 £000's		2009/10 £000's	2009/10 £000's
		REVENUE ACTIVITIES		
		<i>Cash Outflows</i>		
8,450		Cash paid to and on behalf of employees	8,261	
22,632		Other operating cash costs	22,896	
5,518		Housing Benefit paid out	6,841	
5,639		Precepts paid out	5,809	
3,452		Payment to the National Housing Pool	3,178	
429	46,120	Payments to the Capital Receipts Pool	163	47,148
		<i>Cash Inflows</i>		
(8,902)		Rents (after rebates)	(9,162)	
(668)		Revenue Support Grant & Area Based Grant & Housing & Planning Delivery Grant	(1,090)	
(4,633)		Receipts from NNDR Pool	(4,357)	
(5,038)		Precepts Received	(5,231)	
(14,026)		DWP Grants for Benefits	(16,524)	
(657)		Other Government Grants	(683)	
(8,325)		Cash received for goods & services	(11,088)	
(1,437)		Other revenue income	(1,017)	
(759)	(44,445)	Council Tax income	(87)	(49,239)
	1,675	Cash movement relating to revenue activities – see note 28 to core financial statements		(2,091)
		RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
		<i>Cash Outflows</i>		
3		Interest paid	5	
		<i>Cash Inflows</i>		
(771)	(768)	Interest received	(196)	(191)
	907			(2,282)
		CAPITAL ACTIVITIES		
		<i>Cash Outflows</i>		
6,621		Purchase of Fixed Assets	8,719	
524		Other capital cash payments	514	
		<i>Cash Inflows</i>		
(666)		Sale of fixed assets	(903)	
(657)		Capital grants received	(410)	
(2,451)	3,371	Other capital cash receipts	(2,380)	5,540
	4,278	Net cash (inflow) / outflow before financing		3,258
		MANAGEMENT OF LIQUID RESOURCES		
(2,252)		Liquid Resources	(3,727)	
395		Other Liquid Resources	(254)	
		FINANCING		
		<i>Cash Outflows</i>		
-		Repayment of borrowings	-	
		<i>Cash Inflows</i>		
-		Long Term Investment Repaid	-	
(2,000)	(3,857)	New short term loans	-	(3,981)
	421	(INCREASE)/DECREASE IN CASH		(723)

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

1. Continuing Operations

The range of services shown within the Net Cost of Services in the Income and Expenditure Account are unchanged from previous years, allowing direct comparison with 2008/09.

2. General Government Grants

This note breaks down the constituent parts of the general government grants figure within the income and expenditure account.

Grant Type	2008/09 £000's	2009/10 £000's
Revenue support grant	645	1,005
Area based grant	23	23
Housing & Planning Delivery Grant (revenue part only)	70	62
Government Grants	738	1,090

Area Based Grant has replaced Local Area Agreements for 2009/10. It is paid directly to the authority that benefits from the grant and is paid without any constraint on what it can be used for. It is accounted for in the Income and Expenditure account alongside Revenue Support Grant.

3. Trading Activities

We operate a number of trading accounts, primarily for those services that formerly operated under Compulsory Competitive Tendering legislation. Any surplus or deficit resulting from these trading activities forms part of the Council's Net Cost of Service. For 2009/10 the total surplus resulting from trading activities totalled £243,071 and the following table summarises the financial performance for each.

DSO	2008/09 Expend. £000's	2008/09 Income £000's	2008/09 (Surplus)/ Deficit £000's	2009/10 Expend. £000's	2009/10 Income £000's	2009/10 (Surplus)/ Deficit £000's
Building Mtce.	1,929	(1,967)	(38)	1,895	(1,971)	(76)
Horticulture	469	(511)	(42)	450	(522)	(72)
Refuse Collect.	939	(920)	19	894	(946)	(52)
Amenity Cng.	450	(475)	(25)	432	(475)	(43)
Totals	3,787	(3,873)	(86)	3,671	(3,914)	(243)

4. Members' Allowances

Spending on Members' Allowances in 2009/10 totalled £240,261, which includes travel and subsistence (£244,198 in 2008/09). A document detailing the Members' Allowance Scheme is available from the Assistant Director (Finance and Human Resources). Members' Allowances were reviewed by the Independent Remuneration Panel in March 2008, and the amended scheme of allowances was applied during 2009/10. Members are eligible to join the Local Government Pension Scheme, and in 2009/10, the Council's contribution to the scheme for those Members who have chosen to join it totalled £9,917.

5. Officers' Emoluments

Under Accounts and Audit regulations, we must show the number of our staff who are paid more than £50,000 a year. The follow tables details the senior officers of the authority for 2009/10 and 2008/09.

2009/10 Job Title	Pay (£)	Benefits (£)	Returning Officer (£)	Sub Total (£)	Pensions (£)	Pay (£)
Chief Executive	97,181	5,965	2,598	105,744	13,914	119,658
Director of Resources	76,601	6,059	-	82,660	10,971	93,631
Director of Community and Environment	76,601	-	-	76,601	10,954	87,555

2008/09 Job Title	Pay (£)	Benefits (£)	Returning Officer (£)	Sub Total (£)	Pensions (£)	Pay (£)
Chief Executive	97,181	5,900	-	103,081	13,038	116,119
Director of Resources	76,601	6,118	-	82,719	10,281	93,000
Director of Community and Environment	74,887	-	-	74,887	10,035	84,922

The numbers of other officers who receive more than £50,000 are shown below.

2008/09 staff numbers	Employee Pay Bands	2009/10 staff numbers
-	£50,000-£54,999	1
-	£55,000-£59,999	1
6	£60,000-£64,999	5
1	£65,000-£69,999	1
7		8

6. Related Party Transactions

We are required to disclose any transactions that councillors and officers have with related parties, including non-financial transactions. A related party is defined as being an organisation with which the authority has dealings and where either officers or members of the Council have a controlling interest in that organisation.

The information relating to this Council for 2009/10 is as follows:

Financial Transactions

Organisation	Payments £000's	Receipts £000's
Warwickshire County Council-excludes Precepts (See note a)	2,269	481
Atherstone Town Council (See note b)	23	59
Coleshill Town Council (See note c)	22	31
North Warwickshire Citizens Advice Bureau (See note d)	91	-

- a. There were 7 Borough Councillors who were also County Councillors in 2009/10:
- Brian Moss, Joan Lea, Ray Sweet, Matilda May, Carol Fox, Peter Fowler and Colin Hayfield
- The majority of the payments relate to payments to the Superannuation Fund (£1,518,082). Other payments relate to land charges, concessionary fares, the sports centre at Polesworth, which is a dual use facility, and grant payments relating to the Warwickshire On-line Partnership. Income is received for grass cutting work and from recycling activities.
- b. There were 2 Borough Councillors who were also on Atherstone Town Council in 2009/10:
- Martin Davis and Lorraine Freer
- Expenditure relates to a contribution made to the Town Council towards a scheme to refurbish St Mary's Road play area. Income is received from the Town Council for the monitoring of their CCTV cameras within the town.
- c. There was 1 Borough Councillor who was also on Coleshill Town Council in 2009/10:
- Gordon Sherratt
- Expenditure relates to a contribution made to the Town Council towards a Skate Park in Coleshill. The Town Council awarded a contract to the Borough Council for ground maintenance work in Coleshill.
- d. The Borough Council was represented on the North Warwickshire Citizens Advice Bureau by Councillor Wendy Smitten. The transaction represents a contribution to the running expenses of the organisation.

7. Audit Fees

We pay audit fees for work undertaken on statutory audits, statutory inspections and the certification of grant claims and returns. These fees are paid to our appointed auditors, PricewaterhouseCoopers LLP, for Accounts and Governance Work, Performance Reviews and the Certification of Grant Claims. The Audit Commission Inspection Team carries out work on Statutory Inspections.

The table below indicates the costs incurred, or to be incurred, on the audit of the 2009/10 accounts.

2008/09 £000's	Type of Audit Work	2009/10 £000's
85	Fees payable to with regard to external audit services carried out	92
6	Fees payable in respect of statutory inspections	8
38	Fees payable for the certification of grant claims and returns	40
-	Fees payable in respect of other services	-
129	Total	140

(The 2008/09 figures have been re-stated from those shown last year due to a change in the disclosure guidelines)

8. Capital Expenditure and Financing

Total capital spending during the year amounted to £7,916,663. Of this £7,320,786 relates to tangible fixed assets, £44,169 relates to intangible assets and £551,708 renovation grants and equipment below the deminimis level.

The movement on tangible fixed assets during the year can be summarised as follows: -

OPERATIONAL ASSETS	Council Dwellings	Other Land and Buildings	Infra-structure Assets	Vehicle, Plant etc	Comm-unity Assets	Total
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Cost or Valuation						
As at 31 March 2009	113,107	60,056	8	2,312	124	175,607
Additions/Enhancements	5,850	215	15	1,153		7,233
Disposals	(771)	(405)	-	(490)		(1,666)
Revaluations/Impairments	2,040	225	-			2,265
Transfers	(80)	(35)	-			(115)
As at 31 March 2010	120,146	60,056	23	2,975	124	183,324
Depreciation and Impairments						
Depreciation as at 1 April 2009	(1,802)	(1,207)	(3)	(1,493)	-	(4,505)
Impairment as at 1 April 2009	(30,610)	(458)				(31,068)
Depreciation in year	(1,846)	(461)	-	(250)		(2,557)
Impairments in year	-	(129)				(129)
Depreciation written out following disposal	15	-		490		505
Depreciation written out following Revaluations	1,805	190				1,995
Balance Sheet amount at 31 March 2010	87,708	57,991	20	1,722	124	147,565
Balance Sheet amount at 1 April 2009	80,695	58,391	5	819	124	140,034
Nature of asset holding						
Owned	87,708	57,991	20	1,722	124	147,565
Finance Lease	-	-	-	-	-	-
Total	87,708	57,991	20	1,722	124	147,565

NON OPERATIONAL ASSETS	Investment Properties	Assets under construction	Surplus Assets for disposal	Total
	£ 000's	£ 000's	£ 000's	£ 000's
Cost or Valuation				
As at 31 March 2009	7,217	-	1,446	8,663
Additions/Enhancements	-	88	-	88
Disposals	(58)	-	-	(58)
Revaluations / Impairments	407	-	63	470
Transfers	546	-	(431)	115
As at 31 March 2010	8,112	88	1,078	9,278
Depreciation and Impairments				
Impairment as at 1 April 2009	(90)			(90)
Impairments in year	(152)			(152)
Balance Sheet amount at 31 March 2010	7,870	88	1,078	9,036
Balance Sheet amount at 1 April 2009	7,127	-	1,407	8,534
Nature of asset holding				
Owned	7,870	88	1,078	9,036
Finance Lease	-	-	-	-
Total	7,870	88	1,078	9,036

(Some of the opening balances on the tables above differ from those shown as the closing balance last year where the assets are valued on a current cost basis. This is due to a change in the guidance notes that now requires any accumulated impairments to be shown separately)

All of the assets included in the tables above are owned by the Council.

- Asset values increased during the year due to a partial reversal of the decline in the housing market that was evident during 2008/09. New assets were also purchased, mainly computer systems and refuse vehicles.
- Council house sales and council house transfers to a Housing Association accounted for the majority of disposals. The remainder related to the sale of some land at Rectory Road, Arley and Phoenix Yard in Atherstone and two part equity holding sales.
- Depreciation is broken down into that charged in the year and that which has been written off as assets have either been disposed of or revalued.
- The actual depreciation charge relating to 2009/10 is £2,810,136 split between tangible assets of £2,557,244 and intangible assets of £252,892

Capital Expenditure and Financing		
2008/09 £ 000's		2009/10 £ 000's
	<i>Capital Investment</i>	
6,765	Operational Assets	7,439
-	Non Operational Assets	-
560	Revenue Expenditure Funded from Capital	478
7,325	Total Expenditure	7,917
	<i>Sources of Finance</i>	
(1,060)	Capital receipts	(1,192)
(400)	Supported borrowing	(229)
(831)	Government grants and other contributions	(722)
(369)	Revenue Contribution to Capital	(192)
(1,365)	Earmarked Capital Reserve	(446)
(2,104)	Major Repairs Reserve	(1,559)
(1,196)	Capital creditors	(130)
	Prudential Borrowing	(3,447)
(7,325)	Total Financing	(7,917)

9. Capital Commitments

There is one significant contract that the Council has entered into in 2009/10 which will impact on 2010/11 and that is to build 25 new council houses on old garage sites. The value of this is £2.2m.

10. Information on Assets Held

An analysis of the main fixed assets we own is shown below: -

31.03.2009 (No's)		31.03.2010 (No's)
2,760	Council Dwellings	2,722
2	Offices	2
1	Depot & Workshop	1
15	Off Street Car Parks	15
4	Leisure Centres & Football Stadium	4
1	Entertainment Halls	1
1	Markets	1
23	Communal Rooms at Flats	23
48 units	Shops & Office Units	48 units
52 units	Industrial Units	52 units
17 hectares	Land awaiting development	17 hectares
74 hectares	Parks, Recreation Grounds & Open Spaces	74 hectares

11. Operating Leases

We use operating leases as a way of financing some land, vehicles and equipment. The rental payments made during 2009/10 are shown in the table below, together with the value of leases outstanding at the end of 2009/10 and the rent due in 2010/11.

The Land and Building lease relates to some industrial units known as Units 18-39 Innage Park, Atherstone. The plant and vehicle leases relate to staff cars, commercial vehicles, mowers and photocopiers, most of which the authority uses to deliver various services to the public.

	Land & Buildings £	Vehicle & Plant £	Total £
Total rent for 2009/10	101,000	369,533	470,533

Outstanding leases at 31 March 2010	1,010,000	966,596	1,976,596
<i>Made up of:</i>			
Leases due to end in 2010/11	-	39,611	39,611
Leases due to end between 2011/12 and 2014/15	-	626,662	626,662
Leases due to end after 2014/15	1,010,000	300,323	1,310,323

Rent payable in 2010/11	101,000	316,026	417,026
<i>Relating to:</i>			
Leases due to end in 2010/11	-	39,611	39,611
Leases due to end between 2011/12 and 2014/15	-	224,875	224,875
Leases due to end after 2014/15	101,000	51,540	152,540

We don't hold any assets under finance leases at the present time.

12. Fixed Asset Valuation information

The valuation methods used for each type of asset category are detailed in note 10 of the Accounting Policies section (Tangible Assets).

The valuation of 1/5 of council housing using the beacon method resulted in an increase in these areas valued, which was applied to the remainder of the housing stock.

A rolling programme of valuations of land and buildings is also used in practice with depreciation being based on the estimated useful life of each asset. The table below indicates the main categories:

Building	Assumed Life (Years)
Leisure Centres	10 – 20
Other arts/leisure venues	5
Community Centres	4-52
Pavilions	10 – 43
Hostels	40
Shops	5 – 50
Public Conveniences	20
Offices and Depot	20 – 50

The following statement shows the progress of the Council's rolling programme for the revaluation of Fixed Assets over the last 8 years.

Valued at	Council Dwellings Buildings £000's	Other Land and Buildings £000's	Non Operational Assets £000's	Total £000's
Current value in:				
2009/10	2,096	96	318	2,510
2008/09	(24,206)	(331)	(1,162)	(25,699)
2007/08	6,204	3,163	208	9,575
2006/07	102,075	46,981	8,208	157,264
2005/06	-	1,241	2,545	3,786
2004/05	-	451	968	1,419
2003/04	-	3,300	-	3,300
2002/03	-	5,030	657	5,687
Sales/Trans/ Enhance	3,455	(462)	(2,794)	199
Total	89,624	59,469	8,948	158,041

This table shows the full valuation of assets before any depreciation is taken off. The balance sheet shows the position once depreciation has been deducted.

13. Depreciation

We have not changed any of the depreciation methods used in valuing our assets. However the estimated useful lives of a number of assets have been reassessed and amended in 2009/10. The financial effect of any changes is detailed in the table below.

Asset Description	Original End Date	Revised End Date	Financial effect on Depreciation Charges £
Community Centre, Abbey Green, Polesworth	2030/31	2012/13	8,496
Sport Pavilion, Mancetter	2037/38	2018/19	1,898
Telephone System	2010/11	2011/12	(1,848)
Voice over IP system	2010/11	2013/14	(1,563)
Planning Printer	2011/12	2013/14	(1,104)
Queue Monitoring System	2010/11	2013/14	(1,902)
Infrastructure	2010/11	2011/12	(1,080)
Total			2,897

14. Intangible Assets

Our intangible assets relate to software licences. These assets have been depreciated on a straight-line basis over their anticipated lives, the same method used for writing down our intangible assets in previous years. This is normally 10 years for major systems, although an annual review is done to ensure this is still appropriate. The table overleaf shows the movement in intangible assets during 2009/10: -

Intangible Fixed Assets	Software Licences £000's
Original Cost	1,972
Amortisations to 1 April 2009	(1,013)
Balance at 1 April 2009	959
Expenditure in the year	44
Disposals in the year	(35)
Amortisation written off in the year	35
Amortisation in the year	(253)
Balance at 31 March 2010	750

The software licences are held for a number of systems of varying sizes. Only the main ones are detailed below:-

- Warwickshire Online Partnership. The main software purchased as a Warwickshire partnership cost £229,918 in 2004/05 and additional modules were purchased between 2004/05 and 2005/06 costing £59,845. The assets are being written off over a period of between 4 and 10 years,
- Contact Centre. The software purchased specifically by NWBC for it's own service integration cost £188,345 between 2003/04 and 2007/08 and is being amortised over a period of between 5 and 8 years,
- EDRMS. The software cost £308,304 from 2005/06 to 2008/09 and is being amortised over an 8 year period,
- Task FMS. The software cost £164,154 in 2004/05 and 2005/06 and is being amortised over the 10 year life of the licence,
- GIS enhancements. The software cost £129,040 in 2005/06 and 2006/07. The cost is being amortised until 2013/14,
- Planning System (SX3). The software cost £137,563 in 2005/06 and 2006/07. The cost is being amortised until 2013/14,
- Housing Rents System. The software cost £77,138 in 2004/05 and 2005/06. The cost is being amortised over the 10 year life of the licence,
- Housing DSO. The software cost £84,154 from 2002/03 to 2004/05 and is being amortised over the 10 year life of the licence,
- Housing Management and Repairs System (IBS). The software cost £69,245 in 2007/08 and is being amortised over the 10 year life of the licence.
- Microsoft Licence. The software cost £64,765 in 2008/09 and 2009/10. The cost is being amortised over the 3 year life of the licence,
- Web Development. The software was purchased between 2005/06 and 2007/08 costing £133,564 and is being written off from between 5 and 8 years.

As with depreciation of tangible assets, we have not changed the method of writing off these assets. However the estimated useful lives of a number of assets have been reassessed and amended in 2009/10. The financial effect of any changes are detailed in the table below.

Asset Description	Original End Date	Revised End Date	Financial effect on Depreciation Charges £
IT GIS System	2010/11	2014/15	(14,932)
IT Benefits and Council Tax System	Between 2009/10 and 2013/14	2014/15	(3,164)
IT Website Microsite and X Forms	2010/11	2013/14	(3,160)
IT Council Tax and NDR Checking System	2010/11	2013/14	(2,048)
IT Back Up and Disaster Recovery System	2010/11	2012/13	(1,521)
IT Leisure Booking System	2014/15	2011/12	3,389
TOTAL			(21,436)

15. Analysis of net assets employed in providing services is as follows: -

Balance at 31.03.09 £000's		Balance at 31.03.10 £000's
674	General Fund	(5,374)
134,916	Housing Revenue Account	138,131
135,590	TOTAL	132,757

16. Borrowing

We had no long term external borrowing at 31 March 2010 (none at 31 March 2009). We had £2,000,245 of temporary borrowing at 31 March 2010. (£2 million temporary at 31 March 2009).

17. Insurance Reserve

The council has an insurance reserve to cover the excess charges on its Fire Insurance Policy.

18. Provisions

As at 31 March 2010, we held no provisions (none were held at 31 March 2009).

19. Statement of Movement in Reserves

We keep a number of reserves in the balance sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

	Balance 1 April 2009 £000's	Net Movement In Year £000's	Balance 1 April 2010 £000's	Purpose of Reserve	Further Details of Movement
Revaluation Reserve	(4,125)	(1,544)	(5,669)	Store the gains on revaluation of fixed assets	(a) below
Capital Adjustment Account	(137,432)	(3,058)	(140,490)	Store of capital resources set aside to meet past expenditure	(b) below
Financial Instruments Adjustment Account	145	(28)	117	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and investments	Note 32, page 42
Usable Capital Receipts	(3,292)	628	(2,664)	Income from fixed asset sales available to meet future capital investments	(c) below
Govt Grants Deferred Account	(1,428)	138	(1,290)	Government capital grants are held here, until used	(d) below
Contributions Deferred	(128)	(176)	(304)	Capital contributions are held here, until used	(e) below
Pensions Reserve	16,268	8,335	24,603	Balancing account to allow the inclusion of pensions liability in the Balance Sheet	(f) below
Housing Revenue Account	(517)	(153)	(670)	Resources available to meet future running costs of council housing	HRA Statements, page 44
Housing Repairs Account	(145)	(31)	(176)	Resources available to meet future repair costs of council housing	HRA Statements, page 46
Housing Act Advances Reserve	(55)	(1)	(56)	Resources available to meet future costs arising from the administration of mortgages	(g) below
Major Repairs Reserve	(17)	16	(1)	Resources available to meet capital investment in council housing	HRA Statements, page 46
General Fund	(2,104)	(232)	(2,336)	Resources available to meet future running costs for non-housing services	Mov't on the GF Balance, page 18
Collection Fund Adjustment Account	(57)	(10)	(67)	Transactions on council tax and business rates	(h) below
Other Reserves	(4,240)	(51)	(4,291)	For specific schemes	(i) below
	(137,127)	3,833	(133,294)		

a) Revaluation Reserve

	General Fund	HRA	Total
	£000's	£000's	£000's
Balance 31 March 2009	(3,411)	(714)	(4,125)
Transfer from the Capital Adjustment Account	121	157	278
Revaluation of Assets (increase)	(120)	(2,117)	(2,237)
Revaluation of Assets (decrease)		310	310
Writing out of assets disposed		15	15
Adjustment for the current depreciation variance to historic depreciation	62	28	90
Balance 31 March 2010	(3,348)	(2,321)	(5,669)

b) Capital Adjustment Account

	General Fund	HRA	Total
	£000's	£000's	£000's
Balance 31 March 2009	(3,717)	(133,715)	(137,432)
Transfer to the Capital Adjustment Account	(121)	(157)	(278)
Depreciation in year	824	1,986	2,810
Variation of historic costs and current cost depreciation	(62)	(28)	(90)
De-minimis	74	-	74
Impairments in the year	298	202	500
Impairments reversed in the year	-	(3,061)	(3,061)
Assets Sold	-	1,219	1,219
Assets Written Out of Revaluation Reserve (when sold)	-	(15)	(15)
Assets Written Out of Revaluation Reserve (when impaired)			
Grants Written Out	(241)	(1)	(242)
Deferred Charges Written Out	161	-	161
MRP	(152)	-	(152)
Funding of Capital Expenditure	(624)	(3,360)	(3,984)
Balance 31 March 2010	(3,560)	(136,930)	(140,490)

c) Usable Capital Receipts Reserve

	General Fund	HRA	Total
	£000's	£000's	£000's
Balance 31 March 2009	(103)	(3,189)	(3,292)
Income from the sale of assets	(80)	(827)	(907)
Costs associated with the sale of assets	3	32	35
Use of receipts to fund capital spending	129	1,133	1,262
Pooling payment to the DCLG	-	238	238
Balance 31 March 2010	(51)	(2,613)	(2,664)

d) Government Grants Deferred Account

Government grants received towards capital spending are matched to the assets they fund. Grants currently held relate to Sport England Lottery Grant received for the refurbishment of Atherstone Leisure Complex, Warwickshire Online Partnership Grant, Implementing E-government Grant, Planning Delivery Grant, Implementing Support unit, Ministry of Justice and Department for Work and Pensions. These grants will be written out over the life of the assets, to offset the cost of depreciation charged.

e) Other Contributions Deferred Account

Contributions received towards capital spending are also matched to the assets they fund. Contributions currently relate to contributions received for Play Area improvements, a replacement server, a refuse vehicle and the CCTV equipment. These contributions will be written out over the life of the assets, to offset the cost of depreciation charged.

f) The Pensions Reserve

The introduction of the Pensions Reserve under Financial Reporting Standard (FRS17) reflects the fact that the Council's share of the Pension Fund is currently in deficit. The Movement in the Fund over the period is set out below.

	2007/08 £000's	2008/09 £000's	2009/10 £000's
Balance on Reserve 1 April	(11,287)	(16,857)	(16,268)
Actuarial Loss	(4,794)	-	(7,253)
Actuarial Gain	-	1,716	-
Net Asset/Liability	(776)	(1,127)	(1,082)
Balance on Reserve 31 March	(16,857)	(16,268)	(24,603)

The updated actuarial calculations have increased the net liability on the pensions reserve by £8,335,000.

g) Housing Act Advances

Fees collected towards the cost of administering mortgages are held in a reserve, to be used over the life of the mortgage.

h) Collection Fund Adjustment Account

This account represents the balance of the Collection Fund surplus that is attributable to this authority.

i) Earmarked Revenue Reserves

The credit balances on the General Fund and Housing Revenue accounts are as a result of income exceeding expenditure in previous years. Earmarked reserves consist of revenue funds we hold to meet future revenue and capital expenditure.

The earmarked revenue reserves we hold are analysed in the table below.

	2008/09 £000's	2009/10 £000's
Reserves held for Revenue Activities	(3,524)	(3,974)
Reserves held for Capital Purposes	(839)	(471)
Total Council Reserves	(4,363)	(4,445)
Reserves held for Other Organisations	(22)	(22)
Total Earmarked Reserves	(4,385)	(4,467)

20. Authorisation of the Accounts

The statement of accounts were authorised for issue on 28 June 2010 by our Section 151 Officer, the Director of Resources.

21. Pensions

We provide a funded, defined benefit pension scheme for our staff, administered by Warwickshire County Council. A funded scheme means that we and our employees pay contributions into a fund, calculated at a level intended to cover pension costs. The scheme provides pensions and other retirement benefits based on final salaries. Although these benefits will not be actually payable until employees retire, we have a commitment to disclose the payments that will need to be made at the time that the employees earn their future entitlement.

We show the cost of retirement benefits in the Net Cost of Services in the Income and Expenditure Account in the year when the employees earn them. However, we have made an adjustment in the General Fund Reserve so that the charge against council tax reflects the actual cash we have paid in employer's contributions relating to the year. This is shown in the following table.

	2008/09 £000's	2009/10 £000's
Income and Expenditure Account		
<i>Net Cost of Services</i>		
• Current service cost	(203)	335
<i>Net Operating Expenditure</i>		
• Interest cost	(3,381)	(3,305)
• Expected return on scheme assets	2,457	1,888
<i>Net charge to the Income and Expenditure Account</i>	(1,127)	(1,082)
<i>Statement of Movement on the General Fund Balance:-</i>		
• Reversal of net charges made for retirement benefits in accordance with FRS17	1,127	1,082
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employers contributions payable to scheme	(984)	(1,036)

The expected return on assets was £1,888 million, but this has been reduced due to Interest on Pension liabilities of £3,305 million, resulting in a net loss on assets of £1,417 million. The asset loss incurred in 2009/10 was £6,652 million and this constitutes 10.4% of the scheme liabilities as at 31 March 2010.

In 2009/10 the Council actually paid an employer's contribution of £1,026,583 representing 14.3% (13.4% in 2008/2009) of participating employees' pensionable pay into Warwickshire County Council's Superannuation Fund, which provides members with defined benefits related to pay and service. In addition, the Council also paid £9,917 for those Members who have joined the scheme. The fund's actuary sets the contribution rate based on valuations every three years. The last review was on 31 March 2007 and this confirmed the agreed changes to the contribution rate from April 2007.

In addition, the Council is responsible for all pension payments relating to added years benefit it has awarded together with the related increases. In 2009/10 these amounted to £144,584 representing 2.01% of pensionable pay (in 2008/09 the Council made payments totalling £140,302 representing 1.93% of pensionable pay).

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	Funded Liabilities	
	2008/09 £000's	2009/10 £000's
1 April	55,217	47,198
Current service cost	1,336	854
Interest Cost	3,381	3,305
Contributions by scheme participants	479	475
Past service costs	-	-
Actuarial (gains) and losses	(11,927)	15,033
Benefits paid	(1,406)	(2,622)
Curtailments	118	-
31 March	47,198	64,243

Reconciliation of the fair value of the scheme assets:

	Funded Assets	
	2008/09 £000's	2009/10 £000's
1 April	37,349	30,329
Expected rate of return	2,457	1,888
Actuarial gains and (losses)	(9,801)	8,381
Contributions by scheme participants	479	475
Employer contributions	1,251	1,189
Benefits/transfers paid	(1,406)	(2,622)
31 March	30,329	39,640

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

	31 March 2006 £000's	31 March 2007 £000's	31 March 2008 £000's	31 March 2009 £000's	31 March 2010 £000's
Estimated liabilities in scheme	(49,403)	(49,526)	(55,217)	(47,198)	(64,243)
Market value of assets in scheme	36,448	38,239	38,360	30,930	39,640
Net asset / (liability)	(12,955)	(11,287)	(16,857)	(16,268)	(24,603)

The liabilities show the underlying commitments that we have in the long-run to pay retirement benefits. The total liability of £24.603 million has a substantial impact on the net worth of the Authority as recorded in the balance sheet. This deficit would impact upon our reserves only if it all fell due at the same time. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy – the deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels and so on. The liabilities of the Warwickshire County Council Fund have been assessed by Mercer Limited, an independent firm of actuaries, with estimates for the County Council Fund being based on the latest valuation of the scheme as at 31 March 2010.

The main assumptions used by the actuary for estimating assets and liabilities are detailed below:

	2008/09 Beginning of period	2008/09 End of Period	2009/10 Beginning of period	2009/10 End of Period
Long term expected rate of return on assets in the scheme				
Equities	7.5%	7.5%	7.5%	7.5%
Government Bonds	4.6%	4.0%	4.0%	4.5%
Other Bonds	6.1%	6.0%	6.0%	5.2%
Property	6.5%	6.5%	6.5%	6.5%
Cash/Liquidity	5.25%	0.5%	0.5%	0.5%
Other	7.5%	7.5%	7.5%	7.5%
Expenses Deducted (p.a.)	-	-	0.41%	0.41%
Longevity at 65 for current pensioners				
Men	21.1	21.2	21.2	21.2
Women	24.0	24.0	24.0	24.1
Longevity at 65 for future pensioners				
Men	22.2	22.2	22.2	22.2
Women	25.0	25.0	25.0	25.0
Rate of Inflation	3.6%	3.3%	3.3%	3.3%
Rate of Increase in salaries	5.35%	5.05%	5.05%	5.05%
Rate of increase in pensions	3.6%	3.3%	3.3%	3.3%
Rate of discount scheme liabilities	6.1%	7.1%	7.1%	5.6%
Take up option to convert annual pension into retirement lump sum	50%	50%	50%	50%

The table below details the pension scheme's assets consisting of the following categories, by proportion of the total assets held.

	2008/09	2008/09	2009/10	2009/10
	Beginning of period	End of Period	Beginning of period	End of Period
Equities	65.7%	63.0%	63.0%	67.0%
Government Bonds	9.1%	10.0%	10.0%	9.0%
Other Bonds	14.5%	15.0%	15.0%	13.0%
Property	4.2%	5.0%	5.0%	4.0%
Cash/Liquidity	1.4%	2.0%	2.0%	2.0%
Other	5.1%	5.0%	5.0%	5.0%
Total	100.0%	100.0%	100.0%	100.0%

The table below shows the history of experience gains and losses.

	31 March 2009 £000's	31 March 2010 £000's
Differences between the expected and actual return on assets	(9,200)	8,381
Experience gains and losses on liabilities	-	-

The actuarial valuation undertaken every three years, which is required by law, takes a long-term view and assesses the ability of the fund to meet its future liabilities. The actuary assesses the difference between the fund's projected assets and liabilities and determines the amount employers will be required to contribute. The fund aims to set employers' contribution rates so that the projected assets equal at least 100 % of the projected liabilities.

At the last full valuation (31 March 2007), the actuary concluded that the funding level had increased to 86% from its previous level of 82%. An agreed plan to increase the employer's contribution rate over a period of 9 years commenced in 2004/05, in order to restore the funding level to 100%.

Further information can also be found in Warwickshire County Council's Superannuation Fund Actuarial Report, which is available on request from Warwickshire County Council, County Treasurer's Department, P.O. Box 3, Shire Hall, Warwick, CV34 4RH.

22. Reconciliation of the Movement on the Income and Expenditure Account to the Revenue Activities in the Cash flow Statement

2008/09 £000's	2008/09 £000's		2009/10 £000's	2009/10 £000's
	(26,999)	Income and Expenditure (Deficit)/Surplus		2,493
	57	Collection Fund (Deficit)/Surplus		-
		Add		
(223)		Government Grants & Other Contributions Deferred	(242)	
73		Contribution (to)/from Housing Repairs Reserve	(31)	
(1,029)		Contributions to reserves	(1,935)	
260		Loss on sale of Assets	613	
392		Receipts re payment to Housing Pool	239	
(17)		Reversal of the Collection Fund Adjustment	(11)	
203		Net movement on pensions	(335)	
26,485		Depreciation and Amortisation of Assets	(1,736)	
81		Write down of revenue expenditure funded from capital under statute	161	
924		Reversal of Current Pension Costs in Service Accounts	1,417	
178	27,327	Deminimus Charges	74	(1,786)
	385			707
		Add		
100		Increase/(Decrease) in Reserves	427	
(1,674)		Increase/(Decrease) in Creditors	555	
-		Increase/(Decrease) in Provisions	-	
(219)		Increase/(Decrease) in Receipts in Advance	(272)	
579		(Increase)/Decrease in Debtors	817	
-		(Increase)/Decrease in Premium/Discounts	-	
12		(Increase)/Decrease in Stocks and WIP	26	
(90)	(1,292)	(Increase)/Decrease in Prepayments	22	1,575
	(907)			2,282
	(768)	Financing Items shown earlier		(191)
	(1,675)	Cash Movement Relating to Revenue Activities		2,091

23. A reconciliation of the movement in cash to the movement in net debt.

	31.03.09 £000's	31.3.10 £000's	Change in year £000's
Cash at Bank	605**	1,328**	723
Total	605	1,328	723

**£1,294,865 of the cash balance is invested in a higher interest earning account with instant access and no penalties (£504,000 at 31 March 2009).

24. A reconciliation of items under the Financing and Management of Liquid Resources sections to the opening and closing Balance Sheets

	31.03.09 £000's	31.3.10 £000's	Change in year £000's
Borrowing repayable on demand or within 12 months	2,000	2,000	-
Long Term Borrowing	-	-	-
Total	2,000	2,000	-

25. Balance of Liquid Resources as shown in the Balance Sheet

Liquid resources held by the Council are short-term investments. These continue to be managed internally, with a limit on the amount that can be invested with any one institution in accordance with the authorised lending list. All investments at 31 March 2010 were held with banks and building societies. At 31 March 2010 the Council had short-term investments of £3.540 million.

	31.03.09 £000's	31.3.10 £000's	Change in year £000's
Short Term Investments	7,267	3,540	(3,727)
Total	7,267	3,540	(3,727)

➤ Credit Risk

Credit risk arises from deposits with banks and financial institutions. Deposits are not made with banks and financial institutions unless they are rated independently. The maximum amount which could be lent to any individual bank or banking group is 30% of our total investments. The amount and period of investment will then be reduced on a sliding scale according to the credit risk.

➤ Liquidity Risk

As we have ready access to borrowings from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. We also have some investments which can be readily converted into cash for day to day cash flow.

26. Government Grants

The grants consist of the following:

2008/09 £000's		2009/10 £000's
406	Administration Grants	457
23	Planning Delivery Grant (capital element)	20
50	Regional Centre of Excellence	-
82	Department of Transport	84
10	LTIE Council tax Grant	-
-	Business Rates Deferral Scheme	12
-	S31 LGA 2003 Grants for New Burdens	9
-	New Burdens Habitat Directive	8
-	Mortgage Rescue Programme	29
40	Homelessness Main Grant	41
16	DWP Direct Grant	23
627	TOTAL	683

27. Charity Accounts

We operate a Mayor's Charity Account, which is used to make payments and record income and donations relating to the current Mayor's chosen charity. As at 31 March 2010, the balance on this account stood at £7,768 (£9,638 at 31 March 2009). This account is not included in the cash balances in the Balance Sheet.

28. Debtors

31.03.09 £000's		31.03.10 £000's
1,122	Government Departments	1,262
55	Other Local Authorities	69
178	Housing Rents	168
698	Other Debtors	489
106	Community Charge, Council Tax, NDR	370
(173)	Allowance for Doubtful Debts	(187)
1,986	TOTAL	2,171

29. Creditors

31.03.09 £000's		31.03.10 £000's
806	Government Departments	1,389
499	Other Local Authorities	615
93	Housing Rents	89
2,209	Sundry Creditors	1,005
25	Community Charge, Council Tax, NDR	31
3,632	TOTAL	3,129

30. Creditors – Receipts in Advance

At 31 March 2010, we had received money in advance, relating to 2010/11 NDR and Council Tax payments and some services. In addition we were also holding income on behalf of others for future projects (*). Therefore, these potential liabilities are recognised in the Balance Sheet as receipts in advance.

31.03.09 £000's		31.03.10 £000's
-	NDR Prepayments	-
44	Council Tax Prepayments	55
51	Service Income In Advance	52
58	S106 Hams Hall Development	-
636	S106 Birch Coppice Development (*)	636
54	S106 Aston Villa (*)	29
13	S106 Aldi Food Store	-
10	S106 Aldi Stores Land Holly Lane (*)	10
70	S106 Persimmon Homes Ltd Hartshill	70
936	Total	852

(*) This income will all need to be returned if the projects for which they are intended do not take place for any reason. None of the income held at 31 March 2010 is due to be spent within the next year.

31. Deferred Capital Receipts

Deferred Capital Receipts are amounts derived from the sale of assets, which will be received in instalments over agreed periods of time. They arise from mortgages on the sales of Council houses, which form the main part of the long-term debtors. Mortgage repayments of £3,978 were received in 2009/10 (£9,404 was received in 2008/09).

32. Financial Instruments Adjustment Account

➤ Gains and Losses on Repurchases of Borrowing

In previous years we have repurchased external borrowing, which has resulted in Premiums and Discounts arising. The Premiums and Discounts that arose from these repurchases that related to General Fund debt were charged to the General Fund revenue account in the year that they occurred. The amounts related to HRA debt can be written out over the same period of the original loans. Premiums and Discounts will be written fully out of the Balance Sheet in 2013/14. The table below shows the movement on Premium and Discount in 2009/10.

	Premium £	Discount £
Balance as at 1 April 2009	151,877	(6,523)
Amounts charged in the year	(32,952)	4,504
Balance as at 31 March 2010	118,925	(2,019)

➤ Loans below Market Rates

The Authority provided an interest free loan of £6,500 to Nether Whitacre Village Hall in 1985 repayable in equal instalments over 25 years. The balance outstanding at 31 March 2010 is £130. Under the new regulations on Financial Instruments, we should record the interest forgone over the period of the loan in the Income and Expenditure account. As the loan only has 0.5 years left the interest calculation for 2009/10 is immaterial, so no adjustment has been made in the accounts.

During 2009/10 the Council granted Decent Homes Standard loans to 46 private owner occupiers totalling £112,337, in addition the Council has granted Disabled Facilities loans to 15 private owner occupiers totalling £97,842. The Authority is due to have the loans repaid when the properties are sold in the future. Given the uncertainty of future timescales, these loans have been fully funded through the Council's capital programme. Any funds recovered in the future will therefore be a windfall to the Council.

33. Housing Services

The HRA had a surplus on the year, which was transferred to HRA balances in the Statement of Movements on the General Fund Balance.

34. Precepts Paid to Parish Councils

The Income and Expenditure Account includes payments to Town and Parish Councils, of the council tax collected on their behalf in 2009/10, amounting to £861,513 (£817,281 in 2008/09). The income is shown within our precept on the Collection Fund.

Housing Revenue Account (HRA) Statements for the Year Ended 31 March 2010

Housing Revenue Account Income and Expenditure Account

This Account covers income and expenditure on the Council's stock of council houses during the year.

Actual 2008/09 £000's	Actual 2008/09 £000's		Actual 2009/10 £000's	Actual 2009/10 £000's	Note
		INCOME			
(8,519)		Gross Rent Income from Dwellings	(8,760)		13
(302)		Rent Income from non-dwellings	(322)		
(81)		Charges for Services and Facilities	(79)		
	(8,902)	TOTAL INCOME		(9,161)	
		EXPENDITURE			
2,384		Repairs and Maintenance	2,278		5
		Supervision and Management			
1,052		- General	994		
346		- Special Services	366		
-		Rents, Rates, Taxes and Other Charges	-		
3,451		Payment to the CLG	3,178		10
10		Allowance for Bad Debts	14		12
26,800		Depreciation and Impairment	(873)		8 & 9
	34,043	TOTAL EXPENDITURE		5,957	
	25,141	Net Cost of HRA Service per Authority Income and Expenditure Account		(3,204)	
	31	HRA service share of Corporate and Democratic Core		30	
	25,172	Net Cost of HRA Services		(3,174)	
	262	(Gain) or loss on sale of HRA fixed assets		691	
-		Amortised Premiums and Discounts	-		14
(2)		Investment Income – Mortgages	(1)		
(70)	(72)	- Other	(21)	(22)	15
	25,362	(Surplus) or Deficit for the year on HRA Services		(2,505)	

Statement of Movement on the HRA Balance

This shows how the surplus/deficit on the HRA Income and Expenditure account reconciles to the movement on the Housing Revenue Account Balance for the year.

2008/09 £000's		2009/10 £000's
25,362	(Surplus)/ deficit for the year on the HRA Income and Expenditure Account	(2,505)
(25,077)	Net additional amount required by Statute to be debited or (credited) to the HRA Balance for the year (see following table)	2,352
285	(Increase) or decrease in the Housing Revenue Account Balance	(153)
(802)	Housing Revenue Account Surplus brought forward at 31 March	(517)
(517)	Housing Revenue Account Surplus carried forward at 31 March	(670)

Note to the Statement of Movement on the HRA Balance

2008/09 £000's		2009/10 £000's	Note
	Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the Year		
(24,868)	Reversal of Impairment losses	2,859	9
(262)	Gain or (Loss) on sale of HRA fixed assets	(691)	
(43)	Net charges made for retirement benefits in accordance with FRS 17	30	11
(25,173)	Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the Year	2,198	
27	Amortised Premiums and Discounts	28	
(222)	Transfer to/(from) Major Repairs Reserve	(271)	4
(77)	Transfer to/(from) Earmarked Reserve	32	
368	Capital expenditure funded by the HRA	365	6
(25,077)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	2,352	

Notes to the Housing Revenue Account Statements for the Year Ended 31 March 2010

1. Legal Obligation

We are obliged by law to avoid a deficit on this Account and achieve this by keeping a working balance on the Account. This Account reflects the statutory obligation to account separately for the housing provision, in particular Schedule 4 of the Local Government and Housing Act 1989.

2. Housing Stock

We were responsible for managing an average of 2,741 dwellings during 2009/10, consisting of the following:

2008/09		2009/10
1,499	Houses	1,464
681	Flats	678
580	Bungalows	580
2,760	Total at 31 March 2010	2,722
	The change in stock was as follows: -	
2,775	Stock at 1st April	2,760
(16)	less Sales	(37)
-	Conversions	(1)
1	Additions	-
2,760	Stock at 31 March 2010	2,722

3. Assets held within the Housing Revenue Account

We hold assets within our HRA valued at £137,360 as at 31 March 2010. The value of each type of asset and the split between operational and non-operational assets are set out below.

Balance as at 31.03.09 £000's	Asset Type	Balance as at 31.03.10 £000's
45,491	Land	46,313
80,695	Council Dwellings	87,708
2	Plant and Vehicles	2
3,638	Other Property	3,337
129,826	Total	137,360
80,695	Operational Assets – Dwellings	87,708
43,773	- Land	43,997
2,906	- Other Buildings	3,249
2	- Plant and Vehicles	2
2,450	Non-operational Assets	2,404
129,826	Total	137,360

The value of land within our housing stock is estimated to be approximately 28% of the total net book value held within the Council's Asset Register. This amount has been identified separately from the value of the buildings to better reflect the value of each category of asset.

The vacant possession value of our housing stock, including the land element, is £269 million. This is different to the gross book value of the assets included within the balance sheet of £131.8 million, which is based upon the continuing use of housing for social use. The difference between the two amounts is the economic cost of providing council housing at less than open market value.

4. Major Repairs Reserve

We receive a Major Repairs Allowance from the Government to be used for capital spending on HRA assets. This allowance is held within a Major Repairs Reserve and the movement in the year is detailed below.

2008/09 £000		2009/10 £000's
(410)	Balance as at 1 April	(17)
(1,933)	Transfer into Reserve – Depreciation	(1,986)
222	Transfer into Reserve – Appropriation	271
2,104	To finance Capital Expenditure– Houses	1,731
(17)	Balance as at 31 March	(1)

5. Housing Repairs Fund

The Housing Repairs Fund exists to provide for repairs and maintenance to council dwellings. The movement on the fund is given below:

2008/09 £000's		2009/10 £000's
218	Balance brought forward	145
2,311	Contributions from HRA	2,311
(2,384)	Use of Fund	(2,278)
145	Balance as at 31 March	176

6. Capital Expenditure and Income

We undertake a programme of works in relation to our HRA property and, in 2009/10, spent £6,072,539. This expenditure was all used to fund work on council houses, community centres and the beginning of the new house building project.

Capital spending during the year has been paid for from a number of sources and these are

shown below.

Source of Funding	£'000
Supported Borrowing	229
Useable Capital Receipts	1,131
Earmarked Reserves held for Capital	11
Major Repairs Reserve	1,559
Revenue contributions to capital expenditure	149
Grants and Contributions	118
Prudential Borrowing	2,809
Capital Creditors	67
Total	6,073

7. Disposal of Assets

We dispose of HRA property through the Right to Buy scheme. We also dispose of other assets as opportunity sales. During 2009/10 capital income of £271,000 was received from the sale of houses, £238,821 from the transfer of houses to Waterloo Housing Association at Hill Top, Arley, £262,339 from the part sale of land at Rectory Road, Arley and £44,416 from the sale of part equity properties in Ansley.

8. Depreciation

The HRA is charged with an amount to recognise the level of depreciation incurred in the year on its HRA assets. For 2009/10 the amount of depreciation charged is as follows.

	Operational assets £000's
Council Dwellings	1,846
Land	-
Other Property	140
Total	1,986

9. Impairment charges

During the year there was a reversal of part of the impairment charge made in 2008/09. This totalled £3,051,048 and was due to the increase this year in the value of the housing stock following an upturn in the housing market generally. This was offset by a fall in the value of some land and community centres by £146,482.

10. Housing Revenue Account Subsidy/Payment to the CLG

Housing Subsidy is calculated using a “model” of our Housing Revenue Account. Figures used in the model are based on annual assumptions made by the government on various items of income and expenditure, which make up our landlord functions. We receive income if there is a notional deficit on the model account, or are required to make a payment to the National Housing Rent Pool if there is a notional surplus on the model account.

The calculation for the model is shown below:

2008/09 £000		2009/10 £000
3,817	Management & Maintenance	3,904
1,711	Major Repairs Allowance	1,715
195	Loan Charges	94
(9,189)	Rent Income	(8,887)
(2)	Other Income	(1)
-	Rental Constraint Allowance	-
(3,468)	Subsidy Receivable/(Payment to the CLG)	(3,175)

nb. The figures shown in the HRA for 2009/10 (page 44), included adjustments relating to prior years, as well as payments relating to the year. The figures above relate to the year specified only.

11. Pensions

The 2004 Statement of Recommended Practice requires that retirement benefits within the HRA be accounted for in a similar way to that shown within the Consolidated Revenue Account. Due to a lack of consensus the latest guidance (provided in 2003/04) gave several alternative accounting treatments and left it to each authority to decide how to account for FRS 17 within the HRA.

It is our view, pending the receipt of any new guidance, that as the entries on the HRA are defined by statute, there should be no effect on the overall financial position of the HRA. However as FRS 17 requires that all services show the Current Service Cost of the benefits earned by its employees in the year, the Housing Revenue Account has been charged with an amount of £75,462 to reflect the additional costs of those benefits. This has then been reversed out elsewhere within the account.

12. Rent Arrears

At 31 March 2010 the total rent in arrears was £160,998, which represents 1.84% of collectable rent income (1.80% in 2008/09). The rent arrears figures are detailed below: -

2008/09 £000's		2009/10 £000's
101	Arrears at 31st March: - Present Tenants	86
53	Former Tenants	75
154	TOTAL ARREARS	161

The allowance for bad debts at 31 March 2010 was £100,316 (£89,711 at 31 March 2009). Amounts totalling £3,342 were written off during the year (£44,846 in 2008/09).

13. Gross Rent Income

This is the total rent income due for the year after allowances are made for voids, etc. During the year 0.66% of lettable properties were vacant (0.82% in 2008/09). Average rents were £67.38 a week in 2009/10 (excluding service charges) on a 48 week basis, an increase of £2.32 or 3.57% over the previous year.

14. Charges for Borrowing

In accordance with the Local Government and Housing Act 1989, the Housing Revenue Account pays interest charges on its outstanding debt based on average external rates of interest paid by the Council as a whole. However as the HRA had no outstanding debt in 2009/10, no interest charges were paid.

Our external debt covers both General Fund and HRA activities, and a notional split is made to reflect this. Over the years we have either rescheduled existing debt, or repaid debt earlier than the due date. The HRA is liable to pay a proportion of any premium that relates to this, over what would have been the life of the original loans. The HRA paid £32,951 towards outstanding premiums in 2009/10, and received discounts of £4,504. This leaves outstanding premiums of £118,925 to be paid in future years, with discounts of £2,018 due to be received in future years. This balance is reflected on the balance sheet as part of the Financial Instruments Adjustment Account.

15. Investment Income

We receive income from investments we hold during the year. The HRA contributes funds to these investments and receives a share of the income based upon the level of reserves held that relate to the HRA. For 2009/10 this amounted to £20,688.

The Collection Fund - Income & Expenditure Statement for the Year Ended 31 March 2010

This statement shows the transactions relating to the collection of Council Tax and Business Rates, and the way in which these have been distributed.

2008/09 £000's		2009/10 £000's	2009/10 £000's
	INCOME		
27,728	Income from Council Tax (net of benefits and transitional relief)	28,523	
4,008	Transfers from the General Fund	4,577	
(4)	Council Tax Benefits	(2)	33,098
	Transitional Relief		
31,732			
40,039	Income Collectable from Business Ratepayers		38,638
71,771			71,736
	EXPENDITURE		
	Precepts and Demands :-		
22,867	Warwickshire County Council	23,885	
3,467	Warwickshire Police Authority	3,625	
4,221	North Warwickshire Borough	4,329	
817	Parish Precepts	862	32,701
31,372			
	Distribution of Surpluses :-		
129	Warwickshire County Council	184	
18	Warwickshire Police Authority	28	
28	North Warwickshire Borough	40	252
175			
	Business Rate :-		
39,928	Payment to National Pool	38,523	
111	Cost of collection	115	38,638
40,039			
	Bad and doubtful debts/appeals :-		
66	Arrears Written Off		63
14	Provision for un-collectable amounts		11
105	Increase/(Decrease) in Fund Balance		71
71,771			71,736
245	Balance at 1 April		350
105	SURPLUS/(DEFICIT) FOR THE YEAR		71
350	Balance at 31 March 2010		421

Precepts and Demands on the Collection Fund

2008/09 Total	Authority	Precept /Demand	Share of 31 March 2010 Surplus	2009/10 Total
£000's		£000's	£000's	£000's
23,122	Warwickshire County Council	23,885	307	24,192
3,506	Warwickshire Police Authority	3,625	47	3,672
4,277	North Warwickshire Borough Council	4,329	67	4,396
817	Parish Precepts	862	-	862
31,722	Total	32,701	421	33,122

Notes to the Collection Fund for the year ended 31 March 2010

1. Statement of Purpose

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund. The Fund shows transactions relating to council tax and business rates, including how the income collected is distributed.

2. Council Tax

Council Tax is calculated by estimating the amount of income required from the Collection Fund by the Borough Council, Warwickshire County Council and Warwickshire Police Authority for the forthcoming year and dividing this by the council tax base.

The council tax base is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings. For 2009/10 the base was calculated as follows: -

Band	Estimated No. of taxable properties after effect of discounts	Ratio	Band D equivalent Dwellings
A	5,381.48	6/9	3,585.85
B	6,005.50	7/9	4,670.94
C	5,225.17	8/9	4,644.60
D	3,387.50	9/9	3,387.50
E	1,986.00	11/9	2,427.33
F	1,096.50	13/9	1,583.83
G	643.00	15/9	1,071.67
H	61.25	18/9	122.50
			21,494.22
Less adjustment for collection rates and for anticipated changes during the year for successful appeals against valuation banding.			(322.43)
COUNCIL TAX BASE 2009/10			21,171.79

On the basis of an average £1,503.88 council tax rate throughout the North Warwickshire Borough Council area, the original estimated council tax income was £31.840 million (£1,503.88 x 21,171.79). The actual income received, including benefits, was higher than the estimated due to changes in individual circumstances.

3. Income from Business Rates

We collect business rates for the North Warwickshire area, which are based on local rateable values multiplied by a national non-domestic rate specified by the Government. The money collected is paid into a Non-Domestic Rate Pool managed by Central Government. The money is then re-distributed to local authorities based upon a standard amount per head of the local adult population.

The rates to be collected can change during the year as the circumstances of individual businesses alter. Unless significant, all changes which occurred after 17 March 2010 are accounted for in the following year, to allow the system to be rolled forward and future bills prepared. We were notified of reductions of £2,050 after the 17 March 2010, due to changes to the valuations of properties, which will be included within the 2010/11 accounts.

The total non-domestic rateable value at the year-end was £90,591,860 (£92,679,625 in 2008/09). The national non-domestic rate for small businesses was 48.1 pence (45.8 pence in 2008/09) and the rate for other businesses was 48.5 pence (46.2 pence in 2008/09).

NORTH WARWICKSHIRE BOROUGH COUNCIL

Annual Governance Statement

North Warwickshire Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is available on our website. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The purpose of the governance framework

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

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

The governance statement has been in place at North Warwickshire Borough Council for the year ended 31 March 2010 and up to the date of approval of the statement of accounts.

The governance framework

The Council assesses the needs of the area through the Sustainable Community Strategy process and work with the North Warwickshire Community Partnership. Full consultation is carried out with stakeholders, as part of the annual review. This Community Strategy is used to inform the Council's Corporate Plan, which provides clear links on how the achievement of Council priorities assists in the delivery of community objectives. Other mechanisms are also used and an example of these is the Local Area Agreement, which is playing an increasing part in influencing the work of the Council. As consultation is part of these mechanisms, and as these are ongoing, they also require the Council to be accountable for the actions they have taken over time.

The Corporate Plan is approved before the start of each year and identifies the headline targets for the coming year, which are supported by greater detail within individual service plans. During the year progress against these targets is collected and reported to both senior managers and to service boards, along with performance indicator information. A final position is collated at the year of the year, which is again reported to Members and is also published on the Council's website. The Council also has comprehensive forecasting and budgeting procedures. Periodic and annual review of financial reports, indicate financial performance against forecasts for all of the Council's spending. Summary information is also published.

As well as monitoring achievement of identified outcomes, the Council wants to ensure that an acceptable quality of service is provided. It ensures this in a number of ways: obtaining user feedback, through independent inspection and audit and through Value for Money reviews. However this does not prevent the Council from looking for efficiencies on an ongoing basis, and these have been demonstrated through the efficiency returns required by the government.

The Council ensures that it is operating efficiently by specifying the different roles and responsibilities of both Councillors and Officers. The remit of each decision making Board is set down in the constitution, along with the roles of individual Councillors. The Council does not have an Audit Committee, but instead divides the core functions between the Executive Board and the Resources Board. The constitution also outlines the responsibilities of senior officers, and areas where they have been given delegated powers. Employee contracts include job descriptions, and these give the detail of individual roles, for all employees. The Council uses an appraisal system to set specific targets for individual staff on an annual basis. These targets reflect their Division's targets in the Corporate Plan and the Divisional Service Plan and are subject to a six monthly review. A more cost effective service is provided by appropriately trained staff and the appraisal system is also used to assess the training and development needs of individual employees, and ensure that they have the skills and abilities to carry out the tasks required. Where a shortfall is identified, this is addressed through the annual training plan. The Council started to plan more rigorously for future staffing requirements in 2008/09, and pulled together a workforce plan, which projected future service needs and the workforce that would be needed for their delivery. Further work on workforce planning was completed during 2009/10.

As the Council looks at revised ways of working and increasing its use of partnerships in the provision of services, it agrees the roles and responsibilities of those involved during the 'set up' stage. For major partnerships these are formalised in a legal agreement. This ensures that services are still managed and governed appropriately, whether the Council provides them directly or through others.

The Council expects its Members and officers to maintain appropriate standards of conduct and behaviour. These are set down in codes of conduct, standing orders, financial regulations, policies and processes, which are regularly reviewed. Compliance is monitored on an ongoing basis, and supplemented by information through the complaints and complements procedure and confidential reporting policy. To assist with monitoring, a register of interests is maintained for both Members and officers. Non compliance by employees is dealt with through the Council's disciplinary procedure and by Members by the Standards Committee.

There are risks involved with the provision of any services, so the Council uses a system of risk management to minimise and manage the risks it faces. It does this by identifying both

strategic and operational risks, looking at existing controls in place to reduce these, and amending these or bringing in new controls where this is beneficial. Risk management is led by the Director of Resources, and uses a cross divisional group to promote and co-ordinate risk management across the Council. Members have been involved in identifying the main risks the Council faces. The system also involves an annual review of risks in their areas by senior managers, with some checking carried out throughout the year by the Internal Audit section.

Board meetings are open to the public, except where personal or confidential matters are being disclosed. All areas of work go through the Board system, with the majority of work discussed in 'open session'. Reports to Board cover a standard format, to ensure that all reports contain sufficient information and options to allow for robust and well informed decision making. All implications that need to be considered, such as legal, financial, risk management and so on, are covered. Where possible, the implications are checked by staff with professional knowledge. This ensures that Members have sufficient and suitable information for decision making, and also ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Council accounts for its decisions through the information it publishes. It also is subject to scrutiny through a variety of means: self scrutiny through Value for Money reviews and its Overview and Scrutiny Board, internal and external audit work, central and regional inspection agencies and reviews by service users. The Council is also accountable to the public and local groups and uses consultation to assess whether it is meeting local expectations. The Council has a consultation strategy, and will vary the methods used for consulting with the public depending on the subject matter, and the target audience. Through this mechanism valuable information is received on the decisions that the Council has taken, and is used to feed into future objectives.

Review of effectiveness

North Warwickshire Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of its effectiveness is informed by the work of managers within the Authority who have responsibility for the development and maintenance of the governance environment, work carried out by Internal Audit, and also by comments made by the external auditors and other review agencies and inspectorates. Data obtained from Experion, feedback received through Gov Metric and the results of user surveys are also used to assess the effectiveness of the Council's governance arrangements.

To ensure that the governance framework remains effective, senior officers and Members have reviewed individual elements of the framework. The use of Portfolio Groups has been reviewed, along with how they have worked in practice. As a result it has been recognised that different portfolios require varying levels of involvement and meeting frequencies. Members have also chosen to set up a Member advisory group to assist in the development of the Local Development Framework. In addition to the above, some other work has been undertaken by the Council's statutory officers, leading to a revision of the Financial Regulations, Contract Standing Orders, Risk Management Strategy and the Treasury Management Strategy.

Revised arrangements were implemented for Scrutiny during the year, involving one Board instead of the two previously used. The revised arrangements include the use of task and finish groups to look at a number of key issues, with reviews focusing on whether specified

corporate plan targets are improving the experiences of Borough residents.

The work undertaken by Internal Audit have enabled the Audit Manager to conclude that the Council has a range of appropriate strategies, policies, procedures and protocols to address the corporate governance agenda. Progress has been made with the implementation of the Corporate Governance Action Plan approved last year, although some areas still require completion. The section continued to coordinate work under the National Fraud Initiative, ensuring that all areas are followed up. Specialist fraud consultants and external IT auditors have been used to supplement the work carried out by the section, enabling greater assurance to be placed on the results. CEAC, the fraud specialists, have also carried out some awareness sessions for staff and Members.

The risk management strategy used by the Council has been reviewed during the year, as it is subject to annual review to ensure it remains effective. The risk management process operated by the Council has continued throughout the year, including the completion of Annual Statements of Assurance by all senior managers.

Our review of the effectiveness of the system of internal financial control is informed by the work of managers within the Council, the work of the Internal Auditors and by our external auditors, PricewaterhouseCoopers, in their annual audit letter and other reports. Executive Board consider the annual audit letter.

The external auditors assess the Council's Use of Resources on an annual basis. The last known result assessed the Council as performing adequately (level 2). Although a 2009/10 review was carried out, the assessment was not completed, as the government have chosen to stop this process.

Following a lot of progress made as a result of the Housing Inspectorate's inspection of the Council's housing service, the Council have continued to achieve further improvements. This has been reflected in the improved satisfaction ratings from tenants. The Council also received a positive direction of travel statement from the Audit Commission on its overall performance as an organisation.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Resources Board, Overview and Scrutiny Boards, Chief Executive, Director of Resources, Director of Community and Environment, Assistant Chief Executive and Solicitor to the Council, Assistant Directors, Auditor Manager, PricewaterhouseCoopers, CEAC, Housing Inspectors and Audit Commission, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant governance issues

A number of actions have been taken during the last year to improve the Council's governance arrangements, including:

- Delivery of the financial targets within the financial strategy, and additional work undertaken to manage the impact of the economic downturn
- Continued implementation of the Risk Management Strategy
- Entering into a 3 year contract for Disaster Recovery Services under a framework let by Solihull MBC
- Production of an annual summary for inclusion in North Talk
- A Health and Safety week, to promote the importance and management of health and

safety issues

- Review of the Building Control partnership with Nuneaton and Bedworth Borough Council
- The production of a Member Development Strategy
- A full review of the Treasury Management Policy, together with implementation of amendments to some procedures
- Use of Gov Metric to enable capture of customer satisfaction data
- Competent Person training for Facilities Management Staff around asbestos and legionella
- Penetration testing to assess security arrangements and assist with ongoing Gov Connect compliance
- Joint working with DWP, resulting in a number of prosecutions for benefit fraud
- Review of rent income procedures for council housing
- Child Protection Policy revised and circulated, with briefings provided.

Further actions will be taken in 2010/11, including:

- Continued review of Human Resources policies, with the provision of briefing sessions for staff and unions on new/revised policies
- The implementation of a computerised risk assessment system for Health and Safety risks
- Utilisation of Experion data to determine better customer delivery strategies
- Delivery of the financial targets within the financial strategy
- Further work on the business continuity plan and disaster recovery
- Work towards the achievement of stage 2 of the new Equality Framework for Local Government
- Review of the revised Overview and Scrutiny arrangements
- Implementation of technology to help with network intruder detection and log file management
- A fundamental review of response repairs for council housing, to assess the value for money of the service.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:.....

Leader & Chief Executive

On behalf of North Warwickshire Borough Council

Subject to change

INDEPENDENT AUDITORS' REPORT TO NORTH WARWICKSHIRE BOROUGH COUNCIL

Opinion on the financial statements

We have audited the financial statements of North Warwickshire Borough Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund and the related notes. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

Respective responsibilities of the Director of Resources and auditor

The Director of Resources' responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report, including the opinion, has been prepared for and only for North Warwickshire Borough Council's members as a body in accordance with the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Authority and its income and expenditure and cash flows for the year.

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

We read the other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Foreword to the Statement of Accounts and the Introduction to the Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority and its Group as at 31 March 2010 and its income and expenditure and cash flows for the year then ended.

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

September 2010

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

Authority's Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, we are satisfied that, in all significant respects, North Warwickshire Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010.

Certificate

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

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT
September 2010

Glossary of Terms

ACCRUALS	Income and expenditure that is recognised as it is earned or incurred rather than as the money is actually received or paid.
ACTUARIAL GAIN	For assets, actuarial gains or losses happen when the actual return on investments in the pension fund is different from the expected return. For liabilities, actuarial gains and losses happen when the actual liability is different from the expected liability. For assumptions, actuarial gains and losses happen as a result of changes to the population or financial assumptions the actuary uses to work out the liability. Liabilities are valued in terms of 'today's money'.
AMORTISATION	The drop in value of intangible assets as they become out of date.
ASSET	An item, which is intended to be used for several years such as a building or a vehicle.
BUDGET	A statement of an authority's plans for expenditure over a specified period of time.
BUSINESS RATES (Non-domestic rates – NDR)	Businesses pay these rates instead of council tax. Each year, the Government sets the rate in the pound and business rates are collected by the billing authority in that area. Business rates are pooled nationally and a share is given back to local authorities based on the number of people living in the area.
CAPITAL CHARGES	A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.
CAPITAL EXPENDITURE	Expenditure on fixed assets (operational, non-operational, community and infrastructure), which give a benefit over a longer period than a financial year. It includes expenditure on land, buildings, vehicles, etc.
CAPITAL RECEIPTS	Income from the sale of Council assets, e.g. land and buildings.
CENTRAL SUPPORT SERVICES	The cost of central departments, which are apportioned over the various services.
CIPFA	The Chartered Institute of Public Finance and Accountancy
COMMUNITY ASSETS	Assets that the Council intends to hold in perpetuity, that do not have a finite life and may have restrictions over their disposal (e.g. Parks and Woods).
CONTINGENCY	A situation that exists at balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.
CORPORATE AND DEMOCRATIC CORE COSTS	Spending relating to the need to co-ordinate and account for the many services we provide to the public.

CREDITORS	Amounts owed by the authority for work done, goods received or services rendered, but for which payment has not been made at the date of the balance sheet.
CURRENT ASSETS	Short-term assets, which constantly change in value such as stocks, debtors and bank balances.
CURRENT LIABILITIES	Short-term liabilities, which are due to be, paid in less than one year, for example, creditors and bank overdrafts.
CLG	Department for Communities and Local Government.
DEBTORS	Sums of money due to the authority but unpaid at the date of the balance sheet.
DEFERRED CAPITAL RECEIPTS	Income, which the Council is due to receive in future years from Council houses, which have been sold under a mortgage.
REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE	Spending on assets that have a lasting value, such as buildings, which we do not own.
GOVERNMENT GRANTS	Payments made by the government towards the cost of local authority services. These are either for particular services or purposes (specific grants) or to fund local services generally (revenue support and area based grant).
GROSS EXPENDITURE	The cost of providing the Council's services before allowing for Government grants or other income.
HOUSING BENEFITS	A system of financial assistance towards certain housing costs, e.g., Rent Rebates, which are administered by the local authority.
HOUSING REVENUE ACCOUNT (HRA)	The account, which shows all the income and expenditure incurred in the management and maintenance of the Council's housing stock.
IMPAIRMENT	This is a reduction in an asset value due to physical damage, obsolescence or a decline in its market value.
INFRASTRUCTURE ASSETS	These are inalienable assets, expenditure which is recoverable only by continued use of the asset created (e.g. street lighting, tidy bins, and footpaths).
INTANGIBLE ASSETS	Spending on assets, this cannot be physically seen, such as computer software.
MINIMUM REVENUE PROVISION (MRP)	The amount that we have to set aside each year to repay loans.
NET EXPENDITURE	This is the cost of providing a service after the deduction of specific government grants and other income, excluding Revenue Support Grant and Precept income.
NDR	Non Domestic Rates.

NON-OPERATIONAL ASSETS	These are assets that are not directly occupied, used or consumed in the provision of service by the Council (e.g. Land awaiting development, industrial units, and shops).
OPERATIONAL ASSETS	These are assets held, occupied, used or consumed by the Council in the direct provision of the services for which it is responsible (e.g. Council Dwellings, Leisure Centres and Council Offices)
PRECEPT	The amount each authority in the area asks us to collect from council tax on their behalf each year.
REVENUE CONTRIBUTIONS TO CAPITAL EXPENDITURE	The financing of capital expenditure directly from revenue.
REVENUE EXPENDITURE	Spending on the day-to-day running of services, mainly staff, running expenses of buildings and equipment and debt charges.
SOLACE	Society of Local Authority Chief Executives
SORP	Statement of Recommended Practice.
TEMPORARY LOANS	Money borrowed for an initial period of less than one year.
TRADING ACTIVITIES	This refers to services operated by the Council that operate in a contractor role with the Council. Primarily relating to those services formerly subject to Compulsory Competitive Tendering, it also includes part of the Council's Building Control Service.