

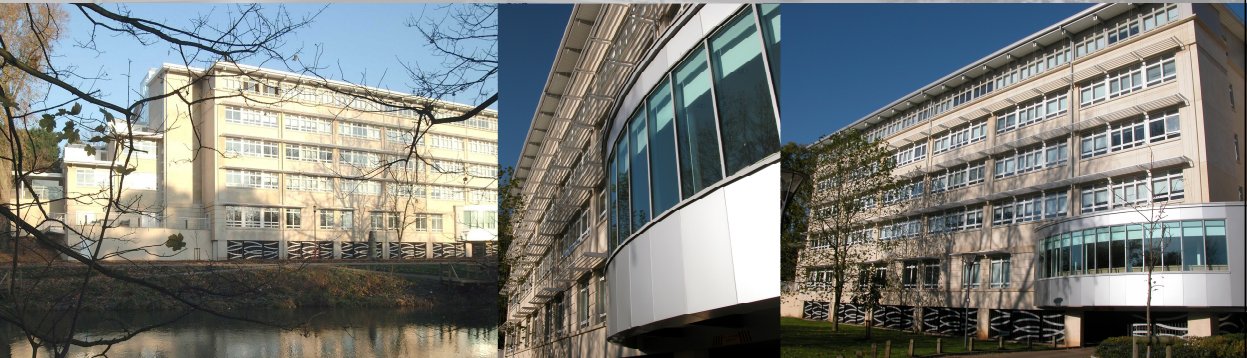


*North
Wiltshire
District
Council*

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North Wiltshire District Council



Statement of Accounts

For the year ending
31st March 2007

Improving North Wiltshire

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NORTH WILTSHIRE DISTRICT COUNCIL IN 2006/7

North Wiltshire covers 768 square kilometres and is one of four Districts in the County of Wiltshire. The District is set between the Cotswold escarpment, the Marlborough Downs and the Upper Thames Valley, and has a rich heritage of contrasting rural landscape, historic towns and attractive villages. The Cotswolds and North Wessex Downs AONBs (Areas Of Outstanding Natural Beauty) cover 25% of the District between them.

Officially classified as 81% rural, the pattern of settlements in North Wiltshire is unusual, having six medium sized market towns, surrounded by numerous villages and rural settlements. Each town centre and most villages have buildings and spaces protected under 64 separate Conservation Areas. The towns of Cricklade and Malmesbury are Areas of Special Archaeological Significance and the District has the third highest level of listed buildings in the country (more than 5,200).

Economic prosperity is retained, with a recorded unemployment rate of consistently less than 2%. North Wiltshire is home to a wide range of industry. Good communication routes and the local environment continue to attract new businesses, particularly in the semi-conductor, information and communication technology and multi-media related fields. Despite the intended closure of RAF Lyneham and the closure of other key MOD sites, we maintain a strong connection with the defence establishments and wherever possible turn site closures into economic opportunities.

Tourism is a key industry in North Wiltshire and is worth around £47.5 million to the local economy, attracting an estimated 310,000 staying visitors a year.

The M4 and the main railway line between Bristol and London Paddington cross the District and these routes have led to a larger than average commuter population – particularly to Swindon (to the North East), Bath (to the South West) and the M4 corridor.

OUR COMMUNITIES

The 2001 census shows that the resident population of North Wiltshire was 125,372 and is now estimated at just under 131,000. Between 1991 and 2001, the population of the District increased by 10.9% (12,372 people) much higher than the national average increase of 2.6%.

- Over half of the population live in the six main towns. The largest, Chippenham, has a population of over 33,000 and is expanding fast.
- Travel to work by car is high at 68.3% (Wiltshire and Swindon 66.4%).
- The level of home owner-occupiers is high at 75.3% (Wiltshire and Swindon 72.0%) but there is a strong need for affordable housing (more than 60% of home owners could now not afford to buy the home they live in).

North Wiltshire District Council undertook a major review of its Corporate Plan during 2006/07, to produce a clearer, more focused plan to guide the Council's work for the next three years, based on feedback from customers, communities (e.g. links to the Community Strategy) and elected members.

NORTH WILTSHIRE DISTRICT COUNCIL IN 2006/7

Following two Policy Days – to which all members were invited – a clear vision for the future and three corporate priorities were agreed – all underpinned by the Council's Mission:

Improving North Wiltshire

Vision: *Vibrant, diverse and healthy communities living in a clean and safe environment*

Priorities:

1. **Community:** *To promote vibrant, safe and inclusive communities*
2. **Environment:** *To protect and enhance the local environment*
3. **Customers:** *To put our customers at the heart of everything we do*

Each priority was underpinned by a number of goals, indicating what the Council hopes to achieve in the next 3-5 years. One or more community focused actions was agreed against each goal, setting out measures by which the Council's achievements can be judged. The Corporate Plan was considered by the Executive and the Overview and Scrutiny Committee before being approved by the Council in February 2007. As part of their policy development work, members also agreed a number of non-priorities. The priorities and the non-priorities were used to guide the budget decisions for 2007/08.

NORTH WILTSHIRE DISTRICT COUNCIL IN 2006/7

COUNCIL PRIORITIES – A LOOK BACK AT 2006/07

The previous Corporate Plan for 2006-09 included the key priorities for the Council for 2006/07 and the actions to address these priorities. The priorities were chosen in response to local people's views, the North Wiltshire Community Strategy, national targets and legislative duties.

The Corporate Priorities and achievements for 2006/07 were:

1. Customer Focus, Equality and Diversity, and Partnership Working

- Customer Contact Team awarded Charter Mark in recognition of its high standard of customer service, which was retained in a re-inspection.
- Use of Call Centre extended to Cleansing and Amenities department.
- Major upgrade of Customer Relationship Management System (CRM) complete, which will allow for improved comments and complaints system and Freedom of Information recording.
- Access Strategy for the Council approved, and agreed values and standards approved by the Wiltshire Customer First Group (Wiltshire County Council and Wiltshire District Councils).
- Benefits Freephone operational for enquiries about Council Tax Benefits and Housing Benefit.
- Continued work with benefits Performance Development Team and implementation of the Benefits Action Plan has delivered improved processes and performance.

2. Waste and Recycling

- Continued roll out of opt-in green waste service, with a customer base increasing to 3,106.
- Review of refuse and trade waste rounds complete, with new rounds fully operational, resulting in fewer missed collections.
- Climate Change Group established and Strategy drafted. AWARE (A Way for All to Respect the Earth) days held to promote Climate Change reduction measures at a community level, with a programme in place for 2007/08.
- Joint Waste Strategy approved.
- Improved recycling rate of 21%
- Waste minimisation levels in the top 25% of all district councils.

3. Housing

- A total of 109 Disabled Facility Adaptations were completed during the year, which has assisted more than a hundred people to remain in their home, exceeding the target of 90.
- Review of Housing Advice service complete. Advice service brought in house and combined with existing homelessness service to provide a new prevention service.
- New Private Sector Renewal Strategy and Policy completed and approved.
- 5 local housing needs surveys completed for the parishes of Ashton Keynes, Hilmarton, Brokenborough, Brinkworth and Sherston.
- 137 new affordable homes completed during 2006/07

NORTH WILTSHIRE DISTRICT COUNCIL IN 2006/7

- Achieved a reduction in the number of young people in B&B of 20% over the year and have not placed any young people in unsuitable accommodation.
- New Empty Homes Strategy approved.
- Homelessness Strategy 2006/2011 now completed.

4. Cleaner, Safer and Better Streets

- Local Public Service Agreement 2 target around street cleanliness exceeded.
- Public convenience provision reviewed, with the transfer of Colerne, Purton and Lyneham agreed in principle and the Closure of Box and Biddestone in 2007 resolved.

5. Spatial Planning (including Local Plan/Local Development Framework)

- Statement of Community Involvement adopted in February 2007.
- North Wiltshire Local Plan 2011 including GIS/Website preparation published before deadline.
- Study for the West of Swindon Issues and Options Document complete.
- Affordable Housing Supplementary Planning Document (SPD) completed and consultations undertaken.
- A new Spatial Planning Advisory Group established.

6. Buoyant Economy

- North Wiltshire festival successfully delivered.
- North Wiltshire Guide launched in February 2007
- Disposal of Chippenham Cattle Market in Jan 2007. Scheme review work for Beversbrook Site to achieve revenue income in place of Capital Sale progressing.
- Updated Economic Regeneration Strategy completed in 2007. Actions on track with programme.
- "Made in North Wiltshire" website launched to promote local suppliers.

7. Healthy Lifestyles (including Sports Development and Arts Development)

- Construction work fully underway on the North Wiltshire Arts Centre.
- Mobile skate park transfer to Wiltshire Alternative Youth Sports Partnership WAYS partnership on target.
- Annual Youth Games held with strong North Wiltshire representation.
- Work delivered with partners across 10 areas of the First Active Strategy. This included Coaching and training for PE in schools and out of school hours, activities for post 16 year-olds, community activities, such as parent/toddler aerobic sessions, and coaching development across the district.
- Council's playgrounds facilities reviewed and Play Strategy approved.

8. Car Parks and Decriminalisation

- Parking, Transport and Access (PAT) Strategy produced.
- Town and Parish Councils and residents consulted on the introduction of residents parking schemes.
- Phase 1 of decriminalisation of parking enforcement implemented on time.

FOREWORD BY THE S151 OFFICER -1

1. INTRODUCTION

The Accounts of the Council have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the 2006 SORP requirements for new accounting statements.

These accounts include details of the accounting principles in accordance with which the Council has prepared the financial statements and balance sheet. There are sections in the Accounting Statements showing details of the Council's income & expenditure, including sections on the Collection Fund, recognised gains and losses and movement on the General Fund. These accounts are then incorporated into the Balance Sheet of the Council, which, together with its associated notes, reflects the Council's financial position as at 31st March 2007.

2. GENERAL FUND

The original net budget was set at £17,924k. During 2006-07, changes occurred which raised the net budget by £1,597k, to £19,521k. The budget increase of £1,597k occurred because of extra leisure costs (£1,180k), additional finance related expenditure (£270k), Carry-forwards (£137k) and Election expenses (£10k). The changes were funded by Balances (£1,317k), LABGI £(270)k and an Election Fund (£10k). In addition there was a technical change with Financing Charges being replaced by Depreciation Charges, which reduced the Net Cost of Services by £2,569k, but increased the Other Operating Income and Costs by the same amount, so that overall, there was no change to the bottom line.

The outturn for 2006-07 against this budget is set out in the Table below with comments set out in the following paragraphs. The summary financial position in relation to the other major funds of the Council are set out in the subsequent sections of this Foreword. Further details can be found in the body of the Statement of Accounts.

The Council's revenue position for the year is summarised below:

	2006/07	2005/06
	£'000	£'000
Net Expenditure on Services	16,057	12,768
Parishes	<u>3,982</u>	<u>3,610</u>
Net Revenue Expenditure	20,039	16,378
Government Grant- RSG/NNDR	7,694	6,931
Government Grant – LABGI	470	0
Council Tax	9,893	9,348
Reserves	1,573	0
Collection Fund Surplus	<u>119</u>	<u>0</u>
Net financing	19,749	16,279
Net Deficit	290	99

FOREWORD BY THE S151 OFFICER- 2

Overall net revenue expenditure for the year, including parish precepts, was £20.22m. Compared to the revised budgets, the outturn was an overspend of £290k, in the main due to three items, offsetting the general underspend of £181k

- Additional bad debt provision for Housing Benefit overpayment recovery £214k;
- Additional Equipment Fund repayments charged to services £218k
- Interest correction for earlier years New Offices Sinking Fund £40k

Analysis of the Council's revenue expenditure is detailed below.

3. EXPENDITURE BY SERVICE AREA

Chief Executive

The overspend is due to a year end recharge of £644k

Planning Services

1. £43k higher income in Development Control
2. £21k reduction in recharges for Spatial Planning compared to budget
3. £20k higher income from Local Land Charges

Corporate Services

Underspends:

1. Balance Clear Out £1,780k. The rationale for this is that all support services have to be either charged to a public service or treated as a non distributable cost within the net cost of services.
2. £276k reduction in recharges
3. Reduced Salary & On Costs £110k (see below)
4. £53k income in ICT (Decriminalisation work for Wiltshire CC)
5. £32k saving in members travelling costs

Additional Costs

1. Year End Recharge £320k
2. £174k Agency Staff to cover vacancies (including £124k in finance). There is a corresponding decrease in salary and on costs of £110k
3. £80k vacancy factor (budgeted salary savings)
4. £80k adjustment in miscellaneous expenses to correct the balance sheet.

FOREWORD BY THE S151 OFFICER- 3

Customer Services

Underspends:

1. Net Government Grant Income £710k higher than budget
2. HB overpayments received £224k
3. Costs Recovered £166k
4. Other Misc Expenses £103k
5. Concessionary Fares £83k
6. Reduced Salary & On Costs £180k (see below)

Additional Costs

1. Rent Allowances £727k higher than budget
2. £246k Agency Staff (£90k Customer Contact, £69k Housing Benefits, £88k M249 Car Parking). There is a corresponding decrease in salary and on costs of £180k
3. Increase in Bad Debts / Bad Debt Provision of £165k over budget
4. £162k NDR Cost of Collection Allowance
5. £51k vacancy factor (budgeted salary savings)

Cleansing & Amenities

1. Overspend on agency staffing of £188k
2. Overspend on vehicle running costs of £93k
3. Underspend on salaries (vacancies) of £246k
4. Income down from Green Waste service of £38k

Community & Environment

1. Leisure Trust/Leisure Centres increased funding of £411k
2. Overspend on agency staffing of £261k
3. Underspend on salaries (vacancies) of £236k

FOREWORD BY THE S151 OFFICER- 4

4. CAPITAL EXPENDITURE

The Council's total capital expenditure for 2006/07 including amounts accrued for works completed but not paid for at 31st March 2007 was £5.22m, (£7.28m 2005/06) which included £1.2m on vehicle plant and equipment. The significant items within the programme were affordable Housing schemes (£1.9m), Housing Renewal Grants (£0.54m) and further renovation costs of £0.57m to establish the North Wilts Art Centre. The amount funded through grants was £0.88m (£0.36m 2005/06). The balance of £4.34m (£6.92m 2005/06) was funded from Capital Receipts and revenue and Third Party Contributions.

5. COLLECTION FUND

The Collection Fund is a statutory fund, which shows the transactions relating to Council Tax, Non-Domestic Rates and residual Community Charge and illustrates the way in which these have been distributed to preceptors and the General Fund.

The income to the fund is the amount collectable from Council Tax and Non-Domestic Rate payers. Expenditure from the fund comprises payments in respect of precepts raised by the Wiltshire County Council, Wiltshire Police Authority, the Wiltshire & Swindon Fire Authority, by North Wiltshire Council for its own General Fund requirements and Parish/Town Council requirements, and payment to the Government for Non-Domestic Rates collected.

It was estimated, in January 2007, that the Fund would have a surplus of £1.502m at 31st March 2007, which was fully taken into account in setting the 2007-08 budget. However due to a higher tax base than anticipated, the surplus for the year was more than anticipated, resulting in a surplus balance of £2.558m, an increase of £1.056m

6. DEBT FINANCING

The Council agreed to change its policy on the financing of capital expenditure for 2007-08 onwards, by retaining capital receipts and borrowing to fund the capital expenditure. A £4m LOBO was taken out in late March 2007 to fund 2007-08 onwards, which will appear on the 2006-07 Balance Sheet. The interest earned on the accumulated Capital Receipts, cashflow and Other Investments, was depressed due to poor Investment Management performance, but improved by the delay in capital expenditure and a background increase in interest rates.

7. BORROWINGS

There were no borrowings to fund the 2006/2007 capital programme, although, due to timing to take advantage of interest rates, a £4m LOBO was taken out in late March 2007 to fund 2007-08 onwards. It was not necessary, during the year, for the Council to borrow temporary funds for cash flow purposes. Consequently, there were no temporary loans outstanding at 31st March 2007, although at this date, the Council had £36m invested with various financial institutions.

FOREWORD BY THE S151 OFFICER- 5

8. CHANGE IN HOW SERVICES ARE PROCURED

The Council changed the service provider for the Leisure service, from the Leisure Trust, North Wiltshire Leisure Limited, to an agency arrangement with DC Leisure in early 2007. This arrangement is short term, to allow the Council to market test a replacement delivery vehicle.

9. SIGNIFICANT CHANGE IN ACCOUNTING POLICY

This is the fourth year in which the Council has been required to implement in its accounts the requirements of Financial Reporting Standard (FRS) 17 - Retirement Benefits. The purpose of this is to ensure that the accounts show the operating costs of providing retirement benefits to the Council's employees in the accounting periods in which the benefits are earned by them, and to ensure that the related finance costs and changes in the values of assets and liabilities are recognised in the accounting period in which they arise. The Council and its staff are members of the Wiltshire County Council Pension Fund and their actuary has provided all relevant information to enable the Council to reflect this accounting change in its accounts.

The result of FRS17 compliance is that the service costs shown in the Consolidated Revenue Account are reduced, but this change is mirrored by a compensating entry in the appropriations section of that account. There is no impact on the budget requirement or levels of Council Tax. The accounts show a Pensions Liability of £18.8m (£21.9m 2005-06), which is equivalent to 470% of the Council's General Fund Reserve. In practice the deficit will be funded through reassessment of employer contributions as a result of the three-yearly Fund valuations by the actuary and any revision to the period over which the contributions are made.

There is a second change in accounting policy, that has been applied in 2006-07 - for expenditure to count for Capital purposes, it must be £1,000 or more.

FOREWORD BY THE S151 OFFICER - 6

10. FINANCIAL STATEMENTS

The purpose of the Statement of Accounts is to give all stakeholders clear information about the financial performance of the Council in 2006/07.

The statements consist of the following:

a) Statement of Accounting Policies

Details the legislation and principles on which the Statement of Accounts has been prepared.

b) Statement of Internal Control

Details the manner in which the Council addresses the risks inherent within its operation.

c) Income & Expenditure Account

The Council's main revenue account covering income and expenditure on all services.

d) Statement of recognised Gains and Losses

Reflects all gains and losses experienced by the local authority during the year.

e) Collection Fund Account

Covers all income and expenditure in respect of Council Tax and Non-Domestic Rates and the change to the fund balance at the year end.

f) Balance Sheet

Sets out the overall financial position of the Council as at 31st March 2007.

g) Statement of Total Movement in Reserves

Analyses the changes that have taken place in the Council's Capital and Revenue reserves.

h) Cash Flow Statement

Summarises the total movement of the Council's funds.

Peter Timmins – CPFA, BSC(Econ)
Interim S151 Officer

STATEMENT OF AUDITORS OPINION - 1

STATEMENT OF AUDITORS OPINION - 2

STATEMENT OF ACCOUNTING POLICIES - 1

1. GENERAL

The accounts have been prepared in accordance with the Code of Practice in Local Authority Accounting in the United Kingdom 2006: A Statement of Recommended Practice (SORP) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is recognised by Statute as representing proper accounting practice (Local Government Act 2003 section 21 (2)(b)).

Local authorities derive their powers from statute and their financial and accounting framework is directed by primary and secondary legislation. To the extent that treatments are prescribed by law, the accounting concepts outlined below may not apply in all cases. It is a fundamental principle of local authority accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements shall apply.

The accounting policies and estimation techniques applied have been selected and exercised having regard to the accounting principles and policies set out in FRS 18 (Accounting Policies) relating to:

- The quantitative characteristics of financial information:
 - relevance
 - reliability
 - comparability
 - understandability.
- Materiality
- Pervasive accounting concepts
 - accruals
 - going concern
 - primacy of legislative requirements.

Exceptions to compliance with the Code of Practice are set out below.

2. ACCRUALS

The financial statements have been based upon information available in the Council's General Ledger and other systems for the year to 31st March 2007. Wherever necessary estimates have been made to ensure full account is taken of items that should be accounted for in 2006/7.

STATEMENT OF ACCOUNTING POLICIES - 2

Customer and client receipts

Customer and client receipts in the form of sales, fees, charges and rents are accrued and accounted for in the period to which they relate. Estimates are made using agreed costs and volumes of service where the information is available otherwise an assessment is made by service managers and finance staff using comparable data. In some instances the approach is to ensure that equal amounts appear in each year's accounts rather than apportion income between years.

Employee costs

Employee costs are charged to the accounts of the period within which the employee worked. Accrual is made for salaries, wages and other earnings earned but not paid at year-end. Travelling and subsistence costs are not fully accrued between financial years. Estimates are made for some claims based upon known work patterns or past experience. In some instances the approach is to ensure an appropriate number of claims is charged to each year.

Interest

Interest on external borrowing and lending is accrued and accounted for in the period to which it relates.

Supplies and Services

The cost of supplies and services is accrued and accounted for in the period during which they are consumed or received. Accrual is made for all significant sums unpaid at year-end for goods and services received or works completed. A "de minimis" figure of £250 has been set for all amounts to be accrued. There are exceptions for the payment of some fuel, rent and other like costs where consumption is the subject of routine billing for agreed periods. The approach generally is to ensure a full twelve months is charged to each financial year.

Accruals are based upon order commitments with known or agreed prices, estimated usage or advice from service managers where actual information is not known.

Income

Income accruals are prepared on a similar basis to creditors to ensure the accounts reflect all income due in the financial year.

STATEMENT OF ACCOUNTING POLICIES - 3

Interest paid on deposits and balances

Interest is credited to deposits and other balances held on behalf of others at the local authority seven day rate. A separate bank account may be established where it is thought prudent to keep monies separate. A separate account has been established for the sinking fund balance relating to the Council Offices PFI scheme. In addition, the Council pays interest at the local authority 'seven-day' rate on significant overpayments of NNDR that have been held for some time.

3. CAPITAL CHARGES

Depreciation charges are made to all service revenue accounts and central support service accounts with respect to asset usage except for freehold land and assets under construction. These are calculated based upon their expected remaining useful life. Charges are made for intangible assets (computer software), buildings, infrastructure, furniture, vehicles, plant, equipment, and community assets. Capital financing charges for the use of fixed assets are no longer made to service revenue accounts, support services and trading accounts to reflect the changes made to the Statement of Recommended Practice.

4. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Where the amounts are likely to be material the nature of the contingency is disclosed in the notes to the accounts.

5. DEFERRED CHARGES

Deferred charges reflect assets where the value is not increased following investment. In some cases this is because expenditure on schemes such as disabled access is capitalised. Such expenditure is initially added to the asset value and then re-valued to negate its effect. There are other circumstances where capital expenditure is treated as a deferred charge. This includes expenditure on assets not owned by the District Council. In some instances the Government directs the Council to treat items as capital that would normally count as revenue. These do not result in an asset or add to the value of existing assets and are therefore written off as a deferred charge. A corresponding reduction is made in the appropriations section of the revenue account to ensure there is no impact on the overall charge to the revenue account.

6. FOREIGN CURRENCY TRANSLATION

Income and expenditure arising from transactions denominated in a foreign currency is translated into £ sterling at the exchange rate in operation on the date on which the transaction occurred.

STATEMENT OF ACCOUNTING POLICIES - 4

7. GOVERNMENT GRANTS

Government grants are accounted for on an accruals basis. Income has been credited to the appropriate revenue or capital account. Estimates are based upon grant notifications adjusted for forecast actual expenditure where necessary.

Capital grants applied to finance capital expenditure that will be incurred wholly or partly in the future will be treated as receipts in advance and held as government grants unapplied. They are then credited to the Government Grants Deferred account once the asset has been completed and is in use by the service. Amounts are released from this account to offset any depreciation on assets.

8. INVESTMENTS

The Council's investments are made in accordance with the guidance issued by the Secretary of State under the Local Government Act 2003 and are valued at cost as disclosed within the notes to the Consolidated Balance Sheet.

9. LEASES

Rentals on operating leases are matched to the appropriate period to which the asset is used rather than when the rental is paid. Finance leases are used to purchase capital assets and have been included in the asset register.

10 OVERHEADS

Support service and departmental overhead costs have been fully recharged to operational groups. Charges are based upon time allocations, floor areas and actual usage. The current formula has been in operation for some years and is subject to review. Accrual estimates are based upon known salary and other costs adjusted for expected changes. Some overheads are charged to capital where costs reflect work chargeable to capital.

11. PENSION COSTS

FRS 17 (retirement benefits) requires the following information to be disclosed.

- Current service costs allocated to each of the service divisions of the Council
- Past service cost defined as Non Distributed Costs where the impact upon current services cannot be ascertained.
- Pension Interest Costs and Expected Return on Assets recorded as financing costs in the Net Operating Expenditure Section of the Consolidated Revenue Account.

STATEMENT OF ACCOUNTING POLICIES - 5

12. POST BALANCE SHEET EVENTS

Where a material post balance sheet event occurs that either;

- provides additional evidence relating to conditions existing at balance sheet date, or
- indicates that application of the going concern concept to a material part of the authority is not appropriate.

changes would be made in the amounts included in the Statement of Accounts.

13. PROVISIONS

Provisions are established for any definite liability but the timing or cost is unknown. Provisions are charged to the appropriate revenue account.

14. BAD DEBT PROVISION

The Council makes a provision for those debts it anticipates may be difficult or impossible to collect. The provision is assessed following an examination of all debts outstanding taking account of the nature and age of the debt and any arrangements for recovery.

15. BORROWING

The Council has adopted a policy of borrowing to finance capital expenditure.

16. REDEMPTION OF DEBT

Under the Local Government Act 2003 the Council is required to charge the Consolidated Revenue Account a minimum amount of 4% of capital indebtedness for repayment of external loans. In addition, the Council has decided to set aside additional sums to repay debt

17. RESERVES

Amounts set aside for purposes falling outside the definition of provisions or contingent liabilities are considered as earmarked reserves and transfers to and from them are distinguished from service expenditure. Expenditure is not charged directly to any reserve. Capital reserves are not available for revenue purposes and certain of them can only be used for specific purposes.

The Fixed Asset Restatement Account reflects the accumulated surplus from property valuations less property disposals.

Usable Capital receipts are receipts from the sale of assets that have not been expended. The Council receives a portion of the receipts arising from the sale of former

STATEMENT OF ACCOUNTING POLICIES - 6

council house property to tenants under the Right to Buy legislation. The amount due to the Council for sales in 2006/7 is shown as a debtor within the balance sheet.

The Capital Financing Account includes expenditure funded from capital receipts and revenue and provision for loan repayments less depreciation.

The General Reserve provides financial cover for potential anticipated business risks. The Council has determined that any excess over this reserve may be only used to fund 'spend to save' schemes.

18. STOCKS, STORES AND WORKS IN PROGRESS

These are included in the balance sheet at cost price.

19. PRIOR YEAR ADJUSTMENTS

Accounting standards require amendments to opening balance sheet figures and the previous year's comparatives for changes to accounting policies and the correction of fundamental mis-statements.

20. TANGIBLE FIXED ASSETS

Recognition

All expenditure on the creation, or enhancement of fixed assets, subject to a 'de minimis' level of £1K, is capitalised on an accruals basis. Expenditure on the acquisition of a fixed asset of £1K or more is classified as a fixed asset provided it yields on going benefits to the Council and its services for more than one year. The purchase of furniture and equipment is treated as capital if it is associated with capital building works. Individual items of vehicles and equipment are treated as capital if the value is over £1K. Lesser values are charged to revenue.

Measurement

Fixed assets are valued on the bases recommended by CIPFA. Property assets are valued in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

Fixed assets are classified into the groupings required by the 2006 Code of Practice on Local Authority Accounting. Assets have been valued on the following bases:

- Operational land and properties – the lower of net current replacement cost or net realisable value in existing use
- Non operational assets - net current replacement cost or net realisable value

STATEMENT OF ACCOUNTING POLICIES - 7

- Infrastructure and community assets – historic cost
- Short lived assets such as vehicles/plant and equipment – historic cost as a proxy for current costs.

Property asset values in the accounts reflect revaluation as at 1st April 2006. Revaluation is undertaken on a three year programmed basis but the process does not permit a view to be taken each year of the value changes across the range of property assets.

Intangibles

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council is capitalised when it will bring benefits to the Council for more than one year. Such expenditure reflects the purchase of software licenses. Software licenses are subject to an annual impairment review.

Impairment

Assets that have reduced in value because of a change in condition such as general dilapidation, or an unusual event such as a fire, will be shown to have suffered an impairment loss in the balance sheet. This is charged to the Income and Expenditure Account. It may be reversed in a subsequent year when the asset has been restored.

Disposals

Gains and losses on the disposal of fixed assets are recognised in the Income and Expenditure Accounts. This is a change from the policy applicable last year following a change to the Statement of Recommended Practice

Capital programme

New capital projects are treated as work in progress until they are formally handed over to the service as completed and ready for use. At completion the new asset is recorded in the Council's asset register unless no value has been added.

Leasing/rental of land and buildings

All property leases are of short duration and do not give rise to the creation of a capital asset under accounting standards. Lease/rental costs are charged to the revenue budget in the year to which they relate.

21. PFI CONTRACT

The Council has entered into a long-term contract for the provision and management of Monkton Park Offices. This contract is for a period of 25 years and commenced in 2001. As part of the contract the Council transferred ownership of three offices to the

STATEMENT OF ACCOUNTING POLICIES - 8

contractor at a value of £1.05m. This has been treated as a long-term debtor in the accounts that will be amortised over the 25 year life of the contract.

The new offices are treated as an asset of the Council. This is offset by the money owed to the contractor under the 25 year agreement. This appears as a long-term creditor in the Council's balance sheet.

22. VALUE ADDED TAX

VAT is included in income and expenditure accounts whether of a capital or revenue nature only to the extent that it is recoverable.

Approved for 2006/7

Peter Timmins – CPFA, BSc (Econ)
Section 151 Officer

STATEMENT OF RESPONSIBILITIES - 1

1. THE COUNCIL'S RESPONSIBILITIES

The Council is required:

- a)** to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance;
- b)** to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- c)** to approve a statement of accounts.

On behalf of the Council:

Councillor Tonge
Leader of the Council

2. THE RESPONSIBILITIES OF THE HEAD OF FINANCE

The Head of Finance is responsible for the preparation of the 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 2005 ("the Code of Practice").

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

- a)** selected suitable accounting policies and then applied them consistently;
- b)** made judgements and estimates that were reasonable and prudent, unless considered immaterial or otherwise stated in this Statement;
- c)** complied with the Code of Practice.

The Head of Finance has also:

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

The Statement of Accounts presents fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2007.

Peter Timmins – CPFA, BSc (Econ)
Interim Section 151 Officer

CORE FINANCIAL STATEMENTS - 1

Income & Expenditure Account

2005/2006 Net Expenditure £000's		Note	2006/07		
			Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
574	Central Services to the Public		1418	(510)	908
					0
	Cultural, Environment & Planning -				0
3,864	Cultural & Related Services		4618	(464)	4154
4,274	Environmental Services		5707	(1292)	4415
3,506	Planning & Development Services		5418	(2255)	3163
					0
290	Highways, Roads & Transport Services		1284	(949)	335
6,706	Housing Services		21381	(18860)	2521
2,185	Corporate and Democratic Core Central		3077	(897)	2180
470	Non-distributed costs		565		565
21,869	Net Cost of Services		43468	(25227)	18241
3,610	Precepts paid to Parish Councils		3982	0	3982
0	Loss on disposal of fixed assets				0
361	Surplus/Deficit from trading undertakings	15	630	1128	(498)
(2,885)	Interest payable and similar charges	1	604	727	(123)
(1,657)	Interest and investment income		77	1489	(1412)
630	Pension interest cost and expected return on pensions assets	6	2669	3031	(362)
	Housing Pool Capital Receipts				0
21,928	Net operating expenditure		51430	(18852)	19828
(9,348)	Demand on Collection Fund			(9893)	(9893)
(3,243)	General Government Grants			(1270)	(1270)
(3,681)	Non-domestic rate redistribution			(6430)	(6430)
5,656	(Surplus)/Deficit for year		51430	(36445)	2235

CORE FINANCIAL STATEMENTS - 2

Movements in General Fund Balance

2005/2006 £000's		Note	2006/2007 £000's
5,656	(Surplus)/deficit for year on the Income and Expenditure Account		2,235
(5,557)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year		(1,098)
99	Decrease in General Fund Balance for year		1,137
(5,267)	General Fund Balance brought forward		(5,168)
(5,168)	General Fund Balance carried forward		(4,031)

CORE FINANCIAL STATEMENTS - 3

Statement of Total Recognised Gains and Losses

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
2005/2006		Note	2006/2007
£000's			£000's
	Surplus/deficit for year on the Income and Expenditure Account		1,137
99			
(3,059)	Surplus arising on revaluation of fixed assets		7,965
	Adjustment for duplicated assets		3,810
1,121	Actuarial Gains on pension fund assets and liabilities		-3,162
1,839	Total recognised gains and losses for the year		(9,750)

The valuer has reviewed the valuation of leisure centres and this has resulted in a significant downward movement of values brought forward at 1st April 2006.

A review of the assets register has identified one asset, a swimming pool, that had been included twice and has now been corrected.

CORE FINANCIAL STATEMENTS - 4

Balance Sheet

Consolidated Balance Sheet as at 31st March 2007				
31/03/2006 £000's		Note	31/03/2007 £000's	
			£000's	£000's
	Operational Assets			
36,930	Land and Buildings	1	28,748	
3,348	Vehicles, Plant, Furniture, and Equipment	1	3,278	
4,402	Infrastructure assets	1	4,389	
3,931	Community assets	1	3,392	
48,611				39,807
30,023	Non-Operational Assets - Investments (To retain)	1		23,342
0	Surplus (Land for sale)	1		0
78,634	TOTAL FIXED ASSETS	1-8,18		63,149
	Long-Term Assets			
2,530	Long-Term Debtors	9		2,295
81,164	TOTAL LONG-TERM ASSETS			65,444
	Current Assets			
48	Stocks		121	
23,922	Investments	17	36,710	
9,909	Debtors	11	5,859	
(1,761)	Less: Provision for Bad Debts	13		
734	New Offices' Sinking Fund			
207	Cash in Hand		2,646	
				45,336
	Current Liabilities			
(2,712)	Creditors	12	(4,912)	
(1,250)	Borrowing			
(1,112)	Cash Overdrawn		(4,318)	
				(9,230)
109,149				101,550
	Borrowing		(4,000)	
(9,310)	Long-term Creditors	16	(9,076)	
(21,906)	Deferred Capital Receipts			
(4,228)	Pensions liability	15	(18,824)	
(574)	Grants Deferred		(4,885)	
	Deferred Capital Receipts		(27)	
				(36,812)
73,131	TOTAL ASSETS LESS LIABILITIES			64,738
	Financed by:			
(5,834)	Fixed Asset Restatement Account		21,626	
71,115	Capital Financing Account		(70,585)	
17,210	Useable Capital Receipts Reserve		(21,954)	
(21,906)	Pensions Reserve		18,824	
				(52,089)
	Fund balances and Reserves			
5,622	Earmarked Reserves	14	(6,978)	
	Sinking Fund		917	
5,168	General Fund		(4,031)	
1,756	Collection Fund		(2,557)	
				(12,649)
73,131	TOTAL EQUITY			(64,738)

CORE FINANCIAL STATEMENTS - 5

Cash Flow Statement

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

Note	2005/06 £000's		£000's	£000's
		Revenue Activities		
		Cash Outflow		
	(12,275)	Employees	(13,138)	
	(12,980)	Operating Cash Payments	(8,421)	
	(55,365)	Precepts Paid	(62,488)	
	(29,672)	NNDR Paid to National Pool	(31,166)	
	(15,659)	Housing Benefit Paid Out	(16,827)	
	(125,951)			(132,040)
		Cash Inflow		
	57,161	Council Tax Income	61,612	
	32,103	National Non Domestic Rate Income	33,671	
	3,681	NNDR Receipt from the National Pool	6,431	
	3,243	Revenue Support Grant	1,270	
	19,982	DWP Grant for Benefits	20,877	
	1,582	Other Government Grants	2,012	
	5,588	Cash Received for Goods and Services	6,647	
				132,520
1	(2,611)	Net Cash Flow from Revenue Activities		480
		Servicing of Finance		
		Expenditure		
	(643)	Interest Paid	(625)	
		Income		
	1,617	Interest Received	1,657	
	974			1,032
		Capital Activities		
		Cash Outflow		
	(2,634)	Purchase/Spending on Fixed Assets	(1,143)	
	(4,645)	Affordable Housing and Housing Renewal Grants	(2,831)	
	0	Other Capital Payments	(1,253)	
		Cash Inflow		
	4,473	Sale of Fixed Assets	7,742	
	382	Capital Grants Received	574	
	4,024	Other Capital Income	82	
				8,398
	(37)	Net Cash Flow before Financing		4,683
		Management of Liquid Resources		
3	(1,146)	Net increase/(reduction) in Liquid Resources		12,788
		Financing		
	1,250	Repayments of Amounts Borrowed	(1,250)	
		New Long Term Loans	4,000	
				2,750
2	67	Increase/(reduction) in Cash		20,221

SUPPLEMENTARY FINANCIAL STATEMENTS - 1

Collection Fund

2005/06 £000's		Note	2006/07 £000's
	INCOME		
57,264	Income from Council Tax		61,047
4,767	Transfers from General Fund Council Tax Benefits Transitional relief Discounts for prompt payment		4,918
28,406	Income Collectable from Business Ratepayers		31,433
0	Contributions Towards previous year's collection fund deficit		0
90,437	TOTAL INCOME		97,398
	EXPENDITURE		
43,136	Precepts & Demands Wiltshire County Council		45,471
9,348	North Wiltshire District Council		9,893
6,169	Wiltshire Police Authority		6,500
2,450	Wiltshire & Swindon Fire Authority		2,584
27,977	Business Rates Payments to the National Pool		31,166
169	Cost of Collection		179
262	Interest on Repayments		88
0	Bad & doubtful debts Provision for Uncollectable Amounts		0
	Contributions Towards previous year's Collection Fund surplus		
89,511	TOTAL EXPENDITURE		95,881
(926)	(Surplus) / Deficit for the year		(1,517)
(830)	Balance brought forward		(1,756)
0	Distribution / (Contribution) To Prior Year (Surplus) / Deficit		715
(926)	(Surplus) / Deficit for the year		(1,517)
(1,756)	Balance carried forward		(2,558)
	Distribution of the 2006/07 Projected Collection Fund Surplus / (Deficit)		
(504)	Wiltshire County Council		(1,060)
(109)	NWDC		(231)
(29)	Wiltshire & Swindon Fire		(60)
(72)	Wiltshire Police		(151)
(715)	Total		(1,502)

STATEMENT ON INTERNAL CONTROL - 1

1. Scope of Responsibility

North Wiltshire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, 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 its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the Council is required to ensure that there is a sound system of internal control that facilitates the effective exercise of the Council's functions and includes arrangements for the management of risk.

The Council should conduct a review of the effectiveness of the system of internal control at least annually. It should include a statement on internal control within its statement of accounts. This statement on internal control represents the end result of the review of internal control, including the process of risk management that should be embedded throughout the activities of the Authority.

2. Purpose of System on Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve the policies, aims and objectives of North Wiltshire District Council. It can provide only reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority'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 system of internal control described in this statement has been in place at North Wiltshire District Council for the year ended 31 March 2007 and up to the date of the approval of the annual accounts.

3. Key Elements of North Wiltshire Internal Control Environment

3.1. Establishing and monitoring the achievement of the Authority's objectives

- Aims and key priorities are set out in rolling three year Corporate Plan, the budget and the three year Medium Term Finance Plan. The Corporate Plan was completely reviewed in 2006/07 so that a new three year plan, with clearer priorities and a simpler vision was produced to commence from April 2007. The new Corporate Plan guided decisions made in setting the budget for 2007/08 and the following two years.
- Service Plans feed from and to Corporate Plan.
- Progress against the Corporate Plan is reported back to members on a quarterly basis at Overview and Scrutiny Committee and the Executive.

STATEMENT ON INTERNAL CONTROL - 2

- Individual employee workplans and appraisals ensure that the objectives are cascaded down the organisation and progress can be monitored at an individual level.
- Monitoring of strategic and operational risks takes place through monthly performance monitoring, reviewed by the Corporate Management Board. The Executive receives budget monitor reports on a monthly basis from July to March each year.
- The Council (on 22 February 2007) also agreed policies on Spend to Save – for capital and revenue schemes – and the level of Reserves, on a risk basis. In addition, there was formal agreement on the level of revenue ‘carry-forwards’ from 2006/07 to 2007/08, to ensure the policy objectives were achieved.

3.2. The facilitation of policy and decision making

- The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. A revised version was approved by Council on 25 October 2005. Minor updates were made during 2006/07 and a wider review is planned in 2007/08.
- The Local Code of Corporate Governance, in accordance with the CIPFA/SOLACE framework, was adopted in January 2005. The position of the Council in relation to the Code is reviewed annually in conjunction with preparing this Statement. The Code will be revised in 2007/08 in line with renewed guidance from CIPFA.
- Council sets the overall budget and policy framework, within which the Council operates. Within this framework, policy and decision-making takes place through the Executive.
- Meetings are open to the public except where personal and confidential matters are being disclosed.
- The Council publishes a Forward Plan which contains details of key decisions to be made by the Executive under its delegated powers. Overview and Scrutiny Committee also publish a workplan.

3.3. Ensuring compliance with established policies, procedures, laws and regulations

- The statutory officers, the Head of Paid Service (Chief Executive), the Monitoring Officer (Legal Team Leader), Chief Finance Officer (Section 151 Officer) have key roles in monitoring and ensuring compliance with the Council's regulatory framework and law. For example, the Monitoring Officer has a duty to report on any actual or likely decision that would result in an unlawful act or maladministration; the Section 151 Officer is responsible for the proper administration of the authority's financial affairs and internal audit function.
- Whistle Blowing and Anti-Fraud and Corruption policies provide additional safeguards. These were updated by the authority's Audit Manager and were approved by members in 2006/07.

STATEMENT ON INTERNAL CONTROL - 3

- Compliance is monitored through staff supervision, the work of Internal Audit, Overview and Scrutiny Committee, external audit and inspection agencies.
- All posts have detailed job descriptions and person specifications that include competencies. Training needs are identified through the appraisal process.
- Monthly performance monitoring is reviewed by Corporate Management Board.
- The Internal Audit service received a favourable review by the external auditors as part of the Annual Governance Report for 2006/07.
- External audit – through the Audit Commission - provides an independent appraisal function.

3.4 Identifying, assessing and managing risk

- A Risk Management Strategy was in place throughout 2006/07. The Risk Management Strategy was reviewed, updated and approved by members in 2006/07.
- A risk management officers' group was set up in 2006/07, following on from the Business Continuity and Disaster Recovery working group. This group oversaw the production of the new Risk Management Strategy.
- A corporate risk register is in place and updated on a monthly basis by Corporate Management Board – based on information in the monthly performance reports from each Business Area.
- High risks are reported through to the full management team on a monthly basis and this information is cascaded to all staff.
- Final Accounts and Audit Committee now has the overall responsibility for risk management (prior to this, it was the Executive).
- Training on risk management was undertaken for elected members and managers in early 2006. Awareness raising on risk management for new members will be addressed as part of the development programme for the Final Accounts and Audit Committee members during 2007/08, with any sessions also being promoted to all members.

3.5 Economical, effective & efficient use of resources

- The Capital Strategy was reviewed and approved alongside the budget for 2007/08.
- A comprehensive Asset Management Plan was approved in March 2006. This will be reviewed in July 2007. The corporate property group meets regularly and produces updates on the status of projects and other asset management issues.
- Monthly revenue and capital budget monitoring reports are produced and reviewed by Corporate Management Board and reported to the Executive. During 2006/07, budget monitoring reports were also reported to the Overview and Scrutiny Committee to engage more members in understanding the financial management of the Council. Work to improve the clarity and effectiveness of the budget monitor

STATEMENT ON INTERNAL CONTROL - 4

reports (for members and budget holders) commenced in 2006/07 and will continue throughout 2007/08.

- Monthly performance monitoring is reviewed by Corporate Management Board.
- Task groups are formed – by Overview and Scrutiny Committee, or by the Executive - where members identify issues of concern e.g. public conveniences, leisure provision.
- Performance against key performance indicators is monitored and reported regularly to CMB, Executive and Overview and Scrutiny Committee.
- The Procurement Strategy was last approved in November 2005. Corporate Procurement Group meets regularly and monitors an action plan linked to the Strategy. The Procurement Strategy will be reviewed in 2007/08.
- Overview and Scrutiny Committee provides a challenge mechanism.
- Clear processes for performance monitoring of staff and clear appraisal policies are in place. The appraisal process will be refined during 2007/08 to provide a clearer link with new Corporate Plan and training requirements.
- The first Audit Commission judgement on value for money in 2006 concluded that the Council's performance was adequate.
- The Disaster Recovery Plan was completed and fully tested during 2006/07, backing up the Council's Business Continuity Plan which was approved in March 2006.

3.6 Financial management

- The Annual Treasury Management and Investment Strategy for 2006/07 was approved by Council on 25 April 2006 and was updated on 19 April 2007.
- Monthly budget monitoring and reporting has been strengthened to include clearer commentary on variances and to improve clarity and effectiveness for budget holders and elected members. Improvement work will continue throughout 2007/08, in line with an agreed improvement plan.
- The Council has established a formal process of financial management that is supported by financial regulations, contract standing orders and a scheme of delegation that includes key accountabilities. There are also numerous monthly financial routines that include formal processes for control of income, paying bills and reconciling bank and other accounts (although reconciliations were not carried out regularly throughout 2006/07). These routines are now integral to the monthly budget progress and monitoring processes.
- Medium Term Planning is being taken forward in 2007/08, in line with a process agreed by Overview and Scrutiny Committee in February 2007. This will improve the links between budget and strategic planning and strengthen the Council's approach to achieving value for money.
- Financial regulations are available on the internal bulletin board in an easily accessible summary for members and officers.

STATEMENT ON INTERNAL CONTROL - 5

- All Use of Resources scores and sub-scores reached a minimum of 2 (acceptable) in 2006/07. Action plans are in place to aim for overall score of 3 in future.

3.7 Performance Management

- The Council's policy and budget framework was reviewed and approved by Council in April 2006. The policy and budget framework ensures that the Community Strategy, community and customer views influence the Council's vision and corporate priorities, set out within the Corporate Plan. The Corporate Plan then drives the service planning process.
- This diagram illustrates how the Corporate Plan links to the Service Plans throughout the organisation and helps to ensure that all staff understand how their individual workplan fits into the Corporate Plan.



4. Review of effectiveness of the system of internal control

The Council has a responsibility for conducting at least annually a review of the effectiveness of the system of internal control.

The 2006/07 review has been informed by:

- Internal audit work and recommendations. Against the agreed audit plan, 82% of audits were completed during the financial year.
- External audit and inspection work.
- Ombudsman complaints. A quarterly report on complaints is considered by CMB.
- Overview and Scrutiny Committee's workplan.
- Final Accounts and Audit Committee's recommendations.

STATEMENT ON INTERNAL CONTROL - 6

5. Significant Internal Control Issues

The following significant internal control issues have been identified:

5.1 Issue – Housing Benefits Performance ⁽¹⁾

Performance on housing benefits improved through 2006/07 – with the speed of processing new claims (over the year) improving by 20 days. However, the speed of processing performance indicators are still bottom quartile and improvements need to be consolidated if the service is to achieve its targets for 2007/08.

Action

The 2006/07 budget approved growth to increase staffing in order to both improve the management structure and processing speeds. A Benefits Fraud Inspectorate improvement plan is in place and a fundamental review of structure and processes will take place over the summer of 2007, by external specialists. Benefits policy and scrutiny will be led by the new Head of Finance and Resources, once appointed.

5.2 Issue – Council Tax and NNDR Collection Rates ⁽¹⁾

Annual Audit & Inspection Letter raised concerns about collection rates for Council Tax and NNDR in 2005/06. Early improvements in 2006/07 were not sustained and the 2006/07 annual collection figures place the Council in the third quartile for performance. In part this was due to lack of staffing resource.

Action

A Recovery Action Plan has been implemented. Performance indicators are being reported and monitored on a monthly basis. Recovery policy and scrutiny will be led by the new Head of Finance and Resources, once appointed and a fundamental review of structure and processes will take place over the summer of 2007, by external specialists.

5.3 Issue – Change Control in ICT ⁽¹⁾

A recognised system of change control was introduced during the year, but was not fully embedded for the entire period and has not yet been subject to review.

Action

Continue to embed the ITIL (Information Technology Infrastructure Library) protocols, which will be subject to review by IT Auditors during 2007/08.

5.4 Issue – Purchase/Order/Processing System ⁽¹⁾

Limited evidence that orders placed are recorded as committed expenditure on the Main Accounting System or alternative local monitoring system. The business case for obtaining a purchase ordering system was to have been reviewed in 2006/2007. This review has been delayed pending decision on unitary status for Wiltshire.

Action

Business case to be prepared by March 2008. Thorough implementation of existing ordering and commitments process to be carried out by September 2007.

STATEMENT ON INTERNAL CONTROL - 8

5.5 Issue – Main Accounting System User Review ⁽¹⁾

A review of Main Accounting System user access rights identified a significant number of users who had either multiple access rights, inappropriate super-user access or they belonged to staff no longer employed by the Council. An action to review access rights has been built into the work-plan of the Systems Administrator (new post as part of Finance team restructure). There is still outstanding work to complete on reviewing user access rights.

Action

All system user access rights are to be reviewed by Systems Administrator to ensure they are adequate and appropriate. A review of the Debtors' system access rights will also be undertaken.

5.6 Issue – Documented procedures on VAT ⁽¹⁾

When the new creditors system was implemented, VAT documentation was created; this is on the Bulletin Board and available to staff. The re-organisation of the Finance section strengthens the structural control of VAT. The Documentation of the whole of the VAT process is in the 2007-08 workplan.

Action

The Finance Team will produce clear and comprehensive guidance notes, to be circulated to all appropriate officers of the Council by September 2007.

5.7 Issue - Reconciliation of Main Accounting System, Bank and key systems ⁽¹⁾

A schedule of recommendations has now been produced, and all key systems were reconciled as part of the year-end process. However, regular reconciliations were not performed throughout the year.

Action

The schedule of reconciliations needs to be firmly embedded into the working practices of the Finance Team, which should be facilitated by the proposed new structure.

5.8 Issue – Inadequate control over virements

Audit testing identified that virements were processed during the year, without following the authorisation procedures set out in the Council's Financial Regulations. In addition, the Council's ledger system processed these virements as changes to underlying budgets rather than recording a clear management trail of the alterations made.

Action

All staff to be reminded of the need to adhere to Financial Regulations when processing virements. System functionality to be explored to ensure all virements can clearly be identified on the ledger.

STATEMENT ON INTERNAL CONTROL - 9

5.9 Issue – Main Accounting System

The main accounting system has not been adequately developed to provide support to financial management. Accounting and budgeting and reporting arrangements do not meet the requirements of the Section 151 Officer in order to fulfil his/her role within the law – the latter being catered for by use of PC software and manual records. There is also a lack of expertise within the Council and externally to get the best from what is now a somewhat old fashioned electronic tool.

Action

All these matters need to be reviewed urgently to remove inefficiencies. The Section 151 Officer will produce a programme with key dates for changes. Ideally, a new more up-to-date system is required but initially the existing system will be developed to deal with the most pressing budget, control and reporting matters. The deadline for this initial work is September 2007. The timescale for replacement will depend upon a comprehensive review and the decision on the unitary proposal.

5.10 Issue – Senior Management Restructure/Fit for Purpose Organisation ^{(2) (3)}

A review of senior management is underway to drive improvements in customer focus across the Council and deliver more effective and efficient, quality-driven services. This risk to the internal control system concerns both the non-achievement of planned savings and any delay in appointing new Heads of Service for Finance and Resources, and Governance.

Action

Interviews for the new Head of Finance and Resources (s.151 Officer) will take place in late June and a restructure of the Finance service is already underway. Internal Audit will move into the Governance service area in the new structure.

5.11 Issue – Achievement of Budgeted Efficiency Gains and Savings⁽³⁾

Efficiency gains and savings of more than £2million have been included in the 2007/08 budget. Realising these efficiency gains and savings will be critical in ensuring the Council's financial standing is improved.

Action

Improvements to the monthly budget monitoring process and reports have been agreed. Combined with more focused financial support for budget holders, these improvements should enable and problem areas to be swiftly identified so that corrective action can be taken.

5.12 Issue – Future of Leisure ^{(2) (3)}

The new provider of services at Leisure Centres (under the terms of an interim contract) needs to rebuild the business in order to minimise the financial risk to the Council.

Action

Detailed contract and financial monitoring will be carried out throughout 2007/08. Monthly profit and loss meetings are held with the contractor, to enable any issues to be highlighted promptly and remedial actions to be agreed.

STATEMENT ON INTERNAL CONTROL - 10

5.13 Issue – Local Government Reorganisation ⁽³⁾

Uncertainty over the future of the Council, pending decision on the Wiltshire bid for unitary council status could delay decision on system improvements (e.g. Main accounting system) and may affect staff recruitment and retention, which will have an impact on improving the control environment and possible costs.

Action

Recruitment and retention planning will need to consider strategy for both the interim position (before a decision is known) and for the transition process, if the Wiltshire bid succeeds. Systems improvement projects will need to be reviewed according to the decision.

Notes:

- ⁽¹⁾ These issues were also highlighted in the 2005/06 SIC
- ⁽²⁾ These issues are covered in the Corporate Risk Register
- ⁽³⁾ These issues were included in the risk-based assessment determining the Council's minimum level of reserves.

NOTES TO THE ACCOUNTS - 1

1. Acquired or discontinued operations

There were no acquired or discontinued operations during 2006/07

2. Exceptional items including Prior Year Adjustments

A review of the accounts for earlier years has identified a number of adjustments that need to be made. These have been adjusted in the 2006/07 accounts. The impact is set out below:

Balance Sheet	£000
Long Term Debtors	(275)
Fixed Asset Adjustment – Swimming Pool	(3,810)

3. Undischarged obligation arising from Long Term Contracts

The Council's new offices were provided under a PFI contract and a long-term creditor has been recorded in the Balance Sheet to recognise the obligation to pay for the building over 25 years. The payments under the unitary charge over the remaining years of the contract are assessed as follows:

Period	£000's
Within 1 Year	1,696
Years 2-5	7,310
Years 6-10	10,441
Years 11-15	12,104
Years 16-20	13,020
Over 20 years	0

In 2006/07 the unitary charge amounted to £1.647 million (£1.583m in 2005/06) which was funded in part by a specific Revenue Support Grant of £1.27m. The unitary charge increases over the life of the contract in line with the retail prices index, whilst the grant is now a fixed sum for the contract term.

A reserve was set up to smooth the net increase in charges to service revenue accounts over the contract term. The contribution to this reserve for 2006/07 was £76,000.

NOTES TO THE ACCOUNTS - 2

4. Trading Operations

The Council operates town centre and other commercial premises on a trading basis. In 2006/07 performance was as follows

	2006/07 £000's	2005/06 £000's
Turnover	(1128)	(1079)
Running Costs	567	641
Capital Financing Charges	63	799
(Surplus)/Deficit for the year	(498)	361

5. Section 137 Expenditure

Section 137 of the Local Government Act 1972, as amended, empowers local authorities to make contributions to certain charitable funds, not-for profit bodies providing a public service in the United Kingdom, and mayoral appeals. The expenditure is limited to £5.44 per head of population. The Council was permitted to spend £701,760 under this power in 2006/2007 and its actual expenditure was £0 (£0 2005/2006).

6. Publicity

In the 2006/07 financial year the Council's spending on publicity, as defined by the relevant Regulations, was:

	2006/07 £000's	2005/06 £000's
Recruitment advertising	93	65
Other advertising	72	84
Marketing	75	6
Publicity	11	13
Promotional activities	38	38
Total Publicity	289	206

Increase due to the addition of Public Relations into this category adding £54,000 and additional expenditure of £28,000 spent on recruitment advertising.

NOTES TO THE ACCOUNTS - 3

7. Building Control Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function.

Building Regulations Trading Account 2006/07

Total 2005/06 £000's		Chargeable 2006/07 £000's	Non- Chargeable 2006/07 £000's	Total 2006/07 £000's
(477)	Turnover	(493)		(493)
745	Operating costs	493	259	752
268	Deficit for year	0	259	259

8. Agency Services

The Council carries out maintenance of grass verges on an agency basis for Wiltshire County Council, for which it is reimbursed. The income from this service in 2006/07 was £ 99,337 (2005/06 £95,970).

9. Local authority (Goods & Services) Act 1970

The Council provides health and safety advisory services and grounds maintenance services to local parishes in the area under section 1 of this Act. The income from these was £1,000 and £3,623 respectively in 2005/06 (£1,000 and £3,755 in 2006/07).

10. Members Allowances

Total Members' Allowances paid during 2006/2007 were as follows:

	2006/07	2005/06
Basic Allowance	201,576	189,416
Other Allowances	77,290	89,860
Total Allowances	278,866	279,276

Details of each Member's individual payments are published annually.

NOTES TO THE ACCOUNTS - 4

11. Officers Emoluments

The Accounts and Audit Regulations 2003 (Regulation 7(2)) require disclosure of officers' emoluments above a set threshold. The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 were:

Emoluments	Employees	
	2006/07	2005/06
£50,000 to £59,999	1	1
£60,000 to £69,999	4	4
£70,000 to £79,999	0	0
£80,000 to £89,999	1	0
£90,000 to £99,999	0	0

12. Related Party Transactions

Specific and non-specific government grants is the major source of the Council's funding. Further information on grant funding is given in the Cashflow Statement.

Wiltshire County Pension Fund - details of contributions to the County pension fund is shown elsewhere in these Accounts (see Note 32 below).

Public Bodies - the Council made payments of £401,042 to Westlea Housing Association, where two Councillors are Board members. In addition the Council paid £1,510,761 in fees and maintenance and other contributions to North Wiltshire Leisure Limited (two Councillors are board members).

Councillors - The Council made purchases to the value of £16,475 from companies in which two Members have a beneficial interest. No single transaction was for a material sum.

13. External Audit Costs

The total amount paid to the Audit Commission during 2006/2007 is as follows:

2005/06 £'000		2006/07 £'000
93	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed Auditor	97
	Fees payable to the Audit Commission in respect of statutory inspection	11
30	Fees payable to the Audit Commission for the certification of grant claims and returns	28
123	Total Paid	136

NOTES TO THE ACCOUNTS - 5

14. Statement of Movement on General Fund

2005/2006 £000's	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	2006/2007 £000's
0	Amortisation of intangible fixed assets	0
(1,347)	Depreciation and impairment of fixed assets	(1,562)
682	Government Grants Deferred amortisation	657
(5,326)	Write downs of deferred charges to be financed from capital resources	(3,359)
0	Net loss on sale of fixed assets	0
(1,896)	Net charge made for retirement benefits in accordance with FRS 17	(1,843)
(7,887)		(6,107)
	Amounts not included in the Income and Expenditure Account but required to be include by statute when determining the Movement on the General Fund Balance for the year	
0	MRP for cap financing of loans	0
0	Cap Ex charged in year to General Fund balance	0
	Transfer from usable cap receipts to meet payments to the Hsg Cap Receipts pool	
1,791	Employers contributions payable to the XX Pension Fund and retirement benefits payable direct to pensioners	2,205
1,791		2,205
	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.	
0	Voluntary revenue provision for capital financing	1,408
539	Net transfers to or from Earmarked Reserves	1,396
539		2,804
(5,557)	Net Additional Amount Due To Be Debited To The General Fund Balance For The Year	(1,098)

NOTES TO THE ACCOUNTS - 6

15. Summary of Capital Expenditure and Disposals

	Land & Buildings	Vehicles Plant & Equipment	Infra- structure Assets	Community Assets	Non- Operational Assets *	TOTAL
	£000's	£000's	£000's	£000's	£000's	£000's
Gross cost/value	38,658	5,743	4,732	4,109	30,268	83,510
Less: Depreciation to 31/3/06	(1,728)	(2,395)	(330)	(178)	(245)	(4,876)
Book value as at 1/4/06	36,930	3,348	4,402	3,931	30,023	78,634
Acquisition and enhancement	1,068	725	66	59		1,918
Disposals				(310)	(7,463)	(7,773)
Revaluation	(8,521)			(225)	782	(7,964)
Impairment	(85)					(85)
Depreciation for year	(644)	(795)	(79)	(43)	0	(1,561)
Book value as at 31/3/07 *	28,748	3,278	4,389	3,412	23,342	63,169

- As at 31 March land at Beverbrook, non - operational, was agreed to be sold, as surplus to requirements. This stood in the asset register at nil cost and at nil net book value.

Total capital expenditure for 2006/2007 amounted to £5,227 million, analysed as £2,583 million on fixed assets and £2.644 million deferred charges. Details of the expenditure on fixed assets is outlined below.

	2006/07 £000's	2005/06 £000's
Expenditure on fixed assets		
IT Equipment	502	514
Vehicles	701	508
NW Arts Centre	574	393
Car Parks	90	232
Public Conveniences	79	
Play Areas	45	131
	1,991	1,778
Other expenditure	592	856
Total Funding	2,583	2,634

The sources of funding of the capital expenditure are outlined below:

	2006/07 £000's	2005/06 £000's
Capital Receipts	3,818	6,047
Capital Grants	540	325
Third Party Contributions	118	355
	4,476	6,727
Equipment Fund	751	552
Total Funding	5,227	7,279

NOTES TO THE ACCOUNTS - 7

16. Deferred Charges

Movement in deferred charges for the year was as follows:

	Balance as at 01/04/2006	Spending in the year	Written off in the year	Balance as at 31/03/2007
	£000's	£000's	£000's	£000's
Housing Grants	0	2,451		2,451
Other Grants	0	193		193
Total Deferred Charges	0	2,644	0	2,644

17. Commitments under Capital Contracts

The Council had no significant contractual commitments as at 31 March 2007. However a letter of intent had been issued in respect of the development of the North Wilts Art Centre which has a capital budget of c. £1.2million.

18. Tangible Fixed Assets held

The Council revalues all of its assets over a 3 year cycle. During 2006/2007, Gerald Harford, FRICS of Chartered Surveyors Humberts, re-valued the second tranche of properties which were first valued during 2003/2004. The valuation was prepared in accordance with the Practice Statements from the RICS Appraisal and Valuation manual with particular reference to Guidance Note II (The Valuation of Local Authority Assets for Financial Statements).

The basis for the valuation of assets is as follows:

Land and Buildings. Open Market Value in existing use (where a market existed).

Depreciated Replacement cost (where no alternative market existed)

Infrastructure and Community Assets: Historic cost.

Vehicles, Plant and Equipment: Purchase price less depreciation.

Non-Operational Assets: Open Market Value.

The main assets of the Council are:

	At 31/3/07	At 31/3/06
District Council Central Office	1	1
Depots	2	2
Public Conveniences & Sewage Treatment Works	21	23
Halls and other operational assets	8	8
Community assets (parks, cycle routes, open spaces)	12	13
Development & investment property (sites)	34	38
Off Street Car Parks	12	15
Leisure Centres	6	7
Other assets including assets under construction	1	0

NOTES TO THE ACCOUNTS - 8

All assets within these accounts have been depreciated on a straight-line basis, taking into account expected useful lives and residual values. The useful lives of assets are estimated on a realistic basis, they are reviewed regularly and, where necessary, revised. Where the useful life of a fixed asset is revised, the carrying amount of the fixed asset is depreciated over the revised remaining useful life.

Depreciation is charged on each category of assets, in accordance with the table below, although individual assets may be treated differently where appropriate:

Category	Period of depreciation
Operational Assets	
Land and Buildings	60 years
Vehicles, Plant, Furniture, and Equipment	5 years
Infrastructure assets	60 years
Community assets	Historic cost, no depreciation
Non-operational Assets	Market value, no depreciation

19. Leases – disclosure by Lessees

The Council leases cars for some of its employees under three year operating leases. Some of the costs are recovered from the employees. The obligations to the leasing companies are as follows

	2006/07 £000's	2005/06 £000's
Paid to lessors	180	187
Due within 1 year	123	115
Due in subsequent years	85	86
Recoverable from employees	64	49

There were no other operating leases or finance leases in the year.

20. Leases – disclosure by Lessors

Not applicable

21. Assets held under PFI

The Council's new offices were provided under a PFI contract and a long-term creditor has been recorded in the Balance Sheet to recognise the obligation to pay for the building over 25 years.

22. Changes to Depreciation or Amortisation Methods

There were no changes to methods during 2006/07

NOTES TO THE ACCOUNTS - 9

23. Analysis of Net Assets in General Fund

All assets of the Council are employed in the General Fund

24. Subsidiary or Associated Companies

The Authority holds no interest in subsidiary or associated companies.

25. Long Term Borrowing

The Council determined during 2006/07 that in the future funding of capital expenditure would include long term borrowing as a source of finance. Details of which are as follows:

	As at 31 March 2007 £000s
Analysis of loan by type	
Public Works Loan Board	4,000
Analysis of loans by maturity*	
Between 2 and 7 years	4,000

The loan provides options for both the lender and borrower to review every 5 years within the overall period of the loan of 60 years.

NOTES TO THE ACCOUNTS - 10

26. Movement on Reserves

The analysis of transfers to and from reserves is as follows:

	At 1st April 2006	Net Movement in year	At 31st March 2007	Purpose of Reserve
	£000s	£000s	£000s	
Fixed Asset Restatement Account	5834	15792	21626	Gains on the revaluation of assets less disposals and impairments
Capital Financing Account	(70115)	(470)	(70585)	A reserve that is credited with the amounts set aside for the repayment of external debt and with capital expenditure charged to revenue.
Usable Capital Receipts	(17210)	(4744)	(21954)	Proceeds of sale of assets available to fund capital expenditure
Pensions Reserve	21906	(3082)	18824	Offsets the pensions liability included in the accounts so there is no net impact on taxpayers
General Fund	(5168)	1137	(4031)	Unspent resources available to meet future costs
Other Reserves	(5622)	(1355)	(6977)	Amounts set aside for various specific purposes.
TOTAL RESERVES	(70375)	7278	(63097)	

27. Contingent Assets and Liabilities

Not applicable

28. Statement Details

The Statement of Accounts was issued on 28th June 2007 by Corporate Finance and authorised by Peter Timmins, Interim S151 Officer.

29. Material Events not reflected in Accounts

On 20 February 2007, 350 North Wiltshire Leisure Limited employees were transferred to the Council under the TUPE Regulations as part of an interim arrangement. These employees were then transferred to DC Leisure on 31 March 2007 under the TUPE Regulations.

NOTES TO THE ACCOUNTS - 11

30. Trust Funds

Not applicable

31. Amounts due from Related Parties

Not applicable

32. Pensions

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The administering body of the pension fund is Wiltshire County Council and to enable the Council to comply with the requirements of Financial Reporting Standards (FRS17) the fund actuary (Hyams Robertson) provides a report each year to the Council in respect of the required estimations of liabilities. In these calculations the actuary uses a range of assumptions about future pay increases, investment returns and other economic factors. The resultant figures in the accounts are, therefore, subject to inherent uncertainties.

The disclosures required in relation to FRS17 are as follows:

- The Council's scheme is a Defined Benefits Statutory Scheme.
- Full actuarial valuations take place on a triennial basis. The next full valuation is due as at 31st October 2007.

The main financial assumptions on which the Core Statements are based are set out in the following table:

Assumptions as at:	31/03/2007	31/03/2006	31/03/2005
	% per annum	% per annum	% per annum
Price Increases	3.2	3.1	2.9
Salary Increases	4.7	4.6	4.4
Pension Increases	3.2	3.1	2.9
Discount Rate	5.4	4.9	5.4

The fair values of the Attributable Assets are set out in the table below

Assets (Whole Fund) as at:	31/03/07		31/03/2006		31/03/2005	
	Long Term Return	Fund Value	Long Term Return	Fund Value	Long Term Return	Fund Value
	%per annum	£'000	%per annum	£'000	%per annum	£'000
Equities	7.8	29,586	7.4	28,135	7.7	21,750
Bonds	4.9	8,007	4.6	7,357	4.8	6,080
Property	5.8	4,154	5.5	3,615	5.7	2,660
Cash	4.9	870	4.6	736	4.8	850
Total	7.0	42,617	6.7	39,844	6.9	31,340

NOTES TO THE ACCOUNTS -12

The position of the Net Pension Asset/(Liability) is set out in the table below

Net Pension Asset as at:	31/03/07	31/03/06	31/03/05
	£'000	£'000	£'000
Estimated Employer Assets (A)	42,617	39,844	31,340
Present Value of Scheme Liabilities	60,375	60,646	50,960
Present Value of Unfunded Liabilities	1,066	1,104	1,060
Total Value of Liabilities (B)	61,441	61,750	52,020
Net Pension Asset/(Liability) (A minus B)	(18,824)	(21,906)	(20,680)

The movement on the pension liability is further detailed in the table below:

Movement in Pension Asset/(Liability) for:	Year to 31st March 2007	Year to 31st March 2006
	£'000	£'000
Pension Asset/(Liability) at Beginning of Year	(21,906)	(20,680)
Current Service cost	(1,772)	(1,326)
Employer Contributions	2,055	2,350
Contributions in respect of Unfunded Benefits	70	71
Past Service Costs	(59)	(425)
Impact of Settlements and Curtailments	(12)	(145)
Expected Return on Employer Assets	2,669	2,187
Interest on Pension Scheme Liabilities	(3,031)	(2,817)
Actuarial Gains/(Losses)	3,162	(1,121)
Pension Asset/(Liability) at End of Year	(18,824)	(21,906)

The following table summarises the transactions that have been accounted for in the Consolidated Revenue Account in compliance with FRS17:

Income and Expenditure Account	Year to 31st March 2007		Year to 31st March 2006	
	£'000	% of Payroll	£'000	% of Payroll
<i>Within Net Cost of Services:</i>				
Current Service Cost	1,772	22.5	1,326	17.6
Past Service Cost	59	0.7	425	5.6
Curtailment and Settlements	12	0.2	145	1.9
<i>Within Net Operating Expenditure:</i>				
Interest Cost	3,031	38.5	2,817	37.3
Expected Return on assets in the Scheme	(2,669)	(33.9)	(2,187)	(29.0)
<i>Within Amounts met from Local Government Grants & Taxes:</i>				
Movement on Pensions Reserve	(150)	(1.9)	(176)	(2.3)
<i>Actual Amount charged against Council Tax for the year:</i>				
Employer's Contributions payable to the scheme	(2,055)	(26.1)	(2,350)	(31.1)
Net effect on Council Tax of FRS17 adjustments	0		0	

NOTES TO THE ACCOUNTS - 13

The Actual Gains and Losses were:

The actuarial gains/losses identified as movements on the Pensions Reserve in 2006/07 and the previous 4 financial years can be analysed into the following categories:			
		Year to 31st March 2007	Year to 31st March 2006
		£'000	£'000
Actual return less expected return on Pension Scheme assets		(636)	5,396
Experience gains and losses arising on scheme liabilities		250	130
Changes in assumptions underlying scheme liabilities		3,548	(6,647)
Actuarial Gain/(Loss) in Pension Plan		3,162	(1,121)

The following table shows the history of experience gains and losses:

History for the financial year to:					
	31/3/07	31/3/06	31/3/05	31/3/04	31/3/03
	£'000	£'000	£'000	£'000	£'000
Difference between the Expected and Actual Return on Assets	(636)	5,396	640	3,140	(8,270)
Value of Assets	42,617	39,844	31,340	28,470	23,020
Percentage of Assets	(1.5%)	13.5%	2.0%	11.0%	(35.9%)
Experience Gains/(Losses) on Liabilities	250	130	1,610	(80)	(660)
Total Present Value of Liabilities	61,441	61,750	52,020	43,430	39,640
Percentage of the Total Present Value of Liabilities	0.4%	0.2%	3.1%	(0.2%)	(1.7%)
Actuarial Gains/ (Losses) recognised in Statement of Total Recognised Gains & Losses	3,162	(1,121)	(5,880)	3,060	(8,930)
Total Present Value of Liabilities	61,441	61,750	52,020	43,430	39,640
Percentage of the Total Present Value of Liabilities	5.1%	(1.8%)	(11.3%)	7.0%	(22.5%)

Reporting on an FRS17 basis has had the following impact on the Core Statements:

- The overall amount to be met from Government grants and local taxation has remained unchanged, but the costs disclosed for individual services are reduced by £191k after the replacement of employer's contributions by current service costs. Net Operating Expenditure is £362k higher/lower than it would otherwise have been.
- The requirement to recognise the net pensions liability in the balance sheet has reduced the reported net worth of the authority by £18.8m
- The deficit on the pension scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

33. Reconciliation between movement in Cash and movement in Debt

	01/04/2006	Movement	31/03/2007
	£000's	£000's	£000's
Cash in Hand	207	2,384	2,591
New Offices Sinking Fund	734	183	917
Cash Overdrawn	(1,112)	(3,206)	(4,318)
Total Cash	(171)	(639)	(810)

NOTES TO THE ACCOUNTS - 14

34. Reconciliation between I&E and Cash Flow

	2006/07 £000's	2005/06 £000's
Surplus/(Deficit) on General Fund	(1,886)	(99)
Surplus/(Deficit) on Collection Fund	1,517	926
	(369)	827
Non Cash Transaction reversed out		
Interest for year excluded from revenue	(1,032)	(974)
Movement in Provisions	109	38
Net Contributions to/from reserves	2,121	1,689
Internal transfers		(176)
	1,198	577
Items on an accrual basis		
Movement in Debtors	1,929	(2,506)
Movement in Stock	(73)	5
Movement in Creditors	(2,200)	(1,470)
	(344)	(3,971)
Net Cash Flow from Revenue Activities	485	(2,567)

35. Analysis of Government Grant in Cash Flow Statement

	Govt Dept	2006/07 £000's	2005/06 £000's
Housing Loan Charges Subsidy	DCLG	78	78
Other Minor Grants	DCLG	110	44
Housing Benefits Admin. Subsidy	DWP	671	705
Planning Development Grant	DCLG	502	586
NNDR Allowance for cost of collection	DCLG	179	169
NABGI	DCLG	472	
Total Revenue Grants		2,012	1,582

36. Analysis of Liquid Assets

	01/04/2006 £000's	Movement £000's	31/03/2007 £000's
Liquid Resources (Short-Term Investments)	23,922	12,788	36,710

GLOSSARY OF KEY TERMS -1

Accruals

Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payment has not been received/made in the financial year.

Local authorities accrue for both revenue and capital expenditure.

Accounting Policy

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements.

Budget

An expression mainly in financial terms of the Council's policy for a specified period

Capital Charges

A charge for the use of fixed assets in the provision of services. The charge comprises depreciation.

Capital Expenditure

Spending that produces or enhances an asset, like land, buildings, vehicles, plant and machinery. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure that does not fall within the definition must be charged to the revenue account.

Capital Financing Account

The Capital Financing Account contains the amounts which are required by statute to be set aside from capital receipts and revenue for the repayment of external loans, as well as amounts of revenue, usable capital receipts and contributions which have been used to fund capital expenditure together with certain other capital transactions.

Capital Receipts

The proceeds from the sale of fixed assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on fixed assets or, to finance new capital expenditure, within rules set down by government. Capital receipts cannot, however, be used to finance revenue expenditure.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The professional accountancy body concerned with local authorities and the public sector.

GLOSSARY OF KEY TERMS - 2

Collection Fund

The Collection Fund is a statutory fund set up under the provisions of the Local Government Finance Act 1988. It includes the transactions of the charging Authority in relation to Non-Domestic Rates and Council Tax and illustrates the way in which the fund balance is distributed to preceptors and the General Fund.

Contingent Liabilities/Gains

Potential losses/gains for which a future event will establish whether a liability/gain exists and for which it is inappropriate to set up a provision in the accounts.

Community Assets

These are assets that the Council intends to hold in perpetuity. They mainly represent open spaces for public use such as country walks and parks.

Comprehensive Performance Assessment (CPA)

The overall assessment of performance and capabilities for local authorities, based upon evidence from external review bodies and the Audit Commission's own judgements.

Corporate and Democratic Core

This consists of two elements: democratic representation and overall management including elected members costs and corporate management. This latter covers a tightly defined core of central costs and includes the cost of the Chief Executive and parts of other senior officer time. It also includes other matters such as preparing of the Statement of Accounts.

Current Service Cost (pensions)

The increase in pension liabilities expected to arise from employees in the current period.

Curtailments

This covers the additional costs arising from the early payment of pensions benefits when an employee is made redundant or otherwise retires early. The full estimated cost is charged immediately to the County Fund Revenue Account, under the heading 'non-distributed' costs, but is then offset by a transfer from the Pensions Reserve.

Debtors

Amounts owed to the Council but unpaid at Balance Sheet date.

Defined Benefit Schemes

The Local Government Pension Scheme is a defined benefit scheme as it provides guaranteed inflation proofed pensions based upon the final salary where the employers contribution has to be adjusted to meet estimates of future liabilities.

GLOSSARY OF KEY TERMS - 3

Deferred Charges

Expenditure which may properly be charged to capital, and financed over a number of years, but which does not result in an asset.

Deferred Credits

This is the term applied to deferred capital receipts. These transactions arise when fixed assets are sold and the amounts owed by the purchasers are repaid over a number of years, such as mortgages. The balance is reduced by the principal amount repayable in any financial year.

Deferred Grants

Amounts received or receivable that have been used to finance capital expenditure. Under the capital accounting arrangements these amounts will be released to offset costs of fixed assets to which they relate.

Depreciation

A charge to meet the annual reduction in asset values from usage or elapsed time.

Discontinued Operations

A service that has terminated or been terminated during the year of account or in the three months after the period end.

Earmarked Reserves

These are reserves set aside for a specific purpose or a particular service, or type of expenditure.

Finance Lease

Arrangement whereby the lessee is treated as owner of the leased asset and is required to include such assets within fixed assets on the balance sheet.

Financial Reporting Standard (FRS)

A statement of accounting practice issued by the Accounting Standards Board.

Fixed Assets

Tangible asset that yields benefits to the Council and the services it provides for a period of more than one year.

Fixed Asset Restatement Account

A reserve created as a result of the current capital accounting regulations that enables assets to be shown in the account at current values.

General Fund

The main account of the authority to which expenditure and income arising from the provision of services is posted.

GLOSSARY OF KEY TERMS - 4

Government Grants

Contributions from Central Government towards either the revenue or capital cost of local authority services.

Group Accounts

The accounts of another organisation that must be reported with the Council's main accounts. Group Accounts are required where a local authority has an interest in another organisation that enables it to apply influence to the financial and /or operating decisions of that organisation.

Impairment

The reduction of value of an asset arising from damage, dilapidation or change of use.

Infrastructure Assets

Expenditure on works of construction or improvement but which have no tangible value, such as construction of, or improvement to highways.

Intangible Assets

Expenditure of a capital nature where no tangible asset is created such as housing renovation grants or computer software.

Investments

Deposits for less than one year with approved institutions.

LOBO

An external loan to the Council that incorporates clauses that permit both the lender and borrower to exercise rights to change the loan after a fixed period.

Long Term Contracts

A contract for the provision of a service or the construction of an asset, that extends beyond one year of account, or straddles two financial years.

Long Term Debtors

Amounts due to the Council more than one year after the balance sheet date.

Minimum Revenue Provision

The amount determined by the Government, to be set aside from revenue for the repayment of external debt.

National Non-Domestic Rate (NNDR)

Under the revised arrangements for uniform business rates, that came into effect on 1 April 1990, the Council collects Non-Domestic Rates for its area based on local rateable values, multiplied by a national uniform rate. The total amount, less certain reliefs and deductions, is paid to a central pool managed by the Government, that in turn, pays back to Authorities their share of the pool based on a standard amount per head of the local adult population.

GLOSSARY OF KEY TERMS - 5

Non Operational Assets

Fixed assets held by the Council but not used or consumed in the delivery of a public service to meet the strategic objectives of the authority, for instance assets declared surplus to requirements and investment property.

Out turn

The actual level of expenditure and income in a financial year.

Operational Assets

Fixed assets held and used by the Council for those services for which it has a statutory or discretionary responsibility and to meet strategic objectives.

Operational Leases

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company.

Past Service Cost

Arise from the provision of added benefits to an employee retiring early. The full anticipated discounted cost of the added years over the lifetime of the pension are charged immediately to the County Fund Account, under the heading 'non distributed costs' but are then offset by a contribution from the Pensions Reserve.

Pension Fund

An employees' pension fund maintained by an authority, or a group of authorities, in order primarily to make pension payments on retirement of participants. It is financed from contributions from the employing authority, the employee and investment income.

Post Balance Sheet Events

A statement of the financial implications of an event taking place after the Balance Sheet date, which has a material effect on the Council's financial position.

Precepting Authorities

Those authorities that are not billing authorities (i.e. do not collect Council Tax) precept upon the billing authority, who then collect on their behalf - Wiltshire Police Authority, Wiltshire & Swindon Fire Authority and the Parishes that precept upon North Wiltshire District Council.

Prior Period Adjustment

Material adjustments applicable to prior years, arising from changes to accounting policy or fundamental errors.

Private Finance Initiative

A long-term contractual public-private partnership, under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to agreed standards of performance.

GLOSSARY OF KEY TERMS - 6

Provisions

Money set aside to meet liabilities and losses that have already arisen at the date of the balance sheet, but for which the amount or dates cannot be determined accurately.

Public Works Loans Board (PWLB)

A Government agency that provides the main source of borrowing of local authorities.

Related Parties

Individuals or bodies with which the Council has a close economic relationship. It includes elected members and chief officers, Government departments who provide funding, and other bodies who are involved in partnerships with the Council.

Reserves

Internal monies set aside to finance future expenditure for purposes falling outside the definition of provisions.

Revenue

Expenditure to meet the ongoing costs of services that do not create an asset. Examples are pay and running costs of buildings.

Revenue Support Grant

This funding is the Government Grant provided by the Dept of Local Communities and Local Government (DCLG) that is based on the Government assessment as to what should be spent on local services. The amount provided by the DCLG is fixed at the beginning of each financial year.

Stocks

The amount of unused or unconsumed stocks held in expectation of future use.

*Improving
North Wiltshire*

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District
Council*

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