

*North
Wiltshire
District
Council*

North Wiltshire District Council



Annual Report and Statement of Accounts

For the year ending
31st March 2008

Improving North Wiltshire

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NORTH WILTSHIRE DISTRICT COUNCIL IN 2007/8

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 only 4.3%. 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.

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 district has a number of tourist attractions including the house and grounds of Bowood Estate, Lackham Country Park and the Cotswold Water Park (the largest lake system in the UK), whilst the Castle Combe Circuit draws in large motor sport crowds.

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 132,300. 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%.

- Approximately 60% of the population live in the six main towns. The largest, Chippenham, has a population of over 33,000.
- Crime rates in North Wiltshire are low with 70 of the 84 neighbourhoods falling in the lowest 20% in the Country.
- The district is one of the least deprived areas in the country with 52 of its 84 neighbourhoods falling within the 20% least deprived areas in the country



Area Committees;

1. Malmesbury	2. Cricklade & Wootton Bassett	3. Chippenham
4. Corsham	5. Calne	

How the council works

The Executive comprises of the Leader of Council and up to 9 other Councillors who are appointed by the Leader known as Lead Members. Each Lead Member is responsible for a portfolio of specific services and functions.

The Executive takes the lead on developing policy and also for taking strategic decisions and setting policy in accordance with the Council's policy and budget framework.

Executive in 2007/08

Councillor

Richard Tonge - Leader

Allison Bucknell - Deputy Leader

Chuck Berry

Bob Causer

Howard Greenman

Caroline Ramsey

Toby Sturgis

Viv Vines

Portfolio

Policy

Resources & Democracy

Built Environment

Community & Wellbeing

Housing

Customers & Partners

Waste & Sustainability

Leisure & Economy

The executive members are currently all members of the Conservative political party.

Executive in 2008/09

There are two changes to the executive for 2008/09;

Christine Crisp replaces Toby Sturgis

Waste & Sustainability

Ray Sanderson replaces Bob Causer

Car Parking & Community Safety

(Replaces Community & Wellbeing portfolio)

The Chairman of the council in 2007/08 was Christine Crisp. The Chairman for 2008/09 is Ian Henderson. The Chairman works closely with the Executive.

The staff of the council (known as officers) are led by our Chief Executive, Delwyn Burbidge. The council has a staffing level of 403 Full Time Equivalents. Staff turnover in 2007/08 was 16%.

Your Councillors

Ward

Box and Rudloe
 Box and Rudloe
 Bremhill
 Brinkworth
 Brinkworth
 Calne Abberd
 Calne Chilvester
 Calne Lickhill
 Calne Lickhill
 Calne Marden
 Calne Priestley
 Calne Quemerford
 Calne Without
 Chippenham Allington
 Chippenham Allington
 Chippenham Avon
 Chippenham Avon
 Chippenham Hill Rise
 Chippenham London Rd
 Chippenham Monkton Pk
 Chippenham Park
 Chippenham Park
 Chippenham Pewsham
 Chippenham Pewsham
 Chippenham Redland
 Chippenham Redland
 Chippenham Westcroft/
 Queens

Councillor

Banks, Katharine
 Jones, Tudor
 Crisp, Christine
 Sturgis, Toby
 Vines, Vivian
 Henning, Ross
 Trotman, Anthony
 Pier, Andrea
 Ramsey, Caroline
 Hill, Alan
 Boase, Charles
 Plenty, Helen
 Bodman, Shauna
 Hutton, Peter
 Martin Singelhurst
 Hall, Jeremy
 Macgregor, Ronald
 Darby, Paul
 Scragg, John
 Caswill, Christopher
 Coleman, Patrick
 Whincup, Julie
 Doubell, John
 Doubell, Sylvia
 Phillips, Nina
 Phillips, John
 Allen, Desna

Ward

Colerne
 Corsham and Lacock
 Corsham and Lacock
 Corsham and Lacock
 Cricklade
 Cricklade
 Hullavington and Crudwell
 Kington Langley
 Lyneham
 Lyneham
 Malmesbury
 Malmesbury
 Minety and Purton
 Minety and Purton
 Minety and Purton
 Pickwick
 Pickwick
 Sherston
 St Paul Malmesbury Without
 Sutton Benger
 The Lydiards and Broad Town
 Wootton Bassett North
 Wootton Bassett North
 Wootton Bassett South
 Wootton Bassett South
 Wootton Bassett South
 Yatton Keynell

Councillor

Meadowcroft, Simon
 Hartless, Jennifer
 Parker, Sheila
 Tonge, Richard
 Clements, Anthony
 Hatton, Michael
 Greenman, Howard
 Meadows, Sherry
 Bucknell, Allison
 Still, Sarah
 Cinnamon, Rachel
 Sanderson, Raymond
 Berry, Roger
 Greenaway, Geoffrey
 Lay, Jacqueline
 Marston, Elaine
 Reid, Christine
 Thomson, John
 Henderson, Ian
 Causer, Robert
 Groom, Mollie
 Roberts, William
 Wannell, Audrey
 Doyle, Peter
 Roberts, Peter
 Wannell, Christopher
 Scott, Jane

Key to Political Party:

Conservative

Labour

Liberal Democrats

Council Priorities for 2007/08

Following two Policy Days – to which all members were invited – and work from the Budget and Strategic Planning Working Group 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.

The Corporate Plan was reviewed by the Executive in September 2007, in the light of the Government's announcement that there would be one unitary Council covering Wiltshire in future. The outcome of this review was to propose a Transitional Corporate Plan, which amended some of the actions for the current year and changed the end date of the Corporate Plan to March 2009. The Transitional Corporate Plan was agreed by the Executive as the basis for budget consultation for 2008/09. A final version of the Transitional Corporate Plan for 2008/09 was considered at the Executive Budget meeting on 31 January 2008 and was approved at the budget meeting on 26 February 2008.

Council Priorities – a look back at 2007/08

Progress and achievements for 2007/08 relating to Council priorities and goals are given below:

1. Community: *To promote vibrant, safe and inclusive communities*

- *Housing - Maximise the opportunities for affordable, accessible and decent housing for all*
 - 159 new affordable homes were completed in 2007/08 - on target to achieve 300 by March 2009
 - 57 vulnerable households enabled to meet the decent homes standard in 2007/08, which exceeds the annual target of 55. Funding secured for 2008/09 from Government Office for the South West.
 - At the end of 2007/08 there were 29 households in temporary accommodation, which exceeds the target to reduce the number of households in temporary accommodation by 20% within 2 years
- *Community Safety - Work with partner organisations to reduce crime and the fear of crime*
 - Partnership Anti Social Behaviour Reduction Officer now in post.
- *Economy - Support a diverse and thriving economy*
 - Approximately £250,000 grants provided for community projects, which led to a further £100,000 (approximate) of matched funding.
 - In partnership with Westlea Housing Association, continued progress in regenerating Phelps Parade in Calne.
- *Culture/healthy lifestyles - Creating opportunities to encourage people of all ages to get involved in leisure activities*
 - Pound Arts Centre officially opened in October 2007
 - Calne Leisure Centre reopened on 04.01.08 (now operated by community group) and Cricklade Leisure Centre continues to be run by community group. Interim contract for the 4 District-managed centres extended until 31.03.09 by the Council.

2. Environment: *To protect and enhance the local environment*

- *Waste & Recycling - minimise waste and increase our recycling rates*
 - Green waste collection areas have been increased to cover more than the 07/08 target of 10% of households in the District. The target for 08/09 has been increased to 15%.
 - The introduction of a Sorted Weekly Collection to increase recycling rates that reaches the Government target of 40% will be subject to approval by the new authority.

- *Climate change - take action to reduce the impact of climate change on our activities and to promote energy awareness to our customers*
 - A consultant is currently engaged to monitor and audit energy consumption at Monkton Park and to implement Carbon Trust recommendations.
 - Energy consumption in Council Offices for 2007/08 is within Carbon Trust target.
 - AWARE day for businesses held in September to promote climate change reduction measures
 - Formation of the Officers Energy Saving Group- to deliver in-house improvements in term of energy efficiency, reduce impact on climate change and improve recycling levels
 - Funding searches and collated information on different schemes for community groups, individuals and businesses looking for funding and grants available for environment projects.
 - Providing home improvement grants to increase energy efficiency of homes. Working with Wiltshire HECA (Home Energy Conservation) Team to raise awareness of energy efficiency measures available.
- *Controlled Development - protect our countryside and built environment through our planning activities*
 - Affordable Housing Supplementary Planning Document published as amended.
 - Protocol on s.106 agreements produced
 - The North Wiltshire District Council Local Redevelopment Framework (LDF) has been suspended in preparation for a new Wiltshire-wide LDF.
- *Cleaner streets - improve the cleanliness of our local roads and public open spaces*
 - New street cleaning schedules introduced
 - Mechanical road sweeping resources have doubled and litter response units will be introduced in April 08
 - A new management structure has been introduced for Streets & Grounds that is supported by a service-wide training plan
 - The Council was successful with its first ever enforcement prosecution in March 2008
 - A new Enforcement Strategy is being drafted as part of the Cleansing & Amenities Improvement Plan
 - Awareness campaigns will form part of the roadshows planned for early summer targeting low recycling areas as well as town centres

3. Customers: *To put our customers at the heart of everything we do*

- *Performance & Satisfaction - Improve our service performance and customer satisfaction*
 - Govmetric system now in place to establish customer satisfaction across all services and methods of contact (telephone, website and face to face)
 - Performance measures for processing benefits have exceeded target. Consistent and significant improvements in processing new claims and change in circumstances have continued throughout the year culminating in a ministerial visit by James Plaskitt in March to congratulate the team on their performance.
 - The 2007/08 in year collection figure for Council Tax is 98.3%, which is in the top 50% and a marked improvement of 0.6% on the previous year
 - Speed of processing major planning applications is on target and performing in the top quartile.
 - Performance around planning appeals allowed against the Council's decision is in the top 50% in the country
- *Equality of Access - Make it easier for all our customers to access our services*
 - Scope of Customer Contact Centre has been reduced to focus on Cleansing & Amenities services, with a view to deal with all customer contact for this area by May 2008
 - The Council now offers a wide range of payment options for services, including debit & credit card over the internet, by phone and at reception. Services covered include, car parking building control, trade refuse, planning, rents, licences, council tax and business rates
- *Consultation & Communication - Listen and talk with our residents, young people and businesses*
 - Young People's Council has met 9 times in 2007/08, including the Activ8 conference in Local Democracy Week in October 2007, focusing on young disabled people
 - Budget consultation for 2008/09 was informed by priorities in the Local Community Plans
- *Budget - Use your money effectively and efficiently and explore new ways of working*
 - Overall 'Gershon' efficiency targets met a year ahead of schedule

EXPLANATORY FOREWORD TO THE ACCOUNTS

1. INTRODUCTION

These accounts include details of the accounting principles in accordance with which the Council has prepared the financial statements and balance sheet.

2. EXPLANATION OF THE FINANCIAL STATEMENTS

The purpose of the Statement of Accounts is to give all stakeholders clear information about the financial performance of the Council in 2007/08.

The statements consist of the following:

a) Income & Expenditure Account

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

b) Statement of Movement on the General Fund

Summarises the differences between the outturn on the Income & Expenditure Account and the General Fund Balance

c) Statement of Total Recognised Gains and Losses

Reflects all gains and losses experienced by the local authority during the year and shows the aggregated increase in the Council's net worth.

d) Balance Sheet

Sets out the overall financial position of the Council as at 31st March 2008.

e) Cash Flow Statement

Summarises the total movement of the Council's cash funds.

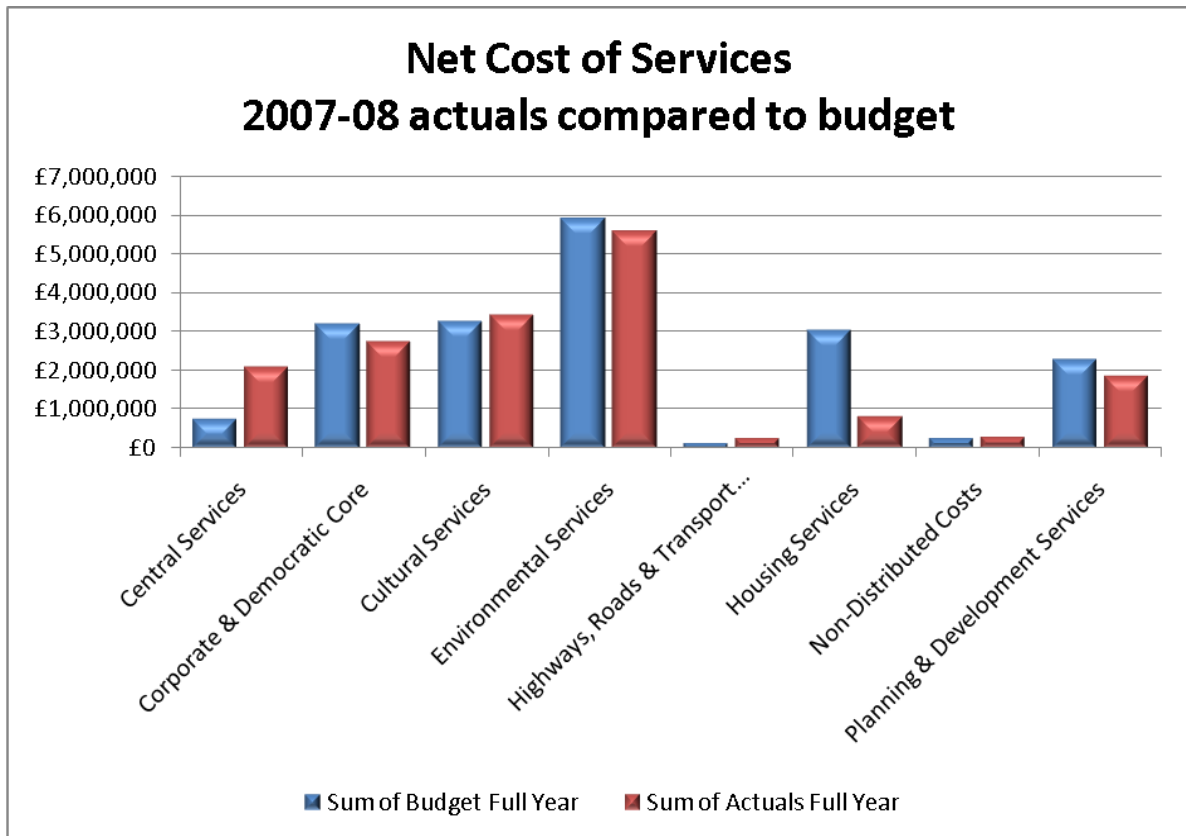
f) Collection Fund Account

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.

These accounts are supported by the Statement of Accounting Policies (detailing the legislation and principles on which the Statement of Accounts has been prepared) and various explanatory notes to the accounts.

3. EXPENDITURE BY SERVICE AREA

The following graph shows the overall net cost of services for 2007-08, comparing actual spending levels with budgets:



Overall cost of services was £16.9m against a budget of £18.6m (excluding trading undertakings); an underspend of £1.5m. Major variances are shown in the following section;

4. EXPENDITURE BY SERVICE AREA – MAJOR VARIANCES

3 Additional Development Control Income	(0.3)
4 Parks & Open Spaces were £270k underspent due to reduced capital financing costs and various increased incomes.	(0.3)
5 An overall saving of £240k was made against budget due to lower inflation costs than anticipated	(0.2)
6 Built Environment Team - £124k underspend due to capitalisation of some salary costs	(0.1)
7 ICT software and maintenance savings	(0.1)
8 Premises cost savings - Parsonage Way Depot	(0.1)
9 Additional recycling income (green bins) due to the high level of service take up	(0.1)
10 Additional environmental health income (smoking grant)	(0.1)
11 Other costs	0.1
12 Refuse collection transport costs, including vehicle running costs, were £170k over budget	0.2
13 Corporate Expenses were overspent by £205k due to direct staff and other support service costs	0.2
14 Leisure costs were £395k above budget, as a result of legacy issues from prior years.	0.4
15 Corporate Finance Costs (outside of the scope for monthly revenue monitoring) were overspent by £543k due to bank charges, write offs, and transfers to reserves	0.5
	(1.5)

5. CAPITAL EXPENDITURE

The Council's total capital expenditure for 2007/08 including amounts accrued for works completed but not paid for at 31st March 2008 was £5.19m, (£5.22m 2006/07) which included £767k on vehicle plant and equipment. The significant items within the programme were affordable Housing schemes (£1.0m), Housing Renewal Grants (£0.89m) and further renovation costs of £0.70m to establish the North Wilts Art Centre. The amount funded through grants was £0.64m (£0.54m 2006/07). The balance of £4.58m (£4.69m 2006/07) was funded from Capital Receipts, revenue and Third Party Contributions.

6. 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 2008, that the Fund would have a surplus of £2.2m at 31st March 2008, which was fully taken into account in setting the 2008-09 budget. However, the surplus for the year was more than anticipated, resulting in a surplus balance of £2.55m, an increase of £0.35m. £2.014m will be distributed during 2008-09 to the major precepting authorities.

7. DEBT FINANCING

The council reviewed its financing policy in light of the move to One Council for Wiltshire. The council's executive agreed not to proceed with any long term financial / investment plans beyond 2008-09 nor to arrange any other long term borrowings. The interest earned on the accumulated capital receipts and other investments exceeded budget. This was due to the volatility in the financial markets and the withdrawing of funds placed with investment managers.

8. BORROWINGS

In March 2007 the council borrowed £4m on a 60 year LOBO with a review after 5 years. No other long term loans will be obtained. There was one occasion when it was necessary to borrow to meet a cash flow shortage. £1m was borrowed for 3 days in October 2007. As at 31st March 2008 there were no temporary loans outstanding, and at this date the council had £35m invested with various financial institutions. In addition, the Council has a long term liability of £8.842m as a result of the PFI arrangement to fund its offices at Monkton Park. Further details are in the notes to the accounts (Note 21).

9. PENSION LIABILITY

At the end of March 2008 the Authority's net pension deficit stood at £17.2m (March 2007 £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.

10. CHANGE IN SERVICE DELIVERY

Following the Government's decision on 25 July 2007 it was announced that Wiltshire County Council's bid for Unitary status was successful. The County Council is to be the continuing council, overseeing the changeover into the creation of a new council in April 2009.

In early 2007, the council changed service provider for the leisure service to an agency agreement with DC Leisure. This was to have been a short term arrangement whilst market testing took place. With the move to One Council for Wiltshire, the council has not gone to the market, and the arrangement with DC Leisure has continued, in agreement with the continuing authority.

11. SIGNIFICANT CHANGE IN ACCOUNTING POLICY

A revaluation reserve and Capital Adjustment Account has replaced the Fixed Asset Restatement Account, as a result of changes to the CIPFA Statement of Recommended Practice (SORP). There is no material impact to the accounts.

12. OTHER COSTS

North Wiltshire District Council paid £168,000 in respect of interest on its loan with Bayerische Landesbank. This interest payment is in line with expectations. Other interest and fees payable to the previous fund managers meant that the total interest payments amounted to £209,000. There was also some £258,000 of non-distributed costs which were the cost of running Parsonage Way Depot. This cost compares to a budget of £185,000.

13. OTHER INCOME

In 2007/08, North Wiltshire received £10,873,000 from local tax payers, along with a further £6,844,000 contribution from local businesses. These are in line with the Council's 2007/08 budget. It also received £1,149,000 in Revenue Support Grant, £546,000 in Local Authority Business Growth Initiative Grant and £15,000 in Business Growth Incentive Grant. The Revenue Support Grant was in line with expectations, but LABGI exceeded the budget by £236,000.

STATEMENT OF RESPONSIBILITIES

1. THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- a)** 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 & Resources;
- b)** Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- c)** Approve the statement of accounts.

2. THE RESPONSIBILITIES OF THE HEAD OF FINANCE & RESOURCES

The Head of Finance & Resources 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 ("the Code of Practice").

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

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

3. Head of Finance & Resource's Certificate

I hereby certify that the statement of accounts for the year ended 31st March 2008 required by the Accounts & Audit Regulations 2003 presents fairly the financial position of the Council at the accounting date and its income and expenditure for the year.

Stuart McGregor ACMA,
Head of Finance & Resources
25th September 2008

4. Council Approval

The Final Accounts and Audit Committee, at its meeting on 30th June 2008, approved the Statement of Accounts for the year ended 31st March 2008 in accordance with the Accounts and Audit Regulations 2003.

Councillor SG Parker
Chairman of the Final Accounts and Audit Committee
25th September 2008

Councillor Tonge
Leader of the Council
25th September 2008

AUDITORS REPORT

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ANNUAL GOVERNANCE STATEMENT

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 and properly accounted for, and used economically, efficiently and effectively. North Wiltshire District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

North Wiltshire District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at http://www.northwilts.gov.uk/index/council-democracy/councils/cd_councils-council_performance/cd_councils_local_code_of_corporate_governance.htm or can be obtained from our finance department. This statement explains how North Wiltshire District Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a Statement on Internal Control.

2) The purpose of the governance framework

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

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

A governance framework has been in place at North Wiltshire District Council for the year ended 31 March 2008 and up to the date of approval of the Statement of Accounts.

3) The Governance Framework

The key elements of the systems and processes that comprise the Council's governance arrangements are set out below: -

A. The monitoring of performance

i. *Setting the authority's vision and priorities*

The council set its priorities for 2007/08 following two Policy Days – to which all members were invited – and work from the Budget and Strategic Planning Working Group. 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*

The council's corporate plan was developed from this. Each priority was underpinned by a number of goals, indicating what the Council hopes to achieve in the next 3-5 years. Additionally service plans feed to and from the corporate plan.

ii. *Reviewing Vision and Priorities*

The Corporate Plan was reviewed by the Executive in September 2007, in the light of the Government's announcement that there would be one unitary Council covering Wiltshire in future. The outcome of this review was to propose a Transitional Corporate Plan, which amended some of the actions for the current year and changed the end date of the Corporate Plan to March 2009. The Transitional Corporate Plan was agreed by the Executive as the basis for budget consultation for 2008/09. A final version of the Transitional Corporate Plan for 2008/09 was considered at the Executive Budget meeting on 31 January 2008 and was approved at the budget meeting on 26 February 2008.

iii. *Monitoring of Performance*

Progress against the Corporate Plan was reported back to members on a quarterly basis at Overview and Scrutiny Committee and the Executive.

The objectives were cascaded down the organisation into individual employee work plans, ensuring that progress could be monitored at an individual level.

Performance against key performance indicators was monitored and reported regularly to CMB, Executive and Overview and Scrutiny Committee.

Monthly revenue and capital budget monitoring reports were produced and reviewed by Corporate Management Board and reported to the Executive. These reports were improved during 2007/08 to improve their clarity and effectiveness (for both members and budget holders).

Monitoring of strategic and operational risks took place through monthly performance monitoring, reviewed by the Corporate Management Board.

Task groups were formed – by Overview and Scrutiny Committee, or by the Executive - where members identify issues of concern e.g. public conveniences, leisure provision.

B. 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. Within this are clear codes of conduct, defining the standards of behaviour for members and staff.

C. Ensuring compliance with relevant laws and regulations

The statutory officers, the Head of Paid Service (Chief Executive), the Monitoring Officer, Head of Finance & Resources (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 Head of Finance & Resources 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 in 2007/08.

Compliance was 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 were identified through the appraisal process.

Monthly performance monitoring was reviewed by Corporate Management Board.

External audit – through the Audit Commission - provides an independent appraisal function.

Training has been provided on finance and risk management to members.

Financial regulations were available on the intranet in an easily accessible summary for members and officers.

D. Risk Management

Final Accounts and Audit Committee now has the overall responsibility for risk management (prior to this, it was the Executive).

A Risk Management Strategy was in place throughout 2007/08. The Risk Management Strategy was reviewed, updated and approved by members in 2007/08.

Managers have been trained in Risk Management and have met to review Risk during 2007/08. Additionally, during 2007/08 the departmental service plans were updated, and these considered departmental risk.

A corporate risk register was in place and was updated on a monthly basis by Corporate Management Board – based on information in the monthly performance reports from each Business Area. This was reviewed quarterly by the Corporate Management Board. The Finance and Audit Committee also review the risk register on a regular basis.

Training on risk management was given to members during 2007/08.

E. Financial Management

The 2007/08 budget was prepared by the finance team in conjunction with the senior officers of the council, and also the members. The budget set out the financial framework for the delivery of the Corporate Plan. The budget was approved by Full Council on 22nd February 2007.

Monthly revenue and capital budget monitoring reports, which report performance against budget, were produced and reviewed by Corporate Management Board and reported to the Executive. These reports were improved during 2007/08 to improve their clarity and effectiveness (for members and budget holders).

Monthly meetings took place between the Management Accountants and individual Budget Holders to monitor performance against budget, and to provide accounting support as required. Any major variances were then incorporated into the monthly revenue and capital monitoring reports.

4) Review of effectiveness

North Wiltshire District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Internal Audit and Risk Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Authority

The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that were followed to ensure that these are efficient, transparent and accountable to local people. This has been reviewed and updated during 2007/08.

All of our committees are open to the public, and offer an opportunity for members of the public to ask questions, make statements or deliver petitions.

Executive

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 risk register was updated on a monthly basis and reviewed quarterly, alongside the Corporate Plan, by the Executive.

Final Accounts and Audit Committee

The Final Accounts and Audit Committee met bi-monthly to review various financial and audit matters of the council including progress against the internal audit plan, and reviewing the Strategic Risk Register. The FAAC also met to agree with the Council's senior financial officers the closure of accounts.

Overview and scrutiny committee

The Overview and Scrutiny Committee seeks to monitor the Executive's work, scrutinise its decisions and to develop policy in a similar way to Parliamentary Select Committees.

Councillors cannot be members of the Overview & Scrutiny Committee if they are members of the Executive. This ensures that the Overview & Scrutiny Committee

is independent from the decision-making Executive and that no conflicts of interest arise.

Standards committee

The standards committee ensures that the members operate within the councillors code of conduct.

The purpose of the Committee is to consider issues relating to the Code of Conduct for Councillors. The powers of the Committee are mainly governed by legal regulations.

Treasury management and investment strategy working group

This working group was set up in 2007/8, and meets quarterly to review treasury activity and strategy, income forecasts, superannuation fund performance reviews. It also reviews the banking, reconciliation and internal security arrangements of the Council.

Internal audit

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 internal audit function was primarily carried out by the internal audit department, but the IT systems internal auditing was carried out by external experts – Deloitte.

The internal auditors worked to an audit plan prepared by the Internal Audit Manager and Head of Finance & Resources, and agreed by the Final Accounts and Audit Committee. Quarterly progress reports were reviewed by the Final Accounts and Audit Committee.

5) Significant governance issues

a) Progress on Significant governance issues from the 2006/07 SIC

Issues highlighted in the SIC published in the 2006/7 accounts;

1 Housing Benefits Performance

Performance indicators were bottom quartile in 2006/07. Since then consistent and significant improvements in processing new claims and change in circumstances have continued throughout the year culminating in a ministerial visit by James Plaskitt in March 2008 to congratulate the team on their performance. National performance measures on the speed of processing new claims, and processing changes in circumstances place the council in level 4 (this is the top level) for these measures in 2007/08. The Accuracy Performance Measure places the council in Level 3. Quartile performance is no longer quoted by the DWP.

2 Council Tax and NNDR Collection Rates

2006/07 annual collection figures placed the Council in the third quartile for performance.

The 2007/08 in year collection figure for Council Tax is 98.3%, which is in the top 50% and a marked improvement of 0.5% on the previous year.

The 2007/08 in year collection figure for NNDR is 98.5%, which is the same as the previous year.

It is envisaged that further improvements in performance will be achieved in 2008/09 through implementing recommendations arising from the current review of the service using lean methodologies.

3 Change Control in ICT

A recognised system of change control was introduced during 2006/07 but had not been reviewed.

The change control process has not been fully implemented due to the One Council for Wiltshire project (1C4W). This is being picked up by one of the 1C4W projects.

4 Purchase/Order/Processing System

There was limited evidence that orders placed were 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 be reviewed pending the decision on unitary status for Wiltshire. This has now been cancelled due to the unitary status. There is no perceived risk to financial control for 2008/09.

5 Main Accounting System User Review

A review of Main Accounting System found inappropriate access rights. This has now been reviewed and updated appropriately, and internal audit have found this to be satisfactory.

6 Documented procedures on VAT

The Documentation of the whole of the VAT process was planned for 2007-08. Responsibility for VAT now rests with Chief Financial Accountant who will answer any questions from officers, as they arise.

7 Reconciliation of Main Accounting System, Bank and key systems

All key systems were reconciled as part of the year-end process, but regular reconciliations were not performed throughout the year. Since the appointment of the Chief Financial Accountant in January 2008 monthly reconciliations have been completed, and have become embedded into the working practices of the Finance Team.

8 Inadequate control over virements

Audit testing identified that virements were processed without following authorisation procedures. In addition, these are processed as changes to underlying budgets.

The Chief Management Accountant has ensured that Virements are authorised, and that virement forms are signed and filed. There isn't a separation of Virements in the accounting system, and given the limited remaining life this won't be implemented.

9 Main Accounting System

The main accounting system has not been adequately developed to provide support to financial management.

With the move to unitary, the council will not be replacing its finance system, and instead has been investing time in getting system training, implementing new reports, and archiving old information in conjunction with CyberScience (the service provider).

10 Senior Management Restructure/Fit for Purpose Organisation

A review of senior management was underway at the end of 2006/7 in order 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.

The restructure has been completed, and a Head of Finance and Resources was recruited. Additionally a restructure of the Finance service was instigated during the year, with additional permanent staff recruited.

The Head of Governance post was not filled, but the management of this area has been covered by the Chief Executive.

11 Achievement of Budgeted Efficiency Gains and Savings

Efficiency gains and savings of more than £2million have been included in the 2007/08 budget. These were achieved in 2007/08.

12 Future of Leisure

The new provider of services at Leisure Centres needs to rebuild the business in order to minimise the financial risk to the Council.

Regular meetings with the contractor (DC Leisure) have ensured that the finances are controlled and that the contractor is operating efficiently. There have been some overspends during 2007/08 due to legacy issues from the prior year.

13 Local Government Reorganisation

The One Council for Wiltshire reorganisation is taking place, and thus continues to be a risk which is discussed in the next section.

b) Current governance issues

The low number of governance issues highlighted here in part reflects an overhaul of the risk management process. All departments have had a risk assessment, and the risk register has been updated appropriately, and is regularly reviewed. New Performance Management software has been purchased which includes a risk management module.

1 Local Government Reorganisation (Unitary) – Transforming Services, Retaining Key Staff, Delivering Business as Usual

The One Council for Wiltshire reorganisation is taking place, and thus continues to be a risk which is discussed in the next section. 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.

2 Capital programme control (Risk Management Register – Significant Risk)

CMB / Executive considered issues relating to the use of resources within the ADR team to deliver the capital programme, because of the issues relating to the shortages of staff, number of projects to deliver and difficulty in recruiting to key posts. It was agreed to focus on a number of key project areas and to look at other ways of resourcing the work through outsourcing, transfer to the new authority. A report is going to the CMB / Executive meeting on a monthly basis to keep them updated on projects and any issues arising. This should enable the ADR team to remain focused on the delivery of key capital projects and provide a more efficient and effective use of the available resources.

3 IT Business support (Risk Management Register – Significant Risk)

Due to significant resources being diverted to the 1C4W programme and the possibility of key IT staff leaving, there is a risk that an adequate level of IT support is not provided.

There is a risk that IT systems in key service areas may not be supported, and that problems take longer to fix. Prioritised resource planning based on business critical systems is being undertaken to minimise the risk.

4 Business Continuity Planning

There is a risk that in a “live” situation, the Council’s Business Continuity and Disaster Recovery plans may prove to be less than 100% effective or they may not accurately reflect operational needs. This may be made worse if key members of staff leave the Council.

BCP is currently being reviewed to take account of staff changes and recommendations from audit report. The Emergency Planning Team and BCP Team are to be merged to reduce overlap and ensure more co-ordinated response to any business continuity incident.

5 Collective Agreement with the trade union

The risk that the council fails to reach collective agreement with the trade union, due to the need for all agreements to be ratified at a national level. This risk will grow as we move towards vesting day. In order to mitigate this risk, discussions with the trade union will be continuous. Work is being carried out nationally and regionally to assist the delivery of collective agreements.

6 IT / Business Transformation Strategy

The non-delivery of the IT / Business Transformation Strategy would result in the Council not maximising efficiency gains and improved customer service. However, the transition to unitary presents the risk that if the strategy is fully implemented, resources and expenditure may be committed without the gains being achieved.

Efforts are being made to identify and deliver those projects which will bring the most immediate benefits, and so currently projects are underway in the revenues team and depot to deliver process improvements.

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

6) Signing of the Annual Governance Statement;

Leader of the Council _____ Councillor Richard Tonge

Chief Executive _____ Delwyn Burbidge

On behalf of North Wiltshire District Council

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL

The accounts have been prepared in accordance with the Code of Practice in Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice (SORP) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The SORP sets out the proper accounting practices required for Statements of Accounts, by Section 21(2) of the Local Government Act 2003 prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2003.

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:
 - (i) relevance, (ii) reliability, (iii) comparability and (iv) understandability.
- Materiality
- Pervasive accounting concepts
 - (i) accruals, (ii) going concern, (iii) primacy of legislative requirements.

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 2008. Financial Statements take account of expenditure when that expenditure fell due (accruals). The exception to this is the Cash Flow Statement, which is based upon cash movements. Wherever necessary best estimates have been made to ensure full account is taken of items that should be accounted for in 2007/08.

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. An 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.

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.

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. Where finance leases are used to purchase capital assets they 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.

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. PROVISION FOR BAD AND DOUBTFUL DEBTS

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.

The current policy on assessing bad debt provision has historically delivered a provision which far exceeds the Council's actual write-off requirements. Therefore, in order to make prudent provision, while bringing levels more in line with expected write offs, both the housing benefit and council tax provision calculations have been amended as follows:

Housing Benefit: 50% for 2007/08, 75% for 2006/07, 90% for 2005/06, 100% for previous years

Council Tax: 7% for 2007/08, 15% for 2006/07, 20% for 2005/06, 50% for 2004/05, 100% for previous years."

A provision will be made for Sundry Debtor debts based upon a thorough review of all outstanding debts, on the basis of;

- a) 100% for any debt outstanding for more than one year
- b) 50% for all debts outstanding for more than six months but less than one year if there is no clear information relating to recovery,
- c) 5% for all other debts, reflecting the likelihood that some debts will not be collected.

No provision should be made for Government Grant debtors or any debt where legal action indicates repayment will be forthcoming or any debt in a Council owned 'businesses'. Debts owed by Council businesses are not considered debts but inter-departmental transactions.

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 Income and Expenditure 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.

From 1st April 2007, the Fixed Asset Restatement Account was replaced by the Revaluation Reserve. This reserve records the accumulated gains on fixed assets held by the Authority arising from increases in value or other factors, but excluding depreciated historical cost.

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 council house property to tenants under the Right to Buy legislation. The amount due to the Council for sales in 2007/8 is included as a debtor within the balance sheet.

The Capital Adjustment Account accumulates the write down of the historical cost of fixed assets as they are consumed by depreciation, and the resources that have been set aside to finance capital expenditure.

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, in the year it arises.

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 years' comparatives for changes to accounting policies and the correction of fundamental mis-statements.

20. FINANCIAL INSTRUMENTS

The accounts comply with FRS 25, 26 and 29 which require the disclosure of the Council's financial instruments, including trade creditors and borrowings, as well as bank deposits, trade debtors and investments. The risks associated with these instruments are outlined in the notes to the accounts.

21. TANGIBLE FIXED ASSETS

Recognition

All expenditure on the creation, or enhancement of fixed assets, subject to a de minimis level of £1,000, is capitalised on an accruals basis. Expenditure on the acquisition of a fixed asset of £1,000 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 £1,000. 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 2007 Statement of Recommended Practice. Assets have been valued on the following bases:

- 1) Operational Assets:
 - a) *Land and Buildings* – the lower of net current replacement cost or net realisable value in existing use
 - b) *Vehicles, Plant, Furniture and Equipment* - the lower of net current replacement cost or net realisable value in existing use
 - c) *Infrastructure and community assets* – historic cost

2) Non operational assets:

- a) *Investment Properties* – the lower of net current replacement cost or net realisable value in existing use
- b) Property asset values in the accounts reflect revaluation as at 31st March 2008
- c) 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. No such assets have been identified for 2007/08 but the matter is subject to 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. As part of the contract the Council transferred ownership of three offices to the 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. It 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.

CORE FINANCIAL STATEMENTS

Income & Expenditure Account

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

Income and Expenditure Account for the Year Ended 31st March 2008					
2006/2007			2007/08		
Net Expenditure £000's		Note	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
1,123	Central Services to the Public		8,457	(6,378)	2,079
	Cultural, Environment & Planning -				
4,384	Cultural & Related Services		4,343	(632)	3,711
4,465	Environmental Services		7,350	(1,776)	5,574
3,265	Planning & Development Services		4,608	(2,816)	1,791
367	Highways, Roads & Transport Services		2,013	(1,755)	258
3,979	Housing Services		26,248	(22,959)	3,289
2,892	Corporate and Democratic Core		3,447	(882)	2,565
601	Non-distributed costs		268		268
21,076	Net Cost of Services		56,733	(37,198)	19,535
	Loss on Disposal of Fixed Assets		15		15
3,982	Precepts paid to Parish Councils		4,238		4,238
(498)	Deficit from trading undertakings	4		(315)	(315)
(123)	Interest payable and similar charges	41/42	799		799
	Investment Losses				
(1,412)	Interest and investment income	41/42		(2,680)	(2,680)
(362)	Pension interest cost and expected return on pensions assets	33	313		313
22,663	Net operating expenditure		62,098	(40,192)	21,905
	Amounts to be met from Government Grants and Local Taxation				
(9,893)	Demand on Collection Fund			(10,873)	(10,873)
(1,742)	General Government Grant			(1,710)	(1,710)
(6,430)	Distribution from Non-Domestic Rating Pool			(6,867)	(6,867)
4,598	(Surplus)/Deficit for Year		62,098	(59,641)	2,457

Statement of the Movement on the General Fund Balance

The Income and Expenditure Accounts shows the council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed asset is consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners rather than as future benefits are earned.

The General Fund Balance compares the Council's spending against the council tax that it raises for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

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

STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE		
2006/2007		2007/08
£000's		£000's
	General Fund	
4,598	I & E (Surplus)/Deficit for Year	2,457
(3,670)	Adjustments	(3,203)
928	Change in General Fund Balance for Year	(746)
(5,168)	General Fund Balance Brought Forward	(4,240)
(4,240)	General Fund Balance Carried Forward	(4,986)

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

STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE			
2006/07	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	Note	2007/2008
£000s			£000's
(1,561)	Depreciation and impairment of fixed assets		(1,386)
823	Government Grants Deferred amortisation		836
	Impairment of Fixed Assets		(247)
	Net Loss on Sale of Assets		(15)
(3,358)	Write downs of deferred charges to be financed from capital resources	16	(2,752)
(2,204)	Net charge made for retirement benefits in accordance with FRS17	33	(1,801)
(6,300)	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year		(5,364)
(657)	Capital Expenditure charged in year to General Fund balance		767
1,879	Employers contributions payable to the Wiltshire Pension Fund and retirement benefits payable directly to pensioners	33	2,201
1,222	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		2,968
1,408	Net transfers to or from Earmarked Reserves		(807)
1,408			(807)
(3,670)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year		(3,203)

Statement of Total Recognised Gains and Losses

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

Statement of Recognised Gains and Losses for the Year Ended 31st March 2008			
2006/2007			2007/08
£000's		Note	£000's
4,240	(Surplus)/Deficit for Year on the General Fund	26	2,457
7964	(Surplus)/Deficit Arising on Revaluation of Fixed Assets		(2,033)
(3,162)	Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities		(1,224)
(1,060)	Movement on Collection Fund		699
917	Movement on Sinking Fund		
(2,050)	Other (Gains)/Losses		(88)
6,849	TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR		(189)

Balance Sheet

Consolidated Balance Sheet as at 31st March 2008				
31/03/2007 £000's		Note	31/03/2008 £000's	31/03/2008 £000's
	Operational Assets			
28,748	Land and Buildings	15/18		30,575
3,278	Vehicles, Plant, Furniture, and Equipment	15/18		3,272
4,389	Infrastructure assets	15/18		4,311
3,392	Community assets	15/18		3,277
39,807				41,435
	Non-Operational Assets			
23,342	Investment properties	15/18		24,319
63,149	TOTAL FIXED ASSETS			65,754
	Long-Term Assets			
2,295	Long-Term Debtors		1,299	
	Long Term Investments		7,000	8,299
65,444	TOTAL LONG-TERM ASSETS			74,053
	Current Assets			
121	Stocks	35		168
36,710	Investments	37/40/42		28,045
8,639	Debtors	35/39	9,187	
(1,870)	Less: Provision for Bad Debts		(1,809)	7,378
917	Sinking Fund			1,061
2,646	Cash and Bank	34		1,372
	Current Liabilities			
(5,354)	Creditors	35/38		(10,424)
(4,318)	Cash Overdrawn	34		(1,147)
102,018	TOTAL ASSETS LESS CURRENT LIABILITIES			100,506
	Borrowing			
(13,076)	Long-term Borrowing	21/25/40		(12,842)
(18,824)	Pensions Liability	26/33		(17,200)
(7,176)	Government Grants Deferred			(6,415)
63,859	TOTAL ASSETS LESS LIABILITIES			64,048
	Financed by:			
0	Revaluation Reserve	26		1,842
(21,626)	Fixed Asset Restatement Account			0
71,661	Capital Adjustment Account	26		50,959
20,124	Useable Capital Receipts Reserve	26		16,654
(18,824)	Pensions Reserve	26/33		(17,200)
5,440	Earmarked Reserves	26		4,633
4,240	General Fund	26		4,986
(27)	Deferred Capital Receipts			(27)
2,817	Collection Fund	26		2,118
63,859	TOTAL EQUITY			64,048

Cash Flow Statement

Cash Flow Statement for Year Ended 31st March 2008				
2006/2007			2007/08	
£000's		Note	£000's	£000's
	Revenue Activities			
	Cash Outflow			
(13,138)	Employees		(12,670)	
(12,604)	Operating Cash Payments		(12,444)	
6,763	Accruals			
(59,091)	Precepts Paid		(64,236)	
(31,166)	NNDR Paid to National Pool		(34,586)	
(17,101)	Housing Benefit Paid Out		(19,555)	
(126,337)			(143,491)	(143,491)
	Cash Inflow			
61,612	Council Tax Income		62,747	
31,082	National Non Domestic Rate Income		36,114	
6,431	NNDR Receipt from the National Pool		6,844	
1,270	Revenue Support Grant		1,149	
21,301	DWP Grant for Benefits		25,983	
2,012	Other Government Grants	36	1,661	
0	Other Operating Cash Receipts		90	
6,690	Cash Received for Goods and Services		7,099	
130,398			141,685	141,685
4,061	NET CASH FLOW FROM REVENUE ACTIVITIES		(1,805)	(1,805)
	Returns on Investments and Servicing of Finance			
(625)	Expenditure Interest Paid		(799)	
1,652	Income Interest Received		2,680	1,881
1,027				
	Capital Activities			
	Cash Outflow			
(1,143)	Purchase/Spending on Fixed Assets		(5,195)	
(2,831)	Affordable Housing and Housing Renewal Grants		(1,915)	
(1,253)	Other Capital Payments		(311)	
	Cash Inflow			
7,742	Sale of Fixed Assets		210	
794	Capital Grants Received		696	
874	Other Capital Income		17	(6,499)
9,271	NET CASH FLOW BEFORE FINANCING		(8,304)	(6,423)
	Management of Liquid Resources			
(12,788)	Net (increase)/reduction in Other Liquid Resources		(11,920)	
	Net (increase)/decrease in short-term deposits		21,679	
	Financing			
(1,250)	Cash Outflow Variation of Deposits & Borrowings		(1,294)	8,464
4,000	Cash Inflow New Long Term Loans			
(767)	INCREASE/(REDUCTION) IN CASH			2,041

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Acquired or discontinued operations

There were no acquired or discontinued operations during 2007/08

2. Exceptional items including Prior Year Adjustments

There were no exceptional items during 2007/08

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	1,807
Years 2-5	7,884
Years 6-10	11,511
Years 11-15	13,671
Years 16-20	12,762
Over 20 years	0

In 2007/08 the unitary charge amounted to £1.746 million (£1.647m in 2006/07) which was funded in part by a specific Revenue Support Grant of £727,527. 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 2007/08 was £150,172.

4. Trading Operations

The Council operates town centre and other commercial premises on a trading basis. In 2007/08 performance was as follows

	2006/07 £000's	2007/08 £000's
Turnover	(1128)	(1,106)
Running Costs	567	544
Capital Financing Charges	63	135
(Surplus)/Deficit for the year	(498)	(315)

5. Discretionary 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 Council's actual expenditure was £0 (£0 2006/2007).

6. Publicity

In the 2007/08 financial year the Council's spending on publicity, as defined by the relevant Regulations, was:

	2006/07 £000's	2007/08 £000's
Recruitment advertising	93	89
Other advertising	72	58
Marketing	75	29
Publicity	11	63
Promotional activities	38	33
Total Publicity	289	272

There is an increase in publicity relating to a one off contribution to a Lottery bid for Cricklade Country Way of £45,000. Reduced expenditure elsewhere such as a reduction on other advertising and marketing of £60,000 has led to an overall reduction of £17,000.

6. Building Control Trading Account

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. The council sets charges for work carried out in relation to building regulations, with the aim of covering all costs incurred. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

Building Regulations Trading Account 2007/08

Total 2006/07 £000's	Chargeable 2007/08 £000's	Non- Chargeable 2007/08 £000's	Total 2007/08 £000's	
(493)	Turnover	(531)	0	(531)
	Employees	285	122	407
	Premises	0	14	14
	Transport	25	11	35
	Supplies and Services	17	7	25
	Third Party Payments	7	3	10
	Direct Costs	334	157	491
	Support Costs	178	161	339
752	Operating costs	512	318	830
259	Deficit/(Surplus) for Year	(19)	318	299

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 2007/08 was £103,410 (2006/07 £ 99,337).

9. Schemes under the Transport Act 2000

The principle scheme relates to the decriminalisation of car parking whereby this Council undertakes the enforcement of on-street car parking and incurs management costs as a result. During the year 2007/08 the Council spent £228,000 on on-street parking (£173,000 in 06/07) and we recovered £311,000 through fees and charges (£134,000 in 06/07).

10. 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 £500 and £3,772 respectively in 2006/07 (£1,000 and £3,623 in 2006/07).

11. Members Allowances

Total Members' Allowances paid during 2007/2008 were as follows:

	2006/07 £	2007/08 £
Basic Allowance	201,576	221,552
Other Allowances	77,290	74,521
Total Allowances	278,866	296,073

Details of each Member's individual payments are published annually. Further details of the members allowances is available on our website.

12. 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	Number of Employees	
	2006/07	2007/08
£50,000 to £59,999	1	10
£60,000 to £69,999	4	0
£70,000 to £79,999	0	2
£80,000 to £89,999	1	0
£90,000 to £99,999	0	1

13. Related Party Transactions

The council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

Central government has effective control over the general operations of the council – it is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties. Transactions with government departments are set out in the Cashflow Statement. Details of these transactions are set out in note 35.

Members of the council have direct control over the council's financial and operating policies. During 2007/08 works to the value of £14,470 were commissioned from companies in which one member had an interest. No single transaction was for a material sum.

Officers – during 2007/08 no officers declared pecuniary interests.

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

Other Public Bodies - the Council made payments of £167,520 to Westlea Housing Association, where one Councillor is a board member. In October 2007 the council relinquished the right to place a member on the board of Westlea. These payments were for affordable housing grants, housing renewal grants including disabled facilities grants, and provision of a housing waiting list service. Additionally, we invoiced Westlea £81,964 for vehicle maintenance services, and £20,833 for drainage work.

14. External Audit Costs

The total amount paid to the Audit Commission during 2007/2008 is as follows:

2006/07 £'000		2007/08 £'000
97	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed Auditor	92
11	Fees payable to the Audit Commission in respect of statutory inspection	4
28	Fees payable to the Audit Commission for the certification of grant claims and returns	23
136	Total Paid	119

There has been a 50% reduction in the charges relating to Statutory Inspection.

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	31,120	6,470	4,798	3,617	23,583	69,588
Less: Depreciation to 31/3/07	(2,372)	(3,192)	(409)	(226)	(240)	(6,439)
Book value as at 1/4/07	28,748	3,278	4,389	3,392	23,342	63,149
Asset Re-categorised	280				(280)	0
Acquisition and enhancement	1,287	767	2	0	388	2,444
Disposals	0	(24)	0	(201)	0	(225)
Revaluation	777	0	0	125	869	1,771
Impairment	0	0	0	0	0	0
Depreciation for year	(518)	(749)	(80)	(39)	0	(1,386)
Book value as at 31/3/08	30,575	3,272	4,311	3,277	24,319	65,754

Total capital expenditure for 2007/08 amounted to £5.2 million (£5.2 million in 2006/07), analysed as £2.44 million on fixed assets and £2.75 million deferred charges.

	2006/07 £000's	2007/08 £000's
Expenditure on fixed assets		
Vehicles and Equipment	701	767
NW Arts Centre	574	705
Car Parks	90	385
Public Conveniences	79	47
Leisure and Related Areas	45	540
Total Funding	1,489	2,444

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

	2006/07 £000's	2007/08 £000's
Capital Receipts	3,818	3,790
Capital Grants	540	640
Third Party Contributions	118	0
	4,476	4,430
Equipment Fund	751	767
Total Funding	5,227	5,196

16. Deferred Charges

The movement in deferred charges in the year was as follows:

	Balance as at 01/04/2007	Spending in the year	Written off in the year	Balance as at 31/03/2008
	£000's	£000's	£000's	£000's
Housing Grants	0	1,915	(1,915)	0
IT Equipment	0	369	(369)	0
Other Grants	0	467	(467)	0
Total Deferred Charges	0	2,751	(2,751)	0

17. Commitments under Capital Contracts

The Council had no significant contractual commitments as at 31 March 2008. We consider over £250,000 as a significant contractual commitment.

18. Tangible Fixed Assets held

The Council revalues all of its assets over a 3 year cycle. During 2007/08, Gerald Harford, FRICS of Chartered Surveyors Humberts, re-valued the second tranche of properties that were first valued during 2004/2005. 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 land and building assets of the Council are:

	At 31/3/07	At 31/3/08
District Council Central Office	1	1
Depots	2	2
Public Conveniences & Sewage Treatment Works	21	22
Halls and other operational assets	8	13
Community assets (parks, cycle routes, open spaces)	12	15
Development & investment property (sites)	34	29
Off Street Car Parks	12	14
Leisure Centres	6	6
Other assets including assets under construction	1	6

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	2007/08
	£000's	£000's
Paid to lessors	180	161
Due within 1 year	123	75
Due in subsequent years	85	43
Recoverable from employees	64	50

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

20. Leases – disclosure by Lessors

The Council owns 5 shopping centres, 5 industrial estates, 3 mobile home parks as well as 20 other commercial properties* for which it receives rent via lease arrangements.

The value of these properties as at 31st March 2008 totalled some £17.1m (to update) and rents receivable for the year totalled £1.21m.

*This excludes property owned and used by the authority

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 25 year obligation.

The long-term creditor in respect of the PFI project is reducing each year by the repayment of principal element of the unitary charge. In 2007/08 the repayment amounted to £0.234 million and this will increase at the rate of 6.5% per annum.

	2006/07 £000's	2007/08 £000's
Monkton Park Offices PFI Project	9,076	8,842
Total Long-Term Creditors	9,076	8,842

22. Changes to Depreciation or Amortisation Methods

There were no changes to methods during 2007/08

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. No further loans have been taken out during 2007-08 due to the pending unification of Councils in Wiltshire

Details are as follows

	As at 31 March 2008 £000s
Analysis of loan by type	
LOBO- Bayerische Landesbank	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.

In addition, the Long Term Borrowing figure shown in the Balance Sheet includes the £8.842m liability in respect of the Council Offices at Monkton Park details of which are shown in Note 21 above.

26. Movement on Reserves

The Revaluation Reserve and Capital Adjustment Accounts replaced the Fixed Asset Restatement Account and Capital Financing Account in 2007/08. No prior year adjustments are required.

	At 1st April 2007 £000's	Net Movement in Year £000's	At 31st March 2008 £000's	Purpose of Reserve
Revaluation Reserve	0	1,842	1,842	Gains on the revaluation of assets less disposals and impairments
Capital Adjustment Account	0	50,988	50,988	A reserve that is credited with the amounts set aside for the repayment of external debt and with capital expenditure charged to revenue
Fixed Asset Restatement Account	(21,626)	21,626	0	Gains on the revaluation of assets less disposals and impairments
Capital Financing Account	71,661	(71,661)	0	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	20,124	(3,470)	16,654	Proceeds of sale of assets available to fund capital expenditure
Deferred Capital Receipts	27	0	27	These credits represent the capital income still to be received when disposals have taken place, and consist of principal outstanding from past sales of council housing
Pensions Reserve	(18,824)	1,624	(17,200)	Offsets the pensions liability included in the accounts so that there is no net impact upon taxpayers

General Fund	4,240	746	4,986	unspent resources available to meet future costs
Collection Fund Reserve	2,817	(699)	2,118	see collection fund notes
Earmarked Reserves	5,440	(807)	4,633	Amounts set aside for various specific purposes
TOTAL RESERVES	63,859	189	64,048	

27. Contingent Assets and Liabilities

The Council may have a financial commitment arising from the liquidation of North Wiltshire Leisure Limited relating to staff pensions. Currently, this still has not been clearly quantified.

28. Statement Details

The Statement of Accounts was issued on 30th June 2008 by Corporate Finance and authorised by Stuart McGregor, Head of Finance & Resources.

29. Material Events not reflected in Accounts

Not applicable

30. Trust Funds

Not applicable

31. Amounts due from Related Parties

Not applicable

32. Local Area Agreement

Wiltshire County Council currently operates a Local Area Agreement with the intention of promoting Safer, Stronger Communities. North Wiltshire District Council participates in this agreement by employing an officer dealing with anti-social behaviour. The Council has received £25,000 contribution towards this post in 2007/08.

33. Pensions

The authority provides retirement benefits as part of its terms and conditions of employment. Whilst these benefits are not payable until the employees retire, the FRS17 accounting standard requires that the commitment to make future pensions payments is recognised. The projected unit method of valuation has been used to calculate the service cost.

The authority participates in the Local Government Pension scheme via the Wiltshire County Council Pension Fund. This is a funded scheme hence the authority and its employees pay contributions into the fund which are calculated at a level intended to balance the future pensions liabilities with the Fund's income. Following the recent actuarial review of the Fund, the Council's (ie. the employers) pension contribution rate will increase in 2008/09. The Fund was re-valued as at the 31st March 2007.

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

Assumptions	At 31/03/2006 % per annum	At 31/03/2007 % per annum	At 31/03/2008 % per annum
Price Increases (Rate of Inflation)	3.1	3.2	3.6
Rate of Salary Increases	4.6	4.7	5.1
Rate of Increases in Pensions	3.1	3.2	3.6
Rate for discounting scheme liabilities	4.9	5.4	6.9

Changes to the local government pension scheme

In preparing the balance sheet at 31 March 2008 and the revenue account to 31 March 2008, allowance is included for the removal of the "Rule of 85" for new entrants to the scheme from 1 October 2006, to the extent that any such new entrants were included in the membership data for the formal valuation at 31 March 2007. No allowance is made for the effect of the abolition of the "Rule of 85" for new entrants since 31 March 2007, due to the fact that there is insufficient information to allow any such adjustment to be made. The impact is likely to be immaterial.

At 31st March 2008, the Authority had the following overall assets and liabilities for pensions that have been included in the balance sheet:

Net Pension Asset as at	31/03/2006		31/03/2007		31/03/2008	
	Assets £000's	Long-term Return %	Assets £000's	Long-term Return %	Assets £000's	Long-term Return %
Equities	28,135	7.4	29,586	7.8	26,909	7.7
Bonds	7,357	4.6	8,007	4.9	7,326	5.7
Property	3,615	5.5	4,154	5.8	4,461	5.7
Cash	737	4.6	870	4.9	2,339	4.8
Estimated Employer Assets	39,844	6.7	42,617	7.0	41,035	7.0
Present Value of Scheme Liabilities	60,646		60,375		57,230	
Present Value of Unfunded Liabilities	1,104		1,066		1,005	
Net Pensions Assets/(Liability)	(21,906)		(18,824)		(17,200)	

The liabilities show the underlying commitment that the Authority has in the long run to pay retirement benefits. The total liability of £17.200m (£18.824m at March 2007) has a substantial impact on the net worth of the Authority, as recorded in the Balance Sheet.

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

Assets (Whole Fund) as at:	31/03/06		31/03/2007		31/03/2008	
	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	7.4	28,135	7.8	29,586	7.7	26,909
Bonds	4.6	7,357	4.9	8,007	5.7	7,326
Property	5.5	3,615	5.8	4,154	5.7	4,461
Cash	4.6	736	4.9	870	4.8	2,339
Total	6.7	39,844	7.0	42,617	7.0	41,035

Net Pension Asset as at:	31/03/06	31/03/07	31/03/08
	£'000	£'000	£'000
Estimated Employer Assets (A)	39,844	42,617	41,035
Present Value of Scheme Liabilities	60,646	60,375	57,230
Present Value of Unfunded Liabilities	1,104	1,066	1,005
Total Value of Liabilities (B)	61,750	61,441	58,235
Net Pension Asset/(Liability) (A minus B)	(21,906)	(18,824)	(17,200)

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

Movement in Pension Asset/(Liability) for:	Year to 31 st March 2007	Year to 31 st March 2008
	£'000	£'000
Pension Asset/(Liability) at Beginning of Year	(21,906)	(18,824)
Current Service cost	(1,772)	(1,450)
Employer Contributions	2,055	2,129
Contributions in respect of Unfunded Benefits	70	72
Past Service Costs	(59)	-
Impact of Settlements and Curtailments	(12)	(38)
Expected Return on Employer Assets	2,669	2,994
Interest on Pension Scheme Liabilities	(3,031)	(3,307)
Actuarial Gains/(Losses)	3,162	1,224
Pension Asset/(Liability) at End of Year	(18,824)	(17,200)

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 31 st March 2007		Year to 31 st March 2008	
	£'000	% of Payroll	£'000	% of Payroll
Within Net Cost of Services:				
Current Service Cost	1,772	23	1,450	17
Past Service Cost	59	1	-	
Curtailment and Settlements	12	0	38	0
Within Net Operating Expenditure:				
Interest Cost	3,031	39	3,307	39
Expected Return on assets in the Scheme	(2,669)	(34)	(2,994)	(35)
Within Amounts met from Local Government Grants & Taxes:				
Movement on Pensions Reserve	(150)	(2)	328	4
Actual Amount charged against Council Tax for the year:				
Employer's Contributions payable to the scheme	(2,055)	(26)	(2,129)	(25)
Net effect on Council Tax of FRS17 adjustments	0		0	

The actuarial gains/losses identified as movements on the Pensions Reserve in 2007/08 and the previous 4 financial years can be analysed into the following categories:

	Year to 31 st March 2007	Year to 31 st March 2008
	£'000	£'000
Actual return less expected return on Pension Scheme assets	(636)	(5,318)
Experience gains and losses arising on scheme liabilities	250	(2,746)
Changes in assumptions underlying scheme liabilities	3,548	9,288
Actuarial Gain/(Loss) in Pension Plan	3,162	1,224

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

History for the financial year to:	31/3/08	31/3/07	31/3/06	31/3/05	31/3/04
	£'000	£'000	£'000	£'000	£'000
Difference between the Expected and Actual Return on Assets	(5,318)	(636)	5,396	640	3,140
Value of Assets	41,035	42,617	39,844	31,340	28,470
Percentage of Assets	(13.0%)	(1.5%)	13.5%	2.0%	11.0%
Experience Gains/(Losses) on Liabilities	(2,746)	250	130	1,610	(80)
Total Present Value of Liabilities	58,235	61,441	61,750	52,020	43,430
Percentage of the Total Present Value of Liabilities	(4.7%)	0.4%	0.2%	3.1%	(0.2%)
Actuarial Gains/ (Losses) recognised in Statement Total Recognised Gains & Losses	1,224	3,162	(1,121)	(5,880)	3,060
Total Present Value of Liabilities	58,235	61,441	61,750	52,020	43,430
Percentage of the Total Present Value of Liabilities	2.1%	5.1%	(1.8%)	(11.3%)	7.0%

34. Reconciliation between movement in Cash and movement in Debt

	01/04/2007 £000's	Movement £000's	31/03/2008 £000's
Cash in Hand	2,646	(1,274)	1,372
Sinking Fund	917	144	1061
Cash Overdrawn	(4,318)	3,171	(1,147)
Total Cash	(755)	2,041	1,286

35. Reconciliation between I&E and Cash Flow

	2006/07 £000's	2007/08 £000's
Surplus/(Deficit) on General Fund	(4,598)	(2,457)
Surplus/(Deficit) on Collection Fund	1,776	804
	(2,822)	(1,653)
Non Cash Transaction reversed out		
Other non-cash transactions	3,044	4,323
	3,044	4,323
Items on an accrual basis		
Movement in Debtors	1,270	548
Movement in Stock	(73)	47
Movement in Creditors	2,642	(5,070)
	3,839	(4,475)
Net Cash Flow from Revenue Activities	4,061	(1,805)

36. Analysis of Government Grant in Cash Flow Statement

	2006/07 £000's	2007/08 £000's
Housing Loan Charges Subsidy	78	53
Other Minor Grants	110	42
Housing Benefits Admin. Subsidy	671	707
Planning Development Grant	502	115
NNDR Allowance for cost of collection	179	183
LABGI	472	561
Total Revenue Grants	2,012	1,661

37. Analysis of Liquid Assets

	01/04/2007 £000's	Movement £000's	31/03/2008 £000's
Liquid Resources (Short-Term Investments)	36,710	(8,665)	28,045

38. Creditors Analysis

	31 st March 2008 £000's
Trade Creditors	(20)
Local Authority	258
External Agency	(193)
Central Government	(6,395)
Other	(3,338)
Total	(9,688)

39. Debtors Analysis

	31 st March 2008 £000's
General Debtors	1,330
Central Government	5,485
Other	2,372
Total	9,187

40. Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long – Term		Current	
	31/03/07	31/03/08	31/03/07	31/03/08
	£000's	£000's	£000's	£000's
Financial liabilities at amortised cost	4,000	4,000	0	0
Financial liabilities at fair value through profit and loss	0	0	0	0
Total borrowings	4,000	4,000	0	0
Loans and receivables	0	0	36,710	28,045
Available-for-sale financial assets	0	0	0	0
Held for trading	0	0	0	0
Total Investments	0	0	36,710	28,045

41. Financial Instrument Gains/Losses

The gains and losses recognised in the Income and Expenditure Account in relation to financial instruments are made up as follows:

	Financial Liabilities	Financial Assets			Total
	Liabilities measured at amortised cost	Loans and receivables	Available for sale assets	Held for trading assets	
	£000's	£000's	£000's	£000's	
Interest expense	799	0	0	0	
Losses on derecognition	0	0	0	0	
Impairment losses	0	0	0	0	
Interest payable and similar charges	799	0	0	0	799
Interest income	0	(2,680)	0	0	
Gains on derecognition	0	0	0	0	
Interest and Investment Income	0	(2,680)	0	0	(2,680)
Gains on revaluation			0	0	
Losses on revaluation			0	0	
Amounts recycled to the I+E account after impairment			0	0	
Surplus arising on revaluation of financial assets			0	0	
Net (gain)/loss for the year	799	(2,680)	0	0	(1,881)

For financial assets carried at fair value, the carrying amounts are determined from quoted market prices.

42. Nature and Extent of Risks Arising From Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the authority
- Liquidity Risk – the possibility that the authority might not have the funds available to meet its commitments to creditors
- Market Risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rate movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

The Council's policies and objectives for treasury management, including risk management, are laid down within its Investment Policy, along with its Annual Treasury Management and Investment Strategy. This strategy sets out the Council's criteria for both selecting and investing with various investment counterparties.

The annual strategy is reviewed and adopted annually by the Executive Committee of the Council.

Following the recommendations in the Code of Practice the Council has adopted a number of Treasury Management Practices to reflect its treasury management powers and the scope of its treasury management activities. This includes managing risk, through setting clear and prudent criteria for its investment strategy.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's creditors. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria as prescribed in the Council's Annual Treasury Management and Investment Strategy.

The following analysis summarises the authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount as at 31/03/08	Historical experience of default	Estimated maximum exposure to default and uncollectability
	£000's	%	£000's
Deposits with banks and financial institutions	28,045	0	0

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to any of its investments.

The Council sundry debtors can be analysed by age as follows:

	£000's
Over one year	241
Six months to one year	88
Three months to six months	270
Under three months	263
(B201)	862

Liquidity Risk

As the Council has ready access to borrowings from both the Public Works loans Board and the London Money Market, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market Risk

Interest Rate Risk

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates could have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.
- Investments at fixed rates – the fair value of the assets will fall.

The Annual Treasury Management Strategy contains the policy for managing interest rate risk. The strategy makes reference to the Council's Prudential Indicators, which set the upper and lower limits for variable and fixed interest rate exposure.

A cautious approach to interest rates is assumed when setting and reviewing the annual budget.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Collection Fund Income and Expenditure Account

2006/07 £000's		Note	2007/08 £000's
	Income		
60,821	Income from Council Tax		65,225
5,403	Transfers from General Fund Council Tax Benefit		5,381
31,433	Income Collectable from Business Ratepayers		34,782
97,657	TOTAL INCOME		105,389
	Expenditure		
	Precepts and Demands		
45,471	Wiltshire County Council		48,940
9,893	North Wiltshire District Council		10,642
6,500	Wiltshire Police Authority		7,003
2,584	Wiltshire and Swindon Fire Authority		2,783
	Business Rates		
31,166	Payments to the National Pool		34,586
179	Cost of Collection		173
88	Interest on Repayments		23
	Provision for Bad Debt in Year		433
95,881	TOTAL EXPENDITURE		104,583
(1,776)	MOVEMENT ON FUND BALANCES		(804)
(1,756)	Balance Brought Forward		(2,817)
715	Distribution/(Contribution) to Prior Year (Surplus)/Deficit		1,502
(1,776)	(Surplus)/Deficit for the Year		(804)
(2,817)	Balance Carried Forward		(2,118)

	Distribution of the 2007/08 Projected Collection Fund Surplus/(Deficit)		
(1,060)	Wiltshire County Council		(1,421)
(231)	North Wiltshire District Council		(309)
(60)	Wiltshire Police Authority		(203)
(151)	Wiltshire and Swindon Fire Authority		(81)
(1,502)	TOTAL		(2,014)

Notes to the Collection Fund

The Council's tax base (i.e. the number of chargeable dwellings in each valuation band adjusted for dwellings where discounts apply) converted into an equivalent number of Band D properties was as follows:

	Number of dwellings in 2007/08 (net of discounts and relief)	Ratio to Band D	No. of Band D equivalent dwellings
Band A (with Disabled Relief)	8	5/9	4
Band A	5,025	6/9	3,350
Band B	8,734	7/9	6,793
Band C	11,753	8/9	10,447
Band D	8,603	9/9	8,603
Band E	10,654	11/9	8,717
Band F	9,395	13/9	6,504
Band G	6,685	15/9	4,011
Band H	1,069	18/9	535
Total	61,926		
Band D equivalents			48,964
Contributions in lieu (MOD properties)			1,238
Anticipated changes in year			813
Less: Provision for non-collection (1.5%)			(761)
Total Band D equivalents			50,255

National Non Domestic Rates

National Non-Domestic Rates are collected on behalf of the Government to be paid into a National Pool. The Collection Fund receives amounts paid by the Rate Payers in this area, and pays this amount over to the national pool net of allowable costs of collection. The total Non-Domestic Rateable value in the North Wiltshire area as at 31 March 2008 was £88.561 million (£86.516 million at March 2007). The National rate in 2007/08 set by the Government was 44.4p and 44.1p for small businesses (43.3p in 2006/07).

Precepts and Demands

Precepts and demands made on the Collection Fund were as follows;

	2007/08 £000's	2006/07 £000's
Wiltshire County Council	48,940	45,471
Wiltshire Police Authority	7,003	6,500
Wiltshire & Swindon Fire Authority	2,783	2,584
North Wiltshire District Council	10,642	9,893
Total	69,369	64,448

As the Fund was in surplus, the precepting authorities were not required to make any contribution into the fund. £1,502K of the estimated surplus was distributed to these authorities during 2007/08 as shown below;.

	2007/08 £000s	2006/07 £000s
Wiltshire County Council	1060	504
Wiltshire Police Authority	151	72
Wiltshire and Swindon Fire Authority	60	29
North Wiltshire District Council	231	110
Total	1502	715

GLOSSARY OF KEY TERMS

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.

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. The introduction of the Prudential Framework, supported by the Local Government Act 2003 allows authorities to determine their own plans according to prudent assessments of affordability. 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.

Collection Fund

The Collection Fund is the statutory fund into which council tax and non-domestic rates are paid, and from which we meet demands by preceptors and payments to the non-domestic rates pool. 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.

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.

Debtors

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

Deferred Charges

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

Depreciation

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

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.

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.

Government Grants

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

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 relief's 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.

Out turn

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

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.

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

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.

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