

Contents

	Page
Contents	1
Auditors report	2
Explanatory foreword by the Chief Executive	5
Comments from the Corporate Director (Chief Finance Officer)	7
West Wiltshire District Council's services	10
Setting the Council Tax	11
Statement of accounting policies	12
Statement of responsibilities	17
Annual Governance Statement	20
Income and Expenditure Account	25
Statement of Movement on the General Fund Balance	26
Statement of Total Recognised Gains and Losses	28
Consolidated Balance Sheet	29
Cash flow statement	30
Notes to the Financial Statements	31
Collection Fund	56
Accounting terms explained	59

The Final Results

The Financial Statements for West Wiltshire District Council prepared by Financial Services.

For further information about our accounts, please ring us on (01225) 776655, or e-mail us at accountancy@westwiltshire.gov.uk

Auditor's report to the West Wiltshire District Council

Opinion on the financial statements

I have audited the accounting statements and related notes of West Wiltshire District Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, Statement of the Movement on the General Fund Balance, Balance Sheet, Statement of Total Recognised Gains and Losses, Cash Flow Statement, Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of West Wiltshire District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Financial Officer and auditor

The Chief Financial Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 the financial position of the Authority and its income and expenditure for the year.

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

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In my opinion the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended.

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

Authority's Responsibilities

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

Auditor's Responsibilities

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

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, West Wiltshire District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

Best Value Performance Plan

I have issued our statutory report on the audit of the authority's best value performance plan for the financial year 2007/08 on 2 November 2007. I did not identify any matters to be reported to the Authority and did not make any recommendations on procedures in relation to the plan.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Martin Robinson

District Auditor

Audit Commission
50 South Street
Dorchester
DT1 1DQ

September 2008

Explanatory Foreword by the Chief Executive

The accounts for the last 12 months reflect the continuous improvements in West Wiltshire. The Corporate Plan adopted at the end of 2004 and refreshed in 2006 is making a real difference, which was confirmed by an independent IDEA peer review inspection. There has been a clear focus on priorities and this has helped us target our resources where they are most needed:

- Affordable housing - new housing and housing advice to help meet increasing housing need
- Recycling - kerbside collection of compost and recyclable waste
- Market Towns - regeneration projects including 'Transforming Trowbridge'
- Recreation - planning and investment to improve participation

We are always striving to improve and so we are also investing in our customer services so that we can provide help more quickly and conveniently. Other services continue to be maintained and improved. Our achievements are referred to in our annual performance plan.

The Council is committed to efficient well-managed services. Sound financial management plays a key role through:

- accurate and timely financial reports
- accurate and timely budgets that reflect our priorities
- regular monthly monitoring.

Close monitoring and active financial management has enabled us to maintain this level of achievement. Our councillors are kept well informed. The Cabinet plays a leading role in setting budgets and maintaining performance and financial matters are overseen by the Audit Committee.

Our budgets are always challenging. It is not well understood that our expenditure accounts for only about 10% of the annual council tax bill. More people need our services, pension costs have increased and we regularly receive new responsibilities, recent examples being recycling and licensing.

Our efficiency savings exceed the government 2.5% target and at the end of the 3-year period will have achieved £1.361million against a government target of £1.085 million. Council tax is kept to a minimum. Council tax and housing benefits are available for those in need. We are already the 4th lowest spending district council based on spend per head of population.

The Council is funded from a combination of council tax and government grants together with fees and charges. Grants received from the government last year were well below its own estimate of the amount we need to spend on local services as a result of some complex government rules.

We are continuing to look for external funding to help take services forward, to

invest in our priorities, to consult about local needs and to work in partnership with other parts of the public sector together with business and voluntary organisations. Our financial results suggest we can continue to protect services and to invest in priorities if government grant levels are maintained and efficiencies continue to be generated.

A handwritten signature in black ink, appearing to read 'Gallin', with a long horizontal flourish extending to the right.

Ian Gallin
Chief Executive

Comments from the Corporate Director (Chief Finance Officer)

Review of 2007/2008

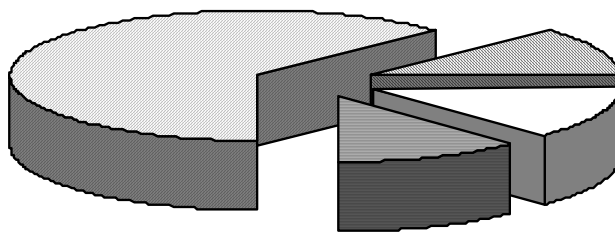
Faced again with an extremely tight resource situation, 2007/08 was another challenging year. The main financial achievements for the year are as follows:

- Effective budgetary control
- Early closedown of year end
- A review of the Medium Term Financial Plan 2006-2010
- A Service and Resource Planning process driven by the Corporate Plan

Revenue Expenditure and Services Provided

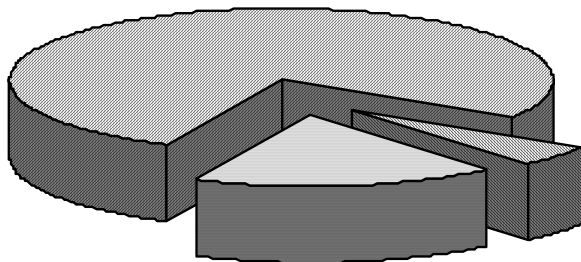
The gross revenue budget was £54m; a significant amount of this is funded from government grants in respect of housing and council tax benefits.

Revenue Funding



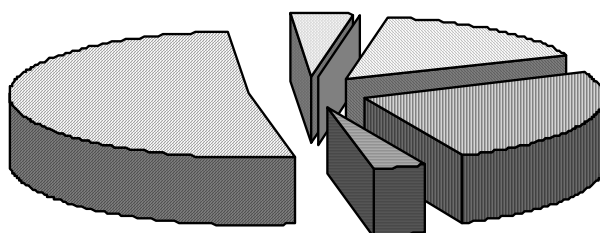
- Government Grants £33,750k (63%)
- Other Income £6,415k (12%)
- Non-domestic Rates £7,100k (13%)
- Council Tax £6,585k (12%)

Revenue Expenditure



- Employees £9,762k (18%)
- Running Expenses £41,459k (77%)
- Capital Charges £2,629k (5%)

Services Provided



- Central Services to the Public £8,537k (16%)
- Cultural, Environmental and Planning Services £13,286k (25%)
- Highways, Roads and Transport Services £1,934k (4%)
- Housing Services £27,912k (52%)
- Corporate and Democratic Core £2,155k (4%)
- Non-distributed Costs £026k (0%)

Budget Summary 2007/08

A summary of actual income and expenditure against budget is given below:-

	Base Budget £000	Actual £000	Difference £000	Note
General Fund spending	14,875	14,354	(521)	1 & 2
General Fund balances	1,938	1,526	(412)	3
Capital Spending	2,404	1,483	(921)	4

1. The General Fund spending was lower due to increased investment income, reduced past pension costs and unexpected additional funding through the local authority business growth grant. This was partially offset by increased costs for concessionary fares, maintenance of leisure sites and cost of temporary staff.
2. When adjusting the spending for accounting purposes the actual spend is £15.287 million, which gives an overspend of £0.412 million. The figure is adjusted to account for movements to reserves and funding from the General Fund balance.
3. The General Fund balance decreased to £1.526 million due to planned expenditure committed in the previous year and the creation of specific reserves in respect of the Multi Story car park and Local Government Reorganisation. The balance is forecast to reduce to £1.000 million at the end of 2008/09. This includes a contingency fund of £100,000. The recommended risk based balance is £900,000 and was reviewed as part of the Short Term Financial Plan.
4. Capital spending was lower due to slippage in the capital programme. Total net spending for 2007/08 was £1.483 million, an under spend of £0.921 million. Schemes carried forward to 2008/09 as slippage amount to £0.689 million. The largest projects being cemetery provision £135,000, Empty Homes grant £100,000 and Five Towns Initiative £230,944. After allowing for the above the capital programme was £231,250 under spent at the year-end.
5. Long-term external borrowing at the year-end was nil and the Council remains 'debt-free'.

Other Significant Issues

The pensions' liability shown in the Consolidated Balance Sheet has decreased from £23.017 million at the end of 2006/07 to £19.996 million at the end of 2007/08. The main reason for the decrease is a change in actuarial assumptions. The rate of employer's contribution to the fund was increased in 2006/07 and kept at that level 2007/08. However, following the Actuarial valuation in March 2007 the employer contribution was reduced. The next Actuarial valuation will be carried out at 31 March 2010.

The Council is progressing with a Private Finance Initiative to provide 400 affordable dwellings for rent. The business case received Treasury approval in March 2006 and it is hoped that the contract will commence in 2009. A PFI reserve was created in 2006/07 to assist with resourcing the set up costs. The

current balance on the fund is £84,000. The operational costs of the PFI project will be substantially met from government subsidy.

Work continues towards a unitary council for Wiltshire. This will clearly have implications for stakeholders, partners, budgets, council tax requirement and the future treatment of assets and liabilities.

The Financial Statements

The accounts for 2007/08 have been prepared in accordance with the Code of Practice on Local Authority Accounting 2007 relevant to the financial statements for 2007/08.

The Council's accounting statements for 2007/08 consist of: -

- The Income and Expenditure Account - showing the net cost for the year and how it has been financed;
- The Statement of Movement on the General Fund Balance - reconciles the income expenditure account adjustment to calculate amount to be funded from council tax.
- The Statement of Total Recognised Gains and Losses - identifies items that have caused a change in the net worth of the Council.
- The Consolidated Balance Sheet - setting out the financial position as at 31 March 2008;
- Cash Flow Statement - movement of cash during the year;
- Collection Fund - detailing the transactions for Council Tax and NNDR.



Ian Jamieson
Corporate Director (Chief Finance Officer)

West Wiltshire District Council's Services

Services to be provided by local authorities are determined by Acts of Parliament. These Acts split responsibilities between County Councils, District Councils and Town/Parish Councils.

Responsibilities for main services in West Wiltshire:

West Wiltshire District Council	Wiltshire County Council
Housing	Education
Refuse Collection	Social Services
Sports Centres/Swimming Pools	Highways
Parks & Open Spaces	Libraries
Car Parks	Refuse Disposal
Street Cleansing	Planning – Strategic
Planning & Building Control	
Collection of Council Tax	
Environmental Health	
Cemeteries	
Public Conveniences	

Separate Organisations:-

Wiltshire Fire Authority
Wiltshire Police Authority
Wiltshire Magistrates Service
Wiltshire Probation Service

Town and Parish Councils also provide certain services although in practice they are on a smaller scale, examples being allotments, public seating and closed churchyards.

General Fund

All services provided by the Council are classified as being for the benefit of the whole community. As a consequence, it seems only reasonable that the cost of these services should be paid for by all. Therefore, the income to cover the 'net' cost of these services, after Government Grants, comes from people paying their Council Tax bills. (Further details on this can be found in the section 'Setting the Council Tax').

Setting the Council Tax

Every Council Taxpayer receives a 'demand' around 1st April each year.

The setting of the Council Tax is the result of the preparation of annual budgets by Wiltshire County Council, Wiltshire Police Authority, Wiltshire Fire Authority, West Wiltshire District Council and Parish/Town Councils.

West Wiltshire District Council is responsible for setting the amount of Council Tax and collecting the money.

The District Council sets its budget by following the procedure shown below:

1. The medium term financial plan is updated around September, which provides the budget outlook for the following year.
2. In the autumn, managers prepare bids for service developments and options for service reviews under the Service and Resource Planning process.
3. These proposals are analysed and co-ordinated by Accountancy. The Corporate Team then assesses them against the corporate priorities and recommends options to the Cabinet.
4. The sum total of all budgets will give a total cost for General Fund services.

The Government calculates an amount of grant (known as Revenue Support Grant (RSG)) that it will give to all local authorities in the year. A new method of calculating the amount of grant was introduced from 1 April 2006. This shows the relationship between grant and Council Tax giving a maximum budget figure known as FSS (Formula Spending Share).

In addition, WWDC also receives money from the central 'pool' of money collected as rates from business properties. All businesses pay the National Non-Domestic Rate (NNDR). The Government apportions the amount collected to each authority based on population levels.

The difference between the budgeted expenditure and government grants is met by Council Tax.

5. Councillors, the elected representatives of the public, agree the setting of the annual budgets and the Council Tax. All budgets have to be approved by the Cabinet and the Council approves the actual setting of the Council Tax in February.

Statement of Accounting Policies

We have accounting policies to inform the users of our accounts of the basis for the recognition, measurement and disclosure of transactions and other events followed in preparing them. This is particularly important when there is more than one acceptable practice or where they differ from recommended or generally accepted practice. The policies have been reviewed during the year. By necessity, some of the terms used in this booklet relate to technical accounting issues. A separate section, starting at page 57, provides an explanation of the terms which have been used. If you require further details of the terminology used in this book, please contact Financial Services at the Council offices.

1 General

The accounts have been prepared in accordance with the 'Chartered Institute of Public Finance and Accountancy' Code of Practice on Local Authority Accounting in the United Kingdom 2007 – A Statement of Recommended Practice (SORP). The Code is a statement of "proper accounting practice" with which local authorities in England and Wales must comply in preparing financial statements in accordance with sections 41 and 42 of the Local Government and Housing Act 1989 and section 21 of the Local Government Act 2003. Everything is at historical cost, modified by the revaluation of some categories of tangible fixed assets.

2 Debtors (Income) and Creditors (Expenditure)

The accounts of the Council are maintained on an accruals basis. That is, sums due to or from the Council for the appropriate financial year are included in the accounts whether or not the cash has actually been received or paid in that year. Exceptions to this principle are electricity and similar quarterly payments which are charged in the revenue accounts at the date of meter reading rather than being apportioned between financial years. Similarly annual services paid by a single payment are debited or credited based on the renewal date. The effect of these exceptions is not considered material.

Where a loan period covers more than one financial year the appropriate amount of interest payable is charged to each year. Investment income is accrued to 31 March, although not actually received.

3 Provisions and Reserves

The council sets aside provisions for events which have taken place and are likely to require a settlement at some time in the future, but of which the amount cannot yet be determined accurately. Provisions are charged to the relevant service when the council becomes aware of the obligation, based on the best estimate of the likely settlement.

The council has also set up reserves for specific purposes but for which no specific liability exists. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the relevant service and the reserve is appropriated back into the General Fund Balance statement so that there is no net charge against the council tax.

The council undertook a risk-based appraisal of provisions and balances in line with CIPFA guidance.

Certain reserves are kept to manage the accounting processes for fixed assets and retirement benefits and do not represent usable resources for the Council.

Although a requirement in the SORP the council has not stated in its balance sheet an available for sale financial assets reserve and a financial instruments adjustment account as both would have nil values.

4 Grants and Contributions

All revenue grants and contributions from third parties have been credited to the accounts when the Council satisfies the conditions of the entitlement to the grant. They are matched in the service revenue accounts with the expenditure to which they relate. Grants that have been used to finance capital expenditure are held in a Government Grants Deferred account. Amounts are transferred to the relevant service revenue account to match either the depreciation of an asset, or the writing out of a deferred charge, for which the grant was awarded. Grants that cannot be attributed to a specific service are credited at the foot of the income and expenditure account.

5 Pensions

The Council belongs to the Local Government Pension Scheme, which is a defined benefit scheme with the fund being administered by Wiltshire County Council. The last reported Actuarial valuation was undertaken on 31 March 2007. Such costs have been determined in accordance with generally accepted Local Government practice. The Financial Statements have been compiled in accordance with the standard set down by the Accounting Bodies (FRS 17 'Retirement Benefits'). The financial statements reflect at fair value the assets and liabilities arising from the Council's retirement obligations.

Liabilities:

- Of the scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method.
- Are valued at current prices using a discount rate equivalent to the gross redemption yield on the iboxx Sterling Corporates Index, AA over 15 years at the FRS 17 Valuation date.

Assets:

- Quoted securities – mid-market value
- Unquoted securities – professional estimate
- Unitised securities – average of bid and offer rates
- Property – market value

The change in the net pensions liability is analysed into:

- Current service cost – the increase resulting from service earned this year and charged to the relevant service
- Past service cost – the increase resulting from current year decisions but relates to service earned in previous years and charged to Non Distributed Costs
- Interest cost – the expected increase as it moves one year closer to being

- paid and charged to Net Operating Expenditure
- Expected return on assets – the annual investment return on assets, based on an average of the expected long-term return and credited to Net Operating Expenditure
 - Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or the accrual of benefits of employees and charged or credited to Non Distributed Costs
 - Actuarial gains and losses – changes that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuary has updated his assumptions and are charged or credited to the Statement of Total Recognised Gains and Losses
 - Contributions paid into the fund – cash paid as employers contributions to the fund

6 VAT

All transactions are recorded excluding VAT except where it is irrecoverable.

7 Cost of Support Services

Finance, Property and Estates, Human Resources, Facilities Management, Information Technology, Customer Services and Legal Services are units that mainly provide services that support the general working of the Council rather than providing direct services to the public. The full cost of these services is allocated to those council services that benefit from the supply or service during the year, reflecting the time spent or other suitable activity measure.

8 Fixed Assets

Tangible fixed assets are shown in the balance sheet at current value or at cost, depending on which is most applicable to that asset, less accumulated depreciation. Intangible assets are computer software licences and are valued at cost less accumulated depreciation. All have been accounted for in accordance with guidance for capital accounting issued by CIPFA. Schemes or assets costing less than £10,000 are charged to revenue. The only exceptions to this may be purchases of either a significant number of small items that may be aggregated e.g. personal computers, or any items financed from a government capital grant or contribution.

Each year the council, as part of it's capital programme, will carry out planned expenditure which will enhance it's fixed assets. The value of this expenditure is added to the value of the asset shown in the balance sheet.

Depreciation has been provided at rates that are calculated to write off either the cost or the valuation of the asset, net of any estimated residual value, over its expected useful life. Either straight-line or reducing balance methods have been applied according to the type of asset. Depreciation is charged to the relevant service revenue account.

All our major tangible assets are included and have been properly valued by a professional valuer as detailed in Note 20. Any gain from revaluation after 1 April 2007 is credited to the Revaluation Reserve. Any impairment is charged to the relevant service in the Income and Expenditure Account, but a

corresponding credit is made in the Statement of Movement on the General Fund Balance and charged to the Capital Adjustment Account to meet legislative requirements.

Any gain or loss on the disposal of a fixed asset is credited or charged to the Income and Expenditure Account, but a corresponding adjustment is made in the Statement of Movement on the General Fund Balance and appropriated to the Capital Adjustment Account to meet legislative requirements.

9 Capital Receipts

Capital receipts are generated from the sale of assets. They may only be used to finance capital developments or reduce the council's need to borrow for capital expenditure.

10 Basis of Charging Revenue Accounts for Capital Development

The law requires that where a Council borrows to fund capital development, as measured by its Capital Financing Requirement, it should charge to its revenue account a minimum level of principal repayment that equals 4% of unfinanced expenditure. This charge is called the 'Minimum Revenue Provision', but as the Council has no Capital Financing Requirement there is no requirement to make a charge. An amount equivalent to the total charge for depreciation is appropriated from the Capital Adjustment Account to the Statement of Movement on the General Fund Balance.

11 Deferred Charges

Deferred charges are capital payments that do not create fixed assets for the council, such as improvement grants for houses in private ownership. They have been written off as expenditure to the relevant service. An amount equivalent to the total of deferred charges net of any associated grants or contributions is appropriated from the Capital Adjustment Account to the Statement of Movement on the General Fund Balance

12 Leasing

All acquisitions through operating leases are charged to the Revenue Account on a straight-line basis over the term of the lease. Any assets acquired on a finance lease are included as fixed assets on the balance sheet along with the outstanding future liability. The liability is written down in accordance with SSAP21 and the associated guidance issued.

13 Investments

Investments are classified into two types:

- Loans and receivables – investments that have fixed or determinable payments but are not quoted in an active market. These are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure account are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.
- Fair value through profit or loss – forward contracts to purchase investments carried at fair value based on the trade date. At the settlement date the delivery will be treated as loans and receivables and any difference between its fair value and the consideration paid is the gain or loss on the forward contract. If the forward contract is still open at the

balance sheet date it will be included as an asset or liability and any gain or loss taken to the Income and Expenditure Account.

14 Stocks and Work in Progress

Stocks have been included at the lower of cost and net realisable value. Any work in progress has been valued at the cost of work done and not billed as at 31 March.

15 Internal Interest

Where we hold funds involving third parties, interest is credited to the relevant fund at a rate based on the average seven-day rate at which the Council would normally borrow money. Interest is not credited to any other 'specific' funds of this Council.

16 Provision for Doubtful Debts

Amounts due to the council are included at the amount outstanding. However where it is doubtful that debts will be settled the Council makes an allowance for those amounts that it is unlikely to collect. The provision is calculated as a percentage of the debt outstanding at the year-end, weighted to reflect the age of the debt, which reflects past experience of un-recovered amounts.

17 Commercial Properties

The Council's commercial property estate has been classified as a trading undertaking rather than an economic development activity.

18 Group Accounts

The Council does not have material interests in subsidiary or associated companies or joint ventures.

19 Contingent Liabilities

Where the Council has given an undertaking to meet a liability at some point in the future if a certain event either occurs or does not occur, but it is unable to determine whether the event will or will not occur, then no liability will be shown in the accounts. The extent of the Council's commitment will be shown as a contingent liability in a note to the accounts. When the amount of the possible liability is known it will be stated, but when it is not known then reasons will be given why it cannot be determined.

20 Post Balance Sheet Events

If a significant event occurs after the date of the Consolidated Balance Sheet but before the signing of the accounts by the Corporate Director (Chief Finance Officer) it will be shown by way of a note. An event will be considered significant if it is material and failure to mention it would mislead anyone reading the financial statements.

21 Prior Year Adjustments

Where there is any change in the Financial Statements or an accounting policy affecting the amounts included in the statements then the comparative figures for prior years will be restated on a similar basis. Where it is not possible to restate the prior year then a note to this effect, together with any information that may help comparison, will be included.

22 Going Concern

The council along with Wiltshire County Council and the three other district councils are to be abolished on 31 March 2009 and all their duties and responsibilities transferred to a new unitary authority, which will come into being on 1 April 2009. The financial statements have been compiled on a going concern basis as all functions will transfer at that date and it will be for the new authority to decide on any changes to services.

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities:

The authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts;

The Corporate Director (Chief Finance Officer) responsibilities:

The Corporate Director (Chief Finance Officer) is responsible for the preparation of the authority'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 SORP).

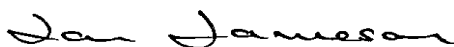
In preparing this statement of accounts, the Corporate Director (Chief Finance Officer) has:

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

The Corporate Director (Chief Finance Officer) has also:

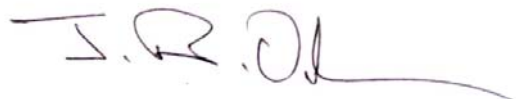
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- authorised the issue of the accounts;
- considered events after the balance sheet date up to this time.

The Statement of Accounts presents fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2008.



Ian Jamieson
Corporate Director (Chief Finance Officer)

20 June 2008



Councillor Jeff Osborn
Chairman of the Audit
Committee

26 June 2008

Annual Governance Statement

1. Scope of Responsibility

West 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. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency and effectiveness.

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

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on the Council's website or can be obtained from the Corporate Director (Chief Finance Officer). This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. The Purpose of the governance framework

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

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

The governance framework has been in place at West 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: -

The monitoring of performance

The Corporate Plan 2005-2010 was refreshed in December 2006 and updated in November 2007 for the implications of Local government reorganisation.

The Corporate Plan provides strategic direction and a focus for resources and service delivery. This is supported by a Performance Management framework, which sets out arrangements to monitor progress towards the achievement of national and local targets with quarterly reporting of overall corporate performance to Cabinet and to Scrutiny Committee.

The Council's performance in quarter three has remained fairly static and concern remains in Development Control and Housing. The indicators currently missing target are as follows:

- BV109a - % of major applications processed within 13 weeks
- BV109b - % of minor applications processed within 8 weeks
- Local – no of new affordable rented houses started on site
- Local – no of individuals in some form of temporary accommodation
- Local - number of disabled households receiving assistance with housing needs from the Council and its partners
- BV64 – no of private sector dwellings returned to occupation or demolished as a result of direct action by the Council

This has been reported to Corporate Management Team, Scrutiny and Cabinet and action have been taken to improve performance in these areas.

Performance monitoring in 2007/2008 will end with a review of achievements and the publication of the Corporate Performance Plan on 30 June 2008.

The facilitation of policy and decision-making

The Council has a written published Constitution, which defines the decision making arrangements and the responsibilities for different functions. A new Constitution was developed in 2005/2006 and approved by Council for immediate implementation at its meeting on 12 April 2006. This has been reviewed by the Standards Committee and changes were agreed by Council on 21 February 2007.

There are clear rules of procedure for the running of business meetings and lists of delegated authorities to individuals. Each report, which recommends decision making by members of the Council, receives legal and financial consideration before it is finalised.

The compliance with established policies, procedures, laws and regulations

The Constitution defines and documents the roles and responsibilities of members and officer functions.

The Chief Finance Officer and Monitoring Officer have specified roles within the Constitution to ensure reports prepared for member decision comply with the budget and policy framework. The Chief Finance Officer and Monitoring Officer are members of the Corporate Management Team.

Each agenda for a business meeting contains an item requiring members at the outset of the meeting to declare interests.

A corporate training plan exists for officers, based on need and supporting corporate strategic roles. Members are encouraged to undertake training relevant to the area of decision making in which they are involved. A formal member training program was introduced for 2006/07 and updated in 2007/08.

A number of specific policies have been developed to enhance the control issues. These are available on the Intranet for all staff to read and cover: officer's code of conduct, whistle blowing, staff appraisal, managing capability and corporate fraud and corruption. A new performance related complaints system was introduced in January 2006 and has recently been reviewed.

The corporate risk management process

The Council has been active in risk management since 1996 and the arrangements for risk management have continued to be developed, reviewed and updated. Following a review in June 2004 the Council now has a Risk Management Strategy, Policy, Strategic and Service Risk register and a Risk Management Group.

The Council recognises that it has a responsibility to manage risks and supports a structured and systematic approach to managing them.

The financial management of the Authority

The Council's overall financial arrangements are governed by its Medium Term Financial Plan, which sets out the financial framework for the delivery of the Council's strategies and plans as outlined in its Corporate Plan.

Resource allocation is achieved through a Service and Resource Planning process linking corporate plan priorities and service objectives to resource requirements.

In determining the revenue and capital financial framework a number of factors are taken into account, including the national context, the distribution of local government funding by central government, together with local and external funding sources.

The Council has robust budget monitoring arrangements and has detailed arrangements regarding the management and control of financial resources, set out as 'Financial Procedure Rules', which form part of the constitution. Regular monthly meetings take place between the Accountants and Service

Managers (who are responsible for their own budgets), with monthly financial monitoring reporting to Corporate Team and Cabinet and quarterly reports to Scrutiny Committee.

All borrowing and investment is undertaken in accordance with the Treasury Management Policy Statement, which is approved by Council on an annual basis. The Treasury Management function is supported by external advisors.

Communication and engagement with the community

The Council has put arrangements in place to ensure clear channels of communication with all sections of the community, in particular Community Strategy, Community Area Partnerships, Wiltshire Improvement Partnership and West Wilts Matters. Processes are in place for dealing with the competing demands within the community. Community participation is encouraged through the strategic partnership framework and Stakeholder/Area forums.

Partnerships

The Council works with many different organisations to deliver services and assist in meeting corporate plan priorities. All key partnerships have the following: terms of reference, clear statement of objectives, clarity of roles and support, statement of funding and dispute resolution. Members regularly report on involvement.

4. The Review of Effectiveness

West 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 Corporate Management Team within the authority, who have responsibility for the development and maintenance of the environment, the Internal audit annual report, and comments by the external auditors and other review agencies and inspectorates.

Authority

The Council has established its future priorities and operates a Performance Management Framework. This regularly monitors achievement against these priorities through Corporate Management Team, Cabinet and Scrutiny Committee.

The Council has reviewed its arrangements for Corporate Governance and introduced the revised framework. In accordance with the guidance published in the CIPFA/SOLACE 'Delivering Good Governance in Local Government'.

Cabinet

The Cabinet has published a six month Forward Plan of Decisions to be taken and meets in public on at least a six weekly basis. An open and transparent approach is taken to business with all members of the Council receiving copies of Cabinet agendas, which are available on the Council's website.

Audit Committee

The Audit Committee provides independent assurance of the adequacy of the risk management framework and the associated control environment, reviews financial performance for impact on risk and controls and oversees the financial reporting process. The committee meets on a quarterly basis.

Scrutiny Committee

The Scrutiny Committee monitors the executive decision making as one of its main roles and also conducts topic-based reviews. In 2007/08 the Scrutiny Committee had one 'call-in' of a Cabinet decision. This related to a decision on 5 Sept by Cabinet not to seek a commuted sum towards the provision of affordable housing where developments of one dwelling in villages are proposed. On consideration of the call-in the Scrutiny Committee on 19 Sept decided not to take any further action and did not make any recommendations back to Cabinet. Scrutiny Committee minutes are taken to Council and at the year-end there is an annual report.

Risk Management

Significant progress has been made in this area following a major review in 2004. The following achievements in 2007/08 are given below:

- Business Continuity Plan updated
- Corporate Management Team review of all strategic risks
- delivery of strategic risk management training to Members
- continued integration of risk management into the Service and Resource Planning process
- Internal Audit review of risk management
- update of risk register to include service and strategic risks
- review of all risks linked to Local Government Reorganisation

Standards Committee

The Council's Standards Committee's work includes reporting on proposed changes to the Constitution, overseeing complaints to the Ombudsman, member training and Code of Conduct issues.

Internal Audit

The role of the Internal Audit Service is to review the internal control framework, which governs the operations of the Council and, in doing so, provides an independent opinion to both management and members on the robustness of the Council's control environment. This opinion analyses and evaluates whether there is an adequate and effective system of internal control in respect of all accounting, financial and other operations of the Council

The Internal Audit service at West Wiltshire is delivered through an external contract with KPMG. The approach is fully compliant with CIPFA's Code of Internal Audit Practice and the Accounting Practice Board's guidelines for Internal Audit.

The Audit Plan is based on risk assessment with direct input from service

managers. The plan identifies the work to be performed, covering core fundamental systems and operational audits and liaison with external auditors.

The Annual Internal Audit Report provides a summary of audits performed during the past year and contains the formal opinion on the adequacy of the Council's systems of internal control. It will specifically identify any area for inclusion. No areas were identified for inclusion in 2007/08. All audit reports are presented to the Audit Committee.

5. Significant governance issues

The effectiveness of the system of internal control operated by the Council has been reviewed and the following plan is in place to address significant weaknesses and ensure continuous improvement of the system.

Section 106 Agreements

The current arrangements have been reviewed and new procedures and processes put in place to ensure efficient and effective delivery. This applies to all new agreements. The new processes and procedures need to be embedded across the Council and further work carried out to update historical S106 agreements.

Private Finance Initiative (PFI)

The project is progressing and approaching a number of key stages, with risks that need to be carefully managed.

- Bidder selection – single bidder robust approach to demonstrate VFM
- Land assembly - provide sufficient land with planning permission
- Set up costs - keep expenditure within agreed budget with adequate contingency
- Other - asset information/condition and changes to design specification

Private Sector Housing renewal

The current arrangements for the delivery of this service area have been reviewed and the following changes will be introduced:

- Systems and procedures will be updated/developed and documented
- Application files will have a defined list of documents and certified on completion
- The process for registering charges against properties will be clearly identified and the register will be subject to periodic review.

Performance Monitoring

Improving Development Control

A combination of reviewing arrangements and staff leaving impacted on performance. A new way of working has been introduced and proved that time taken to process applications can be significantly reduced. However, this will take time to embed and clearing backlog applications will continue to have an adverse impact. The backlog is being addressed and will be cleared during 2008.

Meeting Housing Need

The number of affordable houses started assumed contribution from the PFI project, which will not now happen until late in the following year.

The number of individuals in temporary accommodation has been difficult to influence due to a lack of 'move on' accommodation.

The number of disabled households receiving assistance with housing needs from the Council and its partners has been temporarily reduced due to staffing changes within the Housing team.

The number of private sector dwellings returned to occupation has been influenced by resource availability and the high demand for disabled facilities grants.

Local Government Reorganisation

This is a significant change, which will impact on governance in a number of ways:

- Staffing resources to deliver 'business as usual'
- Early merger of services
- Transition and transformation
- Governance arrangements

WCC as continuing authority and working with District Councils has implemented a number of processes and structures to assist with governance arrangements.

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.



Ian Gallin
Chief Executive
12 June 2008



Councillor Roy White
Finance Portfolio Holder
19 June 2008

Income and Expenditure Account

This statement shows how our money was spent in 2007/08 and how this cost was paid for.

	Gross Expenditure £000	2007/08 Gross Income £000	Net Expenditure £000	2006/07 Net Expenditure £000
Expenditure on Services				
Central Services to the Public	8,537	(7,582)	955	456
Cultural, Environmental and Planning Services	13,286	(2,894)	10,392	10,753
Highways, Roads and Transport Services	1,934	(979)	955	707
Housing Services	27,912	(25,986)	1,926	2,677
Corporate and Democratic Core	2,155	(140)	2,015	2,021
Non-distributed Costs	26	-	26	54
	53,850	(37,581)	16,269	16,668
Net Cost of Services				
(Gain) or loss of disposal of fixed assets			(8)	(18)
Town and Parish Precepts			2,853	3,100
Contribution to Housing Capital Receipts Pool			11	20
Interest and Investment Income			(593)	(549)
Other Income			(135)	-
Trading Accounts			(404)	(429)
Interest Payable			50	47
Pensions Interest Cost and Expected return on Pensionable Assets (Note 32)			627	603
			18,670	19,442
Net Operating Expenditure				
Council Taxpayers			(9,438)	(9,343)
Collection Fund items transferred to General Fund			-	-
Revenue Support Grant			(1,192)	(1,297)
Local Authority Business Growth Incentive Scheme			(486)	(113)
Non-domestic rate income			(7,100)	(6,427)
Deficit for the Year			454	2,262

Statement of Movement on the General Fund Balance

Increase/decrease in the General Fund Balance	2007/08 £000	2006/07 £000
Deficit on the Income and Expenditure Account for the year	454	2,262
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year (note 13)	(42)	(2,815)
(Increase)/decrease in General Fund Balance for the year	412	(553)
General Fund Balance b/fwd	(1,938)	(1,385)
General Fund Balance c/fwd	(1,526)	(1,938)

Statement of Total Recognised Gains and Losses

	2007/08 £000	2006/07 £000
Deficit on the Income and Expenditure Account for the year	454	2,262
(Surplus) or deficit arising on revaluation of fixed assets	-	(8,280)
Actuarial (gains) and losses on pension fund assets and liabilities (Note 32)	(2,621)	(2,185)
(Surplus) or deficit arising on revaluation of available for sale financial assets	-	-
Movement on balance on the Collection Fund attributable to West Wiltshire District Council (see page 58 Note 6)	114	(17)
Total Recognised (gains) and losses for the year	(2,053)	(8,220)

Consolidated Balance Sheet

This shows the Council's financial position as at 31 March.

	£000	£000	2007/08 £000	2006/07 £000
Intangible assets			106	87
Tangible fixed assets (Notes 17, 20 & 21)				
Operational assets				
- council dwellings			2,144	2,185
- other land and buildings			16,946	17,107
- vehicles plant and equipment			1,688	1,767
- community assets			1,707	1,517
Non operational assets				
- investment properties			8,235	8,228
Total Fixed Assets			30,826	30,891
Long term investments (Note 38)			1,052	-
Long term debtors (Note 42)			100	121
Total long term assets			31,978	31,012
Stocks & work in progress (Note 43)		-		17
Debtors (Note 31)	9,680			7,482
Less Provision for bad debts	(1,611)	8,069		(1,490)
Investments (Note 38)		2,456		6,924
Cash in bank (Note 44)		1		208
Total current assets			10,526	13,141
Total Assets			42,504	44,153
Current liabilities				
- deferred income (Note 45)		(1,464)		(1,666)
- deferred capital contributions		(39)		(180)
- creditors (Note 46)		(5,379)		(5,732)
- sundry deposits (Note 47)		(12)		(12)
- provisions (Note 25)		(192)		(80)
- short term borrowing		-		-
- bank overdraft (Note 44)		(189)		-
			(7,275)	(7,670)
Total assets less current liabilities			35,229	36,483
Long term borrowing (Note 23)		-		-
Government grants deferred		(1,050)		(1,331)
Deferred liability (Note 19)		(4)		(9)
Pensions liability (Note 32)		(19,996)	(21,050)	(23,017)
Total Assets less Liabilities			14,179	12,126
Financed by:				
Fixed Asset Restatement Account			-	(25,826)
Capital Financing Account			-	56,181
Capital Adjustment Account (Note 26)			30,607	-
Usable capital receipts (Note 26)			840	1,964
Deferred capital receipts (Note 26)			86	100
Pensions reserve (Note 32)			(19,996)	(23,017)
Balances - General fund (page 27)			1,526	1,938
- Collection fund (page 56)			(88)	26
- Reserves (Note 26)			1,204	759
Total Net Worth			14,179	12,126

Cash Flow Statement

This statement shows how our cash has come in and gone out during the year.

	2007/08		2006/07	
	£000	£000	£000	£000
Revenue Activities				
<i>Cash Outflows</i>				
Employees	9,762		9,553	
Housing benefit paid out	22,005		20,238	
Non-domestic rate payments to national pool	28,503		26,724	
Precepts paid	58,000		54,941	
Capital receipts to pool	11		20	
Other operating cash payments	11,778	130,059	10,510	121,986
<i>Cash Inflows</i>				
Council tax income	(57,410)		(55,168)	
Non-domestic rate income from national pool	(7,100)		(6,427)	
Non-domestic rate receipts	(27,629)		(28,763)	
Revenue Support Grant	(1,192)		(1,297)	
DWP grants for benefits	(28,060)		(26,675)	
Other Government grants	(2,859)		(2,267)	
Cash received for goods and services	(705)		(773)	
Other cash income	(1,663)	(126,618)	(3,683)	(125,053)
Revenue Activities Net Cash (Inflow)/Outflow		3,441		(3,067)
Servicing of Finance				
<i>Cash Outflows</i>				
Interest paid	6		7	
<i>Cash Inflows</i>				
Interest received	(590)	(584)	(482)	(475)
Capital Activities				
<i>Cash Outflows</i>				
Purchase of fixed assets	1,108		1,492	
Deferred charges	1,346	2,454	2,244	3,736
<i>Cash Inflows</i>				
Sale of assets	(201)		(57)	
Capital grants received	(800)		(1,013)	
Other capital cash income	-	1,453	-	2,666
Management of Liquid Resources				
<i>Cash (Inflows)/Outflows</i>				
Net increase/(decrease) in investments		(3,919)		(1,482)
Net cash inflow/outflow before financing		391		(2,358)
Financing				
<i>Cash Outflows</i>				
Repayments of amounts borrowed	-		2,000	
Capital element of finance lease rental payment	5		4	
<i>Cash Inflows</i>				
New short-term loans raised	-	5	-	2,004
(Increase)/Decrease in Cash and Cash Equivalents		396		(354)

Notes to the Financial Statements

1 Restatement of 2006/2007

The balance sheet values of fixed assets have been reduced by £78,000 for Land and Buildings and £402,000 for Non Operational Assets. These changes occurred following amendments to the Asset Valuation carried out by King Sturge as at 31 March 2007. This also resulted in increasing the balance on the Fixed Asset Restatement Account by £387,000 and decreasing the balance on the Capital Financing Account by £93,000. The closing balances of the 2006/07 accounts have been restated to reflect these changes.

The council also made amendments to its cash flow statement for 2006/07 following revised, improved methods of calculating individual lines on the statement. The bottom line showing the movement of cash was not affected.

The SORP for 2007 had no significant changes to the format of the Financial Statements.

The main change which affected the Financial Statements for 2007/08 was the replacement of the Capital Financing Account and Fixed Asset Restatement Account with a Capital Adjustment Account and a Revaluation Reserve.

Another new requirement from the SORP is the disclosure of information relating to the councils financial instruments and the disclosure of the nature and extent of risk arising from these. This information is detailed in notes 39, 40 and 41.

2 Trading Operations

The Council has a commercial property estate. This is managed for commercial rather than economic development reasons. The management of the estate and collection of income is contracted out to a managing agent. The trading operations accounts are maintained on an accruals basis.

	2007/08	2006/07
	£	£
Turnover	787,567	860,312
Expenditure	(382,891)	(434,159)
Net Surplus/(Deficit)	404,676	426,153

3 S.137 Expenditure

Section 137 of the Local Government Act 1972 as amended by S.36 of the Local Government and Housing Act 1989 enables the Council to spend £243,633 for the benefit of people in its area on activities or projects not specifically authorised by other powers. Expenditure amounted to £120,100 in 2007/08. The main beneficiaries in 2007/08 were the Citizens Advice Bureau (£60,000), Voluntary Action West Wiltshire (£11,000) and grants to local organisations.

4 Publicity Expenditure

Our spending on publicity is shown below as required by S.5 (1) of the Local Government Act 1986.

	2007/08	2006/07
	£	£
Public relations	229,695	289,017
Recruitment advertising	64,477	84,102
Other advertising	78,501	57,078
Total	372,673	430,197

5 Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit can not 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 Charging Account 2007/08

	Chargeable	Non Chargeable	Total
	£	£	£
Expenditure			
Employee expenses	299,646	132,512	432,158
Premises	-	-	-
Transport	20,069	7,166	27,235
Supplies & services	65,804	20,607	86,411
Central and support service charges	104,301	36,653	140,954
Total expenditure	489,820	196,938	686,758
Income			
Building regulation charges	386,540	-	386,540
Miscellaneous income	3,344	9,382	12,726
Total income	389,884	9,382	399,266
(Surplus)/Deficit for Year	99,936	187,556	287,492

6 Agency Income and Expenditure

The Council maintains some highway verges under an agency agreement with Wiltshire County Council. The maintenance is carried out to a standard consistent with that for open spaces, which is greater than that required for highway purposes. The full cost is included in accounts with the agency contribution of £85,000 (£85,000 in 2006/07) shown as income.

7 Local Area Agreement (LAA)

The Council is a participant in an LAA – a partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services. In 2007/08 the LAA has completed the first year of its three year agreement.

The purpose of the LAA is:

- to form an agreement between the West Wiltshire District Council and other external agencies
- to agree specific outcomes and targets that will be achieved each year for the three years of the agreement.
- to improve the effectiveness and efficiency of public services in Wiltshire by pooling and aligning funding streams.

The Wiltshire Strategic Board (WiSB) includes representatives from Districts, County, town and parish councils; district local strategic partnerships; Police; Fire and Rescue; Probation; Learning and Skills Council; health; faith groups; and the business and voluntary sectors

Wiltshire County Council acts as the accountable body for the LAA.

The total amount of LAA grant received by the local strategic partnership in 2007/08 is £4.2 million. The Council received £0.108 million of this total to fund its own services.

8 Members Allowances

The total amount paid in respect of the above amounted to £206,150 (£201,823 in 2006/07).

9 Remuneration

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 were as follows:

Remuneration Band	Number of Employees 2007/08	Number of Employees 2006/07
£50,000 - £59,999	1	3
£60,000 - £69,999	2	1
£70,000 - £79,999	2	1
£80,000 - £89,999	0	0
£90,000 - £99,999	1	1
£100,000 - £109,999	0	0

10 Related Parties

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 identifies where the Council might have been constrained in its ability to operate independently or might be able to limit another party's ability to bargain freely with the Council.

Central Government

The government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, providing 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 (e.g. housing benefits). Details of transactions with government departments are set out in a note to the Cash Flow statement.

Other Public Bodies

The District Council collects precepts on behalf of Wiltshire County Council, and the Town and Parish Councils within the Borough area. Eight members have declared that they are members of the County Council, to which payments of £987,043 have been made in addition to the precept for the County Council, which is shown in Note 3 to the Collection Fund on page 55. Parish and Town Council Precepts are shown in the Income and Expenditure Account on page 26, other payments of £59,691 have been made to Councils and other public bodies in which 26 members have declared an interest.

General Related Parties

Individual Councillors make declarations in the register of interests. During the year grants and payments of £163,342 were made to related parties in which 32 members had declared an interest. In addition payments totalling £15,131 were made to West Wiltshire Housing Society in which five members registered an interest.

Officers

There were no officer interests declared for 2007/2008.

11 Auditors Remuneration

The Council is audited by the Audit Commission.

	2007/08	2006/07
External Audit Fees	£	£
Audit Commission Code of Practice	94,972	94,322
Grant claims and returns	28,616	47,626
Other services	1,107	(2,543)
Total	124,695	139,405

12 Significance of the Statement of Movement on General Fund Balance

The Income and Expenditure Account has been compiled in accordance with UKGAAP. The deficit for the year arises because the money raised by Council Tax is insufficient to meet the Council's expenditure on this basis. The law determines what council tax can fund and differs to the requirements of UKGAAP the main differences being;

- Capital investment is accounted for as it is financed, rather than when it is consumed
- The payment of a share of housing capital receipts to the government is a loss to the income and expenditure account, but is met from capital receipts
- Retirement benefits are charged as amounts become payable to the pension fund and pensioners, rather than as future benefits earned.
- Expenditure to be funded from reserves set aside for specific purposes must be charged to the relevant service and not direct to the reserve

This statement adjusts for these differences and the details are in Note 13 below.

The net effect of these adjustments is to replace the deficit with a surplus and increase the General Fund Balance.

13 Additional amounts debited/credited to the General Fund Balance

Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year

	2007/08	2006/07
	£000	£000
Amounts excluded by statute		
Amortisation of intangible fixed assets	(35)	(40)
Depreciation & impairment of fixed assets	(1,248)	(2,180)
Government grants deferred amortisation	417	418
Write downs of deferred charges to be financed from capital resources	(329)	(1,231)
Net gain or loss on sale of fixed assets	8	18
Net charges made for retirement benefits in accordance with FRS 17	(1,700)	(1,968)
	(2,887)	(4,983)
Amounts included by statute		
Capital expenditure charged in-year to the General Fund Balance	170	28
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(11)	(20)
Employer's contributions payable to the Wiltshire County Council Pension Fund and retirement benefits payable direct to pensioners	2,100	2,174
	2,259	2,182
Additional items		
Voluntary revenue provision for capital financing	5	5
Transfer of other income to usable capital receipts	135	-
Net transfer to or from earmarked reserves	446	(19)
	586	(14)
Total	(42)	(2,815)

Following the introduction of the Prudential Code there is a requirement to set aside a minimum revenue provision (MRP) for repayment of external debt. In 2007/08 this was calculated as nil as the Capital Financing Requirement at the start of the year was nil. The Council made a voluntary revenue provision in respect of the capital repayment of its finance lease.

Deferred charges represent spending on capital projects such as sewerage schemes, which are not assets owned by the Council. Spending is therefore written out to the General Fund to remove these amounts from the Balance Sheet. They have been charged directly to individual General Fund services in line with best practice

	Balance at 31 March 2007 £000	Expenditure in year £000	Written off to Revenue £000	Balance at 31 March 2008 £000
Improvement grants	-	828	(828)	-
Social Housing Grant	-	138	(138)	-
Other grants	-	28	(28)	-
Other services	-	352	(352)	-
	-	1,346	(1,346)	-

15 Capital Development Programme

An analysis of expenditure on assets and deferred charges is given below:

	2007/08 £000	2006/07 £000
Operational Assets		
Housing construction and improvement	8	308
Leisure facilities improvements	-	374
Wheeled bins	22	-
Computer developments	677	253
Parks and play area improvements	246	253
Pumping Stations	7	-
Car park improvements	31	31
Offices & Depot	124	74
Vehicles, plant and equipment	46	19
Cemeteries	27	(9)
Non-Operational Assets	10	-
	1,198	1,303
Intangible Assets		
Computer developments	54	51
Deferred Charges		
Housing and renovation grants	828	1,002
Housing enabling	138	950
Land development	22	3
Land drainage and sewerage schemes	110	124
Five Towns initiative	88	19
Grants	28	24
Housing PFI	132	122
	2,598	3,598

16 Capital Financing

2007/08 £000	2006/07 £000
-------------------------	-------------------------

Capital receipts	1,314	2,271
Borrowing	-	-
Revenue	170	28
Capital grants and contributions	1,114	1,299
Finance lease	-	-
Increase/(decrease) in capital creditors	-	-
	2,598	3,598

The opening capital financing requirement at 1 April 2004 of (£3,278,000) is a measure derived from the balance sheet of the amount of capital expenditure defrayed in previous years that has been over-financed in the past by the setting aside of capital receipts or revenue provisions. Prior to 2004/5 this measure was provided by a memorandum account called the credit ceiling. The process of moving from the credit ceiling measure to the balance sheet measure has identified a difference of £642,000; the balance sheet indicating that £642,000 more has been financed than the credit ceiling measure. Whilst there may be legitimate reasons for difference between these two measures, the difference cannot be determined precisely.

17 Information on assets held

Fixed assets owned by the Council include the following:

	Number as at 31 March 2008	Number as at 31 March 2007
Council dwellings (hostels)	52	52
Operational buildings:		
Municipal offices	1	1
Sports centres	3	3
Swimming pools	3	3
Depots	1	1
Surface car parks	24	24
Multi-storey car parks	1	1
Public conveniences	9	9
Operational equipment		
Servers	44	37
Desktop PCs	292	308
Notebook PCs	60	57
Vans	23	21
Street sweepers	2	2
Ride-on mowers	1	4
Community assets		
Parks & open spaces (hectares)	211	211
Cemeteries/Closed churchyards	20	20
Allotments - plots	257	257
Non-Operational assets		
Commercial property sites	11	11

18 Capital Commitments

The Council has either entered into significant capital contracts or agreed to give future grant funding as at 31 March where the outstanding commitments

are as follows:

	2007/08	2006/07
	£000	£000
Chapmanslade sewerage scheme	550	660
Leisure centres refurbishment	-	-
Affordable housing	-	138
Kingsbury Square refurbishment	-	-

19 Leasing

The Council acquired computer equipment in 2006/07 under a finance lease. The outstanding obligations to make payments under this finance lease are:

	31 March 2008	31 March 2007
	£000	£000
Amounts repayable within 1 Year	4	4
Amounts repayable within 2 - 5 Years	-	5
	4	9

The amount charged to revenue in 2007/08 was £5,368.

The Council uses leased vehicles, plant and equipment financed under operating leases which expire in November 2009. The amount charged to revenue in 2007/08 was £14,764. Future cash payments required under these leases are:

	£
Payable 2008/09	9,792
Payable 2009/10	-
Total future payments	<u>9,792</u>

20 Asset Valuation

Assets have been valued at 31 March 2007 by King Sturge, a firm of Chartered Surveyors. Computer equipment, vehicles and moveable plant and intangible assets are valued at cost. In addition, asset values are increased during a financial year by capital spending. Community Assets includes both land and buildings.

Basis for valuations:

- Council dwellings - open market value
- Land and buildings -open market value or direct replacement cost where there is no market
- Vehicles, moveable plant and equipment - purchase cost less depreciation
- Community assets - purchase costs plus capital improvements
- Non-operational assets - open market value
- Fixed plant and machinery - included in the valuation of buildings
- On going capital works - at cost and revalued as necessary.

Basis for Depreciation:

- Council dwellings - certified value less residual value divided by expected life
- Land and buildings - certified value less residual value divided by expected life
- Vehicles, moveable plant and equipment - cost divided by expected life
- Computer equipment and intangible assets- 30% of reducing balance with only half charged in the year of acquisition and the remainder to fully depreciate in the sixth year, when they are written out
- Community assets - cost divided by expected life except none on land
- Non-operational – if not held at market value, then certified value less residual value divided by expected life.

21 Movement of Fixed Assets 2007/08

Changes in fixed assets during the year were as follows:

	Council Dwellings (Hostels)	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Non-Operational Assets	Total Tangible Assets	Intangible Assets
	£000	£000	£000	£000	£000	£000	£000
Certified value as at 1.4.07	2,185	17,107		1,516	8,228		
Accumulated Depreciation	0	0	0	0	0		
Net book value at 1.4.07	2,185	17,107	1,767	1,516	8,228	30,803	87
Additions	8	206	745	229	10	1,198	54
Disposals			(34)			(34)	
Revaluations						-	
Impairments		(60)	(22)			(82)	
Depreciation for year	(49)	(307)	(752)	(38)	(3)	(1,149)	(35)
Depreciation on assets sold	0	0	(16)	0	0	(16)	0
Value as at 31.3.08	2,144	16,946	1,688	1,707	8,235	30,720	106

22 Analysis of net assets employed

	2007/08	2006/07
	£000	£000
General Fund	6,487	4,381
Commercial estates	7,692	7,745
	14,179	12,126

23 Borrowing

The Council had no short or long term loans as at 31 March 2008.

24 Insurance

In consultation with the Council's insurers, a degree of self-insurance has been undertaken, with the Council bearing the first £2,500 per non-personal liability claim. No provision is made for any claims that are in the process of being

settled.

25 Provisions

These are mainly grants awarded by the authority in respect of works to be undertaken. The timing of these payments is uncertain as they relate to the grants being claimed when the work has been completed. Rent deposits are held on behalf of landlords and are either claimed or returned to the council when a tenancy ends.

	31 March 2008	31 March 2007
	£000	£000
Village halls	36	8
Historic buildings	75	72
Rent deposits	81	-
	192	80

26 Reserves

Usable Capital Receipts Reserve

Movements in the year in respect of usable capital receipts are as follows:

	2007/08	2006/07
		£000
Opening balance	1,964	4,198
Receipts from sales	201	57
Contribution to Housing Capital Receipts Pool	(11)	(20)
Used for capital financing	(1,314)	(2,271)
	840	1,964

The usable capital receipts reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans. £86,160 of capital receipts has been earmarked to meet any indemnity payments to West Wiltshire Housing Society (see note 27 Contingent Liability). This amount does not represent an estimate of the liability. £219,153 has also been earmarked for expenditure on joint initiatives in the five towns.

Deferred Capital Receipts

Deferred capital receipts are the amounts due to the Council where payments are made in instalments, over agreed periods of time. They consist of amounts outstanding on mortgages given by the council for council house sales. A proportion of these future receipts will have to be paid into the national housing capital receipts pool.

Capital Adjustment Account

This account shows:

- amounts of capital expenditure already financed
- the consolidated revaluation gains prior to 1st April 2007

- the financing of capital spending during 2007/08 from various sources.
- the difference between MRP (the minimum revenue charge for financing of capital expenditure) and depreciation charges to services.

The opening balance for 2007/08 is made up of the 2006/07 closing balances on the Capital Financing Account and Fixed Asset Restatement Account. The comparator shown in this note are the components of these accounts reanalysed in the format of the entries included in the Capital Adjustment Account.

	2007/08	2006/07
	£000	£000
Opening Balance	30,355	22,808
Capital financing		
- Capital receipts	1,314	2,271
- Revenue	170	28
Government grants deferred	417	418
Impairments	(82)	(721)
Revaluation of assets (prior to 1/4/07)	-	8,986
Write off expenditure	-	(798)
MRP (less depreciation provision)	(1,201)	(1,407)
Disposal of Assets (net of depreciation)	(34)	-
Voluntary repayments of principal	5	5
Less Repayment of mortgages	(8)	(3)
Deferred charges financed from Capital Resources	(329)	(1,231)
	30,607	30,356

Revaluation Reserve

This account came into effect on 1st April 2007 and is used to record the five main lifecycle events of a fixed asset – acquisition and enhancement, upward revaluation, downward revaluation, depreciation and impairment losses and disposal. The authority revalued all assets on 31st March 2007, so there are no entries for 2007/08.

	2007/08	2006/07
	£000	£000
Balance at Start of Year	-	-
Impairment of previously revalued asset	-	-
Revaluation of assets (since 1/4/07)	-	-
Balance at End of Year	-	-

Other reserves have been allocated in accordance with accounting policies.

	31 March	31 March
	2008	2007
	£000	£000
Reserves		
Commercial property repairs	38	38

Housing Preferred Development Partners	139	109
District elections	0	39
West Wilts Show	0	2
Historical Buildings Joint Committees	0	18
Planning delivery grant	74	91
Housing PFI	84	185
Service commitments	665	85
Vehicle Replacement Fund	204	192
	1,204	759

27 Contingent Liabilities

The agreement to transfer council properties to West Wiltshire Housing Society included a clause that the Council would indemnify the Society in respect of the cost of repairing or replacing sewers and plant. The Society will meet the costs to the level of agreed threshold and thereafter the Council will meet any costs. Any unspent amounts below the threshold will be carried forward and serve to increase the threshold in the following year. By the nature of the agreement it is not possible to calculate the liability of the Council. The indemnity will terminate on 31 March 2031.

The Council has been undertaking a pay review as part of the national pay agreement between the local authority employers and the trades unions. The review will take effect from 1 April 2007. It is possible that individual employees may make a claim for arrears of pay under equal pay legislation. The Council considers the likelihood of a successful claim as low.

28 Halls Transfer

On 1 April 2001 four halls were transferred to the respective Town Councils. Westbury Town Council became the trustees of the Laverton Institute on 1 December 2003. Subsidies are payable towards the ongoing costs as follows:

2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
£110,000	£57,666	£48,000	£38,000	£8,000	£8,000	£5,334

29 Post Balance Sheet Events

There are no post balance sheet events.

30 Trust Funds

The Council is sole trustee of two charitable trusts, which it operates as if it was the legal owner, the net losses, which amounted to £159,085 for 2007/08, being charged to the Council's general fund.

Westbury Public Baths

The provision and maintenance of a swimming bath for the inhabitants of the parish of Westbury to improve the conditions of life for its inhabitants.

King George's Field, Warminster

The provision of an outdoor recreation field to the memory of King George V under the provisions of the King George V Foundation.

The income and expenditure in respect of the trusts was;

1. Westbury Public Baths – income £0 and expenditure £154,594
2. King George’s Field, Warminster - income £0 and expenditure £4,491

The Council has included assets and liabilities in its Balance Sheet in respect of the following Trusts. These have been included under FRS 5 substance over form:

1. Westbury Public Baths – fixed asset £634,700
2. King George’s Field, Warminster – fixed asset £300

31 Debtors

	31 March 2008	31 March 2007
	£000	£000
Amounts falling due in 1 year		
Local taxation	4,765	4,804
Government departments	2,124	484
Housing rents	108	103
Other local authorities	558	72
Sundry debtors	1,263	1,245
Payments in advance	55	32
Other	806	737
	9,679	7,477
Amounts falling due after 1 year		
Car loans to employees	1	5
	9,680	7,482
Provision for doubtful debts	(1,611)	(1,490)
	8,069	5,992

The total provision for bad debts is calculated on type of debtors as follows;

	31 March 2008	31 March 2007
	£000	£000
Council tax	(949)	(849)
National non-domestic rates	(271)	(286)
Court costs	(70)	(66)
Housing rents	(111)	(103)
Commercial Properties	(25)	-
Sundry debtors	(185)	(186)
	(1,611)	(1,490)

32 Pensions

Participation in the Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the council offers retirement benefits. Although these will not

actually be payable until employees retire, the council has a commitment to make the payments that need to be disclosed at the time the employees earn their future entitlement.

The council participates in the Local Government Pension Scheme administered by Wiltshire County Council. This is a funded scheme, meaning that the council and employees pay contributions into a fund, calculated at a level estimated to balance the pensions' liabilities with investment assets.

Transactions Relating to Retirement Benefits

The cost of retirement benefits is recognised in the Net Cost of Services and Trading Accounts when it is earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against the council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement on the General Fund Balance (see Note 13). The current service costs of retirement benefits have been assessed using the projected unit method and these will increase as members approach retirement.

The transactions in the Income and Expenditure Account and the Statement of Movements on the General Fund Balance for the year were:

	2007/08		2006/07	
	£000	% of Pay	£000	% of Pay
Amount Charged to Net Cost of Services				
Service cost	1,047	18.0%	1,312	22.3%
Past service costs	0	0.0%	0	0.0%
Curtailments and settlements	26	0.4%	53	0.9%
Decrease in irrecoverable surplus	-	-	-	-
Total Operating Charge (A)	1,073	18.4%	1,365	23.2%
Amount Charged/Credited to Net Operating Expenditure				
Expected return on employer assets	2,589	44.5%	2,364	40.1%
Interest on pension scheme liabilities	(3,216)	(55.3%)	(2,967)	(50.4%)
Net Return (B)	(627)	(10.8%)	(603)	(10.2%)
Net Revenue Account Cost (A)-(B)	1,700	29.2%	1,968	33.4%
Statement of Movement in the General Fund Balance				
Reversal of charges made in accordance with FRS17	(1,700)	(29.2%)	(1,968)	(33.4%)
Actual amount charged against the General Fund Balance for the year	2,100	36.1%	2,175	36.9%

Assets and Liabilities in Relation to Retirement Benefits

At 31 March the council included the following net assets and liabilities for pensions in the balance sheet.

2007/08 2006/07

	£000	£000
Present value of scheme liabilities	(51,515)	(56,336)
Present value of unfunded liabilities	(3,412)	(3,735)
Total Liabilities	(54,927)	(60,071)
Estimated assets in scheme	34,931	37,054
Net Pension Liabilities	(19,996)	(23,017)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Hymans Robertson, an independent firm of actuaries, has assessed the pension fund liabilities. The main assumptions used in their calculations are set out below.

	2007/08	2006/07
Rate of inflation	3.6%	3.2%
Rate of increase in salaries	5.1%	4.7%
Rate of increase in pensions	3.6%	3.2%
Proportion of employees opting to take a commuted lump sum	25%	25%
Rate for discounting scheme liabilities	6.9%	5.4%

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. The actuaries have made allowance for 25% of retirements elect to take additional tax-free lump sum up to HMRC limits.

Assets in the Wiltshire Pension Fund which are valued at fair value, principally market value for investments, and the long term expected return net of administration and investment expenses, are analysed by category below.

	31 March 2008		31 March 2007		31 March 2006	
	Long Term Return	Value £000	Long Term Return	Value £000	Long Term Return	Value £000
Equity investments	7.7%	22,876	7.8%	25,667	7.4%	25,010
Bonds	5.7%	6,228	4.9%	6,947	4.6%	6,540
Property	5.7%	3,792	5.8%	3,603	5.5%	3,214
Cash	4.8%	2,035	4.9%	837	4.6%	655
	7.0%	34,931	7.0%	37,054	6.7%	35,419

The movements in the surplus/deficit during the year were;

	2007/08 £000	2006/07 £000
Surplus/(deficit) at 1 April	(23,017)	(25,408)
Current service cost	(1,047)	(1,312)

Employer contributions	1,851	1,958
Contributions in respect of unfunded benefits	249	216
Other Income	-	-
Other out goings	-	-
Past service costs	-	-
Impact of settlements and curtailments	(26)	(53)
Net return on assets	(627)	(603)
Actuarial gains/(losses)	2,621	2,185
Surplus/(deficit) at 31 March	(19,996)	(23,017)

There were no amounts outstanding at 31 March 2007, but at the 31 March 2008 contributions of £174,131 had been accrued but not paid to the administering authority. This amount has been included in the balance sheet as an outstanding creditor (see note 46).

The deficit on the fund has significantly reduced the net reserves of the Council. The employer’s contribution to the fund has been increased to gradually reduce the deficit over a number of years. A full actuarial valuation took place as at 31 March 2007.

Actuarial Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve can be analysed into the following categories and measured as absolute amounts and as a percentage of assets or liabilities at 31 March.

2007/08 2006/07 2005/06 2004/05 2003/04

	£000	£000	£000	£000	£000
Difference between expected and actual return on pension scheme assets	(4,537)	(563)	4,824	770	2,930
Value of assets	34,931	37,054	35,419	28,480	26,500
Percentage of assets	(13.0%)	(1.5%)	13.6%	2.7%	11.1%
Experience gains/(losses) on the scheme liabilities	(272)	(460)	317	(180)	(120)
Total present value of liabilities	54,927	60,071	60,827	52,780	43,600
Percentage of the total present value of liabilities	(0.5%)	(0.8%)	0.5%	(0.3%)	(0.3%)
Changes in assumptions underlying the value of liabilities	7,430	3,208	(6,049)	(7,690)	-
Percentage change in assumptions underlying the value of liabilities	13.5%	5.3%	(9.9%)	(14.6%)	0.0%
Actuarial gain/(loss) recognised in STRGL	2,621	2,185	(908)	(7,100)	2,810
Percentage of the total present value of liabilities	4.8%	3.6%	(1.5%)	(13.5%)	6.4%

Further information can be found in the Annual Report and Financial Statements of the Wiltshire Pension Fund for 2007/08.

33 Reconciliation of revenue cash flow

	2007/08 £000	2006/07 £000
Surplus/(deficit) per Income & Expenditure Account	(454)	(2,262)
Other non cash items (note 13)	660	2,809
Net transfers to provisions and reserves	(112)	213
Increase/(decrease) in revenue creditors	(25)	1,956
Decrease in stock and work in progress	17	1
(Increase)/decrease in debtors	(2,943)	825
Net Interest	(584)	(475)
Net Cash Inflow/(Outflow) on Revenue Activities	(3,441)	3,067

34 Reconciliation to Movements in Debt

	As at 31/3/08 £000	As at 31/3/07 £000	Movement £000
Temporary loans	0	0	
Long term borrowing	0	0	
Movement in Net debt			

Net cash inflow from revenue	3,441	(3,067)	6,508
Servicing of finance	(584)	(475)	(109)
Management of liquid resources	(3,919)	(1,482)	(2,437)
Capital activities	1,453	2,666	(1,213)
Financing	5	2,004	(1,999)
Net (Increase)/Decrease in Cash	396	(354)	750

35 Financing and Liquid Resources

	As at 31/3/08 £000	As at 31/3/07 £000	Movement £000
Financing			
Long term loans	0	0	0
Temporary loans	0	0	0
Total Financing	0	0	0
Liquid Resources			
Investments	(2,005)	(1,924)	81
Long term investments	(1,000)	(5,000)	(4,000)
Total Liquid Resources	(3,005)	(6,924)	(3,919)

36 Liquid Resources

Liquid Resources are current asset investments held which can be disposed of without curtailing or disrupting the authority's activities and are either readily convertible into known amounts of cash or close to their carrying amount.

37 Government Grants

	2007/08 £000	2006/07 £000
Housing benefits	23,656	20,191
Housing benefits administration	904	821
Housing grants	900	880
Planning delivery grant	59	79
NNDR collection	162	161
Council tax benefits	6,281	5,919

38 Investments

Total investments were £3,508,000. This was made up of £2,005,000 of short term investments, with £451,000 of accrued interest, which will be repaid in 2008 and £1,000,000 in long term investments, with £52,000 of accrued interest, which will mature in May 2009.

39 Financial Instruments

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

Long-Term		Current	
2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000

Loans and receivables	1,000	0	2,005	6,924
Accrued interest	52	0	451	0
Total loans and receivables	1,052	0	2,456	6,924

The gains and losses recognised in the Income and Expenditure Account and STRGL in relation to financial instruments are:

	Financial Liabilities		Loans and Receivables	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
Interest expense	0	0	0	0
Interest income	0	0	593	549
Net gain/(loss) for the year	0	0	593	549

40 Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans receivable prevailing benchmark rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where the instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	2007/08		2006/07	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Trade creditors	4,177	4,177	3,285	3,285
Bank overdraft	189	189	0	0

Total Financial Liabilities	4,366	4,366	3,285	3,285
Money market loans < 1 year	2,005	2,005	6,924	6,924
Money market loans > 1 year	1,000	1,004	0	0
Accrued interest	503	503	0	0
Long term debtors	100	100	121	121
Trade debtors	4,655	4,655	2,532	2,532
Total Loans and Receivables	8,263	8,267	9,577	9,577

The fair value of the money market loans > 1 year is higher than the carrying amount as the rate at which the loan was taken out is higher than the market rate during the year.

41 Disclosure of Nature and Extent of Risk Arising from Financial Instruments

Key Risks

The Council's activities expose it to a variety of financial risks. The Council does not require debt financing and currently does not have any debt exposure. As such the key risks are in relation to financial assets and are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting budget. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented by Financial Services. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default assessed by the ratings agencies and the Council's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2008 £000 (a)	Historical experience of default % (b)	Adjustment for market conditions at 31 March 2008 % (c)	Estimated maximum exposure to default £000 (a * c)
Deposits with banks and financial institutions	5	0.000%	0.000%	-
AAA & AA rated counterparties	-	-	-	-
A rated counterparties	3,503	0.020%	0.020%	1
Other counterparties	-	-	-	-
Bonds – AAA rates	-	-	-	-
Debtors	<u>4,655</u>	15.000%	15.000%	<u>698</u>
	<u>8,163</u>			<u>699</u>

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for its debtors. The amount as at 31 March 2008 can be analysed by age as follows:

£000

Less than one year	1,112
One to two years	1,330
Two to three years	671
Three to four years	577
More than four years	965
	4,655

Collateral – During the reporting period the council held no collateral as security.

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well through cash flow management procedures required by the Code of Practice.

In the event of an unexpected cash requirement the Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Council maintains an investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer term financial assets.

The approved prudential indicator limits investments placed for greater than one year in duration and are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and financial services address the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The Council has no longer term financial liabilities.

The maturity analysis of financial assets is as follows:

	£000
Less than one year	2,005
Between one and two years	1,000
Between two and three years	0
More than three years	0
	3,005

All trade and other payables are due to be paid in less than one year and debtors of £5.351 million are not shown in the table above.

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

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

Changes in interest payable and receivable on variable rate investments will be posted to the Income and Expenditure Account and effect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the STRGL, unless the investments have been designated as Fair Value through the Income and Expenditure Account.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council’s prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

Financial services will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

If all interest rates had been 1% higher with all other variables held constant the financial effect would be:

	£000
Increase in interest receivable on variable rate investments	(59)
Impact on Income and Expenditure Account	<u>(59)</u>
Decrease in fair value of fixed rate investment assets	6
Impact on STRGL	<u>6</u>

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost

Price risk - The Council, excluding the pension fund, does not generally invest in equity shares. It therefore has no exposure to loss arising from movements

in the prices of shares.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

42 Long Term Debtors/Mortgages

Long Term Debtors/Mortgages consists of loans and mortgages granted to organisations or individuals. A breakdown of the loan outstanding is given below and no provision for bad debts is considered necessary.

	31 March 2008	31 March 2007
	£000	£000
Loans for home improvements	12	18
Mortgages to buy council houses	88	101
Loans to organisations	0	2
	100	121

43 Stocks and Work in Progress

	31 March 2008	31 March 2007
	£000	£000
Stocks		
- Horticultural & engineering	0	17
Work in progress	0	-
	0	17

All stock was sold to English Landscapes following the commencement of the new Grounds Maintenance and Street Cleansing contract on 1st December 2007.

44 Cash

The figures for cash and overdraft include all transactions of the Council.

45 Deferred Income and Deferred Capital Contributions

The Council receives contributions under planning agreements. Where the Council has determined that the contributions will be applied to finance capital expenditure then they are held as deferred capital contributions. If the future use of a contribution has not been determined then it will be included as deferred income, although it may be applied to finance capital expenditure in some future period. Where the Council has decided to apply the contributions to revenue in future years then they are held as deferred income. If the amount is held for future maintenance costs then the Council will credit interest at the average seven-day rate on the sum held at the start of the year. The average seven-day rate for 2007/08 was 5.58% (4.82% in 2006/07).

46 Creditors

	31 March 2008	31 March 2007
	£000	£000
Local taxation	845	2,287
Sundry creditors	3,852	2,775
Receipts in advance	159	107
Government departments	357	395
Other capital creditors	166	21
Other local authorities	0	147
	5,379	5,732

47 Sundry Deposits

	31 March 2008	31 March 2007
	£000	£000
Trade bins	12	12
	12	12

48 Authorisation for Issue of Accounts

Ian Jamieson, Corporate Director (Chief Finance Officer), gave authorisation for the issue of the accounts on 20 June 2008. Events up to the date of issue have been considered in relation to the accounts, and in respect of the requirement for post balance sheet event disclosures.

Collection Fund

This account summarises the transactions relating to Council Tax and NNDR and shows how these are distributed. It is a statutory account to be separately maintained by all 'billing authorities' (Councils responsible for collecting the tax) and is consolidated into the Council's main accounts.

	2007/08	2006/07
	£000	£000
Income		
Council tax	57,887	55,472
Transfers from General Fund		
- Benefit granted	6,239	5,854
- Transitional relief	3	1
	<hr/> 64,129	<hr/> 61,327
Income collectable from business ratepayers	29,254	28,273
Contributions		
- Towards previous years collection fund deficit	0	0
Total	<hr/> 93,383	<hr/> 89,600
Expenditure		
Precepts and demands from County & District	64,585	61,184
Business rate		
- Payment to national pool	28,941	28,007
- Costs of collection	162	161
Provision for bad & doubtful debts/appeals	85	(71)
Write-offs	388	206
Contributions		
-Towards previous years estimated collection fund surplus	0	0
-Adjustment of previous years community charge	0	0
Total	<hr/> 94,161	<hr/> 89,487
Fund Movement in Year	<hr/> (778)	<hr/> 113
Fund Balance at 31 March	<hr/> (605)	<hr/> 173

Notes to the Collection Fund

1 Income from Business Ratepayers

The total non-domestic rateable value at 31 March 2008 was £75,217,764. There were 2 NNDR multipliers for this financial year due to the introduction of Small Business Rates Relief (SBRR). The national non-domestic multiplier for the year was 44.4p and the Small Business Rates Relief Multiplier was 44.1p

2 Taxbase

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

Band	Estimated No. of Taxable Properties	Ratio	Band D Equivalent Dwellings
	After discounts		
A	5,353	6/9	3,569
B	12,282	7/9	9,553
C	12,005	8/9	10,671
D	8,239	9/9	8,239
E	5,651	11/9	6,907
F	2,948	13/9	4,258
G	1,744	15/9	2,906
H	115	18/9	230
			46,333
	Add adjustment for contributions in lieu, new properties and bad debts		858
	Council Tax Base 2007/08		47,191

3 Precepts and Demands

Main Preceptors	2007/08	Share of Council Tax Surplus
	Precepts £000	£000
Wiltshire County Council	45,957	-
Wiltshire Police Authority	6,576	-
Wiltshire Fire Authority	2,614	-
West Wiltshire District Council	9,438	-
And local preceptors	64,585	-

4 Collection Rate

The collection rate achieved against the original debit due in the financial year was 97.6% in 2007/08, with the collection of arrears continuing to obtain monies due from previous years.

5 Amounts Written Off

The following amounts were written-off during 2007/08: Non-Domestic Rates £166,357 and Council Tax £221,852.

6 Year-end Balance

The balance of the fund at the year-end is held by the district council but can be attributed between it and the major precepting authorities as follows:

	31 March 2008	31 March 2007
	£000	£000
Wiltshire County Council	(431)	122
Wiltshire Police Authority	(62)	18
Wiltshire Fire Authority	(24)	7
West Wiltshire District Council	(88)	26
	(605)	173

Accounting Terms Explained

Accruals

An accounting concept - sums included in financial statements to cover income and expenditure due in an accounting period, where the cash has not been received or paid by the end of that period.

Assets

These represent the value of what the Council owns or is owed e.g. property, land, stock, cash and debtors etc. and represents the value the Council would receive if it was sold or wound up at the date of the Balance Sheet.

Tangible assets include:

Infrastructure: immovable assets, such as highways and footpaths

Community assets: those with no determinable finite life, for example parks and cemeteries

Operational assets: used for the direct delivery of a service, such as vehicles, computers and buildings

Non-operational assets: those, which are not used for service delivery, e.g. commercial properties, development land

Intangible assets includes computer software

Bad Debts

These are amounts owed to the Council, which are unlikely to be received, so an allowance is made for these in the accounts. This is known as a 'Provision for Bad Debts'.

Balance Sheet

This is a snapshot of the Council's financial position showing its *assets*, *liabilities* and net worth. Putting a value on what is owed, what is due, what is owned and how we have paid for it.

Capital Expenditure

Money spent on the purchase, or enhancement, of substantial assets, which are expected to have a life of over one-year. E.g. purchase of land or construction of a swimming pool. After capital expenditure has been incurred there will frequently be running costs to be met.

Capital Financing Requirement (CFR)

This is the accumulated amount of capital expenditure that has yet to be financed from any source other than borrowing. It is the net amount of assets and long term debtors financed from loans less the total of fixed asset restatement account, capital financing account and government grants deferred.

Capital Receipts

Money received from the sale of assets (usually 'one off') e.g. Sale of land.

Consistency

A desirable objective is that the accounting policies are the same from one year to the next so that figures can be reliably compared between years. If we do change policies then we must state how and why and restate the figures for the previous year or provide information that will allow a reader to make the comparison.

Creditors

Amounts the Council owes to others e.g. if the Council receives goods on the 30th March but does not pay for them until 10th April, this would be a creditor as at 31st March.

Debtors

These are people who owe money to the council. The balance sheet shows the value of amounts due at 31st March.

Deferred Charges

This is capital expenditure for which the Council does not acquire an asset, e.g. Housing and Renovation Grants and contributions to sewerage schemes.

Financial Reporting Standard (F.R.S.)

See Statement of Standard Accounting Practice.

Going Concern

An accounting concept - the accounts are prepared on the basis that the authority will continue in operational existence for the foreseeable future.

Leases

This is a way for the Council to acquire the use of items, such as computer equipment, without having to purchase them outright. A leasing company buys the item and recovers the cost from us over an agreed number of years. There are two types, finance leases where we bear the risks and rewards of ownership and operating leases where the leasing company bears them.

Liabilities

This represents the value of what the Council owes e.g. creditors, borrowing, overdrafts etc. It is the value the Council would have to pay to clear all its debts if it was sold or wound up at the date of the Balance Sheet.

Minimum Revenue Provision (M.R.P)

This is the minimum amount the Council has to charge to revenue to finance capital expenditure and is calculated as 4% of the capital financing requirement (if it is positive). If the capital financing requirement at the start of the year is negative then no charge is required.

National Non-Domestic Rates (N.N.D.R.)

This is the business version of Council Tax. Business properties have a rateable value, which is multiplied by a nationally set rate. All money collected is paid over to the Government, which then re-distributes it to Councils according to a formula, based on population.

Precepts

The money required by the County Council, Police Authority, Fire Authority and Town/Parish Councils to pay for their services is charged to the District Council as a lump sum known as a precept. West Wiltshire District Council then collects this money as part of the Council Tax.

Primacy of legislative requirement

An accounting concept - where an accounting treatment is prescribed by law then it must be applied even if it conflicts with other accounting concepts. Similarly if legislation prohibits a particular treatment then it can not be applied.

Prudence

This is a desirable objective of being cautious when preparing the accounts, i.e. making provisions for all likely costs, but not showing income unless we are likely to receive the money.

Prudential Code

This is a framework to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable.

Public Works Loans Board (P.W.L.B.)

A Government body which acts as a lender of money to local authorities.

Reserves

Amounts that have been set aside to provide resources for specific purposes such as meeting any unforeseen financial problems or to allow expenditure to be met before income is received.

Revenue Expenditure

Running costs and other day-to-day expenses e.g. electricity or salaries.

Revenue Income

Money received in respect of day to day services provided by the Council e.g. planning fees.

Statement of Standard Accounting Practice (S.S.A.P.)

This is a prescribed method to account for a particular type of transaction or situation.

Temporary Loans

Money borrowed on a short-term basis to cover cash shortages, for example, until Council tax payments are received.

United Kingdom Generally Accepted Accounting Practice (UKGAAP)

These are standard accounting practices and conventions that are used when compiling the accounts for any large company within the United Kingdom.

Work in Progress

Refers to work commenced, but not completed, as at the end of the accounting period.