

Agenda Item 6 (b)

Financial Services
Salisbury District Council
PO Box 2117
Salisbury, Wiltshire, SP2 2DF

direct line: 01722 434393
fax: 01722 434645
email: aosborne@salisbury.gov.uk
web: www.salisbury.gov.uk

Report

Subject : Statement of Accounts 2007/2008
Report to : The Cabinet
Date : Wednesday 18 June 2008
Authors : Alan Osborne and Matthew Tiller
Cabinet Member for Finance: Councillor Roberts

1. Report Summary:

- 1.1 The purpose of the report is to present the 2007/2008 Statement of Accounts for Cabinet consideration and approval subject to Full Council.

2 Policy Considerations:

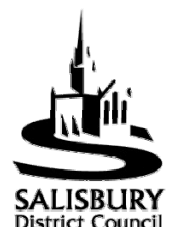
- 2.1 The Council is required to prepare accounts and arrange for them to be audited and reported in accordance with the Accounts and Audit Regulations 2003 and the 2007 Code of Practice on Local Authority Accounting in Great Britain, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

3. Background and Introduction:

- 3.1 The Audit Commission Act 1998, the Code of Audit Practice (issued by the Audit Commission) and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain set out requirements for the production and publication of the annual Statement of Accounts.
- 3.2 The Regulations require that an appropriate body should approve the Statement of Accounts after they have been certified by the Chief Financial Officer within three months of the financial year end i.e. by 30 June 2008.
- 3.3 The 2007/2008 Statement of Accounts is still subject to external audit by the Audit Commission by 30 September 2008. Any significant subsequent changes will be reported at a later date. The draft Statement of Accounts is attached at Appendix A.
- 3.4 The format of the Statement of Accounts has been amended this year in line with the new requirements of the 2007 Accounting Code of Practice.



Awarded in:
Housing Services
Waste and Recycling Services



4. Key Issues Arising:

4.1 Income and Expenditure Account

The Income & Expenditure account summarises the resources generated and consumed in providing services and managing the Council during the year. It includes all day-to-day expenses and related income, as well as transactions showing the pensions and fixed assets consumed.

The deficit on the Income and Expenditure Account is £27.028 million. After adjustments for amounts required by statute and non-statutory proper practice in order to show the true effect on the Council Tax, the General Fund balances are increased by £326,000.

The outturn variance on the net General Fund revenue expenditure is underspent by £87,291 (0.7% below revised net budget). Further details of this are included in the revenue outturn report 2007/2008 which is elsewhere on the agenda.

4.2 Fixed Assets

The total of fixed assets has decreased in 2007/2008 by a net £18.9 million. This comprises £7.3 million of capital investment in assets and £6.5 million of Revaluations (mainly Council Houses) less £18.4 million of impairments, £12.6 million of depreciation and £1.7 million book value of disposals.

Impairments arise where there is a reduction of the value of the fixed asset below its carrying value in the balance sheet. The main impairments in the accounts relate to reductions in valuations on housing stock and car parks.

4.3 Useable Capital Receipts

These are capital receipts which have not been spent or set aside to repay debt. They are therefore available to fund capital expenditure. In the year the Council received £1.8 million of capital receipts, but used £5.8 million on assets. This decreased the useable capital receipts balance to £4.0 million.

4.4 General Fund Reserves

These have increased by £326,000 in line with the movement on the General Fund.

4.5 Housing Revenue Account (HRA) Reserves

The original budget assumed a return of £1.3 million to reserves, in line with the HRA business plan. This has increased to £2.4 million to reserves due to further underspends in the HRA.

4.6 Pensions Reserve

There is a decrease in the total net liability this year, which has decreased from £16.1 million to £11.8 million. This accounting deficit differs from the actuarial deficit which the Council is aiming to eliminate over 20 years.

5. Options for Consideration:

None

6. Consultation Undertaken:

Strategic Management Team
Audit Committee (18 June 2008)

7. Recommendation:

7.1 That the Statement of Accounts for the financial year ended 31 March 2008 be approved.

8. Background Papers:

Revised 2007/2008 and Original 2008/2009 Revenue Budget (30 January 2008)
Performance Monitoring Reports 2007/2008
Financial Strategy 2008/2010 (10 October 2007)
Revenue and Capital outturn report 2007/2008 (18 June 2008)

9. Implications:

- **Financial:** As contained within the Report.
- **Legal:** None identified.
- **Human Rights:** The human rights relating to this issue have been considered proportionate to the legitimate end to be achieved.
- **Personnel:** None
- **Climate Change:** None
- **ICT:** None
- **Council's Core Values:** The year end accounts are a financial expression of the Council's aims and objectives, underpinned by the Council's core values.
- **Wards Affected:** All

Appendix A**Explanatory Foreword**

By Alan Osborne, Head of Financial Services and Matthew Tiller, Chief Accountant

This forward gives a guide to the Council's Statement of Accounts and the key items in them. The Statement of Accounts is by necessity presented in the very formal manner required by regulation, but in this foreword we can introduce the authority's finances in plainer terms. The format of the accounts has been amended this year in line with changes introduced by the 2007 Accounting Code of Practice (ACOP).

The Accounts

The Statement of Accounts comprises:

- An explanatory foreword
- A Statement of Accounting Policies
- Statement of Responsibilities for Statement of Accounts
- Accounting Statements
- Notes to the Accounts (including pensions disclosures)

The Accounting Statements comprises five Core Financial Statements. These are:

- **The Income and Expenditure Account.** This summarises the resources generated and consumed in providing services and managing the Council during the year. It includes all day-to-day expenses and related income, as well as transactions showing the fixed assets consumed and pensions. This replaces in part the Consolidated Revenue Account shown in previous years, and is in line with UK GAAP accounting standards;
- **The Statement of Movements on General Fund Balance.** This adjusts the balance on Income and Expenditure account with items required by statute or non-statutory proper practice in order to show the true effect on Council Tax;
- **Statement of Recognised Gains and Losses (STRGL).** This brings together all the gains and losses for the year and shows the aggregate increase in net worth of the authority;
- **The Balance Sheet.** This is a snapshot picture as at 31 March 2008 that shows what the authority owns and owes;
- **The Cash Flow Statement.** This shows where money came from and where it went.

Notes to the Core Financial Statements follow these statements.

Additionally, the following supplementary financial statements are produced.

- The Housing Revenue Account (HRA). This covers the authority's expenditure on Council housing. The Government requires that this be shown separately;
- The Collection Fund. This shows the rates and taxes that the Council has to collect, not only for itself, but also for the Government, Wiltshire County Council, Wiltshire Police Authority, Wiltshire & Swindon Fire Authority and Parish Councils.

1 Changes in the Statement of Accounts

The Council follows recommended accounting practices. Full explanations of any changes required for 2007/2008 are in the Statement of Accounting Policies and the various notes to the accounts.

2 Revenue

In respect of net revenue expenditure, the Council's 2007/2008 General Fund revised budget and actual spending figures were as follows:

General Fund Portfolio	Original Budget £	Revised Budget £	Actual £	Difference £
Finance (including central contingency)	(1,829,700)	(2,230,780)	(2,397,915)	(167,135)
Resources	3,937,940	3,272,740	3,678,748	406,008
Community Initiatives	3,366,200	3,598,590	3,660,040	61,450
Housing	1,278,650	1,263,880	1,204,531	(59,349)
Economic Development & Tourism	575,690	606,820	560,952	(45,868)
Planning	1,725,890	1,991,030	2,022,704	31,674
Environment	4,824,620	4,846,890	4,541,357	(305,533)
Transport	(502,250)	27,870	19,332	(8,538)
				0
General Fund Portfolio Totals	13,377,040	13,377,040	13,289,749	(87,291)
Funded by:				
Revenue Support Grant	(6,626,117)	(6,626,117)	(6,626,117)	0
National Non-Domestic Rates	(1,111,999)	(1,111,999)	(1,111,999)	0
Extra Government Grant			(339,263)	(339,263)
Collection Fund Deficit	(655)	(655)	(655)	0
Collection Fund Transfer	(5,538,082)	(5,538,082)	(5,538,082)	0
				0
Movement on General Fund	100,187	100,187	(326,367)	(426,554)

The outturn variation on the General Fund is £87,291 or 0.65% below the revised net budget for 2007/2008. More about the Council's revenue spending on services is given, with notes, in the Income & Expenditure Account on pages 12 and 15 to 19. The overall movement on the General Fund is a £326,000 contribution to Reserves. More details are included in the Statement of Movement on General Fund.

3 Major Revenue Variations

Details of main variations to the revised budget are highlighted below:

Interest Received £218,000 overachievement of income. This is due to higher interest rates during the year. Rebasing in the year means it is not thought that these will reoccur.

Management Team £277,000 overspend. This reflects one-off expenditure relating to the management team restructure. This is one-off expenditure.

Housing Needs Service £167,000 overspend. This is a result of increased demand for temporary accommodation. Additional budget provision of £80,000 has been made in 2008/2009. However, this will require close review during 2008/2009.

Housing Benefits £251,000 underspend. This is made up of two different variances. Firstly non-recurring savings on staffing and other costs of £90,000. Secondly a better than expected performance on recovering benefit payments of £161,000. It is not thought they will reoccur in 2008/2009.

Environmental Services £306,000 underspend. This relates to the changes to the recycling scheme, which were delayed from the original start date of October 2007, staffing savings, and overachievements in income.

Car Parks £125,000 overspend. This is due primarily to an underachievement of income, particularly at park and ride sites. Despite price increases no overall adjustments have been made to income targets in 2008/2009.

Transportation £134,000 underspend. This is made up of various items, mainly an underspend on Concessionary Fares. The introduction of the new national scheme in 2008/2009 means this is unlikely to reoccur.

Premium Payments £215,000 overspend. This is due to the premium payment savings in the budget not being implemented. Following a change of policy, this has been removed as part of the budget setting process for 2008/2009.

4 Capital

When buying something that will last more than a year, the cost should be spread over its expected useful life. For the authority this is called capital expenditure, as opposed to revenue expenditure which is day to day outgoings such as heating, lighting, wages etc. The Council treated £8.491m of its expenditure in 2007/2008 as capital. The major schemes included in this spend were £2.784m on refurbishment of HRA properties, including disabled adaptations and £1.983m on the office centralisation projects

5 Capital Financing and Debt-Free Status

This Council has been free of any external debt since 1998. The Prudential system allows councils to determine their own levels of debt subject to affordability. The Government reserves the right to limit overall council debt, based on its public sector borrowing requirement. In 2007/2008, the Council funded its capital expenditure by capital receipts (51.7%), major repair reserve (34.1%) and other sources (14.2%).

6 Best Value Accounting Code of Practice (BVACOP)

The 2007/2008 Statement of Accounts has been prepared in accordance with the requirements of the 2007 Best Value Accounting Code of Practice (BVACOP).

7 Pensions

There is a decrease in the total net liability this year, which has decreased from £16.1m to £11.8m. Further details of the pensions liability can be found in the Statement of Accounting Policies, and in the notes to the core financial statements.

8 Further Information

Requests for further information about these accounts may be made to:

Financial Services
PO Box 2117
Salisbury,
Wiltshire SP2 2DF
fsmail@salisbury.gov.uk



Alan Osborne
Head of Financial Services
18 June 2008

Statement of Accounting Policies

1 General

This Statement of Accounts has been prepared according to the Code of Practice on Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This meets all requirements of proper accounting practice for local authorities. There are no major changes to previous publications required by the Code of Practice.

2 Fixed Assets

Where the authority will benefit for more than one year, the purchase or improvement of fixed assets is capitalised in the accounts. By definition, this excludes routine repairs and maintenance which are charged directly to service revenue accounts.

Valuation of land and buildings accords with the statement of asset valuation principles and guidance notes issued by the Royal Institute of Chartered Surveyors (RICS), as recommended by CIPFA. In accordance with this guidance, it was not considered necessary to inspect all properties for valuation purposes. These valuations are undertaken on a rolling programme over a 5 year period. The effect of revaluations is contained in the "Revaluation Reserve".

Operational properties are held at either open market value, for existing use, or at the depreciated replacement cost where no market for the asset exists. Council houses in the balance sheet are at a discounted value to reflect that they are social housing.

Non-operational assets are held at an open market value basis. Valuations do not include equipment and infrastructure, which are included at historic cost.

Where the authority will benefit for more than one year, the expenditure on intangible fixed assets (assets with no physical substance) is capitalised, and the balance is amortised over the economic life of the investment to reflect the pattern of consumption of benefits.

3 Depreciation & Amortisation

Depreciation or Amortisation has been applied in these accounts on the following basis:

Council Dwellings. Council Dwellings are depreciated on a straight line basis over the useful life of the asset (30 years) in the Housing Revenue Account.

Other Land and Buildings. Garages and Buildings are depreciated on a straight line basis over the useful life of the asset (50 years). Land is not depreciated.

Vehicles, Plant etc. These are depreciated on a straight line basis over 5 years.

Community Assets, Assets Under Construction and Non Operational Assets. These are not depreciated.

Intangible Assets. These are amortised on a straight line basis over 5 years.

4 Deferred Charges

Deferred charges are payments of a capital nature where no fixed asset is acquired. These are required to be shown separately by the Code of Practice.

5 Capital Receipts

Income received above £10,000 from disposal of a fixed asset is called a capital receipt. It is held in the capital receipts unapplied account until either used to buy new assets or repay debt. The General Fund or the Housing Revenue Account, as appropriate, receives interest on the balance. Legislation requires a percentage of capital receipts to be set aside against outstanding debt unless the Council is debt-free. This appears in the balance sheet within the Capital Adjustment Account.

A proportion of receipts relating to housing disposals is payable to the government as part of the pooling scheme.

6 Treatment of Leases

Operating lease rentals are charged direct to service revenue accounts.

7 Charges to Revenue

In addition to depreciation and amortisation of fixed assets, other charges include sums transferred to reserves (see note 11 below) and contributions to the cost of capital expenditure.

8 Internal Interest

Surplus monies arising from capital and revenue transactions may be utilised in lieu of borrowing from external sources. Memorandum interest on the average level of this internal borrowing is calculated by using the Bank of England Average Base Rate to enable average borrowing to be calculated for the year. The average rate of interest charged to the revenue accounts in 2007/2008 was 1.382% (2006/2007 4.818%) plus debt management expenses of 0.2% (2006/2007 0.2%).

9 Investments

Investments are shown in the balance sheet at the lower of cost or market value. At 31 March 2008, the Council had £25.799 million invested, £9 million of which was invested by the in-house team, £4 million on the overnight money market and the remainder with Invesco (External Fund Managers appointed by the Council during 1999/2000). The total interest earned in 2007/2008 was £1.754 million, which was credited to various funds of the Council. Investments are made in accordance with the Treasury Management Policy, which is approved annually by the Council.

10 Non-Compliance with Code of Practice

For operational reasons, the accounts do not fully comply with the Code of Practice on minor points. The main non-compliance is in relation to debtors and creditors. Whilst the accounts are maintained on an accruals basis i.e. all sums due to or from the Council are included whether or not the cash has actually been received or paid in the year, exceptions are made for quarterly utilities payments based on meter reading dates. Salaries and wages appear on a cash basis. Since these policies are applied consistently year on year, they have no material effect on any one year's accounts.

11 Reserves and Provisions

The Authority holds two types of balances – reserves and provisions. Money prudently held as a general sum against future needs is classed as a reserve and payments to it do not count as service expenditure. Money held in reserve is transferred back to revenue to meet needs as they arise. The net effect of revenue sums set aside appears as an adjustment in the Income and Expenditure Account. The movements in reserves are shown on page 24. Where a risk of loss or liability is recognised but size and timing are uncertain, a provision is raised. Payment to a provision is service revenue expenditure.

The provision for bad debts at 31 March 2008 is made up as follows:

	2007/2008 £000	2006/2007 £000
General Fund debtors	(545)	(515)
Housing Rent arrears	(566)	(719)
Council Tax arrears	(241)	(236)
NNDR arrears	(197)	(128)
TOTAL	(1,549)	(1,598)

12 Stocks and Work in Progress

Stocks and stores are in the accounts at the latest price paid and consequently issued on a current price basis. Work in progress on uncompleted jobs is valued at cost, including overhead allocations.

This is a departure from the requirements of the Code and SSAP 9, which requires stock to be valued at the lower of cost or net realisable value. The effect of this treatment is not material.

13 Pensions

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

Until the publication of FRS17 "Retirement Benefits", Local Authorities had not been required to follow UK Generally Accepted Accounting Practice (GAAP) in accounting for pension costs. Authorities generally made charges to revenue based on employer's pension contributions payable and payments to pensioners during the year, rather than benefits entitlements earned by employees.

FRS 17 requires that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years in the future. The adoption of this standard has taken place over a planned staged basis, as per the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2007.

Full adoption of the standard took place during the financial year 2003/2004 and has continued since then. This requires the recognition of the net asset/liability and a pensions reserve in the balance sheet and entries in the Income and Expenditure Account for movements in the assets and liabilities of the scheme (with reconciling entries back to contributions payable for Council Tax purposes).

14 Support Service Allocations

In accordance with the Best Value Accounting Code of Practice, Support Services Allocations are made to the individual Support Service on the most appropriate basis. This is annually reviewed in light of best practice.

15 Grants

All revenue grants have been credited to the accounts for the period to which they relate in accordance with SSAP4.

Capital grants are charged to the Capital Contributions Deferred Account and are amortised as a credit to the Income and Expenditure Account over the life of the asset to offset the depreciation charges made for the asset. The grants are written off in full to the Income and Expenditure Account in the year if the funded assets are classified as deferred charges.

16 Excess Charge Payments

Amounts owed on car parking excess charges are not part of the main accounting system. They are not consolidated into the accounts. The effect of this is not material.

17 VAT

Only irrecoverable VAT is included in revenue or capital expenditure.

The Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- Arrange for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the management of those affairs. In this Authority, that officer is the Head of Financial Services;
- Secure economic, efficient and effective use of its resources and to safeguard its assets;
- Approve the Statement of Accounts.

The Head of Financial Services' Responsibilities

The Head of Financial Services is responsible for the preparation of the authority's Statement of Accounts. This has, under the CIPFA/LASAAC (Local Authority (Scotland) Accounts Advisory Committee) Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year to 31 March 2008.

In preparing this Statement of Accounts, the Head of Financial Services has:

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

The Head of Financial Services has also:

- kept proper, up to date accounting records;
- taken reasonable steps to prevent and detect fraud and other irregularities.

The Statement of the Head of Financial Services

The required financial statements which appear on pages 12 to 38 have been prepared in accordance with the accounting policies set out at pages 4 to 7.

I certify that the Statement of Accounts presents fairly the financial position of Salisbury District Council at 31 March 2008 and the income and expenditure for the year ended on that date.



Alan Osborne
Head of Financial Services

18 June 2008

ANNUAL GOVERNANCE STATEMENT

This will be taken to the audit committee that is meeting on 18 June 2008, and will be incorporated into the final published statement of accounts.

Independent Auditor's Report to the Members of Salisbury District Council

Opinion on the financial statements

I have audited the financial statements of Salisbury District Council for the year ended 31 March 2008 under the Audit Commission Act 1998, which comprise the Explanatory Foreword, Income and Expenditure Account, Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Salisbury 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 auditors

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

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 financial statements present fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

I review whether the statement on internal control reflects compliance with CIPFA's guidance 'The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003' issued in April 2004. I report if it does not comply with proper practices specified by CIPFA 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 statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

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 financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

To be inserted following the audit of the accounts.

District Auditor: Brian Bethell
Address: Audit Commission
Westward House
Lime Kiln Close
Stoke Gifford
Bristol
BS34 8SR

Date: September 2008

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 to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

To be inserted following the audit of the accounts.

Best Value Performance Plan

To be inserted following the audit of the accounts.

Certificate

To be inserted following the audit of the accounts.

District Auditor: Brian Bethell
Address: Audit Commission
Westward House
Lime Kiln Close
Stoke Gifford
Bristol
BS34 8SR

Date: September 2008

Income and Expenditure Account

This account shows expenditure on and income from the Council's day to day activities. Expenditure includes salaries, wages, service and depreciation charges. It gives the cost of the main services provided by the Authority.

General Fund Services	NOTES	2007/2008		2006/2007	
		Expenditure £000	Income £000	Net Expenditure £000	Net Expenditure £000
Central Services to the Public	1a	3,334	(2,764)	570	489
Cultural, Environment & Planning	1b	19,001	(7,950)	11,051	10,688
Highways, Roads & Transport Services	1c	7,362	(4,594)	2,768	(651)
Housing Services General Fund	1d	31,623	(29,216)	2,407	2,056
Housing Services HRA	1e	41,901	(21,455)	20,446	5,021
Corporate & Democratic Core	1f	4,100	(959)	3,141	2,994
Non-distributed Costs	1g	693	(53)	640	1,036
Exceptional costs	1h/ 2			0	510
Net Cost of Service		108,014	(66,991)	41,023	22,143
City Special Levy				583	553
Parish Precepts				862	798
Interest payable and similar charges				1	190
(Profit)/Loss on disposal of Fixed Assets				97	(442)
Contribution of Housing Capital receipt to Government Pool				1,432	1,256
Interest and investment income (note 11)				(1,681)	(1,378)
Pension Interest Costs and Expected Return on Assets				(228)	(240)
Net Operating Expenditure				42,089	22,880
Additional grant				(339)	(172)
Demand on Collection Fund				(6,984)	(6,606)
Revenue Support Grant				(1,112)	(1,213)
Distribution from National Non-Domestic Rate Pool				(6,626)	(6,195)
Total Deficit for Year				27,028	8,694

Statement of Movement on the General Fund

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance. More details are included in note 12

	Note	2007/2008 £000	2006/2007 £000
(Surplus)/ Deficit for year on Income and Expenditure Account		27,028	8,694
Net additional amount required by statute and non-statutory proper practice to be debited or credit to General Fund balances for the year	13	(27,354)	(9,086)
(Increase)/ Decrease in General Fund balance for the Year		(326)	(392)
General Fund Balance Bought forward		(1,687)	(1,295)
General Fund Balance Carried forward		(2,013)	(1,687)

Statement of Total Recognised Gains and Losses

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

	2007/2008 £000	2006/2007 £000
Deficit/(Surplus) for the year on income and expenditure account	27,028	8,694
Deficit/ (Surplus) arising on revaluation of fixed assets	(6,526)	(25,995)
Actuarial (gains)/losses on pension fund assets and liabilities	(3,883)	(2,635)
Movement in SDC collection fund balance	(10)	5
Other items	(48)	(112)
Total Recognised (Gains)/ Losses for the year	16,561	(20,043)

Other items in 2007/2008 relate to movements in the City Area. This will be reviewed in the future as part of the review of the future Council structures in light of Local Government Reorganisation.

Balance Sheet

This statement summarises the Council's assets and liabilities at 31 March for the years 2008 and 2007

	NOTES	31 March 2008		31 March 2007	
		£000	£000	£000	£000
Fixed Assets					
Intangible Assets	14		1,999		2,271
Operational assets					
- Council dwellings & Garages		291,172		315,303	
- Other land and buildings		43,982		46,391	
- Vehicles, plant, furniture and equipment		3,116		1,979	
- Infrastructure		1,585		1,559	
- Community Assets		42	339,897	42	365,274
Assets Under Construction			6,589		0
Non-operational assets			9,872		9,735
	15 & 21		<u>358,357</u>		<u>377,280</u>
Deferred Charges	18		0		0
Long term debtors	22		1,991		2,308
Total Long Term Assets			<u>360,348</u>		<u>379,588</u>
Current Assets					
Stocks and work in progress	23	257		174	
Temporary investments		25,799		25,745	
Debtors	24	3,585		4,020	
Payments in advance		564		602	
Cash and Bank		605		125	
			30,810		30,666
Total Assets			<u>391,158</u>		<u>410,254</u>
Current Liabilities					
Creditors	25	(4,713)		(4,868)	
Bank Overdraft		(264)		(1,318)	
Receipts in Advance		(5,080)		(3,168)	
			(10,057)		(9,354)
Total Assets less Current Liabilities			<u>381,101</u>		<u>400,900</u>
Long Term Liabilities					
Trust Funds	26	(53)		(49)	
Pension Fund Liability	35 & 36	(11,771)		(16,093)	
Planning Deposits		(3,898)		(3,467)	
Government Grants Deferred		(2,142)		(1,489)	
Other Deposits		(72)		(71)	
Deferred Liability		(18)		(23)	
			(17,954)		(21,192)
Total Assets less Liabilities			<u>363,147</u>		<u>379,708</u>
Financed by					
Revaluation Reserve	29	(5,691)			0
Capital Adjustment Account	30	(351,567)			(377,144)
Useable Capital Receipts Reserve	31	(1,838)			(5,872)
Major Repairs Reserve	32	(1,345)			(897)
Deferred Capital Receipts		(1,872)			(2,088)
Pension Reserve	36	11,771			16,093
General Fund Balance		(2,013)			(1,687)
Housing Revenue Account Balance		(9,654)			(7,282)
Specific Reserves	33	(938)			(831)
Total Equity	27 & 28		<u>(363,147)</u>		<u>(379,708)</u>
Movement of fixed assets					

Alan Osborne

Alan Osborne Head of Financial Services 18 June 2008

Cashflow Statement

This consolidated statement summarises the movement of cash between the Authority and third parties for both capital and revenue purposes.

	NOTES	2007/2008		2006/2007	
		£000	£000	£000	£000
Revenue Activities					
Cash outflows					
Cash paid to and on behalf of employees		18,646		18,922	
Other operating cash payments		36,582		32,050	
Housing Benefits paid out		11,838		11,015	
Non-Domestic Rate payments to national pool		30,581		30,581	
Precept paid		50,901		51,185	
Payments to the Capital receipts pool		1,432	149,980	1,256	145,009
Cash inflows					
Council Tax receipts		(51,810)		(50,888)	
Non-Domestic Rate receipts		(32,223)		(33,500)	
Non-Domestic Rate receipts from national pool		(6,626)		(6,195)	
Revenue Support Grant		(1,112)		(1,385)	
Rents (after rebates)		(9,211)		(8,593)	
DWP grants for rebates		(26,515)		(25,706)	
Other Government grants	42	(2,002)		(4,290)	
Cash received for goods and services	37	(26,138)	(155,637)	(22,505)	(153,062)
			(5,657)		(8,053)
Servicing of Finance					
Cash inflows					
Interest received		(2,041)	(2,041)	(1,366)	(1,366)
Capital Activities					
Cash outflows					
Purchase of fixed assets		8,605		6,654	
		8,605		6,654	
Cash inflows					
Sale of fixed assets		(1,842)		(2,824)	
Other Capital cash receipts		(653)		(1,222)	
		(2,495)	6,110	(4,046)	2,608
Net cash outflow/(inflow) before financing			(1,588)		(6,811)
Net increase /decrease in temporary investments			54		7,390
Decrease/(increase) in cash	39		(1,534)		579

Notes to the Core Financial Statements

Notes on Income and Expenditure Account

Note 1 CIPFA Best Value Accounting Code of Practice – Service Expenditure Analysis

The Net Cost of service on the Income and Expenditure Account can be reported according to the CIPFA Best Value Accounting Code of Practice service expenditure analysis. This is given in the detail below.

		2007/2008		2006/2007	
	NOTES	Expenditure £000	Income £000	Net Expenditure £000	Net Expenditure £000
Central Services to the Public					
Local Tax Collection		2,893	(2,393)	500	503
Elections		273	(30)	243	166
Emergency Planning		21	0	21	20
Local Land Charges		147	(341)	(194)	(200)
Total Central Services to the Public	1a	3,334	(2,764)	570	489
Cultural, Environment & Planning					
Cultural & Related					
Cultural & Heritage		1,722	(882)	840	798
Recreation & Sport		3,876	(2,138)	1,738	1,598
Open Spaces		1,050	(464)	586	605
Tourism		642	(161)	481	460
Environmental Services					
Cemetery, Cremation and Mortuary		332	(674)	(342)	(277)
Environmental Health		1,655	(371)	1,284	1,304
Community Safety (Crime Reduction)		415	(21)	394	408
Flood Defence & Land Drainage		27	0	27	40
Street Cleansing		1,184	(44)	1,140	1,121
Waste Collection		3,534	(1,076)	2,458	2,430
Planning & Development Services					
Building Control		587	(480)	107	133
Development Control		2,074	(1,032)	1,042	739
Planning Policy		771	(55)	716	787
Environmental Initiatives		71	0	71	36
Economic Development		425	(497)	(72)	(10)
Community Development		636	(55)	581	516
Total Cultural, Environment & Planning	1b	19,001	(7,950)	11,051	10,688
Highways, Roads & Transport Services					
Transport Planning, Policy & Strategy		0	0	0	0
Street Lighting		11	0	11	7
Parking Services		5,741	(4,488)	1,253	(1,891)
Public Transport		1,610	(106)	1,504	1,233
Total Highways, Roads & Transport Services	1c	7,362	(4,594)	2,768	(651)

		2007/2008		2006/2007
NOTES	Expenditure £000	Income £000	Net Expenditure £000	Net Expenditure £000
Housing Services General Fund				
Housing Strategy	2,017	(871)	1,146	851
Housing Advances	0	0	0	0
Private Sector Housing Renewal	399	(223)	176	255
Homelessness	732	(141)	591	501
Housing Benefit Payments	25,670	(26,500)	(830)	(573)
Housing Benefit Administration	1,121	(15)	1,106	803
Other Council Property	1,225	(1,124)	101	96
Welfare Services	459	(342)	117	123
Total Housing Services General Fund	1d	31,623	(29,216)	2,407
Housing HRA				
Dwellings Rents(Gross)	0	(19,163)	(19,163)	(18,503)
Non-dwellings Rents(Gross)	0	(185)	(185)	(179)
Other Charges for Services and Facilities	0	(761)	(761)	(787)
Contributions towards Expenditure	0	0	0	0
HRA Subsidy	6,726	(161)	6,565	6,047
Repairs and Maintenance	4,248	(121)	4,127	4,114
Supervision and Management	2,460	(192)	2,268	2,576
Special Services	2,196	(719)	1,477	1,451
Rents, Rates, Taxes and other charges	0	0	0	0
Rent Rebates	97	0	97	115
Decreased Provision for Bad or Doubtful Debts	0	(153)	(153)	184
Cost of Capital Charge	0	0	0	0
Depreciation and Impairments of Fixed Assets	26,174	0	26,174	10,003
Total Housing Services HRA	1e	41,901	(21,455)	5,021
Corporate & Democratic Core				
Democratic Representation & Management	1,639	(641)	998	1,188
Corporate Management	2,461	(318)	2,143	1,806
Total Corporate & Democratic Core	1f	4,100	(959)	2,994
Total Non-distributed Costs	1g	693	(53)	1,036
Exceptional costs	1h	0	0	510
NET COST OF SERVICE		108,014	(66,991)	22,143

Note 2 Authorisation of Accounts for Issue

The accounts were authorised by Alan Osborne, the Chief Financial Officer, on 18 June 2008, prior to the Cabinet meeting on that date. They were fully adopted by Full Council on 23 June 2008.

Note 3 Local Government Act 1972 – Section 137

Various laws cover the activities of local authorities and councils have to spend in line with specific legal permission. The only flexibility granted is in the Local Government Act 1972, Section 137. This authorises spending not covered by other Acts of Parliament up to a limit of £1.90 per resident (at a given date). Service expenditure in the Income and Expenditure Account includes Section 137 spending as is detailed below:

	2007/2008 £000	2006/2007 £000
Grants to local individuals and groups	153	155
Village Enhancement Schemes	0	0
	<u>153</u>	<u>155</u>
Spending Limit	<u>226</u>	<u>224</u>

Note 4 Expenditure on Publicity

Section 5 of the Local Government Act, 1986 requires the Council to keep a separate account of expenditure on publicity.

	2007/2008 £000	2006/2007 £000
Public Relations improvement	99	54
Staff advertising	99	93
Promotion of Tourism	28	32
Other advertising	118	129
Other Marketing and Promotion	85	77
	<u>429</u>	<u>385</u>

Note 5 Building Control

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 cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

	2007/2008			2006/2007
	Chargeable £000	Non Chargeable £000	Total Building Control £000	Total £000
Expenditure				
Employee Expenses	298	74	372	372
Premises	0	6	6	5
Transport	23	6	29	28
Supplies and Services	14	7	21	20
Agency and Contracted Services	48	0	48	26
Central and Support Service Recharges	82	21	103	101
TOTAL EXPENDITURE	<u>465</u>	<u>114</u>	<u>579</u>	<u>552</u>
Income				
Building Regulations Charges	(481)		(481)	(432)
TOTAL INCOME	<u>(481)</u>	<u>0</u>	<u>(481)</u>	<u>(432)</u>
(Surplus)/ Deficit for Year	<u>(16)</u>	<u>114</u>	<u>98</u>	<u>120</u>

Note 6 Transport Act 2000

Income and expenditure is split between on-street and off-street sources. The off-street forms part of the General Fund, and on-street income is required statutorily to be ring-fenced and used solely for transportation expenditure. This note shows the amount received and expended on the on-street account during 2007/2008.

	2006/2007 Balance 1 April £000	Expenditure During Year £000	Income During Year £000	2007/2008 Balance 31 March £000
On Street Parking	(233)	800	(567)	0
Residents Parking	233	130	(363)	0
Intelligent Transport System	0	98	(98)	0
	0	1,028	(1,028)	0

Note 7 Members' Allowances

The total of Members' Allowances paid in the year was £424,663. (£424,288 in 2006/2007)

Note 8 Senior Staff Remuneration

The number of staff who received taxable remuneration from Salisbury District Council in excess of £50,000 for the year was:

	2007/2008	2006/2007
£50,000 to £59,999	8	8
£60,000 to £69,999	0	0
£70,000 to £79,999	1	1
£80,000 to £89,999	0	0
£90,000 and over	0	1
	9	10

Note 9 Related Party Transactions

Related parties of a Local Authority include Central Government, Other Local Authorities and Precepting Boards, Subsidiaries and Associated Companies, Joint Ventures, Pension Funds, Members and Chief Officers.

Central Government: Details of transactions with Central Government are given throughout the Statement of Accounts.

Other Local Authorities and Bodies: Details of income from and expenditure, including precepts, paid to other Local Authorities and bodies are given throughout the Statement of Accounts.

Pension Funds: Details of transactions with the Pension Funds are given in note 35.

Members and Chief Officers: The Council maintains Registers of Interest for Members and Register of Hospitality for Officers. These Registers were reviewed for related party transactions and no material transactions were discovered.

Note 10 Audit Fees

The audit of the Statement of Accounts is carried out by the Audit Commission. The following fees were payable during 2007/2008 relating to external audit and inspection.

	2007/2008 £000	2006/2007 £000
External Audit Services	113	102
Statutory Inspection	0	0
Certification of Grant Claims and Returns	37	36
	150	138

Note 11 Interest Receivable

The Interest Receivable figure stated in the Income and Expenditure Account includes interest allocated to the General Fund, the HRA and other services. Excluded from this figure is interest allocated to other relevant reserves. The total interest receivable by the Council in this year was £1.902m.

Note on Statement of Movement on the General Fund

Note 12 Explanation of significance of Statement of Movement on General Fund Balance

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

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

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

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

Note 13 Breakdown of amounts additional to statement of movements on General Fund Balance

Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the year.	2007/2008 £000	2006/2007 £000
Depreciation and impairment of Fixed Assets	(20,498)	(1,950)
Excess of depreciation charged to HRA over the Major Repairs Reserves	(7,149)	(6,773)
Deferred charges	(1,227)	(911)
Government grants deferred amortisation	223	189
Net Profit/(Loss) on disposal of fixed assets	(97)	442
Contribution from Pension Reserve	439	(167)
Amounts not included in the Income and Expenditure Account but required by statute when determining the movement on the General Fund Balance for the year.		
Capital expenditure charged to General Fund balances	0	10
Transfer from Useable Capital Receipts equal to the contribution to the Housing Capital Receipts Pool	(1,432)	(1,256)
Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement on the General Fund Balance for the year.		
Statutorily required transfer of balance on HRA	2,372	1,716
Transfer from Transportation Reserve	(212)	(105)
Transfer from Other Reserves	227	(281)
Net Additional amount required to be credited to the General Fund Balance for the year	(27,354)	(9,086)

Notes on Balance Sheet – Fixed Assets

Note 14 Intangible Fixed assets

Software Licences are kept for a variety of projects such as the Corporate Financial Management system, Personnel system, E-Gov and Housing system. They are amortised over 5 years.

Corporate development work are schemes that support the major projects such as the office project. Once complete they will be amortised over 5 years.

	Purchased Software Licences £000	Corporate Development Schemes in support of Major Projects £000	Total £000
Original cost	2,597	264	2,861
Amortisations to 1 April 2007	(590)	0	(590)
Balance at 1 April 2007	2,007	264	2,271
Expenditure in Year	92	190	282
Amortisations in Year	(502)	(52)	(554)
Category Adjustments	0		0
Balance at 31 March 2008	1,597	402	1,999

Note 15 Movement of Fixed Assets 2007/2008

	Intangible Assets £000	Council Dwellings & Garages £000	Other Land & Buildings £000	Vehicles, Plant etc. £000	Infras-structure £000	Community Assets £000	Assets Under Construction £000	Non-Operational Assets £000	Total £000
Book Value at 1 April 2007	2,271	315,303	46,391	1,979	1,559	42	0	9,735	377,280
2007/2008 Expenditure	282	2,851	2,293	1,812	26				7,264
Revaluations		835	5,691						6,526
Impairments		(15,672)	(2,737)						(18,409)
Category Adjustments			(6,726)				6,589	137	0
Depreciation	(554)	(10,458)	(893)	(675)					(12,580)
Disposals		(1,687)	(37)						(1,724)
Book Value at 31 March 2008	1,999	291,172	43,982	3,116	1,585	42	6,589	9,872	358,357

Note 16 Information about Depreciation Methodologies

All depreciation applied is on a straight line basis using the following useful lives;

- Council Dwellings. These are depreciated over a useful life of 30 years;
- Other Land and Buildings, Garages and Buildings are depreciated over a useful life of 50 years. Land is not depreciated;
- Vehicles, Plant etc. These are depreciated over 5 years;
- Community Assets, Assets Under Construction and Non Operational Assets. These are not depreciated;
- Intangible Assets. These are amortised over 5 years.

The total depreciation charged to assets for 2007/2008 is £12,579,960.

Note 17 Financing of Capital Expenditure

Below is the financing of the year's capital expenditure on fixed assets and deferred charges:

Financing of capital expenditure	31 March 2008		31 March 2007	
	£000	£000	£000	£000
Opening Capital Financing Requirement		0		0
Capital Investment				
Operational Assets	7,264		5,646	
Non-Operational Assets	0		0	
Deferred Charges	1,227		911	
		8,491		6,557
Sources of Finance				
Capital Receipts	(4,444)		(3,262)	
Government Grants and Other Contributions	(1,122)		(325)	
Revenue Provision	(2,925)		(2,970)	
		(8,491)		(6,557)
Closing Capital Financing Requirement		0		0
Explanation of Movements in the Year				
Increase / (decrease) in underlying need to borrow (unsupported by Government financial assistance)		0		0
Increase / (decrease) in Capital Financing Requirement		0		0

Note 18 Deferred Charges

Deferred charges are payments of a capital nature where no fixed asset is acquired. An example is an improvement grant made to a private householder. As recommended in the Code of Practice, deferred charges are written off in the year of account to the Capital Financing Reserve.

	2006/2007	Expenditure Discharged	2007/2008
	£000	£000	£000
Deferred Charges in Year	0	1,227	(1,227)

Note 19 Capital Commitments

At 31 March 2008, the Council was contractually committed to schemes in 3 significant areas:

- The Office centralisation scheme amounting to approximately £15m from 2008/2009 to 2010/2011.
- The refurbishment of council housing which has a combined contract value of circa £3m per annum.
- The Waste Strategy project with a value of £3.5m from 2008/2009 to 2009/2010.

Note 20 Leasing

Vehicles, Plant, Furniture and Equipment – the authority uses a car, a recovery vehicle, a tipper, a trailer, refuse vehicles, applied sweepers and gas central heating equipment and alarms financed under the terms of an operating lease. The amount paid under these arrangements in 2007/2008 was £777,014. (2006/2007 £925,986)

Land and buildings – the authority does not lease any land or buildings which are treated as operating leases.

Authority as Lessor – the authority has not granted any leases which are treated as operating leases.

Commitments under operating leases – the authority was committed at 31 March 2008 to making payments of £562,910 under operating leases in 2008/2009, comprising the following elements:

	<i>Other Land & Buildings</i> £000	<i>Vehicles, Plant & Equipment</i> £000
Leases expiring in 2008/2009	0	7
Leases expiring between 2009/2010 and 2012/2013	0	556
Leases expiring after 2012/2013	0	0

Note 21 Fixed Asset Valuation

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by Richard Austen FRICS, an external valuer. The basis for the valuations is set out in the Statement of Accounting Policies.

For all assets not revalued as of 31 March 2008, the Authority is not aware of any material change in value and therefore the valuations have not been updated.

	Intangible Assets £000	Council Dwellings & Garages £000	Other Land & Buildings £000	Vehicles, Plant etc. £000	Infra- structure £000	Community Assets £000	Assets Under Construction £000	Non- Operational Assets £000	Total £000
Valued at historical cost	1,999		2,954	3,116	1,585	42	6,589		16,285
Valued at current cost in:									
2007/2008		286,422	22,323					9,872	318,617
2006/2007			769						769
2005/2006									0
2004/2005									0
2003/2004		4,750	17,936						22,686
Book Value at 31 March 2008	1,999	291,172	43,982	3,116	1,585	42	6,589	9,872	358,357

Notes on Balance Sheet – Other

Note 22 Long Term Debtors

	2006/2007 Balance 1 April £000	Increases During Year £000	Repayments During Year £000	2007/2008 Balance 31 March £000
Mortgages				
- Public Sector	2,203	0	(215)	1,988
- Private Sector	4		(1)	3
	2,207	0	(216)	1,991
Early Retirement Payments in Advance	99	0	(99)	0
Car Loans to Employees due over 1 year	2	0	(2)	0
Total Long Term Debtors	2,308	0	(317)	1,991

Note 23 Stocks

	2007/2008 £000	2006/2007 £000
Stocks		
- Environmental Services	129	49
- Others	128	125
	<u>257</u>	<u>174</u>

Note 24 Debtors

	2007/2008 £000	2006/2007 £000
Other local authorities	643	706
Government departments	778	735
Ratepayers and taxpayers	1,965	1,838
Tenants	627	738
Mortgagees	0	0
Sundry debtors	1,014	1,531
Car loans to employees	1	10
Accrued interest	103	42
Other public bodies	3	19
	<u>5,134</u>	<u>5,619</u>
Less: provision for bad debts	(1,549)	(1,599)
	<u>3,585</u>	<u>4,020</u>

Note 25 Creditors

	2007/2008 £000	2006/2007 £000
Other local authorities	(660)	(517)
Government departments	(1,247)	(1,199)
Other public bodies	(32)	(38)
Utilities	(130)	(91)
Capital schemes	(1,022)	(1,136)
Sundry creditors	(1,622)	(1,887)
	<u>(4,713)</u>	<u>(4,868)</u>

Note 26 Trust Funds

The Council administers a Trust Fund related to specific services. The majority of the funds are invested externally and the balance is invested with the Authority. This represents a long term liability for the Council and is shown as such within the Consolidated Balance Sheet.

	Income £000s	Expenditure £000s	Internal Investments £000s
Bemerton Playing Field Fund - established in 1932 to maintain and enhance Lower Bemerton recreation ground	63	(10)	53
Trust Funds held on the Balance Sheet			<u>53</u>

The Assets of the Bemerton Playing Field Fund were valued at 31 March 2008 and the external investments were:

	£
2.5% Consolidated Stock	216
9% Treasury Stock 2008	30,690
M&G Securities Ltd Charifund Inc	163,740
	<u>194,646</u>

Notes on Balance Sheet – Reserves

Note 27 Net Assets Employed

The net assets employed by the Council are analysed below:

	2007/2008 £000	2006/2007 £000
General Fund	(57,527)	(52,527)
Housing Revenue Account	(305,620)	(327,181)
	<u>(363,147)</u>	<u>(379,708)</u>

Note 28 Reserves

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

Reserve	Note	Balance at 01/04/2007 £000	Net Movement In Year £000	Balance at 31/03/2008 £000	Purpose of Reserve
Revaluation Reserve	29	0	(5,691)	(5,691)	Store of gains on revaluation of fixed assets not yet realised by sales
Capital Adjustment Account	30	(377,144)	25,577	(351,567)	Store of capital resources set aside to meet past expenditure
Useable Capital Receipts	31	(5,872)	4,034	(1,838)	Proceeds of fixed assets sales available to meet future capital investment
Major Repairs Reserve	32	(897)	(448)	(1,345)	Resources available to meet capital investment in council houses
Deferred capital receipts		(2,088)	216	(1,872)	Capital income yet to be received for sales of council houses by mortgage
Pensions Reserve	36	16,093	(4,322)	11,771	Balancing account to allow inclusion of Pensions Liability in the balance sheet
General Fund		(1,687)	(326)	(2,013)	Resources available to meet future running costs for non-housing services
Housing Revenue Account		(7,282)	(2,372)	(9,654)	Resources available to meet future running costs for council houses
Specific Reserves	33	(831)	(107)	(938)	Other ring fenced resources available for specific areas
Total Equity		<u>(379,708)</u>	16,561	<u>(363,147)</u>	

Further details of the movement of the General Fund are included in the Statement of Movement of General Fund Balances on page 12. Further details of the movement on the Housing Revenue Account are included in the HRA statement.

Note 29 Revaluation Reserve

The balance of this account is the difference between the valued cost of fixed assets at 31st March 2007 and their latest valuation since this date. The reserve is constantly updated for disposals and new valuations. Further details on this reserve are found in note 44.

Revaluation Reserve	2007/2008 £000	2006/2007 £000
Revaluation in Year	(6,526)	0
Disposals of fixed assets Movement in Year	835 <u>(5,691)</u>	0 <u>0</u>
Balance at 1 April	0	0
Balance at 31 March	(5,691)	0

Note 30 Movements in Amounts Set Aside to Finance Capital Investment (Capital Adjustment Account)

These are capital receipts, including gifts and bequests, which have not been spent or set aside to repay debt. They are therefore available to fund capital expenditure.

	2007/2008 £000	£000	2006/2007 £000
Capital financing			
- capital receipts	(4,444)		(3,261)
- Major Repairs Reserve	(2,861)		(2,840)
- revenue and reserves			(130)
- government grants deferred	(223)		(189)
		(7,528)	(6,420)
Transfer of PCL		0	0
Depreciation		12,580	11,953
Deferred Charges written off in year		1,227	911
Impairment of Fixed Assets		18,409	(25,995)
Disposal of Fixed Assets		889	2,310
Total (increase)/decrease in amounts set aside to finance capital investment		<u>25,577</u>	<u>(17,241)</u>
Balance at 1 April		(377,144)	(359,903)
Balance at 31 March		(351,567)	(377,144)

Note 31 Movements in Realised Capital Resources (Useable Capital Receipts Reserve)

Statute requires amounts of capital receipts to be set aside for the repayment of external loans. This account includes these amounts and the capital expenditure financed from revenue, other reserves and capital receipts.

	2007/2008 £000	£000	2006/2007 £000
Amounts Receivable in year			
- disposal of land and buildings	(410)		(1,568)
- Housing Pooled Capital Receipt	(1,432)		(1,256)
		(1,842)	(2,824)
Amounts applied to finance new capital investment in year			
- receipts set aside	4,444		3,261
- transfer to I&E equal to contribution to Housing Pooled Capital receipt	1,432		1,256
		5,876	4,517
Movement in Year		<u>4,034</u>	<u>1,693</u>
Balance at 1 April		(5,872)	(7,565)
Balance at 31 March		(1,838)	(5,872)

Note 32 Major Repairs Reserve

The Accounts and Audit Regulations require housing authorities to set up a Major Repairs Reserve and to transfer into it a sum not less than the Major Repairs Allowance. These funds are then available to authorities for capital expenditure on Housing Revenue Account assets. The Major Repairs Allowance is an element of the HRA subsidy.

	2007/2008 £000	2006/2007 £000
Transfer to Capital	2,861	2,840
HRA Depreciation	(10,458)	(10,003)
Transfer to HRA	7,149	6,773
Movement in Year	(448)	(390)
Balance at 1 April	(897)	(507)
Balance at 31 March	(1,345)	(897)

Note 33 Specific Reserves

Apart from the Housing Revenue Account, which is solely for housing, the Local Government Act 1988 allows the Council only one revenue account, its General Fund. For good financial management however, it is desirable to earmark specific reserves within the fund.

	Balance 1/4/2007 £000	To Reserves £000	From Reserves £000	Balance 31/3/2008 £000
The movements in revenue reserves in the year were:				
City Committee Special Reserve (See Note 34)	(126)	(583)	501	(208)
Transportation Reserve	(492)	0	212	(280)
City Cemetery Reserve	(39)	0	0	(39)
Internal Leasing Reserve	(184)	(227)	0	(411)
Collection fund balance due to Salisbury District Council	10	0	(10)	0
	(831)	(810)	703	(938)

Note 34 Special Levy Account

Under Section 34 of the Local Government Finance Act 1992, the Council raises a special levy on the former City area to cover the cost of the provision of allotments, cemeteries and recreation grounds.

	2007/2008 £000	2006/2007 £000
Balance bought forward 1 April	(126)	(129)
Precept income	(583)	(553)
	(709)	(682)
Less net expenditure	478	506
Transfer to earmarked capital reserve	23	50
Balance carried forward 31 March	(208)	(126)

Notes on Pension Fund

Note 35 Pension Fund Disclosures

Participation in Pensions Schemes

All staff are eligible to join the Local Government pension scheme (LGPS), which is administered by Wiltshire County Council (the Wiltshire Pension Fund). The Fund is a defined benefit scheme, providing members with benefits based on length of service and final salary. The Fund's actuary (Hymans Robertson) carries out a valuation of the Fund every 3 years, as required by government Regulations. This determines the contribution rates, which are set to meet 100% of the liabilities.

Transactions Relating to Retirement Benefits

In 2007/2008 the Council paid Employers contributions of £2.216 (17.95% of pensionable pay). This amount has been charged to the Income and Expenditure Account, prior to the adjustments required by FRS17. The amounts determined by the actuary to be charged to the revenue account under FRS17 were as follows:

Amounts Charged to Operating Profit	Year to		Year to	
	31 March 2008	31 March 2008	31 March 2007	31 March 2007
	£000	% of Payroll	£000	% of Payroll
Service Costs	2,199	18.6%	2,658	22.5%
Curtailments and Settlements	238	2.0%	96	0.8%
Past Service Costs	0	0.0%	0	0.0%
Total Operating Charge (A)	2,437	20.6%	2,754	23.3%
Amount Credited to Other Finance Income	Year to		Year to	
	31 March 2008	31 March 2008	31 March 2007	31 March 2007
	£000	% of Payroll	£000	% of Payroll
Expected return on Employer Assets	4,773	40.4%	4,389	37.1%
Interest on Pension Scheme Liabilities	(4,545)	(38.4%)	(4,149)	(35.1%)
Net Return (B)	228	2.0%	240	2.0%
Net Revenue Account Cost (A)-(B)	2,209	18.6%	2,514	21.2%

These FRS17 amounts are then reversed out by a contribution to/from the Pensions reserve, so that they have no impact on the Council Tax.

Assets and liabilities in relation to Retirement Benefits

The underlying assets and liabilities for the retirement benefits attributable to the Authority as at 31 March 2008 are as follows:

Local Government Pension Scheme	31 March 2008	31 March 2007	31 March 2006
	£000	£000	£000
Estimated Employer Assets (A)	63,894	68,344	65,894
Present Value of Scheme Liabilities	72,764	81,246	81,227
Present Value of Unfunded Liabilities	2,901	3,191	3,228
Total Value of Liabilities (B)	75,665	84,437	84,455
Net Pension Asset/(Liability) (A)-(B)	(11,771)	(16,093)	(18,561)

The Liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. Statutory arrangements for the funding of the deficit mean that the financial position of the Authority remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, on an actuarial basis using the projected unit method based on the full actuarial valuation of the fund carried out at 31 March 2007. This estimates the pensions that will be payable in future years dependant on certain assumptions. The main assumptions used in the calculations are:

Assumptions as at	31 March 2008 % per annum	31 March 2007 % per annum	31 March 2006 % per annum
Price Increases	3.6%	3.2%	3.1%
Salary Increases	5.1%	4.7%	4.6%
Pension Increases	3.6%	3.2%	3.1%
Proportion of Employees opting to take commuted lump sum	0.0%	0.0%	N/A
Discount Rate	6.9%	5.4%	4.9%

Changes to the local government pension scheme

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. On the advice of our actuaries we have taken the view that there is insufficiently reliable evidence to assume a level of take-up of the change in the pension scheme. Consequently the valuation of the Council's retirement benefit liabilities as at 31 March 2006 did not include any allowance for this change to the pension scheme.

Assets in the Wiltshire County Council Pension Fund are valued at a fair value, principally market value for investment and consist of the following categories, by proportion:

Assets (Employers)	Long Term Return % per annum	Fund Value at 31 March 2008 £000	Long Term Return % per annum	Fund Value at 31 March 2007 £000
Equities	7.7%	41,901	7.8%	47,447
Bonds	5.7%	11,407	4.9%	12,841
Property	5.7%	6,946	5.8%	6,661
Cash	4.8%	3,640	4.9%	1,395
Total	7.0%	63,894	7.0%	68,344

Actuarial Gains and Losses

The actuarial gain on the Pensions Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities:

	Year to 31 March 2008	Year to 31 March 2007	Year to 31 March 2006	Year to 31 March 2005	Year to 31 March 2004
Difference between the expected and actual return on assets	(8,339)	(1,045)	8,911	2,250	9,610
Value of Assets	63,894	68,344	65,894	52,410	47,300
Percentage of Assets	(13.1%)	(1.5%)	13.5%	4.3%	20.3%
Experience Gains/(Losses) on Liabilities	426	(956)	1,008	(1,060)	(250)
Total Present Value of Liabilities	75,665	84,437	84,455	71,640	57,010
Percentage of Total Present Value of Liabilities	0.6%	(1.1%)	1.2%	(1.5%)	(0.4%)
Total Actuarial Gains/(Losses) recognised in the STRGL	3,883	2,635	1,023	9,740	9,360
Total Present Value of Liabilities	75,665	84,437	84,455	71,640	57,010
Percentage of Total Present Value of Liabilities	5.1%	3.1%	1.2%	(13.6%)	16.4%

Further information can be found in the Annual Report and Financial Statements of the Wiltshire Pension Fund for 2007/2008.

Note 36 Movement in Pension Surplus/ Deficit during the year

The movement in the liabilities in the Pension Fund are as follows:

Movement in Surplus/Deficit During the Year	Year to	Year to
	31 March 2008	31 March 2007
	£000	£000
Surplus/(deficit) at beginning of the year	(16,093)	(18,561)
Current service cost	(2,199)	(2,658)
Employer contributions	2,444	2,143
Contributions in respect of Unfunded Benefits	204	204
Past Service Costs	0	0
Impact of Settlements & Curtailments	(238)	(96)
Net return on assets	228	240
Actuarial gains/(losses)	3,883	2,635
Surplus/(deficit) at end of year	(11,771)	(16,093)

Notes on Cash Flow**Note 37 Cash Flow Revenue Reconciliation**

	2007/2008		2006/2007	
	£000	£000	£000	£000
(Surplus)/deficit for year:				
- General Fund	(326)		(392)	
- Housing Revenue Account	(2,372)		(1,716)	
- Specific Reserves	(107)		399	
	(2,805)	(2,805)	(1,709)	(1,709)
Movement in capital	(4,077)		(4,022)	
Movement in reserves	1,432		1,256	
Movement in other balances	(101)		(32)	(2,798)
		(2,746)		
Interest received	2,041	2,041	1,366	1,366
Changes to:				
- creditors	155		(444)	
- stocks and work in progress	83		8	
- debtors	(435)		(2,460)	
- payments in advance	(38)		(354)	
- receipts in advance	(1,912)	(2,147)	(1,662)	(4,912)
		(5,657)		(8,053)

Note 38 Cash Flow Movements in Other Current Assets

	Balance Sheet	2007/2008	Balance Sheet
	31/3/2007	Movement	31/3/2008
	£000	£000	£000
Debtors	4,020	(435)	3,585
Creditors	(4,868)	155	(4,713)
Stocks and work in progress	174	83	257
Payments in Advance	602	(38)	564
Receipts in Advance	(3,168)	(1,912)	(5,080)
	(3,240)	(2,147)	(5,387)

Note 39 Cash Flow Movements in Cash and Cash Equivalents

	Balance Sheet 31/3/2007 £000	2007/2008 Movement £000	Balance Sheet 31/3/2008 £000
Cash and Bank	125	480	605
Cash Overdrawn	(1,318)	1,054	(264)
	(1,193)	1,534	341

Note 40 Cash Flow Cash and Cash Equivalents

The authority includes in cash and cash equivalents its bank accounts, including overdrafts, cash floats and temporary investments.

Note 41 Cash Flow Capital Expenditure and Income

Capital expenditure in the Cash Flow Statement differs from that in the notes to the Balance Sheet as it has been adjusted by the creditors amount to give the cash flow value.

Note 42 Cash Flow Other Government Grants

	2007/2008 £000	2006/2007 £000
The main Government grants received are as follows:		
Housing	(831)	(1,523)
Other	(1,171)	(2,767)
	(2,002)	(4,290)

Other Notes to the Accounts

Note 43 Implementation of the Revaluation Reserve

The Balance Sheet figures for 31 March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve. The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA). The credit balance of £320m on the FARA at 31 March 2007 has been written off to the Capital Financing Account (£57m credit balance) to form the new Capital Adjustment Account with a balance of £377m. The Revaluation Reserve has then been included in the Balance Sheet with a zero opening balance. The closing position on the Reserve at 31 March 2008 therefore only shows revaluation gains accumulated since 1 April 2007.

Note 44 Going Concern Salisbury District Council

Following the decision of the Department for Communities & Local Government to set up a new unitary authority for the whole of Wiltshire, Salisbury District Council will cease to exist as of 31st March 2009 to be replaced by Wiltshire Council, the new unitary authority.

Notes on Financial Instruments

Note 45 Financial Instrument Balances

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

	Long term		Current	
	31 March 2007	31 March 2008	31 March 2007	31 March 2008
Financial Liabilities at amortised cost	0	0	0	0
Financial Liabilities at fair value through Profit & Loss	0	0	0	0
Total Borrowings	0	0	0	0
Loans and Receivables				
Available-for-sale financial assets	0	0	25745	25799
Unquoted equity investment at cost	0	0	0	0
Total Investments	0	0	25745	25799

Note 46 Financial Instrument Gains/ Losses

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

	Financial Liabilities			Financial Assets		Total £000's
	Liabilities measured at amortised costs £000's	Loans and receivables £000's	Available for sale assets £000's			
Interest Expense	0	0	0			
Losses on derecognition	0	0	0			
Impairment losses	0	0	0			
Interest payable and similar charges	0	0	0			0
Interest income	0	0	1681			
Gains on derecognition	0	0	0			
Interest and investment income	0	0	1681			0
Gains on revaluations				0		
Losses on revaluations				0		
Amounts recycled to the I&E account after impairments				0		
Surplus arising on revaluation of financial assets				0		
Net gain/(loss) for the year	0	0	1681			

Note 47 Nature and Extent of risks arising from Financial Instruments

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

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authorities customers.

Deposits are not made with banks and financial institutions unless they are rated independently by Moody and Fitch as acceptable borrowers using their 'Green' or 'Red' rating, where Red is the highest rated standard and Green is the second highest rating of financial organisations.

This listing is regularly updated for updates in status. The authority has a policy of not lending its surplus balances to any institution for more than 3 months, and there is also a policy of not lending more than £3m to any Red institution or £2m to any Green institution.

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

	Amount at 31 March 2008 £000	Historical experience of Default %	Estimated maximum exposure to default and uncollectability £000
Deposits with banks and financial institutions	25799	0	0

Liquidity risk

As the authority has ready access to borrowings from the Public Works Loan Board, there is no significant risk that it will be unable to raise finances to meet any future commitments should it need to. As the authority is currently debt free, the risk associated with rates and being unable to borrow are minimal.

Market risk

Interest rate

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

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

The authority only uses fixed rate investments. This way, it removes the risk of losing money should rates drop during the period of the investment. A cautious approach to interest rates is assumed when budgeting.

Foreign Exchange Risk

This authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from changes in exchange rates.

Housing Revenue Account

This account records the transactions relating to the Council's housing stock. The Local Government and Housing Act 1989 requires its separation to give a clear picture of the cost of providing homes for council tenants. Housing Revenue Account income and expenditure does not affect the amount of Council Tax levied.

	NOTE	2007/2008		2006/2007	
		£000	£000	£000	£000
Income					
Rents (gross):					
- dwellings		(19,164)		(18,503)	
- garages		(185)		(179)	
- other		(43)	(19,392)	(76)	(18,758)
Charges for services and facilities			(719)		(711)
Decreased provision for bad debts			(153)		0
Total Income			(20,264)		(19,469)
Expenditure					
Repairs and Maintenance			4,095		4,114
Supervision and Management:					
- general		2,356		2,576	
- special services		1,467	3,823	1,451	4,027
Rent rebates			97		115
Negative Subsidy payment to Secretary of State	6		6,565		6,047
Increased provision for bad debts					184
Depreciation & Impairments of Fixed Assets					
- On dwellings	3	26,020		9,893	
- On other Assets		110		110	
			26,130		10,003
Total Expenditure			40,710		24,490
Net Cost Of Services per Income & Expenditure Account			20,446		5,021
HRA Services share of Corporate and Democratic Core			321		279
Net Cost Of HRA Services			20,767		5,300
Loss on sale of HRA fixed assets			15		25
Interest Payable			148		148
Pensions interest costs and expected return on assets					(25)
Amortised Premiums and Discounts			0		0
Interest:					
- on mortgages		(146)		(148)	
- on balances		(276)	(422)	(154)	(302)
Deficit for the Year on HRA services			20,508		5,146

Statement of Movement on the HRA Balances

	2007/2008	2006/2007
	£000	£000
(Surplus)/ Deficit for year on HRA Income and Expenditure Account	20,508	5,146
Net additional amount required by statute and non-statutory proper practice to be debited or credit to HRA balances for the year (see below)	(22,880)	(6,862)
(Increase)/ Decrease in Housing Revenue Account balance	(2,372)	(1,716)
Housing Revenue Account Surplus Bought forward	(7,282)	(5,566)
Housing Revenue Account Surplus Carried forward	(9,654)	(7,282)

Note to Statement of Movement on the HRA Balances

	2007/2008 £000	2006/2007 £000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year		
Loss on sale of HRA fixed assets	(15)	(25)
Financing from Depreciation	(44)	(40)
Impairments of Fixed Assets	(15,672)	0
Items not included in the HRA Income and Expenditure Account but included from the movement on HRA balance for the year		
Transfer to/From Major Repairs Reserve note 5	(7,149)	(6,773)
Transfer to/from Pension Reserve note 7		(34)
Revenue Contributions to Capital Expenditure	0	10
Net Additional amount required by statute to be credited to the HRA balance for the year	(22,880)	(6,862)

Housing Revenue Account Notes

1 Housing Stock

Houses and Bungalows	31 March 2008	31 March 2007
- 1 bedroom	377	379
- 2 bedrooms	1,568	1,570
- 3 bedrooms	1,894	1,903
- 4+ bedrooms	143	143
Flats		
- 1 bedroom	814	815
- 2 bedrooms	547	548
- 3+ bedrooms	38	38
Total dwellings as at 31st March	5,381	5,396

2 Arrears

The year end position regarding arrears owed to the HRA was:

	31 March 2008 £000	31 March 2007 £000
Rent arrears	596	777
less rent payments in advance	(233)	(147)
less bad debt provision	(566)	(719)
Net arrears position	(203)	(89)

3 Movement of Housing Revenue Account Assets

	Council Dwellings £000	Other Property (Garages) £000	Total £000
	Book Value at 1st April 2007	310,444	4,859
2007/2008 Expenditure	2,851	0	2,851
Revaluations	835	0	835
Impairments	(15,672)	0	(15,672)
Depreciation	(10,348)	(110)	(10,458)
Disposals	(1,687)		(1,687)
Book Value at 31st March 2008	286,423	4,749	291,172

The Balance Sheet value of Council Dwellings at 31 March 2008 was £291,171,442.

The Vacant Possession value of the properties at 31 March 2008 was £661,753,277.

The difference between the Vacant Possession value and the Balance Sheet value of dwellings within the HRA shows the Economic Cost of providing Council Housing at less than open market rents. The Economic Cost of the properties at 31 March 2008 was £370,581,835.

The value of land valued in the HRA is nil.

The Impairments included above result from a reduction in the certified valuation of Council Dwellings.

4 Financing of HRA capital expenditure

	2007/2008 £000
Revenue and Reserves	
Other receipts (MRR)	2,861
	<u>2,861</u>
Categorised as follows:	
Council Dwellings	2,850
Plant & Equipment	11
	<u>2,861</u>

5 Major Repairs Reserve

	2007/2008 £000	2006/2007 £000
Brought forward at 1 April	(897)	(507)
Transfer to Capital	2,861	2,840
HRA Depreciation	(10,458)	(10,003)
Transfer to HRA	7,149	6,773
Carried forward at 31 March	<u>(1,345)</u>	<u>(897)</u>

6 Breakdown of HRA Subsidy

	2007/2008 £000
Management & Maintenance Allowance	7,073
Major Repairs Allowance	3,309
ASB Allowance	
Charges for Capital	268
Rent	(17,238)
Interest on Receipts	(138)
Housing Element	(6,726)
Rent Rebates	0
HRA Subsidy Due	(6,726)
Adjustment in respect of prior years	4
HRA Subsidy Due	(6,722)
Defects Subsidy	157
HRA Subsidy receivable (including MRA)	<u>(6,565)</u>

7 Contribution to Pension Reserve

The HRA bears a share of the pension contribution due to the FRS 17 adjustment in proportion to the payments made during the year. See note 35 to the Core Financial Statements for more information on accounting for retirement benefits

The Collection Fund

The Collection Fund is a statutory fund. It covers Council Tax and Non-Domestic Rate collection and the precepts of Wiltshire County Council, Wiltshire Police Authority, Wiltshire & Swindon Fire Authority and Parish Councils as well as Salisbury District Council. The cost of collecting the rates and tax are accounted for in the Council's General Fund.

	NOTE	2007/2008		2006/2007	
		£000	£000	£000	£000
Income					
Council Tax	1		(59,885)		(56,791)
Collectable Business Rates	2		(31,976)		(30,581)
			<u>(91,861)</u>		<u>(87,372)</u>
Disbursement					
Precepts					
- Salisbury District Council	6	6,121		5,819	
- Wiltshire County Council		43,919		41,846	
- Wiltshire Police Authority		6,284		5,982	
- Wiltshire & Swindon Fire Authority		2,498		2,378	
- Parish Councils	5	862	59,684	798	56,823
Share of surplus/(deficit) on Collection Fund					
- Salisbury District Council	4	1		(45)	
- Wiltshire County Council		4		(282)	
- Wiltshire Police Authority		1		(40)	
- Wiltshire & Swindon Fire Authority		0	6	(16)	(383)
NNDR					
- payment to national pool	2	31,806		30,415	
- cost of collection allowance	2	170	31,976	166	30,581
Bad and Doubtful Debts - Write Offs					
- Provisions			105		115
Write Off Community Charge balance					33
Fund (surplus)/deficit for the year			90		203
			<u>91,861</u>		<u>87,372</u>
Fund balance b/f					
(Surplus)/deficit for year			91		294
Fund balance c/f	7		(90)		(203)
			<u>1</u>		<u>91</u>

Notes to the Collection Fund

1 Council Tax

Council Tax is charged according to the Government's valuation of residential properties as at 1 April 1991. Valuations are stratified into eight bands for charging purposes. Individual charges are calculated by estimating the total amount of income required by the Collection Fund's preceptors and dividing this by the Council Tax base. The tax base is the total number of chargeable properties in all valuation bands converted to an equivalent number of band D dwellings, with an allowance made for discounts and exemptions. The average amount of Council Tax required from a property in any tax band is the band D charge £1,323.43 for 2007/2008 (£1,261.85 for 2006/2007) multiplied by the ratio specified for that band. Ratios specified for the bands A to H are as follows:

Band	Ratio
A	6/9
B	7/9
C	8/9
D	9/9
E	11/9
F	13/9
G	15/9
H	18/9

Council Tax was receivable from the following sources:

	2007/2008 £000	2006/2007 £000
Billed to Council Taxpayers	(54,928)	(51,923)
Council Tax Benefits	(4,957)	(4,868)
	<u>(59,885)</u>	<u>(56,791)</u>

2 National Non-Domestic Rates

Salisbury District Council collects National Non-Domestic Rates from local businesses and organisations and pays them into the Government's central NNDR pool. The amount charged is the Government's national uniform rate of 44.4p in 2007/2008 (43.3p in 2006/2007) multiplied by individual properties' rateable values. There was a general revaluation of properties as at 1 April 2005. The central NNDR pool is redistributed to local authorities, including Salisbury District Council, in line with a population-based formula, Salisbury District Council's share, a standard amount per head of population (£55.76) multiplied by 118,834 (the District's population) equalled £6,626,117 and was paid directly into the General Fund. The aggregate business valuation for the District at 31 March 2008 is £82,744,707 (£81,872,310 in 2006/2007).

4 Collection Fund Surpluses and Deficiencies

Collection Fund surpluses and deficiencies (Council Tax) are shared by all preceptors.

5 Parish Precepts

	2007/2008 £000	2006/2007 £000
The largest parish precepts were as follows:		
Amesbury Town Council	130	113
Wilton Town Council	74	72
Durrington Parish Council	83	82
Bulford Parish Council	33	30
Salisbury Charter Trustees	39	39
Mere Parish Council	66	62
Downton Parish Council	30	28
Winterslow Parish Council	22	22
Redlynch Parish Council	24	23
Whiteparish Parish Council	25	12
Tisbury Parish Council	26	23
Idmiston Parish Council	22	17
Other Parishes (65)	288	275
	862	798

6 Salisbury City

The Salisbury City Special Levy of £582,597 is included in the District Council precept.

7 Collection Fund Balance

The Council has to record transactions for Council Tax, Business Rates and residual Community Charge in the Collection Fund Account. The balance, as usable income, will be paid to the Council and its major preceptors in future years.

	2007/2008 £000	2006/2007 £000
Salisbury District Council	0	10
Wiltshire County Council	1	67
Wiltshire Police Authority	0	10
Wiltshire & Swindon Fire Authority	0	4
Total	1	91
Shown as		
Included in Specific Reserves	0	10
Included in Debtors	1	81
Total	1	91

Glossary

For the purposes of compiling the Statement of Accounts, the following definitions have been adopted and may be useful to the reader in understanding terminology used in the statement.

Accounting Code of Practice (ACOP)

Issued by CIPFA, this is a code of proper accounting practice with which Local Authorities in England and Wales must comply in preparing their financial statements.

Accruals

The recognition of income and expenditure as it falls due, not when cash is received or paid.

Amortisation

The writing down of the value of intangible fixed assets in line with its programmed useful life.

Assets

These can be either:

- **Intangible assets** – assets which are non-physical in form, that is, which cannot be seen. Examples are patents, goodwill, trademarks and copyrights;
- **Fixed assets** – tangible assets that give benefits to the authority for more than one year;
- **Community assets** – assets without determinate life that the authority intends to hold in perpetuity. They may have restrictions on their disposal. Examples include parks and historic buildings;
- **Infrastructure assets** – inalienable fixed assets such as highways and footways;
- **Non-operational assets** – fixed assets not directly used for service provision. Examples include surplus land and buildings awaiting sale or further development.

Balance Sheet

A summary of all the assets, liabilities, funds, reserves etc.

Best Value

The Council duty to provide effective and efficient services based on community need and desire.

Best Value Accounting Code of Practice (BVACOP)

Established to modernise the system of Local Authority accounting and reporting, and ensure that it meets the changed and changing needs of modern Local Government; particularly the duty to secure and demonstrate best value in the provision of services to the community.

Budget

The Council's financial plans for the year. Both capital and revenue budgets are prepared and, amongst other things, used as performance measures.

Capital Expenditure

Substantial expenditure producing benefit to the authority for more than one year.

Capital Receipts

The proceeds of the disposal of assets, non-approved investments and the repayment of grants made by the authority.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the institute of professional local government accountants and produces standards and codes of practice followed in the production of an authority's accounts.

Code of Practice

Issued by CIPFA, this is a code of proper accounting practice with which Local Authorities in England and Wales must comply in preparing their financial statements.

Balance Sheet

A summary of all the assets, liabilities, funds, reserves etc.

Capital Financing Account

This account contains the amount of capital expenditure financed from revenue and capital receipts.

Cashflow Statement

A summary of the inflows and outflows of cash with third parties for revenue and capital purposes.

Creditors

Money owed by the authority to others.

Debtors

Money owed to the authority by others.

Depreciation

The writing down of the value of tangible fixed assets in line with its programmed useful life.

Employee Costs

Pay and associated costs such as national insurance, pension contributions etc.

Estimates

The component parts of the Council's budget.

Exceptional Items

Items that, although usual to the activities of the authority, by their nature need separate disclosure because of their unusual size or incidence.

Extraordinary Items

Material items needing separate disclosure because they are unusual to the activities of the authority by their nature.

FRSs

Financial Reporting Standards issued by the Accounting Standards Board requiring information to be shown in accounts.

General Fund

The main revenue fund of the authority which shows income from and expenditure on the Council's day to day activities. It excludes the provision of housing which must be charged to a separate Housing Revenue Account.

Generally Accepted Accounting Practice (GAAP)

Accepted accounting practice with respect to accounts of UK companies that are intended to give a true and fair view. The same definition applies to individuals, entities that are not companies and companies which are not UK companies.

Government Grants

The amounts of money the authority receives from the Government and inter-government agencies to help fund both general and specific activities.

Government Grants Deferred

Capital grants which are credited to the balance sheet and amortised to revenue over the life of the relevant asset to offset provisions made for depreciation.

Gross Expenditure

Expenditure before deducting any related income.

Housing Revenue Account (HRA)

The account which sets out the expenditure and income on the provision of housing. Other services are charged to the General Fund.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the Balance Sheet.

Income and Expenditure Account (I&E)

This account shows expenditure on and income from the Council's day to day activities. Expenditure includes salaries, wages, service and depreciation charges. It gives the cost of the main services provided by the Authority.

Leases

These may be finance leases that transfer the risks and rewards of ownership of an asset to the authority. Alternatively, they may be operating leases that are more akin to a hire agreement.

Liabilities

Amounts the authority either owes or anticipates owing to others, whether they are due for immediate payment or not.

Long Term Contracts

A contract that, once entered into, will take longer than the current period of account to complete.

Minimum Revenue Provision (MRP)

Statute requires revenue accounts to be charged with a Minimum Revenue Provision of 4% for General Fund and 2% for the Housing Revenue Account as a notional redemption cost of all external loans.

Major Repairs Allowance (MRA)

Funded by Central Government. It represents the long term average amount of capital spending required to maintain a Local Authority's housing stock in its current condition.

Net Expenditure

Gross expenditure less directly related income.

National Non-Domestic Rates (NNDR)

Salisbury District Council collects National Non-Domestic Rates from local businesses and organisations and pays them into the Government's central NNDR pool. The amount charged is the Government's national uniform rate and it is then redistributed to local authorities, including Salisbury DC, in line with a population-based formula.

Precept

The amount of income demanded of the Collection Fund by an authority entitled to that income.

Preceptor

An authority entitled to demand money of the Collection Fund. The preceptors on Salisbury District Council's Collection Fund are the Council itself (including City Area Special Levy), Wiltshire County Council, Wiltshire Police Authority, Wiltshire & Swindon Fire Authority and Parish Councils.

Provision for Credit Liabilities (PCL)

Statute requires the Council to set aside provision to repay external loans and other credit transactions. Debt-free authorities, such as Salisbury, do not have to apply the whole of the balance shown within the Capital Financing Reserve.

Provisions

Amounts held in reserve against specific potential liabilities or losses where there is uncertainty as to amounts and/or due dates. Payment to a provision is counted as service expenditure.

Rateable Value

Assessment by the Inland Revenue of a property's value from which rates payable are calculated.

Reserves

Amounts prudently held to cover potential liabilities. Payments to reserves are not counted as service expenditure.

Revaluation Reserve

A capital reserve where changes in the value of fixed assets are disclosed when they are revalued. This reserve replaces the Fixed Asset Restatement Account (FARA) which was previously required.

Revenue Expenditure

Day to day running costs of services.

Revenue Income

Day to day income received for services.

Revenue Support Grant

A Government grant paid towards the cost of General Fund services.

Running Expenses

The cost of running a service less employee expenses and capital charges.

Statement of Recommended Practice (SORP)

The Code of Practice on Local Authority accounting in the UK. It sets out the proper accounting practices required to prepare a Statement of Accounts by the Local Government Act 2003.

SSAP

Standard Statements of Accounting Practice. These are agreed by accounting bodies and describe standard treatment to be used in the preparation of the accounts.

Statement of Total Recognised Gains and Losses (STRGL)

Summary of the changes in the net worth of the Authority. This brings together the gains and losses for the year from the income & expenditure account, the revaluation on fixed assets and the pension fund assets and liabilities.

Useable Capital Receipts Reserve

This reserve holds the amounts of capital receipts derived from the disposal of fixed assets until such a time that they are used to finance capital expenditure.

Useful Life

The anticipated period that an asset will continue to be of benefit.

Value Added Tax (VAT)

An indirect tax levied on taxable goods and services.