Ashfield District Council

Statement of Accounts

2009/2010

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Explanatory Foreword

Introduction

The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting, the Local Government Statement of Recommended Practice (SORP) 2009 and the Accounts and Audit Regulations 2003 (as amended). The purpose of the accounts is to give electors, local taxpayers, Ashfield District Council ("the Council") Members, employees of the Council and other interested parties clear information about the Council's finances.

This foreword gives a guide to the most important matters included.

The Statement of Accounts

The Council's accounts for the year 2009/10 consist of the following main statements with supporting notes where applicable:

1. <u>The Statement of Responsibilities for the Statement of Accounts</u>

   This statement sets out the respective responsibilities of the Council and the Chief Financial Officer for the accounts.

2. <u>Audit Certificate and Opinion</u>

   The Council's accounts are subject to an external audit annually by the Audit Commission's nominated District Auditor.

3. <u>The Statement of Accounting Policies</u>

   This section summarises the accounting policies used to prepare the accounts.
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4. <u>The Core Financial Statements</u>

   - The Income and Expenditure Account
     This account summarises the amounts the Council has spent on its services and how this spending was paid for in a standard format to comply with the CIPFA Best Value Accounting Code of Practice (BVACOP).

   - The Statement of the Movement on the General Fund Balance
     This statement shows the value of all the amounts that have affected the movement in the balance on the General Fund during the year.

   - The Statement of Total Gains and Losses
     This statement brings together the gains and losses incurred by the Council for the year that make up the aggregate change in its net worth. It includes the gains and losses charged to:
     - The Income and Expenditure Account
     - The Revaluation Reserve to reflect the revaluation of fixed assets
     - The Pensions Reserve to reflect the re-measurement of the net liability to cover the cost of retirement benefits.

- The Financial Instruments Adjustment Account to reflect movements in the value of certain financial instruments held by the Council.

- The Balance Sheet
  The Balance Sheet is fundamental to the understanding of the Council's financial position at the 31st March 2010. It shows the balances and reserves at the Council's disposal, its long-term debt, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

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

5. The Supplementary Financial Statements

- The Housing Revenue Account
  The Housing Revenue Account sets out the income and expenditure arising from the provision, management and maintenance of the Council's housing stock. This is separate from the rest of the Council's accounts and is required to operate with a positive working balance.

- The Collection Fund
  The Collection Fund shows the amounts collected for Council Tax and National Non-Domestic Rates and how this income has been distributed to Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire Authority.

- The Group Accounts
  The Council has a group relationship with Ashfield Homes Limited and prepares consolidated group accounts to reflect that relationship.

6. Annual Governance Statement

   The Annual Governance Statement sets out the Council's governance arrangements within which internal control is exercised.

7. Glossary of Terms and Abbreviations

   A glossary of terms and abbreviations is included at the end of the document.

Changes to the Format of the Statement of Accounts.

The only significant change in the way in which the Statement of Accounts for 2009/10 is presented compared with the previous year is as a result of additional reporting requirements for senior officer remuneration. This change can be found at note 3 to the Core Financial Statements.

The 2009 Statement of Recommended Practice (SORP) introduced changes to accounting treatment for the balance held within the Collection Fund but this does not significantly affect the format of the accounts. Details of these changes can be found in the Statement of Accounting Policies.

Revenue Budget Statements

(a) The General Fund Revenue Budget Statement

The statements included in this explanatory foreword are based on the Divisional structure of the Council. The statements show the original approved revenue budget compared with the actual net expenditure.

Division	Original Budget £'000	Actual £'000	Variance £'000
Chief Executive Officer	2,802	2,954	152
Community and Economic Promotion	4,341	4,564	223
Deputy CEO Outward	280	186	(94)
Land and Property	1,079	1,194	115
Health and Housing	1,554	1,308	(246)
Deputy CEO Inward	337	283	(54)
Revenues, Information Technology and Customer Services	2,507	2,464	(43)
Financial Management and Audit	(49)	(5)	44
Neighbourhood Services	6,154	5,617	(537)
Divisional Expenditure	**19,005**	**18,565**	**(440)**
Exceptional Item	0	(1,081)	(1,081)
Contingencies	100	0	(100)
Expenditure relating to Capital Assets and Financing thereof	1,086	1,134	48
Adjustment of Expenditure Relating to Pension Costs	0	(75)	(75)
Net Transfer from Earmarked Reserves	(604)	(1,167)	(563)
Total Net Expenditure	**19,587**	**17,376**	**(2,211)**
Funding			
Government Grants	(12,713)	(13,199)	(486)
Council Tax	(5,676)	(5,676)	0
Total Funding	**(18,389)**	**(18,875)**	**(486)**
Net General Fund Deficit/ (Surplus) for the year	**1,198**	**(1,499)**	**(2,697)**

Divisional Expenditure, excluding Capital Financing Costs and FRS17 accounting entries for Pension adjustments, at £18.565m was £440k lower than the original budget estimate of £19.005m. The variance of £440k contains a number of differences, the main ones of which are commented on below.

- Employee Expenses were £916k better than the original budget. Favourable variances occurred in most Divisions, partly because the budget provided for a 2.5% pay award, which was above the final settlement of 1.0%.

- Housing Benefits paid, were £37.595m, £5.608m higher than budget, however, Government Grants received was £37.776m, which was £6.015m better than budget.

- Reimbursements and Contributions and Sales were £281k lower than budget. The main reason was that the Council undertook less work on Highways for Nottinghamshire County Council under the Manage and Operate Partnership (MOP), partly as a result of the severe winter weather. In addition, contributions from Developers were lower than budget.

- There was an underspending on Materials of £324k mainly as a result of performing less work than anticipated for Nottinghamshire County Council under the MOP agreement.

- Internal expenses were £240k higher than budget. This included an increase in the provision for bad debts of £184k. This followed an exercise to clear a number of old debts, which was reported to, and approved by Cabinet in March 2010.

- Capital Expenditure of £165k too small to be included in the Capital Programme was charged to the Revenue Account.

- Supplies and Services were £134k more than budget, with fluctuations occurring in all Divisions.

- Communications and Computing was £139k higher than budget, variations arising in a number of areas within Customer Services, Revenues and IT.

- Repairs & Maintenance were £62k higher than budget, largely as a result of a contribution to Nottinghamshire County Council in respect of the exit costs at Sutton Centre.

- Rents Payable was £43k higher than budget, due to the payment of rents and service charges in respect of business incubation units and the Market Hall within the Idlewells Centre.

- National Non Domestic Rates (NNDR) was £53k greater than anticipated, mainly due to a payment respect of Lammas Leisure Centre.

- Hiring and Leasing were £79k higher than budget due to the hiring of plant and equipment used to carry out work on the Highways.

In arriving at Total Net Expenditure, account has been taken of an Exceptional Item. This relates to refunds received under a claim for Value Added Tax on Leisure Charges, Car Parking, and Catering, plus associated interest, dating back as far as 1974. This amounted to £1.081m, after paying Professional Fees incurred in negotiating the refunds.

(b) Housing Revenue Account

	Original Budget £'000	Actual £'000	Variance £'000
Income			
Rents, Charges and Contributions	(22,030)	(21,763)	267
Housing Subsidy Received	(2,137)	(2,748)	(611)
Interest and Investment Income	(400)	(300)	100
	(24,567)	(24,811)	(244)
Expenditure			
Capital Charges	4,249	4,246	(3)
Capital Expenditure funded from Revenue	100	100	0
Repairs and Maintenance	6,696	6,481	(215)
Supervision and Management	5,860	5,663	(197)
Interest Payable and Appropriations	4,185	4,080	(105)
Other Expenditure	954	938	(16)
Total Expenditure	22,044	21,508	(536)
Surplus for the year	**(2,523)**	**(3,303)**	**(780)**
Housing Revenue Account brought forward	(9,889)	(10,007)	(118)
Housing Revenue Account carried forward	**(12,412)**	**(13,310)**	**(898)**

There were variances relating to both dwelling rents and housing subsidy received which is primarily attributable to the need to reset rent levels after government advice following the original budget advising local authorities to cap rent increases. Additionally an adjustment in respect of previous years' subsidy was made, resulting in an unbudgeted increase in income.

The repairs and maintenance and supervision and management variations are due to the repayment of surplus balances under protocol from Ashfield Homes Limited to the Council.

The Housing Revenue Account is self-financing and cannot be subsidised by the General Fund. As a result of the variations highlighted above the transfer to this Account is £3.303m for 2009/10 and the overall balance is £13.310m.

Capital Expenditure and Financing

Capital Expenditure

Capital expenditure of £9.658m was incurred in the following manner:

	Actual £'000
General Fund	
Vehicle Purchases	1,838
Accacia Avenue Community Asset Transfer	953
Energy Efficiency schemes in private housing	354
1996 Disabled Facilities Act – Improvement Grants	252
Hucknall Town Centre Road Improvement	250
Council Office Accommodation Charge	170
PC Hardware & Software	144
Hucknall Leisure Centre Roof	116
Other under £100K	345
Total General Fund	**4,422**
Housing Revenue Account	
Council Dwelling Works	3,525
Lift Works	196
Trusteel Properties Coxmoor Estate	303
Elderly and Disabled Adaptations	369
Warwick Close Works	133
Other	710
Total Housing Revenue Account	**5,236**
Total Expenditure	**9,658**

Capital Financing

The capital expenditure was funded by:

	£'000	**£'000**
Borrowing		2,609
Capital Receipts		
General Fund	234	
Housing	217	451
Major Repairs Allowance		3,525
Grants and Other Contributions		3,073
Total		**9,658**

Pensions

The Council is a member of the Nottinghamshire County Council Pension Fund. As at 31st March 2010, the Pensions Reserve deficit was £65.420m, compared with £38.364m at 31st March 2009.

Borrowing

The Council can borrow for any purpose for which it is legally entitled to incur expenditure. The Council sets its borrowing limits annually based upon tests of affordability and prudence. The current borrowing limit is £140m with operational boundary of £125m. The outstanding debt as at the 31st March 2010 was £86.979m.

Public Inspection of Accounts

Members of the public have a statutory right to inspect the accounts before the annual audit of the accounts is completed. The availability of the accounts for inspection is advertised in the local press.

The Statement of Responsibilities for the Statement of Accounts

Responsibilities of the Council

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Deputy Chief Executive;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

I confirm that the accounts were approved by the Council meeting held on 29th June 2010.
Signed on behalf of Ashfield District Council:

Councillor D. Parker
Chairman of the Council

Responsibilities of the Deputy Chief Executive

The Deputy Chief Executive is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on Local Authority Accounting in Great Britain ("the Code of Practice").

In preparing this Statement of Accounts, the Deputy Chief Executive has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Deputy Chief Executive has also

- Kept proper, up to date accounting records;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I confirm that the Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2010.

D. Greenwood, C.P.F.A.
Deputy Chief Executive
29th June 2010

Audit Certificate and Opinion

Independent auditor's report to the Members of Ashfield District Council

Opinion on the accounting statements

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

This report is made solely to the members of Ashfield District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Deputy Chief Executive and auditor

The Deputy Chief Executive's responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting 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 Authority and Group accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial position of the Group and its income and expenditure for the year.

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

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

Basis of audit opinion

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

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

Opinion

In my opinion:
The Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended; and

The Group accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Group as at 31 March 2010 and its income and expenditure for the year then ended.

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

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

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice. In so doing I identified that the Authority did not have satisfactory arrangements for long term workforce planning.

Having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, I am satisfied that, in all significant respects, Ashfield District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010 except for planning, organising and developing the workforce effectively to support the achievement of strategic objectives.

Certificate

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

Tony Crawley

District Auditor

Audit Commission
Rivermead House
7 Lewis Court
Grove Park
Enderby
Leicestershire
LE19 1SU
September 2010

Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the financial year 2009/10 and its position at the year end 31st March 2010. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2009 (the SORP)*. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.

- Tenants of council houses are given two rent free weeks at the end of March. There is therefore no requirement to make any accruals for housing rent income at the year-end.

- Supplies are recorded as expenditure when they are consumed. In the case of utilities expenditure is charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and does not have a material effect on the year's accounts

- Works are charged as expenditure when they are completed before which they are carried as work in progress on the Balance Sheet.

- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.

- Where income has been received in the year in relation to activities to be carried out in the following financial year, a receipt in advance is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

- Where expenditure has been paid in relation to activities to be carried out in the following financial year a payment in advance is recorded in the Balance Sheet.

- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

- Grant claims are submitted on an actual basis wherever possible, however if the information to do this is not available then a best estimate basis is adopted.

3. Provisions

Provisions are made where an event has taken place that gives the council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

4. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate revenue account in that year to score against the Net Cost of Services. The reserve is then appropriated back into the General Fund balance so that there is no net charge against Council Tax for the expenditure. The level of reserves and balances is reviewed annually to ensure they are appropriate.
Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and do not represent usable resources for the Council.

5. Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

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

6. Retirement Benefits

Most employees of the Council contribute to the Nottinghamshire Pension Fund, the Local Government Pension Scheme administered by Nottinghamshire County Council. The scheme provides defined benefits (retirement lump sums and pensions) earned as employees work for the Council.

The Nottinghamshire Pension Fund is accounted for as a defined benefit scheme:

- The liabilities of the Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions including mortality rates, employee turnover rates and projections of projected earnings for current employees.
- In assessing liabilities for retirement benefits at 31st March 2010 for the 2009/10 Statement of Accounts, the actuary assumed a discount rate of 3.6% real (6.7% actual), a rate based on the current rate of return on a high-quality corporate bond of equivalent currency and term to scheme liabilities is to be used. For the 2010/11 Statement of Accounts, the actuary has advised that a rate of 1.5% real (5.5% actual) is appropriate.
- The assets of the Fund attributable to the Council are included in the Balance Sheet at their fair value on the following revised basis:

Asset Category	Basis of Valuation
Quoted Securities	Bid valuation
Unquoted Securities	Professional estimate
Unitised Securities	Average of the bid and offer rates
Property	Market Value

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

  - Current Service Cost - the increase in liabilities as result of years of service earned this year - allocated to the revenue accounts of services for which the employees worked;
  - Past Service Cost - the increase in liabilities arising from current year decisions whose affect relates to years of service earned in earlier years - debited to the Net Cost of Service as part of Non-Distributed Costs.
  - Interest Costs - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to Net Operating Expenditure in the Income and Expenditure Account .
  - Expected Return on Assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long term return - credited to the Net Operating Expenditure in the Income and Expenditure Account.
  - Gains/Losses on Settlement and Curtailment – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefit of employees - debited to the Net Cost of Services in the Income and Expenditure Account as part of non-distributable costs.
  - Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses.
  - Contributions paid to the Fund – cash paid as employer's contributions to the pension fund.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

7. Value Added Tax

Value Added Tax (VAT) is excluded from all income and expenditure received and paid by the Council except where it is classed as irrecoverable by HM Revenue and Customs.

8. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2008 (BVACOP). The total absorption costing principle is used, the full cost of overheads and support services are shared between users in proportion to the benefits received with the exception of:

- Corporate and Democratic Core, which are costs relating to the Council's status as a multi-functional democratic organisation;
- Non distributed costs which are the cost of discretionary benefits awarded to employees retiring early and any impairment losses chargeable on non operational properties.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

9. Intangible Fixed Assets

Expenditure on assets that do not have a physical substance but are identifiable and controlled by the Council e.g. software licences are capitalised when they will bring benefits to the council for more than one financial year.

These assets are held at cost and written off over their economic lives, subject to a maximum of 20 years, dependent on the type of asset. Software development costs that are directly attributable to bringing a computer system or other computer operated machinery into use are treated as being of the cost of the related hardware, rather than as a separate intangible asset.

10. Tangible Fixed Assets

Tangible Fixed Assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

<u>Recognition</u>
Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefit to the Council for more than one financial year. Expenditure that secures but does not extend the previously assessed standard of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Tangible fixed assets also include assets held under finance leases, which have been capitalised and included in the Balance Sheet at a value reflecting the Council's obligation to meet future rental payments.

A de-minimis asset value of £6,000 has been set and expenditure on new assets of less than this amount is charged to the service revenue account as a proxy for depreciation, unless the expenditure forms part of a larger scheme.

Measurement

Assets are initially measured at cost, which comprises all expenditure that is directly attributable to bringing an asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

Asset Category	Basis of Valuation
Investment properties and assets surplus to requirements	the lower of net current replacement cost or net realisable value
Dwellings, other land and buildings, vehicles, plant and equipment	the lower of net current replacement cost or net lower of net current replacement cost or net realisable value in existing use
Infrastructure and community Assets	Depreciated historic cost

Net current Replacement Cost is assessed as:

Asset Category	Basis of Valuation
Non-specialised operational properties.	Existing use value
Specialised operational properties	Depreciated replacement cost.
Investment properties and surplus assets	Market value.
Vehicles, plant and equipment	Depreciated historic cost as a proxy for market value.

Assets included in the Balance Sheet at net replacement cost or net realisable value are re-valued where there have been material changes in their value, but as a minimum every 5 years. The Council's housing stock is re-valued annually by applying an appropriate housing price index to a series of beacon values at the start of the financial year. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Impairment

The values of each category of assets and of material individual assets that are not being depreciated are reviewed annually for evidence of significant reductions in value or impairment. Where impairment is identified as a result of this review, or as a result of changes arising from annual variations, this is accounted for by:

- where attributable to the clear consumption of economic benefits the loss is charged to the relevant service revenue account
- otherwise written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Statement of Movement on the General Fund Balance.

Depreciation

Assets, other than land and non operational buildings, are depreciated over their estimated useful economic lives except where the depreciation charge would be immaterial. Depreciation is calculated using the straight line method, except for Council Housing which has been depreciated by the Major Repairs Allowance (MRA) taking assumed residual values into consideration.

Assets are being depreciated over the following periods:

Council dwellings	40 years
Other HRA assets	10 - 50 years
Other Buildings	10 - 50 years
Vehicles, plant and equipment	3 - 10 years
Infrastructure	10 - 40 years
Community Assets	20 years

During the 2009/10 financial year it was decided to apply a 40 year depreciation policy for council dwellings. This policy will be reviewed at the end of each year in future.

Under the 2009 SORP, depreciation also has to be calculated on revaluation gains and is represented by the difference between depreciation calculated on current value and depreciation calculated on historic cost. The difference between the two values is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Grants and contributions

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

11. Charges to Revenue for Fixed Assets

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, impairment losses and amortisations are therefore replaced by a revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

12. Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has decided to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

13. Leases

The Council's current policy is to purchase vehicles, plant and equipment however the policy until 31st March 2004 was to acquire vehicles, plant and certain items of equipment through operating leases.

Rentals payable under operating leases are charged to the relevant service revenue account on a straight line basis over the term of the lease. The Council does not hold any finance leases preferring to purchase operational assets outright.

The Council does not have any finance leases.

The Council does not lease any land and buildings.

The Council also acts in the capacity as lessor for the lease of land and properties it owns. Rents due under operating leases are accounted for on a straight line basis as they become due. Land and property leased under operating leases are held as fixed assets within the Balance Sheet and valued in accordance with appropriate valuation practices. As these are non-operational assets, they are not subject to depreciation.

14. Financial Liabilities

Borrowing

Borrowing is classed as either a long-term liability, if it is repayable after 12 months or longer, or a current liability, if it is repayable within 12 months. Borrowing is shown in the Balance Sheet at amortised cost, using the effective interest rate that applies to the individual loans that comprise the total borrowing held by the Council, plus where appropriate, the amount of external interest accrued on loans where an effective interest calculation has not been made. This applies generally to outstanding PWLB loans, where the rate of interest on the loan does not vary over the life of the loan. Generally, the interest that is charged to the Income and Expenditure Account is the amount due in the year under the loan agreement, except where this is adjusted under effective interest rate calculations to meet the requirements of the 2009 SORP.

The Council has decided not to re-finance its borrowing in the current financial climate to avoid paying significant premiums to its lenders. This position is kept under review as loans move nearer maturity and in the light of the prevalent interest rates at that time.

Gains and Losses on Debt Re-structuring

For gains and losses on debt re-structuring arising after 1st April 2007, the full value of the gain or loss will be recognised in Net Operating Costs within the Income and Expenditure Account in the year the repurchase or settlement is made. However, where a loan with the same lender is modified, i.e. where the net present value on the replacement loan varies by no more than 10% of the original loan and the exchange of loans takes place on the same day, then the effect of the resulting premium or discount can be charged to Net Operating Costs over the term of the replacement loan, rather than in the year the premium or discount arises.

Creditors

Creditors are recognised when a contractual arrangement is entered into between the council and a supplier to provide goods and services for an agreed price. The value of the creditors recognised in the Balance Sheet represents the current value of the outstanding liabilities of the Council at 31st March 2010 as a proxy for amortised cost.

15. Financial Assets

Loans and Receivables

Loans and receivables are assets that have fixed or determinable payments but are not quoted in an active market. They are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Investments are classed as either long-term assets, if repayable after 12 months or longer, or current assets, if repayable within 12 months. Investments are shown in the Balance Sheet at amortised cost, using the effective interest rate that applies to the individual loans that comprise the total borrowing held by the Council. The amount shown in the Balance Sheet represents the outstanding principal due to be repaid to the Council and the interest that is credited to the Income and Expenditure Account is the amount receivable in the year under the loan agreement.

The Council, through its Treasury Management Strategy, set a limit on the amount it will lend to individual financial institutions of £5m, providing that the institution has an approved Fitch/Moody's/Standard & Poors rating of F1/P-1/A-1 (short term) or A (long term) or is one of the top 15 building societies.

Soft Loans
Soft loans arise where the Council provides a loan facility at a discounted interest rate. The Council does not provide any such facilities currently and therefore there is no requirement for disclosures of this nature in 2009/10.

Debtors (including mortgages)
Debtors are recognised when a contractual arrangement is entered into between the council and a debtor to provide goods and services for an agreed price. The value of the debtors recognised in the Balance Sheet represents the current value of the outstanding debts owed to the Council at 31 March 2010 as a proxy for short term debtors.

16. Stocks and Work in Progress

Stocks are valued generally using last price paid, except for canteen stocks which are valued at average selling price. Work in progress is valued at cost within the Balance Sheet when necessary.

17. The Collection Fund

The Statement of Recommended Practice has introduced changes in the way that Local Authorities have to account for Council Tax and Non-Domestic Rates. The changes require a prior year adjustment to be made which results in the Core Statements and the Collection Fund being re-stated for 2008/2009. The changes do not materially affect the understanding of the accounts.

As a result, the Council includes its share of the accrued Council Tax due for the year within its Income and Expenditure Account. The difference between this sum and the local precept for Council and parish activities is reversed through the Statement of Movement in the General Fund Balance to ensure only the level of Council Tax required to pay for council activities is credited to the General Fund in the year. The balance is taken to a new account, the Collection Fund Adjustment Account, within the Balance Sheet.

Amounts collected on behalf of the other preceptors of Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire Authority are treated as either debtors or creditors depending upon the respective share of the Collection Fund attributable to these bodies at 31st March.

18. Interests in Companies and Other Entities

The council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

(a) Joint Crematorium Committee

The Council is a constituent member of a joint crematorium committee with neighbouring authorities of Mansfield, Newark and Sherwood District Councils. Current activities are split between all the Councils based on the number of cremations carried out within each area. The balance sheet is apportioned based on an average of the last 5 years cremations in each area. The Council's share of running costs and income has been included in the Income and Expenditure and the share of assets included within the Balance Sheet using these apportionments. Due to the nature of the relationship of the Council within the committee Group Accounts are not required for this entity. Information on the Council's share of the income and expenditure and associated assets and liabilities is shown in note 34 to the Core Financial Statements.

(b) Ashfield Homes Limited

The Council has a 100% interest in Ashfield Homes Limited through the issues of a single £1 share. The Company was formed on 26th September 2001 to carry out the housing management function on behalf of the Council with effect from 1st April 2002. Group Accounts are prepared to include the activities of this company as it is fully controlled by the Council.

The Core Financial Statements

Income and Expenditure Account

This account brings together expenditure and income relating to all the Council's functions in three distinct sections, each divided by a sub-total.

- The first section shows the cost of the local Council's different continuing operations, net of specific grants and income from fees and charges, to give the net cost of services.

- The second section comprises items of income and expenditure relating to the Council as a whole, which has not been recharged to the cost of services. When added to the net cost of services gives the local Council's net operating expenditure.

- The third section shows the principal sources of financing for the Council's activities in the period, to give the net surplus or deficit for the year and the amount carried forward in the General Fund balances.

- The sum of £1.447m was transferred to General Fund balances and £3.354m added to Housing Revenue Account (HRA) balances in the year. The sum of £1.031m was transferred from earmarked reserves.

- The net expenditure relates to continuing operations. There were no acquired or discontinued operations in the year.

- The expenditure for 2009/10 shown against Other Housing Services includes amounts for Rent Rebates and Rent Allowances. The information has been extracted from the draft final Benefits Subsidy claim (form MPF720A) in May 2010, which is subject to audit. It is therefore possible that the actual figures may change from those currently included in the final accounts. Owing to the magnitude of Benefits expenditure this variation could be significant but not material.

Income and Expenditure Account (Continued)

2008/09 Net Expenditure £'000 Restated		2009/10 Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Note
	Service Expenditure				
633	Central Services to the Public	12,059	(11,814)	245	
13,774	Cultural, Environmental and Planning Services	18,053	(5,082)	12,971	
1,257	Highways, Roads and Transport Services	6,683	(5,227)	1,456	
35,942	Housing Revenue Account	23,235	(24,510)	(1,275)	
1,816	Other Housing Services	29,714	(28,606)	1,108	
4,241	Corporate and Democratic Core	3,345	(297)	3,048	
1,330	Non Distributed Costs	3,048		3,048	
0	Exceptional Income from VAT	84	(1,165)	(1,081)	6.
58,993	Net Cost of Services	96,221	(76,701)	19,520	
92	Net Loss or Gain on sale of Fixed Assets			(36)	7.
168	Parish Council Precepts			174	
262	Net (Surplus) / Deficit on Trading Undertakings			20	
2,182	Pensions Interest Cost and Expected Return			2,622	25.
4,447	Interest Payable and Other Charges			4,233	31.
(858)	Interest and Investment Income.			(342)	
0	Other Income			(74)	
262	Contribution to Housing Pooled Capital Receipts			610	
65,548	Net Operating Expenditure			26,727	
(3,351)	Government Grants			(4,027)	5.
(9,699)	Contribution from NNDR Pool			(9,172)	
(5,724)	Demands on the Collection Fund			(5,761)	
46,774	Net Deficit			7,767	

Statement of Movement on the 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 Council 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 fixed assets are consumed.
- The payment of a share of council housing receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the 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.

Statement of Movement on the General Fund Balance (Continued)

Net Expenditure Restated £'000		Net Expenditure £'000
46,774	Deficit for the Year on the Income and Expenditure Account	7,767
(45,421)	Net Additional Amount Required by Statute and Non-Statutory Proper Practices to be Debited or Credited to the General Fund Balance for the Year	(9,266)
1,353	Decrease/ (increase) in General Fund Balance for the Year	(1,499)
(5,486)	General Fund Balance Brought Forward	(4,132)
(4,132)	General Fund Balance Carried forward Available for New Expenditure	(5,631)
	Note on Reconciling Items for Statement of Movement on the General Fund	
	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	
(74)	Amortisation of Intangible Fixed Assets	0
(44,634)	Depreciation and Impairment of Fixed Assets	(11,864)
1,618	Government Grants Deferred Amortisation	1,356
(1,936)	Revenue Expenditure Funded from Capital under Statute	(107)
(100)	Financial Instruments - Reconciliation to Amortised Costs	(83)
(36)	Net Loss on disposal of Fixed Assets	54
(1,566)	Excess of Depreciation Charged to HRA Compared to the Major Repairs Allowance Element of Housing Subsidy	(705)
(3,829)	Net Charges Made for Retirement Benefits in Accordance with FRS 17	(3,844)
61	Amount by which Council Tax and residual community charge adjustment included in the Income and Expenditure Account is different from the amount taken to the General Fund in accordance with regulation.	(89)
0	Unattached Receipts	74
(50,496)		(15,208)
	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	
761	Minimum Revenue Provision for Capital Financing	822
0	Transferred Asset Principal Repayment - NCC	(16)
0	Capital Expenditure charged in Year to General Fund Balance	244
(262)	Transfer from Useable Capital Receipts to Meet Payments to the Housing Capital Receipts Pool	(610)
144	Amortisation of Premiums and Discounts	144
2,738	Employers Contributions Payable to the Nottinghamshire County Council Pension Fund and Retirement Benefits Payable Direct to Pensioners	3,087
3,381		3,671
	Transfers (to)/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	
1,453	Housing Revenue Account Balance	3,302
116	Voluntary Revenue Provision for Capital Financing	0
125	Net transfer to/(from) Earmarked Reserves	(1,031)
1,694		2,271
(45,421)	**Net Additional Amount Required to be Credited to the General Fund Balance for the Year**	(9,266)

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.

2008/09 Restated £'000		2009/10 £'000
46,774	Deficit for the year on the Income and Expenditure Account	7,767
(4,055)	(Surplus) / Deficit arising on revaluation of fixed assets	1,138
(5,222)	Actuarial (gains) / Losses on pension fund assets and liabilities	26,299
(61)	Other	(16)
37,436	**Total recognised (Gains) / Losses for the year**	35,188
	Reconciliation to Balance Sheet:	
230,951	Net worth as per Balance Sheet as at 1st April	193,515
193,515	Net worth as per Balance Sheet as at 31st March	158,327
37,436	**Movement in net worth (Gain) / Loss**	35,188

Balance Sheet as at 31st March 2010

31st March 2009 Restated £'000		31st March 2010 £'000	£'000	Note
	FIXED ASSETS:			
	Intangible Fixed Assets			
	Tangible Fixed Assets			
	Operational Assets:			
252,193	Council Dwellings	243,765		
1,752	Other HRA	1,917		
47,773	Other Land and Buildings	46,909		
8,220	Vehicles, Plant and Equipment	8,421		
4,817	Infrastructure Assets	4,707		
755	Community Assets	1,534		
5,100	**Non-Operational Assets:**	3,108		
320,610	**Total Fixed Assets**		310,361	10/11.
5,057	Long Term Investments	1		26/32.
177	Long Term Debtors	152	153	28.
325,844	**Total Long Term Assets**		310,514	
	Current Assets			
158	Stocks and Work in Progress	96		27.
8,347	Debtors	11,819		28.
9,062	Investments	12,351		26/32.
			24,266	
343,411	**Total Assets**		334,780	
	Current Liabilities			
(10,049)	Short Term Borrowing	(6,039)		32.
(6,275)	Creditors	(5,830)		29.
(183)	Cash Overdrawn	(1,397)		
(16,507)			(13,266)	
326,904	**Total Assets less Current Liabilities**		321,514	
	Long Term Liabilities			
(80,910)	Long Term Borrowing	(80,940)		32.
(136)	Provisions	(224)		20.
(7,952)	Government Grants Deferred Account	(8,481)		16.
(6,001)	Unapplied Contributions	(8,101)		
(26)	Deferred Capital Receipts	(21)		17.
(38,364)	Liability Related to Defined Benefit Pension Scheme	(65,420)	(163,187)	25.
193,515	**Total Assets less Liabilities**		158,327	18.

Balance Sheet (Continued)

31st March 2009 Restated £'000		31st March 2010 £'000	£'000	Note
	Financed By:			
38,364	Pensions Reserve	65,420		25.
(20,066)	Revaluation Reserve	(17,825)		
(188,097)	Capital Adjustments Account	(177,780)		
0	Useable Capital Receipts Reserve	(1)		
(5,622)	Earmarked Reserves	(4,591)		
(4,968)	Major Repairs Reserve	(5,652)		
(4,133)	General Fund Balance	(5,632)		
(48)	Collection Fund Revenue Account	42		
(10,007)	Housing Revenue Account	(13,310)		
1,062	Financial Instruments Adjustment Account	1,002	(158,327)	
(193,515)	**Total Net Worth**		(158,327)	21.

These financial statements replace the unaudited financial statements authorised at the meeting of the Council on 29th June 2010.

Signed ……..

D. Greenwood
C.P.F.A.
Chief Financial Officer
28th September 2010

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined here, as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

2008/09 Restated £'000	2008/09 Restated £'000		2009/10 £'000	2009/10 £'000
	2,370	**Net cash inflow from operating activities**		12,552
		Returns on Investments and Servicing of Finance		
		Cash Outflows		
(4,176)		Interest paid	(4,170)	
		Cash Inflows		
566		Interest received	547	
	(3,610)	**Net Cash Outflow from Returns on Investments and Servicing of Finance**		(3,623)
		Capital Activities		
		Cash Outflows		
(17,243)		Purchase of Fixed Assets	(8,805)	
(874)		Other Capital Cash Payments	(981)	
		Cash Inflows		
682		Sale of Fixed Assets	1,008	
6,140		Other Capital cash receipts	1,620	
638		Capital Grants Received	2,456	
	(10,657)	**Net Cash Outflow from Capital Activities**		(4,702)
	(11,897)	**Net Cash (Outflow)/ Inflow before financing**		4,227
		Management of Liquid Resources		
258		Net decrease in short-term deposits	1,800	
1,739		**Net decrease/ (increase) in other liquid resources**	(3,186)	
	1,997	**Net decrease/ (increase) in other liquid resources**		(1,386)
		Financing		
		Cash Outflows		
(46)		Repayment of amounts borrowed	(34,655)	
		Cash Inflows		
10,000		New short term Loans Raised	30,600	
	9,954	**Net Cash Inflow from Financing**		(4,055)
	54	**Increase/(Decrease) in Cash**		(1,214)

There is additional information on the Cash Flow statement at notes 32 to 35

Notes to the Core Financial Statements

1. Members Allowances

The total amount paid under the members' allowances scheme during the year was £399,726 (£430,819 in 2008/09).

2. Officers' Remuneration

The post of Head of Financial Management was filled on an interim basis and is not included within this analysis. As a result of a senior management restructure the posts of Head of Financial Management, Deputy Chief Executive (outward facing) and Deputy Chief Executive (Inward Facing) have been replaced with a new post of Deputy Chief Executive Officer (Resources). This has affected the consistency of the payments over the past 2 years, but is expected to stabilise into the future.

The disclosure of senior officer's remuneration under Regulation 4 of the Accounts and Audit (Amendment number 2) (England) Regulations 2009 is as follows:

Post	Salary	Bonuses	Expenses	Compensation for Loss of Office	Benefits in Kind (e.g. Car Allowances)	Total Remuneration Exc. Pension Contributions	Pension Contributions	Total Remuneration
	£	£	£	£	£	£	£	£
Deputy Chief Executive (inward facing) Note 1	51,609	0	0	55,000	15,811	122,420	11,405	133,825
Chief Executive Note 2	85,039	0	1,289	0	2,208	88,536	18,786	107,322
Head of Land and Property Services	61,534	1,231	1,744	0	1,164	65,673	13,599	79,272
Head of Customer, Revenue and IT Services	61,534	0	11	0	1,164	62,709	13,599	76,308
Head of Health and Housing	59,823	0	231	0	1,258	61,312	13,258	74,570
Head of Neighbourhood Services	59,990	0	127	0	1,164	61,281	13,258	74,539
Head of Community and Economic Promotion	56,020	1,169	1,007	0	1,164	59,360	12,917	72,277

Note 1: Deputy Chief Executive (Inward Facing) left 12th December 2009; salary for the full year would have been £73,839 with employers pension contribution of £16,318.

Note 2: Interim Chief Executive from 1st April 2009 to 30th September 2009 with an annual salary of £80,007. Chief Executive from 1st October 2009 onwards with an annual salary of £90,000.

The information for 2008/09 on a similar basis for comparative purposes is:

Post	Salary	Bonuses	Expenses	Compensation for Loss of Office	Benefits in Kind (e.g. Car Allowances)	Total Remuneration Exc. Pension Contributions	Pension Contributions	Total Remuneration
	£	£	£	£	£	£	£	£
Chief Executive	92,591	0	670	0	8,735	101,996	20,184	122,180
Deputy Chief Executive (Outward Facing)	73,839	0	1,122	0	1,192	76,153	16,097	92,250
Deputy Chief Executive (Inward Facing)	73,839	0	0	0	1,095	74,934	16,097	91,031
Head of Customer, Revenue and IT Services	61,534	0	81	0	1,095	62,710	13,414	76,124
Head of Health and Housing	58,450	0	759	0	1,095	60,304	12,742	73,046
Head of Neighbourhood Services	58,450	0	396	0	1,095	59,941	12,742	72,683
Head of Community and Economic Promotion	55,768	1,651	973	0	1,157	59,549	12,157	71,706

3. Related Party Transactions

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

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides a substantial contribution to its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits).

Members of the Council have direct control over the financial and operating policies of the Council. Both members and senior officers have signed a declaration itemising any appropriate related party transactions.

During 2009/10, works and services to the value of £3,130 including VAT were commissioned from a Company in which two members had an interest. Works and services to the value of £148,943 including VAT were also commissioned from a Company in which one other party had an interest.

Additionally a member leases a number of properties from the Council and is in the process of purchasing surplus land from the Council in the vicinity of these properties.

The board of Ashfield Homes Ltd includes four members of Ashfield District Council. The details of membership during the year are:-

- Councillor J.M. Bulmer: 1st April 2009 to 31st March 2010
- Council W.T. Nuttall: 1st April 2009 to 31st March 2010
- Council Mrs. W.B.M.E. Harvey: 1st April 2009 to 3rd November 2009
- Councillor Mrs. B.G. Turner 1st April 2009 to 3rd November 2009
- Councillor J.F. Dymock : 19th January 2010 to 31st March 2010
- Councillor J.M.A. Wilmott: 19th January 2010 to 31st March 2010

Most related transactions with Related Parties are disclosed elsewhere in the Statement of Accounts as follows:

Payments to/from Central Government	Cash Flow Statement
Precepts from other local authorities	Collection Fund (Note 4)
Superannuation Contributions	Core Statements (Note 29)
Members Allowances	Core Statements (Note 2)
Ashfield Homes Limited	Group Accounts

Any other transactions with Organisations of interest to members were low in value and therefore considered to be immaterial, or otherwise the relationship was considered to be insignificant to the control and financing of the Companies.

The Council maintains a register of Members interests together with a record of interests declared at Committees and Council meetings.

4. Audit Costs

The analyses of the fees payable to the Audit Commission with regard to external audit services are:

	2008/09 £'000	2009/10 £'000
External audit services carried out by the appointed auditor	93	130
Statutory inspection	31	8
Certification of grant claims and returns	25	26
Other Audit Fees	0	0
Total	**149**	**164**

5. General Government Grants

The Council received the following government grants, which are not related to specific services, within 2009/10

	2008/09 £'000s	2009/10 £'000s
Area Based Grant	1,474	1,275
Revenue Support Grant	1,350	2,117
LABGI Grant	287	47
Reward Grant	0	146
Housing Planning Delivery Grant	240	442
Total Grants	**3,351**	**4,027**

6. Prior Period and exceptional/ extraordinary items

a) The council received a refund for VAT on Leisure Charges, Car Parking, and Catering, plus associated interest, dating back as far as 1974. This amounted to £1.081m, after paying Professional Fees incurred in negotiating the refunds.

b) The Statement of Recommended Practice has introduced changes in the way that Local Authorities have to account for Council Tax and Non-Domestic Rates. The changes require a prior year adjustment to be made which results in the Core Statements and the Collection Fund being re-stated for 2008/2009. The changes do not materially affect the understanding of the accounts.

7. Gains and Losses from the Sale of Assets

The Income and Expenditure Account includes gains and losses from the sale of Council assets. The value of the gains and losses for 2009/10 is as follows:

	2008/09 £'000	2009/10 £'000
Council house sales	36	(45)
Other housing revenue account assets	31	0
General fund assets	25	9
Total	**92**	**(36)**

8. Capital Expenditure and Financing

	2008/09 £'000	2009/10 £'000
Opening Capital Financing Requirement	99,456	103,989
Capital Investment		
Operational Assets	15,092	7,197
Non-Operational Assets	1,239	1,410
REFCUS	1,929	1,051
Other	66	0
Sources of Finance		
Capital Receipts	(5,505)	(451)
Government Grants and Other Contributions	(2,519)	(2,829)
Major Repairs Reserve	(5,008)	(3,525)
Minimum Revenue Provision	(761)	(822)
Revenue Contributions	0	(244)
Closing Capital Financing Requirement	103,989	105,776
Movement in the Year	4,533	1,787
Explanation of Movement in the Year		
Increase in Underlying Need to Borrow (Un-Supported by Government Financial Assistance)	5,294	2,609
Minimum Revenue Provision	(761)	(822)
	4,533	1,787

9. Capital Commitments

During the financial year 2009/10 Ashfield Homes Limited (a wholly owned subsidiary of the Council) entered into a significant contract with Frank Haslam Milan (FHM) for the Housing Refurbishment Partnership Contract, 2009-2015. At the 31st March 2010 the Council was committed to a significant sum of capital works within the scope of this contract.

There are break options in the contract after March 2012, but assuming the contract runs to completion in 2015 there is the possibility of spending up to £25million in line with the OJEU notice. The actual amount spent is likely to be below this ceiling.

Additionally the Councils building services section is committed to a number of minor outstanding capital projects at a total cost of £243K.

10. Tangible Fixed Assets

	Operational Assets							Non Operational Assets			
	Council Dwellings £'000	Other HRA £'000	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure £'000	Community Assets £'000	Total £'000	Assets Under Construction £'000	Surplus Assets £'000	Total £'000	Grand Total £'000
Cost or Valuation											
At 1st April 2009	272,664	1,864	49,180	14,620	6,704	760	345,792	1,001	4,420	5,421	351,213
Additions	3,524	570	499	1,989	56	559	7,197	1,352	59	1,411	8,608
Donations	0	0	0	0	0	0	0	0	0	0	0
Disposals	(661)	0	(55)	(1,052)	0	0	(1,768)	0	0	0	(1,768)
Reclassifications	134	0	0	0	0	258	392	(1,278)	886	(392)	0
Revaluations	(1,265)	0	110	16	0	0	(1,139)	0	(446)	(446)	(1,585)
Impairment Reversal	8,233	0	6	0	0	0	8,239	0	0	0	8,239
Impairment In Year	(13,539)	(374)	(233)	0	0	(5)	(14,151)	0	(2,242)	(2,242)	(16,393)
At 31st March 2010	269,090	2,060	49,507	15,573	6,760	1,572	344,562	1,075	2,677	3,752	348,314
Depreciation											
At 1st April 2009	(20,471)	(112)	(1,407)	(6,400)	(1,887)	(5)	(30,282)	0	(321)	(321)	(30,603)
Charge for 2009/10	(4,883)	(31)	(1,191)	(1,634)	(166)	(33)	(7,938)	0	(240)	(240)	(8,178)
Disposals	(54)	0	0	882	0	0	828	0	0	0	828
Reclassifications	83	0	0	0	0	0	83	0	(83)	(83)	0
Revaluations	0	0	0	0	0	0	0	0	0	0	0
At 31st March 2010	(25,325)	(143)	(2,598)	(7,152)	(2,053)	(38)	(37,309)	0	(644)	(644)	(37,953)
Balance Sheet Amount At 31st March 2010	243,765	1,917	46,909	8,421	4,707	1,534	307,253	1,075	2,033	3,108	310,361
Balance Sheet Amount At 1st April 2009	252,193	1,752	47,773	8,220	4,817	755	315,510	1,001	4,099	5,100	320,610
Nature of Asset Holding											
Owned	243,765	1,917	46,909	8,421	4,707	1,534	307,253	1,075	2,033	3,108	310,361
	243,765	1,917	46,909	8,421	4,707	1,534	307,253	1,075	2,033	3,108	310,361

11. Fixed Asset Values

Division	2009/10		2008/09	
	Number	Value at 31st March £'000	Number	Value at 31st March £'000
Community and Economic Promotion	26	25,237	23	24,746
Land and Property	230	22,327	229	23,744
Health and Housing	17	748	17	774
Revenues, Information Technology and Customer Services	8	452	7	551
Neighbourhood Services	347	15,042	325	14,255
Housing Revenue Account	7,045	245,682	7,058	253,858
Surplus Properties	7	873	36	2,682
Total	**7,680**	**310,361**	**7,695**	**320,610**

12. Tangible Fixed Asset Valuations

The following table shows the progress of the Council's rolling programme for the revaluation of fixed assets. The purpose of the rolling programme is to ensure that all assets valued at current value are re-valued at least every five years. Council assets are valued by the Council's Matthew Kirk (FRICS), who determines the valuations on the basis set out in the Statement of Accounting Policies and in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The table shows the annual movement in asset values arising from the revaluation programme.

	Council Dwellings	Other HRA	Land & Buildings	Vehicles, Plant & Equipment	Infra - structure	Community	Assets under constructio n	Surplus assets held for disposal	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value of assets 31st March 2010	243,765	1,916	46,909	8,422	4,707	1,533	1,075	2,032	310,361
Valued at historical cost	-	241	1,446	8,422	4,707	1,533	1,075		17,424
Valued at current value:									
	-	-	2,312	-	-		-	4,054	6,366
31 March 2008 by the Estates manager (MRICS) employed by ADC									
	281,035	-	-	-	-		-	-	281,035
31 March 2006 by King Sturge professional valuers plus inflation index recommended by the Estates manager									
31 March 2006 by King Sturge professional valuers	-	2,280	-	-	-		-	-	2,280
31 January 2008 by Robert Clark professional valuers	-	1,017	33,808	-	-		-	-	34,825
31 March 2009 by the Estates manager (MRICS) employed by ADC	-	-1,622	10,207	-	-		-	44	8,629
31 March 2009 by King Sturge professional valuers	-28,843	-	-	-	-		-	-	-28,843
31 March 2010 by the Estates manager (MRICS) employed by ADC	-8,427	-	-864	-	-		-	-2,066	-11,357

13. Intangible Fixed Assets

Intangible fixed assets relate to the purchase of software licences, which are written off over a 3 to 5 year period depending on the assumed life of the software.

	£'000
Original Cost	75
Written off to 1st April 2009	75
Balance at 31st March 2010	**0**

14. Assets held as Lessee

The Council was committed at the 31st March 2010 to making payments of £16k under operating leases in 2010/11 comprising the elements in the table below:

	Vehicles, Plant and Equipment	Total
	£'000	£'000
Total Rentals Paid in 2009/10	71	71
Outstanding Undischarged Leasing Obligations		
Leases expiring in 2010/11	16	16

15. Assets held as Lessor

With regard to the Council's activity as a lessor, the gross value of assets held for use in operating leases as at 31st March 2010 was £8.459m (these properties were subject to accumulated depreciation of £0.676m). The net book value of these assets is £7.782m. These properties have a total purchase cost of £7.592m. The council as a lessor does not have any finance leases.

Rental income from operating leases relating to retail, commercial and industrial units was £420k.

16. Government Grants and Capital Contributions Deferred Account

Where the acquisition of a fixed asset, either wholly or in part, is financed by a government grant or other grant or contribution, the amount of grant is credited to this account. The grant is written off to the appropriate service revenue account over the useful life of the asset to match the depreciation charge in respect of the asset to which it relates.

Description	2008/09 £'000	2009/10 £'000
Balance brought forward	(7,377)	(7,952)
Additions in the year	(1,052)	(2,882)
Capital grants applied	0	997
Grants deferred – depreciation	477	1,356
Balance carried forward	**(7,952)**	**(8,481)**

17. Deferred Credits

The balance on this account represents the capital income still to be received from the sale of council houses where deferred payments have been agreed. It equates to long-term debtors – council house sales.

Description	2008/09 £'000	2009/10 £'000
Balance brought forward	(29)	(26)
Receipts in year	3	5
Balance carried forward	**(26)**	**(21)**

18. Analysis of Net Assets Employed

	31st March 2009 £'000	31st March 2010 £'000
General Fund	(4,664)	(29,990)
Housing Revenue Account	194,297	186,139
Trading Undertakings	3,882	2,178
	193,515	158,327

The decrease in Housing Revenue Account assets is due to a fall in the carrying value of council dwellings due to reductions in valuations, and the increase in the General Fund liabilities relates to the an increased pressures to the defined benefit pension scheme as at the balance sheet date.

19. Interests in Companies

The Council has 100% interest in Ashfield Homes Limited (AHL), through the issue of a single £1 investment share, which does not impact on the Balance Sheet. The Balance Sheet includes inter-company balances of £178K owed to Ashfield Homes Limited and £636K owed by Ashfield Homes Limited.

20. Insurance Provisions

At the end of the year the Council had a £224k insurance provision. The Council maintains an insurance provision to meet its outstanding liability (within the policy excess) for claims in line with the reserves calculated by the Council's Insurers. Most claims come to fruition within 1-2 years. The factors affecting these values can change and the Insurance companies regularly review the reserves. The insurance provision's main risk is that several incurred but not reported claims could affect its adequacy. Over and above this provision the Council also maintains additional insurance funds.

	Balance at 31st March 2009 £'000	Receipts In Year £'000	Payments In Year £'000	Balance at 31st March 2010 £'000
Liability Insurance Fund	(115)	(28)	0	(143)
Property Insurance Fund	(21)	(60)	0	(81)
	(136)	(88)	0	(224)

21. Reserves

Reserve	Balance at 31st March 2009 Restated £'000	Movements in year £'000	Balance at 31st March 2010 £'000	Purpose of Reserve
Revenue Reserves				
General Reserves				
General Fund	(4,133)	(1,499)	(5,632)	To provide funds to support General Fund spending
Collection Fund Adjustment Account	(48)	90	42	The council's share of Council Tax collected over and above the precept requirement.
Financial Instruments Adjustment Account	1,062	(60)	1,002	This account provides a balancing mechanism between the rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the Statement of Recommended Practice and are required by statute to be met from the General Fund.
	(3,119)	(1,469)	(4,588)	
Earmarked Reserves				
Corporate Improvement	(342)	(200)	(542)	The reserve is to facilitate the redirection of resources to corporate priorities and achieve service improvement.
District Planning Enquiry	(120)	(35)	(155)	The reserve is to meet the costs associated with the Local Development Framework and any subsequent inquiry.
Elections	(85)	(38)	(123)	The reserve is to eqalise the cost of local elections including by-elections.
Harold Farr Bequest Fund	(14)		(14)	This fund was established through a sum of money that was bequeathed to the Council to be used for good causes. Interest is added annually and is used for this purpose, thus maintaining the capital sum.
Enforcement Fund	(200)		(200)	This reserve has been established to fund the cost of work carried out in default pending the recovery of costs
Concessionary Fares Fund	(81)		(81)	This reserve is to fund any agreed contribution towards asset replacement costs within the County-wide scheme for concessionary fares and the additional in-year increases in contributions to operators.
Corporate Change & Renewal Fund	(870)	(685)	(1,555)	This reserve was created through the amalgamation of the redeployment fund and single status fund. It is to support the process of change within the authority.
Joint Crematorium Committee Reserve	(1,036)	(137)	(1,173)	This reserve is to fund periodic major repair and renewal costs to equipment at the crematorium
Insurance Related Funds:	(682)	(66)	(748)	
Closed Reserves	(2,192)	2,192	0	The closure of a number of reserves to improve financial management. The reserves included the funds for Information Technology, Joint Use, Regeneration, Sutton Landfill and the Planning Delivery Grant together with a number of smaller funds
	(5,622)	1,031	(4,591)	
Total Revenue Reserves	**(8,741)**	**(438)**	**(9,179)**	
Capital Reserves				
Capital Adjustments Account	(188,097)	10,317	(177,780)	Balancing account to reflect the differences between statutory requirements and proper accounting practices for borrowing a
Revaluation Reserve	(20,066)	2,241	(17,825)	This purpose of the reserve is to record all the unrealised revaluation gains arising (since 1st April 2007) from holding fixed assets.
Capital Receipts Reserve		(1)	(1)	Proceeds from the sale of fixed assets available to meet future capital investment.
Major Repairs Reserve	(4,968)	(684)	(5,652)	Resources available to meet capital investment in council housing.
Total Capital Reserves	**(213,131)**	**11,873**	**(201,258)**	
Pensions Reserve	**38,364**	**27,056**	**65,420**	Balancing account to allow for the inclusion of the Council's pensions liability in the balance sheet.
Housing Revenue Account	**(10,007)**	**(3,303)**	**(13,310)**	To provide funds to support Housing Revenue Account spending
Total Reserves	**(193,515)**	**35,188**	**(158,327)**	

Revaluation Reserve

The movements in the revaluation reserve during the year are:-

	£'000
Balance of Revaluation Reserve at 1st April 2009	**20,066**
Movements in Reserve	
Increase for assets previously Impaired	316
Change in balance from 2008/09 to 2009/10	-1,020
Reduction due to differences between depreciation on a Historic Cost Accounting basis and Current Cost Accounting basis	-506
Reduction for assets disposals	-80
Reduction for assets previous revalued and now impaired	-506
Reduction for assets impaired due to the consumption of economic benefits	-445
Balance of Revaluation Reserve at 31st March 2010	**17,825**

Capital Adjustment Account

The movements in the Capital Adjustment Account during the year are:-

	£'000
Balance as at 1st April 2009	**188,097**
Carrying Value of asset disposals	-939
Reduction in respect of assets disposals	152
Impairment of assets	-16,392
Impairment reversals	8,239
Capital Programme Funding Capital Receipts	451
Government Grants Released in Year	1,356
Grants for Revenue Expenditure Funded From Capital Under Statute	944
Transfer from Major Repairs Reserve	3,525
Minimum Revenue Provision	822
Direct Revenue Financing	244
Adjustment due to differences between depreciation on a Historic Cost Accounting basis and Current Cost Accounting basis	506
Depreciation	-3,265
Revenue Expenditure Funded From Capital Under Statute	-1,051
Major Repairs Allowance	-4,914
Voluntary Set Aside	5
Balance as at 31st March 2010	**177,780**

22. Contingent Assets and Liabilities

Contingent Liabilities

Insurance

During 1992/93, Municipal Mutual Insurance (MMI) who had been the Council's main insurers ceased accepting new business. As at 31st March 2010 the estimate for the claim outstanding was £6,000 – there were 2 claims outstanding (31st March 2009 – estimated claims were nil). The total amount paid under this scheme of arrangement since 1992/93 has been £420k. If MMI funds ran out this would be subject to claw-back, however no such claw-back is anticipated by them at this time.

The Independent Insurance Company who was the Council's Liability Insurer between 1992 and 1998 has been forced into liquidation. As at the 31st March 2010 there were no claims outstanding. However, if any further claims arise then it is likely that the whole or at least part of this amount would fall to the Council.

Ashfield Homes Limited

The Council is the parent company and sole owner of Ashfield Homes Limited (AHL). In the event of the Management agreement between the Council and AHL ending, all assets and liabilities of AHL would transfer to the Council. This includes all liabilities relating to pension obligations. The Council has specifically indemnified AHL in respect of these. It is expected that any pension fund deficit will be reduced by continued additional employers' contributions. The actuarial valuation of the pension fund deficit for AHL at 31st March 2010 was £8.660m.

Back Pay Claims

The Council is in the process of reviewing its pay and grading structure in line with a national agreement. A key aspect of this review is to ensure equal pay is given to jobs of equal value. The review has still to be finalised. Once the review has been completed there remains the potential for individual employee groups to make equal pay claims covering the period of up to six years prior to the implementation date. Given the process has not concluded it is not presently possible to quantify the nature or quantum of any claim that may arise but the Council has given consideration as to how it may fund any such claims that may materialise. The Corporate Change and Renewal Fund Reserve is available for this purpose.

Butler's Hill Development - Possibility of Contaminated Soil

There is a possibility that contaminated soil has been brought to this site. If the land is contaminated, then it will need remediation works. Detailed investigations are being undertaken to establish which party involved with the development is responsible and so ultimately liable for the costs of remediation. At worst, there is a possibility that the Council may have to repay grant on this development up to £2m but the Council is doing all it can to try to ensure this does not occur.

Contingent Assets

Sale of Garden Road Allotments

As part of the agreement to the sale of Garden Road Allotments a £400,000 topsoil allowance is being held in an escrow agreement by Eversheds LLP. The work has now been completed; however the final sum is in dispute. It is likely that the outcome will be decided by an independent expert. The cost of the work will be within the £400,000 and any agreed sum will be paid directly to the contractor with the balance due to the Council.

VAT Reclaim

The Council expects to receive further monies in excess of £100,000, in respect of over paid VAT, as a result of the Fleming & Condé Nast ruling.

Additionally, the Council are claiming, along with other local authorities, that it would be more appropriate to receive compound interest instead of the simple interest the Council has received as part of the settlement. If successful, this claim could result in another significant sum in excess of £1m being received.

The Council has already received a total sum of £1.081m refund of VAT due to this ruling, including interest and net of fees, which has been treated as an exceptional item in the accounts.

The ruling relates to a variety of activities going back as far as 1973 where VAT on income was accounted for and in respect of which Her Majesty's Revenues and Customs now accept that VAT was not due.

23. Events after the Balance Sheet Date

Under the requirements of FRS 21 the Council is required to disclose any post balance sheet events that may have a material effect on the account balances and financial position shown in these accounts.

The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with paragraph 21 of Financial Reporting Standard 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS17 liabilities in the Fund by around 6-8%.

24. Trust Funds

The District Council acts as the sole trustee to the Teversal Community Centre and Recreation Ground. Funds are on deposit with Co-operative Bank plc and the day to day activities are included within the Council's ledger. Balances at the year end are transferred between the Council's main account and the Community Centre account, any balances due are carried as a debtor or creditor on the balance sheet.

The annual return is completed and audited by the Council and sent to the Charity Commission by the end of January in the year following the year of account. The Community Centre's accounts have been evaluated and excluded from the group accounts.

The purpose of Teversal Community Centre is for the "Provision and maintenance of a community centre and recreation ground for the use of the inhabitants of Teversal, Stanton Hill, Skegby and the neighbourhood thereof without distinction of political, religious or other opinions including use for meetings, lectures and classes and for other forms of recreation and leisure time occupation, with the object of improving the conditions of life for the said inhabitants".

In the financial year 2009/10 the gross expenditure was £0 with a gross income of £8,290.95. The trust has assets of £140,350 as at the balance sheet date.

There are a number of smaller trust funds where the Council acts as the sole trustee. A review of these funds is currently being undertaken to determine there relevance and the extent of the Council's responsibilities in its capacity as trustee. None of these funds are included in the balance sheet or within the group accounts.

The purpose of the Beecroft Charity is for "the purchase of coal for poor people living in Sutton in Ashfield". There has been no expenditure in respect of this charity within the last year. There are no other assets or liabilities relating to this trust fund apart from the bank balance.

The William Barratt Prize fund exists for the purchase of "prizes for swimming for children attending elementary school". There has been no expenditure in respect of this charity within the last year. There are no other assets or liabilities relating to this trust fund apart from the bank balance.

Analysis of current bank activity:

Name of Trust Fund	**Balance as at 31st March 2009 £**	**Income £**	**Expenditure £**	**Balance as at 31st March 2010 £**
Teversal Community Centre and Recreation Ground	30,672	8,291	0	38,963
Beecroft Charity	267	0	0	267
William Barratt Prize Fund	232	1	0	233
Wansley Hall Trust Fund	402	1	0	403
	31,573	**8,293**	**0**	**39,866**

There are three recreation charities that the council are also sole trustees for where no bank account exists. These are:

- Sutton-in-Ashfield Recreation Grounds 2006 Trust, which includes responsibility for a part of Sutton Lawn, part of Priestsic Road recreation ground and part of the Lammas recreation ground.

- Kirkby-in-Ashfield Recreation Ground, Lord Francis Park, responsibility extends to only a part of the Lord Francis Park recreation ground.

- Skegby Recreation Ground, responsibility extends to only a part of the Skegby recreation ground.

  In each case the value of the parcels of land would be low as they are parts of larger recreational areas which can not be used for any other purpose. At present there is no valuation of the land areas attributable to the trusts. There are no other assets or liabilities relating to these trusts.

Governance arrangements need establishing for each of these.

There are two other trust funds which the Council have an apparent responsibility to and their current status is being investigated. They are:

- William Booth's Charity for the Poor, which holds investment units that generate income which is paid into an account to which the Council is not a signatory. This charity was removed from the Charities Register on 12th February 2004 but has not yet been wound up. The charity holds 174 units administered by CCLA Investment Management Limited and the last valuation of these units within the financial year, as at the 31st December 2009 was £1,646.63.

- Wansley Hall Trust Fund, which does not show up on the Charity Commissions database and may just be a joint arrangement between the Council and Nottinghamshire County Council to carry out a specific project. The balance on this bank account is £403 as at 31st March 2010 (£402 as at 31st March 2009).

25. Retirement Benefits

a) Participation in pension schemes

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

The Council participates in the Local Government Pension Scheme administered locally by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and the employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The latest available membership data compared with the previous valuation is shown in the table below.

	Number at 31st March 2007	**Salaries/ Pensions £'000**	**Average Age**
Active members	539	10,376	44
Deferred pensioners	353	469	43
Pensioners	591	2,782	69

b) Transactions relating to retirement benefits

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge that is required to be made against council tax is based on the cash payable in the year, therefore the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

	2008/09	**2009/10**
	£'000	**£'000**
Income and Expenditure Account		
Net Cost of Services:		
• current service cost	1,511	959
• Loss (gain) on curtailments	136	263
Net Operating Expenditure		
• interest cost	5,717	5,289
• expected return on scheme assets	(3,535)	(2,667)
Net Charge to the Income and Expenditure Account	**3,829**	**3,844**
Statement of Movement on the General Fund Balance:		
• reversal of net charges made for retirement benefits in accordance with FRS 17	(3,829)	(3,844)
Actual amount charged against the General Fund Balance for pensions in the year:		
• employers' contributions payable to scheme	2,738	3,087

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £26.299m (£5.222m gain in 2008/09) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is a loss of £65.420m. (£38.364m loss in 2008/09)

c) Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2008/09	2009/10
	£'000	£'000
Opening Defined Benefit Obligation	**94,494**	**80,162**
Current service cost	1,511	959
Interest cost	5,717	5,289
Contributions by scheme participants	711	719
Actuarial gains and losses	(18,623)	37,435
Losses/ Gains on Curtailment	136	263
Benefits paid (net of transfers in)	(3,504)	(3,863)
Unfunded pension costs	(280)	(289)
Closing Defined Benefit Obligation	**80,162**	**120,675**

Reconciliation of fair value of the scheme assets:

	2008/09	2009/10
	£'000	£'000
Opening fair value of Scheme assets	**51,479**	**41,798**
Expected rate of return	3,535	2,667
Actuarial gains and (losses)	(12,881)	11,136
Employer contributions	2,738	3,087
Contributions by scheme participants	711	719
Benefits paid	(3,784)	(4,152)
Closing fair value of Scheme assets	**41,798**	**55,255**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.
The actual return on scheme assets in the year was £13.803m (2008/09: Loss in £9.346m).

Reconciliation of opening and closing surplus

	2008/09	2009/10
	£'000	£'000
Deficit at beginning of year	**(43,015)**	**(38,364)**
Current Service Cost	(1,511)	(959)
Employers Contributions	2,458	2,798
Unfunded pension payments	280	289
Past Service Costs	0	0
Other finance income	(2,182)	(2,622)
Settlement or curtailments	(136)	(263)
Actuarial (losses)/ gains	5,742	(26,299)
Closing fair value of scheme deficit	**(38,364)**	**(65,420)**

Statement of Recognised Gains and Losses

	2008/09	2009/10
	£'000	£'000
Actual return less expected return on pension scheme assets	(12,881)	11,136
Experience gain	0	345
Changes in assumptions underlying the present value of the scheme liabilities	18,103	(37,780)
Actuarial (loss)/ gain in pension scheme	**5,222**	**(26,299)**
Decrease/ increase in irrecoverable surplus		
Actuarial gain (loss) recognised in Statement of total Recognised Gains and Losses	**5,222**	**(26,299)**

d) Scheme history

	2005/06	2006/07	2007/08	2008/09	2009/10
	£'000	£'000	£'000	£'000	£'000
Present value of liabilities	(86,954)	(86,830)	(94,494)	(80,162)	(120,675)
Fair value of assets	50,081	53,995	51,479	41,798	55,255
Surplus/(deficit) in the scheme	(36,873)	(32,835)	(43,015)	(38,364)	(65,420)

* For consistency the assets are shown at bid price (estimated where necessary) for the periods prior to 31st March 2009.

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £65.420m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative general fund balance of £158.327m.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy because the deficit on the pension scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary

The total contributions expected to be made to the Pension Scheme by the Council in the year to 31st March 2011 is £2.567m.

e) Projected Pension Expenses

The projected pension expenses for the year to 31st March 2011 are:

	£'000
Service Cost	2,169
Interest Cost	6,611
Return on Assets	(3,780)
Total	**5,000**
Employer Contributions	2,567

These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31st March 2010. These projections are based on the assumptions as at 31st March 2010, as described in the actuaries report.

f) Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1st April 2007.

The principal assumptions used by the actuary have been:

	2008/09	**2009/10**
Long-term expected rate of return on assets in the scheme:		
Equity investments	6.9%	7.4%
Gilts	4.0%	4.5%
Other Bonds	6.5%	5.5%
Property	6.4%	6.9%
Cash	3.0%	3.0%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	20.30	20.30
Women	23.91	23.91
Longevity at 65 for future pensioners:		
Men	21.22	21.22
Women	24.91	24.91
Financial Assumptions:		
Rate of inflation	3.0%	3.9%
Rate of increase in salaries	4.5%	5.4%
Rate of increase in pensions	3.0%	3.9%
Rate for discounting scheme liabilities	6.7%	5.5%
Take-up of option to convert annual pension into retirement lump sum	50.0%	50.0%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	2008/09		**2009/10**	
	£'000		**£'000**	
Equities	24,786	59.3%	37,574	68.0%
Gilts	6,103	14.6%	4,973	9.0%
Other Bonds	2,591	6.2%	3,315	6.0%
Property	6,646	15.9%	8,288	15.0%
Cash	1,672	4.0%	1,105	2.0%
	41,798	**100.0%**	**55,255**	**100.0%**

g) History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2009/10 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March 2010:

	2005/06	2006/07	2007/08	2008/09	2009/10
	%	%	%	%	%
Differences between the expected and actual return on assets	13.1	2.1	-10.8	-30.8	20.2
Experience gains and losses on liabilities	-1.8	0.0	0.1	0.0	0.3

26. Investments

	31st March 2009 £'000	31st March 2010 £'000
Short Term Investments:		
Direct Short Term Investment	1,766	6,198
Investments of Joint Crematorium Committee	1,055	1,063
City Deposit Brokers Managed Fund	6,241	5,090
	9,062	12,351
Long Term Investments:		
Other Securities	1	1
City Deposit Brokers Managed Fund	5,056	0
	5,057	1
Total Investments	14,119	12,352

27. Stocks and Work in Progress

A breakdown of the balance sheet figure is given below:

	31st March 2009 £'000	31st March 2010 £'000
Stocks	137	96
Work in Progress	21	0
	158	96

28. Debtors

A detailed analysis of the balance sheet figure is given below :

	31st March 2009 Restated £'000	31st March 2010 £'000
Amounts falling due in one year:		
National Non Domestic Rates	214	3,091
Council Tax	381	579
Council Tax Costs	275	329
Government Departments	1,494	695
Public Sector Bodies	1,482	1,986
Inland Revenue / Customs and Excise	879	1,597
Housing Rents	537	505
Housing Benefit Overpayments	463	1,018
Sundry Debtors	3,353	2,682
Other Debtors	935	223
	10,013	12,705
Less - Bad Debt Provisions:		
Housing	(393)	(229)
Council Tax	(189)	(278)
Council Tax Costs	(90)	(69)
Balance Sheet Items	(390)	(60)
Other	(626)	(558)
	8,325	11,511
Payments in Advance:	22	308
	8,347	11,819
Long Term Debtors:		
Mortgages	7	2
Car Loans	77	62
Advances to Housing Associations	93	88
	177	152

29. Creditors

A detailed analysis of the balance sheet figure is given below:

	31st March 2009 Restated £'000	31st March 2010 £'000
Housing Rents	109	110
National Non Domestic Rates	0	0
Council Tax	31	33
Government Departments	337	193
Public Open Space Maintenance Fund	779	779
Creditors Total Account	257	124
Deposits	98	101
Accruals:		
Public Sector Bodies	1,705	2,025
Connaught	612	324
Income Tax	175	156
PAYE / NI	166	152
Other Accruals	1,461	1,269
Other Creditors	244	120
Income in Advance:	301	444
	6,275	5,830

30. Joint Crematorium Committee

The Council's share of income, expenditure, assets and liabilities in respect of the Joint Crematorium Committee is as follows;

	Income £'000	Expenditure £'000	Assets £'000	Liabilities £'000
31st March 2010	(460)	327	1,798	(5)
31st March 2009	(453)	354	1,765	(113)

31. Interest Payable and Other Charges

	2008/09 £'000	2009/10 £'000
HRA	4,111	3,936
General Fund	740	596
Consolidate out HRA/GF items	-540	-300
Joint Crematorium Committee	1	1
Other	135	-
	4,447	**4,233**

32. Financial Instruments

Financial liabilities held at amortised cost

	Long Term		Short Term	
	31st March 2009 £'000	31st March 2010 £'000	31st March 2009 £'000	31st March 2010 £'000
Financial Liabilities				
Borrowings at Amortised Cost	80,910	80,940	10,049	6,039
Trade Creditors	0	0	869	448
Total Financial Liabilities	80,910	80,940	10,918	6,487

Financial Assets – Loans and receivables held at amortised cost

	31st March 2009 £'000	31st March 2010 £'000	31st March 2009 £'000	31st March 2010 £'000
Loans and Receivables				
Investments	5,057	1	9,062	12,351
Trade Debtors	340	139	3,022	1,057
Total Loans and Receivables	5,397	140	12,084	13,408

Gains and Losses on Financial Instruments

Gains and Losses on Financial Instruments	2008/09 £'000	2009/10 £'000
Interest Expense		
Liabilities measured at 'Amortised Cost'	4,008	3,997
Interest Income		
Loans and Receivables	(859)	(299)
Net Gain / (Loss) for the Year	**3,149**	**3,698**

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Fair Value of Assets and Liabilities carried at Amortised Cost

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

- Estimated interest rates at 31st March 2010 of 4.7% for loans from the PWLB (4.7% for 2008/09) and 5.2% for other loans receivable and payable (5.2% for 2008/09).
- Early repayment or impairment is not recognised.
- Where an instrument matures within 12 months, the carrying value is assumed to approximate to fair value.
- The fair value of operational liabilities and receivables is taken to be the invoiced or billed amount.

	31st March 2009		31st March 2010	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities				
PWLB	31,707	37,084	31,707	32,066
Money Market	48,978	53,318	49,064	44,884
Other Local Authorities	219	219	169	169
Short Term Borrowing	10,049	10,049	6,039	6,039
Cash overdrawn	183	183	1,397	1,397
	91,136	100,853	88,376	84,555
Loans and Receivables				
Money Market over 12 months	5,056	5,090	0	0
Other Securities	1	1	1	1
Direct Short Term Investments	1,766	1,766	6,198	6,198
Money Market less than 12 months	6,241	6,241	5,090	5,090
	13,064	13,098	11,289	11,289

Risks arising from Financial Instruments

- Credit Risk

Credit risk arises from deposits with banks and other financial instituations, as well as credit exposures to the Council's customers.
This risk is minimised by an investment policy which requires that deposits are not made with financial institutions unless they meet minimum standards. It also imposes a maximum amount which can be invested with each financial institution.

The credit criteria in respect of financial assets held by the Council are as detailed below:

Financial Asset Category	Criteria		Maxinum Investment
Deposits with banks	Short Term	Minimum F1	£5m per counter-party
	Long Term	Minimum A	£5m per counter-party
Deposits with building societies	Short Term	Top 15 by asset value	£5m per counter-party
	Long Term	Top 15 by asset value	£5m per counter-party

The following analysis summarises the Council's potential exposure to credit risk, based on experience of default and failure to collect over the last 5 financial years, adjusted to reflect current market conditions.

	Amount at 31st March 2010 £'000	Historical Experience of default %	Historical experience adjusted for market conditions at 31st March 2010 %	Estimated maximum exposure to default and uncollectability £'000
Deposits with banks and financial institutions	11,289	0.0	0.5	56
Bonds	0	0.0	0.0	0
Customers	1,196	9.6	5.9	71

The Council does not allow credit for its customers, and at the 31st March 2010, £1,180m was due for payment. The past due amount can be analysed by age as follows:

	31st March 2009 £'000	31st March 2010 £'000
Less than 2 months	2,025	940
2 to 6 months	924	89
6 to 12 months	73	28
More than 1 year	340	139
	3,362	**1,196**

- Liquidity Risk

The Council manages its cash flow on a daily basis to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

An analysis of the long term borrowings included in the balance sheet is shown below

Source of Loan	**Ranges of Interest Rates Payable %**	**Carrying Amount 31st March 2009 £'000**	**Carrying Amount 31st March 2010 £'000**
Public Works Loan Board	4.25% to 9.875%	31,707	31,707
Money Market	3.76% to 7.95%	48,978	49,064
Other Local Authorities	4.98%	225	169
		80,910	**80,940**

		31st March 2009 £'000	**31st March 2010 £'000**
Maturity Within:			
1-2 years	4.98%	102	109
2-5 years	4.98% to 7.95%	10,678	12,646
5-10 years	4.5% to 9.875%	3,069	17,257
More than 10 years	3.76% to 9.25%	67,061	50,928
		80,910	**80,940**

- Market Rate Risk

The impact of a one percent rise rise in interest rates at 31st March 2010 is mimimal as regards interest payable and nil on interest receivable. This is due to not usually using variable rate deals. However, the fair value of financial liabilities would decrease. This is a memorandum item only and would not change the Balance Sheet or other accounts.

- Price Risk

The Council does not invest in equity shares and is not a shareholder in any businesses (other than AHL Ltd). The Council is not therefore exposed to any losses arising from movements in the price of shares.

- Foreign Exchange Risk

  The Council has no financial assets or liability denominated in foreign currency and therefore has no exposure to gains or losses arising from movements in exchange rates.

33. Reconciliation of Net (Surplus) / Deficit on Income and Expenditure Account to Net Cashflow

	2009/10 £'000	2009/10 £'000
RECONCILIATION OF DEFICIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		
DEFICIT FOR THE YEAR		**(7,767)**
Non Cash Transactions		
Depreciation and Impairment	16,332	
Grants funding Revenue Expenditure Funded from Capital Under Statute amortised/written off during the year	(944)	
Deferred capital grants written off in year	(1,356)	
Pension Fund adjustments	757	
Contributions to Provisions	88	
		14,877
Adjustment for items reported seperately on Cashflow		
Interest and Investment Income		**(342)**
Interest payable and similar charges (including gains or losses on the repurchase or early settlement of borrowing taken to revenue and amortisation of gains or losses on repurchase or early settlement of borrowings carried forward in accordance with the SORP)		**4,233**
Revenue Expenditure Funded from Capital Under Statute		**1,051**
Gain or loss on the disposal of Fixed Assets		**18**
Items on an Accrual Basis		
Decrease in Stock		**62**
Decrease in Debtors		**2,350**
Decrease in Creditors		**(1,930)**
Net Cash Inflow from operating activities		**12,552**

34. Reconciliation of the Movement in Cash to the movement in Net Debt

	Cash	Short term deposits	Short Term Investments	**Total**	Loans due within one year	Loans due after more than one year	Deferred Liabilities	**Net Debt**
	£'000	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1st April 2009	(183)	0	9,062	**8,879**	(10,049)	(80,910)	0	**(82,080)**
Receipt/payment of interest accrued at las	0	0	0	**0**	419	0	0	**419**
Other Cashflows in year	(1,214)	0	(1,800)	**(3,014)**	3,998	56	0	**1,039**
Other Non Cash changes	0	0	5,089	**5,089**	(407)	(86)	0	**4,596**
Balance at 31st March 2010	**(1,397)**	**0**	**12,351**	**10,954**	**(6,039)**	**(80,940)**	**0**	**(76,025)**

35. Reconciliation of Changes in cash to Movement in Net debt

	2010 £'000	2010 £'000
Decrease in cash in year		(1,214)
Cash outflow from management of Liquid Resources		(1,800)
Cash inflow from:		
New loans raised		(30,600)
Discounts received on debt restructuring		0
Cash outflow from:		
Loans repaid	34,655	
Premiums paid on debt restructuring	0	
Transaction costs incurred on new loans raised in year	0	
Payment of interest accrued at last balance sheet date	419	
Deferred Liabilities repaid	0	35,074
Change in net debt resulting from cash flows		**1,460**
Other Non Cash changes:		
Difference between carrying amount of loan merged with its associated premium or discount & the recalculated carrying amount of loan per the 2007 SORP-Not Applicable post 2007/08	0	
Adjustments following re-measurement of Loans (e.g LOBO's) per 2007 SORP-Not Applicable post 2007/08	0	
Net Adjustments for differences between Effective Interest Rates and actual interest payable	33	
Interest accrued at year end on Short Term Investments	0	
Transfers to/from Long Term Investments	5,056	
Profit/Loss on disposal of Short Term Investments	0	
Adjustments to fair value and impairments of Short Term Investments	0	
Other non cash adjustments	0	
Reductions in fair value of non PWLB Consessionary Loans received in year resulting from discounted interest rates	0	
New Deferred Liabilites	0	
Net Adjustments for differences between Effective Interest Rates and actual interest payable	(86)	
Concessionary Loans -Interest adjustment debited to Income and Expenditure Account during year	0	
Interest accrued at year end on loans & finance leases carried at nominal value	(407)	
		4,596
Net Debt brought forward		**(82,080)**
Net debt carried forward		**(76,024)**

36. Explanation of the Liquid Resources Figure

The closing balance for liquid resources relates to £5.090m of short term investments, all invested with CDB which will mature before the 31st March 2011, and £6.241m of direct short term investments. The direct short term investments are split between the Council's Special Interest Account which pays a higher rate of interest on overnight balances than the current account and a Bank of Scotland savings account.

Analysis of changes in cash and liquid resources during the year

	2010 £'000	2009 £'000	Change In Year £'000
Short Term Investments	12,351	9,062	3,289
Bank overdraft	(1,397)	(183)	(1,214)
Increase/(Decrease) in year	**10,954**	**8,879**	**2,075**

37. Analysis of Government Grants

The catagories of Government Grant shown in the Cashflow Statement are:

	2008/09 £'000	2009/10 £'000
Capital Activities	(638)	(252)
Revenue Activities	(46,527)	(54,983)
	(47,165)	**(55,235)**

These grants are analysed as follows:

	2008/09 £'000	2009/10 £'000
Analysis of Revenue Grants		
Revenue Support Grant	(1,350)	(2,117)
Net National Non Domestic Rates receipts	(9,639)	(9,172)
	(10,989)	(11,289)
Department of Works and Pensions Grants		
Council Tax Benefit Subsidy	(8,770)	(10,389)
Rent Allowances Subsidy	(9,567)	(15,277)
Non HRA Rent Rebates	(11,714)	(11,804)
Administration Grant	(962)	(1,086)
	(31,013)	(38,556)
Other Revenue Grants		
Housing Revenue Account Subsidy	(1,906)	(2,621)
Local Authority Business Growth Initiative	(287)	(47)
Area Based Grant (prev LAA Grant)	(1,434)	(1,275)
Anti-Social Behaviour Grant	(25)	(22)
Building Safer Communities Grant	(129)	(196)
Waste Performance & Efficiency	(84)	(85)
Housing & Planning Delivery Grant	(240)	(442)
Homelessness Grants	(38)	(106)
Choice Based Lettings	(95)	(50)
Concessionary Fares	(287)	(294)
	(4,525)	(5,138)
Total Revenue Grants	**(46,527)**	**(54,983)**
Capital Grants		
Improvement Grants	(230)	(252)
LEGI - Capital	(408)	0
	(638)	**(252)**

Supplementary Financial Statements

Housing Revenue Account – Income and Expenditure Account

2008/09 Actual £000	Income	2009/10 Actual £000
(19,953)	Dwelling Rents (gross)	(20,477)
(145)	Non-dwelling Rents (gross)	(155)
(1,097)	Charges for Services and Facilities	(1,035)
0	Contribution Towards Expenditure	(96)
(1,972)	HRA Subsidy Receivable (including MRA)	(2,748)
0	Sums directed by the Secretary of State that are income in accordance with UK GAAP	0
(23,167)	**Total Income**	(24,511)
	Expenditure	
6,664	Repairs and Maintenance	6,481
5,850	Supervision and Management	5,663
16	Rents, Rates, Taxes and other charges	43
778	Rent Rebate Subsidy Limitation	824
45,586	Depreciation and impairments of fixed assets	10,125
26	Revenue expenditure funded by capital under statute	0
27	Debt Management Costs	28
161	Increase in the Bad Debt Provision	19
0	Sums directed by the Secretary of State that are expenditure in accordance with UK GAAP	0
59,108	**Total Expenditure**	23,183
35,941	**Net Cost of HRA Services as included in the authority Income & Expenditure Account**	(1,328)
280	HRA share of Corporate and Democratic Core	52
0	HRA Share of other amounts included in the whole authority Net Cost of Service but not allocated to specific services	0
36,221	**Net Cost of HRA Services**	(1,276)
67	Gain or loss on sale of HRA fixed assets	(46)
4,111	Interest payable and similar charges	3,936
(540)	Interest and investment income	(300)
0	Pensions Interest Cost and expected return on Pensions assets	0
39,859	**(Surplus) or deficit for the year on HRA services**	2,314

Statement of Movement on the HRA Balance

2008/09 Actual £'000		2009/10 Actual £'000
39,859	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	2,314
(41,313)	Net Additional amount required by statute to be debited or (credited) to the HRA balance for the year	(5,617)
(1,454)	(Increase) or decrease in the HRA Balance	(3,303)
(8,553)	Housing Revenue Account Balance brought forward	(10,007)
(10,007)	Housing Revenue Account Balance carry forward	(13,310)
	Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA Balance for the	
(39,829)	Impairment of fixed assets charged to HRA	(5,680)
(26)	Difference between any other item of income and expenditure determined in accordance with the SORP and determined in accordance with statutory HRA requirements	470
(36)	Gain or (loss) on sale of HRA fixed assets	54
(39,891)		(5,156)
	Items not included in the HRA Income and Expenditure Account but included in the movement on the HRA Balance for the year	
(1,566)	Transfer from Major Repairs Reserve	(705)
144	Amortisation of Premiums and Discounts	144
0	Voluntary set aside for debt management	0
0	Capital expenditure funded by the HRA	100
(41,313)	**Net additional amount required by statute to be debited or (credited) to the HRA balance for the year**	(5,617)

Notes to the Housing Revenue Account

1. The number and types of dwellings in the housing stock

	1st April 2009 Number	31st March 2010 Number
Houses and bungalows	4,761	4,742
Low rise flats	1,838	1,810
Medium rise flats	475	473
Total Dwellings	**7,074**	**7025**
Garages and Garage Plots	**689**	**682**

N.B. 1st April 2009 figures changed to reflect 2009/10 Base Data Return

2. Housing stock valuations as at the 31st March

Description	2009 £'000	2010 £'000
Operational assets		
- Council Dwellings	252,193	243,765
- Other land and buildings	1,752	1,917
Total	**253,945**	**245,682**

3. Vacant Possession Value of Council Dwellings at 31st March

	2009 £'000	2010 £'000
Market value - Vacant possession	504,386	487,530
Existing use value for social housing	252,193	243,765
Difference	**252,193**	**243,765**

The 'difference' between the market value and the Balance Sheet value for dwellings represents the economic cost to the Government of providing council housing at less than open market rents. The vacant property adjustment factor for the midlands remains at 50% for 2009/10.

4. Major Repairs Reserve

During 2001/02 the Council established a Major Repairs Reserve. The reserve is utilised to fund capital expenditure on Council properties.

	2009 £'000	2010 £'000
Balance brought forward	(5,785)	(4,968)
Financing of HRA Capital Expenditure	5,008	3,525
Transfer to HRA Reserve	1,566	705
Less Depreciation	(5,757)	(4,914)
Balance Carried Forward	**(4,968)**	**(5,652)**

5. Capital Expenditure in the year ending 31st March

	2009 £'000	2010 £'000
Operational assets		
- Dwellings	6,437	3,828
- Other land and buildings	0	703
Total	**6,437**	**4,531**
Funded by:		
Unsupported borrowing	1,085	799
Capital receipts and grants	344	107
Contributions from Revenue	0	100
Major Repairs Reserve	5,008	3,525
Total Funding	**6,437**	**4,531**

6. Capital Receipts from Disposal of Assets in the year ending 31st March

Description	2009 £'000	2010 £'000
Disposal of dwellings	516	817
Disposal of other land and buildings	137	0
Disposal of non-operational assets	0	0
Mortgage Repayments	3	0
Total from Disposals	**656**	**817**

7. Depreciation in the year ending 31st March

Description	2009 £'000	2010 £'000
Operational assets		
- Dwellings and garages	5,753	4,891
- Other land and buildings	30	23
Total	**5,783**	**4,914**

* The 2009 total of £5.783m differs to the depreciation figure in note 4 because the release of government grants differed was used to offset depreciation when calculating the movement in the Major Repairs Reserve.

8. Impairment

Council dwelling capital additions totalling £3.525m and transfers from Works in Progress totalling £1.019m were impaired during the year following a valuation of all council dwelling stock by the internal valuer. Further works to Other HRA land and buildings totalling £374k have been impaired during the year as these are not expected to increase the value of the Other HRA land and buildings. As part of the valuation exercise certain council dwellings reduced in value by £8.995m. However, this was partially offset by reversals of impairments in previous years totalling £8.233m.

9. Housing Subsidy for the year ending 31st March

	2009 £'000	2010 £'000
Expenditure		
Management allowance	3,399	3,466
Maintenance allowance	6,687	6,803
Major repairs allowance	4,191	4,209
Charges for capital	6,192	6,234
Total Expenditure	**20,469**	**20,712**
Less Income		
Notional Rent income	(18,496)	(18112)
Total Income	**(18,496)**	**(18,112)**
Net Subsidy	**(1,973)**	**(2,600)**

The difference between the net subsidy above and that shown in the Revenue Account represents the balance of income paid relating to previous financial years.

10. Pension Contribution

A Contribution of £335K has been made for 2009/10 to the backfunding costs relating to

employees transferred to Ashfield Homes Limited.

11. Rent Arrears at 31st March 2010

	2009 £'000	2010 £'000
Current tenants	254	249
Former tenants	284	256
Total rent arrears	**538**	**505**
Overpayments	(109)	(110)
Total arrears	**429**	**395**
Deduct - Provision for bad debts	(393)	(229)
Net arrears	**36**	**166**

The provision for bad debts has reduced as at 31st March 2010 as this is now calculated based upon an aged debt analysis of both current and former tenant arrears.

12. Subsidy Limitation

Council tenants on low incomes can receive financial assistance with their rent under the Housing Benefit Scheme. Approximately 62% of tenants rent was met by housing benefit during 2009/10 (61% in 2008/09).

The cost of housing benefits was transferred to the General Fund with effect from the 1st April 2004. The housing revenue account reimburses the General Fund for benefits not funded by Central Government due to rent rebate subsidy limitation. During 2009/10, this amounted to £824K.

Collection Fund

2008/09 £'000		2009/10 £'000	Note
	INCOME		
44,403	Income from Council Tax	45,365	3.
	Transfers from General Fund		
8,758	Council Tax Benefits	9,789	6.
145	Charitable Relief	150	6./2.
28,351	Income Collectable from Business Ratepayers	28,195	2.
	Contributions:		
364	Towards Previous Years Collection Fund Deficit	0	
82,021	**Total Income**	83,499	
	EXPENDITURE		
53,034	Precepts and Demands	54,746	4.
	Business Rates		
28,365	Payment to National Pool	28,214	2.
132	Costs of Collection	131	2.
	Bad and Doubtful Debts/ Appeals		
437	Write Offs	425	
(525)	Provisions	829	
	Contributions		
0	Adjustment of Previous Years Community Charge	0	
81,443	**Total Expenditure**	84,345	
(578)	Movement on Fund Balance - Increase in (Surplus)/ Deficit	846	
116	Balance at 1st April	(462)	
(462)	**Balance at 31st March**	384	

Notes to the Collection Fund

1. General

This account represents the statutory requirement contained in section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-domestic (Business) rates.

The surplus or deficit on the Collection Fund is distributed between the Council (as billing authority), Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire Authority on the basis of estimates of the year-end balance on the 15th January each year. Any remaining surplus or deficit on the Collection Fund is carried forward to the following financial year and will influence the level of Council Tax to be raised for that year.

The deficit on the fund at 31st March 2010 was £384k

2. Income from Business Ratepayers

National Non-Domestic Rates (NNDR) is paid by businesses. The Government specifies an annual rate in the pound, 48.5p in 2009/10 (46.2p in 2008/09) and local businesses pay an annual NNDR bill calculated by multiplying the rateable value of their premises by this annual rate; there are reliefs for small businesses. The Council is responsible for collecting NNDR from businesses within its area but pays the proceeds into a NNDR pool administered by the Government. The Government then redistributes the sums paid into the pool to local authorities based on a fixed amount per head of population.

Non-Domestic rateable value as at 31st March 2010 was £69.595m. The NNDR income collected in 2009/10, after reliefs and provisions, was £28.345m (£28.496m in 2008/09).

These transactions are reflected in the Collection Fund accounts as follows:

	2008/09 £'000	2009/10 £'000
Business Rates income	(28,352)	(28,196)
Add:		
Transfers from General Fund	(145)	(150)
	(28,497)	(28,346)
Less:		
Cost of Collection Allowance	132	131
Net Contribution to National Pool	(28,365)	(28,214)

The Council received £9.172m from the NNDR pool in 2009/10, which, as part of Formula Grant, is credited directly to the Income and Expenditure Account.

3. Council Tax

The Council set a band D Council Tax of £169.14 for the financial year 2009/10 (£164.96 in 2008/09).

The council tax base, which is used in the tax calculation, is based on the number of chargeable dwellings in each valuation band, adjusted for dwellings where exemptions or discounts apply, converted to an equivalent number of band D dwellings.

The tax base for the year was 34,586.4 as shown below.

	Total Net No. of Dwellings	Ratio to Band "D"	Band "D" Equivalents
Disabled Persons Relief	58.00	5/9	32.2
Band "A"	24,286.00	6/9	16,190.7
Band "B"	9,424.25	7/9	7,330.0
Band "C"	7,118.50	8/9	6,327.6
Band "D"	3,191.00	1	3,191.0
Band "E"	954.25	11/9	1,166.3
Band "F"	349.75	13/9	505.2
Band "G"	105.75	15/9	176.3
Band "H"	8.25	2	16.5
Total	45,495.75		34,935.8
Less Provision for Bad Debts			349.4
Council Tax Base for 2009/10			34,586.4

The Band D Council Tax, including parish precepts, is calculated as follows:

Council requirement from the Collection Fund	£5,849,887
Divided by Council Tax Base	34586.4
Equals Band D equivalent	£169.14

4. Precepts and Demands

The Council also collects council tax on behalf of other authorities.

	2008/09 £'000	2009/10 £'000
Nottinghamshire County Council	40,038	41,268
Nottinghamshire Police Authority	5,033	5,285
Nottinghamshire Fire Authority	2,262	2,343
Ashfield District Council	5,533	5,676
Selston Parish Council	157	163
Annesley / Felley Parish Council	11	11
	53,034	54,746

5. Distribution of the Collection Fund Balance

	2008/09 £'000	2009/10 £'000
Nottinghamshire County Council	(350)	284
Nottinghamshire Police Authority	(44)	41
Nottinghamshire Fire Authority	(20)	18
Ashfield District Council	(48)	41
	(462)	384

6. Transfers from General Fund

The Council is required to make certain transfers from its General Fund into the Collection Fund. These are listed below for 2009/10:

	£'000
Council Tax Benefits	9,789
NNDR Charitable Relief	150
	9,939

Group Accounts

Group Accounting Policies

1. General

The accounting policies of Ashfield Homes Limited are congruent where appropriate with the Council with one minor exception in respect of the valuation of stocks. The variation is not material to require any restatement.

Group Explanatory Foreword

1. General

The Council has 100% interest in Ashfield Homes Limited (AHL). This company was formed on the 26th September 2001 and commenced business to undertake the Housing Management function on behalf of the Council on 1st April 2002. The following group financial statements show the consolidated position of the Council and its interest in AHL.

2. Other entities

The Council has no other interests as the 31st March 2010.

3. Voting rights and ownership

The Council has 4 voting representatives on the board of AHL out of a total of 12 members. AHL is limited by guarantee and does not have share capital. In the event of AHL being wound up, residual assets would be transferred to the Housing Revenue Account after settlement of outstanding debts and liabilities. If assets were insufficient the Council's liability is limited to £1.

4. Turnover

The turnover of AHL in 2009/10 was reported to be £11.321m.

5. Independent Auditors

The AHL accounts have been audited by KPMG LLP, 2 Cornwall Street, Birmingham B3 2DL. There were no qualification issues arising. The accounts should be formally approved at a board meeting which is expected to take place on the 6th July 2010.

6. Accounts

Further information about AHL's accounts is available from:

Company Accountant,
Ashfield Homes Limited,
Broadway,
Brook Street,
Sutton-in-Ashfield,
Nottinghamshire,
East Midlands,
NG17 1AL.

Group Income and Expenditure Account

2008/09 Total Restated £'000		2009/10 Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
	Service Expenditure			
633	Central Services to the Public	12,059	(11,814)	245
13,774	Cultural, Environmental and Planning Services	18,053	(5,082)	12,971
1,257	Highways, Roads and Transport Services	6,683	(5,227)	1,456
35,958	Housing Revenue Account	23,951	(25,355)	(1,404)
1,816	Housing Services	29,714	(28,606)	1,108
4,241	Corporate and Democratic Core	3,345	(297)	3,048
1,330	Non Distributed Costs	3,048	0	3,048
0	Exceptional Income from VAT	84	(1,165)	(1,081)
59,009	**Net Cost of Services**	96,937	(77,546)	19,391
92	Net Loss or Gain on sale of Fixed Assets			(36)
168	Parish Council Precepts			174
262	Net Deficit on Trading Undertakings.			20
2,182	Pensions Interest Cost and Expected Return			2,317
4,621	Interest Payable and Other Charges			4,538
(930)	Interest and Investment Income.			(351)
262	Contribution to Housing Pooled Capital Receipts			610
17	Tax Charged on Profit on Ordinary Activities			4
0	Other Income			(74)
65,683	**Net Operating Expenditure**			26,593
(3,351)	Government Grants			(4,027)
(9,699)	Contribution from NNDR Pool			(9,172)
(5,724)	Demands on the Collection Fund			(5,761)
46,909	**Net Deficit**			7,633

Note:
All figures relate to the continuing operations of the group.

Reconciliation of the Single Entity Surplus or Deficit to the Group Surplus or Deficit

2008/09 Restated £'000		2009/10 £'000
46,774	Deficit for the year on the Authority Income and Expenditure Account	7,767
135	Deficit for Subsidiaries	(4,414)
0	Consolidation Adjustments	4,280
46,909	**Deficit for the Year on the Group Income and Expenditure Account**	**7,633**

Group Statement of Total Recognised Gains and Losses

2008/09 Restated £'000		2009/10 ADC £'000	AHL £'000	Consolidation Adjustments	Total £'000
135	Deficit/ (Surplus) for the year on Ashfield Homes Limited Income and Expenditure Account		(4,414)		(4,414)
46,774	Deficit for the year on Ashfield District Council Income and	7,767			7,767
(4,055)	(Surplus) / Deficit arising on revaluation of fixed assets	1,138			1,138
(5,603)	Actuarial (gains)/Losses on pension fund assets and liabilities	26,299	4,280		30,579
(61)	Other adjustments	(16)			(16)
37,190		35,188	(134)		35,054
	Consolidating transfer of AHL Pension Asset into Reserves			8,660	8,660
37,190	**Total Recognised (Gains) / Losses for the year**	35,188	(134)	8,660	43,714
	Reconciliation to Balance Sheet:				
231,859	Net worth as per Balance Sheet as at 1st April 2009	193,515	1,154		194,669
194,669	Net worth as per Balance Sheet as at 31st March 2010	158,327	1,288	(8,660)	150,955
37,190	**Movement in net worth**	35,188	(134)	(8,660)	43,714

0

Group Balance Sheet

2008/09 Restated £'000		2009/10 Ashfield District Council £'000	Ashfield Homes Limited £'000	Consolidation Adjustments £'000	TOTAL £'000
	FIXED ASSETS				
	Operational Assets :				
252,193	Council Dwellings	243,765			243,765
1,752	Other HRA	1,917			1,917
47,773	Other Land and Buildings	46,909			46,909
8,251	Vehicles, Plant and Equipment	8,421	26		8,447
4,817	Infrastructure Assets	4,707			4,707
755	Community Assets	1,534			1,534
5,100	**Non-Operational Assets :**	3,108			3,108
320,641	**Total Fixed Assets**	310,361	26	0	310,387
5,057	Long Term Investments	1			1
177	Long Term Debtors	152			152
325,875	**Total Long Term Assets**	310,514	26	0	310,540
	CURRENT ASSETS				
478	Stocks and Work in Progress	96	261		357
8,773	Debtors	11,819	327	(815)	11,331
9,062	Investments	12,351			12,351
2,106	Cash at Bank and in Hand	0	2,486		2,486
346,294		334,780	3,100	(815)	337,065
	CURRENT LIABILITIES				
(10,049)	Short Term Borrowing	(6,039)			(6,039)
(8,166)	Creditors	(5,830)	(1,791)	815	(6,806)
0	Cash overdrawn	(1,397)			(1,397)
328,079	**TOTAL ASSETS LESS CURRENT LIABILITIES**	321,514	1,309	0	322,823
(80,910)	Long Term Borrowing	(80,940)			(80,940)
(157)	Provision	(224)	(21)		(245)
(7,952)	Government Grants Deferred Account	(8,481)			(8,481)
(6,001)	Unapplied contributions	(8,101)			(8,101)
(26)	Deferred Capital Receipts	(21)			(21)
(38,364)	Liability related to Defined Benefit Scheme	(65,420)	(8,660)		(74,080)
	Pensions Related Asset		8,660	(8,660)	
194,669	**TOTAL ASSETS LESS LIABILITIES**	158,327	1,288	(8,660)	150,955
38,364	Pensions Reserve	65,420		8,660	74,080
(20,066)	Revaluation Reserve	(17,825)			(17,825)
(188,097)	Capital Adjustments Account	(177,780)			(177,780)
0	Useable Capital Receipts Reserve	(1)			(1)
(6,776)	Earmarked Reserves	(4,591)	(1,288)		(5,879)
(4,133)	General Fund Balance	(5,632)			(5,632)
(48)	Collection Fund Revenue Account	42			42
(4,968)	Major Repairs Reserve	(5,652)			(5,652)
(10,007)	Housing Revenue Account	(13,310)			(13,310)
1,062	Financial Instruments Adjustment Account	1,002			1,002
(194,669)	**TOTAL NET WORTH**	(158,327)	(1,288)	8,660	(150,955)

Group Cash Flow Statement

2008/09 Restated £'000		2009/10 Ashfield District Council £'000	Ashfield Homes Limited £'000	Consolidation Adjustments £'000	Total £'000
3,591	**NET REVENUE CASHFLOW**	**12,552**	**380**		**12,932**
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
	Cash Outflows				
(4,176)	Interest Paid	(4,170)			(4,170)
0	Taxation Paid				0
	Cash Inflows				
638	Interest Received	547	9		556
312	Taxation Repaid		51		51
	CAPITAL ACTIVITIES				
	Cash Outflows				
(17,253)	Purchase of Fixed Assets	(8,805)	(19)		(8,824)
(874)	Other	(981)			(981)
	Cash Inflows				
682	Sale of Fixed Assets	1,008			1,008
6,140	Other Capital Cash Receipts	1,620			1,620
638	Capital Grants Received	2,456			2,456
(10,302)	**Net Cash Outflow/ (Inflow) Before Financing**	**4,227**	**421**	**0**	**4,648**
	MANAGEMENT OF LIQUID RESOURCES				
258	Net Increase/ (Decrease) in other Liquid Resources	(1,386)			(1,386)
	FINANCING				
	Cash Outflows				
(46)	Repayment of Amounts Borrowed	(34,655)			(34,655)
	Cash Inflows				
10,000	Short Term Loans Raised	30,600			30,600
(90)	**Net (Decrease)/ increase In Cash**	**(1,214)**	**421**	**0**	**(793)**

Note:

There are no specific notes provided for the group accounts as they are not materially different from the Council's notes. The accounts of Ashfield Homes Limited along with the notes are available from the address given in note 6 on the Group Accounts Explanatory Foreword.

Annual Governance Statement

Annual Governance Statement 2009/10

1. Scope of Responsibility

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

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

The management of the Council's housing stock is contracted to Ashfield Homes Limited. For the purpose of assurance, reliance is placed upon the 2009/10 Assurance Statement provided by the management of Ashfield Homes Limited.

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Code can be obtained from Ashfield District Council, Council Offices, Urban Road, Kirkby in Ashfield, Nottingham NG17 8DA. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 and 2009.

2. The Purpose of the Governance Framework

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

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

The current governance framework has been in place within the Council for the year ended 31st March 2010 and up to the date of approval of accounts and except for the details of significant control issues at section 5, accords with proper practice.

3. The Governance Framework

Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area

The Council approved a refreshed Corporate Plan in January 2010 which established the Council's vision and priorities both internally and externally. The plan was drawn up following extensive consultation with communities and other stakeholders and drives the Council's future budget and service delivery plans. The Corporate Plan is available on the Council's website.

The Council's vision is further articulated in the Ashfield Sustainable Community and Neighbourhood Renewal Strategy 2006-21 which sets out a vision for the District to which the Council and its partners are committed. The vision is underpinned by aims to improve the economic, social and environmental conditions of the district. A new Strategy is currently being developed to align with the Nottinghamshire County Council Sustainable Community Strategy.

Divisional Business Plans link directly to the Corporate Plan and external funding bids and additional expenditure allocations are evaluated against those plans. Progress against the objectives detailed in the Corporate Plan and associated strategies are monitored through the Corporate Improvement Plan by Cabinet, the Council and the Corporate Management Group on a regular basis. A Voluntary Improvement Board is also in place which includes external advisors and is assisting the Council in making significant improvements.

In addition to the above, the Council actively promotes Citizens Panels as a vehicle for formulating a vision and providing feedback on implementation. The Council is also a key player in the Crime and Disorder Reduction Partnerships, now known as Community Safety Partnerships.

Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Functions and roles of the Council, the Cabinet and Committees, Members and officers are clearly defined in its Constitution. This includes Schemes of Delegation for decision making and also a Member/officer protocol and codes of conduct for Members and officers. The Constitution is reviewed each year and amendments are approved at the Annual General Meeting of the Council.

A Working Cabinet system has operated successfully throughout the year. The Executive and senior officers discuss issues and options before a formal report is prepared and submitted for approval.

Individual Portfolio Holders are nominated by the Leader to have responsibility for the oversight of specific Divisions and receive weekly briefings from the appropriate senior manager usually a Head of Service.

Working relationships with Members at ward level are pro-active. Members and officers also interact in the annual programme of reviews undertaken by the Scrutiny Committee and its Panels.

Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The regulatory content work is defined in the Constitution and this is underpinned by codes, policies and procedures addressing conduct, standards and governance issues. The Standards Committee has met throughout the year and the Monitoring Officer has advised Council, Committees and Members as appropriate. The Standards Committee has an approved Work Programme for 2009-2011 and an annual report is submitted to the Committee. Training in Financial Regulations continues to be delivered across the Council along with Anti-Fraud and Corruption Awareness training. Financial Regulations and Anti-fraud and Corruption policies are communicated to all new employees as part of the Induction Training.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

The Constitution sets out how the Council operates, how decisions are made and the procedures to be followed to ensure that these are efficient, transparent and accountable to local people.

Decision making is based on informed assessment with reference to risk and performance management. Advice is received as to potential statutory, policy, financial and equality implications. The decision making process has been subject to independent review during the year and concluded to be working well. Scrutiny Committee has met regularly to review Cabinet decisions prior to their implementation.

We develop the capacity and capability of Members and officers to be effective

There is a structured training programme for Members and the Council has achieved the Members' Development Charter.

The annual appraisal system for employees was revised during the period and now provides a clear link between performance and achievement of Business Plans and the Corporate Plan. The appraisal system also develops officer capabilities supported by training budgets and an extensive programme of in-house training courses. During the year a consultant has been engaged to facilitate the development of a transformational management culture within the Council. The appointment is to continue during 2010/11.

We engage with local people and other stakeholders to ensure robust accountability

The Council has consulted a range of stakeholders when refreshing its corporate strategies (e.g. Corporate Plan, Sustainable Community Strategy, Local Development Framework) but recognises there are further opportunities where the public could be engaged.

The Council has also established a Corporate Communications Team to co-ordinate and improve communication both internally and with external stakeholders. The Council has also re-introduced the use of an Annual Report which is delivered to each household.

During the year a new Neighbourhood Charter has been launched which sets out clear service standards and is accountable to Area Partnership Groups. There is engagement and accountability for housing tenants through the Tenants Compact.

The Council continues to use regular Mori surveys and Citizen's Panels. It also utilises customer feedback covering in relation to complaints.

The structural arrangements for the Ashfield Partnership and the Ashfield Partnership Against Crime are such that stakeholder organisations are engaged at strategic and performance management levels. The Council will continue to review and develop the consultation and engagement processes in place for these partnerships to ensure that it is effective with stakeholders and communities. A Local Improvement Advisor has been identified.

Internal Control Environment

The key elements of the internal control environment include:

- Establishing and monitoring the achievement of the Council's objectives and maintaining a performance management framework and financial strategy.

  The Council's objectives are contained in the Corporate Plan, Sustainable Community Strategy and other specific Strategies and Plans. Progress against these objectives is monitored by the Council on a regular basis through the Corporate Improvement Plan. In addition, all services have Business Plans which link to the Corporate Plan and which are monitored on a regular basis. The Scrutiny function is well established and has an agreed programme of scrutiny reviews.

- The facilitation of policy and decision-making through a Constitution and code of conduct.

  The Constitution sets out how the Council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. Responsibility for decision making, the role of full Council, the Cabinet, Committees, Scrutiny Committees/Panels and the process for determining the Council's Key Decisions are defined in the Constitution. Delegations are detailed so that the functions of full Council, Cabinet, Portfolio Holders, Committees and officers are specified. The Constitution contains a local Code of Corporate Governance outlining the Council's aims. Council and Committee meetings are open to the public except where personal or confidential matters are being disclosed. The Council publishes a Forward Plan of Key Decisions to be made.

- Ensuring compliance with established policies, procedures, laws and regulations through the work of the Monitoring Officer, reviews of reports, Internal Audit reviews and ensuring that employees are adequately trained and experienced.

  The Council has in place Budget and Policy Framework Procedure Rules which set out how budget and policy decisions are made. Key roles are performed by statutory officers, including the Monitoring Officer and the Chief Finance Officer (Section 151 Officer). The Council's financial management arrangements conform with the governance requirements of the CIPFA "*Statement on the Role of the Chief Financial Officer in Local Government*". A regular programme of work is carried out by Internal Audit reviewing compliance with established procedures. Internal Audit operates to the standard set out in the "Code of Practice for Internal Audit in Local Government in the UK". In addition, Scrutiny Committees, External Audit and other external inspection agencies contribute to the review of the Council's compliance with its policies, procedures, laws and regulations.

- Identifying, assessing and managing risks to the Council's objectives by identifying risks and monitoring the controls and action plans aimed at reducing those risks.

  A Risk Management framework has been established which aims to embed risk management into the operational management of the Council. A risk management Member champion has been appointed via the Finance Portfolio. Key risks have been identified in a Corporate Risk Register. A Risk Strategy has been approved by the Cabinet which provides a comprehensive methodology for the management of risk. Key risks are reported to the Council's Divisional Management Teams, Corporate Management Group, the Cabinet and the Audit Committee. An operational Risk Management Group deals with the reduction of insurance risk.

- Ensuring economical, effective and efficient use of resources and securing continuous improvement by ensuring adherence to the Council's contract procedure rules and procurement strategy and undertaking best value service reviews.

The Council's budget process establishes the resources required to deliver services and objectives, which involves a review of the overall use of resources. A Medium Term Financial Strategy is prepared to ensure that resources are available to meet ongoing commitments. Efficiency Reviews are conducted to improve economy, efficiency and effectiveness of services. Post implementation reviews have taken place during 2009/10 to compare expected efficiency savings against those actually achieved. In the main, the targets were largely achieved. The Procurement Strategy and the Contract Procedure Rules have been revised but the infrastructure supporting the Strategy and Contract Procedure Rules has not been rolled out fully during the period, therefore this issue has been recorded as a key action at the end of the Statement. Internal Audit's annual plan of work includes reviewing the use of resources.

- The financial management of the Council and the reporting of financial management through adequate financial regulations and contract procedure rules, regular financial monitoring and a continuous risk-based internal audit of financial systems and the application of specific treasury management policies and procedures.

  The Council aims to set a balanced budget with integrated revenue and capital budgets. Appropriate limits have been approved in line with the Prudential Code for Capital Accounting. Budgets are monitored regularly and Members receive financial information which is relevant, understandable and consistent with underlying financial records. Financial reserves are kept under review and the Council maintains an adequate internal audit function. Financial procedures are identified in approved Financial Regulations. There are also anti-fraud and corruption and whistle blowing policies. The Whistle Blowing Policy is reviewed annually and issues raised under the policy are reported to the Standards Committee. The Audit Committee meets regularly to receive relevant reports on internal and external audit issues. A Treasury Management Policy has been adopted and approved by Council. The Council prepares its accounts in accordance with professional guidance and complies with the statutory timetable for publication.

  The accounts for 2008-09 were prepared late and not in accordance with the statutory timetable. This led to a statutory recommendation from the Audit Commission as follows

  The Council must improve the quality of the draft financial statements to enable statutory preparation and audit deadlines to be met by ensuring that:

  - *the financial management division is sufficiently resourced*

  - *arrangements are put in place to ensure that the fixed asset register is fit for purposes in terms of current and emerging financial reporting requirements and is up to date*

  - *action is taken to ensure that all capital accounting entries are fully supported and reconcile back to the fixed asset register.*

Actions have been taken to address the matter above which include

- The appointment of a new Deputy Chief Executive who also carries the duties of the S.151 Officer (Chief Finance Officer) and a re-organised structure below that post was approved by Cabinet on 10th June 2010. This restructure will strengthen the Financial Management and Audit Division and give it resilience to cope with new demands.

- The Fixed Asset Register has been updated. The software is fit for purpose and produces information with an adequate audit trail which is compliant with accountancy statements of recommended practice and new International Financial Reporting Standards.

- Capital Accounting Entries
  The Fixed Asset Register has been reconciled to the Financial Management System as at 1st April 2009 and all subsequent entries are similarly reconciled.

- The performance management of the Council and the reporting of performance through the Performance Management Framework including the reporting to Elected Members.

  The Council's Corporate Plan reflects national and local priorities and contains targets to be met in achieving its objectives. Targets are included in Divisional Business Plans and individual Personal Development Reviews. A Performance Management Framework is in place which includes quarterly reviews by the Officer Performance Group and reports regularly to Cabinet and Scrutiny Committee. A computerised Performance Management System has been introduced. Benchmarking is a regular feature of Efficiency Review reporting.

4. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by:

- Corporate Management Group comprising of the executive managers within the Council who have responsibility for the development and maintenance of the internal control environment;
- Internal Audit;
- External Audit's comments in the Annual Audit Letter;
- Other significant partner organisation's Governance Statements;
- Other review agencies and inspectorates reports.

The following processes have been applied during the year, the totality of which supports the review of effectiveness of the system of internal control:

Decision Making

Full Council approves all policies and strategies.

Full Council approves the annual budget and sets Council Tax.

Cabinet (Executive) has authority from Full Council to deliver Policy.

Cabinet works to a Forward Plan of Key Decisions.

The work of the Cabinet is scrutinised by the Scrutiny Committee. Decisions made by the Cabinet can be "called in" to be reconsidered.

The Council has an Audit Committee which reviews the work of both Internal and External Audit, agrees the Audit Plan and reviews the adequacy of internal control.

Officers prepare written reports for Cabinet which are appraised in accordance with the Council's policies and forward plans

Separate Committees deal with quasi-judicial matters such as Planning, Personnel and Licensing issues.

Compliance

The Council's statutory officers are the Chief Executive, the Monitoring Officer and the Chief Finance Officer (Section 151). They are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. The Section 151 Officer is specifically responsible for the proper discharge of the Council's financial arrangements and must advise elected Members where any proposal is unlawful or where expenditure is likely to exceed resources.

Chief Officers and senior managers are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented.

Internal Audit

- Role of Internal Audit

  The primary role of Internal Audit is to independently review, appraise and report on the adequacy and effectiveness of the control environment comprising of risk management, control and governance, and the arrangements made by management and Councillors for securing economic, efficient and effective use of resources.

- Audit Standards

  The Internal Audit Service ensures its standards are maintained with due regard to:

  - The Code of Practice for Internal Audit in Local Government;
  - The Chartered Institute of Public Finance and Accountancy (CIPFA) professional guidelines.

- Operation of Internal Audit

  The scope and extent of each audit is governed by the results of an audit risk assessment. The risk assessment is based upon a number of risk factors and this forms the basis of the three-year Strategic Audit Plan. The risk assessment also takes into consideration those risks identified in the Corporate Risk Register and focuses upon the key objectives as identified in the Council's Corporate Plan. Provision has been made within the plan for I.T. audit. A detailed programme of work is agreed with management and Members. The overall three-year strategy and plan, renewed each year, is formally agreed by senior management and presented to the Audit Committee.

  On the conclusion of the assignment, an Audit Report incorporating a plan for implementation of recommendations is agreed and issued to the appropriate Head of Service and the Chief Finance Officer. Quarterly reports summarising findings and recommendations not implemented are presented to the Corporate Management Group and to the Audit Committee.

  The Chief Audit and Technical Assistant has direct access and freedom to report to all senior management including the Chief Executive and Members of the Council and is able to provide an independent opinion on the adequacy and effectiveness of the system of internal financial control.

Audit Committee

The purpose of the Audit Committee is to provide independent assurance of the management's arrangements for ensuring a sound system of internal control which facilitates the effective exercise of the Council's functions and ensuring it has appropriate arrangements for the management of risk.

The terms of reference for the Audit Committee take into account CIPFA's Audit Committees – Practical Guidance for Local Authorities. Members have also recently attended Better Governance Forum training for reviewing and approving the Annual Governance Statement and Statement of Accounts.

Other explicit review / assurance mechanisms

The Council reviews its Constitution in detail on an annual basis.

The Overview and Scrutiny Committee has carried out a programme of Scrutiny reviews on different services

Reports are presented to the Cabinet on a minimum of two occasions per year to review the financial position of the Council. One report includes the Medium Term Financial Strategy.

Financial Regulations and Contract Procedure Rules are reviewed by the Council annually.

Assurance is obtained on an annual basis from Chief Officers as to the adequacy of internal control within their Divisions.

Assurance is gained from the Audit Commission as the Council's External Auditor through the Annual Audit Letter which is presented to Members.
Assurance is also obtained from Ashfield Homes Limited and Mansfield District Council (re Mansfield Crematorium).

5. Significant Internal Control Issues

The following represent the key issues in relation to internal control which remain outstanding as at 2nd June 2010.

	Issue	**Action**
1.	**The Council needs to improve the consistency and quality of partnerships (including risk management and governance arrangements).**	Work involving significant input from the Council is underway to improve both the Local Strategic Partnership and the Community Safety Partnership. There has been an improvement in the way the Ashfield Partnership Against Crime (CSP) deals with risk management and identified issues are now considered by the Council. Further work is needed within the Ashfield Partnership and its governance issues are currently under review. There are no governance or risk issues in relation to any of the Council's other key and strategic partnerships.
2.	**Procurement Strategy and infrastructure still requires further embedding to ensure VFM is secured and Contract Procedure Rules followed.**	Effective procurement and its management will be addressed as part of the structural reorganisation of the Council
3.	**Further to the Section 11 report by the Audit Commission the Council recognises that improvements it needs to make to ensure accurate and timely closure of accounts.**	The Council has agreed an Action plan to implement the recommendations made by the Audit Commission including re-structure of Financial Management and Audit Division, implementation of new fixed asset register software and providing an adequate audit trail and reconciliation between the register and the financial accounts.
	The Council has an	Continue regular budget monitoring at both

	Issue	Action
4.	**underlying deficit aggravated by a predicted reduction in government funding, reduced income from services, and also increased demand for some services.**	service and corporate levels. Refresh Medium Term Financial Strategy and Plan showing scope of reductions required. Undertake Service Reviews to consider whether to continue provision or reduce costs. Continue to undertake efficiency reviews to minimise loss of front-line services.
5.	**Business Continuity arrangements require ownership, update and testing**	Clarification of corporate responsibility for driving Business Continuity arrangements will form part of considerations for the organisational restructure.
6.	**Planning, organising and developing the workforce effectively is required to support the achievement of strategic objectives**.	External support via the Audit Commission is being utilised to drive forward a comprehensive approach to workforce developments.
7.	**Significant improvements to the Housing Benefit Service are required further to findings of the external inspection report.**	An Action Plan is in place to support the changes required. Progress is being closely monitored by management and members.
8.	**A framework is required to ensure that effective working practices are in place to monitor the requirements, implementation and enforcement of Section 106 agreements (Agreements between the Council and Developers).**	A database has been designed to allow tracking of these agreements. Data entry will be complete and system fully operational by the end of summer 2010.
9.	**Job Evaluation and Single Status has not been implemented.**	The Council is working towards an agreement with the Trade Unions in order to move towards the continuation and completion of the Job Evaluation process.

The Council's Corporate Improvement Plan provides further detail on how key issues are to be addressed.

We have been advised on the implications of the result of the review of effectiveness of the Council's system of internal control by the Deputy Chief Executive (Resources) and where appropriate the Cabinet and the officers within the Corporate Management Group plan to address weaknesses and ensure continuous improvement of the system of internal controls in place.

Councillor J.R. Knight **Leader of the Council**	**P.G. Marshall** **Chief Executive**
Date	Date

Glossary of Terms and Abbreviations

Accounting Period – The period of time covered by the accounts that is normally the year commencing on 1st April.

Accrual – The concept that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid.

Actuarial Gains and Losses - For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or
- the actuarial assumptions have changed

Amortisation – The reduction in the value of an asset over its life.

Arms Length Management Organisation (ALMO) – A related organisation established to manage a specific activity.

Ashfield Homes Limited – An arms length management organisation that manages the Council's housing stock.

Balance Sheet – A statement of the recorded assets, liabilities and other balances as they stand in monetary terms, at the end of an accounting period.

Billing Authority – A local authority responsible for collecting the Council Tax and business rates from within its district boundaries (the Council is a billing authority).

Budget – A statement defining the Council's financial plans over a specified period of time (usually an accounting period).

Business Rates/ National Non Domestic Rates (NNDR) - Income collected from business ratepayers, based on a national rate in the pound set by Central Government multiplied by the rateable value of the premises they occupy. This national rate is collected by local Councils on behalf of Central Government and is redistributed from the NNDR pool among all Local Authorities on the basis of population.

Capital Financing Charges The annual costs to services for the use of assets comprising depreciation, leasing charges and other costs of funding capital expenditure.

Capital Expenditure - Expenditure on new assets such as land and buildings, or on the enhancement of existing assets so as to significantly prolong their useful life or increase their market value.

Capital Receipts – The income from the sale of council houses, buildings, land and other assets. Capital receipts can be used to finance new Capital Expenditure, within rules set down by Central Government, but they cannot be used to finance revenue expenditure.

Community Assets – Assets that may have restrictions on their use and disposal. Examples include playing fields and parks.

Contingent Liabilities – A condition, which exists at the Balance Sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. As it is not appropriate to establish provisions for such amounts, they are not accrued in the financial statements, but disclosed separately in a note to the Balance Sheet.

Council Tax – A tax levied by the local council, which is the billing authority, on households within its area and distributed to the County Council, Police and Fire Authorities, and to the Council's own General Fund.

Council Tax Bands – All domestic properties in a Local Authority's area are valued by Central Government's Valuation Office Agency, and placed in one of 8 bands ranging from A to H. Each Band is averaged out in relation to Band D, Bands A to C paying less, and Bands E to H paying more on an increasing scale.

Creditors – An amount owed for work done, goods received or services rendered for which payment has not yet been made.

Current Assets – The assets held by an organisation that will be used in the next accounting period to cash e.g. stock, cash and debtors.

Current Liability – The liabilities held by an organisation that will be fall to be repaid within a year example, creditors, overdrafts.

Current Service Cost (Pensions) - The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

De Minimis – A term generally used to describe something that is too small to be considered.

Debtors – an amount owing for which money has not yet been received.

Defined Benefit Scheme - A pension scheme where the benefits are set independently of the contributions paid and the performance of the investments in the fund.

Depreciation – The measure of the cost or re-valued amount of the benefits of the fixed asset that have been consumed during the period.

Discretionary Benefits - Retirement Benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers.

Earmarked Reserves – Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.

Emoluments - All sums paid to or receivable by an employee and sums due by way of taxable expense allowances.

Expected Rate of Return on Pension Assets - For a funded defined benefit scheme,

the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value - The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Financial Instrument – A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Finance Lease – A lease that transfers all of the risks and rewards of ownership of an asset to the lessee.

Financial Reporting Standard (FRS) –The accounting standards developed by the Accounting Standards Board.

Fitch Credit Rating - The opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. 'BBB' rating is a good credit quality. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. 'F3' rating is a fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non investment grade.

Fixed Asset – An asset that yield benefits to the local authority and the services it provides for a period of more than one year, for example, land, buildings and equipment.

Formula Grant - The main grant paid by central government to a local authority towards the costs of all its services.

General Fund – The main revenue fund of the Council. Day to day spending on services is met from this fund. The exception to this is for the provision of Council dwellings

General Reserves – The amounts put aside, but not allocated to meet any future spending commitments. The Council's main General Reserves are its General Fund and Housing Revenue Account balances.

Housing Revenue Account / HRA – All revenue expenditure and income related to the provision of Council dwellings is accounted for here. It includes an optional sub – division, the Housing Repairs Account.

Housing Subsidy – The Government grant paid to housing authorities towards the cost of providing, managing and maintaining Council dwellings.

Impairment – The reduction in the market value of a fixed asset due to significant changes in the market (i.e. Introduction of new technology), obsolescence, or damage, etc.

Intangible Assets - Assets that do not have physical substance but are identifiable and controlled by the Council, e.g. IT software.

Interest Cost (Pensions) - For defined benefit schemes, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

LABGI – Local Authority Business Growth Incentive, money received by the council to regenerate business.

Long Term Borrowing / investment – Borrowing / investment repayable after more than 12 months.

Minimum Revenue Provision (MRP) – The minimum amount that must be charged against the Council's revenue accounts each year, as a provision to repay borrowing and finance leases.

Manage and Operate Partnership (**MOP)** – the agreement to undertake highways work in partnership with neighbouring Authorities and Nottinghamshire County Council.

MRA – Major Repairs Account.

Net Book Value – The amount at which fixed assets are included in the balance sheet, i.e. their historic value or current valuation less depreciation.

Non-distributed Costs - Overheads for which no user benefits and are not apportioned to services.

Non – Operational Assets – Fixed assets held but not currently used by the Council in delivering services; for example property surplus to requirements or land awaiting sale or redevelopment.

Operating Lease – An operating lease is a rental agreement that places all of the risks and rewards of ownership of an asset with the lesser.

Operational Assets – Fixed assets held and used in delivering services.

Past Service Cost - For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PFI – Private Finance Initiative.

Precept – The amounts that the Council is required to raise through Council Tax on behalf of other authorities for services they provide in the Billing Authority's area.

Precepting Authorities – Those Authorities who are not Billing Authorities, e.g. "major" Authorities such as the County Council and Police and Fire Authorities and "local Precepting Authorities" such as Parish, Town or Community Councils.

Projected Unit Method - An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is one in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners, deferred pensioners and their dependents, allowing

where appropriate for future increases, and

- the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

Provision - An amount set aside to provide for a liability that it is likely will be incurred but the exact amount and the date on which it will arise are uncertain.

Public Works Loan Board (PWLB) – A Central Government agency, that provides loans to Local Authorities.

Related Party Transactions - A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made

Reserve - An amount set-aside for a specific purpose in one financial year and used to meet expenditure in future years.

Retirement Benefits - All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Revenue Expenditure from Capital under Statute (REFCUS) - Spending on items normally classed as revenue but which are defined by statute as capital e.g. improvement grants.

Revenue Expenditure - Spending on day-to-day items, including, salaries and wages, premises costs and supplies and services.

Revenue Support Grant (RSG) – Contribution from Central Government towards the cost of local authority services.

RTB – Right to buy, whereby tenants are entitled to buy their dwelling.

Scheme Liabilities - The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities are measured using the projected unit method to reflect the benefits that the employer is committed to provide for service up to the valuation date.

Short Term Borrowing/ Investments – Borrowing and investments repayable on demand or within 12 months.

Statement of Recommended Practice (SORP) – The Code of Practice on Local Authority Accounting in the United Kingdom.

Transfer Payments - Benefits paid over to tenants and homeowners towards rent and council tax which is then reimbursed by central government.

Useful Life - The period over which the local authority will derive benefits from the use of a tangible fixed asset.

Vested Rights - In relation to a defined benefit scheme, these are:

- for active members, benefits to which they would unconditionally be entitled on

leaving the scheme

- for deferred pensioners, their preserved benefits
- for pensioners, pensions to which they are entitled

They include where appropriate the related benefits for spouses or other dependants.

Work In Progress / WIP – the cost of work done on an uncompleted project as at the Balance Sheet date.