

BASSETLAW DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2005/06

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EXPLANATORY FOREWORD

The following pages summarise the financial activities of the Council in 2005/06 and comment upon the most significant matters reported in the accounts. This publication incorporates all the financial statements and disclosure notes required by statute. The accounts have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2005: A Statement of Recommended Practice (SORP).

The Council's accounts for the year 2005/06 are set out on pages 1 to and comprise:

- **Statement of Accounting Policies (pages 13 to 18).** These explain the basis of the figures in the accounts. The accounts can be properly appreciated only if the policies that have been followed in dealing with material items are explained.
- **Consolidated Revenue Account (pages 19 to 27).** This reports the day-to-day running costs and incomes for the services for which the Council is responsible, including Council housing services. The account also demonstrates how the net cost of these services has been financed from general Government grants and income from local taxpayers.
- **Housing Revenue Account (HRA) (pages 28 to 33).** This shows separately the revenue expenditure incurred in providing Council houses and demonstrates how this has been met by rents, subsidy and other income.
- **Collection Fund Account (pages 34 to 36).** This reports the transactions of the Council as a billing authority. Amounts in respect of business rates and council tax due are shown, together with how these have been distributed to precepting authorities, the Council's General Fund and the Government.
- **Consolidated Balance Sheet (pages 37 to 53).** This summarises the Council's assets and liabilities as they were at 31 March 2006. It indicates the level of reserves and balances at that date, together with long-term indebtedness, investments and the value of assets held. It includes the Collection Fund and the Housing Revenue Account balances.
- **Statement of Total Movement in Reserves (pages 54 to 57).** This brings together all the recognised gains and losses of the Council during the year.
- **Consolidated Cash Flow Statement (pages 58 to 60).** This summarises the inflows and outflows of cash arising from transactions with third parties for both capital and revenue purposes.
- **Group Accounts (pages 61 to 69).** These accounts consolidate the accounts of A1 Housing Bassetlaw Ltd, into the Council's accounts.

- **Statement of Internal Control (pages 70 to 78).** This Statement sets out the framework within which financial control is managed and reviewed and the main components of the system, including the arrangements for internal audit. The Statement reports on significant identified weaknesses and the actions undertaken to rectify these.
- **Statement of Responsibilities for the Statement of Accounts (pages 79 to 80).** Under the Code of Practice on Local Authority Accounting in the UK 2005, there is a requirement for the Council, in addition to the Chief Financial Officer, to certify its approval of the Statement of Accounts.
- **Auditors Report to Bassetlaw District Council – Audit Certificate and Opinion (pages 81 to 84).** These pages have been provided by the Councils external auditors.
- **Glossary of Terms (pages 85 to 88).** Terms used throughout this document are described in detail in these pages.

FINANCIAL SUMMARY

The Council has incurred revenue and capital expenditure during the year. Revenue spending is generally on items that are used within a year. Capital spending is generally on the acquisition and improvement of assets, or extends their useful life.

General Fund

In 2005/06 the Council expected to spend £13.974m. The actual expenditure was £12.763m giving a saving of £1.211m. Rather than using reserves of £933k to fund the revised budget, the Council is able to contribute an amount of £278k to reserves. Table 1 shows the service area analysis of underspends (-) / overspends:

Service Area	Original Estimate £'000	Revised Estimate £'000	Actual £'000	Variance £'000
Leisure	2,645	1,790	1,715	-75
Housing	1,895	1,982	1,820	-162
Environment	3,688	4,143	3,895	-248
Economic Regeneration	445	119	78	-41
Finance	2,174	3,000	2,757	-243
Property, Central and Customer Services	1,730	772	307	-465
Planning	1,130	1,131	1,248	117
Emergency Planning	7	36	30	-6
Licensing	12	72	81	9
Policy	1,359	1,422	1,325	-97
<u>TOTAL SERVICE NET EXPENDITURE</u>	15,085	14,467	13,256	-1,211
<u>Appropriation Account</u>				
Capital Charges	-1,139	-1,009	-1,013	-4
Reserves Use / Contribution	28	516	520	4
Total	13,974	13,974	12,763	-1,211

Table 1: General Fund Outturn

The major variances are explained below.

Leisure

The main saving related to Grounds Maintenance which was £60,000.

Housing

Charges from A1 Housing Ltd for strategic support to Housing was £105,000 less than anticipated. There were staff vacancies within the Anti-social Behaviour Unit resulting in a £27,505 underspend. This service is now fully resourced.

Environment

There were net savings on staffing of £146,730. The impact of an aged refuse transport fleet and increased petrol prices has resulted in an overspend on waste collection of £101,000. Additional income of £15,000 was received relating to Cemeteries. Capital Charges were £85,700 less than estimated. Fleet costs relating to insurance, leases and licences amounted to savings of £53,000.

Economic Regeneration

The bulk of the savings on this area related to the Bassetlaw Development Agency.

Finance

Investment income was £173,000 above the target.

Property, Central and Customer Services

A contingency of £104,820 was created to support the risk of Planning fee income not being achieved. This turned out to be a prudent action since planning fee was below target by a similar amount. See comment below on Planning fees. Support to A1 Housing was more than expected and therefore Service Level Agreement income was £106,000 more than anticipated. There were further savings of £94,000 on employees, £98,000 on housing benefits and £38,000 on E-Government.

Planning

Expected Planning Fees fell short by £102,190, however provision was made to cover this risk within Property, Central and Customer Services, above. Building Control income targets under achieved by £32,000. Difficulties with recruiting staff to the service resulted in a £36,000 saving.

Licensing

Fees were slightly lower than anticipate resulting in a £3,000 shortfall. Central Support charges were £6,000 higher than anticipated.

Policy

Effective redeployment has resulted in funding of £78,000 not being required from the provision for Managing Change. Members Allowances and Members training were £21,000 under spent. The Human Resources Unit was under spent by £59,000 due to staff vacancies and the costs of the ongoing job evaluation exercise, which had not been completed during the year.

Housing Revenue Account

The actual deficit on the HRA is £342,386 which includes an amount of £45,972 relating to a revenue contribution towards funding capital spend. Historically part of the working balance had been set aside specifically for funding committed capital schemes. This reserve has been fully utilised this year.

The detailed analysis of transactions within the HRA is set out in Table 20 and the notes attached. The Council budgeted for a deficit of £293,703 (excluding the £45,972 contribution to capital spend above) and actually achieved a deficit of £296,414, an increase in deficit of £2,711. The major variances are shown in Table 2.

	2005/06 £'000
Additional Rent Income	-128
Reduction in Contributions to General Fund	-61
Increase in Supporting People Grant	-71
Increase in contribution to Bad Debts Provision	199
Reduction in RTB Administration recharge income	115
Underspend in Cost of Rent Accounting	-25
Over Recovery of Court Costs	-4
Other Variances (Net)	-22
Total Variations	3

Table 2: Housing Revenue Account Variations

The Housing Revenue Account working balance as at 31 March 2006 was £760,635 (31 March 2005 £1,057,049). The remaining balance of £45,972 on the Capital Reserve, set up to fund future capital expenditure, has been fully spent.

Borrowing Facilities

The Council's borrowing facilities for 2005/06 are as follows:

- a) Bank Overdraft Limit of £500K (Short Term)
- b) Public Works Loans Board (Long Term Capital)
- c) London Money Markets (via brokers) for short and long term borrowing
- d) Co-operative Bank Treasury Department for short term borrowing.

The maximum amount of external borrowing the Council can have at any one time previously governed by the statutory Aggregate Credit Limit but is now covered by the Prudential Code and controlled by the Authorised Limit and Operational Boundary. These were agreed by Cabinet on 10 February 2005.

The Council secured one Local Authority loan instrument for £5.7m with DEPFA Bank on 30 January 2006 maturing on 30 January 2066 at an initial rate of 3.56%. The borrowing was taken to finance new and expected additional borrowing requirements.

Sources of Capital

In 2005/06 the District Council spent £10.478m on acquiring and improving assets, including grants made for the improvement of private homes. This spending results in a benefit that lasts for a number of years. This expenditure compares with an initial budget of £12.711m. It was financed as follows:

2004/05 £'000	Method of Financing	2005/06 £'000
1,271	Loans	1,369
1,021	Revenue Contributions	241
3,938	Major Repairs Reserve	3,888
1,302	Grants and Capital Contributions	929
89	Internal Funds	102
569	Capital Receipts	3,949
8,190	Total Financing	10,478

Table 3: Method of Financing

Application of Capital

2004/05 £'000	Areas of Capital Expenditure	2005/06 £'000
6,035	Housing	7,110
486	Renovation Grants	1,117
204	Sport and Recreation	515
1,465	Other	1,736
8,190	Total Capital Expenditure	10,478

Table 4: Areas of Capital Expenditure

An analysis of how the expenditure in Table 4 has been financed is set out in Table 3 above.

Funding from Government Grants and Local Taxation

Actual Income 2004/05 £'000		Original Estimate 2005/06 £'000	Revised Estimate 2005/06 £'000	Actual Income 2005/06 £'000
5,817	Revenue Support Grant	5,967	5,967	5,967
4,648	Council Tax Precept on Collection Fund	4,848	4,848	4,848
2,955	National Non Domestic Rates distribution	3,159	3,159	3,159
5	Collection Fund Surplus	0	0	0
13,425	Total	13,974	13,974	13,974

Table 5: Government Grants and Local Taxation

In addition, Parish Precepts totalled £488,603 (£410,684 in 2004/05).

ACCOUNTING POLICIES

The Accounting Policies adopted by the Council comply with the Code of Practice on Local Authority Accounting in the United Kingdom 2005: A Statement of Recommended Practice (SORP), published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

THE EURO

The Euro Working Group continues to consider the impact on the Council and commerce within the area should the UK opt to join the single European currency (the Euro). Meetings are currently infrequent as there has been little change on this issue over recent years.

There have been no commitments or transactions in respect of Euro's for 2005/06.

The Working Group recognises that there will be costs to be incurred in the future if the UK joins the Euro. However, as the precise requirements and timescale are unknown and the likely timescale is expected to be some years in the future, the Group does not consider that a realistic estimate of future costs can be determined.

INFORMATION AND COMMUNICATION TECHNOLOGY

The Council has selected Consilium Technologies as its partner to act as an agent for change in order to replace a number of its major software systems that were nearing the end of their life.

An Application Service Provision (ASP) Solution was implemented and became operational on 1 April 2004. This aids risk sharing with applications and the supporting hardware platform being hosted in an offsite data centre.

As part of the implementation of E-Government 2005 target the Council received a grant of £150,000 in 2005/06 from Central Government toward the costs and to recognise the Council's Strategy.

PENSIONS

Disclosure requirements under the SORP are included in accordance with Financial Reporting Standard (FRS) 17. Details of the information is set out in Note 19 to the Consolidated Balance Sheet, Tables 54 to 57 and background information in Note 11 (Tables 14 and 15) to the Consolidated Revenue Account. The implementation of the accounting policies has a material effect on substantial parts of the Statement of Accounts.

Table 54 sets out the Council's estimated share of the Nottinghamshire County Council Pension Fund's assets and liabilities. The estimated deficit has increased from £35.469m at 31 March 2005 to £37.720m at 31 March 2006. Any shortfall at the next revaluation (31 March 2007) will require increased Council contributions to meet the deficit.

BEST VALUE PERFORMANCE PLAN 2005/06

The Best Value Performance Plan 2005/06 contains information on the Council's achievements over the last two financial years and the Council's priorities and plans for the next three years. It is the statutory duty for every Council to publish a Best Value Performance Plan by 30 June each year. It is available from the Head of Policy and Performance based in the offices at Queens Buildings, in local libraries and on the Council's website (www.bassetlaw.gov.uk).

FURTHER INFORMATION

If you require further information concerning the accounts of the Authority this is available from the Head of Financial Services, Bassetlaw District Council, Queens Buildings, Potter Street, Worksop, Nottinghamshire S80 2AH (01909) 533174 or by e-mail: finance@bassetlaw.gov.uk.

CERTIFICATE

This Statement of Accounts has been prepared in accordance with the Local Government Finance Act 1982 and at the date of publication is subject to audit. It presents fairly the financial position of the Authority at 31 March 2006 and its income and expenditure for 2005/06.

David Hunter CPFA
Acting Chief Executive

Date _____

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL

The Council's Financial Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2005: A Statement of Recommended Practice (SORP), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which is recognised in statute as representing proper accounting practice.

2. CAPITAL TRANSACTIONS

Capital expenditure is defined as expenditure on the acquisition of an asset, or expenditure that adds to, and not merely maintains, the value of an existing asset, provided that the fixed asset yields benefit to the Council and the services it provides is for a period of more than one year. A de minimis amount of £6,000 is applied to capital expenditure. Expenditure below this is regarded as revenue. Capital expenditure is recorded on an income and expenditure (accruals) basis.

Fixed Assets

Tangible Fixed Assets

These are assets that have a physical substance and are held for use in the provision of services or for the administrative purposes on a continuing basis. Fixed Assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and guidance notes issued by the Royal Institute of Chartered Surveyors (RICS). A full explanation of the basis and frequency of valuations is given in Note 7 to the Consolidated Balance Sheet. Fixed assets are classified (Table 38) into the groupings required by the 2005 Code of Practice on Local Authority Accounting.

Fixed assets are initially included in the Balance Sheet at cost, comprising all expenditure that is directly attributable to bring the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following basis:

- Land, operational properties and other operational assets

Included in the Balance Sheet at the lower of net current replacement cost and net realisable value.

- Non-operational assets, including investment properties and assets that are surplus to requirements

Included in the Balance Sheet at the lower of net current replacement cost and net realisable value. In the case of investment properties, this is normally open market value.

- Infrastructure assets and community assets

Included in the Balance Sheet at historical cost, net of depreciation.

The surpluses arising on the initial valuation of fixed assets have been credited to the Fixed Asset Restatement Account. Subsequent revaluations of fixed assets are planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period as they occur.

Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is written off to the relevant service over the economic life of the asset to reflect the pattern of consumption of benefits. Software is written off using the straight-line method over 3 years.

Disposals

When an asset is disposed of, the value of the asset in the Balance Sheet is written off to the Fixed Asset Restatement Account. Income from the disposal of fixed assets that has not been used for repayment of external loans forms part of the Capital Financing Account and is included in the Balance Sheet as usable capital receipts.

A proportion of receipts relating to housing dwellings disposals (75% net of deductions and allowances) is payable into the Government.

Depreciation

Depreciation is provided for on all fixed assets with a finite useful life, determined at the time of acquisitions or revaluation. Generally, newly acquired assets are depreciated from the end of the year, with assets in the course of construction not being depreciated until they are brought into use.

Depreciation is calculated using the straight-line method over the following periods:

Infrastructure	25-35 years
Mobile Plant	5-10 years
Motor Vehicles	5 years
Equipment	5 years
IT Equipment	3 years

Buildings, including Council dwellings, are depreciated over the remaining useful life of the building.

Impairment

Impairment occurs as a result of something happening either to the fixed assets themselves or to the economic environment in which the fixed assets operated. If the impairment is caused by a clear consumption of economic benefits (e.g. physical damage or deterioration in the quality of the service provided by the asset, i.e. similar in nature to depreciation), the impairment loss has been recognised in the service Revenue Accounts. If the impairment is caused by a general fall in prices, then the impairment loss is recognised in the Movement in Unrealised Value of Fixed Assets (see Note 3 to the Statement of Total Movement in Reserves Table 61).

Intangible Assets - Deferred Charges

Deferred charges are payments of a capital nature where no fixed asset is created, but which may properly be financed over a period of years. The major part of this expenditure relates to renovation grants and loan premia on early debt repayment. The policy on renovation grants is to write the full amount of the expenditure off to revenue in the year in which it is incurred (see Table 42). The loan premia on early debt repayment are written off over the lower of 10 years or the period of the replacement loan. The payments still remaining to be written off are shown as intangible assets within fixed assets on the balance sheet.

Capital Receipts

Capital receipts from the disposal of assets are held in Usable Capital Receipts (see Table 60) until such time as they are used to finance other capital expenditure or set aside to repay debt. Interest on capital receipts not spent is credited to the General Fund.

3. CHARGES TO REVENUE

Charges to all services accounts, including the Housing Revenue Account and trading operations pay a capital charge for all fixed assets used in the provision of services.

These capital charges equate to the sum of depreciation and amortisation, plus a notional interest charge based on the net amount at which the asset is included in the balance sheet at 31 March 2006.

The notional rate of interest used for assets carried at current value is 3.5% and for assets carried at historical cost is 4.95%

4. REVENUE TRANSACTIONS

The revenue accounts of the Council are maintained on an accrual basis in accordance with the Code of Accounting Practice and FRS18, (Accounting Policies) ie, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year.

An exception to this principle relates to utility or similar quarterly payments that are charged at the date of the meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

5. STOCKS AND WORKS IN PROGRESS

Stocks are valued in the Balance Sheet by the valuation determined by the relevant Head of Service. Stocks relating to bars and catering are valued at the lower of cost or net realisable value.

Works in progress on uncompleted jobs (if any) are valued at cost including an allocation of overheads.

6. GOVERNMENT GRANTS AND CONTRIBUTIONS

Revenue grants and subsidies have been accounted for on an accrual basis and recognised in the accounting statements when the conditions for the receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. See Table 67 for further details.

Capital grants received are applied to finance the acquisition or enhancement of fixed assets. Deferred grants and contributions are released to revenue over the life of the asset.

7. ACCRUAL OF INCOME AND EXPENDITURE

Customer and client receipts, together with all other forms of income due to the Council, have been included in the following statements. Where cash is due and has not been received a debtor will be included in the Balance Sheet. Where payments are due and have not been made a creditor is included in the Balance Sheet.

8. LEASES

Details of operational leases, finance leases and hire purchase payments are set out in Tables 7 and 8. For assets acquired under operating leases, the leasing rentals payable are charged to revenue by equal annual instalments over the period of the leases. No amounts are recorded in the Balance Sheet for these items.

9. COSTS OF SUPPORT SERVICES

The costs of management and administration to services is based on an estimate of support costs likely to be incurred for the year and this amount charged to services. This means that not all costs were fully allocated and some small balances remained unallocated. The effect of this treatment is not thought to have a material effect on the accounts. A number of different basis of allocation are used (e.g. administrative buildings is based on area occupied) depending upon the service costs being allocated to ensure the allocation is as accurate as possible. The accounts have been prepared in accordance with the Best Value Accounting Code of Practice 2005 published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

10. PENSIONS

The Council pays an employer's contribution into the Nottinghamshire County Council Pension Fund, based on a percentage of employees' contributions that are specified and varied from time to time by the fund actuaries. The percentage is now determined to meet 100% of the liabilities of the Pension Fund to provide for future pension payments. Exceptionally, early retirements with enhancements are recharged separately by the County Council and are charged to Non Distributed Costs in accordance with the Best Value Accounting Code of Practice.

The change has had the following effects on the results of the prior and current periods:

- The overall amount to be met from Government grants and local taxation has remained unchanged, but the costs disclosed for individual services are 74.54% higher after the replacement of employer's contributions by current service costs and Net Operating Expenditure is 12.82% higher than it would otherwise have been.

- The requirement to recognise the net pensions liability in the balance sheet has reduced the reported net worth of the Council by 13.32%.
- Regulation 3 of the Local Government Pension Scheme (Amended) Regulations 2006 introduces a new option into the retirement benefits of the Local Government Pension Scheme giving members retiring on or after 6 April 2006 the option to increase the amount of the tax-free lump sum for the current 3/80's of the pension to 25% of the value of the benefits in exchange for reducing their annual pension. The Actuary has taken account of these changes in his valuation.

11. INTEREST

Interest relating to the use of internal balances is charged or credited to the General Fund and Housing Revenue Account by reference to appropriate bank rates.

12. BAD DEBT PROVISION

The Council sets aside a provision for losses likely to be incurred on debtors. Contributions are made from service accounts relative to the time the debts have been outstanding or in respect of dwellings rents relative to the value of arrears.

13. REDEMPTION OF DEBT

a) External Debt

The Council has over the last few years reviewed its long term debt with the objective of achieving interest savings. No restructuring of long term debt was carried out in 2005/06. In the years prior to 2005/06 £25.5m was replaced with a net premium of £3.5m payable as a result of the transactions.

The premia have been treated in accordance with the CIPFA Code of Practice on Local Authority Accounting and charged to the Consolidated Revenue Account in the period during which early settlement was made unless the debt was replaced then the premia will be written off over the unexpired period of the original loan. The allocation of the premia to the Housing Revenue Account will be written-off over the unexpired period of the loan replaced or 10 years, whichever is less.

The net premia charged to the Consolidated Revenue Account and Housing Revenue Account in 2005/06 was as follows:

	£000's
Consolidated Revenue Account	7
Housing Revenue Account	688

The remaining premia from all debt restructuring over the last few years of £2.253m has been carried forward and will be charged to the Consolidated Revenue Account over the next 8 years.

b) Provision for Redemption of Debt

The Council makes provision to set aside a minimum revenue provision of 4% of the capital financing requirement for the redemption of debt (See Note 12 to the Consolidated Revenue Account). This provision is for non housing only. There is no longer a requirement to make a 2% provision for housing.

14. RESERVES

The Council has set aside revenue amounts to meet future potential expenditure and these are summarised in Table 59. The Pensions Reserve as required by FRS17 is also included within these reserves. The Council has reserves holding capital receipts received from the sale of fixed assets, these are summarised in Table 60. In addition the capital accounting regime requires the maintenance of a Fixed Asset Restatement Account (Table 61) and a Capital Financing Account (Table 62).

15. PROVISIONS

Section 41(3)(b) of the Local Government and Housing Act 1989 permits the establishment of provisions for specific future expenses which are likely or certain to be incurred but the amount of which cannot yet be determined accurately. The main provision is that for bad debts (Table 50).

16. INVESTMENTS

Investments are shown in the Balance Sheet at their market value.

17. LIQUID RESOURCES

Liquid resources are identified and accounted for in line with FRS 1 (Cash Flow Statements) and comprise current asset investments.

18. ACCOUNTS AND AUDIT REGULATIONS 2003

The preparation of these accounts has been made in accordance with the requirements of the Accounts and Audit Regulations 2003.

19. A1 HOUSING BASSETLAW LTD.

The Council created an Arms Length Management company on 1 October 2004 (A1 Housing Bassetlaw Ltd.) The accounts of A1 Housing Bassetlaw Ltd. have been consolidated into the accounts of the Council (Table 68 to 70).

Further information about the accounts of A1 Housing Bassetlaw Ltd. is available from the Managing Director, A1 Housing Bassetlaw Ltd, Carlton Forest House, Hundred Acre Lane, Worksop, Nottinghamshire, S80 0TS.

CONSOLIDATED REVENUE ACCOUNT

Net Cost 2004/05 £'000		Gross Cost 2005/06 £'000	Gross Income 2005/06 £'000	Net Cost 2005/06 £'000
1,556	Central Services to the Public	11,024	-9,801	1,223
8,756	Cultural, Environmental and Planning Svcs	15,802	-7,562	8,240
-156	Highways, Roads and Transport Services	675	-756	-81
1,262	Housing Services – General Fund	20,931	-18,727	2,204
5,257	Housing Services – Housing Revenue	26,335	-19,410	6,925
2,237	Corporate and Democratic Core	2,628	-224	2,404
-2,298	Non Distributed Costs (See Note below)	-1,028	0	-1,028
16,614	Net Cost of Services	76,367	-56,480	19,887
411	Parish Precepts			489
-6,253	Asset Management Revenue Account			-6,963
-536	Interest and Investment Income			-664
1,332	Pensions Interest Cost and Expected Return on Pensions Assets			1,477
4,869	Contribution to Housing Pooled Capital Receipts			3,293
16,437	Net Operating Expenditure			17,519
-487	Transfer to / from (-) HRA Balances			-343
392	Adjustment for Deferred Government Grants			451
-408	Deferred Charges			-1,291
-447	Provision for Loan Repayment			-329
0	Impairment			0
0	Use of Reserves			-5
198	Transfer to Reserves			1,673
259	Transfer to Major Repairs Reserve			-10
905	Capital Expenditure Financed from Revenue			46
1,420	Contribution from the Pension Reserve			-234
-4,869	Transfer from Useable Capital Receipts for contribution to Housing Pooled Capital Receipts			-3,293
13,400	Amount to be met from Government Grants and Local Taxation			14,184
-5,817	General Government Grants			-6,455
-2,955	Non Domestic Rates Distribution			-3,159
-5,059	Demand on the Collection Fund			-4,848
-5	Transfer to / from (-) the Collection Fund in Respect of Surpluses			0
-436	Net General Fund Deficit / Surplus (-)			-278
-1,488	Balance on General Fund Brought Forward			-1,924
-1,924	Balance on General Fund Carried Forward			-2,202

Table 6: Consolidated Revenue Account

Note: Negative expenditure of £1,028,000 relates in the main to FRS17 adjustments, which are explained more fully in Note 11 to the Consolidated Revenue Account.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT
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1. PRIOR YEAR ADJUSTMENTS

There are no prior year adjustments in the 2005/06 accounts.

2. EXCEPTIONAL OR EXTRAORDINARY ITEMS OF INCOME OR EXPENDITURE

There are no exceptional or extraordinary items of income or expenditure in the 2005/06 accounts.

3. HIRE PURCHASE CONTRACTS, FINANCE AND OPERATING LEASE RENTALS

The Council has outstanding commitments as outlined in Table 7 of £1.639m (2004/05 £1.272m). As Table 8 shows, £1.215m was paid out during 2005/06 on operating leases and contract hire. The major element of the increase between years relates to the lease of a new fleet of vehicles for A1 Housing Bassetlaw Ltd. The Council does not have any hire purchase contracts or finance lease agreements (See Note 4 to Consolidated Balance Sheet).

31.03.05 £'000	Item	31.03.06 £'000
	<u>Operating Leases</u>	
1,076	Vehicles	1,432
31	Employee Leased Cars	11
165	Computer and Other Equipment	196
1,272	Total Outstanding Commitment	1,639
	<u>Summarised as:</u>	
520	Leases expiring in 2006/07	637
747	Leases expiring between 2007/08 and 2010/11	1,002
5	Leases expiring after 2011/12	0
1,272	Total Outstanding Commitments	1,639

Table 7: Operating Lease and Hire Purchase Contracts

2004/05 £'000	Category of Payments	2005/06 £'000
517	Operating Leases	1,198
21	Contract Hire	17
0	Hire Purchase Contracts	0
538	Total Payments	1,215

Table 8: Lease and Hire Purchase Payments

All operating leases comply with the Statement of Standard Accounting Practice 21 in that the assets have at least a 10% residual value. Significant outstanding commitments arising from long-term and capital contracts are detailed in Table 43.

4. TRADING OPERATIONS

A small number of Trading Operations are undertaken by the Council. Any forecast surplus or deficit as a result of these services is included in the Council's Annual Budget.

2004/05 Surplus(-) / Deficit £'000	Trading Operation	2005/06 Income £'000	2005/06 Expenditure £'000	2005/06 Surplus(-) / Deficit £'000
152	Leisure Management	-201	356	155
34	Markets	-322	356	34
79	Industrial Estates	-200	271	71
-79	Trade Refuse	-144	116	-28

Table 9: Trading Operations

The purposes of the above Trading Operations are:

- Leisure Management – To provide the service for managing the Council's outdoor leisure facilities and the Bassetlaw Leisure Centre.
- Markets – The costs of operating the Council's two markets.
- Industrial Estates – These costs are for operating the Council's industrial areas.
- Trade Refuse – The provision of a commercial waste collection service. This service has not been shown in previous years and therefore for comparison purposes the 2004/05 has been restated.

The Building Control Charging Account is summarised in Table 13.

5. SECTION 137 EXPENDITURE, LOCAL GOVERNMENT ACT 1972

Section 8 of the Local Government Act 2000 abolished all but one part of Section 137 of the Local Government Act 1972 for principal authorities. The remaining part of Section 137(3) gives power to contribute to charitable bodies and 'not for profit' organisations. Total permitted expenditure amounted to £209,570 (£207,860 in 2004/05) based on a population of 110,300 (109,400 in 2004/05) and actual expenditure amounted to £141,212 in 2005/06 (£146,416 in 2004/05).

There was no further expenditure under powers within the Local Government Act 2000 in the interests of the area or its inhabitants by the Council.

6. EXPENDITURE ON MEMBERS ALLOWANCES

2004/05 £'000		2005/06 £'000
198	Basic Allowance	207
101	Special Responsibility Allowance	95
22	Travelling Allowance	26
2	Subsistence Allowance	2
323	Total	330

Table 10: Members Allowances

7. RELATED PARTY TRANSACTIONS

The Council is required to disclose any material transactions with third parties (e.g. Central Government, Pensions Funds, other Local Authorities or precepting bodies, subsidiary and associated companies including A1 Housing Bassetlaw Ltd, joint ventures and joint venture partners, Members and Senior Officers). The accounts of A1 Housing Bassetlaw Ltd. have been consolidated within the Group Consolidated Revenue Account, Group Balance Sheet and group statement of Total Movement in Reserves statements (See Tables 68 to 70).

Note 8 to the Consolidated Balance Sheet details those businesses and companies that the Council is involved with. Government Grants are analysed at Table 67 (Note 4 to the Cash Flow Statement). Note 13 to the Consolidated Balance Sheet details the Councils involvement in Trust Funds. There have been no other transactions during the year relating to Members or Officers.

Other transactions not disclosed elsewhere are:

Net Balance 2004/05 £'000		Receipts 2005/06 £'000	Payments 2005/06 £'000	Net Balance 2005/06 £'000
70	Citizens Advice Bureau	0	70	70
82	Grants to Parish Councils	0	59	59
347	Internal Drainage Boards	0	348	348
14	Bassetlaw Enterprise Board Grants	-5	28	23
	Nottinghamshire County Council:			
212	- Concessionary Travel	0	249	249
-346	- Leisure Centres	-1,393	0	-1,393
-68	- Other	-241	0	-241

Table 11: Related Party Transactions

8. EXPENDITURE ON PUBLICITY

Section 5(1) of the Local Government Act 1986 requires the Authority to keep a separate account of its expenditure on publicity. The Secretary of State has issued an Exemption Order, which provides that certain descriptions of publicity and expenditure are not required to be accounted for separately. Local Authorities are not prevented, however, from including all such publicity in the Account and this is the case in the following table.

2004/05 £'000		2005/06 £'000
157	Tourism and Promotion	130
19	Information Services and Publicity	25
185	Recruitment Advertising	125
65	Public Relations Unit	66
104	Other Advertising	73
530	Total	419

Table 12: Expenditure on Publicity

9. BUILDING CONTROL ACTIVITIES

The Local Authority Building Control Regulations (SI 1998/3129) require the disclosure of information regarding the settings of charges for the administration of the Building Control function. However, certain activities performed by Building Control cannot be charged for, such as providing general advice and liaising with the statutory authorities. The statement below shows the turnover and surplus / deficit of the Building Control Charging Account.

2004/05 Total £'000's		2005/06 Non Chargeabl e £'000's	2005/06 Chargeable £'000's	2005/06 Total £'000's
	Expenditure			
365	Employee Expenses	195	182	377
0	Premises	0	0	0
28	Transport	13	14	27
73	Supplies and Services	7	65	72
225	Central and Support Service Charges	195	98	293
2	Capital Charges	1	1	2
693	Total Expenditure	411	360	771
	Income			
-376	Building Regulations Charges	0	-334	-334
-187	Recharge to other Services	-119	0	-119
-2	Recharged to other Services	-12	0	-12
-565	Total Income	-131	-334	-465
128	Surplus (-) / Deficit for the Year	280	26	306

Table 13: Building Control Activities

Note: The table shows both the non-chargeable and chargeable elements of the Building Control Account.

The Building Regulations charging account is required to break even over a rolling three-year period. The Building Control charging account shows a small deficit for the three-year period.

10. LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

There has been no service provision to other organisations during the financial year.

11. LOCAL GOVERNMENT PENSION SCHEME

Since 2003/04 councils have had to comply with the requirement that FRS17 Retirement Benefits be reflected in the accounts. The basic principle of FRS17 is that the Council should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. Further information is contained within the Explanatory Forward, Note 19 to the Consolidated Balance Sheet.

Although the benefits will not actually be payable until employees retire, the Council has a commitment to make payments that need to be disclosed at the time that the employees earn their future entitlement. We recognise the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account after Net Operating Expenditure. The following transactions have been made in the Consolidated Revenue Account during the year:

2004/05 £'000		2005/06 £'000
	Net Cost of Service	
1,533	Current Service Cost	1,423
-2,235	Past Service Cost/Curtailment/Settlement Gain	783
	Net Operating Expenditure	
3,614	Interest Cost	3,715
-2,282	Expected Return on Assets in the Scheme	-2,238
	Amounts to be Met from Government Grants and Local Taxation	
11,147	Movement on Pensions Reserve	2,733
	Actual Amount Charged Against Council Tax in the Year	
2,050	Employers' Contributions payable to Scheme	1,922
0	Retirement Benefits Payable to Pensioners	0

Table 14: Local Government Pension Scheme

Note 19 to the Consolidated Balance Sheet contains details of the assumptions made in estimating the figures included in this table.

In accordance with the Statement of Recommended Practice 2005 a further analysis is now given showing 2005/06 and previous years' return on assets, gains and losses and financial assumptions.

	2002/03 £'000	2002/03 %	2003/04 £'000	2003/04 %	2004/05 £'000	2004/05 %	2005/06 £'000	2005/06 %
<u>Operating</u>								
Current Service Cost	1,342	N/a	-1,380	11.80	-1,533	15.40	-1,423	17.30
Past Service Gain							783	
Curtailment Loss	151		-632		-164		-39	
Settlement Gain					2,399			
Total	1,493		-2,012		702		-679	
<u>Finance</u>								
Market Value of Assets	33,344		38,566		34,244		41,430	
Market Value of Liabilities	-59,992		-62,812		-69,713		-79,150	
Net Liability	-26,648		-24,246		-35,469		-37,720	
Expected Return on Assets	3,034	9.10	2,158	5.60	2,282	6.66	2,238	5.40
Interest on Pension Liabilities	-3,403	5.67	-3,559	14.68	-3,614	5.18	-3,715	4.69
Return on Net Assets	-369		-1,401		-1,332		-1,477	
<u>Statement of Actuarial Gains (Losses)</u>								
Asset Gain / Loss (-)	-10,194	-30.60	3,842	10.00	1,616	4.70	5,394	13.00
Liability Gain / Loss (-)	0		0		-2,740	3.90	-1,593	2.00
Change in assumptions	0		0		-11,443	16.40	-6,300	8.00
Net Gain / Loss (-)	-10,194	-17.00	3,842	6.10	-12,567	18.00	-2,499	3.20

Table 15: Pension Fund Disclosure Items

The Past Service Gain shown is due a change in Regulation 3 of the Local Government Pension Scheme (Amendment) Regulations 2006. This change allows the option to members retiring after 6 April 2006 of taking a higher lump sum payment in lieu of a reduced annual pension. The Actuary has taken account of these changes in his valuation. The result of which is a saving to the Local Government Pension Scheme because the reduced pension plus the additional lump sum is less than the value of the standard Local Government Pension Scheme benefits. Further details on the Actuary's assumptions can be found in Table 55.

Further information can be found in the Annual Report of the County Council Pension Fund, which is available upon request from the Nottinghamshire County Council, County Hall, West Bridgford, Nottingham, NG2 7QP.

12. MINIMUM REVENUE PROVISION (MRP)

An amount of £421,692 (£456,466 in 2004/05) has been charged to revenue in 2005/06 to comply with the statutory requirement to set aside a minimum revenue provision for the repayment of external loans. There is no longer a requirement to set aside an amount from the Housing Revenue Account. The derivation of this figure is shown in Table 16 below.

2004/05 £'000		2005/06 £'000
456	Non-Housing Amount – 4% of Capital Financing Requirement	422
456	MINIMUM REVENUE PROVISION	422
903	Amount Charged as Depreciation – General Fund	751
-447	Reduction to Consolidated Revenue Account - Appropriation Account	-329
456	Total	422

Table 16: Minimum Revenue Provision (MRP)**13. ASSET MANAGEMENT REVENUE ACCOUNT (AMRA)**

The Asset Management Revenue Account is credited with notional charges made to services for the capital employed in the delivery of services. It is debited with actual capital financing costs incurred during the year. The balance on the account is then transferred back to the consolidated revenue account to ensure that the notional charges for capital do not impact on the level of Council Tax.

2004/05 £'000		General Fund £'000	HRA £'000	Consolidated Revenue Account £'000
4,583	Depreciation	751	3,897	4,648
2,598	External Interest Payable	1,621	690	2,311
0	Less Statutory Interest	-1,041	1,041	0
-392	Government Grants and Released	-451	0	-451
-13,109	Capital Financing Charges	-1,424	-12,118	-13,542
67	Administration	71	0	71
-6,253	Balance to Consolidated Revenue Account	-473	-6,490	-6,963

Table 17: Asset Management Revenue Account (AMRA)

14. EXECUTIVE REMUNERATION

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

2004/05 No of Employees	Remuneration Band	2005/06 No of Employees
1	£50,000 - £59,999	9
1	£60,000 - £69,999	1
1	£70,000 - £79,999	1
3	Total	11

Table 18: Executive Remuneration

15. EXTERNAL AUDIT FEES

The following table shows the audit costs incurred in 2005/06 relating to external audit and inspections carried out by the Audit Commission.

2004/05 £'000		2005/06 £'000
111	Accounts	101
35	Grant Claims	29
16	Statutory Inspection	16
0	Other services	0
162	Total	146

Table 19: External Audit Fees

HOUSING REVENUE ACCOUNT

The Housing Revenue Account summarises the transactions relating to the provision, maintenance and management of the Council's housing stock. The account has to be self-financing and cannot be subsidised by the General Fund.

2004/05 £'000		2005/06 £'000
	<u>Income</u>	
-18,797	Dwelling Rents	-18,895
-126	Non dwelling Rents	-125
-382	Charges for Services and Facilities	-333
-1,317	Contributions towards expenditure	-1,232
0	Subsidy receivable (Note 10)	0
0	Contribution from General Fund to Housing Benefits	0
-20,622	Total Income	-20,585
	<u>Expenditure</u>	
4,973	Repairs and Maintenance	5,011
6,328	Supervision and Management	7,006
1,193	Rents, Rates, Taxes and Other Charges	948
1,814	Negative Subsidy – Payments to Secretary of State	1,810
45	Provision for Bad and Doubtful Debts	397
7,781	Cost of Capital Charge (Note 7)	8,355
3,680	Depreciation and Impairment of Fixed Assets (Note 7 and 8)	3,898
0	Amortisation of Deferred Charges (Note 9)	0
52	Debt Management Costs	51
25,866	Total Expenditure	27,476
5,244	Sub Total: Net Costs of Services	6,891
-6,669	Adjusting transfer from the Asset Management Revenue Account for Capital Charge (Note 7)	-7,314
-83	Transfers from General Fund as directed by Secretary of State	0
898	Amortised Premiums and Discounts	688
-48	Investment Income (-) / Cost	41
-658	Sub Total: Net Operating Expenditure	306
888	Revenue Contribution to Capital Expenditure	46
258	Transfer to / from (-) Major Repairs Reserve (Note 4)	-10
488	Total: Surplus (-) / deficit for the Year	342
-1,590	Balance Brought Forward	-1,102
-1,102	Balance Carried Forward	-760

Table 20: Housing Revenue Account (HRA)

NOTES ON THE HOUSING REVENUE ACCOUNT

1. HOUSING STOCK

Total 2004/05	Housing Stock	Pre 1945	1945- 1964	1965- 1974	After 1974	Total 2005/06
	<u>Traditional Houses and Bungalows</u>					
3,054	1 - 2 Bedrooms	248	1,042	518	1,224	3,032
1,879	3+ Bedrooms	696	774	161	191	1,822
	<u>Non Traditional Houses and Bungalows</u>					
656	Houses and Bungalows	0	270	357	0	627
	<u>Flats</u>					
1,127	Low Rise (1 - 2 Storeys)	20	414	255	428	1,117
587	Medium Rise (3 - 5 Storeys)	0	21	370	164	555
7,303	Total	964	2,521	1,661	2,007	7,153

Table 21: Current Housing Stock

Source: A1 Housing – Housing Subsidy Data.

2. BALANCE SHEET VALUES

2005/06 ASSETS							
	Operational					Non Opera- tional	Total
	Council Dwellings	Community Assets	Infra- Structure	Other land and buildings	Vehicles Plant Furniture and Equipment	Investment Assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Value</u>							
Gross Book Value 1 April	213,985	33	1,559	4,768	1,570	4,557	226,472
Additions	6,610	0	64	120	0	0	6,794
Disposals	-4,194	0	0	-49	0	0	-4,243
Revaluations	11,629	0	0	1,095	0	0	12,724
Transfers	-323	0	0	323	0	0	0
Gross Book Value 31 March	227,707	33	1,623	6,257	1,570	4,557	241,747
<u>Depreciation</u>							
Balance as at 1 April	811	0	870	610	991	0	3,282
Incurrd in Year	3,501	0	150	126	120	0	3,897
Transfers	-5	0	0	5	0	0	0
Revaluations	-3,188	0	0	-99	0	0	-3,287
For Assets Sold	-74	0	0	-1	0	0	-75
Balance at 31 March	1,045	0	1,020	641	1,111	0	3,817
Net Book Value at 31 March	226,662	33	603	5,616	459	4,557	237,930

Table 22: Balance Sheet Valuation of HRA Assets

The figure included for 31 March 2006 is the valuation less disposals.

3. VACANT POSSESSION VALUE

The vacant possession value (Open Market Value) of Council dwellings as at 1 April 2005 is £453.276m (2004 £358.264m). This does not compare to the Balance Sheet which shows the Essential Use Value, the difference being an indication of the economic and social costs of providing Council housing at less than market rent.

4. MAJOR REPAIRS RESERVE

This reserve is credited with the depreciation charged to the Housing Revenue Account, together with an adjusting transfer to ensure the net credit in the year is equal to the Major Repairs Allowance that forms part of the Housing Subsidy arrangements / agreement. The reserve is only available for funding major repairs to the housing stock. Any sums unspent are carried forward for use in future years.

2004/05 £'000		2005/06 £'000
0	Balance as at 1 April 2005	0
3,680	Depreciation on HRA Assets	3,898
258	Adjusting transfer to (-) / from HRA	-10
-3,938	Funding of HRA expenditure	-3,888
0	Balance as at 31 March 2006	0

Table 23: Major Repairs Reserve**5. HRA CAPITAL FINANCING**

2004/05 £'000		2005/06 £'000
6,014	HRA Capital Expenditure	6,929
	Financed by:	
898	Borrowing	1,049
290	Grants and Contributions	103
0	Usable Capital Receipts	1,843
888	Revenue Contributions	46
3,938	Major Repairs Reserve	3,888
6,014	Total	6,929

Table 24: Capital Funding HRA**6. SUMMARY OF HOUSING CAPITAL RECEIPTS FROM DISPOSALS OF LAND, HOUSES AND OTHER PROPERTY WITHIN THE AUTHORITY'S HOUSING REVENUE ACCOUNT**

2004/05 £'000		2005/06 £'000
649	Land	10
7,653	Houses	4,659
29	Other	750
8,331	Total	5,419

Table 25: Housing Capital Receipts

7. DEPRECIATION AND CAPITAL CHARGES

The Housing Revenue Account includes a depreciation charge. Council buildings, including Council dwellings, are depreciated over the remaining useful life of the buildings.

2004/05 £'000		2005/06 £'000
3,286	Depreciation on Housing Revenue Account dwellings	3,502
394	Depreciation on Housing Revenue Account other land and property	395
3,680	Total	3,897

Table 26: Asset Management Revenue Account

The net cost of services shows the cost of assets used by including a charge from the Asset Management Revenue Account. The charge of £8.22m (£7.781m 2004/05) is based on 3.5% (3.5% 2004/05) rate of return on the balance sheet value. However to ensure that the impact on the tenants is neutral a transfer is made to reduce this charge to the real cost of money borrowed to fund capital expenditure.

2004/05 £'000		2005/06 £'000
7,781	Cost of Capital Charge	8,220
0	Amortisation of Deferred Charge	135
-6,927	Cost of Capital Accounting Adjustment	-7,304
258	Major Repairs Allowance Minus Depreciation	-10
1,112	Housing Revenue Account Debt Financing Costs	1,041

Table 27: HRA Debt Financing Costs**8. IMPAIRMENT CHARGES**

There are no impairment charges for 2005/06 within the Housing Revenue Account. An explanation of impairment is contained within the Statement of Accounting Policies on page 14.

9. DEFERRED CHARGES

Deferred charges are created when expenditure has been incurred on items that are not capitalised as fixed assets and have been financed from capital resources. Deferred charges are written down to the Housing Revenue Account over an appropriate period, usually in the same year in which the expenditure has been incurred.

There are deferred charges totalling £135,455 included within the Housing Revenue Account for 2005/06 mainly relating to payments made in respect of disability adaptation grants to council house tenants.

10. HOUSING SUBSIDY

The figure of £1.81m is the amount of housing subsidy payable to the Government from the Council. Table 28 shows the breakdown of the net subsidy payable.

2004/05 £'000		2005/06 £'000
8,268	Management and Maintenance	8,774
2,304	Charges for Capital	2,083
10	Admissible Allowance	7
1	Anti Social Behaviour Allowance	0
-16,356	Notional Rent	-16,539
-12	Interest on Receipts	-15
3,938	Major Repairs Allowance	3,888
33	Housing Defects Subsidy	-8
-1,814	Total	-1,810

Table 28: Housing Subsidy**11. ARREARS**

The average rent per dwelling was £50.85 in 2005/06 compared to £49.65 in 2004/05 with arrears of 3.94% of gross debit in 2005/06 compared to the 2004/05 figure of 5.18%.

2004/05 £'000		2005/06 £'000
1,032	Total Arrears (includes amounts collectable on behalf of other agencies)	802
912	Provision for Bad and Doubtful Debts	891

Table 29: Housing Arrears and Bad Debts Provision

The Provision for Bad and Doubtful Debts amount includes an allowance for other debts not relating to rent arrears.

12. PENSIONS

With the transfer of all HRA staff to A1 Housing Bassetlaw Ltd there are no adjustments in the HRA for FRS17.

13. EXCEPTIONAL OR PRIOR YEAR ADJUSTMENTS

There were no exceptional items or prior year adjustments.

COLLECTION FUND ACCOUNT

The Collection Fund is a statutory fund separate from the General Fund of the Council. Administration costs of the Fund are, however, borne by the Council's General Fund.

2004/05 £'000	Income / Expenditure	Note	2005/06 £'000
	<u>Income</u>		
-39,008	Council Tax Billed		-41,006
-6,398	Council Tax Benefit awarded		-6,847
-41,389	National Non Domestic Rates Collectable	3	-40,946
-86,795	Total Income		-88,799
	<u>Expenditure</u>		
45,245	Precepts	4	47,953
41,154	National Non Domestic Rates Payments to Pool	3	40,613
357	Contribution to Provision for Bad and Doubtful Debts	5	285
39	Interest on National Non Domestic Rates refunds		70
172	National Non Domestic Rates Costs of Collection		159
50	Contribution to Collection Fund Surplus	4	0
87,017	Total Expenditure		89,080
222	Decrease / Increase (-) in Fund Balance in Year		281
-903	Surplus Brought Forward at 1 April		-681
-681	Surplus Carried Forward at 31 March		-400

Table 30: Collection Fund Revenue Account

NOTES TO THE COLLECTION FUND ACCOUNT

1. COUNCIL TAX BASE

Council Tax income derives from charges raised according to the value of residential properties that have been classified into 8 bands, based on valuations as at 1 April 1991. Individual charges are calculated by estimating the amount of income required from the Collection Fund by Nottinghamshire County Council, Nottinghamshire Police Authority, Nottinghamshire Fire Authority and this Council and dividing this total figure by the Council Tax Base. The Council Tax base for the year was calculated as follows:

Valuation Band	Proportion of Band D Charge (ninths)	No of Dwellings in Valuation List		No of Band D Equivalent Dwellings	
		2004/05	2005/06	2004/05	2005/06
Band A	6	25,192	25,181	14,318	14,303
Band B	7	6,871	6,893	4,853	4,848
Band C	8	5,602	5,634	4,600	4,610
Band D	9	5,343	5,423	4,978	5,030
Band E	11	2,567	2,614	2,960	3,014
Band F	13	1,203	1,241	1,627	1,680
Band G	15	624	619	956	936
Band H	18	59	57	85	79
Total		47,461	47,662	34,377	34,500
Deduction for non-collection, new build, demolition and other adjustments				-347	-354
Additional properties and adjustments during the year				279	874
Council Tax Base (Band D equivalent)				34,309	35,020

Table 31: Council Tax Base

The Council Tax Base for 2005/06 of 35,020 generates £35,020 for each £1 of Council Tax levied.

2. COUNCIL TAX INCOME

The Council set a Council Tax (excluding local precepts) at Band D of £1,355.34 in 2005/06 compared to £1,306.77 in 2004/05. This is broken down as follows:

2004/05 £	Band D Council Tax	2005/06 £
135.46	Bassetlaw District Council	138.44
994.11	Nottinghamshire County Council	1,032.88
120.12	Nottinghamshire Police Authority	126.01
57.08	Nottinghamshire Fire and Rescue	58.01
1,306.77	Total Council Tax Income	1,355.34

Table 32: Council Tax Income

3. NATIONAL NON-DOMESTIC RATES

Non-Domestic rates are organised on a national basis. The Government specifies an amount, 42.2p in 2005/06 (45.6p 2004/05) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into a National Non Domestic Rates Pool administered by the Government. The total non-domestic rateable value at the 31st March 2006 was £90,473,659 (31 March 2005 £99,113,349).

The Government redistributes the sums paid into the pool back to local authorities on the basis of a fixed amount per head of population. The amounts collected on behalf of the Government and paid into the Pool are analysed in Table 33.

2004/05 £'000	National Non Domestic Rate Income	2005/06 £'000
44,741	Gross Amount Due	35,081
-846	Charitable Relief etc	-735
230	Transitional Relief	9,339
0	Small Business Rate Relief	46
-2,736	Empty and Part Occupation Relief	-2,785
41,389	Net Amount Collectable	40,946
	<u>Less</u>	
-37	Provision for Bad Debt	-151
-26	Interest on Overpayments	-23
-172	Cost of Collection Allowance payable to General Fund	-159
41,154	Amount Payable to NNDR Pool	40,613

Table 33: Analysis of National Non Domestic Rate Income

4. PRECEPTS

Monies are paid from the Collection Fund to finance a proportion of expenditure of each of the Precepting Authorities, these being Bassetlaw District Council, Nottinghamshire County Council, Nottinghamshire Police Authority with Nottinghamshire Fire Authority precepting for the first time in 2004/05. Precepts are also paid via the District Council to 48 Parish Councils and Charter Trustees. Details of actual payments made are shown in Table 34.

2004/05 £'000		2005/06 £'000
	<u>Payable to Bassetlaw District Council for precepts from:</u>	
4,648	Bassetlaw District Council	4,848
411	Parish Councils and Charter Trustees	489
	<u>Payable to Other Precepting Authorities</u>	
34,107	Nottinghamshire County Council	36,172
4,121	Nottinghamshire Police Authority	4,413
1,958	Nottinghamshire Fire and Rescue	2,031
45,245	Total Precepts Payable	47,953

Table 34: Precepts on the Collection Fund

2004/05 £'000		2005/06 £'000
0	Bassetlaw District Council – Community Charge	0
5	Bassetlaw District Council – Council Tax	0
41	Nottinghamshire County Council	0
4	Nottinghamshire Police Authority	0
0	Nottinghamshire Fire and Rescue	0
50	Total	0

Table 35: Distribution of Collection Fund Surplus

There was no surplus for 2005/06.

5. PROVISIONS FOR BAD AND DOUBTFUL DEBTS

	National Non-Domestic Rates £'000	Council Tax £'000	Total £'000
Provision Brought Forward	693	1,097	1,790
Adjustment to Provision in Year	-36	321	285
Write on / Write-offs (-)	-69	-103	-172
Provision Carried Forward	588	1,315	1,903

Table 36: Collection Fund Provision for Bad and Doubtful Debts

CONSOLIDATED BALANCE SHEET				
2004/05 £'000		Note	2005/06 £'000	2005/06 £'000
	<u>Fixed Assets</u>			
	<u>Intangible Assets</u>			
0	Software	1a	592	
2,949	Deferred Charges	2	2,253	
2,949	Total Intangible Assets			2,845
	<u>Operational Assets</u>			
213,174	Council Dwellings	1a	226,662	
13,890	Other Land and Buildings	1a	17,234	
2,326	Vehicles, Plant and Equipment	1a	2,060	
943	Infrastructure Assets	1a	824	
2,342	Community Assets	1a	2,342	
232,675	Total Operational Assets			249,122
	<u>Non Operational Assets</u>			
	Assets Under Construction	1a	308	
7,409	Investment Assets	1a	7,189	
7,409	Total Non Operational Assets			7,497
243,033	Total Fixed Assets			259,464
50	Long Term Investments	18	50	
232	Long Term Debtors	17	202	252
243,315	Total Long Term Assets			259,716
	<u>Current Assets</u>			
88	Stocks and Works in Progress		93	
12,770	Debtors	14a	8,774	
8,786	Investments	18	13,773	
83	Cash and Bank		0	
21,727	Total Current Assets			22,640
	<u>Current Liabilities</u>			
-1,808	Borrowing repayable on demand or within 12 months	9	-16,307	
-12,512	Creditors	15	-8,090	
0	Bank overdraft		-985	
-14,320	Total Current Liabilities			-25,382
250,722	Total Assets less Current Liabilities			256,974
	<u>Long Term Liabilities</u>			
-34,235	Long Term Borrowing	9		-23,628
-35,059	Liability related to defined benefit pension scheme	19		-37,793
181,428	Total Assets less Liabilities			195,553

2004/05 £'000		Note	2005/06 £'000	2005/06 £'000
	<u>Reserves</u>			
1,336	Earmarked Reserves	Table 59	3,006	
156,843	Fixed Asset Restatement Account	Table 61	169,708	
7,549	Usable Capital Receipts Reserve	Table 60	6,652	
-35,059	Pensions Reserve	19	-37,792	
45,638	Capital Financing Account	Table 62	49,484	
1,215	Government Grants – Deferred	Table 62	959	
199	Deferred Credits	16	173	
0	Major Repairs Reserve	Table 23	0	
681	Collection Fund	Table 30	400	
1,102	Housing Revenue Account Balance	Table 20	761	
1,924	General Fund	Table 59	2,202	
181,428	Total Reserves			195,553

Table 37: Consolidated Balance Sheet

NOTES TO THE CONSOLIDATED BALANCE SHEET

1(a) FIXED ASSET MOVEMENTS

	Council Dwelling	Other Land and Prop	Vehicles Plant and Equip.	Infra- structu re Assets	Comm- unity Assets	Invest -ment Props	Assets in Cons- truction	Intang- ible Assets – Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value 1 April 2005	213,985	16,372	8,809	2,340	2,342	7,435	0	0	251,283
Additions	6,610	1,117	494	64	0	0	308	317	8,910
Disposals	-4,194	-479	-445	-14	0	-305	0	0	-5,437
Revaluations	11,629	2,684	0	0	0	89	0	0	14,402
Transfers	-323	323	-453	0	0	0	0	453	0
Gross Book Value at 31 March 2006	227,707	20,017	8,405	2,390	2,342	7,219	308	770	269,158
<u>Less</u>									
<u>Depreciation</u>									
Balance at 1 April 2005	811	2,482	6,483	1,397	0	26	0	0	11,199
Incurred in Year	3,501	475	408	183	0	4	0	77	4,648
Assets Sold	-74	-38	-445	-14	0	0	0	0	-571
Revaluations	-3,188	-141	0	0	0	0	0	0	-3,329
Adj/Transfers	-5	5	-101	0	0	0	0	101	0
Balance at 31 March 2006	1,045	2,783	6,345	1,566	0	30	0	178	11,947
Net Book Value 31 March 2006	226,662	17,234	2,060	824	2,342	7,189	308	592	257,211

Table 38: Movements in Fixed Assets

NOTES:

The basis of valuations is detailed at Note 7.

Further explanation of depreciation is set out in Note 2 to the Statement of Accounting Policies and also Table 17.

Details of the transactions within the Fixed Asset Restatement Account are identified in Note 3 to the Statement of Total Movement in Reserves (Table 61).

During 2005/06 the gross book value and accumulated depreciation of all software assets were transferred from vehicles, plant and equipment to intangible assets. This brings the classification of software assets in-line with the requirements of the SORP.

The opening gross book value and the revaluation accumulated depreciation have been restated to reflect the outcome of a reconciliation exercise between the accounts and the Councils asset register.

1(b) ACQUISITIONS AND ENHANCEMENTS

The main items of capital expenditure for the year on an accruals basis are shown below.

	2005/06 £'000
<u>Housing</u>	
Major Works to HRA Assets	6,930
Advances to Housing Associations	180
Renovation Grants	1,117
<u>Other Areas</u>	
Refuse Collection	130
Leisure Facilities	315
Purchase of Computer Hardware / Software	366
Civic and Administrative Buildings	964
Leisure Playgrounds	200
New / Upgrade Equipment	40
Miscellaneous Spend	236
Sub Total	10,478
<u>Less</u>	
Deferred Charges	-1,568
Total	8,910

Table 39: Breakdown of Capital Expenditure**1(c) DISPOSALS**

Disposals in table 40 represent the net book value of assets that have been sold or otherwise disposed of during the year.

See Note 2 (Table 60) to the Statement of Total Movement in Reserves for an analysis of Capital Receipts.

2004/05 £'000		2005/06 £'000
6,971	Sale of Council Houses (Current cost Valuation)	4,120
0	Sales of Vehicles and Plant (Historic Cost Valuation)	0
342	Investment Assets	305
253	Sale of Other Land and Buildings	441
7,566	Total	4,866

Table 40: Disposal of Capital Assets

1(d) CAPITAL FINANCING

Capital expenditure of £10.478m was financed as shown in Table 41. (A detailed breakdown of capital expenditure is set out in Table 4).

2004/05 £'000		2005/06 £'000
1,271	Loans	1,369
569	Capital Receipts	3,949
1,302	Grants and Contributions	929
1,021	Revenue Contributions	241
3,938	Major Repairs Reserve	3,888
89	Internal Funds	102
8,190	Total Capital Financing	10,478

Table 41: Capital Financing**2. INTANGIBLE ASSETS - DEFERRED CHARGES**

2004/05 £'000		Renovation Grants 2005/06 £'000	Other 2005/06 £'000	Total 2005/06 £'000
3,854	Balance as at 1 April 2005	0	2,949	2,949
542	Expenditure	1,297	270	1,567
-415	Written Off to Consolidated Revenue Account	-1,021	-142	-1,163
-898	Written off to HRA	0	-824	-824
0	Written off to Capital Financing Account	0	0	0
-134	Use of Capital Receipts and Government Grants	-276	0	-276
2,949	Balance as at 31 March 2006	0	2,253	2,253

Table 42: Deferred Charges

See Statement of Accounting Policies Note 2 for an explanation of deferred charges.

3. SIGNIFICANT COMMITMENTS UNDER CAPITAL CONTRACTS

Significant commitments under capital contracts at 31 March 2006 amount to £10.786m (31 March 2005 £0.720m). The commitments at 31 March 2006 are as follows:

Capital Scheme	£'000
Alterations to form Office Accommodation at Carlton Forest House	11
Replacement Doors Wimpey No Fines at Carlton-in-Lindrick	11
External insulation – MFC Properties, Woodhouse Place, Tuxford	12
Retford Town Centre CCTV	14
High Integrity Power and Earth System, Queens Buildings	17
Demolition of 3 Blocks of Flats, Kennedy Court, Worksop	20
Modernisation of 9 properties, Station Road, Walkeringham	22
External Repainting 2005/06 Programme	23
Access for Disabled, Abbey Grove and Larwood House	91
Provision of two new leisure centres	10,565
Total Significant Commitments Under Capital Contracts	10,786

Table 43: Significant Commitments Under Capital Contracts

In addition, the Council has selected Consilium Technologies as its partner in order to replace a number of its major software systems at a value estimated at £600,000 per year for 8 years from 1 April 2004.

4. ASSETS UNDER FINANCE LEASES

There are three small items of plant with a capital value of £4,395 held under a finance lease. Since the value of these items is less than the capital de minimis amount they have been treated as revenue expenditure.

5. STATEMENT OF ASSETS

Asset Description	31.03.05	31.03.06
<u>Council Dwellings (see Table 21)</u>	7,303	7,153
<u>Operational Buildings and Land</u>		
- Leisure Centres	3	3
- Other Arts and Leisure Centres	2	2
- Community Centre (General Fund)	1	1
- Community Centre (Housing)	21	20
- Museum	1	1
- Public Conveniences	8	8
- Civic Buildings	2	2
- Administrative Buildings	7	7
- Operational Buildings	2	2
- Markets	2	2
- Garages (Housing)	1,109	1015
- Garages (General Fund)	60	0
- Garage Sites	37	37
- Golf Course	1	1
- Car Parks	17	17
- Caravan Site (Housing)	1	0
- Cemetery Buildings	3	3
- Tourist Information Centres	2	2
<u>Operational Equipment</u>		
- Vehicles and Licensed Plant*	154	116
- Mowers and Unlicensed Plant	165	174
- Computer Terminals and Laptops	267	267

Asset Description	31.03.05	31.03.06
<u>Community Assets</u>		
- Parks and Open Spaces (acres)	128	128
- Allotment sites	14	14
- Cemeteries (Land Only)	4	4
- Civic Regalia Items	4	4
- Museum Exhibits	Over 30,000	Over 30,000
<u>Investment Properties</u>		
- Shops	29	29
- Leasehold Flats	119	108
- Industrial Areas	11	10
<u>Strategic Land Holdings</u>		
- Housing and General Fund	Various	Various

Table 44: Consolidated Balance Sheet Statement of Assets

* In addition, the Council had 144 vehicles and plant on operating leases at 31 March 2006 (79 at 31 March 2005).

6. ANALYSIS OF NET ASSETS AS AT 31 MARCH 2006

	General Fund	Housing Revenue Account	Total
	£'000	£'000	£'000
Council Dwellings	0	226,662	226,662
Other Land and Buildings	11,618	5,616	17,234
Vehicles, Plant and Equipment	1,601	459	2,060
Infrastructure	221	603	824
Community Assets	2,309	33	2,342
Investment Properties	2,632	4,557	7,189
Software	592	0	592
Assets under construction	308	0	308
Total	19,281	237,930	257,211

Table 45: Consolidated Balance Sheet Analysis of Assets

7. BASIS OF VALUATION

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accrual basis. Due to the volatile nature of the local property market, it has been assumed that any expenditure on the enhancement of properties has not increased their market value.

Valuations for inclusion in Financial Statements are prepared in accordance with UK Generally Accepted Accounting Principles (UKGAAP) and are on the basis of Existing Use Value (EUV), as defined in UKPS1.3 (fifth edition of the RICS Appraisal and Valuation Manual), for properties that are owner occupied for the purposes of the entity's business; or Market value (MV), as defined in PS3.2, for property that is either surplus to an entity's requirements or held as an investment unless it is a specialised property in which case Depreciated Replacement Cost (DRC) may be the appropriate method of valuation.

Revaluations are carried out on a five-year rolling program with approximately 20% of properties revalued each year to ensure that all properties are revalued once every five years. These valuations have been carried out by the Council's internal valuers who are qualified Members of the Royal Institute of Chartered Surveyors.

Revaluations were at various dates throughout 2005/06 with changes adjusted as they occur. Any surpluses or deficits arising from movements in the general level of prices are credited or debited to the Fixed Asset Restatement Account. Where a loss in value occurs as a result of physical damage or other impairment, this is reflected in an increased charge to service revenue accounts.

The Council housing stock within the Housing Revenue Account has been valued in accordance with DETR Guidance Notes on Stock Valuation For Resource Accounting published May 2000. A full revaluation was carried out during 2005/06. In order to arrive at the dwellings valuation figure, individual Beacon Properties were valued in accordance with DETR Guidance by an external valuer, Mr Jeremy M Baguley MRICS of Brown and Co, 3 Grove Street, Retford; whilst 8 were valued using previously supplied Right To Buy valuations carried out by external valuers Shuldham Calverley of 3b Ryton Street, Worksop again in accordance with DETR Guidance.

Properties regarded by the Council as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost. Properties regarded by the Council as non-operational have been valued on the basis of the open market value.

Vehicles, plant and machinery have been valued at historic cost, net of depreciation where applicable. Plant and machinery is included within the valuation of the buildings.

Infrastructure and Community Assets are valued at historic cost, net of depreciation where applicable.

8. RELATED BUSINESS AND COMPANIES

Investments (see also Note 18)

The Council has a £50,000 debenture holding with the Association of District Councils (Properties) Ltd that is redeemable in 2011.

Economic Development

Section 33 of the Local Government and Housing Act 1989 provides for the Council to take appropriate action in order to promote the economic development of its area. In this respect the Council is involved in the following companies:

- Non Regulated Companies

Bassetlaw Town Centre Partnership Trust. This company has been set up to undertake community safety initiatives. The Council does not hold any shares in the trust.

Tuxford Mine of Information Ltd. This is a community resource centre. The Council does not hold any shares in the company.

Worksop and District Credit Union. Here the community have access to saving and borrowing facilities. It is registered with the Register of Friendly Societies. The Council holds no shares in this company.

- Regulated Companies

Manton Community Initiatives Ltd. This company manages the running of the Manton Community Centre. The Council does not hold any shares in the company. Transactions relating to this company have not been included in the Councils accounts since they are not thought to be material.

A1 Housing Bassetlaw Ltd. The Council created an Arms Length Management company on 1 October 2004. The purpose of this company is to manage the Council's 7,000+ dwellings. The accounts for this company have been consolidated into the accounts of the Council. (Tables 68 to 70) .

Further information is set out in Note 7 to the Consolidated Revenue Account regarding Related Party Transactions.

9. ANALYSIS OF LONG TERM BORROWING

31.03.05 £'000		31.03.06 £'000	31.03.06 £'000
6,943	Public Works Loans Board		5,135
	Mortgages		
6,500	- DEPFA Bank Plc (04/2002 – 04/2042)	6,500	
3,300	- Cheshire Building Society (10/2003 -10/2008)	3,300	
5,000	- DEPFA Bank Plc (03/2004 - 03/2054)	5,000	
5,000	- DEXIA Bank Plc (03/2004 – 03/2054)	5,000	
9,300	- Barclays Bank Plc (10/2004 – 10/2054)	9,300	
0	- DEFRA Bank (01/2006 – 01/2066)	5,700	
29,100	Total Mortgages		34,800
36,043	Total Borrowing		39,935
-1,808	Less: Loans Repayable within 12 months		-16,307
34,235	Total Long Term Borrowing		23,628

Table 46: Consolidated Balance Sheet Analysis of Long Term Borrowing

31.03.05 £'000		31.03.06 £'000
1,808	Loans maturing within one year	16,307
508	Loans maturing one to two years	508
4,177	Loans maturing two to five years	13,732
250	Loans maturing five to ten years	188
29,300	Loans maturing ten or more years	9,200
36,043	Total	39,935

Table 47: Borrowing by Maturity

See Note 13 to the Statement of Accounting Policies for further information.

The method for showing the maturity profile for long-term borrowing has been changed in 2005/06. In previous years the maturity profile reflected the total length of all long-term loans. In 2005/06 all loans that provide the lender with an option to change the interest rate and provide the Council with the option to end the deal at specified times have been shown to mature on the first specified date. This reflects the likelihood that the Council will repay and replace these loans at the first option date to ensure we continue to pay favourable interest rates on borrowing.

10. INSURANCE RESERVE

This account services an internal insurance revenue account. The reserve relates mainly to the internal insuring of the Council housing stock in the event of fire. Externally funded insurance transactions are now dealt with separately but any excess on claims made are also met from this reserve. Previous levels of claims and excesses had reduced the balance on the reserve resulting in the need for it to be replenished during 2005/06.

2004/05 £'000		2005/06 £'000
-14	Balance as at 1 April 2005	-4
10	Net Contributions from (-) / to Consolidated Revenue Account	-73
-4	Balance at 31 March 2006	-77

Table 48: Insurance Reserve**11. RESERVES**

A full analysis of the changes in reserves, together with a brief summary of the purpose of each reserve, is set out in the Statement of Total Movement of Reserves that follows the Consolidated Balance Sheet and Notes.

12. CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities or assets included within the 2005/06 accounts.

13. TRUST FUNDS

- (a) The Council has had an involvement in the administration, but is not the trustee of the following small charities:

Area of the former East Retford Corporation

East Retford Relief in Need Charity
Dr Kool Want Charity

Area of the former East Retford Rural District Council

Sir Stuart and Lady Florence Goodwin Charity

- (b) The Council is trustee for the King George's Field Foundation and administers the trust that was set up with the sale proceeds of an area of land at Kings Park, Retford. The Trust Fund accrues interest earned on the investment annually with expenditure from the Trust Fund being made solely on investment in the Kings Park facilities. The Council holds £105,175.07 as at 31 March 2006 but it is not shown in the accounts.

14(a) ANALYSIS OF DEBTORS

31.03.05 £'000		31.03.06 £'000	31.03.06 £'000
	<u>Government Departments</u>		
40	General	15	
772	HM Revenue and Customs (VAT)	1,538	
0	Collection Fund	1,000	
812	Total Debt to Government Departments		2,553
	<u>Loans</u>		
12	Loans to Parishes	11	
13	Enterprise Board Loans	14	
12	Car Loans to Employees (up to 1 year)	10	
37	Total Loans		35
	<u>Local Taxation</u>		
2,738	Council Taxpayers	2,998	
1,230	Non Domestic Ratepayers	1,374	
3,968	Total Debt for Local Taxation		4,372
5	Payroll		11
1,032	Housing Rents		804
6,033	A1 Housing Bassetlaw Ltd		719
13	Other Local Authorities		11
3,403	Other		2,010
15,303	Total Debtors		10,515
	<u>Less</u>		
-3,147	Provision for Bad and Doubtful Debts		-3,128
614	Payments in Advance		1,387
12,770	Net Debtors		8,774

Table 49: Analysis of Debtors

14(b) PROVISION FOR BAD AND DOUBTFUL DEBTS

Total 2004/05 £'000		NNDR £'000	C.Tax £'000	General Fund £'000	HRA £'000	Total 2005/06 £'000
3,092	Balance at 1 April 2005	693	1,097	444	913	3,147
811	Provisions made in year	-36	321	364	396	1,045
-756	Write offs against Provision	-69	-103	-474	-418	-1,064
3,147	Balance at 31 March 2006	588	1,315	334	891	3,128

Table 50: Provision for Bad and Doubtful Debts

15. ANALYSIS OF CREDITORS

31.03.05 £'000		31.03.06 £'000
489	Government Departments	981
286	Council Tax	384
103	NNDR	174
388	Loans Fund	418
423	Payroll	410
1,271	Capital	1,655
83	Housing Rents	91
7,090	A1 Housing Bassetlaw Ltd	738
233	Other Local Authorities	239
1,619	Other	2,154
528	Receipts in Advance	846
12,513	Total	8,090

Table 51: Analysis of Creditors

16. DEFERRED CAPITAL RECEIPTS

Deferred capital receipts are amounts derived from advances that will be received in instalments over agreed periods of time.

	Balance at 31.03.05 £'000	Advances £'000	Principal Repayments £'000	Balance at 31.03.06 £'000
Football Clubs	76	0	-3	73
Council House Sales	123	0	-23	100
Total	199	0	-26	173

Table 52: Deferred Capital Receipts

17. LONG TERM DEBTORS

Long term debtors usually consist of items such as mortgage debts, amounts due from other local authorities arising out of local government reorganisations and amounts due after a period of one year.

	Balance at 31.03.05 £'000	Repayments/ Adjustment £'000	Balance at 31.03.06 £'000
Council House Sales	117	-18	99
Housing Act Advances	8	-4	4
Loans – Sporting Activity	85	-3	82
Car Loans to Employees due over 1 Year	22	-5	17
Total	232	-30	202

Table 53: Long Term Debtors**18. INVESTMENTS**

The Council has a number of approved investments at 31 March 2006 totalling £13.773m (31 March 2005 £8.786m) representing investment of surplus balances. In addition to this, the Council has a £50,000 Debenture Holding with the Association of District Councils (Properties) Ltd that is redeemable in 2011.

19. POST RETIREMENT BENEFITS

In accordance with the requirements of FRS17, the Council is required to disclose its share of assets and liabilities related to pension schemes for its employees. The Council participates in the Local Government Pension Scheme administered by Nottinghamshire County Council and this is classified as a defined benefit scheme. The Financial Summary and Note 11 to the Consolidated Revenue Account also offer further explanation. There has been a material change in the Past Service Gain due to a change in scheme benefits.

The date of the last full actuarial valuation was 31 March 2004 when the market value of assets was £1,503m. The actuarial assumptions used:

- Deferred taxation has been ignored.
- Compensatory added years benefits that are recharged to the employer have been included in the liabilities and contributions for the purpose of the FRS17 calculations.
- There have been no specific investigations in relation to whether the average age of the membership has increased, but there has been no reason to believe that there have been substantial changes since the 2001 actuarial valuation.

The Council's share of the County Council Fund's assets and liabilities were estimated by the actuary and are shown in Table 54. However, the accounts reflect the actual total liability of £37,792m.

31.03.05 £'000		31.03.06 £'000
34,244	Estimated Share of Assets in the County Council Fund	41,430
-69,713	Estimated Share of Liabilities in the County Council Fund	-79,150
-35,469	Net Asset / Liability (-)	-37,720

Table 54: Pensions Assets and Liabilities

The actual liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The actual total net liability of £37.792m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, which has resulted in the balance of £283.634m being reduced to £245.842m as detailed in the Consolidated Balance Sheet (Table 37). However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy since the deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The main assumptions used in the calculations have been:

Financial Assumptions	01.04.05 %	31.03.06 %
Rate of Inflation	2.90	2.90
Rate of Increase in Salaries	4.65	4.65
Rate of Increase in Pensions	2.90	2.90
Proportion of employees opting to take a commuted lump sum	N/A	50.00
Discount Rate	5.40	4.90

Table 55: Actuarial Valuation Assumptions

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme. Our actuaries have advised that this will reduce the value of the pension liabilities by £0.783m and this has been included within Non Distributed Costs on the face of the Consolidated Revenue Account (Table 6).

The actuary has assessed the market value of the whole scheme, at 31.12.05 as being £2,039m (£1,662m at 31.12.04). The following table shows the split of the Council's proportion of these assets between investment categories

Expected Rate of Return on Assets	01.04.05 %	31.03.06 %
Equities	7.50	7.00
Bonds – Government	4.70	4.30
Bonds – Other	5.40	4.90
Property	6.50	6.00
Cash – Liquidity	4.75	4.50
Other	7.50	N/A

Table 56: Expected Rate of Return on Assets

Areas of Fund Analysis	01.04.05 £'000	31.03.06 £'000	01.04.05 %	31.03.06 %
Equities	21,676	28,753	63.30	69.40
Bonds – Government	4,726	3,314	13.80	8.00
Bonds – Other	1,575	2,610	4.60	6.30
Property	4,897	5,924	14.30	14.30
Cash / Liquidity	685	829	2.00	2.00
Other	685	0	2.00	0
Total	34,244	41,430	100.00	100.00

Table 57: Analysis of Pension Fund

20. EURO COSTS

The current position with regard to the Euro is set out in the Financial Summary.

21. PRIOR PERIOD ADJUSTMENT

There are no prior year adjustments to the Consolidated Balance Sheet.

22. POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

STATEMENT OF TOTAL MOVEMENT IN RESERVES

2004/05 £'000		Table	2005/06 £'000	2005/06 £'000
	Surplus / deficit (-) for the year:			
436	General Fund	59	278	
-488	Housing Revenue Account	59	-342	
-222	Collection Fund	59	-280	
486	Add back Movements on Earmarked Revenue Reserves	59	1,670	
1,420	Deduct Appropriation from Pensions Reserve	59	-233	
-12,567	Actuarial Gains and Losses Relating to Pensions	59	-2,499	
-10,935	Total Increase / Decrease (-) in Revenue Resources			-1,406
4,922	Increase / Decrease (-) in Useable Capital Receipts	60	-898	
-34	Increase / Decrease (-) in Unapplied Capital Grants and Contributions	60	-26	
4,888	Total Increase / Decrease (-) in Realised Capital Resources			-924
34,001	Gains / Losses (-) on Revaluation of Fixed Assets	61	17,731	
0	Impairment Losses on Fixed Assets due to General Changes in Prices	61	0	
34,001	Total Increase / Decrease (-) in Unrealised Value of Fixed Assets			17,731
-7,813	Value of Assets Sold, Disposed of or Decommissioned			-4,866
569	Capital Receipts Used and Set Aside	62	4,225	
1,312	Revenue Resources Used and Set Aside	62	-1,206	
369	Movement on Government Grants Deferred	62	-256	
0	Movement on Major Repairs Reserve	23	0	
2,250	Total Increase / Decrease (-) in Amounts Set Aside to Finance Capital Investment			2,763
22,391	Total Recognised Gains and Losses			13,298

Table 58: Statement of Total Movement in Reserves

NOTES TO STATEMENT OF TOTAL MOVEMENT IN RESERVES

1. MOVEMENT IN REVENUE RESOURCES

The major part of the Earmarked Reserves relates to revenue monies set on one side to fund future capital expenditure commitments.

	General Fund Balance £'000	HRA Balance £'000	Collection Fund Balance £'000	Earmarked Revenue Reserves £'000	Pensions Reserve £'000
Surplus / Deficit (-) for 2005/06	278	-342	-281	0	0
Appropriation to / from Revenue	0	0	0	1,671	-234
Actuarial Gains / Losses relating to Pensions	0	0	0	0	-2,499
Sub-Total	278	-342	-281	1,671	-2,733
Balance Brought Forward at 1 April 2005	1,924	1,102	681	1,335	-35,059
Balance Carried Forward at 31 March 2006	2,202	760	400	3,006	-37,792

Table 59: Movement in Revenue Resources

2. MOVEMENT IN REALISED CAPITAL RESOURCES

This represents the Capital Receipts received from the sale of fixed assets and the repayment of capital advances, available to finance capital expenditure in future years. Deferred Capital Receipts are amounts derived from advances that will be received in instalments over agreed periods of time. An analysis of these is provided in Table 52.

	Housing £'000	Other £'000	Usable Capital Receipts £'000	Deferred Capital Receipts £'000
Amounts receivable in 2005/06	2,071	981	3,052	0
Amounts Applied to Finance New Capital Investment in 2005/06	-2,724	-1,225	-3,949	-26
Total Increase / Decrease (-) in Realised Capital resources 2005/06	-653	-244	-897	-26
Balance Brought Forward at 1 April 2005	5,497	2,052	7,549	199
Balance Carried Forward at 31 March 2006	4,844	1,808	6,652	173

Table 60: Movement in Realised Capital Resources

3. MOVEMENT IN UNREALISED VALUE OF FIXED ASSETS

The Fixed Asset Restatement Account represents the difference between the valuation of assets under the previous system of capital accounting and the revaluation as at 1 April 2001. The Reserve is adjusted for subsequent revaluations and disposals.

Fixed Asset Restatement Account	2005/06 £'000
Gains / Losses on Revaluation of Fixed Assets in 2005/06	17,731
Impairment Losses on Fixed Assets due to General Changes in Prices in 2005/06	0
Total Increase / Decrease (-) in Unrealised Capital resources in 2005/06	17,731
Amounts Written Off Fixed Asset Balances for Assets Sold, Disposed of and Decommissioned in 2005/06	-4,866
Total Movement on reserve in 2005/06	12,865
Balance Brought Forward at 1 April 2005	156,843
Balance Carried Forward at 31 March 2006	169,708

Table 61: Movement in Unrealised Value of Fixed Assets**4. MOVEMENT IN AMOUNTS SET ASIDE TO FINANCE CAPITAL INVESTMENT**

The Capital Financing Account contains the amounts that are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts.

The balance on Deferred Government Grants represents the value of capital grants and contributions that have been applied to finance the acquisition or enhancement of fixed assets. The balance is released to revenue over the life of the asset taking into account depreciation.

	Capital Financing Account £'000	Government Grants Deferred £'000	Total £'000
Capital Receipts Set Aside in 2005/06			
- Reserved Receipts	276		
- Useable Receipts Applied	3,949		
Total Capital Receipts Set Aside in 2005/06	4,225		4,225
Revenue Resources Set Aside in 2005/06			
- Capital Expenditure Financed from Revenue	-50		
- Reconciling Amount for Provisions for Loan Repayment	-329		
Total revenue Resources Set Aside in 2005/06	-379		-379
Grants Applied to Capital Investment in 2005/06		-451	
Amounts Credited to the Asset Management Revenue Account in 2005/06		195	
Movements on Government Grants Deferred		-256	-256
Total Increase / Decrease (-) in Amounts Set Aside to Finance Capital Investment			3,590
Total Movement on Reserve in 2005/06	3,846	-256	
Balance Brought Forward at 1 April 2005	45,638	1,215	
Balance Carried Forward at 31 March 2006	49,484	959	

Table 62: Movements in Amounts Set Aside to Finance Capital Investment

CONSOLIDATED CASH FLOW STATEMENT

2004/05 £'000		2005/06 £'000	2005/06 £'000
	Revenue Activities		
	<u>Cash Outflows</u>		
15,903	Cash paid to Employees	13,079	
5,719	Other Operating Costs	21,511	
12,866	Housing Benefit Expended	13,686	
42,012	Payments to National Non Domestic Rates Pool	41,674	
40,642	Payments of Precepts	43,105	
4,869	Payments to Housing Capital Receipts Pool	3,625	
122,011			136,680
	<u>Cash Inflows</u>		
-7,145	Rents (after rebates)	-7,604	
-38,434	Local Taxation	-41,098	
-41,245	National Non Domestic Rate Receipts	-40,321	
0	National Non Domestic Rates Pool Receipts (see Note below)	-3,159	
-5,817	Revenue Support Grant	-5,967	
-13,572	Department of Work and Pensions Grants	-24,925	
-13,241	Other Government Grants	-203	
-7,867	Cash Received for Goods and Services	-14,223	
-127,321			-137,500
-5,310	Revenue Activities Net Cash Inflow (-) / Outflow		-820
	<u>Servicing of Finance</u>		
1,502	Interest Paid	1,573	
-478	Interest Received	-655	
1,024			918
-4,286	Sub Total		98
	<u>Capital Activities</u>		
6,173	Purchase of Fixed Assets	7,679	
542	Deferred Charges	1,568	
-32	Long Term Debtors	-31	
-9,746	Sale of Fixed Assets	-7,125	
-1,582	Capital Grants Received	-431	
0	Other Capital cash Receipts	-1,784	
-4,645			-124
-8,931	Net Cash Inflow (-) / Outflow Before Financing		-26
	<u>Management of Liquid Resources</u>		
-1,300	Decrease / Increase (-) in Short Term Loans	-14,500	
	<u>Financing</u>		
3,646	Decrease (-) / Increase in Short Term Investments	4,986	
1,808	Decrease / Increase (-) in Amounts Borrowed	10,608	
4,154	Net Cash Outflow / Inflow (-) on Financing		1,094
-4,777	Decrease / Increase (-) in Cash and Cash Equivalents		1,068

Table 63: Consolidated Cash Flow Statement

Note:

In 2005/06 receipts for the National Non Domestic Rates Pool have been shown separately on the face of the Cash Flow Statement as required by the SORP. This transaction was included National Non Domestic Rates Receipts in 2004/05.

NOTES ON THE CASH FLOW STATEMENT

1. RECONCILIATION OF CASH FLOW AND CONSOLIDATED REVENUE ACCOUNT

2004/05 £'000		2005/06 £'000	2005/06 £'000
436	General Fund Surplus / Deficit (-) in year	-278	
	Adjustments for non-cash items in the Consolidated Revenue Account		
-487	Housing Revenue Account	342	
-222	Collection Fund	0	
5,366	Capital Accounting Transfers	75	
-55	Bad Debt Provisions	-19	
457	Reserves	-831	
1,420	Pension Reserves	233	
-2,629	Change in Amounts Due to / from Us	426	
0	Revenue Contributions to Capital Outlay	-46	
4,286	Net Movement per Revenue Accounts		-98
	<u>Cash Flow Statement</u>		
5,310	Revenues Activities	820	
-1,024	Servicing of Finance	-918	
4,286	Net Movement as per Cash Flow Statement		-98

Table 64: Reconciliation of Fund Balances and Net Cash Movement

2. MOVEMENT IN CURRENT ASSETS AND LIABILITIES

	31.03.05 £'000	Movement £'000	31.03.06 £'000
Cash and Cash Equivalents	83	-1,068	-985
Stocks and Works in Progress	88	5	93
Debtors (Net of Bad Debt Provision)	12,770	-3,996	8,774
Creditors	-12,512	4,422	-8,090
Total Amounts due to/from us	258	426	684
Total Movement	429	-637	-208

Table 65: Movement in Current Assets and Liabilities

3. MOVEMENT IN BORROWING

	31.03.05 £'000	Movement £'000	31.03.06 £'000
Current Liabilities	-1,808	-14,499	-16,307
Long Term Liabilities	-34,234	10,606	-23,628
Total	-36,042	-3,893	-39,935

Table 66: Movement in Borrowing

4. ANALYSIS OF GOVERNMENT / OTHER GRANTS

2004/05 £'000		2005/06 £'000
	<u>Department of Work and Pensions Grants</u>	
577	Housing Benefit Administration Grant (see Note 1 below)	630
6,430	Council Tax Benefit Subsidy	6,930
10,702	Rent Rebates Benefits Subsidy	10,535
6,232	Rent Allowance Subsidy	6,532
280	Anti Fraud Support	124
53	Pension Credits	174
24,274	Department of Work and Pensions Grant Total	24,925
	<u>Other Government Grants</u>	
2,955	NNDR Pool Receipt	3,159
309	Other Government Grants	154
212	Planning Delivery Grant	171
25	Anti Social Behaviour	25
115	Building Safer Communities	175
-6,143	Housing Subsidy (see Note 2 below)	-5,870
3,938	Major Repairs Allowance	3,888
28	Homeless	25
172	National Non Domestic Rates	160
36	Refuse Collection and Recycling	20
181	Neighbourhood Pathfinder	240
711	Supporting People	772
0	Local Authority Business Incentive Scheme	443
2,539	Other Government Grants Total	3,362
	<u>Capital Grants (see Note 3 below)</u>	
229	Renovation Grants	259
0	Capital Grants - Government	172
1,075	Other Capital Grants	150
278	Other Contributions	0
1,582	Capital Grants Total	581
	<u>Other Revenue Grants</u>	
256	Other Grants	319
256	Other Revenue Grants Total	319

Table 67: Analysis of Government and Other Grants

Note:

1.The 2004/05 figures have been restated for Housing Benefits Administration Grant. Council Tax Benefit Administration of £291k and Rent Allowance and Rebate Administration of £286k. have been combined.

2.The 2004/05 figures have been restated for Housing Subsidy. This was previously shown as £4,559k (net figure of Housing Subsidy and Housing Benefits Subsidy). As required by the SORP, this is now split between Department of Work and Pensions Grants.

3. In 2005/06 Capital Grants have been split between Government and Other Grants. Contributions from external bodies have been excluded from this note as required by the SORP. In 2004/05 all Capital Grants and Contributions were included in Other Capital Grants.

GROUP ACCOUNTS

Introduction to the Group Accounts

The Council's Statement of Account includes the accounts of a company where the Council is the sole shareholder. A1 Housing Bassetlaw Ltd was incorporated on 16 September 2004 and commenced trading on 4 October 2004 and therefore the comparative figures for 2004/05 are for a full year in respect of Bassetlaw District Council, but only a part year for A1 Housing Bassetlaw Ltd. The company's principal activity during the year was the management and maintenance of the housing stock owned by the Council, which numbered 7,153 dwellings as at 31 March 2006. The company is responsible for the day to day management of the housing services which includes housing management, warden services, housing repairs, capital works and technical and design services.

Under the management agreement with the Council the company receives a sum of money to run the business of managing and maintaining the stock on behalf of the Council.

The Council has maintained a bank account solely for A1 Housing Ltd transactions on a Service Level Agreement basis. This is not shown within the Council's accounts and is shown as a debtor within A1 Housing Ltd.

The Council has been unable to prepare a Group Cash Flow Statement because the necessary information to prepare the statement has not been prepared by A1 Housing Ltd.

The following group financial statements show the consolidated position of the Council and its interest in A1 Housing Bassetlaw Ltd.

GROUP INCOME AND EXPENDITURE ACCOUNT FOR 2005/06

2004/05 Net Total £'000		2005/06 Gross Expend £'000	2005/06 Gross Income £'000	2005/06 Net Total £'000
2,385	Central Services to the Public	10,909	-8,124	2,785
8,584	Cultural, Env & Planning Services	15,390	-6,948	8,442
-200	Highways	627	-756	-129
1,176	Housing Services- General Fund	20,718	-18,711	2,007
-3,690	Housing Services – Housing Revenue	18,575	-21,963	-3,388
2,243	Corp & Democratic Core	2,557	-92	2,465
-2,298	Non Distributed Costs	-1028	0	-1,028
-392	Government Grants Amortised	0	-451	-451
-1,545	Net Profit on Disposal of Assets	0	-1,631	-1,631
6,263	Net Cost of Services	67,748	-58,676	9,072
4,869	Contribution to Housing Pooled Capital Receipts	3,293	0	3,293
411	Parish Precepts	489	0	489
1,693	Interest Payable	1,614	0	1,614
905	Losses on the Repurchase or Early Settlement of Debt	696	0	696
-536	Interest and Investment Income	0	-664	-664
	Pensions Interest Cost and Expected	1,477	0	1,477
1,332	Return on Pensions Assets			
8	Taxation of Group Entities	0	-8	-8
14,945	Net Operating Expenditure Before Reserves Movements	75,317	-59,348	15,969
-487	Transfer to / from (-) HRA Balances			-343
392	Adjustment for Deferred Government Grants			451
-408	Deferred Charges			-1,291
-447	Provision for Loan Repayment (MRP)			-329
0	Impairment			0
0	Use of Reserves			-5
198	Transfer to Reserves			1,673
259	Transfer to Major Repairs Reserve			-10
905	Capital Expenditure Financed from Revenue			46
0	Contributions to or from (-) Capital Reserves:			0
9,358	Proceeds from Disposal of Assets			6,497
-7,813	Appropriation from FARA of carrying value of Disposed Assets			-4,866
1,333	Contribution from the Pension Reserve			-234
-4,869	Transfer from Useable Capital Receipts for contribution to Housing Pooled Capital Receipts			-3,293
13,366	Amount to be met from Government Grants and Local Taxation			14,265

2004/05 Net Total £'000		2005/06 Gross Expend £'000	2005/06 Gross Income £'000	2005/06 Net Total £'000
-5,817	General Government Grants			-6,455
-2,955	Non Domestic Rates Distribution			-3,159
-5,059	Demand on the Collection Fund			-4,848
-5	Transfer to / from (-) the Collection Fund in Respect of Surpluses			0
-470	Net Deficit / Surplus (-)			-197
-1,488	Balance on General Fund Brought Forward			-1,871
-1,958	Balances Carried Forward			-2,068

Table 68: Group Income and Expenditure Account

NOTES TO THE GROUP INCOME AND EXPENDITURE ACCOUNT FOR 2005/06
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1. THE ENTITIES INCLUDED IN THE GROUP ACCOUNTS

The Accounts of Bassetlaw District Council and A1 Housing Bassetlaw Ltd, have been consolidated in the Group Accounts. A1 Housing Bassetlaw Ltd only started trading part way through 2004/2005 and therefore the figures are between years are not comparable.

2. TRANSITIONAL ARRANGEMENTS

The 2004-05 Group Accounts were based on the transitional arrangements relating to the preparation of Group Accounts. The 2004-05 figures have been restated as full implementation of Group Accounts has now been fully implemented for 2005/06. In addition, A1 Housing Bassetlaw Ltd has incorporated FRS17 within their accounts for 2005/06, however they were not required to fully adopt the requirements for 2004/05. The 2004/05 figures have therefore been restated for comparison purposes.

3. FRS17 ACCOUNTING REQUIREMENTS – PENSIONS

The Group Income and Expenditure Account for 2004/05 has been prepared as at 1 April 2004, however A1 Housing Bassetlaw Ltd were created on 1 October 2004.

4. CAPITAL CHARGES TO REVENUE

The UK GAAP accounting treatment for Capital Charges to Revenue differs from the treatment used in the Councils accounts. In the Councils accounts, services (including the Housing Revenue Account) are charged with depreciation, amortisation and notional interest for the assets they use and an adjusting entry is made via the Asset Management Revenue Account to ensure that the amount to be met from Government Grants and Local Taxation is only the interest due on external borrowing.

UK GAAP requires that notional interest is reversed out of service costs and the Asset Management Revenue Account entries shown individually on the face of the Group Income and Expenditure Account.

This has the following affect on the Group Accounts.

2004/05 £ '000		2005/06 £'000
-6,253	In the Councils Consolidated Revenue Account	
	AMRA Entry	-6,963
	In the Group Income and Expenditure Account	
-8,526	Notional Interest Reversed out of Service Accounts	-8,893
67	Admin Costs in Service Accounts	71
-392	Government Grants Amortised	-451
1,693	External Interest payable	1,614
905	Loan Premia	696
6,253	TOTAL ADJUSTMENTS	6,963

Table 69: Impact of Notional Interest

5. INTER COMPANY TRANSACTIONS

The Group Accounts exclude transactions between the two organisations this ensures that expenditure and income is only reflected once within the account. These net adjustments total £8.197m in 2006/07 and £1.471m in 2004/05.

GROUP CONSOLIDATED BALANCE SHEET

2004/05 Total £'000		Bassetlaw District Council £'000	A1 Housing £'000	Adjustment £'000	2005/06 Total £'000
	Fixed Assets				
	<u>Intangible Assets</u>				
0	Software	592	0	0	592
2,949	Deferred Charges	2,253	0	0	2,253
2,949		2,845	0	0	2,845
	<u>Operational Assets</u>				
213,174	Council Dwellings	226,662	0	0	226,662
13,890	Other Land and Buildings	17,234	0	0	17,234
2,326	Vehicles, Plant and Equipment	2,060	0	0	2,060
943	Infrastructure Assets	824	0	0	824
2,342	Community Assets	2,342	0	0	2,342
232,675		249,122	0	0	249,122
	<u>Non Operational Assets</u>				
0	Assets Under Construction	308	0	0	308
7,409	Investment Assets	7,189	0	0	7,189
243,033	Total Fixed Assets	259,464	0	0	259,464
50	Long Term Investments	50	0	0	50
232	Long Term Debtors	202	0	0	202
243,315	Total Long Term Assets	259,716	0	0	259,716
	<u>Current Assets</u>				
172	Stocks and Works in Progress	93	87	0	180
6,786	Debtors	8,774	1,467	-1,191	9,050
8,786	Investments	13,773	0	0	13,773
83	Cash and Bank	0	0	0	0
15,827		22,640	1,554	-1,191	23,003
	<u>Current Liabilities</u>				
-1,808	Borrowing repayable on demand or within 12 months	-16,307	0	0	-16,307
-6,578	Creditors	-8,090	-1,567	1,191	-8,466
0	Bank Overdraft	-985	0	0	-985
-8,386		-25,382	-1,567	1,457	-25,758
250,756	Total Assets less Current Liabilities	256,974	-13	0	256,961
	<u>Long Term Liabilities</u>				
-34,235	Long Term Borrowing	-23,628	0	0	-23,628
-37,811	Liability related to defined benefit pension scheme	-37,793	-3,578	0	-41,371
178,710	Total Assets less Liabilities	195,553	-3,591	0	191,962

2004/05 Total £'000		Bassetlaw District Council £'000	A1 Housing £'000	Adjustment £'000	2005/06 Total £'000
	Reserves				
1,370	Earmarked Reserves	3,006	0	0	3,006
154,843	Fixed Asset Restatement Account	169,708	0	0	169,708
7,549	Usable Capital Receipts	6,652	0	0	6,652
-37,811	Pension Reserve	-37,792	-3,578	0	-41,370
45,638	Capital Financing Reserve	49,484	0	0	49,484
1,215	Government Grants – Deferred	959	0	0	959
199	Deferred Credits	173	0	0	173
0	Major Repairs Reserve	0	0	0	0
681	Collection Fund	400	0	0	400
1,102	Housing Revenue Account Balance	761	0	0	761
1,924	General Fund	2,202	0	0	2,202
0	A1 Profit and Loss Reserve	0	-13	0	-13
178,710	Total Reserves	195,553	-3,591	0	191,962

Table 70: Group Consolidated Balance Sheet

Notes:

1. A1 Housing Bassetlaw Ltd prepares their accounts under the requirements of the Companies Act.
2. A1 Housing Bassetlaw Ltd has incorporated FRS17 within their accounts for 2005/06, however they were not required to fully adopt the requirements for 2004/05. The 2004/05 figures have therefore been restated for comparison purposes.
3. Group Accounts require that all transactions between the two entities be removed to reflect the true financial position of the group. These adjustments are shown in the table above. The adjustments are related to the amounts Bassetlaw District Council owe A1 Housing Bassetlaw Ltd and vice versa.
4. A1 Housing Bassetlaw Ltd have created a debtor of £628k to reflect their bank balance position. This amount has been excluded from A1 Housing Bassetlaw Ltd Balance Sheet on consolidation.
5. Upon consolidation the following adjustments were made to:

Bassetlaw District Council

Debtors reduced by £0.453m to £8.321m
Creditors reduced by £0.738m to £7.352m

To A1 Housing Bassetlaw Ltd.

Debtors reduced by £0.738m to £0.729m
Creditors reduced by £0.453m to £1.114m

6. A1 Housing Bassetlaw Ltd Accounts can be obtained from the Managing Director, A1 Housing Bassetlaw Ltd., Carlton Forest House, Hundred Acre Lane, Worksop, Nottinghamshire, S80 0TS.

GROUP CONSOLIDATED STATEMENT OF TOTAL MOVEMENT IN RESERVES

2004/05 Total £'000		Bassetlaw District Council £'000	A1 Housing £'000	2005/06 Total £'000
	SURPLUS / DEFICIT (-) FOR THE YEAR:			
436	General Fund	278	0	278
-488	Housing Revenue Account	-342	0	-342
-222	Collection Fund	-280	0	-280
486	Add back Movements on Earmarked Revenue Reserves	1,670	0	1,670
1,333	Deduct Appropriation from Pensions Reserve	-233	-34	-267
-15,266	Actuarial Gains and Losses Relating to Pensions	-2,499	-758	-3,257
53	A1 Housing Surplus/Deficit (-) for the Year	0	-81	-81
-13,668	Total Increase / Decrease (-) in Revenue Resources	-1,406	-873	-2,279
4,922	Increase / Decrease (-) in Useable Capital Receipts	-898	0	-898
-34	Increase / Decrease (-) in Unapplied Capital Grants and Contributions	-26	0	-26
4,888	Total Increase / Decrease (-) in Realised Capital Resources	-924	0	-924
34,001	Gains / Losses (-) on Revaluation of Fixed Assets	17,731	0	17,731
0	Impairment Losses on Fixed Assets due to General Changes in Prices	0	0	0
34,001	Total Increase / Decrease (-) in Unrealised Value of Fixed Assets	17,731	0	17,731
-7,813	Value of Assets Sold, Disposed of or Decommissioned	-4,866	0	-4,866
569	Capital Receipts Used and Set Aside	4,225	0	4,225
1,312	Revenue Resources Used and Set Aside	-1,206	0	-1,206
369	Movement on Government Grants Deferred	-256	0	-256
0	Movement on Major Repairs Reserve	0	0	0
2,250	Total Increase / Decrease (-) in Amounts Set Aside to Finance Capital Investment	2,763	0	2,763
19,658	TOTAL RECOGNISED GAINS AND LOSSES	13,298	-873	12,425

Table 71: Group Statement of Total Movement in Reserves

In accordance with the Statement of Recommended Practice 2005, the Group Statement of Total Movement in Reserves has been included. For 2004/05 A1 Housing Bassetlaw Ltd were not required to account for FRS17. The accounts for 2005/06 now include FRS17 adjustments and 2004/05 has been restated.

STATEMENT OF INTERNAL CONTROL - 2005 / 2006

Scope of Responsibility

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

3. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
4. The system of internal control has been in place at the Council for the year ended 31st March 2006 and up to the date of approval of the annual accounts.

The Internal Control Environment

5. Council Priorities and Objectives

We launched our current strategic plan in 2002, with our main priority, being to promote economic success. However, it is important that we make sure that our plans reflect local circumstances and peoples concerns.

Our residents have told us, both in surveys and face-to-face, that community safety is their main concern. This is why we are making this our main priority.

Things have changed since we launched our strategic plan in 2002. More people in Bassetlaw are working and new businesses have been attracted to the area. We will continue to work in this area to make Bassetlaw a more prosperous place. It is really important to us that our residents can influence what happens at the Council and in their community. We need to find ways in which we can do this in a more meaningful way.

So, our revised priorities are:

- **Community Safety (Our Main Priority)**
- **Community Prosperity**
- **Community Engagement**

The priorities reflect the national agenda, respond to local issues identified through consultation and link to the Bassetlaw Community Strategy.

These priorities are embedded throughout the organisation through our performance management arrangements, service planning and our appraisal process.

Progress against Service Delivery Plans are monitored through the monthly Service Management Teams.

6. Policy and Decision-making

Policy development and decision making is set out within the Council's Constitution. Contained within this are the rules governing its business including its Committee structure, Codes of Conduct, Protocols and Scheme of Delegation. In addition the Council has a standard pro-forma for Committee reports to ensure all key issues are identified in a consistent way.

7. The Cabinet publishes a Forward Plan detailing all key decisions coming before Cabinet over the next year. The Council's decision-making process is defined in the Constitution but can be summarised as follows:

- Policy and the budget is decided by Council
- Cabinet is responsible for most day – to – day decisions and it has to make those decisions in line with the Council's overall policies and budgets.
- The work of the Cabinet is scrutinised by the Overview & Scrutiny Committee. This Member Committee is responsible for approving an annual overview and scrutiny work programme, including the work programme of Performance Improvement and Scrutiny Panels.
- Separate Committees deal with quasi-judicial matters such as Planning.
- Officers generate reports for Cabinet approval in accordance with Council Policy and the Forward Plan

8. Compliance

8.1 Policy, procedures, laws and regulations

The Council's statutory officers are the Chief Executive, the Executive Director of Professional and Customer Services (Section 151 Officer) and the Head of Law and Scrutiny (Monitoring Officer). They are responsible for ensuring that the Council acts within the law and in accordance with established policy and procedure. The Chief Executive is the head of paid service. 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. The Monitoring Officer is specifically responsible for ensuring that any proposal, decision or omission by the Council does not give rise to unlawfulness or maladministration.

Heads of Service and senior management carry responsibility for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice.

A regular programme of work is carried out by Internal Audit reviewing compliance with established procedures. In addition, Scrutiny Committees, External Audit and external inspection agencies contribute to the review of the Council's compliance with its policies, procedures, laws and regulations.

8.2 Risk Management

When the authority received its CPA inspection in 2003 Risk Management was identified as an area for improvement. As a result of this the authority committed additional resources to improve its approach to Risk.

At an operational level a risk management group exists where officers meet to progress operational risk issues such as examples of best practice and lessons to be learnt from recent insurance claims.

At a strategic level further work has taken place with the assistant of Risk Management Consultants (Zurich Municipal). Zurich Municipal have worked with the Authority to refresh its Risk Management Strategy, train officers and members in risk management, update the corporate risk register and embed risk management into its service planning process. The final stage is to work with the risk owners to compile actions plans to mitigate the Authority's key risks.

Section 18 below makes further comment on this issue.

8.3 Economic, Effective and Efficient Use of Resources. Continuous improvement and Complying with the Best Value Requirement

The Council's budget process establishes the resources required to deliver its services and objectives, which involves a review of the overall use of resources. The Council's Performance Plan is produced in compliance with annual Best Value requirements. A Procurement Strategy is in place, designed to ensure the Council uses its resources efficiently and effectively.

The Council has in response to the efficiency agenda identified savings which form part of the 2005 / 06 Backward Look and Forward Looking assessments.

At an operational level, the Council's Financial Regulations govern the use of resources. The Council's Contract Procedure Rules help to provide the economic, efficient and effective procurement of goods and services. Budget monitoring arrangements define and ensure accountability for resources.

8.4 Financial Management of the Council and the reporting of Financial Management

In accordance with statutory requirements the Executive Director of Professional and Customer Services is designated as the Council's Responsible Financial Officer. Financial management of the Council includes an effective Internal Audit function, Financial Regulations, Contract Procedure Rules, an Anti-Fraud Strategy and a Whistle-blowing Policy and Procedure.

Each year the Council reviews its Medium Term Financial Strategy to reflect the plans for the next five years.

The Council annually sets a balanced revenue budget with capital budgets integrated. A risk assessment of material changes in income and expenditure is carried out and financial reserves are kept under review. Appropriate limits have been approved in line with the Prudential Code for Capital Accounting. This is all reported to Members as part of the same budget setting process

Financial information is held on the Council's financial management system and is available to all officers with budgetary responsibility.

The annual budget and revised budget is reported to the Performance Improvement Scrutiny Committee for consideration prior to Cabinet approval. The Statement of Accounts is considered by Cabinet and approved by Council.

Budget monitoring via the new ledger system has been in place all year and appropriate quarterly reports have been considered at the Performance Improvement Scrutiny Committee, including for the first time an expected outturn report. This is a significant improvement from the one off difficulties encountered last year and is a development from previous years.

One of the functions of the Overview and Scrutiny Committee is to receive relevant reports on audit issues. A Treasury Management policy has been adopted and approved by Council. The Authority prepares its accounts in accordance with professional guidance and complies with the statutory timetable for publication.

8.5 Performance Management

Performance Management was identified as a strength in the Council's Comprehensive Performance Assessment (CPA).

The Council's strategic priorities are monitored through the Council's performance management framework.

Every action in the Council's revised strategic plan has a named person responsible and each action has its own performance measure.

The Council's scrutiny committee will monitor progress against actions and an annual update report on progress will be reported to the Council's Cabinet. An annual update will also be published on the Council's website www.bassetlaw.gov.uk and the Council will feedback progress direct to community groups and through its newspaper 'Bassetlaw News'. In addition, progress against the key objectives are also monitored through Corporate Management Team.

As part of the Council's performance management framework an annual review of strategic priorities takes place. The purpose of the review is to ensure that strategic priorities reflect national issues and are still addressing local needs.

During the year Council installed a comprehensive software package to enhance performance monitoring. The system will enable a more sophisticated analysis of performance trends, provide early warnings of dips in performance, provide instant access to performance information for all elected members and relevant officers, enable comparisons to be made quickly with previous years performance, national benchmarks and similar authorities and will track progress against implementing key actions and priorities.

Review of Effectiveness

9. The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit and the Heads of Service within the Council who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors, other review agencies and inspectorates.

10. The Council

Annually the Council approves the Statement of Accounts, including this Statement of Internal Control.

11. The Cabinet

The executive function is discharged by the Cabinet. This includes consideration of the Statement of Accounts, the Statement of Internal Control and also considers external inspectors reports (for example the Annual Audit Letter from the External Auditor).

12. Overview & Scrutiny Committee

The Overview & Scrutiny Committee considers all reports (and monitors the implementation of recommendations) from external audit, internal audit and inspectorates. In addition it also for the first time has considered the Statement of Internal Control.

The Overview & Scrutiny Committee approves an annual work program for the Council's Internal Audit Function.

13. Performance Improvement Scrutiny Committee

The Council has one scrutiny committee that carries out a programme of work relative to its terms of reference as defined in the Constitution, but specifically receives on a quarterly basis monitoring reports on the Council's Budget and Treasury Management.

14. Scrutiny Panels

During 2005 / 06 the Council established 5 scrutiny panels to consider Housing, Community Engagement and Rural Issues, Community Safety and Community Cohesion, Planning, and Health.

15. Standards Committee

The Standards Committee has met throughout in accordance with its terms of reference to, amongst other things, maintaining an overview of the Constitution, maintain an oversight of the codes and protocols relating to Corporate Governance and training of members in respect of the aforementioned matters.

16. Internal Audit

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It operates to the standards in the CIPFA Code of Practice and is subject to regular reviews by the external auditor. As a function, it objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

The Internal Audit Plan covers activities of the Council (financial and non-financial) at a level and frequency determined by risk using a risk management methodology; the Overview and Scrutiny Committee approved this Plan. During the year the work of the Internal Audit staff was supplemented by a partnership arrangement with an external provider (Bentley Jennison).

At the completion of each audit, a report is produced for management with recommendations for improvement that are incorporated within an action plan that requires agreement or rejection by the responsible manager.

During the course of the year, Internal Audit completed reviews and reported on all the major systems identified by the Audit Commission as "material" to the figures included in the Council's Financial Accounts & Statements for 2005 / 06.

The overall opinion was that the internal control environment was generally operating to a satisfactory standard in that the controls were considered to be adequate and effective for the majority of areas examined. There were, however, some areas where weaknesses had been identified and where improvements in the control environment were required, notably the need for adherence to Contract Procedure Rules / Financial Regulations and the completion of timely reconciliations between the sub-systems and the Main Accounting System.

Where weaknesses had been identified, action plans had been completed / issued and the necessary actions taken by the appropriate manager(s) to implement the recommendations made.

17. Other Agencies

17.1 2003 Comprehensive Performance Assessment (CPA)

The 2003 Comprehensive Performance Assessment scored the Council at 3 out of 4 for the Council's System of Internal Financial Control. During 2005 / 06 the Council has continued to implement the action plans that resulted from this inspection.

17.2 National Fraud Initiative

The Council is an active participant in the above and responds to the various data matches that are referred to the Council.

17.3 External Auditors – Annual Audit and Inspection Letter

External Audit undertook a "Use of Resources" assessment. The five themes that consider how financial management is integrated with strategy and corporate management, supports Council priorities and delivers value for money. The Auditor judged that we had achieved above the minimum required overall and that action is in hand to improve this position over the next year particularly in respect of financial reporting.

17.4 Housing Inspection by Audit Commission

This work was undertaken and reported upon in the early part of 2005 / 06. The results of the inspection were "0 star, uncertain to improve". Since that time action plans have been agreed and approved and external support brought in to address the issues raised.

17.5 Planning Inspection by the Audit Commission

The inspection report was published in July 2005 giving a rating of "fair, with uncertain prospects for improvement". The report noted that the Council was slow to employ new planning staff to meet demands in workload. This has contributed to the Service being unable to address its poor performance for major planning applications whilst being above average on all other applications. In addition the Service was noted as not delivering on several national priorities.

The comprehensive improvement plan and its action plan was considered to address major weaknesses. The Council has subsequently employed more staff as a key element in a package of measures that has improved Best Value Performance Indicator ratings which had started to exceed national targets in the last few months of 2005 / 06.

17.6 Benefit Fraud Inspectorate's Performance Development Team

The Council's Benefit Fraud Section invited the Benefit Fraud Inspectorate's Performance Development Team (PDT) to undertake a health check in January 2006. The report identified that there are several good practices, including joint working with CFIS (Counter Fraud Investigation Service), which was recognised as a particular strength. Some good practices from other Councils highlighted by the PDT have now been incorporated into procedures to raise the standards already in place. Additionally, the need for a code of practice for investigators and the recommendation of changes in the sanction policy are in the process of being addressed. The recommendation for fraud awareness sessions with specific members of staff has been accepted and is planned to be carried out in April 2006.

In essence, the PDT reported that the performance of the Benefit Fraud Investigation Team had improved significantly in the past year and further improvement could be met with minimal effort.

17.7 QUEST Accreditation for Sports Development

During 2005 / 06, this Service gained external accreditation following a second assessment, in accordance with the Council's quality strategy. Bassetlaw is the first district to have been reassessed for QUEST status in Nottinghamshire and our overall score increased from 63% to 71%.

17.8 Community Legal Services Quality Mark

In 2005 / 06 Customer Services achieved the Community Legal Services Quality Mark accreditation for customer contact points at Worksop, Retford and Harworth. This process involved external examination, processes and procedures.

17.9 Peer Review of Procurement by IDeA

The Council invited the IDeA to review and advise on current practices at the Council and from good practice sites to develop procurement within the Council. Upon receipt of the report and the development of action plans the Council then used the IDeA to further train staff and Members to embed the process. This was done in conjunction with the Centre of Excellence and collaboration with other Districts within North Nottinghamshire. The Council is currently developing a new procurement strategy and will invite the IDeA to assess progress during 2006 / 07.

Significant Internal Control Issues

18. The Council's system of internal control is operating satisfactorily, except for the areas detailed below accompanied with the actions to address the concerns.

18.1 Risk Management

The Council's approach to risk management is becoming further embedded within the Council's decision making processes. The Executive Director of Professional and Customer Services is responsible for progress in relation to this action plan.

Cabinet has now approved a Risk Management Strategy to set out objectives and responsibilities and how they will be achieved. In addition training has been undertaken for Members and senior management. The approach to Service Delivery Planning has also been adapted to include risk management assessments.

18.2 Ledger system

The introduction of the ledger system as part of the complete change in IT provision in 2003 resulted in problems with a number of the interfaces from other systems and with the reliability of the reporting facilities of the ledger.

The problems have been overcome such that reconciliations are now possible on an expected monthly basis, budgetary control has been possible all year, and a budget preparation module has been acquired and issues around access controls have been progressed with the IT supplier (although further work remains to be done on this).

19. In addition to the above, the Authority faces another challenging year in 2006 / 07 and the following represent the key issues in relation to internal control:

- Human Resources Strategy – This was reviewed and refreshed in 2005 to ensure that it was responsive to the key external and internal issues relating to H.R. management. Revised action plans have been approved by Cabinet, which are subject to regular monitoring.
- Job Evaluation – This has significant financial and service delivery implications for the Council. A detailed action plan has been devised to review the pay and grading within all services of the Council and has been approved by Cabinet. The Medium Term Financial Strategy includes a provision for this additional cost, this will be reviewed when better information is available.
- Procurement – Developments need to be made to the procurement strategy to reflect alternative procurement methods. These changes will need to reflect in Financial Regulations and Contract Procedure Rules.
- Agreement for Housing Management and Other Services with A1 Housing – various schedules to this document need to be revised to reflect new ways of working and the protocol that was approved by the Council. This work is currently in progress and is making use of appropriate external advice.
- Further developments to take place with regards to the Council's Value For Money Strategy.

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 Head of Financial Services (since the Executive Director of Professional and Customer Services has been covering the post of Chief Executive since November 2005) and where appropriate the Cabinet, Overview and Scrutiny Committee and Performance Improvement Scrutiny Committee plan to address weaknesses and ensure continuous improvement of the system is in place.

.....
M. W. Quigley MBE
Leader of the Council

.....
David Hunter
Acting Chief Executive

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS
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1. AUTHORITY'S RESPONSIBILITY

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration for those affairs. In this Authority, that officer is the Chief Finance Officer – the Acting Chief Executive.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

I confirm that the Full Council at the meeting held on the 29 June 2006 approved these accounts.

Signed:

On behalf of Bassetlaw District Council

Council Chairman approving the accounts

Date:

2. CHIEF FINANCE OFFICERS' RESPONSIBILITY

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code of Practice).

In preparing this Statement of Accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

- kept proper records that were up to date;
- taken responsible steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts for 2005/06 presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2006.

Signed:

**David Hunter, CPFA
Acting Chief Executive
Bassetlaw District Council**

Date:

Auditor's Report to Bassetlaw District Council - Audit Certificate and Opinion

These pages will be completed once the audit of the accounts has been completed and the auditor has issued the certificate.

GLOSSARY OF TERMS

ACCRUALS

Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payments have not been received/made in the financial year. Local authorities accrue for both revenue and capital expenditure.

AMORTISATION

The measure of the consumption or other reduction in the useful life of an intangible asset.

ARMS LENGTH MANAGEMENT COMPANY

The Council is the sole shareholder of this company that it created solely for the purpose of managing its Housing stock.

ASSET MANAGEMENT REVENUE ACCOUNT (AMRA)

An account the Council is required to maintain under capital accounting arrangements. It contains the credit for capital charges and government grants deferred contributions, offset by charges for depreciation and external interest payments.

CAPITAL CHARGES

A charge covering fixed assets used in the provision of services. The charge comprises depreciation plus notional interest.

CAPITAL EXPENDITURE

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

CAPITAL FINANCING ACCOUNT

A reserve that reflects financing of capital from revenue and capital receipts together with the adjustment of the minimum revenue provision.

CAPITAL RECEIPTS

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

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

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

COLLECTION FUND

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

COMMUNITY ASSETS

These are assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings not used in the direct provision of services.

CONTINGENT LIABILITIES

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

DEFERRED CHARGES

Expenditure of a capital nature for which there is no tangible asset acquired by the Council. This would include capital grants or renovation grants to private persons.

DEFERRED CREDITORS

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

DEFERRED GRANTS

Amounts received or receivable that have been used to finance capital expenditure within the year. Under the capital accounting arrangements these amounts will be written off over the same period as the assets to which they relate.

DEPRECIATION

The measure of the wearing out, consumption or other reduction in the useful life of a fixed asset.

EARMARKED RESERVES

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

FINANCE LEASE

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

FINANCIAL REPORTING STANDARD (FRS)

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

FIXED ASSET

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

FIXED ASSET RESTATEMENT ACCOUNT

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

HOUSING SUBSIDY

This represents a Government grant payable towards the cost of providing Local Authority housing and the management and maintenance of that housing.

INFRASTRUCTURE ASSETS

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

INVESTMENTS

Deposits for less than one year with approved institutions.

LONG TERM DEBTORS

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

NATIONAL NON-DOMESTIC RATE (NNDR)

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

NON-OPERATIONAL ASSET

Fixed assets held by the Council but not directly used or consumed in the delivery of its services. This would include surplus properties awaiting disposal.

OPERATIONAL ASSET

Fixed assets held by the Council and used or consumed in the delivery of its services.

OPERATIONAL LEASE

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

PENSION FUND

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

PRECEPTING AUTHORITIES

Those authorities that are not billing authorities (i.e. do not collect Council Tax or NNDR) and precept upon the billing authority, which then collects on their behalf. Nottinghamshire County Council, Nottinghamshire Police Authority, Nottinghamshire Fire and Rescue and Parish Councils all precept upon Bassetlaw District Council.

PROVISIONS

Sums set aside to meet future expenditure where a specific liability is known to exist but that cannot be measured accurately.

PUBLIC WORK LOANS BOARD (PWLB)

A Government body that meets part of the Council's loan finance for capital purposes.

REVENUE SUPPORT GRANT (RSG)

This funding is the Government Grant provided by the Office for the Deputy Prime Minister (ODPM), that is based on the Government's assessment as to what should be spent on local services. The amount provided by the ODPM is fixed at the beginning of each financial year.

STATEMENT OF STANDARD ACCOUNTING PRACTICE (SSAP)

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