

**BASSETLAW DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2007/08**

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EXPLANATORY FOREWORD

The purpose of a local authority's published Statement of Accounts is to give electors, those subject to locally levied taxes and charges, Members of the Authority, employees and other interested parties clear information about the Authority's finances. The statement should answer such questions as:

- What did the Authority's services cost in the year of account?
- Where did the money come from?
- What were the Authority's assets and liabilities at the year-end?

The following pages summarise the financial activities of the Bassetlaw District Council in 2007/08 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 2007: A Statement of Recommended Practice (SORP).

The 2006 SORP included some legislative changes relating to capital accounting that came into effect on 1 April 2007. From that date a Revaluation Reserve and a Capital Adjustment Account replaced the Fixed Asset Restatement Account and the Capital Financing Account.

The 2007 SORP introduced changes to the accounting and disclosure requirements for financial assets and liabilities with effect from 1 April 2007.

The accounts for 2006/07 have been restated in line with the new requirements for capital accounting and in order to provide meaningful comparisons. Note 2 to the Core Financial Statements includes a detailed breakdown of the changes. However, with regard to financial assets and liabilities, in accordance with the 2007 SORP the opening Balance Sheet adjustment arising from the prior period adjustment has been disclosed as a total amount as comparatives are not required to be restated.

The changes have resulted in changes to the Council's accounting policies. These have also been amended to reflect the SORP changes.

The Council's accounts for the year 2007/08 are set out on pages 14 to 87 and comprise:

- **Statement of Accounting Policies (pages 14 to 22).** 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.
- **Statement of Responsibilities for the Statement of Accounts (pages 23 to 24).** 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.

Core Financial Statements Comprising:

- **Whole Authority Income and Expenditure Account (page 25) .** 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 the balance (surplus or deficit) arising from the day-to-day running of the Council.

- **Statement of Movement on the General Fund Balance (page 26).** This reports additional amounts required to show the actual change in the General Fund Balance (surplus or deficit for the year) and more accurately reflects the performance of the Council. A full explanation of this Statement is provided in the appropriate table.
- **Statement of Total Recognised Gains and Losses (page 27).** This statement shows all gains and losses for the year, including revaluations of assets and pension fund changes.
- **Balance Sheet (page 28 to 29).** This summarises the Council's assets and liabilities as they were at 31 March 2008. 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.
- **Consolidated Cash Flow Statement (page 30).** This summarises the inflows and outflows of cash arising from transactions with third parties for both capital and revenue purposes.
- **Notes to the Core Financial Statements (pages 31 to 65).** These provide additional information about the figures in the core financial statements.

Supplementary Statements Comprising:

- **Housing Revenue Account (HRA) (pages 66 to 72).** This shows separately the revenue expenditure incurred in providing Council houses and demonstrates how this has been met by rents, subsidy and other income. The format of the account includes an Income and Expenditure Account and Statement of Movement on the HRA Balance.
- **Collection Fund Account (pages 73 to 77).** 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.
- **Group Accounts (pages 78 to 87).** The Group Accounts consolidate the accounts of A1 Housing Bassetlaw Ltd and the Council's accounts.
- **Annual Governance Statement (pages 88 to 101).** This Statement sets out the framework within which corporate governance is managed and reviewed and the main components of the system, including the arrangements for internal audit. The Statement identifies actions to be taken to strengthen the governance arrangements in some areas.
- **Auditors Report to Bassetlaw District Council – Audit Certificate and Opinion (page 102).** These pages will be provided by the Council's external auditors upon completion of the audit.
- **Glossary of Terms (pages 103 to 110).** 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. A major influence on the Council's financial position for 2007/08 was the completion of the two new leisure centres at Worksop and Retford incurring some £5.945m in capital expenditure during 2007/08 with a total final spend of some £11m. These two new centres now provide the Council with two excellent facilities for delivery of the District's sports needs. Obviously, this level of spend has impacted on the Council's cash flow and borrowing requirements in 2007/08. The Council has a 25-year revenue commitment to Nottinghamshire County Council in respect of an annual unitary charge for both centres that covers repairs and maintenance and other costs associated with sporting activity on the sites.

General Fund

The revised budget, approved on 3rd March 2008, indicated the use of £234,580 from the General Fund. The actual outturn was in fact an addition to the Fund of £844,636 – an overall variance of £1,079,216. The main reasons for this variance are outlined in the following table.

Outturn Compared to Revised Budget 2007/08	£'000
Additional Income:	
• Housing Benefits – Local Housing Allowance Grant	56
- Rent Allowance Subsidy	64
• Private Sector Housing Renewal – Agency Services	16
• Transfer from other reserves	62
• Planning Delivery Grant	84
• Planning Income	46
Sub-Total – Increased Income	328
Add Lower Costs in the Following Areas:	
• Minimum Revenue Provision – new basis of calculation	181
• Net Interest on Borrowing and Investments	117
• Environmental Health – anti smoking legislation work and staffing	103
• Waste Collection and Street Cleaning – mainly leasing charges and vehicle running costs	90
• Cemeteries – slippage on repairs programme	23
• Housing Benefit Administration – Revenue contribution to capital not required	90
• Local Development Framework – rescheduled programme	56
• Private Sector Housing Renewal – less grants paid	100
• Homelessness – Staff vacancy and reduced Bed and Breakfast placements	30
• Grants and Contributions – reduced applications	36
• Management of Change Service Review	33
• Equalities Standard	20
• Citizens Advice Bureau	10
• Arts Policy and Development – mainly staffing and grant	28
• Business Centre Innovation Units – guarantee payment	8
• Worksop Waterfront Project – delay in appointing consultant	15
• Introduction of commitment accounting – slippage to 2008/09	19

• Public Conveniences – mainly repairs	11
• Support Services - Training	69
• Community Engagement – consultation/survey process	12
• Miscellaneous Areas	13
Sub-Total - Lower Spending Areas	1,064
Less Higher Spending in the Following Areas:	
• Leisure Centres – mainly staff costs, unitary charge and equipment	260
• Kilton Forest Golf Course – mainly reduced income	26
• Markets – reduced income	10
• Contribution to HRA – shared amenities	17
Sub-Total – Higher Spending Areas	313
Overall Reduction in Net Revenue Expenditure 2007/08	1,079

General Fund Outturn

The Balance on the General Fund at 31st March 2008 was £2,763,658 (31st March 2007 £1,919,022).

Funding from Government Grants and Local Taxation

Actual Income 2006/07 £'000		Original Estimate 2007/08 £'000	Revised Estimate 2007/08 £'000	Actual Income 2007/08 £'000
1,699	Revenue Support Grant	1,549	1,549	1,549
4,977	Council Tax Precept on Collection Fund	5,151	5,151	5,151
8,729	National Non Domestic Rates entitlement	9,232	9,232	9,232
0	LABGI	0	0	551
0	Redistribution of Collection Fund Surplus	0	0	0
15,405	Total	15,932	15,932	16,483

Government Grants and Local Taxation

In addition, Parish Precepts totalled £617,318 (£531,613 in 2006/07).

Housing Revenue Account

The detailed analysis of transactions within the Housing Revenue Account is set out in the first Supplementary Statement and associated notes. The Council's revised budget for 2007/08, approved by Council on 3rd March 2008, indicated a surplus of £299,520. In the event the actual surplus achieved was £517,818, an increase of £218,298. The major variances are shown in the table below.

	2007/08 £'000
Additional Rent Income (dwellings)	-179
Revenue contribution to capital for Warden's equipment not required	-55
Contribution to Bad Debt Provision	65
Debt Management Charges – accounting adjustment to comply with BVACOP	-39
Increased contribution from General Fund (towards shared amenities)	-17
Other Variances (Net)	7
Total Variations	-218

Housing Revenue Account Variations

The Housing Revenue Account working balance as at 31 March 2008 was £1,232,927 (31 March 2007 £715,109).

Borrowing Facilities

The Council's borrowing facilities for 2007/08 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 is governed by the Prudential Code, which was introduced in April 2004. The Prudential Code controls borrowing by reference to an Authorised Limit and Operational Boundary. Council agreed these 2007/08 Prudential Indicator limits on 1st March 2007.

New long-term borrowing during the year was £5m at 4.51% for 30 years on 26th November 2007 and £10m at 4.39% for 35 years on 7th January 2008. The PWLB was the lender in both cases. This new borrowing was to fund "Decent Homes" supported expenditure following A1 Housing's successful two star inspection rating, and the completion of the new leisure centres in Worksop and Retford.

The £2m short-term loan taken out in late March 2007 to support the cashflow of the Council was repaid on 2nd April 2007. Further short-term borrowing of £1m was required for cash flow purposes over the period of 21st to 24th September 2007.

Capital Expenditure

In 2007/08 the Council spent £20.743m 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 £15.412m and increased as a result of securing additional grants and schemes being carried forward from the previous financial year.

The scale of the spend on "Community Prosperity" is unusual in that the Council has funded two new leisure centres, one in Worksop and one in Retford. The project started in 2005/06 and the new centres opened in January 2008. In total the Council has spent almost £11m on these new facilities although only £5.945m of this was incurred during 2007/08.

Application of Capital Resources

2006/07 £'000	Areas of Capital Expenditure	2007/08 £'000
390	Finance and Property	131
20	Revenues and Customer Services	40
250	Support Services	52
0	Community Engagement and Performance	28
4,874	Community Prosperity	6,755
436	Environment and Housing	1,538
5,970	Total Other Services	8,544
1,523	Housing (General Fund)	1,556
7,256	Housing Revenue Account	10,643
8,779	Total Housing	12,199
14,749	Total Capital Expenditure	20,743

Areas of Capital Expenditure

An analysis of how the expenditure in the above table has been financed is set out in the table below. The main expenditure financed from loans in 2007/08 was £5.44m on "Decent Homes" and £4.386m on the two new leisure centres.

2006/07 £'000	Method of Financing	2007/08 £'000
350	Leasing	1,535
4,927	Loans	10,028
75	Revenue Contributions	123
3,920	Major Repairs Allowance	3,968
1,112	Grants and Capital Contributions	2,781
67	Internal Funds	0
4,298	Capital Receipts	2,308
14,749	Total Financing	20,743

Method of Financing

Service Delivery Changes

The Council is currently undergoing a period of reorganisation with the expectation that savings will be achieved upon the restructuring of services. Phase one of a Senior Management Structure Review was completed during 2006/07 with Phase two (service reviews) commencing in the latter part of 2007/08. These will continue during 2008/09.

As part of the annual budget process the Council assesses service needs to develop services and has approved, for service development, additional spend for both revenue and capital in 2008/09 as follows:

Area	2008/09 £000
Revenue	210
Capital	1,194

Service Developments

The revenue spend above includes the revenue implications of the capital spend.

The Council has limited available capital resources at this time. The cost of building the two new leisure centres has been funded in the main by prudential borrowing, with the borrowing costs being reflected in the 2007/08 revenue budget and the Council's Medium Term Financial Strategy. Disposing of surplus assets is generating additional capital resources and capital investment plans are therefore being timed to reflect receipts generated.

Pensions

Disclosure requirements under the SORP are included and in accordance with Financial Reporting Standard (FRS) 17. Details of the information are set out in Note 46 to the Core Financial Statements and associated tables. The implementation of these accounting policies has a material effect on substantial parts of the Statement of Accounts.

The Table "Pension Assets and Liabilities" sets out the Council's estimated share of the Nottinghamshire County Council Pension Fund's assets and liabilities. The Balance Sheet shows that the deficit has increased from £33.396m at 31 March 2007 to £39.544m at 31 March 2008.

Best Value Performance Plan 2007/08

The Best Value Performance Plan 2007/08 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 30th June each year. The Plan is available from the Head of Community Engagement and Performance based in the offices at Queens Buildings, in local libraries and on the Council's website (www.bassetlaw.gov.uk).

Group Accounts

The Group Accounts represent those of the Council's and of A1 Housing Bassetlaw Ltd, the council's Arms Length Management Organisation (ALMO), the accounts of both organisations are consolidated to show the overall Group financial position. The Group Income and Expenditure Account shows a reduced deficit from £5.454m to £3.012m. The main factor being a reduction of £1.048m in the amount contributed to the Government Housing pool for Capital Receipts as a subsequence of less council house sales under the Right to Buy scheme. (75% is required to be contributed to the Government pool.

Further Information

If you require further information concerning the accounts of the Council this is available from the Head of Finance and Property, 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 2008 and its income and expenditure for 2007/08.



Michael Hill CPFA
Head of Finance and Property Services

Date 30-6-08

STATEMENT OF ACCOUNTING POLICIES

The Statement of Accounts summarises the Council's transactions for the 2007/08 financial year and its position as at the year-end of 31st March 2008. It has been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2007 (the SORP), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

1. ACCRUAL OF INCOME AND EXPENDITURE

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income or expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is charged to a bad debts provision. Contributions to this provision are made by charging the service revenue accounts dependant upon the value of outstanding aged debts.
- Income and expenditure are credited and debited to the relevant service revenue accounts, unless they properly represent capital receipts or capital expenditure.

2. PROVISIONS

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

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

service revenue account. The main provision that the Council currently holds is that for bad debts.

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

3. RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the Statement of Movement on the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits that do not represent usable resources for the Council – these reserves are explained in the relevant policies below.

4. GOVERNMENT GRANTS AND CONTRIBUTIONS (REVENUE)

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

5. PENSION COSTS

Employees of the Council are members of the Local Government Pensions Scheme, administered by the Nottinghamshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

This scheme is accounted for as a defined benefits scheme:

- The liabilities of the scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of the projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount of 6.1% (5.4% 2006/07). For 2007/08 this discount rate is no longer based on the yield on the iBoxx Sterling AA corporate bond over 15 years index. Instead a more sophisticated approach has been used by calculating the discount rate as a weighted average of “spot yields” on AA rated corporate bonds.

- The assets of the pension fund attributable to the Council are included in the balance sheet at their fair value:
 - Quoted securities – mid market value
 - Unquoted securities – professional estimate
 - Unitised securities – average of the bid and offer rates
 - Property – market value

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

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

Statutory provisions limit the Council to raising the council tax to cover amounts payable by the Council to the pension fund in the year. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

Discretionary Benefits

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

6. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

7. OVERHEADS AND SUPPORT SERVICES

The costs of overheads, support services and service management are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2007 (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relate to the Councils status as a multi-functional, democratic organisation.
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early together with any unused share of IT facilities and other assets.

These two cost categories are accounted for as separate headings in the Income and Expenditure Account.

8. INTANGIBLE FIXED ASSETS

Expenditure on assets that do not have physical substance but are identifiable and are controlled by the Council (eg software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

An annual valuation review is undertaken to ensure that the valuations are correctly reflected on the Balance Sheet.

9. TANGIBLE FIXED ASSETS

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

Recognition: Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (eg repairs and maintenance) is charged to revenue as it is incurred.

Measurement: Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- Investment properties and assets surplus to requirements – lower of net current replacement cost or net realisable value
- Dwellings, other land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value in existing use

- Infrastructure assets and community assets – depreciated historical cost.

Net current replacement cost is assessed as:

- Non-specialised operational properties – existing use value
- Specialised operational properties – depreciated replacement cost
- Investment properties and surplus assets – market value.

Assets included in the balance sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from a reversal of an impairment loss previously charged to a service revenue account.

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

Impairment: The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

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

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

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

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

Depreciation: Following the adoption of the principles of accounting standards FRS11 and FRS15, depreciation is provided for on all assets with a determinable finite life (except for investment properties) as follows:

- Depreciation is calculated using the straight-line method.
- Assets in the course of construction are not depreciated until the year after they are brought into use.
- Newly acquired assets and disposals, except plant and machinery, are not depreciated in the year of acquisition/disposal.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

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

10. CHARGES TO REVENUE FOR FIXED ASSETS

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

- Depreciation attributable to the assets used by the relevant service
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible fixed assets attributable to the service.

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

11. MINIMUM REVENUE PROVISION (MRP)

In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, the Council has determined its policy for calculating MRP for 2007/08.

For capital expenditure incurred before 1 April 2007, or thereafter for "supported capital expenditure", MRP will follow the "Regulatory Method" (i.e. the practice outlined in the former Communities and Local Government Regulations), with the exception that expenditure incurred in 2006/07 on the new leisure centres in Worksop and Retford will, in line with depreciation policy, not be included in the MRP calculation until the year following the centres becoming operational. From 1 April 2007 for all "unsupported borrowing", and the 2006/07 expenditure on the new

leisure centres, MRP will be based on the "Equal Instalment Method" over the estimated life of the assets (Asset Life Method), and will commence the year after the expenditure is incurred or the asset becomes operational.

12. DEFERRED CHARGES

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

13. LEASES

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between:

- A charge for the acquisition of the interest in the property (recognised as a liability in the balance sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable) and
- A finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rent becomes payable)

Fixed assets recognised under finance leases are accounted for using the policies applied generally to Tangible Fixed Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

14. FINANCIAL LIABILITIES

There has been a change in accounting policy with effect from 1 April 2007 arising from changes in the 2007 SORP.

Financial liabilities are now initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest, and interest charged to the Income and Expenditure account is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure account in the year of repurchase/settlement. However where repurchase has taken place as part of a restructuring of

the loan portfolio that involves the modification of exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Income and Expenditure account is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

15. FINANCIAL ASSETS

There has been a change in accounting policy with effect from 1st April 2007 arising from changes in the 2007 SORP.

Financial Assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure account is the amount receivable for the year in the loan agreement.

The Council has made a loan to Retford Football Club at less than market rates (a soft loan). When soft loans are made a loss is normally recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is normally credited at a marginally higher effective rate of interest than the rate receivable from the football club, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions normally require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Income and Expenditure Account to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustments Account in the Statement of Movement on the General Fund Balance. However such entries relating to the outstanding loan to Retford Football Club do not involve a material transaction, and the loan is therefore presented in the Balance Sheet at outstanding principal receivable (£35,833).

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and expenditure Account.

Available for Sale Assets

The Council has no "Available for Sale" assets.

Instruments Entered Into Before 1 April 2006

The Council entered into a financial guarantee in relation to the Turbine Business Innovation Centre that is not required to be accounted for as a financial instrument. This guarantee is reflected in the Statement of Accounts to the extent that a contingent liability has been disclosed.

16. STOCKS AND WORK IN PROGRESS

Stocks are included in the balance sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year-end and recorded in the Balance sheet at cost plus any profit reasonably attributable to the works.

17. INTERESTS IN COMPANIES AND OTHER ENTITIES

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

18. LOCAL AREA AGREEMENTS (LAA)

The Council is a participant in a Local Area Agreement – a partnership with other public bodies involving the pooling of Government grants to finance work towards jointly agreed objectives for local public services. Nottinghamshire County Council acts as the "accountable body" for the LAA. Allocations of LAA grant receivable from the "accountable body" that are recognisable as income are accounted for on an accruals basis. LAA grant transactions relating to more than one service are recognised in revenue by apportioning it between the services that are funded by the grant.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

1. AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration for those affairs. In this Authority, that officer is the Head of Finance and Property Services.
- 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 30th June 2008 approved these accounts.

Signed: 

On behalf of Bassetlaw District Council

Council Chairman approving the accounts

Date: *30 June 2008*

2. CHIEF FINANCE OFFICER'S RESPONSIBILITIES

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

In preparing this Statement of Accounts, the Head of Finance and Property Services has:

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

The Head of Finance and Property Services 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 2007/08 presents fairly the financial position of Bassetlaw District Council at 31st March 2008 and its income and expenditure for the year ended 31st March 2008.

Signed:



**Michael Hill, CPFA
Head of Finance and Property Services
Bassetlaw District Council**

Date: *30th June 2008*

CORE FINANCIAL STATEMENTS

WHOLE AUTHORITY INCOME AND EXPENDITURE ACCOUNT

Net Cost		Gross Cost	Gross Income	Net Cost
2006/07		2007/08	2007/08	2007/08
£'000		£'000	£'000	£'000
1,244	Central Services to the Public	9,933	-8,570	1,363
9,904	Cultural, Environmental and Planning Services	15,707	-5,887	9,820
794	Highways, Roads and Transport Services	1,815	-1,010	805
2,015	Housing Services – General Fund	23,835	-22,071	1,764
-1,542	Housing Services – Housing Revenue Account	26,147	-27,096	-949
1,716	Corporate and Democratic Core	2,610	-429	2,181
14	Non Distributed Costs	173	0	173
14,145	Net Cost of Services	80,220	-65,063	15,157
176	Gain (-) or loss on disposal of fixed assets			60
532	Parish Precepts			617
2,420	Interest Payable and Similar Charges			2,056
-607	Interest and Investment Income			-698
1,303	Pensions Interest Cost and Expected Return on Pensions Assets			1,188
2,688	Contribution to Housing Pooled Capital Receipts			1,640
20,657	Net Operating Expenditure			20,020
-1,699	General Government Grants			-2,100
-8,729	Non Domestic Rates Redistribution			-9,232
-5,508	Demand on the Collection Fund (including Parish Precepts)			-5,768
4,721	Income and Expenditure account Deficit / Surplus (-)			2,920

Income and Expenditure Account

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

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

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

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

2006/07 £'000	Statement of Movement on the General Fund Balance	2007/08 £'000
4,721	Income and Expenditure account Deficit / Surplus (-)	2,920
-4,438	Net additional amount required by statute or non-statutory proper practices to be debited or credited to the General Fund Balance for the year. (Note 20)	-3,703
0	Transferred from Other Balances	-62
283	Decrease/(-)Increase in General Fund Balance for the Year	-845
-2,202	Balance on General Fund Brought Forward	-1,919
-1,919	Balance on General Fund Carried Forward	-2,764

Statement of Movement on the General Fund Balance

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2006/07 £'000	2006/07 RESTATED £'000		2007/08 £'000
4,721	4,721	Surplus(-) or deficit on the Income and Expenditure Account for the year	2,920
-14,475	-9,578	Surplus (-) or deficit arising on revaluation of fixed assets	-91,116
-4,969	-4,969	Actuarial gains (-) and losses on pension fund assets and liabilities	5,709
-341	1,097	Any other gains (-) and losses required to be included in this statement	-20
0	0	De-recognition of Premiums and Discounts – Exceptional Item	1,353
-15,064	-8,729	Total Recognised gains (-) and losses for the year	-81,154
		Cummulative Effect on Reserves of Prior Period Adjustments	
		Total Recognised gains (-) and losses	-87,489
		Prior Period Adjustments	6,335
		Total Recognised gains (-) and losses since published Statement of Accounts 2006/07	-81,154

Statement of Total Recognised Gains and Losses

BALANCE SHEET

2006/07 £'000		Note	2007/08 £'000	2007/08 £'000
	Fixed Assets			
	<u>Intangible Assets</u>			
569	Software	21	424	
569	Total Intangible Assets			424
	<u>Operational Assets</u>			
231,827	Council Dwellings	21	308,029	
19,919	Other Land and Buildings	21	35,185	
1,787	Vehicles, Plant and Equipment	21	1,593	
671	Infrastructure Assets	21	755	
2,620	Community Assets	21	2,254	
256,824	Total Operational Assets			347,816
	<u>Non Operational Assets</u>			
4,795	Assets Under Construction	21	0	
9,064	Investment Assets	21	20,871	
13,859	Total Non Operational Assets			20,871
271,252	Total Fixed Assets			369,111
50	Long Term Investments		50	
135	Long Term Debtors	33	81	
1,645	Deferred Premia on the Early Repayment of Debt		0	131
273,082	Total Long Term Assets			369,242
	<u>Current Assets</u>			
95	Stocks and Works in Progress		84	
11,907	Debtors	33	8,682	
4,156	Investments		13,178	
0	Cash and Bank		96	
16,158	Total Current Assets			22,040
	<u>Current Liabilities</u>			
-2,508	Borrowing repayable on demand or within 12 months	36	-13,608	
-8,122	Creditors	33	-9,639	
-583	Bank overdraft		0	
-1,374	Capital Contributions Unapplied		-443	
-12,587	Total Current Liabilities			-23,690
276,653	Total Assets less Current Liabilities			367,592
	<u>Long Term Liabilities</u>			
-38,920	Long Term Borrowing	36		-41,178
-809	Government Grants Deferred			-2,188
-33,396	Liability related to defined benefit pension scheme	46		-39,544
203,528	Total Assets less Liabilities			284,682

Balance Sheet

2006/07 £'000		Note	2007/08 £'000	2007/08 £'000
	<u>Financed By:</u>			
599	Earmarked Reserves	39	431	
1,049	LABGI Earmarked reserve	39	1,260	
0	Revaluation Reserve	39	87,254	
3,605	Usable Capital Receipts Reserve	39	4,184	
-33,396	Pensions Reserve	39	-39,544	
228,868	Capital Adjustment Account	39	228,459	
0	Financial Instruments Adjustments Account	39	-1,427	
120	Deferred Capital Receipts	39	77	
0	Major Repairs Reserve	HRA "C"	0	
49	Collection Fund	39	-9	
715	Housing Revenue Account Balance	39	1,233	
1,919	General Fund Balance	39	2,764	284,682
203,528	Total Net Worth			284,682

Reserves

CASH FLOW STATEMENT

2006/07 £'000		2007/08 £'000	2007/08 £'000
	Revenue Activities		
	<u>Cash Outflows</u>		
13,927	Cash paid to Employees	14,279	
17,304	Other Operating Costs	24,756	
14,538	Housing Benefit Expended	15,274	
41,978	Payments to National Non Domestic Rates Pool	34,492	
44,873	Payments of Precepts	47,610	
2,289	Payments to Capital Receipts Pool	2,195	
134,909			138,606
	<u>Cash Inflows</u>		
-7,561	Rents (after rebates)	-9,451	
-43,380	Council Tax receipts	-45,706	
-37,747	National Non Domestic Rate Receipts	-37,902	
-8,729	National Non Domestic Rates Pool Receipts	-9,232	
-1,699	Revenue Support Grant	-1,549	
-25,155	Department of Work and Pensions Grants (for benefits)	-28,406	
-538	Other Government Grants	-2,951	
-10,878	Cash Received for Goods and Services	-10,175	
-135,687			-145,372
-778	Revenue Activities Net Cash Inflow (-) / Outflow		-6,766
	<u>Return on Investments and Servicing of Finance</u>		
1,461	Interest Paid	1,903	
-546	Interest Received	-527	
915			1,376
137	Sub Total		-5,390
	<u>Capital Activities</u>		
13,527	Purchase of Fixed Assets	17,767	
1,692	Deferred Charges	1,592	
-67	Long Term Debtors	-53	
-3,911	Sale of Fixed Assets	-4,579	
-522	Capital Grants Received	-4,799	
-148	Other Capital cash Receipts	-1,747	
10,571			8,181
10,708	Net Cash Inflow (-) / Outflow Before Financing		2,791
	<u>Management of Liquid Resources</u>		
-9,618	Decrease / Increase (-) in Short Term Investments		9,022
	<u>Financing</u>		
16,308	Repayments of amounts Borrowed		3,508
-15,800	New long term loans raised		-15,000
-2,000	New short term loans raised		-1,000
-11,110	Net Cash Outflow / Inflow (-) on Financing		-3,470
-402	Decrease / Increase (-) in Cash and Cash Equivalents		-679

Cash Flow Statement

NOTES TO THE CORE FINANCIAL STATEMENTS

All notes as required by the Statement of Recommended Practice are reproduced below for completeness. However, some notes are not relevant to this Council.

1. ACQUIRED AND DISCONTINUED OPERATIONS

There are no acquired or discontinued operations to report.

2. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS

During the period 14th to 30th June 2007, flooding occurred in parts of the District causing considerable damage to property etc. Remedial work was undertaken and a claim was successfully made for Government funding under Section 155 of the Local Government and Housing Act 1989 (The Bellwin Scheme). The gross cost of the work covered by the claim was £163,045. Government funding towards the costs amounted to £131,181. £21,395 of the net cost of the work was capitalised and the remainder is included under "Cultural, Environmental and Planning Services" in the Income and Expenditure Account.

There have been prior year adjustments to the Whole Authority Balance Sheet arising from changes related to capital accounting introduced by the 2007 SORP that came into effect on 1st April 2007. The changes required that the closing balances (2006/07) of both the Fixed Asset Restatement Account and that of the Capital Financing Account be transferred to the new Capital Adjustment Account. In addition an ongoing review and reconciliation of the Asset Register to the Land Terrier has identified inconsistencies resulting in a restatement of the value of Total Fixed Assets, this has had an impact upon the Statement of Total Recognised Gains and Losses.

All the adjustments shown below have been incorporated throughout the Statement of Accounts for the 2006/07 comparative figures.

Description of Account	2006/07 Published £000	2006/07 Restated £000
Fixed Asset Restatement Account	181,187	Deleted
Capital Financing Account	52,578	Deleted
Capital Adjustment Account	Not included	228,868
Revaluation Reserve	Not included	0
Total Fixed Assets	276,149	271,252
Total Recognised Gains and Losses	-15,064	-8,729

Prior Year Adjustments to Whole Authority Balance Sheet

The 2007 SORP introduced changes to the accounting and disclosure requirements for financial assets and liabilities with effect from 1st April 2007. However the SORP does not require 2006/07 comparatives to be restated for this but merely requires that the Balance Sheet adjustment arising from the prior period adjustment to be disclosed as a total amount. This amount was an increase of £271,729 in the carrying amount of long-term loans outstanding with a corresponding debit to the Financial Instruments Adjustment Account.

3. UNDISCHARGED OBLIGATIONS ARISING FROM LONG-TERM CONTRACTS

There are no undischarged obligations to report.

4. TRADING OPERATIONS

The Council undertakes a small number of Trading Operations. Any forecast surplus or deficit as a result of these services is included in the Council's Annual Budget and within the Net Cost of Services in the Income and Expenditure Account.

2006/07 Surplus(-) / Deficit £'000	Trading Operation	2007/08 Income £'000	2007/08 Expenditure £'000	2007/08 Surplus(-) / Deficit £'000
47	Markets	-327	376	49
5	Industrial Estates	-194	165	-29
-11	Trade Refuse	-132	114	-18

Trading Operations

The purposes of the above Trading Operations are:

- Markets – The costs of operating the Council's two markets, one at Worksop and one at Retford.
- Industrial Estates – These costs are for operating the Council's industrial areas.
- Trade Refuse – The provision of a commercial waste collection service.

5. SECTION 137 EXPENDITURE - LOCAL GOVERNMENT ACT 1972

The majority of the provisions of Section 137 of the Local Government Act 1972 were replaced by the "well being" powers contained in the Local Government Act 2000. This gives principal local authorities a discretionary power to do anything they consider likely to promote the economic, social or well being of their area. There is no spending limit attached to this power. Principal authorities have to disclose their expenditure incurred under S137 (3) e.g. donations to charities, voluntary bodies and not for profit bodies. Expenditure incurred in 2007/08 was £222,825.20.

6. EXPENDITURE ON PUBLICITY

Section 5(1) of the Local Government Act 1986 requires the Council 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.

2006/07 £'000		2007/08 £'000
107	Tourism and Promotion	118
15	Information Services and Publicity	24
151	Recruitment Advertising	42
65	Public Relations Unit	70
81	Other Advertising	87
419	Total	341

Expenditure on Publicity

7. BUILDING CONTROL ACTIVITIES

The Local Authority Building Control Regulations (SI 1998/3129) require the disclosure of information regarding the setting 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 Account.

2006/07 Total £'000		2007/08 Non Chargeable £'000	2007/08 Chargeable £'000	2007/08 Total £'000
	Expenditure			
400	Employee Expenses	215	169	384
0	Premises	0	0	0
30	Transport	11	20	31
45	Supplies and Services	9	22	31
325	Central and Support Service Charges	190	108	298
2	Capital Charges	0	2	2
802	Total Expenditure	425	321	746
	Income			
-272	Building Regulations Charges	0	-320	-320
-104	Recharge to other Services	-159	0	-159
-2	Recharged to other Services	-5	-1	-6
-378	Total Income	-164	-321	-485
424	Surplus (-) / Deficit for the Year	261	0	261

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 £122,435 deficit for the three-year period.

8. AGENCY INCOME AND EXPENDITURE

This is no agency income and expenditure to report.

9. TRANSPORT ACT SCHEMES

There are no schemes to report under the Transport Act 2000.

10. BUSINESS IMPROVEMENT DISTRICT SCHEMES

There are no schemes to report.

11. LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

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

12. PARTNERSHIP SCHEMES UNDER SECTION 31 HEALTH ACT 1999

There are no schemes to report.

13. LOCAL AREA AGREEMENTS

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

The purpose of the LAA is:

- To form an agreement between Partners and Government (represented by the Government Office for the East Midlands [GOEM]) to establish a collective vision for Nottinghamshire in accordance with the County Community Strategy.
- To agree specific outcomes and targets that will be achieved each year for the three years of the agreement.
- To improve the effectiveness and efficiency of public services in Nottinghamshire by pooling and aligning funding streams.

The LAA partners are:

- local government bodies – Nottinghamshire County Council, Ashfield District Council, Bassetlaw District Council, Broxtowe Borough Council, Gedling Borough Council, Mansfield District Council, Newark & Sherwood District Council, Rushcliffe Borough Council.
- community protection bodies – Nottinghamshire & City of Nottingham Fire Authority, Nottinghamshire Police Authority, Nottinghamshire Probation Service.
- health bodies – Nottinghamshire County Teaching PCT, Bassetlaw PCT.
- learning bodies – Connexions, Learning & Skills Council.
- voluntary organisations – Kirkby Neighbourhood Pathfinder, Manton Community Alliance, Networking Actions for Voluntary Organisations.

- Other – Nottinghamshire Pensions service, Business Link, Job Centre Plus, Nottinghamshire County Drug & Alcohol Team, Rural Community Council, East Midlands Development Agency.

Nottinghamshire County Council acts as the “accountable body” for the LAA. This means it is responsible for managing the distribution of grant payable by GOEM to the partners involved, but it does not determine which bodies are due payments – this is determined by the partnership.

The total amount of LAA grant received by the LAA in 2007/08 was £37.02m. The Council was allocated £0.657m of this total to fund its own services analysed as follows:

REVENUE	£'000
Anti Social Behaviour	21.49
Building Safer Communities	99.96
Neighbourhood Management pathfinder	391.00
Waste performance and efficiency	47.84
Green Flag	5.83
Total Revenue allocated	566.12
CAPITAL	
Building Safer Communities	43.02
Waste performance and efficiency	47.84
Total Capital allocated	90.86
Total LAA Grant allocated	656.98

Local Area Agreement Grant

The amounts shown above for Building Safer Communities (revenue and capital) were paid direct to Newark & Sherwood District Council as part of the Council's commitment to the “Agreement for a Shared Community Safety Partnership”.

14. EXPENDITURE ON MEMBERS ALLOWANCES

2006/07 £'000		2007/08 £'000
215	Basic Allowance	221
97	Special Responsibility Allowance	93
22	Travelling Allowance	22
2	Subsistence Allowance	1
336	Total	337

Members Allowances

15. EXECUTIVE REMUNERATION

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

Remuneration Band	2006/07	2007/08	
	No of Employees 2006/07	No of Employees	
		Total at 31 March 2008	Left during year
£50,000 - £59,999	5	0	0
£60,000 - £69,999	1	5	0
£70,000 - £79,999	1	2	0
£80,000-£89,999	0	0	0
£90,000-£100,000	1	0	0
£100,000-£110,000	0	1	0
£110,000-£120,000	0	0	1
Total	8	8	1

Executive Remuneration

16. RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with third parties (e.g. Central Government, Pensions Funds, other Local Authorities or precepting bodies, subsidiary and associated companies, joint ventures and joint venture partners, Members and Senior Officers). This is to draw attention to the possibility of the reported financial position being affected by either the existence of these related parties or any material transactions with them.

Most transactions with related parties are disclosed elsewhere in the Statement of Accounts:

Payments to Central Government
Precepts from other Public Bodies
Government Grants
Superannuation Contributions
Members Allowances
Trust Funds
A1 Housing Bassetlaw Ltd

Cash Flow Statement Page 30
Collection Fund Accounts Pages 74 to 78
Note 53
Note 46
Note 14
Note 43
Group Accounts Pages 79 to 87

Pension Fund Contributions Note 46
 Controlled and Associated Companies Note 34

Other transactions not disclosed elsewhere are:

Net Balance 2006/07 £'000		Receipts 2007/08 £'000	Payments 2007/08 £'000	Net Balance 2007/08 £'000
86	Citizens Advice Bureau	0	98	98
66	Grants to Parish Councils	0	66	66
350	Internal Drainage Boards	0	350	350
35	Bassetlaw Enterprise Board Grants	0	25	25
	Nottinghamshire County Council:			
1,128	- Concessionary Travel	0	1,137	1,137
-247	- Leisure Centres	-247	164	-83
-407	- Other	-407	158	-249

Related Party Transactions

The Council maintains a register of Members' interests, together with a record of interests declared at Cabinet and Council meetings. There are no material transactions to organisations included in these registers that are not disclosed elsewhere.

17. EXTERNAL AUDIT FEES

The following table shows the audit costs incurred in 2007/08 relating to external audit and inspections carried out by the Audit Commission.

2006/07 £'000		2007/08 £'000
115	Fees payable in respect of External Audit Services	118
28	Fees payable in respect of Grant Claims and Returns	20
10	Fees payable in respect of Statutory Inspection	44
0	Fees payable for Other services	0
153	Total	182

External Audit Fees

18. COLLECTION OF LOCAL TAXES (WALES)

This note is for Welsh Authorities only.

19. STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

A full explanation of the importance of The Statement of Movement on the General Fund Balance can be found in the preamble to the Statement itself.

20. BREAKDOWN OF RECONCILING ITEMS IN THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The reconciliation of The Statement of Movement on the General Fund Balance identifies those items that are accounting entries required by statute or by non-statutory proper practices from the balance shown on the Income & Expenditure Account. The items included in the Income & Expenditure Account are required by the SORP, but it is also a requirement that inclusion of these items should not impact on the level of Council Tax. The net amount of the balance on the Income and Expenditure Account and the additional items, is the surplus or deficit for the year added to the General Fund Balance.

2006/07 £'000		2007/08 £'000	2007/08 £'000
	<u>Amount included in Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year</u>		
-1,036	Depreciation and impairment of fixed assets	-1,094	
-63	Excess of Depreciation charged to HRA Services over the Major Repairs Allowance element of Housing Subsidy	-1,394	
374	Government Grants Deferred amortisation	1,402	
-176	Net loss on sale of fixed assets	-60	
-872	Write downs of deferred charges to be financed from capital resources	-1,591	
0	Difference in finance costs between those calculated in accordance with SORP and those calculated in accordance with statutory requirements	488	
-3,013	Net charges made for retirement benefits in accordance with FRS17	-3,033	
-4,786			-5,282
	<u>Amounts not included in Income and Expenditure Account required to be included by statute when determining the Movement on the General Fund Balance for the year</u>		
412	Minimum Revenue Provision for Capital Financing	394	
74	Capital expenditure charged in-year to the General Fund balance	123	
-2,688	Transfer from Useable Capital receipts to meet payments to the Housing Capital Receipts Pool	-1,640	
1,984	Employers contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	2,135	
-218			1,012
	<u>Transfer to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year</u>		
-46	Housing Revenue Account Balance	518	
612	Net Transfer to or from earmarked reserves	49	
566			567
-4,438	Net additional amount required to be credited to the General Fund balance for the year		-3,703

Reconciliation of Statement of Movement on General Fund Balance

21. CAPITAL EXPENDITURE AND FIXED ASSET DISPOSALS

	OPERATIONAL					NON-OPERATIONAL		INTANGIBLE	
	Council Dwelling	Other Land and Prop- erty	Vehicles Plant and Equipment	Infrastru- cture Assets	Comm- unity Assets	Investment Properties	Assets under Cons- truction	Intangible Assets – Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value 1 April 2007	234,639	26,276	8,580	2,363	2,399	8,598	4,795	977	288,627
Prior Year Adjustments	-1,642	-4,671	55	0	221	508	0	0	-5,529
Revised Gross Book Value 1 April 2007	232,997	21,605	8,635	2,363	2,620	9,106	4,795	977	283,098
Additions	10,512	6,564	264	139	12	0	0	127	17,618
Disposals	-2,831	-324	-125	0	0	-1,272	0	0	-4,552
Revaluations	72,395	3,287	0	0	0	13,105	0	0	88,787
Transfers	0	5,169	0	0	-378	4	-4,795	0	0
Gross Book Value at 31 March 2008	313,073	36,301	8,774	2,502	2,254	20,943	0	1,104	384,951
Less Depreciation									
Balance at 1 April 2007	1,189	2,316	6,848	1,692	0	25	0	408	12,478
Prior Year Adjustments	-19	-630	0	0	0	17	0	0	-632
Revised Balance at 1 April 2007	1,170	1,686	6,848	1,692	0	42	0	408	11,846
Incurred in Year	5,032	615	458	55	0	21	0	272	6,453
Assets Sold	-5	-3	-125	0	0	0	0	0	-133
Revaluations	-1,153	-1,182	0	0	0	9	0	0	-2,326
Balance at 31 March 2008	5,044	1,116	7,181	1,747	0	72	0	680	15,840
Net Book Value 31 March 2008	308,029	35,185	1,593	755	2,254	20,871	0	424	369,111

Capital Expenditure and Asset Disposals

Net Book Value at 1 April 2007	231,827	19,919	1,787	671	2,620	9,064	4,795	569	271,252
Net Book Value at 31 March 2008	308,029	35,185	1,593	755	2,254	20,871	0	424	369,111
Movement in Year	76,202	15,266	-194	84	-366	11,807	-4,795	-145	97,859

Movement of Assets

ACQUISITIONS AND ENHANCEMENTS

The main items of capital expenditure (excluding that financed by leasing) for the year on an accruals basis are shown below.

	2007/08 £'000
Housing	
Major Works to HRA Assets	10,617
Renovation Grants	1,582
Other Areas	
Refuse Collection	47
Leisure Facilities	5,945
Purchase of Computer Hardware / Software	127
Civic and Administrative Buildings	131
Miscellaneous Spend	758
Total Spend	19,207
Fixed Assets	17,618
Deferred Charges	1,591
Capital Adjustment Account	-2
Total Balance Sheet Impact	19,207

Breakdown of Capital Expenditure**DISPOSALS**

Disposals in this note represent the net book value of assets that have been sold or otherwise disposed of during the year. Receipts from sales are detailed below.

2006/07 £'000		2007/08 £'000
3,838	Sale of Council Houses (Current Cost Valuation)	2,827
3	Sale of Community Assets	0
0	Sale of Investment Assets	1,272
233	Sale of Other Land and Buildings	321
4,074	Total	4,420

Disposal of Capital Assets**CAPITAL EXPENDITURE AND FINANCING**

A detailed breakdown of capital expenditure of £20,743m is set out in the Areas of Capital Expenditure table. A breakdown of how this capital expenditure was financed is shown in the Method of Financing table.

GOVERNMENT GRANTS DEFERRED

Where capital grants and contributions have been received to finance capital expenditure on individual assets, then the grant is deferred and released to revenue to set off depreciation.

2006/07 £'000		2007/08 £'000
-959	Opening Balance	-809
374	Released to revenue to fund depreciation	515
-224	Grants and contributions applied to fund Capital Expenditure	-1,895
-809	Balance Carried Forward	-2,188

Government Grants Deferred

The Capital Financing Requirement represents the Council's underlying need to borrow for a capital purpose and the change year on year will be influenced by the capital expenditure in year.

2006/07 £'000		2007/08 £'000
39,313	Opening Capital Financing Requirement	43,220
0	Less write off of Loan Premia	-1,645
39,313	Adjusted Opening Capital Financing Requirement	41,575
	Capital Investment	
8,219	- Operational Assets	17,491
4,488	- Non-Operational Assets	127
1,692	Deferred Charges	1,590
- 609	Write off Loan Premia	0
	Sources of Finance	
- 4,298	- Capital Receipts	-2,308
- 1,112	- Government Grants and other Contributions	-6,749
- 4,473	- Sums set aside from Revenue (inc MRP)	-517
43,220	Closing Capital Financing Requirement	51,209
	Explanation of Movements in year	
4,927	Increase in underlying need to borrow (supported by Government financial assistance).	5,440
0	Increase in underlying need to borrow (unsupported by Government financial assistance)	4,588
- 1,020	Other movements	-394
3,907	Increase / Decrease (-) in Capital Financing Requirement	9,634

Capital Expenditure and Financing

22. MOVEMENT OF DEFERRED CHARGES

2006/07 £'000		Renovation Grants 2007/08 £'000	Other 2007/08 £'000	Total 2007/08 £'000
0	Balance as at 1 April	0	0	0
1,692	Expenditure	1,555	36	1,591
-871	Use of Capital Receipts	-647	-22	-669
-821	Use of Government Grants	-908	-14	-922
0	Balance as at 31 March	0	0	0

Deferred Charges

Note 12 of the Statement of Accounting Policies include an explanation of deferred charges.

23. SIGNIFICANT COMMITMENTS UNDER CAPITAL CONTRACTS

There are no significant commitments under capital contracts at 31st March 2008. However, the Council has selected Consilium Technologies as its partner in order to provide a number of its major software systems at an annual rental of £588,000 for 8 years from 1 April 2004 including the revenue costs of software maintenance and support.

24. STATEMENT OF ASSETS

Asset Description	2006/07	2007/08
Council Dwellings (see Table 58)	7,001	6,959
<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)	13	13
- Museum	1	1
- Public Conveniences	7	7
- Civic Buildings	2	2
- Administrative Buildings	7	7
- Operational Buildings	2	2
- Markets	2	2
- Garages (Housing)	877	855
- Garages (General Fund)	13	13
- Garage Sites	37	37
- Golf Course	1	1
- Car Parks	17	17
- Cemetery Buildings	3	3
- Tourist Information Centres	2	2
<u>Operational Equipment</u>		
- Vehicles and Licensed Plant (Council owned)	117	110
- Mowers and Unlicensed Plant	154	132
- Computer Terminals and Laptops	243	248
<u>Community Assets</u>		
- Parks and Open Spaces (acres)	127	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	121	125
- Industrial Areas	10	10
<u>Strategic Land Holdings</u>		
- Housing and General Fund	Various	Various

Balance Sheet Statement of Assets

25. LEASES – DISCLOSURE AS LESSEE

The Council has outstanding commitments as outlined in the table below of £1.892m (2006/07 £1.340m). A sum of £1.234m was paid out during 2007/08 on operating leases and contract hire. The Council does not have any hire purchase contracts but has a finance lease agreement for three small items of plant with a capital value of £4,395. Since the value of these items is less than the capital de minimis amount they have been treated as revenue expenditure. All operating leases comply with the Statement of Standard Accounting Practice 21 in that the assets have at least a 10% residual value.

2006/07 £'000	Item	2007/08 £'000
	<u>Operating Leases</u>	
1,217	Vehicles	1,574
11	Employee Leased Cars	0
112	Computer and Other Equipment	318
1,340	Total Outstanding Commitment	1,892
	<u>Summarised as:</u>	
542	Leases expiring in 2008/09	558
798	Leases expiring between 2009/10 and 2012/13	1,334
1,340	Total Outstanding Commitments	1,892

Operating Lease and Hire Purchase Contracts

2006/07 £'000	Category of Payments	2007/08 £'000
1,230	Operating Leases	1,218
17	Contract Hire	16
0	Hire Purchase Contracts	0
1,247	Total Payments	1,234

Lease and Hire Purchase Payments**26. LEASES – DISCLOSURE BY LESSORS**

The Council owns Investment Properties to the value of £20.871m. Properties include industrial units, shops and other miscellaneous properties. The Council leases these properties and generates rental income of £597,032

27. PFI ARRANGEMENTS

There are no arrangements under a Private Finance Initiative.

28. 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 the financial statements are prepared in accordance with UK Generally Accepted Accounting Principles (UKGAAP) and are on the basis of Existing Use Value (EUUV), 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 programme 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.

For 2007/08 the revaluation date for all assets except disposals is 1 April 2007. For disposals, the valuation date is the date of disposal. Any surpluses or deficits arising from movements in the general level of prices are credited or debited to the Revaluation Reserve. 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 of the Council's total housing stock was carried out during 2005/06.

In order to arrive at the dwellings valuation figure for 2007/08, 11 distinctive areas of the district were identified based on location, housing stock and estate type. A representative selection from each of these separate areas that have been valued within the 2007/08 period for Right to Buy purposes has been identified. This value has then been compared to the 1 April 2007 value to determine any increase or decrease in value since the complete valuation in 2005/06. These percentage increases and decreases have been applied to all the properties within that area to give an overall value for the complete stock.

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.

All properties and land sold were revalued prior to sale. Revaluations totalled £91,113 in 2007/08 and are analysed by asset type in the "Movement of Assets" table.

29. DEPRECIATION

Depreciation totalled £6,453,000 in 2007/08 and is analysed by asset type in the "Movement of Assets" table.

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the life of the property as estimated by the valuer.
- Infrastructure – straight-line allocation over periods of 25 to 35 years.
- Vehicles, plant and equipment – straight-line allocation typically over the following periods:

Mobile Plant	5-10 years
Motor Vehicles	5 years
Equipment	5 years
IT Equipment	3-5 years

There is no depreciation charged on Community Assets and Assets under Construction. Where an asset has major components with different estimated useful lives, these are depreciated separately.

There have been no changes in estimated asset life or residual asset values in 2007/08 that would have a material affect.

30. CHANGES TO DEPRECIATION METHOD

There have been no changes to depreciation methods in 2007/08.

31. INTANGIBLE ASSETS - OTHER

The intangible assets shown in the balance sheet relate to software and software licences. Purchases of these totalling £126,895 were made in 2007/08. They are amortised over 3 or 5 years and the total amortisation charged in 2007/08 was £272,000.

32. CHANGES IN AMORTISATION METHOD FOR INTANGIBLE FIXED ASSETS

There has been no change in amortisation methods for intangible fixed assets in 2007/08.

33. ANALYSIS OF NET ASSETS AS AT 31 MARCH 2008

	2006/07 £'000	2007/08 £'000
General Fund	-26,405	-25,377
Housing Revenue Account	223,607	307,275
Collection Fund	6,326	2,784
Total	203,528	284,682

Balance Sheet Analysis of Assets

LONG TERM DEBTORS

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

	2006/07 £'000	Repayments/ Adjustment £'000	2007/08 £'000
Council House Sales Mortgages	62	-29	33
Housing Act Advances	1	-1	0
Loans – Sporting Activity	63	-17	46
Car Loans to Employees due over 1 Year	8	-6	2
Total	134	-53	81

Long Term Debtors

ANALYSIS OF DEBTORS

2006/07 £'000		2007/08 £'000	2007/08 £'000
	<u>Government Departments</u>		
377	General	488	
561	HM Revenue and Customs (VAT)	1,109	
5,202	Collection Fund	1,427	
6,140	Total Debt to Government		3,024
	<u>Departments</u>		
	<u>Loans</u>		
10	Loans to Parishes	0	
34	Enterprise Board Loans	47	
9	Car Loans to Employees (up to 1 year)	4	
53	Total Loans		51

2006/07 £'000		2007/08 £'000	2007/08 £'000
	<u>Local Taxation</u>		
2,922	Council Taxpayers	2,783	
960	Non Domestic Ratepayers	1,084	
3,882	Total Debt for Local Taxation		3,867
11	Payroll		2
716	Housing Rents		727
289	A1 Housing Bassetlaw Ltd		8
3	Other Local Authorities		105
2,508	Other		2,384
13,602	Total Debtors		10,168
	<u>Less</u>		
-2,527	Provision for Bad and Doubtful Debts		-2,429
832	Payments in Advance		943
11,907	Net Debtors		8,682

Analysis of Debtors

ANALYSIS OF CREDITORS

2006/07 £'000		2007/08 £'000
933	Government Departments	361
	Collection Fund	
385	- Council Tax	456
165	- NNDR	265
359	- Precepts	0
64	- Precepting Authorities – share of surplus	0
613	Loans Fund	0
419	Payroll	443
834	Capital	766
80	Housing Rents	102
738	A1 Housing Bassetlaw Ltd	590
237	Other Local Authorities	243
588	Section 106 Amounts	518
887	Receipts in Advance	895
1,820	Other	5,000
8,122	Total	9,639

Analysis of Creditors**34. INTERESTS IN COMPANIES**Investments

The Council has a number of approved investments at 31 March 2008 totalling £13.178m (31 March 2007 £4.156m) representing investment of surplus balances. In addition, the Council has a £50,000 Debenture Holding with the Association of District Councils (Properties) Ltd that is redeemable in 2011.

A1 Housing Bassetlaw Ltd.

The Council is the sole shareholder of A1 Housing Bassetlaw Ltd. The Council created this Arms Length Management company on 1 October 2004 for the purpose of managing the Council's 6,959 dwellings. The accounts for this company have been consolidated into the Group Accounts of the Council (Pages 78 to 87). The accounts have been audited and the auditor has not issued a qualified audit opinion on the accounts for the year. The company has net liabilities of £4.773m as at 31 March 2008 and returned a loss for the year of £92k. The Council is required to meet the whole of any trading loss.

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.

Other Companies

The Council is associated with the following companies which have been set up under Section 33 of the Local Government and Housing Act 1989 which provides for the Council to take appropriate action in order to promote the economic development of its area:

- Non Regulated Companies

Tuxford Mine of Information Ltd. This is a community resource centre. The Council does not hold any shares in the company. The Council did not make any payments to this company during 2007/8.

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. The Council did not make any payments to this company during 2007/08.

Manton Community Initiatives Ltd. This company manages the running of the Manton Community Centre in Worksop. The Council made payments of £686.15 to this company during 2007/08.

- 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. However, the Council is the main contributor to its running costs. Contributions for 2007/08 amounted to £185,000. The accounts of this company have not been consolidated within the Council's Group Accounts as it is considered that this relationship is not material.

35. CAPITAL INSTRUMENTS

No derivatives or other capital instruments have been issued in 2007/08.

36. FINANCIAL INSTRUMENTS

Financial Instruments Balances

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

	Long Term		Current	
	31 March 2007 £'000	31 March 2008 £'000	31 March 2007 £'000	31 March 2008 £'000
Financial Liabilities (Principal Amount) <u>This is the actual value of the loan, not including any adjustments.</u>	38,920	40,312	2,508	13,608
Financial Liabilities at amortised cost*	38,920	41,178	2,508	13,605
Financial Liabilities at fair value through Profit and Loss	0	0	0	0
Total Borrowings*	38,920	41,178	2,508	13,605
Loans and Receivables (Principal Amount) <u>This is the actual value of the loan, not including any adjustments.</u>	50	50	4,156	13,178
Loans and receivables	50	50	4,156	13,178
Available-for-sale financial assets	0	0	0	0
Unquoted equity investment at cost	0	0	0	0
Total Investments	50	50	4,156	13,178

Financial Instruments - Balances

*A meaningful comparison between the 2006/07 figures and the 2007/08 figures cannot be made because the Authority is not required to restate the 2006/07 figures to align with changes arising as a result of changes in the SORP effective from 1 April 2007.

Financial Instruments Gains/Losses

The impact of transitional accounting arrangements in relation to accounting for Financial Instruments has resulted in a net loss of £1,353m which is recognised in the Statement of Total Recognised Gains and Losses in relation to financial instruments. In the main this loss relates to the writing out of Deferred Premiums on early repayment of Debt (£1.645m) to the new Financial Instruments Adjustment Account within Reserves.

Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. The fair value for loan debt has been determined by calculating the present value of the cash flows that take place over the remaining life of the instruments and by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date. Accrued interest is included. The fair value for non-PWLB debt has also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments. It

should be noted that the redemption rules applying to PWLB debt changed on 1st November 2007, and are less favourable than the previous procedures. As a result the fair value figures for 31st March 2008 are relatively higher (more costly to redeem) than the 31st March 2007 comparators.

The fair values calculated are as follows:

	31 March 2007		31 March 2008	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial liabilities:				
PWLB Debt	4,120	5,097	19,299	20,807
Non – PWLB Debt	34,800	36,716	21,879	24,583
Total – Long-term Debt	38,920	41,813	41,178	45,390
Short-term debt	2,508	2,508	13,608	14,431
Total Debt	41,428	44,321	54,786	59,821

Financial instruments - Liabilities at Amortised Cost

The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

	31 March 2007		31 March 2008	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Assets:				
Investments	4,206	4,206	13,228	13,228

Financial Instruments - Assets at Amortised cost

The fair value is equal to the carrying amount because for the loans included all (except for the ADC Debenture of £50,000) are of less than a year's duration, with the carrying amount on initial recognition being the same as the redemption amount.

Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Refinancing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.

- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

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

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

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

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

Credit Risk

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

With regard to financial institutions, exposures are managed through the Authority's Treasury Management policy that limits the value that can be placed with each approved counterparty to minimise the risk of loss. The counterparties are limited to the approved institutions with secure credit ratings. Senior management reviews limits regularly.

The following analysis summarises the Authority's potential maximum exposure to credit risk for its deposits with Banks and other financial institutions at the Balance Sheet date, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions. The table excludes the £50,000 Debenture Holding with the Association of District Councils (Properties) Ltd that is redeemable in 2011.

	31 March 2008	Historical Experience Of Default	Historical Experience Adjusted for Market Conditions at 31 March 2008	Estimated maximum Exposure to Default and Uncollectability
	£'000	%	%	£'000
Deposits with Banks and other financial institutions:	4,178	0	0	0
AAA Rating	9,000	0.007	0.007	1
A Rating	13,178			1

Financial Instruments - Credit Risk

The historical experience of default has been taken from Moody's, a Council's credit ratings organisation used by the Council and applies to the period 1982 – 2005.

Whilst the current credit crisis in international markets has raised the overall possibility of default, the Council maintains strict credit criteria for investment counterparties. As a result of this high credit criteria we have maintained historical default rates as a good indicator under these current conditions.

The Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority does not generally allow credit for customers and deals with the credit risk associated with them by making bad debts provisions within the accounts. The table "Provision for Bad and Doubtful Debts" gives details of the amounts of provision made and the write offs during the year.

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

Liquidity Risk

As the Authority currently has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures of:

- Setting, approving and monitoring of prudential indicators.
- Approval of treasury and investment strategy reports.

as well as through cash flow management procedures required by the Code of Practice.

Refinancing and Maturity Risk

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments for longer than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters.

The maturity analysis of financial liabilities is as follows:

	31 March 2008 £'000
Less than one year	13,608
Between one and two years	5,061
Between two and five years	4,488
More than five years	30,763
	53,920

Maturity Analysis – Financial Liabilities

As the above relates to market exposure, the principal borrowed is shown.
The maturity analysis of financial assets is as follows:

	31 March 2008 £'000
Less than one year	13,178
Between one and two years	0
Between two and three years	50
More than three years	0
	13,228

Maturity Analysis – Financial Assets

All trade and other payables are due to be paid in less than one year.

Market Risk – Interest Rate Risk

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

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

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure account or the Statement of Total Recognised Gains and Losses. However changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure account and affect

the general Fund balance £ for £. Movements in the fair value of fixed rate investments will be reflected in the Statement of Total Recognised Gains and Losses.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central treasury team monitors market and forecast interest rates during the year to adjust exposures appropriately.

At 31st March 2008, if interest rates had been 1% higher with all other variables held constant, the financial effect would have been:

	£'000
Increase in interest payable on variable rate borrowings	33
Increase in interest receivable on variable rate investments	-132
Impact on Income and Expenditure Account	-99
Share of overall impact debited to HRA	53
Decrease in fair value of fixed rate investment assets	0
Impact on Statement of Total Recognised Gains and Losses	0
Decrease in fair value of fixed interest rate borrowings liabilities (no impact on Income and Expenditure Account or Statement of Total recognised Gains and Losses)	6,645

Financial instruments - Interest Rate Risk

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Market Risk – Price Risk

The Authority does not invest in equity shares, nor does it have any shareholdings in joint ventures or local industries. The Authority is consequently not exposed to losses arising from movements in the price of shares.

Market Risk – Foreign Exchange Risk.

The Authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in interest rates.

37. 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.

2006/07 £'000		2007/08 £'000
-77	Balance as at 1 April	-64
13	Net Contributions from (-) / to Income & Expenditure Account	12
-64	Balance at 31 March	-52

Insurance Reserve

38. MOVEMENT IN PROVISIONS

The Council does not have any provisions, as there are no known future obligations. However, a provision for bad and doubtful debts is maintained based on aged debt, the analysis by fund is detailed below. A full explanation of Provisions can be found in Note 2 of the Statement on Accounting Policies.

PROVISION FOR BAD AND DOUBTFUL DEBTS

Total 2006/07 £'000		NNDR £'000	Council Tax £'000	General Fund £'000	HRA £'000	Total 2007/08 £'000
3,127	Balance at 1 April	354	1,233	174	766	2,527
831	Provisions made in year	314	289	57	65	725
-1,431	Write offs against Provision	-212	-333	-78	-200	-823
2,527	Balance at 31 March	456	1,189	153	631	2,429

Provision for Bad and Doubtful Debts

39. MOVEMENT ON RESERVES

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

Reserve	Purpose of Reserve	Balance at 1.04.07 £'000	Movement in Year £'000	Balance at 31.03.08 £'000	Further Information See Note
Revaluation Reserve	Store of gains and losses on revaluation of individual fixed assets net of disposals.	0	87,254	87,254	26
Capital Adjustment Account	Store of capital resources set aside to meet past expenditure	228,868	-409	228,459	2

'Bassetlaw is moving up a gear...'

Financial Instruments Adjustment Account	Holds the accumulated difference between the financing costs in the Income and Expenditure Account and those charged to General Fund Balance	0	-1,427	-1,427	36
Usable Capital Receipts Reserve	Proceeds of fixed assets available to meet future capital investment	3,605	579	4,184	
Pensions Reserve	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	-33,396	-6,148	-39,544	46
Statutory Housing Revenue Account Balance	Resources available to meet future running costs of Council houses	715	518	1,233	FINANCIAL SUMMARY – HRA
LABGI Reserve	Government Grant earmarked for costs of equal pay.	1,049	211	1,260	40
General Fund Balance	Resources available to meet future running costs of non housing services	1,919	845	2,764	FINANCIAL SUMMARY General Fund
Other Reserves	Collection Fund, Earmarked Reserves and Deferred Capital Receipts.	768	-269	499	
TOTAL		203,528	81,154	284,682	

Movement on Reserves

40. CONTINGENT LIABILITIES AND ASSETS

The Council is committed to an equal pay review, which is currently being undertaken. The effective date is likely to be 1 April 2007, but at this stage it is impossible to estimate the full financial implications, as the process is still ongoing. The LABGI Reserve is currently set aside to fund any claims for backdated pay.

The Council has an agreement with Nottinghamshire County Council to share 50% of the profit or loss generated by the Turbine Business Innovation Centre. Since the agreement commenced, The Turbine has shown annual losses. The amount charged to the Income and Expenditure Account in 2007/08 was £39,758 (£127,906 2006/07). It is difficult to predict the future occupancy performance as the Turbine is managed externally, however rental targets are improving.

There are no contingent assets to disclose.

41. AUTHORISATION

This Statement of Accounts was authorised for issue on 26th June 2008 by Mike Hill, Head of Finance and Property Services.

42. POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

43. TRUST FUNDS

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 £107,064 as at 31 March 2008 but it is not shown in the accounts.

The Council has an involvement in the administration, but is not the trustee of two small charities. The Council holds no funds for the Sir Stuart and Lady Florence Goodwin Charity. The Council holds £705.98 for Dr Kool Want Charity.

44. RESERVES AND BALANCES OF SCHOOLS UNDER DELEGATED SCHEMES

There are no amounts held by schools under delegated schemes.

45. AMOUNTS DUE FROM RELATED PARTIES

Amounts due from A1 Housing Bassetlaw Ltd total £8,295 and relates to outstanding amounts for Service Level Agreement charges. There is no Provision for Bad and Doubtful Debts in relation to A1 Housing Bassetlaw Ltd.

46. LOCAL GOVERNMENT PENSION SCHEME

Participation in Pension Scheme:

Since 2003/04 Councils have had to comply with the requirement of FRS17 that 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 also contained within the Explanatory Forward and 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.

Transactions Relating to Retirement Benefits:

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

2006/07 £'000		2007/08 £'000
	Net Cost of Service:	
1,668	Current Service Cost	1,363
27	Past Service Cost	482
15	Curtailment/Settlement Gain	0
	Net Operating Expenditure:	
3,864	Interest Cost	4,188
-2,561	Expected Return on Assets in the Scheme	-3,000
3,013	Net Charge to the Income and Expenditure Account	3,033
	<u>Statement of Movement on General Fund Balance</u>	
-1,029	Reversal of net charges made for Retirement Benefits in accordance with FRS 17	-898
	<u>Actual Amount Charged Against Council Tax in the Year</u>	
1,984	Employers' Contributions payable to Scheme	2,135

Local Government Pension Scheme

Later tables contain details of the assumptions made in estimating the figures included in this table.

The "Past Service Cost" shown above for 2007/08 is made up of the following figures:

	£'000
Cost due to change in Scheme Benefits	482
Cost due to early retirements etc. during period	<u>0</u>
	<u>482</u>

In addition, employer's contributions of £453,000 (£302,000 in 2006/07) were charged to the Housing Revenue Account (Rent payers) reducing the outstanding liability for Housing Revenue Account staff transferred to A1 Housing Bassetlaw Ltd. with the benefit of a fully funded pension scheme.

Return on Assets, Gains and Losses:

In accordance with the Statement of Recommended Practice 2007 a further analysis is now given showing return on assets, gains and losses and financial assumptions over 5 years.

	2003/04 £'000	2003/04 %	2004/05 £'000	2004/05 %	2005/06 £'000	2005/06 %	2006/07 £'000	2006/07 %	2007/08 £'000	2007/08 %
Operating										
Current Service Cost	-1,380	11.80	-1,533	15.40	-1,423	17.30	-1,668	19.70	-1,363	15.80
Past Service Gain/Cost (-)	0	0	0	0	783	0	-27	0	-482	0
Curtailment Loss	-632	0	-164	0	-39	0	-15	0	0	0
Settlement Gain	0	0	2,399	0	0	0	0	0	0	0
Total	-2,012	0	702	0	-679	0	-1,710	0	-1,845	0
Market Value of Assets	38,566	0	34,244	0	41,430	0	44,834	0	43,711	0
Market Value of Liabilities	-62,812	0	-69,713	0	-79,150	0	-78,397	0	-83,248	0
Net Liability	-24,246	0	-35,469	0	-37,720	0	-33,563	0	-39,537	0
Expected Return on Assets	2,158	5.60	2,282	6.66	2,238	5.40	2,561	5.82	3,000	6.86
Interest on Pension Liabilities	-3,559	14.68	-3,614	5.18	-3,715	4.69	-3,864	4.93	-4,188	5.03
Return on Net Assets	-1,401	0	-1,332	0	-1,477	0	-1,303	0	-1,188	0

Pension Fund – Return on Assets, Gains and Losses

Actuarial Gains and Losses:

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

Statement of Actuarial Gains (Losses) – Difference in Estimated and Actual performance										
	2003/04 £'000	2003/04 %	2004/05 £'000	2004/05 %	2005/06 £'000	2005/06 %	2006/07 £'000	2006/07 %	2007/08 £'000	2007/08 %
Asset Gain / Loss (-)	3,842	10.00	1,616	4.70	5,394	13.00	947	2.10	-4,883	11.20
Liability Gain / Loss (-)	0	0	-2,740	3.90	-1,593	2.00	0	0	2,132	2.60
Change in assumptions	0	0	-11,443	16.40	-6,300	8.00	4,022	5.10	-2,958	3.60
Net Gain / Loss (-)	3,842	6.10	-12,567	18.00	-2,499	3.20	4,969	6.30	-5,709	6.90

Pension Fund – Actuarial Gains and Losses

Assets and Liabilities in Relation to Retirement Benefits:

The table "Pensions Assets and Liabilities" below sets out the Council's estimated share of the Nottinghamshire County Council Pension Fund's assets and liabilities. The estimated deficit has increased from £33,563m at 31 March 2007 to £39,537m at 31st March 2008 based on the actuary's estimate of employees' contributions to the scheme.

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. Note 5 within the Statement of Accounting Policies also offers further explanation on pensions.

A full triennial actuarial valuation was undertaken at 31 March 2007. The value of the Fund at that date was £2,418m. Each year an updating calculation is done to estimate annually the market value of the fund. It is expected that the updating calculation should be within 1-2% of the true value of the scheme liabilities for each year of projection, so the difference may be up to 5%, say, after three years. The actuary's valuation of the Scheme at 31 December 2007 was £2,500m.

Assets and Liabilities in Relation to Retirement Benefits:

The Council's share of the County Council Fund's assets and liabilities were estimated by the actuary and are shown in the table below. However, the accounts reflect the actual total liability of £39,544m, the difference being actual amounts paid to the pension fund by the employer.

2006/07 £'000		2007/08 £'000
44,834	Estimated Share of Assets in the County Council Fund	43,711
-78,397	Estimated Share of Liabilities in the County Council Fund	-83,248
-33,563	Net Asset / Liability (-) Based on Actuary's Report	-39,537
167	Adjustment for Actual amounts paid	-7
-33,396	Net Asset/Liability (-) Balance Sheet	-39,544

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 £39,544m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. 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.

Basis for Estimating Assets and Liabilities:

The main assumptions used in the calculations have been:

Financial Assumptions	2006/07 %	2007/08 %
Rate of Inflation	3.10	3.60
Rate of Increase in Salaries	4.85	5.10
Proportion of employees opting to take a commuted lump sum	50.00	50.00
Discount Rate	5.40	6.10

Actuarial Valuation Assumptions

Other Assumptions	2006/07	2007/08
Post retirement mortality assumptions:		
Non retired members (retiring in the future in normal health)	PA92 Base-2 years	PMA92mc YoB Tables +2 years (Male) PFA92mc YoB tables + 1 year (Females)
Current pensioners (retired in normal health)	PA92 Base	PMA92mc YoB Tables+ 2 years (Males) PFA92mc Yob Tables + 1 year (Females)
Life Expectancy:		
Male (Female) future pensioner aged 65 in 20 years time	18.6 (21.6) years	21.3 (25.0) years
Male (Female) current pensioner aged 65	16.9 (19.9) years	20.3 (24.0) years

Other Actuarial Valuation Assumptions

The actuary has assessed the market value of the whole scheme, at 31 December 2007 as being £2,500m (£2,327m at 31 December 2006). The following table shows the split of the Council's proportion of these assets between investment categories, calculated as at 31 December 2007. The 2006/07 figures were calculated as at 31 December 2006.

Expected Rate of Return on Assets	2006/07 %	2007/08 %
Equities	7.50	7.50
Bonds – Government	4.70	4.60
Bonds – Other	5.40	6.10
Property	6.50	6.50
Cash – Liquidity	5.25	5.25
Other	N/A	7.50

Expected Rate of Return on Assets

Areas of Fund Analysis	2006/07 £'000	2007/08 £'000	2006/07 %	2007/08 %
Equities	30,756	28,544	68.60	65.30
Bonds – Government	3,452	4,371	7.70	10.00
Bonds – Other	1,883	1,268	4.20	2.90
Property	7,577	7,343	16.90	16.80
Cash / Liquidity	1,166	1,748	2.60	4.00
Other	0	437	0	1.00
Total	44,834	43,711	100.00	100.00

Analysis of Pension Fund**47. RECONCILIATION OF CASH FLOW AND INCOME AND EXPENDITURE ACCOUNT**

2006/07 £'000		2007/08 £'000	2007/08 £'000
4,721	Income and Expenditure Surplus(-)/Deficit in year		2,920
297	Movement in Housing Revenue Account Balance	837	
352	Movement on Collection Fund Balance	9	
-1,813	Adjustment for Net Interest	-1,922	
	<u>Adjustments for non cash items in the Income and Expenditure Account</u>		-1,076
-1,029	Net movement on Pension Reserve	-898	
-1,361	Capital Accounting Entries	-2,249	
74	Capital Expenditure Funded From Revenue	123	
	<u>Items on an accrual basis</u>		-3,024
-2	Increase(-)/Decrease in Stock	-11	
-2,017	Change in amounts due To(-)/From Us	-5,575	
			-5,586
-778	Net Movement as per Cash Flow Statement		-6,766

Reconciliation of Fund Balances and Net Cash Movement

48 ANALYSIS OF NET DEBT

	Cash	Temp Investments and Short term Deposits	Total	Loans Due Within One Year	Loans Due After More Than One Year	Deferred Liabilities	Net Debt
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 1 April 2007	-583	4,156	3,573	-2,508	-39,192	0	-38,127
Cash Flow Changes in Year	679	9,022	9,701	-11,100	-1,318	0	-2,717
Other Non Cash Flow Changes	0	0	0	0	-668	0	-668
Balance 31 March 2008	96	13,178	13,274	-13,608	-41,178	0	-41,512

Analysis of Net Debt

49 RECONCILIATION OF MOVEMENT IN CASH TO NET DEBT

2006/07 £'000		2007/08 £'000	2007/08 £'000
402	Increase /(-)Decrease in cash in year	679	
-9,617	Cash Inflow/(-)Outflow from management of liquid resources	9022	
-15,292	Cash inflow from new loans raised	-16,000	
13,800	Cash outflow from loans repaid	3,508	
0	Payment of interest accrued at balance sheet date	75	
-10,707	Change in net debt resulting from cash flows		-2,716
	Other Non Cash Changes		
-273	Difference between carrying amount of loan and associated premium and recalculated carrying amount of loan per the 2007 SORP	-592	
0	Net adjustment for difference between Effective Interest Rates and actual interest payable	-76	-668
-10,980	Net movement in cash		-3,384
-27,147	Net Debt Brought forward		-38,127
-38,127	Total Net Debt carried forward		-41,511

Reconciliation of Movement in Cash to Net Debt

50 RECONCILIATION OF FINANCING AND LIQUID RESOURCES TO OPENING AND CLOSING BALANCES ON BALANCE SHEET

The table below shows the movement of liquid resources within the balance sheet, however, in accordance with the Accounting Code of Practice the Long Term Borrowing as shown in the balance sheet (£-41,178) includes an effective interest rate adjustment which does not impact on the cashflow.

	2006/07 £'000	Movement £'000	2007/08 £'000
Investments	4,156	9,022	13,178
Borrowing Repayable Within 12 Months	-2,508	-11,100	-13,608
Long Term Borrowing – cash	-38,920	-1,393	-40,313
Net Cash Flow/Inflow on Financing	-37,272	-3,470	-40,742

Reconciliation of Financing and Liquid Resources to Balance Sheet**51 MOVEMENT IN CASH AND LIQUID RESOURCES**

	2006/07 £'000	Movement £'000	2007/08 £'000
Temporary Investments	4,156	9,022	13,178
Cash and Cash Equivalents	0	96	96
Bank overdraft	-583	583	0
Total Movement	3,573	9,701	13,274

Movement in Cash and Liquid Resources**52. CASHFLOW – FURTHER EXPLANATIONS**

MOVEMENT IN CASH - BORROWING	2006/07 £'000	Movement £'000	2007/08 £'000
Current Liabilities	-2,508	-11,100	-13,608
Long Term Liabilities	-38,920	-1,393	-40,313
Total	-41,428	-12,493	-53,921

Movement in Borrowing**53. ANALYSIS OF GOVERNMENT / OTHER GRANTS**

2006/07 £'000		2007/08 £'000
	<u>Department of Work and Pensions Grants</u>	
602	Housing Benefit Administration Grant	960
7,139	Council Tax Benefit Subsidy	7,643
10,076	Rent Rebates Benefits Subsidy	11,690
7,013	Rent Allowance Subsidy	8,023
199	Anti Fraud Support	0
126	Pension Credits	90
25,155	Department of Work and Pensions Grant Total	28,406

2006/07 £'000		2007/08 £'000
	<u>Other Government Grants</u>	
158	Other Government Grants	258
102	Planning Delivery Grant	184
35	Anti Social Behaviour	36
305	Building Safer Communities	122
25	Homeless	29
163	National Non Domestic Rates	163
65	Refuse Collection and Recycling	48
556	Neighbourhood Pathfinder	391
847	Supporting People	810
15	Contaminated Land	1
0	Bellwin Fund	131
0	Flood Emergency	125
0	Concessionary Travel	71
2,271	Other Government Grants Total	2,369
	<u>Capital Grants</u>	
214	Renovation Grants	336
94	Capital Grants - Government Departments	156
3,920	Major Repairs Allowance	3,968
214	Other Capital Grants	214
0	Flood Emergency	125
4,442	Capital Grants Total	4,799
	<u>Other Revenue Grants</u>	
332	Other Grants	476
332	Other Revenue Grants Total	476

Analysis of Government and Other Grants

The 2006-07 have been restated to reflect Major Repairs Allowance as a Capital Grant used to finance Capital Expenditure

54. RECEIPTS UNDER S106 AGREEMENTS

Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission (eg improvement to transport links to the new B&Q depot in Worksop). The sums are restricted to being spent only in accordance with the agreement concluded with the developer. The major balances of Section 106 receipts held by the Council are as follows:

	Balance 1.4.2007	Income £'000	Expenditure £'000	Balance 31.3.2008
Transport Infrastructure for B&Q Depot	181	0	-31	150
Open Space Equipment & Maintenance	366	30	-133	263
Other	111	18	-24	105
Total	658	48	-188	518

SUPPLEMENTARY STATEMENTS**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. The 2005/06 amounts have been restated for comparison purposes and to comply with the SORP with a number of these changes being declared in the Explanatory Forward.

2006/07 £'000	HRA Income & Expenditure Account	2007/08 £'000
	<u>Income</u>	
-19,220	Dwelling Rents	-20,409
-103	Non dwelling Rents	-120
-537	Charges for Services and Facilities	-445
-1,348	Contributions towards expenditure	-1,359
0	Deferred Government Grants	-162
-21,208	Total Income	-22,495
	<u>Expenditure</u>	
5,075	Repairs and Maintenance	5,433
6,637	Supervision and Management	6,679
62	Rents, Rates, Taxes and Other Charges	56
2,241	Negative Subsidy – Payments to Secretary of State	2,752
145	Provision for Bad and Doubtful Debts	65
3,983	Depreciation and Impairment of Fixed Assets	5,362
19	Amortisation of Deferred Charges	22
57	Debt Management Costs	70
0	Sums directed by the Secretary of State that are expenditure in accordance with UK GAAP	0
18,219	Total Expenditure	20,439
-2,989	Sub Total: Net Cost of HRA Services as included in whole authority Income & Expenditure Account	-2,056
184	HRA services share of Corporate and Democratic Core	158
1,262	HRA share of other amounts included in whole authority Net Cost of Services but not allocated to specific services	949
-1,543	Sub Total: Net Cost of HRA Services	-949
176	Gain or loss on sale of HRA fixed assets	60
1,114	Interest payable and similar charges	673
602	Amortised Premiums and Discounts	558
-62	Interest and Investment Income	-62
287	Surplus (-) or deficit for the year on HRA services	280

Housing Revenue Account (HRA)

2006/07 £'000	STATEMENT ON MOVEMENT ON HRA BALANCE	2007/08 £'000
287	Surplus (-) or deficit for the year on the HRA Income and Expenditure Account	280
-242	Additional amounts required by statute or non-statutory proper practices	-798
45	Increase (-)/Decrease in HRA Balance	-518
-760	Balance Brought Forward	-715
-715	Balance Carried Forward	-1,233

Statement of Movement on HRA Balance

2006/07 £'000	NOTE TO STATEMENT ON MOVEMENT ON HRA BALANCE	2007/08 £'000
	<u>Items included in HRA Income and Expenditure Account but excluded from the Movement on HRA Balance in the year</u>	
0	Difference between I&E for premiums and discounts and charge for the year	557
-19	Difference between any other items of Income and Expenditure in accordance with the SORP and determined in accordance with statutory HRA requirements	99
-176	Gain (-)/Loss on disposal of assets	-60
	<u>Items not Included in HRA Income and Expenditure Account but included in the movement on HRA Balance in year</u>	
-63	Transfer to Major Repairs Reserve	-1,394
16	Capital Expenditure funded by HRA	0
-242	Net Additional Amount Required by Statute	-798

Note to Statement of Movement on HRA Balance

NOTES TO THE HOUSING REVENUE ACCOUNT

(A) HOUSING STOCK

Total 2006/07	Housing Stock	Pre 1945	1945- 1964	1965- 1974	After 1974	Total 2007/08
	<u>Traditional Houses and Bungalows</u>					
3,020	1 - 2 Bedrooms	245	1,028	516	1,224	3,013
1,770	3+ Bedrooms	666	742	155	182	1,745
	<u>Non Traditional Houses and Bungalows</u>					
623	Houses and Bungalows	0	269	349	0	618
	<u>Flats</u>					
1,034	Low Rise (1 - 2 Storeys)	20	409	249	352	1,030
554	Medium Rise (3 - 5 Storeys)	0	21	368	164	553
7,001	Total	931	2,469	1,637	1,922	6,959

Current Housing Stock

2007/08 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	234,639	33	1,625	7,702	1,586	5,205	250,790
Prior Year Adjustments	-1,642	0	0	774	0	534	-334
Additions	10,512	0	0	83	26	0	10,621
Disposals	-2,831	0	0	-324	0	-367	-3,522
Revaluations	72,395	0	0	680	0	12,306	85,381
Gross Book Value 31 March	313,073	33	1,625	8,915	1,612	17,678	342,936
<u>Depreciation</u>							
Balance as at 1 April	1,189	0	1,113	422	1,218	0	3,942
Prior Year Adjustments	-19	0	0	2	0	17	0
Incurred in Year	5,032	0	22	196	92	17	5,359
Revaluations	-1,153	0	0	-119	0	0	-1,272
For Assets Sold	-5	0	0	-3	0	0	-8
Balance at 31 March	5,044	0	1,135	498	1,310	34	8,021
Net Book Value at 31 March	308,029	33	490	8,417	302	17,644	334,915

Balance Sheet Valuation of HRA Assets

(B) VACANT POSSESSION VALUE

The vacant possession value (Open Market Value) of Council dwellings as at 1 April 2007 is £605.780m (2007 £446.174m). This does not compare to the Balance Sheet which shows the Existing Use Value, the difference being an indication of the economic and social costs of providing Council housing at less than market rent.

(C) 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.

2006/07 £'000		2007/08 £'000
0	Balance as at 1 April 2007	0
3,983	Depreciation on HRA Assets	5,362
-63	Adjusting transfer to (-) / from HRA	-1,394
-3,920	Funding of HRA expenditure	-3,968
0	Balance as at 31 March 2008	0

Major Repairs Reserve

(D) MOVEMENT ON HOUSING REPAIRS ACCOUNT

The Council does not operate a Housing Repairs Account. All costs are charged directly to the Housing Revenue Account.

(E) HRA CAPITAL FINANCING

2006/07 £'000		2007/08 £'000
7,256	HRA Capital Expenditure	10,643
	Financed by:	
440	Borrowing	5,440
135	Grants and Contributions	162
2,745	Usable Capital Receipts	1,073
16	Revenue Contributions	0
3,920	Major Repairs Reserve	3,968
7,256	Total	10,643

Capital Funding HRA

SUMMARY OF HOUSING CAPITAL RECEIPTS FROM DISPOSALS OF LAND, HOUSES AND OTHER PROPERTY WITHIN THE AUTHORITY'S HOUSING REVENUE ACCOUNT

2006/07 £'000		2007/08 £'000
57	Land	683
3,729	Houses	2,270
0	Other	597
3,786	Total	3,550

Housing Capital Receipts

(F) 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.

2006/07 £'000		2007/08 £'000
3,595	Depreciation on Housing Revenue Account dwellings	5,032
385	Depreciation on Housing Revenue Account other land and property	310
0	Depreciation on Housing Revenue Account non-operational assets	17
3,980	Total	5,359

HRA Depreciation Costs

2006/07 £'000		2007/08 £'000
19	Amortisation of Deferred Charge	22
1,071	Cost of Capital Accounting Adjustment	2,519
-63	Major Repairs Allowance Minus Depreciation	-1,394
1,027	Housing Revenue Account Debt Financing Costs	1,147

HRA Debt Financing Costs

(G) IMPAIRMENT CHARGES

There are no impairment charges for 2007/08 within the Housing Revenue Account. An explanation of impairment is contained within the Statement of Accounting Policies Note 9 and the Glossary.

(H) 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 £22,400 included within the Housing Revenue Account for 2007/08.

I) HOUSING SUBSIDY

The figure of £2.752m is the amount of housing subsidy payable to the Government by the Council. The table below shows the breakdown of the net subsidy payable.

2006/07 £'000		2007/08 £'000
9,375	Management and Maintenance	9,563
1,991	Charges for Capital	2,170
3	Admissible Allowance	0
-17,527	Notional Rent	-18,440
-8	Interest on Receipts	-6
3,920	Major Repairs Allowance	3,968
-2	Housing Defects Subsidy	0
7	Rental Constraint Allowance	0
0	Adjustment to Previous Year Subsidy	-7
-2,241	Total	-2,752

Housing Subsidy

(J) PENSIONS

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

(K) ARREARS

The average rent per dwelling was £55.09 in 2007/08 compared to £52.66 in 2006/07 with arrears 3.44% of gross debit in 2007/08 compared to the 2006/07 figure of 3.59%.

2006/07 £'000		2007/08 £'000
716	Total Arrears (includes amounts collectable on behalf of other agencies)	727
766	Provision for Bad and Doubtful Debts	631

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.

(L) ITEMS DEBITED OR CREDITED TO HRA AS DIRECTED BY SECRETARY OF STATE

The Secretary of State has not directed that any other items should be charged to the Housing Revenue Account.

(M) EXCEPTIONAL OR PRIOR YEAR ADJUSTMENTS

There were no exceptional items in 2007/08.

COLLECTION FUND ACCOUNT

This statement reflects the statutory requirements for billing authorities to maintain a separate Collection Fund, showing the transactions relating to non-domestic rates and the council tax, and illustrating the way in which these have been distributed to preceptors and the General Fund. Administration costs of the Fund are, however, borne by the Council's General Fund. The balance on the Collection Fund is disaggregated at the year-end to attribute relevant amounts to the precepting authorities (shown as creditors or debtors in the balance sheet) and the billing authority (Bassetlaw District Council).

2006/07 £'000	Income / Expenditure	Note	2007/08 £'000
	<u>Income</u>		
-43,335	Council Tax Billed		-45,242
-7,230	Council Tax Benefit awarded		-7,397
-38,156	Income collectable from business ratepayers	(A)	-38,656
-88,721	Total Income		-91,295
	<u>Expenditure</u>		
50,209	Precepts and demands from other Authorities	(C)	52,761
37,776	National Non Domestic Rates Payments to Pool	(A)	38,267
-243	Contribution to Provision for Bad and Doubtful Debts	(E)	58
705	Bad and Doubtful Debts - Write offs	(E)	545
40	Interest on National Non Domestic Rates refunds		85
163	National Non Domestic Rates Costs of Collection	(A)	164
0	Contribution to Collection Fund Surplus	(F)	0
88,650	Total Expenditure		91,880
-71	Decrease / Increase (-) in Fund Balance in Year	(F)	585
-400	Surplus Brought Forward at 1 April	(F)	-471
-471	Surplus (-)/Deficit Carried Forward at 31 March	(F)	114

Collection Fund Revenue Account

NOTES TO THE COLLECTION FUND ACCOUNT

(A) NATIONAL NON-DOMESTIC RATES

Non-Domestic rates are organised on a national basis. The Government specifies an amount, 44.4p in 2007/08 (43.3p 2006/07) 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 31 March 2008 was £93,913,566 (31 March 2007 £90,794,124).

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 the table below.

2006/07 £'000	National Non Domestic Rate Income	2007/08 £'000
37,722	Gross Amount Due	39,042
-930	Charitable Relief etc	-866
4,470	Transitional Relief	4,875
-8	Small Business Rate Relief	-380
-3,098	Empty and Part Occupation Relief	-4,015
38,156	Net Amount Collectable	38,656
	<u>Less</u>	
-201	Provision for Bad Debt	-172
-16	Interest on Overpayments	-53
-163	Cost of Collection Allowance payable to General Fund	-164
37,776	Amount Payable to NNDR Pool	38,267

Analysis of National Non Domestic Rate Income

(B) 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		Income Raised	
		2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
Band A	6	25,242	25,391	14,533	14,593	21,010	21,742
Band B	7	6,999	7,183	4,945	5,048	7,143	7,521
Band C	8	5,739	5,855	4,682	4,745	6,731	7,069
Band D	9	5,481	5,550	5,101	5,139	7,372	7,656
Band E	11	2,670	2,705	3,074	3,110	4,456	4,634
Band F	13	1,273	1,300	1,734	1,767	2,506	2,633
Band G	15	633	638	969	971	1,413	1,447
Band H	18	57	57	84	86	132	128
Total		48,094	48,679	35,122	35,459	50,763	52,830
Deduction for non-collection, new build, demolition and other adjustments				-355	-358	-116	-121
Additional properties and adjustments during the year				305	311	-82	-70
Council Tax Base (Band D equivalent)				35,072	35,412	50,565	52,639

Council Tax Base

(C) 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 and Nottinghamshire Fire Authority. Precepts are also paid via the District Council to 48 Parish Councils and Charter Trustees. Details of actual payments made are shown below.

2006/07 £'000		2007/08 £'000
	<u>Payable to Bassetlaw District Council for precepts from:</u>	
4,977	Bassetlaw District Council	5,151
532	Parish Councils and Charter Trustees	617
	<u>Payable to Other Precepting Authorities</u>	
37,928	Nottinghamshire County Council	39,828
4,638	Nottinghamshire Police Authority	4,915
2,134	Nottinghamshire Fire Authority	2,250
50,209	Total Precepts Payable	52,761

Precepts on the Collection Fund

(D) COUNCIL TAX INCOME

The Council set a Council Tax (excluding local precepts) at Band D of £1,472.45 in 2007/08 compared to £1,416.42 in 2006/07. This is broken down as follows:

2006/07 £	Band D Council Tax	2007/08 £
141.90	Bassetlaw District Council	145.45
1,081.43	Nottinghamshire County Council	1,124.69
132.24	Nottinghamshire Police Authority	138.78
60.85	Nottinghamshire Fire and Rescue	63.53
1,416.42	Total Council Tax Income	1,472.45

Council Tax Income

(E) PROVISIONS FOR BAD AND DOUBTFUL DEBTS

	National Non-Domestic Rates £'000	Council Tax £'000	Total £'000
Provision Brought Forward	354	1,233	1,587
Adjustment to Provision in Year	314	289	603
Write on / Write-offs (-)	-212	-333	-545
Provision Carried Forward	456	1,189	1,645

Collection Fund Provision for Bad and Doubtful Debts

(F) COLLECTION FUND SURPLUSES AND DEFICITS

The year-end surplus or deficit on the Collection Fund is to be shared between billing and precepting authorities on the basis of estimates made on 15th January of the year-end balance. For 2007/08 there was no distribution of surplus based on this calculation.

There was an in-year deficit of £585,425 on the Collection Fund in 2007/08. Two "one off" factors contributed to this. The first was media coverage highlighting issues with Council Tax bandings. This led to a high number of appeals nationwide, and Bassetlaw was no exception. The effect of the successful appeals and consequent amendments was that the Valuation Office Agency had to reduce the bandings of the properties involved, many of which were backdated to 1993. In turn this reduced the amount due and caused many high value refunds.

The second factor was the flooding in parts of the District in June and July 2007. This led to many households being displaced because their property had become uninhabitable. In this situation the Council correctly applied an uninhabitable exemption to the property. Again this dramatically reduced the amount due from Council Taxpayers.

The overall effect of this was to change the balance on the Account from a surplus of £471k at 31st March 2007 to a deficit of £114k at 31st March 2008.

The deficit on the Collection fund at 31st March 2008 will be met in a subsequent year by the District Council, Nottinghamshire County Council, the Police Authority and the Fire Authority in proportion to the value of the respective demands and precepts made on the Collection Fund.

The balance at 31st March 2008 has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the precepting authorities and the billing authority as follows:

2006/07 £000	AUTHORITY	2007/08 £000
-49	Bassetlaw District Council	9
-358	Nottinghamshire County Council	89
-43	Nottinghamshire Police Authority	12
-21	Nottinghamshire Fire Authority	4
-471	Balance at 31st March	114

Collection Fund - Share of Balance

The amounts attributable to the County Council and the Police and Fire Authorities above are shown as debtors in the 2007/08 Balance Sheet (2006/07 comparables shown as creditors).

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. The company's principle activity during the year was the management and maintenance of the housing stock owned by the Council, which numbered 6,959 dwellings as at 31 March 2008 (7,001 as at 31 March 2007). 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 Bassetlaw Ltd. The Council uses all daily cash balances for treasury management purposes. Short-term borrowing and investments are reflected in the Balance Sheet of Bassetlaw District Council only. To enable a Group Cash Flow to be prepared the A1 Bank Account, held under a BDC Mandate has been recognised as such within the Group Cash Flow. An adjustment has therefore been done between A1 Debtors and A1 cash and bank to enable a cash flow to be prepared.

The accounting policies of A1 Housing Bassetlaw Ltd are consistent with those of Bassetlaw District Council.

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 2007/08

2006/07 Net Total £'000		2007/08 Gross Expend £'000	2007/08 Gross Income £'000	2007/08 Net Total £'000
1,235	Central Services to the Public	9,855	-8,557	1,298
11,926	Cultural, Env & Planning Services	15,621	-3,619	12,002
793	Highways	1,814	-1,010	804
1,851	Housing Services- General Fund	23,664	-22,036	1,628
1,837	Corp & Democratic Core	2,598	-310	2,288
14	Non Distributed Costs	173	0	173
17,656	Gross Expenditure and Income	53,725	-35,532	18,193
-3,065	Housing Services – Housing Revenue	26,974	-29,948	-2974
277	Exceptional Items of Group not included in costs of specific services	84	0	84
14,868	Net Cost of Services	80,783	-65,480	15,303
176	Gain or Loss on Disposal of Assets	60	0	60
532	Parish Precepts	617	0	617
2,420	Interest payable and similar charges	2,056	0	2,056
-607	Interest and Investment Interest	0	-697	-697
1,313	Pensions Interest Costs and Expected return on Assets	5,120	-3,987	1,133
2,688	Contribution to Housing Pooled Capital Receipts	1,640	0	1,640
0	Taxation of Group Entities	0	0	0
21,390	Net Operating Expenditure Before Reserves Movements	90,276	-70,164	20,112
-1,699	General Government Grants			-2,100
-8,729	Non Domestic Rates Distribution			-9,232
-5,508	Demand on Collection Fund			-5,768
5,454	Income and Expenditure Account Deficit/Surplus (-)			3,012

Group Income and Expenditure Account

STATEMENT OF MOVEMENT ON GROUP BALANCES 2007/08
--

2006/07 £'000		2007/08 Group Total £'000
5,454	Income and Expenditure Account Surplus (-) / Deficit	3,012
-4,819	Net Additional Amount Required by Statute to be debited or credited to the Income and Expenditure Account	-4,009
0	Transferred from other balances	-62
-836	Balance Brought Forward	-201
-201	Balance Carried Forward	-1,260

Statement of Movement on Group Balances

RECONCILIATION OF THE SINGLE ENTITY SURPLUS OR DEFICIT FOR THE YEAR TO THE GROUP SURPLUS OR DEFICIT
--

2006/07 £'000		2007/08 £'000
4,721	Surplus (-) / Deficit on Authority's own Income and Expenditure Account	2,920
-8,563	Adjustments for Transactions with other group Entities	-8,737
-3,842	Surplus in the Group Income and Expenditure Account attributable to the Authority	-5,817
9,296	Surplus (-) / Deficit from Subsidiary Profit and Loss Account	8,829
5,454	Group Account Surplus (-)/Deficit	3,012

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

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2006/07 Total £'000	2006/07 Restated £'000		Bassetlaw District Council £'000	A1 Housing £'000	2007/08 Total £'000
5,454	5,454	Surplus (-) / Deficit on Income and Expenditure Account	2,920	92	3,012
-14,475	-9,578	Surplus (-) / Deficit on revaluation of fixed assets	-91,116	0	-91,116
-6,429	-6,429	Actuarial Gains (-) / Loss on Pension Fund assets and liabilities	5,709	2,123	7,832
341	1,097	Any other Net Gains (-) / Losses recognised in this statement	-20	-306	-326
0	0	De-recognition of Premiums and Discounts – Exceptional Item	1,353	0	1,353
-15,791	-9,456	Total Recognised Gains (-) and Losses	-81,154	1,909	-79,245
		Cummulative Effect on Reserves of Prior Period Adjustments			
		Total Recognised gains (-) and losses			-85,580
		Prior Period Adjustments			6,335
		Total Recognised gains (-) and losses since published Statement of Accounts 2006/07			-79,245

Group Statement of Total Recognised Gains and Losses

GROUP BALANCE SHEET

Restated 2006/07 Total £'000		Bassetlaw District Council £'000	A1 Housing £'000	Adjust- ments £'000	2007/08 Total £'000
	Fixed Assets				
	<u>Intangible Assets</u>				
569	Software	424	0	0	424
569		424	0	0	424
	<u>Operational Assets</u>				
231,827	Council Dwellings	308,029	0	0	308,029
19,919	Other Land and Buildings	35,185	0	0	35,185
1,787	Vehicles, Plant and Equipment	1,593	0	0	1,593
671	Infrastructure Assets	755	0	0	755
2,620	Community Assets	2,254	0	0	2,254
256,824		347,816	0	0	347,816
	<u>Non Operational Assets</u>				
4,795	Assets Under Construction	0	0	0	0
9,064	Investment Assets	20,871	0	0	20,871
271,252	Total Fixed Assets	369,111	0	0	369,111
50	Long Term Investments	50	0	0	50
135	Long Term Debtors	81	0	0	81
1,645	Deferred Premia on the Early Repayment of Borrowing	0	0	0	0
273,082	Total Long Term Assets	369,242	0	0	369,242
	<u>Current Assets</u>				
185	Stocks and Works in Progress	84	79	0	163
10,739	Debtors	8,682	1,028	-845	8,865
4,156	Investments	13,178	0	0	13,178
189	Cash and Bank	96	0	247	343
15,269	Total Current Assets	22,040	1,107	-598	22,549
	<u>Current Liabilities</u>				
-2,508	Borrowing repayable on demand or within 12 months	-13,608	0	0	-13,608
-7,598	Creditors	-9,639	-1,258	598	-10,299
-583	Bank Overdraft	0	0	0	0
-1,374	Capital Contributions Unapplied	-443	0	0	-443
-12,063	Total Current Liabilities	-23,690	-1,258	598	-24,350
276,288	Total Assets less Current Liabilities	367,592	-151	0	367,441
	<u>Long Term Liabilities</u>				
-38,920	Long Term Borrowing	-41,178	0	0	-41,178
-809	Government Grants Deferred	-2,188	0	0	-2,188
-35,895	Liability related to defined benefit pension scheme	-39,544	-4,622	0	-44,166
200,664	Total Assets less Liabilities	284,682	-4,773	0	279,909

2006/07 Total £'000		Bassetlaw District Council £'000	A1 Housing £'000	2007/08 Total £'000
	Reserves			
599	Earmarked Reserves	431	0	431
1,049	LABGI Earmarked Reserve	1,260	0	1,260
0	Revaluation Reserve	87,254	0	87,254
3,605	Usable Capital Receipts	4,184	0	4,184
-35,895	Pension Reserve	-39,544	-4,622	-44,166
228,868	Capital Adjustment Account	228,459	0	228,459
0	Financial Instruments Adjustments Account	-1,427	0	-1,427
120	Deferred Capital Receipts	77	0	77
0	Major Repairs Reserve	0	0	0
49	Collection Fund	-9	0	-9
715	Housing Revenue Account Balance	1,233	0	1,233
1,919	General Fund	2,764	0	2,764
-365	A1 Profit and Loss Reserve	0	-151	-151
200,664	Total Reserves	284,682	-4,773	279,909

Group Balance Sheet

GROUP CASH FLOW STATEMENT

2006/07 Total		2007/08 Bassetlaw District Council £'000	2007/08 A1 Housing £'000	2007/08 Total £'000
£'000				
-1,500	Net cash inflow/outflow from Revenue Activities	-17,794	10,970	-6,824
	Dividends from Joint ventures			
	CASH INFLOWS			
0	- Dividends Received	0	0	0
	Returns on Investments and Servicing of Finance			
	CASH OUTFLOWS			
1,461	- Interest Paid	1,903	0	1,903
0	Preference Dividend paid to minority Interest			
0	Interest element of finance lease rental payments			
	CASH INFLOWS			
-546	- Interest Received	-527	0	-527
0	- Dividends received from Investments	0	0	0
0	Taxation	0	0	0
	Capital Expenditure and Financial Investment			
	CASH OUTFLOWS			
13,527	- Purchase of fixed assets	17,767	0	17,767
0	- Purchase of long-term investments	1,592	0	1,592
1,692	- Other capital cash payments	-53	0	-53
	CASH INFLOWS			
-3,911	- Sale of Fixed Assets	-4,579	0	-4,579
-67	- Long Term Debtors	0	0	0
-522	- Capital Grants Received	-4,799	0	-4,799
-148	- Other capital cash receipts	-1,747	0	-1,747
0	Equity dividends paid			
	Acquisitions and disposals			
	CASH OUTFLOWS			
0	-Investments in associates or joint ventures	0	0	0
0	- Investments in subsidiary undertakings	0	0	0
0	- Net overdrafts acquired with subsidiary	0	0	0
	CASH INFLOWS			
0	- Net cash acquired with subsidiary	0	0	0
0	- Sales of investments in subsidiary undertakings	0	0	0
0	- Sales of investments in associates and joint ventures	0	0	0
9,986	Net cash inflow/outflow before financing	-8,237	10,970	2,733
	Management of Liquid Resources			
-9,618	Net increase/decrease in short-term deposits	0	0	0
0	Net increase/decrease in other liquid resources	9,022	0	9,022

'Bassetlaw is moving up a gear...'

	FINANCING			
	CASH OUTFLOWS			
16,308	- Repayments of amounts borrowed	3,508	0	3,508
	- Capital element of finance lease rental payments	0	0	0
0	- Purchase/redemption of share capital	0	0	0
	CASH INFLOWS			
0	Issue of Share Capital	0	0	0
-15,800	New loans raised	-15,000	0	-15,000
-2,000	New short-term loans	-1,000	0	-1,000
-11,110	Net Cash outflow/inflow (-) on Financing	-3,470	0	-3,470
-1,124	NET INCREASE/DECREASE IN CASH	-11,707	10,970	-737

Group Cash Flow Statement

NOTES TO THE GROUP ACCOUNTS

1. MATERIAL ADDITIONAL AMOUNTS

There are no material, additional amounts or details to the disclosure notes contained within the Statement of Accounts in relation to A1 Housing Bassetlaw Ltd.

2. 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.

3. 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 £8.645m in 2007/08 and £8.563m in 2006/07.

A1 Housing Bassetlaw Ltd prepares their accounts under the requirements of the Companies Act. A1 Housing Bassetlaw Ltd has incorporated the requirements of FRS17 relating to pensions within their accounts.

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 tables above. The adjustments are related to the amounts owed/due between Bassetlaw District Council and A1 Housing Bassetlaw Ltd and vice versa.

A1 Housing Bassetlaw Ltd has created a debtor of £247k (£189k in 2006/07) to reflect their bank balance position. This amount has been included in the A1 Housing Bassetlaw Ltd Balance Sheet as cash and bank on consolidation.

Bassetlaw District Council

Debtors reduced by £0.008m to £8,674m (£0.289m to £11.545m 2006/07)

Creditors reduced by £0.590m to £9,049m (£0.738m to £7.320m 2006/07)

A1 Housing Bassetlaw Ltd.

Debtors reduced by £0.837m to £0.191m (£0.738m to £0.337m 2006/07)

Creditors reduced by £0.008m to £1.250m (£0.289m to £1.241m 2006/07)

Cash and Bank increased by £0.247m to reflect the A1 Account balance.

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.

4. STATUS OF A1 HOUSING BASSETLAW LTD

The company is limited by guarantee without share capital. The liability of the members in the event of winding up is limited to £1 for each member.

5. PRIOR PERIOD ADJUSTMENTS

Prior Period Adjustments relating to Bassetlaw District Council (see Note 2 to the Core Financial Statements) have been incorporated into the 06/07 Group Accounts.

ANNUAL GOVERNANCE STATEMENT

1. Introduction

- 1.1 The preparation and publication of an annual governance statement is necessary to meet the statutory requirement set out in Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 which requires authorities to conduct a review at least once a year of the effectiveness of its system of internal control and to prepare a statement on internal control "in accordance with proper practices".
- 1.2 "Proper practices" is defined through the 2007 CIPFA/SOLACE publication "Delivering Good Governance in Local Government – Framework", which has statutory backing and is effective for the 2007/08 reporting year.

2. Scope of Responsibility

- 2.1 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.
- 2.2 Bassetlaw District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 2.3 In discharging this overall responsibility, Bassetlaw District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

3. The Purpose of the Governance Framework

- 3.1 Governance is about how local government bodies "ensure that they do the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which the Authority is directed and controlled and through which they account to, engage with and, where appropriate, lead their communities". It also enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivering of appropriate, cost effective services.
- 3.2 The system of internal control is a significant part of that framework, 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.
- 3.3 The governance framework has been in place at Bassetlaw District Council for the year ended 31 March 2008, and up to the date of approval of the Statement of Accounts.

4 Internal Control / Governance Framework

- 4.1 The Authority was asked to approve a "Local Code of Corporate Governance" at its meeting on 30th June which recognises that effective governance is achieved through the following core principles:
- (i) Focussing on the purpose of the Authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.
 - (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles.
 - (iii) Promoting the values of the authority and demonstrating the values of good governance through behaviour.
 - (iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
 - (v) Developing the capacity and capability of Members to be effective and ensuring that officers – including the statutory officers – also have the capability and capacity to deliver effectively.
 - (vi) Engaging with local people and other stakeholders to ensure robust local public accountability.
- 4.2 The table overleaf demonstrates how these core principles have been upheld during the year 2007/08.
- 4.3 An Action Plan is included as Appendix "A" to this statement showing the actions the Council proposes to take in 2008/09 to strengthen its compliance with the core principles.

Core Principle	Supporting Principles	Specific Actions
<p>Focussing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area</p>	<p>Exercising strategic leadership by clearly communicating the authority's purpose and vision and its intended outcome for citizens and service users.</p> <p>Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning.</p> <p>Ensuring that the authority makes best use of its resources and that tax payers and service users receive excellent value for money.</p>	<ul style="list-style-type: none"> The Authority's purpose and vision is published in the Council's Corporate Plan – <i>Bassetlaw – Moving Up A Gear 2007-2010</i>. The Corporate Plan provides a basis for corporate and service planning and shaping the Community Strategy - <i>Moving Forward – 2007 – 2009</i> and the Nottinghamshire Local Area Agreement. The Council reviews on a regular basis the Authority's vision for the local area. The Authority publishes reports on a timely basis to communicate the Authority's activities and achievements, its financial position and performance e.g. Annual Best Value Performance Plan, Quarterly Performance Reports to Scrutiny, Annual Report on the Corporate Plan to Cabinet. The Council has decided how the quality of service for users is to be measured and makes sure that the information needed to review service quality effectively and regularly is available. The Council sets service standards and has an effective monitoring process in place. The Council has a Partnership Toolkit in place. The toolkit ensures that all partnerships focus on 8 areas of principle. These are as follows: <ul style="list-style-type: none"> Defined objectives Robust Financial Management/Financial Regulations Proper Constitutional Framework/Legal Framework Defined Codes of Conduct Commitment to Equality and Diversity Robust Performance Management and Monitoring arrangements Clear accountability reporting/scrutiny arrangements Embedded risk management The Council's Key Partnerships are held on a Partnership Register. On an annual basis each key partnership is self-assessed against the key principles identified in the Partnership Toolkit. The Authority's key Partnerships are reported to Cabinet annually. The Authority has effective arrangements in place to deal with failure in service delivery. This is achieved through the Council's performance management framework. The Authority has a Value for Money Strategy in place. The Strategy includes how value for money is to be measured and ensures that it has the information needed to review value for money and performance effectively.
<p>Members and officers working together to achieve a common purpose with clearly defined functions and roles</p>	<p>Ensuring effective leadership throughout the Authority by being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.</p> <p>Ensuring that a constructive working relationship exists between elected Members and officers and that the responsibilities of Members and officers are carried out to a high standard.</p>	<ul style="list-style-type: none"> The Authority has set out a clear statement of the respective roles and responsibilities of the Council's Cabinet and other Committees Effective monitoring arrangements are in place to monitor service delivery through the council's performance management framework. The Authority has put in place effective management arrangements at the top of the organisation. The Authority has in place a Scheme of Delegation, which is under periodic review The Authority has determined that the Chief Executive is responsible and accountable to the Council for all aspects of operational management. The Authority has developed effective processes to ensure effective communication between members and officers in their respective roles.

Core Principle	Supporting Principles	Specific Actions
Promoting the values of the authority and demonstrating the values of good governance through behaviour	Ensuring Authority Members and officers exercise leadership by behaving in ways that uphold high standards of conduct and exemplify effective governance. Ensuring that organisational values are put into practice and are effective.	<ul style="list-style-type: none"> The Authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect. The Authority has ensured that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the Authority, its partners and the community are defined and communicated through statutory and other codes of conduct. The Authority has put in place arrangements to ensure that members and staff of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice. The Authority has developed shared values including leadership values both for the Council and its staff reflecting public expectations about the conduct and behaviour of individuals and groups within and associated with the Council. The Authority has put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and to monitor their continuing compliance in practice. The Authority has an effective Standards Committee in place. The Authority uses the Council's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council. The Authority when pursuing partnerships, agree a set of values against which decision-making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	Exercising leadership by being rigorous and transparent about how decisions are taken and listening to and acting upon the outcome of constructive scrutiny.	<ul style="list-style-type: none"> The Authority has developed an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible. The Authority has developed open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based. The Council has put in place arrangements so that conflicts of interest on behalf of members and employees can be avoided. The Authority has put in place a Whistle Blowing policy to which staff and all those contracting with the authority have access. The Authority has put in place effective transparent and accessible arrangements for dealing with complaints. The Council has put in place an Overview and Scrutiny Committee which acts as an Audit Committee and is independent of the Cabinet. The Authority has developed an effective Standards Committee that lies at the heart of decision-making and awareness raising on standards issues.

Core Principle	Supporting Principles	Specific Actions
	<p>Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.</p> <p>Making sure that an effective risk management system is in place.</p> <p>Recognising the limits of lawful action and observing both the specific requirements of legislation and the general responsibilities placed on local authorities by public law, but also accepting responsibility to use their legal powers to the full benefit of the citizens and communities in its area.</p>	<ul style="list-style-type: none"> The Authority has ensured that those making decisions are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications. The Council has ensured that professional advice on legal and financial matters is available and recorded well in advance of decision-making and used appropriately when decisions have significant legal or financial implications. The Authority has ensured that risk management is embedded into the culture of the Council, with Members and managers at all levels recognising that risk management is part of their job and a duty placed on all. The Authority has ensured that effective arrangements for whistle blowing are in place to which officer, staff and all those contracting with or appointed by the Council have access. The Authority has observed all specific legislative requirements placed on itself, as well as the requirements of general law, and in particular to integrate the key principles of administrative law – rationality, legality and natural justice into its procedure and decision making. The Authority when working in partnership has put in place protocols for working together which include a shared understanding of respective roles and responsibilities of each organisation. The Authority when working in partnership has ensured that there are robust procedures for scrutinising decisions and behaviour and that these decisions and behaviour are compliant with any local authority rules/codes or complies with any rules/codes developed for the purpose of the partnership. The Authority when working in partnership has ensured that partnership papers are easily accessible and meetings are held in public unless there are good reasons for confidentiality. <ul style="list-style-type: none"> The partners must ensure that <ul style="list-style-type: none"> The partnership receives good quality advice and support and information about the views of citizens and stakeholders, so that robust and well reasoned decisions are made Risk is managed at a corporate and operational level
<p>Developing the capacity and capability of Members to be effective and ensuring that officers – including the statutory officers – also have the capability and capacity to deliver effectively</p>	<p>Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.</p> <p>Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.</p> <p>Encouraging new talent for membership of the authority so that best use can be made of resources in balancing continuity and renewal.</p>	<ul style="list-style-type: none"> The Authority provides training programmes tailored to individual needs for Members and Officers to update their knowledge on a regular basis. The Authority has ensured that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority. The Authority has assessed the skills required by members and officers and makes a commitment to develop those skills to enable roles to be carried out effectively. The Authority develops skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed. The Council has ensured that career structures are in place for Members and Officers to encourage participation and development.
<p>Engaging with local people and other stakeholders to ensure robust local public accountability</p>	<p>Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders including partnerships, and develops constructive accountability</p>	<ul style="list-style-type: none"> The Authority has made clear to itself, all staff and the community, to whom they are accountable and for what. The Council produces an annual report on the activity of the scrutiny function. The Council conducts an annual evaluation on its scrutiny function.

Core Principle	Supporting Principles	Specific Actions
	<p>relationships.</p> <p>Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Authority, in partnership or by commissioning.</p> <p>Making best use of resources by taking an active and planned approach to meet responsibility to staff.</p>	<ul style="list-style-type: none"> • The Authority has established clear channels of communication with all sections of the community and other stakeholders and has put in place monitoring arrangements to ensure that they operate effectively. • The Authority holds meetings in public unless there are good reasons for confidentiality. • The Authority has put in place arrangements to enable the authority to engage with all sections of the community effectively. These arrangements recognise that different sections of the community have different priorities and established processes are in place for dealing with these competing demands. • The Authority has established a clear policy on the types of issues they will meaningfully consult or engage with the public and service users including a feedback mechanism for those consulted. • The Authority on an annual basis publishes reports giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period. • The Council ensures that the authority as a whole is open and accessible to the community, service users and its staff and ensures that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so. • The Authority has put in place an effective system to protect the rights of staff. It has ensured that policies for whistle blowing are accessible to staff and those contracting with the authority and arrangements for the support of whistle blowers are in place. • The Authority has developed a clear policy on how staff and their representatives are consulted and involved in decision-making.

5. Strategic Risk Management

5.1 The Council has adopted a corporate risk management strategy, and operates a fully integrated risk management system across the organisation which now involves:

- The Leader of the Council being responsible for risk management.
- Members and senior officers trained in risk management.
- A corporate risk register.
- Operational risk registers, regularly monitored by the relevant heads of service.
- Action plans to mitigate the top corporate risks.
- Identifying risks on all reports to Council, Cabinet or committees.
- Identifying project risks for major capital schemes before approval.
- Strategic risks cross referenced to the council's ambitions and priorities, detail the risk and mitigation owners and explain the potential consequences if risks materialise.
- Appropriate control measures being in place.
- Specific areas of risk, for example those relating to financial instruments, being managed through policies, associated practice notes and indicators.

6. Review of Effectiveness

6.1 Bassetlaw District 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 Directors, Heads of Service and Managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the Council's external auditors and other review agencies and inspectorates.

6.2 The process of maintaining and reviewing the effectiveness of the system of internal control includes the following measures and actions:

- The Council carries out a programme of monitoring which runs throughout its annual cycle. This includes: quarterly scrutiny of all budgets; regular reviews of Service Plans by Heads of Service/Directors; quarterly monitoring of Best Value Performance Indicators/Local Public Service Agreement (BVPs/LPSA); and bi-annual monitoring of the Corporate Plan.
- The Executive carries out functions that are not the responsibility of any other part of the authority. Members of the Executive are assigned portfolio areas. This allows the Executive to monitor the activities of the authority. Executive Members each have a specific Role Description setting out the responsibilities of their portfolio.
- There is a robust and well-established Overview and Scrutiny function which is delivered through the Performance, Improvement and Scrutiny and the Overview and Scrutiny committees.
- The Monitoring Officer carries out a continuous review of all legal and ethical matters, receiving copies of all agendas, minutes, reports and associated papers, commenting when necessary, or taking appropriate action, should it be required. The Monitoring Officer is also responsible for monitoring the Local Code of Corporate Governance.
- The Head of Finance and Property (S151 Officer) has led the Group drafting the Local Code of Corporate Governance.
- The Standards Committee is responsible for standards and probity, and receives regular reports from the Monitoring Officer.

- The Overview and Scrutiny Committee carries out an overview of the activities of the Council's internal and external audit functions. Members are provided with copies of all reports produced by Internal Audit and by the Audit Commission. They approve the annual plans for each, and receive regular progress reports throughout the year. The Internal Audit Manager submits to them an Annual Report and Opinion, and the external auditor (Audit Commission) submits an Annual Audit and Inspection Letter.
- The Internal Audit service is delivered in partnership with a private firm of auditors, providing a continuous review in accordance with the Council's obligations under the Local Government Act 1972, and the Accounts and Audit Regulations 2006. It operates under the APB (Auditing Practices Board) Guidelines and CIPFA Code of Practice for Internal Audit in Local Government.
- The Council's external auditors (Audit Commission) review the activities of the Council and approve the annual accounts. Conclusions and significant issues arising are included in their report to those charged with governance.

7. Efficiency / Value For Money

- 7.1 The Council prides itself on delivering quality services at an affordable price, and is recognised as being efficient.
- 7.2 There is strong commitment to the principles of Best Value and continuous improvement. The Best Value Review methodology takes into account the requirement of the Gershon efficiency and collaboration agendas. An essential part of Internal Audit's role is to make recommendations where appropriate through management Action Plans to ensure measures are taken to improve and strengthen the efficiency and effectiveness of the Council's services.
- 7.3 The Council continues to develop its budgetary monitoring and control processes to ensure that financial resources are used to their best advantage. Service Planning underpins financial planning with increased expenditure in any service being justified to the CMT or, where necessary, approved by Cabinet. Key to the service planning process is a requirement to demonstrate planning for continuous improvement over several years. The Performance Improvement and Scrutiny Committee is tasked with prioritizing resources to ensure that the objectives within the Best Value Performance Plan are supported by the individual service plans and that improvements are in line with corporate objectives. Economic and efficient use of services is subject to review through the work of both internal and external audit.

8. Financial Management

- 8.1 Ensuring that an effective system of internal financial control is maintained and operated is the responsibility of the S151 Officer. The systems of internal financial control provide reasonable, but not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
- 8.2 Internal financial control is based on a framework of management information, financial regulations and administration procedures, which include the separation of duties, management supervision and a system of delegation and accountability. Ongoing development and maintenance of the various processes may be the responsibility of other managers within the Council. In particular, the Council's current processes (2007/08) include the following:

- the setting of annual budgets;
- monitoring of actual income and expenditure against the annual budgets;
- a mid year review of the annual budget;
- monthly budget reviews to estimate the likely outturn figures;
- periodic reporting of the Council's financial position to Members;
- clearly defined capital expenditure guidelines as outlined in the Capital Strategy;
- the monitoring of finances against a Medium Term Financial Strategy.

8.3 During 2007/08, the Council has strengthened these processes and this, amongst other things, has had a positive effect on the Council's "Use of Resources" score.

8.4 The Council is producing comprehensive procedure notes/manuals for all key financial systems on a phased basis. The controls created by management are evaluated to ensure:

- Council objectives are being achieved;
- economic and efficient use of resources;
- compliance with policies, procedures, laws and reputations;
- the safeguarding of Council assets;
- the integrity and reliability of information and data.

8.5 The Council's financial management arrangements consist of a number of interlocking strands:

- Financial Procedure Rules – These provide the framework for managing the Council's financial affairs. They identify the financial responsibilities of the Cabinet, Portfolio Holder and Officers. They also set out the procedures that the Council has adopted for financial planning, budgeting, risk management, auditing, treasury management and procurement of goods and services, including standing orders for contracts.
- Medium Term Financial Planning – The Council publishes revenue and capital projects for a three-year period. The projections are reviewed and updated on an annual basis. Additionally, to inform the capital planning process the Council has developed a Capital Strategy to prioritise, target and measure the performance of its capital resources. The Strategy has been developed in consultation with stakeholders and partners and is coordinated as part of the Development Bid process.
- Budget Preparation – The Council has a robust budgetary process driven by the objectives outlined in its Best Value Performance Plan. In 2007/08 the Council strengthened the links between the budget and the Plan, by continuing to develop a process to prioritise the allocation of resources in line with the objectives of the plan.
- Budget Management – A protocol is in place for the management of budget overspends and underspends and the Council's financial reserves that is designed to manage areas of known budget risk, the planning for predictable budget peaks and change management issues. In addition a review is taking place to identify reasons for underspends and implement systems to avoid material variances. All earmarked reserves are reviewed regularly by the Director of Resources and the Head of Finance and Property Services.
- Budgeting, Monitoring and Reporting – Officers are provided with information enabling them to manage their budgets. All budgets are assigned to responsible Officers. Additionally, key budget control information is produced on a monthly basis for managers and quarterly to PISC. In 2008/09 this information will also be reported to the Cabinet.

- **Performance Management** – The Council has had a performance management framework for several years based on a range of local and national performance indicators. It was identified as a strength in the CPA. The Council's strategic priorities are monitored through the performance management framework. Every action in the Council's revised strategic plan has a responsible Officer and each action has its own performance measure. Performance data is reported quarterly to CMT and to the Performance and Improvement Committee, and on an annual basis to Cabinet. An annual progress report is published on the Council's website and the Council feeds back progress direct to community groups and through its newspaper 'Bassetlaw News'. Areas where performance is below target are highlighted and responsible Officers are required to provide a Performance Improvement Plan for these items. The Council uses benchmarking figures to compare itself with other Council's and is working on re-engineering processes as a key step to improving performance.

The Council has a comprehensive software package to enhance performance monitoring. The system enables a more sophisticated analysis of performance trends, provides early warnings of dips in performance, provides instant access to performance information for all Members and Managers, enables comparisons to be made quickly with previous years performance, national benchmarks and similar authorities and tracks progress of implementing key actions and priorities.

9. Use Of Resources Auditor Judgement

- 9.1 In January 2008, the Council received its "Use of Resources" Auditor Judgement for 2007.
- 9.2 The assessment evaluates how well local authorities manage and use their financial resources, and focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Authority's priorities and improve services.
- 9.3 The assessment concluded that Bassetlaw scored an overall 3 out of 4: "*consistently above minimum requirements – performing well*". This is a considerable improvement on the overall 2 score in 2006. Individual scores are detailed below, compared with the previous year;

Key Line of Enquiry	2006 Score	2007 Score
Financial Reporting	2	3
Financial Management	3	3
Financial Standing	3	3
Internal Control	2	2
Value for Money	2	2

- 9.4 An action plan has been developed to ensure that the Council further improves and maintains performance in each aspect of the Use of Resources judgement.

10. Group Activities

10.1 The Council's only Group activities relate to the ALMO, A1 Housing.

10.2 From an internal control perspective;

- A1 Housing utilises the Council's corporate systems and are safeguarded by the controls therein.
- A1 Housing finance staff are included in some council wide finance working groups / meetings.
- There are regular monitoring meetings between Officers of A1 Housing and Officers of the Council at senior level.
- A1 Housing has its own appointed external auditors.
- Equally, A1 Housing is subject to examination by the Council's own Internal Audit Service.
- A1 Housing has its own risk management arrangements which in 2007 the Audit Commission found to be "robust and well embedded".
- A1 has its own Financial Regulations and Contract Procedure Rules which were approved by the Council in 2006.
- A1 has its own financial monitoring arrangements, with management accounts prepared on a monthly basis and reviewed by the A1 Board and/or A1's Audit and Accounts Committee.

11. Significant Governance Issues

11.1 The Effectiveness Statement set out in section 6 above demonstrates that the control environment is operating effectively. Further evidence to support this conclusion comes from:

- The Annual Review of the effectiveness of Internal Audit systems which concluded:
 - "The overall results are good".
 - "The required standards of the Code (of Practice Self-Assessment Compliance) have been met".
- The Acting Audit Manager's Annual Report for 2007/08, which concluded:
 - "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. Areas identified included the need to:
 - adhere to Standing Orders/Financial Regulations, especially in respect of the ordering of Goods and Services and the control and monitoring of Income;
 - adhere to Contract Procedure Rules, especially in respect of Tender and Quotation procedures;
 - revise, update or introduce Procedure Notes/Standard Documentation;
 - complete an annual reconciliation between the Fixed Asset Register and Land Terrier records;
 - complete timely reconciliations between the sub-systems and the Main Accounting System;

- increase/introduce supervisory checks on output, to compensate for the lack of division of duties, etc.;
- address security issues in respect of Computer Access; and
- implement improvements in the processes for checking insurance cover”.
- “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”.
- “During the course of the year, a total of 289 recommendations were made, of which, 280 were accepted and either have been implemented or are to be implemented”.
- The 2006/07 Annual Audit Memorandum / “Report to Those Charged with Governance” which concluded:
 - “There are no unadjusted misstatements for us to bring to the attention of Members”
 - “In our view, the Statement on Internal Control (SIC) has been prepared in accordance with proper practice specified by CIPFA and is consistent with the findings from our audit”.
 - “Bassetlaw District Council has made proper arrangements to ensure economy, efficiency and effectiveness in its use of resources for the year ending 31st March 2007.”
 - “The only significant issue arising was that the Council has not been able to fully comply with the SORP as it has not compiled and included a group cash flow statement in its statement of accounts. We understand this is because the council has not been able to obtain the relevant information from A1 Housing”.
 - “We identified no material weaknesses” in the systems of accounting and financial control.

11.2 We propose over the coming year to take steps to address the issues identified within the Action Plan (Appendix “A”), to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness, and we will monitor their implementation and operation as part of our next annual review.

Signed:
Chief Executive



Date 30th June 2008

Council Leader



Date 30th June 2008

2007/08 ANNUAL GOVERNANCE STATEMENT – APPENDIX “A”

Core Principle	Supporting Principles	Specific Actions	Action By
Focussing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area	Exercising strategic leadership by clearly communicating the authority's purpose and vision and its intended outcome for citizens and service users.	<ul style="list-style-type: none"> To review the Corporate Plan and ensure that any changes to the Authority's vision for the area is reflected in the Authority's governance arrangements. 	Head of Community Engagement and Performance by 31 st March 2009.
Members and officers working together to achieve a common purpose with clearly defined functions and roles	Ensuring that a constructive working relationship exists between elected Members and officers and that the responsibilities of Members and officers are carried out to a high standard.	<ul style="list-style-type: none"> Produce and agree written protocols for the working relationship between Members and Officers including a clear statement of their respective roles. 	Council's Solicitor by 31 st March 2009.
Promoting the values of the authority and demonstrating the values of good governance through behaviour	Ensuring that organisational values are put into practice and are effective.	<ul style="list-style-type: none"> Introduce a set of core values for all Bassetlaw District Council employees. Introduce a "Specific Value" award scheme. 	<p>Head of Community Engagement and Performance by 31st May 2008.</p> <p>Head of Community Engagement and Performance by 31st July 2008.</p>
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.	<ul style="list-style-type: none"> Revise VFM Strategy and undertake a series of VFM reviews. Adopt a Sustainability Strategy and initiate impact assessments for all key decisions 	<p>Head of Finance and Property by 30th November 2008.</p> <p>Head of Finance and Property by 31st December 2008.</p>

Core Principle	Supporting Principles	Specific Actions	Action By
Developing the capacity and capability of Members to be effective and ensuring that officers – including the statutory officers – also have the capability and capacity to deliver effectively	Recognising the limits of lawful action and observing both the specific requirements of legislation and the general responsibilities placed on local authorities by public law, but also accepting responsibility to use their legal powers to the full benefit of the citizens and communities in its area.	<ul style="list-style-type: none"> Produce a guidance note for Members and Officers that recognises the limits of lawful activity placed on the Council by the "ultra vires" doctrine, but also explains how the powers can be utilised to the full benefit of the community. Introduce Participatory Budgeting to develop the interaction between the Authority and its stakeholders. 	<p>Council's Solicitor by 31st March 2009.</p> <p>Head of Finance and Property by 30th November 2008.</p>
	Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.	<ul style="list-style-type: none"> Produce and deliver a training plan for Members of the Overview and Scrutiny Committee to enable them to effectively discharge their scrutiny duties. 	Council's Solicitor by 31 st March 2009.
Engaging with local people and other stakeholders to ensure robust local public accountability	Exercising leadership through a robust scrutiny function, which effectively engages local people and all local institutional stakeholders including partnerships, and develops constructive accountability relationships.	<ul style="list-style-type: none"> Establish a number of Select Panels to review various service areas. 	Head of Community Engagement and Performance by 31 st March 2009.
	Taking an active and planned approach to dialogue with, and accountability to the public to ensure effective and appropriate service delivery whether directly by the Authority, in partnership or by commissioning.	<ul style="list-style-type: none"> Develop a Community Engagement Strategy for the Nottinghamshire Partnership. Ensure that the Partnership makes it clear and demonstrable to the public what has happened with any feedback it received and what has changed as a result. 	<p>Head of Community Engagement and Performance by 31st March 2009.</p> <p>Head of Community Engagement and Performance by 31st March 2009.</p>

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

Opinion on the financial statements

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

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

Respective responsibilities of the Head of Finance and Property and auditor.

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

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

I report to you my opinion as to whether the Authority and Group accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007:

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

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

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

Basis of audit opinion.

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

the Authority in the preparation of the Authority and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

evaluated the overall adequacy of the presentation of information in the Authority and Group accounting statements and related notes.

Opinion

In my opinion:

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

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

Authority's responsibilities

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

Auditor's responsibilities

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

Conclusion

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

Best Value Performance Plan

The District Auditor issued his statutory report on the audit of the Authority's best value performance plan for the financial year 2007/08 on 31 December 2007. He did not identify any matters to be reported to the Authority and did not make any recommendations on procedures in relation to the plan.

Certificate

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

**Andrew Blackburn
District Auditor
Littlemoor House
Littlemoor
Eckington S21 4EF**

30th September 2008

GLOSSARY OF TERMS

ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised; the basis on which it is to be measured, and where in the revenue account or balance sheet it is to be presented.

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.

ADMINISTRATIVE BUILDINGS

Buildings that either have a shared use or are not charged directly to a service. The costs relating to all such buildings are usually pooled and then allocated to the users of the buildings on some appropriate basis (usually the floor area occupied by each user).

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.

BALANCES

Surplus of income over expenditure that may be used to finance expenditure. Balances can be earmarked in the accounts for specific purposes. Those that are not, represent resources set aside for such purposes as general contingencies and cash flow management.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.

BILLING AUTHORITIES

Those authorities that set the council tax and collect the council tax and non-domestic rates.

CAPITAL ADJUSTMENT ACCOUNT

This account replaced the former Capital Financing Account with effect from 1st April 2007 and provides a balancing mechanism between the different rates at which assets depreciated under the SORP and are financed through the capital controls system. It should be noted that this account and the Revaluation Reserve are matched by fixed assets within the balance sheet; they are not resources available to the authority.

CAPITAL CHARGES

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

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 PROGRAMME

The capital projects an authority proposes to undertake over a set period of time. The usual period covered by a capital programme is three to five years.

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.

COUNCIL TAX

The main source of local taxation to local authorities. Council tax is levied on households within its area by the billing authority and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

COUNCIL TAX BASE

The council tax base of an area is equal to the number of band "D" equivalent properties. It is calculated by counting the number of properties in each of the eight council tax bands and then converting this into an equivalent number of band "D" properties (e.g. a band "H" property pays twice as much council tax as a band "D" property and therefore is equivalent to two band "D" properties). For the purpose of calculating revenue support grant, the Government assumes a 100% collection rate. For the purpose of calculations made by a local authority of the basic amount of council tax for its area for each financial year, the authority makes an estimate of its collection rate and reflects this in the tax base.

CURRENT EXPENDITURE

Expenditure on running costs such as that in respect of employees, premises and supplies and services.

DEFERRED CAPITAL RECEIPTS

Amounts derived from the sale of assets that will be received in instalments over agreed periods of time. These arise mainly from mortgages on the sale of council houses.

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

Charges reflecting 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.

EMOLUMENTS

All sums paid to or receivable by an employee and any sums due by way of expenses allowance (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employee or employer are excluded.

EXTERNAL AUDIT

The independent examination of the activities and accounts of local authorities to ensure that the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure that the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

FEES AND CHARGES

Income raised by charging users of services for the facilities. For example, local authorities usually make charges for the use of leisure facilities, car parks and the collection of trade refuse etc.

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 INSTRUMENT

A physical or electronic document that has intrinsic monetary value or transfers value.

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

An account that holds the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

FINANCIAL REPORTING STANDARD (FRS)

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

FINANCIAL YEAR

The local authority financial year commences on 1st April and ends on 31st March the following year.

FIXED ASSET

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

GAAP

Generally Accepted Accounting Principles is the standard framework of guidelines for financial accounting. It includes the standards, conventions and rules accountants follow in recording and summarising transactions and in the preparation of financial statements.

GENERAL FUND

The main revenue fund of a billing authority. Day to day spending on services is met from this fund. Spending on the provision of council housing must be charged to a separate housing revenue account.

GROSS EXPENDITURE

The total cost of providing a council's services before taking into account income from government grants and fees and charges for services.

HOUSING BENEFIT

Financial help given to local authority or private tenants whose income is below prescribed amounts. The Government finances about 95% of the cost of benefits to non HRA tenants ("rent allowances") and the whole of the cost of benefits to HRA tenants (through the rent rebate element of housing subsidy).

HOUSING REVENUE ACCOUNT

A local authority statutory account covering revenue income and expenditure on the housing services relating to its housing stock.

HOUSING SUBSIDY

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

IMPAIRMENT

Impairment occurs when that value of an asset has reduced. This can be either as a result of a general fall in prices or by a clear consumption of economic benefits such as by physical damage to the asset.

INFRASTRUCTURE ASSETS

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

INTERNAL AUDIT

An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. 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. Every local authority is required to maintain an adequate and efficient internal audit. A review of the effectiveness of the internal audit function of a local authority has to be considered and approved by the authority's Members each year.

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.

MINIMUM REVENUE PROVISION (MRP)

The minimum annual provision from revenue towards a reduction in an authority's overall borrowing requirement.

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.

NET EXPENDITURE

Gross expenditure less specific service income, but before deduction of revenue support grant.

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.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

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.

PRIVATE FINANCE INITIATIVE

A means of procurement for delivering investment in public infrastructure that supports public services using a partnership arrangement with private sector. The private sector assumes the majority of the risks of the scheme.

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.

RELATED PARTIES

Two or more parties are related parties when at any one time in the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial or operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- The parties, in entering a transaction are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

- Central Government;
- Local authorities and other bodies precepting or levying demands on the council tax;
- Its subsidiary and associated companies;
- Its joint ventures and joint venture partners;
- Its Members;
- Its Chief Officers.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of close family, or the same household, and
- Partnerships, companies, trusts and other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

RESERVES

Amounts set aside in the accounts for future purposes that fall outside the definition of provisions. They include general balances and reserves that have been earmarked for specific purposes. Expenditure is not charged directly to a reserve, but to the appropriate service revenue account.

REVALUATION RESERVE

This reserve replaced the former Fixed Asset restatement Account on 1st April 2007 and records unrealised revaluation gains arising since that date from holding assets. It should be noted that this reserve and the Capital Adjustment Account are matched by fixed assets within the balance sheet; they are not resources available to the authority.

REVENUE SUPPORT GRANT (RSG)

This funding is the Government Grant provided by the Department of Communities and Local Government (DCLG) that is based on the Government's assessment as to what should be spent on local services. The amount provided by the DCLG is fixed at the beginning of each financial year.

SOFT LOANS

A "soft loan" is where a loan has been made for policy reasons, rather than as a financial instrument. These loans may be interest free or at rates below prevailing market rates. Commonly, such loans are made to local organisations that undertake activities that the authority considers benefit the local population.

STATEMENT OF ACCOUNTS

Local authorities are required to prepare, in accordance with proper practices, a statement of accounts in respect of each financial year, which contains prescribed financial statements and associated notes. Members of the Authority must approve the statement by 30th June following the end of the financial year.

STATEMENT OF RECOMMENDED PRACTICE (SORP)

The accounts have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice. This has introduced a number of changes.

STATEMENT OF STANDARD ACCOUNTING PRACTICE (SSAP)

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

TOTAL COST

The total cost of a service or activity includes all costs that relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads that need to be apportioned.

TRADING SERVICES

Services that are, or are generally, intended to be, financed mainly from charges levied on the users of the service.

USABLE CAPITAL RECEIPTS

Amounts available to finance capital expenditure in future years.