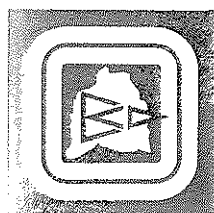


Statement of Accounts 2009 - 10



BASSETLAW
DISTRICT COUNCIL
NORTH NOTTINGHAMSHIRE

**BASSETLAW DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2009/10
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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 during the year?
- 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 Bassetlaw District Council in 2009/10 and comment upon the most significant matters reported in the accounts. This publication incorporates all of 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 2009: A Statement of Recommended Practice (SORP).

The Council's accounts for the year 2009/10 are set out on pages 22 to 95 and comprise:

- **Statement of Accounting Policies.** These explain the treatment and basis of the figures in the accounts. The accounts can only be properly understood if the policies that have been followed in dealing with material items are explained.
- **Statement of Responsibilities for the Statement of Accounts.** Under Regulation 10(2) of the Accounts and Audit Regulations 2009 there is a requirement for the responsible Chief Finance Officer to certify that the Statement of Accounts presents a true and fair view of the financial position of the Council.

Core Financial Statements Comprising:

- **Whole Authority Income and Expenditure Account.** This is a summary of the day-to-day running costs and incomes for the services for which the Council is responsible, including Council housing services. This results in a net balance of either a surplus or deficit.
- **Statement of Movement on the General Fund Balance.** This is a reconciliation showing how the balance of resources generated and consumed during the year (surplus or deficit) links in with the statutory requirements for raising Council Tax.
- **Statement of Total Recognised Gains and Losses (STRGL).** This is a demonstration of how the movement in net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus or deficit. It shows all gains and losses for the year, including revaluations of assets and Pension Fund changes.
- **Balance Sheet.** This summarises the Council's assets and liabilities as they were at 31 March 2010. 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.** 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.** These provide additional information about the figures in the core financial statements.

Supplementary Statements Comprising:

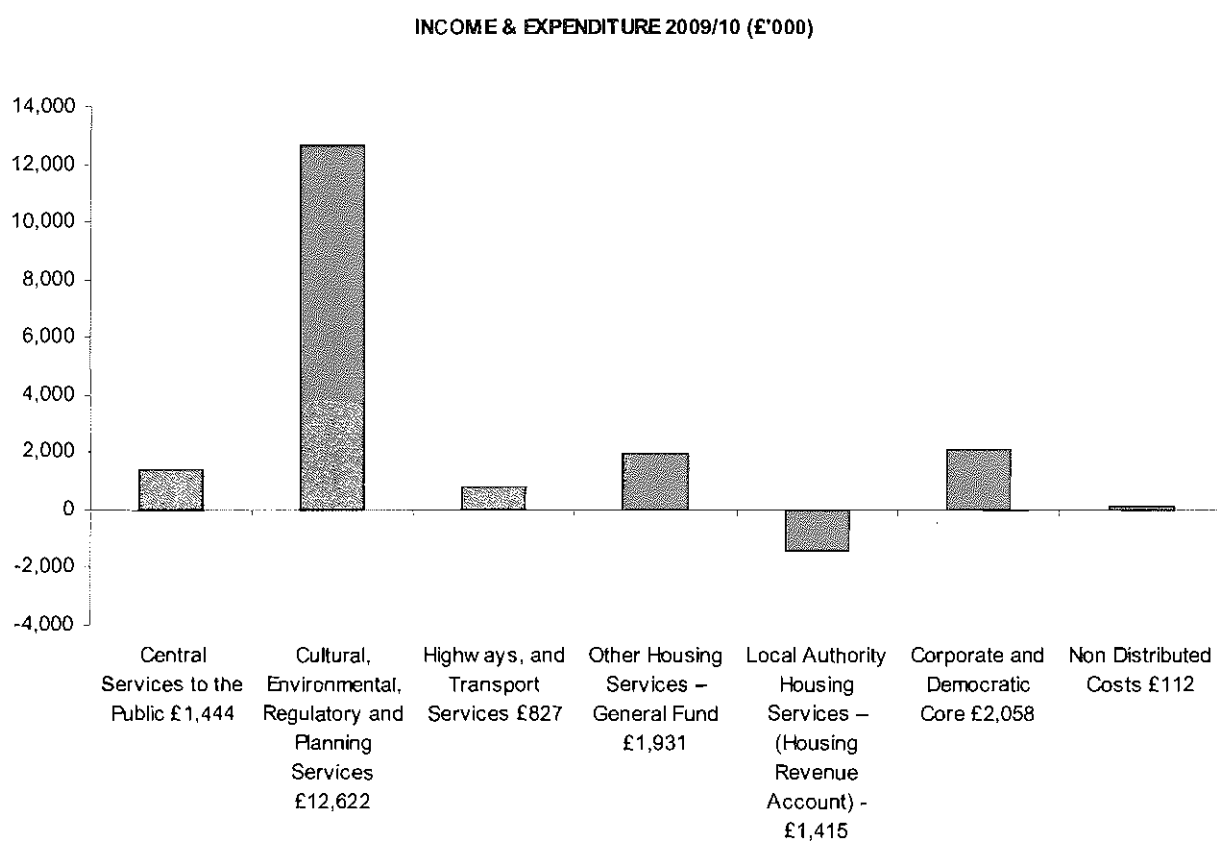
- **Housing Revenue Account (HRA).** This shows separately the revenue expenditure incurred in providing Council houses and demonstrates how this has been met by rents, subsidy and other income. The format of the account includes an Income and Expenditure Account and Statement of Movement on the HRA Balance.
- **Collection Fund Account.** This reports the transactions of the Council as a billing authority acting as an agent as it collects and distributes Council Tax income on behalf of major preceptors and itself. 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.** The Group Accounts consolidate the accounts of A1 Housing (Bassetlaw) Ltd. with those of the Council's.
- **Annual Governance Statement.** This Statement sets out the framework within which corporate governance is managed and reviewed, including the arrangements for internal audit. The Statement identifies actions to be taken to strengthen the governance arrangements in some areas. It is not part of the Statement of Accounts, but is required to be included alongside them in the same publication.
- **Independent Auditor's Report to Bassetlaw District Council – Audit Certificate and Opinion.** These pages incorporate the Auditors certificate and opinion on the Statement of Accounts for 2009/10.
- **Glossary of Terms.** Terms used throughout this document are explained further within these pages.

FINANCIAL SUMMARY

Council Revenue Spending in 2009/10

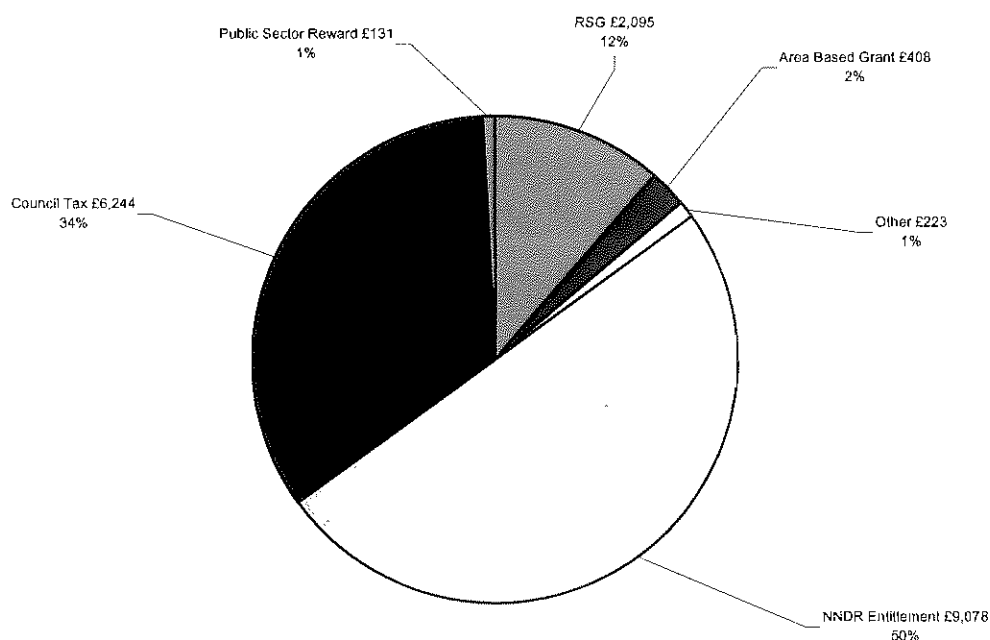
Revenue Spending is generally on items that are consumed within a year, and is financed from government grants, Council Tax, and other income (largely charges to service users). The Income and Expenditure Account sets out how much was spent during 2009/10 and where the money came from.

Gross revenue spending on services in the year was £84.922m. The following charts show the services on which the money was spent and where the money came from:



The Statement of Accounts follow the prescribed Chartered Institute of Public Finance & Accountancy (CIPFA) format. As a result, the Income and Expenditure Account and the Statement of Movement on the General Fund Balance cannot be easily related to the Council's operational management structure, and the management accounts used for in-year budgetary control. The following analysis is therefore based on the budget monitoring system at Portfolio level, which aligns budgets and spend with accountability.

FUNDING FROM GOVERNMENT GRANTS AND LOCAL TAXATION 2009/10 (£'000)



The original budget was adjusted through the year to reflect decisions made by the Council. Budgets were subsequently monitored against the revised budget. The table below shows the original and revised budgets, actual outturn and variance against the revised budget:

	Original Budget £'000	Revised Budget £'000	Outturn £'000	Variance £'000
Community Engagement	1,740	1,309	1,198	-111
Community Prosperity	4,004	5,633	5,837	204
Corporate Management	406	507	850	343
Environment & Housing	7,040	7,337	7,100	-237
Finance & Property	1,983	2,134	2,216	82
Revenues & Customer Services	1,460	1,137	1,146	9
Support Services	76	56	203	147
Total Net Cost of Services	16,709	18,113	18,550	437
Non Service Budgets	301	249	28	-221
Net Expenditure	17,010	18,362	18,578	216
Additional Central Government Funding	0	0	-279	-279
Contribution to/from Earmarked Reserves	0	-109	809	918
Transfers to/from General Reserve	-368	-380	-1,235	-855
Total General Fund	16,642	17,873	17,873	0

The significant changes from original to revised budget were to reflect:

- In-year savings from Star Chamber process;
- Technical adjustments for pension costs, depreciation, impairment, revenue expenditure funded from capital under statute, and capital grants not increasing asset values;
- Approved movements to/from the Corporate Contingency to pay for additional expenditure on corporate priorities;
- Transfers to/from Reserves to pay for the costs of revenue carry forwards and Service Improvement Bids.

The variance on service budgets of £0.437m mainly relates to the under-achievement of income of £0.285m from car parking, planning, golf course, and building control services; an overspend on employee costs of £0.111m due to a testing vacancy target of 5% being enforced; and other minor variances of £0.041m.

The variance on non-service budgets of -£0.221m relates to the treasury management decisions made throughout the year that impacts on interest payable/receivable on loans/investments of -£0.624m; offset by approved expenditure on Service Improvement Bids and carry forwards of £0.403m.

Overall, the amount withdrawn from the General Fund Reserve is £1.235m.

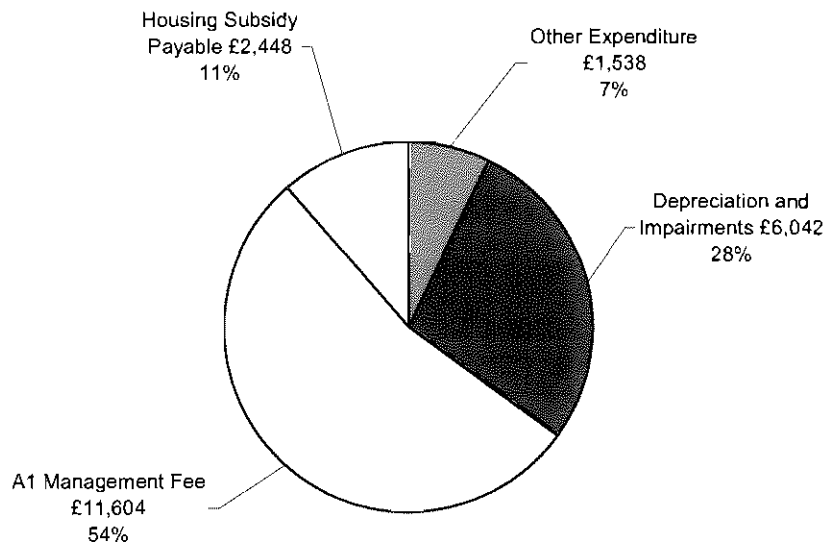
The resultant impact on Council Taxpayer funds is demonstrated in the Statement of Movement on General Fund Balance. This shows that the overall General Fund Balance at 31 March 2010 was £1.149m (31 March 2009 was £2.384m).

Housing Revenue Account Spending in 2009/10

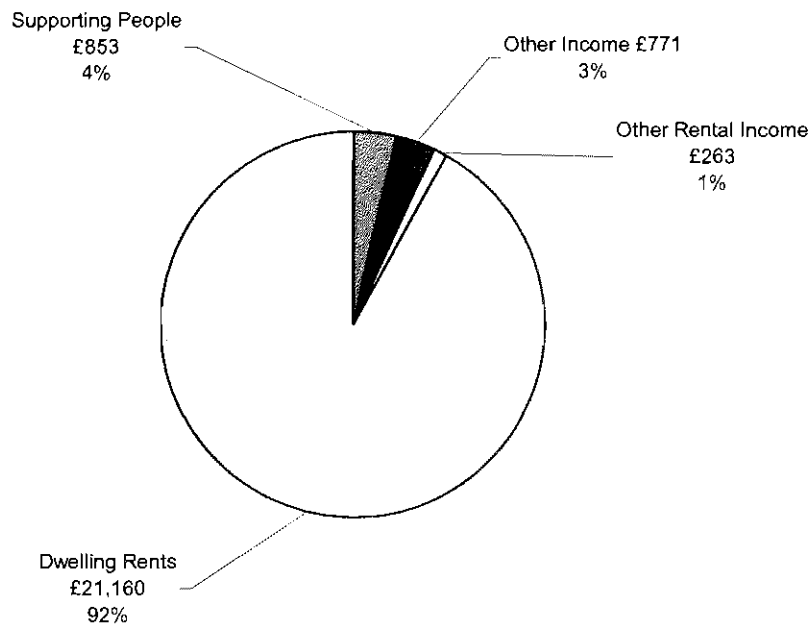
The Housing Revenue Account summarises the transactions relating to the provision, maintenance and management of the Council's housing stock. The account has to be self-financing and cannot be subsidised by the General Fund.

Gross revenue spending in the year was £21.632m. The following charts show the services on which the money was spent and where the money came from:

HRA EXPENDITURE 2009/10 (£'000)



HRA INCOME 2009/10 (£'000)



The Council operates the same budget monitoring procedures for the Housing Revenue Account as it does for the General Fund, and the original budget was adjusted throughout the year to reflect decisions made by the Council.

The resultant impact on Council Rent payer funds is demonstrated in the Statement of Movement on Housing Revenue Account Balance. This shows that the overall HRA Balance at 31 March 2010 was £1.597m (31 March 2009 was £1.333m).

Capital Spending in 2009/10

Capital spending is broadly defined as spending on assets (land, buildings, major items of equipment, vehicles) that have a life beyond twelve months.

Capital spending in the year totalled £28.647m (an increase of £7.731m over 2008/09). This represents an "underspend" of £1.437m against the final approved capital budget of £30.084m. To put this into context, the Council has an approved five-year capital programme, and this "underspend" in the main represents incomplete schemes being carried forward into the next financial year, as opposed to schemes being under-budget.

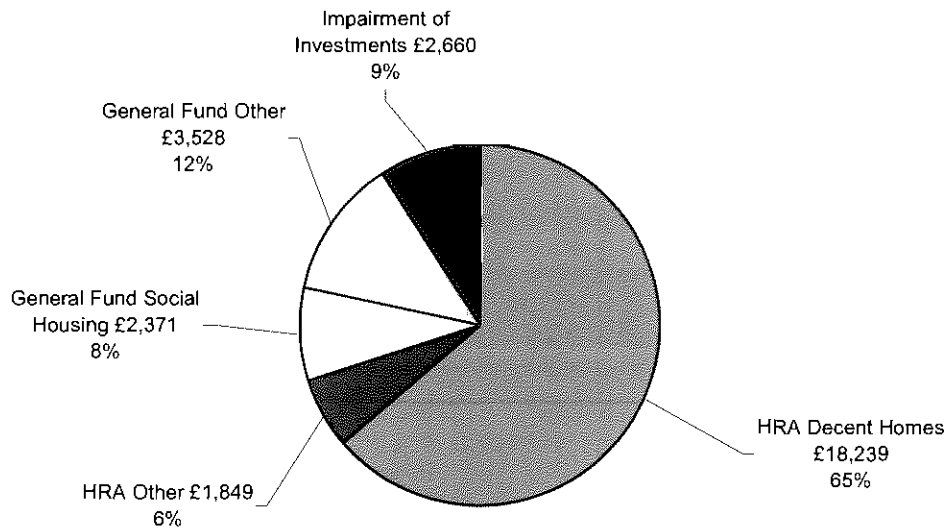
The significant schemes were:

	£'000
Decent Homes Work	18,239
Private Sector Housing and Disabled Facilities	2,086
Grants	
Other HRA Improvements	1,848
Retford Enterprise Centre	1,645
Vehicle Fleet	344
Places for Change Grant Scheme	285
Play Areas	209
Flood Prevention Schemes	205
Canch Redevelopment Phase 1	156
Other Projects	970
Sub-total	25,987
Capitalisation of Impaired Investments	2,660
Total Capital Programme	28,647

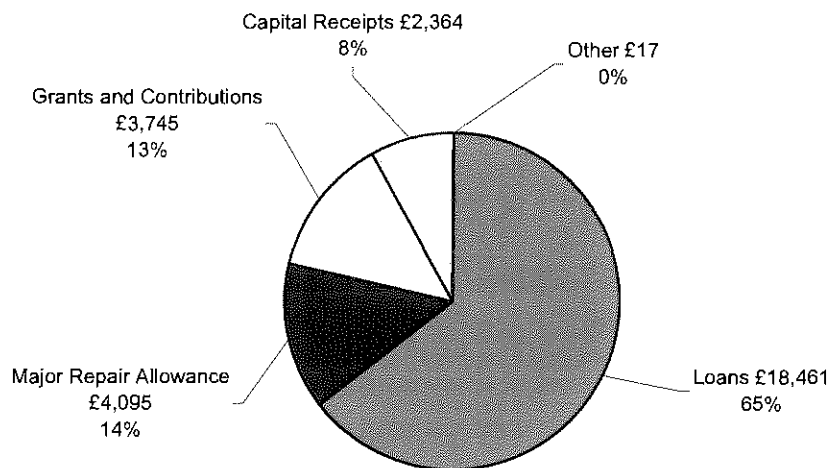
The Council was successful in gaining a £2.660m approval from the Department of Communities and Local Government for the capitalisation of the impairment costs of Icelandic investments. This amount was calculated by using the recommended DCLG/CIPFA methodology and does not reflect the Council's opinion on likely losses.

The following charts show where the capital money was spent and how it was financed:

AREAS OF CAPITAL EXPENDITURE 2009/10 (£'000)



METHOD OF FINANCING 2009/10 (£'000)



Review of the Council's Financial Position and Significant Points in Respect of the Balance Sheet

The Balance Sheet shows the balances held by the Council as at 31 March 2010. It indicates how much is owed to the Council, and how much the Council owes to others, together with summarised information on the assets held and the financing of those assets.

The significant points being:

- The decrease in the General Fund balance from £2.384m to £1.149m.
- The increase in the Housing Revenue Account balance from £1.333m to £1.597m.
- The net increase in fixed asset valuations of £21,667m due to a combination of revaluations and capital enhancements offset by impairments and asset disposals.
- Long-term borrowing increased by £12.486m due to the Decent Homes work completed during the year. The cost of this borrowing is funded by the Government.
- An impairment of £1.325m for the deposits at risk with Icelandic Banks, calculated in accordance with national guidance.
- The Council's pension deficit as assessed by the Actuary showed a worsening position of £24.215m during the year, increasing from £35.018m to £59.233m. It should be noted that these figures are a snapshot at a point in time, and the Fund's assets and liabilities are subject to fluctuations in value depending upon the current state of the economy and stock market. The information should be considered with the long-term view provided by the triennial valuation undertaken by the Actuary, and over time this deficit will be made good by increasing contributions over the remaining working life of the employees.

Summary

The Statement of Accounts reports the final position for the authority for 2009/10. The Council continues to report a strong financial position, and has plans in place for future improvements in service delivery. Positive vacancy management remains in place, coupled with a culture of base budget and service reviews. It is envisaged that savings from these activities will allow the Council to continue to serve its taxpayers by providing quality services at reasonable cost. In the current economic climate this presents a considerable challenge, with the emphasis being on "achieving more with less".

Further Information

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

STATEMENT OF ACCOUNTING POLICIES

The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position as at the year-end of 31 March 2010. It has been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2009 (the SORP), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This prescribes the requirements of proper accounting practices for Local Authorities. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets. The accounts have been prepared on the basis of a going concern continuing operations.

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 (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

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 (e.g. Revenue Support Grant) are credited to the lower section 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 Nottinghamshire County Council. The scheme provides defined benefits to members, e.g. retirement lump sums and pensions that are earned as employees work 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 accrual 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 rate based on the indicative rate of return on a high quality AA rated corporate bond of appropriate duration (usually 15 years).

- The assets of the Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - 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 relates 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 on obligation 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 scheme 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 Actuary has 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 contributions paid 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 replacing them with debits for the cash paid to the Pension Fund and any amounts payable to the Fund but unpaid at the year-end.

In assessing liabilities for retirement benefits at 31 March 2009 for the 2008/09 Statement of Accounts, the Actuary assumed a discount rate of 3.6% real (6.7% actual), a rate based on the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

For the 2009/10 Statement of Accounts, the Actuary has advised that a rate of 1.5% real (5.5% actual) is appropriate. The application of this rate has resulted in an increase in liabilities measured at today's prices of £24.215m, adjusted for by an increase in Actuarial losses recognised for the year in the Statement of Total Recognised Gains and Losses.

6. VALUE ADDED TAX (VAT)

Income and expenditure excludes any amounts relating 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 (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 that relate to the Council's status as a multi-functional, democratic organisation.
- Non-Distributed Costs – e.g. Pension Strain costs for retiring early together with any unused share of IT facilities and depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in BVACOP and 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 (e.g. software licences) are valued and capitalised at cost, 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 impairment 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 (e.g. 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.

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 (EUV), as defined in the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

These valuations have been carried out by the Council's internal Valuer who is a qualified Member of the Royal Institute of Chartered Surveyors.

The Council's Housing Stock is accounted for within the Housing Revenue Account and has been valued in accordance with DETR Guidance Notes on "Stock Valuation For Resource Accounting" published in May 2000. A full revaluation of the Council's total housing stock was carried out during 2005/06 and will be repeated in 2010/11.

Assets are then carried in the Balance Sheet using the following measurement basis:

- Investment properties and surplus assets – lower of net current replacement cost or net realisable value;
- Council Dwellings, other land and property – lower of net current replacement cost or net realisable value in existing use;
- Vehicles plant and equipment have been valued at historic cost, net of depreciation where applicable;
- Infrastructure assets and community assets – depreciated historical cost.
- Assets under construction – actual costs incurred.

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, with approximately 20% of properties revalued each year. 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;
- In all other circumstances – it is 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 is payable to the Government. This is calculated as 75% of net dwelling receipts, and 50% of net land and other building receipts, following statutory deductions for administrative costs and costs of improvement of dwellings. 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) by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.

- Depreciation is calculated using the straight-line method;
- Assets under construction are not depreciated until the year after they are brought into use;
- Newly acquired assets are depreciated in the first full financial year following acquisition;
- Assets are depreciated on a straight-line basis in the year up to disposal.
- Where an asset has a major component with a different estimated useful life then these are depreciated separately.

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 either the Government Grants Deferred Account, or the Grants and Contributions 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. This is commonly known as the Minimum Revenue Provision (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 within the Capital Adjustment Account for the difference between the two entries.

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 2009/10 as follows:

“For capital expenditure incurred before 1 April 2007 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Regulatory Method** – as outlined in the former Communities and Local Government Regulations

From 1 April 2008 for all unsupported borrowing, the MRP policy will be:

- **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction)”.

12. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets, i.e. a grant or expenditure on property that is not owned by the Council, and which does not result in the expenditure being carried on the Balance Sheet as a fixed asset, will be charged as revenue expenditure to the relevant service account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account is made from the General Fund Balance and shown as a reconciling item in the Statement of Movement on the General Fund Balance, therefore ensuring that there is no impact on the 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. Where the authority is a lesser, rentals payable are received in the relevant service revenue account.

14 FINANCIAL LIABILITIES

Financial liabilities are 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 either the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan to a maximum of 10 years as per Statute. The write down to the Income and Expenditure account is then 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 allowed 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 as these premiums and discounts balances existed prior to a change in Statute, which now requires that any new discounts are spread over a maximum of 10 years. 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

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, with the interest credited to the Income and Expenditure account being the amount receivable for the year in the loan agreement.

The Council previously 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. As this loan does not represent a material transaction, the loan is represented on the Balance Sheet as the outstanding principal receivable at 31 March 2010 of £31,833.

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 does not invest in this type of asset.

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.

In 2004 the Council created an Arms Length Management Organisation, A1 Housing (Bassetlaw) Ltd. This is a wholly owned subsidiary, limited by guarantee of the Council and to which the Council is obliged to meet any deficit of this organisation upon its cessation or upon the conclusion of the Decent Homes programme.

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 interest in its Arms Length Management Organisation, A1 Housing (Bassetlaw) Ltd, a wholly owned subsidiary. The nature of this relationship requires the Council to prepare Group Accounts.

18. AREA BASED GRANT AND THE LOCAL AREA AGREEMENT (LAA)

From 2008/09, a general grant called the Area Based Grant has been received directly from the government. This is a non-ringfenced grant and is therefore accounted for within General Government Grants below Net Operating Expenditure, within the Income and Expenditure Account.

The Council is a participant in a Local Area Agreement – a partnership with other Nottinghamshire public bodies that work towards jointly agreed objectives for local public services. Nottinghamshire County Council acts as the “accountable body” for the LAA.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

1. COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Authority, that Officer is the Head of Finance and Property;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Statement of Accounts for the year 1 April 2009 to 31 March 2010 has been prepared and I confirm that these accounts were approved by Bassetlaw District Council at the meeting held on 30 June 2010.

Signed:



On behalf of Bassetlaw District Council
Council Chairman approving the accounts

Date: 30th June 2010

2. CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

The Head of Finance and Property 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 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 has also:

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

CERTIFICATE

I certify that the Statement of Accounts for 2009/10 presents a true and fair view of the financial position of Bassetlaw District Council at 31 March 2010 and its income and expenditure for the year ended 31 March 2010.

Signed:



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

Date: 30th June 2010

CORE FINANCIAL STATEMENTS

WHOLE AUTHORITY INCOME AND EXPENDITURE ACCOUNT

Restated Net Cost		Gross Cost	Gross Income	Net Cost
2008/09 £'000		2009/10 £'000	2009/10 £'000	2009/10 £'000
1,846	Central Services to the Public	10,921	-9,477	1,444
11,870	Cultural, Environmental, Regulatory and Planning Services	18,665	-6,043	12,622
2	Education and Childrens Services	44	-44	0
949	Highways, and Transport Services	1,967	-1,140	827
1,820	Other Housing Services – General Fund	29,109	-27,178	1,931
-430	Local Authority Housing Services – (Housing Revenue Account)	21,631	-23,046	-1,415
1,987	Corporate and Democratic Core	2,435	-377	2,058
-215	Non Distributed Costs	150	-38	112
17,829	Net Cost of Services	84,922	-67,343	17,579
313	Gain (-) or loss on disposal of fixed assets			1,550
685	Parish/Town Council Precepts			748
2,665	Interest Payable and Similar Charges			2,667
-943	Interest and Investment Income			-856
2,048	Pensions Interest Cost and Expected Return on Pensions Assets			2,380
2,172	Exceptional Items (Investment losses)			1,325
438	Contribution of Housing Capital Receipts to Government Pool			268
25,207	Net Operating Expenditure			25,661
-1,915	General Government Grants			-2,857
-9,678	Non Domestic Rates Redistribution			-9,078
-6,006	Demand on the Collection Fund			-6,244
7,608	Income and Expenditure Account Deficit / Surplus (-)			7,482

Income and Expenditure Account

<p align="center">STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE</p>
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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 usable capital receipts balance rather than Council Tax.
- Retirement benefits are charged to the accounts 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.

Restated 2008/09 £'000	Statement of Movement on the General Fund Balance	2009/10 £'000
7,608	Income and Expenditure Account Deficit / Surplus (-)	7,482
-7,228	Net additional amount required by statute or non-statutory proper practices to be debited or credited to the General Fund Balance for the year	-6,247
380	Decrease in General Fund Balance for the Year	1,235
-2,764	Balance on General Fund Brought Forward	-2,384
-2,384	Balance on General Fund Carried Forward	-1,149

Statement of Movement on the General Fund Balance

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This Statement brings together all the gains and losses of the Council for the year and shows the aggregate decrease in its net worth. In addition to the deficit generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits. The restated figures for 2008/09 are due to the accounting policy change relating to the Council now acting as agent for major preceptors and the Government in relation to Council Tax and NNDR collection.

2008/09 £'000	2008/09 Restated £'000		2009/10 £'000
7,620	7,608	Deficit on Income and Expenditure Account	7,482
10,929	10,929	Surplus (-) or deficit arising on revaluation of fixed assets	-8,995
-5,521	-5,521	Actuarial gains (-) and losses on Pension Fund assets and liabilities	23,821
-3	-3	Any other gains (-) and losses required to be included in the statement	2
13,025	13,013	Total Recognised gains (-) and losses for the year	22,310
		CUMULATIVE EFFECT OF PRIOR PERIOD ADJUSTMENTS	
		Total Gains and Losses	22,322
		Prior Period Adjustments (See note 1 to the core financial statements)	-12
		Total Gains and Losses recognised since published Statement of Accounts 2008/09	22,310

Statement of Total Recognised Gains and Losses

BALANCE SHEET

Restated 2008/09 £'000		Note	2009/10 £'000	2009/10 £'000
	Fixed Assets			
	Intangible Assets			
427	Software	15	335	335
427	Total Intangible Assets			
	Operational Assets			
296,584	Council Dwellings	15	320,768	353,728
31,165	Other Land and Buildings	15	28,181	
2,438	Vehicles, Plant and Equipment	15	2,851	
966	Infrastructure Assets	15	1,191	
1,856	Community Assets	15	737	
333,009	Total Operational Assets			353,728
	Non Operational Assets			
29	Assets Under Construction	15	1,728	22,101
21,011	Investment Properties	15	17,154	
21	Surplus Assets held for Disposal	15	3,219	
21,061	Total Non Operational Assets			22,101
354,497	Total Fixed Assets			376,164
0	Long Term Investments	29	3,799	3,862
57	Long Term Debtors	25	63	
57	Total Long Term Assets			3,862
	Current Assets			
85	Stocks and Works in Progress		92	13,637
6,528	Debtors	26	10,852	
12,861	Investments	29	2,685	
0	Cash and Bank	43	8	
19,474	Total Current Assets			13,637
	Current Liabilities			
-63	Borrowing repayable on demand or within 12 months	29	-2,579	-11,414
-6,702	Creditors	27	-6,528	
-790	Bank Overdraft	43	-1,671	
-591	Capital Contributions Unapplied		-636	
-8,146	Total Current Liabilities			-11,414
365,882	Total Assets less Current Liabilities			382,249
	Long Term Liabilities			
-56,156	Long Term Borrowing repayable in excess of 12 months	29	-68,642	-133,337
-552	Government Grants Deferred		-386	
-2,333	Grants and Contributions Deferred		-4,350	
-601	Developers Contributions Unapplied	46	-722	
-35,018	Liability related to defined benefit pension scheme	38	-59,233	
0	Other Long Term Liabilities		-4	
-94,660	Total Long Term Liabilities			-133,337
271,222	Total Assets less Liabilities			248,912

Restated 2008/09 £'000		Note	2009/10
			£'000
	Financed by:		
174	Other Earmarked Reserves	32	105
184	Regeneration Initiatives Reserve	32	125
0	LAA Performance Reward Grant Reserve	32	131
815	Job Evaluation Reserve	32	815
0	Treasury Management Reserve	32	770
61,661	Revaluation Reserve	32	68,861
15,097	Usable Capital Receipts Reserve	32	13,384
0	Major Repairs Reserve	32	0
227,345	Capital Adjustment Account	32	222,030
52	Deferred Capital Receipts	32	50
-2,806	Financial Instruments Adjustments Account	32	-900
-35,018	Pension Reserve	32	-59,233
1	Collection Fund Adjustment Account	32	28
1,333	Housing Revenue Account Balance	32	1,597
2,384	General Fund Balance	32	1,149
271,222	Total Net Worth		248,912

Net Worth (Reserves)

CASH FLOW STATEMENT

Restated 2008/09 £'000		Note	2009/10 £'000	2009/10 £'000
292	Revenue Activities Net Cash Inflow (-) / Outflow	39		-5,981
	Return on Investments and Servicing of Finance			
	<u>Cash Outflow</u>			
2,583	Interest Paid		2,583	
	<u>Cash Inflow</u>			
-498	Interest Received		-55	
2,085	Sub Total			2,528
	Capital Activities			
	<u>Cash outflows</u>			
17,978	Purchase of Fixed Assets		24,365	
1,970	Other Capital Cash Payments		2,666	
	<u>Cash Inflows</u>			
-24	Long Term Debtors		-13	
-14,692	Sale of Fixed Assets		-590	
-5,068	Capital Grants Received		-3,871	
-193	Other Capital Cash Receipts		-5	
-29	Sub Total			22,552
2,348	Net Cash Inflow (-) / Outflow Before Financing			19,099
	Management of Liquid Resources			
1,358	Decrease / Increase (-) in Short Term Investments		-5,383	
-1,428	Other Liquid Resources		2,094	
-70	Sub Total			-3,289
	Financing			
3,608	Repayments of amounts Borrowed		63	
-5,000	New long term loans raised		-13,000	
0	New short term loans raised		-2,000	
-1,392	Net Cash Outflow / Inflow (-) on Financing			-14,937
886	Net Decrease / Increase (-) in Cash and Cash Equivalents			873

Cash Flow Statement

NOTES TO THE CORE FINANCIAL STATEMENTS

The notes that are relevant to this Council, required by the Statement of Recommended Practice are reproduced below;

1. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS

Exceptional Items

On 6 October 2008 investments of £8.0m held in Icelandic Banks became frozen when the UK subsidiaries of the banks: Glitner, Landsbanki, Kaupthing Singer Friedlander and Heritable, were frozen due to them being in administration.

In accordance with advice and estimations, an impairment of £1.325m (£2.172m 2008/09) is recorded within the Income and Expenditure Account. Guidance from CIPFA published as LAAP Bulletin 82/82a allows that this impairment be deferred to a future year as the cashflows anticipated do not cease until 2018/19. The impairment is therefore reflected in the Financial Instrument Adjustment Account.

A capitalisation directive was issued by the Government allowing for £2.660m of impaired investments to be paid for by the Council's Capital Programme. In accordance with guidance, the capitalisation has been reflected within Revenue Expenditure Funded from Capital under Statute, as contained within the Statement of Movement on the General Fund Balance, and reversed from the Financial Instrument Adjustment Account.

Prior Year Adjustments

The Council currently acts as an agent for the purposes of collecting Council Tax and National Non Domestic Rates. Due to a change in accounting policy, the Council is now required to make prior year adjustments to the Statement of Accounts, including the Whole Authority Balance Sheet, Income and Expenditure Account and Cashflow Statement. These adjustments arise from the changes introduced in the 2009 SORP in relation to accounting for Council Tax and National Non Domestic Rates.

Accounting for Council Tax – The previous practice of holding a complete set of Council Tax accounts within the Council's Balance Sheet no longer applies. Instead the Council must only account for Bassetlaw's share of the Council Tax within the income and expenditure account, and create a debtor /creditor for each of the major preceptors i.e. County Council, Police Authority and Fire and Rescue Authority, on the Council's Balance Sheet.

Accounting for Business Rates – The National Non Domestic Rate Account represents the amount owed to/from the government, and is in reality, not applicable to the Council. The new accounting arrangements therefore, prescribe that a debtor/creditor be established for central government on the Council's Balance Sheet.

All the Adjustments shown have been incorporated throughout the Statement of Accounts including the Group Accounts for the 2008/09 comparative figures.

Prior Year Adjustments - Description of Account	2008/09 Published £'000	2008/09 Restated £'000	2008/09 Net Change £'000
Whole Authority Income and Expenditure Account			
Demand on Collection Fund	-5,994	-5,321	673
Parish/Town Precepts	0	-685	-685
Net Change	-5,994	-6,006	-12
Whole Authority Balance Sheet			
Debtors	7,524	6,528	-996
Creditors	-7,693	-6,702	991
Net Change	-169	-174	-5
Cash flow Statement			
Revenue Activities Net Cash Inflow(-)/Outflow	-1,136	292	1,428
Decrease/Increase (-) in other Liquid Resources	1,358	-70	-1,428
Net Change	222	222	0
Statement of Total Recognised Gains and Losses			
Surplus(-)/Deficit on Income and Expenditure Account	7,620	7,608	-12

2. UNDISCHARGED OBLIGATIONS ARISING FROM LONG-TERM CONTRACTS

In April 2004 the Council entered into a 8 year contract with Consilium Technologies as its partner in order to provide a number of its major software systems at an annual rental of £0.588m to include the revenue costs of software maintenance and support.

The Council entered into a Services Agreement with Nottinghamshire County Council for the provision of sporting facilities within its new secondary schools and for the repairs and maintenance of its two Leisure Centres at Worksop and Retford. This agreement is for a period of 25 years and the annual fee is £0.527m + RPI.

Upon the creation of the Arms Length Organisation, A1 Housing (Bassetlaw) Ltd, in October 2004 a services agreement for the provision of the management function of the Housing Stock and for the delivery of the Decent Homes Programme was signed. This Services Agreement requires the payment of an annual management fee (£5.763m 2009/10). In addition, the incurred cost of repairs, maintenance and other relevant expenditure relating to the Housing Stock is reimbursed to A1 Housing (Bassetlaw) Ltd (£5.841m 2009/10).

3. 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.

2008/09 Surplus (-) / Deficit £'000	Trading Operation	2009/10 Income £'000	2009/10 Expenditure £'000	2009/10 Surplus (-) / Deficit £'000
61	Markets	-318	443	125
166	Industrial Estates	-166	396	230
-25	Trade Refuse	-152	123	-29

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.

4. 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 2009/10 was £0.288m (2008/09 £0.174m).

5. 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.

2008/09 £'000		2009/10 £'000
135	Tourism and Promotion	117
39	Information Services & Publicity	59
69	Recruitment Advertising	44
88	Public Relations Unit	139
96	Other Advertising	93
427	TOTAL	452

Expenditure on Publicity

6. 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. The statement below shows the turnover and surplus(-)/deficit on the Building Control Account.

2008/09 Total £'000		2009/10 Non Chargeable £'000	2009/10 Chargeable £'000	2009/10 Total £'000
	Expenditure			
350	Employee Expenses	172	150	322
0	Premises	0	0	0
29	Transport	10	17	27
48	Supplies and Services	8	21	29
336	Central & Support Service Charges	254	118	372
763	Total Expenditure	444	306	750
	Income			
-301	Building Regulations Charges	0	-238	-238
-117	Recharge to other Services	-113	0	-113
-418	Total Income	-113	-238	-351
345	Surplus (-) / Deficit for the Year	331	68	399

Building Control Activities

The Building Regulations charging account is required to break even over a rolling three-year period. The Building Control charging account shows a £0.108m deficit for the three-year period.

7. AGENCY INCOME AND EXPENDITURE

Due to a change in accounting policy introduced by the SORP 2009, the Council is now deemed to act as an agent for Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire and Rescue Authority in respect of the collection of Council Tax. In addition, the Council acts as agent for the Government in the collection of National Non-Domestic Rates. All relevant disclosures are contained within the notes of the Collection Fund.

8. GENERAL GOVERNMENT GRANTS

General Government Grants within the Income and Expenditure Account can be analysed as follows:

2008/09 £'000		2009/10 £'000
1,348	Revenue Support Grant	2,096
170	Local Authority Business Incentive Grant (LABGI)	45
398	Area Based Grant	408
0	Housing Planning Delivery Grant	177
0	LAA Performance Reward Grant	131
1,916	Total	2,857

Housing Planning Delivery Grant is now classed as a General Government Grant. In previous years it was included as part of Gross Income for Cultural, Environmental, Regulatory and Planning Services (2008/09 £0.070m).

9. EXPENDITURE ON MEMBERS ALLOWANCES

2008/09 £'000		2009/10 £'000
227	Basic Allowance	231
90	Special Responsibility Allowance	92
23	Travelling Allowance	24
12	Subsistence Allowance	12
352	Total	359

Members Allowances

10. EXECUTIVE REMUNERATION

The number of employees whose taxable remuneration, excluding pension contributions, was £50,000 or more in bands of £5,000 is detailed below.

Remuneration Band	2008/09	2009/10	
	No of Employees at 31 March 2009	No of Employees at 31 March 2010	Left during year
£50,000-£54,999	0	0	0
£55,000-£59,999	1	4	0
£60,000-£64,999	2	2	0
£65,000-£69,999	3	1	0
£70,000-£74,999	0	0	0
£75,000-£79,999	0	0	0
£80,000-£84,999	2	1	1
£85,000-£89,999	2	2	0
£90,000-£94,999	0	0	0
£95,000-£99,999	0	0	0
£100,000-£104,999	0	0	0
£105,000-£109,999	0	0	0
£110,000-£114,999	0	0	0
£115,000-£119,999	1	1	0

Post holder information				2009/10 Total	2009/10	
(Post Title)	Salary (Including Fees & Allowances) £	Expense Allowances £	Benefits in Kind (car allowance) £	Remuneration excluding pension contributions £	Pension contributions £	Total Remuneration including pension contributions £
CHIEF EXECUTIVE	119,063	126	0	119,189	22,488	141,677
DIRECTOR OF RESOURCES	85,249	126	0	85,375	16,977	102,352
DIRECTOR OF CORPORATE SERVICES	85,249	0	0	85,249	16,977	102,226
DIRECTOR OF COMMUNITY SERVICES	80,346	126	0	80,472	15,947	96,419
HEAD OF FINANCE & PROPERTY	66,141	126	0	66,267	13,890	80,157
HEAD OF REVENUES & CUSTOMER SERVICES	59,844	126	3,559	63,529	12,567	76,096
HEAD OF COMMUNITY ENGAGEMENT & PERFORMANCE	59,844	126	0	59,970	12,567	72,537
HEAD OF COMMUNITY PROSPERITY	59,844	126	0	59,970	12,567	72,537
HEAD OF ENVIRONMENT & HOUSING (left Aug 2009)	25,660	51	0	25,711	5,389	31,100
HEAD OF HUMAN RESOURCES	59,844	126	0	59,970	12,567	72,537
SENIOR MANAGER SUPPORT SERVICES	55,547	126	0	55,673	11,665	67,338
	756,631	1,185	3,559	761,375	153,601	914,976

There were no payments made in relation to bonuses or compensation for loss of office during 2009/10.

Post Holder Information

(Post Title)	2008/2009			2008/2009		
	Salary (Including Fees & Allowances) £	Expense Allowances £	Benefits in Kind (car Allowance) £	Total remuneration excluding pension contributions £	Pension Contributions £	Total Remuneration including pension contributions £
CHIEF EXECUTIVE	116,657	126	0	116,783	21,943	138,726
DIRECTOR OF RESOURCES	85,209	126	0	85,335	16,896	102,231
DIRECTOR OF CORPORATE SERVICES	83,109	0	0	83,109	16,457	99,566
DIRECTOR OF COMMUNITY SERVICES (joined Feb 2009)	12,917	1,721	0	14,638	2,550	17,188
HEAD OF FINANCE & PROPERTY	66,250	126	0	66,376	13,824	80,200
HEAD OF REVENUES & CUSTOMER SERVICES	64,044	126	3,559	67,729	13,385	81,114
HEAD OF COMMUNITY ENGAGEMENT & PERFORMANCE	64,153	126	0	64,279	13,385	77,664
HEAD OF COMMUNITY PROSPERITY	57,733	126	0	57,859	12,043	69,902
HEAD OF ENVIRONMENT & HOUSING	87,048	126	0	87,174	15,799	102,973
HEAD OF HUMAN RESOURCES	68,355	126	0	68,481	13,824	82,305
SENIOR MANAGER SUPPORT SERVICES	60,978	126	0	61,104	12,486	73,590
	766,453	2,855	3,559	772,867	152,592	925,459

There were no payments made in relation to bonuses or compensation for loss of office during 2008/09.

11. RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with third parties (e.g. Central Government, Pension 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	Cash Flow Statement
Precepts from other Public Bodies	Collection Fund Accounts
Government Grants	Note 45
Members Allowances	Note 9
Trust Funds	Note 36
A1 Housing (Bassetlaw) Ltd	Group Accounts
Pension Fund Contributions	Note 38
Controlled and Associated Companies	Note 28

Other transactions not disclosed elsewhere are:

Net Balance		Receipts	Payments	Net Balance
2008/09		2009/10	2009/10	2009/10
£'000		£'000	£'000	£'000
100	Citizens Advice Bureau	0	100	100
52	Grants to Parish Councils	0	54	54
354	Internal Drainage Boards	0	361	361
18	Bassetlaw Enterprise Board Grants	0	25	25
204	Bassetlaw Town Centre Partnership	0	209	209
-38	Bassetlaw PCT	-11	0	-11
0	Nottinghamshire County Council:	0	0	0
1,336	- Concessionary Travel	0	1,253	1,253
373	- Leisure Centres	-116	524	408
407	- Other	-2,543	1,715	-828

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.

12. EXTERNAL AUDIT FEES

The following table shows the audit costs incurred in 2009/10 relating to external audit and inspections carried out by the Audit Commission.

2008/09 £'000		2009/10 £'000
118	Fees payable in respect of External Audit Services	135
26	Fees payable in respect of Grant Claims and Returns	32
13	Fees payable in respect of Statutory Inspection	13
157	Total	180

External Audit Fees

13. 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.

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

Restated 2008/09 £'000		2009/10 £'000	2009/10 £'000
	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:		
-270	Amortisation of Intangible Assets	-191	
-2,253	Depreciation and impairment of fixed assets	-2,618	
-1,844	Excess of Depreciation charged to HRA Services over the Major Repairs Allowance element of Housing Subsidy	-1,595	
280	Government Grants Deferred amortisation	373	
-826	Revenue Expenditure Funded from Capital under Statute	-3,846	
-219	Net loss on sale of fixed assets	-1,262	
-1,755	Difference in finance costs between those calculated in accordance with SORP and those calculated in accordance with statutory requirements.	1,642	
-3,294	Net charges made for retirement benefits in accordance with FRS17	-3,209	
12	Collection Fund Adjustment Account	27	
-10,169			-10,679
	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:		
545	Minimum Revenue Provision for Capital Financing	530	
66	Capital expenditure charged in-year to the General Fund balance	17	
-436	Transfer from Useable Capital receipts to meet payments to the Housing Capital Receipts Pool	-268	
2,729	Employers contributions payable to the NCC pension Fund and retirement benefits payable direct to pensioners	2,816	
376	Difference in finance costs between those calculated in accordance with SORP and those calculated in accordance with statutory requirements.	264	
3,280			3,359
	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:		
100	Housing Revenue Account Balance	264	
-439	Net Transfer to or from earmarked reserves	809	
-339			1,073
-7,228	Net additional amount required to be credited to the General Fund balance for the year		-6,247

Reconciliation of Statement of Movement on General Fund Balance

15. MOVEMENT ON FIXED ASSETS

	OPERATIONAL ASSETS						NON-OPERATIONAL					Intangible Assets £'000	Total Assets £'000
	Council Dwellings	Other Land and Property	Vehicles Plant and Equipment	Infrastru- cture Assets	Comm- unity Assets	Total- Operational Assets	Investment Properties	Assets under Construction	Surplus Assets	Total Non Operational Assets			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Cost or Valuation													
Gross Book Value at 1 April 2009	296,982	32,614	10,038	2,751	1,856	344,241	21,029	29	21	21,079	1,377	366,697	
Additions	19,809	495	919	318	0	21,541	0	1,713	0	1,713	102	23,356	
Disposals & Write offs	-308	-1,063	-342	-194	-516	-2,423	0	-14	-250	-264	-5	-2,692	
Reclassification	-1	-985	126	33	-67	-894	-1,066	0	1,960	894	0	0	
Revaluations	5,232	-1,035	0	0	-536	3,661	-2,809	0	1,488	-1,321	0	2,340	
Gross Book Value at 31 March 2010	321,714	30,026	10,741	2,908	737	366,126	17,154	1,728	3,219	22,101	1,474	389,701	
Depreciation and Impairments													
Balance at 1 April 2009	398	1,449	7,600	1,785	0	11,232	18	0	0	18	950	12,200	
Charge in Year	5,372	709	625	68	0	6,774	0	0	0	0	191	6,965	
Disposals & Write Offs	-2	-56	-341	-136	0	-535	0	0	0	0	-2	-537	
Reclassification	0	-37	6	0	0	-31	2	0	29	31	0	0	
Revaluations	-4,822	-220	0	0	0	-5,042	-20	0	-29	-49	0	-5,091	
Balance at 31 March 2010	946	1,845	7,890	1,717	0	12,398	0	0	0	0	1,139	13,537	
Net Book Value 31 March 2010	320,768	28,181	2,851	1,191	737	353,728	17,154	1,728	3,219	22,101	335	376,164	
Movement on Fixed Assets													
Net Book Value at 1 April 2009	296,584	31,165	2,438	966	1,856	333,009	21,011	29	21	21,061	427	354,497	
Net Book Value at 31 March 2010	320,768	28,181	2,851	1,191	737	353,728	17,154	1,728	3,219	22,101	335	376,164	
Movement in Year	24,184	-2,984	413	225	-1,119	20,719	-3,857	1,699	3,198	1,040	-92	21,667	
Nature of Assets													
Owned	320,768	28,181	2,851	1,191	737	353,728	17,154	1,728	3,219	22,101	335	376,164	
Leased	0	0	0	0	0	0	0	0	0	0	0	0	

Nature 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.

	2009/10 £'000
Housing	
Major Works to HRA Assets	20,078
Other Areas	
Vehicles and Equipment (including Play Areas)	919
Assets Under Construction	1,712
Purchase of Computer Hardware/Software	93
Civic and Administrative Buildings	209
Miscellaneous Spend	345
Total Capital Spend on Fixed Assets	23,356
Revenue Expenditure funded from Capital under Statute	5,326
Total Balance Sheet Impact	28,682
Adj to estimated accruals 2008/09	-35
Total Capital Expenditure	28,647

Breakdown of Capital Expenditure

Disposals and Capital Receipts from Sales

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

2008/09 £'000	2008/09 £'000		2009/10 £'000	2009/10 £'000
Net book Value	Capital Receipts		Net book Value	Capital Receipts
1,178	1,301	Council Houses (Current Cost Valuation)	306	340
0	0	Vehicles and Equipment	1	0
168	0	Community Assets	516	0
0	0	Investment Assets	0	0
268	0	Other Land and Building	1,007	0
1	0	Infrastructure	58	0
12,073	13,199	Surplus Assets	250	250
0	0	Intangible Assets	3	0
0	0	Asset under construction	14	0
13,688	14,500	Total	2,155	590

Disposal and Receipts on Capital Assets

Included in the above disposals are assets written out totalling £1.599m (2008/09 £0.519m)

16. CAPITAL EXPENDITURE AND FINANCING

A detailed breakdown of capital expenditure of £28.647m is set out in the Movement on Fixed and Intangible Assets as additions. A breakdown of how this capital expenditure was financed is shown in the Method of Financing table. 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 the year.

2008/09 £'000		2009/10 £'000
51,209	Opening Capital Financing Requirements	62,604
	Capital Investment	
18,104	- Operational Assets	21,541
29	- Non-Operational Assets	1,713
273	- Intangible Assets	102
2,272	Revenue Expenditure Funded from Capital Under Statute	2,666
0	Capitalisation of impaired investments	2,660
	Sources of Finance	
-2,135	- Capital Receipts	-2,364
-6,538	- Government Grants and Contributions	-7,840
-640	- Sums set aside from Revenue (incl MRP)	-547
62,574	Closing Capital Financing Requirements	80,535
	<u>Explanation of Movements in Year</u>	
11,940	Increase in underlying need to borrow (supported by Government financial assistance).	18,461
0	Underlying need to borrow (Unsupported by Government financial assistance)	
-575	Other Movements (MRP)	-530
11,365	Total Movements	17,931

Capital Expenditure and Financing Requirement

17. SIGNIFICANT COMMITMENTS UNDER CAPITAL CONTRACTS

As part of the Decent Homes initiative, the Council entered into an 8-year contract with Bullock Construction Ltd and Connaught Partnerships Ltd to deliver improvements to the Council housing stock. The estimated outstanding commitment is £17.250m per contract.

The Council also entered a contract with Connaught regarding the Minor Adaptations works to Council houses in relation to the improvements required under the DDA legislation. The estimated outstanding commitment is £1.000m.

18. STATEMENT OF ASSETS

Asset Description	2008/09 Number	2009/10 Number
<u>Council Dwellings</u>	6,947	6,941
<u>Operational Buildings and Land</u>		
- Leisure Centres	3	2
- Other Arts and Leisure Facilities	2	2
- Community Centres, Houses & Sheltered Schemes (Housing)	20	20
- Museum	1	1
- Public Conveniences	8	7
- Civic Buildings	2	2
- Administrative & Operational Buildings	9	4
- Garages	868	869
- Garage Sites	37	33
- Golf Course	1	1
- Car Parks	17	17
- Cemetery Buildings	3	2
- Tourist Information Centres	2	1
- Other Buildings	8	8
Operational Equipment		
- Vehicles and Licensed Plant (Council owned)	126	138
- Mowers and Unlicensed Plant	133	111
- Computer Terminals and Laptops	251	286
Community Assets		
- Parks and Open Spaces (acres)	120	120
- Allotment Sites	14	14
- Cemeteries (Land Only)	4	4
- Civic Regalia items	4	4
- Museum Exhibits	Over 30,000	Over 30,000
Investment Properties		
- Shops	29	31
- Industrial Areas	8	8
- Miscellaneous Properties	14	12
- Markets	2	2
- Leasehold Flats	124	147
Strategic Land Holdings	Various	Various

Balance Sheet Statement of Assets

In addition there are a number of small areas of land that can be classed as Miscellaneous Land. Admin Buildings – One asset, previously valued as 5 buildings, is now subject of one valuation.

19. LEASES – DISCLOSURE AS LESSEE

The Council has outstanding commitments as outlined in the table below of £0.418m (2008/09 £0.604m). A sum of £0.669m was paid out during 2009/10 on operating leases and contract hire. The Council does not have any hire purchase contracts nor finance leases. All operating leases comply with the Statement of Standard Accounting Practice 21 in that the assets have at least a 10% residual value.

The 2 Leisure Centres at Worksop and Retford were built on land leased from Nottinghamshire County Council. The assets are valued at £10.003m and leased at a peppercorn rent. In

accordance with the lease agreement the ownership of these assets will revert to Nottinghamshire County Council at the end of the lease.

Annual Commitment 2008/09 £000		Annual Commitment 2009/10 £'000
	Operating leases	
546	Vehicles	356
0	Employee Leased Cars	11
58	Computer and Other Equipment	51
604	Total Outstanding Commitment	418
	<u>Summarised as:</u>	
0	Leases expiring within one year	3
604	Leases expiring between two to five years	415
604	Total Outstanding Commitment	418

Operating Lease and Hire Purchase Contracts

2008/09 £'000	Category of Payments	2009/10 £'000
641	Operating Leases	658
13	Contract Hire	11
654	Total Payments	669

Lease and Hire Purchase Payments

20. LEASES – BASSETLAW DISTRICT COUNCIL AS A LESSOR

With regard to the Authority's activities as lessor, the Council owns Investment Properties to the value of £17.154m, which includes Industrial Estates units, shops and other miscellaneous properties. The Council leases these properties and generates rental income of £0.650m (2008/09 £0.440m).

21. BASIS OF VALUATION

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by the Property Manager, Mark Wheeler RICS. The basis for valuation is set out in the Statement of Accounting Policies.

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Equipment £'000	Infrastruc ture Assets £'000	Community Assets £'000	Investment Properties £'000	Assets Under Construction £'000	Surplus Assets £'000	Intangible Assets £'000	Total £'000
Valued at Hist. cost	0	0	2,851	1,191	737	0	1,728	0	335	6,842
Valued at Current Cost in:										
2009/10	320,768	2,110	0	0	0	11,106	0	3,219	0	337,203
2008/09	0	11,017	0	0	0	2,204	0	0	0	13,221
2007/08	0	6,021	0	0	0	310	0	0	0	6,331
2006/07	0	8,176	0	0	0	3,113	0	0	0	11,289
2005/06	0	857	0	0	0	421	0	0	0	1,278
TOTAL	320,768	28,181	2,851	1,191	737	17,154	1,728	3,219	335	376,164

For 2009/10 the revaluation date for all assets, except disposals, is 1 April 2009. A review of the carrying values was undertaken at 31 March 2010 and any material change has been accounted for. For disposals, the valuation date is the date on which the asset is actively marketed (excluding Council dwellings). Any surpluses or deficits arising from movements in the general level of prices are credited or initially debited to the Revaluation Reserve. Where there is insufficient balance within the Revaluation Reserve for any downward revaluations, the difference will be charged to the Income and Expenditure Account. Where a loss in value occurs as a result of physical damage or other impairment, this is reflected in an increased charge to service revenue accounts. There are no such impairments in 2009/10.

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 2009/10, 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 2009/10 period for Right to Buy purposes has been identified. This value has then been compared to the 1 April 2009 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.

In year enhancements to the Council Housing Stock e.g. Kitchens, bathrooms, central heating, etc, have been added to the Beacon valuation, with the original component being written out as a downward revaluation.

Properties regarded by the Council as operational were valued on the basis of open market value.

22. DEPRECIATION

Depreciation totalled £6.774m (£6.851m in 2008/09) and is analysed by asset type in the "Movement on Fixed and Intangible Assets" table. This is in addition to £0.191m being charged to revenue for the amortisation of Intangible Assets.

Depreciation is calculated on the following basis:

- Dwellings and other buildings – straight-line allocation over the life of the property as estimated by the valuer. Enhancements to dwellings are capitalised and depreciated until such time as a full Beacon valuation is undertaken.

- Infrastructure – straight-line allocation over a predetermined life of the asset.
- Vehicles, plant and equipment – straight-line allocation based on estimated useful life, 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 2009/10 that would have a material affect.

23. INTANGIBLE ASSETS - OTHER

The intangible assets shown in the Balance Sheet relate to software and software licences. Purchases of these totalled £0.102m in 2009/10 (£0.273m in 2008/09). They are amortised over 3 or 5 years and the total amortisation charged in 2009/10 was £0.191m (£0.270m in 2008/09).

24. ANALYSIS OF NET ASSETS AS AT 31 MARCH 2010

Restated 2008/09 £'000		2009/10 £'000
-23,789	General Fund	-47,489
292,558	Housing Revenue Account	291,968
2,453	Collection Fund	4,433
0	Trading Undertakings	0
271,222	Total	248,912

Balance Sheet Analysis of Assets

25. LONG TERM DEBTORS

Long term debtors consist of items such as mortgage debts, and other amounts due after a period of one year.

	2008/09 £'000	Repayments/ Adjustment £'000	2009/10 £'000
Council House Sales Mortgages/Housing Act Advances	20	-2	18
Loans – Sporting Activity	34	-2	32
Car Loans to Employees due over 1 Year	3	10	13
Total	57	6	63

Long Term Debtors

26. ANALYSIS OF DEBTORS

Restated 2008/09 £'000		2009/10 £'000	2009/10 £'000
	Government Departments		
1,338	General	0	
0	HM Revenue and Customs (Other)	963	
0	HM Revenue and Customs (VAT)	1,796	
0	HM Revenue and Customs (Interest on backdated VAT)	-459	
0	Housing Benefit Subsidy	204	
1,213	Non Domestic Rates	3,402	
2,551	Total Debt to Government Departments		5,906
	Loans		
36	Enterprise Board Loans	33	
2	Car Loans to Employees (up to 1 year)	4	
38	Total Loans		37
	Local Taxation		
258	Council Taxpayers	285	
963	Precepting Authorities	857	
1,221	Total Debt for Local Taxation		1,142
5	Payroll	3	
763	Housing Rents	726	
240	A1 Housing (Bassetlaw) Ltd	161	
7	Other Local Authorities	0	
1,840	Other	3,050	
2,855			3,940
6,665	Total Debtors		11,025
	Less	-1,016	
-1,045	Provision for Bad and Doubtful Debts		
	Add	843	
908	Payments in Advance		-173
6,528	Net Debtors		10,852

Analysis of Debtors

27. ANALYSIS OF CREDITORS

2008/09 £'000		2009/10 £'000
676	Government Departments	34
37	Council Tax Payers	37
438	Payroll	424
81	Housing Rents	113
522	A1 Housing (Bassetlaw) Ltd	362
51	Other Local Authorities	40
1,519	Capital	509
2,552	Other	4,587
826	Receipts in Advance	422
6,702	Total	6,528

Analysis of Creditors

28. INTERESTS IN COMPANIES

Investments

The Council has a number of approved investments at 31 March 2010 totalling £6.484m (including Icelandic Banks at amortised cost and net of impairment) (£12.861m 31 March 2009) representing investment of surplus balances.

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 dwellings. The accounts for this company have been consolidated into the Group Accounts. The accounts have been audited and the auditor has issued an unqualified audit opinion on the accounts for the year. The company has net liabilities of £9.577m as at 31 March 2010 (£4.633m in 2008/09) and returned a profit of £0.159m (loss of £0.028m 2008/09). 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 made payments of £0.001m to this company during 2009/10.

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 made a payment of £0.038m under the Homeless Grant Initiative.

Manton Community Initiatives Ltd. This company manages the running of the Manton Community Centre in Worksop. The Council did not make any payments to this company during 2009/10.

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 2009/10 amounted to £0.231m (2008/09 £0.204m). 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.

29. FINANCIAL INSTRUMENTS

Disclosure of Nature and Extent of Risk Arising from Financial Instruments

Key Risks

The Council's activities expose it to a variety of financial risks. The key risks are:

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

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework 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 the adoption of a Treasury Policy Statement and treasury management clauses within its Constitution;
- by approving annually in advance prudential and treasury 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 for exposures 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 or before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported semi-annually to Members with monitoring on a quarterly basis.

The annual Treasury Management Strategy which incorporates the prudential indicators, Investment and Borrowing Strategy was approved by Council on 2 March 2009 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2009/10 was set at £80.0m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £73.0m. This is the expected level of debt and other long-term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 20% respectively, based on the Council's net debt.
- The maximum and minimum exposures to the maturity structure of debt.

These policies are implemented by a corporate Accountancy 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 periodically.

Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

The key areas of the Investment Strategy are that the minimum criteria for investment counterparties, money and time restrictions are as detailed below;

	Fitch	Moody's	Standard & Poors	Money Limit	Time Limit
Banks and Building Societies	F1+/A+	P-1/Aa3	A-1/A+	£1m	6 months
Money Market Funds		AAA		£3m	Reinvested daily
Government Bodies	AAA			£3m	6 months
Local Authorities				£1m	6 months

The following analysis summarises the Authority's maximum exposure to credit risk. The table below (based on composite defaults from Fitch, Standard & Poors and Moody's) gives details of global corporate finance average cumulative default rates (including financial organisations) for the period 1990 to 2009. Defaults shown are by long term rating category on investments made out to one year, which were the most commonly held investments nationally during the year.

	Amount at 31 March 2010 £'000	Historical experience of default %	Adjustment for market conditions at 31 March 2010 %	Estimated maximum exposure to default £'000
Deposits with banks and financial institutions:	(a)	(b)	(c)	(a * c)
AAA rated counterparties	2,173	0.00%	0.00%	0
Other counterparties	4,311	42.67%	42.67%	1,840
Trade debtors (not including statutory debtors – Council Tax/NNDR)	429	42.69%	42.69%	183
Total	6,913			2,023

The current credit crisis in international markets has raised the overall possibility of default, hence the Council maintains strict credit criteria for investment counterparties.

All the Council's deposits are made through the London Money Markets, and the allocation of investments between institutions domiciled in foreign countries were as follows:

	Investments held by Bassetlaw District Council	31 March 2010 £'000	%
UK	UK	2,173	34
Non-EU	Iceland	4,311	66
	Total	6,484	100

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had £8.0m deposited across four of these institutions, with varying maturity dates and interest rates.

These investments are included in the Balance Sheet within Long Term and Short Term Investments dependent on the estimated repayment schedules. The carrying value is the principal investment, plus accrued interest, less impairment based on estimated returns.

Bank	Date Invested	Maturity Date	Amount Invested £'000	Interest Rate %	Total Impairment £'000	Carrying Amount £'000
Heritable Bank	9 July 08	9 Jan 09	2,000	6.12%	-517	934
KSF	9 Jan 08	7 Jan 09	1,000	5.55%	-429	344
Landsbanki	9 Jan 08	7 Jan 09	3,000	5.56%	-1,626	1,710
Glitnir Bank	9 Jan 08	7 Jan 09	2,000	5.55%	-925	1,323

The carrying amounts of the investments included in the Balance Sheet have been calculated using the present value of the expected repayments, discounted using the investment's original interest rate.

The Balance Sheet shows the net impact of the impairment of the Icelandic Banks investment in the Financial Instruments Adjustment Account. Regulations issued in March 2009 allow the authority to defer the impact of an impairment loss on the General Fund. Such amounts are instead transferred to the Financial Instruments Adjustment Account, an account that records the timing differences between charging these amounts to the General Fund in accordance with proper practice and in accordance with the Regulations. The Authority has taken advantage of the Regulations, and has transferred the amounts shown in the following table to the Financial Instruments Adjustment Account:

Total Amount Transferred to the Financial Instrument Adjustment Account		
2008/09 £'000	Bank	2009/10 £'000
537	Heritable Bank	-181
518	KSF	-175
647	Landsbanki	644
-27	Glitnir Bank	704
1,675	Total	992

Under the Regulations, the Authority must transfer the balance on the Financial Instruments Adjustment Account to the General Fund no later than 31 March 2011, and must also credit the Financial Instruments Adjustment Account with interest earned until such time as the balance has been transferred to the General Fund.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available the Council considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years.

The Council was granted a Capitalisation Direction allowing the expected impairment loss to be paid for by the Capital Programme. As a result, £2.660m of expected losses (calculated using the DCLG/CIPFA methodology) were capitalised, leaving a balance of £0.007m in the Financial Instrument Adjustment Account. These costs will be funded from borrowing and the financing costs charged to the General Fund over 20 years, in accordance with the MRP Policy.

The Authority estimates that the following credits will be made to the Financial Instruments Adjustment Account (FIAA):

Bank	Balance on FIAA at 31/3/09 £'000	Interest during 2009/10 £'000	Impairment 2009/10 £'000	Capital-isation 2009/10 £'000	Balance on FIAA at 31/3/10 £'000
Heritable Bank	537	-72	-108	-357	0
KSF	518	-17	-157	-344	0
Landsbanki	647	-131	774	-1,290	0
Glitnir Bank	-27	-113	816	-669	7
Total	1,675	-333	1,325	-2,660	7

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the authority will be determined by the administrators / receivers.

Heritable Bank

Heritable bank is a UK registered bank under English law. The company was placed in administration on 6 October 2008. A total repayment of £0.710m was received (34.98%) in 2009/10 and the revised impairment is based on the assumption that a further 50% will be received by the end of 2012/13, taking the total dividends expected to be paid to 84.98%

Therefore in calculating the impairment the Authority has made the following assumptions re timing of recoveries:

Date	Repayment	Date	Repayment
June 2010	5%	September 2011	5%
September 2010	5%	December 2011	5%
December 2010	5%	March 2012	5%
March 2011	5%	June 2012	5%
June 2011	5%	September 2012	5%

Recoveries are expressed as a percentage of the authority's claim in the administration, which includes interest accrued up to 6 October 2008.

Kaupthing Singer and Friedlander Ltd

Kaupthing Singer and Friedlander Ltd bank is a UK registered bank under English law. The company was placed in administration on 7 October 2008. A total repayment of £0.312m was received (30%) in 2009/10 and the revised impairment is based on the assumption that a further 41% will be received by the end of 2012/13, taking total dividends expected to be paid to 71%.

Therefore in calculating the impairment the Authority has made the following assumptions re timing of recoveries:

Date	Repayment	Date	Repayment
July 2010	6%	January 2012	6%
January 2011	6%	July 2012	6%
July 2011	6%	January 2013	6%

Recoveries are expressed as a percentage of the authority's claim in the administration, which includes interest accrued up to 7 October 2008.

Glitnir Bank hf & Landsbanki

The impairment for Glitnir and Landsbanki in 2008/09 was based on the assumption that local authority deposits with the bank had priority status, and would therefore be repaid ahead of any creditors that did not have priority status. This was based on the legal advice obtained by local authorities, and on announcements made by the banks.

The Glitnir Winding-Up Board has since expressed the view that local authority deposits do not have priority status. This may also impact on the Landsbanki position. Local authorities' legal advice remains that deposits have priority status under Icelandic law. However, decisions on the priority status of local authority deposits will be made by the Icelandic courts. It is unlikely that the position on priority status will be known until 2011/12. Therefore, the impairment for 2009/10 has been calculated on a prudent basis by applying a probability of 55% for priority creditor status, and a probability of 45% that priority status will not be achieved. The latest estimated repayment date for Glitnir is projected to be 2011/12, and for Landsbanki between October 2011 and October 2018.

Deposits with the Icelandic-domiciled banks were converted to Icelandic Krona on 22 April 2009. Repayments by the banks will be based on the value of the deposit in ISK, and the sterling value received by authorities will depend on the prevailing exchange rate. This may therefore be lower than the equivalent value on 22 April 2009.

The latest LAAP Bulletin 82/82A makes the following assumptions re timing of recoveries:

Glitnir: 100% recoverable in June 2011. If the Council does not receive priority status the expected repayments will be 29% between October 2011 and October 2015.

Landsbanki: 94.86% recoverable as per the table below. If the Council does not receive priority status the expected repayments will be 38.19% between October 2011 and October 2018.

Date	Repayment	Date	Repayment
October 2011	22.17%	October 2015	8.87%
October 2012	8.87%	October 2016	8.87%
October 2013	8.87%	October 2017	8.87%
October 2014	8.87%	October 2018	19.47%

Credit Risk - Debtors

The Council does not generally allow credit for its trade debtors, and this has resulted in £0.329m of the £0.418m balance being past its due date for payment. The past due amount can be analysed by age as follows:

2008/2009 £'000		2009/2010 £'000
166	Less than three months	89
39	Three to six months	21
24	Six months to one year	39
299	More than one year	269
528	Total	418

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

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury and Investment Strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need, and whilst the PWLB provides access to longer-term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets i.e. investments is as follows:

2008/2009 £'000		2009/2010 £'000
12,861	Less than one year	2,685
0	Between one and two years	0
0	Between two and three years	0
0	More than three years	3,799
12,861	Total	6,484

There are also trade and other payables due to the Council of £10.852m (shown in the Balance Sheet as short term debtors) that are due to be paid in less than one year and are not shown in the table above.

Refinancing and Maturity Risk

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

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments greater 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. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by full Council in the Treasury Management Strategy):

2008/2009 £'000		Approved maximum limits %/£'000	Approved Minimum Limits %	2009/2010 £'000
62	Less than one year	25% 17,805	0%	2,579
63	Between one and two years	25% 17,805	0%	63
188	Between two and five years	25% 17,805	0%	4,126
12,200	Between five and ten years	40% 28,488	0%	21,402
42,800	More than ten years	85% 60,538	0%	43,051
55,313	Total			71,221

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

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise;
- borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, 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, subject to influences from Government grants.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central Treasury team will both monitor and forecast the market interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favorable, fixed rate investments may be taken for longer periods to secure better long-term returns. Similarly the drawing of longer term fixed rates borrowing would be postponed.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs.

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

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	-66
Impact on Income and Expenditure Account	-66
Increase in Government grant receivable for financing costs	0
Share of overall impact debited to the HRA	0
Decrease in fair value of fixed rate investment assets	0
Impact on STRGL	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on I+E Account or STRGL)	10,682

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

Price risk - The Council does not invest in equity shares or marketable bonds.

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

Disclosure Areas

The Balance Sheet is required to have a minimum of four balances due to the nature of financial instruments:

- Long-term investments (repayable over 1 year)
- Current assets – investments (repayable less than 1 year)
- Current liabilities – borrowings repayable on demand or in less than 12 months
- Borrowing repayable within a period in excess of 12 months

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	
	2008/09 £'000	2009/10 £'000	2008/09 £'000	2009/10 £'000
Financial liabilities (principal amount)	55,250	68,187	63	2,063
+ Accrued Interest	0	0	0	516
+/- Other accounting adjustments	903	455	0	0
Financial liabilities at amortised cost (note 1)	56,153	68,642	63	2,579
Total borrowings	56,153	68,642	63	2,579
Loans and receivables (principal amount)	0	0	6,536	2,172
+ Accrued interest	0	0	0	1
Loans and receivables at amortised cost (note 1)	0	3,799	6,325	512
Total investments	0	3,799	12,861	2,685

Note 1 – Under accounting requirements the carrying value of the financial instrument value is shown in the Balance Sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued as interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Unusual Movements

Total borrowings increased over the period to meet the costs of the Decent Homes Programme. New long term loans totalling £13.000m were undertaken in 2009/10.

The reduced investments relate to the strategy to reduce investments and delay borrowing, this not only saves costs on borrowing but also reduces the investment risks. In addition, further information from the DCLG in relation to Icelandic Bank Investments has resulted in a further £1.325m impairment.

Collateral

The Council initiated a legal charge on a property where the land was transferred to a Housing Association but has a legal charge upon the future sale of this land. The collateral charge on the land in this instance at 31 March 2010 was £1.200m.

Allowance for Credit Losses

Section 4.62 of the SoRP requires any impairment of a financial asset to be reflected in the carrying amount with the impairment loss being charged to the Income and Expenditure Account.

Financial instruments Gains/Losses

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

Financial Instruments Gains and Losses 2009/10			
	Liabilities measured at amortised cost £'000	Loans and receivables £'000	Total £'000
Interest expense	2,667	0	2,667
Losses on derecognition	0	0	0
Impairment losses	0	1,325	1,325
Interest payable and similar charges	2,667	1,325	3,992
Interest income	0	-856	-856
Gains on derecognition	0	0	0
Interest and investment income	0	-856	-856
Gains on revaluation	0	0	0
Losses on revaluation	0	0	0
Amounts recycled to the I+E Account after impairment	0	0	0
Surplus arising on revaluation of financial assets	0	0	0
Net gain (-)/loss for the year	2,667	469	3,136
Financial Instruments Gains and Losses 2008/09			
	Liabilities measured at amortised cost £'000	Loans and receivables £'000	Total £'000
Interest expense	2,665	0	2,665
Losses on derecognition	0	0	0
Impairment losses	0	2,172	2,172
Interest payable and similar charges	2,665	2,172	4,837

Interest income	0	-943	-943
Gains on derecognition	0	0	0
Interest and investment income	0	-943	-943
Gains on revaluation	0	0	0
Losses on revaluation	0	0	0
Amounts recycled to the I+E Account after impairment	0	0	0
Surplus(-)/Deficit arising on revaluation of financial assets	0	0	0
Net gain(-)/ loss	2,665	1,229	3,894

The Council does not hold investments in Available for Sale Assets, nor Assets held at Fair Value through the Income and Expenditure Account.

The net loss of £3.137m in 2009/10 (£3.894m 2008/09) is mainly due to interest on borrowings of £2.668m and the estimated impairment of Icelandic Bank Investments of £1.325m and investment interest of -£0.857m

Fair value of Assets and Liabilities carried at Amortised Cost

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

- The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each Balance Sheet date, and include accrued interest. The fair values 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. loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- The fair values for loans and receivables have been determined by reference to the Public Works Loans Board (PWLB) redemption rules, which provide a good approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each Balance Sheet date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial. loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount.

The fair values are calculated as follows:

	2008/2009		2009/10	
	Restated Carrying amount £'000	Restated Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	23,927	25,888	36,689	38,116
Non-PWLB debt	32,226	34,628	31,953	33,875
Total long term debt	56,153	60,516	68,642	71,991
Short term borrowing	853	853	4,275	4,275
Creditors	7,293	7,293	7,164	7,164
Total Financial liabilities	64,299	68,662	80,081	83,430
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.				
Money market loans < 1 yr	12,861	12,861	2,685	2,685
Fixed loans > 1 yr	0	0	3,799	3,799
Debtors	6,528	6,528	10,852	10,852
Total Loans and receivables	19,389	19,389	17,336	17,336
The differences are attributable to fixed interest instruments receivable being held by the Council, whose interest rate is higher than the prevailing rate estimated to be available at 31 March. This increases the fair value of financial liabilities and raises the value of loans and receivables.				

30. INSURANCE RESERVE

The reserve is used as a contingency against exceptional numbers of individual insurance claims where the Council has to meet the costs of the insurance excesses.

2008/09 £'000		2009/10 £'000
-52	Balance as at 1 April	-52
0	Net Contributions from (-) / to Income & Expenditure Account	-17
-52	Balance at 31 March	-69

Insurance Reserve

31. MOVEMENT IN PROVISIONS

The Council does not have any specific provisions, as there are no known future obligations. However, a provision for bad and doubtful debts is maintained based on aged debtors, the analysis by Fund is detailed below. Under the Statement of Recommended Practice 2009 the Council has to restate the accounts in respect of Non Domestic Rates and Council Tax and only show the Council's own share of the provision for bad debts. As a result the provision for bad debts for these two areas as at 31 March 2010 has decreased by £1.618m, with this figure being split and transferred to a debtor for each major preceptor, i.e. County Council, Police and

Fire and Rescue Authorities and Central Government for the Business Rates share. A full explanation of Provisions can be found in Note 2 of the Statement on Accounting Policies.

PROVISION FOR BAD AND DOUBTFUL DEBTS

Total 2008/09 £'000		NNDR £'000	Council Tax £'000	General Fund £'000	HRA £'000	Total 2009/10 £'000
2,429	Balance at 1 April	551	1,254	338	585	2,728
1,312	Provisions made in year	0	24	103	41	168
-1,013	Write offs against Provision	0	-1	-85	-112	-198
0	Transfer to major Preceptor/Central Government	-551	-1,132	0	0	-1,683
2,728	Balance at 31 March	0	145	356	514	1,015

Provision for Bad and Doubtful Debts

32. 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	Restated Balance 2008/2009 £'000	Gains and Losses(-) in Year £'000	Movement between Reserves £'000	Balance 2009/2010 £'000
Revaluation Reserve	Store of Gains and Losses on Revaluation of Fixed Assets	61,661	8,995	-1,795	68,861
Capital Adjustment Account	Store of Capital Resources Set Aside to meet past Expenditure	227,345	-2	-5,313	222,030
Financial Instruments Adjustment Account	Holds the accumulated difference between the financing costs in the Income & Expenditure Account and those charged to General Fund Balance	-2,806	0	1,906	-900
Usable Capital Receipts Reserve	Proceeds of Fixed Assets Available to meet Future Capital Investment	15,097	0	-1,713	13,384
Pensions Reserve	Balancing Account to allow inclusion of Pensions Liability in the Balance Sheet	-35,018	-23,821	-394	-59,233
Statutory Housing Revenue Account Balance	Resources available to meet future running costs of Council house provision	1,333	0	264	1,597
Regeneration Initiatives Reserve	Earmarked for minor regeneration projects	184	0	-59	125
Job Evaluation Reserve	Specific reserve earmarked for the costs of Equal Pay following the Job Evaluation exercise	815	0	0	815
Treasury Management Reserve	Prudent contingency fund against any future losses arising from Icelandic bank investments	0	0	770	770
General Fund Balance	Resources available to meet future running costs of non housing services	2,384	-7,482	6,247	1,149
LAA Performance Reward Grant Reserve	Money held for Bassetlaw Local Strategic Partnership as accountable body with no individual authority to spend	0	0	131	131
Other Reserves	Collection Fund Adjustment Account, Earmarked Reserves and Deferred Capital Receipts	227	0	-44	183
TOTAL		271,222	-22,310	0	248,912

Movement on Reserves

33. CONTINGENT LIABILITIES AND ASSETS

The Council is committed to an equal pay review the total cost of which is unknown at this stage. The effective date is yet to be decided, however a Job Evaluation Reserve of £0.815m was established for this purpose.

The Council has given a financial guarantee to underwrite 50% of the annual loss in respect of the operation of the Turbine Business Innovation Centre. The amount charged to the Income and Expenditure Account in 2009/10 for this is £0.030m. A loss occurs when the optimum occupancy is not achieved, and the maximum subsidy payable in any year is estimated to be £0.050m.

Costs of an estimated £0.200m may also be realised in relation to a Judicial Review and outstanding court cases.

The Council has a number of employer and public liability cases brought against it where either the obligating event is disputed or the amounts involved are uncertain. Subsequent changes may alter the probability or estimated values of these cases and the maximum liability in respect of these is £0.308m.

34. AUTHORISATION

This Statement of Accounts was authorised for issue on 24 June 2010 by Mike Hill, Head of Finance and Property.

35. POST BALANCE SHEET EVENTS

The Chancellor of the Exchequer announced at his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with paragraph 21 of Financial Reporting Standards 21 (post balance sheet events) it is estimated that this change will reduce the value of an average employers FRS17 liabilities in the Fund by 6%-8%.

The management of Leisure Services (3 Leisure Centres and golf course) were transferred to a Leisure Trust on 1 April 2010 the value of this contract is £0.762m. 156 staff were TUPE transferred to the new Trust.

Connaught Partnerships Ltd (one of our decent homes contractors) were placed into administration on 8 September 2010 and, in accordance with the terms of the contracts, were automatically terminated. The outstanding commitments at 31 March 2010 were £18.250m.

36. TRUST FUNDS

The Council administers three funds on behalf of other parties.
The capital values on these funds as at 31st March 2010 were:

2008/09 £'000	Fund	2009/10 £'000
18	King George's Field Foundation	74
9	Sir Stuart and Lady Florence Goodwin Charity	1
1	Dr Kool Want Charity	1
28	Total	76

37. AMOUNTS DUE FROM RELATED PARTIES

Amounts due from A1 Housing (Bassetlaw) Ltd total -£0.161m and relates to outstanding amounts for Service Level Agreement charges -£0.098m and capital scheme charges -£0.063m. There is no Provision for Bad and Doubtful Debts in relation to A1 Housing (Bassetlaw) Ltd.

38. 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 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.

The Local Government Pension Scheme for civilian employees is administered locally by Nottinghamshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a Fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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:

2008/09 £'000	LOCAL GOVERNMENT PENSION SCHEME	2009/10 £'000
	Net Cost of Service	
1,122	Current Service Cost	701
0	Past Service Cost	0
125	Curtailment/Settlement Gain	128
1,247	Net Operating Expenditure	829
5,029	Interest Cost	4,651
-2,981	Expected Return On Assets in Scheme	-2,271
3,295	Net Charge to the Income and Expenditure Account	3,209

2008/09 £'000	FRS17 Statement of Movement on General Fund Balance	2009/10 £'000
-3,295	Reversal of net charges made for Retirement Benefits in accordance with FRS17	-3,209
2,119	Actual Amount Charged Against Council Tax in Year Employers contributions payable to the scheme	2,171
610	Actual Amount Charged Against Rent Payer Employers contributions payable to the scheme	645

Employer's contributions of £0.645m (£0.610m in 2008/09) were charged to the Housing Revenue Account Balance reducing the outstanding liability for Housing Revenue Account relating to staff transferred to A1 Housing (Bassetlaw) Ltd. with the benefit of a fully funded pension scheme. Later tables contain details of the assumptions made in estimating the figures included in this table.

In addition to the recognised gains and losses included in the Income and Expenditure Account, an Actuarial loss of £23.821m (gain of £5.521m 2008/09) was included in the Statement of Total Recognised Gains and Losses. The total accumulated Actuarial Gains/Loss(-) that have been recognised in the Statement of Recognised Gains and Losses is -£21.539m (£2.282m in 2008/09).

Return on Assets, Gains and Losses

A further analysis is now given showing the present value of the scheme Liabilities and the fair value of the scheme assets and the surplus or deficit in the scheme over the current accounting period and the previous four accounting periods.

2008/09 £'000		2009/10 £'000
43,274	Opening fair value of scheme assets	35,381
2,981	Expected Return on Scheme Assets	2,271
-10,863	Actuarial gains/losses (-)	9,483
2,752	Contribution by employer including unfunded benefits	2,813
535	Contribution by scheme participants	537
-3,298	Estimated benefits paid including unfunded benefits	-3,200
35,381	Fair value of Scheme assets at end of period based on the Actuary's Report	47,285

Reconciliation of present value of the scheme assets

2008/09 £'000		2009/10 £'000
-83,248	Opening Defined Benefit Obligation	-70,377
-1,122	Current Service Cost	-701
-5,029	Interest Cost	-4,651
16,384	Actuarial gains/losses (-)	-33,304
-125	Gain/loss (-) on curtailments	-128
3,043	Estimated benefits paid	2,937
0	Past Service Cost	0
-535	Contribution by scheme participants	-537
255	Unfunded pension payments	263
-70,377	Closing Defined Benefit Obligation	-106,498

Reconciliation of opening and closing of present value of scheme liabilities

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 Statement of Accounts reflect the actual total liability of £59.233m, the difference being actual amounts paid to the Pension Fund by the employer.

2008/09 £'000		2009/10 £'000
35,381	Estimated Share of Assets in the County Council Fund	47,285
-70,377	Estimated Share of Liabilities in the County Council Fund	-106,498
-34,996	Net Asset / Liability (-) Based on Actuary's Report	-59,213
0	Balance at 1 April 2009 for adjustment of actual amounts paid	-22
-22	Adjustment for Actual amounts paid	2
-35,018	Net Asset / Liability (-) Balance Sheet	-59,233

Assets and Liabilities in Relation to Retirement Benefits

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2010 is estimated to be 33%. This is based on the estimated Fund value used at the previous accounting date and the estimated Fund value used at this accounting date. The actual return on Fund assets over the year may be different. The estimated asset allocation for Bassetlaw District Council is detailed below;

2008/09 £'000	2008/09 %	Employer Asset Share	2009/10 £'000	2009/10 £'000
20,980	59	Equities	32,153	68
5,166	15	Gilts	4,256	9
2,194	6	Other Bonds	2,837	6
5,626	16	Property	7,093	15
1,415	4	Cash	946	2
35,381	100	Total	47,285	100

Estimated asset allocation

Reconciliation of fair value of the scheme

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £11.755m (2008/09 was £7.882m).

Scheme history

	2009/10 £'000	2008/09 £'000	2007/08 £'000	2006/07 £'000	2005/06 £'000
Defined Benefit Obligation	-106,498	-70,377	-83,248	-78,230	-79,150
Scheme assets	47,285	35,381	43,274	44,386	41,016
Surplus/deficit based on the Actuary's Report	-59,213	-34,996	-39,974	-33,844	-38,134
Adjustments for Actual amounts paid	-20	-22	0	0	0
Net Asset/Liability balance sheet	-59,233	-35,018	-39,974	-33,844	-38,134
Experience adjustments on Scheme assets	9,483	-10,863	-4,022	947	5,394
% of assets at balance sheet date	20.1%	-30.7%	-9.3%	2.1%	13.2%
Experience adjustments on scheme liabilities	94	0	2,132	0	-1,593
% of defined benefit obligation at balance sheet date	0.1%	0.0%	2.6%	0.0%	-2.0%

Scheme History

The liabilities show the underlying commitments that the authority has in the long run to pay for retirement benefits. The total liability of -£106.498m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of -£59.233m.

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy.

The deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme Actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2011 is £1.807m.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an Actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund liabilities have been assessed by Barnett Waddingham, an independent firm of Actuaries and the estimates for the County Council Fund are based on the latest full valuation of the scheme as at 1 April 2009.

The principal assumptions used by the Actuary have been:

2008/09 %	Long Term Expected Rate of Return on Assets in the Scheme	2009/10 %
7.50	Equities	7.40
4.70	Bonds – Government	4.50
5.40	Bonds – Other	5.50
6.50	Property	6.90
5.30	Cash – Liquidity	3.00
2008/09 Years	Mortality Assumption	2009/10 Years
	Life Expectancy from age 65 (years)	
	Retiring Today	
20.30	Male	20.30
25.00	Female	23.91
	Retiring in 20 years	
21.22	Male	21.22
24.91	Female	24.91
2008/09 %	Financial Assumptions	2009/10 %
3.10	Rate of Inflation	3.90
4.90	Rate of Increase in Salaries	5.40
3.10	Rate of Increase in Pensions	3.90
5.40	Rate for discounting scheme liabilities	5.50
50.00	Take-up of options to cover annual pension into retirement lump sum	50.00

Table of assumptions history of Experience Gains and Losses

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

Projected Pension Expense for the year to 31 March 2011

Projection for Year to 31 March 2011	£'000
Current Service Cost	1,593
Interest Cost	5,835
Return on Assets	-3,250
Total	4,178
Employer contributions	1,807

Pension Projections

39. RECONCILIATION OF CASH FLOW AND INCOME AND EXPENDITURE ACCOUNT

2008/09 £'000		2009/10 £'000	2009/10 £'000
(7,608)	Surplus/(Deficit) for the year		(7,482)
	Non Cash Transactions		
6,289	Depreciation & Impairment	6,967	
1,281	Revaluation decreases written off to I&E during the year	1,532	
(280)	Deferred Grants amortised in year	(373)	
(1,446)	Grants funding from Revenue Expenditure Funded from Capital Under Statute amortised/written off during the year	(1,476)	
565	Pension Fund adjustments	393	
2,172	Material Impairment losses on Investments debited to I&E Account in year	1,325	
	Other non cash Financial Instrument adjustments	(723)	
12	Precepting Authorities Only – Appropriation to/from Collection Fund Adjustment Account	27	
8,593			7,672
	Adjustment for items reported separately on Cashflow		
(943)	Interest and Investment Income	(856)	
2,665	Interest payable and similar charges (including gains or losses on the repurchase or early settlement of borrowing taken to revenue & amortisation of gains or losses on repurchase or early settlement of borrowings c/fwd in accordance with the SORP)	2,667	
2,272	Revenue Expenditure Funded from Capital Under Statute	2,666	
313	Gain or loss on the disposal of Fixed Assets	1,550	
4,307			6,027
	Items on Accrual Basis		
(1)	(Increase)/Decrease in Stock	(7)	
(1,820)	(Increase)/Decrease in Debtors	(1,023)	
(3,763)	Increase/(Decrease) in Creditors	794	
(5,584)			(236)
(292)	Net Cash Inflow/(outflow) from operating activities		5,981

Reconciliation of Fund Balances and Net Cash Movement

40. ANALYSIS OF NET DEBT

	Cash	Temporary Investments and Short term Deposits	Long Term Investments	Amounts relating to major preceptors and NNDR	Total	Loans Due Within One Year	Loans Due After More Than One Year	Net Debt
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Restated Balance 1 April 2009	-790	12,861	0	-2,094	9,977	-63	-56,156	-46,242
Cash Flow Changes in Year	-873	-5,386	0	6,364	105	-2,001	-12,459	-14,355
Other Non Cash Flow Changes	0	-4,790	3,799	0	-991	-515	-27	-1,533
Balance 31 March 2010	-1,663	2,685	3,799	4,270	9,091	-2,579	-68,642	-62,130

Analysis of Net Debt

41. RECONCILIATION OF MOVEMENT IN CASH TO NET DEBT

Restated 2008/09 £'000		2009/10 £'000	2009/10 £'000
-886	Increase /(-)Decrease in cash in year	-873	
-737	Cash Inflow/(-)Outflow from Liquid Resources	978	
-5,000	Cash inflow from new loans raised	-15,000	
3,608	Cash outflow from loans repaid	63	
63	Payment of interest accrued at Balance Sheet date	477	
-2,952	Change in net debt resulting from cash flows		-14,355
	Other Non Cash Changes		
-24	Difference between carrying amount of loan and associated premium and recalculated carrying amount of loan per the SORP	0	
0	Impaired Financial Instruments accrued interest	334	
-1,675	Impairment of Financial Instruments	-1,325	
-80	Net adjustment for difference between Effective Interest Rates and actual interest payable	-27	
0	Interest accrued at Balance Sheet date on loans	-515	
-1,779	Change in Non Cash movements		-1,533
-4,731	Net movement in cash		-15,888
-41,511	Net Debt Brought forward		-46,242
-46,242	Total Net Debt carried forward		-62,130

Reconciliation of Movement in Cash to Net Debt

42. 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 as -£68.642m (-£56.156m 2008/09) includes an effective interest rate adjustment which does not impact on the cashflow. Liquid resources are those resources which can easily be converted into cash, these include Short Term Investments and amounts due from Precepting Authorities and the Government in relation to Council Tax and NNDR respectively.

	Restated 2008/09 £'000	Non Cash Movement £'000	Cash Movement £'000	2009/10 £'000
Short Term Investments	12,861	-4,793	-5,383	2,685
Other Liquid Resources	2,176	0	2,094	4,270
Long Term Investments	0	3,799	0	3,799
Borrowing repayable within 12 months	-63	-579	-1,937	-2,579
Long Term Borrowing	-56,156	514	-13,000	-68,642
Net Cash Flow/Inflow on Financing	-41,182	-1,059	-18,226	-60,467

Reconciliation of Financing and Liquid Resources to Balance Sheet

43. MOVEMENT IN CASH AND LIQUID RESOURCES

	Restated 2008/09 £'000	Non cash Movement £'000	Cash Movement £'000	2009/10 £'000
Movement in Short Term Investments	12,861	-4,793	-5,383	2,685
Movement in Other Liquid Resources	2,176	0	2,094	4,270
Bank overdraft	-790	0	-881	-1,671
Cash and bank	0	0	8	8
Movement in Cash and Bank	-790	0	-873	-1,663
Total Movement	14,247	-4,793	-4,162	5,292

Movement in Cash and Liquid Resources

44. CASHFLOW – FURTHER EXPLANATIONS

	2008/09 £'000	Movement £'000	2009/10 £'000
Current liabilities - Borrowing	-63	-2,516	-2,579
Long Term Liabilities - Borrowing	-56,156	-12,486	-68,642
Total	-56,219	-15,002	-71,221

Movement in Borrowing

45. ANALYSIS OF GOVERNMENT / OTHER GRANTS (Cash basis)

2008/09 £'000		2009/10 £'000
	<u>Department of Work and Pensions Grants</u>	
779	Housing Benefits Administration Grant	851
7,664	Council Tax Benefit Subsidy	9,121
12,306	Rent Rebates Benefits Subsidy	12,630
8,609	Rent Allowance Subsidy	14,291
88	Pension Credits	96
29,446	Department of Work and Pensions Grants Total	36,989
	<u>Other Government Grants</u>	
167	Other Government Grants	214
71	Planning Delivery Grant	0
0	Anti Social Behaviour	12
17	Building Safer Communities	21
1,193	Renovation Grants	1,195
308	Homeless	70
170	NNDR	180
837	Supporting People	853
67	Flood Emergency	0
282	Concessionary Travel	289
0	Free Swimming	109
3,112	Other Government Grants Total	2,943
	<u>Capital Grants</u>	
682	Capital Grants- Government	0
4,036	Major Repairs Allowance	4,095
350	Other Capital Grants	1,451
5,068	Capital Grants Total	5,546
	<u>Other Revenue Grants</u>	
102	Other Grants	146
102	Other Revenue Grants Total	146

Analysis of Government and Other Grants

Note: Housing Planning Delivery grant for 2009/10 is included within General Government Grants in the Whole Authority Income and Expenditure Account.

46. SECTION 106 RECEIPTS

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 or services provided as a result of that permission (e.g. 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 1.4.2009 £'000	Income 2009/10 £'000	Adjustments 2009/10 £'000	Expenditure 2009/10 £'000	Balance 31.3.2010 £'000
Transport Infrastructure	185	2	0	-27	160
Open Space Equipment & Maintenance	259	162	-50	-197	174
Other	157	273	-17	-25	388
Total	601	437	-67	-249	722

Section 106 Receipts

The adjustments column relates to two Section 106 Receipts, which are time-expired and become payable back to the developer. However, negotiations for an extension to the time limit are ongoing.

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.

2008/09 £'000	HRA Income & Expenditure Account	2009/10 £'000
	<u>Income</u>	
-20,694	Dwelling Rents	-21,160
-258	Non dwelling Rents	-263
-376	Charges for Services and Facilities	-556
-976	Contributions towards expenditure	-1,068
-22,304	Total Income	-23,047
	<u>Expenditure</u>	
5,243	Repairs and Maintenance	5,959
6,144	Supervision and Management	6,235
35	Rents, Rates, Taxes and Other Charges	14
3,054	Negative Housing Revenue Account subsidy payable	2,448
6,198	Depreciation and Impairment of Fixed Assets	6,042
100	Debt Management Costs	144
128	Increase in Bad Debt Provision	34
20,902	Total Expenditure	20,876
-1,402	Net Cost of HRA Services as included in whole authority Income & Expenditure Account	-2,171
162	HRA services share of Corporate and Democratic Core	177
810	HRA share of other amounts included in whole authority Net Cost of Services but not allocated to specific services	579
-430	Net Cost of HRA Services	-1,415
29	Gain (-) or Loss on Sale of HRA Fixed Assets	298
1,466	Interest payable and similar charges	1,991
-20	Interest and Investment Income	-25
1,045	Surplus (-) or deficit for the year on HRA services	849

Housing Revenue Account (HRA)

2008/09 £'000		2009/10 £'000
1,045	Surplus (-) or deficit for the year on the HRA Income and Expenditure Account	849
-1,145	Net Additional amounts required by statute to be debited or credited (-) to the HRA balance for the year	-1,113
-100	Increase (-) or Decrease in HRA Balance	-264
-1,233	Balance Brought Forward	-1,333
-1,333	Balance Carried Forward	-1,597

Statement of movement on HRA Balance

2008/09 £'000		2009/10 £'000
	<u>Items included in HRA Income and Expenditure Account but excluded from the Movement on HRA Balance in the year</u>	
	Any other items of Income and Expenditure:	
-318	Impairments of Assets	-425
0	Deferred Government Grants	73
37	Gain/Loss on Disposal of Assets	-69
	Items NOT included in HRA Income and Expenditure Account required to be included in the movement on HRA Balance in year	
-1,843	Transfer to Major Repairs Reserve	-1,595
0	Capital Expenditure funded by HRA	0
369	Amortisation of Premiums and Discounts	258
610	Employees Contributions payable to NCC Pension Fund and retirement benefits payable direct to pensioners	645
-1,145	Net additional amount required by statute	-1,113

Note to Statement of Movement on HRA Balance

NOTES TO THE HOUSING REVENUE ACCOUNT

(A) HOUSING STOCK

Total 2008/09		Pre 1945	1945- 1964	1965- 1974	After 1974	Total 2009/10
	<u>Traditional Houses and Bungalows</u>					
3,008	1 - 2 Bedrooms	245	1,024	515	1,223	3,007
1,740	3+ Bedrooms	663	736	154	183	1,736
	<u>Non Traditional Houses and Bungalows</u>					
617	Houses and Bungalows	0	269	348	0	617
	<u>Flats</u>					
1,029	Low Rise (1 - 2 Storeys)	20	407	249	352	1,028
553	Medium Rise (3 - 5 Storeys)	0	21	368	164	553
6,947	Total	928	2,457	1,634	1,922	6,941

Current Housing Stock

2009/10 ASSETS										
	Operational Assets						Non Operational Assets			Total
	Council Dwellings	Other Land & Buildings	Vehicles Plant Furniture and Equipment	Infra-structure	Community Assets	Total Operational Assets	Investment Assets	Surplus Assets	Total Non Operational Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book value at 1 April 2009	296,982	7,606	1,743	1,691	21	308,043	15,906	21	15,927	323,970
Additions	19,809	221	0	48	0	20,078	0	0	0	20,078
Disposals & Write Offs	-308	-285	0	-90	-4	-687	0	-251	-251	-938
Reclassification	-1	-90	15	0	0	-76	-1,715	1,474	-241	-317
Revaluations	5,232	-195	0	0	0	5,037	-2,662	-46	-2,708	2,329
Gross Book Value at 31 March 2010	321,714	7,257	1,758	1,649	17	332,395	11,529	1,198	12,727	345,122
<u>Less</u>										
<u>Depreciation and Impairments</u>										
Balance at 1 April 2009	398	690	1,394	1,133	0	3,615	0	0	0	3,615
Incurred in Year	5,372	194	103	21	0	5,690	0	0	0	5,690
Disposals & Write Offs	-2	-9	0	-41	0	-52	0	0	0	-52
Reclassifications	0	-3	6	0	0	3	0	0	0	3
Revaluations	-4,822	-140	0	0	0	-4,962	0	0	0	-4,962
Balance at 31 March 2010	946	732	1,503	1,113	0	4,294	0	0	0	4,294
Net Book Value 31 March 2010	320,768	6,525	255	536	17	328,101	11,529	1,198	12,727	340,828

Balance Sheet Valuation of HRA Assets

(B) VACANT POSSESSION VALUE

The vacant possession value (Open Market Value) of Council dwellings as at 1 April 2009 is £540.839m (1 April 2008 was £619.560m). The review as at 31 March 2010 increases this valuation to £553.776m. 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.

2008/09 £'000		2009/10 £'000
0	Balance as at 1 April 2009	0
5,879	Depreciation on HRA Assets	5,690
-1,843	Adjusting transfer to (-) / from HRA	-1,595
-4,036	Funding of HRA expenditure	-4,095
0	Balance as at 31 March 2010	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

2008/09 £'000		2009/10 £'000
16,307	HRA Capital Expenditure	20,078
	Financed by:	
11,940	Borrowing	14,940
109	Grants and Contributions	85
222	Usable Capital Receipts	958
0	Revenue Contributions	0
4,036	Major Repairs Reserve	4,095
16,307	Total	20,078

Capital Funding HRA

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

2008/09 £'000		2009/10 £'000
204	Land	206
566	Houses	336
782	Other	45
1,552	Total	587

Housing Capital Receipts

The above figures are net of housing capital receipts pooling and disposal costs.

(G) 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.

2008/09 £'000		2009/10 £'000
5,567	Depreciation on Housing Revenue Account dwellings	5,372
312	Depreciation on Housing Revenue Account other land and property	318
0	Depreciation on Housing Revenue Account non-operational assets	0
5,879	Total	5,690

HRA Depreciation Costs

2008/09 £'000		2009/10 £'000
3,477	Cost of Capital Accounting Adjustment	3,586
-1,843	Transfer to Major Repairs Allowance	-1,595
1,634	Housing Revenue Account Debt Financing Costs	1,991

HRA Debt Financing Costs

(H) IMPAIRMENT CHARGES

There were £0.425m of impairments, due to downward revaluations, during 2009/10 (£0.318m 2008/09) charged to the Housing Revenue Account. An explanation of impairment is contained within the Statement of Accounting Policies and the Glossary.

(I) REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

There is no Revenue Expenditure funded from Capital under Statute included within the Housing Revenue Account for 2009/10.

(J) HOUSING SUBSIDY

The figure of £2.448m (£3.054m 2008/09) is the amount of housing subsidy payable to the Government by the Council. The table below shows the breakdown of the net subsidy payable.

2008/09 £'000		2009/10 £'000
9,786	Management and Maintenance	10,227
2,255	Charges for Capital	2,746
0	Admissible Allowance	0
-19,088	Notional Rent	-19,553
-3	Interest on Receipts	-2
4,036	Major Repairs Allowance	4,095
0	Rental Constraint Allowance	0
0	Housing Defects Subsidy	0
-40	Adjustment to Previous Year Subsidy by Audit	39
-3,054	Total	-2,448

Housing Subsidy

(K) PENSIONS

Since the transfer of housing staff to A1 Housing (Bassetlaw) Ltd in October 2004, there have been no adjustments in the HRA for FRS17. However a payment of £0.645m was made to the Pension Fund, which reduces the outstanding liability relating to these transferred staff, and this is shown in the Statement of Movement of HRA Balance.

(L) ARREARS

The average weekly (52 week basis) rent per dwelling was £60.35 in 2009/10 compared to £57.61 in 2008/09 with arrears totalling 3.16% of gross debit in 2009/10 compared to the 2008/09 figure of 3.45%.

2008/09 £'000		2009/10 £'000
763	Total Arrears (includes amounts collectable on behalf of other agencies)	717
585	Provision for Bad and Doubtful Debts	514

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.

(M) 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.

(N) EXCEPTIONAL OR PRIOR YEAR ADJUSTMENTS

There were no exceptional items in 2009/10.

COLLECTION FUND ACCOUNT

This Statement reflects the statutory requirements for billing authorities to maintain a separate Collection Fund, showing the transactions relating to National 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).

Whole	BDC	Income / Expenditure		Whole	BDC
2008/09 £'000	Element 2008/09 £'000		Note	2009/10 £'000	Element 2009/10 £'000
-46,625	-4,577	Income			
		Income from Council Tax		-47,825	-4,666
		Transfers from General Fund			
-7,920	-778	Council Tax Benefit		-8,742	-853
-39,523	-166	Income collectable from business ratepayers contributions	A	-35,456	-165
-94,068	-5,521	Total Income		-92,023	-5,684
		Expenditure			
54,078	5,309	Precepts	C	56,056	5,468
		Business Rates			
38,892	0	Payments to Pool	A	34,935	0
166	166	Costs of collections	A	165	165
42	0	Interest on National Non Domestic Refunds	A	88	0
		Bad and Doubtful debts/appeals			
620	28	Bad and Doubtful Debts – Write Offs		380	1
142	6	Increase in provision for bad and doubtful debts		120	23
93,940	5,509	Total Expenditure		91,744	5,657
-128	-12	Movement on Fund Balance in year		-279	-27

Collection Fund Revenue Account

NOTES TO THE COLLECTION FUND ACCOUNT

(A) NATIONAL NON-DOMESTIC RATES (NNDR)

Non-Domestic Rates are organised on a national basis. The Government specifies an amount, 48.5p in 2009/10 (46.2p 2008/09) 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 NNDR Pool administered by the Government. The total Non-Domestic rateable value at 31 March 2010 was £85,295,046 (31 March 2009 £91,418,086).

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.

2008/09 £'000	National Non Domestic Rate Income	2009/10 £'000
40,665	Gross Amount Due	30,474
-990	Charitable Relief, etc.	-1,090
1,862	Transitional Relief	9,178
-414	Small Business Rate Relief	-584
-1,600	Empty and Part Occupation Relief	-2,522
39,523	Net Amount Collectable	35,456
	<u>Less</u>	
-423	Provision for Bad Debt	-268
-42	Interest on Overpayments	-88
-166	Cost of Collection Allowance payable to General Fund	-165
38,892	Amount Payable to NNDR Pool	34,935

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 and Rescue Authority and this Council, and dividing this total figure by the Council Tax Base. The Council Taxbase 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	
		2008/09	2009/10	2008/09	2009/10
Band A	6	25,689	25,834	14,712	14,846
Band B	7	7,226	7,280	5,051	5,095
Band C	8	5,944	5,966	4,780	4,839
Band D	9	5,593	5,662	5,184	5,260
Band E	11	2,769	2,829	3,183	3,230
Band F	13	1,299	1,299	1,760	1,751
Band G	15	654	657	997	1,015
Band H	18	57	57	84	79
Total		49,231	49,584	35,751	36,115
Deduction for non-collection, new build, demolition and other adjustments				-360	-544
Additional properties and adjustments during the year				220	212
Council Tax Base (Band D equivalent)				35,611	35,783

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 and Rescue Authority. Precepts are also paid via the District Council to 57 individual Parish/Town Councils and Charter Trustees. Details of actual payments made are shown below.

2008/09 £'000		2009/10 £'000
5,309	Payable to Bassetlaw District Council for precepts from: Bassetlaw District Council	5,468
41,253	Payable to Other Precepting Authorities Nottinghamshire County Council	42,696
5,186	Nottinghamshire Police Authority	5,468
2,330	Nottinghamshire Fire and Rescue Authority	2,424
54,078	Total Precepts Payable	56,056

Precepts on the Collection Fund

(D) COUNCIL TAX INCOME

The Council set a Council Tax (excluding local precepts) at Band D of £1,566.55 in 2009/10 compared to £1,518.58 in 2008/09. This is broken down as follows:

2008/09 £	Band D Council Tax	2009/10 £
149.09	Bassetlaw District Council	152.82
1,158.43	Nottinghamshire County Council	1,193.18
145.62	Nottinghamshire Police Authority	152.82
65.44	Nottinghamshire Fire and Rescue Authority	67.73
1,518.58	Total Council Tax Income	1,566.55

Council Tax Income

(E) 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 the year-end balance. The calculation has to be made on the 15 January each year. For 2009/10 no surplus was declared.

The Statement of Accounts record an in-year surplus of £0.279m on the Collection Fund in 2009/10.

The surplus on the Collection Fund at 31 March 2010 was allocated to the District Council, Nottinghamshire County Council, the Police Authority and the Fire and Rescue Authority debtor accounts in proportion to the value of their respective demands and precepts made on the Collection Fund for 2010/11.

The balance at 31 March 2010 has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the precepting authorities debtor account and the billing authority as follows:

Cumulative Surplus/Deficit 2008/09 £'000		In year surplus/deficit 2009/10 £'000	Cumulative Surplus/Deficit 2009/10 £'000
-1	Bassetlaw District Council	-27	-28
-11	Nottinghamshire County Council	-211	-222
-1	Nottinghamshire Police Authority	-29	-30
-1	Nottinghamshire Fire and Rescue Authority	-12	-13
-14	Balance at 31 March	-279	-293

Collection Fund - Share of Balance

The amounts attributable to the County Council, Police and Fire and Rescue Authorities above are shown as debtors in the 2009/10 Balance Sheet (2008/09 comparables also shown as debtors).

GROUP ACCOUNTS

Introduction to the Group Accounts

The Council's Statement of Accounts include 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 6,941 dwellings as at 31 March 2010 (6,947 as at 31 March 2009). 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 (Bassetlaw) Ltd transactions on a Service Level Agreement basis. This is not shown within the Council's Statement of Accounts. Adjustments to the A1 Housing (Bassetlaw) Ltd accounts to reflect this Bank balance of £0.909m are Debtors of £0.909m with no short term Creditors. 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 Housing (Bassetlaw) Ltd Bank Account, held under a Bassetlaw District Council Mandate has been recognised as such within the Group Cash Flow.

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

Restated 2008/09 Net Total £'000		2009/10 Gross Expend £'000	2009/10 Gross Income £'000	2009/10 Net Total £'000
1,841	Central Services to the Public	10,916	-9,477	1,439
2	Children and Education Services	44	-44	0
14,145	Cultural, Environmental & Planning Services	18,579	-3,975	14,604
949	Highways	1,967	-1,140	827
1,632	Housing Services- General Fund	28,911	-27,173	1,738
1,986	Corporate & Democratic Core	2,435	-376	2,059
-215	Non Distributed Costs	150	-38	112
20,340	Gross Expenditure and Income	63,002	-42,223	20,779
-2,657	Housing Services – Housing Revenue	21,696	-25,396	-3,700
17,683	Net Cost of Services	84,698	-67,619	17,079
313	Gain or Loss on Disposal of Fixed Assets			1,550
685	Parish/Town Council Precepts			748
2,665	Interest payable and similar charges			2,667
-943	Interest and Investment Interest			-856
2,222	Pensions Interest Cost and Expected return on Pensions Assets			2,721
2,172	Exceptional Items – Impairment Financial Assets			1,325
438	Contribution to Housing Pooled Capital Receipts			268
25,235	Net Operating Expenditure Before Reserves Movements			25,502
-1,915	General Government Grants			-2,857
-9,678	Non Domestic Rates Distribution			-9,078
-6,006	Demand on Collection Fund			-6,244
7,636	Income and Expenditure Account Deficit/Surplus (-)			7,323

Group Income and Expenditure Account

STATEMENT OF MOVEMENT ON GROUP BALANCES

Restated 2008/09 £'000		2009/10 £'000
7,636	Income and Expenditure Account Surplus (-) / Deficit	7,323
-7,400	Net Additional Amount Required by Statute to be debited or credited to the Income and Expenditure Account	-6,383
236	Decrease in Group Balances	940
-2,613	Balance Brought Forward	-2,377
-2,377	Balance Carried Forward	-1,437

Statement of Movement on Group Balances

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

Restated 2008/09 £'000		2009/10 £'000
7,608	Surplus (-)/ Deficit on Authority's own Income and Expenditure Account	7,482
-9,169	Adjustments for Transactions with other group Entities	-9,914
-1,561	Surplus in the Group Income and Expenditure Account attributable to the Authority	-2,432
28	Surplus (-)/Deficit from Subsidiary Profit and Loss Account	-159
9,169	Adjustments for Transactions with Authority	9,914
9,197	Deficit in the Group Income and Expenditure Account attributable to the subsidiary	9,755
7,636	Group Account Surplus (-)/Deficit	7,323

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

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Restated 2008/09 £'000		Bassetlaw District Council £'000	A1 Housing (Bassetlaw) Ltd £'000	2009/10 £'000
7,636	Surplus (-) or deficit on the Income and Expenditure Account	7,482	-159	7,323
10,929	Surplus (-) or deficit arising on revaluation of fixed assets	-8,995	0	-8,995
-5,689	Actuarial gains (-) and losses on Pension Fund assets and liabilities	23,821	5,103	28,924
-3	Any other gains (-) and losses required to be included in the statement	2	0	2
0	De-recognition of Premiums and Discounts – exceptional item	0	0	0
-12,873	Total Recognised gains (-) and losses for the year	22,310	4,944	27,254
	Cumulative Effect on Reserves of Prior Period Adjustments			
	Total Recognised gains(-) and losses	22,315	4,944	27,259
	Prior period adjustments	-5	0	-5
	Total Recognised gains(-) and losses since published Statement of Accounts 2008/09	22,310	4,944	27,254

GROUP BALANCE SHEET

Restated 2008/09 Total £'000		Bassetlaw District Council £'000	A1 Housing (Bassetlaw) Ltd £'000	Adjust- ments £0'000	Total £0'000
	Fixed Assets				
	<u>Intangible Assets</u>				
427	Software	335	0	0	335
427	Total Intangible Assets	335	0	0	335
	<u>Operational Assets</u>				
296,584	Council Dwellings	320,768	0	0	320,768
31,165	Other Land and Buildings	28,181	0	0	28,181
2,438	Vehicles, Plant and Equipment	2,851	0	0	2,851
966	Infrastructure Assets	1,191	0	0	1,191
1,856	Community Assets	737	0	0	737
333,009	Total Operational Assets	353,728	0	0	353,728
	<u>Non Operational Assets</u>				
29	Assets Under Construction	1,728	0	0	1,728
21,011	Investment Assets	17,154	0	0	17,154
21	Surplus Assets Held for Disposal	3,219	0	0	3,219
354,497	Total Fixed Assets	376,164	0	0	376,164
0	Long Term Investments	3,799			3,799
57	Long Term Debtors	63			63
0	Deferred Premia on the Early Repayment of Borrowing	0			0
354,554	Total Long Term Assets	380,026	0	0	380,026
	<u>Current Assets</u>				
166	Stocks and Works in Progress	92	80	0	172
6,507	Debtors	10,852	579	-523	10,908
12,861	Investments	2,685			2,685
950	Cash and Bank	8	909	0	917
20,484	Total Current Assets	13,637	1,568	-523	14,682
	<u>Current Liabilities</u>				
-63	Borrowing repayable on demand or within 12 months	-2,579			-2,579
-7,719	Creditors	-6,528	-1,280	523	-7,285
-790	Bank Overdraft	-1,671			-1,671
-591	Capital Contributions Unapplied	-636			-636
-9,163	Total Current Liabilities	-11,414	-1,280	523	-12,171
365,875	Total Assets less Current Liabilities	382,249	288	0	382,537
	<u>Long Term Liabilities</u>				
-56,153	Long Term Borrowing	-68,642	0	0	-68,642
-552	Government Grants Deferred	-386	0	0	-386
-2,333	Grants and Contributions Deferree	-4,350	0	0	-4,350
-601	Developers Contributions Unapplied	-722	0	0	-722
-39,644	Liability related to defined benefit pension scheme	-59,233	-9,865	0	-69,098
-3	Other Long Term Liabilities	-4			-4
266,589	Total Assets less Liabilities	248,912	-9,577	0	239,335

Restated 2008/09 £'000		Bassetlaw District Council £'000	A1 Housing (Bassetlaw) Ltd £'000	2009/10 Total £'000
	Reserves:			
174	Earmarked Reserves	236		236
184	LABGI Earmarked Reserve	125		125
815	Job Evaluation Reserve	815		815
0	Treasury Management	770		770
61,661	Revaluation Reserve	68,861		68,861
15,097	Usable Capital Receipts Reserve	13,384		13,384
0	Major Repairs Reserve	0		0
227,345	Capital Adjustment Account	222,030		222,030
-2,806	Financial Instruments Adjustment Account	-900		-900
52	Deferred Capital Receipts	50		50
-39,644	Pension Reserve	-59,233	-9,865	-69,098
1	Collection Fund	28		28
1,333	Housing Revenue Account Balance	1,597		1,597
2,384	General Fund Balance	1,149		1,149
-7	A1 Profit and Loss Reserve	0	288	288
266,589	Total Reserves	248,912	-9,577	239,335

Group Reserves

GROUP CASH FLOW STATEMENT

Restated 2008/09		Bassetlaw District Council adjusted 2009/10 £'000	A1 Housing (Bassetlaw) Ltd— adjusted 2009/10 £'000	Group Cashflow £'000
£'000		£'000	£'000	£'000
-411	Revenue Activities Net Cash Inflow (-) / Outflow	-19,996	14,056	-5,940
	Return on Investments and Servicing of Finance			
2,583	Interest Paid	2,583	0	2,583
-498	Interest Received	-55	0	-55
1,674	Sub Total	-17,468	14,056	-3,412
	Capital Activities			
17,978	Purchase of Fixed Assets	24,365	0	24,365
1,970	Other Capital Cash Payments	2,666	0	2,666
-24	Long Term Debtors	-13	0	-13
-14,692	Sale of Fixed Assets	-590	0	-590
-5,068	Capital Grants Received	-3,871	0	-3,871
-193	Other Capital Cash Receipts	-5	0	-5
-29	Subtotal	22,552	0	22,552
1,645	Net Cash Inflow (-) / Outflow Before Financing	5,084	14,056	19,140
	Management of Liquid Resources			
1,358	Decrease / Increase (-) in Short Term Investments	-5,383	0	-5,383
-1,428	Other Liquid Resources	2,094	0	2,094
-70	Sub Total	-3,289	0	-3,289
	Financing			
3,608	Repayments of amounts Borrowed	63	0	63
-5,000	New long term loans raised	-13,000	0	-13,000
0	New short term loans raised	-2,000	0	-2,000
-1,392	Sub Total	-14,937	0	-14,937
-1,462	Net Cash Outflow / Inflow (-) on Financing	-18,226	0	-18,226
183	Decrease / Increase (-) in Cash and Cash Equivalents	-13,142	14,056	914

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. Full details are contained in note 1 of the Bassetlaw District Council statements.

3. PRIOR PERIOD ADJUSTMENT

The 2008/09 Statement of Accounts of Bassetlaw District Council have been restated due to a change in Accounting Policy. This restatement has been incorporated into the Group Accounts.

4. INTER COMPANY TRANSACTIONS

The Group Statement of Accounts exclude transactions between the two organisations. This ensures that expenditure and income is only reflected once within the account. These net adjustments total £9.914m in 2009/10 and £9.169m in 2008/09.

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 £0.909m (£0.974m in 2008/09) with no short term Creditors (-£0.024m in 2008/09) to reflect their bank balance position. This amount has been adjusted for in the A1 Housing (Bassetlaw) Ltd Balance Sheet as cash and bank on consolidation.

Bassetlaw District Council

Debtors reduced by £0.161m to £10.691m (£0.024m to £7.524m 2008/09)
Creditors reduced by £0.362m to £6.166m (£0.522m to £7.369m 2008/09)

A1 Housing (Bassetlaw) Ltd.

Debtors reduced by £0.362m to £0.217m (£0.522m to £0.219m 2008/09)
Creditors reduced by £0.161m to £1.119m (£0.024m to £1.539m 2008/09)

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.

5. 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.

6. PENSIONS

A1 Housing (Bassetlaw) Ltd participate in the Local Government Pension Scheme, a defined benefit scheme, based on final pensionable salary, and is administered by Nottinghamshire County Council. The outstanding total liability of £9.865m reflects the underlying commitments that the organisation has in the long run to pay for retirement benefits. The liability has a substantial impact on the net worth of A1 Housing (Bassetlaw) Ltd.

The overall group pension liability, as reflected in the balance sheet, is £69.098m.

ANNUAL GOVERNANCE STATEMENT

1. Introduction

- 1.1 Bassetlaw District Council has a corporate governance framework consistent with the principles of the 2007 CIPFA/SOLACE Framework *"Delivering Good Governance in Local Government."* This Statement explains how Bassetlaw District Council delivers good governance and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. 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. The governance framework comprises the systems and processes, culture and values, by which the Authority is directed and controlled, and its activities through which it accounts to, engages with, and, where appropriate, leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services, and in accordance with legislative requirements.
- 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 2010, and up to the date of approval of the Statement of Accounts.

4. Governance Arrangements

4.1 The key elements of the systems and processes that comprise Bassetlaw's governance arrangements are detailed below. These provide assurance and evidence in support of Bassetlaw District Council's Annual Governance Statement.

4.2 *Assurance Framework*

The governance assurance framework supports the Authority in establishing, implementing and monitoring policies and objectives. The following documents establish these policies, aims and objectives at a strategic level:

- The Sustainable Community Strategy
- The Corporate Plan
- The Community Safety Partnership Strategy
- The Local Development Framework
- The Annual Budget and Performance Management Framework
- The Capital Strategy and Asset Management Plan
- The Financial Strategy
- The Treasury Management Strategy
- The Housing Strategy
- The Human Resources Strategy
- The Corporate Equalities Scheme

These high level plans are further supported by Directorate and Service plans. The Authority's Constitution provides clear guidance on how the Authority operates, how decisions are made and the procedures and protocols to ensure that decisions and activities are efficient, transparent and accountable to local citizens. Some of these processes are required by law, whilst others are determined by the Council for itself. All of these documents are available on the Council's website at www.bassetlaw.gov.uk or can be inspected at the Council's offices.

The Authority's Corporate Governance Framework defines the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, and demonstrates how the Authority meets defined standards of governance in relation to its policies and aims and objectives. The Authority's Corporate Risk Scorecard and Action Plan are incorporated within the Corporate Governance Framework. These record the process and results for identifying, assessing, managing and monitoring of strategic risks. These documents are updated and reviewed by senior management regularly. Control issues identified from the Internal Audit reviews are integrated with the Risk Management process, providing a holistic and integrated source of assurance.

The Corporate Plan lays out the Authority's vision, priorities and values. The Plan affirms its commitment to continuous service improvement. The Authority recognises the increasing importance of working in partnership with other agencies, and is committed to partnership working in order to deliver its priorities and wider themes of the Sustainable Community Strategy.

The Authority acknowledges its responsibility to ensure that it operates an effective system of internal control to maintain and operate controls over its resources. This system of internal control can only provide reasonable (not absolute) assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are prevented or would be detected within a reasonable period. The internal control system includes:

- An established Anti-fraud Strategy, including whistle-blowing procedures, communicated to Members, officers and the public via the Council's website;
- The Overview and Scrutiny Committee acting as the Audit Committee. It is proposed that a new Audit & Performance Scrutiny Committee be established to undertake the core functions as identified in CIPFA guidance. This is subject to full Council ratification and subsequent amendment to the Council's Constitution;
- The development of a Partnership Risk Register to identify strategic partnership arrangements and assess the adequacy of governance arrangements;
- Corporate Performance monitoring, review and reporting;
- Facilitation of policy and decision making through the Constitution, Codes of Conduct, and the decision-making process, Forward Plan, and the role of the Scrutiny Committees;
- The statutory roles of the Council's Monitoring Officer and Chief Financial Officer place a duty on these postholders to ensure compliance with established policies, procedures, laws and regulations;
- Compliance with established policies, procedures, laws and regulations are monitored through the work of the Finance and Legal staff that are adequately trained and experienced;
- Internal Audit reviews are carried out using a risk based audit approach with the emphasis on key financial systems. This work is undertaken in co-operation with the Council's External Auditor, ensuring maximum use of Audit resources and that professional standards are maintained;
- A Risk Management Strategy that is led by senior management for the identification and evaluation of Corporate risks, and integrated with the work of Internal Audit to provide a holistic source of assurance aligned to corporate objectives;
- Directorate operational risk registers, subject to review by Heads of Service;
- Ensuring economical, effective and efficient use of resources, and securing continuous improvement by adherence to the Corporate and Service Performance Clinic targets and Service review findings and agreed action plans;
- The financial management of the Authority and the reporting of financial management through Financial and Contract Procedure Rules, a comprehensive budgeting and budget monitoring system, a robust medium term financial planning process and internal audit review;
- The performance management of the Authority and the reporting of performance management through a quarterly reporting system to the Performance Improvement Scrutiny Committee and Cabinet;
- Formal project management guidelines;
- Adherence to good employment practices.

4.3 *Principal Statutory Obligations*

These are identified by:

- The responsibilities for statutory obligations are formally established within the Council's Constitution. This determines individual officer and Member responsibilities; defines the scheme of delegation to officers; and provides full guidance on all officer and Member codes and protocols. It also provides the terms of reference for the Cabinet and other Committees. Structure charts and job descriptions further define the responsibilities of key officers.
- An accessible record of statutory obligations is maintained by legal and available electronically on the Intranet. Service managers hold hard copies of the Constitution within each team.
- Effective procedures are in place to identify, evaluate, communicate, implement, comply with and monitor legislative change within the Council. This is maintained by the appointment of suitably qualified and experienced officers; accurate and specific job descriptions and person specifications; provision of appropriate induction and awareness training; and effective communication via the Policy and Scrutiny Unit, and key officers across the organisation.
- Effective action is taken to overcome areas of non compliance through internal/external audit reports and the recommendations therein; monitoring reports to the Management Team and Cabinet/scrutiny on progress of delivery against approved Action Plans; and effective training with regard to Freedom of Information Act requests and official complaints.

4.4 *Organisation Objectives*

These are identified by the following:

- The Council ensures that its vision, strategic plans, priorities and targets are developed through a robust mechanism in consultation with the local community and other key stakeholders.
- The Corporate Plan takes account of the results of public consultation, and sets out how the Council will address the local and national priorities in conjunction with the Council's partners.
- Strategic priorities and objectives are clearly set out in the Corporate Plan, which demonstrates clear linkages to the annual budgets and the Medium Term Financial Plan.
- Departmental service delivery plans are aligned with the corporate priorities, and in turn, these are directly linked into the Medium Term Financial Plan, IT Strategy, HR strategy, and Asset Management Plan.
- The Council's objectives are clearly communicated to staff, stakeholders and partners in a variety of ways - including the distribution of hard copies of the Corporate Plan. The Corporate Plan is also available on the Council's website.

4.5 *Effective Corporate Governance Arrangements*

These are identified and embedded by the following:

- The Council has adopted a Code of Corporate Governance in line with the CIPFA/SOLACE guidance, and a communication strategy in relation to the Code has been developed, approved and implemented.
- The Code is reviewed on an annual basis, and is updated in response to any changed requirements. Reports on compliance are continuously monitored, and an annual report i.e. the Annual Governance Statement, is prepared and submitted to Members. This produces an Action Plan, which identifies any particular weaknesses in complying with the Code. Internal and external audit reports also comment on the adequacy of corporate governance arrangements.
- The responsibility for overseeing corporate governance has been formally delegated to the Standards Committee, for which clear terms of reference have been adopted and approved.
- Governance training has been provided to all key officers and Members, including induction training, and arrangements are in place for the ongoing continuation of that training.
- The Code is reported to full Council on an annual basis, and is published and accessible to all staff, the public and other stakeholders.

4.6 *Performance Management Arrangements*

These are identified by the following:

- The Council has a clearly defined performance management framework that identifies all sources, links to documentation, defines who is responsible, how it is collected and measured, the approval and monitoring process, quality assurance, and how performance is improved over time.
- Key Performance Indicators have been established and arrangements are in place for their collection, monitoring and reporting. They are also included within departmental Service Delivery Plans and reported to the Performance Improvement Scrutiny Committee via the Performance Clinic reports.
- Targets are set in relation to improved performance outcomes, and use a balanced scorecard approach via the electronic software package 'Covalent'.
- Information in relation to Bassetlaw's performance compared to local neighbours, peer authorities etc. is monitored and acted upon, to ensure continuous improvement takes place within the Authority, and that the results improve to the upper quartile wherever possible.
- Performance management systems are regularly reviewed to take account of changes in organisational structure, new local and national indicators, and internal and external service reviews. They are also collected, developed and monitored in conjunction with the key strategic partners e.g. A1 Housing (Bassetlaw) Ltd.

4.7 Core Principles

The Authority is being asked to approve an updated “*Local Code of Corporate Governance*” at the full Council meeting on 30th June 2010 which recognises that effective governance is achieved through the following core principles:

- (i) Focusing 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 (Positive; Responsible; Innovative; Decisive; Enterprising and Ambitious), and demonstrating the values of good governance through upholding high standards of conduct and 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.

The table overleaf demonstrates how these core principles have been upheld during the year 2009/10.

An Action Plan is attached to this Statement showing the actions the Council proposes to take in 2010/11 to strengthen its compliance with the core principles.

4.8 Equality and Diversity

The Authority adheres to its legal duties and promotes wider awareness of equality and diversity. It monitors its employment procedures and has arrangements in place for service delivery both by its own staff and through other bodies. The Authority is in the process of reviewing its various schemes and moving to a Single Equality Scheme.

All major policies and services are subject to an Equality Impact Assessment and training has been provided to staff. The Cabinet maintains an overview on the Equality issues and is supported by the Management Team.

The Authority produces an Annual Report on its equality duties to the Equality and Human Rights Commission.

Core Principle	Supporting Principles	Specific Actions
<p>Focusing 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 taxpayers and service users receive excellent value for money.</p>	<ul style="list-style-type: none"> The Council's purpose and vision is published in the Corporate Plan – <i>Bassetlaw – Moving Up A Gear 2007-2010</i>. This has been revised in a new Corporate Plan – <i>This is Bassetlaw: Building a Confident Future 2010 – 2013</i>. The Corporate Plan provides a basis for corporate and service planning and influencing the Community Strategy - <i>Moving Forward – 2010 – 2020</i> and the Nottinghamshire Local Area Agreement. The Council reviews on a regular basis the vision for the local area. The Council publishes reports on a timely basis to communicate its activities and achievements, its financial position and performance e.g. Quarterly Performance Reports to Scrutiny, Annual Report on the Corporate Plan to Cabinet, Annual Report of the Council (including Summary Accounts) to Council. 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 Council's key Partnerships are reported to Cabinet annually. The Council has effective arrangements in place to deal with failure in service delivery. This is achieved through the Council's performance management framework. The Council has a Value for Money Strategy in place, which is refreshed on an annual basis. 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. It also provides an Action Plan for future areas of work.
<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</p>	<ul style="list-style-type: none"> The Council has set out a clear statement of the respective roles and responsibilities of the Cabinet and other Committees within the Constitution. Effective monitoring arrangements are in place to monitor service delivery through the Performance Management Framework. The Council has put in place effective management arrangements at the top of the organisation e.g. quarterly performance management reports. The Council has in place a Scheme of Delegation, which is under periodic review. The Council has determined that the Chief Executive is responsible and accountable for all aspects of operational management. The Council has developed effective processes to ensure effective communication between Members and officers in their

Core Principle	Supporting Principles	Specific Actions
	<p>standard.</p> <p>Ensuring relationships between the Authority and the public are clear so that each know what to expect of the other.</p>	<p>respective roles.</p> <ul style="list-style-type: none"> The Council has developed processes to ensure that the Leader and Chief Executive agree their respective roles early in their relationship and that a shared understanding of roles and objectives is maintained. The Council has established terms and conditions for remuneration of Members and officers and there is an effective structure for managing the process including an effective Independent Remuneration Panel. The Council has made the Head of Finance & Property (the Section 151 Officer) responsible for ensuring that appropriate advice is given on all financial matters, for keeping proper records and accounts and for maintaining an effective system of internal control. The Council has made the Director of Corporate Services (the Monitoring Officer) responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. The Council has in place a robust Performance Management Framework to monitor service delivery. The Council ensures that its vision, strategic plans, priorities and targets are developed through a robust mechanism, and in consultation with the local community and other key stakeholders and that they are clearly articulated and disseminated. The Council has a Partnership Toolkit in place that ensures that key partnerships focus on eight areas of principle.
<p>Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.</p>	<p>Ensuring Authority Members and officers exercise leadership by behaving in ways that uphold high standards of conduct and exemplify effective governance.</p> <p>Ensuring that organisational values are put into practice and are effective.</p>	<ul style="list-style-type: none"> The Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect. The Council has ensured that standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the Council, its partners and the community are defined and communicated through statutory and other codes of conduct. The Council 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 Council 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 Council 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 Council has an effective Standards Committee in place. The Council 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 through the work of the Bassettlaw Local Strategic Partnership. The Council when pursuing partnerships, agrees 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 e.g. equalities.
<p>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.</p>	<p>Exercising leadership by being rigorous and transparent about how decisions are taken and listening to and acting upon the outcome of constructive scrutiny.</p>	<ul style="list-style-type: none"> The Council has developed an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall and that of any organisation for which it is responsible. The Council 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 Council has put in place effective transparent and accessible arrangements for dealing with complaints. The Council has put in place a Scrutiny Committee, which acts as an Audit Committee and is independent of the Cabinet. The Council has developed an effective Standards Committee that lies at the heart of decision-making and awareness raising on standards issues.

Specific Actions	Supporting Principles	Core Principle
<ul style="list-style-type: none"> The Council has ensured that those making decisions are provided with information that is fit for purpose i.e. relevant and timely, primarily through reports to Cabinet. Scrutiny and other committees, 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 Council 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. This is achieved through quarterly reviews and existing reporting mechanisms. The Council has put in place a Whistle-Blowing policy to which staff and all those contracting with the Council have access via the Council's own intranet. The Council 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 Council 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 Council 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 Council rules/codes, or complies with any rules/codes developed for the purpose of the partnership. The Council 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. The partners ensure that 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, and that risk is managed at a corporate and operational level. 	<ul style="list-style-type: none"> Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs. Making sure that an effective risk management system is in place. 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>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>
<ul style="list-style-type: none"> The Council provides training programmes tailored to individual needs for Members and officers to update their knowledge on a regular basis. The Council 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 Council. The Council 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 Council 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 made the political parties aware of the need to carry into effect this principle. 	<ul style="list-style-type: none"> Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles. Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group. Encouraging new talent for membership of the Authority so that best use can be made of resources in balancing continuity and renewal. 	

Core Principle	Supporting Principles	Specific Actions
<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 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 Council, through its publications e.g. Corporate Plan, Sustainable Community Strategy, Annual Report etc., has made clear to all staff and the community the roles and functions it undertakes as a local authority. • The Overview & Scrutiny Committee produces an Annual Report, which provides feedback on the activities of the scrutiny function. The scrutiny approach invites and actively encourages the engagement of local citizens and partners in the process. The scrutiny function champions community concerns through scrutiny of external organisations as well as dealing with policy development and performance review within the Council. • The Council conducts an annual evaluation of its scrutiny function, and reports this to full Council as part of the Scrutiny Annual Report. • The Council has established clear channels of communication with all sections of the community and other stakeholders e.g. Bassettlaw News, Link Officer arrangements, and has put in place monitoring arrangements to ensure that they operate effectively. • The Council holds meetings in public unless there are appropriate reasons for confidentiality. • The Council has put in place arrangements to enable the Council 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 e.g. work of the Link Officers. • The Council has established a clear policy on the types of issues that they will meaningfully consult or engage with the public and service users, including a feedback mechanism for those consulted e.g. the 'Simalto' participatory budgeting exercise during 2009/10. • The Council on an annual basis publishes reports giving information on the Council'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 Council 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 Council has put in place an effective system to protect the rights of staff. It has ensured that policies for whistleblowing are accessible to staff and those contracting with the Council and arrangements for the support of whistleblowers are in place. • The Council has developed a clear policy on how staff and their representatives are consulted and involved in decision-making.

4.9 Strategic and Operational Risk Management

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

- There is a written strategy and policy in place for managing risk, which has been formally approved, and is monitored and reported on a regular basis, including partnership risks.
- The Council has clear structures and processes in place for risk management, i.e. all reports to Council, Cabinet, or committees include a section on risk; a Cabinet Member has been appointed as 'risk champion'; and risk management is considered in the annual Service Delivery Plan process.
- The Council has developed a corporate approach to the identification and evaluation of risk which is disseminated through the Risk Management Policy, briefings, and training.
- The Council has well defined procedures for recording and reporting risk through its use of corporate and project risk registers, action plans, bi-monthly risk management meetings with Heads of Service, and the adoption of a risk-based approach to internal audit.
- The Council has well-established and clear arrangements for financing risk in terms of all legal requirements for insurance are being met, and a comprehensive review of insurance excesses and cap levels is undertaken each year.
- The Council undertakes risk management training for officers and Members on a regular basis.
- The Council adopts a corporate risk management structure with quarterly reporting to the Management Team and the Cabinet.
- External guidance in risk management is purchased through the insurance provider.
- Strategic risks are cross referenced to the Council's ambitions and priorities, and detail the risk and mitigation owners and explain the potential consequences if risks materialise.
- Risk management is embedded across the organisation and when working in partnership with other service providers.
- Specific areas of risk, for example those relating to financial instruments, are managed through policies, associated practice notes and indicators.

5. Review of Effectiveness

- 5.1 Bassetlaw District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The results of the review are reported to the Cabinet, the Scrutiny committee (acting as the Audit Committee), and full Council. In doing this, Bassetlaw is looking to provide assurance that its governance arrangements are adequate and operating effectively in practice, or where gaps are revealed, that actions are planned to ensure effective governance in the future.

5.2 The review of effectiveness is informed by the work of the Chief Executive, Directors, Heads of Service, and Managers within the Council, who have responsibility for the development and maintenance of the governance framework. This is enhanced by the *'Annual Review of the Effectiveness of the System of Internal Audit'*, the *'Annual Report on Internal Audit'*, the Audit Commission's *'Annual Governance Report'*, and also by the comments made by other review agencies and inspectorates.

5.3 The process of maintaining and reviewing the effectiveness of the governance framework 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 and Directors; quarterly Corporate Performance Clinics and reviews of Performance Indicators and Local Area Agreement targets; and bi-annual monitoring of the Corporate Plan.
- The Cabinet carries out functions that are not the responsibility of any other part of the authority, and Members of the Cabinet are assigned portfolio areas. This allows the Cabinet to monitor the activities of the Council, and each Cabinet Member has 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 Scrutiny and the Overview & 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 Standards Committee is responsible for standards and probity, and receives regular reports from the Monitoring Officer.
- The Overview & 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 primarily outsourced to RSM Tenon, a private firm of auditors, that provides a continuous review in accordance with the Council's obligations under the Local Government Act 1972, and the Accounts and Audit Regulations 2006. This is supplemented by a small in-house resource. The arrangement operates under the 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 provide an opinion on the Authority's financial statements and Group Accounts. They also provide a conclusion on the proper arrangements to secure economy, efficiency and effectiveness in the use of the Council's resources. This opinion, conclusion, and any significant issues arising are included in their report to those charged with governance.

6. Efficiency / Value For Money

- 6.1 The Council prides itself on delivering quality services at an affordable price, and is recognised as being efficient.
- 6.2 There is a strong commitment to the principles of service reviews, Annual Efficiency Reviews via the Star Chamber process, and continuous improvement. All of these take into account the requirements 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.
- 6.3 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 Management Team 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 Scrutiny Committee is tasked with prioritising resources to ensure that the objectives within the Corporate Plan are supported by the individual service plans and that improvements are in line with the strategic objectives. Economic and efficient use of services is subject to review through the work of both internal and external audit.
- 6.4 The Star Chamber process was introduced during 2008/09, and this was refined to include a value for money assessment in the 2009/10 exercise. Once again, this enabled the Council to reinvest in strategic public services through the use of the Service Improvement Bid process. The principle was to make efficiency savings from non-priority areas by removing 'excesses' from the budget. This in turn created headroom for the budget, which could then be successfully applied to one-off service improvements.

7. Financial Management

- 7.1 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.
- 7.2 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 will be the joint responsibility of the S151 Officer and other managers within the Council. The Council's processes undertaken during 2009/10 include the following:
 - the setting of annual budgets for a three-year period;
 - monitoring of actual income and expenditure against the annual budgets;
 - monthly budget reviews to estimate the likely outturn figures;
 - periodic reporting of the Council's financial position to Members;
 - the 'Star Chamber' process of efficiency savings;
 - the Service Improvement Bid review process;
 - clearly defined capital expenditure guidelines as outlined in the Capital Strategy;
 - the monitoring of finances against a Medium Term Financial Plan.

7.3 The Council has produced comprehensive procedure notes/manuals for all key financial systems on a phased basis, and these are regularly reviewed. The controls created by management are evaluated to ensure:

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

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

- Financial Regulations – 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 to five year period. The projections are reviewed and updated on an annual basis. Additionally, to inform the capital planning process the Council uses a Capital Strategy and Prioritisation Process to prioritise, target and measure the performance of its capital resources. This Strategy was developed in consultation with stakeholders and partners and is co-ordinated as part of the capital Service Improvement Bid process.
- Budget Preparation – The Council has a robust budgetary process driven by the objectives outlined in its Corporate Plan. In 2009/10 the Council strengthened the links between the budget and the Plan by using the Star Chamber and Service Improvement Bid process to prioritise the allocation of resources in line with the objectives of the Plan.
- Budget Management – A robust budget monitoring system is employed to manage areas of known budget risk, to plan for predictable budget peaks, to identify change management issues, and to forecast year-end outturns. This enables accurate forecasting to be undertaken and reported to Cabinet/Scrutiny on a quarterly basis. The Head of Finance & Property also reviews all of the balance sheet entries to ensure consistency of treatment.
- Budgeting, Monitoring and Reporting – Budgets are assigned to responsible officers, and key budgetary control information is produced on a monthly basis for those officers to manage. Summaries of their year-end forecasts are reported to the Finance Portfolio holder, the Management Team, and all Heads of Service. The headline variances are also reported quarterly to Cabinet and Performance Improvement Scrutiny Committee.
- Performance Management – The Council has had a performance management framework for several years based on a range of local and national performance indicators. The Council's strategic priorities are also monitored through the performance management framework. Every action in the Council's Corporate Plan has a responsible officer, and each action has its own performance measure. Performance data is reported quarterly to the Management Team and to the Performance Improvement Scrutiny 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 has engaged with business process re-engineering specialists 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, and provides instant access to performance information for all Members and Managers, enabling comparisons to be made quickly with previous years performance, national benchmarks and similar authorities, and tracks the progress of implementing key actions and priorities.

8. Use Of Resources Auditor Judgement

- 8.1 In December 2009, the Council received its "Use of Resources" Auditor Judgement for 2008/09.
- 8.2 The assessment evaluates how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people. This is a new assessment, and is considered to be a 'harder test' which included tougher standards than the methodology used in previous years.
- 8.3 The assessment concluded that 'the Council has satisfactory arrangements overall for its Use of Resources, scoring 2 out of 4. It performs well in the area of workforce planning.' The summary scores for each theme are detailed below:

Use of resources theme	2008/09 Scored judgement
Managing Finances	2
Governing the Business	2
Managing Resources	3

- 8.4 An action plan was developed and implemented throughout the year to ensure that the Council further improves its score on each aspect of the Use of Resources judgement. Officers were confident of improving this score to a level 3, however the recent announcements by central government regarding the abolition of the Comprehensive Area Assessment may result in a score for 2009/10 being withheld.

9. Group Activities

- 9.1 The Council's only Group activities relate to the ALMO, A1 Housing.
- 9.2 From an internal control perspective;
- A1 Housing utilise 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 a senior level.
 - A1 Housing has its own appointed external auditors.

- Equally, A1 Housing is subject to examination by its internal auditors, RSM Tenon, which are also the Council's own Internal Auditors. Overall A1 Housing's internal audit assurance for 2009/10 was given as amber.
- A1 Housing has its own risk management arrangements, which in 2007 the Audit Commission found to be "robust and well embedded". A1's internal auditors noted a strong commitment towards Risk Management and key tasks had been assigned to key personnel.
- 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 Finance and Organisational Health Champions Group.
- Service Level Agreements are in place that are regularly reviewed and monitored.

10. **Significant Governance Issues**

10.1 The Review of Effectiveness set out in section 5 above demonstrates that the control environment is operating effectively. Further evidence to support this conclusion comes from:

- The Annual Review of the Effectiveness of the System of Internal Audit, which concluded:
 - *"The Code of Practice Self-Assessment Compliance Checklist was completed in last year. The overall results were good and it is considered that the internal audit system is effective. The S151 Officer therefore concludes that when reviewing the effectiveness of the system of internal audit, the required standards of the Code have been met."*
- The Audit Manager's Annual Report on Internal Audit 2009/10, which concluded:
 - *"We (RSM Tenon) are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of Bassetlaw District Council's arrangements. For the 12 months ended 31 March 2010, based on the work we have undertaken, our opinion regarding the adequacy and effectiveness of Bassetlaw District Council's arrangements for governance, risk management and control is as follows:*
 - *Governance - As part of this year's review we looked at the Governance Arrangements in relation to: Structure & Process, Openness & Accountability and Performance Management. This resulted in one Merits Attention recommendation being raised. The implementation and management agreement to the recommendations that are raised during the course of the year are an important contributing factor when assessing the assurance opinion on Governance. Due to the volume of recommendations that were raised in 2009/10, three Follow Up reviews were undertaken during the year. Overall, we concluded that Little Progress had been made to implement recommendations. As a consequence, this has resulted in the Governance opinion being downgraded to an Amber Traffic light.*
 - *Risk Management - The Risk Management review focussed on the Council's Risk Management Strategy and its Corporate Risk Register. Our report included six recommendations (i.e. one 'Significant' and five 'Merits Attention'), which resulted in a 'Substantial' assurance opinion being given. What is pleasing to note is that management have accepted all the recommendations from this review and have assigned responsibility for*

implementation of such recommendations with practical timescales. However, the Control Environment is a key aspect of Risk Management, and as can be seen from the number of recommendations raised and the 12 negative assurance opinions given, there is significant room for improvement in strengthening the Control Environment. As a result, an Amber traffic light has been awarded, reflecting the opportunity to improve on controls to mitigate risks faced by the Authority.

- *Control - We undertook a total of 36 Internal Audit reviews, five Advisory reviews and three Follow Up reviews of recommendations made during the year. Overall, this resulted in 12 negative assurance opinions (i.e. Limited) being given and 24 positive opinions (i.e. 15 Substantial and nine Adequate) over the control environment. Based on these results we feel that a negative opinion is warranted."*
 - *"In arriving at our opinion, we have taken into account:*
 - *The results of all internal audits undertaken during the year ended 31 March 2010;*
 - *The results of follow-up action taken in respect of audits from previous years;*
 - *Whether fundamental or significant recommendations have been accepted by management and, if not, the consequent risks;*
 - *The affects of any material changes in the organisation's objectives or activities;*
 - *Matters arising from previous reports or other assurance providers to the Overview & Scrutiny Committee and/or the Council;*
 - *Whether or not any limitations have been placed on the scope of internal audit;*
 - *Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation;*
 - *What proportion of the organisation's internal audit needs have been covered to date."*
 - *"We are satisfied that sufficient support has been given by the Authority to Internal Audit, thus allowing the delivery of the plan and a formal opinion to be given."*
 - *"A total of 322 recommendations have been raised during the year (excluding those recommendations raised as part of the Follow Up reviews), of which three were not accepted by management.... do not impact on the assurance opinion given."*
- *The Audit Commission's Annual Governance Report 2008/09 concluded:*
 - *"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 May 2008 and updated in February 2009, and the supporting guidance, 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 2009."*

11. Emerging Governance Issues

11.1 The following issues are not highlighted as current control or risk concerns, but included to highlight the Council's awareness of emerging issues thorough its proactive and holistic approach to governance:

- External Economy – the Authority remains susceptible to, but vigilant for, the external threats posed by the turbulent and unpredictable economic climate. Cost pressures and inevitable reductions in Council income streams have been effectively managed during the 2010/11 budget process. However, the Authority will continue to monitor the external environment and develop strategies to counter the effects of changes to the wider economy in a timely and effective manner.
- Internal Audit Recommendations – the Authority acknowledges the opinion of the Internal Audit provider (RSM Tenon) and makes a commitment to improve the timeliness of actions to address all audit recommendations. It should be noted however, that 2009/10 was the first year of the new risk-based approach being applied to Bassetlaw District Council by RSM Tenon, and this is reflected in having 322 recommendations made (as a comparison 2008/09 had 174 recommendations made). It should also be noted that 78 (24%) of the original recommendations, and 41 (35%) of the follow-up recommendations, related to the operation of the three leisure centres that were transferred to Barnsley Premier Leisure on 1 April 2010. Therefore these particular recommendations no longer apply to Bassetlaw District Council.

12. Moving Forward

12.1 Over the coming year, Bassetlaw District Council will take steps to address the issues identified within the Action Plan (Appendix 2), 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 2010

Council Leader

Date 30th June 2010

2009/10 ANNUAL GOVERNANCE STATEMENT
ACTION PLAN FOR 2010/11

Core Principle	Supporting Principles	Specific Actions	Action By
Focusing 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"> • Publish Service Delivery Plans reflecting the Council's vision and corporate priorities. • Launch a new 3 year Corporate Plan (2010 – 2013). 	<p>Head of Community Engagement – June 2010</p> <p>Head of Community Engagement – June 2010</p>
Members and officers working together to achieve a common purpose with clearly defined functions and roles.	Ensuring relationships between the Authority and the public are clear so that each know what to expect of the other.	<ul style="list-style-type: none"> • Review and report on the governance arrangements for each of the Council's major partnerships (agree protocols, evaluation criteria, and governance documentation). 	Head of Community Engagement – March 2011
Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.	Ensuring Authority Members and officers exercise leadership by behaving in ways that uphold high standards of conduct and exemplify effective governance.	<ul style="list-style-type: none"> • Phase 1 refresh of the Constitution, covering Parts 1 to 4, plus the Financial Procedure Rules (Part 5). • Phase 2 refresh of the Constitution, covering Parts 5 to 7. • Publish the registers of interests, gifts, and hospitality on the Council's website. 	<p>Director of Corporate Services – July 2010</p> <p>Director of Corporate Services – December 2010</p> <p>Director of Corporate Services – December 2010</p>
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.	Making sure that an effective risk management system is in place.	<ul style="list-style-type: none"> • The audit recommendations will be logged onto the Covalent system and followed up on a regular basis with responsible Managers and Heads of Service. This will include periodic reporting to the Management Team and Scrutiny Committee. 	Head of Finance & Property – as and when Audits are completed throughout the year

Core Principle	Supporting Principles	Specific Actions	Action By
<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>	<ul style="list-style-type: none"> • Develop a comprehensive Member induction process, to welcome new Members post election. • Produce an updated and improved senior officer induction process. • Develop a comprehensive e-learning tool on the Council's website. • Develop frontline leadership competencies for officers, to enable them to provide effective leadership in the key areas of governance. This will improve leadership through appropriate development training. 	<p>Head of Community Engagement – May 2010</p> <p>Head of Human Resources – August 2010</p> <p>Head of Human Resources – August 2010</p> <p>Head of Human Resources – August 2010</p>
<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>Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.</p>	<ul style="list-style-type: none"> • Introduce a supportive Personal Development scheme for Members. 	<p>Head of Community Engagement/Head of Human Resources – March 2011</p>

Independent auditor's report to Members of Bassetlaw District Council

Opinion on the accounting statements

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

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

Respective responsibilities of the Head of Finance & Property and auditor

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

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

I report to you my opinion as to whether the Authority and Group accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of:

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

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

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

Basis of audit opinion

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

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

Opinion

In my opinion:

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

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

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

Authority's Responsibilities

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

Auditor's Responsibilities

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

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, I am satisfied that, in all significant respects, Bassetlaw District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

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

Delyth Morris
Officer of the Audit Commission
Rivermead House
Lewis Court
Grove Park
Enderby
Leicestershire
LE19 1SU
September 2010

GLOSSARY OF TERMS

ACCOUNTING POLICIES

Those principles, basis, 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 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. It also covers items of Civic Regalia.

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 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 approximately 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. However, if a Council generates more rent income than it spends on the notional HRA Subsidy account then the Council may be requested to make a payment to central government.

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 with approved institutions, usually for less than one year.

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 collects 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 central government grants and Council Tax.

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 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 the private sector. The private sector takes the responsibility for 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 EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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.

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, and is announced as part of the 3 year Comprehensive Spending Review.

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 will have benefit to 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 30 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: A Statement of Recommended Practice.

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 depreciation 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.

If you need any help communicating with us or understanding any of our documents, we can arrange for a copy of this document in large print or braille, please contact us on 01909 533224.

If you require a Language Line interpreter or translator to help you please call 0845-310 9900.

Chinese

如果您需要任何帮助来联系我们或者理解我们的任何文件，我们可以用大字印刷或者布莱叶盲文（braille）来准备一份这个文件，请联系我们：01909 533224。

如果您需要一个语言专线口译或者翻译来帮助您，请拨打电话：0845-310 9900。

Polish

Jeśli potrzebują Państwo pomocy w kontaktach z nami lub w rozumieniu naszych dokumentów, możemy udostępnić ten dokument w wersji drukowanej dużą czcionką lub w alfabecie Braille'a – prosimy o kontakt pod numerem 01909 533224.

Jeśli potrzebują Państwo pomocy tłumacza ustnego przez telefon lub tłumaczenia pisemnego, proszę zadzwonić pod numer 0845-310 9900.

Punjabi

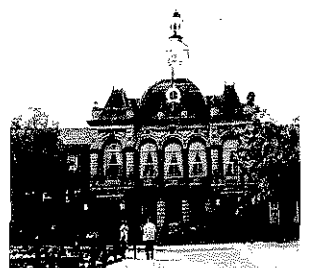
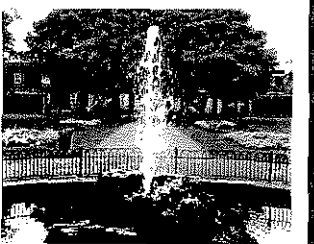
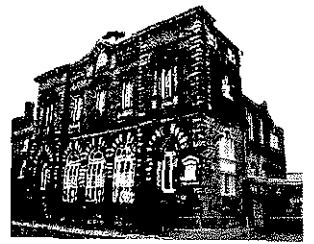
ਜੇ ਤੁਹਾਨੂੰ ਸਾਡੇ ਨਾਲ ਸੰਪਰਕ ਕਰਨ ਜਾਂ ਸਾਡੇ ਕਿਸੇ ਦਸਤਾਵੇਜ਼ ਨੂੰ ਸਮਝਣ ਲਈ ਮਦਦ ਚਾਹੀਦੀ ਹੋਵੇ, ਤਾਂ ਅਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਵੱਡੀ ਛਪਾਈ ਜਾਂ ਬ੍ਰੇਲ ਵਿੱਚ ਮੁਹੱਈਆ ਕਰਨ ਦਾ ਪ੍ਰਬੰਧ ਕਰ ਸਕਦੇ ਹਾਂ, ਕਿਰਪਾ ਕਰਕੇ ਸਾਡੇ ਨਾਲ 01909 533224 ਤੇ ਸੰਪਰਕ ਕਰੋ।

ਜੇ ਤੁਹਾਨੂੰ ਲਾਗਵਿੱਜ ਲਾਈਨ ਦਾ ਦੋਭਾਸ਼ੀਆ ਜਾਂ ਅਨੁਵਾਦਕ ਚਾਹੀਦਾ ਹੋਵੇ ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ 0845-310 9900 ਤੇ ਫ਼ੋਨ ਕਰੋ।

Urdu

ہم سے رابطہ کرنے یا ہماری کوئی بھی تحریر سمجھنے میں اگر آپ کو کوئی مدد درکار ہو، تو ہم اس تحریر کی ایک نقل کا بندوبست بڑے پرنٹ یا بریل پر کر سکتے ہیں، براہ کرم 01909 533224 پر ہم سے رابطہ کریں۔

اگر آپ کو مدد کے لیے لینگویج لائن کا کوئی ترجمان یا مترجم درکار ہو تو براہ کرم 0845-310 9900 کو فون کریں۔



Bassetlaw District Council,
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Worksop, Nottinghamshire S80 2AH.
Tel; (01909) 533533 Fax:(01909) 501246



INVESTOR IN PEOPLE

Bassetlaw-Serving North Nottinghamshire

