

Statement of Accounts
for the
Borough Council of
Wellingborough
2009/2010
Subject to audit





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A1 FOREWORD BY THE LEADER OF THE COUNCIL

I have been asked to introduce the 2009-10 Statement of Accounts for the Borough Council of Wellingborough. As Leader and Chairman of the Resources Committee part of that responsibility includes the production of the Annual Accounts. The Accounts show the people of the Borough what services have cost and how the funding has been provided. The Accounts also help to provide reassurance of the care we take over the public funds that have been placed at the disposal of the Council by the council taxpayers and the Government.

Despite the national economic downturn, in Wellingborough the 2009-10 financial year can be seen as another successful year. The Council set a gross budget for 2009-10, with no increase in Council Tax, at £13.3m. In doing so it was expected that £3.3m would be drawn from reserves. As the Accounts show, through prudent financial management, at the end of the year the Council is reporting a small underspend for 2009-10 of £0.4m that means less has been needed from reserves. This prudence has come alongside a redirection of resources to significant investment in improving the town and surrounding areas, as well as ensuring that the Council addressed the shortcomings highlighted by the Audit Commission.

Like other councils, Wellingborough faces many challenges arising from the expected reduction in public sector funding and increases in demand for services. Our medium term financial plan has identified the need to save just over £3 million a year in the next 3 years, based on a 5% reduction in Government funding. The Council has already begun the process to identify how it will continue to deliver excellent services whilst tackling competing demands for resources. This will require sound financial management and a focus on areas such as management, reducing bureaucracy, and improving how we buy goods and services. Feedback from local people will also continue to shape services and how we prioritise spending.

The Audit Commission has once again assessed Wellingborough's financial management as being on a par with similar councils. Looking forward, we are keen that the Council is not complacent in the way it manages its money. The financial competence of an organisation is often seen as a key indicator of its overall health and effectiveness. Many aspects of the quality of people's lives are significantly affected by what the Borough Council of Wellingborough does. In order to sustain the development and improvement in service levels it is vital that the financial function is sound.

Councillor John Bailey
Leader of the Council
29th June 2010





A2 FOREWORD BY CORPORATE DIRECTOR, RESOURCES

1. Why do we produce the Statement of Accounts?

Like most organisations the Council has a statutory duty to approve and publish a statement of accounts. The accounts usually cover a 12 month reporting position. These Accounts relate to the period 1st April 2009 to 31st March 2010.

2. How have the Statements been produced?

This document has been compiled by officers of the Council using information recorded on its systems, most notably its financial ledger, in line with recommended practice from the Chartered Institute of Public Finance and Accountancy (CIPFA). The format is largely prescribed. To comply with the Accounts and Audit Regulations 2003 (subsequently updated by the Accounts and Audit Regulations 2006), the Council is required to have received and approved the statement of accounts by the end of June 2010. A glossary of the various terminology is set out at Section I.

3. What is contained in the accounts?

● Auditor's opinion

Wellingborough's appointed external auditors are the Audit Commission. The Audit Commission will be carrying out their statutory audit following the submission of the draft Accounts to the Audit Committee on 29th June. They will then issue an opinion as to whether the Accounts need to be qualified or are unqualified. The deadline for this opinion is 30th September 2010.

● Policies

The Statement of Accounting Policies explains the basis for how we have recognised, measured and disclosed the financial transactions that relate to 2009/10. These have changed slightly from 2008/09 to reflect changes brought about by the introduction of new accounting practices, such as separating out the element of Council Tax and NNDR that relate to Wellingborough, for example we collect some monies for the County Council.

In addition, we have reviewed our approach and made a number of minor amendments, such as how we have calculated the amount to provide for our bad debts. This was reported in detail to the Audit & Performance Committee on 11th May 2010, and the Committee papers can be accessed from the following link

http://www.wellingborough.gov.uk/egov_downloads/11.05.10_Reports.pdf

Future developments include the proposed application of International Financial Reporting Standards (IFRS) to local authority accounts which will require significant changes to the current format of accounts from 2009/10 and how we record out fixed assets.



● Core accounts and notes

The Income and Expenditure Account summarises the Council's day to day spend and money in for all services during the financial year. This sets out what the Council has spent.

The Statement of Total Recognised Gains and Losses brings together all the recognised gains and losses of the Authority when assessing the financial result for the period. Financial Reporting Standards (FRS 3) require all gains and losses to be shown with the same prominence as the other primary statements.

Statement of Movement on the General Fund Balance summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance. This is necessary as the Authority is required to raise council tax on an annual accounting basis which is different to the way it produces its accounts.

The Balance Sheet is a snap shot in time showing the Council's assets, liabilities, balances and reserves at 31st March 2010.

The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties.

The Collection Fund summarises the money in and out relating to Council Tax and National Non-Domestic Rates.

The Annual Governance statement sets out how the Authority conducts its business, including an update on action taken and plans to improve its arrangements in the last and coming 12 months.

4. Are the 2008/09 figures those in the Audited Accounts from 2008/09?

In the main the figures that are shown in the columns headed 2008/09 are those that were audited and covered by our external auditor's unqualified opinion. However, there have been changes to reflect a technical change introduced by CIPFA in 2009 to the way the Authority accounts for its Council Tax and NNDR transactions. As the Authority acts as a billing authority it collects Council Tax for Wellingborough and its major preceptors (Northamptonshire County Council and the Police), as well as NNDR for the Government. In previous years elements for each body have not been split between the various bodies. In 2009/10 this has been changed and the Accounts reflect the proportion relating only to Wellingborough. The comparatives for 2008/09 have been restated to reflect this change. This has had no overall impact on the Council financial position as the adjustments have been taken through a new reserve – the Collection Fund Adjustment Account. Further details on the exact changes are set out in the Accounting Policies (Policy 20).



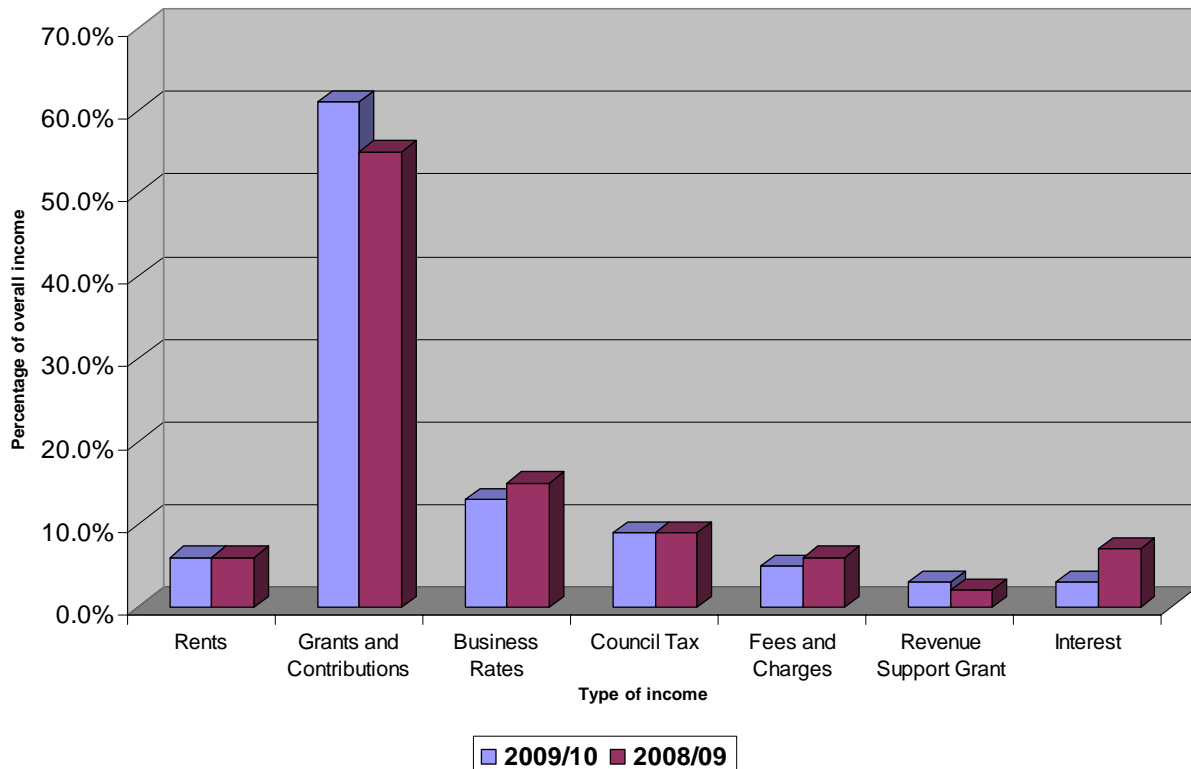
5. How well did the Council manage its finances in 2009/10?

● Money in

The Council gets its money from a number of sources, principally:

- Government grants;
- Council Tax and NNDR (or Business Rates); and
- Rent from our investment properties alongside other fees and charges.

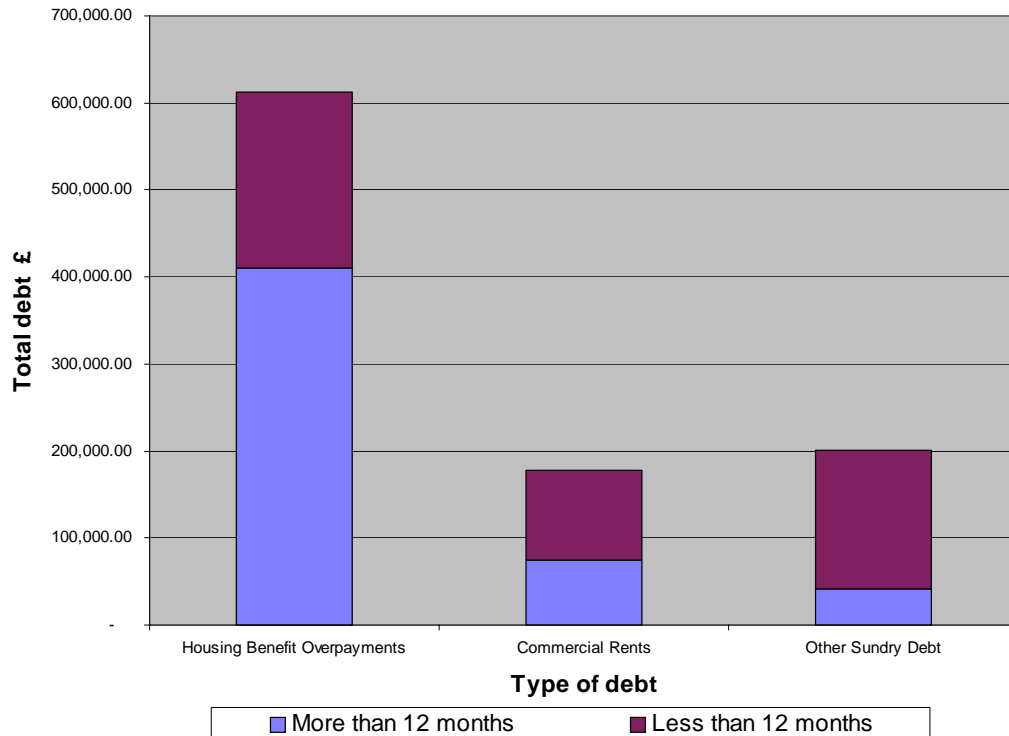
In 2009/10 the split of this income was generally in line with prior years, although there has been a 4% (£1.5m) drop in income from investments with banks and building societies, and a 2% (£0.3m) fall in Business Rates income, following the economic downturn and the reduction in interest rates. The Government Grant only accounting for 3% of our overall income. This is shown in the following graph:



The collection of fees and charges applies to certain services, such as licensing or bulky waste collection, and is the main source of the income the Council has some element of direct control over through the setting and collecting of fees. At the start of the year we estimate how much income we expected to collect based on forecast demand for services and the amount of charge set for certain services. In 2009/10 despite the economic downturn affecting areas such as planning fees, the total income from such fees was just £30,000 below the £2.201m budgeted for (£2.171m actual).



The Council has a policy to actively pursue all debts. At the end of the year our profile of money owed (debtors), excluding Council Tax and NNDR, was as follows:



Only after all avenues have been followed does the Council look at writing off debts. In 2009/10 the Council made decisions to write off £84,522 of Council Tax and NNDR debt only. That was only 0.1% of the total collectable amount. In June 2010 a report was presented to the Resources Committee to request the write off of £32k of old commercial rents after all action to recover were exhausted after tenants ceased trading.

● Money spent

The Council originally set a budget of £12.108m. This required a contribution from reserves of £3.282m (£2.2m General Fund plus £1.082m from earmarked reserves). During the year a number of changes (virements) were reported to and approved by the Resources Committee to produce a revised budget of £12.040m. Overall against the revised budget, after net transfers to earmarked reserves of £0.597m, the Council delivered a small surplus of £372,000, as shown in the following table, thus requiring less draw on General Fund reserves (£1.828m instead of £2.2m budgeted).

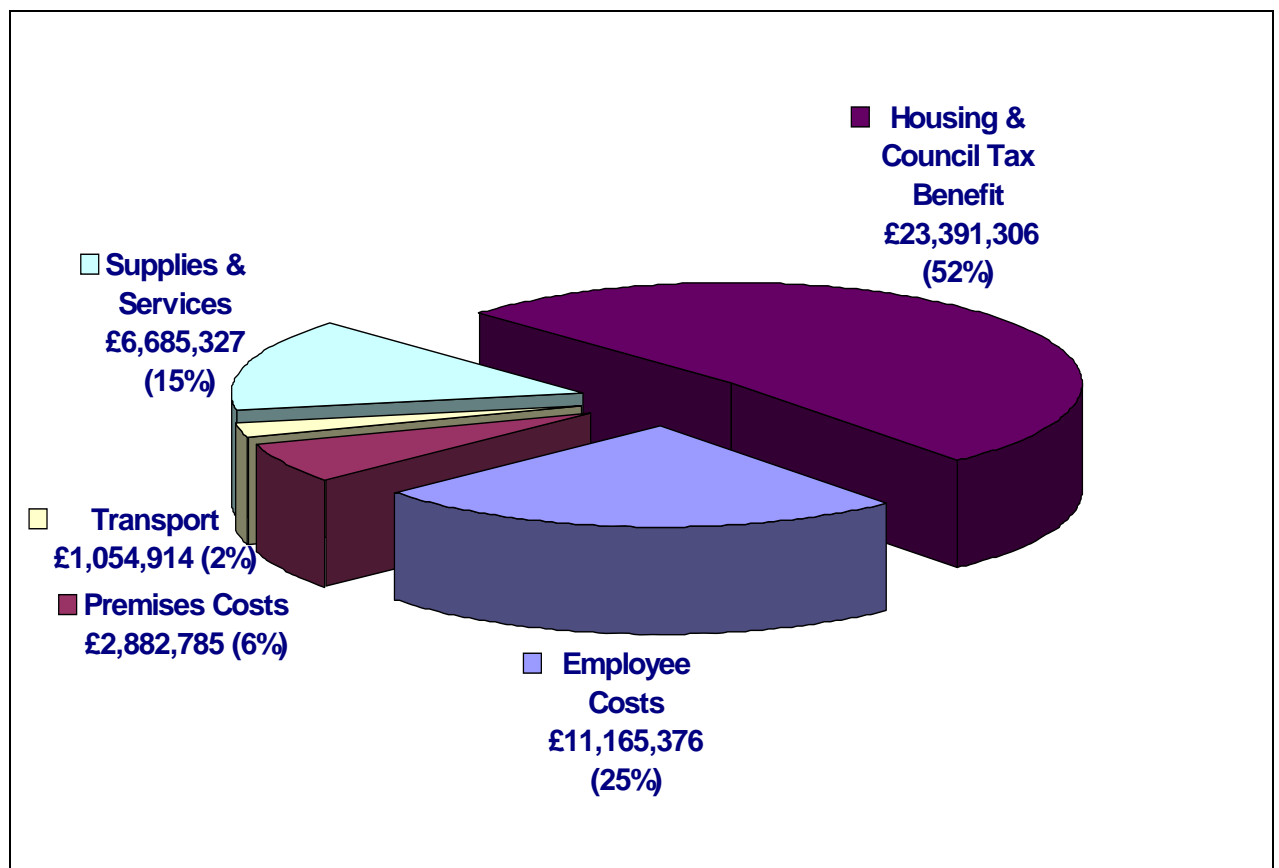
Directorate	Revised Budget £,000	Actual outturn £,000	Variance £,000
Chief Executives	1,414	1,456	42
Community	4,625	4,413	(212)
Development	11,493	11,056	(437)
Resources	(5,492)	(5,257)	235
Total	12,040	11,643	372



The main reasons for the surplus (or underspend), reported to Resources Committee on 23rd June 2010 in more detail, were:

- a saving of £100,000 on the IT Service due to lower actual cost from the East Northants shared partnership;
- a £100,000 net underspend on repairs and maintenance on office buildings arising from an over provision in budget forecasts;
- £164,000 significant one off savings across service areas due to rent rebates following appeals made by the Council, some of which relates to previous years;
- delayed Local Development Framework expenditure of £100,000 although this is budgeted to be spent in the 2010/11 financial year; and
- £240,000 additional income from the Housing Benefit subsidy.

The money was spent on the following areas:



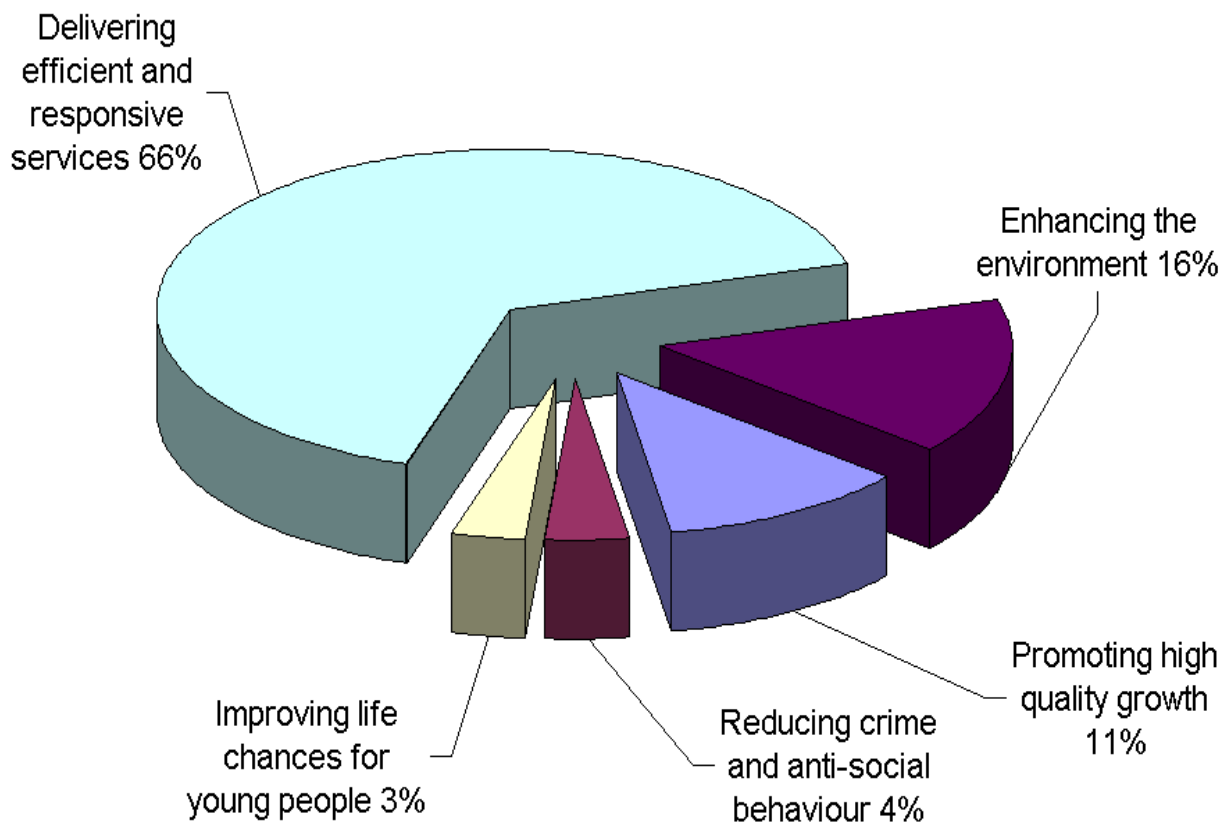


6. How was money spent on meeting our PRIDE mission?

In 2009 the Council set out its longer term vision for the Borough Council of Wellingborough through its PRIDE statement. This set out our five priorities:

- **Promoting high quality growth**
- **Reducing crime and anti-social behaviour**
- **Improving life chances for young people**
- **Delivering efficient and responsive services**
- **Enhancing the environment**

In 2009/10 the Council directed the following amount of spending towards these priorities.





7. How well did the Council manage its Assets and Capital programme?

The Council owns various plots of land and buildings in the Borough that it uses for its own purposes, such as Swanspool House, or as investments to generate income, such as the industrial estates and shops. In total the value of these land and buildings was £87,959,000. This is covered in more detail in the Council's balance sheet. In comparison with last year the value of the total estate increased by £14.2m. The main difference has arisen as we re-valued most of our investment and 'other land and buildings' properties at 1st April 2009. This is set out in more detail at Note 14.

In addition, in 2009/10 we reclassified the Council's commercial portfolio, that is those industrial buildings the Council owns and leases to businesses, to reflect the changes being introduced by the International Financial Reporting Standards. This has no impact on either the Council's plans for these properties or Council Tax but merely reflects a technical amendment. For the accounts, as these properties are not depreciated, it has meant our level of depreciation has fallen slightly year on year. The net book value of these properties at 31st March 2010 was £40.2m. In 2009/10 we collected £2.4m net income, giving a 6% return overall.

In 2009/10 the Council sold small areas of land and a number of vehicles that had reached the end of their useful life. The total proceeds for these sales were £62,000. During the same period the Council spent £2.5m on enhancing its remaining properties and purchasing new assets.

8. How much money does the Council have in Reserves?

The Council has set up a number of reserves for specific purposes - 'earmarked reserves' for events we know are going to happen, a bit like you setting up saving accounts for holidays or boilers breaking down. We also have the General Fund which we keep to manage potential risks that we continually assess. If the General Fund reserve is not needed to cover these risks then it is possible to use these as a one off to support spending. The opening and closing balances on our main cash reserves were:

1 st April 2009 £,000	Reserves	31 st March 2010 £,000
7,661	General Fund	5,833
1,835	Earmarked: • Capital contributions	1,835
3,000	• Interest equalisation	1,700
2,000	• Environmental Impact	2,000
151	• Other	854
15,221	Unapplied capital receipts	13,339
29,868	Total	25,561



The Council is also required to keep a number of accounting reserves, which whilst being large in value are not related to actual cash sums but are technical accounting requirements, such as the Capital Adjustment Reserve, the Revaluation Reserve, and the Pension Reserve.

9. How did we do managing our investments?

The Council is debt free and, as shown by its level of reserves has a significant sum to invest. We do this to ensure that we are maximising our income by earning interest on our money. However, we fully understand that this is public money and we follow strict national guidelines when deciding where and how much to invest. This process is set out in our Annual Treasury Management Policy. This, for example, restricts the level of investment, to spread the risk of who we invest with, and restricts us to only use institutions based in the UK. In 2009/10 we received £1m of interest, or a 3.25% return. This is in line with other public and private sector institutions. At the year end we had £30.8m invested in banks and building societies, compared with £34.95m in 2008/09. Of which £22.5m matures in the next 12 months and £8.3m beyond 31st March 2011. Part of this reduction in cash to invest is due to the use of reserves to support spending, capital spend and cashflow at the 31st March.

The Council's Treasury Management Strategy restates the aim of the Authority remaining debt free, and as such we did not borrow any money in 2009/10. Further information on the way the Council's invests its monies, and manages the risks arising, are set out in Note 38.

10. How is our Pension Fund?

The Council employees are able to join the Local Government Pension Scheme. This is administered by the County Council in Northamptonshire. Every three years the Fund's actuary assesses how much money is in the fund and whether this is sufficient to meet the potential call from staff as they retire at a future date.

There are a range of factors that can affect the financial position of the Fund, most notably the level of income expected to be earned from investing funds. The recent economic downturn has meant that the Fund has experienced a significant drop of £16m in the forecast return on its investments. As a result, the Fund is reporting at this stage a net liability of £40m (£23m in 2008/09). This is a notional amount as this would only be due if all circumstances remained as they are from now up to when the current contributors retire and the Authority did not seek to address the matter. In reality history shows the level of investment income will improve over time and other factors, such as time in the scheme and levels of contributions will change. The Scheme's actuary is about to revalue the Fund for the next three years and this review will set out new contribution rates for the Authority to ensure that we extinguish this liability to meet with the Authority's commitment to maintaining a balanced fund.

Further information on the Council's Pension Fund is set out in Note 33.



11. What does 2010/11 and beyond look like?

The Council has a Medium Term Financial Strategy and Plan that looks at Wellingborough's financial position over the next three years. This forecasts that with a 5% reduction in Government Funding and no increase in Council Tax in 2011/12, the Authority needs to save £3.2 million over three years (2011-2014). The national position is unclear at this stage and a revised public sector spending announcement is due in the autumn of 2010. This position could see Government funding being reduced even further. This would mean that the level of savings required would be even higher. Whilst the Council has some monies in reserves, these will not last for long. As such the Council has started a process to reduce its costs. In setting the 2010/11 budget it identified £1.3 million of savings and has already begun to look at ways to tackle the competing demands for resources and delivering the right services for the people of Wellingborough to meet their local needs.

12. How can you give us your feedback on the content of these accounts?

The Statement of Accounts is intended to give the people, businesses, partners, employees and members of Wellingborough clear information about the Council's finances. Whilst accounts have to include large elements of technical data to comply with Accounting Standards, we believe that it is vital that we make it as easy as possible for people to read regardless of their background. We have included a feedback questionnaire at the end of the Accounts and would appreciate any comments you may have on the content and quality of these Accounts and your suggestions to improve them in future years.

Further information about the accounts is available from the Head of Accountancy, Finance, Tithe Barn Offices, Tithe Barn Road, Wellingborough, NN8 1BP, or via email MHudson@wellingborough.gov.uk

The full Statement of Accounts will be made available on the Council website at the beginning of July. A Summary of the Accounts will be circulated after that date. Interested members of the public have a statutory right for 20 working days to inspect the accounts before the audit is completed. For 2009/10 the inspection date will start on the 17th July and the appointed day for raising queries with the External Auditors will be 16th August 2010.

13. Concluding remarks

I would like to take the opportunity to thank all the staff who have contributed to the early completion of the Statement of Accounts. Given the continual development of accounting standards and their complex nature, producing the accounts ready for approval by the end of June is a considerable achievement.

R Micklewright BA (Hons), CPFA

Corporate Director, Resources

29th June 2010



B STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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 Richard Micklewright (Corporate Director, Resources).
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

I confirm that these draft accounts were approved by the Audit Committee at the meeting held on 29th June 2010.

Signed on behalf of the Borough Council of Wellingborough:

Chair of meeting approving the accounts:

Councillor K. Harrington Date:

The Responsible Finance Officer's Responsibilities (Statutory S151 Officer)

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

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

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

The Responsible Finance Officer has also:

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

I certify that this Statement of Accounts shows the True and Fair position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2010.

Richard Micklewright BA (Hons) CPFA
Responsible Finance Officer

Date:



C AUDIT REPORT

The report from the Audit Commission, our appointed external auditors, will be inserted here at the conclusion of their audit by 30th September 2010, prior to the formal publication of the document



D STATEMENT OF ACCOUNTING POLICIES

1. General Principles

a) 'True and fair'

The Statement of Accounts summarises the Council's transactions for the 2009/10 year and its financial position at the 31st March 2010. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009 - A Statement of Recommended Practice (the SORP). The SORP specifies the principles and practices of accounting required to prepare a Statement of Accounts which show "true and fair" the financial position and the transactions of the local authority.

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

b) Accruals of Income and Expenditure / Estimation techniques

Estimation techniques are the methods adopted by the Authority to arrive at the estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. Wellingborough's policies are thus set to specify the basis on which an item is to be measured; where there is uncertainty over how to measure this, the amount has been arrived at using an estimation or accrual technique.

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

- Fees, charges and rents due from residents and customers are accounted for as income at the date the Council provides the relevant goods or services. Where this is before 31st March but income had not been billed the Authority estimated the amount due from recognition of services provided such as work schedules, and has raised a debtor. Where it is a doubtful that debts will be settled, a provision has been set aside against which the balance of bad debt can be written down. For 2009/10 a review of the likely collection assessment for general debtors has identified the need to change our approach to provide 100% for debt that the Council has carried for greater than 12 months where our legal services have deemed recovery is highly unlikely. Previously we only provided for 95%
- 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 stock 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 receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flow fixed or determined by the contract. As the Council is debt free it is not necessary to account for interest on borrowing.
- Where goods or service have been supplied but either an invoice has not been received or processed for payment by 31st March the expenditure has been recognised based on the original order and a creditor for the relevant amount is recorded in the Balance Sheet.
- The actual cost of employees is recorded in the Accounts. Accruals are made for the payment of pension and tax liabilities based on the actual March payments and included as creditors in the Balance Sheet.

2. Provisions and Reserves

a) Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

The Authority considers making a provision if the following circumstances occur:

- A present legal or constructive obligation results from a past event;
- A probable transfer of economic benefit is required to settle an obligation;
- A reliable estimate can be made of the amount of the obligation.

Provisions are charged to the appropriate service revenue account in the year that the authority 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. 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.

For 2009/10, other than Bad Debts, the Council's assessment has identified no circumstances that would require the disclosure of a provision.



b) 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 against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against Council tax for the expenditure.

In accordance with the Council's medium-term financial strategy, as a minimum, the level of the General Fund working balance should not fall below 10% of net expenditure.

Certain reserves are not cash backed and are kept to manage the accounting transactions for tangible fixed assets, financial instruments and retirement benefits and as such do not represent usable resources for the Council. These reserves are:

- Revaluation Reserve
- Capital Adjustment Account
- Pensions Reserve
- Available-for-Sale-Financial Instruments Reserve

3. **Fixed Assets**

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

Intangible fixed assets are not physical assets but those which carry a value for more than one year to the Authority, such as software licences.

a) Recognition

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefit to the Council and the services that it provides is estimated to occur over more than one financial year. Furthermore, expenditure needs to be in excess of the Council's de-minimis level of £10,000 per item, before it can be recognised as capital spend. Expenditure that secures but does not extend the previously assessed standard of performance of the asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.



b) Measurement

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

Intangible Assets

E.g. Software licences Historical Cost

Operational Assets

Other Land and Buildings	Existing Use Value
Vehicles, Plant & Equipment	Depreciated Replacement Cost
	Depreciated Historical cost as a proxy for depreciated current value
Infrastructure and Community Assets	Historical values applied where possible; however, assets are valued at a nominal value where we are unable to determine an accurate historical value.

Non-Operational Assets

Surplus assets held for disposal	Open Market Value
Investment Property	Open 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. For 2009/10 the Council has undertaken a significant revaluation of nearly all of its assets as at 1st April 2009, with an impairment review as at 31st March 2010.

Exceptionally gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Fixed Assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS).

We have reclassified £31m of our other land and building assets in 2009/10 into investment assets to meet with new accounting standards.



c) Depreciation

Depreciation is provided for on all assets with a determinable finite life, by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. It is not provided for on investment properties, Assets Under Construction, Community Assets or Land where this is split out from buildings.

Depreciation is calculated on the following basis:

- **dwelling and other buildings** - straight line allocation over the life of the property as estimated by the valuer.
- **vehicles, plant and equipment** - a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.
- **infrastructure** - straight line allocation over the life of the asset and intangibles.

d) 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 reduction in value. Where impairment is identified as part of this review or as a result of a valuation exercise:

- the impairment is charged to the relevant service revenue account where it has materialised due to the clear consumption of economic benefits; or
- it is written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess thereafter being charged to the relevant service revenue account.

e) 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.

f) Receipts

Capital receipts from the disposal of fixed assets are accounted for on an accruals basis. 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.



The Council has transferred its Housing Stock. Any capital receipts that the Council is entitled to receive from the transferred stock are "reserves" according to statute as follows:

The statutorily determined 'reserved' elements of capital receipts for 2009/10 were:

- RTB sales of Council houses - 75% (ultimately paid to the National Housing Pool)
- Sales of other housing assets - 50%
- Sales of non-housing assets - 0%

Receipts that are greater than £10,000 from the disposal of other fixed assets are 100% usable and are shown in the balance sheet within the line usable capital receipts reserve. Receipts less than £10,000 are posted to as income to the Income and Expenditure Account.

g) 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. These are reversed out within the Statement of Movement on the General Fund Balance, by way of adjusting transactions with the Capital Adjustment Account for the difference between the two.

The Authority follows the accounting standard governing fixed assets, FRS 15, Tangible Fixed Assets, which generally requires depreciation to be calculated from the date assets are acquired or enhanced.



4. Intangible Assets

The Authority capitalises purchased intangible assets (e.g. software licences) at cost, where economic benefits are greater than 12 months. Once capitalised, the assets will be amortised on a systematic basis over their useful lives. The amortisation charge will be made to General Fund service revenue accounts and to the Housing Revenue Account for the use of the assets acquired.

5. Government Grants

Revenue Government grants are accounted for in the year in which they arise. They are credited to the service revenue account where the expenditure to which they relate is charged.

Where the acquisition of a fixed asset is financed by a Government grant, the amount of grant is credited to the Government grants deferred account. This is then written off to the service revenue account over the useful life of the asset to match depreciation of the asset to which it relates. The grant is therefore not written down in the year that it is received.

6. Interest

The figure in the Income and Expenditure Account is the total external interest receivable from third parties, principally due to the investment of capital receipts and revenue balances. Interest is also earned from applying the effective interest rate applicable to financial instruments following the fair value adjustment. The effective interest rate amounts are reversed out in the Statement of Movement on the General Fund Balance (SMGFB) so that there is no impact on the bottom line.

7. Leases

Where assets are acquired under operating leases, the leasing rentals payable are charged to the relevant service revenue account on a straight line basis over the term of the lease. The capital value of the assets and the related liability for future rentals are not shown on the balance sheet.

The Council has a number of property lease arrangements where the Council is the lessor.

Where substantially all the risks and rewards relating to a leased property transfer to the Council the Council would treat this as a finance lease and charge depreciation according to financial standards. The Council has reviewed its leases as part of preparing the accounts for 2009/10 and has identified no finance lease arrangements.



8. Current Assets and Liabilities (Debtors and Creditors)

The revenue accounts of the Council are maintained on an accruals basis in accordance with the SORP and Financial Reporting Standard (FRS) 18. Sums due or from the Council during the year are included whether or not the cash has actually been received or paid in the year. An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the accounts.

9. Stocks and Work in Progress

Stocks are valued at the lower of actual cost or net realisable value, in line with the SORP and SSAP 9. Work in progress on uncompleted jobs is valued at cost including an allocation of overheads.

10. Cost of Support Services

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

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

11. Pensions

The Council uses the Local Government Pension Scheme (LGPS) for pensions to employees that are administered by Northamptonshire County Council (NCC). The scheme operates on a defined benefits basis relating to pay and service. FRS 17, Retirement Benefits, was introduced to ensure the financial statements reflected at fair value the assets and liabilities from an employer's retirement benefit obligations and any related funding. It does this by requiring employers to recognise an asset or liability based on the balance of actuarial assets and liabilities in the fund. Pension scheme assets are measured at market value and scheme liabilities are discounted at the current rate. Quoted securities held as assets in the scheme are valued at bid price rather than mid-market value.



The operating costs of providing retirement benefits to employees are recognised in the accounting period(s) in which the benefits are earned by the employees. This is achieved by replacing the contributions paid to the pension fund, used under the previous standard, with a Current Service Cost an actuarial calculation based upon the increase in present value of the schemes liabilities expected to arise from an employee's service in the current period.

12. Investments

Investments are shown in the Balance Sheet at cost. Where investments are fixed term deposits, the interest owing at 31st March is included in cost.

13. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives. Typical financial instruments are:

Liabilities

- trade and other payables
- borrowings
- financial guarantees

Assets

- bank deposits
- trade receivables
- loans receivable
- other receivables and advances
- investments

A financial asset or a financial liability is only recognised on the Balance Sheet when, and only when, the holder becomes a party to the contractual provisions of the instrument.

14. VAT

All income and expenditure on the attached statements exclude amounts relating to VAT as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

15. Group Accounts

For the 2009/10 financial year, local authorities are required to comply with the requirement that, where they have a controlling interest in subsidiaries, or a significant influence within associated companies or joint ventures, they must prepare the revenue account and balance sheet on a consolidated basis bringing together the financial results for the whole group. The Borough Council of Wellingborough has reviewed its activities and concluded that group accounts do not apply.



16. Revenue Expenditure under Capital

Expenditure incurred during the year that maybe capitalised under the statutory provision but does not result in the creation of fixed assets has been charged as expenditure to the relevant service in 2009/10. Where the Council has determined to meet the cost of this expenditure from existing capital resources a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

17. Officer's remuneration

The statement of accounts is accompanied by a note of the number of employees in year whose remuneration falls in a bracket of a scale in multiples of £5,000 starting with £50,000. This is a greater level of disclosure than previous years, to meet new accounting standards. Remuneration means all amounts paid to or receivable by an employee including expenses allowances and all other benefits that are chargeable to UK tax.

In addition there is a new disclosure of names of senior employees whose pay and other benefits are equal to or greater than £150,000 in £5k bands. The published information covers salary, bonuses, pension, perks and severance pay outs. In 2009/10 no employee was paid more than £150,000.

18. Service Concessions

The authority adopts International Financial Reporting Interpretations Committee standard 12. This means that where the authority carries out its services using a contractor and the contractor's assets, these assets are sometimes accounted for as if they were owned by the authority. In such circumstances, the authority would include these assets on its balance sheet because although it does not have legal title, the economic reality is that the authority is using and paying for the assets to deliver its services. Currently the Authority has not identified any such service concession arrangement which falls under this arrangement.

19. Soft Loans

These are loans issued at an interest rate below the prevailing market rate. The difference between the market rate and the interest charged is accounted for as an expense in the income statement. This expense is reversed out of the accounts in the Statement of Movement on the General Fund Balance. The Authority has one such loan of £100,000 to the Castle Theatre Limited as noted in the accounts.



20. Collection Fund & Prior Year Adjustments

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respects of council tax and National Non-Domestic Rates (NNDR). Up to 2008/09 the SORP required the Council Tax income in the Income and Expenditure Account to be the amount that under regulation was required to be transferred from the Collection Fund to the General Fund of the billing authority. From 2009/10 this has been changed and now the Income and Expenditure Account for the year is the accrued income for the year relating to that authority. As a result, there have been a number of changes to the 2009/10 Accounts:

- The difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund shall be taken to a newly created Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund Balance.
- The cash collected by the billing authority from the Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There is therefore a debtor and creditor position between Wellingborough as the billing authority and its major preceptors, such as the County Council and the Police.
- Where the net cash paid to our major preceptors in the year is more than its proportionate share of net cash collected, Wellingborough shall recognise a debit adjustment for the amount overpaid in the year and inform the preceptor so they can recognise a credit.
- The cash flow statement includes in 'Revenue Activities' only Wellingborough's own share of Council tax net cash collected from Council Tax payers in the year, and the amount included for precepts paid excludes amounts paid to major preceptors. The difference between the major preceptors share of the net cash collected from the Council Tax debtors and the net cash paid to major preceptors as precepts and settlements of the previous year's surplus/deficit is included as a net increase/decrease in 'other liquid resources'.

These changes require prior year adjustments to the 2008/09 corresponding amounts. The prior year adjustments are:

- Income & Expenditure Accounts – The Council Tax credited to the I&E Account is the accrued amount for 2008/09 in accordance with the new requirements of the 2009 SORP set out above.
- Balance sheet – The Council Tax debtor and creditor balances and impairment for doubtful debts attributable to the major precepts have been derecognised. The 2008/09 re-stated creditor does recognise cash collected from taxpayers on behalf of preceptors but not yet paid, and debt for cash paid to major preceptors in advance of receiving the cash from Council Tax debtors.
- Cash flow Statement – As per the 2009 SORP set out above.



21. Contingent Assets & Liabilities

Contingent Assets and liabilities are possible assets or obligations arising from past events whose existence would only be confirmed by the occurrence of future events not wholly within the entity's control. These are disclosed in the accounts if material.

22. Other Issues

The SORP permits authorities to use either the direct or indirect method to produce the cashflow. The Council has opted to use the indirect method.

The Authority reviews the accounts before the signing off date to take into account events that have occurred after the balance sheet date. Processes have been introduced to validate amendments after Member approval.



E1 INCOME & EXPENDITURE ACCOUNT 2009/10

2008/09 Restated Net Exp. £000		Gross Expenditure £000	2009/10 Gross Income £000	Net Expenditure £000	Note
	EXPENDITURE ON SERVICES				1
1,269	Central services to the public	6,535	(5,303)	1,232	
	Cultural, environmental & planning:				
13,049	o Cultural and related services	5,793	(480)	5,313	
5,047	o Environmental services	5,922	(723)	5,199	
1,529	o Planning & development services	5,043	(3,742)	1,301	
1,681	Highways, roads and transport	4,607	(436)	4,171	
2,344	General Fund Housing	22,718	(20,411)	2,307	
311	Social Services	429	(95)	334	
2,370	Corporate & democratic core	2,352	(30)	2,322	
121	Non Distributed Costs	4,603	0	4,603	
	Discontinued Services:				
9	o Housing Revenue Account	0	0	0	4
27,730	Net Cost of Continuing Services	58,002	(31,220)	26,782	
0	(Gains) or Loss on the disposal of Fixed Assets	66		66	
441	Parish precepts	438		438	
75	Interest payable and similar charges	57		57	
22	Contributions to housing capital receipts to government pool			0	
125	Contributions to Bad Debts Provision			0	1
(1,302)	Other income (Unattached capital receipts)		(1,093)	(1,093)	
(2,401)	Interest and investment income		(1,069)	(1,069)	5 & 38
1,054	Pension interest costs & expected return on pension assets	3,565	(1,851)	1,714	33
25,744	Net Operating Expenditure	62,128	(35,233)	26,895	
(821)	Revenue Support Grant		(1,287)	(1,287)	6
(5,897)	Non-domestic rates redistribution		(5,575)	(5,575)	
(3,410)	Demand on the collection fund		(3,508)	(3,508)	
(60)	Transfer surplus from collection fund	12		12	
-	Other Grants		(961)	(961)	
15,556	Deficit/(Surplus) for the Year	62,140	(46,564)	15,576	



E2 STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE

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

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

In order to give full presentation of the financial performance of the Council during the year and the actual spending power carried forward to future years, the outturn on the Income and Expenditure Account needs to be reconciled to the balance established by the relevant statutory provisions. The General Fund Balance shows whether the Council has over, or under-spent against the council tax that it raised for the year, taking into account the use of reserves built up in the past as well as 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.

2008/09 Restated £000		2009/10 £000
15,556	Deficit / (Surplus) for the year on the Income and Expenditure Account	15,576
(11,299)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(13,748)
4,258	Decrease / (Increase) in General Fund Balance for the year	1,828
(7,590)	General Fund Balance brought forward	(7,661)
(3,332)	Sub-total	(5,833)
(4,329)	Transfer from Housing Revenue Account	0
(7,661)	General Fund Balance carried forward	(5,833)



Reconciling items in the Statement of Movement on the General Fund

2008/09 £000		2009/10 £000
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining Movement on General Fund Balance for the year	
(76)	Amortisation of intangible fixed assets	(182)
(14,277)	Depreciation and impairment of fixed assets	(12,333)
187	Government Grants Deferred amortisation (matching depreciation and impairment)	849
(829)	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	(1,739)
(92)	Reversal of Collection Fund Balance	(26)
0	Net (loss) / gain on sale of fixed assets	(66)
1,302	Other income (Unattached capital receipts)	1,093
0	Differences between amounts debited/credited to the I&E Account and amounts payable/receivable to be recognised under statutory provisions relating to soft loans and premiums and discounts on the early repayment of debt	0
(2,334)	Net charges made for retirement benefits in accordance with FRS 17	(2,633)
(16,119)		(15,037)
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining Movement on General Fund Balance	0
0	Statutory provision for repayment of debt	0
0	Capital expenditure charged in-year to the General Fund Balance	205
(22)	Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	0
1,501	Employer's contributions payable to the Pension Fund and benefits payable direct to pensioners	1,680
1,479		1,885
	Transfers to or from General Fund Balance required to be taken into account when determining the Movement on General Fund Balance for the year	
219	Housing Revenue Account Balance	
3,122	Net transfer to or (from) earmarked reserves	(596)
3,341		(596)
(11,299)	Net amount required to be credited or charged to the General Fund Balance for the year	(13,748)



E3 STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES (STRGL)

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

2008/09 Restated £'000		2009/10 £'000	Cross reference to other statements
15,556	(Surplus) / Deficit for the year on the Income and Expenditure Account	15,576	I & E
(7,286)	Surplus arising on the revaluation of fixed assets	(24,234)	Note 14
101	(Surplus) or deficit arising on the revaluation of available for sale financial assets	(88)	Note 38
(1,233)	Actuarial (gain) / losses on pension fund asset and liabilities	15,438	Note 33
7,138	Total recognised gains for the year	6,692	Note 28
	Total Net Worth		
92,666	As at 1 April	85,528	Balance Sheet
85,528	As at 31 March	78,836	Balance Sheet
(7,138)	Change in Net Worth	(6,692)	Note 28

Following changes introduced by the 2009 SORP Council Tax and NNDR transactions shown only relate to Wellingborough. As a result the balance sheet and Income and Expenditure Account now only show the NNDR and Council Tax to the extent that it relates to the Borough Council of Wellingborough's own share and the Authority is thus no longer required to show an adjusting balance in this Statement.



E4 BALANCE SHEET

The Balance Sheet summarises the value of the Council's assets and liabilities at 31 March.

2008/09 Restated £000		2009/10		Notes
		£000	£000	
	Fixed Assets:			14-17
470	Intangible Fixed Assets		292	
	Tangible Fixed Assets:			
	• Operational Assets:			
134	Council dwellings	130		
63,617	Other land and buildings	37,080		
2,173	Vehicles, plant, furniture & equipment	1,668		
1,413	Infrastructure	1,357		
1,787	Community Assets	1,537		
	• Non-operational assets			
0	Investment properties	40,248		
4,192	Assets under construction	5,647		
0	Surplus assets held for disposal	0		
73,786	Total Fixed Assets		87,959	
	Other Long Term Assets			
6,214	Long term investments	8,650		18
38	Long-term debtors	30		19
6,252	Total Long-term assets		8,680	
	Current Assets			
50	Stock and work in progress	101		20
8,618	Debtors	7,991		21 & 22
328	Payments in advance	143		23
28,950	Investments	22,460		24 & 38
67	Cash at bank and in hand	1		
38,014	Total Current Assets		30,696	
	Current Liabilities			
(2,438)	Creditors	(2,562)		25
(678)	Receipts in advance	(345)		26
(1,135)	Capital grants and contributions unapplied	(990)		
(1,320)	Bank overdraft	(1,114)		
(5,571)	Total Current Liabilities		(5,011)	
32,443	Net Current Assets		25,686	
112,481	Total Assets less Current Liabilities		122,324	



2008/09 Restated £000		2009/10 £000	2009/10 £000	Notes
	Long-term liabilities			
(0)	Provisions	(0)		
(3,690)	Government Grants Deferred	(3,932)		
(23,165)	Pension Liability	(39,556)		33
(26,855)	Total Long term liabilities		(43,488)	
85,528	Total Assets less Liabilities		78,836	
	Financed by:			
12,692	Revaluation Reserve	36,396		27 & 28
55	Available for Sale Financial Instruments	143		28
66,090	Capital Adjustment Account	56,338		27 & 28
(23,165)	Pension reserve	(39,556)		28 & 33
15,221	Usable capital receipts reserve	13,339		28
38	Deferred capital receipts - mortgages	30		28
7,661	General fund balance	5,833		28
6,986	Earmarked reserves	6,389		28 & 29
(50)	Collection Fund Adjustment Account	(76)		28
85,528	Total Equity		78,836	

I certify that the Balance Sheet and related accounts shows the true and fair financial position of the Borough Council of Wellingborough at 31st March 2010.

Richard Micklewright BA (Hons) CPFA
Responsible Finance Officer:

Date:



E5 CASH FLOW STATEMENT

This statement summarises the inflows and outflows of revenue and capital cash arising from transactions with third parties.

2008/09 As restated £000	2009/10	
	£000	£000
	Revenue Activities	
15,556	Income and Expenditure Account	15,576
(92)	Collection Fund	0
1,501	Net charges from Retirement Benefits	1,680
(2,334)	Appropriation (to)/from Pension Liability	(2,633)
(22)	Pooling of Capital Receipts	0
0	Loss on Sale of fixed assets	(66)
(2,782)	Depreciation of Fixed Assets	(2,023)
(11,571)	Other impairments	(10,492)
469	Amortisation of Government Grants	849
1,302	Unattached Capital Receipts	1,093
2,326	Net Interest receivable	1,061
(7)	Increase/(decrease) of stock & provisions	51
1,365	Increase/(decrease) in debtors & Creditors	(1,716)
5,803		3,380
	Return on Investments & Servicing of Finance	
	Cash Outflows	
300	Interest paid	8
	Cash Inflows	
(2,688)	Interest received	(410)
3,415		2,978
	Capital Activities	
	Cash Outflows	
4,175	Purchase of fixed assets	2,292
		5,270
	Cash Inflows	
(322)	Sale of fixed assets	(53)
(495)	Capital grants received	(793)
-	Other capital cash receipts	(421)
(817)		1,267
6,773	Net Cash (Inflow)/Outflow before financing	4,003



2008/09 As restated £000	2009/10	
	£000	£000
	Management of Liquid Resources	
(7,500)	Movement in short-term investment /loans	2,347
	Financing	
	Cash Outflows	
1,000	Movements in long term investments	(6,490)
		4,143
(6,500)	Financing Net Cash Flow	0
273	Net (Increase)/Decrease in cash	(140)



F NOTES TO THE CORE FINANCIAL STATEMENTS

1. Income and Expenditure

The Statement of Accounts are produced in compliance with CIPFA's Statement of Recommended Practice (SORP). This sets out a number of charges to services for the purposes of the financial statements for costs incurred in running the organisation, such as depreciation. In addition, the Council incurs costs that it does not recharge to services as they are incurred largely due to the type of organisation the Council is, such as member's expenses. These are referred to as 'Non Distributed Costs'. In addition, to ensure sound financial management, budget responsibility and monitoring is split into service areas per the operation of the Council. This is not the same classification as set out in the SORP. As a result, the figures shown in the Statement of Accounts differ from those within the 2009/10 Budget book and monitoring reports.

Changes introduced by the SORP in relation to how an authority accounts for Council Tax and NNDR have meant that the 2008/09 net expenditure has been restated to account for this. This is explained further in the Accounting Policies (Policy 20) and in the notes to the accounts (Note 40).

Previously the Council has charged provisions for bad debts to operating expenditure rather than to the net costs of services responsible for the income/debt. This has been changed for the 2009/10 Accounts (2008/09 Bad Debt Value £91,200).

2. Companies and Joint Ventures

The Castle (Wellingborough) Limited is responsible for the management of a Council owned theatre and arts complex for the community. The Council has assessed whether the Company is a regulated influenced company under the Local Authorities (Companies) Order 1995 and deemed that it is not, and as a result have concluded that there is no requirement to consolidate The Castle's Accounts with the Council's. Three Members of the Council are board members. Payments made to the company during the year totalled £395,399 in 2009/10 (£424,335 in 2008/09). Whilst we have identified a change to the Board representation in Note 32 to these Accounts (Post Balance Sheet Events) we have concluded this does not affect our view that there is no requirement to consolidate The Castle's Accounts with the Council's.

The Council resolved to award the Company a soft loan of £100,000, as set out in more detail at Note 41 to these Accounts. This is included in general debtors, see Note 21.

Further details of the accounts for The Castle may be obtained from The Castle (Wellingborough) Limited, Castle Way, Wellingborough, NN8 1XA.



3. Other Joint Arrangements

The Borough Council of Wellingborough provides several of its services under joint arrangements with a number of other local authorities in the area. The expenditure incurred on these joint arrangements was as follows:

2008/09 As restated £000	Joint arrangement	2009/10 £000
225	Connect Law – Kettering & Corby Borough Councils	228
124	Consortium Audit - Kettering Borough Council (Corby BC up to November 2009)	121
93	Joint Planning Unit - Corby BC, Kettering BC, & Northamptonshire CC	51
491	IT Services - East Northants District Council	534
0	Northamptonshire Enterprise	25
40	Northamptonshire Area Procurement Service (NAPS)	40
13	Wellingborough Town Centre Partnership	25
35	Northamptonshire Waste Partnership	30
766	Total Expenditure	895

In addition, North Northants Development Company (NNDC) is responsible for delivering the area's potential by driving forward major infrastructure and employment led development across the sub-region. It is supported by Corby, Kettering, East Northants, Wellingborough Councils and other government agencies. In the year ended 2009/10 the Borough Council of Wellingborough paid a contribution of £56,000.

4. Discontinued Services

In December 2007 the Council transferred nearly all of its Housing Stock to Wellingborough Homes. The Council had previously accounted for all financial transactions relating to these properties through a separate account – the Housing Revenue Account (HRA). Whilst the Council retained a small number of the stock (18) as they were awaiting demolition or situated above shops owned by the Council, the Department for Communities and Local Government (DCLG) does not require local authorities to maintain a HRA where there are less than 50 properties. Thus in 2008 the Council applied to close its HRA, and approval was granted in 2009. As such there is no longer a requirement for the Council to maintain a HRA and this has been reflected in these Accounts as a discontinued operation.



5. Interest and Investment Income

This account records the interest and investment income that the Council receives in respect of dividends and non service based investments. During 2009/10 the Council received £1.069m.

6. Analysis of Government Grants

Grant	£000
Area Based Grant (ABG)	23
Local Area Growth Business Initiative (LAGBI)	47
Housing and Planning Delivery Grant (HPDG)	891
Revenue Support Grant (RSG)	1,287
Total	2,248

7. Officer's Emoluments

The number of employees whose remuneration (excluding pension contributions, including election fees) was £50,000 or more, in bands of £5,000, for 2008/09 and 2009/10 is detailed below. Note in 2008/09 this was shown in bands of £10,000.

2008/09 Restated Number of Employees	Remuneration Band	2009/10 Number of Employees
1	£50,000 - £54,999	
4	£55,000 - £59,999	2
	£60,000 - £64,999	1
	£65,000 - £69,999	1
	£70,000 - £74,999	
	£75,000 - £79,999	
	£80,000 - £84,999	1
1	£85,000 - £89,999	1
	£90,000 - £94,999	1
	£95,000 - £99,999	
	£100,000 - £104,999	
1	£105,000 - £109,999	
	£110,000 - £114,999	1
	£115,000 - £119,999	



Further disclosure of this remuneration is set out below to provide greater transparency in line with changes to the Accounts and Audit Regulations. The following note shows the individual remuneration of employees paid in excess of £50,000 separately. The Regulations require greater detail to be disclosed for any officer earning a salary in excess of £150,000 in the year. In 2009/10 at Wellingborough there were no employees with pay and perks equalling or greater than £150,000 within the year.

2009/2010						
Post holder Job title	Salary (including fees & allowances) £	Compen- sation for loss of office £	Benefits In Kind (Car allowances, Etc...) £	Total Remuneration (excluding Employer pension contributions) £	Employer Pension Contributions £	Total Remuneration (including Employer pension contributions) £
Chief Executive	107,001.00	0.00	1,366.21	108,367.21	28,361.58	136,728.79
Returning Officer (Chief Executive)	9,867.58	0.00	0.00	9,867.58	1,089.29	10,956.87
Deputy Chief Executive	85,599.00	0.00	557.77	86,156.77	21,570.96	107,727.73
Head of Financial Services	61,347.69	30,000.00	270.33	91,618.02	12,222.83	103,840.85
Head of Environmental Health	23,491.62	60,664.98	413.69	84,570.29	4,246.48	88,816.77
Corporate Director (Resources)	67,875.00	0.00	0.00	67,875.00	17,104.56	84,979.56
Head of Policy, Property & Partnerships	61,878.00	0.00	101.75	61,979.75	15,593.30	77,573.05
Corporate Director (Development)	56,202.00	0.00	187.87	56,389.87	14,162.88	70,552.75
Corporate Director (Community)	56,202.00	0.00	32.06	56,234.06	14,162.88	70,396.94
Total	£529,463.89	£90,664.98	£2,929.68	£623,058.55	£128,514.76	£751,573.31



For 2009/10 on the previous page the Corporate Director, Resources and the Head of Environmental Health Service posts were vacant from Months 1-4 and 4-12 respectively. The amount stated in the note for the Corporate Director, Resources is the annualised remuneration. The actual salaries paid to the post holders in the year 2009/10 were £44,885.08 to the Resources Director and £23,491.62 for the Head of Environmental Health Services.

2008/2009						
Post holder Job title	Salary (including fees & allowances) £	Compen- sation for loss of office £	Benefits In Kind (Car allowances, etc...) £	Total Remuneration (excluding Employer pension contributions) £	Employer Pension Contributions £	Total Remuneration (including Employer pension contributions) £
Chief Executive	105,921.00	-	1,311.20	107,232.20	24,997.35	132,229.55
Returning Officer (Chief Executive)	667.15	-	0.00	667.15	155.31	822.46
Deputy Chief Executive	84,738.00	-	768.85	85,506.85	19,998.15	105,505.00
Corporate Director of Development	55,638.00	-	388.24	56,026.24	13,130.56	69,156.80
Corporate Director of Community	55,638.00	-	66.93	55,704.93	13,130.56	68,835.49
Head of Policy, Property & Partnerships	57,514.34	-	135.28	57,649.62	13,573.38	71,223.00
Head of Environmental Health	53,851.71	-	1,385.26	55,236.97	12,613.94	67,850.91
Head of Financial Services	53,244.00	-	203.02	53,447.02	12,565.59	66,012.61
Total	£467,212.20	£0.00	£4,258.78	£471,470.98	£110,164.84	£581,635.82



8. Members Allowances

The total amount of members allowances paid in the year ending 2009/10 was £195,839.87 (2008/09 £192,995). Detailed allowances for 2009/10 and 2010/11 are listed below:

2008/09 £000	Expenditure	2009/10 £000
121	Basic Allowance	123
13	Mayor/Deputy Mayor Allowance	12
52	Special Responsibility Allowance	53
7	Travelling Expenses	8
193	Total Expenditure	196

9. Related Party Transactions

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

Central Government has effective control over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with government departments are set out in note 36.

Members of the Council have direct control over the Council's financial and operating policies. In addition, a Register of Member's interests is open to public inspection at the Council's Swanspool offices.

Chief Officers might also be in a position to influence significantly the policies of the authority. Council members and Chief Officers are required at the end of the year to disclose whether they, or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the Authority during the year.

These reviews found no significant transactions.



Pension Fund - in 2009/10 the contributions paid to Northamptonshire County Council in respect of employer's contributions, added years contributions and lump sum payments was £1.680m (2008/09 £1.590m), see note 33.

Assisted Organisations in 2009/10 the Council awarded grants totalling £291,350 (£283,934 in 2008/09) to voluntary organisations whose activities complemented the work of the Council in providing services or support to people living in the Borough.

Whilst the Council provided material financial assistance to organisations not shown elsewhere in these Accounts, these did not comprise more than 50% of their funding, and gave the Council no effective control over their operations.

10. Leases - disclosure by lessees

The Council uses vehicles financed under the terms of an operating lease. The committed operating lease payments are detailed in the table below and are analysed between the time periods in which these leases expire.

	Vehicles, Plant Equipment £'000
Leases expiring in 2009/10	0
Leases expiring between 2010/11 and 2014/15	350
Leases expiring after 2014/15	0
The Council made lease payments totalling £350k in 2009/10 (£350k 2008/09).	

The Council has no finance leases.

Leases - disclosure by lessors

Rent income from the Council's commercial property amounted to £2.45m (£2.35m 2008/09)



11. External Audit Fees

Fees payable for external audit services in 2009/10 and 2008/09 are detailed below. In order to comply with the SORP the note is based upon fees charged in the year and not what was actually paid in the year. At 1st April 2009 the Council's appointed external auditor changed from KPMG LLP to the Audit Commission.

2008/09 £000	Fees payable to:	2009/10 £000
80	KPMG LLP with regard to external audit services carried out by the appointed auditor	13
0	The Audit Commission with regard to external audit services carried out by the appointed auditor	83
11	The Audit Commission in respect of statutory inspection	14
27	KPMG LLP for the certification of grant claims & returns	29
35	Fees payable to KPMG LLP for the use of resources assessment	35
153	Total	174

12. Undischarged Obligations Arising From Long-Term Contracts

The Council made contract payments in 2009/10 to D C Leisure Management Ltd, of £378,000 (£391,000 2008/09) for the provision of management services at two of the Council's leisure centres. The contracts' initial expiration date is 31 March 2013 with provision for further annual extensions for a maximum of three years.

The remaining value of the contract to 31 March 2013 is estimated at £1m (£1.4m at 31 March 2009)

There are no private finance initiative schemes at the Council.



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

This category represents expenditure which may be properly capitalised but which does not result in the creation of a fixed asset in the Council's ownership.

Expenditure is generally written off to the relevant service account in the year. A transfer to the Capital Adjustment Account then reverses out the amounts charged to the Statement of Movement on the General Fund Balance so there is no impact on the level of Council Tax.

The following has been charged in 2009/10:

Spending on	£,000
Renovation and Disabled Facilities Grants	1,102
Community Facilities and Support For Community Projects	183
Parish Councils	176
Section 106 monies	147
Contribution to Affordable Housing & Other Items	131
Total	1,739

14. Movement on Fixed Assets

Operational Properties	Council Dwellings	Other land & buildings	Vehicles, plant etc	Infra-Structure	Total Operational Property
	£000	£000	£000	£000	£000
Net book value of assets 31 March 2009	134	63,617	2,173	1,413	67,337
Movement in 2009/10					
➤ Adjustments	0	313	12	108	433
➤ Additions	0	149	296	0	445
➤ Disposals	0	(112)	(7)	0	(119)
➤ Reclassifications	0	(30,754)	(180)	0	(30,934)
➤ Revaluations	0	10,965	0	0	10,965
➤ Depreciation	(4)	(1,046)	(626)	(164)	(1,840)
➤ Impairments	0	(6,052)	0	0	(6,052)
Net book value of assets 31 March 2010	130	37,080	1,668	1,357	40,235



Total Non-operational Assets	Investment Assets	Community Assets	Assets under Construction	Intangible	Total Non-Operational Assets
	£000	£000	£000	£000	£000
Net book value of assets 31 March 2009	0	1,787	4,192	470	6,449
Movement in 2009/10					
➤ Adjustments	135	0	(568)	0	(433)
➤ Additions	84	16	2,023	4	2,127
➤ Disposals	0	0	0	0	0
➤ Reclassifications	31,200	(266)	0	0	30,934
➤ Revaluations	13,269	0	0	0	13,269
➤ Depreciation	0	0	0	(182)	(182)
➤ Impairments	(4,440)	0	0	0	(4,440)
Net book value of assets 31 March 2010	40,248	1,537	5,647	292	47,724

	Total Operational Properties	Total Non-operational Assets	Total Fixed Assets
	£000	£000	£000
Net book value of assets 31 March 2009	67,337	6,449	73,786
Movement in 2009/10			
➤ Adjustments	433	(433)	0
➤ Additions	445	2,127	2,572
➤ Disposals	(119)	0	(119)
➤ Reclassifications	(30,934)	30,934	0
➤ Revaluations	10,965	13,269	24,234
➤ Depreciation	(1,840)	(182)	(2,022)
➤ Impairments	(6,052)	(4,440)	(10,492)
Net book value of assets 31 March 2010	40,235	47,724	87,959



15. Capital Expenditure and Financing

2008/09 £000		2009/10 £000
(8,685)	Opening Capital Financing Requirement	(8,685)
	Capital Investment	
1,796	Operational assets	461
2,235	Non-operational assets	2,108
319	Non Enhancing	4
4,350		2,573
	Sources of Finance	
(3,454)	Capital receipts	(1,904)
(304)	Government grants	(464)
(0)	Major repairs reserve	(0)
(0)	Developers contributions	(0)
(592)	Sums set aside from Revenue	(205)
(4,350)		(2,573)
(8,685)	Closing Capital Financing Requirement	(8,685)

As at 31 March 2010, the Council was committed to a General Vesting Declaration No 1, relating to the High Street, Jackson's Lane, West Street and Oxford Street. It is estimated that the commitment for GDV no 1 is £1.3 million falling due in the next year.

16. Valuation Information

Revaluations are required to be completed at least every five years. The Council has a rolling programme of 5 year revaluations, a new period of rolling reviews commenced on 1st April 2009. The programme is currently under the supervision of R. Vaughan, FRICS, (Property Manager). All valuations are in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuations Standards. To comply with Council policy part of the Council's general fund assets have been valued by David Wilson MRICS Dip Rating of Underwoods as at 1st April 2009. An impairment assessment has also been undertaken in March 2010. The basis of depreciation and date of valuations have been set out in the Accounting Policies. The following table sets out the useful lives for each asset category.

Operational Asset	Useful lives
Council Dwellings	33 - 50
Other Land & Buildings	0 - 60
Vehicles & Plant	0 - 10
Infra-structure	5 - 36

Non- Operational Asset	Useful lives
Community Assets	N/A
Investment Properties	N/A
Assets Under Construction	N/A
Intangible Assets	0 - 3



17. Information on Assets Held

Detailed in the table below, is a split of the assets that make up the fixed asset balances in the balance sheet.

31/3/2009		31/3/2010
Number	Assets	Number
18	Council Dwellings	18
	Other Land and Buildings	
2	Leisure centres and pools	2
1	Day centre	1
1	Theatre	1
1	Market	1
17	Public Conveniences	17
15	Car Parks	16
1	Depot and workshop	1
5	Council Offices	5
	Investment properties	
283	Commercial property and land rented out	280
11	Land awaiting development (hectares)	11
113	Infrastructure	113
90	Vehicles, Plant, Furniture and Equipment	99
	Community Assets	
14	Parks and Recreation Grounds	14
3	Cemeteries	3
4	Intangible Assets	4



18. Long Term Investments

In addition to available for sale investments (i.e. share capital in investment trusts and the Bank of England treasury stock), the Council invests its surplus cash balances in banks and similar institutions, in order to generate income by earning interest. Long term investments are where the loan period exceeds one year. The Annual Treasury Management Strategy which is approved by the Council lists the classes of approved organisations, and the maximum proportion of monies available for investment to be invested in long term investments. The interest earned on investments has been credited to the Income & Expenditure Account.

The long-term investments consist mainly of the purchase of share capital in investment trusts together with bank deposits which are deemed low risk investments as determined by the Council’s treasury management strategy.

2008/09 £000		2009/10 £000
210	British Assets - shares	298
4	Bank of England Treasury Stock	4
6,000	Bank Deposits	8,348
6,214		8,650

The Accounts are required to disclose the fair value of investments. The difference between the value of the British Assets and the Bank of England Treasury Stock compared to the historical cost, amounted to an increase in value £88,000 (compared with a reduction of £101,000 2008/09), was debited to the Available for Sale Financial Instruments Reserve.

19. Long Term Debtors

This relates to Mortgages arising from the sale of Council houses which are not immediately payable, but are repayable over a longer period of time.

2008/09 £000		2009/10 £000
38	Mortgages - sale of council houses	30
38	Total	30



20. Stock and Work in Progress

2008/09 Restated £000		2009/10 £000
2	Amenities Stores	42
0	Amenities Stores (various locations)	19
4	Diesel & Gas Oil	6
14	Waendel Walk Medals	19
30	Bus Tokens	10
0	Electricity Cards	5
50	Total	101

The increase from 2008/09 is due largely to the inclusion of stock that have not in the past been included in the “stock take” exercise and covering “stock” held at other locations. The main increase is £30,000 of wheelie bins not recorded in 2008/09 shown in the £42,000 of amenities stores. The 2008/09 comparative has not been restated as figures were not available.

21. Analysis of Debtors

2008/09 restated £000		2009/10 £000
4,179	Sundry debtors	1,273
0	Soft loan (see notes 2 & 41)	100
4,398	Government departments	678
333	Council taxpayers	2,143
0	Business ratepayers	4,404
471	Local authorities	358
29	Loans to employees	36
9,410		8,992
(792)	Less Provision for Bad Debts	(1,001)
8,618		7,991



22. Details of movement in the year for each class of provision

The Council maintains a number of provisions for Bad Debts, the movement on these provisions are detailed in the table below:

	Balance at 1 st April 2009 Restated £000	Contribution to/ (from) Bad Debts £000	Balance at 31 st March 2010 £000
Provisions for Bad Debts			
Council taxpayers	119	20	139
Business ratepayers	0	-	0
Summons costs	176	-	176
Housing benefits	399	53	452
Other	98	136	234
Total Provision for Bad Debts	792	209	1,001

23. Payments in Advance

2008/09 £000		2009/10 £000
185	Computer costs	109
15	Telephone system	15
128	Other	19
328		143



24. Investments (short term)

The Authority invests its surplus cash balances in banks and similar institutions, in order to generate income by earning interest. Short term investments are where the loan period does not exceed 364 days. The Annual Treasury Management Strategy which is approved by the Council lists the classes of approved organisations and the financial limits that are applied to each. The interest earned on investments has been credited to the Income & Expenditure Account. The short term investments include the following:

2008/09 £000		Range of interest - %	2009/10 £000
8,950	Banks	0.50 – 2.00	6,217
20,000	Building Societies	0.65 – 6.46	16,243
28,950			22,460

25. Analysis of Creditors

2008/09 Restated £000		2009/10 £000
1,337	Sundry creditors	1,213
356	Government departments/local authorities	574
745	Sundry deposits	775
2,438		2,562

26. Receipts in Advance

2008/09 Restated £000		2009/10 £000
-	Arthur Street dilapidations	73
-	Community Centre development	70
-	Mortgage rescue programme	54
678	Other	148
678		345



27. Details of movements in reserves

Analysis of Revaluation Reserve movements

	General Fund £000
Balance at 01/04/09	12,692
Revaluation adjustments	24,235
Historical cost adjustment	(416)
Realised Revaluations	(115)
Balance at 31/03/10	36,396

Analysis of Capital Adjustment Account movements

	General Fund £000
Balance at 01/04/09	66,090
Impairments	(10,492)
Depreciation	(2,023)
Historical Cost Adjustment	415
Revenue Expenditure funded from Capital	(1,739)
Financing of the capital programme	3,869
Disposal of Fixed Assets	(4)
Amortisation of Grants Deferred	222
Realised Revaluations	0
Balance at 31/03/10	56,338



28. Analysis of 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.

	Opening Balance £000	Net Transfers to / (from) Reserves £000	Closing Balance £000
Revaluation Reserve	12,692	23,704	36,396
Available for Sale Financial Instruments Reserve	55	88	143
Capital Adjustment Account	66,090	(9,752)	56,338
Usable Capital Receipts	15,221	(1,882)	13,339
Pensions Reserve	(23,165)	(16,391)	(39,556)
General Fund	7,661	(1,828)	5,833
Collection Fund	(50)	(26)	(76)
Earmarked Reserves	6,986	(597)	6,389
Deferred Credits	38	(8)	30
TOTAL	85,528	(6,692)	78,836

Revaluation Reserve: Revaluation gains on fixed assets not yet realised through sales.

Available for Sale Financial Instruments Reserve: Account is required to facilitate the accounting entries needed with regard to Financial Instruments. See Note 38

Capital Adjustment Account: Store of capital resources set aside to meet past expenditure.

Usable Capital Receipts: Proceeds of fixed asset sales available to meet future capital investment.

Pensions Reserve: Balancing account to allow inclusion of Pensions liability in the Balance Sheet. See Note 33

General Fund: Resources available to meet future running costs for non-housing services.

Collection Fund Balance: represents those resources available to (receivable from) the Council from its Council Tax Payers.

Earmarked Reserves: These represent resources set aside for specific activities for future financial periods. Individual reserves and balances are detailed in Note 29.

Deferred Credits - This represents the balance of outstanding mortgage principal.



29. Analysis of Earmarked Reserves

	Opening Balance £000	Transfer to Reserves £000	Transfers (from) Reserves £000	Closing Balance £000
Repairs and Renewals	95	0	(95)	0
Capital Fund	1,835	0	0	1,835
Efficiency & Restructuring Reserve	56	0	0	56
Interest Equalisation Reserve	3,000	0	(1,300)	1,700
Environmental Impact Reserve	2,000	0	0	2,000
Housing & Planning Delivery Grant	0	632	0	632
S.38 Highway adoption grants	0	137	0	137
Ward Support	0	11	0	11
Election Postage	0	18	0	18
Total	6,986	798	(1,395)	6,389

Repairs & Renewals Reserve

The balance on the Repair and Renewals Fund is held for the replacement of the Council's vehicles and equipment.

Capital Fund

The Capital Fund is provided in order to meet capital expenditure in future years.

Efficiency and Restructuring Reserve

The Efficiency and Restructuring Reserve is provided to accommodate management restructuring and pump prime expenditure required to produce future savings.



Interest Equalisation Reserve

This reserve was created in January 2009 to meet the impact of interest rate fluctuations on investment income.

Environmental Impact Reserve

This reserve was created in January 2009 to meet possible liabilities from the transfer of housing stock.

Housing and Planning Delivery Grant (HPDG)

The HPDG was a Government grant to allow local authorities to bring forward housing schemes and prepare the ground for increased delivery. In setting the budget for 2010/11 it was assumed that this grant could be abolished and it was agreed by Council to set up an earmarked reserve for the unspent balance at 31st March 2010 to fund ongoing works, whilst reviewing future service funding and provision.

S.38 Highway adoption grants

The Council has powers under the Highways Act of 1980 to enter into agreements with developers or other persons to adopt highways for future maintenance provided they are constructed to the Council's specification. Developers may enter into an Agreement under Section 38 of the Highways Act with the Council to ensure that the highways are adopted. This reserve represents the fees paid in advance to cover the Council's costs in preparing the Agreement and inspecting the work during construction and the bond deposited to cover the cost of bringing the road up to an adoptable standard should the developer become insolvent or is unable to meet their obligation.

Ward Support

At the end of 2009/10 11 Councillors had committed spending their £1,000 ward support fund, however the contracts for this work were yet to be awarded. Winter gritting accounted for £2,000 of the commitments and contributions to the Smart Water scheme for the remaining £9,000. As a result an earmarked reserve has been set up and it is expected this will be utilised in the first few months of 2010/11.

Election Postage

The allocation for postage in relation to expenses necessary to run elections varies from year to year depending on the number and type of elections, for example local and national elections. To ensure that this budget is better managed a reserve has been set up to transfer underspends to, in order to fund and shortfalls in future years.



30. Contingent Liability / Assets

There were no known significant contingent liabilities.

In accordance with *FRS 12 Provisions, Contingent Liabilities and Contingent Assets* the Council does believe that as in 2008/09 a disclosure is required regarding a contingent asset.

The Authority submitted a claim to Her Majesty's Revenue and Customs (HMRC) in accordance with Revenue and Custom's Brief in 2007/08, and in relation to the three year time limit for VAT claims following the House of Lords decision in the cases of *Michael Fleming (t/a/Bodycraft) v HMRC* and *Conde Nast Publications Ltd v HMRC*.

In 2008/09 the Council estimated that this contingent asset had a value of £374,000. In 2009/10 HRMC agreed to settle and the Council received £91,540 net, plus £84,603 net in respect of interest on the claim. The Council have thus included this in Government Department debtors in 2009/10. The outstanding claims total is £210,563 relating to sports tuition within two separate periods and can be distinguished as follows:

- 1990 to 1994 for an amount of £80,748; and
- 1978 to 1990 and 1995 for an amount of £129,815.19.

In principle, HMRC have now agreed to pay the 1990 to 1994 element and the Authority's advisors (PriceWaterhouse Coopers LLP) are continuing on our behalf in negotiating with HRMC regarding the remaining £129,815.19 claim.

31. Date Statement of Accounts were issued

The Statement of Accounts was issued for approval to the Audit Committee on 21st June 2010, for the Committee meeting on 29th June 2010.

32. Post Balance Sheet Events

On 20th April 2010 the Board Members of the Castle (Wellingborough) Limited amended the body's constitution, and the existing directors resigned with five directors appointed from the previous Board. This included three members of the Borough Council of Wellingborough.

The Council, under its financial duties, has assessed the impact of the decision on the relationship of the limited company to the Council. The Authority's view is that there is no change to the first accounting test, that of existence of an interest, (i.e. do we get a share of profits, own greater than 20% of shares, contribute to losses and or carry a liability as a result of the decision on 20th April). As a result, we do not feel there is a need to change our view that Group Accounts are not required as set out at Note 2 to these Accounts.



33. Pensions Statement

Participation in pension scheme

As part of the terms and conditions of employment, the Council offers retirement benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Council participates in the Local Government Pension Scheme, administered by Northamptonshire County Council. This is a funded, defined benefits scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investments assets. The Actuary to the fund is Hymans Robertson LLP.

Projected employer contributions 2009/10

The Actuary estimates the employer contributions to be £1.785m (£1.612m 2008/09).

Transactions relating to retirement benefits

Under FRS17 the cost of retirement benefits is recognised in the Income and Expenditure Account when employees earn them, rather than when the benefits are actually 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 that the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund balance.

	2008/09 £'000	2009/10 £'000
Income and Expenditure Account		
<u>Net Cost of Services</u>		
Current Service Cost	1,280	919
Past Service Costs	0	0
Losses/(Gains) on Curtailments/Settlements	0	0
<u>Net operating Expenditure</u>		
Interest Cost	3,711	3,565
Expected Return on Scheme Assets	(2,657)	(1,851)
Net Charge to the I&E account	2,334	2,633
Actual return on plan assets	(8,194)	10,612



	2008/09 £'000	2009/10 £'000
Statement of Movement on the General Fund Balance		
Reversal of net charges made for retirement benefits in accordance with FRS 17	(2,334)	(2,633)
Employers contributions to the scheme	1,501	1,680
Reversal of Net charges made for retirement benefits in accordance with FRS 17	833	953

Actuarial Gains and Losses

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £15.537m (£1.144m gain in 2008/09) were included in the Statement of Total Recognised Gains and Losses.

	2008/09 £'000	2009/10 £'000
Reconciliation of present value of the scheme liabilities		
1 st April opening balance	(23,565)	(23,165)
Current Service cost	(1,280)	(919)
Contributions paid	1,590	1,680
Past Service cost	0	0
Other finance income/(charge)	(1,054)	(1,714)
Actuarial gains and (losses)	1,144	(15,438)
Closing balance 31st March	(23,165)	(39,556)



	2008/09 £'000	2009/10 £'000
Reconciliation of fair value of the scheme assets:		
1 st April opening balance	37,536	29,004
Expected Return on assets:	2,657	1,851
Actuarial gains and losses	(10,972)	8,761
Employer contributions	1,590	1,732
Contributions by scheme participants	417	439
Benefits paid	(2,224)	(2,323)
Closing balance 31st March	29,004	39,464

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 estimated actual return on scheme assets in the year was £1,851,000 (2008/09 £2.657m).

Scheme History	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
Present value of Liabilities	(57,876)	(58,121)	(61,101)	(52,169)	(79,020)
Fair value of assets in the Local Government Pension Scheme	41,807	43,995	37,536	29,004	39,464
Surplus/Deficit in the scheme	(16,069)	(14,126)	(23,565)	(23,165)	(39,556)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £79m (£52m in 2008/09) has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance on the pension scheme of £40m (£23m in 2008/09). However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy as the deficit will be made good by increased contributions over the remaining working life of the employees, as assessed by the scheme actuary.



Basis for estimating assets and liabilities	2008/09	2009/10
<i>Rate of return assumptions on investments</i>		
Equity Investments	7.0%	7.8%
Bonds	5.4%	5.0%
Property	4.9%	5.8%
Other	4.0%	4.8%
<i>Mortality assumptions (years):</i>		
Longevity at 65 for current pensioners:		
Men	21.1	20.8
Women	24.0	24.1
Longevity at 65 for future pensioners:		
Men	22.2	22.3
Women	25.0	25.7
<i>Expenditure / Pay inflation assumptions:</i>		
Rate of inflation	3.1%	3.8%
Rate increase in salaries	4.6%	5.3%
Rate of increase in pensions	3.1%	3.8%
Rate for discounting scheme liabilities	6.9%	5.5%
Take up of option to convert annual pension into retirement lump sum:		
Pre April 2008 service	50.0%	50.0%
Post April 2008 service	-	75.0%

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

	2008/09	2009/10
Asset profile		
Equity Investments	70%	76%
Bonds	19%	16%
Property	7%	6%
Cash	4%	2%
	100%	100%



History of experience gains and losses

The actuarial gains identified as movements on the Pension Reserve in 2008/2009 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March 2009.

History of experience gains and losses	2005/06	2006/07	2007/08	2008/09	2009/10
	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	41,807	43,995	37,536	29,004	39,464
Experienced Gain/(Loss) on Assets	5,899	(507)	(8,828)	(10,972)	8,761
Gain/Loss as % of Asset Fair Value	14.1%	-1.2%	-23.5%	-37.8%	22.2%
Present Value of Liabilities	(57,876)	(58,121)	(61,101)	(52,169)	(79,020)
Experienced Gain/Loss on Liabilities	(1,114)	0	2,472	190	2
Gain/Loss as % of Total Liabilities	1.9%	0.0%	-4.0%	-0.4%	0.0%

34. Analysis of Change in Net Funds

From Balance Sheet	Balance 31-Mar-09 £000	Cash Flows £000	Balance 31-Mar-10 £000
Cash at Bank	67	(68)	1
Cash Overdrawn	(1,319)	205	(1,114)
Long Term investments	6,000	2,348	8,348
Short Term Investments	28,950	(6,490)	22,460
	33,698	(4,005)	29,693



35. Reconciliation of Net Cash Flow movements to movement in Net Funds

	£000	£000
Increase/(decrease) in cash for period	140	
Cash inflow/(outflow) from Short Term Borrowing	0	
Cash inflow/(outflow) from Long Term Borrowing	0	
Cash inflow/(outflow) from Short Term Investments	(6,490)	
Cash inflow/(outflow) from Long Term Investments	2,436	
Change in Net Funds		(3,914)
As at 31 March 2009		28,698
As at 31 March 2010		24,784



36. Analysis of government grants

2008/09		2009/10
£000	Revenue	£000
(586)	Housing/Council Tax benefit administration	(684)
0	Big Lottery	(45)
0	Free Swimming	(74)
(441)	Planning Delivery Grant	(397)
(181)	Public transport	(185)
(996)	Local Authority Business Growth Incentives	(47)
(49)	Homelessness	(70)
(41)	Other Revenue Grants	(30)
(2,294)	Revenue	(1,532)
	Capital	
(217)	Housing & Planning Delivery Grant	(220)
0	Dept for Communities and Local Government - Growth Area Funding	(142)
0	Choice Based Letting Software	(28)
0	Single Programme	(99)
(41)	Disabled Facilities/Private Sector Renewal	(168)
(55)	Big Lottery	0
(153)	Developers Contributions	(131)
(29)	Other	(5)
(495)	Capital	(793)
(2,789)	Net Cash (In)/outflow	(2,325)

37. Liquid Resources

The Council's policy with regard to what it defines as liquid resources as opposed to cash is that liquid resources mainly covers those financial instruments that are defined as cash equivalents. These are defined as short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk or change in value.



38. Disclosure of Nature and Extent of Risk Arising from Financial Instruments Introduction

Financial Reporting Standard (FRS) 26 on Financial Instruments was incorporated into the Local Government accounting regulations in 2007/08. The definition in the standard of financial standard is detailed below:

“any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity”

In practice this means financial instruments covers cash, debt, equity investments, debtors and creditors as well as complex instruments such as commodity contracts and derivatives. The introduction of the standard has led to two reserves in the balance sheet:

Available-for-Sale Financial Instruments Reserve – the reserve records unrealised changes in the prices of financial instruments. For instance, the reserve shows the change in value of an investment, even though the change in value has not yet been crystallised through sales. There was an upward movement in this reserve in 2009/10, reflecting an increase in the value of the Council’s quoted investments. **For more detail, see comments on pricing risk.**

Financial Instruments Adjustment Account: this is a balancing account which shows the difference between accounting treatment of financial instruments and statutory requirements in Local Government for determining the General Fund balance. In 2009/10, there was no difference between these two requirements so there is no movement on this reserve.



Financial Instruments Disclosures

The assets and investments disclosed in the Balance Sheet at carrying value are made up of the following categories of financial instruments:

Balance sheet items	Carrying Value at 31 st March 2009 Restated £'000	Carrying Value at 31 st March 2010 £'000
Money deposits greater than 1 year	6,000	8,348
Quoted Securities	215	303
Long-term debtors	38	30
Money Deposits less than 1 year	28,950	22,460
Short term debtors	8,618	8,124
The Castle Ltd	0	100
Cash in hand	67	1
	43,888	39,366

The change in the value of the quoted investments is nominal on the basis that the value of the Quoted Securities has reduced but none have been sold. The change in value was reflected through the Available-for-Sale Financial Instruments Reserve.

Balance sheet items	Carrying Value at 31st March 2009 £'000	Change in nominal value £'000	Carrying Value at 31st march 2010 £'000
Assets			
Quoted Securities	215	88	303
Reserves			
Available-for-Sale Financial Instruments Reserve	(55)	(88)	(143)



There were £88k gains recognised in the Income and Expenditure Account for 2009/10 relating to financial instruments. This meant there was a requirement for a counterbalancing entry in the Statement of Movement on the General Fund balance via the Financial Instruments Adjustment Account.

The liabilities in the balance sheet relating to financial instrument disclosures are detailed below. The authority has no borrowings for a capital purposes.

Balance sheet items	Carrying Value at 31st March 2009	Carrying Value at 31st March 2010
	£'000	£'000
Creditors	2,438	2,562
Bank overdraft	1,320	1,114
	3,758	3,676

Key Risks

The standard requires the risks associated with financial instruments to be correctly accounted for so as to show the true impact as well as a proper understanding of the risks. The Council's activities expose it to a variety of financial risks, the key risks are:

Credit risk – the possibility that debtors do not repay the amounts that they owe;

Liquidity risk – the possibility that the Council runs out of cash to manage its day to day cashflow.

Re-financing risk – the possibility that when the Council renews an instrument such as a loan the terms deteriorate in comparison with the original terms.

Market risk - the possibility of financial loss from market movements, for example interest rate movements.

Price Risk – this is the possibility of the price of assets held for trading losing or changing value.



Overall Procedures for Managing Risk

Local Authorities should have due regard for the risks associated with the financial instruments that they hold. 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.

The Council manages risk in the following ways:

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



Credit risk

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

Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the Treasury Strategy. The Treasury Management Strategy was approved by the Council's Resources Committee in March 2009. At the end of year and based on our strategy; historical experience of zero defaults and current easing of market conditions alongside our policy to only invest in UK institutions that there is no impairment necessary for any of our current investment deposits with any bank or building society

The Council does not generally allow credit for its trade debtors, such that of the £167,821 (£188,000 in 2008/09) trade debtors £118,183 was past its due date for payment at 31st March 2010). All debt greater than 1 year has been provided for in the bad debts provision. The past due amount can be analysed by age as follows:

	Amounts at 31st March 2010 £'000
Up to 1 months	35,571
2 – 3 months	1,629
3 months – 12 months	41,472
more than 1 year	39,511
	118,183

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

Liquidity risk

The Council is a debt free authority, which means it has no borrowings to finance capital expenditure. 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 Council manages its liquidity position through the risk management procedures described above, for instance the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports. It also maintains detailed cash flow planning to manage its day to day liquidity.

The Authority has an overdraft facility, has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and the Public Works Loan Board (PWLb) also acts as a lender of last resort to councils.



Refinancing risk

The Council has a large investment portfolio. The risk is that deposits are reinvested with less advantageous terms when they mature. This risk is mitigated by monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, Also the use of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

Market risk

This can be further split into interest rate risk, price risk, and foreign exchange risk:

Interest rate risk: The Council is exposed to interest rate movements on its investments which are mostly deposits with financial institutions. The reduction in interest rates over the 2009/10 financial year means that the Council has earned less interest on its investments. Interest income forms part of the Income and Expenditure Account so this reduction in rates means less income is available to fund the Council's ongoing expenditure.

The Council has a number of strategies for managing interest rate risk. The Treasury Management Strategy reviews expectations of interest rate movements and the treasury team monitors interest rates to invest appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

Price risk: This is the possibility that there is a change in the value of quoted investments. The Council has stock valued at £303,000 as at 31st March 2010 (this is changed from 2008/09 when it was £215,000). The value of this stock will change from day to day. However, this risk is mitigated because the majority of the Council's investments are in money deposits with financial institutions which are not subject to changes in values. The Pension Fund is also subject to changes in the value of quoted investments, although this is administered by Northamptonshire County Council.

Foreign exchange risk: This is the possibility of changes in the value of foreign currency versus the pound. The Council has no financial assets and liabilities denominated in foreign currencies so this risk does not apply.



39. Trust and Charitable Funds

The Council acts as trustee for the David Smith Charity Fund, which has investments of £4,500, the interest on which is paid to the elderly at Christmas.

In addition, it is traditional for the Mayor to hold a series of events to raise money to be donated to local deserving charities. For the year ended the 19 May 2010 there was net income of £2,930 (£3,044 in 2008/09) which is to be distributed. These Funds are not included in the Income and Expenditure Account or Balance Sheet, as they are not assets of the Council.

40. Prior Period Adjustments Note

Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of financial statements. They do not include normal recurring corrections.

Prior year adjustments have been made to all of the Core Statements, Notes and Collection Fund in relation to the changes introduced by the 2009 SORP in relation to Council Tax and NNDR as set out in the Accounting Policies (Policy 20). Where this applies the 2008/09 comparatives are headed '**Restated**' to reflect this fact alone.

41. Soft Loan

The Council issued an interest free loan of £100,000 to The Castle (Wellingborough) Ltd within the year 2009/10.

The effect of the transaction is as follows:

- The interest foregone on the loan (0.5%) has been charged to the service area in the I & E statement.
- The loan (£100k) has been added to the short term debtor amount with a bad debt provision being created in the Balance sheet.

42. Authorisation of Accounts for Issue

to follow, post Audit Committee meetings



G1 THE COLLECTION FUND

Income and Expenditure Account

The Collection Fund account reflects the statutory requirement for billing Authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

2008/09 Restated £000		2009/10 £000	Note Ref.
	INCOME		
27,044	Council Tax (net of benefits, discounts and transitional relief)	27,837	4
4,038	Transfers from General Fund: - Council Tax benefits	4,697	
29,802	Income collectable from business ratepayers	29,099	1
	Prior year Collection Fund deficit	108	
60,884		61,742	
	EXPENDITURE		
	Precepts and demands:		
23,155	- Northamptonshire County Council	24,337	3
4,326	- Northamptonshire Police Authority	4,573	3
3,501	- Wellingborough Borough Council	3,534	3
	Business Rate:		
29,682	- Payments to National Pool	28,979	1
120	- Cost of Collection	120	1
135	Write offs	85	
258	Movement in Provision for Bad and doubtful debts	358	
	Contributions:		
525	- From previous years Collection Fund surplus	0	5
61,702		61,986	
818	Deficit in the year	244	
(364)	Fund Balance b/f - note Deficit	454	
454	Fund Balance c/f - note Deficit	698	6



G2 NOTES TO THE COLLECTION FUND

1. National Non Domestic Rates (NNDR)

The Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate in the pound. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by Central Government, which in turn pays back to Councils a standard amount per head of the local adult population.

The total non-domestic rateable value as at 31 March 2010 was £72,708,656 and the equivalent figure for 31 March 2009 was £73,589,470.

The National Domestic Rate multiplier for 2009/10 was 48.5p, the equivalent figure for 2008/09 was 46.2p. In addition, a small business rate multiplier was introduced in 2006/07 the rate for 2009/10 was 48.1p, the equivalent figure for 2008/09 was 45.8p and for 2007/08 was 44.1p.

2. Council Tax

The Council's tax base i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings for 2009/10 and 2008/09 is calculated as follows:

2008/09 Band D Equivalents	Band	Estimated number of taxable properties after effect of discounts	Ratio	2009/10 Band D Equivalents
10	A(-)	17	5/9	11
5,783	A	8,674	6/9	5,711
6,260	B	8,048	7/9	6,321
5,228	C	5,881	8/9	5,130
3,318	D	3,318	9/9	3,286
2,359	E	1,930	11/9	2,343
1,054	F	730	13/9	1,010
612	G	367	15/9	636
40	H	20	18/9	50
24,664				24,498
444	Non-Collection Provision (1.8%)			441
24,220	Council Tax Base			24,057



3. Precepts and Demands

Northamptonshire County Council and Northamptonshire Police Authority issue precepts to the Council that must be collected as part of the overall Council Tax. The Council itself also "demands" an amount to be collected. The amounts paid in 2008/09 and 2009/10 were as follows:

2008/09 £000	Precepts and Demands	2009/10 £000
3,501	Borough Council of Wellingborough	3,534
23,155	Northamptonshire County Council	24,337
4,326	Northamptonshire Police Authority	4,573
30,982	Total Precepts and Demands	32,444

4. Council Tax Income

2008/09 £000	Council Tax Income	2009/10 £000
31,005	Collectable Debit	31,952
	Less:	
(2,864)	Tax Discounts	(2,925)
(1,065)	Tax Exemptions	(1,155)
(32)	Tax Disabled Relief	(35)
27,044	Total Income	27,837

5. Collection Fund Surpluses

The precepts detailed at note 3 are shown net of the previous year's deficit/surplus. The Council estimates the year end Collection Fund balance in January each year. The estimated balance is distributed in the following financial year between Northamptonshire County Council, Northamptonshire Police Authority and the Borough Council of Wellingborough in proportion to the value of the respective precepts and demands made by the three authorities on the Collection Fund. The estimated deficit were distributed as follows:



2008/09 £000	Collection Fund deficit	2009/10 £000
	Payment of deficit:	
392	Northamptonshire County Council	81
73	Northamptonshire Police Authority	15
60	Borough Council of Wellingborough	12
525	Total Deficit	108

6. Collection Fund Balance

As a result of the 2009 SORP it is a requirement for the billing authority to show only the Collection Fund balance which is attributable to the billing authority in the balance sheet and for the amounts to be distributed or charged back to both Northamptonshire County Council and Northamptonshire Police Authority as creditors where there is a surplus or debtors where there is a deficit. Previously there was no requirement to disaggregate the Collection Fund Balance.

The deficit at 31 March 2009 was estimated at £346,000 and was notified to the major preceptors by 15 January which is an annual requirement and is charged in the following financial year (2010/11) based on the precepts levied in 2009/10.

In addition the residual value of £244,000 has been reallocated based on the level of precepts levied for 2010/11; however this value will be dependent on the transactions that occur during 2010/11.

Collection Fund Balance	2008/09 £000	2009/10 £000	Total £000
Deficit Balances:			
Northamptonshire County Council	340	27	367
Northamptonshire Police Authority	64	183	247
Wellingborough Borough Council	50	34	84
Total Deficit	454	244	698



H ANNUAL GOVERNANCE STATEMENT

What is governance?

Governance is about how your local authority ensures it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Thus we need to ensure that in everything we do we are providing:

- 1 Effective leadership for and with the community (residents, business and visitors), ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for;
- 2 Delivering high quality local services that meets the needs of the community;
- 3 Prioritising that delivery and those needs of the community to protect local people whilst balancing that with ensuring the best use of the finite money available; and
- 4 Building a strong sense of community to encourage the people of Wellingborough to play a full and constructive part in the lives and development of their communities.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

How does the Council strive for excellent governance?

The Borough Council of Wellingborough has approved and adopted a local code of corporate governance, which is consistent with the principles of the Chartered Institute of Public Finance & Accountancy (CIPFA) / the Society Of Local Authority Chief Executives (SOLACE) Framework - *Delivering Good Governance in Local Government*.

This statement summarises the key ways that the Council has complied with the code and also meets the requirements of the most up to date Accounts and Audit Regulations in relation to the publication of a statement on internal control.



How does Wellingborough measure good governance?

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

The review of effectiveness is informed by the work of the Heads of Service within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit, and also by comments made by the external auditors and other review agencies and inspectorates.

To monitor and check progress therefore we assess ourselves against seven core principles, the first six being those set out in the joint national guidance for local authorities per the Chartered Institute of Public Finance and Accountancy (CIPFA) / the Society Of Local Authority Chief Executives (SOLACE):

- 1 Do we have a clear and effective vision that focuses on improving the key outcomes for our community (residents, business and visitors)?
- 2 Do our members and officers work together effectively to achieve that vision and those improved outcomes?
- 3 Do we have values that promote high standards of conduct and behaviour, and do we uphold these?
- 4 Do we take informed and transparent decisions that are subject to effective scrutiny and manage risk?
- 5 Do we have the capacity and capability at member and officers levels to be effective in delivering our vision and services?
- 6 Do we engage with local people and other stakeholders to ensure robust public accountability?
- 7 Do we manage our finances well? (*This is not a core principle set out by CIPFA, however it is considered so key to the Council's future development and governance that we have taken the decision to comment on this area separately outside of the second core CIPFA/SOLACE framework principle.*)



So, how are we doing?

The key ways in which Wellingborough secures good governance are set out below against each of the core principles we measure ourselves against. This includes updates on what we said we would do in last year's Annual Governance Statement (2008/09). At the end of this section we have identified further areas for improvement in 2010/11.

1 Do we have a clear and effective vision that focuses on improving the key outcomes for our community (residents, business and visitors)?

- The Council set out in 2008/09 following extensive consultation its vision - 'Making Wellingborough a place to be proud of'. Our Corporate Plan embraces and sets out through P.R.I.D.E. the underlying concepts of continuous improvement and delivery of priority developments that were identified by the people and communities of Wellingborough to address their big issues:
 - **P**romoting high quality growth
 - **R**educing crime and anti-social behaviour
 - **I**mproving life chances for young people
 - **D**eveloping efficient and responsive services
 - **E**nhancing the environment.
- The Council's vision is aligned with our partners, in particular the sustainable communities strategies for Northamptonshire developed through the County wide Local Strategic Partnership.
- In conjunction with our partners, the Council has also developed and published a '2020 vision' describing our ambitions for the physical infrastructure of Wellingborough and what will be achieved through planned growth over the next ten years. Ensuring Wellingborough retains its distinctiveness and heritage. In 2009/10 an Area Action Plan was agreed, following consultation, and the Council published its vision, for the town centre As the Audit Commission pointed out in their Comprehensive Performance Assessment (CPA) of Wellingborough in November 2009, "the vision sets priorities, and has adjusted priorities" to meet the competing demands on its finances.
- However, we recognise the issues raised by the Audit Commission in their CPA findings, particularly that these plans are still getting off the ground and whilst it



is perhaps too early to see developments materialising, we have put in place good infrastructure and financial arrangements to commence the works, such as acquiring land on High Street for the first phase of developments; and employing external project management skills.

- An area of ongoing development is the revision of the Council's Service (Improvement) Planning process that sets out the key tasks and targets to be delivered to meet the overall P.R.I.D.E. vision. Following a review of the process in 2009/10 a number of improvements were introduced, including: a revised format of service plans, Performance Development Reviews (PDRs / appraisals); a performance monitoring system and a Medium Term Financial Plan. All of these help create the 'golden thread' that translates the vision into action on the ground. Although, 2009/10 was the first year of this new approach and continual improvement is recognised, overall in 2009/10, in part due to this revised focus, 68.6% of national outcome measures improved compared to 68% in 2008/09.

2 Do our members and officers work together effectively to achieve that vision and those improved outcomes?

- The roles and responsibilities of the Council, Chairmen and Committees are set out in our constitution. Putting these into practice is supported by the Members Code of Conduct and the Protocol for Member/Officer Relations, the various codes of practice and policies referred to in the local code of governance, and training and development for members and officers. These codes/policies, the Constitution and scrutiny roles were regularly appraised in 2009/10 to ensure they continue to be fit for purpose to deliver our vision. As a result, during 2009/10, some aspects of the two policy committee roles and responsibilities were reviewed and updated, the overview and scrutiny function strengthened through the enlargement of the Audit and Performance Committee and changed arrangements for the call-in process. A Member Working Party was set up by the Resources Committee to consider and progress member development and support issues which flowed from a Member/Officer seminar held in April 2009. Various recommendations were made and approved in early 2010. In April 2010, the Resources Committee recommended to Council updates for our constitution, the adoption of revised Member Role Descriptions and the introduction of a new Audit Committee to oversee financial strategy.



- The Chief Executive meets regularly with the Leader and Deputy Leader to discuss performance and other matters of interest. The Leader of the Council is responsible for carrying out the Chief Executive's annual appraisal. This follows the P.R.I.D.E objectives and this in turn is then cascaded down to employees. In addition, in February and March 2010 all service plans were reported to Members for scrutiny to ensure the plans accorded with Members vision.
- Each Committee is supported by a lead officer, and during 2009/10 senior officers have met with Lead Members to assess action on the Council's improvement plan following the Audit Commission's 2008 'weak' Comprehensive Performance Assessment (CPA) of the Council. Included within this has been the development of a Learning and Development programme for Members. In March 2010 the Council resolved to sign up to the East Midland Councillor Development Charter with a view to attaining Charter status by 31st March 2011.
- In 2009/10 the Council, in response to the 2008 'weak' CPA, has strengthened its senior officer structure to improve capacity in the areas of strategic financial management and performance management. This saw a new Section 151 Officer (Corporate Director, Resources) join the Council in August 2009 as a member of the Corporate Management Team. The other statutory officer roles: Head of Paid Service (fulfilled by the Chief Executive); and the Monitoring Officer (fulfilled by the Head of Partnerships, Policy and Property), have been filled throughout 2009/10 by the same officers as 2008/09.
- The Council introduced a new budgetary approach in 2009/10 'Zero Based Budgeting' to challenge the value for money and performance of all services. Both Members and Officers were actively engaged throughout this process in both challenging and making decisions as to the future shape of the Council.
- The Member Services team provides capacity for members, ensuring reports are distributed on time and any briefings requested are actioned. The Member Services team also provides opportunities for Members in respect of continuing professional development, and is developing awareness and achievement of the Member Charter.



- A protocol also exists to help facilitate the effective engagement of the ward support teams with Members. This includes the provision of a standard reporting mechanism to capture ward issues identified through the year and to track actions taken to deal with them.
- We review each year our appointments to partnerships and outside bodies and organisations. We have a system of ‘lead members’ to improve engagement with partnerships and outside organisations and bodies For each significant partnership there is clarity as to: the partnership’s purpose; the role of each partner; the role of partnership board members; line management responsibility for staff supporting the partnership; arrangements for funding and financial management; the handling of disputes and bringing the partnership to an end.

3 Do we have values that promote high standards of conduct and behaviour, and do we uphold these?

- The Council has reassessed its values in 2009/10 and articulated them in its Corporate Plan 2010-13 as being:
 - Leading by example.
 - Setting high standards.
 - Open & honest.
 - Focusing on Performance.

A competency framework is being introduced which complements and supports the Council's values. This will be linked to a performance based employee development system which will focus on job-related skills.

- Through the members and employees code of conduct, and the regular meetings between the Leader, Deputy Leader and Chief Executive and leading Members and the Corporate Management team, the leadership work together to create and live the desired organisational climate.
- One of the key themes of our Improvement and Development Plan is ‘engagement’ and this extends to employees as well as the community and other key stakeholders. During 2009/10 we have published a regular internal newsletter called ‘In Touch’, monthly ‘management briefings’ and ran a number of Senior Management ‘road shows’ to examine key issues in more depth. In addition, our intranet has been updated and this includes minutes of management team meetings as well as the Chief Executive’s weekly blog.



- We have both a member code of conduct and an officer code of conduct. Compliance is supported by member/officer induction, training and development, and appropriate complaints, grievance and disciplinary procedures. Other policies on areas such as Procurement and Fraud and Corruption also contain guidelines on ethical behaviour. In addition, officers are told at their induction and reminded periodically of their obligations in respect of combating fraud and corruption and offers of hospitality etc... Internal Audit carry out regular spot checks to assess compliance.
- We also have an e-learning system for officers which we are hoping to roll out to Members who prefer this way of learning.
- A new Personal Development Review process (or appraisal) was rolled out across the entire organisation in 2009/10. Through this and other mechanisms, such as one to one and team meetings, employees were reminded of the objectives of the Authority, and in 2011/12 the behaviours expected.
- Member and officer training in 2009/10 included development on standards, meeting protocol, as well as planning and development.
- The Council has a whistle-blowing policy which is available both on the intranet and internet. Explicit reference to this is made in corporate inductions and other employee communications.
- The Council has a well established Standards Committee, set up to advise and support the Council on ethics and standards issues, as well as to oversee member's conduct and carry out any local assessment of allegations of failure to comply with the Code of Conduct for Members. The Committee has an independent Chair and some independent members. Members have received externally delivered training in standards issues. In 2009/10 there was one investigation, initiated into a Member's conduct. This will conclude in 2010/11.



4 Do we take informed and transparent decisions that are subject to effective scrutiny and manage risk?

- The Council strengthened its overview and scrutiny arrangements in 2008/09, with two further committees in recognition of the increasing role and workload of scrutiny. So 2009/10 has been the first full year of their operation. The new Audit and Performance Committee has focused on delivering improvements in financial and performance management to address significant weaknesses in the 2008 CPA. This has included strengthening overview of Internal Audit recommendation and actions, as well as the development of a new Risk Strategy. The Resources Committee has received five budget monitoring report and played a key role in delivering an under spent outturn.
- From June 2010, the Audit and Performance Committee will be further split with a separate Audit Committee being formed to deal with all financial matters, including setting the annual Internal Audit Plan and approving the Statement of Accounts and the Annual Governance statement, as well as monitoring improvements.
- The Council's Constitution sets out clear mechanisms for documenting evidence for key decisions and recording the criteria, rationale and considerations on which decisions are based. This also includes a Scheme of Delegation, approved by Council.
- The Council has a standard template for reports to Committee and Council. This ensures consistency in the presentation of information to Members. All reports to Committee set out the legal and financial implications, plus also risks and equalities, of all decisions. These implications are informed by professional legal and financial advice. The Council has developed and maintains open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
- Report authors attend committee and other meetings at which their reports are being discussed so that Members questions and requests for clarification can be dealt with at the time decisions are being made. In addition, we provide our Members with briefing notes on a variety of issues to help inform their decision making.



- The Council's Risk Management Strategy and Policy were updated and approved by the Resources Committee in March 2010. A revised set of procedures have been introduced, with a Corporate Risk Management Group of officers established to oversee risk management. This group reports periodically to the Corporate Management Team and the Audit and Performance Committee. Risks are highlighted in Service Plans with regular monitoring and updates.

5 Do we have the capacity and capability at member and officers levels to be effective in delivering our vision and services?

- The Council has, through work with external peers in 2009/10, improved its process for member development which has identified a programme of development for the next 12 months to work towards the Member Charter accreditation. This extra help to improve also included, setting up a Challenge Board and getting help and advice from other councils.
- The Audit Commission recognised in their November CAA that *“The most noticeable improvement has been in performance management. The Council now has a performance management system and has identified a small number of key indicators that it will assess progress on. It is reviewing the suitability of some of the indicators, although there remain weaknesses in some targets and some gaps especially around partnerships. Councillors and staff have been trained on performance management, and the system is showing signs of early success. 68 per cent of indicators tracked improved last year – considerably better than previous years.”*
- In terms of financial capacity, Wellingborough has over £5m in General Reserves. The concern raised by the Audit Commission from its review of the Council in its CAA published in November 2009 was that “The Council will continue to rely on reserves to pay for services for the next four years.” If this were the case in that period the Council would fall below the minimum reserves recommended by its Section 151 Officer within 3 years. Therefore the Council has embarked on a challenging and ambitious programme to manage of it use its resources over the next four years. Members took the decision to approve just over £1m of savings that were identified through ZBB in 2009/10 to be actioned in 2010/11. A further £3.2 million is still needed in the next 3 years (this assumes no increase in government grant as being the best scenario).



- All statutory post holders are members of the Council's senior Management Team. In response to the Audit Commission's 'weak' CPA of the Council in July 2008, a new Section 151 Officer was recruited in September 2009 to provide additional capacity to improve financial controls and management. In addition, following an external appraisal of financial capability the Council has brought in an Interim Head of Accountancy to strengthen controls in the Finance function.
- The Council has an induction process for Members and employees and there are opportunities to develop and update skills and knowledge via training and briefings in specific areas of activity. The corporate Learning and Development Programme is now managed centrally through the introduction of the Learning and Development Officer, and is driven by the PDR process. The L&D Officer is also driving a new Workforce Planning and Development Strategy. In addition, the Authority recognises people's different learning styles and has introduced different ways of learning e.g. via Learning Pool and Thursday morning briefings/drop in sessions.
- The Leader, Deputy Leader and Committee Chairs have been on the I&DeA Leadership programme.
- The Council signed up to the Northamptonshire Concordat on Modern Apprenticeships, and makes regular use where ever possible of the Modern Apprentice and the National Graduate Development Programme (NGDP) schemes.

6 Do we engage with local people and other stakeholders to ensure robust public accountability?

- The Council publishes a regular newsletter, 'The Link', and a 'Know your Councillor' (incorporating a Council A-Z) publication to all its households and businesses. The Link sets out progress towards delivering the vision for the area, as well as other key local developments and events. The Council has arrangements in place to translate The Link into different languages on request and routinely transfer it to a suitable format for customers with visual impairment. Telephone translation services are also available should the need arise.
- The Council has also recently updated and enhanced its website.



- The Council has a published compliments, comments and complaints procedure, details of which can be found on the corporate website and at the reception desks in the Council's offices.
- Members hold ward surgeries, which are complemented by the Ward Support process. In addition, we have drawn on the success of our neighbourhood management work in particular wards and developed a Borough wide ward level consultation mechanism supported by small groups of Officers (known as ward support teams) allocated to liaise with the Members for each ward. Each Ward Member is given a budget to help deal with issues within their Ward and this has been increased for 2009/10 in line with feedback received at the annual Ward Support seminar.
- Following on from previous years' recommendations we have reviewed the effectiveness of the LSP, the key delivery vehicle for the Wellingborough Sustainable Community Strategy (SCS). Accordingly we have intervened in our community leadership role and assumed the chair of the LSP steering group. Since doing so, we have put in place arrangements to improve accountability of the thematic groups to the LSP steering group for Wellingborough SCS outcomes and scrutiny of the LSP by the Council on behalf of local communities.
- 42.4 per cent of local people are satisfied with how the Council runs local services. This is the third highest in Northamptonshire, but below the regional and national average. The Council is currently developing a Community Engagement strategy to address this and other improvements.
- Meetings have been held in public for many years and openness has always been maintained. The press are also in attendance at these meetings. Members of the public have the right to address meetings subject to notice being given.
- The Human Resources service meets informally on a regular basis with Trade Unions and other employee representatives. Regular Joint Consultative Council meetings are held between Trade Unions and Senior Officers to discuss issues and changes in policies and procedures affecting the Council's employees.



7 Do we manage our finances well?

- The financial management of the authority is structured through Financial Regulations and financial Standing Orders, which are subject to regular review and approval. There is also a framework of regular management information, including monthly budget monitoring, and a system of delegation and accountability to support these. Such procedures seek to ensure that transactions are authorised and that material errors or irregularities are either prevented or would be detected within a timely period. These are currently being reviewed and changes are expected to bring in further improvements in 2010/11.
- In March 2010 the Council approved a new Medium Term Financial Plan for 2010/11 to 2013/14. This identified £1.1m of savings to be delivered in 2010/11 and a further £3.2m over the next 3 years. As part of this process the Council has begun to challenge how and whether its services are providing value for money (vfm). In 2009/10 cost comparators formed part of the challenge every service went through in decisions made over where savings would be made. Going forward this work will be strengthened and should become align with the Performance and Service Planning frameworks. This will be brought together under a new Medium Term Financial Strategy in early autumn 2010.
- 2009/10 saw the first year of the Council running a new financial ledger (Agresso). This is managed jointly with Kettering BC. Whilst the production of the Statement of Accounts was produced on time and received an unqualified opinion, our external auditors identified a significant number of recommendations for improvement. We have already started to address these, introducing a new and more detailed closedown timetable; increasing the skills and capacity of the Finance Function and ensuring our assets are regularly valued. More work is being carried out early in 2010/11 to maximise the use of Agresso and strengthen controls to ensure financial reporting is carried out promptly. In addition, the Financial Regulations will be reviewed to ensure they continue to be fit for purpose.



- The overall opinion on the internal control environment based on ConsortiumAudit's assessment of the key management arrangements and the internal controls, per the Annual Internal Audit Report concludes that overall an ACCEPTABLE level of assurance can be provided. A number of improvements were raised and these are being actioned in 2010/11 and reported to the Audit Committee and Senior Management team.
- Monitoring of Capital spending has been limited in 2009/10 with only one budget monitoring exercise. As a result of a need to appraise fully the current and future position of its programme, the Council took the decision in November 2009 to 'freeze' its capital programme. This review is part way through completion, and whilst a limited number of schemes have been released under an improved assessment process that has a closer link to deliver of P.R.I.D.E., it is recognised that further strengthening of controls is required in 2010/11. This will be linked closely to improvements made in Project Management arrangements that were approved by Members in March 2010.
- The Council is a member of the Northamptonshire Area Procurement Service (NAPS) and seeks to maximise its use of resources through economies of scale in its purchasing wherever possible. Greater use of purchasing information via Agresso has been made in 2009/10 and further improvements are expected in 2010/11, and the Procurement Strategy will be updated.

8 How will we continue to strengthen our governance?

The Council made significant progress on the issues raised in the 2008/09 statement and audit and inspection reports, continuing to develop further good practice during 2009/10. The 2009/10 process has identified some key issues that the Council feels necessary to highlight in this statement, that are consistent with the external inspection received by the council, on which it must progress in 2010/11. They are:

- Continuing to convince partners of the Council's commitment to the 2020 Vision and its ability to deliver.
- Securing funding for the 2020 Vision in the current economic climate.
- In light of the changes forecast to the level of public sector funding the Council will need to revisit its priorities and be clear on how it meets local demands with competing pressures on its finances.



- Learning the lessons from the revised service planning process and continue to strengthen the links between performance and finances.
- Revisiting the Council's values and embed them in the organisation through the creation of a values based competency framework for employees.
- Working towards achieving Member Charter status by 31st March 2011
- Implementing a Workforce Planning & Development strategy
- Providing equality and diversity training for all members and employees.
- Implementing the new Risk Management procedures, including training for all managers in the use of the Risk Management register and how to update it. Ensuring risk management is a regular item on all levels of management team meetings, with at least a quarterly update taken to the Corporate Management Team and half yearly to Members.
- Agreeing a new Medium Term Financial Strategy must be issued to inform the setting of the 2011/12 to 2013/14 Medium Term Financial Plan.
- Strengthening Financial procedures and controls in line with best practice. Including capital procedures, with strong links to the Council's new project management arrangements.
- Updating the Council's Procurement strategy, related procedures and controls.
- Production of an Annual report.

The council will continue to develop and improve its governance arrangements during 2010/11, addressing the issues raised above and other minor matters. These will be monitored by the Council's senior management team, the Audit Committee and our auditors (internal and external). To facilitate this monitoring of the action plan arising will be undertaken by the Audit Committee and Senior Management Team in 2010/11.



I GLOSSARY OF TERMS

Accounting Period

This is the period of time covered by the accounts. For The Borough Council of Wellingborough this is a period of twelve months commencing on 1st April. The end of the accounting period is the balance sheet date that being 31st March.

Accrual

This is the concept that Income or expenditure relating to goods or services during the accounting period as they are received / provided, not as money is paid in or out. So if we received goods such as stationery on 28th March, but do not pay for them until 7th April we accrue for that cost at the 31st March so we record expenditure and identify a payment as being due for the same amount (i.e. a creditor).

Actuarial Valuation

The Council's pension fund is administered by the County Council. They employ an actuary to undertake a valuation of the fund for each employer, by comparing the value of the pension scheme's assets with its liabilities. The actuary then calculates how much needs to be paid into the scheme by the employer and members to ensure there will be adequate funds to pay the pensions when they become due. This valuation is carried out every three years, the next being due in 2010.

Actuarial Gains and Losses

Wellingborough's pension fund experiences annual changes in what the actuary calculates its assets and liabilities are, and as such what deficit or surplus arise. This tends to be because events have not coincided with the actuarial assumptions made at the last valuation, such as the number of staff employed by the Authority or the life expectancy of former employees; or the actuarial assumptions have changed such as the likely interest to be earned from invested funds.

Agency Arrangements

Services performed by, or for another Authority or public body, where the agent is reimbursed for the cost of the work done.

Asset

An asset is something the Council owns. The Asset may be a physical one, such as a building or an intangible one, such as a software licence. Assets are also classed as either current or fixed:

- A **current asset** is one that will be used or cease to have a material value by the end of the next financial year.
- A **fixed asset** provides a benefit to the Council for a period greater than one year.



Balance Sheet

A statement summarising the Council's financial position at the end of the accounting period. The statement shows the Council's assets and liabilities.

Billing Council

Wellingborough Borough Council is classed as a billing Council as it has the responsibility of collecting the Council tax and non-domestic rates. It collects the Council tax on behalf of the County Council and Police Authority and the non-domestic rates on behalf of central government.

Budget

A statement defining in financial terms the Authority's plans to spend over a specified period, normally the accounting period. The budget is prepared as part of the process of setting the Council Tax.

Capital Expenditure & Financing

Expenditure on the acquisition, or enhancement of a fixed asset, which adds to and not merely maintains the value of existing assets. This is not the same as revenue expenditure that is normally spent on assets consumed in the financial year. Capital spend is funded from various sources of money, including revenue, capital receipts, capital grants, and reserves

Capital Financing Costs

Each service is charged with an annual capital charge to reflect the cost of using fixed assets (e.g. buildings or vehicles) in pursuit of providing services.

Capital Receipts

This is money received from the sale of a capital fixed asset, such as land, buildings and vehicles. The Council can use the proceeds from the disposal of fixed assets to finance new capital investments, but the proceeds cannot be used to finance revenue expenditure. In certain cases the Government has set out rules that govern when a receipt can or cannot be used and these are referred to as usable and non-usable receipts (set aside receipts).

Capital Adjustment Account

This account contains the amount that was required to be set aside from the capital receipts and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and the statutory minimum amount that must be set aside from revenue for the repayment of external debt.

Capital Grants Unapplied

These are capital grants that the Council has received, that have not yet been used to finance capital expenditure.

Capital Programme

The planned capital schemes the Council intends to carry out over a specified period of time.



Chartered Institute of Public Finance and Accountancy (CIPFA)

Professional accountancy body specialising in the public sector.

Collection Fund

A separate statutory fund to detail the transactions in relation to income and expenditure relating to Council Tax, National Non-Domestic Rates (NNDR or Business Rates as they are often referred to) and the residual Community Charge.

Commutation

Amount of money that must be set aside at 31st March at the current interest rates to provide for sums such as the pension funds on a future date. The lower the interest rates higher the amount required, and vice versa.

Contingent Liabilities / Assets

A contingent liability / asset is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control, or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient reliability.

Council Tax

This is the banded property tax levied on domestic properties in the Borough. The banding is based on estimated property values.

Corporate / Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi purpose authorities. These are concerned with the costs of corporate policy making and member based activities. Other costs relate to the general running of the Authority including corporate management, public accountability and treasury management. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Creditor

Amounts owed by the Council for goods or services they have received for which payment has not been made.

Current Service Cost (Pensions)

The increase in the present value of the pension schemes liabilities.



Debtor

Amounts owed to the Council for goods or services the Council has provided for before 31st March but for which payment has not been received by 31st March.

Deferred Liabilities

These are liabilities that are payable beyond the next year; they are primarily for mortgage payments.

Depreciation

This is a charge made to the service revenue accounts each year to reflect the reduction in the value of the asset used in the delivery of services.

Fair Value

This is the amount that an asset could be bought or sold for between parties; the current market value of an asset can be evidence that the asset has been valued fairly.

Financial Instruments

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (e.g. loans receivable) and financial liabilities (e.g. borrowings).

Finance Lease

A lease which transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Financial Reporting Standards

The accounting standards issued by the Accounting Standards Board setting out the approved accounting treatment.

Government Grants

Grants made by the government towards either revenue or capital expenditure to support the cost of the provision of services. These grants may be specifically towards the cost of particular schemes or to support the revenue spend of the Council.

Gross Book Value

The historical cost or the revalued amount of the asset before depreciation.

Historical Cost Adjustment

This is the difference between Historical Cost Depreciation and the actual depreciation charged calculated on revalued assets.



Impairment

Where the value of the fixed asset reduces below its carrying amount on the balance sheet.

Liability

A liability is where the Council owes payment to an individual or an organisation.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to a Council's revenue account each year to provide for future debt repayments. As Wellingborough is debt free the MRP is zero.

Net Book Value

This is the value of an asset that is counted in the balance sheet. It represents its historical or re-valued cost less the accumulated depreciation of the asset.

Net Realisable Value

The market value of the asset in its existing use (or open-market value in the case of a non-operational asset), less any expenses incurred in realising the asset.

Net Worth

The total value of an organisation expressed as total assets less total liabilities.

Non-Domestic Rate (NNDR)

A levy on businesses, based on a national rate in the pound set by the government multiplied by the rateable value of the premises they occupy. NNDR is collected by billing authorities on behalf of central government and paid to central government who then redistribute among all local authorities and police authorities on the basis of population.

Non Operational Asset

Fixed assets held by the Council but are not directly occupied used or consumed in the delivery of services.

Operating Lease

A lease where the ownership of the asset remains with the lessor.

Operational Asset

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of services.

Precept

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



Provision

Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

Rateable Value (RV)

The annual assumed rental value of a property that is used for business purposes.

Realised Valuations

Any revaluations in the Revaluation Reserve relating to individual assets when they are disposed of are transferred to the Capital Adjustment Account this transfer is referred to as Realised Valuation. This ensures the Revaluation Reserves balance represents revaluations on assets that the Council still holds.

Revenue Funded from Capital Under Statute (REFCUS)

Capital expenditure for which no capital asset is created, but which may properly be financed over a period of years. They include private sector renewal grants and advances to other parties to finance capital investment.

Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

Reserves

Funds set aside for expenditure in future years. Certain reserves (earmarked) have constraints on how they can be spent.

Revaluation Reserve

This reserve records unrealised revaluation gains / losses from holding fixed assets.

Revenue Expenditure

Expenditure on the day-to-day costs of providing services.

Revenue Support Grant (RSG)

Grant from Central Government towards the cost of service provision.

SORP (Statement of Recommended Practice)

The SORP is a code of practice that has been developed by the CIPFA/LASAAC Joint Committee in accordance with the Accounting Standards Board (ASB) code of practice for the development of Statements of Recommended Practice in accounting (SORPs).



Stocks

Items bought for consumption or resale, or raw materials, currently being held.

Transfer Payments

Relates to payments for which no goods or services are received by the Council e.g. Rent Allowances.



J YOUR FEEDBACK

2009/10 Statement of Accounts – Feedback Questionnaire

At The Borough Council of Wellingborough we value the input and views of our local residents, businesses and partners. Having read our 2009/10 Statement of Accounts we would be extremely grateful if you could spare a few moments to complete and return your feedback questionnaire.

Your views are valuable in assisting us to improve the content, language and format used in the production of the 2010/11 Accounts.

Please tick the appropriate box and place any comments on the dotted lines provided below.

1. **Did you find the information contained within the Statement of Accounts easy to understand?**

Yes No

If no, please state why

2. **Was there a sufficient level of detailed information to allow you the user to assess the financial performance of the Borough Council of Wellingborough?**

Yes No

If no, please state why

3. **Did you find the financial information contained was presented in a clear and easy to understand format?**

Yes No

If no, please state why



4. Did you find the notes to the Accounts added value to the financial statements?

Yes No

If no, please state why

5. Overall, has the Statement of Accounts been of value in helping you to assess the Borough Council of Wellingborough's financial position and performance?

Yes No

If no, please state why

6. Do you think there is anything that should be added to the Statement of Accounts to provide you as user with a more complete view of the financial position and performance of the Borough Council of Wellingborough?

Yes No

If yes, please state why

7. Please state below any further comments or suggested improvements you may have regarding the Statement of Accounts.

8. Which of the following best describes you?

An employee or elected member of the authority

A member of the public

A member of another organisation / interested party



Thank you for taking the time to complete this questionnaire

Please return your completed feedback questionnaire to:
James Hopwood, Borough Council of Wellingborough, Tithe Barn, Tithe
Barn Road, Wellingborough NN8 1BP

If you require any further information please do not hesitate to contact us
on 01933 231679