



# Annual Statement of Accounts

2007 - 2008



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# EXPLANATORY FOREWORD

## 1 Introduction

The following pages summarise the financial activities of North West Leicestershire District Council for 2007/08.

The Council's Accounts have been produced in accordance with the Code of Practice on Local Authority Accounting 2007/08 – a Statement of Recommended Practice (SORP). Explanatory notes to the accounts have been included to give further information where appropriate. The layout of the accounts follows the recommendations of the SORP.

For 2007/08 the accounts consist of:

- the Statement of Accounting Policies, explaining the basis of the figures in the accounts.

The “core” financial statements:

- the Income and Expenditure Account – summarises the resources that have been generated and consumed in providing services and managing the Council during the last year, to enable the Council to ‘present fairly’ its financial position.
- the Statement of Movement on the General Fund Balance – a reconciliation statement summarising the differences between the Income and Expenditure Account and the General Fund Balance. It is necessary because the Council is required to raise council tax on a different accounting basis.
- the Statement of Total Recognised Gains and Losses – brings together all the gains and losses of the Council for the year to show the aggregate increase in the Council's net worth.
- the Balance Sheet – summarising the Council's assets and liabilities as they were at the end of the financial year and thus giving the Council's financial position at that date.
- the Cash Flow Statement – summarising the inflows and outflows of cash arising from the Council's transactions with third parties for revenue and capital purposes.
- the Notes to the “core” financial statements.

Other financial statements:

- the Housing Revenue Account (HRA) Income & Expenditure Account and Statement of Movement on the HRA balance – details income and expenditure on HRA services included in the whole Council Income & Expenditure Account and the latter reconciles the surplus for the year to the movement on the HRA balance.
- the Collection Fund Income and Expenditure Account – this fulfils the Council's statutory requirement as a billing authority to maintain a separate Collection Fund showing transactions for Council Tax and Non-domestic Rates and how these have been distributed to precepting authorities and the General Fund.
- the Special expenses account – showing income and expenditure in those areas of the district where special expenses are levied.

## 2 Changes to the Statement of Accounts introduced in the 2007 SORP

The 2007 SORP has introduced some changes in the layout and content of the Statement of Accounts. The main change has been the replacement of the Fixed Asset Restatement account and Capital Financing Account by a Revaluation Reserve and Capital Adjustment Account. There are also some new disclosure rules about financial instruments.

### 3 Financial Summary 2007/08

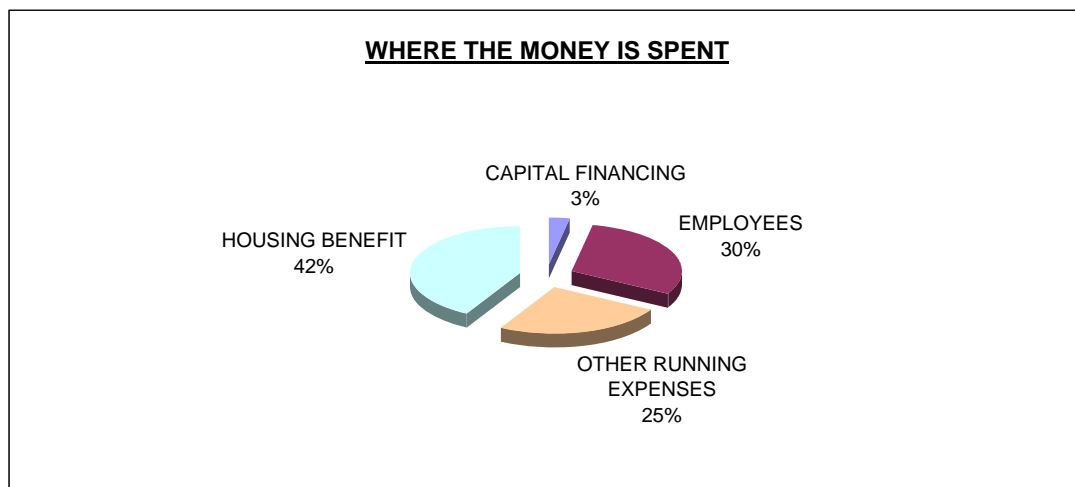
#### a) Revenue – General Fund

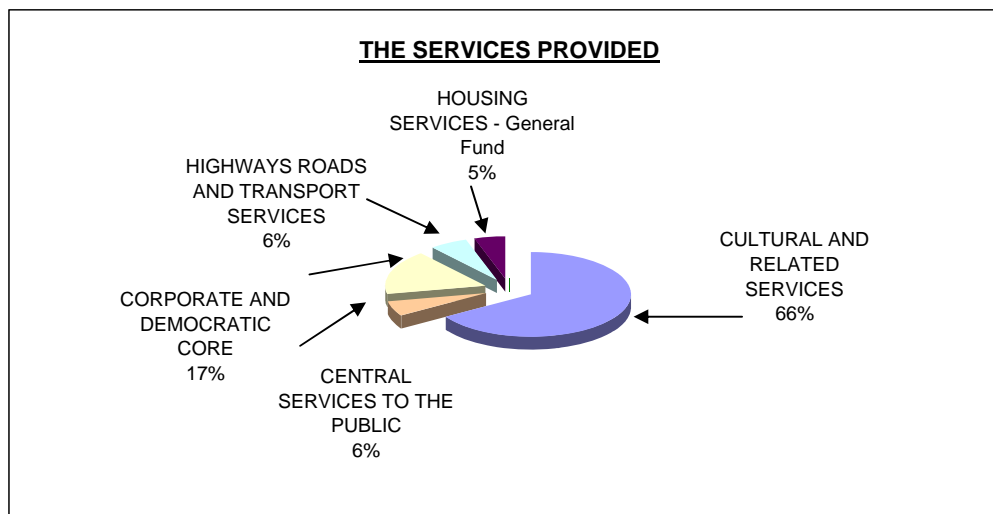
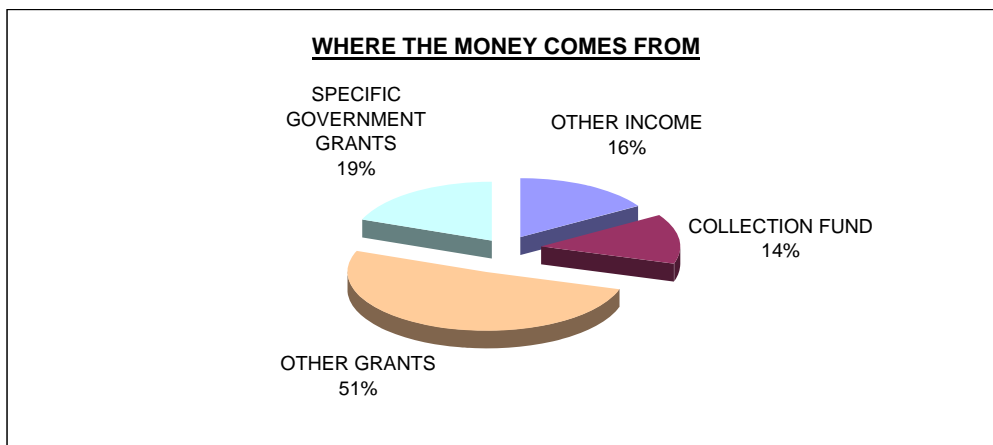
The General Fund summarises expenditure of the Council's main services which are paid for, in part by the Council Tax. A summary of general fund spending is set out below, showing that there was a small under spend of £14,000.

	Original Budget	Actual	Variance
	£000's	£000's	£000's
Net Expenditure on Services	11,382	11,368	(14)
Funded by:-			
Collection Fund Precept	4,675	4,675	0
Government Grants	6,691	6,691	0
	11,366	11,366	0
Contribution from Other Funds (Net)	(83)	(16)	67
Balance for year - added to / (taken from) General Fund Reserves	67	14	(53)
Balance brought forward	779	779	0
<b>Balance carried forward</b>	<b>846</b>	<b>792</b>	<b>(53)</b>

Sound budgetary control allowed the Council to manage spending within available resources, and a number of 'earmarked reserves' have been created to carry unspent money forward. These 'earmarked reserves' are shown in the balance sheet (see balance sheet note B15, page 30).

The money is spent on employees (30%), capital financing (3%), council tax benefits and rent allowances payments (42%), and other running expenses (25%). It is paid for by specific government grants (19%), other grants (51%), income from the collection fund – business rates and council tax (14%), and income from fees and charges and other contributions (16%). The services provided are cultural and related services (66%), corporate & democratic core (17%), central services to the public (6%), highway, roads and transport services (6%) and housing services (5%). The diagrams below summarise this:





b) Revenue – Housing Revenue Account (HRA)

The Housing revenue account summarises income and expenditure relating to the rented housing accommodation provided by the Council. The HRA achieved a small operating surplus of £25,000. This is summarised below:

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance</b>
	£000's	£000's	£000's
Net Expenditure on Services	8,434	9,411	<b>977</b>
Housing subsidy paid to National Pool	4,029	4,052	<b>23</b>
<b>Total Expenditure</b>	<b>12,463</b>	<b>13,463</b>	<b>1,000</b>
<b>Funded by:-</b>			
Rent Income	12,788	12,809	<b>21</b>
Other	21	1,025	<b>1,004</b>
	<b>12,809</b>	<b>13,834</b>	<b>1,025</b>
Net Operating Expenditure	<b>(346)</b>	<b>(371)</b>	<b>(25)</b>
Council Housing Improvement Plan (CHIP) Exp	373	169	<b>(204)</b>
Balance for year - added to / (taken from) Housing Revenue Account	<b>(27)</b>	203	<b>230</b>
Balance brought forward	619	619	<b>0</b>
<b>Balance carried forward</b>	<b>592</b>	<b>822</b>	<b>230</b>

The Government's housing subsidy system meant that £4.05m was paid to the Government in 2007/08. A review of the subsidy system is currently being carried out by the Government.

c) Capital

The Council spent £3.2m on capital schemes in 2007/08.

The main area of spending relates to improvements to Council houses. A summary is set out below:

	£000's	%
<b>HOUSING</b>		
Improvements & Modernisations	2,184	68.25
Housing Improvement Grants	544	17.00
<b>OTHER SERVICES</b>		
Parks & Recreation Grounds	177	5.53
Recycling Initiatives	32	1.00
Ashby Road Depot / Transfer Station	52	1.63
Transport Account Vehicles	45	1.41
Replacement Telephony/Network Upgrade	52	1.63
Customer Contact Centre	41	1.28
Other Schemes	73	2.28
	<b>3,200</b>	<b>100.00</b>

The capital spending was paid for as follows:

<b>CAPITAL EXPENDITURE</b>	£000's	%
<b>FINANCED:</b>		
Capital Receipts	75	2.34
Unsupported Borrowing	194	6.06
Revenue	165	5.16
Contribution/Other	219	6.84
Grants	367	11.47
Major Repairs Allowance	2,180	68.13
	<b>3,200</b>	<b>100.00</b>

The Council's capital spending and financing was carried out in accordance with our Treasury Management Policy and Treasury Management Statement. At 31 March 2008 total external debt was £15,819,087 which was all long term borrowing.

#### 4 The Future

- a) The Council's General Fund budget for 2008/09 was set at £11.7m, based on a 2% district council tax increase. The budget was based on a "resource allocation" process and included a thorough review of all spending so that resources were allocated to priority areas of spending. To deliver the budget, the Council will need to:
- i) Closely manage financial risks, including uncertainties around concessionary travel costs, and closely monitor spending during the year.
  - ii) Achieve efficiency savings and deliver improved services through an innovative service transformation programme.
  - iii) Maintain a prudent level of reserves and maintain a minimum working balance currently estimated at £585,000 (NB. Reserves currently stand at £792,000 at 31.3.08).
  - iv) Conclude the housing 'stock options' work and determine future ownership arrangements for our Council housing stock so that we can achieve the 'decent homes' standard.
- b) The Council's Medium Term Financial Strategy (MTFS) was updated in April 2008, following approval of the Council's 2008/09 budget and takes into account likely reductions in future government grants outlined in the 2008/09 grant settlement, together with the Council's wish to limit future Council Tax increases. This will require significant efficiencies to be achieved through the service transformation programme.
- c) The Council's financial position remains sound, but good financial discipline must be maintained to meet financial targets and achieve Council priorities. Recent, unprecedented increases in oil prices have added further financial pressures.

#### 5 Courtesies

I would like to place on record my thanks to colleagues, members and partners for their help in producing these accounts, particularly the Council's Head of Finance, Lynn Gill, and her team.

Alan Davies  
Corporate Director  
S151 Officer

June 2008

# STATEMENT OF ACCOUNTING POLICIES

## 1 GENERAL

The general principles adopted in preparing this Statement of Accounts are those recommended in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in Great Britain (the SORP). The Statement of Accounts also complies with the CIPFA Best Value Accounting Code of Practice (the BVACOP). Both the SORP and the BVACOP are recognised by statute as representing proper accounting practice.

## 2 CHANGES IN ACCOUNTING POLICIES

The Revaluation Reserve and Capital Adjustment Account replace the Fixed Asset Restatement Account and Capital Financing Account. Financial Reporting Standards in respect of Financial Instruments have been fully Implemented (see notes to the Core Financial Statements)

## 3 ACCRUALS OF INCOME AND EXPENDITURE

The accounts of the Council are maintained on an accruals basis so that expenditure and income is matched to the year in which it relates.

### ***Customer and Client Receipts***

All forms of sales, fees, charges and rents have been accrued and accounted for in the period to which they relate. An exception to this is that the Council accounts for Rent Income on the day that it becomes due.

### ***Employee Costs***

The accounts for the year include the full cost of employees, including pensions, incurred during the year.

### ***Interest***

Interest payable on external borrowings and interest income on investments is accounted for in full in the year to which it relates. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The Council has reviewed its approach to the Lender Option Borrower Option (LOBO) loans in its portfolio, particularly with reference to potential fluctuations in interest charges.

### ***Supplies and Services***

Payments to creditors are included in the accounts where the payments relate to goods or services received prior to 1st April 2008. An exception to this relates to regular utility payments that are charged on the basis of the latest meter reading. This exception is applied consistently each year and therefore does not have a material effect on the accounts.

## 4 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### ***Contingent Liabilities***

Contingent Liabilities arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control, or obligations where there may not be any financial liability or a liability cannot be reliably estimated. Contingent Liabilities are not recognised in the accounts statements but are disclosed separately within the Notes to the Balance Sheet.

### ***Contingent Assets***

- Contingent Assets are possible assets which arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control. Contingent assets are not recognised in the accounts because this could result in the recognition of material gains that may never be realised.

## EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS

Any material exceptional or extraordinary items are included within the cost of the relevant service or separately identified on the face of the revenue account. Details of any such items are given in the note to the accounts. Material prior period adjustments arising from changes in accounting policies, or from correction of fundamental errors, have been accounted for by restating the comparative figures in the financial statements and notes, along with the cumulative effect on reserves. Any effect of material prior period adjustments is disclosed separately as a note to the accounts.

## 6 DISCONTINUED OPERATIONS

The Authority had no material operations which discontinued in the year and therefore no separate disclosure is required in respect of the revenue and balance sheet accounts.

## 7 FIXED ASSETS (TANGIBLE AND INTANGIBLE)

The current system of capital accounting requires that all expenditure on fixed assets is capitalised provided that the asset yields a benefit to the Authority for a period of more than one year. Where assets are acquired under operating leases the Authority continues to charge the lease rentals to revenue or in the case of vehicles, to the haulage account. The Authority maintains a de minimus level of £5,000.

### *Intangible Assets*

Intangible fixed assets relate to capital expenditure, which does not result in a 'physical' asset in the traditional sense, but the local authority does have control over the economic benefits arising from the expenditure such as the purchase of software licences. Such expenditure has been included in the Council's Balance Sheet and is written down against revenue over its anticipated economic life. In the case of the software licences acquired this has been assumed to be three years.

## 8 DEFERRED CHARGES

Deferred charges represent expenditure which may be properly capitalised but which gives no tangible fixed assets. The main expenditure incurred is in respect of improvement grants and the initial costs of continuing efficiency savings. With effect from 1st April 1995, a policy of charging 100% of such expenditure to service revenue accounts was introduced.

## 9 DEPRECIATION AND IMPAIRMENT

In accordance with FRS 15, depreciation is provided for on all assets with a finite useful life, which can be determined at the time of acquisition or revaluation, according to the following policy: -

- (i) Newly acquired assets have been depreciated from the point of the year they become operational. Assets under construction are not depreciated until brought into use.
- (ii) Depreciation is calculated using the straight-line method.

Typical useful lives are:

Asset	Useful Life
Council Dwellings	Fifty years
Other Land and Buildings	Fifteen to One Hundred Years
Vehicles, Plant and Equipment	Three to Ten years
Intangible Assets	Three years

A review of all properties to identify loss in value greater than normal depreciation, known as impairment, was undertaken at the end of the financial year.

## 10 CHARGES TO REVENUE

General Fund service revenue accounts and DSO's are subject to a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a charge equal to any loss of value above depreciation (impairment) where appropriate. The aggregate charge to individual services is determined on the basis of the value and anticipated life of assets employed on each service. The charge made to the housing revenue account is an amount equivalent to the statutory repairs provision determined in the housing subsidy calculation.

Depreciation is charged to relevant service headings, contributing to the Authorities net cost of Service in the Income and Expenditure Account and removed later in the same account to be replaced by a provision for the repayment of debt. Also shown is the actual cost of debt interest payable in the year. Where a charge for depreciation is made to a service heading for use of an asset funded by grant a corresponding credit amount is made to reflect the use of that grant.

## **11 FIXED ASSETS - DISPOSALS**

Following the implementation of new regulations from 1 April 2004, a new process was introduced i.e. Pooling of Housing Capital Receipts' to redistribute the element of a capital receipt that an authority cannot use to enhance its capital spending. Instead of this element being 'set aside' in a Capital Financing Account where it was used either, to repay existing debt, or as a substitute for future borrowing it is paid over to the government's central pool for distribution to those authorities most in need.

However, the relaxation granted on 1st September 1998, that all General Fund Asset Sales became 100% usable, was not affected by the new regulations. The capital receipt is used to enhance capital spending and until such time as that occurs it is held in a Capital Receipts Unapplied Account.

## **12 DEBTORS AND CREDITORS**

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice and FRS 18. That is, sums due to or from the Council during the year are included, whether or not the cash has actually been received or paid in the year. Exceptions to this are quarterly payments for electricity etc. and wages. These are charged at the time of meter reading/payment and charges are not apportioned between financial years. This policy is consistently applied each year and, therefore, does not have a material effect on the year's accounts.

## **13 STOCKS AND WORKS IN PROGRESS**

In January 2006, the authority implemented a new Stores Accounting system which values each item of stock at the actual purchase price. Work in progress on uncompleted jobs is valued at cost including an allocation of overheads.

## **14 OVERHEADS**

Support services are the internal activities of the Council of a professional, technical and administrative nature to support the direct services it provides to the public. All support service costs are charged to revenue accounts, trading undertakings and capital accounts in accordance with the Best Value Accounting Code of Practice. The recharges have been made on the basis of the time allocations with the exceptions of debtors and creditors (transaction numbers), payroll and personnel (employee numbers) and accommodation costs (floor areas). The costs of the corporate and democratic core and of non-distributable costs are not charged or apportioned to services and are separately classified on the Income and Expenditure Account.

## **15 RESEARCH AND DEVELOPMENT**

Any expenditure on research and development is regarded as part of the continuing operations of the Council and is charged to revenue as it is incurred.

## **16 PROVISIONS (including provisions for bad and doubtful debts)**

The Council sets aside provisions for specific future expenses, which are likely or certain to be incurred, but the amount cannot yet be determined accurately. The main provisions are Housing Rents, General Debts, Council Tax and National Non-Domestic Rates uncollectible (including future liabilities to the N.N.D.R. Pool).

## **17 RESERVES**

Reserves represent sums set aside which fall outside the definition of provisions. Reserves include earmarked reserves set aside for purposes such as general contingencies and cash flow management. The authority maintains a number of revenue and capital reserves whose purpose, usage and basis of transactions, are clearly defined.

Revenue Reserves - result from events which have allowed monies to be set aside, surpluses or decisions causing anticipated expenditure to have been postponed or cancelled. Reserves of this nature are available and can be spent, or earmarked, at the discretion of an authority.

Capital Reserves - these are not available for revenue purposes. A number of these reserves can only be used for statutory purposes, for example the Financial Instrument Adjustment Account and the Capital Adjustment Account.

## **18 INTERNAL INTEREST**

Internal interest is no longer credited to the Housing Revenue Account on its credit balances and, from 2006/2007, an interest charge equivalent to a rental is no longer made for assets employed in service provision.

## **19 INVESTMENTS**

Investments are shown in the Balance Sheet at cost less provision, where appropriate, for loss in value. All surplus funds available for investment are managed internally and are short term i.e. duration of less than one year.

## **20 REPURCHASE OF BORROWING**

Gains or losses arising on the repurchase or early settlement of borrowing are applied to the Income and Expenditure Account in the period in which the redemption or early settlement occurs. The exception to this is where the repurchase of borrowing is coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole. Whereupon gains or losses are applied to the Income & Expenditure Account in equal instalments over the life of the replacement borrowing.

## **21 DEFERRED PURCHASE SCHEME**

The Authority now has no such arrangements.

## **22 PENSION COSTS**

The Council makes contributions to the Leicestershire County Council Pension Fund. The Council's contributions to the Fund are based upon periodic actuarial valuations and set at a level sufficient to enable the fund to meet its accrued liabilities. The last formal valuation of the Fund was at 31st March, 2007. The Council's contributions are set as a percentage of pensionable pay and charged to service expenditure alongside employees pay.

In accordance with the introduction of FRS 17 'Retirement Benefits' in local authority accounts, additional disclosure notes are included in the Statement of Accounts in relation to the Income & Expenditure Account, Consolidated Balance Sheet and the Statement of Total Movements in Reserves. These disclosure notes have been prepared in accordance with the accounting policy requirements of the 2007 SORP and of FRS 17.

Within the Income and Expenditure Account, service revenue accounts and trading services have been charged with their current service cost, which represents the extent to which pensions liabilities have increased as a result of employee service during the year. Past service costs, settlements and curtailments, have been charged to non-distributable costs. The interest cost and expected return on assets have been included in net operating expenditure.

As required by legislation, an appropriation to the Pensions Reserve has been made, which reverses out the FRS17 based pension costs in the Income & Expenditure Account and replaces them with the actual pensions related payments made in year. This ensures that the amount to be funded from Council Tax for the year is equal to the employer's pension contributions payable and payments made directly to pensioners.

The pension costs charged within the Housing Revenue Account reflect the current service costs relating to HRA staff. The impact of this adjustment is reversed by an appropriation to the Pensions Reserve, so that the pension costs fundable from rents equates to the actual pensions related payments for the year.

## **23 LEASES**

Rentals payments under operating leases are charged to revenue on an accruals basis. As at the Balance Sheet date, the authority did not have any finance leases.

## **24 VAT**

VAT is included in income and expenditure accounts, whether of a capital nature or revenue nature, only to the extent that it is irrecoverable.

## **25 GOVERNMENT GRANTS**

Government Grants are accounted for on an accruals basis with income being credited, in the case of revenue grants to the appropriate revenue account or, in the case of capital grants, to the Government Grants Deferred Account. Amounts are released from the Government Grants Deferred Account to the appropriate service account over the useful life of the asset to match the depreciation charged.

## **26 FOREIGN CURRENCY TRANSLATION**

Local Authorities have some powers to enter into transactions which are denominated in foreign currencies, but these powers are limited. In England and Wales, borrowing in foreign currencies is permitted only with specific Treasury approval.

Where they do occur, the results of any foreign currency transaction are translated into sterling. Examples of such transactions include the purchase of goods or services or capital equipment from a foreign supplier.

## **27 POST BALANCE SHEET EVENTS**

Any material post balance sheet events which provide additional evidence relating to conditions existing at the balance sheet date have been included in the accounts. Any material post balance sheet events which concern conditions which did not exist at the balance sheet date have been disclosed as a separate note to the accounts.

## **28 FINANCIAL LIABILITIES**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate. Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The council has a policy of spreading the gain/loss over the term of the 'replacement loan' taken out at the point of restructuring. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

## **29 FINANCIAL ASSETS**

Financial assets are classified into two types:

### **Loans and Receivables**

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account. Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account.

### **Available for Sale Assets**

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure for Interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the Instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Income and expenditure Account when it becomes receiveable by the council. The Council currently does not have assets in this category.

# THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## **The Authority's Responsibilities**

The Authority is required: -

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

## **The Responsibilities of the Corporate Director**

The Corporate Director 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 Corporate Director 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 Corporate Director has also: -

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

The Statement of Accounts presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2008.

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A. Davies

Corporate Director & Section 151 Officer

Date \_\_\_\_\_

\_\_\_\_\_

Cllr A Smith

Chairman of the Council

Date \_\_\_\_\_

## INCOME AND EXPENDITURE ACCOUNT

2006/07		NOTES	2007/08		
Net Expenditure			Gross Expenditure	Income	Net Expenditure
£'000			£'000	£'000	£'000
701	Central Services to the Public		6,132	(5,365)	767
8,237	Cultural Environmental and Planning Services		11,977	(3,653)	8,324
477	Highways Roads and Transport		1,756	(1,019)	737
423	Housing Services - General Fund	IE3	13,235	(12,592)	643
1,300	Housing Services - HRA	IE8	13,868	(13,549)	319
2,405	Corporate & Democratic Core		2,516	(164)	2,352
219	Non Distributed Costs		40	0	40
<b>13,762</b>	<b>Net Cost of Services</b>		<b>49,524</b>	<b>(36,342)</b>	<b>13,182</b>
0	Gains/loss on disposal of fixed assets				0
1,021	Parish Council Precepts	IE1			1,070
144	Surplus on Trading A/c's	IE7			34
801	Interest Payable and Similar Charges (Including premiums)				932
1,391	Contribution of Hsg Cap Rec to Pool				792
(523)	Interest & Investment Income				(457)
(219)	Pension Interest Loss & Return on Pension Assets	IE12			(375)
<b>16,377</b>	<b>Net Operating Expenditure</b>				<b>15,178</b>
(6,079)	Demand on Collection Fund				(6,387)
(100)	Local Authority Business Growth Incentive				(147)
(1,015)	General Government Grants				(961)
(5,259)	Non-Domestic Rate Distribution				(5,730)
<b>3,924</b>	<b>Deficit for Year</b>				<b>1,953</b>

\* Notes to the Core Accounting Statements are now grouped together starting at page 17

### MOVEMENT IN GENERAL FUND BALANCE

2006/07		NOTES	2007/08	
Net Expenditure				Net Expenditure
£'000				£'000
3,924	Deficit on Income and Expenditure Account		1,953	
(3,341)	Net Additional Adjustments (see Table of Reconciliation)		(1,905)	
<b>583</b>	<b>General Fund (Surplus)/Deficit for the Year</b>			48
	<b>Balances B/Fwd 1st April 2007</b>			
(1,362)	General Fund		(779)	
(103)	Special Expenses		(105)	
(1,465)				(883)
	<b>Balances C/Fwd at 31st March 2008</b>			(835)
(779)	General Fund			(793)
(105)	Special Expenses			(42)
<b>(883)</b>				<b>(835)</b>

## RECONCILIATION OF MOVEMENT ON GENERAL FUND

	2006/07 £'000	2007/08 £'000
<b>Included in the Income &amp; Expenditure Account Not Affecting General Fund Balance</b>		
Depreciation and Impairment on Fixed Assets	(859)	(858)
Government Grants Deferred - Amortisation	155	145
Deferred Charges	(283)	(177)
HRA depreciation in excess of major repairs allowance	(960)	(1,012)
Effective Interest Rate	0	(138)
<b>Sub Total</b>	<b>(1,947)</b>	<b>(2,040)</b>
<b>Not Included in the Income &amp; Expenditure Account Affecting General Fund Balance</b>		
Minimum Revenue Provision	436	553
Revenue Contributions to Capital Spending	100	165
Usable Capital Receipts Pooling Payment	(1,392)	(793)
Movement in Pension Reserve	(251)	342
<b>Sub Total</b>	<b>(1,107)</b>	<b>267</b>
<b>Other Items Required to be Taken Into Account</b>		
HRA Balances	(480)	202
Transfers to and From Reserves	191	(334)
<b>Sub Total</b>	<b>(289)</b>	<b>(132)</b>
<b>Total Adjustments (see movement in General Fund Balance)</b>	<b>(3,343)</b>	<b>(1,905)</b>

## STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

2006/07 £000		2007/08 £000
(3,924)	(Deficit) on the Income and Expenditure Account	(1,953)
8,308	Asset Revaluation Amount	3,137
4,402	Change in Pension Liabilities	2,365
0	Change In Premiums Adj	(1,632)
117	Other Changes in Net Worth	143
8,903	<b>Change in Net Worth</b>	2,060
	<b>Balance Sheet</b>	
218,309	Opening Total Assets Less Liabilities	227,212
227,212	Closing Total Assets Less Liabilities	229,272
8,903	<b>Change in Net Worth</b>	2,060

**BALANCE SHEET  
AS AT 31ST MARCH 2008**

2007 £'000		NOTES	2008	
			£'000	£'000
	<b>Fixed Assets</b>			
225	Intangible Fixed Assets		253	
	Tangible Fixed Assets			
	Operational assets:-			
220,907	Council Dwellings (inc garages)		220,876	
28,281	Other Land & Building		28,502	
135	Community Assets		118	
23	Infrastructure Assets		23	
1,340	Vehicles, Plant & Equipment		1,414	
	Non-Operational Assets:-			
271	Assets under construction		14	
251,182	<b>Total Fixed Assets</b>	B1		251,200
1,632	Prepayment of Debt Financing Premiums		0	
59	Long Term Debtors	B2	34	34
252,873	<b>TOTAL LONG TERM ASSETS</b>			251,234
	<b>Current Assets</b>			
3,000	Investments	B3	2,870	
184	Stock & W.I.P.	B4	194	
4,964	Debtors	B5	3,380	
474	Cash at Bank and in hand		583	
8,622	<b>Total Current Assets</b>			7,027
	<b>Current Liabilities</b>			
(5,952)	Creditors	B6	(3,672)	
0	Bank Overdraft		(101)	
(628)	Temporary Borrowing	B7	0	
(6,580)	<b>Total Current Liabilities</b>			(3,773)
254,915	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			254,488
(15,553)	Long-Term Borrowing	B8	(15,966)	
(8,459)	Liability related to Defined Benefit Pension Scheme	B14	(5,800)	
(3,041)	Deferred Government Grants		(2,892)	
(425)	Capital Grants Unapplied		(349)	
(220)	Deferred Liabilities	B8	(209)	
(5)	Re-Financing Discounts		0	
				(25,216)
227,212	<b>TOTAL ASSETS LESS LIABILITIES</b>			229,272
	<b>FINANCED BY:-</b>			
199,519	Fixed Asset Restatement Account	B15	0	
31,509	Capital Financing Account	B15	0	
0	Revaluation Reserve	B15	3,166	
0	Capital Adjustment Account	B15	228,479	
0	Financial Instrument Adjustment Account		(1,885)	
251	Usable Capital Receipts	B15	597	
0	Major Repairs Reserve	B15	410	
46	Deferred Capital Receipts	B9/B15	22	
	Reserves:-			
(8,459)	Pension Reserve		(5,800)	
464	Capital Reserve	B15	268	
(46)	Collection Fund Balance	B16	110	
2,330	General Fund Earmarked Reserve	B15	2,148	
38	H.R.A. Earmarked Reserve	B15	67	
57	D.L.O. Earmarked Reserve	B15	34	
	Revenue Balances:-			
779	General Fund		792	
619	H.R.A.		822	
105	Special Expenses		42	
227,212	<b>NET WORTH</b>			229,272



# NOTES RELATING TO THE INCOME & EXPENDITURE ACCOUNT

## IE1 DISTRICT EXPENDITURE REQUIREMENT

The District budget requirement for the year was £11,449,243 (£10,731,993 - 2006/07) . The District precept was £4,703,529 (£4,467,546 - 2006/07).

The Special Expenses precept for the year was £642,113 (£605,660 - 2006/07), whilst the Parish precept was £1,069,509 (£1,020,587 - 2006/07).

## IE2 LOCAL GOVERNMENT ACT 2000/S137 LOCAL GOVERNMENT ACT 1972

The Local Government Act 2000 granted new powers to authorities in England and Wales to promote well-being in their area. Expenditure amounted to £97,467 in 2007/08. (£85,241 - 2006/07). It is mostly used to provide grants to the voluntary sector serving the community within the District.

## IE3 REIMBURSEMENT OF HOUSING BENEFIT

Housing Benefit is administered by the Council. The cost of all rebates (rent and council tax) is mostly reimbursed by Government. The net cost to the General Fund is £92,270 (£96,299 - 2006/07).

## IE4 ADVERTISING & PUBLICITY

Section 5 of the Local Government Act 1986 requires the Council to keep a separate account of their expenditure on advertising and publicity. During the year the following expenditure was incurred: -

<b>ADVERTISING &amp; PUBLICITY EXPENSES</b>	<b>2006/07 £000's</b>	<b>2007/08 £000's</b>
Recruitment & Advertising	158	113
Other Advertising	30	44
Civic Newsletter	67	58
Publicity & Promotion	30	49
<b>TOTAL</b>	<b>285</b>	<b>264</b>

## IE5 BUILDING CONTROL ACCOUNT

The Building Control (Local Authority Charges) Regulations 1998 came into force on 1 April 1999. The regulations require local authorities to prepare systems within which they will determine and recover charges for the performance of the prescribed building regulation control functions.

The statement below shows the total cost of the Building Control function split between the fee earning and non-fee earning work. The statement shows that over the past three-year period of the scheme's operation, sufficient income has been recovered from the fee earning work.

<b>BUILDING CONTROL</b>	<b>2005/06 £000's</b>	<b>2006/07 £000's</b>	<b>2007/08 £000's</b>	<b>3 Year Total £000's</b>
<b><u>FEE EARNING WORK</u></b>				
Expenditure	232	227	227	686
Fee Income	(239)	(242)	(274)	(755)
<b>(SURPLUS) / DEFICIT</b>	<b>(7)</b>	<b>(15)</b>	<b>(47)</b>	<b>(69)</b>
<b><u>NON FEE EARNING WORK</u></b>				
Expenditure	129	141	159	429
Fee Income	(5)	(7)	(2)	(14)
<b>(SURPLUS) / DEFICIT</b>	<b>124</b>	<b>134</b>	<b>157</b>	<b>415</b>
<b>TOTAL (SURPLUS) / DEFICIT</b>	<b>117</b>	<b>119</b>	<b>110</b>	<b>346</b>

## IE6 AGENCY SERVICES

The Council, in partnership with Leicestershire County Council carries out the Decriminalised Parking Enforcement throughout North West Leicestershire.

## IE7 TRADING OPERATIONS

The BVACOP requires separate trading accounts to be kept for services that an authority determines to be provided on a trading basis. The main trading activities are the letting of Industrial / Business Units throughout the district and a Market Hall at Coalville. The financial results of these operations are shown in the table below.

<b>TRADING OPERATIONS</b>	<b>2006/07 £000's</b>	<b>2007/08 £000's</b>
<b>INDUSTRIAL UNITS</b>		
Expenditure	654	564
Income from Rents	(729)	(733)
(Surplus) / Deficit	(75)	(169)
<b>MARKET UNDERTAKINGS</b>		
Expenditure	295	243
Income from Rents	(166)	(166)
(Surplus) / Deficit	129	77
<b>TOTAL (SURPLUS) / DEFICIT</b>	<b>54</b>	<b>(92)</b>

Additional Internal Trading Accounts are maintained for support services provided in a limited internal market. The unallocated balance on these accounts at the year end was £125,979 (£90,055 06/07).

**IE8** The Housing Revenue Account and Notes to the Account are shown on pages 35 to 39.

**IE9** Economic Development Powers - the Local Government and Housing Act 1989 Part III requires Local Authorities to account separately for loans made in exercise of their Economic Development powers at rates of interest less than reasonably obtainable in the open market. The Authority made no such loans during the past year.

## IE10 LEASES

The Council's practice is generally to acquire the use of vehicles and equipment through operating leases. The capital value of new operating leases this year was £612,395 (2006/07 - £288,341) and the total capital value of lease agreements at 31st March was £2,258,924 (2006/07 - £2,275,333). Lease rentals and hire purchase payments charged to revenue accounts during the year amounted to £521,036 (2006/07 - £568,526).

The Authority is committed to making payments of £412,468 under operating leases in 2008/09 comprising the following elements:

	<b>£000's</b>
Leases expiring in 2008/2009	0
Leases expiring between 2009/2010 and 2012/2013	346
Leases expiring after 2012/2013	66

## IE11 DIRECT SERVICE ORGANISATIONS

The Council continues to operate 4 Direct Service Organisations. Each trading account is fully recharged to the recipient service.

## IE12 PENSIONS

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

The authority participates in the Local Government Pension Scheme (LGPS) for employees, which is administered by Leicestershire County Council - this is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Income & Expenditure Account (I & E) after net operating expenditure. The following transactions have been made in the Income and Expenditure Account during the year.

	2006/07	2007/08
	£000's	£000's
<b>Net Cost of Services</b>		
■ current service cost	(1,895)	(1,764)
■ curtailments	(218)	(31)
<b>Net Operating Expenditure</b>		
■ interest cost	(2,901)	(3,208)
■ expected return on assets in the scheme	3,120	3,583
<b>Amounts to be met from Government Grants and Local Taxation</b>		
■ movement on pension reserve	127	(59)
<b>Actual amount charged against council tax for pensions in the year:</b>		
■ employers' contributions payable to the scheme	1,542	1,624
■ unfunded discretionary benefit payments	91	90

Note B14 to the Balance Sheet contains details of the assumptions made in estimating the figures included in this note.

The Annual Report of the Leicestershire County Council Superannuation Fund is available from Leicestershire County Council, County Hall, Glenfield, Leicestershire.

## IE13 OFFICERS EMOLUMENTS

<b>Remuneration Band</b>	<b>2007/08</b>		<b>2006/07</b>
	No of Employees	Left During Yr	
£50,000 - £59,999	3	0	5
£60,000 - £69,999	0	0	-
£70,000 - £79,999	1	0	3
£80,000 - £89,999	0	0	-
£90,000 - £99,999	1	0	1
£100,000 - £109,999	0	1	-

## IE14 MINIMUM REVENUE PROVISION

Following the amendment of the Capital Finance Regulation for this and subsequent financial years, the Authority now has a duty to set aside a minimum revenue provision (MRP) for the redemption of external debt that it considers "prudent"

For the current financial year the method chosen is the Capital Financing Requirement (CFR) method. The CFR method calculates MRP as 4% of the non housing CFR at the end of the preceding financial year

	2006/07	2007/08
	£000's	£000's
Non Housing Amount	509	567
	509	567
Less Commutation Adjustment	(73)	(14)
<b>Minimum Revenue Provision charged to I &amp; E Account</b>	<b>436</b>	<b>553</b>

## IE15 MEMBERS' ALLOWANCES

The total value of Members Allowances paid during the year was £230,505 (£222,716– 2006/07).

## IE16 LOCAL AUTHORITY (GOODS AND SERVICES ACT) 1970

The Council is empowered by this Act to provide goods and services to other public bodies. The Council provides grounds maintenance and street cleansing services to parish councils. The income from these services amounted to £7,228 in 2007/08 (£6,668 - 2006/2007).

## IE17 AUDIT COSTS

In 2007/2008 North West Leicestershire District Council incurred the following fees relating to external audit and inspection.

	2006/07	2007/08
	£000's	£000's
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	119	120
Fees payable to the Audit Commission in respect of statutory inspection	11	16
Fees payable to the Audit Commission for the certification of grant claims and returns	51	42
Fees payable in respect of other services provided by the appointed auditor	0	1
	<b>181</b>	<b>179</b>

## IE19 RELATED PARTY TRANSACTIONS

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

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and re-distribution of non-domestic rates, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with the government are shown below.

It is the nature of local government that the majority of Council Members are heavily involved in the local community through various organisations such as voluntary bodies, societies, groups etc., often as an appointed Council representative. Members' interests are formally disclosed in a register of interests, of which details are available on request.

During the year transactions with related parties arose as follows:

	Receipts	Payments
	£000's	£000's
Central Government		
Revenue Grants (Benefits/RSG/other grants)	18,419	
Capital Grants (Improvement Grants)	367	
Leicestershire County Council - Precept		29,934
Leicestershire Fire and Rescue		1,465
Leicestershire Police - Precept		4,288

## IE20 PRIOR YEAR ADJUSTMENTS

The Council made no material prior year adjustments during the year.

## IE21 FINANCIAL INSTRUMENTS

Interest payable and receivable recorded in the Income and Expenditure Account is calculated using the effective interest rate (EIR), which is the rate of interest that will discount all the cash flows that will take place throughout the expected life of a financial instrument down to the fair value of the asset calculated at initial measurement. The EIR will differ from the cash paid in respect of interest in any given year if the financial instrument (e.g. a loan) has different interest rates applying for different lengths of time. The EIR smoothes the effect of interest changes over the course of the loan.

## IE22 STATEMENT OF ACCOUNTS AUTHORISATION

The Statement of Accounts were authorised for issue to Council on the 24th June 2008 by the Corporate Director. All financial events up to and including this date have been considered in these accounts. The Statements were issued subject to audit at this date.

## NOTES RELATING TO THE BALANCE SHEET

### B1 FIXED ASSETS

Movement of Fixed Assets	Council Dwellings	Other Land & Building	Vehicles, Plant & Equipment	Community Assets	Infrastructure Assets	Assets Under Construction	Intangible Assets	Authority's Balance Sheet
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Gross Book Value as at 1st April 2007</b>	220,907	30,243	1,437	134	23	271	284	253,299
Cumulative Depreciation brought f/wd	0	(1,975)	(97)	0	0	0	(59)	(2,131)
<b>Net Book Value as at 1st April 2007</b>	220,908	28,268	1,340	134	23	271	225	251,169
Revaluation / Restatements	0	68	0	(68)	0	0	0	0
<b>Restated Net Book Value 01/04/07</b>	220,908	28,336	1,340	66	23	271	226	251,170
Transfers	0	68	374	0	0	(442)	0	0
Additions / Conversions	0	0	0	0	0	0	0	0
Disposals	(1,249)	0	0	0	0	0	0	(1,249)
Capital Expenditure	2,184	53	34	52	0	185	67	2,575
Expenditure Not Enhancing Value	(2,184)	(121)	(1)	0	0	0	0	(2,306)
Revaluation's & Restatements	4,819	624	0	0	0	0	0	5,443
Book Value as at 31st March 2008	224,478	28,960	1,747	118	23	14	293	255,633
Depreciation for year	(3,602)	(458)	(333)	0	0	0	(40)	(4,433)
<b>Net Book Value as at 31st March 2008</b>	220,876	28,502	1,414	118	23	14	253	251,200

Depreciation is charged on the following basis:-

Depreciation Method	Straight Line	Straight Line	Straight Line	Not Applicable	Not Applicable	Not Applicable	Straight Line
Useful life/depreciation rate	50 years	15-100 years	3-10 years	Not Applicable	Not Applicable	Not Applicable	3 years

## Fixed Assets Valuation

The fixed assets shown in the Balance Sheet are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice. The different types of assets have been valued on the following basis:

- (i) Operational assets are included in the balance sheet at open market value in existing use or depreciated replacement cost where the asset is of a specialist nature, i.e. there is no market for such an asset.
- (ii) Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at open market value.
- (iii) Infrastructure and community assets are included in the balance sheet at historic cost, net of any depreciation.
- (iv) Council dwellings have been valued using the beacon principal, where a typical property is valued as being representative of a particular house type and location. The valuation for each of the beacon properties selected was on the basis of existing use value – Social Housing.

A desk top exercise of all the Authority's Assets was undertaken by Mr J Leney (MRICS) as at the 1st April 2008 resulting in an increase in the Councils Housing stock of £4.819m and Other Land and Buildings of £0.624m. These valuations were undertaken by Mr J Leney (MRICS), Head of Property, Charnwood Borough Council.

Council Dwellings were last subject to a full valuation was 01/04/2004. Other Land and Buildings have been subject to a rolling program of valuation. Over the last four years £25m of this assets have been subject to a full valuation.

The following statement shows when the values of assets were updated as a result of a desktop review.

	<b>Council Dwellings £000's</b>	<b>Other Land and Buildings £000's</b>
Valued at historical cost	-	-
Valued at current value in:		
2007/08	220,876	22,973
2006/07	-	-
2005/06	-	-
2004/05 and earlier years	-	5,529
<b>Total</b>	<b>220,876</b>	<b>28,502</b>

Capital expenditure and financing is as follows: -

	<b>2008</b>
	<b>£000's</b>
<b>Opening Capital Financing Requirement</b>	17,112
Capital Investment:	
Operational assets	2,575
Non-operational assets	
Deferred Charges	544
Sources of Finance:	
Capital receipts	(75)
Government grants and other contributions	(586)
Revenue provision	(2,897)
<b>Closing Capital Financing Requirement</b>	<b>16,673</b>
Explanation of movements in the year	
Increase in underlying need to borrow (supported by Government financial assistance)	0
Decrease in underlying need to borrow (unsupported by Government financial assistance)	(439)
<b>Increase/decrease in Capital Financing Requirement</b>	<b>(439)</b>

Major fixed assets held at 31st March 2008, are:-

	<b>No.</b>
<b>LEISURE SERVICES</b>	
Leisure Centres with Pools	2
Markets	1
Cemeteries	4
<b>COUNCIL DWELLINGS</b>	
Houses	2,667
Flats & Maisonettes	1,023
Bungalows	812
<b>LAND</b>	
Parks & Open Spaces (acres)	115
<b>OTHER</b>	
Office Properties	1
Depots	3
Off Street Car Parks	19
Public Conveniences	11
Industrial Estates / Business Units	9

## B2 DEFERRED CHARGES & LONG TERM DEBTORS

### Deferred Charges

	£000's
<b>Balance 01/04/07</b>	0
<b>EXPENDITURE</b>	
Private Sector Grants	544
	<b>544</b>
<b>INCOME</b>	
Amount Written off to Revenue Accounts	544
	<b>544</b>

### Long-Term Debtors

2007		2008
£000's		£000's
45	Sale of Council Houses	22
1	Housing Act Advances	0
13	Officers Car Loans	12
1,632	Prepayment of Debt Refinancing Premiums	0
<b>1,691</b>		<b>34</b>

## B3 INVESTMENTS

The long term investment of £293 is invested in 3.5% War Loan Stock

The short term investment of £2,870,000 was with Dexia Bank (Belgium) Ltd.

The investment of all surplus funds is managed internally.

## B4 STOCKS & WORK IN PROGRESS

2007		2008
£000's		£000's
	<b>WORKS IN PROGRESS</b>	
0	Direct Contract Services	0
59	Rechargeable Works	59
<b>59</b>		<b>59</b>
	<b>STOCK</b>	
76	Central Stores	92
49	Other	43
<b>125</b>		<b>135</b>

## B5 DEBTORS

2007		2008
£000's		£000's
1,271	DCLG - NNDR Pool	486
0	Government Department	0
509	DWP - Housing Benefits	9
0	DCLG - Housing Subsidy	0
1,801	Council Tax Payers	1,899
674	NNDR Payers	504
253	Customs & Excise	100
405	Rent Arrears	498
1,671	General	1,536
	Provision for Doubtful Debts:-	
(256)	(Housing Rents)	(273)
(52)	(Rechargeable Repairs)	(52)
(1,312)	(Collection Fund)	(1,277)
<b>4,964</b>		<b>3,430</b>

### Payments in Advance

These are included in the General Debtors figure above and arise during the course of a financial year when it is normal for an authority to have paid in advance for the provision of a service(s). The value of those services paid in advance at the year end was £226,960 (2006/07 - £186,139), the main contributor being leasing payments to the value of £179,183 (2006/07 - £135,528).

## B6 CREDITORS

2007		2008
£000's		£000's
309	Inland Revenue	319
601	Council Tax Payers	636
1,046	NNDR Payers	433
5	Rents	77
4,104	General	2,207
<b>6,065</b>		<b>3,672</b>

### Receipts in Advance

These are included within the General Creditors figure on the previous page and arise when funding of future years services is received in advance. They tend to be few in nature, the figure for the year being £61,312 - (2006/07 - £17,044).

## B7 TEMPORARY BORROWING

2007	Source	2008
£000's		£000's
365	Temporary Borrowing	0
263	"Safe & Secure" Deposit Account	0
<b>628</b>		<b>0</b>

## B8 LONG-TERM BORROWING & DEFERRED LIABILITIES

### Long-Term Borrowing

2007	Source	Rates Payable	2008
£000's			£000's
6,076	P.W.L.B.	4.15% - 5.75%	6,091
9,477	Other Institutions	2.65% - 7.99%	9,875
<b>15,553</b>			<b>15,966</b>

### Deferred Liabilities

2007	Source	2008
£000's		£000's
220	Earmarked	209
5	Debt Re-financing Discounts	0
<b>225</b>		<b>209</b>

An analysis of Long-Term Borrowing and Deferred Liabilities outstanding by maturity is shown below:-

2007	Period of Maturity	2008
£000's		£000's
0	Maturity in 1 - 2 years	0
0	Maturity in 2 - 5 years	0
1,006	Maturity in 5 - 10 years	1,130
14,772	Maturity in over 10 years	15,045
<b>15,778</b>		<b>16,175</b>

## B9 DEFERRED CAPITAL RECEIPTS

Deferred Capital Receipts are amounts derived from sales of assets, which will be received in instalments over an agreed period of time. In this Council's case they arise from mortgages on the sale of council houses.

## B10 CONTINGENT ASSETS AND LIABILITIES

Following the unsuccessful defence of a purchase notice there is the potential for the Council having to acquire a site at Coleorton. The owners claim that because there was a dwelling previously on the land it has rebuilding rights and there is potential for a payment in the region of £75,000.

The defining of the amount of VAT attributable to the sale of memberships of sports facilities and the date from which any change in current practice would be retrospectively introduced has been subject to Tribunal and is currently being appealed. The Authority has set aside funds for a possible demand on income generated in 2006/7 but not for any liability that may arise for previous years. HM Revenue & Customs take the view that amounts should be payable from 2004 resulting in a maximum additional liability of £50,000

The council has a number of properties on Measham Road, Oakthorpe that have been damaged by subsidence. Investigations in 2007 narrowed the cause of the subsidence to either a change in the water table affecting the load bearing capacity of the surface soil, or a deep mine working collapse causing surface soil displacement. Given the potential deep mine working implication, a number of claims have been made to the Coal Authority for the required underpinning works, estimated at a cost of up to £350,000. Investigations are ongoing by the Coal Authority and the Council continues to monitor the position.

## B11 INSURANCE

The value of claims outstanding at 31st March 2008, with Zurich Municipal was £376,754 (2006/07 - £93,810). Arrangements are in place to try to ensure an orderly settlement of the sums due.

## B12 THE EURO

The adaptation of operational and information systems to accommodate the Euro will be required if Britain decides to join the European Monetary Union. No material preparation costs were incurred during the year

## B13 POST BALANCE SHEET EVENTS

There are no post balance sheet events to report for the 2007/2008 Accounts.

## B14 DISCLOSURE OF NET PENSIONS ASSET/LIABILITY

Note IE12 to the Income & Expenditure Account contains details of the Authority's participation in the Local Government Pension Scheme (LGPS), administered by Leicestershire County Council.

The underlying assets and liabilities for retirement benefits attributable to the Authority at 31st March are as follows:

	31st March 2007 £000's	31st March 2008 £000's
Estimated Liabilities in scheme (includes Discretionary Unfunded Benefits in 2006)	(59,226)	(54,471)
Estimated Assets in scheme	50,767	48,671
<b>Net Asset / (Liability)</b>	<b>(8,459)</b>	<b>(5,800)</b>

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total liability of £5.8m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a reduction in net worth to £224m. However statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the local government pension scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The LGPS Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31st March 2007.

The main assumptions used in their calculations have been:

Assumptions	2006/07	2007/08
Rate of inflation	3.2%	3.6%
Rate of increase in salaries	4.7%	5.1%
Rate of increase in pensions	3.1%	3.6%
Rate of discounting scheme liabilities (NB Based on 3.5% real)	5.4%	6.9%

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund.

Assets (Authority's Share)	31st March 2007			31st March 2008		
	Value £	Asset Distribution %	Long Term Return %	Value £	Asset Distribution %	Long Term Return %
Equities	36,088	71.1	7.8	36,023	74.0	7.7
Bonds	8,544	16.8	4.9	7,964	16.4	5.7
Property	4,343	8.6	5.8	3,915	8.0	5.7
Cash	1,792	3.5	4.9	769	1.6	4.8
	<b>50,767</b>	<b>100.0</b>	<b>7.0</b>	<b>48,671</b>	<b>100.0</b>	<b>7.0</b>

## MOVEMENT IN PENSION RESERVE

The actuarial gains identified as movements on the Pensions Reserve can be analysed into the following categories, measured as absolute amounts and as a percentage of assets and liabilities as at the balance sheet date.

### Analysis of Amount Recognised in the Statement of Total Recognised Gains and Losses

	2005/06		2006/07		2007/08	
	£000's	%	£000's	%	£000's	%
Differences between the expected and actual return on assets.	6,400	13.8	923	1.8	(6,101)	-12.5
Differences between actuarial assumptions about liabilities and actual experience.	20	0	(151)	0.3	(2,009)	-3.7
Changes in the financial assumptions underlying the Present Value of scheme liabilities	(6,900)		3,630		10,475	
Actual Gains/Losses recognised in STRGL	(480)		4,402		2,365	

## B15 RESERVES

	Balance 01/04/2007	Movements	Balance 31/03/2008
	£000's	£000's	£000's
Usable Capital Receipts	251	346	597
FARA	199,519	(199,519)	0
CFA	31,509	(31,509)	0
Revaluation Reserve	0	3,166	3,166
Capital Adjustment Account	0	228,479	228,479
Major Repairs Reserve	0	410	410
Deferred Capital Receipts	46	(24)	22
Capital Reserve	464	(196)	268
Housing Revenue Account	38	29	67
D.L.O. - General Reserves	57	(23)	34
<u>General Fund Earmarked Reserves</u>			
Asset Protection Fund	334	(2)	332
VAT Liability Reserve	239	(184)	55
General Reserves	991	(142)	849
Planning Delivery Grant	287	60	347
Planning - Contingency Fund	38	2	40
Local Development Framework	0	20	20
Refuse Contingency	0	14	14
Hermitage Recreation Ground Fund	50	0	50
Small Steps to Learning	2	0	2
Regeneration Funds	31	14	45
Insurance Funds	20	0	20
Business Units Maintenance Funds	197	38	235
Initiative Funds & Other Reserves	2	2	4
Community Safety / Awareness	0	0	0
Leisure Strategy / Project Grants	139	(4)	135
Total GF Earmarked Reserves	2,330	(182)	2,148
	<b>234,214</b>	<b>977</b>	<b>235,191</b>

## B16 COLLECTION FUND BALANCE

The Collection Fund is a statutory fund which records the transactions for council tax (to finance the expenditure of this council) and business rates. The balance on the Fund is available for distribution to Leicestershire County Council and the County Police and Fire Authorities in future financial years in proportion to their previous precepts on the Fund.

## B17 FINANCIAL INSTRUMENTS

NWLDC holds two LOBO loans with a total value of £7.44m. These were taken out in February 2005 and for the first four years of the loan, the Council pays interest at 2.65% and 2.75%. After this period, the interest rate increases initially to 4.74% and 4.8% respectively. As the loan agreements contain more than one interest rate over the duration of each loan, the effective interest rate calculated is initially higher than interest paid (in real terms). The cumulative difference between the EIR recorded in the Income and Expenditure Account and interest paid has been added to the carrying value of the two LOBO loans, which are disclosed in the balance sheet at £7.836m as a result. From 2008/09 onwards, the carrying value in the balance sheet will diminish, as the interest paid in real terms is higher than the EIR recorded in the Income and Expenditure Account.

The Financial Instruments Adjustment Account holds the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance. It provides a balancing mechanism between the different rates at which gains and losses (such as premia on the early repayment of debt) are recognised under the SORP and are required by statute to be met from the General Fund.

## **B18 Financial Instruments Balances**

The Borrowings and Investments disclosed in the Balance Sheet are made up of the following categories of Financial Instruments

	<u>31/03/2008</u> £'000	<u>31/03/2007</u> £'000
<b><u>FINANCIAL LIABILITIES</u></b>		
Financial Liabilities at Amortised Cost	19739	22133
<b><u>LOANS AND RECEIVABLES</u></b>		
Loans and Receivables	7061	8681

### **Fair Value of Assets and Liabilities carried at Amortised Cost**

Financial Liabilities and Financial Assets represented by Loans and Receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions :

No early repayment or impairment is recognised.

Where an Instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value

The Fair Value of Trade and other receivables is taken to be the invoiced or billed amount

The Fair Values are calculated as follows

	<b>31/03/08</b>		<b>31/03/07</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Financial Liabilities	19739	20224	22020	22215
	<b>31/03/08</b>		<b>31/03/07</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Loans and Receivables	7061	7061	8681	8681
	<b>7061</b>	<b>7061</b>	<b>8681</b>	<b>8681</b>

The Fair Value is represented by the carrying amount as the authority has no material long term investments

## **B19 Financial Instruments Gains/Losses**

There are no Gains/losses recognised in the Income and Expenditure Account or the Statement of Total Recognised Gains and losses in relation to Financial Instruments

## **B20 Financial Instruments**

### **Credit Risk.**

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

Prior to the beginning of each financial year, the Council agrees and publishes an Investment Strategy. The Investment Strategy sets out the minimum credit rating criteria for counterparties who are banks and other financial institutions. The Council relies upon the credit ratings published by Fitch and utilises the services of a Treasury Consultant to monitor and advise of changes to these ratings.

The minimum credit rating criteria, set out in the Investment Strategy, are kept under constant review. As a result of liquidity problems (credit crunch) experienced by banks and financial institutions since autumn 2007, the minimum criteria were increased to provide additional security to the Council's investments. This action had the effect of removing approximately one third of the counterparties who had been on the existing list

As a result of the Council's prudent approach to investment, which places security and liquidity above yield, the Council has never experienced any losses on investments. Nevertheless, theoretical considerations suggest that an investment with any institution carries some risk, albeit very small. The events which could give rise to these risks are rare or unforeseen and it is therefore very difficult to assess and quantify. Subject to these rare or unforeseen risks, the assessment that the maximum exposure is nil is considered to be a practical and pragmatic assessment.

The Council has £1,536,000 of General Debtors for which a provision of £50,000 has been made in relation to Sundry Debtors of £832,000.

### **Liquidity Risk.**

As the Authority has ready access to funds from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replace a significant proportion of its borrowings at a time of unfavourable interest rates. The Council's strategy is to ensure an even maturity debt profile to mitigate against this risk.

### **Market Risk.**

#### **Interest Rate Risk.**

The authority is not exposed to significant risk in terms of exposure to interest rate movement on its borrowings. However, a change in interest rates could impact upon the Council's investment income. For example an increase in rates would have the following effect :

- a) investments at variable rates – the interest income credited to the Income and Expenditure Account will rise;
- b) investments at fixed rates – the fair value of the assets will fall

#### **Price Risk.**

The authority does not invest in equities and is therefore not exposed to this risk.

## B21 Local Area Agreements (LAA)

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

The purpose of the LAA is :

To form an agreement between a diverse selection of public bodies with the aim of delivering improved public services for everyone in Leicestershire.

To agree specific outcomes and targets that will be achieved each year for the three years of the agreement.

To Improve the effectiveness and efficiency of public services in Leicestershire by pooling and aligning funding streams.

The LAA partners are :

Local government bodies consisting of Leicestershire County Council, the seven district councils of Leicestershire and the Leicestershire and Rutland Association of parish and Local councils

Community protection authorities - Leicestershire Police Authority, Leicester, Leicestershire and Rutland Combined Fire Authority and the Probation service.

Health Bodies – Representatives from the National Health Service

Community/other Partnerships –Leicestershire Cultural Strategy Forum, Leicestershire Ethnic Minorities Partnership, Leicestershire Rural partnership ,Leicester Racial Equality council, community safety programme Board, Children and young Person Strategic Partnership for Leicestershire. Jobcentre plus, Enable (Environment for a Better Leicestershire), connexions, Active together Sport England and Faith Communities via the Board of social Responsibility.

Further and Higher education bodies – Leicestershire Learning and skills Council, Leicestershire and Leicester City, Loughborough University and a representative for the Chamber of commerce and Skills for Enterprise.

Representatives of the District Council for Voluntary service.

Leicestershire County Council acts as a the accountable body for the LAA and is responsible for managing the distribution of grant paid by the Government Office to the partners Involved.The council does not determine which bodies are due payments - this is determined by the partnership (Leicestershire Together) in line with the targets agreed with the government office. The total amount of grant received by the local strategic partnership was £19.7m, North West Leicestershire District Council received the sum of £73,483 in 2007/08 for Safer Communities Crime and Disorder Partnerships

## B22 Capital Commitments

As at 31<sup>st</sup> March 2008 the council is committed to the following major capital projects for completion in the next financial year

	£'000
Hugglescote Milfield Recreation	60
Greenhill Cropston Drive New play area	48
	<u>108</u>

## B23 Analysis of Net Assets Employed

	31/03/2008	31/03/2007
	£'000	£'000
General Fund	4,645	2,332
Housing Revenue Account	224,627	224,880
	<u>229,272</u>	<u>227,212</u>

## NOTES RELATING TO THE CASH FLOW STATEMENT

### CF1 RECONCILIATION OF INCOME & EXPENDITURE ACCOUNT DEFICIT TO NET REVENUE CASH FLOW

	2007/08	
	£000's	£000's
<b>Deficit for the year</b>		
Income and Expenditure Account	1,953	
Collection Fund	(156)	
		1,797
<b>Non Cash Transactions</b>		
Deferred Charges Written off	(177)	
Government Grants Released	145	
Depreciation	(4,433)	
Other Non Cash Transactions	(167)	
		(4,632)
<b>Items on an Accruals Basis</b>		
Movement in Stock and Work in Progress	10	
Movement in Revenue Debtors	(1,584)	
Movement in Revenue Creditors	382	
		(1,192)
<b>Items Classified in Another Classification in the Cash Flow Statement</b>		
Investment Income	611	
Interest Paid	(656)	
		(45)
<b>Net Cash Flow from Revenue Activities</b>		<b>(4,072)</b>

### CF2 NET MOVEMENT IN CASH BALANCES

NET MOVEMENT IN CASH BALANCES	Balance 01/04/2007	Balance 31/03/2008	Movement In the year Increase / (Decrease)
	£000's	£000's	£000's
Cash in hand / Overdrawn	474	482	8
Increase in Cash and Cash Equivalents	474	482	8

### CF3 LIQUID RESOURCES

The Council seeks to maximise returns on short-term cash surpluses by making deposits with authorised institutions. Such institutions are authorised by the Council for this purpose comprising Banks and other financial institutions who meet the Council's lending criteria, Government agencies and other local authorities.

NET MOVEMENT IN LIQUID RESOURCES	Balance 01/04/2007	Balance 31/03/2008	Movement In the year Increase / (Decrease)
	£000's	£000's	£000's
Short Term Deposits	3,000	2,870	(130)

**CF4 ANALYSIS OF MOVEMENT IN FINANCING**

<b>NET MOVEMENT IN FINANCING</b>	<b>Balance 01/04/2007</b>	<b>Balance 31/03/2008</b>	<b>Movement In the year Increase / (Decrease)</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
P.W.L.B.	6,000	6,000	0
Other Institutions	9,440	9,440	0
Temporary Loans	365	0	(365)
Earmarked Loans	220	209	(11)
<b>Decrease in Financing</b>	<b>16,025</b>	<b>15,649</b>	<b>(376)</b>

**CF5 ANALYSIS OF GOVERNMENT GRANTS**

	<b>As at 31/03/2008</b>	
	<b>£000's</b>	<b>£000's</b>
Revenue Support Grant		962
DWP Grants for Benefits:		
Rebates	16,783	
Administration	555	17,338
Government Grants		
Improvement Grants	367	
Implementation of LHA	89	
Homelessness	30	486
		<b>18,786</b>

## HOUSING REVENUE ACCOUNT (HRA)

### HOUSING INCOME AND EXPENDITURE ACCOUNT

2006/07			NOTES	2007/08	
£'000	£'000		£'000	£'000	
	(11,695)	<b>INCOME</b>			
(96)		Rents - Dwellings	4	(90)	(12,720)
(16)		Rents - Garages / Sites		(16)	
(18)		Rents - Shops		(15)	
		Rents - Other			
	(130)				(121)
	(200)	Charges for Services and Facilities			(203)
	0	Governmental Grants - Rent Rebates / HRA Subsidy			0
	(617)	Supporting People Grant			(505)
	(12,642)	<b>TOTAL INCOME</b>			(13,549)
		<b>EXPENDITURE</b>			
	3,358	Repairs & Maintenance			3,078
		Supervision & Management			
1,823		- General		2,164	
1,490		- Special		900	
	3,313	Capital Charges			3,064
	3,517	- Depreciation (M.R.A.)			3,617
	3,589	Housing Subsidy Payments to the National Pool	8		4,052
	145	Bad or Doubtful Debts			36
	20	Debt Management Expenses			21
	13,942	<b>TOTAL EXPENDITURE</b>			13,868
	1,300	<b>NET COST OF SERVICES IN INCOME &amp; EXPENDITURE A/C</b>			319
	224	Housing Share of Corporate & Democratic Costs			230
	1,524	<b>NET COST OF HRA SERVICES</b>			549
	139	Interest Payable & Similar Items			134
	116	Amortisation of Premiums & Discounts			116
	(4)	Interest on Sale of Council Houses			(3)
	1,775	<b>Deficit on HRA Services</b>			796

<b>MOVEMENT IN HRA BALANCE</b>		
<b>2006/07 £'000</b>		<b>2007/08 £'000</b>
1,775	Deficit on Housing Income and Expenditure Account	796
(1,295)	Amounts Required to be Taken into Account (detailed below)	(999)
480		(203)
(1,099)	HRA Balance Brought Forward	(619)
(619)	HRA Balance Carried Forward	(822)
<b>ANALYSIS OF THE MOVEMENT IN THE HRA BALANCE</b>		
<b>2006/07 £'000</b>	<b>Amounts Required to be Taken Into Account</b>	<b>2007/08 £'000</b>
(960)	Transfer To/(From) Major Repairs Reserve	(1,012)
(43)	Movement in Pension Reserve	(16)
(292)	Transfer To/(From) Reserves	29
(1,295)	Amounts Required to be Taken Into Account (see above)	(999)

# NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)

## 1 MOVEMENT IN DWELLING STOCK

The Council was responsible for managing 4517 dwellings during 2007/2008. The movement in the stock was as follows:-

	2006/07	2007/08
Stock at 1st April	4,544	4,517
Less: Sales	25	15
Less: Demolitions	0	0
Less: Stock Transfer	2	0
Less: Conversions	0	0
Add: Transfers back into stock	0	0
	<b>4,517</b>	<b>4,502</b>

## 2 PROPERTY TYPES IN DWELLING STOCK

The properties owned by the Council at 31st March 2008 comprise the following:-

	Flats/Maisonettes	Bungalows	Houses	Total
Bed sits	88	4	0	92
1 Bedroom	569	325	1	895
2 Bedroom	356	476	405	1,237
3 Bedroom	10	7	2,110	2,127
4 Bedroom	0	0	148	148
5 Bedroom	0	0	3	3
<b>Total</b>	<b>1,023</b>	<b>812</b>	<b>2,667</b>	<b>4,502</b>

## 3 BALANCE SHEET VALUE OF AUTHORITY'S HOUSING REVENUE ACCOUNT STOCK

	Balance as at 1st April 2007	Balance as at 31st March 2008
	£000's	£000's
Dwellings (excl. garages)	219,797	219,765
Other Land and Buildings	6,596	6,600
Vehicles, Plant & Equipment	0	
<b>OPERATIONAL ASSETS</b>	<b>226,393</b>	<b>226,365</b>

In reviewing guidance on the definition of investment properties those properties that were previously classified as investment properties were reclassified as operational properties as at 1 April 2006.

The vacant possession value of dwellings within the Authority's HRA as at 31st March 2008 was £439,531,022. The vacant possession value and balance sheet value of dwellings within the HRA show the economic cost to Government of providing council housing at less than open market rents.

#### 4 RENT INCOME

This is the total rent income due for the year after an allowance is made for voids etc. Average rents were £ 51.51 per week in 2007/08 (£49.14 2006/07) there being an average increase of 4.83% (5.26% 2006/07) over the previous year. During the year 1.4% (1.30% 2006/07) of rentable properties were vacant.

Rent income can be analysed as follows:-

	2006/07	2007/08
	£000's	£000's
Collectable from Tenants	5,705	5,989
Rent Rebates	5,795	6,228
	11,500	12,217
Rent Compensation Payment from Government	195	503
Non - Dwelling Rents	130	121
	<b>11,825</b>	<b>12,841</b>

There were 53 rent weeks in 2007/2008, compared to 52 in 2006/07 in accordance with the accounting policy.

#### 5 RENT ARREARS

During the year rent arrears, as a proportion of gross rent income was 3.39% (2006/07 - 3.43%). The arrears figures are as follows:-

Arrears at 31st March	2006/07	2007/08
	£000's	£000's
Total Current and Former Tenant Arrears	405	498
Less: Accounts in credit	5	77
Net Arrears	400	421

Amounts written off during the year were £ 52,133 (2006/07 - £99,724). At 31st March the Provision for doubtful debts stood at £ 273,236 (2006/07 - £256,272).

#### 6 MAJOR REPAIRS RESERVE

	2006/07	2007/08
	£000's	£000's
Balance at 1st April 2007	(908)	0
Amounts transferred to Reserve during year	(3,517)	(3,602)
Amounts transferred from Reserve to finance		
Capital Expenditure	3,465	2,180
Funding of Previous Years Capital Creditors	0	0
Depreciation in excess of MRA	960	1,012
<b>Balance at 31st March 2008</b>	<b>0</b>	<b>(410)</b>

## 7 CAPITAL EXPENDITURE & RECEIPTS

Total Capital Expenditure within the authority's H.R.A. during the financial year was £2,184,058. (Houses £2,149,792 and Other Property £34,266) . The sources of funding are shown below

	2006/07	2007/08
	£000's	£000's
Loans	0	0
Useable Capital Receipts	1,361	0
Contribution	0	0
Major Repairs Reserve	3,465	2,180
Earmarked Capital Reserve	352	0
Revenue Contribution	0	4
Capital Creditors	0	0
	<b>5,178</b>	<b>2,184</b>

Total Capital Receipts from disposals of Council Dwellings within the authority's H.R.A. stock during the financial year were £1,264,038.

## 8 H.R.A. SUBSIDY

From April 1st 2004, rent rebate subsidy entitlement has been accounted for in the General Fund and is therefore no longer shown within the Housing Revenue Account. The resulting 'negative' H.R.A. subsidy is paid over to the Government for national redistribution. A breakdown of the H.R.A. subsidy for the financial year is provided below:

	2006/07	2007/08
	£000's	£000's
Management & Maintenance	5,442	5,607
Major Repairs Allowance	2,557	2,590
Charges for Capital	725	705
Other Allowances	16	0
Interest on Receipts	(5)	(3)
Guideline Rent Income	(12,324)	(12,950)
<b>Housing element entitlement</b>	<b>(3,589)</b>	<b>(4,051)</b>
Prior year adjustment	0	(1)
<b>H.R.A. SUBSIDY ENTITLEMENT</b>	<b>(3,589)</b>	<b>(4,052)</b>

# COLLECTION FUND

## COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

2006/07		2007/08	
£000's		£000's	£000's
	<b>INCOME</b>		
(35,932)	Council Tax (Net of benefits, discounts for prompt payment and transitional relief)		(37,722)
(4,337)	Transfers from General Fund:- - Council Tax Benefit		(4,526)
(64)	Contributions:- - Towards previous year's Collection Fund Deficit / Surplus		(187)
(39,430)	Business Ratepayers		(40,544)
(79,763)			(82,979)
	<b>EXPENDITURE</b>		
	Precepts and Demands:-		
28,500	L.C.C.	29,934	
4,053	Leicestershire Police	4,288	
1,385	Leicestershire Fire and Rescue	1,465	
6,088	N.W.L.D.C. (including Parish and Specials)	6,415	
40,026			42,102
	Business Rate:-		
38,847	Payment to National Pool	40,419	
583	Costs of Collection	125	
39,430			40,544
	Bad and Doubtful Debts / Appeals		
0	- Write offs	0	
296	- Provisions	177	
296			177
79,752			82,823
(11)	Movement on fund balance - (Surplus) / Deficit for the year		(156)
57	Collection Fund Balance at 1st April 2007		46
46	<b>Collection Fund Balance at 31st March 2008</b>		(110)

# NOTES TO THE COLLECTION FUND

## 1 GENERAL

This account represents the statutory requirements for Billing authorities to maintain a separate Collection Fund. The account is consolidated with the Council's accounts.

## 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 of band D dwellings, was calculated as follows:-

Band	Estimated No. Of Taxable Properties after effect of Discounts	Ratio	Band 'D' Equivalent Dwellings
A(-)	44	5/9	24
A	8,168	6/9	5,445
B	10,839	7/9	8,430
C	6,050	8/9	5,378
D	4,979	9/9	4,979
E	3,163	11/9	3,866
F	1,257	13/9	1,815
G	792	15/9	1,320
H	36	18/9	72
	35,328		31,329
<b>Less:</b> Adjustment for collection rates and for anticipated changes during the year for successful appeals against valuation banding.			470
<b>COUNCIL TAX BASE AS AT 31/3/08</b>			<b>30,859</b>

## 3 INCOME FROM BUSINESS RATEPAYERS

The Council collects Non-Domestic Rates for its area which are based on local rateable values multiplied by a uniform rate. The total amount, less certain relief's and other deductions, is paid to a central pool (the NNDR pool) managed by Central Government, which in turn pays back to Authorities their share of the pool based on a standard amount per head of resident population.

The total Non-Domestic Rateable Value at the 31st March 2008, was £103,765,731 (£104,396,046 - 31st March 2007).

The National Non-Domestic multiplier for the year was 44.4p (43.3p - 2006/2007).  
The Small Business Rate Multiplier was 44.1p

## SPECIAL EXPENSES ACCOUNT

2006/07		2007/08	
£		£	£
	<b>COALVILLE URBAN DISTRICT AREA</b>		
95,954	Balance brought forward	99,258	
596,333	Collection Fund Precept	631,055	
692,287			730,313
	<b>EXPENDITURE</b>		
411,698	Parks, Open Spaces & Allotments	445,314	
99,352	Burial Grounds	115,982	
52,449	Other Expenses	64,087	
31,000	R.C.C.O.	91,000	
(12,840)	Asset Management Revaluation Account	(12,941)	
0	Impairment	(26,446)	
11,370	Contribution to Ear-Marked Reserves	16,897	
593,029			693,893
<b>99,258</b>	Balance carried forward		<b>36,420</b>
	<b>COLEORTON PARISH AREA</b>		
1,224	Balance brought forward	1,429	
2,499	Collection Fund Precept	2,558	
3,723			3,987
	<b>EXPENDITURE</b>		
635	Parks & Open Spaces	622	
1,659	Burial Grounds	1,622	
<b>1,429</b>	Balance carried forward		<b>1,743</b>
	<b>MEASHAM PARISH AREA</b>		
2,735	Balance brought forward	1,274	
0	Collection Fund Precept	858	
2,735			2,132
	<b>EXPENDITURE</b>		
1,461	Burial Grounds	1,428	
<b>1,274</b>	Balance carried forward		<b>704</b>
	<b>STRETTON-EN-LE-FIELD</b>		
595	Balance brought forward	734	
1,164	Collection Fund Precept	962	
1,759			1,696
	<b>EXPENDITURE</b>		
1,025	Burial Grounds	1,003	
<b>734</b>	Balance carried forward		<b>693</b>
	<b>OSGATHORPE</b>		
284	Balance brought forward	170	
64	Collection Fund Precept	320	
348			490
	<b>EXPENDITURE</b>		
178	Parks & Open Spaces	174	
<b>170</b>	Balance carried forward		<b>316</b>
	<b>LOCKINGTON / HEMINGTON</b>		
1,325	Balance brought forward	783	
1,760	Collection Fund Precept	2,440	
3,085			3,223
	<b>EXPENDITURE</b>		
868	Parks & Open Spaces	763	
1,434	Burial Grounds	1,396	
<b>783</b>	Balance carried forward		<b>1,064</b>

## SPECIAL EXPENSES ACCOUNT CONT'D

2006/2007		2007/2008	
£		£	£
	<b>KEGWORTH</b>		
168	Balance brought forward	191	
250	Collection Fund Precept	369	
418			560
	<b>EXPENDITURE</b>		
227	Parks & Open Spaces	223	
<b>191</b>	Balance carried forward		<b>337</b>
	<b>RAVENSTONE</b>		
328	Balance brought forward	113	
0	Collection Fund Precept	330	
328			443
	<b>EXPENDITURE</b>		
215	Parks & Open Spaces	211	
<b>113</b>	Balance carried forward		<b>232</b>
	<b>OAKTHORPE &amp; DONISTHORPE</b>		
533	Balance brought forward	811	
3,590	Collection Fund Precept	3,221	
4,123			4,032
	<b>EXPENDITURE</b>		
3,312	Parks & Open Spaces	3,239	
<b>811</b>	Balance carried forward		<b>793</b>

## ANNUAL GOVERNANCE STATEMENT 2007/08

### 1. Background and Scope of Responsibility

- 1.1 North West Leicestershire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. North West Leicestershire District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging the overall responsibility North West Leicestershire District Council is responsible for putting into place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 North West Leicestershire District Council has approved and adopted a local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the Code is available on our website at [http://www.nwleics.gov.uk/ System/ System/Transfer/Recieve/Root/corporate/documents/LocalCodeofCorporateGovernance.pdf](http://www.nwleics.gov.uk/System/System/Transfer/Recieve/Root/corporate/documents/LocalCodeofCorporateGovernance.pdf) or can be obtained from Internal Audit, Council Offices, Coalville.
- 1.4 This Statement explains how North West Leicestershire District Council has complied with the Code and also meets the requirements of the Regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement of internal control.

### 2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems, processes, cultures and values, by which the authority is controlled and directs its activities and through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The Council's system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can be therefore only reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of North West Leicestershire District Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The Council reviewed its Internal Control/Governance Framework in March 2008 in line with current CIPFA (Chartered Institute of Public Finance Accountancy) recommendations. The Framework comprises a number of mechanisms and shows how they link to various reporting arrangements within the Council. Each category of the Framework (attached at Table 1) contains features to identify and mitigate risk areas.

### 3. The Governance Framework

- 3.1 In March 2008, the Council reviewed its local Code of Corporate Governance in line with the CIPFA/SOLACE Joint Working Group's "Delivering Good Governance in Local Government". Accordingly, the Council's Code adopts six core principles as the basis for its Corporate Governance arrangements which are set out below. The key elements of the Council's systems and processes that comprise the Authority's governance arrangements are set out below each of the six core principles as follows.

- (i) **Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.**

Following the District elections in May 2007, the Conservative Group took control of the Council and the Council's new leadership worked with officers to define new priorities for the Council. The leadership made it clear that it wants the Council to have a tighter focus on the issues that are of

most importance to the people of North West Leicestershire and to deliver excellence within those identified service areas. Accordingly, evidence was collated, including research from community engagement and research, which was set out in a report to Council in January 2008, which put forward the Strategic Aims and Improvement Priorities for 2008-11 and which were adopted by Council. The details underpinning these aims will be further developed as part of the Council's service and financial planning framework, culminating shortly in a new Council Delivery Plan (CDP) and new service plans for the 2008-11 financial years. The Council's new CDP has been developed in line with the Council's new Strategic Aims and was adopted by Council in May. The CDP is published annually on a timely basis and communicates our activities, achievements and performance. The new CDP builds on the previous plan and tells our story of improvement. Following the May elections a full review of the Constitution was undertaken to bring any constitutional changes into line with the new administration's changes and requirements.

To be successful in the future the Council recognises that this will require even greater collaboration and partnership working across various sectors. Creating the place of North West Leicestershire for the future requires engagement, support and buy—in from a range of different partners. The vehicle for delivering this cohesively is the North West Leicestershire Local Strategic Partnership, which is chaired by the Leader of the Council.

Following a review of the LSP the membership of the Top Team includes the Chief Executive of the National Forest, representatives from East Midlands Airport, Stephenson College, County and Parish Councils, Connexions, health/PCT, police, faith, business, tourism and voluntary sectors.

To provide a focus for the work of the Local Strategic Partnership and the various organisations that work in the District, a new Vision has been developed setting out what we are trying to achieve in making North West Leicestershire an even better place to live, work and visit. The Vision, which has developed from consultation with the public is:

***“North West Leicestershire will be a place where people and businesses feel they belong and are proud to call home”***

The Council's performance management arrangements are strong and include the SMART Planning process which integrates service and financial planning across all of the Council's aims and objectives to better align activities, improvements and resources. As a result, a set of clear and consistent Service Delivery Plans 2007/8 were developed across all parts of the organisation. Informative profiled financial monitoring reports which are also predictive are reviewed by all budget holders soon after the month end enabling Managers to respond to issues in a timely way. In addition, financial performance is reported monthly to CLT and all PIs/Financial Performance to Overview and Scrutiny members and Cabinet on a quarterly basis using a traffic light system (TEN) to facilitate robust member challenge. The TEN model enables any service failure to be identified early and addressed through a project plan which is considered and corrective action approved where necessary. However, the Council recognises that it needs to do more to measure the environmental impact of policies, plans and decisions and has accordingly strengthened these measures in CDP 2008-11, and will be undertaking a year long environmental challenge known as the Footprints Challenge in 2008-09.

The Council's Value for Money Profile as demonstrated in our Use of Resources exercise shows we are generally a low spending Council when compared with districts overall and our family group. Our performance in priority areas also has improved, so that we are now a good performer on tax collecting, benefits, litter and recycling and planning is also improving. We are a top quality performer on Council Tax and Business Rates collecting.

More specifically, in support of the Gershon agenda, the Council will seek improvements via:

- (a) A range of service reviews
- (b) Further developing its procurement strategy
- (c) Improving its project management processes
- (d) Maximising staff outputs via appropriate performance management (including PRP) and developing strategies
- (e) Targeting efficiencies in support of the requirements of the Council's medium term financial strategy

(f) The radical change of service provision via its Transforming Services agenda

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

The Council's Constitution clearly sets out the distinct functions and roles of members and officers. The Constitution was reviewed by the Monitoring Officer following the May elections and a revised Constitution was adopted by Council in November 2007. Part 3 of the Constitution sets out the responsibility for all the Council's functions, including Council, Executive and Non-executive roles and a Scheme of Delegation to staff and Proper Officer Designations. These provisions make the specific responsibilities of the Leader, Chief Executive, Section 151 Officer and Monitoring Officer clear. The Constitution, in Part 4, sets out all the Council's Procedure rules which clearly differentiate between the roles of members and officers. These rules are supported by robust Codes and Protocols, including Codes of Conduct for both Members and Officers, a Protocol on Member/Officer Relations, Outline Roles and Responsibilities for Councillors and a Procedure for the Resolution of Disputes. Members and officers understand their roles in practice, for example relevant portfolio holders present reports, but technical questions are answered by officers. Council has previously agreed a Members' Allowance Scheme, which has been under review during the year by the Council's statutory Independent Remuneration Panel. It is envisaged that the Panel will report to Council with its finding early in the new municipal year. There are good working relationships in all forums between members and officers which contribute to the achievements of common goals to the benefit of the Council. When working in partnership, the "Representational Role" for Councillors is set out in the Outline Roles and Responsibilities for Councillors, contained within the Constitution, which also contains provisions relating to their role when appointed to external bodies and attendance at external meetings. A "Partnership Toolkit" is in draft form.

**(iii) Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.**

The Leader of the Council and Chief Executive are well respected within the organisation and across the District and County and the Chief Executive leads on a number of countywide issues. This is demonstrated through their active roles in the Local Strategic Partnership (LSP), the workings of its sub-groups and cross-county collaborative meetings and events. They set a tone for the Council which engenders a culture of openness, support and respect by pro-actively ensuring that the Procedures, Codes and Protocols referred to above, are followed in practice, for example in formal and informal meetings. One of the Council's Strategic Aims is "Organisational Development" and underpinning the new strategic aims are the Council's core values of Team Work, Inclusion, Integrity, Empowerment, Action and Pride.

Arrangements have been put in place to ensure probity when dealing with different stakeholders and these are frequently updated. Accordingly, the Council has a Planning Code of Conduct, Licensing Code of Conduct and Citizens' Rights are set out in part 1 of the Constitution and Article 3. The Constitution contains a section on the "Principles of Decision Making", and non-compliance is a ground for "call-in".

The terms of reference of the Standards Committee were reviewed at its meeting in December 2007 and revised in March 2008. The Standards Committee has a pro-active work programme which includes partnership working, the Council's Whistle Blowing Policy and Procedure and governance. Each meeting of the Standards Committee receives a report from the Monitoring Officer on current issues. Three workshops with staff on compliance with the Constitution, governance and report writing were conducted during February and March 2008 by the Monitoring Officer. A further governance workshop, led by the Corporate Director, was held early in April 2008, which focused on the assurance framework.

The Council has robust arrangements for monitoring compliance with the Member Code of Conduct (including gifts and hospitality). The Officer Register of gifts and hospitality received its six monthly check by the Monitoring Officer at the same time she checked the Member Register. The Standards Committee undertakes an Annual Report which it refers to full Council. The Report includes a paragraph on cases referred by the Ethical Standards Officers and Individual Cases – Local Statistics. The Head of Paid Service, Section 151 Officer and Monitoring Officer meet monthly at the Statutory Officers' Group. Their work includes monitoring compliance with standards of conduct

across the Council, including both officers and members. They make an Annual report to the Corporate Leadership Team.

Members (including Standards Committee members) received training from an external facilitator, on the Revised Code of conduct in September 2007. The Chairman of the Standards Committee attended the Standards Board for England Annual Conference and reported back to the Standards Committee, including their role in local investigations and determinations. In addition, the Monitoring Officer sees members individually to provide guidance on possible infringements of the Code and also writes to members, acting on issues raised to ensure compliance with the Code. Training is identified by the Monitoring Officer as a result of cases or issues raised and delivered as appropriate.

All reports and minutes of the Standards Committee are available on the Council's website, together with information about the Committee. The Chairman of the Standards Committee is to present Committee's Annual Report to the Annual Council Meeting to communicate the work of the Committee in the Council's most public setting and a press release is to be issued.

High standards of personal conduct of members, officers and agents is exhibited in the Annual Report of Standards Committee, Annual Report of the Statutory Officers' Group and the Local Government Ombudsman's Annual Letter.

(iv) **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.**

During the course of the year, the Council introduced an enhanced overview and scrutiny function, both at member and officer level. There are now five Overview and Scrutiny Committees as follows: Environment, Communities, Health, Corporate and Corporate Governance with a Scrutiny "Commission" to secure the co-ordination of their work programmes and to lead on the overview of the function. The Committees are working well with constructive challenge and producing some good reports, such as on the proposed Post Office Closures and withdrawal of a local bus service. The Council maintains a Forward Plan of both key and non-key Decisions to maximise transparency and consultation. The writing of formal reports follows a prescribed procedure which requires the completion of a number of procedural requirements for content including Statutory Officer checks for legality, budgetary compliance, rationale, etc. Reasons for all decisions must be given and these are routinely recorded in the minutes.

The Member and Officer Codes of Conduct and associated procedures act as a safeguard against conflicts of interest or bias. The Council also ensures that the key principles of good administrative law are followed in practice by the attendance of the Monitoring Officer (or her representative) at all decision making bodies.

The Council's Governance Overview and Scrutiny Committee undertakes the functions of an audit committee as identified by CIPFA Guidance and its Terms of Reference are set out in the Constitution. It has already met with and received a presentation from the District Auditor. It is independent of Cabinet and is politically balanced. The Council will undertake a Self-Assessment Checklist against the CIPFA Guidance during the course of the year to measure the effectiveness of this Committee and make any appropriate improvements.

The Council has a Customer Feedback Complaints system which is administered by the Customer Services section. More work will be done to collate and analyse this information to ensure it can be used to inform improved service delivery and customer satisfaction. The Ombudsman's Annual letter has been considered by the Council's Standards Committee and was generally good.

The Risk Management Strategy was first approved by members in March 2006. The document has since been reviewed and revised by the Risk and Business Continuity Group in July 2007.

The Council maintains and reviews its strategic risk register on a quarterly basis. The risks identified have been linked to Council priorities / strategic aims and lead officers have been identified to manage each risk. As part of the Council's Corporate Project Management Framework, all major projects have their own Risk Log. All reports going to members require the author to set out the risk implications associated with the decision members are being asked to make. The

Corporate Risk Strategy document was reviewed having completed the first management cycle. The risks in the Strategic Risk Register were reviewed by Cabinet and the Corporate Leadership Team at a workshop held in February 2008. Partnership working is identified as a strategic risk and covers the Council's key strategic partnerships, e.g LSP, CDRP, Local Resilience Forum.

Risk management training has been made available to all members and appropriate staff. The training was undertaken in August 2007 and was delivered by an external provider. A further risk workshop has been undertaken for Cabinet and Corporate Leadership Team (CLT) in February 2008. A review of the current Strategic Risk Register (including controls and mitigations) was undertaken by Cabinet in February 2008. In addition, risk management update reports have been taken to the Performance Monitoring Board in April 2007 and August 2007 and the Corporate Governance Scrutiny Committee in January 2008. The Risk Management Annual Report was presented to the Cabinet in April 2008. Business Continuity Plans were also agreed by Cabinet in March 2008.

The Risk Management Strategy states that the Portfolio Holder for Performance and Communications and the Chief Executive (or Deputy) take lead strategic responsibility for risk. Risk Management also forms a key element of the Council's Delivery Plan and the SMART (service and financial) Planning process. Guidance on what reports should consider is in place for report writers and training on report writing has been provided. Risk Management is an integral part of the Council's performance management arrangements. Risks are being linked to the Council's corporate priorities via the TEN system.

Health and Safety is also integral to the Council's operations. The Health and Safety Policy is kept regularly up to date and receives formal reviews on an annual basis. There is training of both members and officers and information updates on the intranet and website. Health and Safety features as a regular item on divisional consultation meetings and on DMT Agendas. There are sound review and monitoring mechanisms, including quarterly reports to CLT and an Annual Monitoring Report to CLT which includes an assessment of incidents to staff and members of the public. During the year CLT received a full Briefing on the Corporate Manslaughter Act and appointed a Lead Director. Roles have been reviewed in the light of the legislation, improvement planning carried out and on-going training arranged. Briefings on the Act have been cascaded and the impact of the legislation included in the Health and Safety Outline Action Plan.

The Council's Whistle Blowing Policy is available on the Council's website and intranet. The Policy was reviewed by the Standards Committee at its meeting in March 2008 in the light of experience and best practice to widen its scope and impact. The Policy was widened to include members, contractors, suppliers and service providers and people working in partnership with the Council (e.g volunteers). The Standards Committee supported the revisions and recommended that following adoption the revised policy is widely published, including the Council's website. The revised Policy is due to be adopted at the Council's Annual Meeting in May 2008.

(v) **Developing the capacity and capability of members and officers to be effective.**

A comprehensive induction programme exists for both members and officers which is developed to deal with all relevant core issues the content of the material is regularly reviewed. The Council is committed to creating an environment where elected members' skills can develop and thrive. Following the May 2007 elections there was an extensive programme of training and development for members. The Member Development Working Group which meets every two months, continues to lead this work and ensures that the members' interests are at the heart of the programme. The Council is working within the LGA Member Charter which provides a framework in best practice.

Following the election a Training Needs Assessment Form was completed by members to identify their specific needs for their differing roles, e.g IT skills, community role, scrutiny, licensing, planning. Based on this knowledge and specific requests the Member Development Working Party proposed suitable training events/workshops for members to attend or be delivered locally. Officers on behalf of the Council attend the Leicestershire and Rutland Improvement programme of training events and the Working Party has a Member Champion who attends the Partnership and reports back. Six members have signed up to achieve the "First Certificate in Community Leadership" (SOLACE) which provides new insights into being a Councillor to encourage participation. All

Councillors have been provided with the facility to access the “Modern Councillor” courses provided by the “Learning Pool” who report back on a quarterly basis on usage.

The Council’s People Management Strategy sets out how we intend:

- Ensure that people management practices support the achievement of organisational goals and position to council to meet future challenges effectively
- Define what sort of employer North West Leicestershire wants/needs to be achieve its strategic aims
- Create an environment where talent is spotted and developed and the contribution of the human resource is maximised.
- Develop a framework within which individual people management strategies can be shaped
- Enable the development of a coherent action plan with respect to people management issues

To deliver the actions and ambitions set out in this Council Delivery Plan, it is recognised that the combined efforts of all our staff, and the role of managers in leading and directing towards achievement of our aims and objectives, will be critical. The People Management Strategy therefore supports the Council’s Delivery Plan and is equally ambitious.

A selection of senior and other key individual members of staff and groups were consulted during the development of the People Management Strategy to ensure that it reflects the aspirations of our people and focuses on key areas for improvement. There is a commitment to further communication and consultation to ensure input from a wide range of staff to ensure that the Strategy remains relevant.

To be truly successful we will be “One Council, One Team” in our approach resulting in a unified approach across the organisation to address challenges, projects and improvements.

We are developing a talent management programme which recognises that people are at the centre of our organisation. We aim to increase our talent base and enable employees to develop lasting careers which help to deliver organisational objectives. It is linked to our “One Council, One Team” ethos and recognises our current workforce demographics (e.g age profile). It will have implications for many of our existing HR policies and will form an integral part of our People Management Strategy.

A Detailed Corporate Induction Programme exists for all new employees with a three stage process. There is a programme which is followed with checklist and the Chief Executive attends the final stage. During the second stage the Line Manager takes a specific lead in tailoring the programme to the individual.

All employees have an annual Performance, Appraisal and Development (PADs) Review with their Line Manager. This review assess the skills and knowledge of officers and identifies any gaps and training and development needs to enable their role to be carried out effectively. Suitable courses and training and development programmes are then developed to suit the individual’s requirements, including external facilitation. Training budgets are held by budget holders and are allocated according to the training needs identified. The Council encourages personal development through a number of trainee posts which enable career development, e.g Trainee Solicitor, Environmental Health Officer and Planner.

The Council is committed to the Leicestershire and Rutland Improvement Partnership to develop staff through agreed Management Development Competences and a supported management development programme is being followed by those staff identified. CLT have recognised the need for their continuing training and development and a programme is being developed. The Statutory Officers also access appropriate training and regularly attend externally facilitated events and workshops in their specialised areas. Regular workshops and the work of the Statutory Officers’ Group ensures that the organisation understands their specific roles and functions. Overview and scrutiny members have had external facilitation on the use of effective challenge in the scrutiny process.

The Council has recognised that it has come a long way over the previous two years, but it is keen to perform even better. Consequently, the Council has decided to invite the Improvement and

Development Agency (IDeA) into the authority in the autumn of 2008 for a Peer Review to provide challenge and give direction as to where further improvements may be made. Any further training or developmental needs will also be identified.

The Council works with a number of external stakeholders from all sections of the community to contribute to and participate in the work of the Council. Such groups include the Opportunities for People with Disabilities Group, who have just taken part in a review of their remit and are to be reformed as a sub-group of the Corporate Overview and Scrutiny Committee to further enhance and encourage their participation in the work of the Council.

(vi) **Engaging with the local people and other stakeholders to ensure robust public accountability.**

Our accountability to the local community is clearly set out in the Council's Constitution (see Summary and Explanation) which is available on the Council's website along with other Council information. In addition, the Council uses other means to communicate key messages to members of the public, such as The Vision magazine, and for staff, Inner Vision and the intranet, "the Grapevine". The March 2008 edition of Vision contained a "centre spread" on the Council's seven new improvement priorities. There is a communication programme developed with the relevant Portfolio Holder which is considered and monitored by CLT on a weekly basis.

The Council has a Sustainable Community Strategy – Central Strategy and Statement of Community Involvement which was agreed by Cabinet in early April and this was adopted by Council at its Annual Meeting in May. There was wide consultation and involvement in its development, including Local Strategic Partnership Members, Community Groups through the Community Conference, Businesses through Network Gold Survey and the Community through BVPI surveys.

Developing the Sustainable Community Strategy has meant looking very carefully at the district, its communities and the work that various agencies, organisations and businesses are doing in the district. Most importantly we have looked at what people have said is important to them about North West Leicestershire, the things they want to see improved. To do this we have:

- Looked at Government Guidance
- Checked existing plans and strategies
- Reviewed the current Community Strategy and Local Area Agreement
- Taken views from the people of the district through surveys and parish plans
- Examined the information we have about people in the district

Using this as a starting point we have carried out much more detailed research into specific priorities by talking to key people in agencies and groups working in the district and held the inaugural Community Conference attended by people from all over the district who have agreed the district Vision and Priorities.

Having established the Vision and Priorities, the specific actions needed to deliver the priorities have been set out. We recognised that having established the Vision and Priorities, the specific actions needed to deliver the priorities had to be set out and that the strategy continues to reflect the needs and views of the Community.

The Sustainable Community Strategy forms the overarching strategy for the District and the Council. It is crucial that it links directly to the Local Area Agreement between the County Council and Central Government and forms the basis for the Local Development Framework, Housing Strategy and other key strategies and plans.

If the Local Strategic Partnership and the organisations that sit on it are to be successful in achieving the Vision for North West Leicestershire set out in the Sustainable Community Strategy, it is essential that they work closely with the District's communities, finding out their views and listening to the comments they make. Similarly, as part of the new plan-making system brought in under the Planning and Compulsory Purchase Act 2004 the District Council must produce a Statement of Community Involvement. To address both these requirements, the Council is

developing a single approach to involving the Community. In due course this approach will replace the currently adopted SCI for the Local Development Framework.

The Council's new scrutiny arrangements are designed to ensure that key elements are externally focussed and involve all sections of the community and stakeholders as relevant. The new provisions include a requirement for the Scrutiny Committees to report annually to the Council on their workings and make recommendations for future work programmes and amended working methods as appropriate to ensure policies and relationships operate effectively. Over the year the Council has undertaken a review of its appointment of members to outside bodies and made recommendations to rationalise our representation on these bodies to better focus our attention on our key priorities. All Council, Cabinet and other meetings are held in public, unless there are strong statutory grounds to discuss the issue in private and then only when that requirement outweighs the public interest.

The Council Delivery Plan for the period 2007-2010 was approved by Council on 3 April 2007 and that plan not only contained the Council's then vision, but also information about outcomes for the community, achievements and the satisfaction of service users. The Financial information is made available during the Council's budgetary process which is open to the public through the scrutiny, cabinet and Council stages.

The Statement of Community Involvement applies to the development of all the Council's key strategies and plans as well as to decisions such as dealing with planning applications. It reflects current regulations and guidance on engaging the community.

The key principles which will guide our commitment to community involvement are to ensure Community Involvement

- Takes place at the right time, leading to outcomes that are in the public interest;
- Engages all sections of the community;
- Is open, fair, transparent, and effective;
- Gives ready access to information for all persons and groups at all stages;
- Provides real opportunities to:
  - Contribute to identifying issues and objectives;
  - Take an active part in developing the vision, options and proposals;
  - Be consulted and make representations on formal proposals; and
  - Get feedback and be informed about progress and outcomes.

As regards staff, the Council has adopted a Consultation Framework which involves staff at all levels and their Trade Union Representatives and Officials. There are quarterly Directorate Consultation Meetings, an Executive Consultative Group (which also meets quarterly) which is a policy discussion forum, and an Employee Consultative Group which considers unresolved issues. All groups have their functions/role clearly set out and meetings schedules over a 12 month period.

#### **4. Review of Effectiveness**

- 4.1 The Council has responsibility for conducting at least annually, a review of the effectiveness of the system of internal control. The review of effectiveness of the system, of internal control is informed by the work of the Statutory Officers' Group, Corporate Leadership Team (CLT), Heads of Services and Service Managers within the Council (who have responsibility for the development and maintenance of the internal control environment), the Internal Audit Annual Report, the work of the Corporate Governance Overview and Scrutiny Committee and comments of external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

- The full Council plays a key role in maintaining and reviewing the effectiveness of the Council's governance arrangements. In particular it has overall responsibility, as set out in the Constitution, for The Policy Framework and Budgetary Framework including the allocation of financial resources to different services and projects, proposed contingency funds, the Council Tax base, setting the Council Tax and decisions relating to the control of the Council's borrowing requirement, the control of its

capital expenditure and the setting of virement limits.

- The Leader, and six members appointed by the Council, make up the Cabinet which has responsibility for all executive functions and for making recommendations to Council within the policy and budgetary framework. Its remit is clearly set out in Part 3 of the Constitution and it plays a major role in reviewing key aspects of overall service delivery, including monitoring and effectiveness and related governance issues, including the consideration of the reports of external review bodies.
- The Governance, Overview and Scrutiny Committee has an annual meeting with the external auditor to discuss findings in the Annual Management Letter and reports and is responsible for ensuring that the Council's systems for internal control are sound by reviewing annually control mechanisms such as the Treasury Management Strategy, Prudential guidelines, risk, etc. and undertaking the role of an Audit Committee as defined by CIPFA.
- The Standards Committee has been re-launched to become a pro-active, effective support mechanism to the Council with revised Terms of Reference and full work programme to ensure continued probity and good governance of the Council's operations. This is demonstrated in the Standards Committee Annual Report to Council.
- The Council has the following control documents in place for internal control purposes:

Constitution	Employee Code of Conduct	Complaints Procedures
Financial Procedure Rules	Contact Procedure Rules	Procurement Framework
Anti-fraud and Corruption Policy	Whistle-Blowing Policy	Corporate Governance Assurance Framework
Member Officer Relations Protocol	Planning Code of Conduct	Risk Management Strategy
Risk Action Plans	IT Policy	Code of Conduct for Members
Probity in Planning	Local Code of Corporate Governance	Performance Management Framework
Proceeds Crime (Anti Money Laundering)	Business Contingency Plan	Health and Safety Policy

All documents have been made available to both staff and members.

- The Head of Legal and Democratic Services (the 'Monitoring Officer') has a duty to monitor and review the operation of the Constitution to ensure its aims and principles and give full effect. She does this on an on-going basis.
- The Council has five Overview and Scrutiny Committees and a "Commission". The Committees (and members individually) can "call-in" a decision which has been made by the Cabinet, but not yet implemented, to enable them to consider whether the decision is appropriate. They allow people to have a greater say in Council matters by holding public hearings into matters of local concern and making recommendations to Cabinet for implementation. They also challenge proposed policies and decisions by undertaking pre-decision scrutiny, thereby adding value to the Council's decision making processes. There have been two "call-ins" during the year which were dealt with appropriately.
- All reports to Council and Cabinet, are checked by the 3 Statutory Officers as follows:

Head of Paid Service (Chief Executive) - reviews for Corporate Implications.

The Section 151 Officer (Responsible Finance Officer) - reviews for financial implications.

The Monitoring Officer - reviews for legal implications and legal risk.

- The Statutory Officer Group has reviewed its Terms of Reference and made an Annual Report to CLT which has informed this year's review of the effectiveness of the Council's governance arrangements.
- Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a three year plan from which the annual work plan is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Director and Head of Service. The report includes recommendations for improvements that are included within an action plan and required agreement by service managers.
- The Internal Audit Section is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section. External Audit's latest review provided what was on the whole positive feedback on the Internal Audit Services. The Internal Audit Manager reports at least annually to the Governance Overview and Scrutiny Committee which acts as an audit committee on the outcomes of the section's work on main systems. The Internal Audit Services Manager may also report independently to this Committee on any issue where it is deemed necessary, or as required.
- The Risk Management Strategy is overseen by the Corporate Leadership Team who review the Strategy to ensure its continued relevance to the Council. All reports to Council, Cabinet and Committees have a risk management section on the front page. All risks are actively managed through the TEN system.
- Assurance statements have been signed by Heads of Service and signed off by the relevant Direct to ensure that there are adequate internal control and governance arrangements in their areas of responsibility and to provide an opportunity to inform improvement action planning requirements.
- The Statutory Officers have used the Assessment Framework within the Council's Local Code of Corporate Governance to assess compliance and review the effectiveness of our arrangements, which has informed the compilation of this statement.

4.2 The Annual Governance Statement 2007/08 has been considered by the Governance Overview and Scrutiny Committee. We have been advised by them on the outcome of their review and the effectiveness of the Governance Framework. We plan to address any weaknesses or issues raised to ensure continuous improvement of the systems and governance processes. We will ensure that satisfactory measures are put in place to deal with those issues as set out below.

**5. Significant Governance Issues**

5.1 An Action Plan has been developed (see attached at Table 2) to further improve specific control or governance issues. These issues have emerged from a review of the relevant issues arising out of the current assessment by the Statutory Officers' Group and other key officers of the Council using all relevant internal information and any external assessments.

5.2 We propose over the coming year to take the necessary steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review of our effectiveness and will monitor their implementation and operation as part of our next annual review.

.....  
 Richard Blunt  
 Leader of the Council

.....  
 Christine Fisher  
 Chief Executive

Date: .....

Date: .....

## GOVERNANCE ASSURANCE FRAMEWORK

**Table 1**

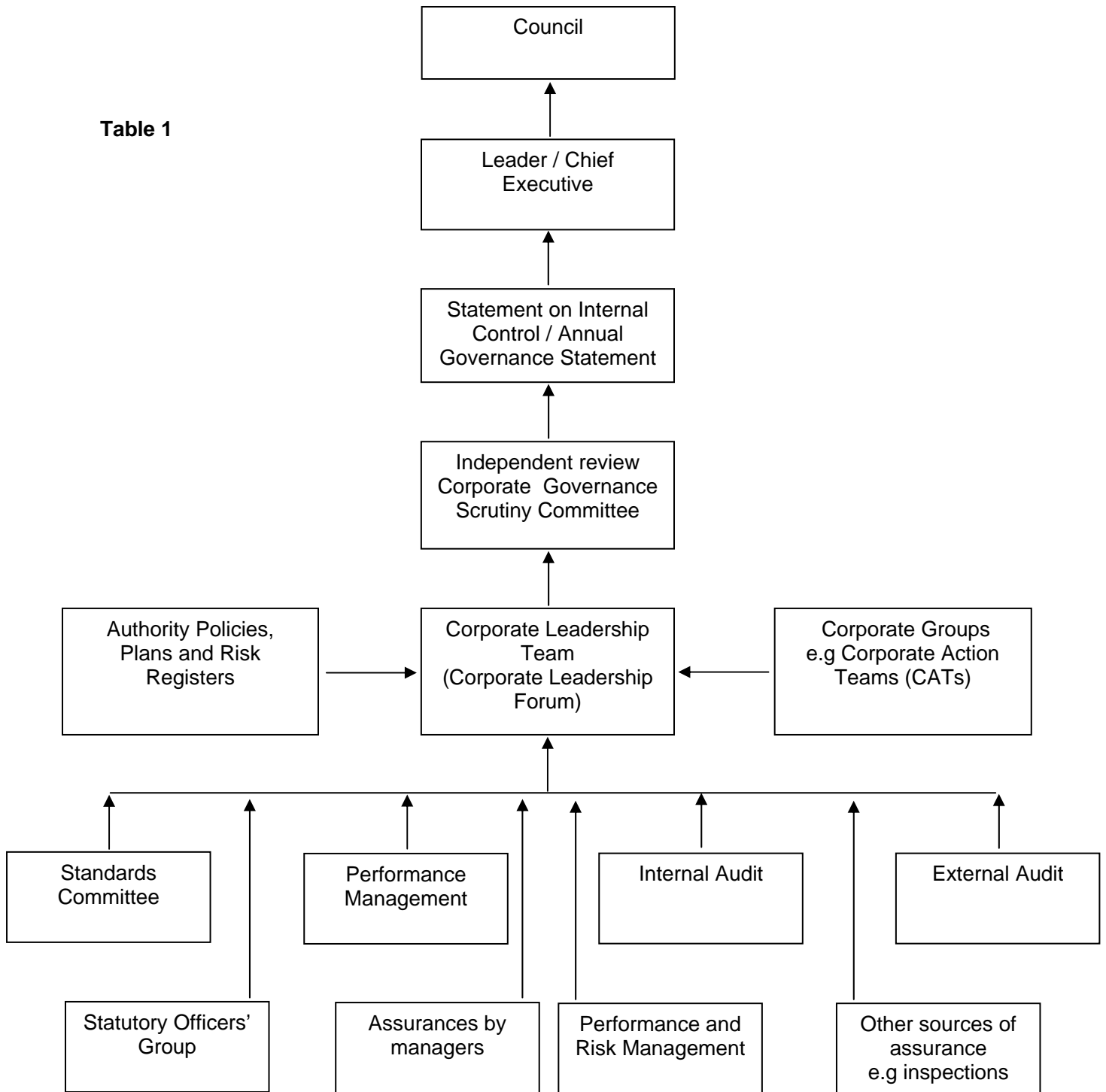


TABLE 2

PROPOSED ACTION PLAN TO DEAL WITH ANNUAL GOVERNANCE STATEMENT 2007/08 GOVERNANCE/CONTROL ISSUES

REF No.	ISSUE	PROPOSED ACTION	BY WHOM	BY WHEN			
				30/06/08	30/09/08	31/12/08	31/03/09
1	Communications Strategy - further development	Agree formal communications strategy	Head of Communications		✓		
2	Ensure Partnership work understood and agreed by all parties with sound governance arrangements and values	Develop and Adopt Partnership Toolkit	Head of Legal and Democratic Services		✓		
3	IDeA peer review October 2008 to assess council improvements and assist with improvement planning	Develop and implement action plan following IDeA peer review	CLT			✓	
4	Housing Inspection by Audit Commission identified improved performance – 1 star, promising prospects	Housing Improvement Action Plan to incorporate findings	Direct of Community/Head of Housing Management		✓		
5	Implementation of all External and Internal Audit recommendations	Establish robust system to ensure all External and Internal Audit recommendations are implemented	Internal Audit Manager – half – yearly review by Internal Audit Corporate Director – reports to governance Scrutiny Committee	✓			
6	Concern about disseminating clear messages on key policies and corporate governance issues and accessibility	Develop and implement core staff annual training programme and improve communications	Human Resources Manager / Head of Legal and Democratic Services	✓			
7	Need to consolidate and review information management arrangements (compliance)	Revised FOI, Data Protection, Information Regs and RIPA Systems, processes and co-ordination	Head of Legal and Democratic Services		✓		
8	Confirm effectiveness of Corporate Governance Committee as the Council's Audit Committee	Undertake Audit Committee's Self-Assessment checklist	Corporate Director			✓	
9	Consistent use of Customer Information	Develop system to analyse feedback, identifying improvements and provide member challenge through the overview and scrutiny process	Head of Communications / Head of Transformation		✓		

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# Independent auditor's report to the Members of North West Leicestershire District Council

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## Opinion on the financial statements

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

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

## Respective responsibilities of the Corporate Director and auditor

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

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

I report to you my opinion as to whether the Authority accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority and its income and expenditure for the year.

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

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

## Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority accounting

statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

### **Opinion**

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

Neil Bellamy – District Auditor  
Audit Commission  
Rivermead House  
7 Lewis Court  
Grove Park  
Enderby  
Leics. LE19 1SU

29 September 2008

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

### **Authority's Responsibilities**

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

### **Auditor's Responsibilities**

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

### **Conclusion**

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

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### **Best Value Performance Plan**

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

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### **Certificate**

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

Neil Bellamy – District Auditor  
Audit Commission  
Rivermead House  
7 Lewis Court  
Grove Park  
Enderby  
Leics. LE19 1SU

29 September 2008



## **OUR VISION**

North West Leicestershire will be a place where people and businesses feel they belong and are proud to call home

Communications Team,  
North West Leicestershire District Council,  
Council Offices, Whitwick Road, Coalville,  
Leicestershire, LE67 3FJ.

This document is available in other formats on request