

Statement of Accounts 2008 – 2009



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Introduction

The various statements which make up the Council's Statement of Accounts for the financial year 2008/09 are explained below

- **Explanatory Foreword**

This section provides in overall terms, the authority's financial position, and assists in the interpretation of the accounting statements.

- **Statement of Accounting Policies**

This explains the accounting policies which are consistent with the accounting concepts and relevant accounting standards. It ensures that the Council's accounts present fairly the financial position and transactions of the Council.

- **Statement of Responsibilities for the Statement of Accounts**

Under the Code of Practice on Local Authority Accounting in the UK 2005, there is a requirement for the Council, in addition to the Chief Financial Officer, to certify its approval of the Statement of Accounts.

- **Core single entity Financial Statements**

- **The Income & Expenditure Account**

This sets out the gross expenditure, income and net expenditure on the major functions and services for which the Council is responsible, and compares that cost with the finance provided from central government, grants and income from local taxpayers.

- **Statement of Movement on General Fund Balance**

This reports items of income and expenditure that are required to be credited or charged to the General Fund and which, therefore, must be taken into account when determining the budget requirement and Council Tax demand, but are not reflected in the Income and Expenditure Account. An example of these amounts is depreciation that is charged to the Income and Expenditure Account but not the General Fund.

- **Statement of Total Recognised Gains and Losses (STRGL)**

Not all gains and losses are reflected in the Income and Expenditure Account e.g. gains on the revaluation of fixed assets, they are treated as arising from asset and liability valuations rather than operating

performance. In order to assess the financial result for the year it is important to recognise all gains and losses, however they have occurred, in the STRGL.

- **The Balance Sheet**

This sets out the Council's assets and liabilities as they were at 31 March 2009. It shows the level of reserves and balances at that date, together with investments and the value of assets held. It includes the Collection Fund.

- **The Cash Flow Statement**

This sets out the inflows and outflows of cash arising from both revenue and capital transactions with third parties.

- **Notes to the Core Financial Statements**

- **Supplementary Single Entity Financial Statements**

- **The Collection Fund**

This sets out the statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Council as the Billing Authority in relation to Non-Domestic Rates and Council Tax. It illustrates the way in which these have been distributed, as precepts payable to the County Council, Police Authority and the Council's General Fund.

- **Annual Governance Statement (AGS)**

The Accounts and Audit Regulations 2003 have established requirements related to systems of internal control and the review and reporting of those systems.

The authority is responsible for ensuring that the financial management of the Council is adequate and effective and that the Council has a sound system of internal control.

The publication of the 2008 CIPFA Framework represents a change in the available good practice guidance for authorities. CIPFA's previous published guidance has been formally withdrawn and replaced by new Framework documents. The new guidance recommends that the review of the effectiveness of the system of internal control that local authorities are required to undertake should be reported in an Annual Governance Statement. The AGS replaces the previously reported Statement of Internal Control.

Revenue Income and Expenditure

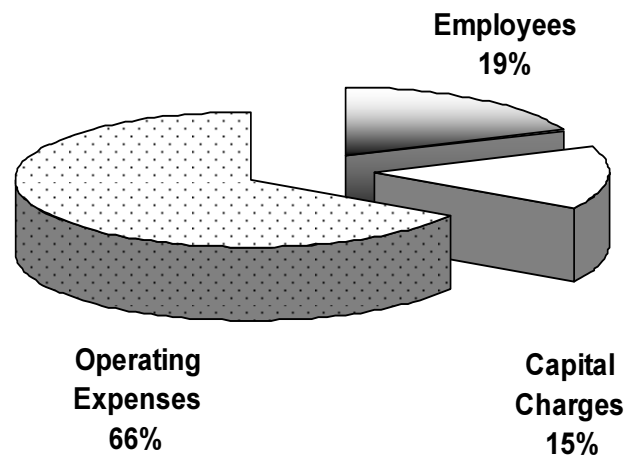
The accounts which follow, give details of the financial aspects of the Council's income and expenditure, but the charts below show in broad terms where the Council's money comes from, what it is spent on and how it is used to provide the various services.

What the Money is spent on

Operating Expenses, such as maintaining buildings, operating vehicles, purchases of supplies and services, as well as giving housing benefits and other rating reliefs, account for about 66% of the total expenditure.

Employees' costs account for about 19% of the total expenditure.

Capital Charges, account for about 15% of the total expenditure, and are the charges made for use of the Council's fixed assets.



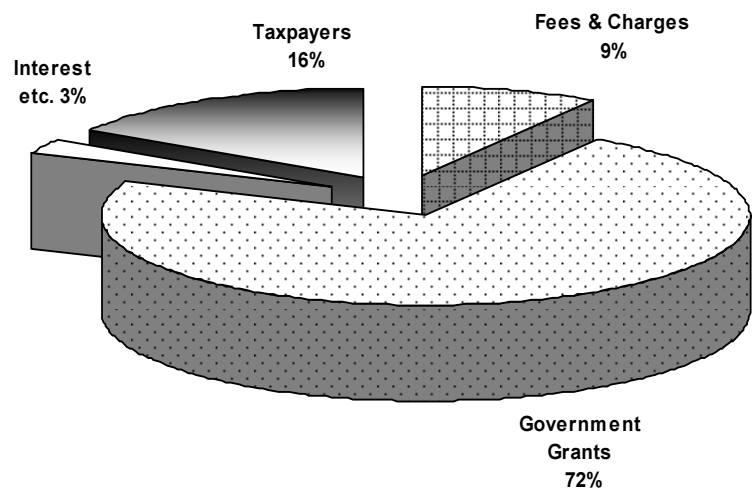
Where the Money comes from

The contribution from Council Taxpayers amount to about 16% of the total income.

Government Grants, amount to about 72% of the total income.

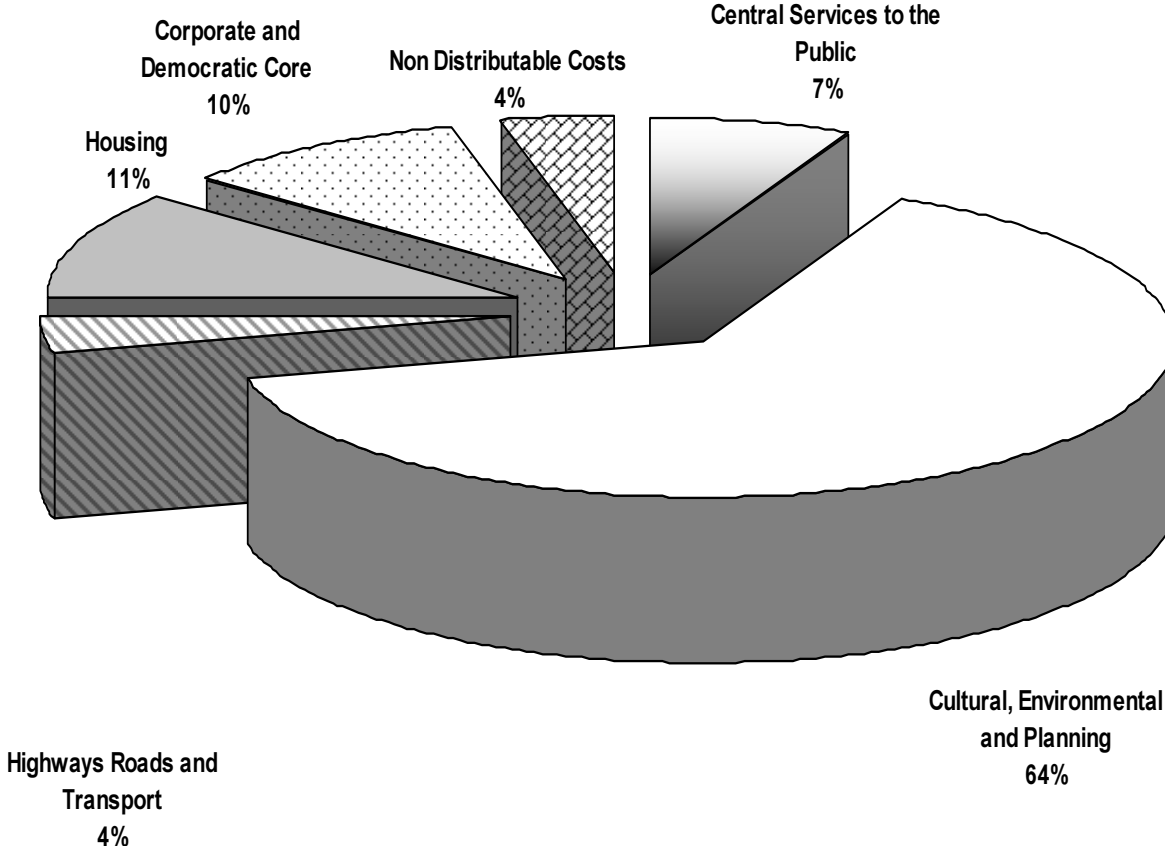
Fees and Charges amount to about 9% of the total income.

Interest amounts to about 3% of the total income.



Revenue Income and Expenditure

The Services Provided



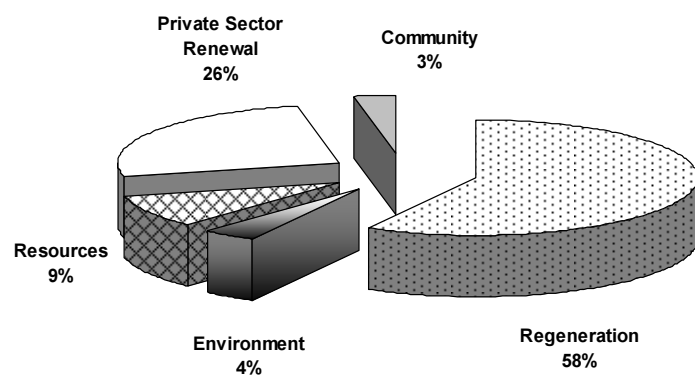
Capital Income and Expenditure

Capital Spending

The Authority spent £5m on capital projects during 2008/09 (£5,489k in 2007/08).

The main areas of expenditure during 2008/09 were:

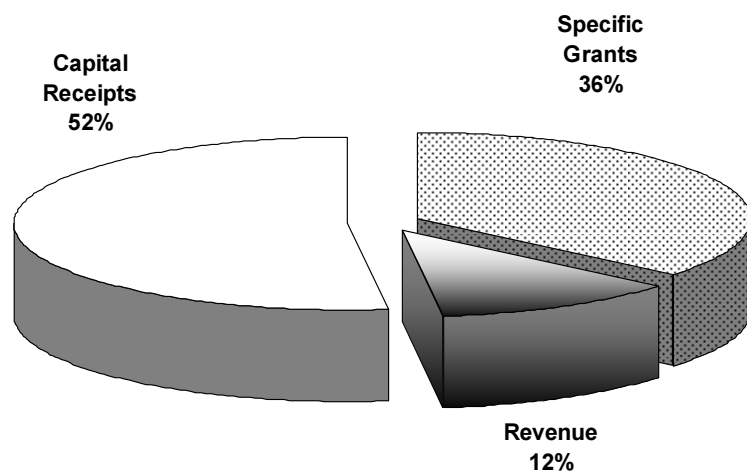
- Contribution to the development of Heapham Road Industrial site - £1,278k
- Strategic purchase of properties in Gainsborough - £827k
- Disabled Facilities Grant - £692k
- Decent Homes Scheme - £584k



Capital Financing

The capital expenditure was financed as follows:

- Specific Grants - £1,810k
- Capital Receipts - £2,607k
- Revenue - £592k



Revenue Income and expenditure

The main components of the original General Fund Budgets for 2008/2009 and how these compare with actual income and expenditure are set out below:

The net position on General Fund services shows	Original Budget 2008/2009 £000's	Outturn 2008/2009 £000's
Expenditure to be met from Government Grant and Local Taxation	14,365	13,914
■ Transfer to (from) Reserves	212	479
■ Transfer to (from) General Fund Balance	5	356
Total Expenditure	14,582	14,749
Financed by:		
■ Revenue Support & Area Based Grant	960	983
■ NNDR Pool Contribution	6,896	6,896
■ Collection Fund Surplus	158	158
■ Local Authority Business Growth Initiative		144
■ Council Precept	6,568	6,568
Total Finance	14,582	14,749

The table below shows the main areas of underspends/overspends.

Underspends/Savings/ Additional Income	2008/2009 £000's
■ LABGI income	144
■ Additional income from Planning Delivery Grant	651
■ Housing Benefit Payments & Council Tax Benefit Subsidy	323
■ Savings on Waste Collection services	93
■ Savings on Concessionary Fares	108
■ Forward Planning	55
■ Housing	60
Offset by overspends	
■ Administrative Buildings	(258)
■ Development Control	(290)
■ Land Charges	(47)
■ Other Overspends	(13)
■ Transfers to Reserves	(475)
Total Variations	351

Future Developments

The Capital Programme for 2009/2010 includes the following major items:

Item	2009/2010 £000's
■ Private Sector Housing Grants	1,838
■ YaSiG – Coffee Bar/Education Centre	724
■ Sporting initiatives in the Lincoln Fringe Villages	200
■ Growth Point Capital Point	500
■ Caistor Town Heritage Initiative	159
■ Gainsborough Regained	1,000
■ Contribution to Infrastructure Schemes	25
■ E Government Initiatives	117
■ Property Improvements	173
■ Replacement of Financial Software System	255
■ Purchase of additional wheeled bins	576
Total	5,567

The Capital Programme above will be financed by either grants or use of Capital Receipts.

Within the Revenue Budget for 2009/2010, the Council has identified additional funds for investment in its priorities. These are summarised below:-

	2009/2010 £000's
■ Economic Development & Regeneration	
▪ Civil Parking Enforcement	52
▪ Beaumont Street Lease	5
▪ Car Parking Income	20
▪ Market Income	14
▪ Market Erectors/Staffing	2
■ Community & Waste Services	
▪ Neighbour hood Services Job Evaluation cost	15
▪ Lincoln Dial a Ride	1
▪ Additional Fuel Cost	45
▪ Free Green Bins for over 65s	285
▪ Kennel Fees	7
■ Organisation Development	
▪ Marshall's Yard – Service Charge/NNDR	55
▪ Members' Allowances	3
▪ Depot Buildings	4
▪ Admin Buildings (Lord Street/CCTV Office)	13
▪ Webcast Equipment	15
▪ Elections – Software Licence	1
▪ Data Protection – Members	1
▪ Press & Public Relations	24
▪ Legal Shared Services	21
▪ Corporate Consultancy	50
■ Planning Committee	
▪ Land Charges Income	40
▪ Development Control Income	80
▪ Homelessness Contract	87
▪ Planning Support Income	11
▪ Parish Lighting	4
Total	855

Retirement Benefits

Disclosure requirements under the Code of Practice have been extended from 2004/2005 as part of the phased implementation of FRS17 to now provide full disclosure.

Details of the information are set out in Note 41 to the Core Financial Statements.

Changes to the Statement of Accounts introduced by the 2008 SORP reflected in the 2008/09 accounts

The 2006 SORP introduced some key changes to the Statement of Accounts particularly around Capital Accounting which require reflecting in the 2008/09 accounts. The most substantive change relates to the treatment of the impairment of Fixed Assets, further detailed in the statement of movement of General Fund Balances (Page 23) and the Movement in Tangible Fixed Assets in the Notes to the Core Financial Statements (Page 39) In addition the former reference to “Deferred Charges” has been replaced by “Revenue Expenditure Financed from Capital Under Statute” (REFCUS).

Exceptional Item

The Council had £7million deposited in 3 of the Icelandic banks which collapsed during the year. This is detailed in Note 2 of the Notes to the Core Financial Statements (Page 27) and the impact of the collapse is dealt with throughout the Statement, where it impinges upon the Council’s financial detail.

**Further Information
about the accounts is available from:**

**Director of Resources and Deputy Chief Executive
Guildhall Marshalls Yard
Gainsborough
Lincolnshire DN21 2NA**

Statement of Accounting Policies and Concepts page 10

1. General Principles

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008, A Statement of Recommended Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA), together with guidance notes issued by CIPFA. It incorporates all Statements of Standard Accounting Practice (SSAP) and Financial Reporting Standards (FRS) applicable to local authorities, as approved by the UK's Accounting Standards Board. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

2. Accruals of Income and Expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the balance sheet. Stocks are valued in the Balance Sheet on the average price basis with no allowance made for obsolescent and slow moving items. This is a departure from the requirements of the Code and SSAP 9, which require stocks to be shown at actual cost or net realisable value, if lower; the effect of the different treatment is not material.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable on borrowings and receivable on investments is accounted for in the year to which it relates, on a basis that reflects the overall effect of the loan or investment.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

3. Debtors and Creditors

The revenue and capital accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice (FRS 18) and SSAP2. 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.

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

4. Intangible Fixed Assets

Certain types of capital expenditure do not result in the creation of a tangible fixed asset (not of physical substance). Where such expenditure gives access to a future economic benefit that is controlled by the authority it is deemed to be an Intangible Asset e.g. software licences. In this instance the capital expenditure is amortised to the relevant Service Revenue Account over the economic life of the investment to reflect the pattern of consumption of benefits.

5. Tangible Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the Council and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

Fixed assets 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 Institution of Chartered Surveyors. A full revaluation of assets was undertaken on the 1 April 2009 and was carried out by J. Butcher BSc(Hons) M.R.I.C.S. of Banks, Long & Co. Fixed Assets have been included in the Balance Sheet on the following basis:

- Land, buildings and other operational assets are included at the lower of net current replacement cost and net realisable value
- Non-operational assets, including investment properties and assets that are surplus to requirements are included at the lower of net current replacement cost or net realisable value.

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- Infrastructure assets and community assets are included at historical cost, net of depreciation

Net current replacement cost is assessed as:

- Non-specialised operational properties – existing use value
- Specialised operational properties – depreciated replacement cost

Investment properties and surplus assets – market value

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value.

Where impairment is identified as part of this review or as result of a valuation exercise, this is accounted for by:

- Where attributable to the clear consumption of economic benefits – the loss is charged to the relevant service revenue account
- Otherwise – written off against any previous revaluation gains on the asset held in the Revaluation Reserve, or if there are no or insufficient gains the balance is written off to the Income and Expenditure account.

Fixed assets are held in an asset register, which includes all assets valued above a de minimus level of £10,000.

The Council has acquired a variety of assets by means of operating leases e.g. refuse freighters.

In accordance with current accounting procedures, income from the disposal of fixed assets is accounted for on an accruals basis, and is included in the Useable Capital Receipts Reserve within the Balance Sheet.

6. Depreciation

Depreciation is provided for on all fixed assets with a finite useful life.

The following are not depreciated:

- Land and Investment property
- Newly acquired assets in the year of acquisition

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All other assets are depreciated using the straight line method. The useful economic life assumed are:

	Years
■ Offices / Leisure Centre	40
■ Depots & Stores	20
■ Sport Clubs	20/40
■ Sport Pavilions / Halls	5/10/15
■ Public Conveniences	15/40
■ CCTV Systems	20
■ IT Equipment / Wheeled Bins.....	3/5/10
■ Vehicles / Bin Lifters.....	8
■ District Boundary Signs.....	10
■ Infrastructure Assets	40

7. Revaluation

Revaluations of fixed assets are planned at 5 yearly intervals. Material changes to asset valuations in the intervening periods will be adjusted in the year they occur. The last formal valuation was carried out on 1 April 2009.

8. Charges to Revenue for Fixed Assets

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

- Depreciation attributable to the assets used by the relevant service.
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service.
- Amortisation of intangible fixed assets attributable to the service.
- Revaluation losses in excess of any previous accumulated revaluation gains held in the Revaluation Reserve.

9. Provisions

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

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

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

10. Stocks and Work in Progress

Stocks are valued in the Balance Sheet on the average price basis with no allowance made for obsolescent and slow moving items. This is a departure from the requirements of the Code and SSAP 9, which require stocks to be shown at actual cost or net realisable value, if lower; the effect of the different treatment is not material.

Work in Progress is subject to an interim valuation at the year-end and recorded in the balance sheet at cost plus any profit reasonably attributable to the works.

11. Costs of Support Services

The costs of management and administration have been allocated to services on the basis of actual costs.

The method of charging for various support services for 2008/2009 is as follows:

Unit Charge Basis

Unit charges are based on the average cost of providing facilities and are charged out on the basis of the number of units required and include the services listed below:

Statement of Accounting Policies and Concepts page 15

<u>Service</u>	<u>Unit</u>
■ Switchboard and Telephone	Telephone Extension
■ Office Accommodation	Square Metre Occupied
■ Depot Accommodation	Square Metre Occupied
■ Computer Hardware	Number of Computers

Employees Charge Basis

Employees charges are made according to the number of employees for each service based on the proportion of employees in the Council and include the services listed below:

- | | |
|----------------------|--------------------------------------|
| ■ Support Service | ■ Payment of Salaries and Allowances |
| ■ Financial Services | ■ Personnel |
| ■ Reception Services | ■ Press & Public Relations |
| ■ Exchequer | ■ Health & Safety |

Transaction Charge Basis

Transaction charges are made according to the number of transactions required for each service based on the average unit transaction cost of providing the overall service or the actual cost of goods provided and includes the services listed below:

- | | |
|------------|----------------------|
| ■ Printing | ■ Central Purchasing |
|------------|----------------------|

Actual Cost Basis

The charges made for the service received are charged to the receiving service on an actual cost incurred basis. Invoices received are recharged to the receiving service and include the services listed below:

- | | |
|------------------|---------|
| ■ Internal Audit | ■ Legal |
|------------------|---------|

Statement of Accounting Policies and Concepts page 16

12. Government Grants and Contributions (Revenue)

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

13. Leases

At present the Council does not hold any assets under finance leases only assets held under operating leases. Rental amounts relating to these operating leases are charged to the relevant service revenue account on a straight line basis over the term of the lease, generally meaning that rentals are charged as they become payable.

14. Reserves

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

15. Investments

Investments are carried at cost. If the value of an asset falls below its cost, the investment is written down to market value and a provision for the unrealised loss made in the Income and Expenditure Account if this is unlikely to be a temporary fall.

A proportion of the Council's investments were managed during the year by Tradition Fund Managers.

16. The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme;

- The liabilities of the Lincolnshire County Council pension scheme attributable to the council are included in the Balance Sheet on an

Statement of Accounting Policies and Concepts page 17

actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions around mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their values at current prices, using a discount rate of 6.9% (based on the gross redemption yield on the iboxx Sterling Corporates Index, AA over 15 years).
- The assets of the Lincolnshire County Council pension fund attributable to the council are included in the balance Sheet at their fair value;
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value
- The change in the net pension liability is analysed into seven components:
 - current service cost – the increase in liabilities as result of years of service earned this year – allocated to the revenue accounts of services for whom the employees worked
 - past service cost - the increase in liabilities arising from current year decisions whose effect related to years of service earned in earlier years – debited to the Net cost of Services as part of Non Distributed Costs
 - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure
 - expected return on assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Net Operating Expenditure
 - gains/losses on settlements and curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services as part of Non-Distributed Costs
 - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuations or because the actuaries have updated their assumptions - not charged to revenue contributions

paid to the Lincolnshire County Council pension fund – cash paid as employer's contributions to the pension fund

- In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at year-end.

Discretionary benefits

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

Change of Accounting Policy

Under the 2008 SORP the council has adopted the amendment to FRS 17, *Retirement Benefits*. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of the scheme assets at 31 March 2009 has been restated (based on applying an adjustment of -0.5% to the employer's mid market value of the assets as at the 31 March 2009).

Further information on disclosure requirements issued by CIPFA on FRS 17 for Retirement Benefits, can be found in Note 41 to the Core Financial Statement.

Information relating to the disclosures for FRS17 has been provided by the Actuary to the Lincolnshire County Council Pensions Fund. Exceptionally early retirements with enhancements are recharged separately by Lincolnshire County Council Pension Fund, and are charged to the Non Distributed Cost (NDC) within the General Fund.

Further information can be found in the Lincolnshire Local Government Pension Fund Annual Report which is available from:

Statement of Accounting Policies and Concepts page 19

**The Resources Directorate
Lincolnshire County Council, County Offices
Newland, Lincoln, LN1 1YG**

17. Value Added Tax (VAT)

VAT is not included within the revenue and capital accounts except where the Council is unable to recover the tax from HM Customs and Excise.

18. Accounts and Audit Regulations 2003 as amended

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

19. Discontinued Operations

The Authority had no discontinued operations in the year of account.

20. Contingent Assets & Liabilities

As at the Balance Sheet date, the authority has no Contingent Assets or Liabilities to disclose.

21. Exceptional Items, Extraordinary Items and Prior Period Adjustments

Where material, these items will be included in the accounts and disclosed during the year of account. Should a prior period adjustment be necessary, the comparative figures for previous years will be restated where required and a full disclosure note presented.

22. Post Balance Sheet Events

Where a material post balance sheet event occurs which:-

- Provides additional evidence relating to conditions existing at the balance sheet date; or
- Indicates that application of the going concern concept to a material part of the authority is not appropriate,

Changes are made in the amounts due to be included in the Statement of Accounts.

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The occurrence of a material post balance sheet event which concerns conditions that did not exist at the balance sheet date are disclosed in notes to the Balance Sheet. The note discloses the nature of the event and an estimate of the financial effect.

23. **Group Accounts**

The Council does not have a requirement to prepare Group Accounts.

24. **Revenue Expenditure Funded From Capital Under Statute**

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax. Such transactions were previously known as Deferred Charges but with effect from this year have been redesignated as items of Revenue Expenditure Funded from Capital under statute.

25. **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.

Further details of how the Council treats its liabilities can be found within Note 48 of the Notes to the Core Financial Statements.

26. **Financial Assets**

Financial Assets are classified into two types:

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

Further details of how the Council treats its assets can be found within Note 48 of the Notes to the Core Financial Statements.

Income and Expenditure Account For the Year Ended 31 March 2009

This account summarises the resources that have been generated and consumed in providing services and managing the council during the last year. It includes/ all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

Net 2007/2008 £000's	Services	Notes	Expenditure 2008/2009 £000's	Income 2008/2009 £000's	Net 2008/2009 £000's
900	Central Services to the Public		6,862	(5,590)	1,272
9,175	Cultural, Environmental and Planning		14,404	(3,141)	11,263
910	Highways, Roads and Transport		1,123	(409)	714
1,422	Housing		17,606	(15,729)	1,877
1,214	Corporate and Democratic Core		1,783	(20)	1,763
(133)	Non Distributable Costs		1,758	(1,106)	652
13,488	Net Cost of Services		43,536	(25,995)	17,541
(578)	(Gain)/Loss on sale of Fixed Assets				(223)
210	Contribution to Parish Councils				204
896	Precepts paid to Parish Councils				1,028
264	Drainage Board Levies				273
104	(Surplus)/Deficit on Trading Activities	4			364
(1,220)	Interest and Investment Income	48			(1,026)
0	Exceptional item: Financial Instrument and Interest impairment	2/45			1,481
(55)	Pension Interest cost and expected return on pension asset	41			564
13,109	Net Operating Expenditure				20,206
(1,584)	General Government Grants				(1,126)
(6,498)	Non-Domestic Rate Distribution				(6,896)
(6,325)	Demand on Collection Fund				(6,727)
(1,298)	Income & Expenditure Account (Surplus) / Deficit				5,457

Statement of Movement on the General Fund Balance

Statement of Movement on the General Fund

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

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

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

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

2007/2008 £000's	Services	2008/2009 £000's
(1,298)	(Surplus)/Deficit for the Year on the Income and Expenditure Account	5,457
982	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund balance for the year	(5,813)
(316)	(Increase)/Decrease in General Fund balance for the Year	(356)
(1,812)	General Fund balance brought forward	(2,128)
(2,128)	General Fund balance carried forward	(2,484)

Statement of Movement on the General Fund Balance

Reconciling items for the Statement of Movement on the General Fund Balance

2007/2008 £000's		2008/2009 £000's
	Amounts included in the Income & Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year	
(184)	Amortisation of Intangible Fixed Assets	(96)
(512)	Depreciation & impairment of fixed assets	(3,377)
0	Impairment of Investments	(1,191)
42	Amortisation of Government Grants	45
(1,003)	Write down of REFCUS Charges financed from Capital Resources	(2,180)
578	Gain/(Loss) on Sale of Fixed Assets	223
(1,057)	Net Charges made for Retirement Benefits per FRS17	(1,613)
(2,136)		(8,189)
	Amounts not included in the Income & Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year	
0	Minimum Revenue Provision for Capital Financing	0
420	Capital Expenditure charged in year to the General Fund	592
1,381	Employer's contributions payable to the Local Government Pension Fund and retirement benefits paid direct	1,305
1,801		1,897
	Transfers to or from the General Fund that are required to be taken into account when determining the movement on the General Fund Balance for the year	
0	Voluntary revenue provision for capital financing	0
1,317	Transfers To/(From) Earmarked Reserves	479
1,317		479
982	Net amount required to be debited or credited to the General Fund balance for the year	(5,813)

Statement of Total Recognised Gains and Losses

Statement of Total Recognised Gains and Losses at 31 March 2009

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

	2007/2008 £000's	2008/2009 £000's
■ (Surplus)/Deficit in the Income and Expenditure Account	(1,298)	5,457
■ (Increase)/Decrease in the Collection Fund	76	138
■ Actuarial (gains)/Losses on Pension Fund Assets & Liabilities	17	4,666
■ Prior Year Adjustment	0	0
■ (Increase)/Decrease in the Revaluation of Fixed Assets	(974)	(969)
Total Recognised (Gains) and Losses for the year	(2,179)	9,292

Balance Sheet as at 31 March 2009

31 March 2008 £000's	Balance Sheet	Notes	31 March 2009 £000's
	Fixed Assets		
0	Intangible Fixed Assets	29	0
	Tangible Fixed Assets	27	
	Operational Assets:		
10,781	Land and Buildings		10,453
2,616	Vehicles, Plant, Furniture & Equipment		2,407
661	Infrastructure Assets		637
0	Community Assets		0
	Non-Operational Assets:		
2,298	Investment Properties		3,351
47	Assets under Construction		142
3,294	Surplus Assets held for Disposal		1,459
19,697	Total Fixed Assets		18,449
	Long Term Assets		
1,538	Investments	48/50	1
26	Long Term Debtors	52	19
1,564	Total Long Term Assets		20
	Current Assets		
36	Stocks	51	35
4,607	Debtors	52/53	5,286
15,826	Short Term Investments	45/48	13,549
104	Cash in Hand	44	216
20,573	Total Current Assets		19,086
41,834	Total Assets		37,555
	Current Liabilities		
(5,506)	Creditors	54	(5,175)
(450)	Cash overdrawn	44	(480)
(5,956)	Total Current Liabilities		(5,655)
35,878	Total Assets – Less Current Liabilities		31,900
	Long Term Liabilities		
(294)	Government Grants Deferred Account	54	(637)
(495)	Unapplied Capital Grants and Contributions		(492)
(9,198)	Liability Related to Deferred Benefit Pension Scheme	34/41	(14,172)
(9,987)	Total Long Term Liabilities		(15,301)
25,891	Total Assets – Less Liabilities		16,599
(7,855)	Useable Capital Receipts	34	(5,628)
(22)	Deferred Capital Receipts	34/46	(16)
(974)	Revaluation	34	(1,551)
0	Financial Instruments Adjustment A/c	34/35	1,191
(17,365)	Capital Adjustment Account	34	(15,196)
(6,481)	Earmarked Revenue Reserves	34	(6,960)
9,198	Pensions Reserve	34	14,172
(2,128)	General Fund	34	(2,485)
(264)	Collection Fund Account	34	(126)
(25,891)	Total Equity		(16,599)

Cash Flow Statement

2007/2008 £000's	Heading	Notes	2008/2009	
			£000's	£000's
	Revenue Activities – Cash Outflows			
9,009	■ Cash Paid to Employees		9,313	
12,604	■ Other Operating Expenses		14,934	
12,509	■ Housing Benefit Paid Out		14,292	
12,506	■ NNDR payment to National Pool		13,229	
33,625	■ Precepts Paid		36,469	
80,253				88,237
	Cash Inflows			
(35,451)	■ Council Tax Income		(37,462)	
(6,498)	■ NNDR Receipts from National Pool		(6,896)	
(13,161)	■ Non Domestic Rate Income		(13,599)	
(1,718)	■ Other Government Grants	47	(2,214)	
(1,091)	■ Revenue Support Grant		(960)	
(18,096)	■ DWP Grants for Benefits	47	(19,149)	
(3,562)	■ Cash Received for Goods & Services		(3,319)	
(413)	■ Other Operating Cash Receipts		(941)	
(79,990)				(84,540)
	Net from Revenue Activities			
263	Servicing of Finance			3,697
	Cash Inflows			
(1,255)	■ Interest Received			(889)
(992)	Net cash outflow / (inflow) from revenue activities	42		2,808
	Capital Activities			
	Cash Outflows			
1,659	■ Purchase of Fixed Assets		1,258	
1,878	■ Other Capital Payments		96	
3,537			1,354	
	Cash Inflows			
(612)	■ Sales of Fixed Assets		(621)	
(19)	■ Capital Grants and Contributions Received		(561)	
(420)	■ Other Capital Receipts		(592)	
2,486	Net from Capital Activities			(420)
1,494	Net Cash Outflows/(Inflows) Before Financing			2,388
	Financing Cash Outflows			
	■ Long Term Investments Made			
710	■ Short Term Investments made			
	Cash Inflows			
	■ Short Term Investments- Recalled		(970)	
(2,000)	■ Long Term Investments - Recalled		(1,500)	
	■ Net from Financing			(2,470)
204	(Increase) / Decrease in Cash and Cash Equivalents	44		(82)

Notes to the Core Financial Statements

1. Acquired or Discontinued Operations

There were no acquired or discontinued operations.

2. Prior Period and Exceptional / Extraordinary items

There are no prior period adjustments.

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The Council had £7,000,000 deposited across three of these institutions, with varying maturity dates and interest rates as follows:

Bank	Date Invested	Maturity Date	Amount Invested	Interest Rate
Glitnir	07/02/08	06/02/09	1,000,000	5.45%
Heritable Bank Ltd	15/07/08	17/10/08	1,000,000	5.88%
Landsbanki Islands Ldn	15/07/08	17/10/08	1,000,000	5.88%
Landsbanki Islands Ldn	30/07/08	17/10/08	1,500,000	5.80%
Landsbanki Islands Ldn	15/08/08	21/11/08	1,500,000	5.89%
Heritable Bank Ltd	17/09/08	08/10/08	1,000,000	5.55%

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

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

Notes to the Core Financial Statements

Heritable Bank

Heritable bank is a UK registered bank under Scots law. The company was placed in administration on 7 October 2008. The creditor progress report issued by the administrators Ernst and Young, dated 17 April 09 outlined that the return to creditors was projected to be 80p in the £ by end 2012 with the first dividend payment of 15p in the £ due in the summer of 2009. The authority has therefore decided to recognise an impairment based on it recovering 80p in the £. It is anticipated that there will be some front loading of these repayments and that a final sale of assets will take place after the books have been run down to the end of 2012. Therefore in calculating the impairment the Council has made the following assumptions re timing of recoveries:

July 2009 – 15%
July 2010 – 30%
July 2011 – 15%
July 2012 – 10%
July 2013 – 10%

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

Landsbanki Islands hf

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. Old Landsbanki's affairs are being administered under Icelandic law. Old Landsbanki's latest public presentation of its affairs was made to creditors on 20 February 2009 and can be viewed on its website. This and other relevant information indicates that recovery of between 90-100 % could be achieved, and the authority has taken a mid point position and assumed recovery at 95% by 2012. The authority has therefore decided to recognise an impairment based on it recovering 95p in the £.

Recovery is subject to the following uncertainties and risks:

- Confirmation that deposits enjoy preferential creditor status which is likely to have to be tested through the Icelandic courts.
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the authority's claim, which may be denominated wholly or partly in currencies other than sterling.

Notes to the Core Financial Statements

- Settlement of the terms of a 'bond' which will allow creditors of old Landsbanki to enjoy rights in New Landsbanki.
- The impact (if any) of the freezing order made by the UK Government over Landsbanki's London branch assets.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to one third of its liabilities, assuming that the Bond remains at its current value. Therefore, if preferential creditor status is not achieved the recoverable amount may only be 33p in the £.

No information has been provided by the resolution committee about the timing of any payments to depositors. Because it is anticipated that all the assets of Landsbanki Islands will need to be realised to repay priority creditors, settlement in a single sum is unlikely. Therefore, in calculating the impairment, the authority has used the estimated repayment timetables for Heritable and KS&F as a basis for its assumption about the timing of recoveries. It is therefore assumed that the repayment will be split roughly evenly between March 2010, December 2010, December 2011 and December 2012.

Recoveries are expressed as a percentage of the authority's claim in the administration, which it is expected may validly include interest accrued up to 14 November 2008 or the maturity date if earlier.

Glitnir Bank hf

Glitnir Bank hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Glitnir) with the management of the affairs of Old Glitnir being placed in the hands of a resolution committee. Old Glitnir's affairs are being administered under Icelandic law. Old Glitnir's latest public presentation of its affairs was made to creditors on 6 February 2009 and can be viewed on its website. This indicates that full recovery of the principal and interest to 14 November 2008 is likely to be achieved. Recovery is subject to the following uncertainties and risks:

- Confirmation that deposits enjoy preferential creditor status which is likely to have to be tested through the Icelandic courts.
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the authority's claim, which may be denominated wholly or partly in currencies other than sterling.
- Settlement of the terms of a 'bond' which will allow creditors of old Glitnir to enjoy rights in New Glitnir.

Notes to the Core Financial Statements

The Council has therefore decided to recognise an impairment based on it recovering the full amount of principal and interest up to 14 November 2008 in the future. The impairment therefore reflects the loss of interest to the Council until the funds are repaid.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to 40% of its liabilities, assuming that the Bond remains at its current estimated value. Therefore, if preferential creditor status is not achieved the recoverable amount may only be 40p in the £.

No information has been provided by the resolution committee about the timing of any payments to depositors. Since the value of deposits is small compared to the total asset value of the bank, in calculating the impairment the authority has therefore made an assumption that the repayment of priority deposits will be made by 31 March 2010.

Recoveries are expressed as a percentage of the Council's claim in the administration, which it is expected may validly include interest accrued up to 14 November 2008.

The impairment loss recognised in the Income and Expenditure Account in 2008/09, £1,480,729, has been calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the Council until monies are recovered.

Adjustments to the assumptions will be made in future accounts as more information becomes available.

The Council has taken advantage of the Capital Finance Regulations to defer the impact of the impairment on the General Fund, and a sum of £1.191m has been transferred to the Financial Instruments Adjustment Account. The balance of £0.290m relates to interest which has been borne in full by the General Fund.

3. Un-discharged obligations arising from Long Term Contracts

The Council has no outstanding un-discharged obligations arising from long term contracts.

Notes to the Core Financial Statements

4. Trading Operations

The Council operates trading accounts, (car parking is shown in Highways, Roads and Transport) the details of income and expenditure of which are shown below:

2007/2008 Trading (Surplus)/ Deficit £000's	Service	2008/2009 Expenditure £000's	2008/2009 Income £000's	2008/2009 Trading (Surplus)/ Deficit £000's
115	■ Markets	132	(76)	56
62	■ Industrial Estates	43	0	43
(73)	■ Shops	423	(158)	265
104		598	(234)	364
210	■ Car Parking	385	(212)	173
314		983	(446)	537

The overall deficit shown for 2008/2009 on Trading Services reflects the ongoing contributions towards the Beaumont Street Car Park built by the Co-op (£244k rent in 2008/2009) and the continued cost of the Industrial Estates.

5. Section 137 Expenditure

Section 137 of the Local Government Act 1972, as amended, empowers local authorities to make contributions to certain charitable funds, not for profit bodies providing a public service in the United Kingdom and mayoral appeals. The Council did not make any payments under this power in 2008/09 (£nil in 2007/2008).

6. Publicity

As per the requirements of section 5(1) of the Local Government Act 1986 the Council's spending on publicity was:

	2007/08 £ 000's	2008/09 £ 000's
Recruitment advertising	32	48
Other advertising	145	146
Total	177	194

Notes to the Core Financial Statements

7. Building Control

Under the Building (Local Authority Charges) Regulations 1998, which came into force on 1 April 1999, Local Authorities are now able to set their own level of fees for some Building Control functions.

However, certain activities performed by the Building Control function cannot be charged for, such as giving general advice and liaising with other statutory bodies.

The chargeable element of the service must break even over a three year rolling period; the current period being between 1 April 2006 and 31 March 2009. There was a surplus of £230k over the period.

The Council's fees have been based on the Local Government Association model charges scheme.

The following statement sets out the 2008/2009 cost of operating the service divided between the chargeable and non chargeable activities.

	Total 2007/2008 £000's	Chargeable 2008/2009 £000's	Non Chargeable 2008/2009 £000's	Total 2008/2009 £000's
■ Expenditure for Year	506	267	250	517
■ Income for Year	(357)	(312)	0	(312)
(Surplus)/Deficit for Year	149	(45)	250	205

8. The Nature and Amount of any Significant Agency Income & Expenditure

The Council does not have any material expenditure in relation to agencies.

9. Transport Arrangements under the Transport Act 2000

The Council does not have any arrangements under the Transport Act 2000 to be disclosed.

10. Business Improvement District Schemes

No Business Improvement Schemes have been created within the District.

Notes to the Core Financial Statements

11. Income from bodies under the Local Authorities (Goods and Services) Act 1970

The Council does not receive income from bodies under the Local Authorities (Goods and Services) Act 1970.

12. Pooled Arrangements

The Council is required to declare any partnership schemes under s31 of the Health Act 1999. The Council has not entered into any relevant arrangements.

13. Government Grants

Details of government grants received are set out in the Notes to the Cash Flow Statement.

14. Members' allowances

Members Allowances paid during the year amounted to £243k (2007/2008 £232k)

15. Officers' Emoluments

In accordance with the Accounts and Audit Regulations 2003 as amended, the following information is provided to detail the number of officers employed during the year whose remuneration exceeded £50,000, listed in bands of £10,000 above that figure. For this purpose "remuneration" means all amounts paid to or recoverable by an employee and includes sums due by way of expenses allowance (in so far as those sums are chargeable to UK Income Tax) and the estimated money value of any other benefits received by an employee otherwise than in cash.

Notes to the Core Financial Statements

Remuneration	Number of Officers 2007/2008	Number of Officers 2008/2009
£50,000-£59,999	1	5
£60,000-£69,999	3	0
£70,000-£79,999	1	2
£80,000-£89,999	0	1
£90,000-£99,999	0	0
£100,000 - £109,999	1	1

16. Disclosure of Related Party Transactions

The Council is required to disclose any material transactions with related parties not disclosed elsewhere within the Statement of Accounts under the Code of Practice on Local Authority Accounting.

This requirement relates to material transactions between the Council on the one hand and third parties such as central government, pensions funds, other local authorities or precepting bodies, joint venture partners, members and senior officers.

Central Government

Details of government grants received are set out in Note 47. Payments to precepting authorities are disclosed in the Notes to the Collection Fund.

Other Local Authorities

Lincolnshire County Council provided two temporary loans at nil rate of interest during the year. The purpose of the loans was to alleviate short term cash flow issues after the collapse of the Icelandic Banks. The values involved were £3,139,665.70 for 35 days and £1,000,000 for 28 days. Both loans were repaid within the year.

Members/Officers

From a review of the returns completed and the individual register of interests, no payments for services were made to local businesses that the Council trades with and in which a Councillor is a Partner or Director.

There were no material transactions disclosed by senior officers or their close relations.

Other Bodies

Drainage board levies and payments to Parish/Town Councils are shown on the Income and Expenditure Account.

Notes to the Core Financial Statements

Assisted Organisations

The Council made material financial assistance to the following organisations during 2008/09:

- West Lindsey CAB £37k
- Lincoln and District CAB £7k

17. Audit Costs

In 2008/2009 the Council incurred the following fees relating to external Audit and Inspection.

	2007/2008 £000's	2008/2009 £000's
■ Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	90	93
■ Fees payable to the Audit Commission in respect of statutory inspection under Section 10 Local Government Act 1999	12	13
■ Fees payable to the Audit Commission for the certification of grant claims and returns	12	12
■ Fees payable in respect of other services provided by the appointed auditor	1	0
Total	115	118

The fees relating to grant claims can vary from year to year depending on the number of claims to be audited.

18. Explanation of the significance of the Statement of movement on the General fund Balance

- This explanation is detailed in the note attached to the Statement of Movement on the General Fund Balance on Page 22 above.

Notes to the Core Financial Statements

19. Amounts additional to the Income and Expenditure Account required to be set against the General Fund.

The Net amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year is shown in total in the Statement of Movement on the General Fund Balance. An analysis of the items within the total is recorded in the Statement immediately following that i.e. Note of Reconciling Items for the Statement of the Movement on the General Fund Balance.

These are items outside of the normal provision of Services, relating in the main to items of a Capital nature, Pensions, and transfers to/from Reserves.

20. Summary of Capital Expenditure and Sources of Finance

	2007/2008 £000's	2008/2009 £000's
Opening Capital Financing Requirement	1,065	1,065
Capital Investment		
Operational Assets	3,405	390
Non Operational Assets	1	827
Assets under Construction	47	95
Intangible Assets	184	96
Revenue Expenditure Funded from Capital Under Statute (Formerly Deferred Charges)	1,852	3,601
Sources of Finance		
Capital Receipts	(4,202)	(2,607)
Capital Grants & Contributions	(867)	(1,810)
Revenue Contributions	(420)	(592)
Closing Capital Financing Requirement	1,065	1,065
Increase/(Decrease) in Capital Financing Requirement	0	0

21. Commitments under Capital contracts

The Council is committed to spending on capital schemes in future years. The majority of the expenditure will be incurred in the next two years:

■ Sporting Initiatives	-	£150k
■ Public Realm	-	£ 71k
■ Young and Safe in Gainsborough	-	£252k

Notes to the Core Financial Statements

22. An analysis of Council Fixed Assets

31 March 2008 (Numbers)	Fixed Assets	31 March 2009 (Numbers)
5	■ Offices	4
4	■ Non- operational Offices	5
0	■ Strategic/Investment Holdings	2
1	■ Depots and Workshops	1
11	■ Off-Street Car Parks	11
1	■ Leisure Centre and Pools	1
1	■ Arts Centre	1
2	■ Community Centres	2
5	■ Recreation Grounds	5
5	■ Cemeteries	5
1	■ Bus Station	1
7	■ Public Conveniences	7
16	■ Commercial Property Rented Out	16
31	■ Parcels of Land (see note below)	31
260	■ Telephones	320
280	■ Personal Computers	324
28	■ CCTV Cameras	28
22	■ Vehicles	23
76,661	■ Wheeled Bins	85,180

23. Assets Held under leases

The Council holds a number of vehicles under terms of lease and contract hire agreements. The amount paid under these arrangements during the year is shown below:

Category	2007/2008 £	2008/2009 £
Vehicles, plant & equipment	480,810	481,990
Total	480,810	481,990

Notes to the Core Financial Statements

An analysis of these lease and contract hire payments between expiry dates is shown below:

Leases/Contract Hire Expiry Dates	£
■ 2009/2010	155,130
■ 2010/2011	31,750
■ 2011/2012	107,670
■ 2012/2013	27,320
■ 2013/2014	81,910
Total	403,780

The difference between actual payments in 2008/2009 and future payments shown above is due to leases which expired in 2008/2009.

24. Assets Held for lease

The Council does not act as a lessor.

25. Private Finance Initiative

The Council has not entered into any PFI agreements.

26 Fixed Asset Valuation

- The freehold properties, which comprise the Council's property portfolio was revalued as at 1 April 2009 by J. Butcher, BSc(Hons) M.R.I.C.S. of Banks, Long & Co in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors, except that not all properties were inspected. This was neither practical nor considered by the Valuer to be necessary for the purpose of the valuation.
- The basis of valuing the individual classes of fixed assets owned by the Council is explained in Note 5 in the Statement of Accounting Policies.
- Under the capital accounting arrangements all assets are due to be revalued every five years. The next revaluation is due on 1 April 2014.

Notes to the Core Financial Statements

27 Movement in Tangible Fixed Assets

	Fixed Assets - Operation				Fixed Assets – Non Operational				Total
	Land & Buildings	Vehicle, Plant & Equipment	Infra-structure Assets	Com-munity Assets	Invest-ment properties	Assets Under Con-struction	Surplus Assets	Intangible Assets	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Gross Book Value at 31 March 2008	11,266	3,725	981	-	3,103	47	2,489	0	21,611
Accumulated Depreciation and Impairment	(485)	(1,109)	(320)	-	-	-	-	0	(1,914)
Net Book Value of Assets at 31 March 2008	10,781	2,616	661	-	3,103	47	2,489	0	19,697

Movement in 2008/09

Additions 2008/09	118	272	-	-	677	95	150	96	1,408
Disposals	-	(59)	-	-	-	-	(150)	0	(209)
Revaluations/Restatement	1,391	-	-	-	12	-	5	(96)	1,312
Impairments	(1,547)	-	-	-	(578)	-	(1,035)	-	(3,160)
Transfers	(61)	(76)	-	-	137	-	-	-	0
Sub-Total	10,682	2,753	661	-	3,351	142	1,459	-	19,048
Depreciation in Year	(229)	(405)	(24)	-	-	-	-	-	(658)
Depreciation on Disposals	-	59	-	-	-	-	-	-	59
Net Book Value as at 31 March 2009	10,453	2,407	637	-	3,351	142	1,459	-	18,449

Notes:

- a) Community Assets are assets that an authority intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect of sale and change of use.
- b) Further information on the method of Depreciation is set out in Note 6 to the Statement of Accounting Policies.

Notes to the Core Financial Statements

28. Depreciation Methods

As in previous years depreciation has been calculated on the value of assets at the beginning of the financial year.

29. Intangible Assets

Intangible Assets	Balance at 31 march £2008 £000's	Expenditure £000's	Written off £000's	Balance at 31 March 2009 £000's
Election Software	0	25	(25)	0
DMS Software	0	71	(71)	0
Total	0	96	(96)	0

30. Amortisation Methods

There has been no change in the methods of amortisation.

31. Analysis of Net Assets Employed

	2008/2009 £000's
■ General Fund	15,086
■ Housing Revenue Account	0
■ Trading Operations	1,513
Total	16,599

32. Interests in Companies and Other Entities

The Council does not have any material interests in companies or other entities.

33. Provisions

The Council had no provisions as at 31 March 2009.

Although the Council has a positive CFR at 31 March 2009 transitional arrangements allowed as part of the changeover means that the Council does not need to provide for a minimum revenue provision in 2008/09.

34. Reserves

Summary of movement on Reserves

The Council keeps a number of reserves on the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice and others are set up to earmark resources for future spending plans. Detailed below is a summary of the movement on these reserves.

Notes to the Core Financial Statements

Reserve	Purpose	Balance as at 1 April 2008 £000's	Net Movement in Year £000's	Balance as at 31 March 2009 £000's
Deferred Capital Receipts	See note 46 below	(22)	6	(16)
Revaluation Reserve	Net gains on revaluation of fixed assets	(974)	(577)	(1,551)
Capital Accounting Adjustment	Capital Resources set aside to meet past expenditure	(17,365)	2,169	(15,196)
Useable Capital Receipts	Proceeds of fixed asset sales available to meet future capital investment	(7,855)	2,227	(5,628)
Deferred Pensions Reserve	Balancing Account for Pensions Liability	9,198	4,974	14,172
Earmarked Reserves	Resources for future spending plans	(6,481)	(479)	(6,960)
General Fund Balance	Resources available to meet future running costs	(2,128)	(357)	(2,485)
Collection Fund	Statutory fund for collection of local taxes	(264)	138	(126)
Financial Instruments Adjustment Account	Adjust for timing differences for capital and Interest Impairment	0	1,191	1,191
		(25,891)	9,292	(16,599)

Movement on Earmarked Reserves

	Balance as at 01 April 2008	Net Movement in Year	Balance as at 31 March 2009
VAT & NNDR Refunds	(45,324)	0	(45,324)
Insurance Fund	(90,000)	0	(90,000)
CCTV Service	0	(16,000)	(16,000)
Enveloping Machine	0	(12,750)	(12,750)
Growth Point Status	0	(500,000)	(500,000)
Leisure Trust	(35,000)	35,000	0
Scott (Play Equipment)	(36)		(36)
Lord Street Civic Trust Fund	(36)		(36)
Local Development Framework	(108,500)	(54,770)	(163,270)
IT Upgrades	(222,000)	(102,510)	(324,510)
Invest To Save	(480,000)	(4,000)	(484,000)
Outcomes & Outputs of Gainsborough Masterplan	(327,784)	111,490	(216,294)
Guildhall Demolition	0	(57,000)	(57,000)
Market Rasen Pool Revenue Costs	(1,250,000)	0	(1,250,000)
Green Waste Initiatives/Depot Move	(100,000)	0	(100,000)
Strategic Objectives/Service Improvements	(44,568)	41,568	(3,000)
Market Rasen Depot Security Upgrade	(9,000)	9,000	0
Wilson Street Environmental Impact Asses.	(30,000)	30,000	0
Historic Buildings Grants	(9,265)	(1,312)	(10,577)

Notes to the Core Financial Statements

CRM Implementation	(68,000)	28,000	(40,000)
Asset Valuations	(10,000)	0	(10,000)
Spring Clean - Future Years	(47,000)	47,000	0
Wheeled Bin Replacement	(40,000)	0	(40,000)
Member's Initiative - Local Needs	(53,550)	38,300	(15,250)
Housing Benefit Administration	0	(58,620)	(58,620)
Maintenance of Facilities	(40,000)	0	(40,000)
Housing Priority Needs Order	0	(8,880)	(8,880)
Marshalls Sports Ground	0	(200,000)	(200,000)
Operational Services Restructure Costs	0	(88,870)	(88,870)
Reputation Campaign	(15,800)	15,800	0
Superloo – Termination of Contract	0	(35,000)	(35,000)
Wheels to Work	0	(11,907)	(11,907)
Housing Services Development	0	(46,000)	(46,000)
Watercourse Maintenance Commuted Sum	(10,000)	0	(10,000)
Audit Programme	(10,000)	2,500	(7,500)
Concessionary Fares	(50,000)	0	(50,000)
Essential User Car Allowances	(30,000)	30,000	0
Market Erectors Back Pay	(640)	640	0
Equal Pay	(50,000)	50,000	0
Gainsborough Strategic Coordinator	(42,200)	(24,290)	(66,490)
Development Plans Staffing	(74,000)	29,410	(44,590)
Leadership Development Programme	(37,500)	37,500	0
Generic Equalities	(57,300)	16,880	(40,420)
Capacity Planning & Scheduling Analyst	(80,000)	7,500	(72,500)
Town Centre Manager	(6,700)	2,520	(4,180)
Market Rasen Pool (Contribution to capital costs)	(561,000)	0	(561,000)
Support for Monitoring Officer	(30,000)	3,000	(27,000)
Purchase of Refuse Freighter (Capital)	(40,000)	40,000	0
Corporate Publicity	(14,000)	14,000	0
Shared Services Programme	(70,000)	20,000	(50,000)
Pension Reserve	(436,500)	(60,000)	(496,500)
Market Stall Covers (Capital)	(20,000)	20,000	0
Tractor & Trailer (Capital)	(10,000)	10,000	0
Investment in Gainsborough South West Ward	(100,000)	1,010	(98,990)
Investment in Skills	(100,000)	(172,260)	(272,260)
Flooding - Data Collection	(25,000)	0	(25,000)
Project Management	(10,000)	5,440	(4,560)
West Lindsey Volunteer Bureau	(15,000)	15,000	0
Human Resources/Payroll Set Up Costs	(35,000)	0	(35,000)
Housing Renewal	(20,800)	20,800	0
Human Resources – Corporate Development	(16,500)	0	(16,500)
Recycling Service Improvements	(107,000)	93,010	(13,990)
Trinity Arts Centre Furniture	(8,000)	8,000	0
Lincolnshire Sports Partnership Grant	(15,000)	15,000	0
Election Software	(28,000)	28,000	0
Performance Management Software	(10,000)	0	(10,000)
Parish Planning	(8,000)	8,000	0
Property Services Costs	(20,000)	0	(20,000)
Village Halls	0	(3,795)	(3,795)
LABGI Reserve	(1,307,299)	145,137	(1,162,162)
	(6,481,303)	(478,459)	(6,959,762)

Notes to the Core Financial Statements

- **Refunds Reserve** – sums to meet likely refunds relating to previous year's income
- **Insurance Reserve** – to meet the excess on insurance claims.
- **CCTV Service** – comprises two items; £5k for replacement of monitors and £11k to bring back 4 Riverside cameras on line.
- **Enveloping Machine** – Slippage from 2008/09 to allow modifications to the originally ordered machine.
- **Growth Point Status** – to support Gainsborough growth Point.
- **Leisure Trust Reserve** – funds set aside to cover potential legal consultancy costs should the authority decide to set up a leisure trust
- **Local Development Framework Reserve** – set up to even out the impact on the revenue budgets of the uneven annual costs associated with reviewing the Local Development Framework.
- **Information & Communications Technology Upgrades Reserve** – a reserve set aside for the future upgrades of Information Technology.
- **Invest to Save Reserve** – a fund for investment projects based around efficiency and Value FM. Projects can be capital or revenue in nature but must give a positive net payback over the Medium Term Financial Strategy.
- **Outcomes and Outputs of Gainsborough Master Plan Reserve** – a reserve to fund the delivery of the requirements of this strategic document.
- **Guildhall Demolition** – for demolition of old Guildhall and Old Mortuary building.
- **Revenue funding of potential swimming pool at Market Rasen Reserve** - £250k over the life of the current Medium Term Financial Strategy to fund the revenue costs of a potential pool at Market Rasen.
- **Green Waste initiatives and costs associated with moving to one depot site Reserve** – set up to provide funds to cover the costs likely to occur from expanding the current Green Waste Initiatives and any potential costs moving to a single depot site.

Notes to the Core Financial Statements

- **Capacity Funding for future service improvements and to support Members Strategic Objectives Reserve** – set aside to fund the costs of emergency Strategic Objectives and main Aims.
- **Market Rasen Depot Security Upgrade Reserve** – to cover costs of upgrading security at the Market Rasen depot where there are regular break-ins and theft.
- **Wilson Street Environmental Impact Assessment Reserve** – earmarked for the potential costs of environmental surveys that would be required to facilitate the regeneration of the Wilson Street area.
- **Historic Buildings Grant** – to provide for commitments made.
- **Customer Relationship Management Implementation Reserve** – set aside to supplement the future development of this project.
- **Asset Valuation Reserve** – set aside to meet the costs of employing external valuers to review the Council's assets and property terrier.
- **Spring Clean Reserve** – funds set aside to enable additional environmental spring cleaning initiatives to be undertaken.
- **Wheeled Bin Replacement** – set aside to cushion the impact of the replacement of wheeled bins as they begin to come to the end of their useful life.
- **Members Initiative Fund** – the majority of the 2007/08 fund, has been spent during the year, but there remains a number of outstanding commitments and as such funds need to be set aside for release in 2008/09. In addition a further £37k has been included in the fund to enable the initiative to be extended for a further year.
- **Housing Benefit Administration** – Balance of Government Grant received.
- **Maintenance of Facilities** - a reserve to meet future property maintenance requirements. This will allow greater flexibility in the Maintenance programme and negate the need for year on year growth to match demand.
- **Housing Priority Needs Order** – Balance of Grant received in 2008/09 to be used in 2009/10.
- **Marshalls Sports Ground** – approved allocation for the cost of changing provision.
- **Operational Services Restructure Costs** – to contribute towards one-off costs of restructuring the Operational Services Team.

Notes to the Core Financial Statements

- **Reputation Campaign** - set aside towards a campaign to promote the Council and to support the Reputation Officer Group that has been established and is chaired by the Head of Policy and Regeneration.
- **Pension Reserve** – funds have been set aside to help offset future potential pension cost increases; to cover underspent Pension Contributions in 2008/09; and to meet the additional pension payments for early retirement packages.
- **Superloo** – cost of termination of contract.
- **Wheels to Work** – surplus funds from 2008/09 used to support continuation of project.
- **Housing Services Development** – to assist in the return of the Hope Options team back into the Council.
- **Watercourse Maintenance Commuted Sum** - set aside for the maintenance of watercourses.
- **Audit Programme** – this reserve has been established to meet any additional costs resulting from works within the audit programme.
- **Concessionary Fares** - a new national scheme has been introduced from 1st April 2008. This reserve has been set up for any additional costs that the Authority may have to incur to roll out the scheme.
- **Essential User Car allowances** – the current officer scheme has been reviewed and this reserve has been set aside to cover any one off costs associated with agreed future changes to the scheme.
- **Market Erectors pay** – a reserve has been set up to allow for any extra costs related to a review of the market erectors pay.
- **Gainsborough Strategic Coordinator** (Developing Communities Coordinator) – funds to cover the two year contract for this post.
- **Development Plans Staffing** – this was included as part of budget growth for 2007/08. The funding for this post will be spread over a number of years. This reserve has been set up to cover these future years' costs.
- **Leadership Development Programme** – funding set aside to complete the 'One Council' Leadership Development Programme.
- **Generic Equalities**– this was included as part of budget growth for 2007/08. The Generic Equalities programme will be spread over a number of years. This reserve has been set up to cover these future years' costs.
- **Capacity Planning & Scheduling Analyst** – this was included as part of budget growth for 2007/08. The funding for this post will be spread over a

Notes to the Core Financial Statements

number of years. This reserve has been set up to cover these future years' costs.

- **Town Centre Manager** – to cover the cost of the continuation of this post and project.
- **Market Rasen Pool (contribution to capital costs)** - funds have been transferred to a reserve to provide additional funding towards a capital scheme to provide a leisure facility at Market Rasen.
- **Support for Monitoring Officer** – a reserve has been set aside to provide funding to support the role and duties of the Council's Monitoring Officer.
- **Purchase of Refuse Freighter (capital)** - to expand the Green Waste collection service provision has been made to purchase a second hand refuse freighter.
- **Corporate Publicity** – a reserve has been set aside for the increased number and contents of the West Lindsey News.
- **Shared Services Programme** – a reserve has been set aside to meet any residual costs that may fall on the authority that are not covered by the new arrangements and to contribute to the ongoing project costs.
- **Market Stall Covers (capital)** – funds have been set aside for this capital expenditure continuing the investment in Gainsborough town centre as a part of Gainsborough Regained the Masterplan.
- **Tractor & Trailer (capital)** – funds have been set aside for these purchases continuing the investment in Gainsborough town centre as a result of Gainsborough Regained the Masterplan.
- **Investment in Gainsborough South West Ward** – a reserve has been set up to support the regeneration activity developing out of Gainsborough Regained the Masterplan which includes a Neighbourhood Management project.
- **Investment in Skills** – funding towards the development of projects to increase skills education and training of West Lindsey residents including an Employment and Skills Project Manager for three years.
- **Flooding – Data Collection** – in order to manage flooding problems within the District funding has been set aside to support to collection and analysis of data to assess flooding risks across the district.
- **Project Management** - a reserve has been set aside to meet the costs associated with the rollout of Project Management training.
- **West Lindsey Volunteer Bureau** – funding to support the operational and development costs of the WLVB to become CVS and secure basis funding.

Notes to the Core Financial Statements

- **Human Resources/ Payroll set up costs** – on 1 April 2007 the Council changed its payroll provider. The new contract covers both the payroll service and the provision of a human resources system. The reserve has been established to cover ongoing implementation costs.
- **Housing Renewal** – a reserve has been set aside to assist in the preparation for the Housing Inspection.
- **Human Resources – Corporate Development** – this reserve has been set aside to complete the policy development programme in 2008/09.
- **Recycling Service Improvements** - set aside to enable changes to be made to the existing recycling service and expand the mix of materials.
- **Trinity Arts Centre Furniture** - a reserve has been set up for the purchase of new furniture and equipment to improve the customer environment and to comply with Health and Safety Standards.
- **Lincolnshire Sports Partnership Grant** - a grant towards the consultancy costs of the Partnership. The consultancy support will be used to prepare bids to secure funding for Castle Hills Community Arts college/Trent Valley Academy to enhance sports facilities.
- **Election Software** - set aside towards the upgrade of the current Electoral Registration and Elections Management system.
- **Performance Management Software** - a reserve has been set up to give the Council access to software that will provide the Council with lively and accurate performance management information to enable continuous improvement.
- **Parish Planning** - a reserve has been set up to support local community development to develop their own action plan to meet the local priorities which the Council and the LSP then take into their respective policy frameworks.
- **Property Service Costs** - set aside to cover any additional costs that may occur pending the completion of sales of vacated office accommodation.
- **Local Authority Business Growth Initiative (LABGI)** – funds received from LABGI are being set aside to support future growth, which can be both revenue and capital.

Notes to the Core Financial Statements

General and Collection fund balances

The Council has two revenue balances as follows:

Balance at 31 March 2008 £000's	Revenue Balances	Balance at 31 March 2009 £000's
2,128	■ General Fund	2,485
264	■ Collection Fund	126
2,392	Total Balances	2,611

The General Fund includes any surplus after meeting net expenditure on Council Services. The Collection Fund includes amounts attributable to Council Taxpayers.

Financial Instruments Adjustment Account

The Local Authorities (Capital Finance and Accounting, England Amendment) Regulations allow the Council not to charge amounts relating to impaired investments to the General Fund. Such amounts are instead transferred to the Financial Instruments Adjustment Account, an account that records the timing differences between charging these amounts to the General Fund in accordance with proper practice and in accordance with the regulations. The Council has taken advantage of the Regulations, and has transferred the following amounts to the Financial Instruments Adjustment Account.

Bank	Amount Transferred to Financial Instruments Adjustment Account
Glitnir	£13,046
Heritable Bank Ltd	£553,460
Landsbanki Islands Ldn	£624,259
Total	£1,190,765

Under the regulations, the Council must transfer the balance on the Financial Instruments Adjustment Account to the General Fund no later than 31 March 2011, and must also credit the Financial Instruments Adjustment Account with interest earned until such time as the balance has been transferred to the General Fund. The Council estimates that the following credits will be made to the FIAA:

Notes to the Core Financial Statements

Bank	Balance on FIAA at 31/03/09	Transfers during 2009/10	Transfers during 2010/11	Balance on FIAA at 31/03/11
Glitnir	£13,046	(£13,046)	£0	£0
Heritable Bank Ltd	£553,460	(£73,157)	(£480,303)	£0
Landsbanki Islands Ldn	£624,259	(£202,997)	(£421,262)	£0
Total	£1,190,765	(£289,200)	(£901,565)	£0

35. Insurance Reserve

The Council maintains an insurance reserve in order to meet the 'excesses' of any large claims. There were no substantial insurance excesses in 2008/09 and therefore no charges were made against the insurance reserve. Please see the Statement of Reserves and accompanying note 34 above.

36. Contingent Liabilities and Contingent Assets

The Council has no material Contingent Assets or Liabilities to disclose.

37. Authorisation of the Statement of Accounts

The Statement of Accounts was scrutinised by the Audit Sub Committee on the 23rd June 2009 and approved by the Organisation and Resources Committee on the 30th June 2009.

38. Post Balance Sheet Events

There have been no material post balance sheet events requiring disclosure. Events after the Balance Sheet date have been considered up to the time of authorisation of the Accounts.

39. Trust Funds

The Authority has no role regarding Trust Funds to disclose

40. Amounts due to or from Related Parties

The SORP requires disclosure of any amounts due to or from Related Parties, including any Impairment Allowances (Provisions for doubtful Debts).

Notes to the Core Financial Statements

There are no sums due from or to individuals, other than local Taxpayers, however, there are routine sums due from and to various bodies which are Related Parties. These sums include one month's sums due to H M Customs and Excise and DWP for VAT, PAYE and National Insurance and to the Lincolnshire Local Government Local Government Pension Scheme for Employer Pensions Contributions. These are all normally paid in the month following their becoming due.

Details of the total sums due from/to Government Departments and Taxpayers are shown in the Notes relating Accounts Receivable (Debtors) and Accounts Payable (Creditors) – Notes 52 and 54.

Included within the Collection Funds are balances due to/from other Lincolnshire Authorities, details of which are within Note 1 to the Collection Fund. No Impairment is applicable to any of the above sums.

There are no sums to disclose apart from the items above. See also Note 16, defining Related Parties and relevant transactions therewith.

41. Retirement Benefits

Participation in pension schemes

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 need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme administered by Lincolnshire County Council, and this is classified as a defined benefits scheme whereby:

- Retirement benefits are determined independently of the investments of the Scheme, and employers have obligations to make contributions where assets are insufficient to meet employee benefits.
- Recognised liabilities are accounted for as benefits which are earned (i.e. employees work qualifying years of service), matching them with the organisation's attributable share of the Scheme's investments.

Change of accounting policy

Under the 2008 SORP the council has adopted the amendment to FRS 17, *Retirement Benefits*. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of the scheme assets at 31 March 2009 has been restated (based on applying

Notes to the Core Financial Statements

an adjustment of -0.5% to the employer's mid market value of the assets as at the 31 March 2009).

Transactions relating to retirement benefits

The Council recognises 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 the Council is 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 in the Statement of Movement in the General Fund Balance.

The following transactions have been made in the Income and Expenditure Account and Statement of Movement in General Fund Balance during the year:

Local Government Pension Scheme	2008/2009 £000's	2007/2008 £000's As restated
Income and Expenditure Account		
Net Cost of Services:		
■ Current Service Cost	(731)	(1,088)
■ Past Service Cost	(318)	(24)
■ Curtailment and Settlement Costs (NDC)	0	0
Total	(1,049)	(1,112)
Net Operating Expenditure:		
■ Expected Return on Employer Assets	2,221	2,342
■ Interest on Pension Scheme Liabilities	(2,785)	(2,287)
Total	(564)	55
Net Charge to the Income and Expenditure Account	(1,613)	(1,057)
Statement of Movement in the General Fund Balance:		
■ Reversal of net charges made for retirement benefits in accordance with FRS 17	(308)	(324)
Actual amount charged against the General Fund Balance for pensions in the year:		
■ Employers' contributions payable to the scheme	(1,226)	(1,297)

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of £4,666,000 (£16,000 2007/08 as restated) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and losses is £6,687,000.

Assets and liabilities in relation to retirement benefits

Notes to the Core Financial Statements

Reconciliation of present value of the scheme liabilities:	2008/09 £000's	2007/08 £000's
1 April	(40,543)	(42,558)
■ Current Service Cost	(731)	(1,088)
■ Interest Cost	(2,785)	(2,287)
■ Contributions by scheme participants	(375)	(340)
■ Actuarial Gains/ (Losses)	3,535	3,885
■ Benefits paid	1,802	1,869
■ Past Service Costs	(318)	(24)
31 March	(39,415)	(40,543)

Reconciliation of fair value of the scheme assets:	2008/09 £000's	2007/08 £000's
1 April	31,345	33,052
■ Expected rate of return	2,221	2,342
■ Actuarial Gains/ (Losses)	(8,201)	(3,901)
■ Employer contributions	1,226	1,297
■ Contributions by scheme participants	375	340
■ Benefits paid	(1,723)	(1,785)
31 March	25,243	31,345

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

The actual return on scheme assets in the year was £5,853,000 (2007/08: £1,638,000).

Notes to the Core Financial Statements

Local Government Pension Scheme Scheme History	2008/09 £000's	2007/08 £000's	2006/07 £000's	2005/06 £000's	2004/05 £000's
Present Value of Defined Benefit Obligation (liability)	(39,415)	(40,543)	(42,558)	(42,878)	(36,507)
Fair Value of Assets	25,243	31,345	33,052	30,891	24,884
Surplus/(Deficit)	(14,172)	(9,198)	(9,506)	(11,987)	(11,623)

The liabilities show the underlying commitment that the authority has in the long run to pay retirement benefits. The liability of £14.2m has a substantial impact on the net worth of the authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy as the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The Employer's contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2010 is £1.3m.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Pension figures have been provided by the Actuaries (Hymans Robertson) to the Lincolnshire County Council Pension Fund using information provided by the scheme and assumptions determined by the Council in conjunction with the Actuary.

The principal assumptions used by the actuary have been:

Assets – County Council Pension Fund	Balance at 31 March 2009 %	Long Term Return 2008/2009 % per annum	Balance at 31 March 2008 %	Long Term Return 2007/2008 % per annum
■ Equity investment	64.6	7.0	68.1	7.7
■ Bonds	20.9	5.6	16.9	5.7
■ Property	13.7	4.9	13.7	5.7
■ Cash	0.8	4.0	1.3	4.8
Total	100		100	

Notes to the Core Financial Statements

Mortality Assumptions:	2008/09
Longevity at 65 for current pensioners	
Men	19.6 yrs
Women	22.5 yrs
Longevity at 65 for future pensioners	
Men	20.7 yrs
Women	23.6 yrs

The main assumptions in their calculations are:	2008/2009	2007/2008
	%	%
■ Rate of Inflation/Pension Increase rate	3.1	3.6
■ Rate of increase in salaries	4.6	5.1
■ Rate of increase in pensions	3.6	3.6
■ Rate for discounting scheme liabilities	6.9	6.9
■ Take-up of option to convert annual pension in to retirement grant	62.5	25.0

Changes to the local government pension scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. The valuation of the Council's retirement benefit liabilities as at 31 March 2008 includes;

- For membership prior to 1 April 2008 an allowance of 25% of future retirements to elect additional tax-free cash up to HMRC limits.
- For membership post 1 April 2008 an allowance of 62.5% of future retirements to elect additional tax-free cash up to HMRC limits.

Notes to the Core Financial Statements

Actuarial Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve can be analysed into the following categories, measured as absolute amount.

	2004/2005		2005/2006		2006/2007		2007/2008		2008/2009	
	£000's	%	£000's	%	£000's	%	£000's	%	£000's	%
Differences between the expected and actual return on assets	995	4.0	4,140	13.4	90	0.3	(3,901)	(12.4)	(8,201)	(32.48)
Differences between actuarial assumptions about liabilities and actual experience	587	1.6	(19)	(0.0)	20	(0.0)	(2,592)	(6.4)	(1)	(0)

42. Reconciliation of Net Surplus on the Income and Expenditure Account to the Movement in Cash

2007/2008 £000's		2008/2009 £000's
(1,298)	■ Surplus for year on Income & Expenditure Account	5,457
	Adjustment for Movements	
981	■ Net additional amount to be debited / (credited) to I & E	(5,813)
76	■ Collection Fund - Surplus	138
(1,062)	■ Other Funds – Earmarked Reserves	637
0	■ Investment Impairment	(1,481)
1,003	■ Revenue Funded from Capital Under Statute	2,137
(964)	■ Debtors	1,722
263	■ Creditors	12
(14)	■ Stocks	(1)
23	■ Other adjustments	0
(992)	Net Cash Flow from Revenue Activities	2,808

Notes to the Core Financial Statements

43. Reconciliation of the Movement in cash to the movement in net debt

The Council is debt free and therefore has no external long term borrowing, and therefore, there is no movement in debt.

44. Movement in Cash and Investments

Movement £000's		31 Mar 2008 £000's	Movement £000's	31 Mar 2009 £000's
204	Cash and Bank (in hand)	(346)	82	(264)

45. Statement of liquid resources

Liquid resources are current assets i.e. items that can be redeemed within one year. This therefore includes short term investments as well as cash in hand.

An analysis of the Short Term Investments outstanding as at 31 March 2009 is:

Short Term Investments	31 March 2008 £000's	31 March 2009 £000's
Investments maturing less than 12 months	15,826	15,030
Impairment of Investment (Icelandic Bank) – see below	0	(1,481)
	15,826	13,549

Impairment of Investments

Investments included in the current assets figure in the Balance Sheet include the following investments that have been impaired because of the financial difficulties being experienced by Icelandic Banks.

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Bank	Date Invested	Maturity Date	Amount Invested	Interest Rate	Carrying Amount	Impairment
Glitnir	07/02/08	06/02/09	£1,000,000	5.45	986,954	£75,609
Heritable Bank Ltd	15/07/08	17/10/08	£1,000,000	5.88	724,814	£317,071
Landsbanki Islands Ldn	15/07/08	17/10/08	£1,000,000	5.88	844,343	£197,542
Landsbanki Islands Ldn	30/07/08	17/10/08	£1,500,000	5.80	1,265,535	£292,863
Landsbanki Islands Ldn	15/08/08	21/11/08	£1,500,000	5.89	1,265,863	£289,568
Heritable Bank Ltd	17/09/08	08/10/08	£1,000,000	5.55	721,727	£308,076

The carrying amounts of the investments included in the Balance Sheet have been calculated using the present value of the expected repayments, discounted using the investment's original interest rate. The expected repayments have been estimated as follows, based on the statements made by the administrator:

Date	Heritable Bank Ltd	Landsbanki Islands Ldn	Glitnir
Jul-2009	£302,486		
Mar-2010		£973,498	£1,042,107
Jul-2010	£604,972		
Dec-2010		£973,498	
Jul-2011	£302,486		
Dec-2011		£973,498	
Jul-2012	£201,657		
Dec-2012		£932,936	
Jul-2013	£201,657		

Notes to the Core Financial Statements

Interest credited to the Income and Expenditure Account in respect of the investments is as follows:

Bank	Credited 2007/08	Received 2007/08	Credited 2008/09	Received 2008/09
Glitnir	£8,063	£0	£54,500	£0
Heritable Bank Ltd	£0	£0	£71,688	£0
Landsbanki Islands Ldn	£0	£0	£155,713	£0

46. Additional notes on the cashflow statement

Deferred Capital Receipts

These are the amounts derived from the sales of assets which will be received in instalments over an agreed advance period. All the amounts shown arise from the mortgages on sales of former Council Houses. The debt remained with the Council after the stock was transferred to Acis.

Expenditure of a capital nature, but written off as incurred

2007/08 £000's		2008/09 £000's
0	Balance as at 31 March 2008	
1,852	Add: Expenditure during year	3,601
(1,852)	Less: Amounts written off to Revenue	(3,601)
0	Balance as at 31 March 2009	0
	<u>The Expenditure during the year is made up of the following items:</u>	
625	Improvement/Renovation/Disabled Facilities Grant	1,372
834	Economic and other Grants	2,019
42	Legal and other fees	0
46	IT Enhancement	78
250	Epic Centre	0
55	Other Infrastructure Related Expenditure	132
1,852		3,601
(849)	Less Income Received relating to the above items	(1,422)
1,003		2,179

Analysis of Long Term Borrowing

Notes to the Core Financial Statements

The Council has no long-term borrowing

Short Term Loans

Short term loans can be taken out and redeemed on a frequent basis as the Council's cash requirements vary on a daily basis. Where there is Cash in hand, short term investments are made.

47. Analysis of Cash Received as Government Grants

2007/2008 £000's		2008/2009 £000's
	<u>Department for Work and Pensions Grants</u>	
166	■ Council Tax Benefit Administration	165
4,893	■ Council Tax Benefit Subsidy	4,685
12,559	■ Rent Allowance Subsidy	13,822
471	■ Rent Allowance Administration	463
7	■ Other DWP Grants	14
18,096	DWP Grants Total	19,149
	<u>Other Government Grants and Contributions</u>	
494	■ Local Authority Business Growth Initiative	144
30	■ Homelessness Grant	38
124	■ European Regional Development Fund	250
414	■ Housing and Planning Delivery Grant	651
106	■ NNDR Allowance	107
0	■ Concessionary Fares	143
0	■ Area Based Grant	23
198	■ Disabled Facilities Grant	214
250	■ Decent Homes Grant	584
102	■ Other	60
1,718	Other Grants Total	2,214

48. Financial Instruments (Debt and Investments)

The fair values for loans and receivables have been determined by reference to the Public Works Loans Board (PWLB) redemption rules which provide a good approximation for the fair value of a financial instrument, and also accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures and the difference is likely to be immaterial.

Notes to the Core Financial Statements

The Council has no borrowings. The investments disclosed in the Balance Sheet are made up of the following categories of Financial Instruments.

	Long Term 31 March 2008 £000's	Long Term 31 March 2009 £000's	Current 31 March 2008 £000's	Current 31 March 2009 £000's
■ Loans and receivables (principal amount)	1,538	1	15,826	13,549

Financial Instruments Gains/Losses

The gains and losses recognised in the Income and Expenditure Account in relation to Financial Instruments are as follows:

	Financial Liabilities – measured at amortised cost 2008 £000's	Financial Liabilities – measured at amortised cost 2009 £000's	Financial Assets – Loans and Receivables 2008 £000's	Financial Assets – Loans and Receivables 2009 £000's
■ Interest Expense	0	0	0	0
■ Losses on derecognition	0	0	0	0
■ Impairment Losses	0	0	0	290
Interest Payable and Similar Charges	0	0	0	290
■ Interest Income	0	0	1,220	1,026
■ Gains on de-recognition	0	0	0	0
Interest and investment income	0	0	1,220	1,026
Net Gain/(Loss) for the year	0	0	1,220	736

Notes to the Core Financial Statements

Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial Liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For Public Works Loans Board (PWLB) loans, premature repayment rates from the PWLB have been applied to provide the fair value under the debt redemption procedures.
- No early repayment or impairment is recognised.
- Where an Instrument will mature in the next 12 months 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 Value of financial assets and liabilities as at the balance sheet date are as below:

	31 March 2008 Carrying Amount £000's	31 March 2008 Fair Value £000's	31 March 2009 Carrying Amount £000's	31 March 2009 Fair Value £000's
Borrowings	0	0	0	0
Creditors	5,506	5,506	5,175	5,175
Total Financial Liabilities	5,506	5,506	5,175	5,175
Investments	17,364	17,355	13,550	13,550
Customers	4,607	4,607	5,286	5,286
Loans and Receivables	21,971	21,962	18,836	18,836

Disclosure of nature and extent of risks arising from financial instruments

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

Notes to the Core Financial Statements

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

Overall Procedures for managing risk

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

- By formally adopting the requirements of the Code of Practice.
- By approving annually in advance prudential indicators for the following three years limiting;
- The Council's overall borrowing;
- Its Maximum and minimum exposures to fixed and variable rates;
- Its maximum and minimum exposures the maturity structure of its debt (the Council currently has no debt);
- Its maximum annual exposures to investments maturing beyond a year.

By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government Guidance.

Notes to the Core Financial Statements

These are required to be reported and approved at or before the Council's annual Council Tax setting budget. These items were reported on 2 March 2009 to Council along with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the Council's Treasury Management Strategy.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default assessed by the ratings agencies and the Council's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

In common with a number of other Local Authorities, monies were placed on deposit with three Icelandic Banks, which were placed into Administration/Receivership in October 2008.

	Amount at 31 March 2009	Historical experience of Default	Adjustment for market Conditions at 31 March 2009	Estimated maximum exposure to Default
	£000's	%	%	£000's
	(a)	(b)	(c)	(a * c)
Deposits with Banks and Financial Institutions (Excluding Icelandic Investments)	7,650	0	0	0
Other	0	0	0	0
Customers	6,947	3.2	3.81	265
Total	14,597			265

Notes to the Core Financial Statements

No credit limits were exceeded during the reporting period and, apart from the Icelandic deposits, the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow extended credit for its trade debtors, although some £0.4m of its £8.9m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2009 £000's
Less than three months	305
Between three and six months	10
More than six months	56
Total	371

Liquidity Risk

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

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice.

Refinancing and Maturity Risk

The Council is currently debt free but maintains an investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the council relates to managing the exposure to replacing financial instruments as they mature. This risk can relate to both the maturing of longer term financial liabilities and longer term financial assets.

Notes to the Core Financial Statements

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

- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity of financial assets is as follows:

	31 March 2009 £000's
Less than one year	13,549
Between one and two years	0
Between two and three years	0
More than three years	0
Total	13,549

The above assets are shown at their balance sheet carrying value.

All trade and other payables are due to be paid in less than one year and are not shown in the table above.

Market Risk

Interest Rate Risk – The Council is exposed to interest rate movements on any borrowings (the Council currently has no borrowings) and investments.

Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the income and Expenditure Account will rise;

Notes to the Core Financial Statements

- Borrowings at fixed rates – the fair value of the borrowing liability will fall;
- Investment at variable rates – the interest income credited to the income and Expenditure Account will rise; and
- Investment at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate investments will be posted to the Income and Expenditure Account and effect the General Fund Balance, subject to influences from Government grants.

Movement in the fair value of fixed rate investments will be reflected in the STRGL, unless the investments have been designated as fair value through the Income and Expenditure account.

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

As the Council did not have any variable interest rate investments during 2007/08 there would have been no effect on its interest receivable had interest rates been 1% higher or lower.

Price Risk – The Council does not generally invest in instruments with this type of risk.

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

49. Area Based Grant (replaces Local Area Agreement (LAA))

From 2008/09 specific grant funding has ceased whereas the LAA grants were paid to an accountable body for specific projects, to be distributed between participants, the Area based grants are paid direct to Authorities and are not tied to specific projects. As such they form part of the General

Notes to the Core Financial Statements

income included in the Income and Expenditure Account. In 2008/09 the Council received £23k in Area based grant.

50. Long term investments

The outstanding Icelandic bank investments were all originally short term investments and are included in these accounts, where appropriate, as short term investments. Albeit that the receipts of the recoverable amounts will be spread across a number of years.

51. Stocks

Balance at 31 March 2008 £000's	Stocks	Balance at 31 March 2009 £000's
16	■ Area Stores	4
6	■ Refuse Sacks	6
0	■ De Aston	0
1	■ Postage Imprest	5
4	■ Central Purchased Stationery	3
4	■ Wheels to Work	0
4	■ Bus Tokens	16
1	■ Trinity Arts Centre	1
36	Total Stock	35

52. Debtors

Balance at 31 March 2008 £000's	Debtors	Balance at 31 March 2009 £000's
	Amounts falling due in one year	
1,210	■ Government Departments	1,147
93	■ Other Local Authorities	349
2,456	■ Local Taxpayers	3,287
2,188	■ Sundry Debtors	2,164
5,947		6,947
(1,340)	Less Impairment Allowance for un-collectable Debts	(1,661)
4,607		5,286
	Amounts falling due after one year	
22	■ Sale of Council Houses	16
4	■ Car Loans to Employees	3
26	Total Long-Term Debtors	19

Notes to the Core Financial Statements

53. Impairment Allowances for Un-collectable Debts

Balance at 31 March 2008 £000's	Impairment Allowances for Un-collectable Debts	NNDR £000's	Council Tax £000's	General Fund £000's	Benefits Debtors £000's	Balance at 31 March 2009 £000's
1,530	Balance as at 1 April 2008	314	594	163	269	1340
(190)	Provisions increase (decrease) in year	222	24	43	32	321
1340	Total Impairment Allowances for Un-collectable Debts	536	618	206	301	1,661

Under FRS26 Financial Instruments, the previous heading of provisions for Bad and Doubtful debts has been replaced by new requirements to estimate the impairment of financial assets including monies owed to the Council.

54. Creditors

Balance at 31 March 2008 £000's	Creditors	Balance at 31 March 2009 £000's
428	Current / short term creditors	
	■ Government Departments	245
1,824	■ Other Local Authorities	1,005
1,124	■ Local Taxpayers	1,992
2,130	■ Sundry Creditors	1,933
5,506		5,175
294	Long Term creditors	
	■ Government Grants Deferred Account	637

The Council has no short term borrowing

The Collection Fund

For the Year Ended 31 March 2009

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

2007/2008 £000's	Expenditure	2008/2009 £000's
38,824	Precepts	42,195
12,828	Contribution to NNDR Pool	14,274
106	Costs of Collection of NNDR	107
1,125	Contribution paid re previous years from Collection Fund surplus	1,001
(58)	Bad and Doubtful Debts ■ Written Off	(120)
65	■ Increase (Decrease) in Provision	246
52,890	Total Expenditure	57,703

2007/2008 £000's	Income	2008/2009 £000's
34,829	Income Collectable from Council Tax	37,211
13,110	Income Collectable from Business Ratepayers	14,665
4,490	Transfers from General Fund: ■ Council Tax Benefits	4,968
52,429	Total Income	56,844

2007/2008 £000's	Collection Fund Balance	2008/2009 £000's
(461)	■ Surplus/(Deficit) for the Year	(859)
2,127	■ Balance at Beginning of Year	1,666
1,666	Total Collection Fund Balance	807

Notes to the Collection Fund

The balance of the Collection Fund at the 31 March 2009 was allocated as follows:

Allocation of balance on the Collection Fund	2008/2009 £000's
■ West Lindsey District Council	126
■ Lincolnshire County Council	586
■ Lincolnshire Police Authority	95
Total	807

Council Tax is calculated on the tax base, which is the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, converted to an equivalent number of Band D dwellings.

Band	Total Dwellings on Valuation List	Equivalent Dwellings after Discounts, Exemptions and Reliefs	Ratio	Band D Equivalent
A - Disabled Relief	29	27.74	5/9	15.41
A	14,562	12,353.05	6/9	8,235.36
B	7,405	6,615.33	7/9	5,145.26
C	7,007	6,435.44	8/9	5,720.39
D	5,214	4,914.11	9/9	4,914.11
E	3,136	3,018.24	11/9	3,688.96
F	1,270	1,202.68	13/9	1,737.21
G	491	457.29	15/9	762.14
H	45	31.64	18/9	63.28
				30,282.12
Band D equivalent of contributions in lieu				174.78
Total Council Tax Base				30,456.90

- The total tax base is multiplied by the estimated collection rate of 98.5% to arrive at a base figure of 30,000 on which the Council's levy of £184.68 for 2008/2009 was calculated. This was expected to yield £5,540k.
- The following precepts were included in the total tax requirement, together with Parish Council precepts at varying levels.

Lincolnshire County Council	£30,653k	Lincolnshire Police Authority	£4,973k
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Notes to the Collection Fund

- The total parish precepts paid to parishes was £1,028k, plus £189k which was contributed separately from the Council funds in respect of concurrent functions.

**Details of parish precepts
can be obtained from the Director of Resources.**

- The surplus on the Collection Fund was estimated to be £664k at 1 April 2009 and this had to be shared between the Council and the main precepting bodies, in proportion to their respective shares of the council tax precepts. The Council's share of this balance was £103k, which was used to reduce its council tax requirement for 2009/2010.
- The Council collects non-domestic rates from businesses within its area, which are based on local rateable values multiplied by a national uniform rate.
- The total amount, less certain reliefs and other deductions, is paid to a central pool (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 31 March 2009 was £36, 074,218. The standard national non-domestic multiplier for the year was 46.2p.

- **Accruals**

Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payment has not been received / made in the financial year.
Local authorities accrue for both revenue and capital expenditure.
- **Capital Adjustment Account (CAA)**

The Capital Adjustment Account contains the amounts which are required by statute to be set aside from capital receipts and revenue for the repayment of external loans, as well as amounts of revenue, useable capital receipts and contributions which have been used to fund capital expenditure. It also accumulates depreciation impairment and write off of fixed assets on disposal.
- **Capital Charges**

A charge representing the cost of using an asset i.e. depreciation.
- **Capital Expenditure**

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

The proceeds from the sale of fixed assets such as land and buildings.
Capital receipts cannot be used to finance revenue expenditure.
- **Chartered Institute of Public Finance and Accountancy (CIPFA)**

The professional accountancy body concerned with local authorities and the public sector.
- **Collection Fund**

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

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

Expenditure of a capital nature where no tangible asset is created such as housing renovation grants.

- **Deferred Credits**

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

Amounts received or receivable that have been used to finance capital expenditure. Under the capital accounting arrangements these amounts will be released to offset depreciation in respect of the fixed assets to which they relate.
- **Depreciation**

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

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

Arrangement whereby the lessee is treated as owner of the leased asset and is required to include such assets within fixed assets on the balance sheet.
- **Financial Reporting Standards (FRS)**

A statement of accounting practice issued by the Accounting Standards Board.
- **Fixed Assets**

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

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

Capital expenditure which does not result in the creation of a tangible fixed asset but which gives the Authority a controllable access to future economic benefits, e.g. software licences.
- **Investments**

Cash deposits with approved institutions.

- **Long Term Debtors**
Amounts due to the Council more than one year after the balance sheet date.
- **National Non-Domestic Rate (NNDR)**
Under the revised arrangements for uniform business rates, that came into effect on 1 April 1990, the Council collect Non-Domestic Rates for its area based on local rateable values, multiplied by a national uniform rate.

The total amount, less certain reliefs and deductions, is paid to a central pool managed by the Government, that in turn, pays back to Authorities their share of the pool based on a standard amount per head of the local adult population.
- **Non-Operational Assets**
Fixed assets held by the Council but not directly used or consumed in the delivery of its services. This would include surplus properties awaiting disposal.
- **Operational Assets**
Fixed assets held by the Council and used or consumed in the delivery of its services.
- **Operational Leases**
An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company.
- **Pension Fund**
An employees' pension fund maintained by an authority, or a group of authorities, in order primarily to make pension payments on retirement of participants. It is financed from contributions from the employing authority, the employee and investment income.
- **Precepting Authorities**
Those authorities that are not billing authorities (i.e. do not collect Council Tax) precept upon the billing authority, who then collect on their behalf. Lincolnshire County Council, Lincolnshire Police Authority and the Parishes precept upon West Lindsey District Council.
- **Provisions**
Sums set aside to meet future expenditure where a specific liability is known to exist but that cannot be measured accurately.
- **Revaluation Reserve**
The Revaluation Reserve records the accumulated gains from increases in the revaluation of assets. It also records any reductions in the value of assets subject to the limit of any previous increases in the value of the same asset.

- **Revenue Support Grant**

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

- **Statement of Standard Accounting Practice (SSAP)**

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

Annual Governance Statement 2008/09

1. SCOPE OF RESPONSIBILITY

- 1.1 West Lindsey District Council (The Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of governance including internal control which facilitates the effective exercise of our functions and which includes arrangements for the management of risk.
- 1.3 To help with these responsibilities, we have approached and adopted a governance and assurance framework which is consistent with the principles of the Chartered Institute of Public Finance Accountants (CIPFA)/Society of Local Authority Chief Executives (SOLACE) Framework *Delivering Good Governance in Local Government*. This statement explains how we have complied with the code and meet the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit Regulations (Amendment) (England) Regulation 2006 in relation to the publication of a statement on internal control.

2. THE PURPOSE OF THE ANNUAL GOVERNANCE STATEMENT

- 2.1 The Annual Governance Statement (AGS) is the formal statement that recognises, records and publishes the Council's governance arrangements as defined in the framework.
- 2.2 The governance framework comprises the systems and process, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate cost effective services.
- 2.3 The 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 therefore can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to

identify and prioritise the risks to the achievement of 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.

- 2.4 Section 3 of this Statement sets out, in more detail, how we comply with the six principles. Section 4 sets out our assurance framework and Section 5 sets out areas for improvement and an action plan will be developed and monitored by the Audit Sub-Committee to address those areas. The governance framework has been in place for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts.

3. THE GOVERNANCE FRAMEWORK

- 3.1 Over recent years the Council has developed effective governance arrangements which is set out in our governance framework. Assurance is the process by which we can test and gain confidence that the governance framework is operating as intended and that we are,

‘doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner’.

- 3.2 To achieve this, it is essential that the Council as a whole and at the most senior level have approved the governance framework and accepted responsibility for its implementation. To this end, the Council has a well established and effective internal Corporate Governance Group which includes a senior Councillor and the three statutory officers of the Authority – Chief Executive, Monitoring Officer and Section 151 Officer. This Group is responsible for overseeing the Governance framework, for making decisions around its review and monitoring its effectiveness.
- 3.3 Working in hand with this process is the Audit Sub-Committee which oversees the financial processes, audit and risk management which includes the corporate governance framework.

The key elements of the governance framework are detailed below:

Engaging with local people and stakeholders to ensure robust public accountability

- 3.4 The Council has continued to develop its role as a community leader through a number of actions. This has included improving our approach to engaging with our communities and acting as an advocate on behalf of the area. We have focused on engaging with the voluntary sector, Parish and Town Councils during 2008/09. We have been one of the first Councils in the country to be accredited with the new achieving level for equalities and

diversity and pivotal to this is the work we have done with Disabled and Older People during 2008/09 and continuing.

- 3.5 This is part of the Council's overall approach to engaging and involving the community in the work of the Council. Major improvements have been made since this was recognised as an area for improvement in the Annual Governance Statement and it is no longer an area for improvement.
- 3.6 In terms of consultation, we are now in the third year of the West Lindsey Citizens' Panel which receives two surveys per annum and is used for smaller methods of consultation such as Focus Groups. In January 2009, we carried out a new, in-house method of engaging the community with the budget setting process including the setting of Council Tax levels. The final report sets out in detail the approach which involved representatives from the Panel and attendees at other consultation events working in small groups to set the Council's budget. Feedback from the attendees was excellent.
- 3.7 The Council has a consultation plan to co-ordinate its consultation activities and we continue to put the customer first in how we work. The Lean System thinking review looking at the planning application process was re-designed based on the needs of the customer.

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

- 3.8 The Lincolnshire Sustainable Communities Strategy (SCS) which includes a West Lindsey chapter will shortly be published which sets out a vision for Lincolnshire in 2030. This will replace the existing West Lindsey SCS. The West Lindsey Local Strategic Partnership (LSP) has agreed five priorities:
 - Reducing inequalities in health
 - Housing
 - Gainsborough Growth
 - Accessibility
 - Economy and Skills

The Council is also proactive within the Lincolnshire Local Area Agreement linking the priorities to the Council's performance management framework.

- 3.9 Cascading down from this is the Council's Corporate Plan. The Corporate Plan covers a three year period with a focus on the current financial year. The Plan is reviewed annually and is considered by full Council. The Corporate Plan is currently under consultation and is focused on two themes around developing a prosperous district and being an efficient Council.

- 3.10 Our vision, which was determined from consultation with the community and our partners, is “West Lindsey is seen as a place where people want to live, work, invest and visit”.
- 3.11 A comprehensive performance management framework is in place and is being updated to focus on challenging services through a quarterly performance review process. Our Performance Management Framework now includes the Data Quality Strategy. Training was provided to Service Managers and Data Collators on the importance of data being ‘right first time’. We have also concentrated on ensuring that there are effective arrangements from any national indicator information we receive from third parties.
- 3.12 The Performance Management Framework clearly shows how the Council’s priorities are linked to Service, Team and Individual Plans. Key Strategies, including the generic Equality Scheme, are also filtered into Service Plans. Service Plans include action plans that are specific, measurable, achievable, realistic and timely (SMART).
- 3.13 Progress towards the delivery of the service action plans is monitored through Team Meetings, Directorate performance meetings and one to one review meetings. Core Management Team have monthly performance meetings to monitor performance across the Council. The four policy committees continue to consider quarterly performance management reports on its element of the Corporate Plan. The Performance Management and Scrutiny Committee receives a quarterly performance management report combining the information received by the policy committees. Corrective action is taken to address poor performance including performance clinics.
- 3.14 To support this work, the Council has an annual business planning timetable which sets out on a monthly basis the key deadlines for monitoring and reviewing performance, budgets, governance and community engagement.
- 3.15 A revised staff appraisal scheme has been introduced from January 2008 and assurance is sought that all staff have received an appraisal. The appraisal considers performance against the Council’s Competency Framework as well as work plans.
- 3.16 The Council continues to use the Lean Systems Thinking methodology for service reviews. By introducing measures of key processes that affect customer expectations and experiences, actions have been taken to improve performance from the customer’s perspective. During 2008/09 the Council has carried out a review of the process to determine planning applications. The recommendations from the reviews are reported to the

relevant policy committees and Business Transformation and Improvement Board.

- 3.17 As well as delivering its objectives and priorities, the Council has wider responsibilities to fulfil. It must engage with the communities it serves and lead the development of those communities as well as the services that support them.

Member and Officers working together to achieve a common purpose with clearly defined functions and roles (Member/Officer Relationships and roles)

- 3.18 The Council Constitution sets out how the Council operates, how decisions are made and challenged; and procedures to be followed to ensure that these are efficient, transparent and accountable to local people. Full Council sets the overall budget and policy framework, the policy committees make decisions within this framework and is held to account by the Performance Management and Scrutiny Committee.
- 3.19 The Annual Council meeting each year considers a report from the Monitoring Officer which reviews the Constitution to ensure it remains robust and effective. This allows for appropriate amendments to be made.
- 3.20 The Constitution contains a section on protocols which is aimed at supporting the working relationship between Members and officers
- 3.21 Our “Local Code of Governance”, sets out and describes our commitment to corporate governance and identifies the arrangements that have been made, and indeed will continue to be made, to ensure the ongoing, effective implementation and application in all aspects of our work. The Local Code was updated in February 2009.
- 3.22 We recognise that we increasingly achieve delivery of services and working together with partners to provide more than we could as one organisation. Recognising the importance of this way of working, a corporate approach to managing partnerships was adopted in March 2008 and the partnership risk register was refreshed to include contractual partnerships. The monitoring arrangements need to be embedded including support to lead officers on the partnerships identified. Whilst making significant progress in our management of partnership working, until this approach is integrated throughout the Council, working in partnership remains an area for improvement as set out in Section 5 of this Statement.

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour (Standards of conduct, probity and ethics)

- 3.23 Promoting high values of good governance is important to the Council. Members and Senior Officers receive regular training on ethics. Members and Officers adhere to separate Codes of Conduct which is included in the Constitution. The Codes include guidelines on behaviours and standards to be followed, including registers of gifts and hospitality and conflicts of interest. A recent staff survey demonstrated that most of the staff are aware of these arrangements.
- 3.24 The Standards Committee has agreed a more proactive approach and work plan incorporating:
- attendance at Council and Committee meetings;
 - attendance at Parish Council meetings to observe conduct;
 - involvement in regular training for Members, Parish Clerks and Senior Managers; and
 - a check on Members' and Officers' Register of Declaration of Interests.
- 3.25 The new Code of Conduct for Members was adopted on 1 October 2007 and training has been delivered and all Members were provided with a DVD training aid on the code.
- 3.26 A strong culture exists to prevent and detect fraud. This is supported by our Counter Fraud and Corruption and Whistleblowing policies. If, for any reason, someone feels that the Council has failed to do something that should have been done or has done something badly or feel they have been unfairly treated, then we have relaunched our complaints process that proactively deals with these and we try to learn from our mistakes.

Taking informed, transparent decisions which are subject to effective scrutiny and managing risk

- 3.27 The Council has recognised the importance of an informed, transparent decision making process and has recently acquired a Legal Services Manager on-site through the Legal Shared Service Partnership. Her role will be to ensure that committee reports comply with procedural and financial rules and do not breach any legal obligations, together with monitoring the scheme of delegation. The Director of Strategy and Regeneration is the designated Monitoring Officer with responsibility for ensuring the lawfulness of decisions taken by the Council and its officers.
- 3.28 The Performance Management and Scrutiny Committee, is chaired by a member of the opposition group. The Council has recognised in the AGS that further development work needs to be carried out to improve the effectiveness of scrutiny.

- 3.29 A Member/Officer working group has reviewed the arrangements which has involved consultation with the community to consider moving to Executive Arrangements and Whole Council elections.
- 3.30 The framework for financial management and control is laid out within the Council's Constitution, particular reference is made in the Financial and Contract Procedure Rules.
- 3.31 Regular reviews of standing orders and financial procedure rules are undertaken to ensure that the appropriate control framework is in place within the Council's approach to corporate governance.
- 3.32 The Council's Revenue and Capital budgets are maintained, primarily, by Financial Services. Nominated Budget Managers in each Directorate receive detailed cost centre management reports on a monthly basis. Directors receive similar summary level reports. Service Managers discuss their budget updates with their Directors at their divisional management team meetings and at one to one meetings. The Council's Core Management Team reviews the Council's spend against budget on a regular basis.
- 3.33 Each policy committee receives monitoring information on their respective budgets on a quarterly basis. The Organisation and Resources and Performance Management and Scrutiny Committees received a full review of the Council's budgetary position again on a quarterly basis.
- 3.34 There is a robust budget process which allows Members to allocate resources towards their priorities as set out in the Corporate Plan. Budgets form part of Service Plans.
- 3.35 A risk management process is well established and is considered to be performing well by the Audit Commission. This includes the management of corporate, service and project risks across the Council and its partners. The Core Management Team and Organisation and Resources Committee jointly share responsibility for managing risks. The Audit Sub-Committee is responsible for reviewing the effectiveness of these arrangements.
- 3.36 During 2008/09 we updated the fraud risk register that identified other areas of the Council at risk of fraud and corruption in addition to Housing Benefit and Council Tax fraud. The Council has an agreed workplan to address those areas and raise awareness across the Council and with its stakeholders. Our corporate fraud and corruption strategy was revised and procedure notes agreed to deal with any allegations of fraud and corruption.

Developing the Capacity and capability of Members and Officers to be effective

- 3.37 The Council recognises the importance of investing in the development of its members and staff. The Council has reviewed and introduced Performance and Development Appraisals. Line Managers have been trained and the appraisal process began at the end of January 2008. The appraisal process is based on the Competency Framework introduced to the Council last year from the 'One Council' culture change programme. All staff are now assessed against the behaviours in the Framework. The Wider Management Team, all Team Leaders and prospective Team Leaders underwent a programme of Leadership Training.
- 3.38 A new approach to Member training has been considered with the Member Champion for Training, the Leader of the Council which includes member competency levels and builds on compulsory training principles for key roles.
- 3.39 In addition, peer mentoring was provided for the four new Councillors, together with the two group leaders and the two groups to recognise the importance of supporting group development. A number of senior Members have successfully completed the Leadership Academy over the last two years. The use of Peer Members to further support member learning has been successful over the last 12 months with 2 councillors presenting information to the Workshops on a potential change to the Council's governance and electoral arrangements.
- 3.40 The Council adopted a Whistleblowing policy in 2007 with an accompanying leaflet to all staff and contractors on the confidential code of reporting. This was complemented by the introduction of the corporate fraud and corruption strategy.

4. REVIEW OF EFFECTIVENESS

- 4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of the annual governance framework. For 2008/09 the review of the effectiveness of the system of internal control has been informed by:
- Internal Audit
 - External Inspections
 - Audit Sub-Committee
 - Corporate Governance Group
 - Core Management Team
 - Service Management Team
 - Members
 - Partnership information

- 4.2 The Audit Commission has judged the council as performing well in 2007/08 on the effectiveness of its internal control environment as part of the Use of Resources Assessment.

Assurance Framework

- 4.3 The Council has made significant progress in improving its assurance framework with the establishment of an Audit Sub-Committee that complies with CIPFA Guidance, development of the Corporate Governance Group and review of an assurance framework.

Internal Audit

- 4.4 Core Management Team receives a copy of all finalised audit reports to its monthly performance meeting. This will be picked up by the Corporate Governance Group. The Audit Sub-Committee received quarterly reports on Internal Audit activity and outcomes from Audits. These reports detail, in full, all reports that have been issued in the previous quarter and update Members on the progress in relation to any outstanding audit recommendations. Hence Members, throughout the year have had the opportunity to robustly challenge Service Managers and Directors on the outcomes of audits and progress with recommendations, particularly those that have identified key weaknesses.
- 4.5 The Internal Audit function is carried out by Lincolnshire County Council through a service level agreement. The service was reviewed by the Chief Executive, Director of Resources (Section 151 officer) and the Director of Strategy and Regeneration (Monitoring Officer).

Standards Committee

- 4.6 The Council's Standards Committee comprises three District Councillors; three Independent Councillors; and three Parish Council Members. The terms of reference of the Committee provide for the promotion and maintenance of high standards of conduct by Councillors and co-opted Members.
- 4.7 Advice and awareness training is provided for all District and Parish Councillors.

5. SIGNIFICANT GOVERNANCE ISSUES

Last year's AGS and improvement plan progress

- 5.1 The key activities identified in last year's Annual Governance Statement have all commenced and progress has been made. The Audit Sub-Committee received regular monitoring reports on progress against the improvement plan. There has been satisfactory progress on the improvement plan.

5.2 The responsibility for delivering the improvement plan targets rests with managers within the Council. Upon approval of the assurance framework by Members mechanisms need to be put in place to ensure managers meet their responsibilities in relation to internal control and undertake continuous review throughout the year. Set out below are the significant governance issues that will be developed during the forthcoming year.

(i) Member Development

5.3 The continuing development and support for Councillors to help them fulfil their roles and responsibilities has been a priority over the last year and a new approach to Member training has been drafted for committee approval. In the last 12 months, mandatory training for Members on regulatory committees has been introduced and Peer Mentoring Support utilised for new Members and Group Leaders. In addition, Member Peers have been active in supporting and learning around a possible change to governance arrangements and to improve the Council's approach to Strategic Housing. The new approach which will introduce competency levels for all Members had been supported by the Audit Sub-Committee and is set to be discussed in the July committee cycle. The Council wants to look at different methods of training and awareness training to encourage all Members.

(ii) Strategic Partnerships

5.4 Having identified the Council's partnerships, we need to establish our monitoring arrangements as set out in its adopted Guidance on managing the risk of partnerships. This includes working with partnership leads to work towards the principles established in the Guidance. This will ensure that we can deliver outcomes through partnership working or demonstrate added value in other instances. This will become embedded during 2009/10 and will be assessed through the Use of Resources Assessment.

(iii) Outcome Management

5.5 With a greater focus from Government on the difference being made by the Council and its partners on the lives of our communities and the greater pressure on resources at a national level, it is important that the Council further develops its approach to managing the outcomes that we deliver by our activities. This needs to take into account the need for staff with the appropriate capabilities across the Council's key priority areas and a performance management framework which highlights the outcomes delivered at its heart.

(iv) Value for Money

5.6 We recognise the importance of continuous improvement and value for money in the way that we work and deliver services to our communities. We have put in processes to help this and will, over the next year, be working with other Lincolnshire authorities to benchmark and achieve value for money. The other area to develop is to ensure that services undertake a value for money review and that it is integrated into the day to day management of every service.

(v) Scrutiny

5.7 This issue was added by the Audit Sub-Committee. As a fourth option authority it has always been difficult to develop scrutiny as Members are on both the policy committees and scrutiny committee. The Council intends to work in a county wide framework for scrutiny and ensure that it develops its scrutiny role within the District Council.

(vi) Housing Inspection

5.8 The Audit Commission carried out a Housing and Renewal Services Inspection in January 2009. The report was published on 11 June 2009 and we were assessed as a poor service (zero) with uncertain prospects for improvement though the Audit Commission recognised that we knew what to do to improve. An Improvement Plan has been developed prior to the report being published to focus on the following:

- Increase the accessibility of services and focus on customers;
- Improve the focus on equality and diversity;
- Address poor practice in homelessness;
- Improve the strategic approach to housing;
- Improve value for money and the use of resources; and
- Improve the way performance is managed.

Signed



.....
Leader



.....
Chief Executive



.....
Director of Resources
(Section 151 Officer)



.....
Director of Strategy and Regeneration
(Monitoring Officer)

Statement of Responsibilities for the page 87 Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- a) 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 Director of Resources
- b) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- c) approve the Statement of Accounts

The Director of Resources' Responsibilities

The Director of Resources 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 Director of Resources has:-

- a) selected suitable accounting policies and then applied them consistently
- b) made judgements and estimates that were reasonable and prudent
- c) complied with the Code of Practice


The Director of Resources has also:-

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

Statement of Responsibilities for the page 88 Statement of Accounts

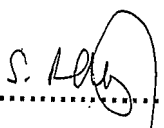
Certificate of Director of Resources

I **Certify** that the **Statement of Accounts** presents fairly the financial position of West Lindsey District Council as at 31 March 2009 and its income and expenditure for the year then ended.

Signed..... 	Date..... <i>27/09/2009</i>
Daren Turner Director of Resources and Deputy Chief Executive	

I confirm that these accounts were approved by the Resources Committee at the meeting held on 30 June 2009.

Signed on behalf of West Lindsey District Council

Signed..... 	Date..... <i>30/6/09</i>
Councillor Sue Rawlins Chairman of Organisation & Resources Committee	

Independent auditor's report to Members of West Lindsey District Council

Opinion on the financial statements

I have audited the Authority accounting statements and related notes of West Lindsey District Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, 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 West Lindsey District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Director of Resources and auditor

The Director of Resource's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 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 accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 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 accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the 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 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 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 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 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 Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

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

Authority's Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper

stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

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

Conclusion

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

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.

Mr AR Blackburn

District Auditor (Officer of the Audit Commission)

Audit Commission, Littlemoor House, Littlemoor, Eckington, Sheffield, S21 4EF

10th November 2009

Daren Turner
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