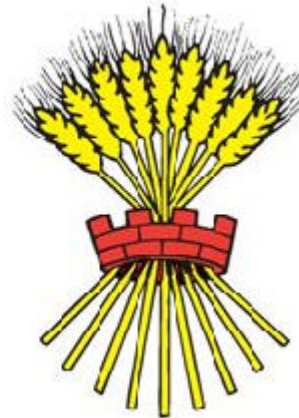


# RYEDALE DISTRICT COUNCIL



## Statement of Accounts 2008 / 2009

**Ryedale District Council**  
*working with you to make a difference*

# STATEMENT OF ACCOUNTS

for the

YEAR ENDED 31 MARCH 2009

## **TABLE OF CONTENTS**

	<b><u>Page Nos</u></b>
Explanatory Foreword	2 – 6
Statement of Responsibilities	7
Annual Governance Statement	8 – 16
Statement of Accounting Policies	17 - 24
Core Financial Statements	
Income and Expenditure Account	25
Statement of Movement on the General Fund Balance	26
Statement of Total Recognised Gains and Losses	27
Balance Sheet	28
Cash Flow Statement	29
Notes to the Core Financial Statements	30 – 50
Collection Fund Account	51 - 53
Independent Auditor's Report to Ryedale District Council	54 - 55
Income and Expenditure Account Service Analysis	56 - 57
Glossary of Terms	58 – 64

# EXPLANATORY FOREWORD

## 1. Introduction

This document sets out Ryedale District Council's Statement of Accounts for 2008/09 in accordance with its statutory obligations as set out in the Accounts and Audit Regulations 2003.

The accounts included in this statement consist of:

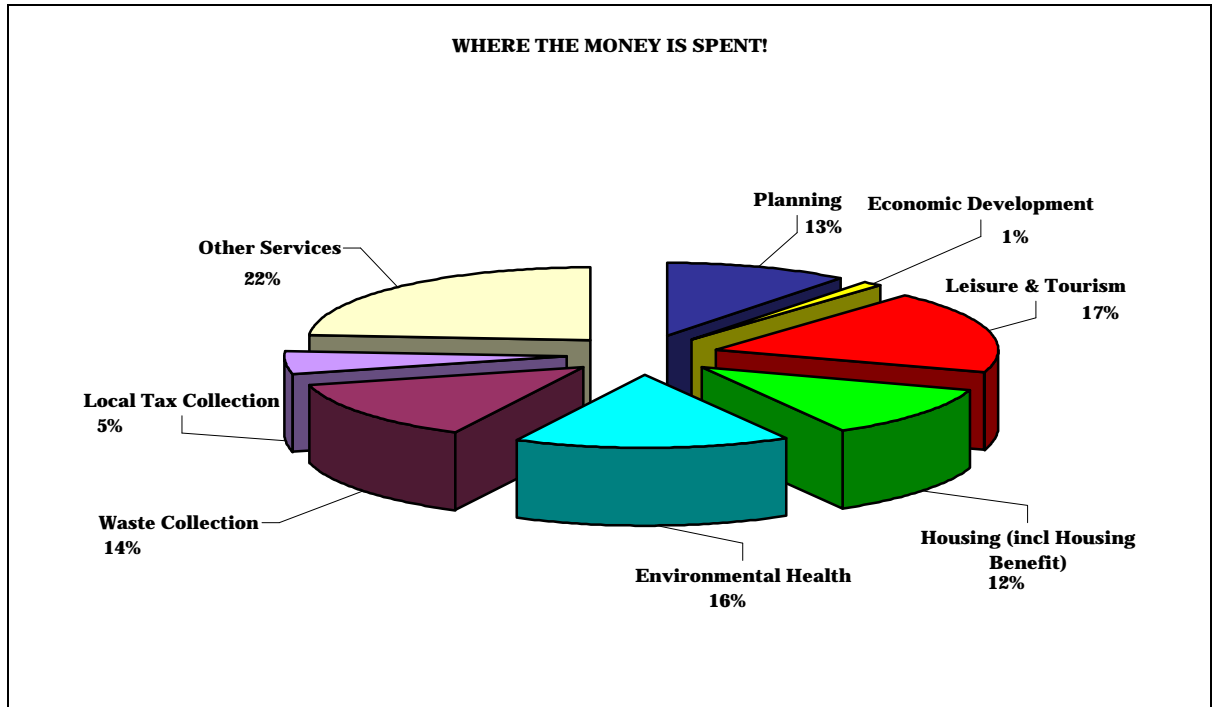
- the **Statement of Responsibilities for the Accounts** - which sets out the Authority's and Chief Finance Officer's legal and professional responsibilities for the accounts
- the **Annual Governance Statement** – identifies the systems the Council has established to ensure its business is conducted in accordance with proper standards and that its assets are protected
- the **Statement of Accounting Policies** - details the legislation and principles on which the Statement of Accounts have been prepared
- the **Income and Expenditure Account** - covering income and expenditure on all the Council's services
- the **Statement of Movement on the General Fund Balance** - which provides the reconciliation between the Income and Expenditure Account and the amount taken to / from the General Fund Balance in the year
- the **Statement of Total Recognised Gains and Losses** - shows the total movement in the Council's net worth for the year
- the **Balance Sheet** - which sets out the financial position of the Council on 31 March 2009
- the **Cash Flow Statement** - which summarises the inflows and outflows of cash arising from both revenue and capital transactions with third parties
- the **Collection Fund Account** - which presents income and expenditure relating to Council Tax and National Non-Domestic Rate collection and distribution

This Foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position.

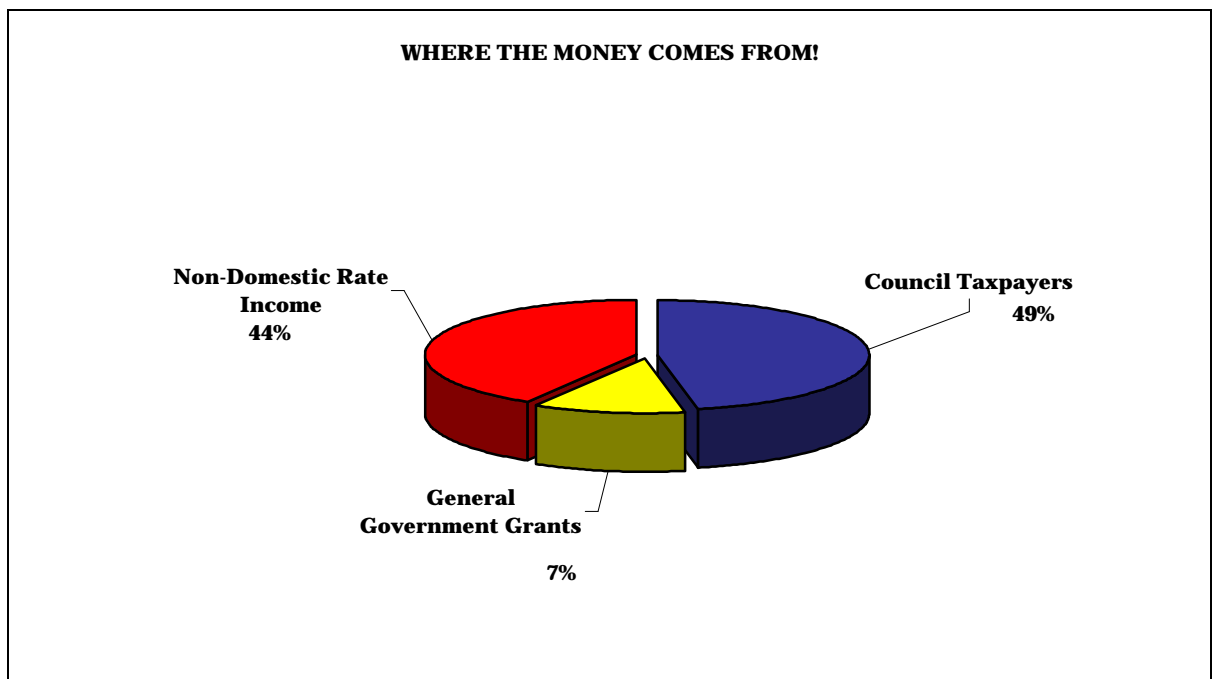
# EXPLANATORY FOREWORD

## 2. General Fund Revenue Expenditure

The net cost of the Council's revenue activities was £9.2m, this being spent on services as highlighted below:



After adjusting for parish precepts, surpluses, investment income and appropriations, the amount to be met from government grants and local taxpayers was £8.6m, which is funded as follows:



# EXPLANATORY FOREWORD

## 3. Revenue Budget Compared to Actual Income and Expenditure

The main components of the revenue budget for 2008/09 and how these compared with the actual expenditure are set out below:

	Original Budget £'000	Actual £'000	Difference £'000
<b>Net Cost of Services</b>	<b>9,032</b>	<b>9,194</b>	<b>162</b>
Add:			
Precepts paid to Parish Councils	571	571	-
Pensions interest cost & expected return on pension assets	509	876	367
Interest payable	10	1	(9)
Less:			
Direct Service Organisations (Surplus) / Deficit	(30)	52	82
Income from Investments	(790)	(957)	(167)
Gain on disposal of fixed assets	-	(31)	(31)
Other Income - capital receipts unattached to assets	-	(9)	(9)
<b>Net Operating Expenditure</b>	<b>9,302</b>	<b>9,697</b>	<b>395</b>
Financed by:			
Council Precept	(4,160)	(4,160)	-
Collection Fund Surplus	(71)	(71)	-
Non-Domestic Rate Income	(3,733)	(3,733)	-
Revenue Support Grant	(519)	(519)	-
Other General Government Grants	-	(109)	(109)
	<b>(8,483)</b>	<b>(8,592)</b>	<b>(109)</b>
<b>(Surplus)/Deficit for Year</b>	<b>819</b>	<b>1,105</b>	<b>286</b>
Amounts included in Income and Expenditure Account but required by statute to be excluded	(3,031)	(3,029)	2
Amounts not included in Income and Expenditure Account but required to be included by statute	2,705	2,285	(420)
Contribution to/(from) Earmarked Reserves	(493)	(361)	132
<b>Increase/Decrease in General Fund Balance for Year</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 4. Earmarked Reserves and Balances

The balance of funds and reserves reduced by £361k during 2008/09.

Major contributions to reserves and balances include:

- Investment income to the Capital Fund to finance the capital programme £780k
- £110k to the ICE Fund mainly to finance the business grants scheme

Major drawings included:

- Revenue support for the capital programme £839k
- Management restructure set up costs £290k
- Community investment grants £48k
- ICE Fund £67k, mainly to cover the cost of the housing stock condition survey

For further details regarding the Council's reserves see pages 45 and 46

## 5. Pension Liability

The Authority participates in the Local Government Pension Scheme, administered by North Yorkshire County Council. The Pension Liability shown in the Balance Sheet increased from £17.095m as at 31 March 2008 to £19,608m as at 31 March 2009. This increase of £2.513m is matched by an increase in the level of the Pension Reserve and does not represent a reduction in the Council's cash reserves or impact on the council tax.

# EXPLANATORY FOREWORD

## 6. Capital Expenditure

In 2008/09 the Council spent £1.694m on capital projects, compared with an original estimate of £2.970m.

The primary reason for the shortfall in capital investment was due to the cancellation of the proposed Eden Park Enterprise Centre scheme £2.0m. Subsequent to that decision several small schemes were brought into the capital programme.

The main variations are detailed below:

Committee/Scheme	Budget £'000	Actual £'000	Difference £'000
<b>COMMUNITY SERVICES &amp; LICENSING</b>			
Affordable Housing Initiatives	210	332	122
House Renovation Grants – Disabled Facilities	285	442	157
Private Sector Energy Efficiency Grants	0	103	103
Leisure Facilities	0	165	165
Malton Town Centre Physical Improvement Work	0	241	241
Other Schemes	81	176	95
	576	1,459	883
<b>POLICY &amp; RESOURCES</b>			
Economic Development	2,000	0	(2,000)
Conservation Schemes	100	68	(32)
Information and Communication Technology	0	35	35
Other Schemes	294	132	(162)
	2,394	235	(2,159)
<b>TOTAL CAPITAL EXPENDITURE</b>			
	2,970	1,694	(1,276)

At 31 March 2009 Capital Commitments amounted to £259,000.

## 7. Changes in Accounting Policy

The 2008 SORP introduces the following key changes:

- Amendments to Financial Reporting Standard (FRS) 17 *Retirement Benefits* includes a requirement for most assets to be valued at realisable values i.e. bid values, as opposed to the previous requirement of fair values i.e. mid market values. Substantive revision has been made to the notes regarding retirement benefits.
- The concept of deferred charges has now been made redundant. It has been replaced by Revenue Expenditure Funded by Capital Under Statute, which reflects the current accounting approach to expenditure that is not capital expenditure in accordance with GAAP but which statute allows to be funded from capital resources.
- As permitted by FRS 1 *Cash Flow Statements* revenue activities, cash flows can be presented using either the “direct method”, whereby major categories of gross cash receipts and gross cash payments are disclosed, or the “indirect method”, whereby the net cash flow from revenue activities is derived by means of a reconciliation from the surplus or deficit on the Income and Expenditure Account for the year. For the 2008/09 Cash Flow Statement the indirect method has been selected and the 2007/08 figures restated.

# EXPLANATORY FOREWORD

## 8. **Further Information**

Further information about the accounts is available from Financial Services, Ryedale House, Malton. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press and on the Council's website.

# STATEMENT OF RESPONSIBILITIES

## **The Authority's Responsibilities**

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Corporate Director (s151).
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- to approve the Statements of Accounts

## **The Chief Finance Officer's Responsibilities**

The Corporate Director (s151) is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

In preparing this Statement of Accounts, the Corporate Director (s151) has:

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

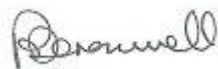
The Corporate Director (s151) has also:

- kept proper accounting records which are up-to-date
- taken reasonable steps for the prevention and detection of fraud and other irregularities, through the use of the North Yorkshire Audit Partnership.

## **Certification of the Accounts**

I certify that the Statement of Accounts presents fairly the financial position of Ryedale District Council as at 31 March 2009 and its income and expenditure for the year ended 31 March 2009.

Signed:



Dated:

17 June 2009

P D Cresswell

Corporate Director (s151)

## **Approval of the Accounts**

This Statement of Accounts was approved by the Policy and Resources Committee on 25 June 2009.

Signed:



Dated:

25 June 2009

Cllr. CR Wainwright

Chairman of Policy & Resources Committee

# ANNUAL GOVERNANCE STATEMENT 2008/09

## 1. **Scope of Responsibility**

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.

In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

## 2. **The Purpose of the Governance Framework**

Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. The framework for corporate governance recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) identifies three underlying principles of good governance, namely:

- Openness and Inclusivity
- Integrity
- Accountability

The principles of corporate governance should be embedded into the culture of each local authority. Furthermore each local authority has to be able to demonstrate that it is complying with these principles. To achieve this, the framework document recommends that all local authorities should develop a local code of corporate governance, comprising the following elements:

- Community Focus
- Service Delivery Arrangements
- Structures and Processes
- Risk Management and Internal Control
- Standards of Conduct

The Council has formally adopted a local code of corporate governance, consequently the principles and standards contained in the framework document are recognised as good working practice, and hence are supported and followed. To this end both Officers and Members have had externally provided training to ensure governance arrangements are understood and embedded. This Statement forms part of the overall process within the Council for monitoring and reporting on the adequacy and effectiveness of the corporate governance arrangements, particularly those in respect of risk management and internal control.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuous process

# ANNUAL GOVERNANCE STATEMENT 2008/09

designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This has been in place within the Council for the year ended 31 March 2009 and up to the date of approval of the Statement of Accounts.

## 3. **The Governance Framework**

All of the Council's activities are required to have a governance framework, incorporating a sound system of internal control. The internal control environment within the Council consists of a number of different key elements, which taken together contribute to the overall corporate governance framework. The key elements of internal control within the Council consist of:

- **Policies and Guidance**
- **Political and Managerial Structure and Processes**
- **Financial Management**
- **Compliance Arrangements**
- **Value for Money**
- **Risk Management**
- **Internal Audit and Fraud**
- **Performance Management**

### ***Policies and Guidance:***

Specific policies and written guidance exist to support the corporate governance arrangements and include:

- The Council's Constitution, including Financial Regulations, Procurement Regulations and Contract Standing Orders
- Codes of Conduct for Members and Officers
- The Corporate Plan
- The Financial Strategy
- Member and Officer Schemes of delegation
- Registers of interests, gifts and hospitality
- Corporate policies, for example those relating to Whistleblowing and Counter Fraud and Corruption
- Asset Management Plan/Capital Strategy Statement
- Strategic Risk Register
- Council Procurement Strategy

### ***Political and Managerial Structures and Processes***

The Council is responsible for agreeing overall policies and setting the budget. The Policy and Resources Committee and Community Services Committee are responsible for decision making within the policy and budget framework set by the Council. The Council's Corporate Management Team has responsibility for

# **ANNUAL GOVERNANCE STATEMENT 2008/09**

implementing Council's policies and decisions, providing advice to Members and for co-ordinating the use of resources. The Corporate Management Team meet regularly and the Committees usually every two months.

Both the Committees and the Corporate Management Team monitor and review Council activity to ensure corporate compliance with governance, legal and financial requirements. In addition, the Council through its Committees, especially the Overview and Scrutiny Committee, reviews the policies, budgets, service delivery and decisions to ensure that they remain appropriate. This Committee is also formally designated as the Council's Audit Committee.

A forward plan detailing the main work of Committees over the next year is used to ensure decisions are taken in a timely manner. Urgent items will be dealt with as required.

The Council has developed a process that is intended to reflect political and community objectives as expressed in the Community Strategy ("Imagine Ryedale") and acts as a basis for corporate prioritisation. The process has identified the Council's corporate aims together with a number of associated objectives. These will be reviewed at appropriate intervals to ensure that they continue to meet the needs of the community. The Council has linked the performance management process across all service areas to provide an integrated performance management system. Each service has a detailed Service Delivery Plan showing how that service will work to achieve the Council's objectives.

## ***Financial Management***

The Corporate Director (s151) has the overall statutory responsibility for the proper administration of the Council's financial affairs, including making arrangements for appropriate systems of financial control. The Council operates within a system of financial regulations, comprehensive budgetary control, regular management information, administrative procedures (including the segregation of duties) and management supervision.

## ***Compliance Arrangements***

Monitoring and review of the Council's activities is undertaken by a number of Officers and external regulators to ensure compliance with relevant policies, procedures, laws and regulations. They include:

- The Chief Executive Officer
- The section 151 Chief Finance Officer (Corporate Director (s151))
- The Monitoring Officer
- The External Auditor and various other external inspection agencies
- The Internal Audit Manager (North Yorkshire Audit Partnership)
- Finance Officers and other relevant service managers

## ***Value For Money***

Through a mixture of internal and external reviews, including those undertaken by external auditors, external agencies, internal audit and the Service

# **ANNUAL GOVERNANCE STATEMENT 2008/09**

Transformation Team the Council constantly seeks ways of ensuring the economic, effective and efficient use of resources, and securing continuous improvement in the way in which its functions are exercised. In addition to this benchmarking and comparison are used to ensure that high relative spend correlates to Council priorities or service delivery choices made by the Authority.

## ***Risk Management***

The Council has adopted a formal system of Risk Management. Although responsibility for the identification and management of risks rests with all managers, corporate arrangements are co-ordinated by the Corporate Director (s151) and monitored by the Overview and Scrutiny Committee acting in its role as Audit Committee. The process serves to ensure that:

- The Council identifies, prioritises and takes appropriate mitigation for those risks it identifies as potentially preventing achievement of the Corporate and Community Plan
- The Council's assets are adequately protected
- Losses resulting from hazards and claims against the Council are mitigated through the effective use of risk control measures
- Service managers are adequately supported in the discharge of their responsibilities in respect of Risk Management

The system of Risk Management requires the inclusion of risk evaluation assessments in all Committee reports and the maintenance of a corporate, service and partnership risk registers which are reviewed by members. Relevant staff and members within the Council have received training and guidance in Risk Management principles.

## ***Internal Audit & Fraud***

The Council operates internal audit and internal (non Housing Benefit) fraud investigation functions through the North Yorkshire Audit Partnership (NYAP) in accordance with the Accounts and Audit Regulations 2003. The Partnership works to the CIPFA Code of Practice for Internal Audit in Local Government. It undertakes an annual programme of review covering financial and operational systems designed to give assurance to members and managers on the effectiveness of the control environment operating within the Council. This programme is agreed with the Corporate Director (s151) and is reported to members. Internal audit report conclusions are presented to members. The Partnership is complementary to and gives support to the external auditors. In addition the Partnership provides assurance to the section 151 Officer in discharging his statutory review and reporting responsibilities.

The Council also, as part of the Accounts and Audit Regulations (Reg 6), undertakes an annual review of the effectiveness of its system of internal audit, which is reported to the Overview & Scrutiny Committee.

The Partnership also has an advisory role that provides:

- Advice and assistance to managers in the design, implementation and operation of controls
- Support to managers in the prevention and detection of fraud, corruption and other irregularities

# ANNUAL GOVERNANCE STATEMENT 2008/09

Housing Benefit Counter Fraud work is undertaken within the Benefits Office through joint working arrangements with Scarborough Borough Council. A proactive approach is taken to supplement referrals, both internal and external, with any leads arising from participation in the National Fraud Initiative, the Housing Benefits Matching Service, and internal data matching.

## ***Performance Management***

The Council has improved its performance management arrangements. The Chief Executive has overall responsibility for the function and the Corporate Management Team retains its monitoring role. Quarterly Performance review boards supplement the process and Heads of Service are expected to deliver improvements or maintain performance standards in line with Council priorities. The Covalent performance management system has become further embedded within the Council during the year.

## **4. REVIEW OF EFFECTIVENESS**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its systems of internal control. In preparing this Statement a review of corporate governance arrangements and the effectiveness of the Council's systems of internal control has been undertaken, by the Corporate Management Team. This review has included consideration of:

- Reports received from the Audit Commission, External Auditor and other inspection agencies
- The results of internal audit and fraud investigation work
- The views of senior managers, including Chief Executive the S151 Officer and the Monitoring Officer
- Outcomes of service improvement reviews and performance management processes

In addition, the Council through its Committees, especially the Overview and Scrutiny Committee, considers corporate governance issues as they arise throughout the year and agree recommendations for improvement as necessary.

A review has been undertaken to support the preparation of this Annual Governance Statement document as required by the Accounts and Audit Regulations 2003. The Council has produced a detailed statement along with a targeted action plan to ensure that full compliance is achieved. This has followed the best practice framework suggested by CIPFA and adopted by the Council.

An Action Plan is appended which highlights those items where further work is still required from the previous action plan and includes those arising from this year's review. This plan is monitored through the year and reported to the Overview and Scrutiny Committee for consideration at regular intervals.

We have been advised on the implications of the results of the review of the effectiveness of the system of internal control by the Overview and Scrutiny Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

# ANNUAL GOVERNANCE STATEMENT 2008/09

## 5. SIGNIFICANT INTERNAL CONTROL ISSUES

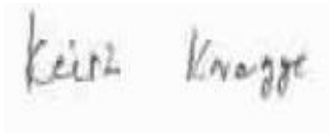
A review of the internal control arrangements in place within the Council has identified areas where improvements could be made. Specific actions are proposed to address the issues identified. Attached is the action plan for 2009/10 incorporating those issues brought forward from the previous plan, which are still outstanding.

The Council will continue to seek to improve performance and take action on agreed recommendations by both internal and external agencies.



Signed:  
Janet Waggott  
Chief Executive

..... Dated: 25 June 2009 .....



Signed :  
Cllr Keith Knaggs  
Leader of the Council

..... Dated: 25 June 2009 .....

## ANNUAL GOVERNANCE STATEMENT 2008/09

### ACTION PLAN FOR IMPLEMENTATION IN 2009/10

STATUS	CONTROL ISSUE	ACTION PROPOSED	RESPONSIBILITY	TARGET DATE	CURRENT POSITION & COMMENTS
Brought Forward From 2007/2008 Action Plan	<p><b><u>Code of Conduct</u></b></p> <p>A Code of Conduct for Members has been adopted and signed by all Members as a condition of office. A Code of Conduct for Officers is required.</p>	<p>Code of Conduct for Officers to be introduced following publication of the national code.</p> <p>Further report to be considered by Overview and Scrutiny on 2 July to consider this issue.</p>	Monitoring Officer	<p>1/10/08</p> <p>to be revised at 2/7/09 meeting of committee.</p>	National Code for members now published, but National Code for Officers still outstanding. The current Officer code (RDC) is accessible on the Intranet and was revised in Oct 2005. Due to uncertainty a bespoke RDC version is required and will be drafted.
Brought Forward From 2007/2008 Action Plan	<p><b><u>Partnerships</u></b></p> <p>The Council will need to establish sound governance arrangements for its significant partnerships.</p>	<p>Identify significant partnerships and establish appropriate governance arrangements relevant to each.</p> <p>Partnership Governance protocol to be considered by Overview and Scrutiny Committee on 6 August 2009</p>	Head of Transformation	<p>31/12/08</p> <p>Protocol 6/8/09 Review ongoing thereafter</p>	The Use of Resources assessment requires Governance arrangements to be reviewed. Outcome will be reported to Overview and Scrutiny.
Brought Forward From 2007/2008 Action Plan	<p><b><u>Asset Management</u></b></p> <p>The Audit Commission KIoE for UoR Action Plan 2008 notes that the Council' approach to Asset Management did not reach level 3 assessment. (Level 3 requires that the Council maintains an effective asset register).</p>	That the software bought to assist with asset management be installed and commissioned as a priority.	Head of Resources	Fully functional by 31/12/09	Progress is being made towards populating the estates management system.

**ANNUAL GOVERNANCE STATEMENT 2008/09**  
**ACTION PLAN FOR IMPLEMENTATION IN 2009/10**

<b>STATUS</b>	<b>CONTROL ISSUE</b>	<b>ACTION PROPOSED</b>	<b>RESPONSIBILITY</b>	<b>TARGET DATE</b>	<b>CURRENT POSITION &amp; COMMENTS</b>
New 2008/2009	There are some significant weaknesses in budgetary management. (Identified through good budgetary control framework).	Review is being undertaken of the specific budget areas, with remedial action as necessary	Corporate Director (s151) Head of Environmental Services	To be completed by 30/9/2009	Review part complete
New 2008/2009	There are some weaknesses in the tendering process for maintenance and small capital projects.	Review is being undertaken of the specific contracting areas, with remedial action as necessary	Corporate Director (s151) Head of Environmental Services	To be completed by 30/9/2009	Review part complete
New 2008/2009	The role and responsibilities of member champions are not established within the Council	Review to be undertaken setting out necessary information for member champions and officer leads.	Head of Transformation	To be completed by 30/9/2009	
New 2008/2009	There have been significant changes to the constitution in 2008/2009 and further member and officer training is required.	Training and member briefing to take place. Ongoing training as further changes are made.	Chief Executive Monitoring Officer	To be completed by 30/9/2009	
New 2008/2009	Whilst member training is provided a more structured programme is required	Member training Plan to be agreed	Head of Organisational Development	To be completed by 30/9/2009	Plan in outline produced
New	The Council has a good record of achieving value for	Value for Money strategy to be taken to Policy and Resources	Corporate Director (s151)	Strategy by 31/7/2009	Strategy to be considered by Policy and Resources Committee

**ANNUAL GOVERNANCE STATEMENT 2008/09**  
**ACTION PLAN FOR IMPLEMENTATION IN 2009/10**

<b>STATUS</b>	<b>CONTROL ISSUE</b>	<b>ACTION PROPOSED</b>	<b>RESPONSIBILITY</b>	<b>TARGET DATE</b>	<b>CURRENT POSITION &amp; COMMENTS</b>
2008/2009	money, however more work is required to review high value services and high comparative cost services	Committee establishing a series of prioritised reviews		reviews ongoing	on 25 June 2009
New 2008/2009	Corporate Business Continuity Plan requires testing for resilience and further training may be required.	Use consultancy days from our insurers and specialist to ensure the plan is fit for purpose and appropriate staff have currency of knowledge.	Corporate Director (s151)	To be completed by 31/12/2009	

# STATEMENT OF ACCOUNTING POLICIES

## 1. **General**

The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, issued in 2008 by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with guidance notes issued by CIPFA on the application of accounting standards (SSAPs and FRSs). 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.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have 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.

The capital accounts of the Council are also prepared on the accruals basis and where the Council expects to receive a capital grant or capital contribution towards a capital acquisition, the accounts match the capital expenditure and the grant income in the same accounting year.

Debtors and creditors relating to the same government departments and other local authorities are recorded as gross to comply with the regulations for Whole Government Accounts (WGA) and United Kingdom Accounting Standards.

## 3. **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 or amount of the transfer is uncertain.

Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up on the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

For the financial year 2008/09 the Council has no such provisions, other than for bad and doubtful debts.

# STATEMENT OF ACCOUNTING POLICIES

## 4. **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.

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

## 5. **Government Grants and Contributions (Revenue)**

Grants and contributions are recognised as income at the date the Council satisfies the condition of entitlement, there is reasonable assurance that the monies will be received and the expenditure for which the grant has been 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 Income and Expenditure Account after Net Operating Expenditure.

## 6. **Retirement Benefits**

Employees of the Council who participate in the Local Government Pension Scheme, administered by North Yorkshire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions) related to pay and service.

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

- The liabilities of the North Yorkshire pension scheme attributable to the Council are included in the Balance Sheet on an 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 about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the North Yorkshire 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.

# STATEMENT OF ACCOUNTING POLICIES

- The change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
  - interest 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 in the Income and Expenditure Account
  - expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account
  - gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of services in the Income and Expenditure Account as a part of Non Distributed Costs
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – credited / debited to the Statement of Total Recognised Gains and Losses
  - contributions paid to the North Yorkshire pension fund – cash paid as employer’s contributions to the pension fund.

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 the year-end.

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 the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## 7. **VAT**

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

# STATEMENT OF ACCOUNTING POLICIES

## 8. Overheads and Support Services

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

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

These two cost categories are defined in BVACOP and accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

## 9. Intangible Fixed Assets

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

All intangible assets are associated with IT projects and are written off on a straight-line basis over 5 years.

## 10. Tangible Fixed Assets

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

### **Recognition**

Costs incurred when acquiring or improving tangible fixed assets are capitalised in the accounts. Expenditure is capitalised provided, that in each case, the asset is of benefit to the Authority and the services provided for more than one financial year. Normal repair and maintenance costs are not capitalised but charged to revenue expenditure.

### **Measurement**

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

- Investment properties and assets surplus to requirements – lower of net current replacement cost or net realisable value
- Land and Buildings – lower of net current replacement cost or net realisable value in existing use
- Vehicles, Plant and Equipment – depreciated historical cost
- Infrastructure and Community Assets – depreciated historical cost

Net current replacement cost is assessed as:

# STATEMENT OF ACCOUNTING POLICIES

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

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

## **Impairment**

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

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

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

## **Disposals**

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. Receipts are credited to the Capital Receipts Unapplied Account, and can then only be used for new capital investment. Receipts are appropriated to the reserve from the Statement of Movement on the General Fund Balance.

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

## **Depreciation**

# STATEMENT OF ACCOUNTING POLICIES

Depreciation is provided for on all fixed assets with a determinable finite useful life (except for investment properties) by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation is calculated on the following basis:

- leasehold properties are generally depreciated over a period coterminous with the length of the primary rental period
- newly acquired assets by the mid-point of the year are depreciated for the full year
- where depreciation is provided for, assets are being depreciated using the straight line method over the following periods:

Buildings (where appropriate)	10-60 years
Vehicles, plant and equipment	5-10 years
Computer equipment	5 years

Where an asset has major components with different estimated useful lives, these are depreciated separately.

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

## **Grants and Contributions**

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

## **11. Charges to Revenue for Fixed Assets**

Service revenue accounts, support services and trading accounts are debited with the following 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.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations as these charges are negated in the Statement of Movement on the General Fund Balance through the Capital Adjustment Account.

## **12. Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, a transfer to the Capital Adjustment Account reverses out the amount charged in the

# STATEMENT OF ACCOUNTING POLICIES

Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

## 13. **Capital Receipts**

Capital receipts from the disposal of assets are held in the Capital Receipts Unapplied Account until such time as they are used to finance other capital expenditure or to repay debt. Interest on capital receipts unapplied is credited to the Income and Expenditure Account.

## 14. **Financial Liabilities**

The SORP requires the fair value of each class of financial liability to be disclosed in the Notes to the Statement of Accounts, where this is different from the carrying amount stated in the Balance Sheet. However, the SORP also states that fair value disclosures are not required for short-term trade payables since the carrying amount is a reasonable approximation of fair value.

The Council did not enter any borrowing arrangements during the financial year and had no loan debt on the Balance Sheet, therefore no fair value adjustment was required and no transfer to or from the Financial Adjustment Account was made.

## 15. **Financial Assets**

Financial assets are classified into two types:

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

The SORP requires the fair value of each class of financial asset to be disclosed in the Notes to the Statement of Accounts, where this is different from the carrying amount stated in the Balance Sheet. Any changes in fair value are balanced by an entry in the Available-for-Sale Reserve. The SORP also states that fair value disclosures are not required for short-term trade receivables since the carrying amount is a reasonable approximation of fair value.

The Council did not enter into any available-for-sale asset arrangements during the financial year.

### **Loans and Receivables**

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and the interest due but not received credited to the Income and Expenditure Account is the amount receivable for the year on the loan agreement.

However, the Council has made a number of loans to voluntary organisations that are interest free (soft loans). When soft loans are made, a loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at an effective rate of interest, with the difference serving

# STATEMENT OF ACCOUNTING POLICIES

to increase the amortised cost of the loan to the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Income and Expenditure Account to the net gain required against the General Fund balance is managed by a transfer to or from the Financial Instrument Adjustment Account in the Statement of Movement on the General Fund Balance.

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

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

## 16. **Stocks**

The valuation of stocks are shown on the Balance Sheet at the lower of cost or net realisable value.

## 17. **Leases**

The Council accounts for leases in accordance with SSAP21.

All leases currently entered into by the Council as the lessor and lessee are considered to be operating leases. Rentals for 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 when they become payable.

## 18. **Restated Opening Figures and Prior Year Adjustments**

Following a change to the SORP the Cash Flow Statement is now shown using the indirect method, whereby adjusting the overall Income and Expenditure Account surplus or deficit to a cash basis derives revenue cash flow. Deferred Charges have previously been included in the capital activities of the Cash Flow Statement but the SORP requires its replacement, Revenue Expenditure Funded from Capital Under Statute, to be included in the Income and Expenditure Account and thus in the revenue activities section of the Cash Flow Statement along with any grants credited to the revenue account. These alterations constitute change in accounting policy and accordingly, the prior year comparatives on the Cash Flow Statement have been restated.

# INCOME AND EXPENDITURE ACCOUNT

## For the Year Ended 31 March 2009

2007/08 Net Exp. £'000		2008/09 Expenditure £'000	2008/09 Income £'000	2008/09 Net Exp. £'000
	<b><u>STATEMENT OF NET EXPENDITURE</u></b>			
880	Central Services to the Public	4,203	3,393	810
5,248	Cultural, Environmental Regulatory & Planning Services	9,045	3,333	5,712
(169)	Highways & Transport Services	923	1,049	(126)
1,027	Housing Services	10,695	9,599	1,096
1,243	Corporate and Democratic Core	1,238	3	1,235
592	Other Corporate and Non Distributed Costs	479	12	467
<b>8,821</b>	<b>NET COST OF SERVICES</b> - (Note 1)	<b>26,583</b>	<b>17,389</b>	<b>9,194</b>
-	Gain on the Disposal of Fixed Assets			(31)
527	Precepts paid to Parish Councils			571
17	Net Deficit from Direct Service Organisations - (Note 2)			52
(993)	Investment Income			(957)
454	Pensions interest cost and expected return on pension assets - (Note 3)			876
-	Interest Payable			1
(13)	Other Income – capital receipts unattached to fixed assets			(9)
<b>8,813</b>	<b>NET OPERATING EXPENDITURE</b>			<b>9,697</b>
	<b><u>SOURCES OF FINANCE</u></b>			
(3,992)	Demand on the Collection Fund			(4,231)
(980)	General Government Grants (Note 4)			(628)
(3,513)	Non-Domestic Rates Redistribution			(3,733)
<b>328</b>	<b>DEFICIT FOR THE YEAR</b>			<b>1,105</b>

# STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

**For the Year Ended 31 March 2009**

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

2007/08 £'000		2008/09 £'000
328	Deficit for the year on the Income and Expenditure Account	1,105
(328)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(1,105)
0	Increase in General Fund Balance for the Year	0
0	General Fund Balance brought forward	0
0	General Fund Balance carried forward	0

The notes to this statement are shown on page 37 note 13.

# STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

**For the Year Ended 31 March 2009**

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income 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.

2007/08 £'000		2008/09 £'000	Ref.
328	(Surplus)/deficit for the year on the Income and Expenditure Account	1,105	Page 25
(742)	(Surplus)/deficit arising on revaluation of fixed assets	(146)	Note 29
2,303	Actuarial (gains)/losses on pension fund assets and liabilities	1,764	Note 3
(7)	(Surplus)/ deficit for the year on the Collection Fund	236	Page 51
317	(Gain)/losses on capital receipts and grants unapplied	-	
-	Adjustment for transfer of capital grants unapplied from net worth in balance sheet	166	Note 32
<b>2,199</b>	<b>Total recognised (gains) and losses for the year</b>	<b>3,125</b>	

## BALANCE SHEET AS AT 31 MARCH 2009

2007/08 £'000		2008/09 £'000	Note Ref.
	<b>Fixed Assets</b>		
455	Intangible Fixed Assets	333	
	Tangible Fixed Assets		
	Operational Assets:		
9,852	Land & Buildings	9,827	
1,047	Vehicles Plant & Equipment	741	
1	Infrastructure Assets	1	
139	Community Assets	204	
	Non Operational Assets:		
1,516	Investment Properties	1,596	
469	Surplus Assets Held for Disposal	501	
13,479	<b>Total Fixed Assets</b>	13,203	14
-	Long-term Investments	-	17
29	Long-term Debtors	21	18
13,508	<b>Total Long-term Assets</b>	13,224	
	<b>Current Assets</b>		
180	Stocks & Work in Progress	164	19
2	Loans	1	20
1,569	Debtors	1,542	21
14,627	Investments	14,599	22
144	Cash In Hand	217	
30,030	<b>Total Assets</b>	29,747	
	<b>Current Liabilities</b>		
(3,885)	Creditors	(4,440)	23
26,145	<b>Total Assets less Current Liabilities</b>	25,307	
	<b>Long-term Liabilities</b>		
-	Long-term Borrowing	-	24
(36)	Provisions	-	25
(1,065)	Government Grants Deferred Account	(721)	26
-	Capital Grants Unapplied	(154)	27
(17,095)	Liability related to defined benefit pension scheme	(19,608)	3
7,949	<b>Total Assets Less Liabilities</b>	4,824	
	<b>Financed by:</b>		
506	Revaluation Reserve	635	29
11,938	Capital Adjustment Account	11,869	30
-	Financial Instruments Adjustment Account	(1)	31
5,214	Capital Receipts Unapplied	5,140	32
(17,095)	Pension Reserve	(19,608)	33
7,386	Fund Balances and Reserves	6,789	34
7,949	<b>Total Net Worth</b>	4,824	

### CHIEF FINANCE OFFICER'S CERTIFICATE

I certify that the above Balance Sheet, fairly states the financial position of the Council as at 31 March 2009

Signed:



P D Cresswell

CORPORATE DIRECTOR (S151)

28 SEPTEMBER 2009

# CASH FLOW STATEMENT

## For the Year Ended 31 March 2009

2007/08 (Restated) £'000	2007/08 (Restated) £'000		2008/09 £'000	2008/09 £'000
	(1,229)	<b>REVENUE ACTIVITIES NET CASH FLOW</b> (Note 36)		430
		<b>SERVICING OF FINANCE</b>		
		Cash Outflows		
0		Interest paid	1	
		Cash Inflows		
(993)		Interest received	(957)	
	(993)	<b>CAPITAL ACTIVITIES</b>		(956)
		Cash Outflows		
562		Purchase of fixed assets	565	
		Cash Inflows		
(837)		Sale of fixed assets	(75)	
(13)		Capital grants received and other capital income	(9)	
	(288)			481
	(2,510)	<b>NET CASH (INFLOW)/OUTFLOW BEFORE FINANCING</b>		(45)
		<b>MANAGEMENT OF LIQUID RESOURCES</b>		
		Net (increase)/decrease in short-term deposits (Note 36)		(28)
	3,605	<b>FINANCING</b>		
		Cash Outflows		
0		Payment of Medium Term Investment	0	
0		Repayments of amounts borrowed	0	
		Cash Inflows		
(1,500)		Repayment of Medium Term Investment		
0	(1,500)	Short-term loans raised	0	0
	(406)	<b>NET (INCREASE)/DECREASE IN CASH</b>		(73)

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 1. **Net Cost of Services**

The statement of recommended practice requires local authorities to present their accounts using the service expenditure analysis set out in the Best Value Accounting Code of Practice (BVACOP). The Net Cost of Services have been prepared using total cost methodology and the analysis of services as stipulated by the BVACOP.

Supplementary information for this statement is shown at the end of this document on pages 56 and 57.

## 2. **Direct Service Organisations**

Trading accounts have been produced to cover contracts for work previously won by the Direct Service Organisations (DSO's) to which Compulsory Competitive Tendering (CCT) legislation no longer applies. A summary of the individual contracts is shown below:

Trading Account	2008/09			2007/08
	Income £'000	Expenditure £'000	Surplus/ (Deficit) £'000	Surplus/ (Deficit) £'000
Refuse & Environmental Cleaning	2,062	2,111	(49)	9
Grounds Maintenance	84	56	28	13
Public Conveniences	104	135	(31)	(39)
<b>Total</b>	<b>2,250</b>	<b>2,302</b>	<b>(52)</b>	<b>(17)</b>

The General Fund budget for 2008/09 included a contribution of £30,000 from the DSO revenue accounts. The financial objective was not achieved in two of the service areas, largely due to the significant increase in the cost of fuel during the year and long-term sickness cover, resulting in an overall deficit of £52k. The deficit balance has been transferred to the Income & Expenditure Account.

## 3. **Pensions**

### **Participation in pension scheme**

As part of the terms and conditions of employment of its 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 and this needs to be recognised at the time that employees earn their future entitlement.

The Local Government Pension Scheme, administered by North Yorkshire County Council, is a funded defined benefit salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

### **Change in accounting policy**

Under the 2008 SORP the Council has adopted the amendment to FRS17, 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.

## NOTES TO THE CORE FINANCIAL STATEMENTS

The effect of this change is that the value of scheme assets at 31 March 2008 had decreased by £0.026m, resulting in an increase of the pension deficit of £0.026m. In consideration that this amount is not material the accounts have not been restated for the previous year and the adjustment has been included in the actuarial loss for 2008/09, which is included in the Statement of Total Recognised Gains and Losses.

### Transactions relating to retirement benefits

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

<b>Income and Expenditure Account</b>	2008/09 £'000	2007/08 £'000
Net Cost of Services:		
current service cost	1,098	897
past service (gain)/costs	85	-
curtailment costs	135	303
Net Operating Expenditure:		
interest cost	2,570	2,156
expected return on assets in the scheme	(1,694)	(1,702)
Net Charge to the Income and Expenditure Account	2,194	1,654
<b>Statement of Movement in the General Fund Balance</b>		
Reversal of net charges made for retirement benefits in accordance with FRS 17	(2,194)	(1,654)
Actual amount charged against the General Fund Balance for pensions in the year:		
employers' contributions payable to scheme	1,446	1,083

In addition to the recognised gains and losses included in the Income & Expenditure Account, actuarial losses of £1.764m (2007/08: £2.303m) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial losses, since 2005/06, recognised in the Statement of Total Recognised Gains and Losses is £2.95m.

### Assets and liabilities in relation to retirement benefits

<b>Reconciliation of present value of scheme liabilities</b>	2008/09 £'000	2007/08 £'000
At 1 April	42,176	40,059
Current service cost	1,098	897
Interest cost	2,570	2,156
Contribution by scheme participants	390	308
Actuarial gains and losses	(8,892)	(82)
Curtailments	135	-
Benefits paid	(1,589)	(1,465)
Past service costs	86	303
At 31 March	35,974	42,176

## NOTES TO THE CORE FINANCIAL STATEMENTS

<b>Reconciliation of fair value of the scheme assets</b>	2008/09 £'000	2007/08 £'000
At 1 April	25,081	25,838
Expected rate of return	1,694	1,700
Actuarial gains and losses	(10,656)	(2,383)
Employer contributions	1,446	1,083
Contributions by scheme participants	390	308
Benefits paid	(1,589)	(1,465)
At 31 March	16,366	25,081

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

The actual return on scheme assets in the year was a £8.936m loss (2007/08 £1.554m loss).

### Scheme history

	31.03.09 £'000	31.03.08 £'000	31.03.07 £'000	31.03.06 £'000	31.03.05 £'000
Present Value of Liabilities in Scheme	(35,974)	(42,176)	(40,059)	(40,262)	(34,263)
Fair Value of Assets in Scheme	16,366	25,081	25,838	24,348	19,148
Net asset/(liability)	(19,608)	(17,095)	(14,221)	(15,914)	(15,115)

The liabilities show the underlying commitments that the authority has in the long-term to pay retirement benefits. The total liability of £19.608m 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. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the 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 liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates for the fund being based on the full valuation of the scheme as at 31 March 2007.

# NOTES TO THE CORE FINANCIAL STATEMENTS

The principal assumptions used by the actuary have been:

	31.03.09	31.03.08
Long-term expected rate return on assets in the scheme:		
Equity investments	7.5%	7.5%
Government bonds	4.0%	4.6%
Other bonds	6.0%	6.1%
Cash/liquidity	0.5%	5.25%
Other	7.5%	7.5%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.2 yrs	21.1 yrs
Women	24.0 yrs	24.0 yrs
Longevity at 65 for future pensioners:		
Men	22.2 yrs	22.2 yrs
Women	25.0 yrs	25.0 yrs
Rate of inflation	3.3%	3.6%
Rate of increase in salaries	5.05%	5.35%
Rate of increase in pensions	3.3%	3.6%
Rate for discounting scheme liabilities	7.1%	6.1%
Take-up of option to convert annual pension to retirement grant	50%	50%

Assets in the Pension Fund consist of the following categories by proportion of the total assets held:

	31.03.09	31.03.08
Equity Investments	74.8%	72.9%
Government Bonds	8.5%	4.4%
Other Bonds	11.2%	17.4%
Cash/current Assets	4.4%	1.4%
Other	1.1%	3.9%

## History of experience gains and losses

The actuarial loss identified as movements on the Pension Reserve in 2008/09 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2009:

	2008/09 %	2007/08 %	2006/07 %	2005/06 %	2004/05 %
Differences between the expected and actual return on assets	(64.9)	(13.0)	0.5	15.3	3.3
Experience gains and losses on liabilities	(24.7)	7.3	0	(4.2)	(3.3)

Further information can be found in the North Yorkshire Pension Fund's Annual Report that is available upon request from Financial Services, County Hall, Northallerton, DL7 8AL.

The Council also makes payments to the West Yorkshire Superannuation Fund in respect of pension increases for former authorities that amalgamated to form Ryedale. This amounted to £38,999 in 2008/09 (2007/08: £37,396).

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 4. General Government Grants

Grants received from central government that have no ring-fenced conditions imposed include the following:

	2008/09 £'000	2007/08 £'000
Revenue Support Grant	519	589
Area Based Grant	23	-
Local Authority Business Growth Incentive Grant	86	391
Total	628	980

## 5. Section 137, Local Government Act 1972

Under Section 137 of the Local Government Act 1972, amended by the Local Government and Housing Act 1989, the Council is empowered to incur expenditure for the benefit of people in its area on activities or projects not specifically authorised by other powers. The Council's expenditure for 2008/09 was £22,609 (2007/08: £21,137).

## 6. Publicity Expenditure

Section 5, of the Local Government Act 1986, requires a local authority to keep a separate account of its expenditure on publicity.

Expenditure includes general advertising, staff advertising and costs (including staff time) associated with informing the community of Ryedale and the media of the Council's functions and objectives.

The Council spending on advertising and publicity is shown below.

	2008/09 £	2007/08 £
Recruitment Advertising	10,817	20,160
Other Advertising	23,342	24,519
Publicity	45,911	50,026
Total	80,070	94,705

## 7. Members' Allowances

The Local Authorities (Members Allowances) (England) Regulations require local authorities to make public their schemes for members' allowances and disclose annually amounts paid to members under such schemes. The cost of Members' Allowance payments is included in the heading Corporate and Democratic Core and in 2008/09 amounted to £124,244 (2007/08: £116,509) and expenses payments for travel and subsistence were £13,101 (2007/08: £12,427).

A summary of payments made to each member is publicised through the Council's website and is also available for viewing at the reception of the administrative offices.

## 8. Officers' Emoluments

# NOTES TO THE CORE FINANCIAL STATEMENTS

The number of employees whose remuneration was £50,000 or more in bands of £10,000 were:

Remuneration Band	2008/09 Number of Employees		2007/08 Number of Employees
	Total	Left During Year	
£50,000 - £59,999	2	0	2
£60,000 - £69,999	3	1	1
£70,000 - £79,999	1	1	0
£80,000 - £89,999	0	0	0
£90,000 - £99,999	0	0	0
£100,000-£109,999	1	0	1
£110,000-£119,999	0	0	1

These payments exclude pension contributions.

## 9. **Related Party Transactions**

The Council is required to disclose material transactions with related parties, which are not disclosed elsewhere in the accounts. Related parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

Central government has effective control over the general operations of the Council. It is responsible for providing the Statutory Framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties e.g. housing benefits. Revenue Support Grant, Non-Domestic Rates Redistribution, Local Authority Business Growth Incentive Scheme (LABGI) and Area Based Grant are shown on the face of the Income and Expenditure Account. Details of grants from government departments specific to services are set out in note 36 relating to the Cash Flow Statement on page 48.

During the year transactions with related parties arose as follows:

		Receipts £'000	Payments £'000
Rye Internal Drainage Board	- levy	-	54
Thornton Internal Drainage Board	- levy	-	12
Community Leisure Ltd		-	321
<i>Grant payment to support the operation of leisure facilities</i>			

The Corporate Director (Section 151), P D Cresswell, of Ryedale District Council has an interest in the North Yorkshire Audit Partnership and the North Yorkshire Building Control Partnership as a client officer.

## 10. **Audit Costs**

# NOTES TO THE CORE FINANCIAL STATEMENTS

In 2008/09 the Council incurred the following fees relating to external audit inspection:

	2008/09 £'000	2007/08 £'000
• Fees payable with regard to external audit services carried out by the appointed auditor	81	70
• Fees payable in respect of statutory inspections	6	6
• Fees payable for the certification of grant claims and returns	18	15
	105	91

## 11. North Yorkshire Audit Partnership

With effect from 1 January 2008, Ryedale, Scarborough and Selby District Councils agreed a continuation of the North Yorkshire Audit Partnership until 31 March 2012. On 1 April 2008, Hambleton and Richmondshire District Councils formally joined the Partnership as full partners, retaining the fundamental principles of the Partnership Agreement.

Ryedale District Council's proportion of the Partnership's accumulated surplus is £3,093 as at 31 March 2009.

## 12. Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Section cannot be charged for, such as providing advice and liaising with other statutory authorities. Ryedale, Selby and Hambleton District Councils have a partnership arrangement to provide the Building Control service. Scarborough Borough Council joined the Partnership with effect from 1 April 2008. Chargeable and non-chargeable activities have been divided on an agreed basis. Ryedale District Council's proportion of the account is included in the table below:

Total 2007/08 £'000		Chargeable 2008/09 £'000	Non-Chargeable 2008/09 £'000	Total 2008/09 £'000
	<b>Expenditure</b>			
270	Employees	254	34	288
14	Premises	11	1	12
57	Supplies & Services	21	1	22
35	Support Services	15	2	17
376	<b>Total Expenditure</b>	301	38	339
	<b>Income</b>			
275	Building Regs. Charges	282	-	282
1	Miscellaneous Income	6	-	6
276	<b>Total Income</b>	288	-	288
(100)	<b>(Deficit) for year</b>	(13)	(38)	(51)

## 13. Reconciling Items for the Statement of Movement on the General Fund Balance

# NOTES TO THE CORE FINANCIAL STATEMENTS

Detailed below is a note of reconciling items for the Statement of Movement on the General Fund Balance shown on page 26.

2007/08 £'000		2008/09	
		£'000	£'000
	<b>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.</b>		
(131)	Amortisation of intangible assets	(143)	
(899)	Depreciation and impairment of fixed assets	(692)	
469	Government Grants Deferred amortisation	344	
(336)	Revenue Expenditure Funded from Capital Under Statute	(382)	
-	Net gain on sale of fixed assets	30	
-	Difference between amounts in the Income & Expenditure Acct and amounts recognised under statutory provisions relating to soft loans	(1)	
13	Capital receipts unattached to fixed assets	9	
(1,654)	Net charges made for retirement benefits in accordance with FRS 17	(2,194)	
(2,538)			(3,029)
	<b>Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year</b>		
655	Capital expenditure charged in-year to the General Fund Balance	839	
1,083	Employers contributions payable to the North Yorkshire Pension Fund and retirement benefits payable direct to pensioners	1,446	
1,738			2,285
	<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year</b>		
472	Net transfer to or from earmarked reserves	(361)	
472			(361)
(328)	<b>Net additional amount required to be credited to the General Fund Balance for the year</b>		(1,105)

The following contributions were made to/(from) earmarked reserves:

	£'000
Restructure Reserve	(290)
Capital Fund	(60)
Community Investment Fund	(48)
Grants Reserve	(17)
IT Fund	(6)
Improvement, Contingency & Emergency (ICE) Fund	43
Election Reserve	15
Operational Reserve	2
<b>Total Contribution from Earmarked Reserves</b>	<b>(361)</b>

## 14. Fixed Assets

# NOTES TO THE CORE FINANCIAL STATEMENTS

## Movement of Tangible Fixed Assets

<b>Operational Assets</b>	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Total Operational Assets £'000
<b>Cost or Valuation</b>					
Gross Book Value as at 1 April 2008	11,001	3,694	1	139	14,835
Reclassification	(45)	-	-	-	(45)
Additions	326	46	-	65	437
Disposals	-	-	-	-	-
Revaluations	8	-	-	-	8
Gross Book Value at 31 March 2009	11,290	3,740	1	204	15,235
Depreciation as at 1 April 2008	1,149	2,647	-	-	3,796
Depreciation for Year	340	352	-	-	692
Depreciation on Assets Sold	-	-	-	-	-
Depreciation on Revaluation	(26)	-	-	-	(26)
Total Depreciation as at 31 March 2009	1,463	2,999	-	-	4,462
Net Book Value as at 31 March 2009	9,827	741	1	204	10,773
Net Book Value as at 1 April 2008	9,852	1,047	1	139	11,039
<b>Nature of Asset Holding</b>					
Owned	9,827	741	1	204	10,773

<b>Non - Operational Assets</b>	Investment Properties £'000	Surplus Assets £'000	Non - operational Assets £'000
<b>Cost or Valuation</b>			
Gross Book Value as at 1 April 2008	1,516	469	1,985
Reclassification	45	-	45
Additions	-	-	-
Disposals	-	(45)	(45)
Revaluations	35	77	112
Gross Book Value at 31 March 2009	1,596	501	2,097
Depreciation as at 1 April 2008	-	-	-
Depreciation for Year	-	-	-
Total Depreciation as at 31 March 2009	-	-	-
Net Book Value as at 31 March 2009	1,596	501	2,097
Net Book Value as at 1 April 2008	1,516	469	1,985
<b>Nature of Asset Holding</b>			
Owned	1,596	501	2,097

All assets are employed for the purpose of providing General Fund services.

Asset classification is in accordance with the 2008 Code of Practice of Local Authority Accounting. Valuations are made 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 (RICS). The valuation process is led by Roger Barnsley, who is an externally appointed Chartered Surveyor. Subsequent revaluations will be made at intervals of at least five years. Any material changes occurring before normal revaluation will be reflected in the balance sheet for the year in which they occur.

# NOTES TO THE CORE FINANCIAL STATEMENTS

Current year additions are capitalised at actual cost.

The proceeds arising from disposals are accounted for in the Balance Sheet as useable capital receipts. Further details of the accounting policy on disposals are given on page 21.

Both acquisitions and disposals are accounted for on an accruals basis.

The restatement of the fixed assets in the balance sheet is as follows:

- Land and Buildings (operational), non specialised property at existing value and specialised property at depreciated replacement cost;
- Land and Buildings (non operational and surplus to requirements) at market value;
- Vehicles, Plant and Equipment at depreciated historical cost;
- Infrastructure and Community Assets at depreciated historical cost.

## Valuation of Fixed Assets Carried at Current Value

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The basis for valuation is set out in the statement of accounting policies.

	Land & Buildings £'000	Vehicles, Plant Equipment £'000	Investment Properties £'000	Surplus Assets £'000	Total £'000
Valued at historical cost	-	3,740	-	-	3,740
Valued at current value in:					
2008/09	123	-	50	297	470
2007/08	642	-	-	-	642
2006/07	-	-	-	-	-
2005/06	7,303	-	1,191	-	8,494
2004/05	3,221	-	355	204	3,780
Total	11,289	3,740	1,596	501	17,126

## Information on Assets Held

Fixed assets owned by the Council include the following:

	Number as at 31 March 2009	Number as at 31 March 2008
Operational Buildings		
District Office	1	1
Other Offices	0	1
Depots	1	1
Sports and Leisure Centres	1	1
Swimming Pools	2	2
Surface Car Parks	13	13
Public Conveniences	11	11
Tourist Information Centres	1	1
Travellers Sites	1	1

Sports and Leisure Centres includes a Leisure Centre owned by the North Yorkshire County Council in which Ryedale District Council has a financial interest

# NOTES TO THE CORE FINANCIAL STATEMENTS

arising from its contribution towards the capital cost.

## Movement in Intangible Assets

	Purchased Software Licences £'000	Other Asset Costs £'000	Total £'000
Gross Book Value as at 1 April 2008	274	420	694
Additions	21	0	21
Gross Book Value as at 31 March 2009	295	420	715
Amortisation as at 1 April 2008	92	147	239
Amortisation for the year	59	84	143
Amortisation as at 31 March 2009	151	231	382
Net Book Value as at 31 March 2009	144	189	333
Net Book Value as at 31 March 2008	182	273	455

All intangible assets are associated with IT projects. Software licences are held for most of the Council services including Access to Services, Environmental Health, Corporate Network etc. Other asset costs relate to consultancy, advertising and administration across a number of IT projects.

## 15. Capital Expenditure & Financing

	2008/09 £'000	2007/08 £'000
Capital Investments:		
Operational Assets	437	259
Non-Operational Assets	-	289
Intangible Assets	20	58
Revenue Expenditure Funded from Capital Under Statute	1,237	693
	1,694	1,299
Sources of Finance:		
Capital Receipts	-	-
Government Grants & Other Contributions	855	644
Revenue Contributions	839	655
	1,694	1,299

At 31 March 2009 Capital Commitments amounted to £259,000. This includes £40,000 for the Malton Town Centre physical improvement works and £219,000 committed to housing grant schemes.

## 16. Leases

The Council normally acquires vehicles, plant and equipment using operating leases. The Council also provides certain employees with lease vehicles under three year contract hire agreements.

Rental payments to operating lease agreements in 2008/09 totalled £341,000 (2007/08: £188,000). The Council is committed to making payments of £266,000

# NOTES TO THE CORE FINANCIAL STATEMENTS

under operating lease agreements in 2009/10, comprising the following:

	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000
Leases expiring in 2009/10	-	-
Leases expiring between 2010/11 and 2013/14	-	116
Leases expiring after 2013/14	-	150
	-	266

The capital value of leases acquired during the year (excluding employee vehicles) amounted to zero.

## 17. Long Term Investments

The Council had no medium / long-term investments as at 31 March 2009.

## 18. Long Term Debtors

	As at 31.03.08 £'000	Interest Adjustment Soft Loans £'000	Amounts Written Down £'000	As at 31.03.09 £'000
Loans:				
Milton Rooms Management Committee	11	(1)	(3)	7
Ryedale Folk Museum	18	-	(4)	14
	29	(1)	(7)	21

## 19. Stocks & Work in Progress

	31.03.09 £'000	31.03.08 £'000
Fuel Stores	9	22
Miscellaneous Stores	15	16
Equipment & Plant	122	121
DSO Stores	18	21
	164	180

## 20. Loans

	31.03.09 £'000	31.03.08 £'000
Employee Car Loans	1	2
	1	2

## 21. Debtors

# NOTES TO THE CORE FINANCIAL STATEMENTS

	31.03.09 £'000	31.03.08 £'000
Amounts Owed by Local Taxpayers:		
Council Tax	828	752
NNDR	269	182
Central Government:		
Government Departments	20	306
HM Revenue & Customs (VAT)	90	62
Other Local Authorities	103	98
Sundry Debtors	966	829
	2,276	2,229
Less Provision for Bad & Doubtful Debts:		
Council Tax	(390)	(390)
NNDR	(80)	(50)
General Fund	(264)	(220)
	(734)	(660)
	1,542	1,569

## 22. Investments

Investments shown under current assets are carried at nominal value plus accrued interest and represent short-term holdings summarised as follows:

	31.03.09 £'000	31.03.08 £'000
UK Clearing Banks	7,473	2,060
Foreign Banks	5,622	6,128
Building Societies	1,502	6,437
Other	2	2
	14,599	14,627

Details of investment activities are provided to the Policy & Resources Committee, which monitors performance and ensures proper practice is employed for Treasury Management.

## 23. Creditors & Prepayments

	31.03.09 £'000	31.03.08 £'000
Government Departments	744	946
Other Local Authorities	424	376
Council Taxpayers	383	300
Business Ratepayers	1,113	895
Sundry Creditors	1,749	1,341
	4,413	3,858
Deposits and Other Balances	27	27
	4,440	3,885

## 24. Long Term Borrowing

The Council has no long-term borrowing.

## 25. Provisions

# NOTES TO THE CORE FINANCIAL STATEMENTS

	31.03.09 £'000	31.03.08 £'000
Planning Appeals	-	28
Local Development Framework	-	8
	-	36

Provision was made in 2007/08 to cover potential expenditure on outstanding planning appeals. No such expenditure was incurred and the overprovision was credited to the Income & Expenditure Account in 2008/09. No provisions were necessary for planning appeals or the local development framework at the end of the financial year 2008/09.

## 26. **Government Grants Deferred Account**

Grants received from government departments as a contribution to the financing of fixed assets are credited to this account. A write-down of the grant is applied and transferred to the Income and Expenditure Account to match the depreciation of the asset to which it relates. The Account holds the unamortised balance as deferred income.

## 27. **Capital Grants Unapplied**

These are receipts from central government and other funding organisations available to finance capital expenditure and will be applied to fund relevant projects in future years. This balance was previously included within the Capital Receipts Unapplied reserve in the Balance Sheet but in 2008/09 has been transferred out of the net worth of the Balance Sheet into this account to comply with the SORP.

## 28. **Movement on Reserves**

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

Reserve	Balance at 01.04.08 £'000	Net Movement in Year £'000	Balance at 31.03.09 £'000	Further Details
Revaluation Reserve	506	129	635	See note 29
Capital Adjustment Account	11,938	(69)	11,869	See note 30
Financial Instruments Adj. Acct	-	(1)	(1)	See note 31
Capital Receipts Unapplied	5,214	(74)	5,140	See note 32
Pensions Reserve	(17,095)	(2,513)	(19,608)	See note 33
Earmarked & Specific Reserves	7,386	(597)	6,789	See note 34
Total	7,949	(3,125)	4,824	

## 29. **Revaluation Reserve**

## NOTES TO THE CORE FINANCIAL STATEMENTS

The overall balance on this reserve represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than historical cost.

Whilst these gains arising from revaluations increases the net worth of the authority they would only result in an increase in spending power if the relevant assets were sold and capital receipts generated.

	£'000
Balance at 1 April 2008	506
Revaluation of Assets	145
Adjust for difference between historical cost & current value depreciation	(16)
Write out Revaluation Gain of Assets Sold, disposed of or decommissioned	-
Balance at 31 March 2009	635

### 30. **Capital Adjustment Account**

The balance on this account represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in order with statutory requirements.

	£'000
Balance at 1 April 2008	11,938
Reversal of Depreciation	(692)
Reversal of Amortisation of Intangible Assets	(143)
Difference between historical cost and current value depreciation	16
Write out carrying amount of disposal assets	(44)
Reversal of Revenue Expenditure Funded from Capital Under Statute	(382)
Resources Set Aside to Finance Capital Expenditure:	
Revenue	839
Reversal of Government Grants Deferred	344
Repayment of long-term debt	(7)
Balance at 31 March 2009	11,869

### 31. **Financial Instruments Adjustment Account**

The SORP requires the Council to account for lost interest on any loans it provides either at interest free or at rates below current market rates. This account provides the balancing mechanism between the gains and losses met from the General Fund. The balance of £968 relates to two soft loan arrangements with the Milton Rooms Management Committee (see Note 18).

### 32. **Capital Receipts Unapplied**

These are capital receipts that have not yet been used to finance capital expenditure or repay loan debt.

	£'000	£'000
<u>Add</u>		
Balance at 1 April 2008		5,214
New receipts from sale of land and property	75	
Other receipts	17	92
<u>Less</u>		
Transfer to Capital Grants Unapplied (see Note 27)		5,306
Used to finance 2008/09 Capital Expenditure		(166)
Balance at 31 March 2009		-
		5,140

### 33. **Pensions Reserve**

# NOTES TO THE CORE FINANCIAL STATEMENTS

This reserve is not to finance expenditure. An appropriation to the reserve is made in order to keep in balance with the pensions asset/liability (see Note 3).

## 34. **Funds Balances and Reserves**

The balance of £6,789,000 covers the position of the Council's revenue reserves, including earmarked reserves of £6,290,000 and specific reserves of £499,000.

### **Earmarked Reserves**

	Balance at 31/03/08	Reorgan- isation Between Reserves	Other Net Movement During Year	Balance at 31/03/09
	£'000	£'000	£'000	£'000
General Reserve	1,339	(839)	-	500
Capital Fund	-	4,171	(60)	4,111
Capital Contingency Fund	-	200	-	200
Improvement, Contingency & Emergency (ICE) Fund	308	-	43	351
Grant Reserve	118	-	(17)	101
Election Reserve	20	-	15	35
IT Fund	155	-	(6)	149
Operational Reserve	-	568	2	570
Restructure Reserve	-	426	(290)	136
Local Development Framework Reserve	-	100	-	100
Community Investment Fund	85	-	(48)	37
Investment Income Reserve	2,724	(2,724)	-	-
Repairs & Renewals Reserve	1,108	(1,108)	-	-
Service Investment Fund	510	(510)	-	-
Superannuation Reserve	126	(126)	-	-
	<b>6,493</b>	<b>158</b>	<b>(361)</b>	<b>6,290</b>

During 2008/09 the Council reviewed and reorganised its reserves resulting in the closure of the Investment Income Reserve, Repair & Renewals Reserve, Superannuation Reserve, Service Investment Fund and the DSO Reserves. These reserves were replaced by the Capital Fund, Capital Contingency Fund, Restructure Reserve and Operational Reserve. The main purpose of the reserves is as follows:

- (a) The General Reserve receives or contributes to differences in the estimated to actual net expenditure on the Revenue Account. It provides a working balance for the day-to-day revenue costs and income and meets any unforeseen liabilities not provided elsewhere in the accounts.
- (b) The Capital Fund is a new reserve that will hold the resources from the revenue stream of funding to be applied to the capital programme.
- (c) The Capital Contingency Fund was established to assist in the management of the Council's capital resources. It will provide a resource to fund small scale and hoc capital schemes between the annual capital bid process and provide contingency funding for potential additional costs incurred in the existing programme.
- (d) The Improvement, Contingency & Emergency (ICE) Fund is available for a number of purposes that include meeting the cost of unexpected significant

# NOTES TO THE CORE FINANCIAL STATEMENTS

revenue items and initial financial support to achieve efficiency savings.

- (e) The Council provides grants and loans to voluntary bodies and other organisations to help establish and improve a variety of facilities throughout the District. Grants are also issued to support rural community transport initiatives. If funds made available are not fully utilised during a particular year, the remaining budget provision is transferred into this reserve to help off-set expenditure in future years.
- (f) An Election Reserve is used to equalise the effect of the four yearly District Election costs.
- (g) An Information Technology Fund is used to finance the purchase and renewal of items of computer equipment such as personal computers, printers and associated software.
- (h) The Operational Reserve allows Service Units to set aside a proportion of any savings in their budgets to be used in later years.
- (i) The Restructure Reserve was established to cover the set-up costs associated with the management restructure of the Council.
- (j) A reserve has been established to cover the additional cost associated with accelerating the completion of the Local Development Framework.
- (k) The Community Investment Fund is available for capital and revenue projects that will contribute to the achievement of the Community Plan priorities.

## **Specific Reserves**

	Balance at 31/03/08 £'000	Movement £'000	Balance at 31/03/09 £'000
DSO Reserves	158	(158)	0
Collection Fund	735	(236)	499
	893	(394)	499

The Collection Fund is a statutory fund in which the Council records transactions for Council Tax and Business Rates. The balance on the fund is available for funding the precept requirement of the District Council, the County Council, the Police Authority and the Fire and Rescue Authority and will be paid over in full in future years.

The DSO Reserves were closed following the reorganisation of the Council reserves. The balance has been transferred to the Operational Reserve.

## 35. **Group Accounts**

The Council has adopted the SORP guidance for Group Accounts into the Financial Statements, that Authorities comply with the requirements of Financial Reporting Standard (FRS) 2 *Accounting for Subsidiary Undertakings* and *FRS9 Associates and Joint Ventures*.

Authorities must consider all their interests and prepare a full set of Group

## NOTES TO THE CORE FINANCIAL STATEMENTS

Financial Statements where they have a material interest or control over Subsidiaries, Associates, or Joint Ventures. Group Accounts reflect the assets and liabilities of the body that the Authority is deemed to control. This provides users of the financial statements with a full understanding of the full economic implications of the Authority's involvement in such entities, including its exposure to risk.

The Council does not have any material interest that requires reporting under the guidance of the SORP.

### 36. Notes to the Cash Flow Statement

#### Reconciliation of net surplus on income and expenditure to cash inflow from revenue activities

2007/08 (Restated) £'000		2008/09	
		£'000	£'000
328	(Surplus)/Deficit for the year on Income & Expenditure Account		1,105
(7)	Collection Fund (surplus)/deficit for year		236
	Non Cash Transactions		
7	Provisions written down in the year	36	
(571)	Pensions adjustment	(748)	
(899)	Depreciation and impairment of fixed assets	(692)	
(131)	Amortisation of intangible assets	(143)	
469	Government grants deferred amortised	344	
0	Net gain on sale of fixed assets	30	
0	Non cash flow expenditure relating to soft loans	(1)	
			(1,174)
	Items on an Accruals Basis		
20	Increase/(decrease) in stocks and work progress	(16)	
(806)	Increase/(decrease) in revenue debtors	(36)	
(676)	(Increase)/decrease in revenue creditors and deposits	(661)	
31	Revenue expenditure funded from capital receipts unapplied	11	
			(702)
	Items Classified elsewhere in the Cash Flow Statement		
993	Interest and investment income	957	
0	External interest paid	(1)	
13	Capital receipts unattached to fixed assets	9	965
(1,229)	<b>Revenue activities net cash (inflow) / outflow</b>		<b>430</b>

#### Movement in net funds

	As at 31.03.09 £'000	As at 31.03.08 £'000	Movement £'000
Cash in hand / (overdrawn)	217	144	(73)
<b>Net (increase)/decrease in cash</b>	<b>217</b>	<b>144</b>	<b>(73)</b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## Management of Liquid Resources

	£'000
Investments at 31 March 2008	14,627
Investments to 31 March 2009	14,599
<b>Net (increase)/decrease in investments</b>	<b>28</b>

The movement shows the increase in short term investments in the Council's Investment Fund managed by an external cash manager and in-house. All deposits are in accordance with the Council's Treasury Management Policy.

## Change in accounting policy

Following a change to the SORP the Cash Flow Statement is now presented using the indirect method, whereby adjusting the overall Income and Expenditure Account surplus or deficit to a cash basis derives revenue cash flow. The statement had previously been prepared using the direct method. Deferred Charges have previously been included in the capital activities of the Cash Flow Statement but the SORP now requires its replacement, Revenue Expenditure Funded from Capital Under Statute, to be included in the revenue activities section of the Cash Flow Statement, along with any grants credited to the revenue account. These alterations constitute change in accounting policy and accordingly, the prior year comparatives have been restated.

## Analysis of other government grants received

Details of Revenue Support Grant, Area Based Grant and Local Authority Business Growth Incentive (LABGI) Grant are included in Note 4. Other significant grants received in the year include the following:

	£'000
Housing & CT Benefit Subsidy	11,411
Housing & CT Benefit Administration	341
Concessionary Fares	205
Safer Stronger Communities	60
Homelessness	50
Planning Delivery Grant	20
Regional Housing Pot	356
Disabled Facilities Grant	192
<b>Total</b>	<b>12,365</b>

## 37. The Nature and Extent of Risks Arising from Financial Instruments

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

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

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The Council's overall risk management programme focuses on the unpredictability

# NOTES TO THE CORE FINANCIAL STATEMENTS

of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Finance Unit, under policies approved by the Council in the annual Treasury Management Policy Statement.

## **Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions that meet the established criteria approved by the Council. The Council's Treasury Management Policy Statement and Annual Investment Strategy, details the criteria applied, as well as the maximum investment limit at any one time, to any institution. The Council has a policy of not lending more than £2m of its balances to one institution.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability in previous financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2009  £000's	Historical Experience of Default  %	Historical Experience adjusted for market conditions at 31 March 2009  %	Estimated maximum exposure to default and uncollectability  £000's
Deposits with Banks and Financial Institutions	14,599	0%	0%	0

## **Liquidity risk**

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available when needed. There is no significant risk that the authority will be unable to raise finance to meet its commitments. The authority currently has no borrowings and all trade and other payables are due to be paid in less than one year.

## **Market risk**

### Interest rate risk

The Council could be exposed to risk in terms of its exposure to interest movements on its investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

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

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The Council has set an upper limit of 20% variable rate exposure to its investments.

# NOTES TO THE CORE FINANCIAL STATEMENTS

However, all investments are currently fixed rate, which helps to reduce uncertainty. The authority continues to keep a proportion of its investments short term to allow for flexibility in interest rate movements.

## Market price risk

The Council does not generally invest in equity shares and is therefore not subject to any price risk, that is, the risk that the authority will suffer loss as a result of adverse movements in the price of financial instruments.

## Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currency, therefore it has no exposure to loss arising as a result of adverse movements in exchange rates.

### 38. **Post Balance Sheet Events**

Under FRS 21 *Events after the Balance Sheet Date*, the Council is required to disclose the date that the financial statements are authorised for issue. This confirms the date after which events will not have been recognised in the Statement of Accounts.

The Draft Statement of Accounts was approved by the Policy and Resources Committee on 25 June 2009 and authorised for issue by Paul Cresswell, Corporate Director (s151) and Cllr. Robert Wainwright, Chairman of the Policy and Resources Committee.

2007/08 £'000		£'000	2008/09 £'000	NOTE
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# COLLECTION FUND INCOME & EXPENDITURE ACCOUNT

**For the Year Ended 31 March 2009**

<b>INCOME</b>				
(26,058)	Council Tax		(27,483)	
(2,719)	Transfers from General Fund - Council Tax Benefits		(2,871)	
(12,995)	Income Collectable from business ratepayers		(13,638)	
(41,772)	<b>Total Income</b>		<b>(43,992)</b>	
<b>EXPENDITURE</b>				
	Precepts and Demands:			
19,713	North Yorkshire County Council	20,971		
3,874	North Yorkshire Police Authority	4,104		
1,171	North Yorkshire Fire & Rescue	1,243		
3,992	Ryedale District Council	4,231		
50	Street Lighting Expenses	41	30,590	(3)
	Non-Domestic Rates:			
12,917	Payment to National Pool	13,498		(4)
108	Costs of Collection Allowance	110		(5)
(30)	Allowance for Losses	30	13,638	(5)
(30)	Provision for non-payment of Council Tax		0	(5)
41,765	<b>Total Expenditure</b>		<b>44,228</b>	
(7)	(Surplus) / Deficit for the year		236	
(728)	Surplus at 1 April		(735)	
(735)	Surplus at 31 March		(499)	

# NOTES ON THE COLLECTION FUND ACCOUNT

## 1. General

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non-Domestic rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised.

The Collection Fund accounts are consolidated with the other accounts of the Council. Transactions are prescribed by legislation and are prepared on the accruals basis. The costs of administering collection are accounted for in the General Fund.

The surplus or deficit on the Collection Fund at the end of the year is required to be distributed to or made good by contributions from the Council, North Yorkshire County Council, North Yorkshire Police Authority and North Yorkshire Fire and Rescue Authority in a subsequent financial year.

## 2. Council Tax

The Council Tax is a tax levied on all domestic properties, in a proportion, which is determined by the valuation band allocated to a property. The Council Tax base i.e. the number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings, was calculated as follows:

Band	No of Properties	Ratio	Band D Equivalent Dwellings
A	1,773	6/9	1,182
B	5,116	7/9	3,979
C	4,871	8/9	4,330
D	3,560	1	3,560
E	2,910	11/9	3,557
F	1,796	13/9	2,594
G	1,045	15/9	1,742
H	93	18/9	186
<b>TOTAL</b>	21,164		21,130
Less adjustment for Collection Rate			(317)
Council Tax Base			20,813

## 3. Precepts

Precepts and demands for 2008/09 are analysed as follows:

	Ryedale DC £'000	NYCC £'000	NYPA £'000	NYFRA £'000
2008/09 Precept/Demand	4,160	20,570	4,025	1,219
Payment in respect of 2007/08 surplus	71	401	79	24
	4,231	20,971	4,104	1,243

# NOTES ON THE COLLECTION FUND ACCOUNT

The balance on the Collection Fund is available for funding the precept requirement for the authorities as follows:

	£'000
Ryedale District Council	62
North Yorkshire County Council	348
North Yorkshire Police Authority	68
North Yorkshire Fire & Rescue Authority	21

## 4. **Income from Business Rates**

The Council collects business rates for its area, which are based on local rateable values multiplied by a uniform rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by central government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population. Under these arrangements the amounts included in these accounts can be analysed as follows:

	£'000
Non-Domestic Rateable Value multiplied by the uniform business rate (net of rateable value adjustments)	15,031
Less net adjust. for Transitional Relief, Part Occupancy, Write-offs and Transitional Premium	(731)
	14,300
Less Charitable Relief	(667)
	13,633
Other adjustments including making provision for bad debts and interest payments made	(135)
	13,498

Redistribution from the NNDR Pool is credited to the General Fund Summary.

## 5. **Bad and Doubtful Debts**

The figures show any movement on the provision for bad and doubtful debts. Provision has been made for Council Tax payers of £390,000 and Business Ratepayers of £80,000 and is included within Debtors in the Council's Balance Sheet.

## 6. **Statistics**

Additional information is as follows:

Total National Non Domestic Rateable Value in £'s at 31.03.09	34,040,752
NDR Rate in £ for 2008/09	46.2p
Small Business Rate in £ for 2008/09	43.8p
Number of Business Premises (Hereditament) at 31.03.09	2,724
Number of Council Tax Benefit claimants at 31.03.09	3,364

# **INDEPENDENT AUDITOR'S REPORT**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RYEDALE DISTRICT COUNCIL**

### **Opinion on the accounting statements**

We have audited the accounting statements and related notes of Ryedale 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 Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the Collection Fund, the related notes to the Core Financial Statements 1 to 38 and the related notes to the Collection Fund 1 to 6. The 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 Ryedale District Council as a body, 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. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Corporate Director (s151) and the independent auditors**

The Corporate Director (s151)'s responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Council Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

We report to you our opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Council Accounting in the United Kingdom 2008, the financial position of the Council and of its income and expenditure for the year.

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

We read other information published with the accounting statements and related notes as described in the contents section, and consider whether it is consistent with the audited accounting statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

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

# INDEPENDENT AUDITOR'S REPORT

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us 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 our opinion we also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

## Opinion

In our opinion the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Council Accounting in the United Kingdom 2008, the financial position of the Council 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

### Council's Responsibilities

The Council 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 to regularly review the adequacy and effectiveness of these arrangements.

### Auditors' Responsibilities

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

## Conclusion

We have undertaken our 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, we are satisfied that, in all significant respects, Ryedale District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009 except that it did not put in place adequate arrangements for:

- 'Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?'

## Certificate

We certify that we 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.

**Paul Thomson (Engagement Lead)**

**For and on behalf of Deloitte LLP**

Appointed Auditor

Leeds, England

30 September 2009

# **INDEPENDENT AUDITOR'S REPORT**

## INCOME & EXPENDITURE ACCOUNT (DETAIL BY SERVICE)

This analysis supplements the Income and Expenditure Account Statement shown on page 25 and provides details of the expenditure and income for each individual service.

2007/08 Net Exp. £'000	Service	2008/09 Expenditure £'000	2008/09 Income £'000	2008/09 Net Exp. £'000
	<b>Central Services to the Public</b>			
73	Emergency Relief Work	71	-	71
66	Grants	77	-	77
371	Cost of Rate/Council Tax Collection	545	209	336
(23)	Council Tax Benefits Payments	2,872	2,891	(19)
94	Council Tax Benefits Administration	232	136	96
105	Conducting Elections	19	-	19
110	Registration of Electors	109	1	108
24	Land Charges	132	76	56
60	Rate Relief	146	80	66
<b>880</b>	<b>Net Expenditure Central Services to the Public</b>	<b>4,203</b>	<b>3,393</b>	<b>810</b>
	<b>Cultural, Environmental &amp; Planning Services Cultural &amp; Related Services</b>			
272	Culture & Heritage	244	2	242
865	Recreation & Sport	1,024	144	880
124	Parks & Open Spaces	138	9	129
178	Tourism	177	11	166
182	Tourist Information Centres	219	53	166
<b>1,621</b>		<b>1,802</b>	<b>219</b>	<b>1,583</b>
	<b>Environmental &amp; Regulatory Services</b>			
154	Pollution Reduction	186	25	161
43	Pest Control	100	46	54
47	Dog Control	56	3	53
164	Food Safety	184	1	183
134	Public Health	173	4	169
250	Public Conveniences	287	-	287
(4)	Cesspool Emptying	22	24	(2)
9	Hackney Carriage & Private Hire Vehicles Licensing	49	34	15
-	Licences	70	75	(5)
116	Community Safety	209	90	119
62	Flood Defence & Land Drainage	78	37	41
65	Drainage Boards	69	-	69
347	Street Cleansing	372	12	360
614	Refuse Collection	1,376	767	609
591	Recycling	1,273	625	648
<b>2,592</b>		<b>4,504</b>	<b>1,743</b>	<b>2,761</b>

## INCOME & EXPENDITURE ACCOUNT (DETAIL BY SERVICE)

2007/08 Net Exp. £'000	Service	2008/09 Expenditur £'000	2008/09 Income £'000	2008/09 Net Exp. £'000
	<b>Planning &amp; Development Services</b>			
22	Street Naming	27	-	27
195	Environmental Initiatives	236	46	190
158	Economic Development Support	202	44	158
(66)	Economic Development - Properties	113	140	(27)
(53)	Markets	38	83	(45)
72	Building Control	346	289	57
314	Development Control	829	463	366
151	Planning Policy	635	253	382
31	Non-Industrial Premises & Land	102	43	59
211	Community Development	211	10	201
<b>1,035</b>		<b>2,739</b>	<b>1,371</b>	<b>1,368</b>
<b>5,248</b>	<b>Net Expenditure Cultural, Environmental Regulatory &amp; Planning</b>	<b>9,045</b>	<b>3,333</b>	<b>5,712</b>
	<b>Highways &amp; Transport Services</b>			
(517)	Car Parks	351	822	(471)
348	Transport Support	572	227	345
<b>(169)</b>	<b>Net Expenditure Highways, Roads &amp; Transport</b>	<b>923</b>	<b>1,049</b>	<b>(126)</b>
	<b>Housing Services</b>			
113	Housing Strategy	151	1	150
29	Registered Social Landlords	36	-	36
67	Housing Advice	65	-	65
371	Private Sector Housing Renewal	1,014	667	347
128	Homelessness	273	138	135
19	Travellers Site, Malton	19	-	19
24	Ryecare Services	277	218	59
22	Housing Benefits Payments	8,334	8,324	10
254	Housing Benefits Administration	526	251	275
<b>1,027</b>	<b>Net Expenditure Housing Services</b>	<b>10,695</b>	<b>9,599</b>	<b>1,096</b>
	<b>Corporate &amp; Democratic Core</b>			
640	Democratic Representation & Management	643	2	641
603	Corporate Management	595	1	594
<b>1,243</b>	<b>Net Expenditure Corporate &amp; Democratic Core</b>	<b>1,238</b>	<b>3</b>	<b>1,235</b>
	<b>Other Corporate &amp; Non Distributed Costs</b>			
340	Pensions	259	-	259
6	Unused Shares of Assets	15	-	15
98	Assets Under Construction & Surplus Assets for disposal	-	-	-
8	General Financial Provisions	43	1	42
93	Other Employee Related Costs	109	2	107
50	Customer Liaison & Marketing	46	-	46
(3)	Finance Adjustment on Central Expenses	7	9	(2)
<b>592</b>	<b>Net Expenditure Other Corporate &amp; Non Distributed</b>	<b>479</b>	<b>12</b>	<b>467</b>
<b>8,821</b>	<b>NET COST OF SERVICES</b>	<b>26,583</b>	<b>17,389</b>	<b>9,194</b>

# GLOSSARY

## **Accounting Concepts**

The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the Council.

## **Accounting Period**

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date, 31 March.

## **Accounting Policies**

Accounting Policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy will, for example, specify the estimation basis for accruals where there is uncertainty over the amount.

## **Accruals**

Sums included in the final accounts to cover income or expenditure, whether revenue or capital in nature, attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

## **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses which arise because either events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

## **Asset**

Something of worth which is measurable in monetary terms. These are normally divided into current assets and fixed assets.

## **Assets Under Construction**

This is the value of work on uncompleted tangible fixed assets at the balance sheet date.

## **Balance Sheet**

A statement of the recorded assets, liabilities and other balances of the Council at the end of the accounting period.

## **Capital Charge**

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

## **Capital Expenditure**

Expenditure on the acquisition of fixed assets that will be of use or benefit to the Council in providing its services beyond the year of account or expenditure that adds to, and does not merely maintain, an existing fixed asset.

## **Capital Expenditure charged to Revenue Account (CERA)**

A method of financing capital expenditure in the accounting period rather than over a number of years.

## **Capital Financing**

The method by which money is raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing (CERA), usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

## **Capital Programme**

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

## **Capital Receipts**

Money received from the sale of fixed assets, or other money received towards

# GLOSSARY

capital expenditure. A specified proportion of this may be used to finance new capital expenditure.

## **Cash Flow Statement**

A statement summarising the inflows and outflows of cash, arising from transactions between the Council and third parties, for revenue and capital purposes.

## **Charging Authority**

The Authority responsible for administering the Collection Fund, including raising bills for and collecting the appropriate council tax and national non-domestic rates (NNDR).

## **Collection Fund**

A fund administered by the Charging Authorities into which is paid council tax and NNDR income and outstanding community charge income. Precepts are paid from the fund to Precepting Authorities, including the Charging Authority, and the NNDR collected is paid to the Government.

## **Community Assets**

Assets that the Council intends to hold in perpetuity that have no determinable useful life, or that may have restrictions on their disposal. Examples of such items are parks and historic buildings.

## **Consistency**

The concept that the accounting treatment of like items, within an accounting period, and from one period to the next, is the same.

## **Contingent Asset**

A possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

## **Contingent Liability**

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

## **Corporate and Democratic Core**

The corporate and democratic core comprises all activities that the Council engages in specifically because it is an elected, multi-purpose authority. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. The code of practice, therefore, does not require these costs to be apportioned to services.

## **Council Tax**

A charge on residential property within the Council's area to finance a proportion of the Council's expenditure.

## **Creditors**

Amounts owed by the Council for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.

## **Current Assets**

Assets that can be expected to be consumed or realised (cease to have material value) during the next accounting period.

## **Current Liabilities**

Amounts that will become due or could be called upon during the next accounting period.

## **Current Service Cost (Pensions)**

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

# GLOSSARY

## **Curtailment**

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments can include termination of employees' services earlier than expected (due to ceasing an activity) and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

## **Debtors**

Amounts due to the Authority for goods or services provided within the accounting period but not received at the balance sheet date.

## **Deferred Debtors**

Amounts due to the Authority that are not expected to be repaid in full within the next accounting period.

## **Deferred Liabilities**

These are liabilities which, by arrangement, are payable beyond the next year, either at some point in the future or by an annual sum over a period of time.

## **Defined Contribution Pension Scheme**

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

## **Depreciation**

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing-out, using up or other reduction in the useful life of a fixed asset. This can arise from use, passing of time or obsolescence through, for example, changes in technology or demand for the goods and services provided by the asset.

## **Emoluments**

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

## **Expected Rate of Return on Pension Assets**

This applies to a funded defined benefit pension scheme and is the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

## **Fair Value**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

## **Financial Reporting Standards (FRSs)**

Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRSs) and the earlier Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.

## **Financial Year**

Period of time to which a Statement of Accounts relates. The financial year of the Council runs from 1 April to 31 March.

## **Fixed Assets**

# GLOSSARY

Tangible and intangible assets that can be expected to be of use or benefit to the Council in providing its services for more than one accounting period.

## **General Fund**

The main account of the Council that records the costs of service provision.

## **Going Concern**

The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

## **Government Grants**

Payments by central government towards the cost of Local Authority services either specifically (e.g. improvement grants) or generally (e.g. revenue support grant).

## **Impairment**

A reduction in the value of a fixed asset below its carrying amount on the Council's balance sheet.

## **Income and Expenditure Account**

The Income and Expenditure Account combines the income and expenditure relating to all the Council's functions.

## **Infrastructure Assets**

These are fixed assets that are inalienable, i.e. expenditure on assets that cannot be sold, but where there is economic benefit over more than one year to the Council. Examples of infrastructure are highways and footpaths.

## **Intangible Fixed Asset**

These are assets which do not have a physical substance, e.g. computer software, but which yield benefits to the Council, and the services it provides, for a period of more than one year.

## **Interest Cost**

This relates to a defined benefit pension scheme. The expected increase during the period is the present value of the scheme liabilities because the benefits are one period closer to settlement.

## **Investment**

An investment is considered to be long term if it is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified as such only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet the above criteria should be classified as current assets.

## **Investment Properties**

An interest in land and/or buildings where construction work and development has been completed and which is held for its investment potential, any rental income being negotiated at arms length.

## **Leasing**

A method of financing capital expenditure where a rental charge is paid for the asset over a specified period of time.

## **Liability**

An account due to an individual or organisation that will be paid at some future date.

## **Liquid Resources**

Current investments that are readily disposable by the Council without disrupting its business and are readily convertible to cash.

## **Long-Term Contracts**

A contract entered into for the design, manufacture or construction of a single

# GLOSSARY

substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

## **Monitoring Officer**

Under the provisions of the Local Government and Housing Act 1989 Councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of Council decision making. Councils may choose who to designate as Monitoring Officer except that it may not be the Head of Paid Service (Chief Executive). In Ryedale the Monitoring Officer is Anthony Winship, Council Solicitor.

## **National Non-Domestic Rates (NNDR)**

An NNDR poundage is set annually by central government and collected by Charging Authorities. The proceeds are redistributed by the government between Local Authorities.

## **Net Book Value**

Amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

## **Non-Operational Assets**

These are fixed assets owned by the Council, but not directly occupied, used or consumed in the delivery of Council services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, awaiting sale or redevelopment.

## **Operational Assets**

These are fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

## **Past Service Cost**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

## **Post Balance Sheet Events**

Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible finance officer.

## **Precept**

The amount that a Precepting Authority requires from a Charging Authority to meet its expenditure requirements.

## **Precepting Authority**

Local Authorities, including parish councils and police authorities, which cannot levy a council tax directly on the public but have the power to precept Charging Authorities.

## **Prior Year Adjustments (or Prior Period Adjustments)**

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

## **Provisions**

Amounts set aside in the accounts for future liabilities that are likely to be incurred, but which cannot accurately be quantified.

## **Prudence**

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

# GLOSSARY

## **Prudential Indicators**

The Local Government Act 2003 specifies a number of prudential indicators covering both capital and treasury management activities which local authorities must set as part of their budget process. They are designed to show the affordability of the capital programme and that the local authority borrowing is prudent and sustainable.

## **Realisable Value**

The value of the asset at existing use, if sold between a willing buyer and a willing seller.

## **Related Party**

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

## **Reserves**

Amounts set aside in the accounts for the purpose of defraying particular future expenditure. A distinction is drawn between reserves and provisions, which are set up to meet known liabilities.

## **Residual Value**

The net realisable value of an asset at the end of its useful life. Residual values are based on current prices at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

## **Retirement Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

## **Revenue Account**

An account which records the Council's day to day expenditure and income on such items as salaries and wages, running costs of service provision and the financing of capital expenditure.

## **Revenue Expenditure Funded from Capital Under Statute**

Expenditure which may be properly capitalised but which does not result in or remain matched with assets controlled by the Authority.

## **Revenue Support Grant (RSG)**

A general central government grant paid to the Income and Expenditure Account in support of the Charging Authority's revenue expenditure.

## **Scheme Liabilities**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

## **Section 151 Officer (s151)**

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Council's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. Furthermore section 25 of the Local Government Act 2003 requires the Section 151 Officer to comment on the robustness of the budget estimates and the adequacy of reserves.

## **Statement of Recommended Practice (SORP)**

# GLOSSARY

This is the guidance issued by CIPFA to enable Council's to ensure that the Accounts published comply with UK GAAP as it applies to local authority financial matters.

## **Statement of Standard Accounting Practice (SSAPs)**

Statements prepared by the Accounting Standards Committee. Many of these have been replaced by Financial Reporting Standards (FRSs), but any departure from them must be disclosed in the published accounts.

## **Stocks**

Items of raw materials and stores purchased by the Authority to use on a continuing basis which have not been used. The value of those items not used at the balance sheet date are included as assets of the Council.

## **Support Services**

The costs of departments that provide professional and administrative assistance to services e.g. Financial Services, Human Resources.

## **Tangible Fixed Assets**

These are assets with a physical substance that yield benefits to the Council and the services it provides for a period of more than one year.

## **Temporary Borrowing/Investment**

Money borrowed or invested for an initial period of less than one year.

**UK GAAP** This is the "United Kingdom generally accepted accounting principles with respect to accounts of UK companies that are intended to give a true and fair view for the purposes of the relevant provisions of the Companies Acts". It includes, but is not limited to, Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRSs) issued by the Accounting Standards Board and its predecessors.

## **Unapportionable Central Overheads**

These are overheads from which no user benefits, and therefore they cannot be allocated to a service area.

## **Useful Life**

The period over which the Council will derive benefits from the use of an asset.

## **Work in Progress**

The value of work done on an uncompleted project that has not been recharged to the appropriate account at the balance sheet date.