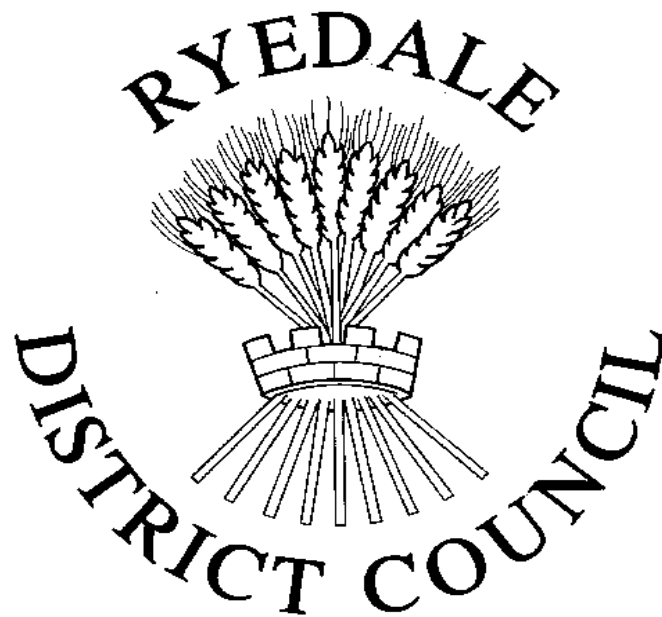

THE
**Statement
of Accounts**



2007/2008

STATEMENT OF ACCOUNTS
for the
YEAR ENDED 31 MARCH 2008

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EXPLANATORY FOREWORD

1. Introduction

This document sets out Ryedale District Council's Statement of Accounts for 2007/08 in accordance with its statutory obligations as set out in the Accounts and Audit Regulations 2003.

The accounts included in this statement consist of:

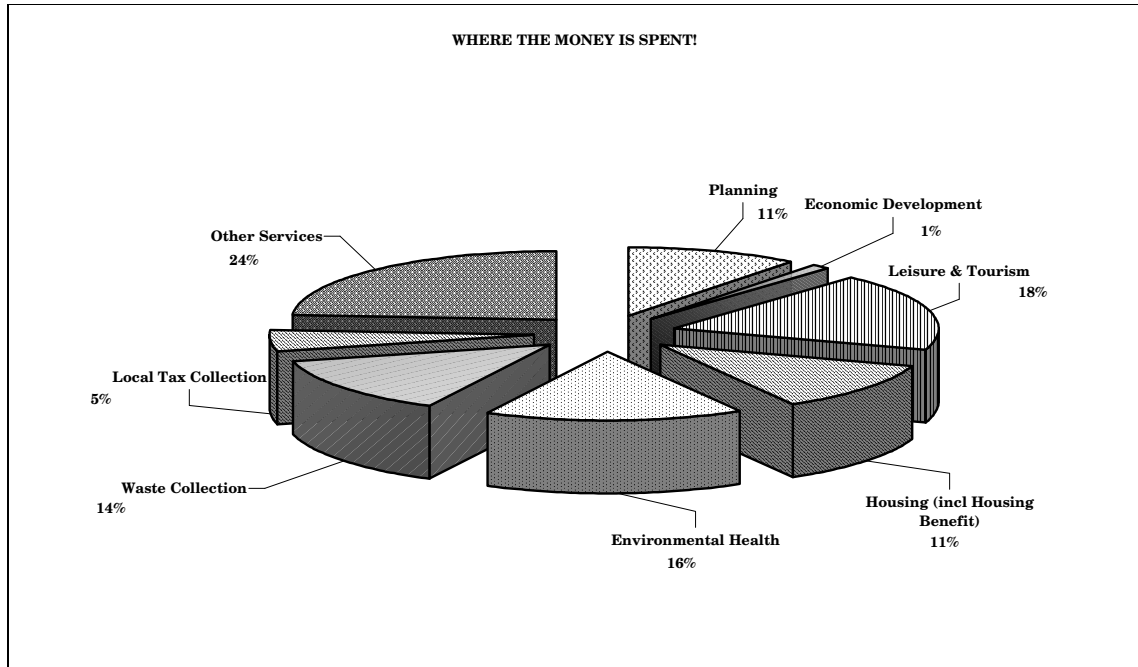
- the ***Statement of Accounting Policies*** - details the legislation and principles on which the Statement of Accounts have been prepared
- the ***Statement of Responsibilities for the Accounts*** - which sets out the Authority's and Chief Finance Officer's legal and professional responsibilities for the accounts
- the ***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 relevant statutory provisions to set the local council tax
- the ***Statement of Total Recognised Gains and Losses*** - shows the total movement in the Councils net worth for the year
- the ***Balance Sheet*** - which sets out the financial position of the Council on 31 March 2008
- 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 Accounts*** - 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.

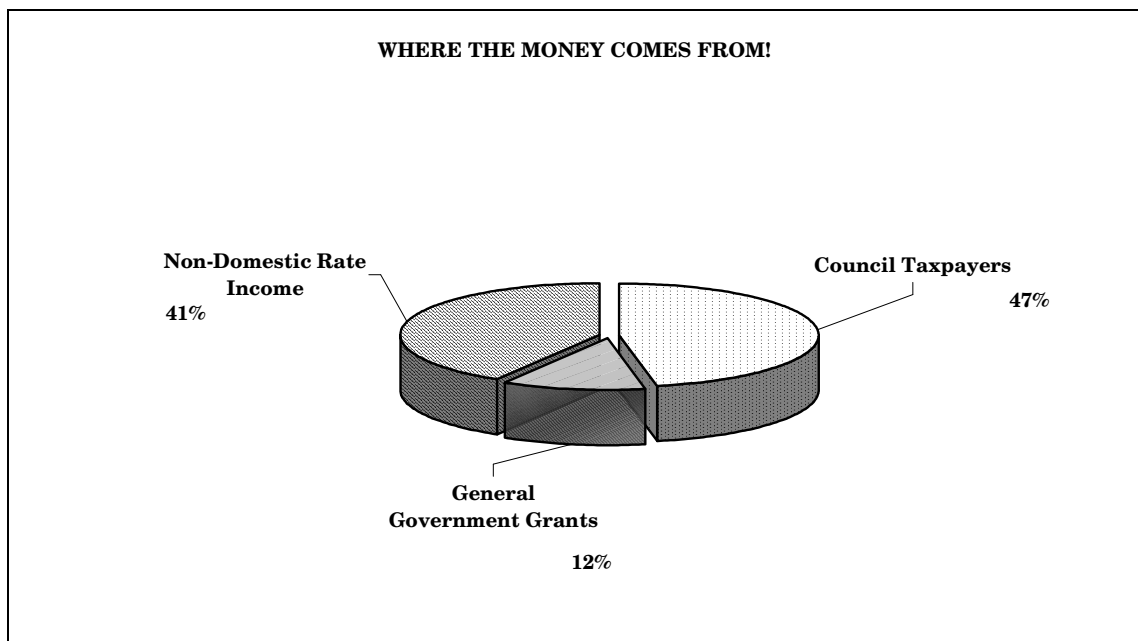
EXPLANATORY FOREWORD

2. General Fund Revenue Expenditure

The net cost of the Council's revenue activities was £8.8m, 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 £8.5m, which is funded as follows:



EXPLANATORY FOREWORD

3. Revenue Budget Compared to Actual Income and Expenditure

The main components of the revenue budget for 2007/08 and how these compared with the actual expenditure are set out below:

	Original Budget £'000	Actual £'000	Difference £'000
Net Cost of Services	9,362	8,821	(541)
Add:			
Precepts paid to Parish Councils	527	527	0
Pensions interest cost & expected return on pension assets	586	454	(132)
Interest payable	10	0	(10)
Less:			
Direct Service Organisations (Surplus) / Deficit	(30)	17	47
Income from Investments	(700)	(993)	(293)
Other Income - capital receipts unattached to assets	0	(13)	(13)
Net Operating Expenditure	9,755	8,813	(942)
Financed by:			
Council Precept	(3,941)	(3,941)	0
Collection Fund Surplus	(51)	(51)	0
Revenue Support Grant	(589)	(589)	0
Non-Domestic Rate Income	(3,513)	(3,513)	0
Other General Government Grants	(150)	(391)	(241)
	(8,244)	(8,485)	(241)
(Surplus)/Deficit for Year	1,511	328	(1,183)
Amounts included in Income and Expenditure Account but required by statute to be excluded	(2,976)	(2,538)	438
Amounts not included in Income and Expenditure Account but required to be included by statute	3,470	1,738	(1,732)
Contribution to/(from) Earmarked Reserves	(2,005)	472	2,477
Increase/Decrease in General Fund Balance for Year	0	0	0

4. Earmarked Reserves and Balances

The balance of funds and reserves increased by £472k during 2007/08.

Major contributions to reserves and balances include:

- Investment Income Reserve £990k
- Repairs and Renewals Reserve £209k
- General Reserve £191k

Major drawings included:

- Revenue support for the capital programme £655k
- Community investment grants £139k
- Investment income for revenue account £134k

For further details regarding the Council's reserves see pages 35 and 36.

5. Capital Expenditure

In 2007/08 the Council spent £1.299m on capital projects, compared with an original estimate of £3.759m.

Provision was made in the capital programme for the development of a Business Park at Pickering £1.124m and Managed Workspace Units on the same site £0.703m. Due to difficulties associated with the development of the site at Thornton Road, neither scheme has been progressed.

EXPLANATORY FOREWORD

The main variations are detailed below:

Committee/Scheme	Budget £'000	Actual £'000	Difference £'000
COMMUNITY SERVICES & LICENSING			
Affordable Housing Initiatives	205	190	(15)
House Renovation Grants – Disabled Facilities	275	326	51
Leisure Facilities	175	81	(94)
Flood Defences Norton	350	289	(61)
Other Schemes	227	237	10
	1,232	1,123	(109)
POLICY & RESOURCES			
Information and Communication Technology	89	104	15
Conservation Schemes	239	39	(200)
Economic Development	1,947	-	(1,947)
Other Schemes	252	33	(219)
	2,527	176	(2,351)
TOTAL CAPITAL EXPENDITURE	3,759	1,299	(2,460)

At 31 March 2008 Capital Commitments amounted to £304,000.

6. **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 ACCOUNTING POLICIES

1. General

The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, issued in 2007 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. 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.

3. 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. 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 a year. Normal repair and maintenance costs are not capitalised but charged to revenue expenditure. Details of the basis for the valuation of assets are explained on pages 26 and 27.

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

STATEMENT OF ACCOUNTING POLICIES

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

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

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

Building (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.

4. Deferred Charges

Deferred charges are payments of a capital nature where no fixed asset is created. They include house renovation grants and Conservation Area Partnership grants made.

All deferred charges incurred during the year have been written off as expenditure to the relevant service revenue account in the year. Where the Council has

STATEMENT OF ACCOUNTING POLICIES

determined to meet the cost of the deferred charges from existing capital resources, a transfer to the Capital Adjustment Account reverses out the amount charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

5. **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.

6. **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.

7. **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.

Grants to cover general expenditure e.g. Revenue Support Grant, are credited to the Income and Expenditure Account after Net Operating Expenditure.

8. **Financial Liabilities**

The SORP 2007 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.

9. **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.

STATEMENT OF ACCOUNTING POLICIES

The SORP 2007 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.

Short-term investments on the Balance Sheet are carried at nominal value plus accrued interest on the basis that the difference between the carrying amount and fair value is not considered material.

10. Accruals of Income and Expenditure

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice and FRS18. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. An exception to this principle relates to electricity and similar quarterly payments, which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

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).

11. Stocks and Works in Progress

The valuation of stocks and small items of plant and equipment are shown on the Balance Sheet at the lower of cost or net realisable value in accordance with the requirements of SSAP9. Works in progress on uncompleted jobs is valued at cost.

12. Overheads and Support Services

Most costs of management and administration have been fully allocated to services. Corporate and Democratic Core costs are separately identified in accordance with the guidance included in the Best Value Accountancy Code of Practice. The basis of allocation used for the main cost of management and administration is outlined below:

Cost Centre	Main Basis of Allocation
Support Service Units	Actual time spent by staff
Public Offices	Area Occupied
Computing	Actual Use
Telephones	Number of Extensions/Actual Use
Reprographics	Actual Use

STATEMENT OF ACCOUNTING POLICIES

13. Provisions

The Council sets aside provisions for specific future expenses which are likely or certain to be incurred but the amount of which cannot yet be determined accurately or dates on which these liabilities may arise.

Provisions are charged to the appropriate service revenue account in the year the Council becomes aware of the obligation, based on the best estimate of the likely settlement.

14. Reserves

The Council maintains certain funds for future policy purposes or to cover contingencies. The funds are explained in the notes to the Balance Sheet together with an analysis of movements and details of reserves held at 31 March 2008.

15. Retirement Benefits

Employees of the Council who contribute are members of 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 – mid-market value
 - unquoted securities – professional estimate
 - unitised securities – average of the bid and offer rates
 - property – market value.
 - 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
-

STATEMENT OF ACCOUNTING POLICIES

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 – 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 limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and 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.

16. 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 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 which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the SORP) is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year (ended 31 March 2008).

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 local authority SORP

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 2008.

Signed:  Dated: 19 June 2008
P D Cresswell
Corporate Director (s151)

Approval of the Accounts

This Statement of Accounts was approved by the Policy and Resources Committee on 26 June 2008.

Signed:  Dated: 26 June 2008
Cllr. CR Wainwright
Chairman of Policy & Resources Committee

INCOME AND EXPENDITURE ACCOUNT

For the Year Ended 31 March 2008

2006/07 Net Exp. £'000		2007/08 Expenditure £'000	2007/08 Income £'000	2007/08 Net Exp. £'000
	<u>STATEMENT OF NET EXPENDITURE</u>			
788	Central Services to the Public	4,182	3,302	880
4,979	Cultural, Environmental & Planning Services	8,370	3,122	5,248
(193)	Highways, Roads & Transport Services	691	860	(169)
1,060	Housing Services	9,870	8,843	1,027
1,222	Corporate and Democratic Core	1,247	4	1,243
77	Other Corporate and Non Distributed Costs	725	133	592
7,933	NET COST OF SERVICES - (Note 1)	25,085	16,264	8,821
-	(Gain)/Loss on Disposal of Fixed Assets			-
505	Precepts paid to Parish Councils			527
(105)	Net (Surplus)/Deficit from Direct Service Organisations - (Note 2)			17
(758)	Investment Income			(993)
509	Pensions interest cost and expected return on pension assets - (Note 7)			454
-	Interest Payable			-
-	Other Income – capital receipts unattached to fixed assets			(13)
8,084	NET OPERATING EXPENDITURE			8,813
	<u>SOURCES OF FINANCE</u>			
(3,834)	Demand on the Collection Fund			(3,992)
(910)	General Government Grants			(980)
(3,323)	Non-Domestic Rates Redistribution			(3,513)
17	(SURPLUS)/DEFICIT FOR THE YEAR			328

The notes to this statement are shown on pages 18 – 24.

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

For the Year Ended 31 March 2008

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.

2006/07 £'000		2007/08 £'000
17	(Surplus)/deficit for the year on the Income and Expenditure Account	328
(17)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(328)
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 25.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the Year Ended 31 March 2008

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.

2006/07 £'000		2007/08 £'000	Page Ref
17	(Surplus)/deficit for the year on the Income and Expenditure Account	328	13
107	(Surplus)/deficit arising on revaluation of fixed assets	(742)	33
-	(Surplus / deficit arising on revaluation of available-for-sale financial assets)	-	
(2,104)	Actuarial (gains)/losses on pension fund assets and liabilities	2,303	32
(262)	(Surplus)/ deficit for the year on the Collection Fund	(7)	38
(71)	(Gain)/losses on capital receipts and grants unapplied	317	34
<u>(2,313)</u>	Total recognised (gains) and losses for the year	<u>2,199</u>	

BALANCE SHEET AS AT 31 MARCH 2008

2006/07 £'000		2007/08 £'000	Note
	Fixed Assets		
528	Intangible Fixed Assets	455	
	Tangible Fixed Assets		
	Operational Assets:		
9,578	Other Land & Buildings	9,852	
883	Vehicles Plant & Equipment	1,047	
1	Infrastructure Assets	1	
98	Community Assets	139	
	Non Operational Assets:		
2,091	Investment Properties	1,516	
288	Assets Under Construction	-	
531	Surplus Assets Held for Disposal	469	
13,998	Total Fixed Assets	13,479	(1)
1,500	Long-term Investments	-	(4)
37	Long-term Debtors	29	(5)
15,535	Total Long-term Assets	13,508	
	Current Assets		
160	Stocks & Work in Progress	180	(6)
3	Loans	2	(7)
2,366	Debtors	1,569	(8)
11,022	Investments	14,627	(9)
-	Cash In Hand	144	
29,086	Total Assets	30,030	
	Current Liabilities		
-	Short-term Borrowing	-	
(3,159)	Creditors	(3,858)	(10)
(6)	Deposits and Other Balances	(27)	
(262)	Cash Overdrawn	-	
25,659	Total Assets less Current Liabilities	26,145	
	Long-term Liabilities		
-	Long-term Borrowing	-	(11)
(43)	Provisions	(36)	(12)
(1,247)	Government Grants Deferred Account	(1,065)	(13)
(14,221)	Liability related to defined benefit pension scheme	(17,095)	(14)
-	Deferred Capital Receipts	-	
10,148	Total Assets Less Liabilities	7,949	
	Financed by:		
-	Revaluation Reserve	506	(17)
-	Available – for – Sale Financial Instruments Reserve	-	
12,787	Capital Adjustment Account	11,938	(18)
-	Financial Instruments Adjustment Account	-	
4,675	Capital Receipts & Grants Unapplied	5,214	(19)
(14,221)	Pension Reserve	(17,095)	(20)
6,907	Fund Balances and Reserves	7,386	(21)
10,148	Total Net Worth	7,949	

CHIEF FINANCE OFFICER'S CERTIFICATE

I certify that the above Balance Sheet, fairly states the financial position of the Council as at 31 March 2008

Signed: 

CORPORATE DIRECTOR (S151)

P D Cresswell

19 June 2008

CASH FLOW STATEMENT

For the Year Ended 31 March 2008

2006/07 £'000	£'000		2007/08 £'000	£'000
		REVENUE ACTIVITIES		
		Cash Outflows		
5,963		Cash paid to and on behalf of employees	6,460	
6,689		Other operating cash payments	7,158	
7,241		Housing Benefit paid out	7,858	
12,044		Non-domestic rate payments to National Pool	12,995	
23,992	55,929	Precepts paid	25,335	59,806
		Cash Inflows		
(24,971)		Council Tax receipts	(26,088)	
(3,216)		Non-domestic rate receipts from National Pool	(3,513)	
(12,151)		Non-domestic rate receipts	(12,995)	
(642)		Revenue Support Grant	(589)	
(9,860)		DWP grants for benefits	(10,591)	
(1,250)		Other Government Grants (Note 3)	(1,376)	
(5,825)	(57,915)	Goods & services and other operating cash receipts	(6,138)	(61,290)
	(1,986)	REVENUE ACTIVITIES NET CASH FLOW (Note 1)		(1,484)
		SERVICING OF FINANCE		
		Cash Outflows		
0		Interest paid	0	
		Cash Inflows		
(757)	(757)	Interest received	(993)	(993)
		CAPITAL ACTIVITIES		
		Cash Outflows		
1,277		Purchase of fixed assets	561	
510		Other capital cash payments	682	
1,787			1,243	
		Cash Inflows		
(14)		Sale of fixed assets	(836)	
(543)		Capital grants received and other capital income	(441)	
(557)			(1,277)	
	1,230			(34)
	(1,513)	NET CASH INFLOW/OUTFLOW BEFORE FINANCING		(2,511)
		MANAGEMENT OF LIQUID RESOURCES		
		Net (increase)/decrease in short-term deposits (Note 4)		3,605
	(29)	FINANCING		
		Cash Outflows		
1,500		Payment of Medium Term Investment	0	
0		Repayments of amounts borrowed	0	
		Cash Inflows		
0		Repayment of Medium Term Investment	(1,500)	
0	1,500	Short-term loans raised	0	(1,500)
	(42)	NET (INCREASE)/DECREASE IN CASH		(406)

The notes to this statement are shown on page 37.

NOTES ON THE INCOME AND EXPENDITURE ACCOUNT

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 54 and 55.

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	2007/08			2006/07
	Income £'000	Expenditure £'000	Surplus/ (Deficit) £'000	Surplus/ (Deficit) £'000
Refuse & Environmental Cleaning	1,934	1,925	9	118
Grounds Maintenance	71	58	13	15
Public Conveniences	98	137	(39)	(28)
Total	2,103	2,120	(17)	105

The General Fund budget for 2007/08 included a contribution of £30,000 from the DSO revenue accounts. The financial objective was not achieved due to a loss on the contract area for public convenience cleaning, resulting in an overall deficit of £17k. The deficit balance has been transferred to the DSO Reserves.

3. 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, up to a specific limit. The Council's limit on this type of expenditure for 2007/08 was £98,331, £21,137 was spent during the year (2006/07 figures are £98,044 and £21,542 respectively).

NOTES ON THE INCOME AND EXPENDITURE ACCOUNT

4. 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.

	2007/08 £'000	2006/07 £'000
Recruitment Advertising	20,160	42,589
Other Advertising	24,519	32,787
Publicity	50,026	48,328
Total	94,705	123,704

5. Members' Allowances

The Local Authorities (Members Allowances) (England) Regulations require local authorities to make public schemes for members' allowances and disclose annually amounts paid to members under such schemes. This information will be publicised by the Council through its website. The cost of Members' Allowance payments is included in the heading Corporate and Democratic Core and in 2007/08 amounted to £116,509 (£112,890 in 2006/07).

6. Officers' Emoluments

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

Remuneration Band	2007/08 Number of Employees		2006/07 Number of Employees
	Total	Left During Year	
£50,000 - £59,999	2	0	3
£60,000 - £69,999	1	0	0
£70,000 - £79,999	0	0	0
£80,000 - £89,999	0	0	0
£90,000 - £99,999	0	0	1
£100,000-£109,999	1	1	0
£110,000-£119,999	1	0	0

These payments exclude pension contributions.

NOTES ON THE INCOME AND EXPENDITURE ACCOUNT

7. Pensions

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

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

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

Income and Expenditure Account	2007/08 £'000	2006/07 £'000
Net Cost of Services:		
current service cost	897	1,007
past service gain/(costs)	-	-
curtailment costs	303	-
Net Operating Expenditure:		
interest cost	2,156	1,968
expected return on assets in the scheme	(1,702)	(1,459)
Net Charge to the Income and Expenditure Account	1,654	1,516
Statement of Movement in the General Fund Balance		
Reversal of net charges made for retirement benefits in accordance with FRS 17	(1,654)	(1,516)
Actual amount charged against the General Fund Balance for pensions in the year:		
employers' contributions payable to scheme	1,083	1,105

Further information can be found in the North Yorkshire Pension Fund's Annual Report which 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 £37,396 in 2007/08 (£35,900 2006/07).

Further details on pension assets and liabilities are provided in note 14 to the Balance Sheet.

NOTES ON THE INCOME AND EXPENDITURE ACCOUNT

8. 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 funding of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties e.g. housing benefits. Details of transactions with government departments are set out in a note relating to the Cash Flow Statement on page 37.

During the year transactions with related parties arose as follows:

		Receipts £'000	Payments £'000
Rye Internal Drainage Board	- <i>levy</i>	-	50
Thornton Internal Drainage Board	- <i>levy</i>	-	12
Community Leisure Ltd		-	303
<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 as a client officer.

9. Audit Costs

In 2007/08 the Council incurred the following fees relating to external audit inspection:

	2007/08 £'000	2006/07 £'000
• Fees payable with regard to external audit services carried out by the appointed auditor	70	67
• Fees payable in respect of statutory inspections	6	5
• Fees payable for the certification of grant claims and returns	15	22
• Fees payable in respect of other services provided by the appointed auditor	-	6
	91	100

10. 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.

Ryedale District Council's proportion of the Partnership's accumulated surplus is £3,033 as at 31 March 2008.

NOTES ON THE INCOME AND EXPENDITURE ACCOUNT

11. 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. From 1 April 2001 a partnership arrangement was entered with Selby District Council to provide the Building Control service. Hambleton District Council joined the Partnership with effect from 1 September 2007. 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:

Building Regulations Charging Account

Total 2006/07 £		Chargeable 2007/08 £	Non- Chargeable 2007/08 £	Total Building Control 2007/08 £
333,045	Expenditure	330,337	45,793	376,130
298,807	Income	276,430	-	276,430
(34,238)	Surplus (Deficit) for year	(53,907)	(45,793)	(99,700)

12 Local Area Agreement

Ryedale District Council is a participant in a Local Area Agreement entitled the North Yorkshire Local Area Agreement which was developed through the North Yorkshire Strategic Partnership (NYSP) – a partnership with other public bodies in North Yorkshire involving the pooling of government grants to finance work towards jointly agreed objectives for local public services. In 2007/08, the Local Area Agreement (LAA) has completed the first year of this three-year agreement.

The purpose of the LAA is:

- Form an agreement between the central government and local partners.
- Partners agree to deliver a range of outcomes and the government agrees to the flexible use of funding streams to deliver them.
- These funding streams are ones which would have been received but with very specific requirements about their use.
- Under the LAA they will be managed by partners, together with their own resource to deliver national and local targets in ways judged suitable locally.
- The LAA therefore represents a significant incentive for stronger partnership working and offers an important development in the relationship between local partners and central government.

NOTES ON THE INCOME AND EXPENDITURE ACCOUNT

- The opportunity offered by LAA is for innovative approaches and improved partnership working through pooling and aligning funding streams rather than additional funding.
- The North Yorkshire Strategic Partnership has five thematic blocks as part of the LAA – Children and Young People; Healthy Communities & Older People; Safer Communities; Stronger Communities; Economy and Enterprise.

The LAA Partners are:

- North Yorkshire County Council
- Local Authorities within the county of North Yorkshire: Selby District Council, Richmondshire District Council, Hambleton District Council, Harrogate Borough Council, Scarborough Borough Council, Ryedale District Council, Craven District Council, North York Moors National Park Authority & Yorkshire Dales National Park Authority.
- The following Local Strategic Partnerships: Craven LSP, Hambleton LSP, Harrogate LSP, North Yorkshire Coast LSP, Richmondshire LSP & Ryedale LSP.
- The following health bodies: Harrogate and District NHS Foundation Trust, North Yorkshire and York Primary Care Trust, Scarborough and North East Yorkshire Healthcare NHS Trust, South Tees Hospital NHS Trust & York Hospitals NHS Foundation Trust.
- Arts Council England, Yorkshire
- Country Land & Business Association
- English Heritage
- Environment Agency
- Federation of Small Businesses
- Foundation Housing
- Government Office for Yorkshire & the Humber
- Health & Safety Executive
- Highways Agency
- Jobcentre Plus
- Learning & Skills Council
- Ministry of Defence
- MLA Yorkshire
- National Farmers Union
- Natural England
- North Yorkshire Fire & Rescue Service
- North Yorkshire Fire & Rescue Authority
- North Yorkshire Police
- North Yorkshire Police Authority
- Northallerton & District Voluntary Service Association
- North Yorkshire Forum for Voluntary Organisations
- Probation Service
- Sport England – Yorkshire
- The Carers Resource
- York and North Yorkshire Chamber of Commerce
- Yorkshire Councils Association
- Yorkshire Forward
- Yorkshire Rural Community Council
- Youth Offending Team

NOTES ON THE INCOME AND EXPENDITURE ACCOUNT

North Yorkshire County Council acts as the Accountable Body for the LAA.

The total amount of LAA Grant received by the NYSP in 2007/08 was £7,049,238 of which £1,072,388 will be carried forward into 2008/09. Of the £5,976,850 spent during 2007/08 Ryedale District Council received £123,783. The table below shows a breakdown of the different types of LAA Grant funding.

LAA Funding Type	Received in 2007/08 £'000	Carry Forward £'000	Total £'000
LAA Pooled (Revenue)	4,940	0	4,940
LAA Pooled (Capital)	777	0	777
Pump Priming Grant	260	1,072	1,332
Total	5,977	1,072	7,049

NOTES TO THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

Detailed below is a note of reconciling items for the Statement of Movement on the General Fund Balance shown on page 14.

2006/07 £'000		2006/07	
		£'000	£'000
	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.		
(94)	Amortisation of intangible assets	(131)	
(658)	Depreciation and impairment of fixed assets	(899)	
331	Government Grants Deferred amortisation	469	
(338)	Write down of net deferred charges financed from capital resources	(336)	
-	Net gain on sale of fixed assets	-	
-	Capital receipts unattached to fixed assets	13	
(1,516)	Net charges made for retirement benefits in accordance with FRS 17	(1,654)	(2,538)
(2,275)			
	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		
1,247	Capital expenditure charged in-year to the General Fund Balance	655	
1,105	Employers contributions payable to the North Yorkshire Pension Fund and retirement benefits payable direct to pensioners	1,083	1,738
2,352			
	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		
(94)	Net transfer to or from earmarked reserves	472	472
(94)			
(17)	Net additional amount required to be credited to the General Fund Balance for the year		(328)

Reserves

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

	£'000
General Reserve	191
Investment Income Reserve	385
Repairs & Renewals Reserve	67
Improvement, Contingency & Emergency (ICE) Fund	95
Community Investment Fund	(139)
Election Reserve	(69)
Grants Reserve	11
IT Fund	(34)
Service Investment Fund	2
Invest to Save Fund – Energy Savings	(20)
Total Contribution to General Fund	(489)
DSO Reserve	17
Total Contribution from Earmarked Reserves	(472)

NOTES ON THE BALANCE SHEET

1. Fixed Assets

Movement of Tangible Fixed Assets

Operational Assets	Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Total Operational Assets
	£'000	£'000	£'000	£'000	£'000
Gross Book Value as at 1 April 2007	10,391	3,291	1	98	13,781
Movements between Categories	0	383	0	0	383
Additions	95	123	0	41	259
Disposals	0	(103)	0	0	(103)
Revaluations	515	0	0	0	515
Impairment	0	0	0	0	0
Gross Book Value at 31 March 2008	11,001	3,694	1	139	14,835
Depreciation as at 1 April 2007	813	2,408	0	0	3,221
Movements between Categories	0	0	0	0	0
Depreciation for Year	339	342	0	0	681
Depreciation on Assets Sold	0	(103)	0	0	(103)
Depreciation on Revaluation	(3)	0	0	0	(3)
Depreciation on Impairment	0	0	0	0	0
Total Depreciation as at 31 March 2008	1,149	2,647	0	0	3,796
Net Book Value as at 31 March 2008	9,852	1,047	1	139	11,039

Non - Operational Assets	Investment Properties	Assets Under Construction	Surplus Assets	Non - operational Assets
	£'000	£'000	£'000	£'000
Gross Book Value as at 1 April 2007	2,091	288	533	2,912
Movements between Categories	0	(383)	0	(383)
Additions	0	289	0	289
Disposals	(799)	0	(38)	(837)
Revaluations	224	0	0	224
Impairments	0	(194)	(26)	(220)
Gross Book Value at 31 March 2008	1,516	0	469	1,985
Depreciation as at 1 April 2007	0	0	2	2
Movements between Categories	0	0	0	0
Depreciation for Year	0	0	0	0
Depreciation on Assets Sold	0	0	0	0
Depreciation on Impairment	0	0	(2)	(2)
Total Depreciation as at 31 March 2008	0	0	0	0
Net Book Value as at 31 March 2008	1,516	0	469	1,985

Asset classification is in accordance with the 2007 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 ON THE BALANCE SHEET

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 6.

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, generally at historical cost
- Infrastructure and Community Assets, at 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	-	3,694	-	-	3,694
Valued at current value in:					
2007/08	642	-	-	-	642
2006/07	-	-	-	-	-
2005/06	7,102	-	1,146	-	8,248
2004/05	3,142	-	355	249	3,746
2003/04	115	-	15	220	350
Total	11,001	3,694	1,516	469	16,680

Information on Assets Held

Fixed assets owned by the Council include the following:

	Number as at 31 March 2008	Number as at 31 March 2007
Operational Buildings		
District Office	1	1
Other Offices	1	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

NOTES ON THE BALANCE SHEET

Sports and Leisure Centres includes a Leisure Centre owned by the North Yorkshire County Council in which Ryedale District Council has a financial interest arising from its contribution towards the capital cost.

Movement in Intangible Assets

	Purchased Software Licences £'000	Other Asset Costs £'000	Total £'000
Balance at 1 April 2007	201	327	528
Expenditure in year	30	28	58
Amortised to revenue in year	(49)	(82)	(131)
Balance at 31 March 2008	182	273	455

All intangible assets are linked to IT projects, shown at historical cost and are written off on a straight line basis over five years.

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.

2. Capital Expenditure & Financing

	2007/08 £'000	2006/07 £'000
Capital Investments:		
Operational Assets	317	906
Non-Operational Assets	289	354
Deferred Charges	693	560
	1,299	1,820
Sources of Finance:		
Capital Receipts	-	44
Government Grants & Other Contributions	644	529
Revenue Contributions	655	1,247
	1,299	1,820

At 31 March 2008 Capital Commitments amounted to £304,000. This includes £53,000 for the resurfacing of car parks and £251,000 committed to housing grant schemes.

3. 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.

Rentals were paid for operating lease agreements during 2007/08 amounting to £187,603. The Council is committed to making payments of £130,016 under these operating leases in 2008/09, comprising of the following:

NOTES ON THE BALANCE SHEET

	Other Land and Buildings	Vehicles, Plant and Equipment
	£'000	£'000
Leases expiring in 2008/09	-	-
Leases expiring between 2009/10 and 2012/13	-	130
Leases expiring after 2012/13	-	-

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

4. Long Term Investments

These are investments held for the medium/long-term. The Council had a fixed term deposit investment with a nominal value of £1,500,000 for a two year period that matured in May 2008.

5. Long Term Debtors

	As at 31.03.07	Expenditure 2007/08	Amounts Written Down	As at 31.03.08
	£'000	£'000	£'000	£'000
Loans:				
Milton Rooms Committee	14	-	(3)	11
Ryedale Folk Museum	23	-	(5)	18
	37	-	(8)	29

6. Stocks & Work in Progress

	31.03.08 £'000	31.03.07 £'000
Fuel Stores	22	13
Miscellaneous Stores	16	18
Equipment & Plant	121	120
DSO Stores	21	9
	180	160

7. Loans

	31.03.08 £'000	31.03.07 £'000
Employee Car Loans	2	3
Other Loans	-	-
	2	3

NOTES ON THE BALANCE SHEET

8. Debtors

	31.03.08 £'000	31.03.07 £'000
Amounts Owed by Local Taxpayers:		
Council Tax	752	766
NNDR	182	254
Central Government:		
Government Departments	306	361
HM Revenue & Customs (VAT)	62	103
Other Local Authorities	98	413
Accrued Interest Owed by Borrowers	-	238
Sundry Debtors	829	960
	2,229	3,095
Less Provision for Bad & Doubtful Debts:		
Council Tax	(390)	(420)
NNDR	(50)	(80)
General Fund	(220)	(229)
	(660)	(729)
	1,569	2,366

9. Investments

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

	31.03.08 £'000	31.03.07 £'000
Temporary Money Market	4,871	4,020
Fixed Deposit	9,754	7,000
Other Small Investments	2	2
	14,627	11,022

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

10. Creditors & Prepayments

	31.03.08 £'000	31.03.07 £'000
Government Departments	946	438
Other Local Authorities	376	410
Council Taxpayers	300	343
Business Ratepayers	895	772
Sundry Creditors	1,341	1,196
	3,858	3,159

NOTES ON THE BALANCE SHEET

11. Long Term Borrowing

The Council has no long term borrowing.

12. Provisions

	31.03.08 £'000	31.03.07 £'000
Planning Appeals	28	31
Local Plan (a)	8	12
	36	43

(a) A provision has been made to cover due costs associated with the Ryedale Local Development Framework.

13. Government Grants Deferred Account

Grants received from government departments as a contribution to the financing of fixed assets are credits 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.

14. Net Pensions Asset/Liability

The purpose of this disclosure, required by FRS 17, is to provide clear information about the impact on the Council's financial position and performance, arising from the employing authority's obligation to fund the retirement benefits of its staff.

Note 7 to the Income and Expenditure Account contains details of the Council's participation in the North Yorkshire Pension Fund.

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

	31.03.08 £'000	31.03.07 £'000
Estimated Value of Liabilities in Scheme	(42,176)	(40,059)
Estimated Value of Assets in Scheme	25,081	25,838
Net asset/(liability)	(17,095)	(14,221)

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total liability of £17.1m 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.

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.

NOTES ON THE BALANCE SHEET

The liabilities have been assessed by Wm Mercer, an independent firm of actuaries, estimates for the fund being based on the full valuation of the scheme as at 31 March 2007. The main assumptions used in their calculation are:

	31.03.08	31.03.07
Rate of Inflation	3.6%	3.1%
Rate of Increase in Salaries	5.35%	4.85%
Rate of Increase in Pensions	3.6%	3.1%
Rate for discounting scheme liabilities	6.1%	5.4%
Take-up of option to convert annual pension to retirement grant	50%	50%

Assets in the Pension Fund are valued at fair value, principally market value for investments and consist of the following categories, by proportion:

	Long Term Return	31.03.08	31.03.07
Equity Investments	7.5%	72.9%	77.0%
Government Bonds	4.6%	4.4%	7.2%
Other Bonds	6.1%	17.4%	14.8%
Cash/current Assets	5.25%	1.4%	1.0%
Other	7.5%	3.9%	-

	2007/08 £'000	2006/07 £'000
Balance b/f 1 April	(14,221)	(15,914)
Appropriations to/from revenue	(571)	(411)
Actuarial gains and (losses) to pensions	(2,303)	2,104
Balance c/f 31 March	(17,095)	(14,221)

The actuarial loss identified as movements on the Pensions Reserve in 2007/08 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2008:

	2007/08		2006/07		2005/06		2004/05		2003/04	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Differences between the expected and actual return on assets	(3,259)	(13.0)	128	0.5	3,717	15.3	634	3.3	2,758	15.3
Differences between actuarial assumptions about liabilities and actual experience	3,070	7.3	0	0	(1,676)	(4.2)	(1,139)	(3.3)		
Changes in the demographic and financial assumptions used to estimate liabilities	(2,114)	(5)	1,976	4.9	(3,028)	(7.5)	(5,593)	(16.3)		
Actuarial Gains/(Losses)	(2,303)		2,104		(987)		(6,098)		2,758	

15. 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.

NOTES ON THE BALANCE SHEET

Reserve	Balance at 01.04.07 £'000	Net Movement in Year £'000	Balance at 31.03.08 £'000	Further Details
Revaluation Reserve	0	506	506	See 17 below
Capital Adjustment Account	12,787	(849)	11,938	See 18 below
Usable Capital Receipts & Grants	4,675	539	5,214	See 19 below
Pensions Reserve	(14,221)	(2,874)	(17,095)	See 20 below
Earmarked & Specific Reserves	6,907	479	7,386	See 21 below
Total	10,148	(2,199)	7,949	

16. Prior Period Adjustments

The Balance Sheet figures for 31 March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve (see accounting policy on Tangible Fixed Assets). The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA). The credit balance of £1.609m on the FARA at 31 March 2007 has been written off to the Capital Financing Account (£11.178m credit balance) to form the new Capital Adjustment Account with a balance of £12.787m. The Revaluation Reserve has then been included in the Balance Sheet with a zero opening balance. The closing position on the Reserve at 31 March 2008 therefore only shows revaluation gains accumulated since 1 April 2007.

17. Revaluation Reserve

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.

	2007/08 £'000
Balance b/f 1 April 2007	-
Revaluation of Assets	742
Adjust for difference between historical cost & current value depreciation	(12)
Write out Revaluation Gain of Assets Sold, disposed of or decommissioned	(224)
Balance c/f 31 March 2008	506

18. 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.

NOTES ON THE BALANCE SHEET

	2007/08 £'000
Balance b/f 1 April	12,787
Reversal of Depreciation	(681)
Reversal of Impairment	(218)
Reversal of Amortisation of Intangible Assets	(131)
Difference between historical cost and current value depreciation	12
Write out carrying amount of disposal assets	(612)
Reversal of Deferred Charges	(693)
Resources Set Aside to Finance Capital Expenditure:	
Revenue	655
Capital Grants and Contributions	357
Reversal of Government Grants Deferred	469
Repayment of long-term debt	(7)
Balance c/f 31 March	11,938

19. Capital Receipts & Grants Unapplied

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

	£'000	£'000
Balance b/f 1 April 2007		4,675
<u>Add</u> New receipts from sale of land and property	837	
Other receipts	20	
Grants & Contributions	326	1,183
		5,858
<u>Less</u> Used to finance 2007/08 Capital Expenditure		644
Balance c/f 31 March 2008		5,214

20. Pensions Reserve

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 14).

21. Funds Balances and Reserves

This balance covers the position of the Council's revenue reserves, including earmarked reserves of £6,493,183 and specific reserves of £892,844.

Earmarked Reserves

	Balance at 31/03/07 £'000	Movement During Year £'000	Balance at 31/03/08 £'000
General Reserve	1,148	191	1,339
Investment Income Reserve	2,339	385	2,724
Repairs & Renewals Reserve	1,041	67	1,108
Community Investment Fund	224	(139)	85
Grant Reserve	107	11	118
Election Reserve	89	(69)	20
Superannuation Reserve	126	-	126
IT Fund	189	(34)	155
Service Investment Fund	508	2	510
Improvement, Contingency & Emergency (ICE) Fund	213	95	308
Invest to Save Fund - Energy	20	(20)	-
	6,004	489	6,493

NOTES ON THE BALANCE SHEET

- (a) A General Reserve was created to be used for meeting any expenditure of the Council in connection with both its capital and revenue functions and to cover any unforeseen liabilities.
- (b) The Council provides grants and loans to voluntary bodies and other organisations e.g. village hall communities 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.
- (c) An Election Reserve is used to equalise the effect of the four yearly District Election costs.
- (d) The Investment Income Reserve was created to accommodate the interest earned on the investment of the monies received from the bulk sale of the housing stock. It is intended that the majority of this Fund will be utilised to meet capital expenditure.
- (e) A Superannuation Reserve was arranged to defray the increased expenditure the Council has to meet toward contributions made to the North Yorkshire Pension Fund.
- (f) 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.
- (g) The Repairs and Renewals Reserve is used to meet the cost of replacing or making repairs to buildings, vehicles, plant, furniture and equipment.
- (h) The Community Investment Fund is available for capital and revenue projects that will contribute to the achievement of the Community Plan priorities.
- (i) The Service Investment Fund allows Service Units to set aside a proportion of any savings in their budgets to be used in later years.
- (j) The Improvement, Contingency & Emergency (ICE) Fund is available for a number of purposes that include the funding of emergency expenditure e.g. following flooding and initial financial support to achieve efficiency savings.
- (k) The Invest to Save Energy Fund is used to finance schemes for energy efficiency improvements to the Council's assets.

Specific Reserves

	Balance at 31/03/07 £'000	Movement £'000	Balance at 31/03/08 £'000
DSO Reserves	175	(17)	158
Collection Fund	728	7	735
	903	(10)	893

NOTES ON THE BALANCE SHEET

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.

22. **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 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.

NOTES ON THE CASH FLOW STATEMENT

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

	2007/08	
	£'000	£'000
General Fund movement for year		-
Collection Fund (surplus)/deficit for year		(7)
Non-cash Transactions		
<u>other</u> non-cash transactions	(533)	
provisions set aside in the year	7	
contributions to/from earmarked reserves	(472)	(998)
Items on an Accruals Basis		
increase in stocks and work progress	20	
decrease in revenue debtors	(806)	
increase in revenue creditors and deposits	(720)	(1,506)
Items Classified in another Classification in the Cash Flow Statement		
investment income	993	
less interest paid	-	
capital activities	34	1,027
Revenue activities net cash flow		(1,484)

2. Movement in net funds

	As at 31.03.08 £'000	As at 31.03.07 £'000	Movement £'000
Cash in hand / (overdrawn)	144	(262)	(406)
Net (increase)/decrease in cash	144	(262)	(406)

3. Analysis of government grants

	£'000		£'000
Revenue:		Capital:	
DWP - Housing & CT Benefit Admin	392	DCLG- Disabled Facility Grts	166
DCLG - Discretionary Rate Relief	75	DCLG - Private Sector Energy Efficiency	50
DCLG - NNDR Collection Costs	108	DCLG- Homeless Hostel Grant	50
DCLG - Homelessness	81	DWP - Performance Standards	53
DCLG - Planning Delivery	138	DCLG/LAA-Waste Efficiency	23
DCLG - LA Business Growth Incentive	391		
DCLG/LAA- Waste Efficiency	20		
Home Office/LAA- Safer Stronger Comm.	83		
Home Office - Domestic Violence	9		
European Community Grant	38		
Others	41		
	1,376		342

4. Management of Liquid Resources

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.

**COLLECTION FUND INCOME &
EXPENDITURE ACCOUNT
For the Year Ended 31 March 2008**

2006/07 £'000		£'000	2007/08 £'000	NOTE
	INCOME			
(24,890)	Council Tax		(26,058)	
(2,613)	Transfers from General Fund - Council Tax Benefits		(2,719)	
(12,151)	Income Collectable from business ratepayers		(12,995)	
(39,654)	Total Income		(41,772)	
	EXPENDITURE			
	Precepts and Demands:			
18,612	North Yorkshire County Council	19,713		
3,725	North Yorkshire Police Authority	3,874		
1,117	North Yorkshire Fire & Rescue	1,171		
3,834	Ryedale District Council	3,992		
33	Street Lighting Expenses	50		(3)
			28,800	
	Non-Domestic Rates:			
12,064	Payment to National Pool	12,917		(4)
107	Costs of Collection Allowance	108		
(20)	Allowance for Losses	(30)		(5)
(80)	Provision for non-payment of Council Tax		12,995 (30)	(5)
39,392	Total Expenditure		41,765	
(262)	Surplus for the year		(7)	
(466)	Surplus at 1 April		(728)	
(728)	Surplus at 31 March		(735)	

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	1,756	6/9	1,171
B	5,027	7/9	3,910
C	4,774	8/9	4,244
D	3,560	1	3,560
E	2,855	11/9	3,490
F	1,752	13/9	2,531
G	1,034	15/9	1,723
H	87	18/9	174
TOTAL	20,845		20,803
Less adjustment for Collection Rate			209
Council Tax Base			20,594

NOTES ON THE COLLECTION FUND ACCOUNT

3. Precepts

Precepts and demands for 2007/08 are analysed as follows:

	Ryedale DC £'000	NYCC £'000	NYPA £'000	NYFRA £'000
2007/08 Precept/Demand	3,941	19,432	3,818	1,154
Payment in respect of 2006/07 surplus	51	281	56	17
	3,992	19,713	3,874	1,171

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)	14,265
Less net adjust. for Transitional Relief, Part Occupancy, Write-offs and Transitional Premium	(694)
	13,571
Less Charitable Relief	(566)
	13,005
Other adjustments including making provision for bad debts and interest payments made	(88)
	12,917

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 £50,000 and is included within the Debtors figure in the Council's Balance Sheet.

6. Statistics

Additional information is as follows:

Total National Non Domestic Rateable Value at 31.03.08	33,786,977
NDR Rate in £ for 2007/08	46.2p
Small Business Rate in £ for 2007/08	45.8p
Number of Business Premises (Hereditament) at 31.03.08	2,708
Number of Council Tax Benefit claimants at 31.03.08	3,310

INDEPENDENT AUDITOR'S REPORT

Independent auditors' report to the Members of Ryedale District Council

Opinion on the financial statements

We have audited the financial statements of Ryedale District Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account and the related notes 1 to 12, the Statement of Movement on the General Fund Balance, Balance Sheet and the related notes 1 to 22, Statement of Total Recognised Gains and Losses, Cash Flow Statement and the related notes 1 to 4 and the Collection Fund and the related notes 1 to 6. The financial statements have been prepared under the accounting policies set out within them.

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 36 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 Authority 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 Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Corporate Director and auditor

The Corporate Directors' responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

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 financial statements, present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007:

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

We review whether the Governance Statement reflects compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with the proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit. 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 Authority's corporate governance procedures or its risk and control procedures.

We read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial 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

INDEPENDENT AUDITOR'S REPORT

examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements 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 financial statements.

Opinion

In our opinion:

- the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended.

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

Authority's Responsibilities

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

Under the Local Government Act 1999, the Authority is required to prepare and publish a best value performance plan summarising the Authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditors' Responsibilities

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

We are required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

- certifying that we have done so;
- stating whether we believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and where relevant, making any recommendations under section 7 of the Local Government Act 1999.

INDEPENDENT AUDITOR'S REPORT

Conclusion

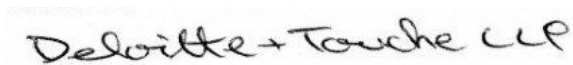
We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, we are satisfied that, in all significant respects, Ryedale District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

Best Value Performance Plan

We issued our statutory report on the audit of the authority's best value performance plan for the financial year 2007/08 on 30 September 2008. We did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

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.

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, slightly slanted style.

Deloitte & Touche LLP
Leeds

30 September 2008

ANNUAL GOVERNANCE STATEMENT 2007/08

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 2007/08

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 2008 and up to the date of approval of the Statement of Accounts.

3. **The Governance Framework**

The requirement to have a governance framework, incorporating a sound system of internal control covers all of the Council's activities. 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:

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
- Medium Term Financial Plan
- 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 implementing Council's policies and decisions, providing advice to Members and for co-ordinating the use of resources. The Corporate Management Team meet each week 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 has scrutiny arrangements, through the Overview and Scrutiny Committee that include the review of policies, budgets and service delivery to ensure that they remain appropriate. This Committee is also formally designated as the Council's Audit Committee. A forward plan detailing the main

ANNUAL GOVERNANCE STATEMENT 2007/08

work of Committees over the next year has been devised to ensure decisions are taken in a timely manner. Urgent items will be debated as appropriate.

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 developed a performance improvement plan as part of their Service Delivery Plan showing how that service will work to achieve the Council’s objectives.

Financial Management

The Corporate Director (s151 Officer) 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 s151 Officer (Corporate Director)
- The Monitoring Officer
- The District Auditor and various other external inspection agencies
- The Internal Audit Manager (North Yorkshire Audit Partnership)
- Finance Officers and other relevant service managers
- The External Auditor (Deloitte & Touche LLP)

Value For Money

Through reviews by external auditors, external agencies, internal audit, the Performance team, and the Financial Services Manager 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.

Risk Management

The Council has adopted a formal system of Risk Management. Although responsibility for the identification and management of risks rests with service managers, corporate arrangements are co-ordinated by the Risk Management Group. The process serves to ensure that :-

ANNUAL GOVERNANCE STATEMENT 2007/08

- 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 risk register. Relevant staff 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. It also is complementary to and gives support to the external auditors (the Audit Commission for 2007/08). In addition the Partnership provides assurance to the s151 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

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. Service Unit Managers are expected to deliver improvements or maintain performance standards where appropriate. The Covalent performance management system has become further embedded within the Council during the year.

ANNUAL GOVERNANCE STATEMENT 2007/08

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 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
- The work of the Risk Management Group in compiling the Council's Strategic Risk Register
- 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 comprehensive 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 schedule has been produced to ensure compliance and a list of those Officers having responsibility is available.

An Action Plan is appended which identifies and notes progress with previous year's matters of concern, and includes those arising from this year's review. The Annual Governance Statement for 2008/09 will provide details of the work completed against this Plan.

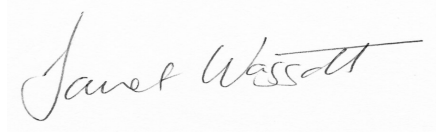
We have been advised on the implications of the results of the review of the effectiveness of the system of internal control by the Overview & Scrutiny Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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 2008/09 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.

ANNUAL GOVERNANCE STATEMENT 2007/08



Signed:
Janet Waggott
Chief Executive

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Dated: 26 June 2008.....



Signed :
Cllr Keith Knaggs
Leader of the Council

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Dated: 26 June 2008.....

ANNUAL GOVERNANCE STATEMENT 2007/08

ACTION PLAN FOR IMPLEMENTATION IN 2008/09

STATUS	CONTROL ISSUE	ACTION PROPOSED	RESPONSIBILITY	TARGET DATE	CURRENT POSITION & COMMENTS
Brought Forward	<p><u>Corporate Governance</u> The Code of Corporate Governance needs to be reviewed and updated communication to the public and stakeholders needs to be improved.</p>	<p>The Code of Corporate Governance will be reviewed.</p> <p>Public and other stakeholders to be made aware by publishing Code on website.</p>	<p>Monitoring Officer</p> <p>Monitoring Officer</p>	<p>31/12/08</p> <p>31/12/08</p>	<p>Work ongoing. Now that the National Members Code of Conduct has been published, those principles can be incorporated into the review of the Local Code of Corporate Governance. Once the senior management review is complete the code will be revised.</p>
New 2007/2008	<p>Procedures for ongoing review of the progress against the Annual Governance Statement Action Plan require strengthening.</p>	<p>Update reports to be brought during the year – October and February Meetings.</p>	<p>Corporate Director (s151)</p>	<p>9/10/08</p> <p>19/2/09</p>	<p>As recommended by the Overview and Scrutiny Committee 24 June 2008.</p>
Brought forward	<p><u>Risk Management</u> The Council has embraced the identification and management of risk. However, there are still some issues relating to staff training and the Performance Management System that need to be addressed.</p>	<p>Extended member training will be delivered.</p>	<p>Corporate Director (s151)</p>	<p>30/9/08</p>	<p>The Audit Partnership is assisting the Council in its Risk Management work and this will continue in 2008/09. Some member training for the Overview and Scrutiny Committee has been provided.</p>

ANNUAL GOVERNANCE STATEMENT 2007/08

ACTION PLAN FOR IMPLEMENTATION IN 2008/09

STATUS	CONTROL ISSUE	ACTION PROPOSED	RESPONSIBILITY	TARGET DATE	CURRENT POSITION & COMMENTS
Brought Forward	<p><u>Gaps in assurance Process</u> Although many assurance sources have been determined and collated assurances from managers need to be identified.</p>	Heads of Service to complete assurance statement each year.	Corporate Director (s151)	31/3/09	This will be included as part of the assurance process for 2008/09 Annual Governance Statement.
Brought Forward	<p><u>Code of Conduct</u> 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>	Code of Conduct for Officers to be introduced following publication of the national code.	Monitoring Officer	1/10/08	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	<p><u>Health and Safety</u> The Council has a corporate Health and Safety Policy that was adopted in 2000. This now needs reviewing.</p>	Review Health and Safety Policy and publish on internet and included in training systems.	Head of Organisational Development	30/9/08	There have been historic difficulties with staffing in Health and Safety. Currently arrangements are in place to complete this project. A draft revised policy has been considered by CMT.

ANNUAL GOVERNANCE STATEMENT 2007/08

ACTION PLAN FOR IMPLEMENTATION IN 2008/09

STATUS	CONTROL ISSUE	ACTION PROPOSED	RESPONSIBILITY	TARGET DATE	CURRENT POSITION & COMMENTS
New 2007/08	<p><u>Partnerships</u> 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. Partnerships will include: -</p> <ul style="list-style-type: none"> ▪ Community Leisure Ltd ▪ Moors & Coast Tourism ▪ LSP/LAA ▪ Concessionary Fares ▪ Malton School (new sports facility) 	Head of Transformation	31/3/09	The Use of Resources assessment requires Governance arrangements to be reviewed. Outcome will be reported to Overview and Scrutiny.
New 2007/08	<p><u>Major Capital Projects</u> The Council will need to manage its involvement with its planned capital projects.</p>	<p>Ensure appropriate representation on Major Capital project Steering Groups, member champions where appropriate and use of project Management documentation.</p>	Corporate Director (s151)	Ongoing	Officer Lead and Member Champion already established for Malton School Capital Grant.
New 2007/08	<p><u>Service Continuity Planning</u> Preparation and approval of Corporate service continuity plan.</p>	<p>Finalising plan and approval by members. Desk top testing of plan, training for senior officers</p>	Head of Resources	31/12/08	Individual service plans have been completed and a draft Corporate plan has been produced. Zurich Municipal may be engaged to review Corporate plan prior to formal member approval.
New 2007/08	<p><u>Risk Management</u> Embedding of Risk Management to Service delivery and planning and to ensure integration with other policies of Council</p>	<p>Each Head of Service to annually complete service specific Risk Register with their managers and present to Overview and Scrutiny (audit Committee part).</p>	Corporate Director (s151)	Ongoing	The Auditors recognise this proposal as best practice.

ANNUAL GOVERNANCE STATEMENT 2007/08

ACTION PLAN FOR IMPLEMENTATION IN 2008/09

STATUS	CONTROL ISSUE	ACTION PROPOSED	RESPONSIBILITY	TARGET DATE	CURRENT POSITION & COMMENTS
New 2007/08	<p><u>Asset Management</u> The Audit Commission KLOE for Use of Resources Action Plan for 2008 notes that the Council approach to Asset Management did not reach level 3 assessment. Level 3 requires that the Council maintain an effective asset register.</p>	That the software bought to assist with asset management be installed and commissioned as a priority.	Head of Resources	Installed by 30/9/08 and fully functional by 31/12/08	Progress is being made towards populating the estates management system.
New 2007/08	<p><u>Community Leisure Ltd</u> Council is in interim 2 year agreement with CLL expiring September 09. Decisions around future service provision and procurement required.</p>	Task group review summer 2008 to identify whether formal procurement or new agreement. Overview and Scrutiny requested to undertake this work.	Head of Environmental Services	30/9/08	Overview and Scrutiny to consider issue July 2008.

INCOME & EXPENDITURE ACCOUNT (DETAIL BY SERVICE)

This analysis supplements the Income and Expenditure Account Statement shown on page 13 and provides details of the expenditure and income for each individual service.

2006/07 Net Exp. £'000	Service	2007/08 Expenditure £'000	2007/08 Income £'000	2007/08 Net Exp. £'000
	Central Services to the Public			
67	Emergency Relief Work	73	-	73
71	Grants	66	-	66
386	Cost of Rate/Council Tax Collection	581	210	371
(18)	Council Tax Benefits Payments	2,719	2,742	(23)
96	Council Tax Benefits Administration	238	144	94
17	Conducting Elections	105	-	105
119	Registration of Electors	118	8	110
(10)	Land Charges	146	122	24
60	Rate Relief	136	76	60
788	Net Expenditure Central Services to the Public	4,182	3,302	880
	Cultural, Environmental & Planning Services			
	Cultural & Related Services			
231	Culture & Heritage	273	1	272
770	Recreation & Sport	877	12	865
111	Parks & Open Spaces	129	5	124
158	Tourism	312	134	178
186	Tourist Information Centres	232	50	182
1,456		1,823	202	1,621
	Environmental Services			
145	Pollution Reduction	183	29	154
38	Pest Control	93	50	43
47	Dog Control	49	2	47
157	Food Safety	165	1	164
146	Public Health	162	28	134
226	Public Conveniences	250	-	250
2	Cesspool Emptying	21	25	(4)
7	Hackney Carriage & Private Hire Vehicles Licensing	39	30	9
4	Licences	82	82	-
120	Community Safety	236	120	116
22	Flood Defence & Land Drainage	62	-	62
63	Drainage Boards	65	-	65
338	Street Cleansing	347	-	347
645	Refuse Collection	1,251	637	614
617	Recycling	1,187	596	591
2,577		4,192	1,600	2,592

INCOME & EXPENDITURE ACCOUNT

(DETAIL BY SERVICE)

2006/07 Net Exp. £'000	Service	2007/08 Expenditur £'000	2007/08 Income £'000	2007/08 Net Exp. £'000
	Planning & Development Services			
21	Street Naming	22	-	22
227	Environmental Initiatives	224	29	195
139	Economic Development Support	261	103	158
(94)	Economic Development - Properties	108	174	(66)
(43)	Markets	50	103	(53)
45	Building Control	348	276	72
371	Development Control	809	495	314
152	Planning Policy	210	59	151
(44)	Non-Industrial Premises & Land	75	44	31
172	Community Development	248	37	211
946		2,355	1,320	1,035
4,979	Net Expenditure Cultural, Environmental & Planning	8,370	3,122	5,248
	Highways, Roads & Transport Services			
(516)	Car Parks	332	849	(517)
323	Transport Support	359	11	348
(193)	Net Expenditure Highways, Roads & Transport Services	691	860	(169)
	Housing Services			
110	Housing Strategy	183	70	113
22	Registered Social Landlords	29	-	29
51	Housing Advice	67	-	67
-	Housing Advances	-	-	-
338	Private Sector Housing Renewal	587	216	371
184	Homelessness	370	242	128
5	Travellers Site, Malton	28	9	19
35	Ryecare Services	232	208	24
49	Housing Benefits Payments	7,871	7,849	22
266	Housing Benefits Administration	503	249	254
1,060	Net Expenditure Housing Services	9,870	8,843	1,027
	Corporate & Democratic Core			
581	Democratic Representation & Management	644	4	640
641	Corporate Management	603	-	603
1,222	Net Expenditure Corporate & Democratic Core	1,247	4	1,243
	Other Corporate & Non Distributed Costs			
36	Pensions	340	-	340
1	Unused Shares of Assets	6	-	6
-	Assets Under Construction & Surplus Assets for disposal	218	120	98
(64)	General Financial Provisions	8	-	8
55	Other Employee Related Costs	95	2	93
48	Customer Liaison & Marketing	50	-	50
1	Finance Adjustment on Central Expenses	8	11	(3)
77	Net Expenditure Other Corporate & Non Distributed	725	133	592
7,933	NET COST OF SERVICES	25,085	16,264	8,821

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.

Amortisation

The gradual elimination of a debt by periodic payments over a specified number of years.

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.

GLOSSARY

Capital Receipts

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

GLOSSARY

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.

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 Charges

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

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.

GLOSSARY

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

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.

GLOSSARY

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 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.

GLOSSARY

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.

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 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.

GLOSSARY

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 Recognised Practice (SORP)

This is the guidance issued by CIPFA to enable Councils 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 "generally accepted accounting practice 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.