

West Berkshire Council

DRAFT

***Statement of Accounts
2007-08***

**Presented to Governance
& Audit Committee 25th
June 2008**

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Introduction to West Berkshire

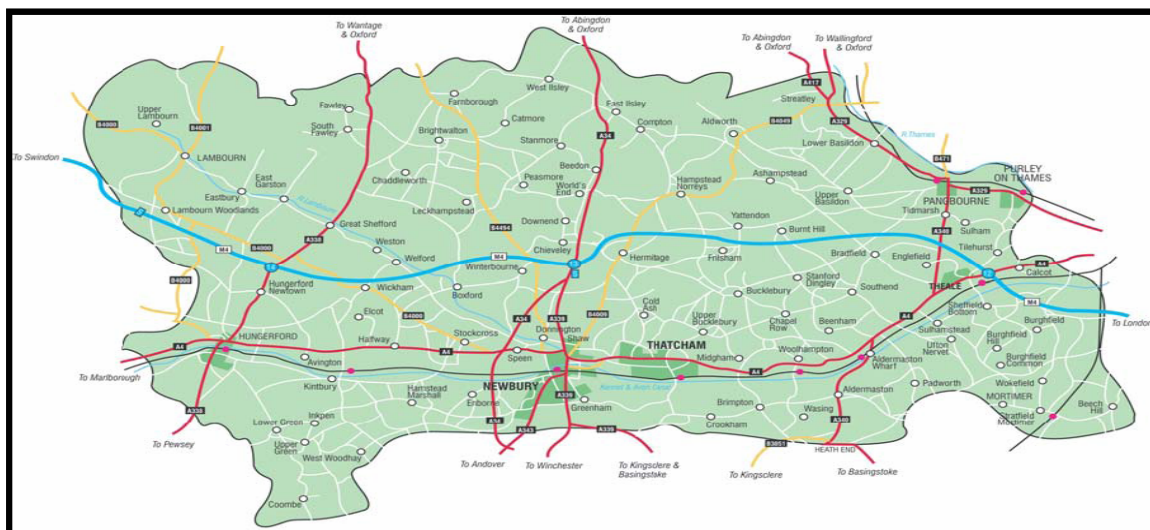
West Berkshire is an administrative area of 704 square kilometers containing extensive rural areas; 74% of the land area lies within the North Wessex Downs Area of Outstanding Natural Beauty (AONB). There are two main urban areas, the towns of Newbury and Thatcham and the urban areas of Tilehurst and Calcot to the west of Reading.

Rural West Berkshire is a large and diverse area which contains a number of larger towns and villages, including Hungerford, Lambourn and Kintbury in the west and Pangbourne, Burghfield Common and Mortimer to the east. There are a large number of smaller village communities throughout the area.

The District occupies a strategic position where the East-West M4 corridor intersects the North-South route of the A34. There are mainline railway services to London and good connections to nearby larger centres such as Reading, Oxford, Swindon and Basingstoke. These factors, combined with the high quality urban and rural environment within the district, have contributed to a thriving economy, making the area a popular place to live and work. People in West Berkshire enjoy better health and lower crime rates than the national average. Levels of educational attainment are high. House prices in West Berkshire are among the highest in the UK and the provision of affordable housing to meet local needs, particularly for young people and key workers is one of the Council's priorities.

There are 68 schools in West Berkshire and the area is known for its high educational standards. Community Care, Children and Young People are high on the community agenda and the local Social Services have retained 3 star status from the Commission for Social Care Inspection.

West Berkshire has a strong industrial base, characterised by new technology industries with a strong service sector and several manufacturing and distribution firms. The strong industrial base is characterised by new technology industries such as Vodafone, which has its headquarters in Newbury. West Berkshire is home to a number of national and international companies, including Bayer, Vodafone, Sony, Matsushita Communications, Kerridge and Walker snack foods. Defence establishments are also important centres of employment.



Explanatory Foreword

Introduction

The Statement of Accounts for the Council summarises the transactions that have taken place during the year 1st April 2007 to 31st March 2008 and are intended to give an overall view of the Council's financial position. The statements have been produced to show all the financial statements and disclosure notes required by statute and comply with the Code of Practice on Local Authority Accounting in the United Kingdom – a Statement Of Recommended Practice (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The statements have also been prepared in accordance with the Accounts and Audit Regulations 2003.

Explanation of the statements

The statements included in the accounts are explained below:

The statement of responsibilities for the Statement of Accounts identifies the officer who is responsible for the proper administration of the Authority's financial affairs, including the communication that the accounts present fairly the financial position of the Authority.

The Statement of Accounting Policies details the legislation and principles on which the Statement of Accounts has been prepared. An understanding of the principles used to prepare the accounts is necessary to comprehend the information contained in the Statement of Accounts.

The Income and Expenditure Revenue Account shows concisely the true financial position of the authority by summarising all of the resources it has generated, used or set aside during the year. The account reports the net cost for the year of all the functions the authority is responsible for and demonstrates how that cost has been financed from general Government grants and income from local tax payers.

The Statement of Movement on the General Fund Balance the Income and Expenditure account uses the same accounting conventions as that of a large unlisted company, UK GAAP (Generally Accepted Accounting Practice). In determining a local authority's budget requirement and in turn its Council tax demand, the authority is obliged to follow statute and non-statutory proper practices which can differ from UKGAAP. This statement shows the amounts in addition to the Income and Expenditure account's surplus or deficit for the year that are required by statute and non statutory proper practices to be charged or credited to the General Fund.

The Statement of Total Recognised Gains and Losses an authority will have other gains and losses in its Balance Sheet which are not detailed in the Income and Expenditure account. This Statement brings these other gains and losses together with the Outturn on the Income and Expenditure account to show the total movement in an authority's net worth for the year.

The Balance Sheet sets out the financial position of the Council, detailing the assets, liabilities, balances and reserves held by the Council at 31st March 2008. The Collection Fund is included in the Consolidated Balance Sheet.

The Cash Flow Statement summarises the cash inflows and cash outflows of cash arising from revenue and capital transactions with third parties. The statement excludes internal movements of funds between the Council's accounts.

The Collection Fund Revenue Account records the council tax and business rate transactions for the financial year. The Account also shows the distribution of the council tax income to Thames Valley Police Authority. There is a statutory requirement to maintain a Collection Fund and keep its activities separate from those of other Council Transactions.

Review of 2007/08

2007/08 saw the beginning of many significant schemes that will change the district for the coming years. Two major projects, at St. Bartholomew's secondary school and the early stages of the Tilehurst Learning Campus, started during the financial year. The Council also gave the go-ahead for the Parkway development. In February 2008 the Council signed a waste PFI (Private Finance Initiative) scheme for waste collection across the district. This will see 50% of all waste recycled by 2012 and 60,000 tonnes of waste diverted from landfill every year. The contract has been signed with Veolia Environmental Services.

The District was very badly affected by flooding during the summer, raising questions for us all about our preparedness for the future impact of climate change. The worst hit areas included Newbury, Thatcham, Pangbourne and Lambourn. The Council received £539k from the Bellwin scheme claim (certain costs could be claimed back from central government) to help with the costs of accommodating residents and repairing infrastructure across the district, but had to pay the excess amount of £367k before receiving central government funds. The Council has also had to fund additional costs as a direct result of the funding, such as the £250k insurance policy excess and the lost Council Tax income from the collection fund from exempted properties of circa £400k.

The Council continued to perform well in external assessments during the year. The Audit Commission completed a corporate assessment of the Council, and the Council achieved a score of 3. This score supports the overall score of 3 for the council and confirms the Council's good status. The council also scored a 3 for Use of Resources (UoR). The UoR assessment focuses, primarily, on the financial management, internal control and value for money of the organisation.

During the year the council launched its Council Plan for the years 2007-2011. The Council Plan focuses on sixteen outcomes and three clear priorities for improvement:

- Safer communities
- A cleaner and greener West Berkshire
- Successful schools

Every outcome has a detailed sub-section of targets over the four years of the Council Plan. Of specific interest to the reader of these accounts is the Value For Money section of the plan, see the [Council Plan](#) for further information.

The statement of accounts have been prepared in accordance with FRS17 (retirement benefits); though there is no net effect on the outturn position in 2007-08, the net pension liability totals £40m in 2007-08 (£35m in 2006-07). The Local Government Pension Scheme for all of Berkshire is administered by the Royal Borough of Windsor and Maidenhead on behalf of the other Berkshire unitary authorities.

Changes to accounting standards

2007/08 saw the beginning of a significant change to local authority financial reporting. By 2010/11, the financial statements must comply with International Financial Reporting Standards (IFRS). Disclosure in the 2007/08 accounts of financial instruments is the first part of this transition. During 2008/09 the council will put in place an IFRS working group to manage this transition and provide comparable figures in the 2009/10 accounts. This new requirement has also changed West Berkshire's accounting policies and these have been updated to reflect the requirements for financial instruments.

During 2007/08 there was another significant change to professional accounting practice. Capital financing has changed with the consolidation of capital accounts into the revaluation reserve in the balance sheet.

The final outturn

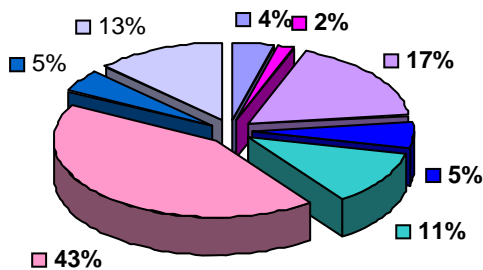
In 2007-08 the council achieved an underspend of £435k on the general fund (£196k relating to general activities and £239k to schools). This has been achieved against a background of decreasing funding from central government, and the financial pressure caused by the flooding in July 2007.

West Berkshire continues to maintain prudent levels of reserves in line with guidance from CIPFA. The balance on the general fund is £7m as at 31.3.08 (representing 7.1% of net expenditure excluding schools).

Where the money is spent

The chart below shows the Council's £271.7m gross revenue expenditure split over the different service areas after an adjustment for capital charges.

Service Expenditure 2007/08



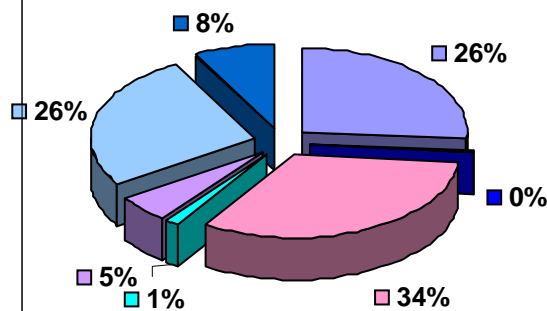
- Central Services 4% £11.1m
- Corporate Services 2% £4.8m
- Social Services 17% £47.5m
- Childrens Services 5% £14.4m
- Cultural, Environmental & Planning Services 11% £31.0m
- Education Services 43% £115.1m
- Highways, Roads & Transport Services 5% £13.5m
- Housing Services 13% £34.3m

Where the money comes from

The budget requirement is met by a variety of funding streams. Council Tax was increased by 2.8% compared to 2006-07, representing the lowest increase in the history of West Berkshire's existence.

A breakdown of the income streams is presented below showing how the Council's gross revenue expenditure of £271.7m was funded.

Where the money came from in 2007/08



- Council Tax 26% £71.4m
- Investment Income 0% £0.9m
- Dedicated Schools Grant 34% £88.6m
- Revenue support Grant 1% £3.7m
- Fees & Charges, re services 5% £14.0m
- Grants etc 26% £71.0m
- National Non Domestic Rates 8% £22.1m

Council tax £71.4m this is the money collected from local taxpayers in 2007/2008.

Investment Income £0.9m the Authority generates income from the investment of its surplus funds. This involves the temporary investment of cash with banks, building societies and other major financial institutions.

Dedicated Schools Grant £88.6m a grant ring fenced for schools and previously included with in RSG.

Revenue Support Grant £3.7m is the grant paid by Central Government in aid of local services.

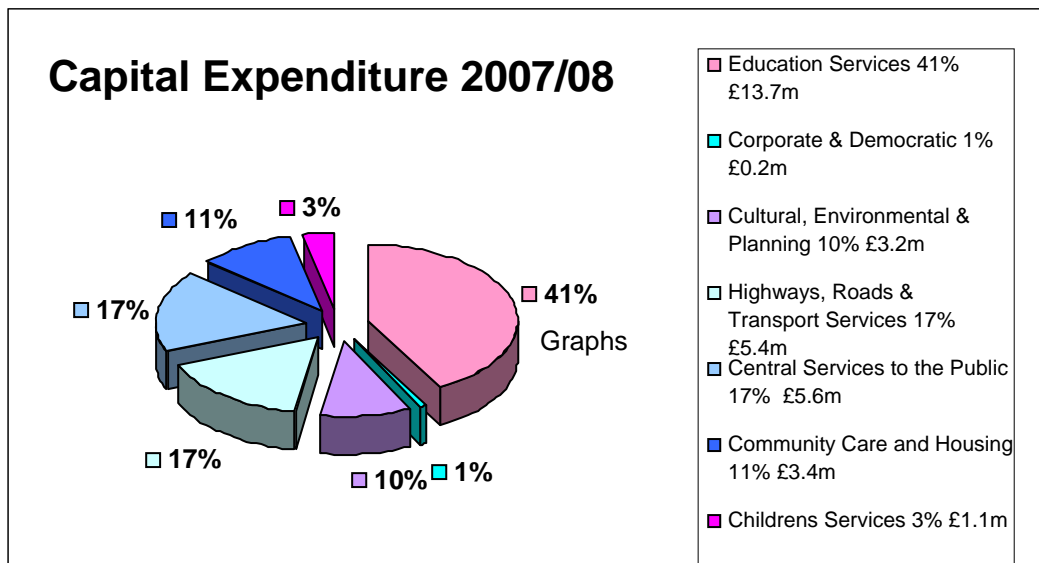
Fees & Charges, £14.0m some services provided by the Authority generate income through specific charges, eg Car Parks, Sport Centres and Planning Fees.

Grants etc, £71.0m Specific Grants are also received from Central Government and other sources to support the delivery of certain schemes / services.

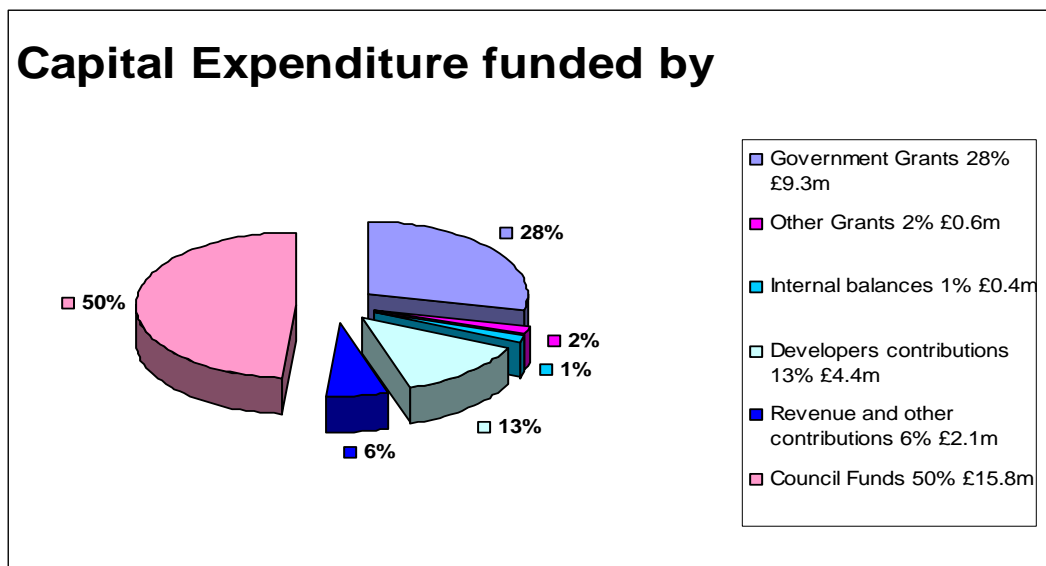
Non Domestic Rates £22.1m this is the Authority's share, based on population of the national total collected in respect of all non-domestic properties.

Capital Expenditure

The total capital expenditure in 2007/08 was £32.6m. The chart below shows the expenditure split over the different Service areas.



This chart shows how the Council's gross Capital expenditure of £32.6m was funded. The various sources are illustrated below,



- Government Grants £9.3m** specific grants received from Central Government.
- Other Grants £0.6m** grants from sources other than Central Government to help fund specific capital schemes.
- Internal Balances £0.4 m** use of internal funds set aside for capital.
- Developers Contributions £4.4m** funding as a result of section 106 planning agreements.
- Revenue and other contributions £2.1m** use of revenue funds to support the capital programme.
- Council Funds £15.8m** use of the Council's Funds.

The year ahead...

West Berkshire Council will continue to face a challenging financial future. 2008/09 sees income from central government reducing, compared to previous years, and achieving our medium term financial strategy will require continued careful management of public money and further savings.

Auditors report

Independent Auditor's Report to West Berkshire Council

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

- ◆ to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, for the purposes of this requirement for the 2007/08 financial year that officer is the Head of Finance.
- ◆ to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ◆ to approve the Statement of Accounts.

The Head of Finance Responsibilities

The Head of Finance is responsible for the preparation of the authority's statement of accounts. This is required by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year (ended 31st March 2008).


In preparing this statement of accounts, the Head of Finance 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 Head of Finance has also:

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

The statements of accounts presents fairly the financial position of West Berkshire Council as at 31st March 2008..



Head of Finance

General Fund Budget

The main components of the budget for 2007/08 and how these compare with actual income and expenditure are set out below. This reflects the budget for precept setting purposes and excludes asset rentals. These are detailed elsewhere in the accounts.

	Original Budget £000	Revised Budget £000	Actual £000	Difference (Revised to Actual) £000
Net Expenditure on Services Expenditure	96,420	97,050	98,175	1,125
Council Tax	(68,481)	(68,481)	(68,481)	0
Investment Income	(230)	(270)	(975)	(705)
Revenue Support Grant	(3,707)	(3,707)	(3,707)	0
National Non Domestic Rates	(22,091)	(22,091)	(22,091)	0
Transfer from Collection Fund	(1,911)	(1,911)	(1,911)	0
INCOME	(96,420)	(96,460)	(97,165)	(705)
NET EXPENDITURE	0	590	1,010	420
Prior Year Adjustments				0
Miscellaneous Adjustments			(1,206)	(1,206)
	0	590	(196)	(786)
Planned Contribution (from) / to Balances		(590)		590
Balance Brought Forward	(6,790)	(6,790)	(6,790)	0
Balance Carried Forward	(6,790)	(6,790)	(6,986)	(196)

Statement of Accounting Policies

The purpose of the Statement of Accounting Policies is to explain the accounting policies the Council has adopted to enable the closure of the accounts.

The Statement of Accounts summarises the Council's transactions for the 2007/08 Financial year and its position at the year end 31st March 2008.

The Financial Statements for 2007/08 have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain, the Statements of Recommended Practice (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and where appropriate the Financial Reporting Standards (FRS). The Accounting convention adopted is historical cost modified by the revaluation of certain categories of tangible fixed assets.

There are no instances in the Statement of Accounts where the fundamental accounting concepts have not been followed.

(1) Employee Costs

The cost of salaries and wages has been included in the Accounts based on 12 months and 52 pay weeks. No accrual has been made in respect of pay-days falling outside of the current financial year. Except for payroll 4 (four weekly Homecare) and payroll 9 (supply teachers).

(2) Retirement Benefits

The Financial Reporting Standard (FRS) 17 "Retirement Benefits" represents the Employer's commitment to increase contributions to make up any shortfall in attributable assets, or its ability to benefit (via reduced contributions) from a surplus in the scheme.

The Council has two different Pension schemes, the first being a funded scheme for non teaching employees who are eligible to join the Local Government Pension Scheme. This is a Defined Benefit Scheme, where retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet Employee benefits. This scheme is administered by The Royal Borough of Windsor and Maidenhead District Council for the Royal County of Berkshire pension fund.

The second is a separate scheme for teachers. This is an unfunded scheme administered by the Department for Education and Skills (DFES).

The pension costs that are charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for

these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The change in the net pension liability is analysed as follows:

- Current service cost, the increase in liability arising from the cost of the current year's service. This is allocated to the revenue account for which the employee worked and is shown in the net cost of services in the Income and expenditure account.
- Past service cost, the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, this is debited to the net cost of services in the income and expenditure account.
- Interest cost, the expected increase in the present value of liabilities during the year, debited to the net operating expenditure in the income and expenditure account.
- Expected return on assets, the annual investment return on the fund assets attributable to the Council, credited to the 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 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.
- Actuarial gains and losses, changes in the net pensions liability that arise because events have not coincided with the assumptions made at the last actuarial valuation, this is debited to the statement of total recognised gains and losses.
- Contributions paid to the pension fund, cash paid as employer's contributions to the pension fund.

The Balance Sheet includes two funds as a result of the FRS17:

- 1) the pensions asset / liability fund,
- 2) the pensions reserve.

The Pension reserve in the Balance sheet is showing a deficit balance of £40.4m an increase on the previous year of £5m.

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 the notional debits and credits are removed and replaced with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6th April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have taken the view that there is insufficiently reliable evidence to assume a level of take-up of the change to the pension scheme. Consequently the valuation of the Council's retirement benefit liabilities as at 31st March 2008 does not include any allowance for this change to the pension scheme.

(3) Accruals of Income and Expenditure

All revenue and capital income and expenditure relating to the financial year is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed, where there is a gap between the date supplies are received and their consumption, they are carried as stock on the balance sheet.
- Where income and expenditure have been recognised in the accounts but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

An exception to this rule is the periodic costs such as gas and electricity, they are included in the accounts on a payments basis where appropriate payments have been made and are not considered material to the accounts.

(4) Stocks

Stocks are shown in the Balance Sheet on a cost basis, which is in compliance with SSAP9, which recommends valuation at the lower of cost or net realisable value.

(5) Cost of Overheads

The costs of overheads and support services are charged to those that benefit from the service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice (BVACOP). The full cost of overheads and support services are shared between users in proportion to the benefits received.

The costs of Corporate Management and Democratic Representation have been separately identified and are not borne by the revenue services.

(6) Interest

Internal interest has been credited to certain Reserves at the year-end based on the average level of balances during the year. The balance of the interest received (after the amount credited to reserves) has been credited to the general fund.

(7) Debtors and Bad Debts

Provisions for bad debts have been established in respect of general debtors in accordance with the SORP. The level of the provision has been set to provide adequate cover based upon an aged debt profile as at 31st March 2008.

(8) Investment

Investments are shown in the Balance Sheet at cost.

(9) Provisions and Reserves

The Council sets aside provisions for specific future expenses, which are likely or certain to be incurred in accordance with the Financial Reporting Standard FRS12. Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate at the time. When payments are eventually made they are charged to the same revenue cost centre as the provision.

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

(10) Fixed Assets

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

Fixed assets are initially valued at cost, comprising all expenditure that is directly attributable to that asset, 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).

CIPFA guidance allows Authorities to choose whether to depreciate its assets at either the mid point through the year or at the end of the year. West Berkshire assets have been depreciated at the end of the year.

Fixed Assets are classified into the groupings required by the Code of Practice on Local Authority Accounting and shown in the Balance sheet using the following headings:

Operational Assets:

- Land and Buildings, shown at current value
- Plant and Equipment, shown at current value
- Infrastructure Assets, shown at historical cost
- Community Assets, shown at historical cost

Non Operational Assets:

- Investment Properties, shown at current value

Assets included in the balance sheet at current value are revalued as a minimum every five years. From 2007/08 all increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains.

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

If an impairment loss was identified on a fixed asset it would be charged to the Income and Expenditure Account. If there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss would be transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals: when an asset is sold, 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. 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. The balance of receipts is required to be credited to the usable capital receipts reserve and can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts are appropriated to the reserve from the Statement of Movement on the General Fund Balance.

Where grants and contributions are received that are identifiable to fixed assets, 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 asset in the relevant service revenue account, in line with the depreciation policy applied to them.

(11) Depreciation

Depreciation is provided for on all fixed assets with a finite useful life in accordance with Financial Reporting Standard FRS15 :

All assets with the exception of freehold land, community assets, investment properties and assets under construction are depreciated,

Depreciation is calculated on the following basis:

- Dwellings and other buildings – straight line allocation over the life of the property as estimated by the valuer.
- Vehicles, plant and equipment - straight line allocation over the life of the asset, mainly 10 years.
- Infrastructure – straight line allocation, mainly over 40 years.

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.

(12) Deferred Charges

Deferred charges represent expenditure that may be capitalised under statutory provisions but does not result in the creation of an asset. 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 determined to meet the cost of the deferred charges from existing capital resources or by borrowing, a transfer to the capital adjustment account then reverses out the amounts charged in the Statement of movement on the general fund balance so the level of council tax is not effected.

(13) Charges to Revenue

From 1st April 1994 general fund service accounts, support services and statutory trading accounts are charged with a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation.

The aggregate charge to individual services is determined on the basis of the capital employed in each service. The effect of the capital charge included in services expenditure is offset by an accounting entry to the Statement of Movements on the General Fund Balance. This ensures there is no effect on the Councils net operating expenditure and therefore Council Tax requirement.

At the 1st April 1994 all assets were valued in line with the guidance issued by CIPFA and the Royal Institute of Chartered Surveyors. This guidance required that the valuations were reviewed at least every five years.

A rolling programme of re-valuations is in place to ensure the Council complies with this guidance. Any material changes to asset valuations, including reductions in value due to impairment will be adjusted for in the financial year in which they occur.

The need to charge an additional capital financing charge to the net cost of services, determined by applying a specified notional rate of interest to net asset values was removed by the SORP for the financial year 2006/07.

(14) Capital Financing

The introduction of the new Prudential Code overseeing capital finance and borrowing introduced in April 2004, presented the opportunity for this Council and other Berkshire Authorities to take back the direct management of the remaining part of the ex Berkshire County Council debt. (see note 16).

2004/05 saw a significant change in the management of local authority capital finance. The Prudential Framework places the emphasis for capital expenditure on affordability. Local authorities themselves decide how much they can afford to borrow, the costs of this borrowing being met from the revenue budget. This marks a significant shift away from the previous regime where local authority borrowing levels were set by Government which were then subsequently issued as either Basic or Supplementary credit approvals (BCA and SCA).

In establishing its Prudential Framework the Council has determined that it can support an annual Capital programme of approximately £14 million.

(15) Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

However the stock issues by the council in 2007/08 is carried at a lower amortised cost than the outstanding principal and interest is charged at a marginally higher effective rate of interest than the rate payable to stockholders as a material amount of costs incurred in its issue is being financed over the life of the stock.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

(16) 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

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective

rate of interest for the instrument. For the loans that the council has made, this means that the amount presented in the Balance sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

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

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

Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg, dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where impairments losses have been incurred – these are debited to the Income and Expenditure Account, along with any net gain/loss for the asset accumulated in the Reserve.

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

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Instruments Entered into Before 1 April 2006

The council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed.

(17) Deferred Capital Receipts

Deferred Capital Receipts are amounts derived from the sales of assets, which will be received in instalments over agreed periods of time. They arise principally from mortgages and sales of council houses.

(18) 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.

Under the Local Government and Housing Act 1989 a Specific proportion of each capital receipt must be set aside or "reserved"; normally only the usable element is available to the Council.

(19) Borrowing

The loan debt held by Berkshire County Council (BCC) when it was abolished due to local government reorganisation as at the 31/3/98 amounted to approximately £220m. The portfolio of debt consisted entirely of Public Works Loans Board (PWLB) loans, of which some £40m was deemed to be West Berkshire's liability as part of the disaggregation process. At that time it was agreed by all the Berkshire authorities that the total debt would be administered by Reading Borough Council as part of their role as Designated Authority overseeing the closure of the BCC accounts

The Prudential Code presented the opportunity for this Council and other Berkshire authorities to take back the direct management of the remaining part of the ex BCC loan debt. The transfer took place with effect from 1st December 2005 and at that time £28.92m of Public Works Loan Board debt was transferred to West Berkshire Council.

(20) Reserves

The value of the Reserves held by the Council are shown in the Balance Sheet. Further details of the major reserves and their purpose are given in the notes to the core Financial Statements.

(21) Trusts

The Authority has direct involvement with the Corn Exchange Theatre. The council acts as a major funding source and has a non controlling interest on the Board of Trustees.

The Corn Exchange is not a regulated Company as defined under the Local Authority's (Companies) Order 1995.

(22) Government Grants and Contributions

Government Grants and third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of the grant / contribution, whether paid on account, by instalments or in arrears. Grants and donations have been credited to the appropriate revenue and Capital accounts.

(23) Redemption of Debt

See note 16.

(24) VAT

Income and expenditure in the Council's accounts excludes any amounts related to VAT. VAT is reconciled and accounted for to HM Customs and Excise on a monthly basis.

(25) Leases

The Council has acquired a number of assets, mainly vehicles and equipment by means of operating leases. In accordance with current accounting procedures the leased assets are not stated in the Balance Sheet. Rentals are charged to revenue in accordance with the terms of the lease. The Council did not enter into any finance lease agreements during the year.

(26) Post Balance Sheet Events

Post Balance Sheet Events are included in the notes to the core Financial Statements as they occur and represent significant transactions / events which are known to have taken place since the balance sheet date.

(27) Contingent Liabilities


Contingent Liabilities are disclosed in the notes to the core Financial Statements and cover known liabilities where the actual cost of the liability is not known.

(28) Group Accounts

The SORP 2004 requires Councils to consider all their interests and to prepare a full set of group accounts where they have material interests in subsidiaries, associates or joint ventures. West Berkshire Council currently has no interests, which necessitates the production of Group Accounts.

Annual Governance Statements (insert)

This Statement replaces the Statement on Internal Control.



..... Graham Jones **Leader**



..... Nick Carter **Chief Executive**
On behalf of West Berkshire Council

The Income and Expenditure Account

In accordance with the Accounting Code of Practice an Income and Expenditure account has been produced. The 2007/08 Income and Expenditure account has been produced in full compliance with the Statements of Recommended Practice.

This statement collates all of the functions of the Council and summarises all of the resources the Council has generated, used or set aside in providing services during the year. The Income and Expenditure account uses the same accounting conventions as that of a large unlisted company, UKGAAP.

2006/07		2007/08	2007/08	2007/08
Net Expenditure		Expenditure	Income	Net Expenditure
£'000	note	£'000	£'000	£'000
Net Expenditure on Continuing Services				
26,622	Adult social care	48,887	(16,978)	31,909
783	Central Services to the Public	11,128	(8,101)	3,027
12,731	Children's services	17,247	(2,260)	14,986
3,812	Corporate & Democratic Core	6,811	0	6,811
83	Court & Probation services	104	0	104
21,131	Cultural, Environmental and Planning Services	34,002	(5,609)	28,393
13,557	Education Services	122,509	(123,077)	-568
14,472	Highways, Roads and Transport Services	18,101	(3,950)	14,151
1,805	Housing Services	37,760	(32,732)	5,029
0	Exceptional Items	367	0	367
94,996	NET COST OF SERVICES	296,916	(192,707)	104,210
(1,754)	Gain / loss on the disposal of fixed assets			(64)
2,750	Precepts to Parishes			2,941
68	Precepts & Levies			112
36	(Surpluses)/deficits on trading undertakings			4
0	Contribution of Housing Capital receipts to government pool			70
(808)	Interest Receivable			(975)
(847)	Pension Interest cost and Expected return on Pension Assets			(845)
1,542	Interest Payable and similar charges			1,715
95,984	NET OPERATING EXPENDITURE			107,169
SOURCES OF FINANCE				
(66,913)	Precept demanded from the Collection Fund			(71,422)
(556)	Collection Fund transfer re: Council Tax	3		(1,911)
(4,228)	Revenue Support Grant			(3,707)
(21,300)	Contribution from Non-Domestic Rate Pool			(22,092)
(92,996)				(99,132)
2,988	DEFICIT/(SURPLUS) FOR THE YEAR			8,037

Statement of Movements on the General Fund Balance

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources used and generated over the last twelve months. The Council though is required to raise Council Tax on a different accounting basis.

The main differences are:

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

The General Fund Balance shows whether the Council has over or under spent against the Council tax it raised for the year, taking into account the use of reserves and contributions to reserves earmarked for future expenditure.

The statement below summarises the differences between the outturn on the Income and Expenditure account and the General Fund Balance.

2006/07 £000s	note s	2007/08 £000s
2,988		8,037
<u>(2,655)</u>	4	<u>(8,472)</u>
333		(435)
(11,694)		(11,361)
<u>(11,361)</u>		<u>(11,796)</u>
(4,571)		(4,810)
<u>(6,790)</u>		<u>(6,986)</u>
<u>(11,361)</u>		<u>(11,796)</u>

Statement of Total Recognised Gains and Losses

The Income and Expenditure Account collates all of the functions of the Council and summarises all of the resources that the Council generated, used or set aside in providing services during the year. However the Council will recognise other gains and losses in its Balance Sheet that are not debited or credited to the Income and Expenditure Account.

The Statement of Total Recognised Gains and Losses is the Statement that brings these other gains and losses together with the outturn on the Income and Expenditure Account to show the total movement in the Council's net worth for the year.

2006/07 £000s	note s	2007/08 £000s
2,988	(Surplus) or Deficit for the year on the Income and Expenditure Account	8,037
1,043	(Surplus) or Deficit arising on revaluation of Fixed Assets	(10,789)
(13,891)	Actuarial (gains) and losses on pension fund assets and liabilities	4,754
<u>(9,860)</u>		<u>2,002</u>

Balance Sheet

The Balance Sheet summarises the financial position of the Council as at 31st March 2008. It reflects the assets and liabilities of all the Council's activities.

2006/07 £'000	note s	£'000	2007/08 £'000
Operational Assets:			
265,166	18	271,937	
11,728		11,837	
103,778		104,414	
8,433		9,114	
Non Operational Assets			
7,654		7,520	
		10,511	
396,759	19		415,333
0	20	0	
1,261	21	1,029	1,029
398,020	TOTAL LONG TERM ASSETS		416,362
Current Assets			
10	22	14	
29,473	23	16,898	
1,070		1,128	
6,103	24	19,732	
36,656			37,772
434,676			454,134
Current Liabilities			
(32,830)	25	(33,485)	
(9,500)	26	(1,600)	
(4,769)		(16,927)	
(47,099)			(52,012)
387,577	TOTAL ASSETS LESS CURRENT LIABILITIES		402,122
(1,453)	27	(1,093)	
(27,171)	28	(24,005)	
(35,417)		(40,485)	
(24,164)	29	(39,592)	
(1,256)	30	(833)	
(89,461)			(106,008)
298,116	TOTAL ASSETS LESS LIABILITIES		296,114
0	31	7,720	
284,101	32	269,147	
86	33	55	
1,137	34	1,137	
23,168	34	36,117	
(35,417)		(40,485)	
9,595	35	9,656	
15,446	35	12,767	

298,116 TOTAL EQUITY

296,114

The Cash Flow Statement

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

2006/07		note	2007/08	2007/08
£'000		s	£'000	£'000
	<i>Cash (Outflows):</i>			
(123,543)	Cash paid to and on behalf of employees		(136,557)	
(102,236)	Other operating costs		(72,231)	
(22,949)	Housing Benefit paid out		(25,011)	
(13,423)	Precepts Paid		(14,768)	
(68,993)	Non-domestic rates paid to National Pool		(46,933)	
(331,144)	TOTAL CASH OUTFLOWS		(295,500)	
	<i>Cash Inflows:</i>			
99	Rents (after rebates)		101	
74,334	Council Tax income		82,582	
69,440	Local Non-Domestic Rate income		47,137	
21,300	Non-domestic rate income from National Pool		22,092	
4,228	Revenue Support Grant		4,228	
82,568	Dedicated schools grant		88,582	
23,273	DWP grants and rebates		25,011	
36,770	Other Government grants	38	45,951	
32,908	Cash received for goods and services		10,030	
379	Other revenue cash payments/income		398	
345,299	TOTAL CASH INFLOWS		326,112	
14,155	Revenue Activities Net Cash Received	39		30,612
	Returns on Investments and Servicing of Finance			
	<i>Cash (Outflows)/Inflows</i>			
(193)	Interest paid		(1,715)	
808	Interest received		975	
615				(740)
	Capital Activities			
	<i>Cash (Outflows)</i>			
(27,321)	Expenditure for Capital Purposes			(32,667)
	<i>Cash Inflows</i>			
2,281	Capital Receipts		1,137	
4,341	Capital grants received		11,087	
6,622				12,224
(5,929)	Net Cash Inflow/(Outflow) before Financing			9,429
	Management of Liquid Resources			
5,500	Increase/(Decrease) in Temporary Borrowing	40	(7,900)	

<u>(27)</u>	(Increase)/Decrease in Temporary Investments	40	(13,629)	<u>(21,529)</u>
<u>(456)</u>	Net Increase/(Decrease) in Cash Equivalents	40		<u>(12,100)</u>

Notes to the Core Financial Statements

(1) Net Cost of Services

The net cost of services includes depreciation charges for the use of fixed assets, impairment costs associated with Fixed Assets, government grants deferred, FRS17 pension costs and movements in Reserves. These are subsequently reversed within the Statement of Movements on the General Fund Balance, so that the net effect on the amount to be met from Government Grants and local taxation is zero.

(2) Parish Council Precepts

Parish councils are required to precept on the District, who in turn precept on the collection fund. The total precept is £ 2,941,216.

(3) Transfer from the Collection Fund

A transfer of £ 1,910,792 has been made from the Collection Fund to the General Fund based on the estimated surplus at 31st March 2008. Transfers are made between the funds each year.

(4) Movement on the General Fund Balance

The table below shows the reconciling items for the Statement of Movements on the General Fund Balance.

2006/07 £000s	notes	2007/08 £000s
------------------	-------	------------------

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.

(13,052)	Depreciation and impairment of Fixed Assets	(17,870)
1,135	Government Grants Deferred Account	1,575
	Write down of deferred charges to be financed from	
(2,155)	Capital resources	(6,772)
1,754	Net gain / loss on sales of Fixed Assets	64
0	Contribution of Housing capital receipts to Government pool	(70)

(2,005)	Net changes made for retirement benefits in accordance with FRS17	(314)
<u>(14,323)</u>		<u>(23,387)</u>

Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year.

558	Minimum revenue provision for Capital Financing	590
558		590

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

(206)	Miscellaneous adjustments	5	(1,206)
(6)	Transfer to Special expenses Account		(6)
0	Contribution to funds		1,300
600	Contribution to the Risk fund		0
123	Transfer from earmarked funds		(315)
0	Repayment of BCC debt		4,695
231	(Increase) / decrease in School Balances		(239)
3,862	Internal funding of capital programme		(234)
6,506	Transfer of movements through reserves		10,330
<u>11,110</u>			<u>14,325</u>

<u>(2,655)</u>	Net additional amount required to be credited to the General Fund Balance for the year	<u>(8,472)</u>
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(5) Miscellaneous Adjustments

The total miscellaneous adjustment in 2007/08 is £1,205,621.

Summary of Miscellaneous Adjustments	
	2007/08
	£ 000's

Accruals incorrectly posted	(458)
Housing benefit reserve	(548)
LAA grant not credited to revenue in 2006/07	(54)
Concessionary fares tokens	(125)
Other Adjustments	(42)
BCC Deferred Debtor	21
	<u>(1,206)</u>

The Berkshire County Council Deferred Debtor is being written off to the Income and Expenditure Account over 6 years.

(6) Special Expenses Revenue Accounts

Separate Revenue Accounts are maintained for Hungerford Town Council, Shaw Cum Donnington Parish Council, Kintbury Parish Council and Theale Parish Council. They account for items of expenditure specific to these areas for which a special precept is levied. The entry in the consolidated revenue account reflects the transfer of Council Tax income to the special expenses account. Details of the special expense areas are as follows:

Special expenses Revenue Account	Hungerford Footway Lighting £000's	Kintbury St Mary's Churchyard £000's	Shaw St Mary's Churchyard £000's	Theale Holy Trinity Churchyard £000's
Gross Expenditure	0.2	0.3	(0.8)	0.8
Gross Income	0.0	0.0	0.0	0.0
Net Expenditure	0.2	0.3	(0.8)	0.8
Council Tax Income	(6.8)	(1.5)	0.2	(2.5)
Appropriation to balances	(6.6)	(1.2)	(0.6)	(1.7)
Balance from 2007/08	4.3	(2.4)	1.0	1.8
Balance carried forward to 2008/09	(2.3)	(3.6)	0.4	0.1

(7) Prior Year Adjustment

The total adjustment for prior years is nil.

(8) Movement through 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.

<u>Statement of Movement in Reserves</u>					
	Balance 31st March	Net Movement in year	Balance 1st April	Purpose of Reserve	Further Detail of Movements
	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	0	7,720	7,720	Store of gains on revaluation of Fixed Assets not yet realised through sales	see note 31 to the Core Financial Statements see note 32 to the Core Financial Statements
Capital Adjustment Account	284,101	(14,954)	269,147	Store of Capital resources set aside to meet past expenditure	see note 34 to the core Financial Statements
Useable Capital Receipts	1,137	0	1,137	Proceeds of Fixed Asset sales available to meet future Capital expenditure	see note 14 to the core Financial Statements
Pensions Reserve	(35,417)	(5,068)	(40,485)	Balancing account to allow inclusion of Pension liability in the Balance sheet	see page 10 of the core Financial Statements
General Fund	6,790	196	6,986	Resources available to meet future running costs for non- housing services	Statement of Accounts
Other Reserves	41,505	10,104	51,609	Includes capital reserves, Deferred credits, revenue reserves, Fund balances less General	see note 35 to the core Financial Statements
Total	298,116	(2,002)	296,114		

(9) Trading Operations

The Council operates eight sports centres, (five under contract with the private sector). The total income and expenditure incurred by the Council for all of the sites is detailed below.

<u>Trading Operations</u>	-	2006/07	2007/08
		£'000	£'000
Total income		(330)	(336)
Total expenditure		2,398	2,576
Net deficit		2,068	2,240

(10) Discretionary Expenditure

Under Part 1 of the Local Government Act 2000 Local Authorities were given a new discretionary power to promote or improve the economic, social or environmental well being of their area. This power came into force on 1st October 2000 and replaced the powers previously supported by section 137 of the Local Government Act 1972 (as amended by the Local Government and Housing Act 1989).

Where the new power differs from the previous provisions under section 137 is that there is no longer a restriction on the sum of money which can be spent in the promotion of well being.

The Authority incurred expenditure amounting to £537,291 in 2007/08 under the provisions of The Local Government Act 2000 as shown below. These costs are part of the Council's Net Cost of Services.

<u>Discretionary Expenditure</u>	2006/07	2007/08
	£	£
Readibus	40,250	41,060
Handybus	101,137	103,115
Grants to voluntary organisations	388,745	393,116
Total Expenditure	530,132	537,291

(11) Publicity

Set out below, under the requirements of section 5(1) of the Local Government Act 1986, is the Council's spending on publicity. Publicity covers all forms of communication with the public for example it includes advertisements for job vacancies as well as press notices. The expenditure is included in the Income and Expenditure Account as part of the Net Cost of Services.

<u>Publicity</u>	2006/07	2007/08
	£	£
Marketing and Public Relations	336,851	281,059
Recruitment Advertising	503,780	699,717
Total Expenditure	840,631	980,775

(12) Disclosure of Remuneration

Detailed below are the number of employees whose remuneration excluding pension contributions was £50,000 or more in bands of £10,000:

<u>Disclosure of Remuneration</u>	Number of Employees	
Remuneration Band	2006/07	2007/08
£50,000 - £59,999	52	85
£60,000 - £69,999	14	30
£70,000 - £79,999	6	13
£80,000 - £89,999	1	6
£90,000 - £99,999	5	0
£100,000 - £109,999	0	3
£110,000 - £119,999	1	1
£120,000 - £129,999	0	1
£130,000 - £139,999	0	1
£140,000 - £149,000	1	0
	2006/07	2007/08
	£	£
Expenses paid to the elected Members	477,074	574,089

(13) Superannuation Costs

In 2007/08 the Council paid an employer's contribution of £7.0m. This provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary, it is based on triennial actuarial valuations. Under the Scheme Regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. In addition, the Council is responsible for all early releases of benefit payments, in 2007/08 these amounted to £0.2m.

Teachers Pension Scheme

In 2007/08 the Council paid an employer's contribution of £6.8m representing 14.1% of Teachers pensionable pay into the Teachers Pension Agency. In addition, the

Council is responsible for all pension payments relating to added year's benefits awarded, together with the related increases.

(14) Retirement Benefits

Under Financial Reporting Standard (FRS) 17 Retirement Benefits, certain disclosures are required in the Authority's accounts. The reporting standard requires specific entries to the balance sheet and Income and Expenditure account relating to the net asset / liability recognised in relation to the Authority's share and demands (actual and future) of the Berkshire Pension Fund.

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

The Authority participates in the Local Government Pension Scheme administered by The Royal Borough of Windsor and Maidenhead District Council for the Royal County of Berkshire Pension Fund. This is a defined benefit scheme, where retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. The date of the last actuarial report received by the Council was the 31st March 2008.

The FRS17 requires the Authority to recognise the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However the charge the Authority is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Statement of movements on the General Fund Balance. The following Transactions have been made to the Income and Expenditure Account and the Movement on the General Fund Balance account.

<u>Local Government Pension Scheme</u>	2006/07	2007/08
	£'000	£'000
Current Service Cost	8,554	8,151
Past Service Cost / curtailment	220	12
Reversing Employers Contributions	(5,922)	(7,004)
Net Cost of Service	2,852	1,159
Interest Cost	8,548	12,402
Expected return on assets in the scheme	(9,395)	(13,247)
Net Operating Expenditure	(847)	(845)
Movement on Pensions Reserve	(7,927)	(7,318)
Employers contributions payable to scheme	5,922	7,004
Amount to be met from Gov't Grants & Local Tax	(2,005)	(314)

Following the adoption of FRS17 the net pensions to be recognised are made up of two main elements:

- Liabilities, the retirement benefits that have been promised under the formal terms of a pension scheme. These liabilities are measured on an actuarial basis, estimating the future cash flows that will arise from the liabilities discounted to present values.
- Assets, the Authority's attributable share of the investments held in the pension scheme to cover the liabilities, measured at fair value at the balance sheet date.

The underlying assets and liabilities for retirement benefits attributable to the Authority (including a percentage of the Berkshire County Council pension fund) at 31 March 2008 are as follows,

	2007	2008
Local Government Pension Scheme	£'000	£'000
Estimated Liabilities in the scheme	(218,351)	(214,885)
Estimated Assets in the scheme	182,934	174,400
Net Asset / (Liability)	<u>(35,417)</u>	<u>(40,485)</u>

The liabilities show the underlying commitments that the Authority has in the long run to pay in respect of retirement benefits. However statutory arrangements for funding the deficit, allow that 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. The Authorities liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme.

The main assumptions used in their calculations are listed below:

Financial Assumptions	31 March 2007	31 March 2008
Assumptions as at:		
Price increases	3.2%	3.7%
Salary increases	4.7%	5.2%
Pension increases	3.2%	3.7%
Discount rate	5.4%	6.6%

Assets held by the whole fund and analysed in terms of the investments in which they are held as at 31st March 2008 can be summarised as:

Asset Type	Assets at		Long Term	
	31 March		Return at	
	2007	31 March 2008	2007	2008
	£'000	£'000	%	%
Equities	132,005	122,669	7.8%	7.9%
Gilts	23,843	13,738	4.9%	4.5%
Other Bonds	0	14,011	0.0%	6.6%
Property	17,409	18,201	5.8%	5.9%
Cash	9,677	5,782	4.9%	5.0%
Total	<u>182,934</u>	<u>174,400</u>		

The actuarial gains 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 and liabilities.

Local Government Pension Scheme	2003/04		2004/05		2005/06		2006/07		2007/08	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Differences between the expected and actual return on assets	10,077	11.6	2,930	3.2	18,898	13.8	126	0.1	(27,552)	15.8
Differences between actuarial assumptions about liabilities and actual experience	(4,374)	4.2	10,080	27.8	(4,786)	2.8	286	0.2	(6,580)	4.3
Changes in the demographic and financial assumptions used to estimate liabilities	0		(17,590)		(21,385)		11,486		29,378	
Total	<u>5,703</u>		<u>(4,580)</u>		<u>(7,273)</u>		<u>11,898</u>		<u>(4,754)</u>	

(15) Related Party Transactions

The Council is required to disclose any material transactions that have taken place with related parties, bodies or individuals that could affect the decision making process within the Council. Transactions with Precepting Authorities, payments to the pension fund, levies to other bodies and Government departments are shown in the Collection Fund, notes to the Income and Expenditure Account and the Cash Flow Statement.

The list below represents the Council's material transactions with related parties during the financial year.

<u>Related Party Transactions</u>	2006/07	2007/08
	£000	£000
-		
Corn Exchange Theatre Trust	436	447
Environment Agency	68	112
	504	559

Central Government has a direct influence over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, it provides a large amount of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of the main transactions are shown below.

Analysis of Government Grants	2006/07	2007/08
	£'000	£'000
Dedicated Schools Grant	82,568	88,582
Standards Fund Grant	11,111	10,867
Housing Benefits Grant	23,273	25,011
Learning and Skills Council	12,397	13,028
Other Specific Government Grants	13,262	22,056
Total	142,611	159,544

During the year no Council Members, Chief Officers nor their close relations or members of the same household have disclosed any declarable transactions with the Council.

This disclosure note has been prepared using the Council's Register of Members' Declarations of Interest. The Council has prepared this disclosure in accordance with its current interpretation and understanding of FRS8 and its applicability to the public sector utilising current advice and guidance.

(16) Auditors Fees

In 2007/08 the following fees were incurred by West Berkshire Council and relate to external audit.

Auditors Fee	2006/07	2007/08
	£000	£000
-		
Audit Commission Fee Core Work	254	250
Audit Commission Fee Grants Work	57	65
Audit Commission Fee Corporate Assessment	0	106
	311	421

(17) Building Control Account

The Council has adopted the Local Government Association’s Model Scheme as the basis of its Scheme of Charges under the Building (Local Authority) Regulations 1998. These regulations require the disclosure of information regarding the setting of charges for the administration of the Building control function.

Certain activities performed by the building control unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building regulation’s function, divided between chargeable and non-chargeable activities.

<u>Building Control Account</u>			
	Chargeable	Non	Total
	Activities	Chargeable	Building
	2007/08	Activities	Control
Building Regulations Charging Account	£'000	2007/08	2007/08
	£'000	£'000	£'000
Expenditure			
Employees	451	130	581
Supplies & Services	25	2	27
Central and Support Charges	199	35	234
Total Expenditure	<u>675</u>	<u>167</u>	<u>842</u>
Income			
Building Regulation Charges	661	0	661
Miscellaneous Income	0	0	0
Total Income	<u>661</u>	<u>0</u>	<u>661</u>
Surplus / (Deficit) for year	<u>(14)</u>	<u>(167)</u>	<u>(181)</u>

(18) Fixed Assets

Fixed Asset Valuation

All expenditure on the acquisition, creation or enhancement of fixed assets is accounted for on an accruals basis and capitalised in the Balance sheet. All fixed assets are included in the balance sheet at their current value except for infrastructure assets and community assets, which are included at historical cost. All assets included at current value are revalued at intervals of not more than five years.

A proportion of these properties have been revalued as at 1st April 2007 by Martyn A Powers, Member of the Royal Institution of Chartered Surveyors, (the Asset

Development Officer), in accordance with the Statement of Recommended Practice (SORP) issued by CIPFA and the Statement of Asset Valuation Principles & Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

Capital Expenditure

The total capital expenditure for the year was £32,667,030.

This was financed as follows:

<u>Capital Expenditure Financing</u>	GENERAL FUND 2006/07 £'000	GENERAL FUND 2007/08 £'000
-		
-		
Source		
Government Grants	2,059	10,440
Other Grants	2,282	647
Capital receipts	260	333
Other internal balances and funds	332	423
Financing requirement for the year	14,939	14,135
Revenue funding	1804	773
Developers/other contributions	5,645	5,916
	<u>27,321</u>	<u>32,667</u>

The main items of capital expenditure in the year were as follows:

Main Items of Capital Expenditure	
Project Title	£'000
Newbury Day Centre - Replacement	1,289
Disabled Facilities Grant	1,023
Housing and Performance	550
It System Replacement	179
Thatcham Nature Discovery	457
Minor Structural Maintenance of buildings	255
Monkey Bridge	295
A4 Padworth Maint/Beenham Hill Junction Improvements	541
Land Drainage	162
Station Rd Thatcham Highway Improvement Project	232
Kiln Rd/Normay Rise/Angelmead/New Rd Hill maint	216
Environmental Capital Salaries	581
Highway Surface treatment Programme 06/07	182
Highways Emergency Maintenance - Floods 07	503
Play Strategy Grants from BLF	195
Shaw House Construction	263
Shaw House /Trinity development	210
Hungerford Library	707
Core Sites Essential Investment	415
Ngfl Part C Broadband	467
National Digital Infrastructure for Schools	248
Seed Challenge	198
Kennet S106 Development	1,014
Thatcham Park Remodelling	2,036
Hermitage School Expansion (Phase 2)	670
Downsway Primary School - Internal Remodelling	871
Castle School Basic Need	231
Inkpen Primary - School Workforce Remodelling	170
Extended Schools Childcare (surestart)	503
Direct Capital Grants for School	3,230
Education - Pmp	1,348
Corp It Replacement	321
EDRMS - Phase 1 (Scoping)	297
ICT Capital Salaries	298
CRM	263
Office Accommodation Provision	539
Flooding Recovery Grant Scheme	746
Capital Salaries Property	797
Avonbank Lease	360
Fire Risk Remedial Works	268
Tilehurst Learning Campus	204
St Barts - BSF Pathfinder	2,218
Total	25,551
(Note - spend over 150k shown.)	

Capital Assets

During the year a proportion of the Assets were revalued in line with the five year rolling programme.

Two assets were sold, one shared ownership property and Sulhamstead depot, four Housing properties were added to the list and there were twenty two newly adopted open spaces.

The three Foundation schools in the district are not included in the Council's asset register but the Council is required to disclose their valuation. The schools were last valued at the 1st April 2005 and were valued at £31.5m.

	31-Mar-07	31-Mar-08
<u>Capital Assets</u>	Nos	Nos
Public Conveniences	11	11
Car Parks	24	24
Industrial Units	2	2
Farms (approx. size 45 hectares)	3	3
Refuse Tips	2	2
Leisure Centres	8	8
Social Services	14	14
Libraries	9	9
Schools and associated properties	66	66
Commercial Premises	8	8
Public Open Spaces	289	311
Offices	7	7
Community Centres / Facilities	21	21
Depots Others	1	0
Highways Depots	2	2
Housing operational properties	48	51
Total	515	539

Budgets for the following Capital schemes have been slipped into 2008/09.

Capital Commitments on Existing Schemes Included	
Project Title	£'000
Disabled Facilities Grant	210
Temporary Accommodation Refurbishment	277
A4 Padworth Maint/Beenham Hill Junction Improvements	178
Decriminalised Parking	161
London Road Improvements	234
Kiln Rd/Normay Rise/Angelmead/New Rd Hill maintenance	194
CCTV Control Room	280
Provision of CCTV within WestBerkshire	200
Adventure Dolphin Replacement	948
Library Management System Replacement	301
Thatcham Park Remodelling	622
The Winchcombe School - Remodel	1,000
Streatley Primary School - Internal Remodelling	269
Castle Secondary Co-location post 16	250
Fire Risk Remedial Works	234
Total	5,359
(Note - slippage over 150k shown.)	

(19) Analysis of Movement in Fixed Assets

Following changes to the Statements of Recommended Practice introduced on the 1st April 2007, the historical cost of the assets and the current value of the assets now need to be disclosed.

The following table shows the historical cost and the current value of the Council's fixed asset register including the movement in the fixed assets due to depreciation, revaluations, disposals, impairments and additions from the capital programme.

MOVEMENT OF FIXED ASSETS 2007/2008						
	Other	Non -				
	Land &	Operational	Plant &	Infrastructure	Community	
	Buildings	Assets	Equipment	Assets	Assets	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Valued at Historical cost						
Gross Book Value @ 31/03/07	288,060	7,709	16,371	126,666	8,831	447,637
Additions	16,042	0	3,594	5,076	1,138	25,850
Additions re revaluations	2,732	0	0	0	0	2,732
Disposals	(196)	0	0	0	0	(196)
	306,638	7,709	19,965	131,742	9,969	476,023
Impairment re consumption of economic benefit	0	(129)	0	0	0	(129)
Impairment not met from revaluation gains	(2,506)	0	0	0	0	(2,506)
	304,132	7,580	19,965	131,742	9,969	473,388
Depreciation @ 31/03/08	(31,461)	(59)	(6,593)	(27,024)	(644)	(65,781)
Net Book Value @ 31/03/08	272,671	7,521	13,372	104,718	9,325	407,607
Valued at Current value						
Gross Book Value @ 31/03/07	279,598	7,709	14,837	126,362	8,620	437,126
Assets under construction	8,462	0	1,534	304	211	10,511
Revaluations	5,437	(136)	0	0	0	5,301
Value @ 01/04/07	293,497	7,573	16,371	126,666	8,831	452,938
Additions	16,042	0	3,594	5,076	1,138	25,850
Disposals	(196)	0	0	0	0	(196)
Gross Book Value @ 31/03/08	309,343	7,573	19,965	131,742	9,969	478,592
Depreciation @ 31/03/07	(22,893)	(55)	(4,643)	(22,888)	(398)	(50,877)
Depreciation charged to services	(8,898)	(5)	(1,950)	(4,136)	(246)	(15,235)
Depreciation on revalued assets	2,847	7	0	0	0	2,854
Depreciation on disposal	0	0	0	0	0	0
Balance @ 31/03/08	(28,944)	(53)	(6,593)	(27,024)	(644)	(63,258)
Net Book Value @ 31/03/08	280,399	7,520	13,372	104,718	9,325	415,334
Revaluation reserve	(7,720)	0	0	0	0	(7,720)

The revaluation reserve records the unrealised revaluation gains arising since 1st April 2007.

The Councils Non Operational assets, are investment property portfolio totalling £7.2m and surplus land and buildings held for future disposal totalling £0.4m

Leased Assets

The Authority leases certain items of vehicles, Office equipment and Leisure equipment under the terms of an operating lease. These items are not the property of the Council and consequently are not recorded in the Balance Sheet.

Commitments under Operating leases – the Authority was committed at 31st March 2008 to making payments of £676,193 under operating leases. (2006/07 - £635,712).

The table below analyses potential leasing commitments over the required annual expiry periods.

Operating Leases	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000
Leases expiring in 2007/08	28	3
Leases expiring in 2008/09	10	78
Leases expiring between 2009/10 & 2012/13	364	587
Leases expiring after 2012/13	620	39

The Authority as Lessor – with regard to the Authority’s activity as a lessor, the gross value of assets held for use in operating leases was £7,654,500. £5.4m is for Industrial Estates, £0.8m for Shared ownership properties, £0.8m for three farms and £0.6m for two depots. These assets were subject to £78,115 depreciation in year.

(20) Long Term Investments

As at 31 March 2008 there were no Long Term Investments.

(21) Long Term Debtors

Long term debtors are those debtors in excess of one year.

	Balance at	Movement	Balance at
	31/03/07	In the Year	31/03/08
Long term debtors analysis :	£'000	£'000	£'000
BCC Debtors	42	(21)	21
Property Charges	48	0	48
Employees Car Loans	26	(9)	17
Sale of Council Houses	86	(31)	55
PWLB	115	(115)	0
School loans	938	(56)	882
Other Loans and Advances	6	0	6
Total Long Term Debtors	1,261	(232)	1,029

The PWLB premium relates to debt rescheduling undertaken by the Designated Authority dealing with the ex BCC debt. This debt has now been written off.

(22) Stock and Work in Progress

Stock is goods and materials charged to revenue, which has not been used by the end of year. The stock therefore is carried forward to be charged in the year it is used.

The stock shown in the table below is for the Nature Discovery Centre, the Museum, the Tourist Information centre and Sport Centres.

	Opening	Closing
	Balance at	Balance at
	31/03/07	31/03/08
	£'000	£'000
Stocks	10	14
	<u>10</u>	<u>14</u>

(23) Debtors

Debtors represents an income due to the Authority within one year.

-	31/03/07	31/03/08
Amounts falling due in one year:-	£'000	£'000
Government Departments	9,047	7,891
Other Local Authorities	1,803	2,158
Collection Fund	4,592	0
Payments in Advance	2,060	1,329
Other Debtors	15,278	7,898
Total Debtors	32,780	19,276
less provision	(3,307)	(2,378)
Total Debtors	29,473	16,898

(24) Investments

-	Nominal	Market	-	Nominal	Market	-
-	Holding	Value @	-	Holding	Value @	-
-	@31/03/0	31/03/0	-	@31/03/0	@31/03/0	-
-	7	7	-	8	8	-
-	£'000	£'000	-	£'000	£'000	-
Association of D.C.'s.	50	50	50	50	50	50
Investments - payable over 1 year	0	0	0	0	0	0
Temporary (i)	6,053	6,053	6,053	19,682	19,682	19,682
Total Investments	6,103	6,103	6,103	19,732	19,732	19,732

Temporary Investments (to be repaid within 365 days) held at 31.03.08 were as follows

-	Amount	Interest Rate
-	£'000	%
Fixed Loans	16,300	5.80%
Money Market Funds	1,149	5.47%
Deposit Account	2,233	5.25%
	<u>19,682</u>	

In accordance with the Authority's Treasury Management policy the maximum amount that can be lent to any one body is £5.0m.

(25) Creditors

Creditors are payments the Authority owes and are due to be paid in the short term.

	31/03/07	31/03/08
	£'000	£'000
Government departments	7,608	7,917
Sundry creditors	18,005	20,279
Receipts in advance	7,217	5,289
Total Creditors	32,830	33,485

(26) Short Term Borrowing

At 31 March 2008 short term borrowing amounted to £1.6m, this was with the Stroud and Swindon Building Society.

(27) Long Term Liability

The long-term liability represents a lease for Avonbank and Northcroft House. The lease is for an operational building and is used to locate the Community Services and Children and Young People's Directorates, with part of it being sub leased to the Primary Care Trust. The Lease will be written down over eight years.

(28) Deferred Liability

See note 17 to the Statement of Accounting Policies re former Royal County of Berkshire loan debt.

(29) Government Grants Deferred

The Statement of Standard Accounting Practice (SSAP 4) states that the Government Grants Deferred account should represent the value of capital grants and contributions received, which have been applied to finance the acquisition or enhancement of Fixed Assets. The balance of the account is released to revenue over the life of the asset taking into account depreciation.

Following the introduction of the Income and Expenditure Account, the Government Grants Deferred balance is effectively treated as a receipts in advance balance, awaiting credit to the net cost of services in future years. The balance has therefore been moved to the top half of the Balance sheet, instead of being part of financed by reserves.

(30) Provisions

Provisions represent the best estimate at the Balance sheet date of expenditure required to settle a known obligation.

Provisions for Liabilities represents the value of services that were planned and budgeted for in 2007/08 but will not be delivered or fully completed until 2008/09 financial year.

	Balance @	Receipts In	Payments in	Balance @
	31/03/07	Year	Year	31/03/08
	£'000	£'000	£'000	£'000

Crookham (extraction of minerals)	21	15	0	36
Provision for liabilities	937	532	(937)	532
Other Provisions	298	0	(33)	265
Total Provisions	1,256	547	(970)	833

(31) Revaluation Reserve

	2007/08 £'000
Opening Balance	0
Upward revaluations of assets	5,727
Depreciation added back re revaluations	2,330
Depreciation in year	(337)
Closing Balance	7,720

(32) Capital Adjustment Account

	2007/08 £'000
Opening Balance	279,507
Assets charged	(25,855)
Deferred assets charged	(6,812)
Minimum Revenue Provision for Loan Repayment	590
Impaired assets	(2,635)
Less: Depreciation	(14,898)
Sold assets	(196)
BCC Principal payments	4,695
Government Grants Deferred	1,574
New assets	28,582
Closing Balance	264,552
reserved capital receipts	4,595
Total Capital Adjustment Account	269,147

(33) Deferred Credits

Deferred Credits are amounts from sales of assets which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of Council Houses.

	Balance @ 31/03/07 £000	Credit £000	Balance @ 31/03/08 £000
Sale of Council Houses	86	(31)	55

(34) Capital Receipts Unapplied

These are capital receipts, which have not been used to finance Capital expenditure or to repay debts. The Council is required to split all capital receipts into reserved and usable amounts.

Reserved Amounts

	S106 / SPG Contributions 2007/08 £'000s	Grants/Other Contributions 2007/08 £'000s	Total 2007/08 £'000s
Opening Balance	20,740	2,428	23,168
Receipts in Year	4,963	24,672	29,635
Transfer to Usable receipts	(6,590)	(8,290)	(14,880)
Balance as at 31 March 2008	19,113	18,810	37,923
Net Movement in year	(1,627)	16,382	14,755

£1.806m of the capital reserves are shown as creditors in the balance sheet, this is to do with section 106 contributions which if the scheme does not proceed the sum involved will be returned to the originator.

Usable Amounts

-	General Fund
-	

	£'000
Opening Balance	1,137
Capital receipts received in year	401
Capital receipts used for financing	(333)
Pooling of Capital receipts	(68)
Balance as at 31 March 2008	1,137
Net Movement in year	0

(35) Reserves and Balances

	31st March 2007 £000	Receipts £'000	Payments £'000	31st March 2008 £'000
Fund Balances				
General Fund	6,790	196		6,986
Closed church yards	2	2		4
Hungerford Town	0	2		2
Deferred Income	476			476
Compensation Fund	146			146
Collection Fund	2,213		(2,197)	16
Schools Balance	4,571	239		4,810
Grant Maintained Schools	31			31
Ground Water	200			200
Youth & Community Centre Balances	25	44		69
Joint Arrangement Fund	236		(279)	(43)
Pre Paid licences	33	37		70
Total Fund Balances	14,723	520	(2,476)	12,767
Reserves				
<i>Capital</i>				
Developers Contribution Fund	22,534	131	(4,573)	18,092
Grant Holding account	634	17,391		18,025
Total Capital Reserves	23,168	17,522	(4,573)	36,117
<i>Revenue</i>				
Concessionary fares unrepresented tokens	673	195	(465)	403
Geographical Information System	197		(42)	155
Waste Management Strategy	770	157		927
Housing reserves	343	14		357
BCC debt premium	(38)	38		0
Berkshire receipt	1,328		(392)	936
Commuted sums	910	114		1,024
Greenham	74	2		76
Supporting People Reserve	1,605	54		1,659
Self Insurance Fund	1,538	320	(299)	1,559
Ormonde Centre	191	11		202
VAT on car park income	247	283		530
Earmarked reserves	774	126	(352)	548
Planning Delivery Grant	218	129		347
Invest to save projects	234		(47)	187
SIP Reserve	290	78		368
Other Reserves	964	13	(599)	378
Total Revenue Reserves	10,318	1,534	(2,196)	9,656
Total Reserves	33,486	19,056	(6,769)	45,773
Total all funds/ reserves	48,209	19,576	(9,245)	58,540

Schools Balances: If schools under spend their delegated budgets during the year they must be allowed to carry forward the balance for use in future years. At 31st March 2008 Schools held total balances of £4.810m, of which £2.326m was revenue and £2.484m was capital.

This figure does not include balances held by former grant maintained (GM) schools (3 secondary and 2 primary), which are not held in the Council's bank account and therefore not shown on the balance sheet.

West Berkshire's Schools Forum has set a recommended maximum limit for balances on schools' delegated budgets of 8% Primary, Special, Nursery and 5% Secondary of the annual budget or £20,000 (whichever is the greater). In line with the Scheme for Financing Schools, schools with balances in excess of these limits, have been asked to explain the purposes for which their balances have been earmarked.

Developers Contributions Fund: holds the receipts from developers involved in capital schemes to meet revenue and or capital costs resulting from the scheme concerned.

Grant Holding Account: holds the grant receipts to fund future capital schemes.

Concessionary Fares: the reserve is held to meet the cost to the council of travel tokens which have been issued to the public but have yet to be presented to the council for reimbursement by the local travel operators who accept the tokens as payment for journeys.

Geographical Information System: the reserve is established to ensure that there is sufficient funding available to maintain and enhance a system, which is not service specific.

Waste Management Strategy: Fund to manage delivery and implementation of the Council's Waste Strategy.

Housing Reserve: this is a reserve for building maintenance for those properties still under the Council's control.

BCC debt premium: In renegotiating new terms on old BCC debt, premia was incurred which can be amortised over a period of time.

Receipts from Berkshire County Council: represents the allocation to West Berkshire Council of ex Berkshire County Council (BCC) provisions mainly relating to insurance matters, which are now unlikely to be required to meet ex BCC liabilities.

Commutated Sums: are developer's contributions to the maintenance over a period of years for new open spaces, play equipment and sewers.

Greenham reserves: this relates to reserves held in respect of future liabilities.

Supporting People Reserve: reserve established to meet potential future reductions in Supporting People Grant from Central Government.

Self Insurance Fund: Fund has been established to ensure that costs to the Council in relation to claims can be met whilst limiting the impact of higher premiums on the Council's revenue budget.

VAT on car park income: Held as a provision for the repayment of VAT pending outcome of an HM Customs and Excise appeal.

Earmarked Reserve: A Local Authority agreement was awarded for Pump Priming money from Central Government, to be used over three years to deliver Improvement targets. The reserve represents money for 2007/08 and 2008/09.

Planning Delivery Grant: Changes in the grant allocation, has allowed the Council to carry Planning Delivery Grant forward. The reserve represents the Council's balance unspent in 2006/07 for future years.

Invest to Save projects: As part of the Council's drive to achieve efficiencies, money has been earmarked for investment projects expected to deliver revenue savings for the Council. Eg energy efficiency.

36) Contingent Liabilities

At the time of preparing the Statements the Legal Service are aware of one judicial review going forward on a highway issue. There are also a number of minor disputes still to be resolved. These may become liabilities to the Council in the future.

The majority if not all of the Council's contract arrangements are supported by bonds and it is not foreseen that these will cause a liability to the Council in the near future. The Council as a prosecuting authority takes a large number of cases to the Magistrates and Crown Courts during a financial year and there is always a risk that costs may be awarded against the Council.

(37) Post Balance Sheet Events

There are no known post balance sheet events.

(38) Other Government Grants

These Government Grants form part of the cash flow statement.

	2007/2008 £'000
Learning skills Council	13,028
Standards Fund Grant	10,867
Connexions	1,193
Childrens services	381
Building safer communities	120
De trunking money	178
Housing	159
Partnership support	51
Waste performance	418
Planning delivery grant	335
Rural bus grant	495
Flood relief grant	538
Road safety grant	340
Education grants	3,289
Sure Start	2,011
Asylum seekers	374
SSG Personalisation	933
Local Area Agreement	756
Supporting People	5,573
Other	4,912
Total Other Government Grants	<u><u>45,951</u></u>

(39) General Fund Deficit Reconciliation to Revenue Activities Net Cash Inflow

	£'000	£'000
-		
General Fund Surplus		(196)
Collection Fund Cash deficit		(1,911)
Non Cash Transactions		
Contribution to/(from) Reserves		19,493
Items on an accruals basis		
(Increase)/Decrease in Stock	(4)	
(Increase)/Decrease in Debtors	12,575	
Increase/(Decrease) in Creditors	655	
		<u>13,226</u>
Items classified outside Revenue Activities		<u>30,612</u>
Revenue Activities Net Cash Inflow		<u><u>30,612</u></u>

(40) Cash flow Reconciliation to Balance Sheet

	Balance at 01/04/2007	Cash Movement	Balance at 31/03/08
	£000	£000	£000
Temporary Borrowing	9,500	(7,900)	1,600
Temporary Investments	(6,103)	(13,629)	(19,732)
Cash Overdrawn	(4,769)	(12,158)	(16,927)
Imprests	1,070	58	1,128
	<u>(3,699)</u>	<u>(12,100)</u>	<u>(15,799)</u>

(41) Disclosure of Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded by grant monies provided by the Department for Education and Skills, known as the Dedicated Schools Grant (DSG). DSG is ring fenced and can only be applied to meet expenditure included in the Schools Budget.

	Schools Budget Funded by Dedicated Schools Grant		
	Central Expenditure £000's	Individual Schools Budget £000's	Total £000's
Original grant allocation to Schools Budget for the current year in the authority's budget	9,674	78,319	87,993
Adjustment to finalised grant allocation	551	38	589
DSG Receivable for the year	10,225	78,357	88,582
Actual expenditure for the year	(9,795)	(78,357)	(88,152)
(over)/underspend for the year	430	0	430
Planned top-up funding from Council resources	123	0	123
(over)/underspend from prior year	(337)	0	(337)
(over)/underspend carried forward to 2008/09	216	0	216

The entire school's budget includes elements for a restricted range of services provided on a Council wide basis and for the individual School's Budget, which is then divided to provide a budget for each of the schools. Over and underspends on the two elements are required to be accounted for separately. The Council has not supplemented the schools Budget from its own resources during 2007/08.

(42) Exceptional Items

On Friday 20th July 2007, West Berkshire experienced severe flooding that caused considerable damage across the district. This caused significant disruption to the residents of West Berkshire and damaged the council infrastructure. The Council received £539k from the central government via the Bellwin scheme of emergency financial assistance to local authorities, and the total costs which were eligible under the Bellwin scheme were £906k. The Council was required to pay a threshold payment of £367k before receiving the funds. The majority of the expenditure was spent on repairing roads and providing emergency accommodation for residents of the district.

(43) Local Strategic Partnership (LSP)

West Berkshire Council is involved in a LSP with other partners from across the public, voluntary and private sector; these include representatives from Thames Valley Police, Greenham Common Trust, Vodafone and the Citizen Advice Bureau. The LSP works on achieving the Local Area Agreement (LAA) for the West Berkshire area, this is between the West Berkshire LSP and central government; the LAA includes a variety of targets for the partnership to achieve.

West Berkshire Council is the accountable body for this partnership, and receives a variety of monies for the LSP. The income includes reward funding for meeting some of the targets in the LAA, pump priming money and the LAA grant. The Council received £1.572m of LAA grant (£1.366m was for revenue expenditure and £0.206 for capital expenditure).

The most recent LAA was signed by West Berkshire Council in May 2008. This identified 50 national targets that the Council set, in conjunction with the LSP and central government.

More information about the West Berkshire Partnership can be found on:

<http://www.westberkshire.org.uk/index.htm>

(44) Pooled Accounts

Memorandum Account

Pooled Budget: Intermediate Care Services

The pooled budget was established on 1 April 2006 for a three year term until 31 March 2009. The pooled budget agreement is between West Berkshire Council and the Berkshire West Primary Care Trust, and is administered by West Berkshire Council, and covers the West Berkshire Area.

The purpose of the partnership is to improve standards and quality of services through more effective co-ordination of resources within Intermediate Care.

A summary of income and expenditure is provided below.

	Gross Expenditure £	Gross Income £	West BC contribution £
Financial year 2006/07	987,439	411,965	575,474
Financial year 2007/08	1,089,692	442,637	647054

The under/overspending for the year is nil.

Pooled Budget: Community Equipment Services

The pooled budget for Community Equipment was established 1 April 2004 under Section 31 of the Health Act 1999. The agreement exists between the six unitary authorities in Berkshire and the Primary Care Trusts covering the same geographical area. The agreement life is five years. The pooled budget is administered by the lead authority Slough Borough Council.

The aim of the partnership is to improve the integration of health and social care community equipment services to meet the needs of users.

A summary of income and expenditure is given below:

	Gross Expenditure £000	Gross Income £000	West BC Contribution £
Financial year 2006/07	2,466	2,466	219,374
Financial year 2007/08	2,612	2,612	227,420

(45) Financial Instruments

CHANGE OF ACCOUNTING POLICY IN 2007/08

With effect from 1 April 2007, all local authorities must adopt a major change of accounting policy in order to comply with the requirements of the SORP 2007. This has been based on major changes in international accounting standards which have resulted in the introduction of new U.K. accounting standards for financial instruments - FRS25, 26 and 29.

These changes have been designed to present a higher quality of information, in line with the private sector. In order to help identify, quantify and inform on the exposure to and management of risk, new "fair value" disclosure requirements have been introduced. The need for this has arisen in recent years through the high profile failure of a number of financial institutions.

Amortised Cost

This change in accounting standards has meant that most financial instruments (whether borrowing or investment) have, in 2007/08, to be valued on an amortised costs basis using the effective interest rate (EIR) method.

However, it should be noted that figures for 31.3.07 which appear in these disclosure notes are shown unaltered from those which were published in the accounts for 2006/07 i.e. they have not been restated to amortised cost etc. Consequently, the figures for 31.3.07 and 31.3.08 are not properly comparable as they have been produced on two different basis. This is a one off problem which will not occur in the accounts for future years when two years' figures will be properly comparable.

Fair Value

In these disclosure notes, financial instruments are also required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Guidance from CIPFA states that as fair value valuations were not calculated as at 31.3.07, the column for fair value as at 31.3.07 in these disclosure notes cannot be filled in and so no figures appear.

For the very same reasons, no figures appear under 'Gains and losses on financial instruments' for 2006/07.

Compliance

This authority has complied with the following: -

- it has adopted the CIPFA's Treasury Management in the Public Services: Code of Practice
- set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code

TYPES OF FINANCIAL INSTRUMENTS

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending & borrowing disclosed in the balance sheet are made up of the following categories of "financial instruments".

TABLE 1 – FINANCIAL INSTRUMENT BALANCES

	Long-Term		Current	
	31st March 2008 £000s	31st March 2007 £000s	31st March 2008 £000s	31st March 2007 £000s
Borrowings				
Financial liabilities at amortised cost	24,005	27,170	1,600	9,500
Financial liabilities at fair value through profit and loss	0	0	0	0
Other borrowing (Finance lease)	0	0	0	0
Total borrowings	24,005	27,170	1,600	9,500
Investments				
Loans and receivables	0	0	19,651	6,053
Available-for-sale financial assets	0	0	0	0
Fair value through Profit and Loss	0	0	0	0
Unquoted equity under available for sale	0	0	0	0
Total investments	0	0	19,651	6,053

GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

The gains and losses recognised in the Income and Expenditure Account and STRGL in relation to financial instruments are made up as follows:

TABLE 2 – FINANCIAL INSTRUMENTS GAINS/LOSSES

2007/08	Financial Liabilities		Financial Assets		Total £000s
	Liabilities measured at amortised cost	Loans and receivables	Available- for-sale assets	Fair value through P&L	
	£000s	£000s	£000s	£000s	
Interest expense	(1,291)	(23)	0	0	(1,314)
Losses on derecognition	0	0	0	0	0
Impairment losses	0	0	0	0	0
Interest payable and similar charges	(1,291)	(23)	0	0	(1,314)
Interest income	0	955	0	0	955
Gains on derecognition	0	0	0	0	0
Interest and investment income	0	955	0	0	955
Gains on revaluation					
Losses on revaluation					
Amounts recycled to the I&E account after impairment					
Surplus arising on revaluation of financial assets			0	0	0
Net gain/(loss) for the year	(1,291)	922	0	0	(369)

Comparable figures are not available for 2006/07 due to the change in accounting standards.

FAIR VALUE OF ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

The fair value of each class of financial assets and liabilities which are carried in the balance sheet at amortised cost is disclosed below. We have not calculated fair values as at 31.03.07.

Methods and Assumptions in valuation technique

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

The rates quoted in this valuation were obtained by our treasury management consultants from the market on 31st March, using bid prices where applicable.

The calculations are made with the following assumptions:

- For PWLB debt, the fair value is as advised in the PWLB Residual Maturity Analysis statement as at 31 March 2008.
- For other market debt and investments the discount rate used is the rates available for an instrument with the same terms from a comparable lender.
- We have used interpolation techniques between available rates where the exact maturity period was not available.
- No early repayment or impairment is recognised.
- We have calculated fair values for all instruments in the portfolio.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

TABLE 3 – FAIR VALUE OF LIABILITIES CARRIED AT AMORTISED COST

Client to expand rows as appropriate

	31st March 2008		31st March 2007	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000s	£000s	£000s	£000s
PWLB - maturity	24,005	27,426	27,170	28,953
LOBOs	0	0	0	0
Finance Lease	0	0	0	0
Bank overdraft	-40	-40	-4	-4
Short term borrowing	1,600	1,600	9,500	9,500
Financial liabilities	25,565	28986	36,666	38,449

Fair value is **less/more** than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is **lower/higher** than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest below current market rates reduces the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

TABLE 4 – FAIR VALUE OF ASSETS CARRIED AT AMORTISED COST*Client to expand rows as appropriate*

	31st March 2008		31st March 2007	
	Carrying amount £000s	Fair value £000s	Carrying amount £000s	Fair value £000s
Cash				
Deposits with banks and building societies	19,651	19,651	6,053	6,053
Eurosterling Bonds	0	0	0	0
Other	0	0	0	0
Financial assets	19,651	19,651	6,053	6,053

The fair value is **equal to** the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate is receivable is not materially different from the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above/below current market rates increases the amount that the authority would receive if it agreed to early repayment of loans.

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key Risks

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

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

Overall Procedures for Managing Risk

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

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

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

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

This Council's treasury portfolio is not of a significant size to provide significant treasury risk.

Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council also has a

policy of limiting deposits with institutions to a maximum of **£5,000,000** and a limit on the maximum size of one transaction in placing a deposit of **£5,000,000**.

The following analysis summarises the Council’s potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

TABLE 5 – CREDIT RISK (A)

	Amounts at 31 March 2008	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 2008	Estimated maximum exposure to default and uncollectability
	£000s	%	%	£000s
Deposits with banks and other financial institutions	19,561	0.001	0.001	0
Bonds and other securities	0			
Customers	<u>5,515</u>	3.5	3.5	<u>193</u>
Total	<u></u>			<u></u>

All deposits are short term (<13 months) and all counterparties are rated ‘F1’ or ‘F1+’ by Fitch* for short-term credit rating.

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

Debtors

The Council does not generally allow credit for customers. The past due amount can be analysed by age as follows:

* F1 – Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added “+” to denote any exceptionally strong credit feature.

TABLE 6 – CREDIT RISK (B)

	31 March 2008 £000s
30 Days	1,708
60 Days	107
90 Days	41
120 plus Days	622
Total	2478

Liquidity Risk

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need and the Public Works Loans Board (PWLB) for any purpose relevant to its functions under any enactment or for the purpose of the prudent management of its financial affairs. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates.

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

Refinancing and Maturity Risk

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

The maturity structure of financial liabilities and assets is as follows (at nominal value):

TABLE 7 – LIQUIDITY & RE-FINANCING RISK

On 31 March 2008 £000s	Loans outstanding	On 31 March 2007 £000s
	Public Works Loans	
24,005	Board	27,170
1,600	Temporary borrowing	9,500
0	Local bonds	0
0	Deferred purchase	0
0	Other	0
25,605	Total	36,670
2,725	Less than 1 year	12,665
1,125	Between 1 and 2 years	1,125
1,250	Between 2 and 5 years	2,375
0	Between 5 and 15 years	0
20,505	More than 15 years	20,505
25,605	Total	36,670
On 31 March 2008	Investments outstanding	On 31 March 2007
19,651	Temporary lending	6,053
19,651		6,053
19,651	Less than 1 year	6,053
19,651		6,053

Market Risk**Interest rate risk**

The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments, and the second being the affect of fluctuations in interest rates on the fair value of an instrument.

The current interest rate risk for the authority is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Income and Expenditure Account.
- Increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Income and Expenditure Account.
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised

cost, but will impact on the disclosure note for fair value. It would have a negative effect on the Balance Sheet for those assets held at fair value in the Balance Sheet, which would also be reflected in the STRGL.

- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities held at amortised cost, but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of **50%** of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

During the Financial Year and at 31 March 2008, the Council had no financial instruments with variable rates of interest

Price risk

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

Foreign exchange risk

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

The Collection Fund Income and Expenditure Account

As collection authority West Berkshire Council is responsible for the billing and recovery of Council Tax and Non Domestic Rates. Such transactions are required to be shown separately from the provision of services by the District Council.

2006/07 £000		notes	£000	2007/08 £000
	Income			
(79,533)	Council Tax	(1)	(82,582)	
(64,817)	National Non-domestic rates	(2)	(47,137)	
(379)	Government Grants	(3)	(398)	
<u>(144,729)</u>	Total Income			(130,117)
	Expenditure			
	Precepts & Demands:	(4)		
66,913	West Berkshire Council		71,422	
7,775	Thames Valley Police Authority		8,474	
2,811	Royal Berkshire Fire Authority		3,049	
<u>77,499</u>				82,945
643	Transfer to General Fund in respect of estimated Distribution of surplus in respect of Council Tax	(5)		2,213
	Non-Domestic Rates:			
64,526	payments to the pool	(2)	46,933	
266	costs of collection		262	
<u>64,792</u>				47,195
200	Provision for non-payment of Council Tax	(6)		20
25	Provision for non-payment of NNDR	(7)		(58)
<u>143,159</u>	Total Expenditure			132,315
<u>(1,570)</u>	(Surplus)/Deficit			2,198
(643)	(Surplus)/deficit brought forward			(2,213)
(1,570)	(Surplus)/deficit for year			2,198
<u>(2,213)</u>	(Surplus)/deficit carried forward			(15)

Notes to the Collection Fund

(1) Council Tax

A system of charging revenue called Council Tax (based on property) was introduced on 1st April 1993 and replaced the Community charge (based on people).

31 March 2007 £'000		£'000	31 March 2008 £'000
86,062	Opening Debit :	90,435	
13,060	plus additional debit	11,977	
99,122			102,412
(11,549)	less reduced debit	(10,770)	
(2,199)	exemptions	(2,628)	
(5,762)	discounts	(6,356)	
(79)	disabled relief	(76)	
(19,589)			(19,830)
79,533	NET DEBIT		82,582

(2) National Non-Domestic Rates

As from 1st April 1994 each Authority received its National Non-Domestic rates (NNDR) income direct from the central pool rather than it passing through the collection fund. The entry in the Collection fund relates to the collection fund contribution to the pool.

31 March 2007 £'000		£'000	31 March 2008 £'000
74,633	Opening Debit	52,941	
0	plus additional debits	0	
74,633			52,941
(4,933)	less empty and revalued properties	(4,698)	
(237)	Interest payments to the pool	(2,380)	
(1,788)	transitional relief	4,076	
(2,798)	mandatory relief	(2,734)	
(60)	discretionary relief	(68)	
(9,816)			(5,804)
64,817	NET DEBIT		47,137
266	Costs of Collection	262	
25	Contribution to Bad Debt Provision	(58)	
64,526	Net Contribution to pool	46,933	
64,817			47,137

The opening debit is arrived at by multiplying the total rateable value by the rate poundage (42.2 pence in the pound).

(3) Government Grants

The following grants have been credited to the collection fund:

2006/07 £'000		2007/08 £'000
(379)	Ministry of Defence Properties	(398)

(4) Precepts & Demands

Under Council Tax, Parishes are required to precept on the district who in turn precept on the Collection Fund. Thames Valley Police and Royal Berkshire Fire Authority precept directly on the Collection Fund.

(5) Transfer to the General Fund

This represents a transfer to the general fund in respect of the estimated surplus on the collection fund as at 31st March 2008. The deficit is shared between the precepting bodies, West Berkshire Council received £1,910,792, the Thames Valley Police £222,022 and the Fire Authority £80,280.

(6) Provision For Non Payment of Council Tax

A provision has been established to allow for the non-payment of Council Tax.

2006/07		2007/08
£'000		£'000
501	Opening Balance	743
200	Transfer from Income & Expenditure Account	(20)
42	Write Offs in the Year	(223)
<u>743</u>	<u>Closing Balance</u>	<u>500</u>

(7) Provision for non-payment of NNDR

2006/07		2007/08
£'000		£'000
1,625	Opening Balance	1,348
25	Transfer from the Income and Expenditure Account	(58)
(302)	Write Offs in the Year	(726)
<u>1,348</u>	<u>Closing Balance</u>	<u>564</u>

8) Council Tax Base

The Council's tax base is calculated by reference to the number of properties in particular value bands within the District. The number of properties is adjusted for single person occupancy, empty properties, disabled use etc to arrive at a total for each band. Each band is then converted to a band D equivalent to determine the tax base.

Range of Property Values		Band	Net Dwellings	Multiplier	Band D Equivalent £
	Disabled	A	3.50	6/9	1.96
	up to £40,000	A	1,708.60	6/9	1,165.63
over £40,000	up to £52,000	B	4,676.40	7/9	3,818.32
over £52,000	up to £68,000	C	15,645.65	8/9	14,487.37
over £68,000	up to £88,000	D	14,632.30	9/9	15,191.36
over £88,000	up to £120,000	E	8,905.45	11/9	11,250.51
over £120,000	up to £160,000	F	5,724.15	13/9	8,475.83
over £160,000	up to £320,000	G	3,411.15	15/9	5,991.30
over £320,000		H	541.85	18/9	1,115.74
					<u>61,498.02</u>
Adjustment for Losses on Collection x					0.99
					<u>60,883.04</u>