

BRIDGNORTH DISTRICT COUNCIL STATEMENT OF ACCOUNTS 2008/09

Contents/Explanatory Forward	1
Statement of Accounting Policies	4
Income & Expenditure Account	9
This reports the net cost for the year of all the functions for which the Council is responsible and shows how this has been financed from Government Grants and income for local taxpayers.	
Statement of Movement on the General Fund Balance	10
This provides the reconciliation between the outturn on the Income & Expenditure Account and the General Fund balance at 31 March.	
Balance Sheet	13
This discloses the Council's financial position at the year-end. It shows balances & reserves, long-term indebtedness and the fixed and net current employed in its operations.	
Statement of Total Recognised Gains & Losses	14
This identifies the movement in reserves in the year and shows the change in net worth.	
Cash Flow Statement	15
This sets out inflows & outflows of cash arising from transactions with third parties.	
<u>Notes to the Core Financial Statements:</u>	
Income & Expenditure Account	17
Balance Sheet	21
Cash Flow Statement	34
Housing Revenue Income & Expenditure Account	35
This is a record of expenditure and income relating to the Council's housing stock.	
Statement of Movement on the HRA Balance	36
Notes to the Housing Revenue Account	37
Collection Fund	41
Notes to the Collection Fund	42
Explanation of Financial Terms	45
Statement of Responsibilities for the Statement of Accounts	48
Annual Governance Statement	49
Audit Report and Opinion	58

Explanatory Foreword

General Fund

The Council's budget strategies of financing recurring expenditure only from recurring income and using General Fund balances only to finance one off items were continued throughout the year. The Council set its net budget requirement for 2008/09 at £6,129,690. Central Government funding of £3,944,010 and Collection Fund deficit of £800 left a net sum of £2,186,480 to be raised through Council Tax for District Council purposes. With a tax base of 20,484.18 this resulted in a Band D Council Tax of £106.74, an increase of 2.95% on 2007/08. Balances were estimated to reduce to £544,410 by 31 March 2009.

During the year a number of reserves were written back to the General Fund. This, together with an underspend of £475,720 from 2007/08, increased staff vacancy savings (£401,846) and increased income from treasury management (£123,800) contributed to the General Fund reserve. However the impairment of a deposit with an Icelandic Bank (£173,200) and Redundancy, Pension Strain and other staff costs arising through Local Government Reorganisation (£1,770,364) were funded by the Council during the year. The overall result means that actual balances at 31 March 2009 were £755,520, which is £214,150 above the original estimate and £255,520 above the approved minimum level for the General Fund Reserve.

General Fund outturn compared to the estimate is summarised below.

General Fund Outturn Summary	2008/09 Estimate £	2008/09 Outturn £
Net Cost of Services before FRS17	6,786,700	8,117,905
Pension Adjustment:		
Pension Adjustment charged to Services		33,148
Net Cost of Services	6,786,700	8,151,053
Adjustment for Capital Charges	(163,600)	(204,704)
Income Received from Investments	(410,000)	(533,844)
Use of Reserves & Balances	(108,400)	(1,249,671)
Contribution to Capital	25,000	0
Net Movement on Pension Reserves		(33,148)
Net Budget Requirement	6,129,690	6,129,686
Government Funding (AEF)	3,944,010	3,944,009
Deficit on Collection Fund	(800)	(800)
Bridgnorth Council Taxpayers	2,186,480	2,186,477

Housing Revenue Account

The rent increase was set at the Government's guideline, which resulted in an average increase of 5.78%. This increased the average rent to £62.15 per week (52 week year). Balances were originally estimated to fall to £200,000 by 31 March 2009 but the actual balance was higher than this at £342,027.

Direct Service Organisation Accounts

The Authority continues to account separately for the Building Maintenance direct service organisations (DSO) which for internal purposes is required to break even after the inclusion of capital charges within the revenue account

Explanatory Foreword

Capital

The original capital programme for the year totalled £2,287,000 of which £2,102,000 was to be directed at housing, £15,000 at vehicle replacement, £100,000 on leisure centre improvement and £70,000 on economic development and other projects. After allowance for slippage on the 2007/08 programme, principally in respect on Planned Housing Repairs, and additional projects approved in the year, the revised estimate was £6,238,280. Actual expenditure was £3,767,271. The major underspends related to ongoing contracts for housing Planned Maintenance projects; Whitburn Street enhancement and various Leisure projects

The Council maintained its debt free status throughout the year and had no borrowing requirement to support the capital programme. Expenditure was principally financed by the use of the major repairs allowance, and capital receipts (in place of borrowing). As at 31 March 2009, the Council has a revenue balance of £410,113 earmarked for capital purposes and unapplied usable capital receipts balances of £1,695,112

Investments and Borrowing

As at 31 March 2009, the Council held investments of £2,928,855. This is repayable early in 2009/10 with the exception of £1 million with Landsbanki which will be potentially recovered over a more protracted period. This issue is identified in note 6 to the Income & Expenditure Account.

Pensions & Retirement Benefits

The Accounts comply with the requirements of FRS17. The estimated pension liability at 31 March 2009 is £11.718M. There is no immediate requirement to fund this deficit. The sum is the current assessment of long-term future liabilities for existing pensioners and current employees who are accruing pension entitlement. The fund is reviewed regularly and additional contributions have been made to address this issue.

On the advice of the Pension Fund Actuary, Assets and Liabilities relating to the Pension Fund were amended as at 31 March 2008. These impact of these changes have been reflected in restated opening balances and comparative 2007/08 transactions where appropriate.

Statement of Accounting Policies

General

The accounts have been prepared in all material respects within "proper accounting practices" and in particular in accordance with the Code of Practice on Local Authority Accounting in the UK 2006, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and indirectly with Statements of Standard Accounting Practice (SSAP) and Financial Reporting Standards (FRS) issued by the Accounting Standards Board (ASB). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

There are a number of instances where new accounting formats have been required (eg Income & Expenditure Account which has led to restatement of values for the prior year.

Bridgnorth District Council has no subsidiary or associated companies and is therefore excluded from the Code of Practice requirement to produce group accounts.

Disclosure of Accounting Policies

The accounts have been prepared in order to present fairly the financial activities and position of the Council. Comment is made below on accounting policies adopted by the Council in relation to a number of specific issues.

Allocation of Overheads

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2006. The total absorption costing principle is used – the full cost are shared between users in proportion to the benefits received, with the exception of Corporate & Democratic Core (cost relating to the Council's status as a multi-functional democratic organisation) and Non Distributed Costs (the cost of discretionary benefits awarded to employees retiring early). These two cost categories are accounted for as separate headings in the Income & Expenditure Account as part of Net Cost of Services.

Capital Receipts

Receipts from the disposal of assets in 2008/09 were deemed to be usable receipts as defined by the Local Government and Housing Act 1989, with the exception of the proportion of HRA Right to Buy sale that a required to be passed to DCLG. Usable receipts are held in a usable capital receipts account until such time as they are used to finance new capital expenditure.

Accruals of Income & Expenditure

Revenue and capital accounts are prepared on an accruals basis whereby income and expenditure is recognised as it is earned or incurred, not as money is received or paid. This enables income and expenditure to be matched to services provided in the same accounting period. Where Income & Expenditure has been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.

VAT

Income & Expenditure excludes any amounts related to VAT, as all VAT collected is paid to HM Revenue & Customs and all VAT paid is recoverable from them.

Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council e.g. software, is capitalised when it will bring benefits to the Council for more than

Statement of Accounting Policies

one financial year. The balance is amortised to the relevant revenue account over the economic life of the investment.

Tangible Fixed Assets

These assets have physical substance and are held for use in the provision of services or for administration purposes on a continuing basis.

Recognition

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis, provided that it yields benefits to the authority for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of assets (eg repair & maintenance) is charged to revenue as it is incurred. All assets above a de minimus limit of £10,000 are included in the balance sheet.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using measurement provided by qualified valuers as below:

Council dwellings have been included in the accounts at 49% of the valuation reflecting the regional adjustment factor to adjust from Existing Use Value to Existing Use Value for Social Housing, as determined by the District Valuer, Wolverhampton, in his valuation dated 16 December 2008. The balance sheet value reflects an annual review of value in line with requirements of the CLG.

The freehold and leasehold properties which comprise the authority's property portfolio (except Housing Revenue account properties) have been valued as at 1 April 2004 by an External Valuer Mr T J Haggart BA ARICS of Trevor Haggart Associates Chartered Surveyors & Valuers, Holly House, 32 Shelton Road, Shrewsbury Shropshire SY3 8SR. The valuations have been carried out on the under mentioned basis in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

Plant and machinery is included in the valuation of buildings.

Assets regarded by the authority as operational were valued on the basis of Existing Use Value or, where this could not be assessed because there was no market for the subject asset, the Depreciated Replacement Cost, subject to the prospect and viability of the occupation and use.

Properties regarded by the authority as non-operational were valued on the basis of Open Market Value.

Vehicles and Plant are not subject to formal revaluations, but are carried in the balance sheet depreciated historical cost based on assessed useful operating life.

Assets are not re-valued in between formal revaluations unless determined as necessary by impairment reviews (other than DCLG requirements for dwellings).

Revaluations

Where an asset is included in the balance sheet at current value, it is formally revalued at intervals not exceeding five years and the revised amount included in the balance sheet. Where there is a difference between the value in the balance sheet and the amount at which that asset

Statement of Accounting Policies

was included in the previous year's balance sheet, that difference is written off to the Revaluation Reserve.

Impairment

The valuations of each category of assets are reviewed annually by qualified valuers for evidence of reduction in value outside of the normal depreciation calculation. No impairment requirements have been determined.

Disposals

When an asset is disposed of, the value of the asset in the balance sheet is written off to the I & E Account as part of a gain or loss on disposal. Receipts from disposal are credited to the I & E account.

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts in respect of housing disposals (75% dwellings; 50% land) is payable to the Government. The balance of receipts is credited to the Usable Capital Receipts reserve and is used for financing future capital investment.

Depreciation

Depreciation is provided for all fixed assets with a finite useful life, which can be determined at the time of acquisition or revaluation. With effect from 1 April 2001, all operational, non-operational and community assets, apart from non-depreciable land, have been depreciated on a straight-line basis over the period of useful life of the asset as advised by the valuer. Council dwelling depreciation has been taken as equal to the Major Repairs Allowance determined by the Government to assist in replacing depreciating elements of dwellings.

Estimates of the unexpired useful life to accord to the Code of Practice on Local Authority Accounting in the United Kingdom: Statement of Recommended Practice (2000 SORP) of the freehold and leasehold properties which comprise the Authority's General Fund Property portfolio (except land all let on ground leases at Presthope Much Wenlock, the Goods Yard Much Wenlock and four industrial sites on the Alveley Industrial Estate) have been valued as at 1 April 2004 by an External Valuer (Mr T J Haggart). Useful lives range from 5 to 60 years.

Charges to Revenue for Fixed Assets

Service revenue accounts are debited with the following charges to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used within the year.
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover these charges.

Government Grants and Contribution

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that they will be received. Any unused capital grants within the year are carried forward on the Balance Sheet.

Revenue Government grants are credited to the service where the expenditure to which they relate is charged. Grants to cover general expenditure (eg Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

Statement of Accounting Policies

Interest on Balances

All surplus capital and revenue monies are invested centrally and credited to the General Fund. An adjustment is made to the Housing Revenue Account for interest based on its average cash balance and at the same interest rate, which is charged for capital financing. No other interest is credited to internal balances.

Leases

Rentals payable under operating leases are charged to revenue on an accruals basis.

Retirement Benefits

Employees of the Council are entitled to join the Local Government Pension Scheme administered by Shropshire County Council.

In 2008/09, the Council paid an employers' contribution of 14.3% of employees' pensionable pay into the Shropshire County Council's pension fund. Contributions to the scheme are calculated to cover 100% of liabilities. FRS 17 Retirement Benefits has been implemented in compliance with CIPFA guidance.

The Pension Fund was re-valued at 31st March 2007 and as a result there would have been a need to increase employer contributions to 18%. However, this Council will merge with other Authorities in Shropshire from 1st April 2009 and a new uniform rate will need to be determined.

Statutory provisions limit the Council raising council tax to cover the amounts payable by the Council to the pension fund in the year. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

Provisions

The Council sets aside provisions for specific future expenses that are likely to be incurred but the amount or timing cannot yet be determined accurately. The transfer to a provision is charged to the appropriate revenue account in the year that the liability is identified and when the expenditure is incurred it is charged directly to the provision.

Reserves

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

Certain reserves are kept to manage the accounting processes for fixed assets and retirement benefits and do not represent usable resources of the Council as detailed below:

- The Revaluation Reserve, which represents principally the balance of the surpluses or deficits arising on the periodic revaluation of assets.
- The Capital Adjustment Account, records the historical cost of acquiring, creating, enhancing fixed assets and disposal of fixed assets.

Statement of Accounting Policies

- Pension Reserve Fund.

Stock and Work in Progress

Stocks held by the Council at the year-end are included in the accounts at the lower of cost and net realisable value in accordance with SSAP9. Work in progress on rechargeable works at the year-end is valued at cost.

Financial Instruments

Loans and receivables are measured at fair value and carried at their amortised cost. Annual interest is credited to the Income & Expenditure Account. Loans that the Council has made are presented on the Balance Sheet at the outstanding principal value adjusted for accrued interest receivable at the year-end. All investments were and continue to be fixed term with fixed interest rates.

In order to mitigate risk, the Council has an approved Treasury Management Strategy and Counter Parties list that regulate all investments undertaken.

HRA Rent Rebates

The rebates and government subsidy received in respect of these have been moved following changes in Government legislation. They have ceased to be accounted for within the Housing Revenue Account and have been transferred to the General Fund.

Going Concern

The going concern concept assumes that the Council will continue in operational existence for the foreseeable future and will not significantly curtail the scale of its operation. Due to the creation of a new Unitary Council for Shropshire from 1 April 2009, Bridgnorth District Council will not continue in operational existence beyond 31 March 2009. However, all of the Council's legal responsibilities, services, assets and liabilities will transfer to the new Unitary Council on 1 April 2009. This will therefore be the last published Statement of Accounts for Bridgnorth District Council.

Bridgnorth District Council Statement of Accounts 2008/09
INCOME & EXPENDITURE ACCOUNT

A summary of the Council's Income & Expenditure Account for the year ended 31 March 2009 compared with the actual results for the previous year is set out below:

2007/08 Net Expenditure £ Restated		2008/09 Gross Expenditure £	2008/09 Gross Income £	2008/09 Net Expenditure £
Discontinued Services/Operations				
Net Cost of Services				
554,754	Central Services to the Public	4,215,915	(3,588,958)	626,957
5,448,846	Cultural, environmental and planning services	7,174,557	(1,365,648)	5,808,909
(124,444)	Highways, roads and transport services	710,341	(1,090,467)	(380,126)
973,579	Local Authority Housing (HRA)	10,195,661	(9,656,707)	538,954
83,160	Housing Services	8,969,229	(8,111,453)	857,776
1,833,386	Corporate and democratic core`	1,849,078	(99,581)	1,749,497
210,551	None distributed costs	1,219,101	0	1,219,101
8,979,832	Net Cost of Services	34,333,882	(23,912,814)	10,421,068
Corporate Income and Expenditure				
1,382,307	Loss on Disposal of Fixed Assets			(1,535,288)
1,282,549	Parish Council Precepts			1,333,413
14,714	Interest Payable and similar charges			818
268,317	Contribution to housing capital receipts to Government pool			6,500
(517,080)	Interest and Investment income			(553,037)
195,000*	Pensions interest cost and expected return on pension assets			616,000
0	Impairment of Deposit			173,203
11,605,639	Net Operating Expenditure			10,462,677
Principal Sources of Finance				
(3,389,271)	Demand on the Collection Fund			(3,519,090)
(921,793)	General Government Grants			(907,154)
(3,319,222)	Non-domestic rates redistribution			(3,462,062)
3,975,353	Deficit/(Surplus) for the Year			2,574,371

* Restated figure

This statement shows the gross expenditure, income and net expenditure analysed by Service and how it was met by contributions from the Collection Fund, Non-Domestic Rate Pool, Government Grants and balances.

Bridgnorth District Council Statement of Accounts 2008/09
Statement of Movement on the General Fund Balance

2007/08 Previous Year £		2008/09 Current Year £
3,975,353*	(Surplus)/Deficit for the year on the Income and Expenditure Account	2,574,371
(4,159,171)*	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(2,198,466)
(183,818)	Decrease/(Increase) in General Fund Balance for the Year	375,905
(2,127,718)	General Fund Balance brought forward	(2,311,536)
(2,311,536)	General Fund Balance carried forward	(1,935,631)
(2,311,536)	Amount of General Fund Balance generally available for new expenditure	(1,935,631)
(2,311,536)		(1,935,631)

* Restated Figure

This statement shows the net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year.

A statement of reconciliation regarding the net additional amount required by statute and non-statutory proper practices can be found on page 11.

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

1. Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
2. The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than council tax.
3. Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

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

Bridgnorth District Council Statement of Accounts 2008/09
Statement of Movement on the General Fund Balance

Reconciliation of Items on the Statement of Movement on the General Fund Balance

2007/08 Net Expenditure £		2008/09 Net Expenditure £	
	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.		
(178,740)	Amortisation of Intangible Fixed Assets	(1,145,759)	
	Depreciation and Impairment of fixed assets		
0	Non HRA Depreciation – Intangible Assets	0	
(250,643)	Non HRA Depreciation – Tangible Assets	(204,704)	
(365,400)	GF Impairment		
(271,029)	HRA Impairment	(398,756)	
(532,829)	Excess HRA Depreciation over MRA	(16,020)	
379,909	Government Grants Deferred Amortisation	378,223	
(627,615)	Write downs of deferred charges to be financed from capital resources	(403,411)	
(15,103)	Deferred Consideration	(15,632)	
(1,382,307)	Net Loss on Sale of Fixed Assets	(901,879)	
(1,343,000)*	Net charges made for retirement benefits in accordance with FRS 17	(2,207,000)	
(4,586,757)			(4,914,938)
	Amounts 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.		
121,790	Capital Expenditure charges in-year to the General Fund Balance	247,340	
(268,317)	Transfer from Useable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(6,500)	
699,000	Employer's contributions payable to SCC Pension Fund and retirement benefits payable direct to pensioners	1,460,000	
552,473			1,700,840
	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		
(68,358)	Housing Revenue Account Balance	(37,730)	
(56,529)	Net transfer to or from earmarked reserves	1,053,360	
(124,887)			1,015,630
(4,159,171)	Net additional amount required to be credited to the General Fund Balance for the Year.		(2,198,466)

* Restated Figure

This note discloses the adjustments required to reconcile the net additional amount required by statute and non-statutory proper practices as shown in the Statement of Movement on the General Fund Balance.

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Balance Sheet

CONSOLIDATED BALANCE SHEET

31 March 08 Restated £		Notes	£	31 March 09 £
180,710	Long Term Assets, Intangible Fixed Assets	20		0
	Fixed Assets – Operational	14		
152,684,507	Council Dwellings		152,094,926	
6,250,481	* Other Land & Buildings		5,956,634	
123,603	Vehicles, Plant, Furniture & Equipment		152,980	
402,460	Community Assets		407,791	
2,409,548	* Fixed Assets – Non Operational	14	2,330,448	
162,051,509	Total Fixed Assets			160,942,779
91,091	Long Term Debtors	33		84,875
0	Long Term Investments			0
645,804	Deferred Consideration	35		630,172
818	Deferred Premium on early redemption of Debt			0
-----	Total Long Term Assets			----- 161,657,826
	Current Assets			
27,335	Stocks & Work in Progress			26,695
3,339,208	Debtors	33		3,279,646
5,777,504	Investments	27		2,928,855
376,391	Cash in Hand			2,078,770
	Current Liabilities			
(2,485,468)	Creditors	34		(2,223,485)
0	Cash Overdrawn			0
-----	Net Current Assets			----- 5,090,481
169,824,192	Total Assets less Current Liabilities			----- 167,748,307
	Long Term Liabilities			
(11,274,000)	* Pensions Liability (FRS17)	32		(11,718,000)
0	Deferred Capital Receipts			0
(164,191)	Provisions	24		(368,910)
(516,637)	Government Grants & Contributions Deferred	29		(493,477)
-----	Total Assets less Liabilities			----- 155,167,920
157,869,364	Financed by:-			----- 155,167,920
(4,284,713)	Revaluation Reserve	28		(3,426,555)
(158,412,600)	* Capital Adjustment Account	28		(158,146,397)
(1,001,941)	Usable Capital Receipt Reserve	28		(1,695,112)
11,274,000	* Pensions Reserve (FRS17)	28		11,718,000
(5,444,110)	Revenue Balances	28		(3,617,856)
-----				----- (155,167,920)
(157,869,364)				----- =====

* Restated figure

Bridgnorth District Council Statement of Accounts 2008/09
Statement of Total Recognised Gains and Losses

This Statement identifies the movement in the Authority's net worth during the year and matches the overall movement on the balance sheet.

2007/08 £		2008/09 £
3,975,353*	(Surplus)/Deficit on the Income & Expenditure Account for the year.	2,574,371
(4,832,113)	(Surplus)/Deficit arising on the revaluation of fixed assets.	457,608
2,672,000*	Actuarial (Gains)/Losses on Pension Fund assets & liabilities. *	(303,000)
33,641	(Surplus)/Deficit on Collection fund for the year.	(27,724)
0	Other (Gains)/Losses required to be in the Statement.	0
1,848,881	Total Recognised (Gains)/Losses for the year	2,701,254

* Restated figure.

CASH FLOW STATEMENT

2007/08			2008/09	
£	£		£	£
		REVENUE ACTIVITIES		
		Cash Outflows		
8,697,080		Cash paid to/ on behalf of Employees	8,561,835	
7,536,837		Other Operating Costs	8,926,492	
10,068,043		Housing Benefits/Rent Rebates	11,054,243	
8,315,502		NNDR Payment to Pool	9,324,618	
25,858,102		Precepts to County, Police Authority	27,187,202	
258,977		Payments to Capital Receipts Pool	6,500	
-----	60,734,541		-----	65,060.890
		Cash Inflows		
(7,028,266)		Rents (net of rebates)	(7,621,172)	
(27,858,119)		Council Tax Receipts	(29,968,414)	
(8,315,502)		NNDR Receipts	(9,324,618)	
(3,319,222)		NNDR Receipts from Pool	(3,462,062)	
(557,034)		Revenue Support Grant	(534,447)	
(6,308,425)		DWP Grant for Benefits	(6,423,388)	
(2,780,628)		Other Government Grants (Note 39)	(2,514,919)	
(5,283,718)		Cash for Goods & Services	(4,269,123)	
-----	(61,450,914)		-----	(64,118,143)
	(716,473)	Revenue Activities Net Cash Flow		
		SERVICING OF FINANCE		
11,947		Interest Paid	0	
(493,907)		Interest Received	(553,037)	
-----	(481,960)		-----	(553,037)
	(1,198,333)	Net Cash Inflow From Revenue Activities (Note 36)		389,710
		CAPITAL ACTIVITIES		
		Cash Outflows		
1,755,904		Purchase of Fixed Assets	59,080	
2,356,266		Other Capital Cash Payments	3,708,190	
-----	4,112,170		-----	3,767,270
		Cash Inflows		
(806,660)		Sale of Fixed Assets	(2,437,487)	
(339,914)		Other Income/Grants	(573,223)	
-----	(1,146,574)		-----	(3,010,710)
	1,767,263	NET CASH INFLOW PRE FINANCING		1,146,270
	(2,088,477)	LIQUID RESOURCE MANAGEMENT		
		Net increase/(decrease) (Note 37)	(2,848,649)	
		FINANCING		
0		Repayment of Amounts Borrowed	0	
	-----		-----	
	(321,214)	(Increase)/Decrease in cash		(1,702,379)
		Movements in Cash (Note 38)		
(55,177)		Cash and Bank Balance 1 st April	(376,391)	
376,391	-----	Cash and Bank Balance 31 st March	2,078,770	-----
	321,214	(Reduction)/Increase in Cash		1,702,379

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Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: INCOME & EXPENDITURE ACCOUNT

1. Publicity

Section 5 of the Local Government Act 1986 requires a local authority to keep a separate account of its expenditure on publicity. The following account draws together the net expenditure on general publicity during the year.

2007/08 £	Publicity	2008/09 £
9,469	Advertising Staff Vacancies	7,183
6,720	Tourism Projects/Initiatives	4,947
2,527	Publishing Performance Indicators	0
18,716	Total	12,130

2. Amounts paid for Leased Assets

There was no expenditure on leased assets.

3. Building Control Charges Regulations (SI 1998/3129)

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control section cannot be charged for, such as providing general advice and liaising with other statutory authorities.

Total 2007/08 £		Chargeable £	Non- Chargeable £	Total 2008/09 £
335,485	Expenditure	238,706	105,255	343,961
(236,084)	Income	(230,824)	0	(230,824)
99,401	(Surplus)/Deficit for Year	7,882	105,255	113,137

4. Local Authorities (Goods & Services) Act 1970

The Act allows the Council to provide services to other local authorities and public bodies. No services were undertaken during 2008/09 (2007/08 £nil).

5. Minimum Revenue Provision

The Authority is required by statute to calculate the need to set aside a minimum revenue provision for the redemption of debt. No borrowing occurred during the year, therefore no provision was necessary for 2008/09.

6. Exceptional Items

On 31 March 2009, Bridgnorth District Council was abolished under Local Government Reorganisation. As a consequence a number of employees were made redundant on or before 31 March 2009. The costs of redundancy payments (£737,712), compensation (£58,885) and Pension Fund Strain Costs (£973,768) have been incurred in the year and are included in the accounts.

Early in October 2008, the Icelandic bank Landsbanki went into administration. The authority had £1m deposited with this institution and the details are shown below.

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: INCOME & EXPENDITURE ACCOUNT

Invested	Maturity	Amount	Interest Rate	Carrying Amount	Impairment
2/10/2008	3/11/2008	£1,000,000	6.1%	£831,978	£173,203

All monies within this institution are currently subject to administration and receivership processes. The amounts and timing of payments to depositors, such as the authority, will be determined by the administrators and receivers.

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

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

Recovery is subject to the following uncertainties and risks:

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

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

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

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: INCOME & EXPENDITURE ACCOUNT

7. Section 137 Expenditure

The Local Government Act 2000 granted new powers to authorities in England and Wales to promote well being in their area. As a consequence, expenditure under Section 137 of the Local Government Act 1972 is limited to donations to charities. Actual expenditure incurred on grants to voluntary organisations in the year was £36,030 (£35,430 in 2007/08).

8. Agency Work

No agency work has been undertaken.

9. Members' Allowances

Total allowances paid to elected Members of the Council are as follows:

Members' Allowance	Total 2007/08	Total 2008/09
Basic Allowance	175,532	181,492
Chairman/Leader	10,144	10,676
Special Responsibility	22,444	22,150
Travel, Subsistence and Conference	14,908	20,100
Total	223,028	234,418

10. Officers Remuneration

The number of employees of the Council whose remuneration exceeded £50,000 are shown in the tables below in pay bands of £10,000. As a consequence of Local Government Reorganisation, a number of employees were made redundant during the year. The first table identifies those staff who did not receive redundancy or compensation payments, the second table relates to staff who received severance payments in addition to normal salary.

Remuneration Bands Salary only.	Number of Employees 2007/08	Number of Employees 2008/09
£50,000 to £59,999	0	1
£60,000 to £69,999	2	0
£70,000 to £79,999	0	0
£80,000 to £89,999	1	0

Remuneration Bands Salary and Severance Payments	Number of Employees 2007/08	Number of Employees 2008/09
£50,000 to £59,999	0	0
£60,000 to £69,999	0	2
£70,000 to £89,999	0	0
£90,000 to £99,999	0	3
£100,000 to £109,000	0	0
£110,000 to £119,000	0	2
£120,000 to £169,000	0	0
£170,000 to £179,000	0	1
£180,000 to £189,000	0	1
£190,000 to £249,000	0	0
£250,000 to £259,000	0	1

Notes to the Accounts: INCOME & EXPENDITURE ACCOUNT**11. Related Party Transactions**

The authority is required to provide details of all material transactions that arose during the year with related parties. With the exception of those detailed elsewhere within the statement of accounts, for example precepts paid which are shown in the Collection Fund and Government Grants received which are shown in the Cashflow statement. There are two items for disclosure. The Council paid a £9,000 restoration grant to the Daniels Mill Trust. Cllr L Windwood is a member of the Trust but took no part in the decision to pay this grant. The Council also paid £79,000 in grants to the Severn Centre Trust. Cllr Mrs M Shingleton is a member of the Board of Trustees but took no part in the decision to award these payments.

12. Fees Payable to the Audit Commission in Respect of External Audit Services

The following fees have been incurred in relation to external audit inspection conducted by the Audit Commission.

	2007/08 £	2008/09 £
Code Audit	84,513	83,713
Inspection	12,844	29,860
Grant Claims	29,732	26,452
Performance	0	21,298

13. Pensions

The Council pays contributions to the Shropshire County Council Pension Fund, which provides its members with defined benefits relating to pay and service. The contributions are based on rates determined by the Fund's professionally qualified actuaries based on triennial valuations of the Fund, the most recent of which was at 31 March 2007.

The cost of retirement benefits in the Net Cost of Services are recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge that is required to be made against the Council Tax or Housing Revenue Account is the cash payable to the pension fund in the year, so the real cost of retirement benefit is reversed out of the CRA after net operating expenditure. The following transactions have been made in the Income & Expenditure Account to reflect this. Further details are contained in note 32 to the accounts.

Recognition In the Income & Expenditure Account	2007/08 £000	2008/09 £000
Net Cost of Service – Current Service Cost	801	758
Net Cost of Service – Past Service Cost	347	833
Interest – Pensions Liability	1,901	2,233
Interest – Expected Return on Assets	(1,706)*	(1,617)
Net Charge to the I&E Account	1,343	2,207
Recognition in the Statement of Movement on the General Fund Balance		
Movement on Pensions Reserve	(644)*	(747)
Employer's Contributions Payable to Scheme	(699)	(1,460)
Net Cost to Council	0	0

* Restated Figure

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: BALANCE SHEET

14. Movement of Fixed Assets

	Council Dwellings £	Other Land & Buildings £	Vehicles Plant Equipment £	Community Assets £	Total Operational £	Non Operational £	TOTAL £
Valuation	154,762,728	6,555,581	768,173	402,460	162,488,942	2,541,090	165,030,032
Accumulated Impairment	(267,837)	0	0	0	(267,837)	0	(267,837)
Accumulated Depreciation	(1,810,384)	(305,100)	(644,570)	0	(2,760,054)	(131,542)	(2,891,596)
<hr/>							
Net Book Value as at 1 April 2008	152,684,507	6,250,481	123,603	402,460	159,461,051	2,409,548	161,870,599
<hr/>							
Movement in 2008/09							
Additions	1,770,946	555,553	59,081	13,231	2,398,811	0	2,398,811
Disposals / Deletions	(52,379)	(731,500)	0	0	(783,879)	(134,000)	(917,879)
Revaluations	(2,630,449)	0	0	0	(2,630,449)	81,320	(2,549,129)
Depreciation for Year	(1,357,164)	(133,900)	(29,704)	(7,900)	(1,528,668)	(39,720)	(1,568,388)
Depreciation Adjustments	1,810,384	16,000	0	0	1,826,384	13,300	1,839,684
Impairments	(398,756)	0	0	0	(398,756)	0	(398,756)
Impairment Adjustments	267,837	0	0	0	267,837	0	267,837
<hr/>							
Net Book Value at 31 March 2009	152,094,926	5,956,634	152,980	407,791	158,612,331	2,330,448	160,942,779
<hr/>							

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: BALANCE SHEET

15. Analysis of Fixed Assets

Details of the fixed assets owned by the Council are shown below.

2007/08 Number		2008/09 Number
2351	Council Dwellings	2350
	Other Land & Buildings	
521	Council Garages	521
1	Offices	1
1	Depots	1
17	Off Street Car Parks	16
9	Public Conveniences	10
21	Commercial/Industrial & Miscellaneous Properties	21
6.55	Other Land (Acres)	5.89
	Vehicles & Plant	
25	Individual Vehicles acquired at a cost exceeding £10,000	18
2	Computer Hardware	2
	Community Assets	
138.5	Countryside Park (Acres)	138.5
4.27	Other Land (Acres)	4.27

In addition the Council has interests in three Joint Use Leisure Centres and Industrial Starter Units at Alveley, Highley and Bridgnorth in partnership principally with Shropshire County Council. No valuations are included in the Council's accounts for these shared assets.

16. Depreciation Policy

Details of the depreciation policy are provided in the Statement of Accounting Policies section of this document. There has been no change in the method of depreciation during the year for General Fund Assets. Depreciation for Housing Revenue Dwellings has been changed to equal the Major Repairs Allowance which is determined by the Government and is based on a sum that is assumed to reflect depreciation of the major dwelling components.

17. Capital Commitments.

The Council has capital commitments outstanding at the end of 2008/09 of £495,970 all of which will be paid to contractors within 2009/10. This relates to various planned maintenance projects on Council dwellings.

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: BALANCE SHEET

18. Movement in deferred charges

All expenditure on deferred charges has been written out in full during the year. The following shows movement in the year.

	Balance 1st April £	Expenditure £	Amounts Written Off £	Balance 31st March £
Renovation Grants	0	403,410	403,410	0
PWLB Premium	818	0	818	0
Other Intangible Assets	0	0	0	0
	----- 818	----- 403,410	----- 404,228	----- 0
	=====	=====	=====	=====

19. Valuation Information

Details of the basis of the valuation of fixed assets declared in the accounts are given in the Statement of Accounting Policies in this document. It is intended that non-housing property will be revalued by an external valuer for 2009/10 accounts

20. Intangible Assets

All intangible assets relate to Purchased software licenses. Movement during the year is shown below. Charges are written off the revenue accounts after new systems become fully operational typically over an assumed 2 to 5-year life on a straight line basis. All intangible assets in respect of software will be written off prior to the closure of the Council on 31 March 2009.

	Computer Software	Total
Balance as at 1 April 2008	180,710	180,710
Expenditure in year	0	0
Written off to revenue in year	(180,710)	(180,710)
Balance as at 31 March 2009	0	0

21. Borrowing

The Council had no long term borrowing (exceeding 12 months) at 31 March 2009.

22. Prior Year Adjustment

The 2007/08 figures have been restated to reflect changes in the Pension Fund Assets and Liabilities identified by the Actuary. Pensions Liability and Reserve have been amended from £11,247m to £11,274m.

Public Convenience asset disposed of prior to 2008/09 and has been reflected in the opening balance sheet for 2008/09. Fixed Assets (Other Land & Buildings) and Capital Adjustment Account have been reduced by the Net Book Value of £85,200.

23. Analysis of Net Assets Employed

Notes to the Accounts: BALANCE SHEET

The proportion of net assets employed by the General Fund and the Housing Revenue Account has been determined by an analysis of the net worth of the Council. Where directly attributable reserves of balances cannot be identified, apportionment has been made on the basis of estimated values. The figures given in the following table are indicative rather than absolute.

	31 March 2008 £	31 March 2009 £
General Fund	7,771,512	7,374,053
Housing Revenue Account	154,184,287	153,568,726
Total	161,955,799	160,942,779

24. Provisions

Provisions were reviewed last year and where appropriate, written back to revenue accounts or transferred to earmarked reserves. Details of remaining provisions are summarised in the table below.

1 April 08		In Year Expenditure	Written Back/To Reserve	Increase Provision	31 March 09
164,191	Single Status	0	0	204,719	368,910
164,191		0	0	204,719	368,910

The purpose of the provision held at 31 March 2009 is as follows:

Single Status

Provision established to meet the costs of implementing the harmonisation of terms and conditions of service for employees under a nationally negotiated scheme. Job evaluation has been undertaken and negotiations are ongoing with a view to achieve implementation during 2009/10.

25. Contingent Liabilities

There remains uncertainty regarding the Council's £1m with the Icelandic Bank Landsbanki, this issue has been identified in note 6 to the Income & Expenditure Account.

26. Post Balance Sheet Event

There are no material post balance sheet events.

27. Financial Instruments

FRS26 requires Local Authorities to define their financial assets into different types of Financial Instruments.

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: BALANCE SHEET

Classification	Long Term		Current	
	31/03/08 £	31/03/09 £	31/03/08 £	31/03/09 £
Financial Liabilities	0	0	2,485,468	2,223,485
Total Borrowings	0	0	2,485,468	2,223,485
Loans & Receivables	91,909	84,875	9,116,712	6,208,501
Available for Sale	0	0	0	0
Fair Value through Profit & Loss	0	0	0	0
Held to Maturity	0	0	0	0
Total Investment	91,909	84,875	9,116,712	6,208,501

The Authority has no other types of Financial Instruments in other categories.

Loans & Receivable represent fixed term, fixed interest rate deposits adjusted for accrued interest at 31 March; debtors receivable within one year and long term debtors repayable over periods greater than one year.

Financial Instruments gains/losses

There has been £173,203 of impairment losses on loans receivable in 2008/09 in respect of sums written off the value of fixed interest rate deposits.

Nature and extent of risks arising from financial instruments.

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

- Credit Risk – the possibility that other parties might fail to pay amounts due to the authority.
- Liquidity Risk – the possibility that the authority might not have funds available to meet its commitments to make payments
- Market Risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

The authorities overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: BALANCE SHEET

How these risks are managed.

Credit Risk

Deposits with banks and financial institutions are at risk if the financial institution fails in its entirety. This risk is covered by the adopted CIPFA Code of Practice.(see below)

As with all Local Authorities there will be an element of debtors that fail to pay the amount due. The Authority has procedures for reminding debtors of the arrears and subsequently, if necessary appropriate recovery action is taken to maximise the income received. As part of this management, the Authority makes an annual review of the sum outstanding and make a provision for bad debt and creates an impairment to the value held in the Balance Sheet.

The table below summarises the Authority's credit risk:

Class	Amount at 31.3.09	Historically determined bad debt provision	Historical determined adjustment for market conditions	Provision for exposure to default and uncollectability
Deposits with banks (Gross)	3,102,058	0	173,203	173,203
Long Term Debtors	84,875	0	0	0
Debtors(Gross)	3,989,998	473,846	236,506	710,352

Liquidity Risk

There is a continual monitoring of the cash requirements of the Authority to ensure that it can meet its commitments. Overdraft facilities exist with the Councils Bank and in the unlikely event that this is exceeded the Authority has sufficient credit standing to be able to raise cash immediately on the money market.

Market Risk

Risk management is carried out by the finance section, under a Code of Practice approved by the Chartered Institute of Public Finance & Accountancy, and adopted by this Council in 2002/03. Ongoing approval for working practices and risk management is re-affirmed by Council after it receives the Annual Treasury Strategy report from the Head of Finance. This provides 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. Investments are only approved for fixed interest rate, repayment loans and therefore the Authority is not subject to market risks.

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: BALANCE SHEET

28. 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.

The movement on reserves during the year is shown in the table below.

Ref.	Reserve	Balance 1 April 08 £	Movement In Year £	Balance 31 March 09 £
A	Capital Adjustment Account	158,412,600	(266,203)	158,146,397
B	Revaluation Reserve	4,284,713	(858,158)	3,426,555
C	Usable Capital Receipts Reserve	1,001,941	693,171	1,695,112
D	Pension Reserve	11,274,000	444,000	11,718,000
Other Revenue Balances				
E	General Fund	1,107,935	(352,415)	755,520
F	General Fund Revenue Support	13,600	(13,600)	0
G	Repairs & Renewals	1,203,601	(23,490)	1,180,111
H	Housing Revenue	379,756	(37,729)	342,027
I	Joint Use Repairs & Renewals	159,533	6,990	166,523
J	Capital Purpose	333,834	76,279	410,113
K	Collection Fund	(4,550)	27,725	23,174
L	Local Plan/Local Dev. Framework	166,940	(166,940)	0
M	Redevelopment Schemes	658,922	(658,922)	0
N	Customer First Programme	64,736	(64,736)	0
O	Second Homes	21,262	(21,262)	0
P	Severn Valley Package	52,000	(52,000)	0
Q	LABGI	306,716	(204,765)	101,951
R	Planning Delivery Grant	497,111	(231,165)	265,946
S	LPSA	78,966	(78,966)	0
T	Donnington Pool Desilting	0	70,000	70,000
U	Leisure Centre Seating	0	90,000	90,000
V	Housing Repairs Reserve	0	44,535	44,535
W	LGR Redundancy/Strain	0	44,460	40,460
	Other	403,750	(276,294)	127,456
				3,617,856

Purpose of Reserves

- a. Capital Adjustment Account: To record transactions relating to capital expenditure.
- b. Revaluation Reserve: To record changes in fixed assets value resulting from any revaluation processes.
- c. Usable Capital Receipts: proceeds of fixed asset sales available to meet future capital expenditure.
- d. Pension Reserve: Balancing account to allow inclusion of the Pensions Liability in the Balance Sheet
- e. General Fund: working balance to help cushion the impact of uneven cash flows. The Council's approved minimum level was £500,000.

Notes to the Accounts: BALANCE SHEET

- f. General Fund Revenue Support: fund arising from the Council's previous ability to convert capital resources to revenue. The fund had been budgeted to reduced to zero by March 2009.
- g. Repairs & Renewals Fund: Previously earmarked fund for replacement of vehicles and equipment but now available for general purposes.
- h. Housing Revenue: cumulative surplus of receipts over expenditure held in respect of the housing services recorded in the Housing Revenue Account. The approved minimum level is £200,000.
- i. Joint Use Repairs & Renewals: relating to mainly to future building maintenance requirements at Joint Use Leisure Centres.
- j. Capital Purpose: to provide funding for Capital Expenditure.
- k. Collection Fund: the fund holds the difference between the estimated and actual amount of revenue raised through the collection of Council Tax.
- l. Local Plan/Local Development Framework: balance of funds allocated to provide the LDF.
- m. Redevelopment Schemes: resources held to enable the development of the Smithfield site which was completed during the year.
- n. Customer First/Change Management Programme: balance of funds earmarked to undertake the progression of the Customer First programme.
- o. Second Homes Monies: earmarked for a number of schemes focused on Community priorities jointly funded by Shropshire County Council and the District Council from additional revenues arising from the reduction in Council Tax discount on second homes.
- p. Severn Valley Package: balance of funds available to the partnership
- q. Local Authority Business Growth Incentive Grant: Government Grant awarded for performance in growth of business within the District. To be spent at the discretion of the Council.
- r. Planning Delivery Grant: Government Grant awarded in respect of performance in planning services. To be spent at the discretion of the Council.
- s. LPSA: Performance grant earmarked to fund one-off expenditure in the 2008/09 budget.
- t. Donnington Pool Desilting. Joint scheme part funded by Parish Councils for improvement.
- u. Leisure Centre Seating. Replace spectator seating.
- v. Specific reserve for HRA repairs and Bond repayment.
- w. LGR Redundancy/Strain. Costs falling in 2009/10 for staff remaining after 31 March 2009.

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: BALANCE SHEET

29. Government Grants & Contributions Deferred

Government Grants unspent at the year end:

	£
Department of Works & Pensions schemes	27,250
Alconet	9,475
Section 106 Contributions	327,733
GOWM Housing Grant	129,019

30. Financing Capital Programme

Total capital expenditure summarised in the table below together with the sources of financing.

2007/08 £		2008/09 £
0	Opening Capital Financing Requirement	0
	<u>Expenditure:</u>	
3,352,640	Operational Assets	2,398,811
22,602	Non-Operational Assets	0
670,271	Intangible	1,368,460
-----		-----
4,045,513	Total Capital Expenditure	3,767,271
	<u>Sources of Finance:</u>	
2,111,387	Capital Receipts (Usable)	1,734,963
1,310,861	Major Repairs Allowance	1,347,664
319,914	Specified Capital Grants	193,000
121,325	Other Grants	380,223
60,236	Repairs & Renewals	59,081
121,790	RCCO (HRA and General Fund)	52,340
-----		-----
4,045,513	Total Capital Financing	3,767,271
0	Closing Capital Financing Requirement	0

31. Capital & Borrowing Control

The Government introduced the "Prudential Code" in 2004/05, which relaxed the controls on borrowing. Each Local Authority now has to calculate Prudential Indicators as a guide to the level of borrowing that they may undertake, for the finance of capital projects. Credit approvals have been replaced with Supported Capital Expenditure and a specific allocation for Disabled Facilities Grant.

2007/08		2008/09
184,000	DFG Allocation	193,000
(184,000)	Less Specified Capital Grant (DFG)	(193,000)
-----		-----
0	Maximum New External Borrowing	0
-----		-----
0	Total External Borrowing	0

The Council required no borrowing to support capital expenditure in the year.

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: BALANCE SHEET

32. Pension Fund

Shropshire County Council administers the Council's defined benefit pension scheme which provides index linked retirement benefits. Employees contribute to the fund by salary deductions and the Council, as employer also make contributions. Their actuary, Mercer Human Resources Consulting Ltd, has supplied the following information for FRS17 Accounting Disclosure purposes for the year ended 31 March 2009 in relation to the Bridgnorth District Council element of the Shropshire County Pension Fund. The date of the last full Actuarial Valuation was October 2007 and revised employer contribution rates were applied from 1 April 2007.

Scheme Liabilities	2007/08 £000 (*Restated)	2008/09 £000
Opening Defined Benefit Obligation	(35,371)	(37,248)
Current Service Cost	(801)	(758)
Interest Cost	(1,901)	(2,233)
Employee's Contributions	(287)	(287)
Actuarial Gains/Losses*	43	7,612
Benefits Paid	1,416	2,330
Past Service Costs	(272)	(9)
Curtailments	(75)	(824)
Closing Defined Benefit Obligation	(37,248)	(31,417)

Scheme Assets	2007/08 £000 (*Restated)	2008/09 £000
Opening Fair Value of Assets	27,413	25,974
Expected Return on Assets*	1,706	1,617
Actuarial Gains/Losses*	(2,715)	(7,309)
Employer's Contribution payable to scheme	699	1,460
Employee's Contributions payable to scheme	287	287
Benefits Paid	(1,416)	(2,330)
Closing Fair Value of Assets	25,974	19,699

Amounts Recognised in the STRGL.	2004/05 £000	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £
Actuarial Gains and Losses Recognised in the STRGL	(6,174)	845	1,651	(2,672)	303
Cumulative Actuarial Gains and Losses	(6,174)	(5,329)	(3,678)	(6,350)	(6,047)

Categories of Scheme Assets	2007/08		2008/09	
	£000	%	£000	%
Equities	16,935	65.2	11,957	60.7
Government Bonds	3,532	13.6	2,876	14.6
Other Bonds	3,117	12.0	2,285	11.6
Property	1,247	4.8	1,162	5.9
Cash/Liquid	494	1.9	473	2.4
Other	649	2.5	946	4.8
Total	25,974		19,699	

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: BALANCE SHEET

Pension fund continued

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used by the Actuary is the average of the following assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

Expected Return on Assets	2007/08 %	2008/09 %
Equities	7.5	7.5
Government Bonds	4.6	4.0
Other Bonds	6.1	6.0
Property	6.5	6.5
Cash/Liquidity	5.25	0.5
Other	7.5	7.5

The assumed investment return on government bonds is the yield on 20-year fixed interest gilts at the relevant date.

The expected investment return on corporate bonds is based on market yields at the relevant date, but this been restricted to an expected return to 2% p.a. over and above that available on gilts, reflecting an increased risk of default in the corporate bond yield. This means that the expected return on corporate bond investments is now lower than the discount rate used in the calculations.

The assumed investment return on equities is the yield on 20-year fixed interest gilts plus an allowance of about 3.5% p.a. for the "risk premium" associated with equity investment. This is a higher risk premium than used in the past, reflecting the increased demand for gilts, partly as a result of the government's programme of quantitative easing. As mentioned above, the yield on 20-year Government bonds as at 31 March 2009 was 4.0% p.a., and adding 3.5% to this gives 7.5% p.a.

The appropriate level for the equity risk premium has been the subject of much debate in the financial community. The Actuary's assumption is based on an internal Mercer model linked to company earnings and market prices.

Actual Return on Asset Plan	2008/09 £000
Actual Return for year	5,692

Financial Assumptions	2007/08 %	2008/09 %
Rate of Inflation	3.6	3.3
Rate of increase in Salaries	5.35	5.05
Rate of Increase in Pensions	3.6	3.3
Discount Rate	6.1	7.1

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: BALANCE SHEET

Life Expectancy Assumptions From Age 65 years	2007/08 Years	2008/09 Years
Male Current Pensioners	21.1	21.2
Female Current Pensioners	24.0	24.0
Male Future Pensioners	22.2	22.2
Female Future Pensioners	25.0	25.0

Summary of Scheme Assets and Liabilities

	2004/05 £000	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000
Fair Value of Assets	21,780	26,715	27,440	25,974	19,699
Present Value of Defined Benefit Obligation	(31,433)	(35,658)	(35,371)	(37,248)	(31,417)
Surplus/(Deficit)	(9,653)	(8,943)	(7,931)	(11,274)	(11,718)

Estimated Employer contribution relating to Bridgnorth District Council in 2009/10 are £697,000.

33. Debtors

2007/08 £		2008/09 £
	<u>Amounts falling due in one year:</u>	
1,355,349	Government Departments	674,917
102,257	Other Local Authorities	332,214
1,264,873	Local Taxpayers	2,223,109
120,718	Housing Rents (incl Former Tenants Arrears)	144,554
140,921	Overpaid Housing Benefit due from Tenants	197,072
828,936	Sundry Debtors	418,132
3,813,054		3,989,998
(473,846)	Provision for Doubtful Debts	(710,352)
3,339,208		3,279,646
	<u>Amounts falling due after one year:</u>	
90,741	Car Loans to Employees	84,875
350	Land Registered Debts	0
91,091		84,875
3,430,299		3,364,521
=====		=====

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: BALANCE SHEET

34. Creditors

(156,193)	Government Departments	(574,565)
(502,320)	Other Local Authorities	(394,901)
(330,206)	Local Taxpayers	(168,743)
(77,265)	Housing Rents	(85,715)
(1,419,484)	Sundry Creditors	(999,561)
-----		-----
(2,485,468)		(2,223,485)
=====		=====

35. Shropshire Waste Partnership (SWP) PFI

The Shropshire Waste Partnership is a Joint Committee formed by Shropshire County Council, Bridgnorth, South Shropshire, North Shropshire District Councils and Oswestry Borough Council. On 29 September 2007, SWP entered into a 27 year integrated waste management contract with Veolia ES Shropshire Limited. As a member of the SWP, Bridgnorth District Council will make annual contributions based on the revenue cost of providing waste collection and recycling services "in-house".

The total contract price has been reduced as a result of partner Councils transferring assets to the contractor at nil cost. The value of assets donated by this Council was £660,908 and the benefit has been recognised by establishing a deferred consideration account, which will be written down over the life of the contract as shown in the table below.

	2007/08	2008/09
Assets donated to Shropshire Waste Partnership at opening value	660,908	645,804
Amortisation of deferred consideration	(38,235)	(38,235)
Unwinding of discount on deferred consideration	23,131	22,603
NBV at 31 March	645,804	630,172

Total payments in respect of the SWP contract for the period 1 April 2008 to 31 March 2009 were £1,114,419

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: CASH FLOW STATEMENT

36. Reconciliation to Consolidated Revenue Account

2007/08		2008/09
183,818	Surplus/(Deficit) on General Fund	(375,905)
(68,358)	Surplus/(Deficit) on Housing Revenue Account	(37,729)
(33,641)	Surplus/(Deficit) on Collection Fund	27,724
81,820	Net (increase)/decrease in revenue balances	(385,910)
(258,977)	None Cash Capital Accounting Adjustments	(179,702)
(481,960)	Interest for year excluded from Revenue	(553,037)
13,000	Net contribution to/from provisions	204,719
(979,815)	Net contribution to/from reserves	1,453,820
311,122	Increase/(reduction) in revenue debtors	(291,970)
87,239	Reduction/(increase) in revenue creditors	141,151
29,139	Increase/(reduction) in stocks	639
(1,198,432)	Net cash inflow/outflow from Revenue Activities	389,710

37. Management of Liquid Resources

	1 April 08	Movement	31 March 09
Liquid Resources (temporary Borrowing)	0	0	0
Liquid Resources (Investments)	(5,777,504)	2,848,649	(2,928,855)

38. Movement in Cash

	1 April 08	Movement	31 March 09
Cash with officers	188,863	(64,583)	124,280
Bank	187,528	1,766,962	1,954,490
Net (Increase)/Decrease in Cash	376,391	1,702,379	2,078,770

39. Analysis of Government Revenue Grants

2007/08		2008/09
332,513	Housing Benefits Administration	322,383
(2,740,952)	Housing Subsidy (net of MRA)	(3,053,009)
82,757	NNDR Administration	86,594
4,042,141	Rent Rebate	4,208,451
306,484	Other benefits grants	10,059
25,422	Homelessness Initiative	37,402
235,318	Planning Delivery Grant	128,589
78,966	LPSA 1	0
367,505	Supporting People	426,442
0	ERDF	56,620
	ADW	20,000
50,474	LAGBI Grant	244,118
0	Other Miscellaneous Grants	27,270
2,780,628	Total Other Government Grants	2,514,919

HOUSING REVENUE ACCOUNT**Income & Expenditure Account**

2007/08 (£)	Income	Notes	2008/09 (£)
(7,201,374)	Dwelling Rents Gross		(7,594,574)
74,531	Less Voids & Irrecoverables		115,469
-----			-----
(7,126,843)	Dwelling Rents Net		(7,479,105)
(129,533)	Non Dwelling Rents	1	(140,142)
(493,005)	Charges for Services and Facilities		(565,005)
(8,762)	Contributions towards Expenditure		(5,820)
-----			-----
(7,758,143)	Total Income for Year		(8,190,072)
-----			-----
	Expenditure		
2,155,516	Repairs and Maintenance		2,390,380
907,591	Supervision and Management – General		909,581
631,544	- Special		670,594
2,740,952	Negative Subsidy Payable	12	3,053,009
19,000	Provision for Bad or Doubtful Debts		19,000
1,841,490	Depreciation – Dwellings		1,347,664
9,600	- Other		16,020
271,029	Impairment		398,756
-----			-----
8,576,722	Total Expenditure for Year		8,805,004
-----			-----
818,579	* Net Cost of HRA Services as per Authority I&E Account		614,932
155,000	HRA Share of Corporate & Democratic Core		135,000
973,579	Net Cost of HRA Services		749,932
1,290,061	Gain or loss on sale of Fixed Assets		(14,788)
2,766	PWLB Premium Amortised	10	818
(19,646)	Interest & Investment Income		(19,194)
-----			-----
2,246,760	(Surplus)/Deficit for the year on HRA services		716,768

Bridgnorth District Council Statement of Accounts 2008/09
Statement of Movement on the HRA Balance

2007/08 £		2008/09 £
2,246,760	Deficit for the year on the HRA Income & Expenditure Account	716,768
(2,178,402)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the HRA Balance for the year	(679,039)
----- 68,358	(Increase)/Decrease in Balance for the Year	----- 37,729
	Balances	
68,358	Transfer of Deficit/(Surplus)	37,729
(448,114)	HRA Balance Brought Forward	(379,756)
----- (379,756)	Carried Forward	----- (342,027)

Note to the Statement of Movement on the HRA Balance

2007/08 £		2008/09 £
	Items included in the HRA Income & Expenditure Account but exclude from the movement on HRA Balance for the year	
(1,622,468)	Difference between any other item of income & expenditure determined in accordance with the SORP and determined in accordance with statutory requirements	(617,359)
(218,000)	Net charges made for retirement benefits in accordance with FRS 17	(236,000)
	Items not include in the HRA Income & Expenditure Account but included in the movement on HRA Balances for Item the year	
(540,229)	Transfer from Major Repairs Reserve	(16,020)
50,000	Capital funded by the HRA	52,340
152,295	Payments to SCC Pension Fund –employers contributions	138,000
----- (2,178,402)	Net additional amount required by statute to be credited to the HRA Balance for the year	----- (679,039)

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Housing Revenue Account

1. Net Rent Income None Dwellings

2007/08		2008/09
£		£
(147,794)	Rent Income Gross	(163,502)
18,261	Less: Voids	23,090
-----		-----
(129,533)		140,412
=====		=====

2. Average Rent

The average rent for 2008/09 was £62.15 (52 week year), an increase of 5.78% over 2007/08.

3. Housing Stock

Number		Number
Total number of dwellings at 31 March 2009		
1,312	Houses	1311
687	Bungalows	687
352	Flats	352
-----		-----
2,351		2350
-----		-----

Number		Number
Change in stock		
2,377	Stock at 1 April	2351
(4)	Less: Sales - Right to Buy	0
0	Sales – Other	1
(24)	Disposal/Restructuring	0
2	Acquisition	0
-----		-----
2,351	Stock as at 31 March	2350
-----		-----

4. Rent Arrears

2007/08		2008/09
£		£
120,718	Rent Arrears as at 31 March	144,555
(77,265)	Pre-payments as at 31 March	(85,715)
(74,097)	Arrears written off during the year	(5,538)
38,707	Outstanding Bad Debt Provision	52,169
1.70%	Arrears as a Percentage of Gross Dwellings Rent Income	1.93%

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Housing Revenue Account

5. Balance Sheet Value of Assets

	Council Dwellings £	Non Operational		Total £
		Land £	Other £	
Net Book Value as at 1 April 2008	152,684,507	1,156,400	356,780	1,513,180
Additions	1,770,946			
Disposals	(52,379)	(134,000)		(134,000)
Revaluations	(2,630,449)		81,320	81,320
Depreciation Adjustments	1,810,384		13,300	13,300
Net Depreciation for Year	(1,357,164)		(6,520)	(6,520)
Impairment	(130,919)			
	-----	-----	-----	-----
Net Book Value as at 31 March 2009	152,094,926	1,022,400	444,880	1,467,280
	=====	=====	=====	=====

An independent valuer, has advised that no impairment value should be charged to the 2008/09 accounts. However there was capital expenditure within the year which was considered not to add an increase in valuation to the housing stock which was then recorded as "impairment".

There is a difference of £157,789,612 between the District Valuer's vacant property gross value and the tenanted valuation. This represents the economic cost to the Government of providing council housing at less than market rents.

6. Major Repairs Reserve

2007/08 £		2008/09 £
0	Balance Brought Forward	0
1,851,090	Major Repairs Allowance - Depreciation of Dwellings	1,363,684
	- Appropriation from HRA	0
(540,230)	- Excess Depreciation	(16,020)
(1,310,860)	Capital Expenditure Financing –Dwellings	(1,347,664)
0	Balance Carried Forward	0

7. Capital Expenditure Financing

Capital expenditure in the year on the Council Housing stock was financed as follows:-

2007/08 £		2008/09 £
50,000	RCCO	52,340
119,503	Usable Capital Receipts	370,942
1,310,860	Major Repairs Reserve	1,347,664
-----		-----
1,480,363	Total Capital Expenditure on Housing Stock	1,770,946
=====		=====

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Housing Revenue Account

8. Capital Receipts

Capital receipts from the disposal of Housing Revenue Account assets were as follows:-

2007/08 £		2008/09 £
353,500	Sale of Council Houses under Right to Buy (RTB)	0
261,160	Other Land & Buildings	58,500
756	Mortgage Receipts	0
0	Repaid Discount	8,667
-----		-----
615,416	Total Capital Receipts from HRA Asset disposals	67,167
=====		=====

9. Capital Charges

The need to apply notional interest charges to the Account ceased from 1st April 2006. The HRA has a nil Capital Financing Requirement and therefore no interest was transferred in the year.

The HRA has a negative credit Ceiling and received interest on the balance for the year of £19,194

10. PWLB Premium

A charge of £818 was made to the HRA in respect of premiums incurred through the premature redemption of debt in 1999/2000. Charges have now been fully discharged.

11. FRS17 Retirement Benefits

The implementation of accounting arrangements for pensions have been applied to the HRA.

The adjustment needed to meet the Actuary's assessment of the Current Service Cost to the HRA has resulted in a contribution of £98,000 to the Pension Reserve for the Year. The overall impact of these adjustments is nil to the HRA. Further information is given in Note 13 to the Income & Expenditure Account.

2007/08 £		2008/09 £
218,000	Current Cost of Service	236,000
(152,295)	Employer's Contribution to payable scheme	(138,000)
65,705	Contribution to the Pension Reserve	98,000

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Housing Revenue Account

12. Housing Subsidy

The breakdown of the amount of subsidy payable is as follows.

2007/08 £		2008/09 £
2,861,884	Management & Maintenance	2,979,997
1,310,861	Major Repair Allowance	1,347,664
38,637	Charge for Capital	37,694
130,484	Rental Constraint Allowance	0
0	Interest on Receipts	0
(7,083,636)	Guideline Rent Income	7,437,919
(2,741,770)	Housing Element Entitlement (sub total)	(3,072,564)
818	Previous Year Adjustment	19,555
(2,740,952)	HRA subsidy recoupment	(3,053,009)

13. Major Repairs Reserve

The total Major Repairs Allowance is credited to the Major Repairs Reserve and is fully used to fund Housing Capital Expenditure in the year, resulting in a nil balance brought forward or carried forward.

Bridgnorth District Council Statement of Accounts 2008/09
COLLECTION FUND

2007/08 £		2008/09 £
	Income	
(25,097,087)	Council Tax	(26,307,388)
	Transfers from General Fund	
(2,892,890)	Council Tax Benefits	(3,174,036)
3,089	Council Tax Transitional Relief	2,707
-----		-----
(27,986,888)	Gross Local Taxation	(29,478,717)
(8,439,439)	Business Rates (NNDR)	(9,463,090)
-----		-----
(36,426,327)	Total Income	(38,941,807)
-----		-----
	Expenditure	
	Precepts	
3,392,371	Bridgnorth District Council Demand	3,519,890
19,836,157	Shropshire County Council Precept	20,860,081
3,205,437	West Mercia Police Authority	3,388,353
1,533,959	Shropshire Fire & Rescue Authority	1,605,355
	Business Rates	
8,315,502	Payment to NNDR Pool	9,324,618
82,756	Cost of Collecting NNDR	83,453
96,886	Provision for bad and doubtful debts/appeals	133,133
	Contributions	
(3,100)	Towards previous year's Collection Fund Surplus/Deficit	(800)
-----		-----
36,459,968	Total Expenditure	38,914,083
-----		-----
33,641	Deficit/(Surplus) for the year	(27,724)
(29,091)	Balance at beginning of year	4,550
-----		-----
4,550	Balance at end of the year	(23,174)
=====		=====

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: COLLECTION FUND

1. Deficit/Surplus

The balance for the year comprises the following elements:-

A Council Tax surplus of (£23,174) which has to be shared by authorities in the same proportion as their demands/precepts on the Collection Fund. This is greater than the estimated deficit by £89,074

2. Business Rates

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate set by the Government. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR Pool) managed by Central Government, which in turn pays back to authorities their share of the Pool based on a standard amount per head of resident population.

2007/08	Business Rate Statistics	2008/09
25,074,305	Rateable Value as at 31st March	24,848,985
44.1	Rate in £RV Multiplier (Small Business)	45.8
44.4	Rate in £RV Multiplier (Non Domestic)	46.2

3. Council Tax Base

The Council's tax base i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band 'D' dwellings was as follows:-

Band	Net Properties	Ratio	Band 'D' Equivalents
A1	12.25	5/9	6.81
A	3,181.90	6/9	2,121.27
B	4,346.10	7/9	3,380.30
C	4,993.65	8/9	4,438.80
D	2,681.35	9/9	2,681.35
E	2,259.20	11/9	2,761.24
F	2,053.65	13/9	2,966.38
G	1,293.30	15/9	2,155.50
H	115.45	18/9	230.90
	20,936.85		20,742.55
			Adjustment for collection rate and variations during the year (1.25%) (258.37)
			20,484.18

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: COLLECTION FUND

4. Bridgnorth District Council Demand

The District Council demand of £3,519,894 comprised £2,186,481 for District purposes and £1,333,413 for Parish/Town Council precepts as detailed in paragraph 5.

5. Parish/Town Precepts

	Council Tax Base	Precept	Total Council Tax Band 'D'
		£	£
Albrighton	1,590.79	84,533	53.14
Alveley & Romsley	857.89	34,485	40.20
Astley Abbotts	232.81	3,500	15.03
Aston Botterell, Burwarton & Cleobury North	125.30	2,750	21.95
Badger	63.25	2,500	39.53
Barrow	254.79	4,750	18.64
Beckbury	157.20	6,750	42.94
Billingsley, Deuxhill, Glazeley & Middleton Scriven	154.24	2,000	12.97
Boningale	139.08	900	6.47
Bridgnorth	4,624.49	574,000	124.12
Broseley	1,534.43	157,975	102.95
Chelmarsh	227.61	4,562	20.04
Chetton	152.34	3,500	22.97
Claverley	812.09	19,989	24.61
Ditton Priors	324.35	5,830	17.97
Donington & Boscobel	645.30	23,566	36.52
Eardington	239.85	4,100	17.09
Easthope, Shipton & Stanton Long	186.49	2,600	13.94
Farlow	172.25	2,250	13.06
Highley	1,155.95	63,000	54.50
Kemberton	127.58	1,500	11.76
Kinlet	390.40	6,115	15.66
Monkhopton, Acton Round, Aston Eyre, Morville & Upton Cressett	344.11	2,600	7.56
Much Wenlock	1,188.86	108,113	90.94
Neen Savage	142.28	2,300	16.17
Neenton	57.84	0	0.00
Quatt	83.63	5,500	65.77
Ryton	83.86	500	5.96
Sheriffhales	321.32	10,000	31.12

Bridgnorth District Council Statement of Accounts 2008/09
Notes to the Accounts: COLLECTION FUND

	Council Tax Base	Precept £	Total Council Tax Band 'D' £
<u>Continued.</u>			
Shifnal	2,332.58	159,415	68.34
Stockton	131.71	4,000	30.37
Sidbury & Stottesdon (see below)	310.29	13,000	41.90
Sutton Maddock	111.01	2,200	19.82
Tasley	172.59	1,950	11.30
Tong	117.76	0	0.00
Worfield & Rudge	917.86	12,680	13.81
	20,484.18	1,333,413	

6. Personal Balances

2007/08		2008/09
£		£
834,342.98	Arrears - Council Tax	1,452,366.09
430,530.40	- NNDR	770,742.92
(194,992.01)	Prepaid – Council Tax	(154,361.14)
(135,213.69)	- NNDR	(14,254.75)

Bridgnorth District Council Statement of Accounts 2008/09
Explanation of Financial Terms

EXPLANATION OF FINANCIAL TERMS

Accruals: The concept that, income and expenditure is accounted for in the period in which it is earned or incurred, rather than when it is actually received or paid.

Agency Services: The provision of services by one local authority (the agent) on behalf of the responsible body. The Authority carrying out agency services is reimbursed by the responsible body to the extent of approved expenditure together with any agreed contribution towards administrative costs.

Billing Authority: A local authority responsible for collecting the council tax and NNDR.

Capital Charge: A charge to service revenue accounts to reflect the cost of using fixed assets, such as buildings and vehicles, in the provision of services.

Capital Expenditure: Expenditure on the acquisition of a fixed asset or expenditure that adds to and not merely maintains the value of an existing fixed asset.

Capital Receipt: The money received from the sale of an asset e.g. land or buildings.

Code of Practice: Statement of Recommended Practice 2007.

Collection Fund: A statutory fund maintained by the Authority to record local taxes and NNDR collected, along with payments made to precepting Authorities (Shropshire County Council, West Mercia Police, Bridgnorth District Council and Town & Parish Councils) and the national pool for business rates.

Community Assets: Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Contingency: A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Contingent Liability: A potential liability at the date of the balance sheet that will only be confirmed on the occurrence or non-occurrence of an uncertain future event.

Creditors: Money that the Council owes for work, goods or services that has not been paid at the end of the financial year.

Debtors: Money that is owed to the Council that has not been received by the end of the financial year received.

Deferred Credit: The net discount generated from premature debt redemption that is released to revenue over a number of years.

Explanation of Financial Terms

Depreciation: The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passing of time or obsolescence through technological or other changes.

Direct Service Organisation (DSO): This term is used to cover all the services provided by the Depot. The accounting requirements were changed from 1st April 2000 and there is no longer any provision for carrying forward the ensuing balances in the accounting statements. The balances are now redistributed to the appropriate services.

Fixed Assets: Tangible assets that yield benefit to the local authority and the services it provides for a period of more than one year.

Formula Spending Share (FSS): Government figure for estimated spending levels used to determine the Local Authority's relative budget requirement (replaced the Standard Spending Assessment in 2003/04).

General Fund: The main revenue account of the Council which summarises the cost of all services provided by the Council which are funded from by Council taxpayers, Government grants and other income.

Government Grants: Assistance by central government towards the cost of local authority services either specifically such as renovation grants or generally in the form of Standard Spending Grant.

Housing Revenue Account (HRA): A separate ring-fenced account recording all the transactions relating to the provision of Council housing funded by Council tenants and housing subsidy.

Housing Subsidy: A sum payable by the government when the authority's notional HRA expenditure exceeds its notional HRA income. This is to cover costs of providing, managing and maintaining dwellings and paying housing benefits to tenants.

Intangible Asset: Expenditure of a capital nature that does not result in, or remain matched with, tangible assets owned by the Council. The most significant type of deferred charge for the Council is the payment of renovation grants to private householders.

Minimum Revenue Provision: The minimum amount that must be charged to revenue account each year and set aside as a provision for credit liabilities. For housing the percentage is 2% of the credit ceiling and 4% for other services.

National Non Domestic Rates (NNDR): A levy on businesses based on a national poundage rate set by the government multiplied by the rateable value of the premises.

Net Book Value: The amount at which fixed assets are included in the balance sheet i.e. their historical cost or current value less the cumulative amount provided for depreciation.

Operational Asset: Fixed Assets held and occupied, used or consumed by the local authority in the direct delivery of services.

Bridgnorth District Council Statement of Accounts 2008/09
Explanation of Financial Terms

Precept: The levy made by precepting authorities (e.g. Counties, Parishes, Police) against the authority that has collected income from council taxpayers on their behalf.

Provisions: Amounts set aside in one year for liabilities or losses that are likely or certain to be incurred in the future but for which the date is uncertain.

Public Works Loans Board (PWLB): A government body that acts as a lender to local authorities.

Reserves: Amounts set aside which do not fall into provisions and include general reserves (balances) that every authority must maintain as a matter of prudence.

Revenue Expenditure: Expenditure to meet day to day running expenses incurred in providing services e.g. salaries, wages, purchase of materials etc.

Bridgnorth District Council Statement of Accounts 2008/09
Responsibilities for the Statement of Accounts

CERTIFICATION OF ACCOUNTS

RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

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

The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of this Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice').

In preparing the Statement of Accounts, the Head of Finance has:

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

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.

CERTIFICATION

I certify that the accounts set out on pages 2 to 40 present fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2009

S. Ogram
Head of Finance
19 June 2009

BRIDGNORTH DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT 2008/09 (CIPFA / SOLACE STATEMENT)

SCOPE OF RESPONSIBILITY

Bridgnorth District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

Bridgnorth District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* (CIPFA). A copy of the code is on our website at www.bridgnorth-dc.gov.uk or can be obtained from

Bridgnorth District Council
Westgate
Bridgnorth
WV16 5AA

This statement explains how Bridgnorth District Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

Bridgnorth District Council Statement of Accounts 2008/09
Annual Governance Statement

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve

policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Bridgnorth District Council for the year ended 31 March 2009.

THE GOVERNANCE FRAMEWORK

The Governance framework derives from six core principles published by CIPFA/SOLACE in 2007 these are:

- (a) focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- (b) members and Officers working together to achieve a common purpose with clearly defined functions and roles;
- (c) promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- (d) taking informed decisions which are subject to effective scrutiny and managing risk;
- (e) developing the capacity and capability of members and officers to be effective; and
- (f) engaging with local people and other stakeholders to ensure robust public accountability

The key elements of the systems and processes that comprise the governance arrangements include arrangements for:

- The Bridgnorth District Community Strategy 2005-2010, developed by the Bridgnorth District Community Partnership sets out the priorities for Bridgnorth District and brings together all relevant stakeholders, including those that deliver services in the area. The priorities were identified through consultation with local people and groups.
- The Bridgnorth District Council Corporate Plan 2005–2009 reflects the Community Strategy; it identifies and communicates our vision, purpose and intended outcomes for citizens and service users. This was reviewed and updated in 2006 after consultation with local people, and again in 2007/08 in light of the move to a new Unitary Authority.
- The duty of Local Authorities to produce an annual Best Value Performance Plan was removed from 1st April 2008. We published a summary of our Best Value performance indicators in June 2009. Feedback from public consultation using the Bridgnorth District Citizens panel showed that a combined document that summarised our

**Bridgnorth District Council Statement of Accounts 2008/09
Annual Governance Statement**

performance and finance in an informative, easily understood and accessible way would be welcomed. This was published in November 2008.

- The Council approved a Performance Management Strategy and Action Plan in August 2004, updated later in December 2006, which sets out to provide an effective and fully integrated performance management framework, underpinned by an embedded performance management culture within the Council. Ensuring the Council delivers on its statutory obligations and corporate objectives by focusing attention on corporate priorities drives the system. This is cascaded through departmental service plans, individual employee appraisals and action plans. The Council's Policy Committee's and the Overview and Scrutiny Committee monitors and scrutinises progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action where necessary, on a regular basis. The service performance reports provide these respective committees outturn details on the financial and performance (measures and achievement against Improvement Plans and key service outputs) during the financial year.
- Through reviews by external auditors, external agencies, Internal Audit and Scrutiny Reviews, the District Council constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required under the Best Value principles.
- The District Council has robust systems for identifying and evaluating all significant risks, developed and maintained with the pro-active participation of all those associated with planning and delivering services. The Council approved a Risk Management Strategy in December 2002, updated in August 2006, which explains the methodology and provides the framework for the management of risk throughout the Council. The result of the annual corporate risk exercise, which also includes Council Members involvement, is used to inform the budget setting process and allocation of resources. A Risk Register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks. Progress against Red Risks is monitored quarterly by the Overview & Scrutiny Committee.
- The Council assessed its Risk Management process against the Risk Management Standard in 2007 and found that our arrangements are consistent with the industry standard and good practice. The Institute of Risk Management, The Associate of Insurance and Risk Management and ALARM The National Forum for Risk Management in the Public Sector developed the standard.
- The District Council has adopted a corporate manual, known as the 'Constitution', which details the rules, procedures, delegations and codes that exist to govern the conduct of Members and Officers in discharging their Council duties. In addition the Financial Rules of Procedure contained within the Constitution require that Chief Officers

**Bridgnorth District Council Statement of Accounts 2008/09
Annual Governance Statement**

establish and maintain adequate and effective internal controls for financial and operational systems.

- The Council's Corporate Management Team (CMT) meets on a regular basis to develop policy issues commensurate with the Council's aims, objectives and priorities. CMT also considers other internal control issues, including risk management, performance management, compliances, efficiency and value for money, and financial management.
- The facilitation of policy and decision-making through the establishment of three policy committees – 'Resources and Finance', 'Housing and Environment' and 'Community Improvement'. Meetings are open to the public except where personal and confidential matters are being disclosed. In addition, senior and other officers of the council can make decisions under delegated authority – the extent of these delegations is set out in the constitution.
- The District Council has adopted a number of codes and protocols that will govern both Members and officer activities. These are:
 - Members Code of Conduct
 - Code of Conduct for Members and officers
 - Personnel Guidance Notes
 - Member's declaration of interest
 - Gifts and hospitality
- The Council has appointed a Monitoring Officer and a Deputy Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations, including the Council's constitution.
- The financial management of the authority is conducted in accordance with the Financial Rules of Procedure and Contract Rules of Procedure as set out in the Constitution. The Council has designated the Head of Finance as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The Council produced revenue and capital budgets for 2008/09 to support the aims of the Corporate Plan. Financial Management reports are presented to Committee on an annual basis to establish the financial constraints that are to be applied in managing the resources of the Council and monthly budget monitoring reports are provided to managers.
- The Audit Committee undertakes the core functions of an audit committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities.
- The Council maintains an Internal Audit Section, which operates to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'.
- Individual services produce Service Plans annually and incorporate the Corporate Plan requirements into service activities, so that services know what they are required to do to achieve the Council's priorities and ambitions. These plans also identify risks and performance indicators.
- At employee level we have established annual Work Reviews so as to jointly agree objectives and identify training and development needs.

Bridgnorth District Council Statement of Accounts 2008/09
Annual Governance Statement

- All Council services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Training needs are identified through the Work Review Scheme and addressed by way of a corporate training plan.
- The Council has an objective and professional relationship with our external auditors and other statutory inspectors, as evidenced by the Annual Audit & Inspection Letter.
- The Council has one Overview and Scrutiny Committees. Any group of Councillors can “call-in” a decision that has been made by a policy committee but not yet implemented, to enable them to consider whether the decision is appropriate. They allow people to have a greater say in Council matters by holding public enquiries into matters of local concern.
- The Overview and Scrutiny Committee monitors’ progress of addressing actions contained in actions plans for those Best Value Reviews conducted and the Corporate Governance Action Plan, recommends the adoption of the Best Value Performance Plan, and oversees the risk management and performance management processes.
- The Council has an independent Audit Committee with responsibility for discharging the functions of an audit committee, including reviewing the adequacy of internal controls, monitoring the performance of internal audit and agreeing to the audit plan. Responsibility also exists for overseeing the external audit arrangements and reports produced in relation to the Council.
- The District Council produces annually a Corporate Governance Action Plan in accordance with the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance. The Action Plan, which can be found on the Council’s website at www.bridgnorth-dc.gov.uk, is monitored and reported to ensure the corporate governance arrangements are maintained.
- The District Council has a number of statutory obligations that it is required to fulfil as well as corporate objectives that it has established. As part of the budget setting process management undertakes a service review that considers the service objectives, risk and performance implications for the service, existing and new legislative requirements and the procedures within which the available resources are to be managed.
- A Health and Safety Working Group has also been established to undertake a monitoring role on compliance with Health and Safety issues across the Council. The Council is also subject to inspections from other external bodies during the course of the year, the results of which are reported to the appropriate committees.

REVIEW OF EFFECTIVENESS

Bridgnorth District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the

**Bridgnorth District Council Statement of Accounts 2008/09
Annual Governance Statement**

system of internal control. The review of effectiveness is informed by the work of the managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Finances annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

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

- The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution regularly to incorporate any necessary changes, and reflects current best practice and legal requirements.
- The Council has one Overview and Scrutiny Committee as set out above. It can establish 'task and finish' groups, which can look at particular issues in depth, taking evidence from internal and external sources, before they make recommendations to the Committee. In addition any group of Councillors can "call-in" a decision that has been made by a policy committee but not yet implemented, to enable them to consider whether the decision is appropriate.
- Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model has traditionally been used to formulate a three-year plan which is approved by the Chief Executive following consideration by Chief Officers, External Audit and Policy Committee Chairpersons, and from which the annual work plan is identified. For 2008/09 this process was restricted to one-year only. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Chief Officer/Head of Service and service manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The process includes quarterly reviews of recommendations to ensure that they are acted upon and quarterly progress reports to the Audit Committee to consider the results of audit reviews conducted. All Internal Audit reports include a report on the quality and effectiveness of internal control within the Council's systems, and an assessment in accordance with quantification and classification of internal control level definitions. These definitions are:

Substantial / Good -	Adequate to provide assurance that activities and procedures are operating to achieve the system objectives.
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Adequate -	Adequate to provide assurance that activities and procedures are operating to achieve the system objectives, however a small number of weaknesses identified.
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**Bridgnorth District Council Statement of Accounts 2008/09
Annual Governance Statement**

Limited / Poor -	Not adequate to provide assurance that activities and procedures are operating to achieve the system objectives.
No* -	No assurance that activities and procedures are operating to achieve the system objectives.

- * A rating of No assurance requires immediate management attention and arrangements will be made for a further review to be carried out at a later (agreed) date.
- The Internal Audit Section is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section.
- For performance management, a traffic light monitoring and reporting system is continually being developed to measure service performance around corporate priorities and key service delivery outputs. Reporting to Chief Officers and Members is on a quarterly basis, with corrective action plans put in place for any under-performing.

The Councils Corporate Management Team has reviewed this Annual Governance Statement and evidence supporting it. The Audit Committee has overseen the process and the effectiveness of the governance framework, and a plan to address weaknesses and continuous improvement of the system is in place.

The Corporate Management Team, the Audit Committee and Heads of Service have advised us on the implications of the result of the review of the effectiveness of the governance framework, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

SIGNIFICANT GOVERNANCE ISSUES

The Internal Audit Annual Report 2007/08 concluded that the Councils financial controls were broadly sound and that, overall, the Council had many good systems in place. The Internal Audit Plan for 2008/09 was approved by the Audit Committee in April 2008 and will provide assurance that any weaknesses in controls identified in 2007/08 have been addressed and that Compliance audits will be undertaken on the key financial systems of the authority during the transition to Unitary.

Although we feel that there is a sound control environment operating within the authority, we recognise the need to continually improve and enhance controls. The Risk Register details the risks facing the authority and we continually monitor the most significant risks and provide quarterly update reports.

**Bridgnorth District Council Statement of Accounts 2008/09
Annual Governance Statement**

The following actions have been taken to deal with significant governance issues:

No.	Issue	Action
1	<p>Unitary Council Integration, strategic risks relating to the delivery of essential services</p> <ul style="list-style-type: none"> - Management of on-going service delivery when resources / staff restrictions exist - Inability to recruit/retain staff - Secondment of key staff to Unitary project teams - Early secondment of staff to the new authority - Loss of capacity to adequately resource essential activities. - Lowering of staff morale and motivation - Potential for deteriorating performance and/or service. - Failure to deliver Corporate Priorities - Data migration and retention, including core systems – Council Tax, NNDR, Benefits. - Management failure to maintain adequate internal control practices and arrangements during Unitary integration 	<p>Ensure that there are:</p> <ul style="list-style-type: none"> - Regular staff briefings. - Communicate clearly the impact of decisions made. - Involvement at all levels to influence the shape of the new unitary arrangements - Use temporary staffing budget to fill capacity gaps - Seek support from county/district colleagues and other organisations to agree back-fill secondments - Regular monitoring of performance and reappraisal of realistic expectations at strategic level - Train and develop staff to full potential. - Provide opportunities for personal/career development - Ensure staff feel valued through regular engagement by senior managers - Close monitoring by Heads of Service of their service areas with early reporting of problem areas to CMT. - Specific issues for data migration and retention to be identified and co-ordinated through unitary project groups. - Management to be aware and ensure they monitor and review control environment where unitary decision will have potential impact. - Internal Audit function being managed by RSM Bentley Jennison in 2008/09 and will cover key controls.
2	The introduction of Single Status	Ensure that all necessary information is transferred to Shropshire Council to enable negotiations to continue with the Trade Unions.
3.	Audit Commission report on Bridgnorth District Council's Housing Landlord Services	Improvement Plan produced for the Housing Landlord Services to identify actions necessary for the District and then Unitary Council.

**Bridgnorth District Council Statement of Accounts 2008/09
Annual Governance Statement**

CERTIFICATION BY THE LEADER OF THE COUNCIL AND THE CHIEF EXECUTIVE

We confirm that the Council has adopted and applied the governance arrangements identified in this Statement during the 2008/09 financial year.

Signed:

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.....
Councillor Mrs REJ Yeomans
(Leader of the Council)

John Harmeston
(Chief Executive)

**Bridgnorth District Council Statement of Accounts 2008/09
Independent Auditor's Report**

Independent auditor's report to the Members of Bridgnorth DC

Opinion on the financial statements