

**GREAT YARMOUTH BOROUGH  
COUNCIL**

**STATEMENT OF ACCOUNTS  
2009-10**

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## **EXPLANATORY FOREWORD**

This foreword has been written to provide a guide to the significant matters reported in these accounts. The Council's accounts for the year ended 31 March 2010 are set on pages 3 to 90.

The Council's accounts consist of:

### **Statement of Responsibilities for the Statement of Accounts (Page 21)**

This outlines the responsibilities of the Council and the Head of Financial Services with respect to the Statement of Accounts.

### **Annual Governance Statement (Page 22)**

This provides an assessment of the Council's Governance Framework, including risk management and internal control mechanisms and their effectiveness in practice during the financial year ending 31 March 2010.

### **Income and Expenditure Account (Page 34)**

This statement is fundamental to the understanding of a local authority's activities, in that it reports the net cost for the year of all the functions for which the authority is responsible, and demonstrates how that cost has been financed from general government grants and income from local taxpayers.

### **Statement of Movement on the General Fund Balance (Page 35)**

This statement is a reconciliation showing how the balance of resources generated and consumed in the year links in with the statutory requirements for raising council tax.

### **Statement of Total Recognised Gains and Losses (Page 37)**

This statement brings together all the recognised gains and losses of the Council during the financial year, including those not identified in the Income and Expenditure Account, such as revaluations of fixed assets and pension actuarial gains and losses.

### **Balance Sheet (Page 38)**

This statement is fundamental to the understanding of a Council's financial position at the year-end. It shows its balances and reserves, its long-term indebtedness and the fixed and net assets employed in its operations.

### **Cash Flow Statement (Page 40)**

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

### **Housing Revenue Account (HRA) Income and Expenditure Account (Page 75)**

This statement shows in detail the income and expenditure relating to the Council's provision of housing such as repairs and maintenance, administration costs and how this is financed by rents and other income.

### **Statement of Movement on the Housing Revenue Account Balance (Page 76)**

This statement takes the outturn on the HRA Income and Expenditure Account and reconciles it to the surplus or deficit for the year on the HRA Balance as calculated in accordance with the requirements of the Local Government Housing Act 1989.

### **Collection Fund (Page 82)**

This shows the transactions of the Council relating to Council Tax and National Non-Domestic Rates, and the way in which these have been distributed to Precepting Authorities.

## **SUMMARY OF THE 2009/10 FINANCIAL YEAR**

For 2009/10 the Council agreed a budget for net spending on General Fund services of £20.756m. £19.965m of this budget was financed by Government Grants and Council Tax income, and the remaining £791k budget was to be taken from reserves.

The Council's actual net expenditure during 2009/10 was £20.707m against income of £20.310m, resulting in £397k being transferred from reserves. This resulted in a net underspend against budget of £394k.

The following issues have had a significant impact on the accounts for 2009/10:

### **Investments – Heritable Bank**

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Guitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had £2m deposited with Heritable, with a maturity date of 15 October 2008, at an interest rate of 5.87%.

The latest creditor progress report issued by the administrators Ernst and Young, dated 28 January 2010 outlined that the return to creditors was projected to be between 79p and 85p in the £ by end 2012. Three instalments totalling £709k have been repaid in 2009/10 with a further £400k repayment being anticipated in 2010/11.

### **Pension Fund**

A combination of factors has led to significant deterioration of the pensions' liability on the balance sheet. Actual returns on investments were less than interest costs on the liabilities leading to a significant charge on the income and expenditure account. (Please see note 46, Page 67). The purpose of this charge is so that the Council's accounts reflect the underlying commitment for future retirement benefits for its employees, an estimated pension liability, measured on an actuarial basis, is included in the Council's Balance Sheet. This charge has a neutral impact on the Council's Revenue Balance as the charge is reversed out through the use of a pensions' reserve.

### **Impairments**

During 2009-10 it was recognised that the Government Grants Deferred account needed to be impaired to mirror the impairment of the fixed assets to which the grants relate. This impairment amounted to £2.67m and was treated as an in-year adjustment.

## **GENERAL FUND SUMMARY 2009/10**

The analysis of the General Fund outturn position for 2009/10 outlined below is analysed in a different format to the accounts contained in this document so that it can be more easily compared to the 2009/10 original budget by the reader of the accounts.

Furthermore the service analysis in the Income and Expenditure Account consolidates the Housing Revenue Account Income and Expenditure Account. There is also a requirement for this statement to be analysed in accordance with the 'Best Value Accounting Code of Practice'.

	<b>2009-10 Original Budget</b>	<b>2009-10 Outturn</b>	<b>2009-10 Variance</b>
	£'000	£'000	£'000
Central Services	726	597	(129)
Community Services	2,598	2,671	73
Customer Services	2,425	1,831	(594)
Finance, Human Resources & IT	3,614	3,542	(72)
Planning & Development	417	648	231
Policy & Improvement	3,839	2,908	(931)
Regeneration & Environment	7,240	7,821	581
Property, Tourism & Leisure	(1,259)	(1,160)	99
Revenue Services	64	(150)	(214)
Other	1,092	1,999	907
<b>Total to be financed</b>	<b>20,756</b>	<b>20,707</b>	<b>(49)</b>
Financed By			
Area Based Grant	(4,574)	(4,760)	(186)
Council Tax and Parish Precepts	(4,778)	(4,788)	(10)
Formula Grant	(10,613)	(10,613)	0
Local Authority Business Growth incentive	0	(41)	(41)
Planning Delivery Grant	0	(108)	(108)
<b>Total: Financed By</b>	<b>(19,965)</b>	<b>(20,310)</b>	<b>(345)</b>
Taken From Balances	<b>791</b>	<b>397</b>	<b>(394)</b>

#### ANALYSIS OF GENERAL FUND OVER/UNDERSPEND AGAINST ORIGINAL BUDGET 2009/10

<b>Final Outturn variances to budget</b>	<b>Final Outturn</b>
	<b>£000</b>
Benefit subsidy from improved performance	(199)
VAT refund on fees and charges	(370)
Repairs and maintenance budget underspend	(293)
Electricity Cost saving	(170)
Minerva House management charge saving and increased rent	(165)
Computer consumables and hardware costs saving	(153)
Seafront concessions	(140)
Seafront Car park additional Income	(95)
Bad debt provision released	(52)
PCT and NCC contribution to elderly adaptations provision	(51)
Footway lighting maintenance	58
Coast Protection remedial works	59
Corporate Estates additional resources	62
Concessionary Fares additional reimbursement to operators	75
Market fee income down on budget	76
Planning income under achievement	80
Dept Works and Pensions (DWP) subsidy claim audit work	90
Lost Interest on Home Improvement loans	107
Non specific savings	(21)
<b>Total non establishment variances</b>	<b>(1,102)</b>
Pension strain adjustment	(39)
Staff savings underachieved	292

<b>Total Service Budget variances</b>	<b>(849)</b>
Decrease in interest earned on investments	84
Reduction in recharges to grant funded projects	206
Additional Area Based Grant allocation	(367)
Heritable Bank impairment	74
Reduced Minimum Revenue Provision	(110)
Creditor for prior years' overpayment of subsidy	487
Capital funded from revenue	81
	<b>(394)</b>

**HOUSING REVENUE ACCOUNT OUTTURN**

The Housing Revenue Account's actual outturn in 2009/10 was a surplus of £896k against a revised projected surplus of £190k, resulting in a variance of £706k as set out in the table below:

	<b>2009/10 Revised Budget £000</b>	<b>2009/10 Actual £000</b>	<b>2009/10 Variance £000</b>
Income	(18,012)	(18,125)	(113)
Supervision and Management	4,910	4,298	(612)
Repairs and Maintenance	5,720	5,553	(167)
Rents, Rates and Taxes	202	190	(12)
Negative Subsidy Payable	2,071	2,123	52
Depreciation, Impairments and Notional Interest	3,984	17,553	13,569
Other Expenditure	55	27	(28)
<b>Net Expenditure/ (Income) from Services</b>	<b>(1,070)</b>	<b>11,619</b>	<b>12,689</b>
Less Notional Interest	0	0	0
Add Amortisation of Premiums and Discounts	0	0	0
Gain on sale of Fixed Assets	0	(298)	(298)
Add Capital Financing Charges Interest	785	772	(13)
Interest Receivable	(25)	(7)	18
<b>(Surplus)/Deficit for the Year</b>	<b>(310)</b>	<b>12,086</b>	<b>12,396</b>
Pension Costs	0	252	252
Capital Financing Charges - MRR	0	(95)	(95)
Impairment of Fixed Assets	0	(13,554)	(13,554)
Gain on Disposal of Fixed Assets	0	298	298
Capital Expenditure Funded from HRA	120	117	(3)
<b>(Surplus)Deficit for the Year</b>	<b>(190)</b>	<b>(896)</b>	<b>(706)</b>

The major variances behind this over/underspend were:

	<b>£000</b>
Reduction in excess Supporting People costs	(122)
Reduction in Landlord costs – sheltered	(33)
Overspend on responsive maintenance services	135
Reduction in capital financing	(29)
Reduction in overheads/recharges from other services	(612)
Reduction in property management services	(11)
Change in rental income	84
Other additional income	(33)
Additional subsidy payable 08/09	52
Underspend on Communal services	(74)
Underspend on planned maintenance	(233)
Pension costs	252
Miscellaneous variances	(82)
	<b>(706)</b>

**CAPITAL EXPENDITURE**

Capital expenditure in 2009/10 totalled £12.41m against a revised capital programme budget of £15.6m. The outturn for the 2009/10 capital programme is summarised in the table below:

	<b>2009/10 Budget £000</b>	<b>2009/10 Actual £000</b>	<b>2009/10 Variance £000</b>
Community Services	3,647	2,059	(1,588)
Financial Services	610	481	(129)
Planning and Development	55	25	(30)
Policy & Improvement	111	114	3
Regeneration and Environment	5,656	4,810	(846)
Revenues & Customer Services	254	136	(118)
	10,333	7,625	(2,708)
Housing Revenue Account	5,313	4,784	(529)
Total Capital Programme	15,646	12,409	(3,237)

Of the £12.41m used to finance the 2009/10 Capital Programme, £5.05m (40.7%) came from internal resources and £7.36m (59.3%) came from external funding sources.

The variance between revised budget and the outturn of £3.2m was mainly due to the variances set out in the table below:

	<b>£000</b>
Housing Revenue Account	529
Loans/Grants	183
Secondary Holiday Area Regeneration Project (SHARP) 1 & 2	618
Southtown Housing Regeneration Project (SHIP)	578
Norfolk & Waveney Equity Loan Scheme	282
Wintergardens	461
Wellesley Pavilion	294
Crematorium	186
Other	106
	<b>3,237</b>

## STATEMENT OF ACCOUNTING POLICIES

### 1. GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position as at the year end of 31 March 2010. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2009 – A Statement of Recommended Practice* (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

Great Yarmouth Borough Council is required as part of the Local Authorities Statement of Recommended Practice (the SORP) to produce Financial Statements in accordance with the Best Value Accounting Code of Practice (BVACOP). The service expenditure categories analysis shown on the face of the Income and Expenditure Account reflects these BVACOP categories.

### 2. ACCRUALS OF INCOME AND EXPENDITURE

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as stocks in the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### 3. PROVISIONS

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

Where some or all of the payment is required to settle a provision is expected to be met by another party (eg from an insurance claim), this is only recognised as income in the relevant

service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

#### **4. EARMARKED RESERVES**

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

#### **5. GOVERNMENT GRANTS AND CONTRIBUTIONS**

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

#### **6. RETIREMENT BENEFITS**

Employees of the Council are members of the Local Government Pensions Scheme administered by Norfolk County Council. This scheme is accounted for as a defined benefits scheme:

- The Liabilities of the Norfolk County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method. This means an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover and projections of future earnings for current employees.
- Liabilities are discounted to their current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the Norfolk County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities - professional estimate
  - unitised securities – current bid price
  - property - market value

The change in the net pension liability is analysed into seven components:

- Current Service Cost - the increase in liabilities as a result of years of service earned this year allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked.
- Past Service Costs - the increase in liabilities arising from current year decisions whose effect relates to years of service in earlier years charged to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.

- Interest Cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid-debited to Net Operating Expenditure in the Income and Expenditure Account.
- Expected Return on Assets - the annual investment return on the fund assets attributable to the Council, based on an average of the long-term return. It is credited to Net Operating Expenditure in the Income and Expenditure Account.
- Gains/Losses on Settlements and Curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is charged to the Net Cost of Services in the Income and Expenditure Account as part of Non-Distributed Costs.
- Actuarial gains and losses are changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are debited to the Statement of Total Recognised Gains and Losses.
- Contributions paid to the Norfolk County Council Pension Fund – the cash paid by the Council as employer's contributions to the pension fund.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance, this means that there is an appropriation to 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.

#### Discretionary benefits

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

### **7. VALUE ADDED TAX**

The Council is able to reclaim VAT on the majority of its activities. Where VAT has been reclaimed the expenditure is shown net in the accounts. VAT on income is payable to H M Revenue & Customs and income is shown net within the accounts.

### **8. OVERHEADS AND SUPPORT SERVICES**

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

- Corporate and Democratic Core; costs relating to the Council's status as a multi-functional, democratic organisation.
- Non-Distributed Costs; the costs of discretionary benefits awarded to employees retiring early.

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

## 9. INTANGIBLE ASSETS

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

## 10. TANGIBLE FIXED ASSETS

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

**Recognition:** Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of assets (e.g. repairs and maintenance) is charged to revenue as it is incurred.

The de-minimis level for recognising expenditure as capital is £10,000. Assets costing less than this are treated as revenue rather than capital expenditure.

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

- Investment Properties and assets surplus to requirements – lower of net current replacement cost or net realisable value
- Dwellings, other land and buildings – lower of net current replacement cost or net realisable value in existing use
- Infrastructure assets and community assets – depreciated historical cost.
- Vehicles, plant and equipment – Cost (ie purchase price) and are not included as part of the annual revaluation exercise.

Net current replacement cost is assessed as:

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

Council Housing - Existing Use Value for Social Housing (EUV - SH), based on vacant possession adjusted to reflect occupation by a secure tenant. This adjustment which is determined by the Department of Communities and Local Government is 46% for 2009/10, (46% 2008/09).

Assets included in the Balance Sheet at current value are revalued where there have been material changes in value. The Council re-values each of its properties once every five years although all properties are reviewed for material changes to their valuation in the interim period.

A full revaluation of Council dwellings is performed on a Beacon basis every five years. A desk top revaluation exercise is performed annually at the end of each of the remaining four years of the five year rolling programme.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

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

- Where attributable to the clear consumption of economic benefit - the loss is charged to the relevant service revenue account;
- Otherwise written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service account.

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

**Disposals:** When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account. The sale proceeds are then credited to the Income and Expenditure account as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Proceeds in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings and 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement), or to offset the costs of disposing of housing land. Receipts are appropriated to the Capital Adjustment Account from the Statement of Movement on the General Fund Balance.

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

**Depreciation:** Depreciation is provided for on all operational assets with a determinable finite life by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use.

The Head of Financial Services is responsible for deciding the most appropriate method of estimating depreciation for the Council's assets and must have regard to the SORP when determining this methodology.

For HRA dwellings these proper practices need to be considered in the context of the Major Repairs Allowance (MRA) which is a component part of HRA Subsidy. It is intended to represent the estimated average annual cost of maintaining the condition of the housing stock over a 30 year period based on the Council's mix of dwelling archetypes. The Council considers that the MRA constitutes a reasonable estimate of depreciation on HRA dwellings.

The Council has pro-rated the MRA across the council dwellings as a proportion of the total value of the council dwellings for both current and historical cost.

For non HRA dwelling assets, depreciation is calculated on the following basis:

- dwellings and other buildings; straight line basis over the life of the property as estimated by the valuer;
- vehicles, plant and equipment; straight line basis between 5 and 20 years;
- infrastructure; straight line basis between 5 and 50 years

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

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

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

## 11. CHARGES TO REVENUE FOR FIXED ASSETS

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

- Depreciation attributable to the assets used by the relevant service,
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off,
- Amortisation of intangible fixed assets attributable to the service. However in 2009/10 no charges were made in this regard.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisation. However it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance, or loans fund principal charges).

For capital expenditure incurred before 1 April 2008 and any Supported Capital Expenditure, incurred since, the calculation of Minimum Revenue Provision follows the existing practice outlined in former CLG Regulations. From 1 April 2008, for all unsupported borrowing the

Minimum Revenue Provision is based on the estimated life of the assets, in accordance with new regulations.

Depreciation, impairment losses and amortisation are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

## **12. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

## **13. LEASES**

### **Finance Leases**

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between:

- A charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable), and
- A finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rent becomes payable).

Fixed assets recognised under finance leases are accounted for using the policies applied generally to Tangible Fixed Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

### **Operating Leases**

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

For leases where the Council is the lessor, income due is receipted to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are recognised when they become receivable.

## **14. STOCKS AND WORK IN PROGRESS**

Stocks are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year end and recorded in the Balance Sheet at cost, which includes an element of the Council's cost of supervision and management.

## **15. FINANCIAL LIABILITIES**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on

the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the Council's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable adjusted for accrued interest. The interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

The exception to this is the stepped LOBO loan. The effective interest calculation has resulted in an increase to the loan principal on the Balance Sheet which is then reversed out in the Financial Instruments Adjustment Account via the Statement of Movement on the General Fund Balance.

## **16. FINANCIAL ASSETS**

Financial assets are classified into two types:

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

### **Loans and Receivables**

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable adjusted for accrued interest receivable. The interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

However, the Council has made a number of interest-free Home Improvement Loans to owner occupiers in the private sector (soft loans). When soft loans are made, the loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a higher effective rate of interest than the interest free rate receivable from the owner occupiers, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Income and Expenditure Account to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account. No assets have been identified as impaired.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Income and Expenditure Account. No gain or loss for de-recognition of assets has taken place.

### **Available-for-sale Assets**

Available-for-sale Assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for

interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg, dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council.

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

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

The Council did not hold any Available-for-sale Assets during 2009/10.

### **Instruments Entered Into Before 1 April 2006**

The Council has not entered into any financial guarantees.

## **17. COLLECTION FUND**

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and the Council Tax and illustrates the way in which these have been distributed to preceptors and the General Fund. The account reflects the changes within the 2009-10 SORP to show the billing authority acts as an agent, collecting and distributing Council Tax and NNDR on behalf of the major preceptors and itself and Government. This change in policy has resulted in prior year adjustments to the financial statements.

### **GENERAL NOTES**

Negative figures are shown in brackets.

In certain tables, the figures are rounded to the nearest whole number. The totals have also been rounded to the nearest whole number, which is not necessarily the sum of the individual rounded figures.

<b>INDEPENDENT AUDITOR'S REPORT TO GREAT YARMOUTH BOROUGH COUNCIL</b>
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***Opinion on the accounting statements***

I have audited the Authority accounting statements and related notes of Great Yarmouth Borough Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Great Yarmouth Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

**Respective responsibilities of the Head of Financial Services and auditor**

The Head of Financial Service's responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

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

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword and the Summary of 2009/10 Financial Year. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

**Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates

and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

## **Opinion**

In my opinion the Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

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

### **Authority's Responsibilities**

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

### **Auditor's Responsibilities**

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## **Qualified Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice. In so doing, I identified that Great Yarmouth Borough Council did not have:

- an up to date asset management plan;
- comprehensive and accurate asset base data which included an assessment of whether assets are fit for purpose; and
- performance management arrangements and an assessment of how value for money is derived from the Council's assets.

Having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance. I am satisfied that, in all significant respects, Great Yarmouth Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010 except for managing its assets effectively to help deliver its strategic priorities and service needs.

## **Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Robert Davies  
Officer of the Audit Commission  
Ground Suite,  
Crown House,  
Crown Street,  
Ipswich, IP1 3HS.

30 September 2010

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## STATEMENT OF 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 the responsibility for the administration of those affairs. In this Authority, that officer is the Head of Financial Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts

### THE RESPONSIBILITIES OF THE HEAD OF FINANCIAL SERVICES

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

In preparing this Statement of Accounts, the Head of Financial Services has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the local authority SORP.

The Head of Financial Services has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

I hereby certify that the accounts present a true and fair view of the financial position of Great Yarmouth Borough Council and its income and expenditure, as at 31 March 2010

Signature: S G Duncan

Head of Financial Services

Date:

### APPROVAL OF THE ACCOUNTS

In accordance with the requirements of s10 of the Accounts and Audit Regulations I confirm that the Statement of Accounts was approved by a resolution of the Full Council of Great Yarmouth Borough Council on 24 June 2010.

Signature: Barry Coleman

Leader of the Council

Date:

## **ANNUAL GOVERNANCE STATEMENT 2009/10**

### **1. Scope of responsibility**

Great Yarmouth Borough Council (GYBC) 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. GYBC 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, GYBC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and ensuring this includes arrangements for the management of risk.

GYBC 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*. A copy of the code is on our website at [www.great-yarmouth.gov.uk](http://www.great-yarmouth.gov.uk), or can be obtained from the Head of Financial Services at the Town Hall, Hall Plain, Great Yarmouth, NR32 2QF. This statement explains how GYBC has complied with the code and also meets the requirement 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.

### **2. The purpose of the governance framework**

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 achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and 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 GYBC'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 GYBC for the year ended 31 March 2010, and up to the date of approval of the Statement of Accounts.

### 3. The governance framework

Our governance framework derives from six core principles identified in a 2004 publication entitled the Good Governance Standard for Public Services. This was produced by the Independent Commission on Good Governance in Public Services – a commission set up by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Office for Public Management. The commission utilised work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA / SOLACE (2001). These principles were adapted for application to local authorities and published by CIPFA in 2007. The six core principles are:

- 1) focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- 2) members and officers working together to achieve a common purpose with clearly defined functions and roles;
- 3) promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- 4) taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- 5) developing the capacity and capability of members and officers to be effective;
- 6) engaging with local people and other stakeholders to ensure robust public accountability.

### 4. Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

The Sustainable Community Strategy “Changing Lives” outlines the vision and aims for the area. It was produced by the Great Yarmouth Local Strategic Partnership (LSP) which brings together all relevant stakeholders, including those that deliver services in the area. Priorities have been identified through consultation with a wide range of stakeholders.

The Council's aims and objectives are set out in Corporate Plan “Working for our Borough”. This contains a statement of our vision for the area, priorities and our business strategy. These priorities are linked to the Sustainable Community Strategy.

The Corporate Plan includes information about the Council's services, and lists high level targets and priorities for the forthcoming year. The Cabinet receives an annual Medium Term Financial Strategy covering a three year period, which is used to set initial parameters for the coming budget process.

The Council has an effective performance management framework, which is driven by the Corporate Priorities, which are cascaded through service plans and individual employee appraisals. It is clearly laid out in the annual service and financial planning and performance management cycle.

The Council's Cabinet and Scrutiny Committee monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas,

and consider and approve corrective action where necessary, on a quarterly basis. Regular reports are taken to the Portfolio Holder for Finance to monitor progress against budget for the General Fund and Capital Programmes. The Community Housing Board receives monitoring information for the Housing Revenue Account. The reporting processes are under constant review in order to develop their maximum potential.

The Council maintains an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit Letter.

Through review by external auditors, external agencies, and Internal Audit, the 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.

The Council reviews its financial and contract procedure rules on a regular basis, as part of a regular review of the Constitution, with revisions being adopted on an annual basis.

All budget heads are allocated to a named budget officer who is responsible for controlling spend against a budget, and who is also responsible for assets used in the provision of their service.

The Council continues to develop and refine systems for identifying and evaluating all significant risk, via the Audit and Risk Committee. The Audit and Risk Committee maintains the corporate risk register, and reviews progress towards achieving the action plan on a regular basis.

**5. Members and officers working together to achieve a common purpose with clearly defined functions and roles**

The Council aims to ensure that the roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear.

GYBC has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable to local people. It does this by appointing a Leader and Cabinet. The Leader then allocates executive responsibilities.

The Council publishes a forward plan which contains details of key decisions to be made by the Cabinet. Each Cabinet member has a specific portfolio of responsibilities requiring them to work closely with senior and other employees so as to achieve the Council's ambitions. Portfolio holders have been delegated individual decision-making powers.

Additionally, the Council appoints a number of committees to discharge the Council's regulatory and scrutiny responsibilities. These leadership roles, and the delegated responsibilities of officers, are set out in the Constitution.

All Committees have clear terms of reference and work programmes to set out their roles and responsibilities. The Audit and Risk Committee provides assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.

Meetings are open to the public except where personal or confidential matters are being discussed. In addition, senior and other officers of the Council can make decisions under delegated authority – again the extent of these delegations is set out in the Constitution.

The Constitution also includes a Member / Officer protocol which describes and regulates the way in which Members and Officers should interact to work effectively together.

The Council's Managing Director (and Head of Paid Service) leads the Council's officers and chairs the Executive Board. All staff, including senior management, has clear conditions of employment and job descriptions which set out their roles and responsibilities.

The Head of Financial Services, as the s151 Officer appointed under the 1972 Local Government Act, carries overall responsibility for the financial administration of the Council.

The Head of Central Services, as Monitoring Officer, carries overall responsibility for legal compliance and his staff work closely with departments to advise on requirements.

The Council's Executive Board, consisting of the Managing Director and the Executive Directors, meets on a weekly basis to develop policy issues commensurate with the Council's aims, objectives and priorities. In 2009/10 the membership of the

Executive Board, renamed Executive Management Team, was expanded to include all Heads of Service, and the Corporate Management Group was disbanded. The Executive Management Team meets on a weekly basis and considers internal control issues, including risk management, performance management, compliances, value for money and financial management.

The Corporate Management Board, consisting of the Cabinet supported by the Executive Board, reviews progress in achieving the Council's ambitions, priorities for action, performance management and forward planning for major issues.

The Council works in partnership with other organisations to deliver the Council's aims, policies and objectives. Partnerships are regulated by partnership agreements and service level agreements, a Partnership Framework and Principles was approved by the Audit and Risk Committee in September 2008.

**6. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.**

The Council has adopted a number of codes and protocols that govern both Member and officer activities. These are:

- Members Code of Conduct
- Officers Code of conduct
- Members' declarations of interest
- Member / officer protocol
- Register of Gifts and Hospitality

The Council takes fraud, corruption and maladministration very seriously and has the following policies which aim to prevent or deal with such occurrences:

- Anti-fraud and corruption policy
- Whistleblowing policy
- HR policies regarding disciplinary of staff involved in such incidents

It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting the Managing Director and Head of Financial Services, he will report to the full Council if he considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

The financial management of the Council is conducted in accordance with the financial rules set out in the Constitution and with Financial Regulations. The Council has designated the Head of Financial Services as the Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The Council has in place a Medium Term Financial Strategy, updated annually, to support the aims of the Corporate Plan.

The Council delivers Internal Audit services through a delegation agreement with South Norfolk Council, who have contracted out the service to Deloitte. This service is provided in line with the standards set out in the "Code of Practice for Internal Audit in Local Government in the UK", published by CIPFA.

Individual services have produced Services Plans, which are prepared annually so as to incorporate the Council's strategic objectives into service activities. Annual Personal Development Reviews (PDRs) are carried out for all staff to jointly agree employee objectives and identify training and development needs. The reviews are monitored during the year.

**7. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.**

The Council's Constitution sets out how the Council operates and the process for policy and decision making.

Full Council sets the policy and budget framework. Within this framework all key decisions are made by the Cabinet. Cabinet meetings are open to the public (except where items are exempt under the Access to Information Act).

The Leader's Forward Plan of key decisions to be taken over the next four months is published on the Council's website.

All decisions made by Cabinet are on the basis of reports, including assessments of the legal and financial implications, and consideration of the risks involved and how these will be managed. The financial and legal assessments are provided by the Head of Financial Services and the Monitoring Officer respectively.

The decision making process is scrutinised by a scrutiny function which has the power to call in decisions made, but which also undertakes some pre-decision work and some policy development work.

Other decisions are made by Portfolio Holders, under delegated powers within the Constitution for Single Member decision. These are also supported by reports in the same way as a report to the full Cabinet. Delegations also extend to officers. Authority to make day to day operational decisions is detailed in the scheme of delegation in the Constitution.

Policies and procedures governing the Council's operation include Financial Regulations, Contract Procedure Rules and a Risk Management Strategy. Ensuring compliance with these policies is the responsibility of managers across the Council. The Internal Audit function, Finance and Legal Services ensure that policies are complied with. Where incidents of non-compliance are identified, appropriate action is taken.

The Council's risk management strategy requires that consideration of risk is embedded in all key management processes undertaken. These include policy and decision making, service delivery planning, project and change management, revenue and capital budget management and partnership working. In addition, a corporate risk register is maintained and the Audit and Risk committee meets to review the extent to which the risks included are being effectively managed. A level of adequate assurance has been given by Internal Audit in relation to Risk Management arrangements for the year ended 31 March 2010.

Financial management processes and procedures are set out in the Council's Financial Regulations and include:

- Financial management processes and procedures

- Financial planning including budgeting and budget monitoring
- Risk Management and Control, including asset management and treasury management
- Systems and procedures
- External arrangements including partnerships

Containing spending within budget is given a high priority in performance management for individual managers. Regular financial reports are submitted to the Cabinet.

The Council has several committees which carry out regulatory or scrutiny functions. These are

- Development Control to determine planning applications and related matters
- Standards Committee which promote, monitors and enforces probity and high ethical standards amongst the Council's Members, and this extends to having the same responsibility for all town and parish councils within the Borough
- Audit and Risk Committee to provide assurance about the adequacy of internal controls, financial accounting and reporting arrangements, and that effective risk management is in place. Its work is intended to enhance public trust in the corporate and financial governance of the Council
- A Licensing Committee, which monitors and reviews the effectiveness of the Council's licensing policy and procedures
- Scrutiny Committee which reviews and / or scrutinises decision made or actions taken in connection with the discharge of any of the Council's functions

## **8. Developing the capacity and capability of members and officers to be effective**

The Council aims to ensure that Members and managers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well trained and competent people in effective service delivery. All new Members and staff undertake an induction to familiarise them with protocols, procedures, values and aims of the Council.

All Council services are delivered by trained and experienced people. All posts have a detailed post profile and person specification. Training needs are identified through Personal Development Reviews and addressed via Human Resources and/or individual services as appropriate.

In respect of Members, the Council has an established Member training and development programme, including an induction process and regular updates throughout the year. Specific training is also provided to Members who sit on regulatory committees, and they are unable to take up a position on these committees without having first received the relevant training.

The Council is concentrating on delivering improved services for our customers. To this end the Council is undertaking reviews of services using a system thinking methodology.

## **9. Engaging with local people and other stakeholders to ensure robust public accountability**

The Council aims to ensure that the work of the council is open, honest and transparent, and to enhance inclusion by building on our understanding of all resident's needs and perceptions, through improved customer service and community engagement.

The Council engages with local people and stakeholders in the following ways on a range of issues:

- Surveys
- Community workshops
- Interviews
- Public Meetings
- Roadshows

The results of this consultation have been used to shape and inform the Council's policies and strategies, for example the Sustainable Community Strategy.

The Council has also undertaken work with key stakeholders such as parish councillors to try to ensure enhance participation through these types of established forums.

## **10. Review of effectiveness**

Great Yarmouth Borough Council annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenances of the governance environment, the work of the internal auditors and by comments made by the external auditors and other inspection agencies.

Both in year and year end review processes have taken place. In year review mechanisms include:

- the Cabinet is responsible for considering overall financial performance and receives reports on a regular basis. It is also responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
- The Head of Central Services (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
- The Standards committee have met regularly throughout the year to consider and review issues relating to the conduct of Members including referrals from the Standards Board.
- The Audit and Risk committee met throughout the year to provide independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment.
- Internal audit is an independent and objective service to the management of the Council who complete a programme of reviews throughout the year to provide an opinion on the internal control, risk management and governance arrangements. Significant weaknesses in the control environment identified by

Internal Audit are reported to Senior Management, the Audit and Risk Committee and Cabinet.

- The Corporate Risk officer reviews and monitors the risk registers, and in addition undertakes fraud investigation and proactive fraud detection work.
- The External Auditors Annual Audit and Inspection letter is considered by the Audit and Risk Committee and the Cabinet. The External Auditors have also completed their Use of Resources Assessment during the year.

The year end review of the governance arrangements and the control environment included:

- A self assessment was completed by the Corporate Management Group on the effectiveness of the governance framework.
- A review by the Internal Auditors on the governance arrangements, which has resulted in adequate assurance being given for the year ended 31 March 2010
- An annual report on Internal audit activity, and on the effectiveness of Internal Audit and the Audit committee
- A review of external inspection reports received by the Council during the year.

## 11. Significant Governance Issues

The review process has highlighted a number of significant issues regarding the governance and internal control environment and these are described briefly in the table below.

### Internal Audit

Issue	Action proposed / being taken
<p>The Head of Internal Audit's report, considered by the Audit and Risk Committee on 21<sup>st</sup> June 2010, highlights adequate overall standards of internal control operating at the Council for the year ended 31 March 2010.</p> <p>Limited assurance has been highlighted in some areas. These audits are listed below, with High Priority recommendations detailed.</p> <p>Partnerships – 9 medium and 2 low priority recommendations.</p> <p>Concessionary Fares – 2 high and 6 medium priority recommendations. The high priority recommendations dealt with the provision of supporting documentation with invoices, and the Concessionary Fares agreement with Norwich City Council and the contractors MCL.</p> <p>Markets – The outcome of the audit is</p>	<p>That all recommendations are resolved by the due dates, and that the Council's Executive Management Team and Audit and Risk committee receive regular update reports.</p> <p>In respect of the High Priority recommendations;</p> <p>Concessionary Fares – both high priority recommendations have been completed.</p> <p>Network infrastructure – this recommendation will be completed with the transfer to Norfolk County Council and the move to their network.</p>

<p>still being considered and agreed with management. However, at this stage a limited opinion is considered to be appropriate.</p>	
<p>Network infrastructure – 1 high, 15 medium and 11 low priority recommendations. The high priority recommendation dealt with the minimisation of single points of failure.</p>	

#### Annual Governance Report and Addendum

Issue	Action proposed / being taken
<p>High priority recommendations were included within the Action Plan attached to the Annual Governance report, and included the following:</p> <ul style="list-style-type: none"> <li>- Ensure that payroll establishment checks are reintroduced;</li> <li>- Ensure that year end reconciliation between the property maintenance and general ledger systems is completed in a timely manner and reviewed to ensure the two systems are properly reconciled;</li> <li>- Ensure that evidence is retained of controls in place to ensure rents have been calculated correctly;</li> <li>- Review the asset register control environment;</li> <li>- Ensure that an agreed set of valuation instructions for tangible fixed assets are issued to valuers in accordance with the SORP</li> <li>- Ensure detailed reports are run at the year end to provide a</li> </ul>	<p>As part of the process to close the 2009/10 Accounts, a closedown plan was drawn up to address the issues within the Annual Governance Statement.</p>

<p>detailed analysis of the housing rents debtor and creditor balances;</p> <ul style="list-style-type: none"> <li>- Ensure that officers from outside the financial services department are engaged in the closedown process to provide timely and robust information to support the production of the financial statements.</li> </ul> <p>Five other medium priority recommendations were also raised.</p>	
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Annual Audit and Inspection Letter

Issue	Action proposed / being taken
The Annual Audit letter raised no significant governance issues.	

Self Assessment

Issue	Action proposed / being taken
From the responses received to the self assessment sent to Heads of Department, there were no significant governance issues raised.	

A number of less significant issues were also identified through the review of governance arrangements as part of the internal audit programme.

**12. Certification**

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year with the exception of those areas identified above. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Leader of the Council

Barry Coleman:

Date

Managing Director

Richard Packham:

Date

## INCOME AND EXPENDITURE ACCOUNT

2008/09 Net Expenditure £000 Restated	Notes	2009/2010 Gross Expenditure £000	2009/10 Income £000	2009/2010 Net Expenditure £000
1,282	Central Services to the Public	2,024	(733)	1,291
24,623	Cultural, Environmental, Regulatory and Planning Services	21,201	(6,754)	14,447
1,028	Highways and Transport Services	4,039	(3,269)	770
51,016	Housing Services	80,297	(64,605)	15,692
529	Adult Social Care	392	(134)	258
1,048	Corporate and Democratic Core	871	(41)	830
797	Non Distributed Costs	67	0	67
<b>80,323</b>	<b>Net Cost of Services</b>	<b>108,891</b>	<b>(75,536)</b>	<b>33,355</b>
463	(Gain) / Loss on Disposal of Fixed Assets			146
262	Parish Council Precepts			284
(2,364)	(Surplus) / Deficit of Trading Undertakings or Other Operations			(2,894)
2,201	Interest Payable and similar charges			1,672
717	Amounts Payable into the Housing Capital Receipts Pool			566
(359)	Interest and Investment Income			(142)
1,115	Pensions Interest Cost and Expected Return on Pensions Assets			2,392
<b>82,358</b>	<b>Net Operating Expenditure</b>			<b>35,379</b>
(4,528)	Demand on the Collection Fund			(4,788)
(4,875)	General Government Grants			(6,791)
0	Housing and Planning Delivery Grant			(108)
(10,434)	Non-domestic rates redistribution			(8,623)
<b>62,521</b>	<b>(Surplus) / Deficit for the Year</b>			<b>15,069</b>

## STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

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

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss on the Income and Expenditure Account, but is met from the useable capital receipts balance rather than Council Tax.
- 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 is raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance:

<b>2008/09</b> <b>£000</b> <b>Restated</b>		<b>2009/10</b> <b>£000</b>
62,521	(Surplus) / Deficit for the year on the Income and Expenditure Account	15,069
(62,509)	Net Additional Amount Required by Statute and Non-Statutory Proper Practices to be Debited or Credited to the General Fund Balance for the Year	(14,672)
12	(Increase) / Decrease in General Fund Balance for the Year	397
(1,868)	General Fund Balance Brought Forward	(1,856)
<b>(1,856)</b>	General Fund Balance Carried Forward	<b>(1,459)</b>

**RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE**

2008/09 £000 Restated		2009/10 £000	£000
<b>Amounts Included in the Income and Expenditure Account but required by Statute to be excluded when determining the Movement on the General Fund Balance for the Year</b>			
(551)	Impairment of Financial Asset	474	
(59,197)	Depreciation and Impairment of Fixed Assets	(17,565)	
2,067	Government Grants Deferred Amortisation	3,377	
(4,009)	Revenue Expenditure Funded from Capital under Statute	(1,689)	
(442)	Net Gain / (Loss) on Sale of Fixed Assets	(142)	
(40)	Amount by which Finance Costs Calculated in accordance with the SORP are different from the amount of Finance Costs Calculated in accordance with Statutory Requirements	22	
(53)	Difference between amounts credited to the I&E Account and amounts to be recognised under statutory provisions relating to Council Tax	10	
(3,311)	Net Charges made for Retirement Benefits in accordance with FRS 17	(3,698)	
(65,536)		(19,211)	
<b>Amounts Not Included in the Income and Expenditure Account but required by Statute to be Included when determining the Movement on the General Fund Balance for the Year</b>			
759	Minimum Revenue Provision for Capital Financing	891	
1,551	Capital Expenditure Charged in Year to the General Fund Balance	1,077	
(717)	Transfer from Usable Capital Receipts to meet Payments to the Housing Capital Receipts Pool	(566)	
2,696	Employer's Contributions Payable to the Norfolk County Council Pension Fund and Retirement Benefits Payable Direct to Pensioners	2,753	
4,289		4,155	
<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the Year</b>			
(1,177)	Housing Revenue Account	896	
0	Voluntary Revenue Provision for Capital Financing	0	
(85)	Net Transfer to or from Earmarked Reserves	(512)	
(1,262)		384	
(62,509)	<b>Net Additional Amount required to be Credited to the General Fund Balance for the Year</b>	(14,672)	

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

<b>2008/09</b> <b>£000</b>		<b>2009/10</b> <b>£000</b>
62,521	(Surplus) / Deficit for the Year on the Income and Expenditure Account	15,069
4,862	(Surplus) / Deficit arising on Revaluation of Fixed Assets	(19,042)
12,844	Actuarial (Gains) / Losses on Pension Fund Assets and Liabilities	26,522
11	Other (Gains)/Losses in the Year – Movement on the Collection Fund Balance	0
<u>80,239</u>	Total Recognised (Gains) / Losses for the Year	<u>22,549</u>

Changes under the 2009 SORP have resulted in prior period adjustments totalling £53k to the accounts (see note 13 for full details). A reconciliation is shown below:

	£'000
Opening (Surplus)/Deficit for Year on the Income and Expenditure Account	62,468
Collection fund adjustments	53
Revised (Surplus)/Deficit for the Year on The Income and Expenditure Account Above	62,521

## BALANCE SHEET

31 March 2009	Notes	31 March 2010	
£000		£000	£000
<b>Restated</b>			
0	<b>Intangible Fixed Assets</b>		25
	<b>Tangible Fixed Assets</b>		
	Operational Assets:		
221,443	- Council Dwellings	216,911	
22,337	- Other Land and Buildings	29,330	
3,264	- Vehicles, Plant and Equipment	3,555	
12,198	- Infrastructure Assets	11,729	
6,296	- Community Assets	5,718	
<b>265,538</b>			267,243
	Non-Operational Assets:		
28,062	Investment Properties	28,992	
4,369	Assets Under Construction	1,616	
53	Surplus Assets, Held for Disposal	262	
32,484			30,870
<b>298,022</b>	<b>Total Fixed Assets</b>		<b>298,138</b>
	Long-Term Debtors:		
25	Mortgages	25	
2,769	Other	2,244	
2,794			2,269
<b>300,816</b>	<b>Total Long Term Assets</b>		<b>300,407</b>
	<b>Current Assets</b>		
63	Stocks and Work in Progress	52	
11,983	Debtors	12,172	
0	Short-Term Investments	0	
12	Cash In Transit	47	
288	Cash at Bank	27	
12,346			12,298
<b>313,162</b>	<b>Total Assets</b>		<b>312,705</b>
	<b>Current Liabilities</b>		
(5,186)	Loans Repayable within 12 Months	(2,138)	
(10,607)	Creditors	(14,517)	
0	Bank Overdraft	0	
(15,793)			(16,655)
<b>297,369</b>	<b>Total Assets Less Current Liabilities</b>		<b>296,050</b>
(33,797)	Long Term Borrowing	(31,762)	
0	Provisions	0	
(880)	Deferred Liabilities	(836)	
(29,871)	Pensions Liability	(57,338)	
(281)	Long Term Creditors	(166)	
(11,855)	Deferred Government Grants	(7,812)	
(76,684)			(97,914)
<b>220,685</b>	<b>Total Assets Less Liabilities</b>		<b>198,136</b>

5,849	Revaluation Reserve	35		24,843
236,886	Capital Adjustment Account	36		221,569
(698)	Financial Instruments Adjustment Account	37		(202)
991	Usable Capital Receipts Reserve	38		1,943
918	Major Repairs Reserve	13(HRA)		714
(29,871)	Pensions Reserve	46		(57,338)
3,949	Earmarked Reserves	39		3,437
	<b>Revenue Balances</b>			
1,856	General Fund	11	1,459	
834	Housing Revenue Account	11	1,730	
(30)	Collection Fund Adjustment Account	11	(19)	
2,660				3,170
<b>220,685</b>	<b>Total Equity</b>			<b>198,136</b>

**S G Duncan, ACA**  
**Head of Financial Services**

**CASH FLOW STATEMENT**

2008/09 £000		Notes	2009/10 £000	2009/10 £000	2009/10 £000
<b>(6,210)</b>	<b>Net Revenue Activities Cash Flow</b>	48			<b>(4,181)</b>
	<b>Cash Outflows</b>				
1,456	Interest Paid on Money we have borrowed			2,072	
	<b>Cash Inflows</b>				
(382)	Interest Received from investment of surplus cash			(75)	
<b>1,074</b>	<b>Servicing of Finance Net Cash Flow</b>			<u>          </u>	<b>1,997</b>
	<b>Capital Activities</b>				
	<b>Cash Outflows</b>				
11,380	Purchase of Fixed Assets		5,435		
8,317	Other Capital Cash Payments		<u>764</u>		
<b>19,697</b>				6,199	
	<b>Cash Inflows</b>				
(2,092)	Sale of Fixed Assets		(3,373)		
0	Investments Matured in Year		(382)		
(1,704)	Capital Grants Received	51	(841)		
(53)	Other Capital Cash Receipts	51	<u>(5,018)</u>		
<u>(3,849)</u>				<u>(9,614)</u>	
<b>15,848</b>	<b>Capital Activities Net Cash Flow</b>				<b>(3,415)</b>
<b>10,712</b>	<b>Net Cash (Inflow) / Outflow Before Financing</b>				<b>(5,599)</b>
<b>(4,165)</b>	<b>Management of Liquid Resources</b>	52			<b>480</b>
<b>6,547</b>					<b>(5,119)</b>
	<b>Financing</b>				
	<b>Cash Outflows</b>				
41	Repayment of amounts borrowed				5,230
115	Capital element of Finance Lease Rental				115
	<b>Cash Inflows</b>				
(9,035)	New Loans Raised				<u>0</u>
<b>(2,332)</b>	<b>(Increase) / Decrease in Cash</b>				<b>226</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

#### 1. GENERAL

The analysis of services used is based on CIPFA's Statement of Recommended Practice and Best Value Accounting Code of Practice Classification with certain main headings split to provide more detail.

#### 2. TRADING OPERATIONS

The Council operates an open – air market in the centre of Great Yarmouth. It also has considerable property investment in its Corporate Estate. The results for these activities were:

	2008/09 £000	2009/10 £000
<b>Market:</b>		
Income from Rents	(539)	(513)
Expenditure	300	437
Surplus	<u>(239)</u>	<u>(76)</u>
<b>Corporate Estate</b> (Incl Seafront Concessions)		
Income from Rents	(2,853)	(2,428)
Media Rights Receipt from Northern Racing	(35)	(35)
Expenditure	764	742
Capital Charges	(1)	(1,097)
Surplus	<u>(2,125)</u>	<u>(2,818)</u>
	<u><u>(2,364)</u></u>	<u><u>(2,894)</u></u>

#### 3. AGENCY INCOME AND EXPENDITURE

There is a Management Agreement in place between Great Yarmouth Borough Council and South Norfolk District Council to collect excess charges relating to car parks in Loddon, Diss and Wymondham. The income received for this arrangement in 2009/10 amounted to £18,430, 2008/09 amounted to £11,766 and in 2007/08 £8,822.

HomeSelect is a sub regional choice based lettings scheme covering the Great Yarmouth and Waveney District Council areas. GYBC administer the waiting list for both areas and also allocate most of the social housing across the sub region. We receive income from WDC and all the Housing Associations who are part of the current HS scheme for this work.

The income received for this arrangement in 2009/10 amounted to £198,385.96, of which, £149,900.67 was from WDC. In 2008/09 the amount received was £209,153.50, of which, £163,930.60 was from WDC.

Great Yarmouth Borough Council has a contract with the London Borough of Camden to do 'right to buy' work, but the income is minimal at present. GYBC also provides a CPO consultancy service for other councils in England and Wales. The income for this in 2009/10 was £47,450.

From 1st April 2008 Great Yarmouth Borough Council as a billing authority undertook the collection of NNDR on behalf of Department of Communities & Local Government. This is on an Agency basis. The income received for this arrangement in 2009/10 amounted to £191,385, and in 2008/09 £189,873.

#### 4. GENERAL GOVERNMENT GRANTS

The authority received the following grants in 2009/10:

	2008/09 £000	2009/10 £000
Area Based Grant	(4,664)	(4,760)
Housing Delivery & Planning Grant	0	(108)
Revenue Support Grant	(1,275)	(1,990)
Non Domestic Rates	(9,159)	(8,623)
LABGI	(211)	(41)
	<u>(15,309)</u>	<u>(15,522)</u>

#### 5. MEMBERS' ALLOWANCES

The total Members' Allowances for 2009/10 were £208,261 and expenses totalled £6,030. (2008/09 £213,076 member allowances, £6,576 expenses).

Information regarding Members' Allowances is published in the local press. Further details are available from the Head of Financial Services.

#### 6. OFFICERS' REMUNERATION

As a requirement of The Accounts and Audit (Amendment No.2) (England) Regulations 2009, the remuneration of Senior Officers is disclosed in the table below:

Post Title	Salary 2008/09	Expenses 2008/09	Pension contri- butions 2008/09	Total 2008/09	Salary 2009/10	Expenses 2009/10	Pension contri- butions 2009/10	Total 2009/10
Managing Director	104,500	2,400	24,600	131,500	107,600	2,500	24,600	134,700
Executive Director	95,400	1,300	20,000	116,700	92,800	1,700	20,000	114,500

As a requirement of the Accounts and Audit Regulations (Amendment No. 2) (England) 2009, the number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 was:

Remuneration Band	2008/09 Number of Employees	2009/10 Number of Employees
£50,000 - £54,999	2	1
£55,000 - £59,999	1	3
£60,000 - £64,999	6	5
£65,000 - £69,999	-	1
£70,000 - £74,999	-	-
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-

	2008/09 Number of Employees	2009/10 Number of Employees
£90,000 - £94,999	-	1
£95,000 - £99,999	1	-
£100,000 - £104,999	1	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	1
£115,000 - £119,999	-	-
£120,000 - £129,999	-	-

The remuneration above includes all salary costs which may include redundancy payments.

## 7. RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions between related parties - bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council.

Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Council.

Members of the Council have direct control over the Council's financial and operational policies. During 2009/10, there were no significant contracts commissioned from companies in which Members had an interest. Any transactions with such companies were entered into in full compliance with the Council's standing orders. Grants totalling £1,142,850 (£897,980 2008-09) were paid to organisations in which nine members had an interest. Included in this were payments of £730k to Great Yarmouth Sports and Leisure Trust and £200k to Seachange Arts Board. The grants were made with proper consideration of declarations of interest and the relevant Members did not take part in any decision relating to the grants. Details of all businesses and organisations with which Members have connections are recorded in the Register of Members Interests.

Senior Officers of the Council have control over the day to day management of the Council and are therefore required to declare any related party transactions. One Senior Officer had an interest in a company which contracts printing works with the Council.

Details of transactions arising from funding arrangements with Central Government are detailed in Note 51 to the Cash Flow Statement, and with Precepting authorities on the face of the Collection Fund. Transactions with the Pension Fund administered by Norfolk County Council are covered in Note 46 to the accounts.

The Council has a 19% share in Great Yarmouth Racing Ltd, the lessees of the racecourse. The Council received income of £167,051 (£167,000 2008-09) from that interest in 2009/10.

The Council also received £NIL (£271,000 2008-09) from Great Yarmouth Port Authority with whom the Council has Member involvement.

There are no other material party transactions in 2009/10 which are not disclosed elsewhere in the statement of accounts.

**8. FEES PAYABLE TO THE AUDIT COMMISSION**

In 2009/10 Great Yarmouth Borough Council incurred the following fees relating to external audit and inspection:

	2008/09 £000	2009/10 £000
Fees Payable to the Audit Commission with regard to External Audit Services carried out by the Appointed Auditor	156	143
Additional Fees	0	0
Fees Payable to the Audit Commission in respect of Statutory Inspection	8	28
Fees Payable to the Audit Commission for the Certification of Grant Claims and Returns	83	125
Fees Payable in respect of Other Services Provided by the Appointed Auditor	0	0
	<u>247</u>	<u>296</u>

**9. FINANCIAL INSTRUMENTS GAINS AND LOSSES**

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

	Financial Liabilities	Financial Assets		Total
	Liabilities measured at amortised cost	Loans and Receivables	Available for Sale Assets	
<b>2009-10</b>	£000	£000	£000	£000
Interest Payable and Similar Charges	(1,672)	0	0	(1,672)
Decrease in Bad Debt Provision	0	218	0	218
Impairment of Investments	0	0	0	0
<b>Interest Payable &amp; Similar Charges</b>	<b>(1,672)</b>	<b>218</b>	<b>0</b>	<b>(1,454)</b>
Interest Income	0	142	0	142
<b>Interest &amp; Investment Income</b>	<b>0</b>	<b>142</b>	<b>0</b>	<b>142</b>
<b>Net gain / (loss) for the year</b>	<b>(1,672)</b>	<b>360</b>	<b>0</b>	<b>(1,312)</b>
<b>2008-09</b>	£000	£000	£000	£000
Interest Payable and Similar Charges	(1,567)	0	0	(1,567)
Increase in Bad Debt Provision	0	(140)	0	(140)
Impairment of investments	0	(634)	0	(634)
<b>Interest Payable &amp; Similar Charges</b>	<b>(1,567)</b>	<b>(774)</b>	<b>0</b>	<b>(2,341)</b>
Interest Income	0	359	0	359
<b>Interest &amp; Investment Income</b>	<b>0</b>	<b>359</b>	<b>0</b>	<b>359</b>
<b>Net gain / (loss) for the year</b>	<b>(1,567)</b>	<b>(415)</b>	<b>0</b>	<b>(1,982)</b>

**10.(GAIN)/LOSS ON DISPOSAL OF FIXED ASSETS**

The authority made the following loss on disposal of fixed assets in 2009/10:

	2008/09 £000	2009/10 £000
Sale Proceeds from Disposal of Fixed Assets	(1,272)	(3,627)
Less: Carrying Amount of Assets	1,469	5,154
Disposal Costs	41	15
Balances outstanding in Government Grants Deferred	(478)	(1,321)
Overage etc. Received in Year	(221)	(75)
Prior Period Adjustment – EEDA Receipts	924	0
	<u>463</u>	<u>146</u>

**NOTES TO THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****11. MOVEMENTS ON RESERVES**

	Balance as at 1 Apr 09 £000	Net Gains / (Losses) £000	Balance as at 31 Mar 10 £000	Purpose of Reserve	Further Details of Movements
Revaluation Reserve	5,849	18,994	24,843	Supports capital accounting mechanisms - Store of gains on revaluation of fixed assets	Note 35
Capital Adjustment Account	236,886	(15,317)	221,569	Supports capital accounting mechanisms - Store of capital resources set aside to meet past expenditure	Note 36
Financial Instruments Adjustment Account	(698)	496	(202)	Holds the accumulated difference between the financing costs included in the Income & Expenditure Account and the accumulated financing costs of financial instruments required in accordance with regulations to be charged to the General Fund Balance and HRA balance	Note 37
Usable Capital Receipts Reserve	991	952	1,943	Proceeds of fixed asset sales available to meet future capital investment	Note 38
Pensions Reserve	(29,871)	(27,467)	(57,338)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 46

	Balance as at 1 Apr 09	Net Gains / (Losses)	Balance as at 31 Mar 10	Purpose of Reserve	Further Details of Movements
Housing Revenue Account	834	896	1,730	Resources available to meet future running costs for council houses	
Major Repairs Reserve	918	(204)	714	Resources available to meet capital investment in council housing	Note 13 to the HRA Statements
Collection Fund Adjustment Account	(30)	11	(19)	An independent account for income relating to council tax and non-domestic rates	Page 82
General Fund Balance	1,856	(397)	1,459	Resources available to meet future running costs for non-housing services	
Earmarked Reserves	3,949	(512)	3,437	Useable resources set aside for individual purposes	See Note 39 for further analysis
<b>Total</b>	<b>220,685</b>	<b>(22,549)</b>	<b>198,136</b>		

#### 11a. COLLECTION FUND BALANCE

The balance on the Collection Fund represents a deficit from the council tax transactions and the few remaining community charge transactions. The deficit is shared with Norfolk County Council and Norfolk Police Authority broadly in proportion to their and Great Yarmouth Borough Council's council taxes. The balance is attributed as follows:

	31 March 2009 £000	31 March 2010 £000
Norfolk County Council	220	128
Norfolk Police Authority	36	22
Great Yarmouth Borough Council	30	19
(Surplus)/Deficit	<u>286</u>	<u>169</u>

**NOTES TO THE BALANCE SHEET****12. INTANGIBLE FIXED ASSETS**

Intangible fixed assets are those items which, although the cost incurred in their acquisition is of a capital nature there is no physical tangible asset to show.

As at the balance sheet date the Council held the following intangible assets:

	<b>Purchased Software Licences</b>	<b>Licences, trademarks and artistic originals</b>	<b>Patents</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Original Cost	-	-	-	-
Amortisation to 1 April 2009	-	-	-	-
<b>Balance as at 1 April 2009</b>	-	-	-	-
Expenditure in Year	25	-	-	25
Written off to revenue in year	-	-	-	-
<b>Balance as at 31 March 2010</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>25</b>

**13. PRIOR YEAR ADJUSTMENT**

The Council has restated the 2008/09 balance sheet and cashflow to take into account the 2009 SORP changes to the Collection Fund. Following detailed consideration of the role performed by authorities responsible for collecting council tax, the 2009 SORP concludes billing authorities (Great Yarmouth Borough Council) act as agents, collecting council tax on behalf of the major preceptors (Norfolk County Council and Norfolk Police Authority) and itself. Council tax transactions and balances therefore need to be allocated between the billing authority and major preceptors. For NNDR taxpayers' debtor and creditor balances and impairment allowance for doubtful debts are not Balance Sheet items of the billing authority since it acts as an agent of the Government when collecting NNDR. Under the 2009 SORP the correct debtor/creditor position that needs to be recognised in the billing authority's Balance Sheet is the amount of cash collected from NNDR taxpayers (less the amount retained in respect of the billing authority's cost of collection allowance) that has not yet been paid to the Government or has been overpaid to the Government on the Balance Sheet.

The tables below show the original figures included in the 2008/09 statement of accounts and the restated balances:

**Extract from the Balance Sheet**

	2008/09	2008/09 Restated	Variance
Debtors	12,766	11,983	(783)
Creditors	(11,390)	(10,607)	783

**Debtors Analysis**

	2008/09	2008/09 Restated
Amounts falling due in one year:		
Non Domestic Rate Arrears	1,179	0
Council Tax Arrears	1,976	248
Housing Rent Arrears	1,011	1,011
Precepting Authorities	0	582
Government Departments	3,925	4,285
Customs VAT	504	504
Rent Allowances	1,111	1,111
Sundry Debtors	6,096	5,839
Pooled receipts - DCLG	0	0
	<u>15,802</u>	<u>13,580</u>
Provision for Doubtful Debts	(3,036)	(1,598)
	<u>12,766</u>	<u>11,982</u>

**Creditor Analysis**

	2008/09	2008/09 Restated
	£000	£000
Government Departments	2,623	2,623
Inland Revenue	0	0
Council Tax in Advance	636	105
Non-Domestic Rates in Advance	252	0
Housing Rents in Advance	265	265
Sundry Creditors	7,614	7,614
Collection Fund	0	0
	<u>11,390</u>	<u>10,607</u>

**14. MOVEMENT OF FIXED ASSETS**

	Balance as at 1 April 2009	In Year Adjustment	Additions	Disposals	Revaluations	Impairments	Depreciation	Reclassifications	Balance as at 31 March 2010
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Intangible Assets</b>									
Computer Software Licences	0	0	25	0	0	0	0	0	25
<b>Operational Assets</b>									
Council Dwellings	221,443	(39)	4,766	(546)	8,838	(13,646)	(3,905)	0	216,911
Other Land and Buildings	22,337	0	133	0	7,706	(111)	(505)	(230)	29,330
Community Assets	6,296	0	110	0	0	0	(11)	(677)	5,718
Infrastructure Assets	12,198	0	335	0	0	0	(804)	0	11,729
Vehicles, Plant and Equipment	3,264	0	389	0	0	0	(1,124)	1,026	3,555
	265,538	(39)	5,733	(546)	16,544	(13,757)	(6,349)	119	267,243
<b>Non- Operational Assets</b>									
Investment Properties	28,062	0	17	(3,436)	2,530	(1,434)	0	3,253	28,992
Assets under Construction	4,369	0	921	(52)	0	0	0	(3,622)	1,616
Assets Held for Disposal	53	0	985	(1,120)	113	(19)	0	250	262
	32,484	0	1,923	(4,608)	2,643	(1,453)	0	(119)	30,870
<b>Total Fixed Assets</b>	298,022	(39)	7,681	(5,154)	19,187	(15,210)	(6,349)	0	298,138

**15. VALUATIONS OF FIXED ASSETS**

The freehold and leasehold properties which comprise the Authority's property portfolio were originally valued as at 1 April 1994 by the Borough Council's Valuer and Estates Surveyor, R A Pickles ARICS, on the under-mentioned basis in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors. Values have been updated and all properties re-valued on a five-year rolling programme, the most recent being carried out during this financial year by the Council's Head of Property Services, R R Neve B.Sc, MRICS. Asset values have been reviewed for compliance with FRS 11, FRS 15 and SORP 2009.

Gross book value for Council dwellings takes account of the annual revaluation of the housing stock at 31 March 2010 and the impact of additions and disposals during 2009/10.

Overall, the value of the Council's assets remained relatively stable between 1 April 2009 and 31 March 2010.

As set out in the Statement of Accounting Policies, council dwellings are valued on the basis of Existing Use Value for Social Housing (EUV-SH). The Existing Use Value (essentially the sale value of a property assuming vacant possession) is adjusted by a factor to obtain EUV-SH which reflects the value of a property if it were sold with sitting tenants enjoying rent at less than in an open market and tenants' rights including Right to Buy. The adjustment factor is determined at regional level by the various government offices. For 2009/10, the regional adjustment factor for the East of England was 46% (46% in 2008/09).

Beacon properties were inspected and valued, these valuations were then adjusted and applied across the rest of the housing stock according to archetype groups

Properties regarded by the Authority as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost.

Properties regarded by the Authority as non-operational have been valued at market value. Further information is contained within the Statement of Accounting Policies (see page 9).

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets:

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Investment Properties £000	Total £000
Valued at Historical Cost	0	124	3,555	0	3,679
Valued at Current Value in:					
2005/06	0	2,771	0	8,284	11,055
2006/07	0	914	0	855	1,769
2007/08	0	1,867	0	7,978	9,845
2008/09	0	1,660	0	2,502	4,162
2009/10	216,911	21,994	0	9,373	248,278
	<u>216,911</u>	<u>29,330</u>	<u>3,555</u>	<u>28,992</u>	<u>278,788</u>

## 16. ANALYSIS OF FIXED ASSETS

The major tangible fixed assets owned by the Council as at 31 March 2010:

	2009/10
Council Dwellings	6,086
Municipal Offices	4
Depots and Workshops	74
Car Parks	33
Coach Station	1
Leisure Centres and Swimming Pools	1
Market	1
Crematorium	1
Cemeteries	6
Piers	2

**17. ANALYSIS OF COMMUNITY ASSETS**

During 2009/10, the Council held the following significant community assets:

	2009/10
Parks / Open Spaces / Gardens	61
Recreation Grounds	11
Statues / Monuments	4

**18. CAPITAL EXPENDITURE AND FINANCING****a) CAPITAL EXPENDITURE**

The main items of capital expenditure during the financial year were:

	2008/09 £000	2009/10 £000
Council Dwellings Improvements	5,188	4,766
Private Sector Improvement Grants (incl. DFG's) & Loans	1,329	1,167
Parks, Recreation and Playgrounds Improvements	269*	182
Parkway Scheme	313	139
LEGI	881	223
Winter Gardens	86	43
St Georges & King Street Project	142	1,838
Environmental Improvements – Runham Vauxhall	0	2
Conservation Projects:		
- Courts, Market Row	85	17
- Market Row South	3	0
- Boultons, North Quay	3	296
- Bretts Market Row	1,915	84
Administrative Offices	1,886	83
Beacon Park / South Gorleston Development Area	129	231
Marine Parade Reconstruction Phase II	744	257
Wellington Pier Refurbishment	6	0
Outer Harbour Contribution	454	0
Coast Protection	52	0
Sharp Project / SHIP / Norfolk & Waveney Equity Loan Scheme	1,397	748
Sea Front Shelters	161	7
Footway Lighting	365	325
Crematorium	9	9
Wellesley Pavilion	0	105
Disability Discrimination Act Works	1	0
Computer Equipment / Software	64	30
Integrated Service Centre	(37)	0
CCTV and Other Equipment	172	172
Icelandic Investment Impairment	0	400
Grants & contributions to third parties	46*	225
Other smaller projects	192	1,060
	15,855	12,409

\* 2008-9 comparative figures restated for grants for sports pitch & sports pavilion.

**b) CAPITAL FINANCING REQUIREMENT**

	2008/09	2009/10
	£000	£000
Opening Capital Financing Requirement	39,011	43,888
Post Audit Adjustment for 2007/08	(891)	-
Capital Investment:		
Operational Assets	8,874	5,759
Non – operational Assets	2,514	1,922
Home Improvement Loans	458	445
Revenue Expenditure Financed from Capital under Statute	4,009	4,283
Sources of Finance:		
Capital receipts	(2,034)	(2,156)
Government Grants and External Contributions	(5,497)	(7,356)
Revenue Contributions	(1,551)	(1,077)
Other Sums Set Aside from Revenue (Including MRP)	(759)	(891)
Work in Progress Capital Expenditure Charged to Revenue	(246)	-
	<u>43,888</u>	<u>44,817</u>
Explanation of Movement in Year:		
Increase in Underlying Need to Borrow (Supported Borrowing)	300	300
Increase in Underlying Need to Borrow (Unsupported Borrowing)	5,468	629
Closing Capital Financing Requirement	<u>5,768</u>	<u>929</u>

Of the £12.41m used to finance the 2009/10 Capital Programme, £5.05m (40.7%) came from internal resources and £7.36m (59.3%) came from external funding sources.

**19. SIGNIFICANT COMMITMENTS UNDER CAPITAL CONTRACTS**

As at 31 March 2010, the Council held significant commitments under capital contracts which totalled £1.6m. Of this amount, £826k relates to the St George's & King Street project.

**20. DEPRECIATION**

Depreciation is calculated by writing off the value of the asset over its assessed useful life as shown in the table below:

	Useful Lives in Years
Council dwellings	Based on Major repairs Allowance
Other land & Buildings	10 – 50
Vehicles & Plant	5 – 20
Infrastructure Assets	5 – 50
Community Assets	5 – 50
Intangible Assets	5
Non – Operational Assets	N/A

**21. OPERATING LEASE RENTALS****a) LEASED ASSETS – RENTALS PAYABLE**

The Council has entered into operating leases for the use of vehicles and equipment.

Total rentals paid in 2009/10 were £259,603 (2008/09 £253,379).

Leases have been extended by agreement where the original has expired.

As at 31 March 2010, the Council is committed to making payments of £218,107 under these leases as follows:

	£000
Leases Expiring:	
Within 1 Year	43
2 – 5 Years	175
Over 5 Years	0

**b) LEASED ASSETS – RENTALS RECEIVABLE**

The Council acts as a lessor for a number of properties. The income derived from these operating leases is set out in the table below:

	Income	Asset Value	Depreciation	Net Book Value
	£000	£000	£000	£000
Coach Station	17	98	(14)	84
Seafront Concessions	792	7,941	(31)	7,910
Pay & Display - Rentals	7	1,213	(72)	1,141
Off Street Parking - Rentals	4	173	(0)	173
Corporate Estate	1,410	13,748	(1)	13,747
Nursery Units	111	444	(0)	444
	<u>2,341</u>	<u>23,617</u>	<u>(118)</u>	<u>23,499</u>

**22. FINANCE LEASE RENTALS**

The Council acquired some wheelie bins in 2006/07 under finance leases. The rentals payable under these arrangements in 2009/10 were £121,175 (£121,175 2008/09) of which £5,870 has been charged to the Income and expenditure account (debited as interest payable) and £115,305 relating to the write-down of obligations to the lessor. The future obligations relating to the Council's finance leases net of finance charges is:

	2008-09	2009-10
	£000	£000
Obligations Payable:		
Within 1 Year	115	115
2 – 5 Years	281	166
Over 5 Years	0	0
Total Liabilities at 31 March 2010	<u>396</u>	<u>281</u>

**23. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in, or remain matched with assets controlled by the Authority. Examples include expenditure on Home Improvement Grants or works carried out on properties not owned by the Authority. All expenditure of this kind is charged to the Income and Expenditure Account in the year it is incurred but financed from capital resources so that it does not impact on council tax.

**24. LONG TERM INVESTMENTS**

Long term investments are funds that have been placed with counterparties such as banks or building societies for a period in excess of 365 days. During 2009/10 the Council held no long term investments.

**25. LONG TERM DEBTORS**

	Outstanding as at 31 March 2009 £000	Transfer to Debtors < 1 year £000	Loans Made £000	Fair Value Adjs £000	Loans Repaid £000	Outstanding as at 31 March 2010 £000
Home Improvement Loans	1,076		445	(55)	(16)	1,449
Mortgages	25	0	0	0	(1)	25
Heritable Bank – Deposit	1,221	(103)	0	0	(709)	409
Other	472	(50)	0	(18)	(18)	386
	<u>2,794</u>	<u>(153)</u>	<u>445</u>	<u>(73)</u>	<u>(744)</u>	<u>2,269</u>

**Heritable Bank – Deposit**

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Guitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had £2m deposited with Heritable, with a maturity date of 15 October 2008, at an interest rate of 5.87%.

The creditor progress report issued by the administrators Ernst and Young, dated 28 January 2010 outlined that the return to creditors was projected to be 79p to 85p in the £ by end 2012. Three instalments totalling £709k have been repaid in 2009/10 with a further £400k repayment being anticipated in 2010/11.

Heritable bank is a UK registered bank under Scottish law. The company was placed in administration on 7 October 2008. The authority has therefore decided to recognise an impairment based on it recovering 80p in the £. It is anticipated that there will be some front loading of these repayments and that a final sale of assets will take place after the books have been run down to the end of 2012. Therefore, in calculating the impairment the Authority has made the following assumptions re timing of recoveries:

June 2010 –5%  
Sept 2010 – 5%  
Dec 2010 – 5%

March 2011 – 5%  
 June 2011 – 5%  
 Sept 2011 – 5%  
 Dec 2011 – 5%  
 March 2012 – 5%  
 June 2012 – 5%  
 Sept 2012 – 5%

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

The Council requested authority to capitalise the impairment loss, which was granted in 2009. £400k has been capitalised in year.

## 26. STOCKS AND WORK IN PROGRESS

	As at 31 March 2009 £000	As at 31 March 2010 £000
Central Services	<u>63</u>	<u>52</u>

## 27. DEBTORS

	As at 31 March 2009 £000	As at 31 March 2010 £000
Amounts falling due in one year:		
Council Tax Arrears	248	238
Housing Rent Arrears	1,011	888
Precepting Authorities	582	359
Government Departments	4,285	5,603
Customs VAT	504	64
Rent Allowances	1,111	534
Sundry Debtors	5,839	5,865
Pooled receipts - DCLG	0	0
	<u>13,580</u>	<u>13,551</u>
Provision for Doubtful Debts	<u>(1,598)</u>	<u>(1,379)</u>
	<u>11,982</u>	<u>12,172</u>

**28. FINANCIAL INSTRUMENT BALANCES**

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long Term		Current	
	31 March	31 March	31 March	31 March
	2009	2010	2009	2010
	£000	£000	£000	£000
<b>Financial Liabilities (Principal only):</b>				
Public Works Loans Board	22,949	20,883	3,074	2,066
Money Market Loans - LOBOs	10,000	10,000	0	0
Other Money Market Loans	500	500	0	0
Breckland Council	0	0	2,000	0
Charitable Loans	0	0	112	72
<b>Total Principal</b>	<b>33,449</b>	<b>31,383</b>	<b>5,186</b>	<b>2,138</b>
Financial Liabilities at Amortised Cost	33,797	31,762	5,186	2,138
Financial Liabilities at Fair Value Through Profit and Loss	0	0	0	0
<b>Total Borrowings</b>	<b>33,797</b>	<b>31,762</b>	<b>5,186</b>	<b>2,138</b>
Loans and Receivables (Principal only)	0	0	0	0
Loans and Receivables	0	0	0	0
Available-for-Sale Financial Assets	0	0	0	0
Unquoted Equity Investment at Cost	0	0	0	0
	0	0	0	0

The maturity of the PWLB long term loans principal is analysed below:

Source Of Loan	Range of Interest Rates Paid	31 March 2009	31 March 2010
	%	£000	£000
Public Works Loan Board	1.599 – 9.089	26,023	22,949
<b>PWLB Loans:</b>			
Analysis By Maturity		£000	£000
Maturing in 1 – 2 Years		5,139	2,119
Maturing in 2 – 5 Years		1,113	3,074
Maturing in 5 – 10 Years		6,766	4,752
Maturing in 10 – 15 Years		2	2
Maturing in 15 – 20 Years		2	2
Maturing in 20 – 25 Years		1	0
Maturing in 25 – 30 Years		0	0
Maturing in 30 – 35 Years		0	0
Maturing in 35 – 40 Years		5,000	5,000
Maturing in 40 – 45 Years		4,000	6,000
Maturing In More than 45 Years		4,000	2,000
		26,023	22,949

## 29. FAIR VALUES OF ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

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

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

<b>Financial Liabilities</b>	31 March 2009		31 March 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
PWLB Debt	26,023	27,613	22,949	23,702
Non – PWLB Debt	10,500	10,480	10,500	10,452
Breckland Council	2,000	2,000	0	0
Charitable Loans	112	112	72	72
<b>Total Debt</b>	<b>38,635</b>	<b>40,205</b>	<b>33,521</b>	<b>34,226</b>
Trade Creditors	7,879	7,879	10,294	10,294
<b>Total Financial Liabilities</b>	<b>46,514</b>	<b>48,084</b>	<b>43,815</b>	<b>44,520</b>

The fair value is greater than the carrying amount as at 31 March 2010 because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date.

<b>Loans and Receivables</b>	31 March 2009		31 March 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Money Market Loans < 1 year	0	0	0	0
Money Market Loans > 1 year	0	0	0	0
Home Improvement Loans	1,334	1,076	1,779	1,449
Mortgages	25	25	25	25
Heritable Bank	1,221	1,221	409	409
Other Long term Debtors	472	472	386	386
Trade Debtors	8,191	8,191	5,769	5,769
<b>Total Loans and Receivables</b>	<b>11,243</b>	<b>10,985</b>	<b>8,368</b>	<b>8,038</b>

The differences are attributable to fixed interest instruments payable being held by the Council whose interest rate is higher than the prevailing rate estimated to be available at 31 March. This increases the fair value of financial liabilities and raises the value of loans and receivables.

The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each Balance Sheet date and include accrued interest. The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments.

### **30. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS AND HOW THE COUNCIL MANAGES THOSE RISKS**

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

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

#### **Overall Procedures for Managing Risk**

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

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

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

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 19 February 2009 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2009/10 was set at £46m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £41m. This is the expected level of debt and other long term liabilities during the year.
- The maximum amount of fixed interest rate exposure was set at 11% based on the Council's net debt. The Council has no exposure to variable interest rates.

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

### **Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

The risk is minimized through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied. Details of the Investment Strategy can be found on the Council's website. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term of F1, Long Term A-, Support 3 and Individual C (Fitch or equivalent rating), with the lowest available rating being applied to the criteria.
- UK institutions provided with support from the UK Government
- Building societies who are assigned a credit rating and meet the criteria set out above.

The full Investment Strategy for 2009/10 was approved by Full Council on 19 February 2009 and is available on the Council's website.

The following analysis summarises the Authority's potential maximum exposure to credit risk. The table (composite defaults from Fitch, Standard & Poors and Moody's) gives details of global corporate finance average cumulative default rates (including financial organizations) for the period since at least 1990 to 2009. Defaults shown are by long term rating category on investments out to one year, which were the most commonly held investments during the year.

	Amount at 31 March 2010	Historical Experience of Default	Adjustment for Market Conditions at 31 March 2010	Estimated Maximum Exposure to Default £000
	£000	%	%	
Deposits with Banks and Building Societies (Heritable)	815	0	0	0
Trade Debtors	2,056	3.33	3.33	68
	<u>2,871</u>			<u>68</u>

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £2m invested in this sector at that time. In accordance with accounting practice the Council has been notified of objective evidence that impairment has occurred and the investments have been impaired according to accounting requirements. The impact of the principal invested has been mitigated in the accounts according to government regulations, although all related investment income has been fully impaired.

Whilst the current credit crisis in international markets has raised the overall possibility of default the Council maintains strict credit criteria for investment counterparties.

The Council does not generally allow credit for its trade debtors, such that £833k of the £2.110m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	£000
Less than three months	83
Three to six months	202
Six months to one year	55
More than one year	493
	<u>833</u>

Collateral – During the reporting period the council held no collateral as security.

### Liquidity risk

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

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through comprehensive cash flow management procedures, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

### Refinancing and Maturity Risk

The Council maintains a significant debt portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature.

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

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

	Approved Maximum Limits	Approved Minimum Limits	Actual 31 March 2010 £000s	Actual 31 March 2009 £000s
Less than one year	25%	0%	2,138	3,230
Between one and two years	40%	0%	54	2,066
Between two and five years	60%	0%	3,074	1,113
Between five and ten years	80%	0%	4,750	6,766
More than ten years	100%	0%	23,505	23,505
			33,521	36,680

### Market risk

**Interest rate risk** - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

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

- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the STRGL, unless the investments have been designated as fair value through the Income and Expenditure Account, in which case the losses will be posted to the Income and Expenditure Account.

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

**Foreign exchange risk** - The Council has a very small value of financial assets denominated in foreign currencies which is not material enough to expose the Council to any significant loss arising from movements in exchange rates.

### 31. CREDITORS

	31 March 2009 £000	31 March 2010 £000
Government Departments	2,623	3,872
Inland Revenue	0	0
Council Tax in Advance	105	109
Housing Rents in Advance	265	242
Sundry Creditors	7,614	10,294
Collection Fund	0	0
	<u>10,607</u>	<u>14,517</u>

### 32. PROVISIONS

There were no balances classified as provisions at the balance sheet date.

### 33. DEFERRED LIABILITIES

Deferred liabilities consist of liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual amount over a period of time. They include debt taken over from former councils on reorganisation where the loan management rests with another body or local authority.

In this instance they are loans taken over by Waveney District Council (£366,830) and Broadland District Council (£470,048).

**34. LONG TERM CREDITORS**

The Council has 3 wheelie bin finance leases which have been capitalised on the balance sheet with a matching liability of £165,660.

**35. REVALUATION RESERVE**

	£000
Balance as at 1 April 2009	5,849
In year adjustment to opening balance	32
Revaluations	19,188
Disposals	(45)
Depreciation due to revaluations	(92)
Impairments	(89)
Balance as at 31 March 2010	24,843

**36. CAPITAL ADJUSTMENT ACCOUNT**

The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital control system.

It should be noted that both the Revaluation Reserve and the Capital Adjustment Account are matched by Fixed Assets in the Balance Sheet; they are not resources available to the Council to spend.

	£000
Balance as at 1 April 2009	(236,886)
In year adjustment to opening balance	70
Depreciation of fixed Assets	6,258
Disposal of fixed Assets	5,154
Write out of Revaluation Gains on disposal	(45)
Capital Receipts used for Financing	(2,156)
Capital Financing from Revenue	(1,077)
Minimum Revenue Provision	(891)
Use of Capital Grants for financing	(11,400)
Capital Expenditure Funded from Revenue under Statute - Write Out	4,283
Impairments of Fixed Assets	15,121
Balance as at 31 March 2010	(221,569)

**37. FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT**

	2008/9 £000	2009/10 £000
Balance as at 1 April	(108)	(698)
- Heritable Interest Accrued	83	74
- Heritable Impairment	(633)	
- Capitalise Heritable Impairment		400
- Neutralise Finance Costs—Soft Loans	19	52
- LOBO EIR Interest	(59)	(30)
Balance as at 31 March	(698)	(202)

**38. CAPITAL RECEIPTS UNAPPLIED**

The Usable Capital Receipts Reserve represents the Capital Receipts available to finance capital expenditure in future years or to repay debt.

	2008/9 £000	2009/10 £000
Balance as at 1 April	3,137	991
- Receipts in Year	1,467	3,364
- Housing Pooled Capital Receipts	(717)	(566)
- Transferred to Capital Adjustment Account to finance new expenditure	(1,972)	(2,156)
- Adjustment for Beacon Park Receipts	(924)	310
Balance as at 31 March	991	1,943

**39. EARMARKED RESERVES**

Reserve	Balance 1 Apr 09 £000	(Added to) / Utilised in year £000	Balance 31 Mar 10 £000
Building Control	(75)	75	0
Planning Delivery Grant	(382)	43	(339)
Insurance Fund	(168)	0	(168)
Area Based Grant	(1,746)	(566)	(2,312)
Beacon Park	(254)	254	0
Parish Projects	(125)	115	(10)
SHARP Funding	(1,090)	674	(416)
Other Reserves	(109)	(83)	(192)
<b>Total</b>	<b>(3,949)</b>	<b>512</b>	<b>(3,437)</b>

Reserve	Purpose of Reserve	Plans for utilisation of the Reserve
Building control	The Building Control Reserve is a statutory ring-fenced reserve to hold surpluses from revenue operations outside the General Fund balance.	The aim of the building control function is for it to break even over a 3 year rolling period. However where surpluses have been made, they are held in this reserve and will be used to finance future service provision
Planning Delivery Grant	The Planning Delivery Grant reserve was established to voluntarily ring-fence Planning Delivery Grant to the Planning Service	The reserve is planned to be used to provide service improvements in Planning, and deliver the Local Development Framework
Insurance Fund	Provides internal insurance provision to cover excesses on external insurance policies and smaller items not covered externally.	The Council budgets for a level of excess being charged to the Service Accounts annually. Any under provision is met from the Insurance Fund, and

Reserve	Purpose of Reserve	Plans for utilisation of the Reserve
		any surplus is transferred to the fund.
Area Based Grant	Earmarks income received through area based grant. Although this is not a ring fenced grant, the Council has determined to carry an element of the grant forward to cover future planned expenditure to deliver the outcomes of Area Based Grant.	The reserve will be utilised in the years 2009/10 and 2010/11 to deliver the outcomes of Area Based Grant
Department for Work and Pensions Contingency	A reserve set up to provide for clawback of previous years' subsidy.	The reserve will be used to settle any required repayment.
Beacon Park	A reserve to cover the revenue costs of developing Beacon Park	As costs are incurred, these are offset by the reserve.
Parish Projects	This reserve allows for matched funding for projects developed by Parish Councils and other bodies.	The reserve will be used in 2010/11 as a contribution to a community centre in Filby.
SHARP Funding	This reserve provides funding to support any of the Council's capital allocation activities	The Council will utilise this funding for capital expenditure incurred in the Wellesley Rd, Sandown Rd, Euston Rd & Paget Rd areas.
Miscellaneous Revenue Reserves	Miscellaneous reserves are small in value. A full listing can be obtained from the Head of Financial Services on request.	These reserves are utilised as expenditure is incurred. No provision has been made to add to these reserves in future years.

#### 40. NET ASSETS EMPLOYED

	31 March 2009 £000	31 March 2010 £000
General Fund	(13,915)	(19,609)
Housing Revenue Account	202,169	187,137
Trading Accounts	32,431	30,608
	220,685	198,136

#### 41. CONTINGENT LIABILITIES

As at the balance sheet date the Council had no contingent liabilities.

#### 42. CONTINGENT ASSETS

As at the balance sheet date, there were no contingent assets.

### 43. EVENTS AFTER THE BALANCE SHEET

Under the CIPFA Accounting Code of Practice, the Council is required to disclose the date that the financial statements are authorised for issue. The accounts were approved at a meeting on 24 June 2010 and any further adjustments were delegated to the Head of Financial Services. They were then signed by the Leader of the Council. The Head of Financial Services authorised that the Statement of Accounts should be printed ready for audit and placed on the Council's website. Any events arising after the balance sheet date have been reflected in the accounts up to this authorised for issue date of the 28<sup>th</sup> September 2010.

The coalition government's emergency budget in June 2010 announced that from April 2011 pensions in payment would be indexed to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). Historically the CPI has usually been lower than the RPI and it is therefore likely that the Council's pension liability under FRS17 (£57.338 million at 31 March 2010) will be reduced.

The actuaries, Hymans Robertson, cannot make a detailed estimate of the impact for the Council without significant work. However, national research by them published in the Audit Commission Information Paper Local Government Pensions in England in July 2010 estimated that nationally the change could reduce the value of pension liabilities by 7%.

### 44. SECTION 106 AGREEMENTS

Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The sums are restricted to being spent only in accordance with the agreement concluded with the developer. The major balances of section 106 receipts held by the Council during the year were as follows:

Scheme	31 March		31 March	
	2009	Income	Expenditure	2010
	£000	£000	£000	£000
Hopton	(52)	0	2	(50)
Ormesby St Margaret	0	0	0	0
Winterton	0	(1)	0	(1)
Bradwell	(144)	(1)	0	(145)
Hemsby	(279)	(1)	0	(280)
Great Yarmouth	(61)	(261)	170	(152)
South				
Great Yarmouth	0	(39)	0	(39)
North				
Martham	(95)	(56)	4	(147)
Gorleston	(36)	0	0	(36)
	<u>(667)</u>	<u>(359)</u>	<u>176</u>	<u>(850)</u>

**45. TRUST FUNDS**

The Council acts as one of several trustees for three charitable trust funds. The value of the funds are for the previous two years as the charities do not complete their audited accounts until January of the following year of their financial year end. In none of these cases do the funds represent assets of the Council and they have not been included in the Balance Sheet. Details of these Trust Funds are set out below:

Trust Fund	Capital Value of Fund 2007-08 £000	Capital Value of Fund 2008-09 £000
<b>The Seachange Trust –</b> Project delivery of arts activities in partnership with local artist and organisations and operates the Arts Development Agency on behalf of the Council	150	118
<b>The Preservation Trust –</b> To preserve buildings of special beauty or of historical or architectural interest	438	348
<b>The Leisure Trust –</b> The provision of recreational facilities and leisure time for the local residents and visitors to the Borough	15	151

**46. PENSION FUND**

As part of the terms and conditions of employment of its employees, the Council offers members a defined benefits final salary pension scheme. Although benefits will not actually be payable until employees retire, the Council has a commitment to make payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered by Norfolk County Council. This is a funded defined benefit scheme, which means that the Council and employees pay contributions into the Fund, calculated at a level intended to balance pension liabilities with investment assets.

**Recognition in the Income and Expenditure Account**

Year ended 31 March	2009		2010	
	£ (000)	% of pay	£(000)	%of pay
Current Service Cost	1,396	13.9	1,239	11.9
Past service cost	753	7.5	67	0.6
Losses on Curtailments and Settlements	44	0.4	0	0
<b>Net Cost of Services:</b>	<b>2,193</b>		<b>1,306</b>	
Interest Cost	5,958	59.5	5,756	55.1
Expected Return on Employer Assets	(4,843)	(48.4)	(3,364)	(32.2)
<b>Net Operating Expenditure</b>	<b>1,115</b>		<b>2,392</b>	
<b>Total</b>	<b>3,308</b>	<b>33.0</b>	<b>3,698</b>	<b>33.0</b>

**Reconciliation of Defined Benefit Obligation**

Year ended 31 March	2009	2010
<b>Opening Defined Benefit Obligation</b>	<b>87,136</b>	<b>84,674</b>
Current Service Cost	1,396	1,239
Interest Cost	5,958	5,756
Contributions by Members	668	704
Actuarial (Gains)	(6,807)	39,965
Past Service Costs	753	67
Losses on Curtailments	44	0
Estimated Unfunded Benefits Paid	(217)	(222)
Estimated Benefits Paid	(4,257)	(4,351)
<b>Closing Defined Benefit Obligation</b>	<b>84,674</b>	<b>127,832</b>

**Reconciliation of Fair Value of Employer Assets**

Year ended 31 March	2009	2010
<b>Opening Fair Value of Employer Assets</b>	<b>70,664</b>	<b>54,810</b>
Expected Return on Assets	4,843	3,364
Contributions by Members	668	704
Contributions by the Employer	2,479	2,530
Contributions in respect of Unfunded Benefits	217	222
Actuarial (Losses)	(19,587)	13,437
Unfunded Benefits Paid	(217)	(222)
Benefits Paid	(4,257)	(4,351)
<b>Closing Fair Value of Employer Assets</b>	<b>54,810</b>	<b>70,494</b>

**Amounts for the Current and Previous accounting periods**

Year ended 31 March	2006	2007	2008	2009	2010
Fair Value of Employer Assets	68,200	73,333	70,664	54,810	70,494
Present Value of Defined Benefit Obligation (Deficit)	(95,100)	(93,900)	(87,136)	(84,674)	(127,832)
Experience Gains/(Losses) on Assets	9,830	(390)	(5,889)	(19,587)	13,437
Experience Gains/(Losses) on Liabilities	(70)	2,070	(3,086)	119	(136)

**History of Experience Gains and Losses**

The actuarial gains identified as movements on the Pensions Reserve in 2009/10 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2010:

Year Ended 31 March	2005/06	2006/07	2007/08	2008/09	2009/10
	%	%	%	%	%
Differences between the expected and Actual return on assets	14.41	(0.53)	(8.33)	(35.74)	19.06
Experience gains and losses on Liabilities	(0.10)	2.82	(4.37)	0.22	(0.19)

**Amount Recognised in Statement of Total Recognised Gains and Losses**

Year ended 31 March	2005	2006	2007	2008	2009	2010
Actuarial Gains/ (Losses)	(9,306)	630	6,360	3,486	(12,780)	(26,528)
Actuarial Gains/ (Losses) recognised in STRGL	(9,306)	630	6,360	3,486	(12,780)	(26,528)
Cumulative Actuarial Gains and Losses	(9,306)	(8,676)	(2,316)	1,170	(11,610)	(38,138)

**Expected Return on Assets**

The expected return on assets is based on the long-term future expected investment return for each assets class as at the beginning of the period. Details of the expected return as at 31 March 2010, along with comparative figures are set out below:

Year ended 31 March	2009	2010
Equities	7.0%	7.8%
Bonds	5.4%	5.0%
Property	4.9%	5.8%
Cash	4.0%	4.8%

The actual return on scheme assets in the year was £16,805,000 (2008-2009 – (£14,759,000)).

Further information can be found in Norfolk County Council's Pension Fund's Annual Report which is available upon request from Norfolk Pension Fund, County Hall, Martineau Lane, Norwich NR1 2DW.

The underlying assets and liabilities for retirement benefits attributable to the Council at 31 March 2010 are as follows:

	2008/09 £000	2009/10 £000
Estimated Liabilities in the Scheme – Funded	(82,090)	(124,801)
Estimated Liabilities in the Scheme – Unfunded	(2,584)	(3,031)
Estimated Assets in the Scheme	54,810	70,494
<b>Net Liability / Deficiency in the Fund</b>	<b>(29,864)</b>	<b>(57,338)</b>

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

Liabilities have been assessed on an actuarial basis using the projected unit method, as estimate of the pensions that will be payable in future years dependent on the assumptions about mortality rates, salary levels etc. The County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries.

The main assumptions used in their calculations have been:

	2008/09	2009/10
	%	%
Rate of Inflation	3.1	3.8
Salary increase rate	4.6	5.3
Expected Return on Assets	6.2	6.9
Discount Rate	6.9	5.5

Breakdown of the expected return on Assets	2008/09	2009/10
	%	%
Equities	7.0	7.8
Bonds	5.4	5.0
Property	4.9	5.8
Cash	4.0	4.8

Mortality rates have been based on the PFA92 and PMA92 tables, projected to calendar year 2033 for non pensioners and 2017 for pensioners. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	20.8 years	24.1 years
Bonds	22.3 years	25.7 years

An allowance has been included for 50% of future retirements to elect to take additional tax free cash up to HMRC limits, for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Assets in the County Council Pension Fund are valued at fair value, principally bid value for investments. The split of assets held by the Fund attributable to Great Yarmouth Borough Council as at 31 March is set out in the following table:

	1 April 2009		31 March 2010	
	£000	%	£000	%
Equities	33,982	64	47,231	67
Bonds	11,510	18	11,984	17
Property	5,481	14	7,049	10
Cash/Liquidity	3,837	4	4,230	6
<b>Total</b>	<b>54,810</b>	<b>100</b>	<b>70,494</b>	<b>100</b>

As at 31 March	2009	2010
Fair Value of Employer Assets	54,810	70,494
Present Value of Funded Liabilities	(82,090)	(124,801)
Net (Underfunding) in Funded Plans	(27,280)	(54,307)
Present Value of Unfunded Liabilities	(2,584)	(3,031)
<b>Net (Liability)</b>	<b>(29,864)</b>	<b>(57,338)</b>
Amount in the Balance Sheet Liabilities	29,864	57,338
<b>Net Liability</b>	<b>(29,864)</b>	<b>(57,338)</b>

For 2004-05 and 2005-06 the council has elected not to restate fair value of scheme assets for 2004-05 and 2005-06 as permitted by FRS17 (as revised).

The estimated Employer's contributions for the year ended 31 March 2010 is £2,455,000.

**47. GOVERNMENT GRANTS AND OTHER CONTRIBUTIONS DEFERRED**

Capital financing from grants and contributions are written down over the life of the related asset in line with depreciation.

	2008/09	2009/10
	£000	£000
Balance Brought Forward	(12,724)	(11,855)
- Additions	(515)	(654)
- Written Down	906	706
- Disposals	478	1,321
- Adjustments	0	2,671
Balance as at 31 March	<u>(11,855)</u>	<u>(7,811)</u>

## NOTES TO THE CASH FLOW STATEMENT

## 48. RECONCILIATION OF (SURPLUS) / DEFICIT ON INCOME &amp; EXPENDITURE ACCOUNT TO NET CASH FLOW FROM REVENUE ACTIVITIES

2008/09 £000		2009/10 £000	2009/10 £000
0	General Fund Surplus / (Deficit)	0	
0	Housing Revenue Account Surplus / (Deficit)	0	
0	Movement on Collection Fund	0	
62,976	Deficit for the Year	15,069	15,069
	<b>Non – Cash Transactions</b>		
(62,962)	Amortisation, Depreciation & Impairment of Fixed Assets	(21,470)	
0	Revaluation Decreases written off to I&E	0	
2,067	Deferred Grants amortised in year	3,410	
0	Grants funding Revenue Expenditure Funded from Capital under Statute amortised/written off during the year	2,594	
0	Deferred Capital Grants written off in year	1,287	
(615)	Pension Fund Adjustments	(945)	
(24)	Reduction in Fair Value of Soft loans made in year, resulting from discounted interest rates	(107)	
(133)	Other non cash Financial Instrument adjustments	94	
0	Direct Revenue Financing of Capital Expenditure	0	
0	Appropriation to/from Collection Fund Adjustment Account	(11)	
113	Misc Other Items	0	(15,148)
	<b>Items on an Accruals Basis</b>		
23	Increase / (Decrease) in Stocks	(11)	
(1,557)	Increase / (Decrease) in Debtors	71	
(440)	(Increase) / Decrease in Creditors	(2,480)	(2,420)
(1,974)			(2,420)
(5,658)	<b>Items Classified in another Classification in the Cash Flow Statement</b>		(1,682)
(6,210)	<b>Net Cash Flow from Revenue Activities</b>		(4,181)

**49. ANALYSIS OF NET DEBT**

	1 <sup>st</sup> April 2009 £'000	Movement in the year £'000	31 <sup>st</sup> March 2010 £'000
Cash	300	(226)	74
Short Term Investments	0	0	0
Cash and Short Term Investments	<u>300</u>	<u>(226)</u>	<u>74</u>

**50. RECONCILIATION OF CHANGES IN CASH TO MOVEMENT IN NET DEBT**

	31 <sup>st</sup> March 2010 £'000
Decrease in Cash in year	(226)
Cash outflow from Management of Liquid Resources	0
Loans Repaid	5,186
Cash outflow from Deferred Liabilities repaid	179
Other non cash Changes	(123)
	<u>5,016</u>
Net Debt b/fwd	<u>(39,959)</u>
Net Debt c/fwd	<u>(34,943)</u>

**51. ANALYSIS OF GOVERNMENT GRANTS**

2008/09 £000		2009/10 £000
	Capital Grants:	
239	Brett's Project	0
50	Norfolk County Council	520
69	EEDA	0
360	Disabled Facilities	360
0	Commission for Architecture and the Built Environment (CABE)	750
309	East of England Regional Assembly (EERA)	2,055
0	Heritage Lottery Fund	243
494	LEGI	492
183	Other	1,439
<u>1,704</u>	Government Grant Total	<u>5,859</u>

**52. RECONCILIATION OF MANAGEMENT OF LIQUID RESOURCES**

	1 <sup>st</sup> April 2009 £'000	Movement in the year £'000	31 <sup>st</sup> March 2010 £'000
Debtors – Council Tax due from Preceptors	582	(223)	359
Debtors – NNDR Due from Central Government	1,126	703	1,829
Cash and Short Term Investments	1,708	480	2,188

**HRA INCOME AND EXPENDITURE ACCOUNT**

<b>2008/09</b>		<b>Note</b>	<b>2009/10</b>
<b>£000</b>			<b>£000</b>
	<b>Income</b>		
(17,107)	Dwelling Rents	2	(17,233)
(172)	Non-Dwelling Rents		(177)
(345)	Charges for Services and Facilities	3	(591)
0	Contributions towards Expenditure		(125)
0	Housing Revenue Account Subsidy Receivable	6	0
<b>(17,624)</b>	<b>Total Income</b>		<b>(18,126)</b>
	<b>Expenditure</b>		
6,274	Repairs and Maintenance		5,553
4,036	Supervision and Management	4	4,298
22	Rents, Rates, Taxes and other Charges	5	190
3,645	Negative Housing Subsidy Payable		2,124
	Depreciation and Impairment of Fixed Assets:		
48,225	a. Dwellings	11	17,461
79	b. Non - Dwellings		92
14	Debt Management Costs		0
46	Increase in Bad Debt Provision		27
<b>62,341</b>	<b>Total Expenditure</b>		<b>29,746</b>
<b>44,717</b>	<b>Net Expenditure of HRA Services per the Income and Expenditure Account</b>		<b>11,620</b>
0	HRA Services Share of Corporate and Democratic Core		0
0	HRA Share of other amounts included in the Whole Authority Net Cost of Services but not allocated to Specific Services		0
<b>44,717</b>	<b>Net Expenditure from HRA Services</b>		<b>11,620</b>
(62)	(Gain) / Loss on Sale of HRA Fixed Assets		(298)
714	Interest Payable and Similar Charges		772
(25)	Interest and Investment Income		(7)
0	Pension Interest Cost and Expected Return on Pensions Assets		0
<b>45,344</b>	<b>Deficit / (Surplus) for the year on HRA Services</b>		<b>12,087</b>

## STATEMENT OF MOVEMENT ON THE HRA BALANCE

2008/09 £000		2009/10 £000
45,344	(Surplus) / Deficit for the Year on the HRA Income and Expenditure Account	12,087
(44,167)	Net Additional Amount Required by Statute to be Debited / (Credited) to the HRA Balance for the Year	(12,983)
<b>1,177</b>	(Increase) / Decrease in the Housing Revenue Account	<b>(896)</b>
(2,011)	Housing Revenue Account Surplus Brought Forward	(834)
<b>(834)</b>	Housing Revenue Account Surplus Carried Forward	<b>(1,730)</b>

### NOTE TO THE STATEMENT OF MOVEMENT ON THE HRA BALANCE

2008/09 £000		2009/10 £000
<b>Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA Balance for the Year</b>		
0	Amortisation of Premiums and Discounts	0
(44,462)	Impairment of Fixed Assets	(13,556)
62	Gain or Loss on Sale of HRA Fixed Assets	298
(262)	Net Charges made for Retirement Benefits in accordance with FRS17	(222)
<b>(44,662)</b>		<b>(13,480)</b>
<b>Items not included in the HRA Income and Expenditure Account but included in the movement on the HRA Balance for the Year</b>		
(79)	Transfer to / (from) Major Repairs Reserve	(94)
505	Employer's Contributions Payable from the Norfolk County Council Pension Fund and Retirement Benefits payable Direct to Pensioners	474
69	Capital Expenditure funded by the HRA	117
<b>(44,167)</b>	Net Additional Amount required by Statute to be debited / (credited) to the HRA Balance for the Year	<b>(12,983)</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 1. INTRODUCTION

The Housing Revenue Account (HRA) is a record of revenue income and expenditure relating to the Council's own housing stock. Income and expenditure relating to other housing services is charged to the General Fund. The Housing Revenue Account is ring fenced within the Council's overall accounts. This means that the Council has no general discretion to transfer sums into or out of the HRA. The items that can be charged against the HRA are prescribed by Statute.

### 2. DWELLING RENTS

This item comprises the amount of income due for the year from rents and charges in respect of houses and other property within the HRA. It includes rent remitted by way of housing benefit rebate that is met by a transfer from the General Fund rather than subsidy income. This account shows the rent due in the year after allowing for voids and other losses on collection.

	2008/09 £000	2009/10 £000
Gross Arrears as at 31 March:		
- Current Tenants	377	354
- Former Tenants	362	349
	<b>739</b>	<b>703</b>
Bad Debt Provision	420	435
Average Weekly Rent	£55.84	£57.54

### 3. CHARGES FOR SERVICES AND FACILITIES

This represents the Council's income for the year in respect of services or facilities provided by it in connection with its provision of houses and other property in the HRA.

### 4. SUPERVISION AND MANAGEMENT

Supervision and management expenditure on functions relating to all HRA properties are charged under this item. It includes expenditure on HRA policy and management, tenancy management, and rent collection and accounting. Special Services are the running costs of those services that benefit specific groups of tenants. These include communal heating and lighting, lifts, caretaking and cleaning, grounds maintenance and non-essential care welfare services. Sheltered Housing provision comes under the heading of Special Services.

### 5. RENTS, RATES, TAXES AND OTHER CHARGES

This includes all items that the Council is liable to pay in respect of HRA property. It includes Council Tax on empty properties, lease rental on properties, rates and water charges payable on non-dwellings and landlord insurance costs.

**6. NEGATIVE SUBSIDY PAYMENTS TO THE SECRETARY OF STATE**

The HRA subsidy calculation is based on annual assumptions covering the rents each authority will charge (guideline rents), allowances for management and maintenance, the HRA's share of debt financing and management costs, calculated in accordance with a formula, and other specific items of income and expenditure.

Subsidy Element	2008/09 £000	2009/10 £000
Management and Maintenance Allowance	9,441	9,604
Major Repairs Allowance	3,764	3,905
Restraint Allowance	(647)	(36)
Charges for Capital	1,281	1,336
Rent	(17,484)	(16,932)
Interest on Receipts	0	0
Net Total	<b>(3,645)</b>	<b>(2,123)</b>

**7. HRA PENSION FUND**

As part of the terms and conditions of employment of its employees, the Council offers members a defined benefits final salary pension scheme. Although benefits will not actually be payable until employees retire, the Council has a commitment to make payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered by Norfolk County Council. This is a funded defined benefit scheme, which means that the Council and employees pay contributions into the Fund, calculated at a level intended to balance pension liabilities with investment assets.

The Housing Revenue Account is charged with an attributable share of current service costs in line with FRS17. The difference between this cost and employers' contributions payable is then appropriated from the pensions reserve so that the overall amount to be met from rent and Government subsidy reflects employers' contributions payable by the Council.

**8. HOUSING STOCK**

The Council was responsible for managing a stock of 6,086 dwellings as at 31 March 2010 (6,114 in 2008/09). This stock was made up as follows:

	2008/09	2009/10
Houses	2,486	2,480
Flats and Maisonettes	2,742	2,721
Bungalows	886	885
	<b>6,114</b>	<b>6,086</b>

The movement in the Council's housing stock during 2009/10 can be summarised as follows:

	<b>2008/09</b>	<b>2009/10</b>
Stock as at 1 April	6,123	6,114
Less:		
- Sales	(10)	(14)
- Conversions	0	(25)
- Demolished	0	0
Add:		
- New Dwellings	0	11
- Repurchase	1	0
	<b>6,114</b>	<b>6,086</b>

## 9. BALANCE SHEET VALUES OF HRA PROPERTY

The Balance Sheet Values of the HRA operational and non - operational assets are valued on the basis of Existing Use as Social Housing with secure tenancies. These are summarised below.

	2008/09	2009/10
	£000	£000
Operational Assets:		
- Dwellings	221,443	216,911
- Other land and Buildings	3,653	4,959
- Plant & Equipment	0	27
Non – Operational Assets	0	0
	<b>225,096</b>	<b>221,897</b>
Dwellings – Vacant Possession Value	481,397	471,546

The difference between the Balance Sheet valuation and the higher valuation on the basis of Vacant Possession shows the economic cost of providing council housing at less than open market rents.

## 10. CAPITAL EXPENDITURE AND FINANCING

Capital expenditure on Council House dwellings amounted to £4.766m in 2009/10, (£5.188m in 2008/09). This was financed by:

	2008/09	2009/10
	£000	£000
Borrowing	1,299	300
Usable Capital Receipts	0	240
Major Repairs Reserve	3,820	4,109
Government Grants	0	0
Other Contributions	0	0
Revenue	69	117
	<b>5,188</b>	<b>4,766</b>

**11. DEPRECIATION AND IMPAIRMENT OF FIXED ASSETS**

Authorities are required to charge depreciation on all HRA properties calculated in accordance with proper practices, including non-dwelling properties. The Head of Financial Services is responsible for deciding the most appropriate method of estimating depreciation for the Council's assets and must have regard to provisions in the SORP when determining the method to be used in the estimation of depreciation for HRA properties. For HRA dwellings these proper practices need to be considered in the context of the Major Repairs Allowance (MRA), which is a component part of HRA subsidy. It is intended to represent the estimated average annual cost of maintaining the condition of the housing stock over a 30-year period, based on the authority's mix of dwelling archetypes, and it is accepted that the MRA is likely to constitute a reasonable estimate of depreciation for HRA dwellings.

The total charge made for depreciation of land, houses and other property within the HRA is as follows:

	2008/09	2009/10
	£000	£000
Dwellings	3,764	3,905
Other HRA Property	79	95
	<u>3,843</u>	<u>4,000</u>

The depreciation charge in respect of Other HRA Property is included in the Net Cost of Services but is reversed out in the Statement of Movement on the HRA Balance, because unlike the charge for HRA dwellings, it is not funded by the MRA.

An Impairment of £8.880m, caused by a general fall in prices, was applied to the value of the Housing Dwellings. Of this amount, £8.790m was charged to the HRA Income & Expenditure Account and £90k was offset against the balance on the Revaluation Reserve (which had been built up from previous upward revaluations of the Housing Stock).

A further impairment of £4.766m was also applied to Housing Dwellings. This was the value of the capital expenditure for improvement works that had been carried out on dwellings during 2009-10.

As this work had already been taken into account during the re-valuation exercise this amount was written out as it did not add any further value.

The total £13.556m (£8.790m+£4.766m) that was charged to the HRA Income & Expenditure account was reversed out in the Statement of Movement of the HRA Balance so that the charges had no impact on the HRA balance.

**12. RENT REBATES**

Assistance is available with the payments of rent under the Housing Benefits Scheme for those on low income.

**13. MAJOR REPAIRS RESERVE**

The Accounts and Audit Regulations require the Council to maintain a Major Repairs Reserve (MRR). The main credit to the MRR is an amount equivalent to the total depreciation charge for all HRA assets. Government determinations require that where depreciation charges for HRA dwellings are less than (or greater than) the Major Repairs Allowance (MRA), an amount equal to the difference be transferred from the HRA to the MRR (or from the MRR to the HRA). For this Council, the HRA dwelling depreciation charges equal the MRA.

The Council can spend the money held within the MRR without this being charged to the HRA. Statute effectively requires that the MRR be used only for capital expenditure on HRA assets.

	2008/09	2009/10
	£000	£000
Balance as at 1 April	(973)	(918)
Transfers to MRR:		
- Amount equivalent to Depreciation - Dwellings	(3,765)	(3,905)
- Amount equivalent to Depreciation - Other	(79)	(95)
Transfers from MRR:		
- HRA Capital Expenditure financed by MRA	3,820	4,109
- Transfer to the HRA – Depreciation Other Assets	79	95
Balance as at 31 March	<u>(918)</u>	<u>(714)</u>

#### 14. CAPITAL RECEIPTS

Capital Receipt transactions can be summarised as follows:

	2008/09	2009/10
	£000	£000
Dwellings	753	855
Other HRA Property	0	0
	<u>753</u>	<u>855</u>
Number of Disposals	10	14

**THE COLLECTION FUND 2009/10**

Great Yarmouth Borough Council is the authority responsible for the billing, collection and recovery of council tax, community charges and national non-domestic rates.

The Council is required to maintain a separate income and expenditure account to reflect the transactions relating to the Collection Fund.

<b>2008/09</b>		<b>2009/10</b>	
<b>£000</b>		<b>£000</b>	<b>£000</b>
	<b>Income</b>		
(35,452)	Council Tax Payers	(36,262)	
(8,925)	Council Tax Benefit	(9,783)	
(44,377)	Total Council Tax		(46,045)
(26,097)	Business Rate Payers		(25,691)
	Contribution towards previous year's deficit:		
	- Norfolk County Council	(28)	
	- Norfolk Police Authority	(5)	
	- Great Yarmouth Borough Council	(4)	
			(37)
(70,474)			(71,773)
	<b>Expenditure</b>		
	Precepts and Demands:		
33,996	- Norfolk County Council	35,157	
5,561	- Norfolk Police Authority	5,807	
4,546	- Great Yarmouth Borough Council	4,782	
44,103			45,746
	Distributions of Previous Years' Surplus:		
257	- Norfolk County Council	0	
41	- Norfolk Police Authority	0	
34	- Great Yarmouth Borough Council	0	
332			0
	Bad and Doubtful Debts:		
347	- Write-offs	256	
103	- Provisions	(37)	
450			219
	Business Rates;		
25,907	- Payments to the National Pool		25,500
190	- Cost of Collection Allowance		191
<b>70,982</b>			<b>71,656</b>
508	(Surplus) / Deficit for the Year		(117)
(222)	Balance as at 1 April		286
286	Balance as at 31 March		169

## NOTES TO THE COLLECTION FUND

### 1. COUNCIL TAX

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated April 1991 valuations for this purpose. Individual charges are calculated by aggregating the requirements of Norfolk County Council, Norfolk Police Authority and Great Yarmouth Borough Council. The basic amount for a 2009/10 Band D property, being £1,482.71 (2008/09, £1,416.02), is multiplied by the proportion specified for the particular band to give an individual amount due, to which must be added any Parish precept.

### 2. COUNCIL TAX BASE

When setting the 2009/10 Council Tax a gross tax base of 39,210 properties was estimated. An allowance of 1% to cover losses on collection and adjustments was applied, thus reducing the tax base to 31,286 Band D equivalent properties.

#### Estimated Council Tax Base 2009/10 Analysis of Properties

	A (Disabled Relief)	A	B	C	D	E	F	G	H	Total
Total equivalent no. Properties (after adjusting for discounts)	24.12	15,605.50	10,524.99	7,250.40	3,527.00	1,568.54	493.13	205.98	10.00	39,209.66
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalents	13.40	10,403.00	8,186.10	6,444.80	3,527.00	1,917.1	712.3	343.30	20	31,567.00
Additions (Net of Discounts / Exemptions)										35.87
Total Band D Equivalents										31,601.87
Estimated Collection Rate for 2009/10 – 99%										31,285.85
<b>COUNCIL TAX BASE</b>										<b>31,286</b>

### 3. NATIONAL NON-DOMESTIC RATES

Non-domestic rates are calculated on a national basis. The Council is responsible for collecting rates due from business ratepayers in its area but pays the proceeds into a National Pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities on the basis of a fixed amount per head of population.

The Government specifies a multiplier which was 41.40p for 2009/10 (46.20p – 2008/09) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

The rateable value for the Council's areas as at 31 March 2010 was £77,325,238 (£64,874,658 – 2008/09).

### **FURTHER INFORMATION**

If further information on any aspect of these accounts is required, please contact Seb Duncan, Head of Financial Services, Town Hall, Hall Plain, Great Yarmouth, NR30 2QG. Telephone 01493 846206

This document is available on the Council's website  
[www.great-yarmouth.gov.uk](http://www.great-yarmouth.gov.uk)

## **GLOSSARY OF TERMS**

### **ACCRUALS ACCOUNTING**

The inclusion of income and expenditure in the accounts for the period in which they are earned or incurred, rather than the period in which the income is received or expenditure is paid.

### **AGENCY SERVICES**

Services which are performed by or for another authority or public body, where the agent is reimbursed for the cost of the work done.

### **ASSET**

An item owned by the Council which has a value ie vehicles, buildings, cash, equipment etc.

### **AUDITORS REPORT**

This is the independent opinion of the External Auditor as to whether the accounts present a 'true and fair' view of the financial position of the Council.

### **BALANCE SHEET**

This sets out the financial position of the Council as at the 31<sup>st</sup> March.

### **BUDGET**

The statement of the Council's policy expressed in financial terms usually for the current and forthcoming financial year. The revenue budget covers running expenses (see revenue expenditure), and the capital budget plans for asset acquisitions and replacements (see capital expenditure).

### **CAPITAL EXPENDITURE**

Expenditure on the acquisition of a fixed asset which lasts for more than 1 year, or expenditure which adds to the life of an existing fixed asset.

### **CAPITAL RECEIPTS**

Monies received from the sale of assets, some of which may be used to finance new capital expenditure or to repay outstanding loan debt as laid down within the rules set by Central Government.

### **CASH FLOW STATEMENT**

This summarises all the Council's inflows and outflows of cash.

### **COLLECTION FUND**

The Council's estimate of the extent to which they will be able to successfully collect Council Tax in their area. Any surplus or deficit is carried forward to the next financial year.

## **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 community centres.

## **COUNCIL TAX**

The system of local taxation on dwellings which replaced the Community Charge with effect from 1<sup>st</sup> April 1993.

## **CREDITORS**

Amounts owed by the Council for goods and services received but for which payment has not been made at the end of the financial year.

## **DE MINIMIS**

The level, set by the authority, below which capital expenditure and receipts will be treated as revenue.

## **DEBTORS**

Sums of money due to the Council but not received at the end of the financial year.

## **DEPRECIATION**

The measure of wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

## **DIRECT REVENUE FINANCING**

A charge to revenue accounts for the direct financing of fixed assets and other capital expenditure.

## **EARMARKED RESERVES**

Revenue reserves within the General Fund which are set aside to finance specific future services.

## **FINANCING AND OPERATING LEASES**

A finance lease transfers all of the risks and rewards of ownership of a fixed asset to the lessee. If these leases are used, the assets acquired have to be included within the fixed assets in the balance sheet at the market value of the assets involved. With an operating lease the ownership of the asset remains with the leasing company and an annual rent is charged to the relevant service within the revenue account. At the end of the lease the asset returns to the leasing company.

## **FIXED ASSETS**

Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

## **FINANCIAL REPORTING STANDARD (FRS)**

Accounting practice recommended by the Accounting Standards Board (ASB) for adoption in the preparation of accounts to ensure a true and fair view. The FRS's have superseded the SSAP's (see below).

## **GENERAL FUND**

The Council's main revenue account, covering income and expenditure on all services other than council housing.

## **GOVERNMENT GRANTS**

Grants paid by the government. These can be for general expenditure or a specific service or initiative, for example Planning Delivery Grant.

## **GOVERNMENT GRANTS DEFERRED ACCOUNT**

When a government grant or other contribution is received in respect of the acquisition of a fixed asset it is recorded in a government grants deferred account. The grant is subsequently charged to the revenue account over the life of the asset to match the depreciation charge.

## **HOUSING REVENUE ACCOUNT (HRA)**

The statutory account to which are charged the revenue costs of providing, maintaining and managing Council dwellings. These are financed by rents charged to tenants and subsidies received from the government.

## **HOUSING SUBSIDY**

A government grant calculated in accordance with a formula specified by the government which takes account of notional management and maintenance costs, capital charges, rent income and rent rebates.

## **IMPAIRMENT**

A material reduction in the carrying value of a fixed asset during the accounting period. This can be caused by a clear consumption of economic benefits (such as physical damage or deterioration) or a general fall in prices.

## **INTANGIBLE FIXED ASSETS**

This is a category of fixed asset which includes items such as computer software licences.

## **INFRASTRUCTURE ASSETS**

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created.

## **INVESTMENT PROPERTIES**

Assets which the authority owns but are not used in the delivery of services ie Beacon Park.

### **LOCAL AUTHORITY BUSINESS GROWTH INCENTIVE (LABGI)**

This government grant is not related to any particular service. It is awarded on a formulaic basis and reflects the apparent commercial and industrial growth of the district by comparing the rateable values of the non-domestic valuation lists one year to another.

### **MINIMUM REVENUE PROVISION (MRP)**

The minimum sum which must be charged to the Council's revenue account each year to provide for the repayment of loans. This ensures that the Council makes a satisfactory annual provision for loan repayments.

### **NET BOOK VALUE**

The amount at which fixed assets are included in the balance sheet ie their historic cost or current value less the cumulative amounts provided for depreciation.

### **NATIONAL NON DOMESTIC RATE (NNDR)**

The business rate in the pound is the same for all non domestic rate payers and is set annually by the government. Income from business rates goes into a central government pool, which is then distributed to local authorities according to residential population.

### **NON OPERATIONAL ASSETS**

Non operational assets are fixed assets held by the Authority but not directly occupied or used in the delivery of services. They include investment properties, surplus properties awaiting disposal and assets which are under construction.

### **OPERATIONAL ASSETS**

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of services.

### **OUTTURN**

The actual amount spent in the year.

### **PENSION FUND**

A fund which makes pension payments on retirement to its participants.

### **POST BALANCE SHEET EVENTS**

Those events, both favourable and unfavourable, which occur between 31 March 2009 and the balance sheet date on which the Statement of Account is signed.

### **PRECEPTS**

The net expenditure of non-billing authorities which are comprised of the County Council, Parish Councils and Police Authority, which the billing authority (Great Yarmouth Borough Council) must include when setting its Council Tax and then pay over to those authorities in agreed instalments.

### **PROVISIONS**

An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

## **PRUDENTIAL CODE**

The new Prudential Code of Borrowing removed the concept of borrowing approvals, both basic and supplementary, and the need to maintain credit ceilings. Instead, the Capital Financing Requirement (CFR) was introduced, giving freedom for authorities to borrow, provided it could be demonstrated that this borrowing was both prudent and affordable.

## **PUBLIC WORKS LOANS BOARD**

A government agency which provides longer term loans to local authorities at interest rates slightly higher than those at which the Government itself can borrow. Local authorities are able to borrow from this source to finance capital expenditure.

## **RATEABLE VALUE**

A value assessed by the Inland Revenue for all properties subject to non domestic rates.

## **RESERVES**

A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years ie general reserves are available to meet future revenue and capital expenditure.

## **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (FORMERLY DEFERRED CHARGES)**

Capital expenditure which does not create a tangible asset for the Council, for example improvement grants to households within the Borough.

## **REVENUE INCOME AND EXPENDITURE**

Day to day expenses, mainly salaries, general running expenses, charges for goods and services and the Minimum Revenue Provision cost.

## **REVENUE SUPPORT GRANT (RSG)**

The Revenue Support Grant is paid by government to the Council in respect of local authority expenditure generally.

## **STATEMENT OF ACCOUNTING POLICIES**

This sets out the accounting policies which the Council applies to the various items of income and expenditure when preparing the Statement of Accounts.

## **STATEMENT OF STANDARD ACCOUNTING PRACTICE (SSAP)**

Accounting practice recommended by the Accounting Standards Committee of the joint accountancy bodies for adoption in the preparation of accounts to ensure a true and fair view.

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)**

This statement summarises all the gains and losses recognised within the accounting period.

### **USABLE CAPITAL RECEIPTS**

Monies received from the sale of Council property and dwellings which remain available to meet the cost of future capital expenditure.

### **VALUE ADDED TAX (VAT).**

VAT is a tax that is charged on most goods and services that VAT registered businesses provide in the UK. It is also charges on goods and some services that are imported from countries outside the European Union (EU) and brought into the UK from other EU countries.

VAT is charged when a VAT registered business sells to either another business or to a non business customer.

(A guide to VAT – VAT notice 700 from HM Revenue and Customers).

When a VAT registered business buys goods or services they can generally reclaim the VAT they have paid.