

Mission Statement

To Improve the Quality of Life
For Those Who Live and Work in The District

17 September 2007

Dear Councillor

You are hereby invited to an extraordinary meeting of the Policy and Resources Committee to be held in Committee Room 2, Civic Centre, Portholme Road, Selby on 25 September 2007 commencing at **5:00pm** – **PLEASE NOTE THE REVISED TIME.**

The agenda is set out below.

1. Apologies for Absence and Notice of Substitution

To receive apologies for absence and notification of substitution.

2. Disclosure of Interest

To receive any disclosures of interest in matters to be considered at the meeting in accordance with the provisions of Section 117 of the Local Government Act 1972, and Sections 50, 52 and 81 of the Local Government Act 2000 and the Members' Code of Conduct adopted by the Council.

3. Annual Governance Report

Report of Mr P Hanmer, Audit Commission (to follow).

4. Statement of Accounts 2006/2007

Report of Head of Service – Finance and Central Services (pages 4 – 89).

Mr Jonathan Lund
Strategic Director

Disclosure of Interest – Guidance Notes:

- (a) Councillors are reminded of the need to consider whether they have any personal or prejudicial interests to declare on any item on this agenda, and, if so, of the need to explain the reason(s) why they have any personal or prejudicial interests when making a declaration.
- (b) The Democratic Services Officer or relevant Committee Administrator will be pleased to advise you on interest issues. Ideally their views should be sought as soon as possible and preferably prior to the day of the meeting, so that time is available to explore adequately any issues that might arise.

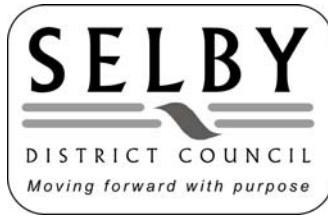
Dates of Future Meetings of the Policy and Resources Committee

Date of Meeting
9 October 2007
27 November 2007
29 January 2008

**Membership of the Policy and Resources Committee
11 Members**

Conservative	Labour
M Crane (Chair)	W Nichols
B Percival (Vice-Chair)	R Packham
E Casling	S Shaw-Wright
G Ivey	
C Lunn	
J Mackman	
C Metcalfe	
R Sayner	

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Title: Statement of Accounts 2006/07

To: Policy & Resources Committee

Date: 25 September 2007

Service Area: Finance and Central Services

Author: Nicola Chick, Accountancy Services Manager

Presented by: Karen Iveson

1 Purpose of Report

- 1.1 Following the conclusion of the external audit of the 2006/07 accounts a number of changes are required to the Statement of Accounts to enable the Auditor to issue an unqualified opinion certificate. These changes require Councillor approval.

2 Recommendation

- 2.1 Councillors approved the revised Statement of Accounts for 2006/07 as attached at Appendix B.**

3 Executive Summary

- 3.1 The audit of the 2006/07 accounts is drawing to a close and as part of this work the auditor and officers have identified a small number of changes which are required to the accounts to either aid understanding or amend figures as a result of more up to date information than that available when the draft accounts were prepared. These changes are provided in the table at Appendix A attached.

4 The Report

- 4.1 At the meeting of Council on 26 June 2007, Councillors approved the Statement of Accounts. As a consequence of Councillor questions at this meeting the accounts were subsequently amended to reflect changes in

information to the collection fund. The amended accounts were subsequently approved at the meeting of this committee on 17 July 2007. These amendments can be summarised as follows:-

- i. An increase to the Council Tax (Ctax) payer liability of £209k for council tax from years prior to 2006/07 had not been notified to accountancy. This increased the debtors by £209k and also increased the surplus on the collection fund by an equivalent amount. This increased the Council's balance sheet value by £209k. This surplus will be shared with the major precepting bodies during 2008/09 – Selby DC's portion being £28k.
- ii. The original debtors information for Ctax and National Non Domestic Rates (NNDR) contained in the accounts was netted down in error and included payments in advance from Ctax and NNDR payers relating to the 2007/08 financial year. These figures were corrected to reflect the true arrears for both and as a consequence the creditor's figure increased by the corresponding amounts. For Ctax £368k and NNDR £212k. The overall balance sheet value remained unchanged as a result of these adjustments.

4.2 Following approval by Councillors, the amended Accounts were submitted to the Audit Commission for external audit.

4.3 At the time of writing, the audit is substantially complete and the Audit Commission expect to issue an unqualified opinion on the Council's Accounts by 30 September 2007. This will enable the Council to publish its audited accounts within the statutory deadlines.

4.4 In view of this, and recognising the changes to the accounts that are summarised at Appendix A, Councillors are asked to approve the revised Statement of Accounts for 2006/07 at Appendix B.

4.5 Whilst the changes to the accounts summarised in paragraph 4.1 and Appendix A, if taken individually, do not represent a material change to the accounts, when taken as a whole the amounts are material and as such the external auditors are obliged to comment on them in the governance report that they issue as part of the audit of accounts process. These changes do not affect the unqualified opinion that will be issued in due course.

5 Financial Implications

5.1 None as a result of this report.

6 Conclusions

6.1 The Council has a statutory duty to publish its audited accounts by 30 September. The audit of the accounts is a requirement to ensure that the Council's accounts reflect fairly the financial position as at the year-end and that there are no material mis-statements.

7 Link to Corporate Plan

7.1 The production of the statutory Statement of Accounts supports all the council's strategic themes.

8 How Does This Report Link to the Council's Priorities?

8.1 The Final Accounts process supports all the Council's priorities.

9 Impact on Corporate Policies

9.1 Service Improvement Impact

Effective financial management helps to ensure that the Council is aiming for continuous improvement as demanded by the principles of Best Value.

9.2 Equalities No Impact

9.3 Community Safety and Crime No Impact

9.4 Procurement No Impact

9.5 Risk Management Impact

This report helps to ensure the reduction of risks as the production of the Statement of Accounts is a statutory function and is produced in accordance with the CIPFA Code of Practice for Local Authority Accounting – the Statement of Recommended Practice (SORP) for local authorities.

9.6 Sustainability No Impact

9.7 Value for Money No Impact

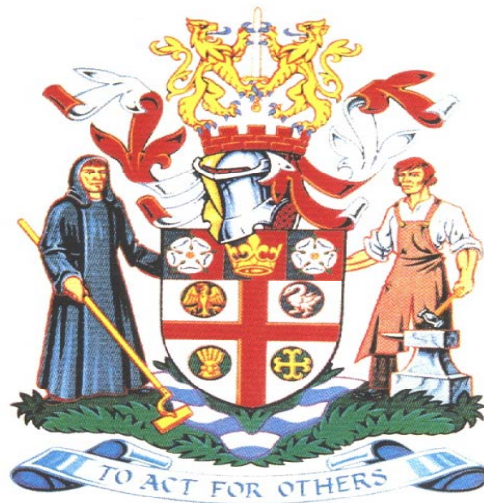
10 Background Papers

10.1 Background working papers on the closure of accounts are held within Accountancy.

APPENDIX A

43	Fixed Asset Restatement Reserve (FARR)		
31	Related party transactions Note 19	Although the relationship had been correctly been declared by the Councillor a related party transaction had not been included in note 19 that Cllr Crane is a trustee with CAB	The note has been amended to include this item.
59	Collection Fund	Reduction to the rating liability for businesses which, was actioned on the NNDR system in 2004/05, but not actioned in the ledger (£164k), or the liability for payments/receipts to/from the national pool. This reduces the liability in the collection fund from businesses and payments to the NDR pool and subsequently increases the amount owed to the Council from the pool.	Reduced income collectable from businesses by £164k and reduced payment to pool by £164k. Net effect on collection fund nil.
38 39	Debtors & Creditors	As a consequence of the NDR change the debtor for Government departments needs to be increased by £164k. This then allows the NDR accounts in credit figure to be increased to reflect the value within the NDR system.	Increased other Gov departments debtor which includes monies due from the NDR pool by £164k. Increased NDR creditor by £164k to £570k to reflect value of accounts in credit as per NDR system.
72	Statement of Internal Control	Potential weaknesses within the procedures for reconciliation's of major financial systems information compared to summary data held in the General Ledger have been identified during closedown.	Action added that all major financial system reconciliation procedures are reviewed to ensure that accurate information is held within the General Ledger

SELBY DISTRICT COUNCIL



STATEMENT OF ACCOUNTS 2006/2007

SELBY DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2006/07

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LEADER'S FOREWORD

The Statement of Accounts for 2006/07 sets out the full financial details of the Council's activities. The accounts have been produced promptly in line with target dates set for the 'Whole of Government Accounts' initiative.

The Council has embraced the challenges it faced in 2006/07. Since the Comprehensive Performance Assessment in May 2004, the Council has continued to make real progress in linking resources to priorities and is committed to ensuring that all our efforts focus on delivering those things that our customers tell us matter most to them. Our Corporate Plan has been developed after extensive consultation with our community and is consistent with our contribution to the joint efforts of our Local Strategic Partnership, the Selby District Local Strategic Partnership.

Members and officers have continued to work together to build on the strengths of the organisation and to build on the foundations for sustainable improvement developed in previous years. The announcement in March by the Audit Commission that the Council had scored a level 3 in its Use of Resources and Value for Money assessment, an improvement from the level 2 awarded in 2005/06, confirms that the Council is managing its finances well. There is no room for complacency however as the criteria for measurement are made ever tougher.

During 2006/07 the Council has worked with tenants to formulate the most appropriate way to continue delivering sustainable housing services and properties that at least meet the Decent Homes Standard by 2010.

The Ten Year Vision statement developed in 2004 identified national developments, analysed regional influences, highlighted local community needs and suggested an appropriate response from Selby District Council.

The Council is committed to continuing its progress with delivering services within the scope of its mission - 'To Improve the Quality of Life for Those who Live and Work in the District' and together with annual priorities will concentrate on the following seven strategic themes:-

- Putting Customers First
- Protecting the Environment
- Healthier Communities
- Promoting Prosperity
- Making Better Use of Resources
- Community Safety
- Organising to Deliver

2006/07 was the second year of the requirement of Local Government to make efficiency savings as a result of the public sector efficiency review headed up by Sir Peter Gershon. This has been embraced by the Council and will enable recognition of the prudent management of resources that has always been undertaken by the Council.

Councillor Mark Crane

Leader of the Council

EXPLANATORY FOREWORD

1. Introduction

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the accounts, and also an explanation in overall terms of the Authority's financial position. The foreword also includes an explanation of the purpose of each statement and the inter-relationship between statements.

2. The Council's Accounts

The accounts have been compiled using the "Code of Practice on Local Authority Accounting in the UK, A Statement of Recommended Practice" the SORP. During 2006/07 the drive to bring Local Government Accounting Practice in line with Generally Accepted Accounting Practice (UK GAAP) has continued. These changes are further explained in paragraph 8 and the accounting policies section.

The accounts contain the following statements for the year 1 April 2006 to 31 March 2007 which are presented in the following order:

Statement of Accounting Policies - This explains the basis of the figures in the accounts. The accounts can only be properly appreciated if the policies, which have been followed, are explained.

Statement of Responsibilities for the Statement of Accounts - This statement sets out the respective responsibilities of the Council and the Head of Finance and Central Services for the accounts.

Income & Expenditure Account - This reports the net cost for the year of the functions for which the Council is responsible and compares that cost with the finance provided from charges made by the Council, from local taxpayers and from Central Government Grants.

Statement of Movement on the General Fund Balance - In order to give the full presentation of the financial performance of the Council during the year and the actual spending power carried forward to future years, the outturn on the Income and Expenditure Account needs to be reconciled to the balance established by the relevant statutory provisions. The Statement of Movement on the General Fund Balance provides the necessary reconciliation.

Statement of Total Recognised Gains & Losses - This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

Balance Sheet - This is fundamental to the understanding of the Council's year-end financial position. It shows the balances and reserves at the Council's disposal, its long-term indebtedness, long term liabilities, net current assets employed in its operation and summarised information on the fixed assets held. The Balance Sheet includes the effect of the capital accounting requirements from 1 April 1994.

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

Housing Revenue Account - This reflects a statutory obligation to account separately for the local authority housing function. It shows the major elements of housing revenue expenditure - maintenance, administration, rent rebates and capital financing - and how rents, subsidy and other income meet these.

Statement of Movement on the Housing Revenue Account - This shows how the HRA Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the Housing Revenue Account balance for the year.

EXPLANATORY FOREWORD

2. The Council's Accounts continued....

Collection Fund - This shows the transactions of the Council as a 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 Collection Fund is consolidated with other accounts of the billing authority.

Statement on Internal Control - This statement sets out the internal control framework operated by the Council during 2006/07 and presents a review of the effectiveness of the system as required by the Accounts and Audit Regulations 2003.

3. Revenue Spending in 2006/07

Revenue expenditure for 2006/07 is summarised in the Income and Expenditure Account. This shows the costs of all the Council's services and how the net expenditure has been funded.

The following charts show where the Council's money comes from, what it is spent on and the cost of the services it provides.

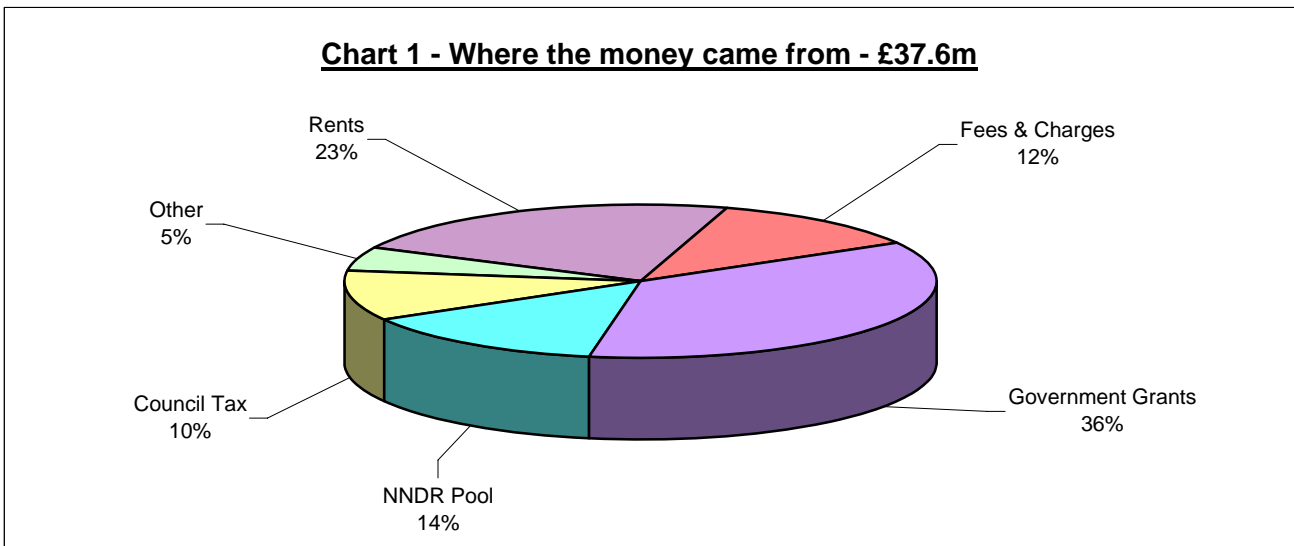


Chart 1 shows that around 36% (£13.618m) of the Council's income comes from Government grants (such as Revenue Support Grant). An additional 14% (£5.183m) comes from the Government as redistributed business rates through the NNDR Pool. 12% (£4.477m) comes from fees and charges, Council Tax provides 10% (£3.923m) and Housing rents provide 23% (£8.505m). Other income, such as investment income and appropriations from reserves accounts for the final 5% (£1.865m).

EXPLANATORY FOREWORD

3. Revenue Spending in 2006/07 continued....

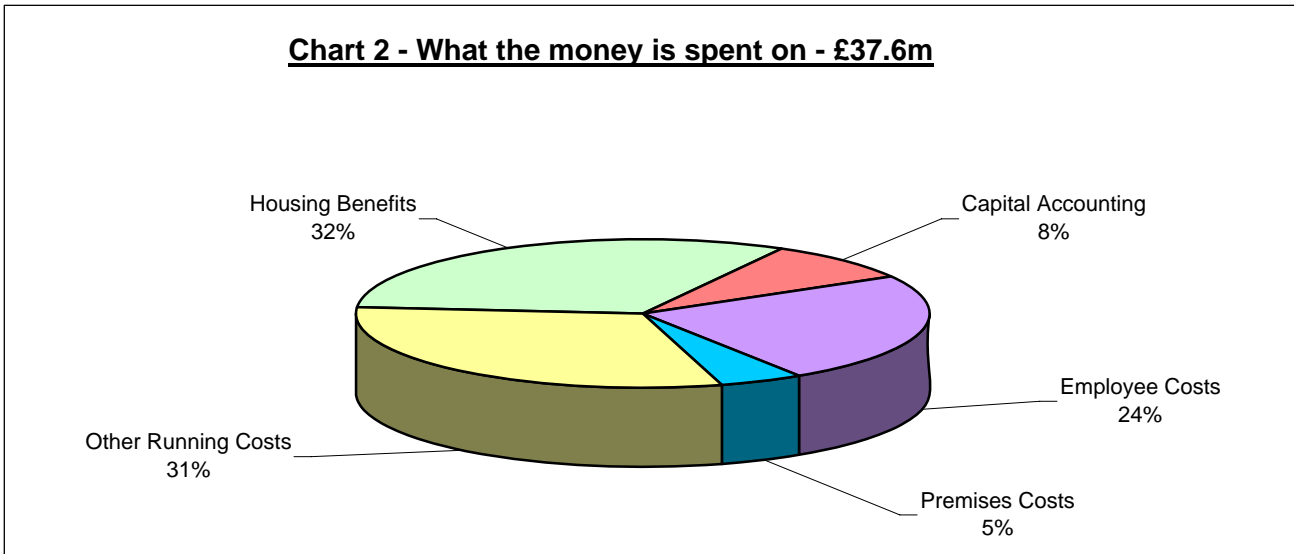


Chart 2 on the previous page shows that the largest proportion of the Council's money is spent on Housing and Council Tax Benefit payments 32% (£11.929m) and other running costs 31% (£11.621m). 24% (£9.096m) is spent on employee costs with the remaining 13% being spent on premises costs (£1.713m) and capital accounting charges (£3.212m).

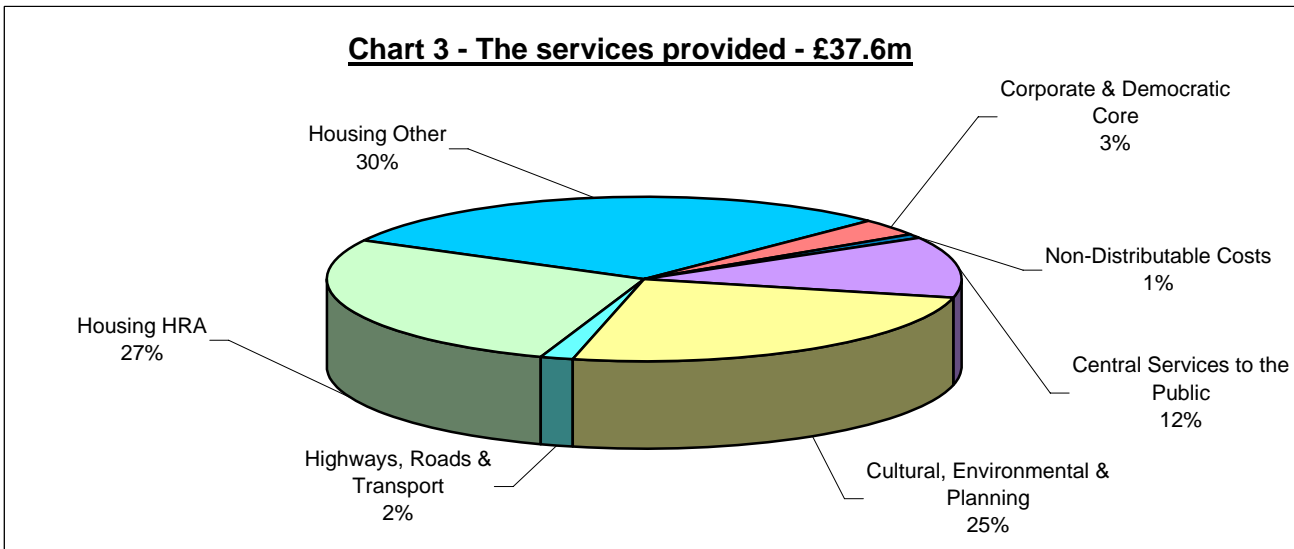


Chart 3 shows the gross cost of the services provided by the Council. As shown in Chart 2 a large portion (30% - £11.241m) is spent on Housing Services (non HRA) which includes housing benefit payments.

Financial Performance in 2006/07 Compared to Agreed Budget

Explanation of Over and Underspends against budget

The table on page 7 shows an underspend of £4.629m against the net cost of services and an underspend of £5.413m at net operating expenditure. This has arisen due to a number of over and underspends within both the General Fund (GF) and Housing Revenue Account (HRA) and changes to the capital accounting charges for dwellings within the HRA.

EXPLANATORY FOREWORD

Explanation of Over and Underspends against budget continued....

Within both the GF and HRA a number of projects and financial commitments have not been completed by 31 March 07 and financial resources are being carried forward to 2007/08 to complete these projects. The total value of carry forwards is £851k. This reduces the variance to £3.778m at net cost of services.

The net underspend within the GF totals £1.677m and has arisen as a result of major underspends which includes, £354k on refuse collection, recycling and street cleansing due to savings on the contracts and additional income and grants (£105k of grant monies is planned for use in 2007/08). The Council has also received £870k of subsidy for benefits payments which was not forecast, of this £530k is in relation to prior year adjustments due to the catching up of year end timing differences as a result of the new IT system in Benefits and Local Taxation. The balance of £340k is due to the enhanced performance of the benefits team and the new IT system resulting in less benefit overpayments which don't earn subsidy. The Council has renegotiated the rentals it receives for use of the communications mast in the Civic Centre car park and this has generated £92k of income for 2006/07 which includes some monies owed for prior years. A review of all Council Tax accounts in credit where the occupiers cannot be traced has contributed £178k to the GF.

Increased income from planning fees and car parking charges generated a further £57k. However, these gains are offset by costs associated with planning enquiries £66k.

The net underspend within the HRA of £2.363m has arisen in the main as a result of changes to the depreciation charge for dwellings £1.422m. During 2006/07 the five yearly revaluation of the housing stock was undertaken. The valuers have extended the useful life of the stock which has resulted in a lower charge to the service accounts. The balance of the underspend is mainly due to savings as a result of staff vacancies and restructures £260k. There are also underspends within repairs budgets £98k, and Property Services generated an additional £145k of income for work done within the capital programme. There have also been savings within the supporting people budgets of £114k due to leasing equipment rather than purchasing, and additional grant aid, including Supporting People £56k and Housing Subsidy £73k.

The underspend on payments to the Government pool re capital receipts is offset by the contribution from capital receipts. Payments to the pool are based on actual receipts and are therefore neutral. The surplus on trading undertakings has arisen due to increased income on commercial waste however there have been bad debts written off as a result of non payment of rent by tenants in the industrial units. Investment income was higher than predicted due to improved returns on cash investments as a result of the increase in base rate from 4.5% to 5.25%.

Following the full implementation of FRS17 (Retirement Benefits) and consequent changes in accounting rules, an overspend of £232k has occurred on pension interest cost and expected return in assets. This is offset by a reversing transfer from the pensions reserve.

The variance on the transfer to and from reserves of £3.887m has arisen as a result of the reduction in transfer from the major repairs reserve as a result of the reduction in dwellings depreciation, £1.422m, the transfer for carry forward budgets £851k, an underspend on the HRA resulting in a contribution to reserves rather than a draw down £1.123m, the transfer to reserves of the LABGI monies £725k and additional transfers from reserves for PFI costs (£37k) and a reduced contribution to the computer development reserve (£50k).

The variance on the capital expenditure financed from revenue is mainly due to slippage within the HRA capital programme. This funding resource has been returned to HRA reserves and will be utilised in future years.

The detailed Core Financial Statements and accompanying notes are shown on pages 16 to 50.

EXPLANATORY FOREWORD

3. Revenue Spending in 2006/07 continued....

The table below provides a summary of the Council's Income and Expenditure Account for 2006/07 (General Fund Revenue Account and Housing Revenue Account). The approved budget for 2006/07 assumed the use of £6k from General Fund balances. The outturn position for 2006/07 actually resulted in a transfer to balances of £1.677m, thereby resulting in an underspend of £1.683m.

	Approved Budget £'000	Actual £'000	Difference £'000
Net Cost of Services	12,629	8,000	(4,629)
Loss on disposal fixed assets	-	225	225
Precepts & Levies - (Parishes & Drainage Boards)	2,353	2,352	(1)
Surplus on Trading Undertakings	(66)	(110)	(44)
Interest Payable and Similar Charges	795	778	(17)
Payment to Government Pool re Capital Receipts	2,100	1,244	(856)
Investment Interest	(840)	(1,163)	(323)
Pension interest cost & expected return in assets	156	388	232
Net Operating Expenditure	17,127	11,714	(5,413)
Council Precept	(4,985)	(4,985)	-
Collection Fund Surplus	(28)	(28)	-
Revenue Support Grant	(1,000)	(1,000)	-
Business Rates	(5,183)	(5,183)	-
LABGI	-	(725)	(725)
Net General Fund (surplus) / deficit	5,931	(207)	(6,138)
Capital Charges & Sale of Assets adjustment	(908)	(1,075)	(167)
Pension (FRS 17) Net Charges adjustment	(280)	(359)	(79)
Provision for Debt Repayment	74	74	-
Capital Expenditure financed from revenue	1,186	1,065	(121)
Contribution from Capital Receipts re Government Pool	(2,100)	(1,244)	856
Transfers to / (from) Reserves	(3,897)	69	3,966
Transfers to / (from) GF Balances	6	(1,677)	(1,683)

EXPLANATORY FOREWORD

4. Capital Expenditure

In 2006/07 the Council spent £3.653m (2005/06 £5.248m) on its capital programme. An analysis of where the money was spent and the sources of funding are shown in the following two tables:

Capital Programme Analysis	Actual £'000	Proportion %
Infrastructure	58	1.6%
Council Dwelling Improvements	2,608	71.4%
Equipment & Vehicles, including Intangible Assets	306	8.4%
Other Land and Buildings, including Community Assets	57	1.6%
Crime Prevention	72	2.0%
Home Improvement Grants and Disabled Facilities Grants	536	14.7%
Other Deferred Charges	16	0.5%
Total	3,653	100%

Where the money came from	Actual £'000	Proportion %
Prudential Borrowing	207	5.7%
Capital Receipts	665	18.2%
Major Repairs Reserve	1,517	41.5%
Grants and Contributions	199	5.4%
Revenue and Reserves	1,065	29.2%
Total	3,653	100%

Explanation of Over or Underspend against budget

The Council expected to spend £1.214m on its General Fund capital programme and £4.386m on its Housing Revenue Account capital programme. However slippage on a number of projects, including the implementation of the Customer Contact Centre and housing improvements has resulted in an underspend of £724k on the General Fund and £1.121m on the Housing Revenue Account. Work on these projects has been carried forward into 2007/08 when they will be completed.

The Council had available £441k of Prudential borrowing, of which £207k has been used in 2006/07 with the balance being carried forward to 2007/08.

5. Borrowing Facilities and Capital Borrowing

The Council's ability to borrow is governed by the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is able to determine its own programmes for capital investment in fixed assets that will assist in the delivery of its services to the citizens of the Selby District subject to that programme being affordable, prudent and sustainable.

Whilst the Council utilised its Prudential borrowing limits it did not draw down any external funding, deciding instead to use internal borrowing until such time as it is necessary to do so for cash flow purposes.

EXPLANATORY FOREWORD

6. Review of the Council's Current Financial Position

At the 1 April 2006 the Council's unallocated revenue reserves stood at £2.716m (£1.500m GF and £1.216m HRA), and it was expected that a contribution of £73k would be made to balances in 2006/07. The Statement of Movement on the Housing Revenue Account Balance on page 52 shows that a contribution of £692k was made to the HRA unallocated reserve instead of the expected contribution of £79k. The Statement of Movement on the General Fund Balance on page 16 shows that the actual contribution to General Fund unallocated reserves was £1.677m instead of the expected contribution from reserves of £6k.

Taking into account the net underspends summarised above, at 31 March 2007 the Council's unallocated revenue reserves stood at £5.085m (£3.177m GF and £1.908m HRA). As part of the budget package for 2007/08 the Council has approved the use of £305k from these unallocated reserves to support the budget.

The Balance Sheet on pages 20 and 21 show that the net worth of the Council has increased by £28.133m, the majority of which is due to the revaluation of Council Dwellings which took place in 2006/07. This increased the value of the Council House stock by £27.057m. The Council's policy on the revaluation of assets can be found in section 3 of the Statement of Accounting Policies.

In 2006/07 the Council received capital receipts of £1.701m from the sale of council houses, £46k from the repayment of discount relating to prior years council house sales and £42k from mortgage principal repayments. After the deduction of allowable costs and the payment to the Government pool receipts of £665k were applied to fund capital expenditure in 2006/07. No other capital receipts were received in 2006/07.

7. FRS17 - Accounting for Pensions

2006/07 is the fourth year of full implementation of Financial Reporting Standard 17 (FRS17) in respect of retirement benefits. This has led to a fundamental change in the way in which retirement benefits are treated in the Council's accounts. The Income and Expenditure Account includes full financial recognition of the longer-term effect of pensions awards in any one year.

The Balance Sheet now includes a Pensions Reserve which shows a net liability to the Pension Fund. This effectively means that the Council has historically underpaid contributions relative to the future benefits earned to date by its employees.

Further information in respect of pensions is disclosed at note 43 to the Core Financial Statements, [page 45](#).

8. Accounting Practices & Policies Changes

As a consequence of the changes required to the accounts to comply with UK GAAP from 2006/07 the Council has included within its income and expenditure account the effect of gains and losses on the sale of assets. The impact of which is then appropriated back out of the account. From 2006/07 the Council is no longer required to charge notional interest for the use of assets in service delivery and this has therefore been removed. The final change is that the Council receives grants from external bodies to assist with its capital programme. The grant is released to revenue over the life of the asset. From 2006/07 the grant is credited to the service using the asset, previously it was credited to the General Fund through the Asset Management Revenue Account which due to the abolition of notional interest no longer exists.

The comparative figures shown within the Income and Expenditure Account, take account of these changes. The table shows how the changes have impacted on the comparative figures for 2005/06 compared with those published in the 2005/06 Statement of Accounts.

EXPLANATORY FOREWORD

8. Accounting Practices & Policies Changes continued.....

	Consolidated Revenue Account in 2005/06 £'000	Removal of Capital Financing Charges £'000	Reallocation of Government Grants Amortised £'000	Restatement of Interest Payable and Similar Charges £'000	2005/06 Restated Income & Expenditure Account £'000
Central Services to the Public	737	(17)			720
Cultural, Environmental and Planning Services	6,650	(336)	(129)		6,185
Highways, Roads and Transport Services	130	(12)			118
Local Authority Housing (HRA)	6,019	(4,839)			1,180
Other Housing Services	865	(28)			837
Corporate and Democratic Core	1,211	(26)			1,185
Non Distributed Costs	(240)	(31)			(271)
Net Cost of Services	15,372	(5,289)	(129)	-	9,954
Gain / Loss on Disposal of Fixed Assets	-				-
Parish Council Precepts	1,055				1,055
Levies to Drainage Boards	1,227				1,227
(Surpluses) / Deficits on Trading Undertakings	28	(2)			26
Asset Management Revenue Account	(4,672)	5,291	129	(748)	-
Interest Payable & Similar Charges	-			788	788
Contribution of Housing Capital Receipts to Government Pool	1,954				1,954
Losses on Repurchase of Borrowing	40			(40)	-
Interest and Investment Income	(1,163)				(1,163)
Pensions Interest Cost and Expected Return in Pensions Assets	518				518
Net Operating Expenditure	14,359	-	-	-	14,359

9. The Euro

The Council is continuing with its watching brief on developments as they progress. There are currently no forward expenditure commitments, and the total costs likely to be incurred will not be significant until a positive decision on converting to the Euro appears imminent. Any expenditure on Euro activities is currently absorbed within current budgetary provision.

STATEMENT OF ACCOUNTING POLICIES

1. Preparation of the Accounts

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting for Great Britain issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and more recently the Statement of Recommended Practice for the 2006/2007 accounts and the Best Value Accounting Code of Practice (BVACOP). The accounts also follow guidance issued by CIPFA on the application of Financial Reporting Standards (FRSs) and Statement of Standard Accounting Practices (SSAPs). In accordance with CIPFA's Capital Accounting Regulations capital expenditure has been accounted for on an accruals basis.

2. Intangible Fixed Assets

In accordance with FRS10, expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

3. Fixed Assets (FRS 15)

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.

Measurement - Fixed assets are valued on the basis recommended by CIPFA and in accordance with the statement of asset valuation principles and guidance notes issued by the Royal Institute of Chartered Surveyors (RICS). Fixed assets are classified and valued as follows:

- Operational land and properties are valued at current value in existing use, or depreciated replacement cost depending on the classification of the asset.
- Non-operational land and properties are valued at market value.
- Infrastructure assets and community assets are valued at historical cost net of depreciation where appropriate.
- Operational vehicles, furniture and equipment are valued at historical cost.

In accordance with the Council's policy on revaluations, and CIPFA's Capital Accounting Guidelines there is a requirement to re-value assets at least every 5 years. The Council commissioned this to be done during 2004/2005 and all land and buildings (other than Council Dwellings) were revalued at 1 April 2004. In accordance with the Code, all land and buildings are also subject to a 'desk top review' each year with any material changes being reflected in the balance sheet in the year in which they occur.

Council Dwellings were valued at 1 April 2006 in order to comply with Resource Accounting for the Housing Revenue Account.

Impairment - Where impairment is identified as part of a 'desk top review' or as a result of a valuation exercise, this is accounted for as follows:

- where attributable to the clear consumption of economic benefits - the loss is charged to the relevant service revenue account
- otherwise - written off against the Fixed Asset Restatement Reserve.

Disposals - When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the Fixed Asset Restatement Account.

STATEMENT OF ACCOUNTING POLICIES

3. Fixed Assets (FRS 15) continued....

Depreciation - Depreciation is provided on all fixed assets other than freehold land. The Council depreciates its fixed assets on a straight line basis over the expected life of the asset after allowing for a residual value. Assets are depreciated from the date of purchase, and up to the date of disposal.

4. 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 for the relevant service.
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service.
- Amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to HRA activity). Depreciation, impairment losses and amortisations 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 Financing Account for the difference between the two.

5. Gains and Losses on the Disposal of Fixed Assets

From 2006/07 all assets which are disposed of are revalued prior to disposal. The gain/loss after deducting disposal costs is then credited or debited to the Income and Expenditure Account and appropriated back out via the Statement of Movement on the General Fund Balance.

6. Deferred Charges

Deferred charges are payments of a capital nature where no tangible fixed asset is created or retained by the Council. These include improvement grants for the main part which are charged to revenue in the year the costs are incurred, in accordance with the Code.

7. PFI Scheme

The Council has entered into a 30 year PFI scheme with South Yorkshire Housing Association for the provision of 250 housing units to rent. The Council is making a contribution to the scheme through the General Fund Revenue Account. The assets remain the property of South Yorkshire Housing Association at the end of the period and are therefore not shown on the balance sheet.

8. Leasing

Assets acquired under an operating lease do not belong to the Council and are not therefore included in the Balance Sheet. However, note 25 on page 36 shows the costs of these assets in the year under leasing agreements and the liability for future rentals. The Council has no finance leases.

STATEMENT OF ACCOUNTING POLICIES

9. Premiums and Discounts

Gross discounts and/or premiums incurred during the year on the premature repayment or rescheduling of loans are placed in a discount and premium account. They are released to the General Fund over a period which represents the life of the loans repaid or the replacement loan in the case of rescheduling.

10. Capital Financing Charges

From 2006/07 notional interest charged to services for the use of assets has been abolished.

11. Capital Receipts

Amounts in excess of £10,000 received from disposals are credited to the Usable Capital Receipts reserve, which can then only be used for new capital investment or set aside to reduce the Councils borrowing requirement.

A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of deductions and allowances) is payable into a Government pool.

12. Debtors, Creditors and Provisions

The revenue accounts of the Council are maintained in accordance with the Code of Practice and FRS 18 *Accounting Policies*. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year.

Exceptions to this are public utility expenditure and manual payroll. However, this policy is applied consistently to ensure a full year's expenditure is included and therefore this does not have a material effect on the year's accounts.

Provisions are made for any liabilities existing as a result of a past event, where the timing or amount of the liability is uncertain, but where a reliable estimate can be made of the amount.

13. Stocks and Work in Progress

In accordance with proper accounting practice, stocks are valued at the lower of cost or net realisable value.

14. Government Grants & Government Grants Deferred

Government grants for specific revenue purposes are accrued in the revenue accounts to match corresponding expenditure. Grants of a capital nature are credited to the Government Grants Deferred Account and then from 2006/07 written down to revenue services to match the depreciation charge on assets financed by the grant. Their impact is then reversed out via the Statement of Movement on the General Fund Balance. Prior to 2006/07 these grants were written down to the asset Management Revenue Account. Grants for deferred charges continue to be credited to the service account in the year of receipt to match the expenditure charged there.

15. Investments

Long term investments are shown in the balance sheet at cost.

16. Interest Charges

Interest charges are accrued in the accounts for the year in which the expenditure was incurred.

STATEMENT OF ACCOUNTING POLICIES

17. Cost of Support Services

Support service costs are charged to service accounts and trading undertakings in line with the Best Value Accounting Code of Practice. The main bases of allocation are outlined as follows:

Central Departments	staff
Administrative Buildings	- Floor space occupied
Computer (non staff)	- Usage statistics
Telephones / Postage / Copying	- Actual usage

18. Reserves

The Council maintains separate balances for the General Fund, Housing Revenue Account and Collection Fund to or from which appropriations are made for annual surpluses or deficits. The Council also maintains earmarked reserves for specific future costs. Appropriations are made to or from these for specific spending requirements. Capital Reserves, consisting of the Fixed Asset Restatement Account, Capital Financing Account, Major Repairs Reserve and Useable Capital Receipts can only be used for specific statutory purposes and are not available for revenue purposes.

19. Pensions

Since 2003/04 the accounts have included recognition of the Council's liability to the North Yorkshire Pension Fund to make future pension payments to employees. Awarding retirement benefits to staff in any one year has a long term effect over and above the actual payment of pension costs in that year. The Income and Expenditure Account includes full financial recognition of the longer-term effect of pension awards in the year.

The Balance Sheet includes a Pensions Reserve which shows a net liability to the Pension Fund. This effectively means that the Council has historically underpaid contributions relative to the future benefits earned to date by its employees.

In assessing liabilities for retirement benefits at 31 March 2006 for the 2005/2006 Statement of Accounts, the council's actuary was required by the Statement of Recommended Practice (SORP) to use a discount rate of 2.5% real (4.9% actual). For the 2006/2007 Statement of Accounts, a rate based on the current rate of return on a high-quality corporate bond of equivalent currency and term to scheme liabilities is to be used. The actuary has advised that a rate of 2.9% real (5.4% actual) is appropriate.

Further information in respect of pensions is disclosed at note 43 to the Core Financial Statements, page 45.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The District Councils responsibilities

The authority is required to:-

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

The Head of Finance and Central Service's responsibilities

The Head of Finance and Central 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 of Practice').

In preparing this statement of accounts the Head of Finance and Central Services has:-

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

The Head of Finance and Central Services has also:-

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

Certification of the Head of Finance and Central Services

I hereby certify that the Statement of Accounts on pages 11 - 61 presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2007.

Karen Iveson
CPFA
Head of Finance and Central Services

Dated 25 September 2007

Approval by Chairman of Selby District Council

This Statement of Accounts was approved by a resolution of the Full Council of Selby District Council on 26 June 2007, with amendments approved by a resolution of Policy & Resources Committee on 17 July 2007 and 25 September 2007.

Councillor M Crane
Chairman of Policy & Resources Committee

Dated 17 September 2007

INCOME & EXPENDITURE ACCOUNT

2005/2006 Net Exp. £'000		2006/2007 Expenditure £'000	2006/2007 Income £'000	2006/2007 Net Exp. £'000	Notes
720	Central Services to the Public	4,535	3,819	716	1
6,185	Cultural, Environmental and Planning Services	9,323	3,245	6,078	2
118	Highways, Roads and Transport Services	700	259	441	3
1,180	Local Authority Housing (HRA)	10,241	11,132	(891)	4
837	Other Housing Services	11,241	10,843	398	5
1,185	Corporate and Democratic Core	1,211	27	1,184	6
(271)	Non Distributed Costs	320	246	74	7
9,954	Net Cost of Services	37,571	29,571	8,000	
-	Loss on Disposal of Fixed Assets			225	
1,055	Parish Council Precepts			1,090	
1,227	Levies to Drainage Boards			1,262	
26	(Surpluses) / Deficits on Trading Undertakings			(110)	8
788	Interest Payable & Similar Charges			778	9
1,954	Contribution of Housing Capital Receipts to Government Pool			1,244	
(1,163)	Interest and Investment Income			(1,163)	10
518	Pensions Interest Cost and Expected Return in Pensions Assets			388	43
14,359	Net Operating Expenditure			11,714	
(3,382)	General Government Grants			(1,000)	
(284)	Local Authority Business Growth Incentive (LABGI)			(725)	
(2,219)	Non-domestic Rates Redistribution			(5,183)	
(4,804)	Demand on the Collection Fund			(4,985)	
(28)	Transfers to / (from) the Collection Fund in respect of Surpluses / Deficits			(28)	
3,642	Net General Fund (Surplus) / Deficit for the Year			(207)	

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure Account shows the Council's actual financial performance for 2006/2007, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:-

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

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

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

2005/2006 £'000		2006/2007 £'000	Notes
3,642	(Surplus) / Deficit for the year on the Income & Expenditure Account	(207)	See note on page 18
(3,429)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(1,470)	
213	(Increase) / Decrease in General Fund Balance for the year	(1,677)	
(1,713)	General Fund Balance brought forward	(1,500)	
(1,500)	General Fund Balance carried forward	(3,177)	

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

2005/2006 £'000		2006/2007 £'000	Notes
	Amounts included in the Income & Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
-	Amortisation of intangible fixed assets	(61)	11
(531)	Depreciation and impairment of fixed assets	(614)	11
129	Government Grants Deferred amortisation	184	39
(681)	Write downs of deferred charges to be financed from capital resources	(359)	
-	Net loss on sale of fixed assets	(225)	
(959)	Net charges made for retirement benefits in accordance with FRS 17	(1,471)	43
(2,042)		(2,546)	
	Amounts not included in the Income & Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year		
(177)	Minimum revenue provision for capital financing	74	
1,426	Capital expenditure charged in-year to the General Fund Balance	1,065	12
(1,954)	Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(1,244)	
1,049	Employer's contributions payable to the NYCC Pension Fund and retirement benefits payable direct to pensioners	1,112	
344		1,007	
	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		
420	Housing Revenue Account Balance	692	
(1,734)	Appropriation to / (from) Major Repairs Reserve	(171)	
(417)	Net transfer to / (from) earmarked reserves	(452)	13
(1,731)		69	
(3,429)	Net additional amount required to be credited to the General Fund balance for the year.	(1,470)	

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2005/2006		2006/2007	Notes
£'000		£'000	
3,642	(Surplus) / Deficit for the year on the Income & Expenditure Account	(207)	
19,661	(Surplus) / Deficit arising on revaluation of fixed assets	(25,401)	40
(154)	Actuarial (gains) / losses on pension fund assets and liabilities	(2,269)	43
22	Other (gains) / losses	27	
26	Collection Fund (gains) / losses	(492)	
23,197	Total recognised (gains) / losses for the year	(28,342)	

BALANCE SHEET

31-Mar-06 £'000		31-Mar-07		Notes
		£'000	£'000	
273	Intangible Assets	278		28
	Tangible Fixed Assets			21, 24, 27
	Operational Assets			
130,563	Council Dwellings	154,269		
10,989	Other Land and Buildings	11,147		
2,020	Vehicles Plant and Equipment	1,725		
71	Infrastructure	71		
115	Community Assets	112		
	Non-Operational Assets			
346	Commercial Property	346		
1,234	Surplus Assets Held for Disposal	1,106		
10	Other Land and Buildings	449		
145,621	Total Fixed Assets		169,503	
20	Long Term Investments	20		30
210	Long Term Debtors	245		31
43	Deferred Premiums on Early Repayment of Debt	-	265	
145,894	Total Long Term Assets		169,768	
	Current Assets			
46	Stocks and Work in Progress	65		32
7,860	Debtors & Prepayments	9,149		33
19,707	Short Term Investments	20,064		30
-	Cash and Bank	272	29,550	
173,507	Total Assets		199,318	
	Current Liabilities			
(1,512)	Long Term Borrowing due within 12 months	(1,013)		34
(4,156)	Creditors	(4,530)		35
(385)	Cash Overdrawn	-	(5,543)	
167,454	Total Assets less Current Liabilities		193,775	
(162)	Provisions	(171)		37
(8,585)	Long Term borrowing	(8,571)		34
59	Deferred Liabilities	54		38
(494)	Governments Grants - deferred account	(396)		39
(75)	Deferred Discounts on Early Repayment of Debt	(62)		
(14,082)	Liability Related to Defined Benefit Pension Schemes	(12,172)	(21,318)	43
144,115	Total Assets less Liabilities		172,457	

BALANCE SHEET

31-Mar-06 £'000		31-Mar-07		Notes
		£'000	£'000	
	Financed By:			
118,357	Fixed Asset Restatement Account	141,838		40
27,086	Capital Financing Account	27,604		40
401	Useable Capital Receipts Reserve	204		40
152	Deferred Capital Receipts	108		40
(14,082)	Pensions Reserve	(12,172)		43
1,479	Major Repairs Reserve	1,744		40
	Fund Balances & Reserves:			
1,500	General Fund	3,177		40
1,216	Housing Revenue Account	1,908		40
206	Collection Fund	698		40
7,800	Other Revenue Reserves	7,348	172,457	40
144,115			172,457	

Karen Iveson
CPFA
Head of Finance and Central Services

Dated 25 September 2007

CASH FLOW STATEMENT

2005/2006 £'000		2006/2007 £'000	2006/2007 £'000	Notes
	Revenue Activities			
	<u>Cash Outflows</u>			
7,967	Employees	8,368		
22,176	Other operating cash payments	20,124		
3,376	Housing Benefit	3,996		
41,539	Non-domestic rates payment to National Pool	40,830		
31,249	Precepts	32,964		
1,947	Payments to the Capital Receipts Pool	1,297		
108,254			107,579	
	<u>Cash Inflows</u>			
(3,822)	Rents (after rebates)	(3,907)		
(32,504)	Council Tax	(34,234)		
(3,641)	Non-domestic rate pool	(7,086)		
(42,242)	Non domestic rate payers	(40,859)		
(3,383)	Revenue Support Grant	(1,000)		48
(3,328)	DWP grants for benefits	(3,857)		48
(9,114)	Other Government Grants	(10,065)		48
(7,979)	Goods and services	(7,465)		
-	Other operating cash receipts	-		
(106,013)			(108,473)	
2,241	Net Cash Flow from Revenue Activities		(894)	44
	Returns on Investment and Servicing of Finance			
	<u>Cash Outflows</u>			
831	Interest Paid	665		
	<u>Cash Inflows</u>			
(210)	Interest received	(1,064)		
621	Net Cash Flow from Servicing of Finance		(399)	
	Capital Activities			
	<u>Cash Outflows</u>			
4,161	Fixed assets	2,737		
697	Other capital cash payments	721		
	<u>Cash Inflows</u>			
(2,815)	Sale of fixed assets	(1,789)		
(1,967)	Capital grants received	(1,903)		48
-	Other capital cash receipts	-		
76	Net Cash Flow from Capital Activities		(234)	
2,938	Net Cash Flow Before Financing c/fwd		(1,527)	45

CASH FLOW STATEMENT

2005/2006 £'000		2006/2007 £'000	2006/2007 £'000	Notes
2,938	Net Cash Flow Before Financing b/fwd		(1,527)	45
	Management of Liquid Resources			
(1,132)	Increase/(decrease) in short term investments		357	46, 47
(1,132)	Net Cash Flow from Liquid Resources		357	
	Financing			46
	<u>Cash Outflows</u>			
12	Repayments of amounts borrowed	1,513		
	<u>Cash Inflows</u>			
-	New loans raised	-		
(1,500)	New short term loans	(1,000)		
(1,488)	Net Cash Flow from Financing		513	
318	Net (Increase) / Decrease in Cash		(657)	45

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

The following notes are intended to explain figures contained in the Income and Expenditure Account, Balance Sheet and the Cash Flow Statement.

1. Central Services to the Public

2005/2006 Net Exp. £'000	Service	2006/2007 Expenditure £'000	2006/2007 Income £'000	2006/2007 Net Exp. £'000
458	Local Tax Collection	4,053	3,672	381
147	Elections & Electoral Registration	205	1	204
60	Emergency Planning	70	-	70
(10)	Local Land Charges	149	146	3
65	Grants	58	-	58
720	Total	4,535	3,819	716

The above note attempts to bring together those costs relating to services provided to the public by central departments. Costs included in Local Tax Collection include council tax collection, council tax benefits and non-domestic rates collection. Grants include miscellaneous grants made to voluntary organisations.

2. Cultural, Environmental and Planning Services

2005/2006 Net Exp. £'000	Service	2006/2007 Expenditure £'000	2006/2007 Income £'000	2006/2007 Net Exp. £'000
2	Culture & Heritage	3	-	3
956	Recreation & Sport	1,887	836	1,051
165	Open Spaces	308	144	164
39	Tourism	8	-	8
37	Cemetery Services	32	-	32
731	Environmental Health	946	155	791
353	Community Safety	568	220	348
1	Land Drainage	-	-	-
569	Street Cleansing	599	-	599
1,984	Waste Collection	2,644	797	1,847
68	Building Control	59	2	57
424	Development Control	1,179	667	512
339	Planning Policy	363	5	358
279	Economic Development	695	419	276
238	Community Development	32	-	32
6,185	Total	9,323	3,245	6,078

2. Cultural, Environmental and Planning Services continued....

Community Safety includes expenditure and income which relates to the Selby Community Safety Partnership which was set up to reduce crime and disorder, and to promote community safety in Selby District.

The costs for building control also include costs incurred by the Council for its work on Street Nameplates £9k 2006/07 (£8k 2005/06). An analysis of the costs of building control are shown in note 16 on page 29.

Selby District Council as the lead Authority, is working with a number of organisations to achieve the aims of the Partnership. The partners include North Yorkshire Police, North Yorkshire County Council, North Yorkshire Fire & Rescue Authority, York and North Yorkshire Primary Care Trust, North Yorkshire Police Authority, the Youth Offending Team, Selby AVS, the Drug Action Team and the Drug & Alcohol Reference Group.

3. Highways, Roads and Transport Services

2005/2006 Net Exp. £'000	Service	2006/2007 Expenditure £'000	2006/2007 Income £'000	2006/2007 Net Exp. £'000
(65)	Parking Services	177	254	(77)
183	Public Transport & Concessionary Fares Scheme	523	5	518
118	Total	700	259	441

The Transport Act 2000 introduced a statutory minimum concessionary fares scheme from 1 June 2001. From April 2006 residents over 60 and disabled persons as defined within the Act are entitled to a travel pass which enables them to free travel on buses within North Yorkshire and York. In addition, these residents of Selby District are able to travel at a reduced fare on trains from one of seven stations in the Selby area to a number of agreed destinations. The scheme is administered on behalf of Selby District Council by Harrogate Borough Council.

4. Local Authority Housing (HRA)

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to the Councils housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring fenced from the rest of the General Fund so that rents cannot be subsidised from council tax.

2005/2006 Balance £'000		2006/2007 Balance £'000
(10,726)	Housing Revenue Account income	(11,132)
11,906	Housing Revenue Account expenditure	10,241
1,180	Net Cost of Housing Revenue Account Services	(891)

The Housing Revenue Account and accompanying notes can be found on pages 51 to 58.

5. Housing Services

2005/2006 Net Exp. £'000	Service	2006/2007 Expenditure £'000	2006/2007 Income £'000	2006/2007 Net Exp. £'000
(247)	Housing Strategy (RSL's & PFI)	127	540	(413)
538	Housing Grants & Energy Conservation	710	155	555
26	Homelessness	52	19	33
(132)	Housing Benefits	8,743	9,115	(372)
639	Housing Benefits Administration	1,025	447	578
13	Other Housing	19	2	17
-	Supporting People	565	565	-
837	Total	11,241	10,843	398

Housing Strategy includes the annual costs of the Housing PFI Scheme. The Council has also received a grant from Central Government of £537k towards future years costs. See note 26 on page 36 for more details.

Supporting People expenditure covers costs relating to Designated Housing, Sheltered Housing, Lifelines and Homelessness. These costs are reimbursed through grants receivable from North Yorkshire County Council, contributions from the Housing Revenue Account and rental income.

6. Corporate and Democratic Core

2005/2006 Net Exp. £'000	Service	2006/2007 Expenditure £'000	2006/2007 Income £'000	2006/2007 Net Exp. £'000
518	Democratic Representation & Management	598	7	591
667	Corporate Management	613	20	593
1,185	Total	1,211	27	1,184

Democratic Representation and Management includes costs such as Members allowances and committee administration. Corporate Management includes the costs of the Chief Executive, the preparation of accounts and external audit. Bringing these costs together here excludes them from the total cost of any particular service, which accords with relevant accounting regulations.

7. Non Distributed Costs

2005/2006 Net Exp. £'000	Service	2006/2007 Expenditure £'000	2006/2007 Income £'000	2006/2007 Net Exp. £'000
36	Costs of Unused facilities (assets & IT)	92	64	28
86	Retired Officer Superannuation	88	-	88
82	Staff Training & Recruitment	110	-	110
(453)	FRS 17- Pension service (gains) & curtailments	29	-	29
(22)	Other Services	1	182	(181)
(271)	Total	320	246	74

Non Distributed costs are held centrally, and as such aren't recharged to particular services, as per relevant accounting regulations. Non Distributed costs include the costs relating to unused facilities, such as unused buildings along with the pension costs of former employees. FRS 17 pension costs are shown in greater detail in note 43 on page 45.

8. Surpluses / Deficits on Trading Undertakings

Trading undertakings are activities of a commercial nature financed substantially by charges to recipients of the service. The surpluses / deficits on trading undertakings relate to the profits or losses on the Councils Markets, Industrial Units and Commercial Waste contract. The table below shows the trading position for each of these activities.

2005/2006 (Surplus) / Deficit £'000	Trading Services	2006/2007 Expenditure £'000	2006/2007 Income £'000	2006/2007 (Surplus) / Deficit £'000
(15)	Selby Market (Monday)	78	94	(16)
16	Tadcaster Market	27	12	15
7	Farmers & Continental Markets	3	5	(2)
48	Commercial Waste	368	391	(23)
(30)	Industrial Units	156	240	(84)
26	Total	632	742	(110)

9. Interest Payable and Similar Charges

2005/2006 Charge £'000		2006/2007 Charge £'000
748	External Interest Charges	747
54	Premiums on Repurchase of Borrowing	45
(14)	Discounts on Repurchase of Borrowing	(14)
788	Total	778

10. Interest and Investment Income

The Council invests (either directly or via its Fund Manager) its overall surplus funds on a day to day basis for periods up to one year. The investments are to major Clearing Banks, Building Societies or other Local Authorities. The total interest generated in 2006/07 was £1.183m (2005/06 £1.191m). This interest is then, after the deduction of management costs of £32k (2005/06 £43k), credited to the various reserves of the Authority including the General Fund and the Housing Revenue Account. Management costs of £5k (2005/06 £7k) relating to the HRA element of the investments are included within debt management costs within the HRA.

In addition the Council earns interest from mortgages issued previously under the tenants right to buy scheme. In 2006/07 this generated £12k (2005/06 £15k) which is credited to the Housing Revenue Account. This with the balances interest gives a net interest figure of £1.163m (2005/06 £1.163m).

11. Adjustment for Amortisation of Intangible Fixed Assets and Depreciation

The adjustment for amortisation of intangible fixed assets and depreciation ensures that the impact of these charges on Council Tax is no more or no less than the requirement to make provision to repay debt as required using the prescribed calculations under the Local Government Act 2000. This adjustment also reverses the impact of any impairments.

12. Capital Expenditure Financed from Revenue

The capital programme can be financed from a variety of sources, one of which is revenue. In 2006/07 £1.065m of capital expenditure was funded from revenue. Of this £833k was funded from the Housing Revenue Account (£390k in 2005/06) . Whilst capital expenditure of £56k was funded from General Fund balances (£273k in 2005/06) and £176k was financed using various General Fund reserves (£763k in 2005/06).

13. Transfers to / (from) Other Earmarked Reserves

The Council has a number of earmarked reserves for specific projects and these are used to fund both revenue and capital projects. Details of the movement on these reserves is shown in note 40 to the Core Financial Statements on page 42.

14. Section 137 Expenditure

Section 137 of the Local Government Act 1972 enables Parish/Town Councils to spend up to the product of £5.02 per head of the electorate for the benefit of people in the area on activities or projects not specifically authorised by other powers.

No such expenditure was incurred in the 2005/06 or 2006/07 financial years.

15. Publicity Expenditure

Under Section 5 of the Local Government Act 1986, a Local Authority is required to keep a separate account of its expenditure on publicity. Details are shown below:-

2005/2006 Expenditure £'000		2006/2007 Expenditure £'000
62	Recruitment Advertising	56
34	Other Advertising	41
28	Other Publicity	36
124	Total	133

16. Building Control

On 1 April 2001 the Council formed a partnership with Ryedale District Council to provide Building Control services on behalf of the two Councils. The North Yorkshire Building Control Partnership was originally planned to operate for a three year trial period to 31 March 2004. Following an external review of the Partnership's viability in 2002/03, both Councils agreed to make the arrangement permanent. From April 2004 changes to the financial arrangements were agreed which resulted in each partner paying a fixed fee for non-chargeable services and receiving a share of any surpluses over a value of £60,000.

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the Building Control function. There are however certain duties undertaken by the Building Control Partnership which cannot be charged for, such as providing advice and liaising with other statutory bodies. Chargeable and non-chargeable costs are shared between the partners on a previously agreed basis. The statement shows the Council's share of the cost of operating the Building Control Partnership split between chargeable and non-chargeable duties.

2005/2006 Total £'000		2006/2007 Chargeable £'000	2006/2007 Non-Charge £'000	2006/2007 Total £'000
	Expenditure			
4	Employee Expenses	-	-	-
19	Premises	16	4	20
107	Supplies and Services	40	61	101
33	Central and Support Service Charges	17	13	30
93	Contributions to Partners / Reserve	-	-	-
256	Total Expenditure	73	78	151
	Income			
190	Building Regulation Charges	25	5	30
6	Miscellaneous Income	-	3	3
-	Contributions from Partners / Reserve	58	11	69
196	Total Income	83	19	102
(60)	Surplus / (Deficit) for the Year	10	(59)	(49)

The net cost of £37,046 is the amount it costs Selby District Council to be part of the North Yorkshire Building Control Partnership after partner contributions and distribution from the NYBCP Reserve.

17. Members Allowances

The cost of Members Allowance payments is included within the Corporate and Democratic Core costs (Democratic Representation and Management) and in 2006/07 amounted to £215,156 (£211,401 in 2005/06).

18. Officers' Emoluments

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

2005/2006 No. of Employees	Remuneration Band	2006/2007 No. of Employees
-	£80,000 - £89,999	1
1	£70,000 - £79,999	-
1	£60,000 - £69,999	-
3	£50,000 - £59,999	2

19. Related Party Transactions.

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

The table below and on the following page show material transactions with certain related parties during the year. Information on other related party transactions such as revenue support grant and housing subsidy may be disclosed elsewhere in the accounts.

2005/2006 £'000		2006/2007 £'000
	<u>Receipts</u>	
	Central Government	
9,509	- Dept for Communities and Local Government	10,798
11,665	- Department for Work & Pensions	12,796
-	- Department of Health	6
154	- Home Office	179
87	- Defra	-
396	Yorkshire Forward	302
39	Employee Car Loans	14
788	North Yorkshire County Council	966
-	Hambleton District Council	8
-	North Yorks & York Primary Care Trust	34
22,638	Total Receipts	25,103

19. Related Party Transactions continued....

2005/2006 £'000		2006/2007 £'000
	<u>Payments</u>	
1,055	Parish Precepts	1,090
1,227	Internal Drainage Board Levies	1,262
21	Hull & Goole Port Health Authority Levy	22
23,841	North Yorkshire County Council Precept	25,156
4,893	North Yorkshire Police Authority Precept	5,034
1,460	North Yorkshire Fire & Rescue Precept	1,509
41,539	National Non Domestic Rate Pool	38,316
4,107	ODPM	4,137
993	North Yorkshire Pension Fund (Employer Contributions)	1,370
19	Employee Car Loans	21
30	Selby Stay Put	30
135	Ryedale District Council (for North Yorkshire Audit Partnership)	129
-	Groundwork Trust	126
79,320	Total Payments	78,202

In addition Cllr Mark Crane is a trustee of Selby Citizens Advice Bureau to which the Council provided grant funding in 2006/07.

20. Audit Fees

The Council incurred the following fees relating to external audit and inspection:

2005/2006 £'000		2006/2007 £'000
94	Fees due to the Audit Commission with regard to external audit services carried out by the appointed auditor.	96
6	Fees due to the Audit Commission in respect of statutory inspection.	4
36	Fees paid to the Audit Commission for the certification of grant claims and returns.	32
136	Total	132

21. Summary of Capital Expenditure and Fixed Asset Disposals

Movement on Fixed Assets

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant & Equipment £'000	Infra-structure £'000	Community Assets £'000	Total £'000
Operational Assets						
Certified Valuation as at 31 March 2006	133,888	11,228	4,443	90	127	149,776
Accumulated Dep'n & Impairment	(3,325)	(239)	(2,423)	(19)	(12)	(6,018)
NBV as at 31 March 2006	130,563	10,989	2,020	71	115	143,758
Movement in 2006/2007:						
Reclassification	(275)	-	-	-	-	(275)
Additions	2,518	57	216	58	-	2,849
Disposals						
- Gross Book Value	(1,696)	-	(219)	-	-	(1,915)
- Accumulated Dep'n	-	-	219	-	-	219
Revaluation of Assets						
- Change in Certified Value	25,432	620	-	-	-	26,052
- Accumulated Dep'n	3,023	135	-	-	-	3,158
- Capital Expenditure not resulting in Asset	(2,361)	(57)	(54)	(58)	-	(2,530)
Dep'n for the Year	(1,843)	(251)	(457)	-	(3)	(2,554)
Impairment (price change)	(1,092)	(346)	-	-	-	(1,438)
NBV as at 31 March 2007	154,269	11,147	1,725	71	112	167,324
Non-Operational Assets						
Certified Valuation as at 31 March 2006		1,598				1,598
Accumulated Dep'n & Impairment		(8)				(8)
NBV as at 31 March 2006	-	1,590	-	-	-	1,590
Movement in 2006/2007:						
Reclassification		288				288
Additions		90				90
Disposals						
- Gross Book Value		(225)				(225)
- Accumulated Dep'n		-				-
Revaluation of Assets						
- Change in Certified Value		163				163
- Accumulated Dep'n		7				7
Dep'n for the Year		(12)				(12)
Impairment		-				-
NBV as at 31 March 2007	-	1,901	-	-	-	1,901
NBV as at 31 March 2007	154,269	13,048	1,725	71	112	169,225

Depreciation Methodologies

Depreciation is generally provided on all fixed assets other than freehold land, and is charged from the date of purchase up to the date of disposal. The Council depreciates its assets on a straight line basis over the expected life of the asset after allowing for a residual value. An external valuer has assessed the useful life of all Council owned buildings, which have been determined as follows:-

	Estimated Useful Life (years)
Buildings	
Council Dwellings - Traditional Construction	60
Council Dwellings - Non-Traditional Construction	20 - 40
Garages	10
Operational Buildings	15 - 60
Non-Operational Buildings	30 - 55
Other Assets	
Vehicles, Plant & Equipment	5 - 15

Capital Expenditure and Financing

Capital expenditure and sources of financing during the year were as follows:

2005/2006 £'000		2006/2007 £'000
(776)	Opening Capital Financing Requirement	(252)
	Capital investment	
4,233	Operational assets	2,849
-	Non-operational assets	90
273	Intangible assets	90
782	Deferred charges	624
	Sources of finance	
(904)	Capital receipts	(665)
(2,611)	Government grants and other contributions	(1,716)
(1,249)	Revenue contributions	(1,065)
-	MRP / Set asisde receipts	(72)
(252)	Closing Capital Financing Requirement	(117)
524	Supported Borrowing	207
-	Prudential Borrowing (unsupported by Government financial assistance)	-
-	Debt Repayment	(72)
(524)	Increase / (decrease) in Capital Financing Requirement	(135)

22. Deferred Charges

Deferred charges arise where expenditure is classified as capital but where it does not result in a tangible asset. Examples of deferred charges are where capital grants are given to third parties e.g. improvement grants. Movements in Deferred Charges during the year were as follows :

	Balance at 31-Mar-06 £'000	Expenditure £'000	Amounts Written Off to Revenue £'000	Balance at 31-Mar-07 £'000
Improvement Grants	-	536	(536)	-
General Fund	-	88	(88)	-
Total	-	624	(624)	-

23. Commitments Under Capital Contracts

The Council is required to disclose any significant commitments under capital contracts. These commitments relate to contractual obligations entered into but not discharged by 31 March 2007, and commitments to meet items in the proposed capital programme where contracts have not been entered into, which are not already reflected within the accounts.

The Council has authorised expenditure in future years of £5.029m, under its capital programme of which £1.571m has been contracted. A further £3.458m relates to schemes approved to proceed which are not yet contracted, these commitments include the following significant schemes:

	Expenditure approved and contracted at 31-Mar-07 £'000	Expenditure approved to proceed but not contracted at 31-Mar-07 £'000
Improvements to land & buildings	590	157
Grants to other bodies	-	45
Equipment & Consultancy services	25	167
Home Improvement Grants & Survey	-	450
Modernisations to HRA land & buildings	947	2,489
Health & Safety Regulations	9	150
Total	1,571	3,458

24. Information on Assets Held

31-Mar-06 (number)	Assets	31-Mar-07 (number)
	Council Dwellings - HRA & GF	
532	Houses and Bungalows - 1 Bedroom	532
905	- 2 Bedroom	900
1,119	- 3 Bedroom	1,103
32	- 4 Bedroom	31
1	- 5 Bedroom	1
231	Flats, Bedsits and Maisonettes - 1 Bedroom	228
383	- 2 Bedroom	382
2	- 3 Bedroom	2
2	Multi Occupied Dwellings (Hostels)	2
3,207	Total	3,181
	Parks and Open Spaces	
18	Playgrounds	19
2	Sports Fields	2
20	Total	21
	Vehicles, Plant and Equipment	
	The major items are as follows:	
8	Environmental Health Vehicles & Plant	12
2	Community Safety Vehicles	2
15	Housing Maintenance Vehicles	15
5	Trailers	5
37	CCTV Cameras	37
67	Total	71
	Operational Buildings	
	The major items are as follows:	
1	Civic Centre	1
2	Sports Centres	2
3	Depots	3
4	Public Conveniences	4
14	Community Centres	14
24	Total	24

Assets acquired under finance lease would be capitalised and included within the Council's asset register. Assets utilised under an operating lease would not appear on the balance sheet as they are not owned by the Council.

25. Assets Held Under Leases

Vehicles, Plant, Furniture and Equipment - the authority uses a warden call system and photocopiers under terms of an operating lease. The amounts paid under these arrangements in 2006/07 was £95,051 (2005/06 £95,626).

Following a review of assets held under leases, it has been determined that computer equipment and sunbeds previously classified as assets held under operating leases are actually subject to annual rental agreements rather than lease agreements. The 2005/06 comparative figure quoted above has therefore been restated to remove the effect of these items.

Commitments under Operating Leases - the authority was committed at 31 March 2007 to making payments of £93,927 under operating leases in 2007/08, comprising the following elements:-

	Vehicles, Plant & Equipment £'000
Leases expiring between 2008/09 and 2012/13	18
Leases expiring after 2012/13	76

26. Assets Recognised Under PFI Arrangements

The Council does not recognise any assets in its balance sheet under PFI arrangements. However in 2006/07 the authority was committed to making payments of £122,665. These payments will increase each year reaching £510,000 per annum from 2010 under a contract with South Yorkshire Housing Association for the provision of 250 homes to rent. The actual level of payments will depend on the number of units available for rent. The contract expires in 2035.

27. Valuation Information

The following statement shows the progress of the Council's programme for the revaluation of assets. The valuation of council dwellings is carried out by G Tyerman BSc, MRICS of Mouchel Parkman and the valuation of other land and buildings is carried out by C W Clubley F.R.I.C.S. F.A.A.V of Chris Clubley & Co Ltd. Both are external valuers. The basis of valuation is set out in the statement of accounting policies.

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infra-structure £'000	Community Assets £'000	Total £'000
Valued at historical cost:		90	1,725	71	112	1,998
Valued at current value in:						
2006/2007	154,269	66				154,335
2005/2006						-
2004/2005		12,892				12,892
2003/2004						-
2002/2003						-
Total	154,269	12,958	1,725	71	112	169,225

28. Intangible Assets

	Software Licenses £'000	Other Intangible £'000	Total £'000
Original Cost	216	57	273
Amortisation to 1 April 2006	-	-	-
Balance at 1 April 2006	216	57	273
Expenditure in Year	46	20	66
Written off to revenue in year	(48)	(13)	(61)
Balance at 31 March 2007	214	64	278

The above intangible assets relate to current IT projects. Software licences are held for the Access to Services, Planning Public Access and Internal / External e-mail projects. Other Intangibles relate to consultancy costs for the Access to Services, Planning Public Access and other Planning IT projects.

The assets are shown at historical cost and will be amortised over 5 years on a straight line basis. In accordance with the Council's policy, amortisation will occur from the date of purchase. This is a change in policy for 2006/07 as previously no amortisation occurred in the year of purchase.

29. Analysis of Net Assets Employed

The following note analyses the net assets of the Authority between the General Fund and the Housing Revenue Account.

Balance at 31-Mar-06 £'000		Balance at 31-Mar-07 £'000
10,808	General Fund	14,860
133,307	Housing Revenue Account	157,597
144,115	Total	172,457

30. Investments

31-Mar-06 £'000		31-Mar-07 £'000
	<u>Long Term</u>	
20	British Government Stock	20
20		20
	<u>Short Term</u>	
17,701	Fund Manager	16,050
6	Banks	3,014
2,000	Building Societies	1,000
19,707		20,064
19,727	Total	20,084

31. Long Term Debtors

31-Mar-06 £'000		31-Mar-07 £'000
152	Housing Mortgages - Council Houses	108
41	Employee Loans	21
17	Other Loans	116
210	Total	245

32. Stock

31-Mar-06 £'000		31-Mar-07 £'000
26	Building Maintenance	46
3	Other	3
12	Leisure Centres	12
5	Domestic Wheeled Bins	4
46	Total	65

33. Debtors & Prepayments

31-Mar-06 £'000		31-Mar-07 £'000
	Amounts falling due in one year:	
257	Prepayments	222
290	Customs & Excise / Inland Revenue	230
1,903	Other Government Departments	2,690
7	Other Local Authorities	8
197	Rent payers	178
1,267	Sundry Debtors	1,490
267	Miscellaneous	289
	Collection Fund:	
2,389	- NNDR	2,306
3,007	- Council Tax	3,745
9,584		11,158
	Less Provision for Bad Debts:	
(65)	Housing	(257)
(308)	General Fund	(324)
	Collection Fund:	
(551)	- NNDR	(575)
(800)	- Council Tax	(853)
(1,724)		(2,009)
7,860	Total	9,149

Deferred premiums and discounts are now shown separately on the face of the balance sheet. In 2005/06 they were included in prepayments in the above note which has been restated accordingly.

34. Analysis of Borrowing

	Source of Loan	Other Institutions £'000	PWLB £'000	Local Gov. Stock £'000	Transferred Debt £'000	Total £'000
31-Mar-06	Balance b/f	1,500	2,080	6,500	17	10,097
	<u>Short Term Borrowing</u> Maturing within 1 year	1,000	13			1,013
	Total	1,000	13			1,013
	<u>Long Term Borrowing</u> Maturing in 1 - 2 years		14			14
	Maturing in 2 - 5 years		1,036			1,036
	Maturing in 5 - 10 years		4			4
	Maturing in 10+ years		1,000	6,500	17	7,517
	Total	-	2,054	6,500	17	8,571
31-Mar-07	Balance c/f	1,000	2,067	6,500	17	9,584

35. Creditors

31-Mar-06 £'000		31-Mar-07 £'000
5	Customs & Excise	49
559	Other Government Departments	301
35	Other Local Authorities	34
176	Rent Payers	179
309	NNDR	570
853	Council Tax	871
237	Section 106 Receipts	405
1,960	Sundry Creditors	2,104
22	Miscellaneous	17
4,156	Total	4,530

Deferred premiums and discounts are now shown separately on the face of the balance sheet. In 2005/06 they were included in miscellaneous in the above note which has been restated accordingly.

Section 106 Receipts

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 condition of that permission (e.g. creation of a play area). The sums are restricted to being spent only in accordance with the agreement concluded with the Developer. The balances of Section 106 receipts held by the Council during the year were as follows:

	Balance at 31-Mar-06 £'000	Income £'000	Expenditure £'000	Balance at 31-Mar-07 £'000
Open Space Schemes	225	350	(220)	355
Traffic Management / Public Transport Schemes	9	63	(72)	-
Education Contributions	-	213	(166)	47
Selby District Council Schemes	3	5	(5)	3
Total	237	631	(463)	405

Parish Councils can apply for the release of funds from the Open Space Schemes monies applicable to their Parish by submitting a proposed scheme to the Council. On approval of the scheme the monies will be paid over to the Parish Council in staged payments. The contributions from Developers relating to traffic management, public transport and education schemes are received by the Council and then paid over to North Yorkshire County Council. The balance of the education contribution (£46,944) will be paid over in 2007/08.

36. Insurance Provisions

The Council carries a car loan insurance fund. This fund exists to cover the potential event that an employee defaults on the repayment of their car loan. A bond is paid by the employee into the fund at the start of the loan period, and the current balance on the fund is £3,727.

An insurance reserve also exists to cover uninsured risks on council owned property. In particular the fund will cover water damage which the Council does not insure against. The current balance on the fund is £46,600.

37. Provisions

	Balance at 31-Mar-06 £'000	Movement in 2006/2007 £'000	Balance at 31-Mar-07 £'000	See Notes Below
Open Space Maintenance Contributions	61	(8)	53	1
Sherburn Workshop Phase I & II	44	-	44	2
Swordfish Way Sherburn	4	14	18	
Prospect Centre	3	(3)	-	
The Vivars	6	4	10	
Hurricane Close	-	2	2	
Planning Inquiries	31	-	31	3
Asset Valuation Costs	9	-	9	
Taxi Survey	4	-	4	
Total	162	9	171	

37. Provisions continued....

1. Open Space Maintenance Contributions

This provision has been made to fund future grounds maintenance costs on a number of play areas and open spaces which have been adopted by the council.

2. Sherburn Workshop Phase I & II

This provision is used to fund future repairs and maintenance on Sherburn phase I and II industrial units. Each year a contribution is made either to or from this provision depending on the level of maintenance required.

3. Planning Inquiries

This provision is used to fund costs relating to the Local Plan Inquiry.

38. Deferred Liabilities

Deferred Liabilities are the costs of setting up the Local Government stock issue, these costs are being written off over the 25 year life of the loan which is due for repayment in 2020.

39. Government Grants Deferred and Other Grant Contributions

These are sums of money that have been received from the Government and other organisations to contribute towards the costs of fixed assets. The money is transferred to the relevant service as the asset is depreciated so that service revenue accounts receive a reduced charge in each year that the asset is usable. The money is therefore not available to fund other expenditure requirements.

The following table shows the movement on the above account:-

Balance at 31-Mar-06 £'000		Amount Received £'000	Amount Used £'000	Balance at 31-Mar-07 £'000
462	Deferred Government Grants	35	(170)	327
32	Deferred Other Grant Contributions	51	(14)	69
494		86	(184)	396

40. Reserves

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

	Balance at 31-Mar-06 £'000	Net Movement in Year £'000	Balance at 31-Mar-07 £'000	Purpose of the Reserve	Further Detail of Movements
Fixed Asset Restatement Account	118,357	23,481	141,838	Store of gains / losses on revaluation of fixed assets.	(a) below
Capital Financing Account	27,086	518	27,604	Store of capital resources set aside to meet past expenditure.	(b) below
Useable Capital Receipts Reserve	401	(197)	204	Proceeds of fixed asset sales available to meet future capital spend.	(c) below
Deferred Capital Receipts	152	(44)	108	Proceeds from the sale of assets received in installments.	(d) below
Pensions Reserve	(14,082)	1,910	(12,172)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet.	Note 43 to the Core Financial Statements, Page 45
Major Repairs Reserve	1,479	265	1,744	Resources available to meet capital investment in council housing.	HRA Statements, page 51
General Fund Reserve	1,500	1,677	3,177	Resources available to meet future running costs for General Fund.	Statement of Movement on the GF Balance, page 17
Housing Revenue Account	1,216	692	1,908	Resources available to meet future running costs for council houses.	HRA Statements, page 51
Collection Fund Reserve	206	492	698	Store of the collection fund surplus to be divided between the major precepting bodies in future years.	Collection Fund Account, page 59
Other Revenue Reserves	7,800	(452)	7,348	Resources earmarked for future projects.	(e) below
Total	144,115	28,342	172,457		

(a) Fixed Asset Restatement Account

	£'000
Balance brought forward at 1 April 2006	118,357
Gains / (losses) on revaluation of fixed assets in 2006/2007	29,380
Impairment losses on fixed assets due to general changes in prices on 2006/2007	(1,438)
Amounts written off fixed asset balances for disposals in 2006/2007	(1,921)
Other movement on the reserve	(2,540)
Total movement on reserve in 2006/2007	23,481
Balance carried forward at 31 March 2007	141,838

This account represents the difference between the valuations of assets under the new system of capital accounting compared to the previous system. The account is adjusted to reflect the writing out of the net book value of assets disposed of and capital expenditure that has not resulted in an increase in asset values.

(b) Capital Financing Account

	£'000
Balance brought forward at 1 April 2006	27,086
Useable capital receipts applied	665
Capital expenditure financed from revenue	1,065
Major Repairs grant applied to capital investment in 2006/2007	1,517
Reconciling amounts for provisions for loan repayment	(776)
Transfer to Major Repairs Reserve re HRA depreciation	(1,953)
Total movement on reserve in 2006/2007	518
Balance carried forward at 31 March 2007	27,604

The capital financing account represents the amounts set aside from revenue resources or capital resources to finance expenditure on fixed assets or for the repayment of external loans and certain other capital transactions.

(c) Usable Capital Receipts Reserve

	£'000
Balance brought forward at 1 April 2006	401
Amounts receivable in 2006/2007	468
Amounts applied to finance new capital investment in 2006/2007	(665)
Increase / (decrease) in realised capital resources	(197)
Balance carried forward at 31 March 2007	204

Usable capital receipts are created from asset sales and are used to finance capital expenditure.

(d) Deferred Capital Receipts

	£'000
Balance brought forward at 1 April 2006	152
Principal Repayments in 2006/2007	(44)
Increase / (decrease) on the account	(44)
Balance carried forward at 31 March 2007	108

Deferred Capital Receipts are amounts derived from sales of assets which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of Council Houses which form the main part of mortgages under Long Term Debtors.

(e) Other Revenue Reserves

The Council has the following reserves which have been set up voluntarily to earmark resources for future spending plans. The major reserves, and the intended purpose of those reserves are described in more detail below:-

	Balance at 31-Mar-06 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31-Mar-07 £'000	See Notes Below
General Fund Projects	776	23	(17)	782	1
Leisure, Depot & Office Projects	73	20	(59)	34	
Insurance Fund	58	-	(8)	50	
Wheeled Bins	135	11	-	146	2
Sherburn Amenity Land	10	-	-	10	
Computer Development	233	-	(103)	130	3
Carried Forward Budgets	822	753	(822)	753	4
Commutation Surplus	11	-	(1)	10	
Transport Repairs & Renewals	560	22	(277)	305	5
HRA Special Projects	1,370	-	(166)	1,204	6
PFI Scheme	951	590	(126)	1,415	7
E-Government	1,033	-	(389)	644	8
Your Community Your Future	924	-	(662)	262	9
Groundwork Projects	46	-	(14)	32	
Planning Delivery Grant	22	23	(22)	23	
LABGI	284	725	(247)	762	10
Service Development Projects	392	-	(96)	296	11
Planning Inquiries	100	50	(33)	117	12
Customer Contact Centre	-	440	(90)	350	13
Performance Initiative Fund	-	23	-	23	
Total	7,800	2,680	(3,132)	7,348	

1. To fund the Tadcaster Central Area redevelopment and Abbey Leisure Centre projects.
2. To fund wheeled bin replacement.
3. To fund new computer equipment following the decision to buy rather than lease.
4. To fund budgets carried forward into 2007/08 for schemes which have been delayed from 2006/07.
5. To fund the replacement of vehicles in the transport fleet.

(d) Other Revenue Reserves continued....

6. To fund investment to be made in the council house stock.
7. To fund Private Finance Initiative schemes.
8. To fund expenditure relating to e-government initiatives.
9. To fund a variety of schemes throughout Selby District, such as leisure initiatives.
10. This is the Local Area Business Growth Initiative reserve.
11. To fund service development projects.
12. To fund Planning Inquiries.

41. Contingent Liabilities

The Council has potential contingent liabilities at 31 March 2007 relating to a judicial review of planning permission granted for the scheme to refurbish/redevelop the Central Area Tadcaster.

42. Contingent Assets

The Council has an agreement with Tesco Stores Ltd to sell Portholme Road Depot and land and a strip of land at the Civic Centre subject to planning permission being granted. The agreement runs out on 26 June 2007 at which point a decision will be taken at Council as to whether to extend the agreement until 31 October 2007. Tesco can choose to opt out of the contract at any time, however the Council cannot. Tesco can invoke the agreement at any point and have indicated that they will buy the land now without waiting for planning permission to be granted. The purchase price in the contract is £3,400m.

The Council has an agreement with Hogg builders to buy a piece of land at Riccall subject to planning permission being granted. The price to be paid for the land will depend on the planning permission granted, and Hogg builders are currently at the pre-application stage in consultation with the Councils planning department.

A dispute has arisen between the Council and Connaught Partnerships Ltd who were employed to carry out decent homes works on council owned properties. On investigation the Council discovered it had overpaid the contractor by £212k in 2006/07. An account has been sent to Connaught in 2007/08 to recover this overpayment, which has been accrued into 2006/07 but remains outstanding. The Council has provided for it as a potential bad debt in the 2006/07 accounts.

The Council has a claim against an IT software supplier for none delivery of contractual service. A settlement offer of £15k has been made and negotiations are continuing.

43. Retirement Benefits

Participation in Pension Schemes

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

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

Transactions Relating to Retirement Benefits

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

2005/2006 £'000	North Yorkshire Pension Fund	2006/2007 £'000
	Income and Expenditure Account	
	<i>Net Cost of Services:</i>	
894	current service cost	1,054
(618)	past service costs	-
165	curtailment cost	29
	<i>Net Operating Expenditure:</i>	
1,937	interest cost	2,021
(1,419)	expected return on assets in the scheme	(1,633)
959	Net Charge to the Income and Expenditure Account	1,471
	<i>Statement of Movement in the General Fund Balance</i>	
(959)	reversal of net charges made for retirement benefits in accordance with FRS 17	(1,471)
	<i>Actual Amount charged against the General Fund Balance for pensions in the year:</i>	
1,049	employers' contributions payable to the scheme	1,112
90	Movement on pensions reserve	(359)

Assets and Liabilities in Relation to Retirement Benefits

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

Balance at 31-Mar-06 £'000		Balance at 31-Mar-07 £'000
(41,301)	Estimated liabilities in scheme	(41,118)
27,219	Estimated assets in scheme	28,946
(14,082)	Net asset / (liability)	(12,172)

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The reduction in net liability to £12.172m at 31 March 2007 has improved the net worth of the authority as recorded in the balance sheet.

Assets and Liabilities in Relation to Retirement Benefits continued....

Statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy as 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.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. North Yorkshire Pension Fund liabilities have been assessed by Mercer Human Resources Consulting, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2004.

The main assumptions used in their calculations have been:

At 31-Mar-06		At 31-Mar-07
2.90%	Rate of inflation	3.10%
4.65%	Rate of increase in salaries	4.85%
2.90%	Rate of increase in pensions	3.10%
50.00%	Proportion of employees opting to take a commuted lump sum	50.00%
4.90%	Discount rate	5.40%

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuary we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme.

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

At 31-Mar-06			At 31-Mar-07	
Long-term Return	Proportion %		Long-term Return	Proportion %
7.00%	75.0%	Equity investments	7.5%	77.0%
4.30%	7.6%	Government Bonds	4.7%	7.2%
4.90%	14.0%	Other Bonds	5.4%	14.8%
6.00%	0.0%	Property	6.5%	0.0%
4.50%	3.4%	Cash/Liquidity	5.3%	1.0%
	100.0%			100.0%

Actuarial Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2006/07 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities as at 31 March 2007:

	2003/04		2004/05		2005/06		2006/07	
	£'000	%	£'000	%	£'000	%	£'000	%
Differences between the expected and actual return on assets	3,078	15.2	706	3.3	4,175	15.3	143	0.5
Differences between actuarial assumptions and liabilities and actual experience	-	0.0	918	2.6	(695)	1.7	0	0
Changes in the demographic and financial assumptions used to estimate liabilities	-	0.0	(6,126)	17.0	(3,326)	8.1	2,126	5.2
Net Gain/(Loss)	3,078		(4,502)		154		2,269	

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

Notes Relating to the Cash Flow Statement

44. Reconciliation of the net general fund surplus on the income and expenditure account to the net cash outflow from revenue activities.

	2006/2007 £'000
(Surplus) / Deficit per Income and Expenditure Account	(207)
Non Cash Transactions :-	
Other Non Cash Adjustments	13
Provisions set aside in the year	(9)
Contributions (to) / from Reserves:	
HRA	(692)
Collection Fund	(492)
Major Repairs Reserve	(265)
Other Revenue Reserves	452
Items on an accruals basis :-	
Increase / (Decrease) in Stocks	19
Increase / (Decrease) in Debtors	1,159
(Increase) / Decrease in Creditors	(239)
Items classified in another classification in cash flow statement :-	
Investment Income	(1,064)
Interest Paid	665
Capital Activities	(234)
Net Cash Flow from Revenue Activities	(894)

45. Reconciliation of the movement in cash to the movement in net debt.

	Balance at 31-Mar-06 £'000	Balance at 31-Mar-07 £'000	Movement £'000
Cash in hand	3	3	-
Cash overdrawn at bank	(388)	269	657
Total	(385)	272	657
Temporary loan investments	19,707	20,064	357
Long term borrowing	(10,097)	(9,584)	513
Total	9,610	10,480	870
Total Movement in Net Debt	9,225	10,752	1,527

46. Reconciliation of Financing and Management of Liquid Resources to the Balance Sheet.

	Balance at 31-Mar-06 £'000	Balance at 31-Mar-07 £'000	Movement £'000
Management of Liquid Resources			
Temporary Investments	19,707	20,064	357
Total Liquid Resources	19,707	20,064	357
Financing			
Long Term Loans due within 1 year	1,512	1,013	(499)
Long Term Loans	8,585	8,571	(14)
Total Financing	10,097	9,584	(513)

47. Management of liquid resources

These are current asset investments which are short term in nature and can be disposed of without curtailing or disrupting the Authority's activities. These investments are readily convertible into known amounts of cash or close to its carrying amount, or traded in an active market.

The amount shown is the difference between the opening and closing balance for short term investments.

48. Analysis of Government Grants

	2005/2006 £'000	2006/2007 £'000
Revenue		
Revenue Support Grant	3,383	1,000
DWP Grants for Benefits	3,328	3,857
Other Government Grants:-		
Council Tax Benefits	2,931	3,335
Rent Rebates	4,542	4,838
Housing Benefits Admin & Counter Fraud Grant	748	771
Discretionary Housing Payments	5	2
Housing Subsidy - Previous Year Adjustment	113	120
Planning Delivery Grant	191	104
Homeless Persons Grant	18	24
Community Safety	154	140
CPA Capacity Building Grant	128	-
Local Authority Business Growth Incentive Grant	284	725
Smoke Free Legislation	-	6
Total Revenue Grants	15,825	14,922
Capital		
Housing Subsidy - MRA	1,741	1,782
Community Safety	-	39
DEFRA Recycling Grant	12	-
Planning Delivery Grant	64	35
E-Government Grant	150	-
Yorks Forward SORTED Recycling Grant	-	47
Total Capital Grants	1,967	1,903

HOUSING REVENUE ACCOUNT

2005/2006		2006/2007	Notes
£'000		£'000	
	<u>Income</u>		
8,103	Dwelling rents	8,412	1
94	Non-dwelling rents	93	2
280	Charges for Services and Facilities	270	
507	Contributions towards expenditure	575	
1,742	HRA subsidy receivable	1,782	3
10,726		11,132	
	<u>Expenditure</u>		
1,543	Repairs & Maintenance	1,595	
2,522	Supervision & Management	2,341	
23	Rents rates taxes and other charges	23	
65	Rent rebates	-	
4,107	Negative housing revenue account subsidy payable	4,137	3
3,475	Depreciation and Impairment of fixed assets	1,953	
26	Debt Management costs	20	
12	Increase in bad debt provision	47	
11,773		10,116	
1,047	Net Cost of HRA Services as included in the Income & Expenditure Account	(1,016)	
133	HRA services share of Corporate & Democratic Core	125	
-	HRA Share of other amounts included in the whole authority Net Cost of Services but not allocated to specific reserves	-	
1,180	Net Cost of HRA Services	(891)	
	HRA share of operating income and expenditure included in the whole authority Income and Expenditure Account		
-	Gain or loss on sale of HRA fixed assets	25	
-	Interest payable and similar charges	-	
45	Amortisation of Premiums and Discounts	36	
(231)	Interest and investment income	(331)	
100	Pensions interest cost and expected return on pensions assets	117	
1,094	(Surplus) / Deficit for the year on HRA services	(1,044)	

STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

2005/2006 £'000		2006/2007 £'000	Notes
1,094	(Surplus) / Deficit for year on the HRA Income and Expenditure Account.	(1,044)	
(1,514)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	352	
(420)	(Increase) / Decrease in the Housing Revenue Account	(692)	
(796)	Housing Revenue Account Balance brought forward	(1,216)	
(1,216)	Housing Revenue Account Balance carried forward	(1,908)	

NOTE TO THE STATEMENT OF MOVEMENT
ON THE HOUSING REVENUE ACCOUNT BALANCE

2005/2006		2006/2007	Notes
£'000		£'000	
	Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year		
-	Difference between amounts charged to income and expenditure for amortisation of premiums and discounts and the charge for the year determined in accordance with statute.	-	
-	Difference between any other item of income and expenditure determined in accordance with the SORP and determined in accordance with statutory HRA requirements.	-	
-	Gain or loss on sale of HRA fixed assets.	(25)	
(58)	HRA share of contributions to/(from) the Pensions Reserve	(111)	
-	Sums directed by the Secretary of State to be debited or credited to the HRA that are not income or expenditure in accordance with UK GAAP	-	
(58)		(136)	
	Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
391	Capital expenditure funded by the Housing Revenue Account	833	
-	HRA share of the Minimum Revenue Provision.	-	
(1,734)	Transfer to / (from) Major Repairs Reserve	(171)	7
(320)	Transfer to / (from) Housing Special Projects Reserve	(166)	
207	Transfer to / (from) Housing Carry Forward Budget Reserve	(8)	
(1,456)		488	
(1,514)	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	352	

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Income - Dwellings

This is the total rent income due for the year on the housing stock. The average 48 week rent was £55.54, an increase of £2.64 (5%) per dwelling over the previous year.

2. Income - Non Dwellings

This is the total rent income due for the year in respect of garages, sheltered housing and business charges.

3. HRA Subsidies

This is the government grant towards the running costs of the housing stock. It relates to the notional costs of management, maintenance, major repairs and capital financing less an assumed level of rent income. With effect from 2004/05 new laws came into force transferring rent rebate payments from the Housing Revenue Account to the General Fund. As a result Housing Subsidy no longer covers the cost of rent rebate payments and Selby has become a "negative subsidy" authority. This means that Selby now pays a sum equivalent to the notional negative subsidy on the Housing Revenue Account to the Government. Subsidy payable to the government in 2006/07 is analysed below:

2005/2006 £'000		2006/2007 £'000
1,084	Allowance for Management	1,225
2,410	Allowance for Maintenance	2,688
1,742	Allowance for Major Repairs	1,782
435	Charges for Capital	450
-	Rent Rebates	-
26	Other Items of Reckonable Expenditure	14
5,697		6,159
(8,041)	Guideline Rent Income	(8,499)
(15)	Interest on Receipts	(15)
(2,359)		(2,355)
(6)	Prior Year Subsidy outstanding	0
(2,365)	Negative Housing Subsidy Payable	(2,355)

4. Provision For Bad Debts

The account is charged with the 'top up' required for provision towards bad debts in respect of rent arrears and overpaid housing benefit. An additional contribution of £46,604 was made during the year in respect of rent arrears in 2006/07 and £9,391 was allocated in respect of Housing Benefit overpayments. The total rent arrears provision at 31 March 2007 amounted to £45,000 (£65,000 2005/06).

5. Depreciation

The following amounts were charged to the Account in respect of depreciation of assets:

2005/2006 £'000		2006/2007 £'000
3,343	Houses	1,841
132	Other Property	112
3,475	Total	1,953

The operational / non-operational split of the charges is as follows:

2005/2006 £'000		2006/2007 £'000
3,469	Operational	1,947
6	Non-operational	6
3,475	Total	1,953

6. Housing Revenue Account Assets

The total balance sheet value of assets owned by the Housing Revenue Account is summarised as follows:

01-Apr-06 £'000		31-Mar-07 £'000
1,613	Land	788
130,292	Houses	154,629
1,865	Other Property	1,922
133,770	Total	157,339

Assets can be defined as either operational (such as council dwellings and other buildings) or non-operational (such as community land). The split is summarised below:

01-Apr-06 £'000		31-Mar-07 £'000
132,608	Operational	157,126
1,162	Non-operational	213
133,770	Total	157,339

The vacant possession value of the houses within the Housing Revenue Account as at 1 April 2006 was £277.217m. The substantial difference between the vacant possession value and the balance sheet value of dwellings demonstrates the economic cost to Government of providing council housing at less than open market value.

7. Major Repairs Reserve

The following is a statement of the movements in this reserve during the financial year 2006/07:

2005/2006 £'000		2006/2007 £'000
2,015	Opening Balance	1,479
3,475	Amount transferred to the reserve	1,953
(1,734)	Amount transferred from the reserve to the Housing Revenue Account	(171)
	Debits to the reserve in respect of HRA capital expenditure on:	
(2,277)	- houses	(1,517)
1,479	Closing Balance	1,744

The movement on the Reserve can be analysed as follows:

2005/2006 £'000		2006/2007 £'000
2,015	Opening Balance	1,479
1,741	Add: Major Repairs Allowance Grant	1,782
(2,277)	Less: capital expenditure charged to the reserve	(1,517)
1,479	Closing Balance	1,744

8. Surplus for the year

It was expected that a contribution of £79k would be made to HRA reserves. There were underspends of £546k on Housing Repairs and of £231k on Supervision and Management. There was a shortfall on dwellings rent of £22k and non dwellings (garages) of £8k. The result of these variances contributed to the achievement of a £692k surplus for the year.

Additional Notes to the Housing Revenue Account

9. Capital Receipts

Capital Receipts totalling £1,791,020 (£2,815,327 2005/06) were received by the Housing Revenue Account in 2006/07. The total can be broken down as follows:

2005/2006 £'000		2006/2007 £'000
	Disposal of Assets:	
-	Land	-
2,732	Houses	1,701
2,732		1,701
26	Principal Repaid on Housing Advances	44
57	Repayment of discount received on Right to Buy sales	46
2,815	Total	1,791

10. Capital Expenditure

Capital expenditure and sources of financing during the year were as follows:

2005/2006 £'000		2006/2007 £'000
	Capital expenditure	
13	Land and Infrastructure	67
3,483	Houses	2,606
15	Other Property	2
3,511	Total	2,675
	Sources of finance	
329	Prudential Borrowing	220
513	Usable capital receipts	105
391	Revenue contributions	833
2,278	Major Repairs Reserve	1,517
3,511	Total	2,675

11. Rent Arrears

During the year 2006/07 rent arrears as a proportion of gross rent income have reduced to 1.93% (£163,623) from 2.18% (£177,392) in 2005/06. The arrears figure includes Housing Benefit overpayments.

2005/2006 £'000		2006/2007 £'000
177	Rent Arrears at 31 March	164
19	Hostel Arrears	15
(118)	Rent Credits	(125)
-	Hostel Credits	-
78	Total	54

12. Housing Stock

The analysis of the HRA housing stock is summarised as follows:

31-Mar-06 (number)			31-Mar-07 (number)
532	Houses and Bungalows	- 1 Bedroom	532
900		- 2 Bedroom	894
1,119		- 3 Bedroom	1,103
32		- 4 Bedroom	31
1		- 5 Bedroom	1
231	Flats, Bedsits and Maisonettes	- 1 Bedroom	228
383		- 2 Bedroom	382
2		- 3 Bedroom	2
2	Multi Occupied Dwellings (Hostels)		2
3,202	Total		3,175

13. FRS 17 - Accounting for Retirement Benefits

The HRA is presented in accordance with the requirement to account for retirement benefits under the principles of FRS 17.

The 2006 SORP requires that the HRA is charged for a share of the Pensions Interest Cost and the Expected Return on Pension Assets. These charges are then reversed out as part of the contribution to / from the Pension Reserve, to leave no net charge to the HRA.

THE COLLECTION FUND

2005/2006 £'000		2006/2007 £'000	Notes
	Income		
(32,093)	Income from Council Tax (net of benefits and transitional relief)	(34,304)	2
(3,025)	Transfers from General Fund - Council Tax Benefit	(3,210)	
(39,873)	Income collectable from business ratepayers	(38,437)	3
-	Contributions - Adjustment of previous year's Community Charges		4
(74,991)		(75,951)	
	Expenditure		
34,829	Precepts and demands	36,684	5
39,637	Business rate	38,152	
151	- Payment to national pool - Costs of collection	182	6
238	Bad and doubtful debts	162	
(35)	- Write offs - Movement in bad debts provision	77	7
197	Contributions - Towards previous year's Collection Fund Surplus	202	
75,017		75,459	
(232)	Balance Brought Forward	(206)	
26	(Surplus) / Deficit for the year	(492)	
(206)	Balance Carried Forward	(698)	

NOTES TO THE COLLECTION FUND

1. General

This account represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non Domestic Rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of administering collection are accounted for in the General Fund.

The year-end surplus or deficit on the Collection Fund is to be distributed between billing and precepting authorities on the basis of estimates made on 15 December 2006 of the year-end balance.

2. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the County and District Councils for the forthcoming year and dividing this by the Council Tax Base.

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

Band	Estimated number of taxable Properties after effect of discounts	Ratio	Band D equivalent dwellings
-A	32	5/9	18
A	6,767	6/9	4,511
B	6,190	7/9	4,815
C	6,255	8/9	5,560
D	4,513	1	4,513
E	3,467	11/9	4,238
F	2,054	13/9	2,967
G	800	15/9	1,333
H	48	18/9	96
Total	30,126		28,051
Net adjustment for collection rates and for anticipated changes during the year for successful appeals against valuation banding, new properties, demolitions disabled persons relief and exempt properties plus the impact of new legislation on second homes and empty properties.			(83)
COUNCIL TAX BASE			27,968

3. Income from business ratepayers

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

The total non-domestic rateable value at 31 March 2007 was £74.904m. The national non-domestic multiplier for the year was 43.3p. Relief and deductions for the year totalled £4.187m.

4. Adjustments for Previous Years' Community Charges

Although Council Tax replaced Community Charge on 1 April 1993, the Council continues to account for residual adjustments in relation to Community Charges raised in earlier years in the Collection Fund.

5. Precepts and Demands

2005/2006 £'000		2006/2007 £'000
23,705	North Yorkshire County Council	25,156
4,866	North Yorkshire Police Authority	5,034
1,454	North Yorkshire Fire & Rescue Authority	1,509
4,804	Selby District Council (including parishes)	4,985
34,829	Total	36,684

6. Costs of Collection.

The figure includes £71,000 (£48,000 2005/06) for interest payable on refunds to business ratepayers following reductions in rateable values.

7. Bad and Doubtful Debts.

The figures show the movement required on the provision for bad and doubtful debts. The total is included within note 33 of the Core Financial Statements, page 38.

Statement on Internal Control (SIC) 2006/07

1. Scope of Responsibility

- 1.1 Selby District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

2. The Purpose of the System of Internal Control

- 2.1 The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.
- 2.2 The system of internal control has been in place at the Council for the year ended 31 March 2007 and up to the date of approval of the Statement of Accounts for the 2006/07 financial year.

3. Selby District Council's Internal Control Environment

- 3.1 The key elements of the Council's Internal Control Environment are as follows:-
 - The Council has developed a Local Strategic Partnership known as the Selby Strategy Forum comprising key stakeholders in the District. The Selby Strategy Forum has produced a Community Strategy for the Selby District setting out a vision for the Selby District over a 5-year period 2005-2010. The Council's contribution to the aims of this Strategy is reflected in its Corporate Plan. The current plan, which was approved by Policy and Resources Committee, covers the period 2006-2009 and sets

out the Council's strategic themes and priorities for this period which have been identified and developed in consultation with the public and key partners.

- The adoption of a formal Constitution which, following a review in March 2006, sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are lawful, efficient, transparent and accountable to local people. This incorporates the Members' Code of Conduct and a number of other locally agreed codes and protocols.
- Policy and decision making facilitated through the operation of a Policy and Resources Committee with certain decision-making responsibilities delegated to three Boards (Economy, Social and Environment). Each of these acts within defined terms of reference agreed by the full Council. Meetings are open to the public except when exempt or confidential matters are being disclosed. The public have an opportunity to participate in the meetings.
- Both Policy and Resources Committee and the Boards are overseen by the Council's Overview and Scrutiny function, which has the ability to call-in and review decisions and also to contribute to the development of policy. The Council also has a Standards Committee, to oversee the conduct of Members and Officers, and an Audit Panel. Other regulatory functions (i.e. Planning and Licensing) are overseen by separate arrangements and these are accountable directly to the full Council.
- A number of areas are delegated to officers for the purposes of decision-making; however, limits on the exercise of delegation are laid down in an approved Scheme of Delegation to Officers forming part of the Council's Constitution.
- The Council has adopted a Local Code of Corporate Governance in accordance with the CIPFA/SOLACE framework. The Local Code of Corporate Governance was reviewed by the Audit Panel in March 2006. The Council also has separate Whistle-blowing and Anti-Fraud & Corruption policies.
- The appointment of the Head of Legal and Democratic Services as the Council's Monitoring Officer. The appointment of a Monitoring Officer is required in accordance with Section 5 of the Local Government and Housing Act 1989. It is the function of the Monitoring Officer to report to Members upon any contravention of any enactment or rule of law or any maladministration by the Authority. The Monitoring Officer also has responsibilities under the Council's Ethical Framework relating to the Members' Code of Conduct and the Standards Committee.

- The appointment of the Head of Service - Finance and Central Services as the officer with statutory responsibility for the proper administration of the Council's financial affairs, in accordance with the Section 151 of the Local Government Act 1972.
- Both the Statutory Officers referred to above have unfettered access to information, to the Chief Executive and to Members of the Council in order that they can discharge their responsibilities effectively. The functions of these Officers and their roles are clearly set out in the Council's Constitution.
- A financial management framework comprising:
 - Financial and Procurement Procedure Rules as part of the Constitution;
 - Medium-term financial planning using a three-year cycle, updated annually, to align resources to corporate priorities;
 - Service and financial planning integrated within the corporate performance management cycle;
 - Annual budget process involving scrutiny and challenge;
 - Monthly monitoring by management of revenue and capital budgets – with regular reports to the respective Committee/Board;
 - Evolving arrangements for securing efficiencies and continuous improvement;
 - Production annually of a Statement of Accounts compliant with the requirements of local authority accounting practice.
 - Compliance with requirements established by CIPFA.
- A performance management framework provides an explicit link between the corporate priorities and personal objectives of Council Officers. Performance is reported to Members and the Council's Strategic and Operational Management Teams on a systematic basis with areas of poor performance investigated. Key features of the Performance Management Framework include:-
 - A regular review of the Corporate Plan to ensure that priorities are reviewed, remain relevant and reflect the aims of the Council;
 - Service specific Strategic Plans which are produced with explicit goals and associated performance targets in order to ensure that achievement of performance is measurable;
 - The Council's staff appraisal system – Joint Progress Reviews - links personal objectives directly to Service Plans;
 - Regular reports on the performance of key indicators which are presented to Members and Officers;
 - The use of Performance Clinics to focus on performance management;
 - The production of an annual Performance Plan, otherwise referred to as the Annual Delivery Plan, providing commentary

and data on the previous year's performance and outlining the Council's plans and intentions for the forthcoming year;

- The Council maintains a professional relationship with the Audit Commission, the body responsible for the external audit and inspection of the Council.
- Recruitment and selection procedures are based on recognised good practice and all staff posts have a formal job description and person specification. Services are delivered and managed by staff with the necessary knowledge and expertise with training needs identified via the formal appraisal process contributing to a corporate training strategy.
- The maintenance of systems and processes to identify and manage the key strategic and operational risks to the achievement of the Council's objectives. Risk management continues to evolve within the Council and presently includes the following arrangements:-
 - a Risk Management Policy and Strategy has been adopted by the Council and is reviewed annually;
 - the establishment of a Risk Register comprising both Corporate and Operational risks, assigned to designated officers, with appropriate counter-measures and an action plan established for each key risk;
 - an Officer Working Group (Operational Management Team) dedicated to maintaining the corporate risk management arrangements under review;
 - periodic review of risks in-year with reports to Members and the Strategic Management Team;
 - amended terms of reference for the Audit Panel to include Member review of the implementation of the Risk Management Strategy;
 - the use by Internal Audit of a risk based approach in the preparation and delivery of the internal audit plan;
 - the requirement for Officers of the Council to consider risk management issues when submitting reports to Committee for consideration by Members;
 - the adoption of an abridged version of the PRINCE2 Project Management Methodology as a means of contributing to the effective management of risks in major projects.
- The maintenance of an Internal Audit Service, which operates in accordance with the statements, standards and guidelines published by CIPFA (particularly the 2006 Code of Practice for Internal Audit in Local Government in the United Kingdom) and the Institute of Internal Auditors. The Internal Audit function examines and evaluates the adequacy of the Council's system of internal controls as a contribution to ensuring that resources are

used in an economical, efficient and effective manner. Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. This is in compliance with the Accounts and Audit Regulations 2003 that specifically require a local authority to maintain an adequate and effective system of internal audit. This work is delivered by way of a Strategic Audit Plan developed using a risk-based approach. Audit plans are agreed and monitored by the Audit Panel with client responsibility assigned to the Head of Finance and Central Services. Internal Audit is required to give an opinion on the adequacy of the Council's system of internal control each year.

- The Council seeks to ensure resources are utilised in the most economic, effective and efficient manner whilst delivering continuous improvement as it has a duty to do so under the Best Value regime. It aims to achieve this by a variety of means including the following:
 - Service Reviews and Inspections
 - Working with partners
 - External and Internal Audit feedback.

4. Review of Effectiveness

The Council has a responsibility for conducting, at least annually, this review of the effectiveness of the system of internal control. This review is informed by the work of internal auditors and the Council's Strategic and Operational Management Teams who have a responsibility for the development and maintenance of the internal control environment, and also by comments made by external auditors and other review agencies and inspectorates.

The purpose of a review is to identify and evaluate the key controls in place to manage principal risks. It also requires an evaluation of the assurances received, identifies gaps in controls and assurances and should result in an action plan to address significant internal control issues.

The process that has been applied in maintaining and reviewing the effectiveness of the Council's system of internal control includes the following:

- The Council's Monitoring Officer and Standards Committee oversee the operation of the Constitution to ensure its aims and principles are given full effect.
- The arrangements for Overview and Scrutiny have operated throughout the year allowing for the review of key policy areas and providing opportunities for public involvement in specific matters of business. In their report on progress since CPA, the Audit Commission recognised the improvements made by the Council in this area.

- The Audit Panel has met throughout the year and received reports on the progress by Internal Audit against their work plan. The Panel also considered auditable areas where Internal Audit raised significant internal control concerns.
- Internal Audit completed 27 out of 30 scheduled audits during the year plus 8 follow up audits and 1 specific investigation. All high risk and key financial systems were audited. The overall opinion expressed by Internal Audit stated:-

“Our overall opinion is that the internal controls within the financial systems in operation throughout the year are fundamentally sound. ”. In addition the Annual Report from Internal Audit stated *“[This assessment] is based upon our examination of the key financial systems as part of the managed audit approach, and the other financial systems that were actually audited. On that basis and our previous experience and knowledge there is no reason to believe that the systems are other than sound.”*

Notwithstanding this, the Internal Audit has raised concerns about certain auditable areas during the course of their work and these matters will be kept under review during 2007/08.

- Although a formal review of Internal Audit by the Audit Commission is only undertaken triennially, the Accounts and Audit Regulations now require that the Council undertake, annually, a review of the ‘effectiveness of its system of internal audit’. This has been done and reported to the Audit Panel. No material areas of concern were noted. The Audit Commission has not identified any issues with the standard or quality of work undertaken by Internal Audit.
- The Council’s Risk Register has been maintained under review during the year and updated accordingly. The wider Risk Profile featuring a larger number of service specific risks was also revised during the year. Reports on risk management have been considered by the Strategic, Operational Management Team and the Audit Panel. The Audit Panel has approved a revised Risk Management Strategy in 2006.
- The Council has continued to make improvements in response to the Comprehensive Performance Assessment. The Council developed an Improvement Plan, known as ‘Taking the Council Forward’ that was subsequently updated and became a programme of work under the banner of a ‘Well Managed Authority’. Following a revision of the Corporate Plan in April 2006, all the outstanding actions in the ‘Well Managed Authority’ plan were included in the revised Corporate Plan which now provides a holistic view of the Council’s strategic direction. Strategic and Operational Management Team will undertake

monitoring implementation and delivery of the Plan with ultimately accountability to the Council.

- Monitoring information on key areas of performance has been provided to Strategic Management and Members of respective Committees/Boards on a regular basis with attention focused on those areas that are considered by the Council to be vulnerable.
- During the year, the Council successfully underwent a reassessment for the Investors in People Standard thereby supporting the Council's overall approach to people management. As with any review, the assessment did identify areas of improvement.
- The External Auditor's Annual Audit and Inspection Letter to the Council highlighted that the Council has made progress with planned improvements although the rate of improvement across all services is below average. The Audit Commission commented on the Council's improvements in value for money and service performance. In relation to the Use of Resources, the External Auditor gave the Council an overall score of 3 (performing well). In respect of the Council's Statement of Accounts, an unqualified opinion was issued. The report did make a number of recommendations on improvements the Council could make to further improve its systems of internal control. These focus on completing progress on the improvement plan post CPA, enhancing systems to monitor implementation of service improvements, development of an action plan to improve the Use of Resources and putting in place arrangements to reduce the dependency on reserves/balances to support the revenue budget.

5. Internal Control Issues

No system of control can provide absolute assurance against material misstatement or loss. This Statement is intended to provide reasonable assurance. In concluding this review of the Council's Internal Control arrangements, a number of internal control issues have been identified that need to be addressed. A detailed plan to address these weaknesses and ensure continuous improvement in the system of internal control will be produced in response and this will be subject to regular monitoring by the Council's Joint Management Team and Members of Council, where appropriate. The aim is to address these weaknesses during the 2008/08 financial year. The following table also provides an update on those issues identified in the 2005/06 Statement of Internal Control.

Year	Issue Identified	Source of Evidence	Update/Summary of Action Proposed	Current Position
2005/06	The new Corporate Plan needs to be embedded throughout the organisation and used to provide strategic direction for the delivery of services by the Council. Equally, those actions arising out of the CPA Improvement Plan, which now feature in the Corporate Plan need to be completed.	Annual Audit and Inspection Letter	<p>Following approval by Council of the new Corporate Plan in April 2006, there was series of launch events in June 2006 to ensure that all staff were aware of the Council's current and future plans.</p> <p>Strategic Directors take responsibility for each of the strategic themes identified in the Corporate Plan and identify key performance measures that will demonstrate delivery of the expected outcomes. Progress is monitored through JMT and Enhanced Chairs Group.</p>	Completed
2005/06	The Council has recently implemented a new management structure comprising a Strategic Management Team (SMT) and an Operational Management Team (OMT) and each of these Teams has new Members, both in terms of those that are new to the Council and those that are new to the position. It will, therefore, take time for these arrangements to 'bed in' and become effective.	Annual Audit and Inspection Letter	<p>Both SMT and OMT are have taken in part in management and team development activity with a view to strengthening the effectiveness of each Team and also joint working.</p> <p>A review of the effectiveness of the management structure has been undertaken and improvements have been made with regard to the reporting arrangements surrounding the Strategic Programme.</p>	Completed

2005/06	Reinvigorate the Council's approach to Project Management given the Strategic Themes identified within the Corporate Plan will require a significant degree of thematic cross cutting work involving a range of professional disciplines in order to ensure delivery of outcomes.	Review of Management Assurance/OMT Minutes	Governance arrangements of the projects within the Strategic Programme have been reviewed and lead officers have been appointed – PIDs for all projects are currently under review.	Completed
2005/06	Improve the Medium Term Financial Planning process in order to provide a robust Financial Strategy capable of supporting the delivery of the Corporate Plan.	Annual Audit and Inspection Letter	The following actions have progressed in 2006/07:- <ul style="list-style-type: none"> - Adoption to a set of Financial Planning Policies; - Development a robust Financial Strategy; - Development a Medium Term Financial Plan and flexible financial modelling to enable the development of options 	This process continues into 2007/08.
2005/06	Further strengthen the Council's Use of Resources as identified in External Auditor's report on this matter.	Audit Commission Use of Resources Assessment and Annual Audit and Inspection Letter	An action plan to improve the Council's Use of Resources Score from a 2 to 3 overall was implemented during 2006/07 and the Council achieved a level 3 overall as reported in the Annual Audit and Inspection letter dated March 2007. Work will continue to consolidate the Council's position over 2007/08.	This process continues into 2007/08.
2005/06	Following completion of the management restructure in March 2006 financial management training needs to be provided to budget holders linked to the Council's Financial and Contract Procedure Rules.	Annual Audit and Inspection Letter	Finance and Central Services formulated a training plan and delivered the identified training during the year. Further training will be programmed for 2007/08.	This process continues into 2007/08.
2005/06	The actions agreed in response to reports from Internal Audit that were highlighted as key issues during the year need to be	Annual Internal Audit Report 2005/06	Service Managers are accountable for implementation of agreed recommendations with progress monitoring reported to the Audit Panel.	Completed

	<p>addressed. These include those relating to the following auditable areas:-</p> <ul style="list-style-type: none"> - Supporting People - Creditors - Contract letting and management <p>The Use of Agency Staff and Contractors</p>			
2005/06	<p>Effective arrangements to ensure Business Continuity need to be established to ensure compliance with the requirements of the Civil Contingencies Act 2004.</p>	Risk Register	<p>Business Continuity Plan is being developed by Strategic and Operational Management Team, working with North Yorkshire County Council. Progress continues to be made to establish & embed sound Business Continuity Planning across the Council.</p>	<p>This process continues into 2007/08.</p>
2005/06	<p>An effective framework is required to ensure the delivery and capture of annual efficiency gains and an effective approach developed for determining what are non-priority areas within the Council's service and financial planning framework.</p>	Annual Audit and Inspection Letter	<p>New arrangements for identifying and monitoring efficiency gains have been developed and gains are now included in service plans. Further work is required to embed these procedures.</p>	<p>This process continues into 2007/08.</p>
2005/06	<p>The Council successfully retained the 'Investors in People' Award during 2005. Along with the areas of strength identified as part of the assessment, there were areas of development that the Council needs to address before the next assessment.</p>	Investors in People Report	<p>An Action Plan responding to the findings of the Investors in People Report has been produced by the Head of Human Resources.</p>	<p>Completed</p>
2006/07	<p>Enhance the effectiveness of the Audit Panel</p>	Audit Commission Annual Audit and Inspection Letter	<p>Include specific training and development for Audit Panel members within the Council Councillors' development programme.</p>	
2006/07	<p>The Council needs to review</p>	Audit Commission	<p>Review arrangements for ensuring Council policies and</p>	

	the current arrangements for gaining assurance on new legislation.	Use of Resources assessment.	procedures are updated to reflect new legislation.	
2006/07	The Council needs to improve the arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	Audit Commission Use of Resources assessment.	Improve the frequency of ethical training to members and officers; Carry out a formal assessment of standards of conduct, including how effectively members comply with the code of conduct, and the number and types of complaints received; and Regularly publicise the whistleblowing policy to staff/stakeholders	
2006/07	The Council needs to ensure that it's 'Partnership' arrangements, which covers any sphere of joint working, whether it is for the sourcing or delivery of services are robust and have competent governance arrangements.	Audit Commission Use of Resources assessment.	To develop comprehensive procedures for the assessment, validation and governance of 'partnerships'.	
2006/07	The Council needs to review its reconciliation procedures to ensure that all information from major financial systems is recorded accurately in the General Ledger	Final Accounts Work	Procedures need to be revised and expanded to ensure that all information from major financial systems is recorded in the General Ledger in an accurate and timely manner. This will enable the General Ledger to reflect accurately the summary financial data from external systems.	



Martin Connor
Chief Executive



Councillor Mark Crane
Leader of the Council

Glossary of Terms

Accounting Policies:

Accounting policies are the principles, bases conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy will ,for example, specify the estimation basis for the allocation of support service costs.

Accruals:

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

Actuarial Gains and Losses:

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses which arise because either events have not coincided with the assumptions made by the actuary for the last valuation or the assumptions have changed.

Amortisation:

The gradual elimination of the value of an asset through depreciation as a result of usage and age usually applied to intangible assets such as software. Or the payment of a debt over a specified number of years.

Asset:

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

Balance Sheet:

This shows a summary of the overall financial position of the Council at the end of the financial year.

Billing Authority:

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

Capital Expenditure:

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

Capital Expenditure charged in year to General Fund Balance:

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

Capital Financing:

The method by which money is raised to pay for capital expenditure.

Capital Financing Account

The balance on this account principally represents amounts set aside from revenue accounts, capital receipts used to finance capital expenditure and the excess of depreciation over the Minimum Revenue Provision.

Capital Receipts:

The money received from the sale of fixed assets. A specified proportion of this may be used to finance new capital expenditure.

Glossary of Terms

Cash Flow Statement:

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

Collection Fund:

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

Community Assets:

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

Consistency:

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

Contingent Asset:

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

Contingent Liability:

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

Corporate and Democratic Core:

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

Council Tax:

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

Creditors:

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

Current Assets:

Assets that can be expected to be consumed or realised during the next accounting period.

Current Liabilities:

Amounts that will become due during the next accounting period.

Current Service Cost:

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

Glossary of Terms

Curtailment:

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

Debtors:

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

Deferred Capital Receipts

Amounts due to the Council from the sale of fixed assets that are not receivable immediately on sale but will be received in instalments over time. An example is mortgages granted under the council house right to buy scheme.

Deferred Charges:

Expenditure which may be properly capitalised, but does not result in a tangible fixed asset. This type of expenditure is usually grants to third parties to assist with their capital projects.

Deferred Discounts & Premiums on Early Repayment of Debt:

The Council has in previous years decided to repay external debt before it was due to mature, these repayments lead to either a premium being payable or receipt of a discount. These amounts are being debited or credited to the accounts over a period of up to ten years.

Deferred Liabilities:

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

Defined Benefit Pension Scheme:

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation:

The measure of the cost or revalued amount of benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing-out, using up or other reduction in the useful life of a fixed asset. This can arise from use, passing of time or obsolescence.

Emoluments:

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

Expected Return in Pension Assets:

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

Fees and Charges:

Income arising from the provision of services.

Glossary of Terms

Financial Reporting Standards (FRSs):

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

Financial Year:

The period of time to which a statement of accounts relates. The financial year of the Council runs from 1 April to 31 March.

Fixed Asset Restatement Account:

This account contains surpluses and losses arising from the periodic valuation of fixed assets.

Fixed Assets:

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

General Fund:

The main account of the Council that records the costs of service provision except those shown in the Housing Revenue Account and Collection Fund.

Going Concern:

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

Government Grants:

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

Government Grants Deferred:

Sums of money received from the government or other organisations towards the costs of specific fixed assets. The money is transferred to the service using the asset as it is depreciated to reduce the charge in each year that the asset is useable.

Housing Capital Receipts Pool:

Prescribed contributions are made to Housing Capital Receipts Pool in respect of the sale of Housing Revenue Account assets which includes surplus land and houses under the 'right to buy scheme' by all councils. These monies are then redistributed nationally based on a needs basis as part of the decent homes initiative.

Housing Revenue Account (HRA):

A separate account to the general fund recording all the transactions relating to the provision of council houses.

Impairment:

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

Income and Expenditure Account:

The income and expenditure account combines the income and expenditure relating to all the Council's functions including the General Fund and Housing Revenue Account.

Glossary of Terms

Infrastructure Asset:

These are fixed assets that cannot be sold, but where there is economic benefit to the council of more than one year. An example is footpaths within some of the council housing developments.

Intangible Fixed Asset:

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

Interest Cost:

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

Investment:

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

Leasing:

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

Liability:

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

Liquid Resources:

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

Minimum Revenue Provision:

The minimum amount which must be charged to the Council's revenue accounts each year and set aside as a provision to meet the Council's credit liabilities or debt.

Monitoring Officer:

Under the provisions of the Local Government and Housing Act 1989 councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of council decision making. Councils may choose who to designate as monitoring Officer except that it may not be the Head of Paid Service (Chief Executive). In Selby the Monitoring Officer is Mike Rice, Head of Legal and Democratic Services.

National Non-Domestic Rates (NNDR):

An NNDR poundage is set annually by central government and collected by billing authorities, who pay the monies over to the government. The proceeds are then redistributed by the government between local authorities.

Net Book Value:

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

Glossary of Terms

Non-Operational Assets:

These are fixed assets owned by the Council, but not directly occupied, used or consumed in the delivery of council services. Examples of these types of asset are the bus station, doctors surgeries and land awaiting disposal.

Operational Assets:

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

Past Service Cost:

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

Post Balance Sheet Events:

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

Precept:

The amount that a precepting authority requires from a billing authority to meet its expenditure

Precepting Authority:

Local authorities, including county councils, parish councils, police and fire authorities which cannot levy a council tax directly on the public but have the power to precept billing authorities (district councils).

Prior Year Adjustments:

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Provisions:

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

Prudence:

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

Public Works Loans Board (PWLB):

A government agency that lends money to public bodies for capital purposes. Monies are drawn down from the national loans fund and rates of interest are determined by the Treasury. Council's are free to borrow as much as they like from the PWLB provided that it is prudent, affordable, sustainable and within the prudential indicators set at full council.

Realisable Value:

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

Related Party:

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

Glossary of Terms

Reserves:

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

Residual Value:

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

Retirement Benefits:

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

Revenue Support Grant:

A general government grant paid to the General fund in support of the Council's revenue expenditure.

Scheme Liabilities:

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

Section 151 Officer (S151):

The section 151 officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Council's budgeting, financial management and accounting practices meet relevant statutory and professional requirements.

Settlement:

An irrevocable action that relieves the employer (or defined benefit pension scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements can include: a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits; the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Stocks:

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

Support Services:

The costs of departments that provide professional and administrative assistance to services.

Tangible Fixed Assets:

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

Unapportionable Central Overheads:

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

Glossary of Terms

Useful Life:

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

Vested Rights:

In relation to a defined benefit pension scheme these are for active members, benefits to which they would unconditionally be entitled on leaving the scheme, for deferred pensioners, their preserved rights and for pensioners, pensions to which they are entitled.

Work in Progress:

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

Annual Governance Report

September 2007



Annual Governance Report

Selby District Council

Audit 2006/07

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explain the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
- any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

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Purpose of this document

- 1 In accordance with the Audit Commission's Code of Audit Practice (the Code), this report provides a summary of the work we have carried out during our 2006/07 audit of accounts, the conclusions we have reached and the recommendations we have made to discharge our statutory audit responsibilities to those charged with governance (in this case the Policy and Resources Committee) at the time they are considering the financial statements.
- 2 In preparing our report, the Code requires us to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance', by reporting to you matters relating to the audit of the financial statements. Other auditing standards require us to communicate with you in other specific circumstances including:
 - where we suspect or detect fraud;
 - where there is an inconsistency between the financial statements and other information in documents containing the financial statements; and
 - non-compliance with legislative or regulatory requirements and related authorities.
- 3 We are also required to communicate to you the Audit Commission's requirements in respect of independence and objectivity, and these are set out at Appendix 2.
- 4 This report has been prepared for presentation to the Policy and Resources committee on 25 September 2007. Members are invited to:
 - consider the matters raised in the report before the financial statements are approved;
 - approve the representation letter on behalf of the Council and those charged with governance before we issue our opinion; and
 - consider significant qualitative aspects of financial reporting and any recommendations for improvement in the action plan.
- 5 Our work during the year was performed in line with the plan that we presented to you on April 2006. We have issued separate reports during the year having completed specific aspects of our programme, which are listed in Appendix 3.

Key messages

- 6 Our work on the financial statements is substantially complete although there are still outstanding issues to be resolved as described in paragraph 9. Should any further matters arise in concluding the outstanding work that need to be reported, we will raise them with the Chair of the Policy and Resources Committee and the Section 151 officer. We propose issuing an unqualified audit opinion on 28 September 2007 (a draft report is attached at Appendix 4).
- 7 In our view, the Statement on Internal Control (SIC) has been prepared in accordance with proper practice specified by CIPFA and is consistent with the findings from our audit.
- 8 Our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources is now substantially complete. We propose issuing an unqualified conclusion in relation to value for money on 28 September (a draft report is attached at Appendix 4).

Audit status

- 9 At the date of issue of this report our detailed audit is substantially complete. Our work on the financial statements is substantially complete although there are still outstanding issues to be resolved (13 September). In particular, we are awaiting a letter of assurance from the auditor of the pension fund in relation to entries for pensions, and to complete our review of the reconciliation of the housing benefit grants claim to the accounts.
- 10 The Council has taken a positive and constructive approach to our audit and we would like to take this opportunity to express our appreciation for the Council's assistance and co-operation.

Accounts and Statement on Internal Control

- 11 Auditors are required to obtain written confirmation of certain representations from management and those charged with governance before an audit report is issued, such as acknowledgement of responsibility for the fair presentation of the financial statements in accordance with the applicable financial reporting framework and responsibility for the design and implementation of internal control to prevent and detect error.
- 12 The auditor should also obtain written representations from management on matters material to the financial statements when other sufficient appropriate audit evidence cannot reasonably be expected to exist.
- 13 The final draft of the letter of representation has been attached as Appendix 5.

Unadjusted misstatements

- 14 We are required to report to you all unadjusted misstatements we have identified during the course of our audit, other than those that are clearly trivial. There are no unadjusted misstatements for us to bring to your attention.

Adjustments to the financial statements

- 15 We are also required to bring to your attention misstatements that have already been corrected by management where we consider them relevant to your wider governance responsibilities. In the report accompanying the audited accounts the Council has provided a narrative of the amendments made, and we provide an analysis of the most significant items below for your attention.
- 16 There have been changes to the collection fund and related to debtors and creditors as a result of discrepancies identified by the Accountancy Section in relation to the reconciliation of the general ledger to the council tax system and the NNDR subsequent to the accounts being approved by full Council on 27 June. A detailed reconciliation was subsequently carried out and this led to the following errors being identified by officers.
 - Some adjustments from previous years on the council tax had not been posted onto the ledger.
 - Payments in relation to 2007/08 council tax and NNDR but received in 2006/07 were netted off the debtors outstanding figure within the council tax and NNDR systems, rather than being treated as income in advance within creditors.

- 17 These amendments were reported to the Policy and Resources Committee on 17 July, and the accounts were reapproved. Subsequently further work by officers identified an additional adjustment from previous years for NNDR that had not been posted onto the ledger.
- 18 Although the amendments to the accounts approved by Council on 27 June did not materially change the income and expenditure of the collection fund, they did lead to a material adjustment (£955K) to debtors. The Council needs to ensure that the reconciliations between the collection fund systems and the ledger are complete, and that all information required to accurately complete the reconciliation is available promptly.
- 19 Amendments have been made to the presentation of the Statement of Total Recognised Gains and Losses, the fixed assets note and the Fixed Assets Restatement Reserve to reflect the most recent guidance on how to account for the revaluation of council houses prior to sale. This has no impact on the underlying financial position of the accounts.

Accounting practices

- 20 We are also required to report to you our view on the qualitative aspects of the Council's accounting practices and financial reporting and have set out below our observations on key issues affecting the Council. With the exception of the issues around the reconciliation of the collection fund reported above there are no items we need to bring to your attention.

Systems of internal control

- 21 As part of our audit, we consider the systems of accounting and financial control and report to you any material weaknesses identified. We do not provide a comprehensive statement of all weaknesses which may exist in internal control or of all improvements which may be made, but have addressed only those matters which have come to our attention as a result of the audit procedures we have performed.
- 22 Since April 2006 the operation of some payroll processing functions has been carried out by North Yorkshire County Council (NYCC). We reviewed whether appropriate arrangements had been put in place to minimise the risk of control failures occurring as a result of this change. In particular we reviewed the Service Level Agreement (SLA), which describes each Council's roles and responsibilities in the delivery of payroll, and sets agreed service specifications. While we are not aware of any significant control failure in 2006/07, we identified opportunities, to clarify the operation of the current arrangements, and also identified areas where there is an opportunity for the SLA to lay out more clearly the work expected to be provided on Selby's behalf by NYCC.
- 23 We have also reviewed whether the SIC has been prepared in accordance with proper practice specified by CIPFA and is consistent with the findings from our audit. There are no matters arising.

Use of resources

Work performed

- 24 The Code requires us to reach a conclusion on whether we are satisfied that the Council has proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources – the value for money conclusion. In meeting this responsibility, we review evidence that is relevant to the Council's corporate performance management and financial management arrangements across a range of criteria specified by the Audit Commission. Our work to support our conclusion comprised the following elements:
- use of resources assessment;
 - data quality work; and
 - the best value performance plan.
- 25 Details of our conclusion for each of the criteria specified by the Audit Commission are set out in Appendix 6

Use of resources assessment

- 26 We are currently carrying out our use of resources assessment. When finalised, we will discuss this with the relevant officers.

Data quality work

- 27 We are currently finalising our data quality review and will report our findings to the relevant officers.

Best value performance plan

- 28 Our work in respect of the Council's 2006/07 Best Value Performance Plan (BVPP) was reported in the 2006 annual audit and inspection letter. No recommendations were made to the Audit Commission or the Secretary of State.

Audit fee update

- 29 We reported our fee proposals as part of the Audit Plan for 2006/07. The table below reports the outturn fee against that plan.

Table 1

	Plan 2006/07	Actual 2006/07
Financial statements and Statement on Internal Control	55,050	55,050
Use of Resources	49,550	49,550
Total Audit Fees	95,600	95,600
Other work	nil	nil

- 30 The analysis above shows that our audit fee has been contained within the totals you have already agreed.
- 31 The outturn on inspection fees and grant claim audit fees will be reported in the annual audit and inspection letter.

Appendix 1 – Action plan

Rec	Recommendation	Priority 1 = Low 2 = Medium 3 = High	Responsibility	Agreed	Comments	Anticipated Implementation Date
R1	Ensure that a full and detailed reconciliation of the general ledger to the council tax and NNDR systems is carried out on a monthly basis, and all information required to carry out the reconciliation is available promptly.	High				
R2	Review the payroll SLA with NYCC to ensure that it more clearly defines the work to be provided on the Council's behalf, and more clearly specifies roles and responsibilities in relation to the operation of the current arrangement.	Medium				

Appendix 2 – The Audit Commission’s requirements in respect of independence and objectivity

- 1 We are required to communicate the following matters to those charged with governance:
 - the principal threats, if any, to objectivity and independence identified by the auditor, including consideration of all relationships between the Council, directors and the auditor;
 - any safeguards adopted and the reasons why they are considered to be effective;
 - any independent partner review;
 - the overall assessment of threats and safeguards; and
 - information about the general policies and processes for maintaining objectivity and independence.
- 2 We are not aware of any relationships that may affect the independence and objectivity of the audit team and which are required to be disclosed under auditing and ethical standards.

Appendix 3 – Audit reports issued

Planned output	Planned date of issue	Actual date of issue	Addressee
Audit plan	April 2006	April 2006	P&R committee/ Audit Panel
Annual governance report	September 2007	September 2007	P&R committee
Opinion on financial statements	30 September 2007		P&R committee
Value for money conclusion	30 September 2007		P&R committee
Opinion memorandum	October 2007		Head of Finance and Central Services
BVPP report	December 2007		P&R committee
Data quality report	November 2007		Chief Executive
Use of Resources	December 2007		Chief Executive
Annual audit letter	31 March 2008		P&R committee

Appendix 4 – Proposed auditor’s report

Opinion on the financial statements

- 1 I have audited the financial statements of Selby District Council for the year ended 31 March 2007 under the Audit Commission Act 1998, which comprise the Income and Expenditure Account, Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, and the Collection Fund, the Group Accounts and the related Notes. These financial statements have been prepared under the accounting policies set out within them.
- 2 This report is made solely to Selby District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Finance Officer and auditors

- 3 The Chief Finance Officer’s responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.
- 4 My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).
- 5 I report to you my opinion as to whether the financial statements present fairly the financial position of the Council in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.
- 6 I review whether the statement on internal control reflects compliance with CIPFA’s guidance, ‘The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003’ published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Council’s corporate governance procedures or its risk and control procedures.
- 7 I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

- 8 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.
- 9 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 financial statements 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 financial statements.

Opinion

- 10 In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the ‘Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006’, the financial position of the Council as at 31 March 2007 and its income and expenditure for the year then ended.

Mark Kirkham
Relationship Manager and District Auditor
Kernel House
Killingbeck Drive
Killingbeck
Leeds
LS14 6UF
September 2007

Conclusion on arrangements for securing economy, efficiency and effectiveness in the Use of Resources

Council’s responsibilities

- 11 The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its Use of Resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.
- 12 Under the Local Government Act 1999, the Council is required to prepare and publish a best value performance plan summarising the Council’s assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor’s responsibilities

- 13 I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council for securing economy, efficiency and effectiveness in its Use of Resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Council has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Council’s arrangements for securing economy, efficiency and effectiveness in its Use of Resources are operating effectively.
- 14 I am required by section seven of the Local Government Act 1999 to carry out an audit of the Council’s best value performance plan and issue a report:
 - certifying that I have done so;
 - stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section six of the Local Government Act 1999 and statutory guidance; and
 - where relevant, making any recommendations under section seven of the Local Government Act 1999.

Conclusion

- 15 I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, in all significant respects, Selby District Council made proper arrangements to secure economy, efficiency and effectiveness in its Use of Resources for the year ending 31 March 2007.

Best value performance plan

- 16 I issued my statutory report on the audit of the Council's best value performance plan for the financial year 2006/07 on 13 December 2006. I did not identify any matters to be reported to the Council and did not make any recommendations on procedures in relation to the plan.

Certificate

- 17 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.

Mark Kirkham
Relationship Manager and District Auditor
Kernel House
Killingbeck Drive
Killingbeck
Leeds
LS14 6UF
September 2007

Appendix 5 – Management representation letter

Please ask for: Karen Iveson
Direct Dial No: 01757 292052
Direct Fax No: 01757 292176

Your Ref:
Our Ref: KI/km
E-Mail: kiveson@selby.gov.uk

25 September 2007

Mr M Kirkham
Relationship Manager
Audit Commission
Kernel House
Killingbeck Drive
Leeds
LS14 6UF

Selby District Council - Audit for the year ended 31st March 2007

I confirm to the best of my knowledge and belief, having made appropriate enquiries of Councillors, Strategic Directors and Operational Management Team of Selby District Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2007.

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements, which present fairly and for making accurate representations to you.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

There are no other material amounts relating to unfunded liabilities, curtailments or settlements of past service costs relating to pension provision other than those which have been properly recorded and disclosed in the financial statements.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council meetings, have been made available to you.

Related party transactions

I confirm the completeness of the information provided regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Law, regulations and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

In all material respects, the expenditure and income disclosed in the financial statements has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Assets

Losses arising from the sale of assets have been properly recorded and adequately disclosed in the financial statements.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; and/or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

Post balance sheet events

Since the date of approval of the financial statements by Members of the council, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

Signed on behalf of Selby District Council

Name: Karen L. Iveson

Position: Head of Finance and Central Services

Date:

Appendix 6 – Value for Money Conclusion

- 1 The Audit Commission has published, in accordance with the Code, 12 criteria on which auditors are required to reach a conclusion on the adequacy of an audited body's arrangements for economy, efficiency and effectiveness in its use of resources. A summary of our conclusions is shown below.
- 2 The Code criteria are linked to the Use of Resources assessment (UoR) key lines of enquiry (KLoEs). A score of Level 2 or higher under the KLoEs will result in an assessment that the Authority has adequate arrangements in place for the purposes of the Code criteria. The Code criteria and the linked KLoEs are show in the table below.

Code Criteria	Description	Associated UoR KLoE	VFM Conclusion
1	The body has put in place arrangements for setting, reviewing and implementing its strategic and operational objectives.	N/A	Adequate
2	The body has put in place channels of communication with service users and other stakeholders including partners, and there are monitoring arrangements to ensure that key messages about services are taken into account.	N/A	Adequate
3	The body has put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to members.	N/A	Adequate
4	The body has arrangements to monitor the quality of its published performance information, and report the results to members.	LG DQ KLoEs	Adequate

Code Criteria	Description	Associated UoR KLoE	VFM Conclusion
5	The body has put in place arrangements to maintain a sound system of internal control.	4.2	Adequate
6	The body has put in place arrangements to manage its significant business risks.	4.1	Adequate
7	The body has put in place arrangements to manage and improve value for money.	5.2	Adequate
8	The body has put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities.	2.1	Adequate
9	The body has put in place arrangements to ensure that its spending matches its available resources.	3.1	Adequate
10	The body has put in place arrangements for managing performance against budgets.	2.2	Adequate
11	The body has put in place arrangements for the management of its asset base.	2.3	Adequate
12	The body has put in place arrangements designed to promote and ensure probity and propriety in the conduct of its business.	4.3	Adequate