



CITY OF WAKEFIELD

METROPOLITAN DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2007/08

This Statement can be provided in large type, Cassette, Braille or in another format or language if required.

Please contact Financial Reporting on 01924 306430 or via email on finrep@wakefield.gov.uk to discuss your requirements.

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Independent auditor's report to the Members of City of Wakefield MDC

Opinion on the financial statements

I have audited the Authority accounting statements and related notes of the City of Wakefield Metropolitan District Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The Authority accounting statements comprise the Authority Income and Expenditure Account, the Authority Statement of the Movement on the General Fund Balance, the Authority Balance Sheet, the Authority Statement of Total Recognised Gains and Losses, the Authority Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of the City of Wakefield Metropolitan 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 Director of Finance and auditor

The Director of Finance's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the Authority accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 the financial position of the Authority and its income and expenditure for the year.

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

AUDITOR'S REPORT TO WAKEFIELD METROPOLITAN DISTRICT COUNCIL

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

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion:

- The Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended; and

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

Authority's Responsibilities

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

Auditor's Responsibilities

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

Conclusion

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

Best Value Performance Plan

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

Certificate

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.

Paul Lundy
District Auditor
Kernel House
Killingbeck Drive
Killingbeck
Leeds
LS14 6JD
September 2008



Peter Box
Leader of the Council



John Pitt
**Interim Head of Paid Service and
Corporate Director
(Corporate Services)**

The following pages set out our accounts for 2007/08 and provide information on how the Council continues to use its resources to provide better services to the people of the district, both through delivering services ourselves, and by working with our partners.

Again our resources have been used effectively, and we remain committed to keeping Council Tax levels as low as possible, as well as ensuring that we provide value for money in both our spending and the services local people receive.

The accounts demonstrate that Wakefield continues to be financially healthy and well managed. This gives us the capacity to plan for, and to meet, the challenges ahead of us. We are managing our resources well and I am particularly proud that this has been recognised by our highest ever 3 star rating in by the Audit Commission for our Use of Resources. I am also pleased to note that the Commissions annual audit letter for the Council in 2008 records that; “The Council has continued to live within its means, maintaining adequate financial reserves and delivering its efficiency agenda.”

2007/08 saw the Council continue with its pace of rapid change and improvement. We have again exceeded the Governments target for efficiency and productivity savings. Our GCSE results are again the best ever, helping to secure a prosperous future for our young people. We have also received the highest possible 3 Star score for Adult Social Care, and been rated as having “Excellent” prospects to do even better.

The large scale regeneration schemes in Wakefield and Castleford are coming on stream. These are stimulating new businesses and will provide jobs and quality housing, as well as better shopping, leisure and cultural opportunities for local people.

Government inspectors have confirmed that overall the Council is meeting targets in priority areas and is “improving well”. We have also been given the highest possible assessment rating from central government for the progress of our Local Area Agreement “Families and Neighbourhoods”. This is enabling us to work together better with our partners to deliver improved life chances for local families and improve local neighbourhoods.

The Council continues to prioritise investment around our strategic priorities. Three of strategic priorities are those shared with our partners in our Local Strategic Partnership,

INTRODUCTION BY THE LEADER OF THE COUNCIL AND THE CHIEF EXECUTIVE

'Wakefield Together' in the Community Strategy; 'Safer and Stronger Communities', 'Healthier Communities' and 'Skills Enterprise and Work'. We maintain our focus on listening to citizens and meeting their needs and aspirations, both through our own services and with our partners.

Our fourth strategic priority is 'Organisational Capacity and Transformation'. We continually review how we provide services and we want to ensure that all services received by the citizens of this district are high quality, convenient and easy to use and represent good value for money to users and taxpayers. Our "Worksmart" change initiative is transforming services across the Council, and is set to deliver major reductions in our costs with regard to buildings and back office functions. This is allowing us to redirect even more of our resources into priority areas.

We believe that Wakefield Council already provides many good quality services, but there is always more to be done. We are fully committed to challenging what we do and how we do it, and what it costs. Sound financial management and budgeting, and aligning our resources to meet citizen priorities, are key part of this. This report demonstrates Wakefield's commitment to sound financial management, as well as our commitment to using our resources to the maximum benefit of local people.



Peter Box
Leader of the Council



John Pitt
Interim Head of Paid Service and Corporate Director
(Corporate Services)

INTRODUCTION

This document is the Statement of Accounts for Wakefield MDC. It has been prepared in accordance with the accounting principles specified in the 2007 Statement of Recommended Practice (SORP). It covers the financial year from 1 April 2007 to 31 March 2008 and shows the financial position of the Council and the cost of services it provides. These are illustrated in the pie charts on the following pages. The foreword and financial summary provides a guide to the most significant matters in the financial statements. In order to provide easily understood information, facts and figures have been presented as simply and clearly as possible.

1. ACCOUNTABILITY AND FINANCIAL REPORTING

Local Authorities are governed by a rigorous structure of controls to provide stakeholders with the confidence that public money has been properly accounted for. As part of this process of accountability, the Council is required to produce a set of accounts in order to inform you, as a stakeholder of the Council, that we have properly accounted for all the public money we have received and spent and that the financial standing of the Council is on a secure footing.

2. THE STATEMENTS

The following core financial statements show the financial activity of the Council in relation to the services provided. These have been prepared in accordance with the SORP 2007, which includes some significant changes that are intended to make local authority accounts more compliant with United Kingdom Generally Accepted Accounting Practices (UK GAAP). Where appropriate, figures for 2006/07 have been restated to make them comparable with 2007/08 (see note 1 to the Core Financial Statements).

- The Income and Expenditure Account. This shows the income receivable and expenditure incurred in the year by the Council in carrying out its functions.
- The Statement of Movement on the General Fund Balance (SMGFB). This shows the amounts, in addition to the Income and Expenditure Account surplus or deficit that are required by statute and non-statutory proper practices to be charged or credited to the General Fund. The balance shown represents the General Fund balance available to be carried forward to meet future year's expenditure.
- The Statement of Total Recognised Gains and Losses (STRGL). This shows all the gains and losses experienced by the Council during the year and explains the increase or decrease in reserves as shown in the Net Worth in the Balance Sheet.
- The Balance Sheet. This shows the position of all the Council's assets and liabilities as at 31 March 2008. The Council's reserves represent the balance of assets and liabilities as shown on the Balance Sheet.
- The Cash Flow Statement. This summarises the inflows and outflows of cash arising from transactions with third parties for both revenue and capital purposes.
- The Collection Fund. This shows the transactions relating to National Non-Domestic Rates and Council Tax and how these were distributed to precepting authorities and the General Fund.

Other statements included are:

- The Statement of Responsibilities for the Statement of Accounts. This sets out the respective responsibilities of the Council and the Director of Finance.
- The Annual Governance Statement. This sets out the framework designed to ensure that the Council operates a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

Wherever possible technical accounting terms have been explained in the main text or in the glossary at the back of this publication.

3. FINANCIAL SUMMARY

REVENUE EXPENDITURE

Revenue expenditure is the day-to-day running costs of providing the Council's services and includes expenses such as salaries, wages, heating, cleaning, repairs and maintenance, and depreciation.

The Council set a net budget of £218.2m for the financial year 2007/08 to deliver general services at its meeting in March 2007. Cabinet and Council subsequently approved £1.413m of supplementary budgets for 2007/08 only, to cover both additional costs arising and revenue budget pressures, in order to ensure that the budget continued to reflect investment in priorities.

The final outturn position reported to Cabinet on 24 June 2008 shows that an actual net underspend of £4.062m was achieved. In addition to this net underspend, the Council has switched resourcing of £1.375m of capital expenditure from revenue funding to corporate capital resources, the revenue benefit of this resource switch has been allocated into earmarked reserves. The Council has also allocated a further £1.881m into earmarked reserves to meet specific approved future commitments.

£1m of the revenue underspend has been transferred into General Fund Balances to maintain a minimum level of the Balance required to protect the Council against unforeseen events and the realisation of any contingent liabilities. Movements within the General Fund Balance during 2007/08 are shown in note 5 of the Notes to Core Financial Statements.

The remaining £3.062m has been allocated to the Council's Invest to Save Reserve to support initiatives required to achieve 2008/09 and medium term savings.

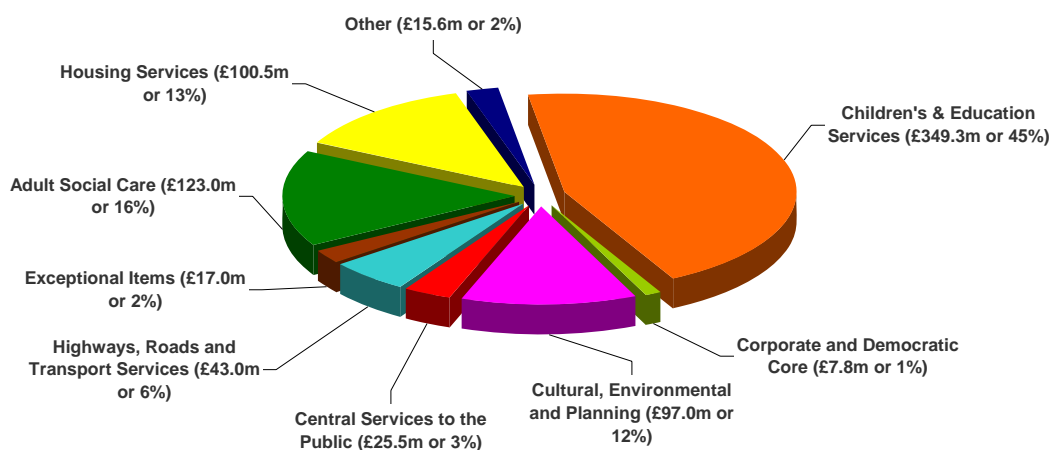
Equal pay capitalisation of £4.2m was received from DCLG and this has been funded from corporate capital resources. VR/VER payments made in year have been funded from revenue budgets.

The Council also underspent £1.752m of its Dedicated Schools Grant. This grant is ringfenced and the underspend has been carried forward to 2008/09 to support the Council's spending on its schools.

The total of individual schools balances is £14.1m as at 31 March 2008, an increase of £0.1m from 31 March 2007.

The chart on page 9 illustrates the distribution of gross revenue expenditure on the major services the Council provides. More detail is contained in the Income and Expenditure Account

Gross Revenue Expenditure on continuing services (£778.7m)



CAPITAL EXPENDITURE

Capital expenditure is expenditure on tangible fixed assets (buildings & equipment) and intangible fixed assets (software etc.) the benefits of which last more than one year. It also includes grants given to third parties (mainly for housing and regeneration purposes).

The Council adheres to the definition of capital expenditure set out in the SORP.

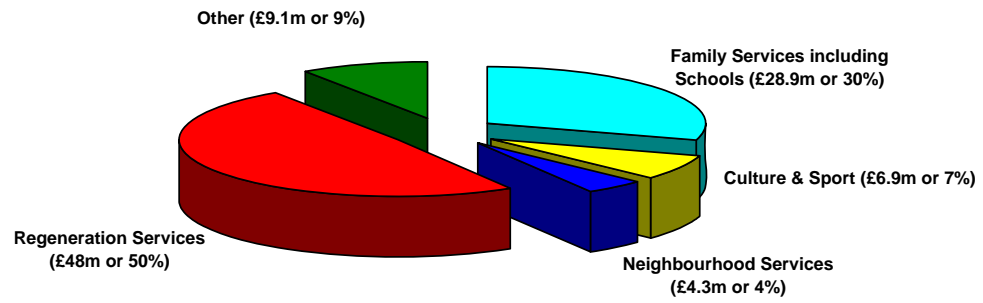
The regulatory framework governing capital expenditure is incorporated in the Local Government Act 2003.

The Council approved a capital programme for 2007/08 of £101.9m at its meeting in March 2007, and approved a revised programme of £128.6m at its meeting in March 2008. The actual spend against this programme is £97.2m with the majority of the balance being rephased into 2008/09.

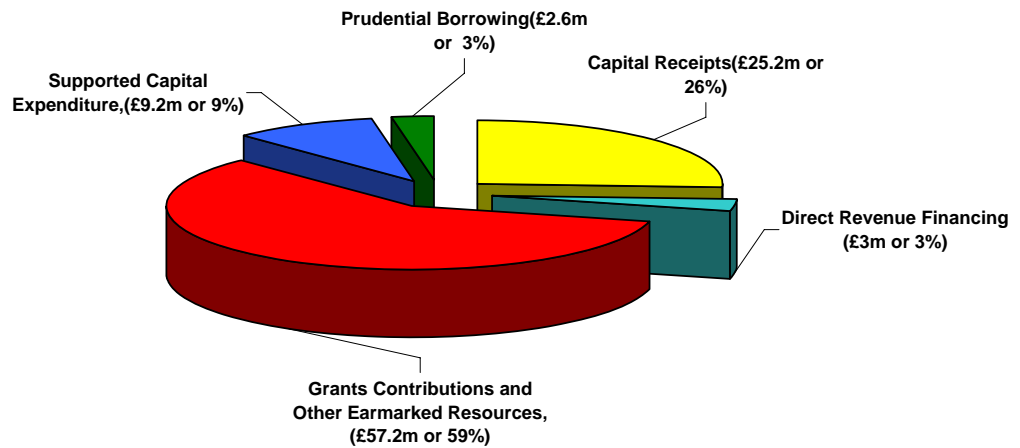
The charts overleaf illustrate the Council's capital expenditure by Service and how the expenditure was funded. More detail is contained in Note 13 to the Core Financial Statements.

FOREWORD AND FINANCIAL SUMMARY BY THE DIRECTOR OF FINANCE

Capital Expenditure 2007/08 by Service (£97.2m)



Capital funding 2007/08 (£97.2m)



4. SIGNIFICANT ISSUES AND NEW DEVELOPMENTS 2007/08

The following paragraphs describe briefly the significant issues and new developments that the Council has had to address in preparing this statement for 2007/08.

IMPACT OF THE 2006 AND 2007 SORP's

A number of significant changes have been introduced by these SORP's in order to make local authority accounts more compliant with United Kingdom Generally Accepted Accounting Practices (UK GAAP) and facilitate the move towards the implementation of International Financial Reporting Standards (IFRS).

The SORP 2006, introduced various changes, most of which were implemented in 2006/07, but some did not apply until 2007/08. The changes for 2007/08 have involved:

- the introduction of a Revaluation Reserve (see note 7).
- the replacement of the Capital Financing Account and the Fixed Asset Restatement Account with a new account called the Capital Adjustment Account (see note 7).

The changes have required a significant upgrade to the Council's Asset Register.

The SORP 2007 introduced a number of changes that apply to accounting periods commencing on or after 1 April 2007, the main ones being:

- changes to the accounting requirements for financial instruments, which mainly affects how assets and liabilities are valued (See Accounting Policies 16 and 17)
- guidance on accounting for Local Area Agreements (See Accounting Policy 27).
- replacement of Statement of Internal Control with the Annual Governance Statement

THE BEST VALUE ACCOUNTING CODE OF PRACTICE 2007

The Code of Practice is reviewed annually and a number of changes to the Service Expenditure Analysis (SEA) were included in the 2007 Code. The main change affecting the Council is that there is a new SEA for Children's and Education Services which consists of the Education SEA and the Children's Social Services SEA. As a result of this transfer the Social Services SEA is renamed Adult Social Care SEA. In addition there are minor changes to certain sub-divisions of service within Adult Social Care, Cultural, Environmental and Planning Services and Housing.

PENSION LIABILITY

The Council is required to recognise the cost of retirement benefits when employees earn them, rather than when they are actually paid to pensioners and show the net liability in the Balance Sheet. The estimated net pensions liability has increased from £213.3m to £388.7m, with a corresponding increase in the deficit on the Pensions Reserve. This is due to:

FOREWORD AND FINANCIAL SUMMARY BY THE DIRECTOR OF FINANCE

	£ million
Investments performing worse than assumed	63.7
A full actuarial valuation was done at 31 March 2007, the first for 3 years. This makes corrections for approximations used in the interim valuations and resulted in an increase in liabilities.	46.2
Changes to actuarial assumptions on life expectancy, discount rates and inflation	56.9
Increased costs resulting from changes to the LGPS	8.6
Total	175.4

Pension contribution rates are set by the actuary to recover the deficit over the longer term.

PRIVATE FINANCE INITIATIVE (PFI)

The Private Finance Initiative is a source of funding used for long-term major projects. The Council is developing a PFI scheme as part of implementing its Municipal Waste Management strategy. The scheme has reached the Preferred Bidder stage with an expectation of completing the procurement process by late summer 2008.

Further information on PFI, including the existing Street Lighting PFI scheme, is included in the Statement of Accounting Policies and in note 40 to the Core Financial Statements

EQUAL PAY

This has been shown as an exceptional item within the accounts. Payments have been made during the year to the value of £4.7m, of which £4.2m was funded from capital following receipt of a capitalisation directive from the DCLG and the remainder funded from revenue. In addition a provision has been made in order to cover anticipated future costs of further equal pay claims. For further details see note 3 to the Core Financial Statements.

CHANGE OF ACCOUNTING TREATMENT OF THE ASSETS USED BY THE YORKSHIRE PURCHASING ORGANISATION (YPO)

As a result of the audit of the accounts of YPO for 2006, the treatment of the Fixed Assets (Land and Buildings) used by YPO was reviewed. The YPO Agreement between Member Authorities states that "All existing assets shall vest in the Lead Authority in trust for the Member Authorities...". Also, as a Joint Committee, YPO does not have the corporate status to acquire Fixed Assets. In view of these facts, it has been decided that the Council, as lead authority, should recognise the assets in its accounts from the financial year 2007/08. The comparative figures for 2006/07 have been adjusted accordingly (see Note 1 on Prior Year Adjustments).

LEEDS BRADFORD INTERNATIONAL AIRPORT (LBIA)

The company was owned by the five Metropolitan District Councils in West Yorkshire, Wakefield MDC owning a one-fifteenth of the share capital. During 2007/08, the Airport was sold and the Council received an amount of £8.9m from the sale.

FOREWORD AND FINANCIAL SUMMARY BY THE DIRECTOR OF FINANCE

GROUP ACCOUNTS

The Council has considered the SORP requirements for local authorities to produce group accounts. The outcome of the review is that the Council does not have any interests in outside companies or organisations, which are sufficiently material to require the production of group accounts in 2007/08.

VALUE FOR MONEY (VFM)

The implementation of improved arrangements for managing and achieving VFM is a key element of demonstrating that the Council is using its resources effectively.

The Council has introduced a process of service VFM self assessment, undertaken as part of the business planning process. These self assessments will be explored and challenged in order to help identify key areas of service delivery that are to be subject to focused activity ranging from “transformation “ through increased efficiency or resource prioritization (more for the same), “sustained performance” (same for less) or reduced investment, all linked to the Council’s corporate priorities.

BORROWING

The Council increased its long-term borrowing by £6m from £226.9m as at 31 March 2007 to £232.9m as at 31 March 2008. The increase was due to new borrowing taken out to finance capital expenditure. Note 20 of the notes to the core financial statements provides an analysis of long-term borrowing by lender and maturity.

The Councils revenue budget provided for the financing costs of an estimated £12m of new borrowing to be taken out during the year. Due to unfavourable long-term borrowing rates applying during most of the year, and the council’s positive cash flow position, only £6m of new borrowing was actually taken out. The resultant revenue budget saving contributes to the outturn underspend.

MINIMUM REVENUE PROVISION (MRP) CHANGES

Local Authorities are normally required each year to set aside some of their revenues as provision for debt. This is known as the minimum revenue provision (MRP).

Regulations amending the system for making MRP came into existence on 31 March 2008 and have to be applied to capital expenditure incurred from 1 April 2008. The detailed rules are replaced with a simple duty for an authority each year to make an amount of MRP which it considers to be “prudent”.

Statutory MRP Guidance has been issued by the Department for Communities and Local Government (DCLG). Authorities are obliged to “have regard” to the Guidance. The Guidance includes four options for making MRP. Option 1 – Regulatory Method, Option 2 – CFR Method, Option 3 – Asset Life Method and Option 4 – Depreciation Method. The first two options relate to supported debt, the last two options relate to new borrowing under the Prudential System for which no Government support is provided.

Authorities are required to prepare an annual statement of their proposed policy on making MRP for submission to their full Council prior to the start of each financial year.

For 2007-08, the Council will use option 1 for both supported and unsupported debt, whereas for 2008-09 it will use option 1 for supported debt and option 3 for unsupported debt.

FOREWORD AND FINANCIAL SUMMARY BY THE DIRECTOR OF FINANCE

PRUDENTIAL CODE

To facilitate the decision-making process and support capital investment decisions, the Prudential Code requires the Council to approve and monitor a number of Prudential Indicators. These indicators are mandatory and cover affordability, prudence, capital expenditure, external debt and treasury management and must be approved before the start of the financial year.

Performance against all the approved indicators is monitored monthly and performance against key indicators is reported quarterly through the budget clinic process. The Treasury Management Outturn report submitted annually to Cabinet compares actual performance for the year against all the indicators as approved by Council at the start of that year. For 2007/08 the indicators were approved by Council on 1 March 2007.

During 2007/08, £2.546m of capital expenditure has been financed by unsupported borrowing.

5. LOOKING FORWARD

MEDIUM TERM FINANCIAL STRATEGY

The Council's Medium Term Financial Strategy identifies the following key financial challenges for the Council:

- Resourcing the Council's Municipal Waste Management Strategy – annual investment of £ 12.1m by 2011/12.
- Equal Pay legislation – estimated back payments of approximately £ 25m by 2009/10.
- Job Evaluation – an estimated annual cost of £ 8m from 2009/10 plus pay protection of £ 3m per year for 2 years.
- Responding to the demise of Neighbourhood Renewal Funding.

The continued delivery of the Medium Term Financial Strategy will be dependant on the resources made available through Government settlements, the maximisation of all available funding streams and on the Council's success in realigning resources to priorities and implementing savings to address the future year's budget gaps forecast within the Strategy.

CAPITAL PLANS

The Council's three year capital programme provides for investment of £ 224m in capital projects managed by the Council. A number of these projects have been developed jointly by the Council working in partnership with the private sector and funding agencies. There is further capital investment in the District arising from collaborative capital projects which are being managed by the Council's partners.

FOREWORD AND FINANCIAL SUMMARY BY THE DIRECTOR OF FINANCE

Key capital projects include redevelopments of Westgate, Marsh Way/Trinity Walk and Waterfront, new link roads for Hemsworth/A1 and Glass Houghton, The Hepworth Gallery, Castleford Forum and Land Acquisition and Collection Service costs associated with delivering the Waste Management Strategy.

SCHOOLS SEEKING TRUST STATUS

Trust schools are foundation schools supported by a charitable foundation or trust, which appoint governors to the school's governing body. They are funded in exactly the same way as other local authority maintained schools. On 1st April 2008, three of Wakefield's high schools came together in a formal partnership and acquired a shared Trust known as 'The Wakefield ASPIRE Trust'.

MOVEMENT TOWARDS INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements of the Council are currently prepared using accounting policies based on UK GAAP. In order to improve consistency and comparability between financial reports in a global economy, it is proposed to move towards preparing the accounts using International Reporting Standards (IFRS), adapted as necessary for the public sector. It is expected that 2010/11 will be the first year that the accounts will have to be prepared on an IFRS basis, but comparative figures for 2009/10 will have to be restated. However, in order to provide figures for Whole of Government Accounts purposes, the accounts for 2008/09 will have to be adjusted to an IFRS basis.

Judith Badger CPFA
Director of Finance
26 September 2008

STATEMENT OF RESPONSIBILITIES

THE COUNCIL'S RESPONSIBILITIES

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Wakefield Metropolitan District Council, that officer is the Director of Finance.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the statement of accounts.

THE RESPONSIBILITIES OF THE DIRECTOR OF FINANCE

The Director of Finance is responsible for the preparation of the Council'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 on Local Authority Accounting in the United Kingdom 2007"), and is required to present fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2008.

In preparing this statement of accounts, the Director of Finance 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 on Local Authority Accounting;
- Applied the accounting concept of a "going concern" by assuming that the Council's services will continue to operate for the foreseeable future;
- Kept proper accounting records, which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

THE DIRECTOR OF FINANCE'S CERTIFICATE

I certify that the Statement of Accounts presents fairly the financial position of Wakefield Metropolitan District Council at 31 March 2008 and its income and expenditure for the year then ended.

**Judith Badger CPFA
Director of Finance
26 September 2008**

STATEMENT OF RESPONSIBILITIES

APPROVAL OF THE ACCOUNTS

As Deputy Chair of the Body considering the Wakefield Metropolitan District Council Statement of Accounts for 2007/08, I certify that the Accounts have been approved by the Audit Committee on 26 September 2008 and are authorised for issue.

Bryan Denson
Chair of the Audit Committee
26 September 2008

ANNUAL GOVERNANCE STATEMENT

1. INTRODUCTION AND SCOPE OF RESPONSIBILITY

- 1.1 Wakefield Metropolitan District Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for in delivering value for money services. 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 its functions and which includes arrangements for the effective management of risk.
- 1.3 This Annual Governance Statement (AGS) is a statutory document, which provides an overview of the governance arrangements within the Council and acts as a signpost to more detailed sources of assurance and evidence.

2. THE PURPOSE OF THE SYSTEM OF GOVERNANCE

- 2.1 The system of governance is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to comply with procedures and standards and achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of governance is based on an ongoing process designed to identify, prioritise, evaluate and manage the risks in achieving the Council's objectives.
- 2.2 The system of governance has been in place in the Council for the year ended 31st March 2008 and up to the date of approval of the annual report and accounts.

3. THE GOVERNANCE ENVIRONMENT

- 3.1 The key aspects of the governance environment incorporate the corporate policy framework and individual plans / policies / processes / procedures, financial and performance management frameworks, Risk Management systems, Internal Audit function, annual assurance statements, efficiency statements, external regulation (including the Audit Commission), and other relevant factors. These arrangements are overarched by the concept of leadership exercised by the Council's Members and Officers, with the Chief Executive/Head of Paid Service and his Corporate Management Team providing leadership and direction to all the Council's employees. The key elements of the governance framework are as follows:
 - A. The Constitution, which governs the Council's policy and decision-making arrangements, reflects openness, accountability and transparency to local people. Specific Procedure Rules, Protocols and Policies are in place to govern Executive, Scrutiny and other Committee functions and delegated authority (to individual members and officers). This includes the framework for ensuring high standards of conduct including: Anti-Fraud and Corruption Policy; Whistleblowing Policy and Codes for Officer and Member Conduct.

ANNUAL GOVERNANCE STATEMENT

These are monitored systematically by the Standards Committee, which is chaired by an independent member of the community;

- B. The monthly review, update and publication of the Forward Plan which contains details of key (important) decisions to be made in coming months;
- C. The corporate business planning framework enables a sustained focus on systematic priority and budget setting processes. Production of our suite of corporate and service plans is aligned to the corporate planning cycle that supports a cascade of priorities from the Community Strategy to the new Corporate Plan*, Service Business Plans* (SBPs), team plans and individual appraisals, aligned to the Medium Term Financial Plan (MTFP) and Capital Programme.
(* new for 2008 onwards);
- D. The Code of Corporate Governance was updated and approved by the then Audit and Governance Committee on 23rd February 2007 to reflect changes to the organisational structure of the Council. It follows the framework recommended by CIPFA and SOLACE. The Code is subject to regular review and will be updated during 2008 to reflect the new governance framework developed by CIPFA and SOLACE;
- E. The Council's Audit Committee has responsibility for a range of governance issues as advocated by CIPFA, to provide assurances to support the Annual Governance Statement. An independent member from the business community sits on the Audit Committee;
- F. The Council has a number of Corporate Working Groups looking at a range of key issues for the Authority. The Service Management Team (SMT) that meets monthly and consists of all Service Directors has a particular focus to assist in the development of corporate processes, share learning and ensure a consistent, corporate approach to Council initiatives. In addition, the Council has a Corporate Performance Working Group that is linked to SMT that is charged with ensuring all aspects of performance management (including issues such as data quality) are initiated, developed and implemented in line with corporate standards and acknowledged national best practice. Furthermore, a high level Internal Control (SIC) Sub-Group is now firmly established, chaired by the Service Director for Legal and Democratic Services and has specific responsibility for all governance issues and the production, issue and monitoring of actions contained in the AGS, including the recent requirement of the amended Accounts & Audit Regulations to undertake an annual review of the effectiveness of the Internal Audit function;
- G. The Council has designated its Corporate Director (Corporate Services) as Monitoring Officer. The function ensures compliance with Policies, Procedures, Laws and Regulations. On 1st January 2008, the Corporate Director (Corporate Services) took on the role as Interim Head of Paid Service. On 16th January 2008 Council appointed the Service Director for Human Resources as Interim Monitoring Officer. The Monitoring Officer will report to full Council if he/she considers any proposed action, decision or omission would give rise to unlawfulness or maladministration. The Monitoring Officer ensures that the Constitution is reviewed and updated so that it remains fit for purpose. The financial management of the Council is the responsibility of the Director of Finance, (Section 151 Officer), and is conducted in accordance with the Constitution and Financial Procedure Rules, with

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the assistance of the Chief Finance Manager and professional finance staff within Financial Services. The financial management system includes:

- (i) A Medium Term Financial Plan linked to service plans;
 - (ii) An annual budget cycle incorporating Council approval for revenue and capital budgets as well as treasury management strategies;
 - (iii) Financial Procedure Rules that are reviewed half yearly;
 - iv) Process and procedure guidance manuals;
 - (v) Annual Accounts supporting stewardship responsibilities, which are subjected to external audit and which follow Statements of Recommended Practice, Accounting Codes of Practice, and Financial Reporting Standards;
 - (vi) Regular budget monitoring through monthly financial monitoring reports to Cabinet, quarterly budget clinics and performance monitoring through performance clinics, with strong alignment between the two and joint reporting of outcomes;
 - (vii) Identification of financial risks regularly challenged, both internally and externally;
- H. Overview and Scrutiny Committees have “call-in” powers to consider appropriateness of executive decisions. They also review Council functions and matters of local concern. They include independent people to allow a greater say in decision making;
- I. The Standards Committee assists in setting and promoting the ethics agenda for the Council and monitors training in relevant areas;
- J. The Council’s approach to performance management is well developed and is delivered through its corporate Performance Management Framework. The Framework integrates quantitative and qualitative systems and processes, which enable easy collation, regular monitoring, assessment and review of performance, both at a strategic and operational level, to drive through continuous improvement and support transformation through performance improvement;
- K. Risk Management arrangements are well established and centre around the Council’s Risk Management Policy and Strategic Framework. This Framework is supported by an Action Plan for further developing and embedding risk management throughout the whole of the Council’s activity. The Chief Customer and Performance Manager, (supported by a corporate Risk Management Sub-Group), is charged with responsibility for implementing the Action Plan, maintenance of the Council’s risk register and regular review of risks by trained staff. The Audit Committee routinely challenges the management of the Council’s key risks;
- L. The Corporate Complaints Procedure is used as a tool to help identify service improvements from complaints, comments and compliments received;
- M. In line with the External Audit Protocol, officers of the Council meet regularly with the Audit Commission to discuss planned and on-going external audit and inspection activity through the annual Audit Plan (developed using risk based

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- criteria) and also, the results of such activity and how improvements will be implemented across the Council. Progress against implementation is monitored through the regular liaison meetings;
- N. The outcome of all inspections and audits, including the Annual Audit and Inspection Letter, are used to plan and improve Council services;
- O. In addition to the elements of the internal control environment summarised above, the Council also gains positive assurance on systems of internal control through a number of audit, inspection and review processes, including:
- (i) The Council's Internal Audit function operates to standards set by CIPFA and undertakes annual work plans, agreed with and monitored by Members and senior officers. It provides opinions on internal controls in place to manage risks across the Authority's diverse activity. Its plans and outputs are monitored and challenged by the Audit Committee;
 - (ii) Annual financial control assurance statements are produced and signed by Finance Managers;
 - (iii) An internal control and risk management statement is signed by Service Directors;
 - (iv) Specific plans, policies and procedures are reviewed regularly;
 - (v) Production and implementation of the Council's annual efficiency statement, in line with the requirements of the Government's efficiency agenda, is monitored through the quarterly Performance Clinics, challenging progress and helping ensure the Council stays on track;
 - (vi) Objective and professional relationships with external auditors and statutory inspectors, involving consideration of reports and the production of Action Plans, approved, implemented and monitored in respect of each such report received;
- P. The Council has a Health and Safety Policy framework document that sets out the Council's commitment to health and safety and identifies individuals with responsibilities under the policy. Each Service has a policy setting out the operational requirements in respect of the framework document that determines appropriate safe systems of work for employees. These policies are monitored in a number of ways on a regular basis. Each Service has a Safety Officer to give advice and monitor working practices and hold regular safety meetings with managers and trade unions;
- Q. The Council has a complaints policy and procedure. Each Service has arrangements in place for recording complaints about their service area. Information is collated centrally and reported quarterly to the Corporate Performance Clinic where performance is challenged and areas for improvement identified;
- R. Corporate Directors receive regular schedules of insurance claims to assist them in identifying trends in the management of insurable risks. This is supported by reports to CMT;

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- S Arrangements are in place also for dealing with and monitoring Ombudsman complaints;
- T The Standards Board for England provides advice and guidance to Councils' Standards Committees on the Member Code of Conduct.

3.2 The above framework contributes to ensuring compliance with established policies, procedures, laws and regulations as part of establishing a sound overall governance / control environment.

4. REVIEW OF EFFECTIVENESS

- 4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of governance, (including a review of the effectiveness of Internal Audit). The SIC Group monitors actions to address significant governance issues and reports to the Audit Committee periodically. The review of the effectiveness of the system of governance is informed by the work of Members, Corporate Directors, Service Directors, other managers of the Council and Internal Audit, who have responsibility for the development and maintenance of the governance environment as summarised above. Maintaining and reviewing the effectiveness of the system of governance is achieved through:
- A. The assessment of the Council under the CPA Framework by the Audit Commission (including the annual Use of Resources Assessment). The 2007/08 Use of Resources Assessment showed an improved score from 2 to 3 on the CPA 'Use of Resources judgement', the Audit Commission Direction of Travel Statement published in February 2008 confirmed the Council is now a 3-star authority and is 'improving well' - an improvement from 2-stars in 2006;
 - B. The Audit Committee reviewing its terms of reference annually to make sure they remain relevant and include the operational elements recommended by CIPFA (Audit Committees – Practical Guidance For Local Authorities 2005), to direct its review of the Council's internal control environment supported by a programme of training for its Members. The Terms of Reference of the Audit Committee were revised by Council on 25th July 2007 to align them more closely to the functions advocated by CIPFA. Audit Committee Members receive an annual induction session on the work of the Audit Committee supported by subject specific modules e.g. Financial Management;
 - C. Regular reviews of ethical standards policies and procedures by the Ethical Issues Sub-Group (EISG). The remit of the Sub-Group includes development and review of ethical standards policies, procedures and training. The outcomes of these reviews are reported to the Standards Committee and where appropriate the Audit Committee. Changes recommended by the EISG to the then Audit and Governance Committee in respect of the Employee Code of Conduct were introduced during 2007/08. The EISG also coordinated training for Members and Officers on the Council's Anti Fraud and Corruption Policy;
 - D. The review and update of the corporate strategic risk register to reflect the changing nature of the strategic risks faced by the Council. All identified risks are reviewed

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automatically through the automated Risk Management system or via individual Programme or Project boards; Risk and Insurance Officers provide external challenge. Key strategic risks should be challenged in the same way with additional scrutiny and assurance provided by the Audit Committee however during 2007/08 these risks have been under review and need to further take into account changed Strategic Priorities and the restructure of the Council, which commenced in March 2008;

- E. The ongoing review and development of the Performance Management Framework. Both the new Corporate Plan and the Council's Service Business Planning process now have a three year perspective linked the MTFP. Business Plans require identification of improvement priorities, resource alignment and service efficiencies to ensure value for money delivery The Corporate Business Planning Cycle also has been reviewed to ensure more systematic use of available intelligence to inform priority and budget setting process and the monitoring of performance through Corporate Performance Clinics is now more closely aligned to Budget Clinics and the Leader's Performance Strategy Clinic. Additionally, financial monitoring reports are presented to Cabinet on a monthly basis;
- F. The annual review of the effectiveness of the system of Internal Audit has been carried out by the SIC Group, which concluded, as in the previous year, that "the system is sound with only minor areas for development in order to ensure compliance with the new CIPFA Code of Practice for Internal Audit in the United Kingdom 2006";
- G. There were 3 major reportable accidents under Health and Safety Regulations during 2007/08. Following investigation of each accident, risk assessments were reviewed and updated as appropriate;
- H. For the 2007/08 reporting period, Wakefield Council has not been the subject of a determination by the Ombudsman;
- I. No elected Member of Wakefield MDC was found to be in breach of the Code of Conduct during 2007/08;
- J. From the work undertaken by Internal Audit during 2007/08, the opinion of the Senior Audit Manager is that systems of Internal Control were, in general, sufficient to prevent significant potential material risks of a strategic and operational nature becoming real. Whilst this opinion is unqualified, it should be noted that a number of key areas for improvement were identified from Internal Audit work, most notably within the areas of performance indicators, partnership governance, land transactions and outsourcing of a corporate service. These issues are referred to within the content of Section 5 of this Statement, and the continuing implementation of identified control improvements is necessary to further enhance the existing systems of internal control during 2008/09."
- K. The annual assurance statement (AAS) process has been further enhanced, by reviewing and revising the Internal Control and Risk Management Statements, to be completed and signed by each Service Director. Financial Assurance Statements are signed by Group Finance Managers. The returned AAS's have not highlighted any significant issues to include in the AGS;
- L. During 2007/08 two external reviews have taken place. Whilst no major issues have arisen from external inspection reports, action plans have been put in place to address relevant issues raised.

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5. SIGNIFICANT GOVERNANCE ISSUES

- 5.1 In considering the significant internal control issues contained within the 2006/07 SIC, it is noted that the following enhancements have been achieved:
- A. Improved Financial Reporting arrangements and the production of a backward-looking annual report;
 - B. The Investors In People (IIP) Standard has been achieved across all Services;
 - C. Ethical Standards workshops have been held to help embed a counter – fraud culture across the Council to inform officers of the requirements of the revised Anti Fraud & Corruption Policy and Fraud Response Plan, and how to undertake investigations. Briefings have been arranged for Members and Officers to raise awareness of the revised Whistle blowing Policy;
 - D. The Corporate Risk Register review was commenced and further awareness raising sessions held for Members and in-depth workshops for managers across all services to further embed Risk Management principles;
 - E. Council Tax Collection has increased by 2% on the previous year's performance;
 - F. The Worksmart programme is well established and monitored through a structured governance and reporting framework;
 - G. The Wakefield Driver has now been automated and is available via the new CorVu Performance Management System;
- 5.2 In addition to the above, a number of issues referred to in the 2006/07 SIC have been partially achieved and will be further progressed during 2008/09 and beyond.
- A. Co-ordinating corporate information regarding Partnerships. A review of the financial governance risks of key partnerships has been undertaken and business planning support is to be provided to key partners;
 - B. Early work by Internal Audit has indicated significant improvements in controls around the reconciliation processes relating to the Midland/Trent Payroll system. Additionally some improvements have been made in payroll related controls within transactional services, however further work is required to provide for appropriate levels of control within this area.
- 5.3 The AGS and supporting documentation provide clear evidence of improvements in the Council's governance arrangements in 2007/08. In looking towards 2008/09 and beyond it is acknowledged there are a number of initiatives to be implemented / embedded to further enhance the existing governance environment. These key issues are:

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- A. Implement the Action Plan to address recommendations made by the Audit Commission following the Audit of Accounts 2006/07;
- B. Further develop budget and priority setting procedures and the use of cost and quality information to ensure Value for Money is integral to the Council's decision making procedures;
- C. Finalise the Job Evaluation exercise;
- D. Finalise the Single Status exercise;
- E. Continue the process of strengthening financial and other Governance arrangements, including Value for Money for major partnerships; major land and construction projects, and major commercial contracts;
- F. Continue to further embed the Corporate Data Quality Strategy across the Council;
- G. Further review the effectiveness of Intelligence Performance Management information within the Council to support improved service delivery.

BY ORDER OF THE AUTHORITY



Peter Box
Leader of the Council
Dated: 30 June 2008



John Pitt
Interim Head of Paid Service and Corporate Director (Corporate Services)
Dated: 30 June 2008

STATEMENT OF ACCOUNTING POLICIES

This statement explains the basis of the figures in the accounts.

1. GENERAL PRINCIPLES

The accounts have been prepared in accordance with the Code of Practice of Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice 2007 (the SORP). They comply with the Best Value Accounting Code of Practice 2007 (BVACOP), which establishes proper practices in consistent financial reporting below the Statement of Accounts level, and therefore aids comparability with other local authorities. Also they have been produced as required by the Audit and Accounts Regulations 2003 (as amended).

The following policies have been adopted in compiling the accounts:

- Fundamental Accounting Concepts:
 - a) The accounts have been prepared on a historical cost basis, except that certain categories of assets are re-valued at regular intervals. (See accounting policy 10).
 - b) The revenue and capital accounts are maintained on an accruals basis. This means that expenditure and income are recognised in the accounts in the period in which they are incurred or earned, not as money is paid or received. Income is also matched with associated costs and expenses as far as the relationship can be established or justifiably assumed.
 - c) Consistent accounting policies have been applied both within the year and between years. Where accounting policies are changed, the reason and effect have been separately disclosed.
 - d) Income has only been recognised within the accounts where there is a reasonable certainty, and proper allowances have been made for all foreseeable losses and liabilities.
 - e) The accounts have been prepared on a going concern basis.
 - f) The accounting statements have been prepared so as to reflect the reality or substance of the transactions and activities underlying them, rather than their formal legal character.
 - g) As allowed under the SORP the concept of materiality has been utilised in the process of preparing the accounts, such that insignificant items and fluctuations under an acceptable level of tolerance are permitted provided that in aggregate they would not affect the interpretation of the accounts by an informed reader.
 - h) Where estimating techniques are required to enable the accounting practices adopted to be applied, the techniques which have been used are, in the Council's view, appropriate and consistently applied. Where the effect of a change to an estimation technique is material, a description of the change and, where practical, the effect on the results for the current period are separately disclosed.
 - i) In accordance with the SORP, where an accounting treatment is prescribed by law, then it has been applied, even if it contradicts accounting standards or generally accepted accounting concepts.

STATEMENT OF ACCOUNTING POLICIES

2. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, rather than being simply based on when cash is paid or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the goods or services.
- Supplies are accounted for as expenditure when they are consumed. Where there is a gap between the date the supplies are received and their consumption, they are carried as stocks in the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress in the Balance Sheet.
- Employee costs have been charged to the period within which the employees worked, except for a few cases that are immaterial.
- Interest payable and receivable is accounted for in the period to which it relates on a basis that reflects the overall economic effect of the loan or investment.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. (see Accounting Policy 3)
- Income and expenditure are credited and debited to the Income and Expenditure Account, unless they properly represent capital receipts or capital expenditure.

3. PROVISION FOR BAD AND DOUBTFUL DEBTS

The carrying amount of debtors has been adjusted for doubtful debts. This has been done by analysing the age of debt and using past experience to assess the amount of debt likely to be uncollected, based on perceived risks. Significant debts have been assessed individually. Other debts and those assessed individually but found to require no specific provision, have been assessed collectively in groups based on similar risks. Known uncollectable debts have been written off in full.

4. PROVISIONS

Provisions are recognised in the accounts, where:

- a) The Council has a present obligation (legal or constructive) as a result of a past event
- b) It is probable that a transfer of economic benefits will be required to settle the obligation, but the timing of the transfer is uncertain; and
- c) A reliable estimate can be made of the amount of the obligation.

Contributions to provisions are charged to the appropriate revenue account and any subsequent expenditure arising, to which the provision relates, is charged to the provision. The level of each provision is reviewed at the year end and, if appropriate, adjusted.

STATEMENT OF ACCOUNTING POLICIES

5. RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. These include statutory reserves, such as the General Fund, and other reserves to meet specific future expenditure.

Reserves are created by appropriating amounts from the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate part of the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance, so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible assets and retirement benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies below.

Note 5 to the Core Financial Statements analyses movements on reserves.

6. GOVERNMENT GRANTS AND CONTRIBUTIONS

Government grants and subsidies and third party contributions have been credited to the appropriate accounts on an accruals basis, provided that the conditions of entitlement to the grant or contribution have been satisfied and there is a reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants, if possible, are matched in service revenue accounts with service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited in the Sources of Finance section of the Income and Expenditure Account, after Net Operating Expenditure.

Government Grants and Contributions relating to fixed assets are credited to the Government Grants and Contributions Deferred Accounts and released to the service revenue account in line with the depreciation of the asset.

7. RETIREMENT BENEFITS

Employees of the Council may choose to be members of a pension scheme

Within the Council the schemes are:

- the Teachers' Pension Scheme (teaching staff only), and
- the Local Government Pensions Scheme, administered by Bradford Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme, so that no liability for future payments of benefits is recognised in the Balance Sheet and the service revenue account is charged with the employer's contributions payable to teachers' pensions in the year.

STATEMENT OF ACCOUNTING POLICIES

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme, which means that:

- The liabilities of the West Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 6.1%, based on a weighted average of “spot yields” on AA rated corporate bonds. (Previously this had been based on long-term redemption yields available on AA-rated corporate bonds)
- The assets of the West Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – mid-market value
 - unquoted securities – professional estimate
 - unitised securities – average of the bid and offer rates
 - property – market value.
- The change in the net pensions liability is made up of seven components:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
 - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account
 - expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account
 - gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non- Distributed Costs
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – these are recognised in the Statement of Total Recognised Gains and Losses and reflected by a corresponding change in the Pension Reserve
 - contributions paid to the West Yorkshire Pension Fund – cash paid as employer’s contributions to the pension fund.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the Pension Fund in the year. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to

STATEMENT OF ACCOUNTING POLICIES

remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

Discretionary Benefits

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

8. TAXATION

Local authorities are exempt from Income, Corporation and Capital Gains Taxes. Value Added Tax is included in the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure or capital expenditure as appropriate.

9. OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those services that benefit from the supply of the service, in accordance with the costing principles of the BVACOP 2007. The full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

10. TANGIBLE FIXED ASSETS

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

Recognition

All expenditure on the acquisition, creation or enhancement of tangible fixed assets is accounted for on an accruals basis and capitalised in the balance sheet, provided that it yields benefits to the Council, and the services it provides, for more than one year. The only exception to this is that, for certain types of assets, items under a de minimus level of £5,000 are not capitalised, but charged to revenue.

The non-operational category of Fixed Assets includes those used by Joint Committees, where the Council is the Lead Authority and the Land and Buildings are vested in the Council.

STATEMENT OF ACCOUNTING POLICIES

Measurement

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

- investment properties and assets surplus to requirements – lower of net current replacement cost or net realisable value
- dwellings, other land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value in existing use
- infrastructure assets and community assets – depreciated historical cost.

Net current replacement cost is assessed as:

- non-specialised operational properties – existing use value
- specialised operational properties – depreciated replacement cost
- investment properties and surplus assets – market value.

Revaluations of tangible fixed assets are planned through a five-year rolling programme, although some changes to General Fund asset valuations are made in the interim period following completion of the scheme where expenditure is in excess of £75,000. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they are directly related to the reversal of an impairment loss previously charged to a service revenue account.

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

Depreciation has been provided for using the straight-line method on Land and Buildings (excluding non-depreciable land and non-operational investment properties), Vehicles, Plant and Equipment, Infrastructure and Community Assets. The useful lives of the various assets held on the Asset Register is as follows: -

- Vehicles, plant and equipment between 1 and 9 years.
- Schools between 1 and 70 years.
- Libraries, administration offices, council houses between 1 and 93 years.
- Car Parks between 25 and 45 years.
- Farms, golf clubs, cemeteries and markets between 2 and 69 years.
- All other significant properties between 1 and 100 years.
- The majority of land assets have a life expectancy of 999 years.

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

STATEMENT OF ACCOUNTING POLICIES

Impairment

An impairment occurs when there has been a decrease over the previous carrying amount of an asset. Where an impairment loss on a fixed asset has occurred due to a clear consumption of economic benefit, the loss is charged to the relevant service revenue account. Where any other impairment loss on a fixed asset has occurred, which can include impairment arising from a downward movement in prices, the loss is written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

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

Grants and Contributions

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

11. INTANGIBLE FIXED ASSETS

Intangible fixed assets are assets that do not have any physical substance but which the Council controls access to the future economic benefits derived from them, either through custody or legal protection. They include the purchase of computer software licences and associated implementation costs.

Recognition

Expenditure on intangible fixed assets is accounted for on an accruals basis and is capitalised, provided that it yields benefits to the Council and the services it provides for more than one year. The only exception to this is that items under the de-minimus level of £5,000 are not capitalised, but charged to revenue.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet at depreciated historical cost.

Depreciation

Depreciation has been provided for, using the straight-line method, over the economic lives of the assets.

Impairment

Intangible Fixed Assets are reviewed for any impairment loss. Where an impairment loss has occurred, it is charged to the relevant service revenue account.

Grants and Contributions

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

STATEMENT OF ACCOUNTING POLICIES

12. DISPOSAL OF ASSETS

When an asset is disposed of, the gain or loss on the disposal is credited or charged to the Net Operating Expenditure Section of the Income and Expenditure account. The gain or loss is calculated by reference to the difference between the sale proceeds of the asset and the carrying value of the fixed asset plus any costs of disposal. The carrying value of the asset will be that arrived at after a valuation of the asset prior to sale. Any revaluation gains in the Revaluation Reserve, relating to the asset disposed of, are transferred to the Capital Adjustment Account.

Receipts from disposals in excess of £10,000 are classified as capital receipts. A proportion of receipts relating to housing disposals are payable to the government. The remaining receipts are credited to the Usable Capital Receipts Reserve by an appropriation from the Statement of Movement on the General Fund Balance. Capital Receipts can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement).

The carrying amount of disposals written off to the Income and expenditure Account is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. These amounts are appropriated to the Capital Adjustment Account from the Statement of Movement on the General Fund Balance.

13. CHARGES TO REVENUE FOR FIXED ASSETS

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

- depreciation attributable to the assets used by the relevant service
- impairment losses attributable to the clear consumption of economic benefits on fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off
- amortisation of intangible fixed assets attributable to the service.

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). Changes to this minimum annual provision arising from regulations effective from 31 March 2008 are outlined in the note on MRP changes in the Foreword and Financial Summary. 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 Adjustment Account for the difference between the two.

14. DEFERRED CHARGES

Deferred Charges are defined as expenditure which may properly be deferred, but which does not result in, or remain matched with, assets controlled by the Council.

The SORP requires that Deferred Charges should be amortised to revenue over a period consistent with the benefit that the service receives as a result of the expenditure. In the Council's case, because of the types of expenditure to which the Deferred Charges relate, for

STATEMENT OF ACCOUNTING POLICIES

example Housing Improvement Grants, it does not control the economic benefits arising from such expenditure, so the Deferred Charges are amortised to revenue in the year they are recognised. However, these charges are not a charge against Council Tax, as they are capitalised, and are reversed in the Statement of Movement on the General Fund Balance.

15. LEASES

Rental payments under finance leases are apportioned between the finance charge and the reduction of the outstanding lease obligation (deferred liability). Fixed Assets held under finance leases are accounted for as part of Tangible Fixed Assets.

Rentals payable, net of benefits received or receivable, under operating leases are charged to revenue on a straight line basis over the term of the lease.

Similarly, where the Council is the lessor in an operating lease, it retains the property as a Fixed Asset in the Balance Sheet and credits rentals, net of benefits received or receivable, to revenue on a straight line basis over the term of the lease.

16. FINANCIAL LIABILITIES

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

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

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the longer of the outstanding term of the replaced loan or the term of the replacement loan and the gain/loss over the term of the replaced loan or 10 years if shorter. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

STATEMENT OF ACCOUNTING POLICIES

17. FINANCIAL ASSETS

Financial assets are classified into three types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments
- Fair Value through Profit and Loss (Income and Expenditure Account) – Financial Instruments held for trading.

Loans and Receivables

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

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

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

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

Available-for-sale Assets

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

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

- instruments with quoted market prices – the market price

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

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

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

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

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

Instruments Entered Into Before 1 April 2006

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required (see policy 4) or a contingent liability note is needed.

Fair Value through Profit and Loss (Income and Expenditure Account)

A financial instrument that is 'held for trading' should be classified as 'fair value through profit and loss'. The definition is met if it is:

- Acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking
- A derivative

The Council has used forward contracts to purchase investment assets. Such forward contracts are 'derivatives' between the trade and settlement date. On the trade date the fair value of the derivative will be nil but if the fair value of the 'underlying' derivative (i.e. the financial asset) increases the derivative will have a positive value and if it decreases it will have a negative value. The derivative is settled on the settlement date by the delivery of the financial asset and payment of the consideration. The financial asset is recognized at fair value on the settlement date. The difference between the fair value on the settlement date and the consideration paid under the forward contract is the gain or loss on the forward contract derivative. The gain or loss on the derivative is taken to the Income and Expenditure Account. If a forward contract is open at the year-end the gain or loss on the forward contract is taken to the Income and Expenditure. If the forward contract has a positive value it is shown as a financial asset in the Balance Sheet. If it has a negative value it is shown as a financial liability in the Balance Sheet.

STATEMENT OF ACCOUNTING POLICIES

18. STOCKS AND WORK IN PROGRESS

Stocks are valued annually wherever possible in accordance with the SORP, at the lower of actual cost or net realisable value, or an approximation thereof. However, certain stocks are valued at latest purchase price due to computerised stock systems. Work in progress is included at the cost of work done at 31 March together with a prudent estimate of any attributable profit or foreseeable loss.

19. INVESTMENTS

Investments are shown on the Balance Sheet at cost less a provision, where appropriate, for loss in value. Income from investments is credited to the Income and Expenditure Account based on when it becomes due. Income from investments in companies is based on dividends declared up to and including the Balance Sheet date.

20. GROUP ACCOUNTS

Local authorities with, in aggregate, material interests in subsidiary and associated companies and joint ventures are required to prepare summarised Group Accounts. To assess whether it needs to prepare Group Accounts, the Council has undertaken a mapping exercise to identify its interest in all companies (see note 45 to the Core Financial Statements). This exercise showed that these interests were such that Group Accounts are not required.

21. EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS & PRIOR YEAR ADJUSTMENTS

Any material exceptional or extraordinary items are separately disclosed in the 2007/08 accounts.

Material prior period adjustments arising from changes in accounting policies or from the correction of fundamental errors have been accounted for by restating the comparative figures in the financial statements and notes, together with the cumulative effect on reserves. The effect of material prior period adjustments is disclosed separately in note 1 to the Core Financial Statements.

22. PRIVATE FINANCE INITIATIVES

- Street Lighting

The Council's Private Finance Initiative Street Lighting contract has been accounted for in accordance with Application Note F of Financial Reporting Standard 5, which specifies that properties used to provide services under PFI contracts should be recognised as an asset by whichever party has access to the risks and benefits of the property. Following a review of the Street Lighting contract, the Council has concluded that no item is required to be recognised as an asset on its balance sheet as a result of the contract. As a consequence of this, in accordance with the Local Authorities (Capital Finance) Regulations 1997, payments made under the contract have been accounted for as expenditure for capital purposes in relation to a credit arrangement with nil initial value, and hence with no requirement for credit cover to be set aside. The overall effect of this is that the payments made under the contract are charged to the revenue account.

STATEMENT OF ACCOUNTING POLICIES

Those assets, which have been contributed to the contract by the Council, are accounted for as a long-term debtor, which will be written down in equal annual instalments to the revenue account over the life of the contract.

The acquisition of those assets which will transfer to the Council's ownership at the end of the contract at nil cost is being accounted for by identifying the element of the contract payments which notionally relates to their acquisition and treating it as a prepayment, creating a long term debtor which will be built up over the life of the contract.

Application Note F of FRS 5 requires that the value of the long-term debtor balance to be built up should be the value, which, at the time that the contract is entered into, the Council expects, would be the fair value of these assets at the time of their transfer. In order to arrive at an estimate of the value, which the Street Lighting assets will have in 2029, the Council has initially valued the assets in accordance with the Council's accounting policy number 9 for tangible fixed assets, which requires infrastructure assets to be valued at construction cost. Depreciation has then been applied to this initial value on a straight-line basis, using the 40 year life for the street lighting assets specified in the contract.

If during the life of the contract the expected transfer value of the Street Lighting assets falls, this will be treated as an impairment and a provision for the fall in the expected value will be created. Further information including details of the Street Lighting PFI transactions in 2007/08 is included within note 40 to the Core Financial Statements.

- **Municipal Waste Management**

The Council is in the process of developing a PFI scheme as part of implementing its Municipal Waste Management Strategy, for which development costs have been incurred in 2007/08. These have been charged to the revenue account. The scheme has progressed to the appointment of a preferred bidder but, as the procurement process will not be concluded until late summer 2008, there are no accounting implications for 2007/08.

23. ACQUIRED OR DISCONTINUED OPERATIONS

The Council will identify material operations, which it acquired or which were discontinued in the year.

24. EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are reflected in the accounts up to the date when the Statement of Accounts was authorised for issue.

Where an event arises which provides additional evidence relating to conditions existing at the Balance Sheet date, or which indicates that application of the going concern concept to a material part of the Council is not appropriate, (an adjusting event), then adjustments have been made to the accounts, where the amounts are material.

Any material event, which concerns conditions that did not exist at the Balance Sheet date (a non-adjusting event), has been disclosed as a note to the Core Financial Statements. The note states the nature of the event and, where possible, an estimate of its financial effect.

STATEMENT OF ACCOUNTING POLICIES

25. FOREIGN CURRENCY TRANSLATION

Income and expenditure arising from a transaction denominated in a foreign currency is translated into sterling at the exchange rate in operation on the date on which the transaction occurred.

26. LANDFILL ALLOWANCE TRADING SCHEME

The Landfill Allowance Trading Scheme is a “cap and trade” scheme under which the Department for Environment Food and Rural Affairs (DEFRA) allocates tradable allowances to each Waste Disposal Authority (WDA) annually up to the amount of its cap. The allowances are used to discharge the WDAs liability for the usage of Biodegradable Municipal Waste (BMW) landfill space. If the WDA exceeds this allowance, it may borrow from future year’s allowances, purchase allowances from other authorities or pay a penalty to DEFRA.

The value of the allowances issued by DEFRA is measured initially at their fair value. This is treated as deferred income in the Balance Sheet and subsequently recognised as income in the year in which they are issued. Allowances purchased from other Waste Disposal Authorities are accounted for in the same way.

As landfill is used, a liability is recognised for actual BMW landfill usage. This liability is treated as a provision in the Balance Sheet and is discharged by using allowances to meet the liability, or by paying a penalty to DEFRA. The liability is measured at the best estimate of the expenditure required to meet the obligation at the balance sheet date. This is normally the present market price at the balance sheet date of the number of allowances needed to cover actual BMW landfill usage for the year. However, if any part of the obligation is to be met by paying a cash penalty to DEFRA, that part of the liability is measured at the cost of the penalty rather than at the market price of the relevant number of allowances.

At the Balance Sheet date, the value of unused allowances is remeasured at the lower of cost and net realisable value.

27. LOCAL AREA AGREEMENTS

The Council is a party to a Local Area Agreement. This is an agreement between the Government Office (GO) for the area and a Local Strategic Partnership (LSP), representing the local authorities, other public, private, voluntary and community interests for the area. The Council acts as the Accountable Body for the partnership and the Council’s accounts show the amount received from central government as income and the amount paid to the partners as expenditure.

28. CONTINGENT LIABILITIES

Contingent Liabilities are not accrued in the accounting statements. Material Contingent Liabilities are identified in note 43 to the Core Financial Statements if there is a possible obligation, which may require a payment or a transfer of economic benefits.

STATEMENT OF ACCOUNTING POLICIES

29. CONTINGENT ASSETS

Contingent Assets are not accrued in the accounting statements. Material Contingent Assets are identified in note 43 to the Core Financial Statements if the inflow of a receipt or economic benefit is probable.

INCOME AND EXPENDITURE ACCOUNT

The Income and Expenditure Account shows the net cost for the year of the functions for which the Council is responsible, and how that cost has been financed. The amounts that the Council is required to credit or charge to the General Fund, to determine its budgetary requirement and its Council Tax demand, are defined by statute and non-statutory proper practices.

The Statement of Movement on the General Fund Balance (SMGFB) reconciles the Surplus/Deficit on the Income and Expenditure Account to the General Fund Balance. Note 1 explains the differences in detail and note 2 analyses the General Fund Balance between that generally available to the Council and that held by governors under schemes to finance schools.

2006/07 Net Expenditure £ 000	Restated 2006/07 Net Expenditure £ 000	Income and Expenditure Account	2007/08			Notes
			Gross Expenditure £ 000	Gross Income £ 000	Net £ 000	
		Expenditure on Services :				
1,938	1,932	Central Services to the Public	25,507	(23,456)	2,051	
442	442	Court Services	1,518	(1,060)	458	
57,610	57,782	Cultural, Environmental & Planning Services	97,028	(42,478)	54,550	
24,331	48,883	Children's and Education Services	349,264	(290,903)	58,361	
26,632	26,476	Highways, Roads & Transport Services	43,050	(16,474)	26,576	
7,196	7,195	Housing Services	100,542	(94,691)	5,851	
95,167	69,885	Adult Social Care	122,975	(53,302)	69,673	
7,285	7,299	Corporate and Democratic Core	7,764	(129)	7,635	
4,142	4,613	Non Distributed Costs	14,072	(297)	13,775	
7,925	7,925	Exceptional items	17,005	-	17,005	3
232,668	232,432	Net Cost of Services	778,725	(522,790)	255,935	
2,470	2,706	Net (Surplus) / Deficit of Trading Operations			2,426	4
(12,148)	(12,148)	(Gain) / Losses on disposal of fixed assets			(10,317)	50
	-	Gain in respect of Unattached Capital Receipts			(11,555)	50
	-	(Gain) / Losses on disposal of long term investments			(7,892)	
11,563	11,563	Interest Payable and similar charges			11,739	
285	285	Contribution of Housing Capital Receipts to Government Pool			81	
(3,672)	(3,672)	Interest and Investment Income			(4,806)	
606	606	(Gains) / Losses on the repurchase or early settlement of borrowing			-	
1,815	1,815	Collection Fund - Parish Precepts Paid			1,893	
893	893	Pensions Interest Cost and Expected Return on Pension Assets			(1,960)	
234,480	234,480	Net Operating Expenditure			235,544	
		Sources of Finance				
(95,580)	(95,580)	Demands on the Collection Fund			(99,802)	
(456)	(456)	Transfer of Collection Fund Surplus			(332)	
(19,020)	(19,020)	General Government Grants			(17,239)	
(98,551)	(98,551)	Distribution from the non-domestic rate pool			(102,721)	
(213,607)	(213,607)	Total Sources of Finance			(220,094)	
20,873	20,873	(Surplus) / Deficit for the year			15,450	

2006/07 £ 000	Statement of Movement on the General Fund Balance	2007/08 £ 000	Notes
	(Increase) / Decrease in the General Fund Balance for the year :		
20,873	Net (Surplus) / Deficit for the year on Income and Expenditure Account	15,450	
(29,662)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(10,934)	
(8,789)	(Increase)/Decrease in the General Fund Balance for the year:	4,516	5
(17,391)	General Fund Balance brought forward	(26,180)	5
(26,180)	General Fund Balance carried forward	(21,664)	5

NOTES TO THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2006/07 £ 000	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	2007/08 £ 000	Notes
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining Movement on General Fund Balance for the year		
(32,261)	Depreciation and impairment of fixed assets	(36,615)	7
(4,437)	Deferred charges	(10,142)	7
5,151	Government Grants Deferred amortisation matching depreciation and impairments	6,524	7
-	Amortisation of Grants in respect of Long Term Debtors and Long Term Investments	120	
12,148	Net Gain / (Loss) on Fixed Asset Disposal	10,317	50
-	Gain in respect of Unattached Capital Receipts	11,555	50
	Net Gain / (Loss) on disposal of long term investments	7,892	
	Differences between amounts debited / credited to the Income and Expenditure Account and amounts payable / receivable to be recognised under statutory provisions relating to soft loans and premiums and discounts on the early repayment of debt	640	
-		640	
(36,609)	Net charge made for retirement benefits in accordance with FRS17	(36,281)	25
361	PFI transactions - new assets acquired less annual charge for assets transferred	361	7
200	Deferred Purchase	-	7
(2,675)	Transfer to Equal Pay Back Pay Account	(12,346)	5
	Adjustment in respect of the transition to changes relating to Financial Instruments	(451)	
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining Movement on General Fund Balance for the year		
7,424	Statutory provision for the repayment of debt	8,034	7
3,743	Capital expenditure charged to General Fund	3,020	7
(285)	Transfer from Usable Capital Receipts equal to amount payable into Housing Capital Receipts Pool	(81)	6
26,059	Employer's contributions payable to the West Yorkshire Pensions Fund	27,816	25
	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		
(8,481)	Net transfer to/(from) earmarked reserves	8,703	
(29,662)		(10,934)	

Note 2

2006/07 £ 000	Analysis of the General Fund Balance	2007/08 £ 000	Note
11,769	Amount generally available for new expenditure	5,548	
14,411	Amount held by governors under schemes to finance schools	16,116	
26,180	General Fund Balance Carried Forward	21,664	5

Judith Badger CPFA
Director of Finance
26 September 2008

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

2006/07 £ 000	Restated 2006/07 £ 000	Statement of Total Recognised Gains and Losses	2007/08 £ 000	Note
(20,873)	(20,873)	Surplus / (Deficit) for the year on Income and Expenditure Account	(15,450)	
40,407	49,776	Surplus / (deficit) on revaluation of Fixed Assets	57,232	(i)
-	-	Adjustment to 1 April Revaluation	(6,249)	(i)
-	-	Surplus / (deficit) arising on revaluation of available-for-sale financial assets	-	(ii)
64,736	64,736	Actuarial Gains / (losses) relating to pensions	(166,862)	(iii)
-	-	Transitional arrangements in respect of Financial Instruments	(15,977)	(iv)
-	-	Adjustment in respect of Deferred Debits	(2,559)	(v)
(175)	(175)	Movement on the Collection Fund balance	(407)	
(362)	(362)	Other gains/(losses)	4	
83,733	93,102	Total Recognised Gains/(Losses)	(150,268)	

The cumulative effect of the Prior Period Adjustments disclosed in Note 1 to the Core Financial Statements is an increase in Reserves of £9.37m that relates to the Capital Adjustment Account (see Note 7 to the Core Financial Statements).

(i) The £57.232m represents the cumulative revaluations of Fixed Assets from April 1 2007 included in the Revaluation Reserve (See Note 7). The (£6.249m) is a one off adjustment to the 1 April 2007 position required as a result of the changes in the SORP 2007

(ii) The Surplus/Deficit arising on revaluation of available for sale financial assets includes the revaluation of Leeds Bradford Airport shares to fair value at April 1 2007, a surplus of £7.892m. The surplus has subsequently been transferred to the Income and Expenditure Account on derecognition of the shares following the sale.

(iii) More detail on the Actuarial Gains/ (losses) is included in Note 25.

(iv) This item reflects adjustments required as part of the implementation of the new accounting policies relating to Financial Instruments that are not reflected in the Income and Expenditure Account:

Financial Instruments Adjustment Account (FIAA) (£17.460m)

(£16.435m) represents the net of the former Deferred Premiums (£19.316m) and Deferred Discounts £2.881m that were not included in the net worth section of the Balance Sheet (£1.025m) represents an adjustment in respect of loans received (see FIAA in Note 5).

SMGFB £0.451m adjustment in respect of interest paid.

Capital Adjustment Account £1.032m adjustment in respect of recognition of relocation loans (See note 7).

(v) The Deferred Debits adjustment reflects the reclassification of Other Deferred Debits referred to in Note 32 less the annual repayment for 2007/08.

BALANCE SHEET

The Balance Sheet summarises the financial position of the Council, including the Collection Fund. It shows the value of the Council's assets and liabilities at the end of the financial year. It excludes Trust Funds and Pension Fund balances.

Original 31 March 2007 £ 000	Restated 31 March 2007 £ 000	Balance Sheet	31 March 2008 £ 000	Notes
		ASSETS AND LIABILITIES		
		Long Term Assets		
2,964	2,964	Intangible Fixed Assets	2,684	12
720,026	729,395	Tangible Fixed Assets	804,975	10
19,617	19,617	Long Term Investments	18,442	19
33,063	33,063	Long Term Debtors	34,263	17
19,316	19,316	Deferred Premiums	-	
2,924	2,924	Other Deferred Debits	-	32
797,910	807,279	Total Long Term Assets	860,364	
		Current Assets		
877	877	Stock & Work in Progress	913	21
55,874	55,874	Debtors & Payments in Advance	87,616	22
60,320	60,320	Short Term Investments	70,508	
622	622	Cash in Hands of Officers & Cash in Transit	829	
-	-	Cash in Bank	30	
117,693	117,693	Total Current Assets	159,896	
		Current Liabilities		
(63,933)	(63,933)	Creditors & Receipts in Advance	(74,286)	23
(8,049)	(8,049)	Short Term Borrowing	(10,460)	
(5,247)	(5,247)	Cash Overdrawn	-	
(77,229)	(77,229)	Total Current Liabilities	(84,746)	
838,374	847,743	Total Assets Less Current Liabilities	935,514	
		Long Term Liabilities		
(226,913)	(226,913)	Long Term Borrowing	(234,464)	16
(6,023)	(6,023)	Provisions	(21,285)	24
(2,953)	(2,953)	Deferred Liabilities	(2,515)	30
(2,881)	(2,881)	Deferred Discounts	-	
(102,593)	(102,593)	Deferred Government Grants	(135,449)	8
(22,739)	(22,739)	Deferred Contributions	(24,018)	8
(17,973)	(17,973)	Grants & Contributions Unapplied	(27,056)	6
(213,339)	(213,339)	Pension Fund	(388,666)	25
(595,414)	(595,414)	Total Long Term Liabilities	(833,453)	
242,960	252,329	Total Assets Less Liabilities	102,061	
		FINANCED BY		
398,717	408,086	Capital Adjustment Account	394,753	7
-	-	Revaluation Reserve	48,625	5 & 7
-	-	Financial Instruments Adjustment Account	(16,820)	5
-	-	Available-for-sale Financial Instruments Reserve	-	5
6,693	6,693	Usable Capital Receipts Reserve	22,276	5 & 6
(213,339)	(213,339)	Pension Reserve	(388,666)	25
20,918	20,918	Earmarked Reserves	29,622	5
26,180	26,180	General Fund Reserve	21,664	5
(2,675)	(2,675)	Equal Pay Back Pay Account	(15,021)	5
2,322	2,322	Collection Fund Reserve	1,915	5
4,144	4,144	Deferred Credits (including Deferred Capital Receipts)	3,713	18
242,960	252,329	Net Worth	102,061	

I certify that the Balance Sheet presents fairly the position of Wakefield Metropolitan District Council as at 31 March 2008.

Judith Badger CPFA
Director of Finance
26 September 2008

CASH FLOW STATEMENT

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

2006/07 £ 000	Cash Flow Statement	2007/08 £ 000	Notes
22,981	Revenue Activities Net Cash Flow	19,342	28
1,107	Dividends from Joint Ventures and Associates	-	
24,088		19,342	
	Returns on Investments and Servicing of Finance :		
	Cash Outflows		
(9,923)	- Interest Paid	(15,453)	
(4,386)	- Premiums Paid	-	
(22)	- Interest Element of Finance Leases	(17)	
	Cash Inflows		
4,352	- Interest Received	5,208	
2,884	- Discount Received	-	
(7,095)	Net Cash Outflow from Returns on Investments and Servicing of Finance	(10,262)	
	Capital Activities - Cash Outflows		
(67,545)	Purchase of Fixed Assets	(64,369)	
(11,000)	Purchase of Long Term Investments	(10,000)	
(15,426)	Other Capital cash payments	(24,538)	
	Capital Activities - Cash Inflows		
5,847	Sale of Fixed Assets	4,863	
44,459	Capital grants received	58,851	
14,244	Other Capital cash receipts	12,678	
(29,421)	Net Cash Outflow from Capital Activities	(22,515)	
	Acquisitions and Disposals - Cash Inflows		
-	Sale of Investments in Joint Ventures and Associates	8,612	
-	Net Cash Inflow from Acquisitions and Disposals	8,612	
(12,428)	Net Cash Outflow before financing	(4,823)	
	Management of Liquid Resources		
24,625	Net (increase) / decrease in short term deposits	-	
(22,005)	Net (increase) / decrease in other liquid resources	2,020	
2,620	Total Management of Liquid Resources	2,020	29
	Financing		
	Cash Outflows		
(171,594)	Repayment of amounts borrowed	(158,970)	
(131)	Capital Element of Finance Lease	(113)	
	Cash Inflows		
91,873	New long term loans raised	6,000	
94,663	New short term loans raised	161,370	
14,811	Total Financing	8,287	29
5,003	Increase / (Decrease) in Cash and Cash Equivalents	5,484	29

NOTES TO THE CORE FINANCIAL STATEMENTS

The following notes provide more detailed information in order to assist understanding of the main financial statements.

1. PRIOR YEAR ADJUSTMENTS

The comparable figures for 2006/07 have been restated to reflect the following changes

BVACOP 2007

The main changes affecting the Council are that there is a new SEA for Children's and Education Services which consists of the Education SEA and the Children's Social Services SEA. As a result of this transfer the Social Services SEA is renamed Adult Social Care SEA. In addition there are minor changes to certain sub-divisions of service within Adult Social Care, Cultural, Environmental and Planning Services and Housing. The impact of these changes is reflected in the restated 2006/07 column in the Income and Expenditure Account together with other minor changes which have resulted from a continuous review of the Council's services detailed in note 2 against the BVACOP.

YORKSHIRE PURCHASING ORGANISATION (YPO)

As a result of the audit of the accounts of YPO for 2006, the treatment of the Fixed Assets (Land and Buildings) used by YPO was reviewed. The YPO Agreement between Member Authorities states that "All existing assets shall vest in the Lead Authority in trust for the Member Authorities...". Also, as a Joint Committee, YPO does not have the corporate status to acquire Fixed Assets. In view of these facts, it has been decided that the Council, as lead authority, should recognise the assets in its accounts from the financial year 2007/08 and the Fixed Asset figure in the 2006/07 Balance Sheet has been increased by £9.369m (see Note 10) with a corresponding adjustment in the Capital Adjustment Account (see Note 7)

The changes in accounting policy in respect of Financial Instruments introduced in the SORP 2007 would normally be implemented with full prior period adjustments and the comparative figures for the previous year restated. However the SORP 2007 recognises that this treatment is unrealistic in respect of financial instruments and requires any adjustments to balances that might be needed, be made at April 1 2007 and be accounted for in 2007/08. These adjustments are recognised as the transitional arrangements in respect of Financial Instruments and more detail is included in the STRGL and the appropriate notes to the Core Financial Statements.

2. NET COST OF SERVICES

The definitions of services are based upon accounting codes of practice & broadly translate as:

- Central Services to the Public – Elections, registrations of births, deaths and marriages and collection of local taxes, and administration of council tax benefits.
- Court Services – Mainly Coroners and Magistrates Courts.
- Cultural, Environmental and Planning Services – Museums, art galleries, theatres, recreation and sport, tourism, libraries, environmental health, waste collection and disposal, planning and economic development.

NOTES TO THE CORE FINANCIAL STATEMENTS

- Children's and Education Services – Social care of children, Council schools, adult and community education, student awards and youth centres.
- Highways, Road and Transport Services – Maintenance of highways and footpaths, traffic management and road safety, car parking and support for public transport.
- Housing Services – Housing advice, support to the homeless, housing benefits and private sector housing renewal. Formal approval to close the Housing Revenue Account (HRA) was granted by the Secretary of State effective on 4 April 2006 following transfer of the Council's Housing stock to Wakefield District Housing in March 2005. In this document all residual transactions relating to the former HRA have been consolidated into the cost of other Housing Services provided by the Council including all 2006/07 comparable figures.
- Adult Social Care – Social work and other social services for adults
- Other Services – Corporate support services not allocated to the services above.

3. EXCEPTIONAL ITEM

The Council is in the process of settling liabilities in respect of equal pay claims under the Equal Pay Act 1970. Compensation offers have been made to employees in "rated as equivalent" posts, although new claims are still being received. No compensation offers have been made to male claimants (in "rated as equivalent" posts) or in respect of equal value claims as these are awaiting outcomes of employment tribunal. During 2007/08, the authority has made payments totalling £4.66m and, in addition, has made a provision for outstanding claims of £15.02m. The Council received approval from the DCLG to capitalise £4.2m of this expenditure (which has been accounted for as a deferred charge) and the 2006/07 provision of £2.675m has been reversed to enable the capitalisation approval to be utilised. These amounts have been charged to Net Cost of Services within the Income and Expenditure Account. However in respect of the provision and the deferred charge there is no impact on local taxpayers as the amounts have been reversed in the Statement of Movement in General Fund Balance in accordance with accounting guidance.

4. NET SURPLUS/ (DEFICIT) OF TRADING OPERATIONS

The following operations are largely the former statutory DSOs and DLO, together with other services that are defined as Trading Operations in accordance with the BVACOP.

Trading Operation	2006/07	2006/07	2007/08		
	Surplus / (Deficit) £000	Restated Surplus / (Deficit) £000	Income £000	Expenditure £000	Surplus / (Deficit) £000
Building Maintenance	(468)	(468)	9,953	10,910	(957)
Cleaning of Buildings	(590)	(590)	5,400	5,845	(445)
Ground Maintenance	86	86	1,716	1,630	86
Transport Services	(137)	(137)	2,574	2,676	(102)
Kingswood Catering	(544)	(661)	9,433	9,719	(286)
Design & Print Services	(177)	(177)	901	1,211	(310)
Other	(639)	(759)	1,721	2,133	(412)
Total	(2,469)	(2,706)	31,698	34,124	(2,426)

NOTES TO THE CORE FINANCIAL STATEMENTS

The conferencing & meeting venue operating out of Woolley Hall has been included as a trading operation for the first time in 2007/08 and included in the 'Other' line in note 4 above. The figures for Kingswood Catering includes both the client and the contractor function in 2007/08, as the Authority as a whole is trading with schools and not just the contractor function as in previous years.

The following services are trading services with the public or with other third parties and are defined by the BVACOP as a type of trading operation run by authorities. The expenditure and income relating to these is included in the appropriate service in the Income and Expenditure Account.

	2006/07	2007/08		
	Surplus / (Deficit) £000	Income £000	Expenditure £000	Surplus / (Deficit) £000
Trading Operation				
Markets	(2,628)	2,207	2,193	14
Managed Property	275	1,631	756	875
Car Parks	1,440	3,321	1,563	1,758
Trade Refuse	285	2,183	1,936	247
Building Control	173	869	807	62
Total	(455)	10,211	7,255	2,956

The trading position for markets in 2006/07 includes impairment charges of £2.847m.

5. MOVEMENTS ON RESERVES

The table below shows the balances held in reserves at the start and end of the year and the net movement in the year:

Reserve	Original 31st March 2007 £ 000	Restated 31st March 2007 £ 000	Net Movement in Year £ 000	31st March 2008 £ 000	Note
Capital Adjustment Account	398,717	408,086	(13,333)	394,753	(i)
Revaluation Reserve	-	-	48,625	48,625	(ii)
Financial Instruments Adjustment Account	-	-	(16,820)	(16,820)	(iii)
Available-for-sale Financial Instruments Reserve	-	-	-	-	(iv)
Usable Capital Receipts Reserve	6,693	6,693	15,583	22,276	(v)
Pension Reserve	(213,339)	(213,339)	(175,327)	(388,666)	(vi)
Invest to Save Reserves	4,224	4,224	3,062	7,286	(vii)
Job Evaluation and Single Status Reserve	8,000	8,000	(2,000)	6,000	(viii)
Capital Programme Reserve	2,533	2,533	4,961	7,494	(ix)
Street Lighting PFI	3,091	3,091	257	3,348	(x)
Other Earmarked Reserves	3,070	3,070	2,424	5,494	(xi)
General Fund Reserves	26,180	26,180	(4,516)	21,664	(xii)
Equal Pay Back Pay Account	(2,675)	(2,675)	(12,346)	(15,021)	(xiii)
Collection Fund Balance	2,322	2,322	(407)	1,915	(xiv)
	238,816	248,185	(149,837)	98,348	

NOTES TO THE CORE FINANCIAL STATEMENTS

(i) Capital Adjustment Account

As a result of changes to the SORP 2007, the Fixed Asset Restatement Account and the Capital Financing Account have been amalgamated to become the Capital Adjustment Account. This account reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them. (See note 7 for more details)

(ii) Revaluation Reserve

This account records the net unrealised gains from the revaluation of fixed assets after 1 April 2007. (See note 7 for more details)

(iii) Financial Instruments Adjustment Account

This account provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the SORP and are required by statute to be met from the General Fund. The principal movements in year are the balance on the former Deferred Premiums Account (£19.316m) less the balance on the former Deferred Discounts Account £2.881m (these accounts are no longer recognised as a result of changes included in the SORP 2007) and (£1.025m) in respect of the transitional arrangements of these changes relating to loans received.

(iv) Available for sale Financial Instruments Reserve

This account represents changes in fair value relating to available for sale assets. Gains/losses on revaluation are recognised in the Statement of Total Recognised Gains and Losses (STRGL). Gains/losses arising on the derecognition of an asset are recognised in the Income and Expenditure account. The Surplus/Deficit arising on revaluation of available for sale financial assets includes the revaluation of Leeds Bradford Airport shares to fair value at April 1 2007, a surplus of £7.892m. The surplus has subsequently been transferred to the Income and Expenditure Account on derecognition of the shares following the sale.

(v) Usable Capital Receipts Reserve

The balance represents the receipts from sales of fixed assets and the repayment of mortgage advances, less amounts used for debt repayment or to finance capital expenditure. (See Note 6 for further details)

(vi) Pension Reserve

This reserve is equal to the Net Pension liabilities, shown under Long Term Liabilities in the Balance Sheet. It is required to counter the effect of including liabilities based on FRS17 and avoid any impact on council tax levels. (See Note 25 for further details).

(vii) Invest to Save Reserve

The Invest to Save Reserve is earmarked to support initiatives to deliver medium term savings.

NOTES TO THE CORE FINANCIAL STATEMENTS

(viii) Job Evaluation and Single Status Reserve

The reserve is earmarked as funding support to the estimated costs of the Pay and Grading Review which is expected to be implemented from 1 April 2009.

(ix) Capital Programme Reserve

The Capital Programme Reserve is earmarked to support resourcing of the Council's capital programme.

(x) Street Lighting Private Finance Initiative (PFI)

The profile of PFI revenue grants received by the Council for Street Lighting is different to the profile of contract payments to Amey. The earmarked reserve sets aside excess grant payment in early years of the contract to ensure that funds are available to meet contract payments in later years.

(xi) Other Earmarked Reserves

Other Earmarked Reserves are earmarked to provide support to specific initiatives or activities. During the year a net transfer of £2.4m into earmarked reserves has been made to services to support initiatives or activities in future years.

(xii) General Fund Reserves

General Fund Reserves include General Balances which are maintained at a prudent level to support the medium term plans of the Council and individual school balances which are carried forward in accordance with the Education Reform Act 1988.

At 31 March 2008, General Balances were £5.5m. During the year the Council approved transfers from General Balances to fund supplementary budget allocations (£1.4m), Worksmart set-up costs to be repaid in 2008/09 (£0.1m), insurance provision (£1.5m), costs of treasury management arising from accounting changes (£1.0m) and support to the funding strategy to provide for costs arising in future years from equal payment liabilities (£3.2m). Council also approved the transfer into General Balances of £1m from the revenue budget underspend for 2007/08 in order that the balance as at 31 March 2008 was at a level judged to be sustainable over the medium term taking account of needs and risks over the forthcoming budget periods.

NOTES TO THE CORE FINANCIAL STATEMENTS

Reserve	31st March 2007 £ 000	Net Movement in Year £ 000	31st March 2008 £ 000
General Balances	11,769	(6,221)	5,548
Schools Balances	14,411	1,705	16,116
General Fund Reserves	26,180	(4,516)	21,664

School Balances are in accordance with the Education Reform Act 1988, in which the scheme for the management of schools budgets provides for the carry forward of individual school balances (both over and under spending). These balances are to be spent or replenished by individual schools. A net of £14.08m relates to individual school balances (Deficits £0.41m, Surpluses £14.49m) and £2.03m relates to unspent Dedicated Schools Grant from 2006/07 and 2007/08.

School Reserves	31st March 2007 £ 000	Net Movement in Year £ 000	Transfer to/from Other Reserves £ 000	31st March 2008 £ 000
School Balances (DSG Element)	(283)	(1,752)	-	(2,035)
School Balances (Unallocated school related grant)	(129)	-	129	-
School Balances (ISB Element)	(13,999)	(82)	-	(14,081)
General Fund Reserves	(14,411)	(1,834)	129	(16,116)

(xiii) Equal Pay Back Pay Account

This reserve is equal to the contribution to the Equal Pay Back Pay provision which has been established in line with the Local Authority (Capital Finance and Accounting) (Amended) Regulations 2007.

(xiv) Collection Fund

The Council has a statutory requirement to maintain a Collection Fund at a sufficient level to provide a working balance and to provide for any shortfalls in the rate of collection of Council Tax. The fund is shared with the precepting authorities (West Yorkshire Police Authority and West Yorkshire Fire and Rescue Service).

NOTES TO THE CORE FINANCIAL STATEMENTS

6. USABLE CAPITAL RECEIPTS RESERVE AND UNAPPLIED GRANTS AND CONTRIBUTIONS

The balance on the Usable Capital Receipts Reserve represents the receipts from sales of fixed assets and the repayment of mortgage advances, less amounts used for debt repayment or to finance capital expenditure. The balance on Unapplied Grants and Contributions represents income received from Government Departments and other third parties to finance capital expenditure which has not been incurred at the 31 March 2008.

Usable Capital Receipts Reserve	2006/07 £ 000	2007/08 £ 000
Amounts Receivable - General	20,043	40,828
Housing Pooled Capital Receipts to DCLG	(285)	(81)
Amounts Applied to Finance New Capital Investment	(24,548)	(25,159)
Amounts Applied to Repay Debt	(4)	(5)
Total Increase / (Decrease) in realised Capital Resources	(4,794)	15,583
Balance Brought Forward 1st April	11,487	6,693
Balance Carried Forward 31st March	6,693	22,276

Note 6

Unapplied Grants and Contributions	2006/07 £ 000	2007/08 £ 000
Amounts Receivable - General	45,377	66,332
Amounts Applied to Finance New Capital Investment	(45,165)	(57,249)
Total Increase / (Decrease) in realised Capital Resources	212	9,083
Balance Brought Forward 1st April	17,761	17,973
Balance Carried Forward 31st March	17,973	27,056

The 31st March balance of £22.676m on Usable Capital Receipts Reserve includes £13.803m income represented by obligations on contractors to build specific assets on behalf of the Council in return for land transferred to them in 2007/08. The income will be used to finance the buildings resulting from the discharge of that obligation in 2008/09.

7. REVALUATION RESERVE AND CAPITAL ADJUSTMENT ACCOUNT

The SORP 2006 introduced various changes affecting capital accounting, most of which were implemented in 2006/07, but some did not apply until 2007/08. The changes for 2007/08 have involved:

NOTES TO THE CORE FINANCIAL STATEMENTS

REVALUATION RESERVE

- The purpose of the Revaluation Reserve is to record the accumulated net gains on fixed assets held in the Balance Sheet after 1 April 2007.
- the Balance Sheet figures for 31 March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve (see accounting policy 10). The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA) and started with a zero opening balance on 1st April 2007. The credit balance on the FARA at 31 March 2007 of £19.9m has been written off to the Capital Financing Account (£378.8m credit balance) to form the new Capital Adjustment Account with a credit balance of £398.7m. The closing position on the Revaluation Reserve at 31 March 2008 therefore only shows revaluation gains accumulated since 1 April 2007. The Reserve is adjusted for assets disposed of or which undergo a diminution in value and also for depreciation attributable to a revaluation surplus. It cannot contain a loss in respect of assets on an individual basis.

Revaluation Reserve	2007/08 £ 000
Balance at 1 April	-
Revaluation of Fixed Assets	(57,232)
Disposal of Fixed Assets	5,916
Adjustment for Depreciation	2,691
Revaluation Surplus at 31 March	(48,625)

CAPITAL ADJUSTMENT ACCOUNT

- The Capital Financing Account and the Fixed Asset Restatement Account (FARA) have been amalgamated into a new account called the Capital Adjustment Account. The Capital Adjustment Account accumulates (on the debit side) the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (deferred charges). The balance on the Account thus represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

NOTES TO THE CORE FINANCIAL STATEMENTS

Capital Adjustment Account	Original 2006/07 £000	Restated 2006/07 £000	2007/08 £000	Notes
Historical cost of acquiring, creating and enhancing assets				
Depreciation and Impairment Losses	(32,261)	(32,261)	(36,615)	
Disposal of Long Term Assets	(5,967)	(5,967)	(4,854)	
Total Historical cost of acquiring, creating and enhancing fixed assets	(38,228)	(38,228)	(41,469)	(i)
Historical cost of deferred charges				
Amortisation of Deferred Charges (net of Government Grants & Contributions)	(4,437)	(4,437)	(10,139)	
Resources set aside to finance Capital Expenditure				
Usable Receipts Applied	24,574	24,574	25,164	
Capital Expenditure Financed direct from Revenue	3,743	3,743	3,020	
Minimum Revenue Provision and loan repayments	7,427	7,427	8,034	
Adjustments for Government Grants/Contributions passed through I&E Account and SMGFB	5,352	5,352	6,665	
Total Resources set aside to finance Capital Expenditure	41,096	41,096	42,883	
Other				
PFI Street Lighting Scheme Assets - Annual charge for use of assets transferred to contractors	(256)	(256)	(256)	
PFI Street Lighting Scheme Assets - Estimated value of new assets acquired in year	617	617	617	
Debt re former West Yorkshire Magistrates Court and Probation Services	(365)	(365)	-	
Deferred Purchases	200	200	-	
Long Term Debtor	(4)	(4)	(5)	
Long Term Loans / Investments	-	-	1,153	(ii)
Revaluation of Fixed Assets	40,407	49,776	(3,558)	(iii)
Former West Yorkshire Waste Management Joint Committee	-	-	(2,559)	(iv)
Total Other	40,599	49,968	(4,608)	
Balance Brought Forward at 1 April	359,687	359,687	408,086	
Balance Carried Forward at 31 March	398,717	408,086	394,753	

(i) This represents the depreciated historic cost of assets disposed of in year that was formerly included in the Fixed Asset Restatement Account

(ii) This represents the recognition in 2007/08 of expenditure (£1.032m) in 2005/06 and 2006/07 that was accounted for as deferred charges in respect of housing relocation loans to comply with the transitional arrangements of the SORP 2007 in respect of recognising financial instruments. The remaining £0.121m represents similar expenditure in 2007/08. (See Notes 17 and 19 for the corresponding transactions)

(iii) The 2006/07 comparable figures relate to information that was included in the former Fixed Asset Restatement Account and has been restated to include the assets of the Yorkshire Purchasing Organisation (£9.369m) as detailed in Note 1. The 2007/2008 figure includes £6.249m debit adjustments to the opening balance referred to in note 10, reduced by a £2.691m credit for current year depreciation attributable to revaluation surplus on Tangible Fixed Assets (see Revaluation Reserve note above).

(iv) This represents the reclassification of the item formerly included in Note 32 – Other Deferred Debits less the annual repayment in 2007/08.

8. DEFERRED GOVERNMENT GRANTS AND CONTRIBUTIONS

These accounts include any Capital Grants and Contributions, which have been applied to finance the acquisition or enhancement of those fixed assets, which are subject to depreciation. The Code of Practice requires that this income be recognised in the Council's revenue account over the life of the asset. The balance sheet figure represents grant income and contributions that have not been recognised in the revenue account.

Deferred Government Grants	2006/07 £ 000	2007/08 £ 000
1st April	(75,390)	(102,593)
Govt Grants Applied In Year	(31,753)	(38,252)
Transfer to Income and Expenditure A/C	4,550	5,396
31st March	(102,593)	(135,449)

Deferred Contributions	2006/07 £ 000	2007/08 £ 000
1st April	(21,227)	(22,739)
Contributions Applied In Year	(2,313)	(2,548)
Transfer to Income and Expenditure A/C	801	1,269
31st March	(22,739)	(24,018)

9. DEFERRED CHARGES

Deferred Charges are defined as expenditure which may properly be deferred, but which does not result in, or remain matched with, assets controlled by the Council. They are amortised to revenue over a period consistent with the benefit that the service receives as a result of the expenditure. Because of the types of expenditure to which the Deferred Charges relate, for example Housing Improvement Grants, the Council does not control the economic benefits arising from such expenditure. Therefore the Deferred Charges (net of any related grants and contributions) are amortised to revenue in the year the Deferred Charge is recognised and are not shown on the balance sheet.

NOTES TO THE CORE FINANCIAL STATEMENTS

The following note shows the expenditure in respect of Deferred Charges included in the service revenue accounts in the Income and Expenditure Account and the adjustment made in the Statement of Movement on the General Fund Balance (SMGFB), as required by statute and non-statutory proper practices.

Deferred Charges	2006/07 £ 000	2007/08 £ 000
Expenditure in Year		
Improvement Grants	1,003	1,940
Improvement / Renewal Area	7,875	9,979
Fieldhead Resettlement	35	-
Extra Care Housing	1,340	1,305
Major Regeneration Schemes	3,519	5,891
Equal Pay	-	4,199
Homelessness	-	550
Other Deferred Charges	1,764	2,607
Total	15,536	26,471
Less Grants and Contributions	11,099	16,329
Net Amount Charged to Service Revenue Accounts and Adjusted in SMGFB	4,437	10,142

10. MOVEMENT OF TANGIBLE FIXED ASSETS

The following tables show the changes in the value of fixed assets in the year as a result of acquisitions, disposals, depreciation and impairment. Non-operational assets include land and buildings used by Joint Committees which vest in the Council as a result of its role as lead authority. These include assets of the Yorkshire Purchasing Organisation at a valuation of £12.223m and West Yorkshire Joint Services Committee £0.464m.

The Assets of the Yorkshire Purchasing Organisation have been included in the opening values as a prior year adjustment in accordance with note 1 (£9.369M)

NOTES TO THE CORE FINANCIAL STATEMENTS

Tangible Fixed Assets Operational Assets	Operational Land & Buildings £ 000	Vehicles, Plant & Equipment £ 000	Infrastructure £ 000	Community Assets £ 000	Total Operational Assets £ 000
Certified Valuation / Cost at 1st April	544,784	36,701	129,240	4,529	715,254
Accumulated Depreciation	(30,357)	(16,304)	(19,078)	(155)	(65,894)
Accumulated Impairment	(14,702)	-	-	-	(14,702)
Net Book Value at 1st April 2007	499,725	20,397	110,162	4,374	634,658
Movement in 2007/08					
Additions	16,074	9,027	11,921	-	37,022
Disposals	-	-	-	-	-
Depreciation	(5,740)	(5,742)	(3,539)	(47)	(15,068)
Impairment	(6,939)	-	-	-	(6,939)
Reversal of past impairment losses	-	-	-	-	-
Revaluations / Reclassifications	18,281	610	13,934	478	33,303
Total Movements	21,676	3,895	22,316	431	48,318
Certified Valuation / Cost at 31st March	579,139	46,338	155,095	5,007	785,579
Accumulated Depreciation	(36,097)	(22,046)	(22,617)	(202)	(80,962)
Accumulated Impairment	(21,641)	-	-	-	(21,641)
Net Book Value at 31st March 2008	521,401	24,292	132,478	4,805	682,976

Tangible Fixed Assets Non-Operational Assets	Surplus Assets £ 000	Assets Under Construction £ 000	Investment Properties £ 000	Total Non Operational Assets £ 000	Total £ 000	Note
Certified Valuation / Cost at 1st April	28,344	36,625	33,040	98,009	813,263	
Accumulated Depreciation	(854)	-	(1,272)	(2,126)	(68,020)	
Accumulated Impairment	(752)	-	(393)	(1,145)	(15,847)	
Net Book Value at 1st April 2007	26,738	36,625	31,375	94,738	729,396	
Movement in 2007/08						
Additions	-	32,064	-	32,064	69,086	
Disposals	(9,580)	-	(103)	(9,683)	(9,683)	
Depreciation	(53)	(2)	(476)	(531)	(15,599)	(i)
Impairment	-	-	-	-	(6,939)	
Reversal of past impairment losses	-	-	-	-	-	
Revaluations / Reclassifications	19,842	(19,923)	5,492	5,411	38,714	(ii)
Total Movements	10,209	12,139	4,913	27,261	75,579	
Certified Valuation / Cost at 31st March	38,606	48,766	38,429	125,801	911,380	
Accumulated Depreciation	(907)	(2)	(1,748)	(2,657)	(83,619)	
Accumulated Impairment	(752)	-	(393)	(1,145)	(22,786)	
Net Book Value at 31st March 2008	36,947	48,764	36,288	121,999	804,975	

(i) The movement in depreciation of £15.599m is net of £12.386m accumulated depreciation in relation to revalued assets, of which £11.782m relates to Operational Assets and £0.604m to Non-operational assets.

(ii) The revaluation adjustment of £38.714m is net of £6.249m written off directly to the Capital Adjustment Account. This is a one off adjustment to the 2007 opening position required as a result of the changes in the SORP 2007.

NOTES TO THE CORE FINANCIAL STATEMENTS

11. TANGIBLE FIXED ASSETS

Major Fixed Assets held at 31 March 2008, in accordance with the Council's Asset Register, are as follows:

TANGIBLE FIXED ASSETS	31st March 2007 Number	31st March 2008 Number
Council Dwellings		
Housing Stock	267	123
Homeless Persons Units	36	28
Service Tenancy Properties (Parks)	13	13
Operational Buildings		
Town Hall & Administrative Offices	31	27
Depots & Workshops	12	11
Household Waste Sites	7	7
Magistrates Courts	1	0
Non operational assets		
Registry of Deeds	1	1
YPO assets	0	2
Community Facilities-		
for Children & Families	12	10
for Older People	14	14
for Physical / Sensory disabilities	1	1
for Learning disability clients	14	15
for Mental Health clients	2	2
Other	13	14
Enterprise / Resource Centres	11	10
Leisure Facilities		
Leisure Centres & Pools	7	7
Watersports Centre	1	1
Golf Courses	2	2
Athletics Stadia	1	1
Public Halls	5	5
Libraries	25	27
Schools-		
Nursery	3	3
Primary	107	106
Secondary	16	16
Special	7	7
Other	16	14
Car Parks		
Multi-Storey Car Parks	2	1
Off-Street Car Parks	57	57
Cemeteries & Crematoria		
Cemeteries	19	19
Crematoria	2	2
Museums & Art Galleries	5	5
Castles	2	2
Markets	6	6
Commercial Property	122	115
Information & Interpretation Centre	1	1
Infrastructure Assets		
Highways (kilometres)	1351	1351
Bridges etc		
Bridges	66	67
Culverts	91	92
Footbridges	55	56
Subways	8	8
Sign Gantries	10	10
Community Assets		
Parks & Recreation Grounds	39	39
Urban Parks	22	22
Country Parks	7	7

12. MOVEMENT OF INTANGIBLE FIXED ASSETS

Intangible fixed assets are assets that do not have any physical substance but which the Council controls access to the future economic benefits either through custody or legal protection. See Statement of Accounting Policies number 10 for further information.

The SORP requires the Council to separately identify and account for intangible fixed assets. These assets are depreciated in line with Council policy commencing in the year following the acquisition of the assets. The table below shows the movement of intangible fixed assets:

Intangible Fixed Assets	£ 000
Value at cost at 1 April 2007	5,203
Accumulated amortisation at 1st April 2007	(2,239)
Net Book Value at 1 April 2007	2,964
Movement in 2007/08 :	
Additions	1,454
Amortisation	(1,734)
Total Movements	(280)
Value at cost at 31 March 2008	6,658
Accumulated amortisation at 31 March 2008	(3,973)
Net Book Value at 31 March 2008	2,684

13. CAPITAL FINANCING REQUIREMENT

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The CFR increases whenever capital expenditure is incurred. However, where capital expenditure is resourced immediately by usable capital receipts, direct charge to revenue or a capital grant or contribution, then the CFR will reduce at the same time as the capital expenditure is incurred resulting in no net increase in the CFR.

NOTES TO THE CORE FINANCIAL STATEMENTS

Illustration of Note to Consolidated Balance Sheet on How Capital Expenditure has been Financed	2006/07 £000		2007/08 £000
Opening Capital Financing Requirement	193,911		208,625
Adjustment to Opening CFR			
PFI Deferred Liability	7,072		-
Magistrates Courts/Probation Deferred Liability	-		364
Capital Investment			
Operational Assets	53,787		37,022
Non-Operational Assets	18,344		32,064
Intangible Assets	1,049		1,455
Deferred Charges	15,537		26,592
Other	30		73
Sources of Finance			
Government Grants and Contributions	(45,165)		(57,249)
Capital Receipts	(24,570)		(25,159)
Direct Revenue Funding	(3,743)		(3,020)
Minimum Revenue Provision	(7,783)		(8,088)
Commutation	356		54
Deferred Purchase	(200)		-
Closing Capital Financing Requirement	208,625		212,733
Explanation of movements in year			
Increase in underlying need to borrow (supported by Government financial assistance)	11,165		9,232
Increase in underlying need to borrow (unsupported by Government financial assistance)	4,074		2,546
Reduction for MRP	(7,427)		(8,034)
Reduction - deferred purchase payment	(200)		-
Adjustments in respect of Deferred Liabilities	7,072		364
Other Adjustments	30		-
	14,714		4,108

CAPITAL EXPENDITURE AND FINANCING	2006/07 £000		2007/08 £000
Fixed Assets	72,131		69,159
Intangible Assets	1,049		1,455
Deferred Charges	15,537		26,471
Long Term Debtors	-		97
Long Term Investments	-		24
TOTAL CAPITAL EXPENDITURE	88,717		97,206
Supported Capital Expenditure (revenue)	11,165		9,232
Capital Receipts	24,570		25,159
Grants & Contributions	45,165		57,249
Direct Revenue Financing	3,743		3,020
Prudential Borrowing	4,074		2,546
TOTAL CAPITAL FINANCING	88,717		97,206

NOTES TO THE CORE FINANCIAL STATEMENTS

14. MAJOR CAPITAL COMMITMENTS

The Council has entered into a number of contracts for future capital investment. The following are those contractual commitments that are in excess of £1m over the period 2008/09 to 2010/11:

Scheme details	£000
Hepworth Gallery Main Contract Works	16,805
Glasshoughton Coalfields Link Road	2,960
Hemsworth A1 link road	18,588
Wakefield Waterfront Phase 1A including the infrastructure, flood defence, highways and property development in partnership with the private sector	4,200
Reclamation of former Frickley Colliery in partnership with English Partnerships	8,000
Wakefield Westgate development	2,300
Horbury School New Build Phase 2	3,869

15. FIXED ASSET VALUATION

The freehold and leasehold properties, which comprise the Council's property portfolio, have been valued in accordance with the Statements of Asset Valuation Practice and Guidance notes of the Royal Institution of Chartered Surveyors.

Revaluations of fixed assets are planned through a five year rolling programme. Properties regarded as operational were valued on the basis of existing use value or, where this could not be assessed because there was no market for the subject asset, by the depreciated replacement cost. Properties regarded by the Council as non-operational have been valued on the basis of market value. Vehicles, Plant and Equipment, Community, and Infrastructure assets have been included on the Asset Register at their historic cost as a proxy for current value.

The Responsible Officer for valuations for the Council was Simon West, MRICS, Head of Property Management, who is the Council's officer responsible for all land and buildings held on the asset register.

The tables below summarise when the most recent valuations were carried out in each asset category, showing the progress of the Council's rolling five year programme for revaluation. The newly established Revaluation Reserve reflects the revaluation surpluses arising from revaluations in 2007/08 only. In accordance with recommended practice, WMDC has used Current value as a proxy for brought forward historic cost. This effectively gives a Revaluation Reserve opening value of zero for all assets, taking no account of earlier revaluations surpluses.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Operational Tangible Fixed assets				
	Other Land & Buildings £000	Vehicles, Plant & Equip £000	Infrastructure £000	Community Assets £000	Total Operational Assets £000
Valued at Historical Cost	16,053	24,292	132,478	199	173,022
Valued at Current Value in:					
2003/04	29,264			276	29,540
2004/05	63,853			759	64,612
2005/06	105,752			817	106,569
2006/07	163,748			396	164,144
2007/08	142,731			2,358	145,089
	521,401	24,292	132,478	4,805	682,976

	Non-Operational Tangible Fixed assets				
	Assets Under Construction £000	Investment Properties £000	Surplus Assets £000	Total Non- Operational Assets £000	Total All Assets £000
Valued at Historical Cost	48,764	107	162	49,033	222,055
Valued at Current Value in:					
2003/04		38	1,345	1,383	30,923
2004/05		1,563	7,481	9,044	73,656
2005/06		12,485	7,107	19,592	126,161
2006/07		8,960	10,038	18,998	183,142
2007/08		13,135	10,814	23,949	169,038
	48,764	36,288	36,947	121,999	804,975

16. FINANCIAL INSTRUMENTS

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 16 - Table 1

Financial Instruments Balances	Long-term		Current	
	31 March 2007 £ 000	31 March 2008 £ 000	31 March 2007 £ 000	31 March 2008 £ 000
Financial liabilities (principal amount) This is the actual value of the loan, not arising from any adjustments adjustments (See note 20 for details)	226,913	232,855	8,049	10,460
Financial liabilities at amortised cost	226,913	234,464	8,049	10,460
Financial liabilities at fair value through profit and loss	-	-	-	-
Total Borrowing	226,913	234,464	8,049	10,460
Loans and receivables (principal amount) This is the actual value of the loan , not arising from any adjustments	18,617	17,530	60,320	68,299
Loans and receivables	18,617	18,418	60,320	70,508
Available for sale financial assets	1,000	24	-	-
Financial Assets at fair value through the I & E (Ackton Pastures)	2,798	3,486	1,019	-
Unquoted equity investment at cost	-	-	-	-
Total Investments	22,415	21,928	61,339	70,508

Note 16 - Table 2

Financial Instruments Gains / Losses	Financial Liabilities	Financial Assets			Total £ 000
	Liabilities measured at amortised cost £ 000	Loans and receivables £ 000	Available for sale assets £ 000	Fair value through I & E £ 000	
Interest expense	(11,739)	-	-	-	
Loss on derecognition	-	-	-	-	
Impairment losses	-	-	-	-	
Interest payable and similar charges	(11,739)	-	-	-	(11,739)
Interest income	-	4,808	-	-	
Gains on derecognition	-	-	7,892	-	
Interest and investment income	-	4,808	7,892	-	12,700
Gains on revaluation	-	-	7892	-	
Losses on revaluation	-	-	-	-	
Amounts recycled to the I & E account after impairment	-	-	-	-	
Surplus arising on revaluation of financial assets	-	-	7892	-	
Net gain / (loss) for the year	(11,739)	4,808	7892	-	

Available for sale assets – The Council sold its holding of shares and debentures in Leeds/Bradford International Airport for £8.9m during the year. The net gain on the sale was £7.9m. As the sale took place early in the year, the fair value of the shares at 1 April was assumed to be equivalent to the sale value.

NOTES TO THE CORE FINANCIAL STATEMENTS

Fair value of assets and liabilities carried at amortised cost

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

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

Disclosures have not been made where the carrying amount is a reasonable approximation of fair value and the tables below do not include Trade Creditors, Trade Debtors and other longer term payables and receivables.

The fair values calculated are as follows:

Note 16 – Table 3

£000s	31 March 2007		31 March 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
PWLB debt	166,682	191,335	172,790	210,587
Non-PWLB debt	68,280	66,308	72,134	70,558
Total debt	234,962	257,643	244,924	281,145
Total Financial liabilities	234,962	257,643	244,924	281,145

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 16 – Table 4

	31 March	2007		31 March	2008
£000s	Carrying amount	Fair value		Carrying amount	Fair value
Money market loans <1 year	60,320	60,320		70,508	70,508
Money market loans > 1 year	19,617	19,519		18,442	18,560
Total Loans and receivables	79,937	79,839		88,950	89,068

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

The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date. The fair values for non-PWLB debt has also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments. It should be noted that the redemption rules applying to PWLB debt changed on 1 November 2007, and are less favourable than the previous procedures. As a result the fair value figures for 31 March 2008 are relatively higher (more costly to redeem) than the 31 March 2007 comparators.

The fair values for loans and receivables have been determined by reference to the Public Works Loans Board (PWLB) redemption rules which provide a good approximation for the fair value of a financial instrument. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

Soft Loans

Following a review of the Soft Loans made in accordance with Accounting Policy 17 no adjustments have been made to the Income and Expenditure Account on the basis that the impact is not material.

Key Risks

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

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

Overall Procedures for Managing Risk

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

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

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

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

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default assessed by the ratings agencies and the Council's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 16 - Table 5

Deposits with banks and financial institutions	Amount at 31 March 2008 £'000s	Historical experience of default %	Adjustment for market conditions at 31 March 2008 %	Estimated maximum exposure to default £'000s
	a	b	c	(a * c)
AAA rated counterparties	3,000	0.00%	0.00%	-
AA rated counterparties	22,000	0.018%	0.018%	4
A rated counterparties	53,000	0.007%	0.007%	4
Other counterparties	7,000	0.007%	0.007%	-
Bonds - AAA rates	-	-	-	-
Trade debtors	8,830	2.42%	2.42%	214
Total	93,830			222

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for its trade debtors, such that £2.949m of the £8.83m balance is past its due date for payment. The past due amount can be analysed by age as follows:

Note16 – Table 6

	£000s
Two to six months	1,618
Six months to one year	223
More than one year	1,108
Total	2,949

Collateral

The Council does not pledge any collateral as security but in respect of deferred payments under sections 22 and 55 of the Social Care Act 2001 a legal charge has been placed on the properties of the Debtors. The amount due to the Council at 31 March 2008 is £0.476m

The Council has also given some housing relocation loans and a legal charge is placed on the properties to enable the loans to be repaid when the properties are sold. The amount due to the Council at 31 March 2008 is £1.153m.

Liquidity risk

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

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

Refinancing and Maturity Risk

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

The maturity analysis of financial liabilities is as follows:

Note 16 – Table 7

	£000s
Less than one year (Short term creditors & borrowing)	84,746
Between one and two years	53
Between two and five years	192
Between five and ten years	10,465
Between ten and fifteen years	6,674
More than fifteen years	215,471
Total	317,601

All trade and other payables are due to be paid in less than one year.

Market risk

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

If all interest rates had been 1% higher with all other variables held constant) the financial effect would be:

Note 16 – Table 8

	£000s
Increase in interest payable on variable rate borrowings (note i)	-
Increase in interest receivable on variable rate investments (note ii)	-
Impact on Income and Expenditure Account	-
Increase in Government grant receivable for financing costs	-
Impact on STRGL	-
Decrease in fair value of fixed rate investment assets	261
Decrease in fair value of fixed rate borrowings liabilities (no impact on I+E Account or STRGL)	37,189

Note (i) – Although the Council holds £60m of LOBO's which are deemed to be variable due to the lenders option they are held at a fixed rate so any movement in interest rates will have no effect.

Note (ii) – All investments are fixed rate instruments.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost (see tables 3 and 4 above)

Price risk - The Council does not generally invest in equity shares

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

NOTES TO THE CORE FINANCIAL STATEMENTS

17. LONG TERM DEBTORS

These are debts that fall due over a period of more than one year, analysed as follows:

Long Term Debtors	31 March 2007 £ 000	31 March 2008 £ 000	Note
House Purchase and Improvement Loans	158	155	
Loans to Other Authorities & Bodies	22,581	21,684	(i)
Car Loans to Employees	349	271	
Relocation Loans	-	1,129	(ii)
Deferred Consideration			
Street Lighting PFI - Estimated Values of Assets acquired each year	1,850	2,467	(iii)
Street Lighting PFI - Value of Assets transferred to contractor	5,327	5,071	(iv)
Sale of land - Ackton Pastures	2,799	3,486	(v)
Total	33,064	34,263	

(i) The loans to Other Authorities and Bodies include £20.52m, which represents assets transferred in respect of the former West Yorkshire Waste Management Joint Committee.

(ii) This represents the recognition of expenditure in 2005/06 and 2006/07 that was accounted for as deferred charges and similar expenditure in 2007/08. It relates to housing relocation loans and accords with the transitional arrangements of the SORP 2007 in respect of recognising financial instruments. A legal charge is placed on the properties and the loans are repaid when the properties are sold

(iii) The estimated value of assets acquired under the Street Lighting PFI is £2.467m at 31 March 2008. This debtor, which is notional, and is a deferred consideration, will increase each year by £0.617m in line with accepted accounting practice. When the PFI contract ends in 2029, the balance on this account, which should equal the estimated value of the street lighting assets at that date, will be transferred to the Council's balance sheet, since the contractor will relinquish any rights to those assets at the end of the contract.

(iv) The Council transferred assets valued at £6.4m approximately to the Street Lighting PFI contractor to assist contract delivery. The debtor, which is notional, is being written down by equal annual instalments of £0.256m to the PFI revenue account (see note 40).

(v) Land at Ackton Pastures is being sold for a housing development phased over several years. The sale agreement provides for the land to be sold in tranches for the market price at the date of development, and therefore the sum of £3.486m, which is estimated to be due after 1 April 2009, may fluctuate (see note 18).

NOTES TO THE CORE FINANCIAL STATEMENTS

18. DEFERRED CREDITS (INCLUDING DEFERRED CAPITAL RECEIPTS)

These are amounts derived from sales of assets and loans, which will be received in instalments over agreed periods of time.

Deferred Credits (Including Deferred Capital Receipts)	31 March 2007 £ 000	31 March 2008 £ 000	Note
Council House Mortgages	188	152	
Loans to Third Parties	52	31	
Ackton Pastures - Sale of land	3,818	3,486	(i)
Newton Hill - Sale of Land	86	44	
Total	4,144	3,713	

(i)The amount receivable of £3.486m at 31 March 2008 in respect of sale of land at Ackton Pastures represents the estimated income due from the developer which it is anticipated will not be received until after 1 April 2009.

19. ANALYSIS OF INVESTMENTS

Long Term Investments	31 March 2007 £ 000	31 March 2008 £ 000
Banks and Other Financial Institutions	17,000	16,888
Leeds Bradford International Airport Ltd - Shares	1,000	-
Leeds Bradford International Airport Ltd - Debenture	87	-
Welbeck Landfill Site	1,530	1,530
Relocation Loans	-	24
Total	19,617	18,442

- Leeds Bradford International Airport Ltd

The Council held 6.7% of the total issued share capital of £15m and also invested in the company by way of a debenture loan. The shareholding was below the level required for the company's accounts to be included as an associated company of the Council was sold during 2007/08. For further details see note 45 and the Statement of Total Recognised Gains and Losses

NOTES TO THE CORE FINANCIAL STATEMENTS

- Welbeck Landfill Site

The investment in Welbeck Landfill represents unsecured loan notes created upon acquisition of the company on 18th November 1998. The loan notes are due to be repaid in November 2009. (For further details see note 45.)

20. LONG TERM BORROWING

Long Term borrowing comprises all borrowing with a maturity date of one year or more at the balance sheet date. The table below shows the Council's borrowing by lender and by maturity.

Long Term Borrowing by Institution	Interest rate range %	31 March 2007 £ 000	31 March 2008 £ 000
By Lender			
Public Works Loan Board	3.7 - 11.5	166,639	172,591
Mortgages and Bonds	5.625 - 7.75	274	264
Banks and Other Financial Institutions (Variable LOBO) *	4.35 - 6.78	60,000	60,000
Total by lender		226,913	232,855
By Maturity			
Between 1 and 2 years		48	53
Between 2 and 5 years		175	192
Between 5 and 10 years		10,424	10,465
Between 10 and 15 years		6,796	6,674
More than 15 years		209,470	215,471
Total by maturity		226,913	232,855

*LOBO is a variable rate loan whereby, at specified dates, the lender can exercise options to change the loan rate. The borrower has the option to accept the change and continue the loan or decide to repay the loan.

NOTES TO THE CORE FINANCIAL STATEMENTS

21. STOCKS AND WORK IN PROGRESS

Stocks and Work in Progress	31 March 2007 £ 000	31 March 2008 £ 000
Stocks :		
Trading Operations	496	402
Other Services	379	511
Total Stocks	875	913
Work in Progress	2	-
Total	877	913

22. DEBTORS AND PAYMENTS IN ADVANCE

Debtors represent monies owed to the Council at the Balance Sheet date, which are yet to be received as cash. The Council also makes provision for outstanding monies that it is anticipated will not be recovered. An analysis of the provisions for bad and doubtful debts is included below. The net position is shown in the balance sheet.

Debtors and Payments in Advance	31 March 2007 £ 000	31 March 2008 £ 000
Amounts falling due in one year :		
Council Tax	16,415	16,482
Community Charge	143	49
Government Departments	6,377	25,690
HM Revenue & Customs	2,623	3,030
Other Local Authorities & Public Bodies	5,238	7,733
Other Debtors	29,421	39,753
Payments In Advance	2,815	1,677
Total amounts falling due in one year	63,032	94,414
Provison for Bad & Doubtful Debts :		
Council Tax	(1,725)	(1,902)
Community Charge	(117)	(119)
Other	(5,316)	(4,777)
Total Provison for Bad & Doubtful Debts :	(7,158)	(6,798)
Total	55,874	87,616

NOTES TO THE CORE FINANCIAL STATEMENTS

The increase in Government Departments debtors relates mainly to an increase of £14.295m in the amount owing from the DCLG in respect of National Non Domestic Rates and £5.8m receipts due in respect of Highways and Housing Capital schemes.

The increase in Other Debtors relates mainly to amounts due from developers in respect of ongoing Capital schemes (£14m) and a reclassification to other categories of £3.6m.

23. CREDITORS AND RECEIPTS IN ADVANCE

Creditors represent monies owed by the Council at the Balance Sheet date, which have not yet been paid.

Creditors and Receipts in Advance	31 March 2007 £ 000	31 March 2008 £ 000
Creditors :		
Government Departments	4,932	1,080
HM Revenue & Customs	6,926	6,979
Other Local Authorities & Public Bodies	3,020	10,612
Other Creditors	36,097	40,031
	50,975	58,702
Receipts In Advance:		
Receipts In Advance	12,958	15,584
Total	63,933	74,286

The increase in creditors relates mainly to an increase in the volume and value of invoices due at the year end (approximately £7m)

24. PROVISIONS

These are amounts set aside to provide for a liability or loss, which is likely or certain to be incurred, but the exact amount and the date on which it will arise are not currently known.

Provisions	1 April 2007 £ 000	Additional Provisions £ 000	Provisions Used £ 000	Unused amounts reversed £ 000	31 March 2008 £ 000	Note
Insurance	3,061	2,695	-	(46)	5,710	(i)
Equal Pay	2,675	15,021	-	(2,675)	15,021	(ii)
Landfill Allowances	-	1,841	(1,841)	-	-	(iii)
Other	287	272	(5)	-	554	(iv)
Total	6,023	19,829	(1,846)	(2,721)	21,285	

NOTES TO THE CORE FINANCIAL STATEMENTS

(i) Insurance Provision

The Insurance Provision covers the value of insurance claims for which the Council estimate that it has a potential liability. Employee, Fire, Public Liability and Motor third party liability claims are covered by external insurance policies, which limit the Council's maximum liability on individual claims to £0.25m (with the exception of Airedale High School where the excess for fire claims is £1m).

The limit of liability is the maximum the insurer will pay in respect of a single claim or series of claims arising out of a single incident. Should any claim exceed the limit of indemnity the Council will meet the shortfall from the insurance provision. The limits of indemnity in respect of the major policies are as follows:

- Third Party Liability (Public Liability) is £20m.
- Employers Liability is £30m
- Fire insurance is £50m for any single property

As at 31 March 2008, the Council has approximately £9.84m of insurance claims outstanding through its external insurers and estimates of settling these claims will be £5.2m (the balance is included as a contingent liability). The insurance provision covers 100% of the estimated claims payable. Also included in the provision is £0.540m in respect of an outstanding claim relating to subsidence on a former housing property.

It is expected that a significant amount of the provision will be utilised to pay for outstanding claims in 2008/09

(ii) Equal Pay

The provision is for outstanding claims arising from offers made under the Equal Pay Act 1970 – some compensation offers are still to be made to some groups of employees and others may take independent employment tribunal action against the Council instead of accepting the compensation offered.

It is expected that a large proportion of the provision will be utilised to pay for Equal Pay claims in 2008/09.

(iii) Liability to DEFRA for BMW landfill usage

In 2006/07 and previous years the liability to DEFRA has been classified as a creditor rather than a provision. The additional provision £1.841m reflects the reclassification as a provision in accordance with the SORP (see note 47 to the Core Financial Statements for further information).

(iv) Other Provisions

There are several minor provisions included here, the main changes 2007/08 relate to a possible grant claw back of £0.107m, provision regarding a lease of £0.102m and legal fees of £0.05m.

25. RETIREMENT BENEFITS

The Council participates in the West Yorkshire Pension Fund (WYPF) and the Teachers Pension Scheme.

The WYPF is a funded scheme for staff, other than teachers, into which employees and the Council pay contributions. The level of contributions is determined by the actuary, Mercer

NOTES TO THE CORE FINANCIAL STATEMENTS

Human Resources Consulting Ltd, who carries out a full valuation every 3 years. A full valuation was carried out at 31 March 2004, which set the contribution rates for the three years 1 April 2005 to 31 March 2008. The contribution rates are intended to balance the pensions liabilities with the investment assets over the period. The employer's rates also include provision towards the capitalised cost of early retirement. A further full valuation was carried out at 31 March 2007, which incorporated revised assumptions on life expectancy. The valuation at 31 March 2008 is an interim valuation which updates the 31 March 2007 full valuation.

The Teachers Pension Scheme is an unfunded national scheme that is administered by the Department for Education and Skills. It is a defined benefit scheme but, as it is not valued on an individual employer basis, it is not possible for the Council to identify its share of the underlying assets and liabilities. Therefore contributions are set by reference to the current period and for 2007/08 the contribution rate was 14.1% (2006/07 14.1%).

Under FRS 17, the Council is required to recognise the cost of retirement benefits when employees earn them, rather than when they are actually paid to pensioners. The overall charge made against the Council Tax is limited to the employer's contributions payable to the Pensions Fund in the year. So that there is no impact on Council Tax levels, FRS 17 liabilities are reversed out in the Statement of Movement in the General Fund Balance. The note below shows the impact of FRS 17 on the various segments of the Income and Expenditure Account and the Statement of Movement in the General Fund Balance.

	2006/07 Total £000	2007/08		
		WYPF £000	Teachers £000	Total £000
Income and Expenditure Account				
Net Cost of Services:				
Current Service Cost	30,583	26,390	-	26,390
Past Service Cost/(Gain)	1,592	8,828	-	8,828
Curtailment Cost	3,541	2,150	873	3,023
Net Operating Expenditure:				
Interest on Pension Liabilities	53,036	56,548	1,779	58,327
Expected Return on Assets	(52,143)	(60,287)	-	(60,287)
Net Charge to the Income and Expenditure Account	36,609	33,629	2,652	36,281
Statement of Movement in the General Fund Balance				
Reversal of net charges made for retirement benefits	(36,609)	(33,629)	(2,652)	(36,281)
Actual amount charged against the General Fund Balance for employer's contributions to the pension scheme and payments to pensioners	26,059	25,165	2,651	27,816
	(10,550)	(8,464)	(1)	(8,465)

NOTES TO THE CORE FINANCIAL STATEMENTS

In 2007/08 the Council paid £13.583m (2006/07 £12.652m) to the Teachers Pension Agency in respect of teachers pension costs, and £20.155m (2006/07 £19.012m) to the West Yorkshire Pension Fund in respect of Council members of that scheme. In addition £2.651m (2006/07 £2.587m) was paid to retired teachers in respect of the Council's obligations to pay added years. At the year end an amount of £1.144m was owed to the Teachers Pension Agency and £1.713m was owed to the West Yorkshire Pension Fund.

The Local Government Pension Scheme (Amendment) Regulations 2006 made a number of changes to the LGPS benefits with effect from 1 April 2006. This included the right of scheme members to elect to take an enhanced lump sum in return for a reduced annual pension. The actuary's calculations assume that 50% of members will take up this option, which is unchanged from the assumptions made in 2006/07. Initially take-up was higher than 50%, but at this stage it is not possible to establish a reliable indication of the long term effect. Also the longer term experience will be affected by the introduction of the revised LGPS scheme from 1 April 2008. For these reasons the 50% assumption has been retained. Any change in this assumption has a relatively minor effect on the amount of the liabilities. Each 1% change to the percentage take up would produce a change of approximately £0.3m (0.01%) in the past service gain and an equal and opposite change in the year end liabilities.

A summary of the underlying assets and liabilities for both the LGPS and teachers voluntary retirement benefits scheme is set out below. The WYPF actuary has confirmed that the value of unfunded liabilities in the WYPF at 31 March 2008 is £47.670m. Those costs are included in the total liabilities of £1,205.7m in the table below.

Summary of Assets and Liabilities	2006/07	2007/08		
	Total £m	WYPF £m	Teachers £m	Total £m
Fair Value of Assets	871.3	856.2	-	856.2
Present Value of Scheme Liabilities	(1,084.7)	(1,205.7)	(39.2)	(1,244.9)
SURPLUS/(DEFICIT)	(213.4)	(349.5)	(39.2)	(388.7)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £388.7m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall balance of £102.061m (surplus). However statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy as the liabilities will be payable over a considerable period of time and the deficit should be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

NOTES TO THE CORE FINANCIAL STATEMENTS

The main financial assumptions used by the actuary in estimating the schemes' liabilities are as follows:

West Yorkshire Pension Fund and Teachers Discretionary Scheme Actuarial Assumptions used	31 March 2007 %	31 March 2008 %
FINANCIAL ASSUMPTIONS:		
Rate of inflation	3.1	3.6
Rate of increase in salaries	4.85	5.35
Rate of increase in pensions	3.1	3.6
Discount Rate	5.4	6.1
EXPECTED RATE OF RETURN ON ASSETS:		
Equities	7.5	7.5
Government Bonds	4.7	4.6
Other Bonds	5.4	6.1
Property	6.5	6.5
Cash/Liquidity	5.25	5.25
Other	7.5	7.5

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

West Yorkshire Pension Fund Assets	31 March 2007		31 March 2008	
	£m	%	£m	%
Equities	641.3	73.6	613.9	71.7
Government Bonds	63.6	7.3	79.6	9.3
Other Bonds	35.7	4.1	35.1	4.1
Property	46.2	5.3	43.7	5.1
Other	84.5	9.7	83.9	9.8
TOTAL	871.3	100.0	856.2	100.0

The Statement of Total Recognised Gains and Losses includes the actuarial gains and losses relating to pensions. These can be analysed into the following categories, measured as absolute amounts and as a percentage of assets and liabilities at 31 March. The figures below comprise the Local Government Pension Scheme and the Teachers Discretionary Scheme. Comparative figures are not available for 2003/04, apart from the overall total.

	2003/04		2004/05		2005/06		2006/07		2007/08	
	£000	%	£000	%	£000	%	£000	%	£000	%
Differences between the expected and actual return on assets	N/A		37,039	5.7	118,891	14.6	9,563	1.1	(63,671)	7.4
Differences between actuarial assumptions about liabilities and actual experience	N/A		(39,769)	4.2	(21,802)	2.1	-	-	(46,262)	3.7
Changes in the demographic and financial assumptions used to estimate liabilities	N/A		(157,096)	16.8	(85,966)	7.9	55,173	5.1	(56,929)	4.6
	80,983	10.7	(159,826)	17.1	11,123	1.0	64,736	6.0	(166,862)	13.4

NOTES TO THE CORE FINANCIAL STATEMENTS

26. ANALYSIS OF MAJOR GOVERNMENT GRANTS

The other Government grants shown in the Cash Flow Statement represent the cash received by the Council and may differ from the amounts included in the other published accounts, which are prepared on an accruals basis. Other grants includes £2.653m (2006/07, £2.364m) in respect of the Yorkshire and Humber Assembly for which the Council is the accountable body.

Government Revenue Grants	2006/07 £000	2007/08 £000
Dedicated Schools Grant	169,213	177,316
Housing Benefit Rent Rebates	63,622	68,205
Standards Fund	24,841	20,996
Council Tax Benefit Grant	19,600	18,114
Learning & Skills Council	12,212	12,495
Local Area Agreement	5,722	9,252
Supporting People	6,843	7,067
General Sure Start	8,578	6,094
Access & Systems Capacity	3,945	3,839
Housing Benefit Administration	2,806	3,121
Regeneration & Housing	3,363	1,496
Carers	1,235	1,422
Residential Allowances	1,426	1,331
Teachers Training Agency	1,160	1,161
PFI Revenue Support	1,372	1,029
Mental Health	938	935
Asylum Seekers - Unaccompanied Children	227	895
Flood Damage	-	828
Delayed Discharges	703	684
Wakefield Learning Network	617	347
Single Regeneration Budget	480	147
Other	8,669	7,230
Total	337,572	344,004

27. DEPLOYMENT OF THE DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded by grant monies provided by the Department for Children, Schools and Families (DCSF), the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each school. Over and underspends on the two elements are required to be accounted for separately. The Council is able to supplement the Schools Budget from its own resource; however, it has not done so in 2007/08.

NOTES TO THE CORE FINANCIAL STATEMENTS

Details of the deployment of DSG receivable for 2006/07 and 2007/08 are as follows:

Schools Budget funded by Dedicated Schools Grant	2006/07			2007/08		
	Central Expenditure £000	Individual Schools Budget £000	Total £000	Central Expenditure £000	Individual Schools Budget £000	Total £000
Original Grant Allocation to Schools Budget for the current year in the Authority's budget	14,076	155,515	169,591	13,667	164,258	177,925
Adjustment to finalised grant allocation	(1,959)	1,581	(378)	(609)	-	(609)
DSG receivable for the year	12,117	157,096	169,213	13,058	164,258	177,316
Actual expenditure for the year	11,834	153,643	165,477	11,306	164,176	175,482
Over / (under) spend for the year	(283)	(3,453)	(3,736)	(1,752)	(82)	(1,834)
Planned top-up funding of ISB from Council resources	-	-	-	-	-	-
Use of schools balances brought forward	-	354	354	-	-	-
Over/(under) spend from previous year	-	-	-	-	-	-
Over/ (underspend) carried forward to 2008/09	(283)	(3,099)	(3,382)	(1,752)	(82)	(1,834)

28. RECONCILIATION OF INCOME AND EXPENDITURE ACCOUNT SURPLUS/ (DEFICIT) TO MOVEMENT IN CASH

The surplus on the Income and Expenditure Account includes transactions that do not result in cash flows. The following table identifies these transactions and reconciles the Income and Expenditure Account (including Collection Fund in 2007/08) with the actual net revenue cash flows shown on the Cash Flow Statement.

Reconciliation of Income & Expenditure to movement in cash	2006/07 £000	2007/08 £000
Income and Expenditure Account surplus / (deficit) for the year	(20,873)	(15,857)
Adjust for items outside Revenue Activities Net Cash Flow		
Interest Received	(4,352)	(4,806)
Dividends Received	(1,107)	-
Interest Paid	9,945	11,739
Gains or Losses on Disposal of Fixed Assets/Long Term Investments	-	(29,763)
Net Adjustments	4,486	(22,830)
Adjust for items on accruals basis		
Stock & WIP (Increase) / Decrease	129	(38)
Revenue Debtors (Increase) / Decrease	7,653	(13,709)
Revenue Creditors Increase / (Decrease)	(2,329)	9,782
Total Accruals Basis Adjustment	5,453	(3,965)
Adjust for Non-Cash transactions		
Provisions Increase / (Decrease)	3,458	2,917
Non Cash items from SMGFB	29,949	60,680
Financial Instruments Adjustments	-	(2,500)
Gain / Loss on Early Settlement of Borrowing	606	-
Carrying value of Landfill Allowances	-	897
Other Balances	(98)	-
Total Non-Cash Transaction Adjustment	33,915	61,994
Revenue Activities Net Cash Flow	22,981	19,342

NOTES TO THE CORE FINANCIAL STATEMENTS

29. RECONCILIATION OF THE MOVEMENT IN CASH TO THE MOVEMENT IN NET DEBT

The table below reconciles the net cash flow movement as identified in the Cash Flow Statement to the movement in net debt.

Analysis of Changes in Net Debt	1 April 2007 £000	Cash Flow £000	Non Cash £000	31 March 2008 £000
Cash Balances :				
Cash in Hands of Officers and Cash in Transit	622	207	-	829
Cash Overdrawn	(5,247)	5,277	-	30
Total Cash Balances	(4,625)	5,484	-	859
Financing Activities:				
Finance Lease Repayments	96	113	(73)	136
Debt Due within One Year	(8,049)	(2,400)	(11)	(10,460)
Debt Due After One Year	(226,913)	(6,000)	(1,551)	(234,464)
Total Financing Activities	(234,866)	(8,287)	(1,635)	(244,788)
Management of Liquid Resources :				
Short Term Investments	60,320	(2,020)	12,208	70,508
Total Short Term Investments	60,320	(2,020)	12,208	70,508
Total	(179,171)	(4,823)	10,573	(173,421)

Analysis of Changes in Net Debt	£000
Net Cash Flow	5,484
Net Cash Inflow / (Outflow) from Financing	(8,287)
Net Cash Inflow / (Outflow) from Management of Liquid Resources	(2,020)
Movement in Net Debt	(4,823)

Liquid resources are current asset investments that are readily disposable by the Council. They can be readily convertible to known amounts of cash and consist of temporary deposits and short term investments.

NOTES TO THE CORE FINANCIAL STATEMENTS

30. DEFERRED LIABILITIES

Deferred Liabilities	31 March 2007 £ 000	Movement in Year £ 000	31 March 2008 £ 000	Note
Liabilities Under Leases	(96)	40	(56)	(i)
Former West Yorkshire Waste Management Joint Committee	(2,559)	366	(2,193)	(ii)
Former West Yorkshire Magistrates Court & Probation Services	(298)	32	(266)	(iii)
Total Deferred Liabilities	(2,953)	438	(2,515)	

(i) Leasing

Finance Leases

The deferred liabilities figure represents the outstanding capitalised lease values of assets acquired under finance leases. The following values of assets are held under finance leases by the Council, accounted for as part of Tangible Fixed Assets:

Finance Leases	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Total £000
Historic Cost	543	161	704
Cumulative Depreciation	(543)	(58)	(601)
Value at 1 April 2007	-	103	103
Additions	55	-	55
Revaluations	-	-	-
Depreciation	(55)	(54)	(109)
Disposals	-	-	-
Value at 31 March 2008	-	49	49

Rentals paid on these finance leases during 2007/08 were £0.113m.

Outstanding obligations to make payments under these finance leases (excluding finance costs) at 31 March 2008, accounted for as part of long term liabilities are as follows:

Finance Leases	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Total £000
Obligations payable in 2008/09	3	53	56
Obligations payable between 2009/10 and 2012/13	-	-	-
Obligations payable after 2012/13	-	-	-
	3	53	56

NOTES TO THE CORE FINANCIAL STATEMENTS

- Operating leases:

All property leases entered into during 2004/05, 2005/06 and 2006/07 have been reviewed and categorised as operating leases. Payments made under operating leases during 2007/08 were £0.895m (2006/07 £0.960m) in respect of property leases and £1.115m (2006/07 £1.476m) in respect of vehicles and equipment.

The Authority was committed at 31 March 2008 to making payments of £5.576m under operating leases comprising of the following elements

Operating Leases	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Total £000
Obligations payable in 2008/09	867	670	1,537
Obligations payable between 2009/10 and 2012/13	3,093	293	3,386
Obligations payable after 2012/13	653	-	653
	4,613	963	5,576

(ii) Former West Yorkshire Waste Management Joint Committee

This figure represents the amount owed by the Council to the other West Yorkshire Metropolitan District Councils in respect of the former West Yorkshire Waste Management Joint Committee. This is being repaid to the other Councils over a period of fifteen years commencing 1 April 2000. The amount outstanding at 31 March 2008 is £2.559m, which is being repaid at £0.366m per annum. The amount to be repaid in 2008/09 is included in creditors and £2.193m represents the amount due after 1 April 2009.

(iii) Former West Yorkshire Magistrates Court and Probation Services

This figure represents the amount owed by the Council to Leeds City Council and Bradford Metropolitan District Council in respect of the Council's share of the debt relating to the former West Yorkshire Magistrates Court and Probation Services.

31. INCOME FROM LEASES

The Council acts as lessor of a number of commercial properties, industrial units and land. It received income from those leases of £1.612m in 2007/08 (2006/07 £1.994m). The gross value of assets leased out was £22.537m at 31 March 2008 (£23.038m at 31 March 2007) and accumulated depreciation was £0.582m at 31 March 2008 (£0.341m at 31 March 2007).

NOTES TO THE CORE FINANCIAL STATEMENTS

32. OTHER DEFERRED DEBITS

This entry offsets the deferred liability figure in Note 30 and has been transferred to the Capital Adjustment Account in 2007/08 to comply with accounting guidance,

Other Deferred Debits	31 March 2007 £ 000	Movement in Year £ 000	31 March 2008 £ 000
Former West Yorkshire Waste Management Joint Committee	2,924	(2,924)	-
Total Other Deferred Debits	2,924	(2,924)	-

33. BUILDING CONTROL

The Building Act 1984 and specifically the Local Authority Building Control Charges Regulations (SI 1998/3129) requires local authorities to disclose the nature, turnover and profits/losses of the Building Control account. The transactions appear in the cost of the Cultural, Environmental and Planning Services in the Income and Expenditure account. Certain activities performed by the Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. Over a three year rolling period, the defined activity element of the service is required to break even, and this has been achieved in the period.

	2006/07	2007/08		
	Total Building Control £000	Chargeable £000	Non- chargeable £000	Total Building Control £000
BUILDING CONTROL ACCOUNT				
Total Expenditure	1001	806	162	968
Total Income	(966)	(869)	-	(869)
(SURPLUS)/DEFICIT FOR YEAR	35	(63)	162	99

34. INCOME AND EXPENDITURE UNDER THE LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

Section 1 of this Act authorises local authorities to supply goods and professional and technical services to a number of other public bodies. The income and expenditure in respect of these activities is included in the Income and Expenditure account as shown below.

NOTES TO THE CORE FINANCIAL STATEMENTS

INCOME AND EXPENDITURE UNDER THE GOODS AND SERVICES ACT 1970	2006/07		2007/08	
	Income £000	Expenditure £000	Income £000	Expenditure £000
TOTAL	8,225	7,189	9,705	8,689

35. PUBLICITY

The Local Government Act 1986 requires a local authority to keep a separate account of expenditure on publicity. The transactions appear in the Net Cost of Services in the Income and Expenditure account.

PUBLICITY EXPENDITURE	2006/07 £000	2007/08 £000
Recruitment Advertising	689	821
Publicity	222	318
Promotions	410	453
Other Advertising	348	333
TOTAL	1,669	1,925

There has been an increase in recruitment costs in Schools and for recruiting senior officers. Publicity costs have also increased as a result of the introduction of the alternate weekly collections in Waste Services and additional costs of producing the Citizen.

36. REMUNERATION OF SENIOR STAFF

The table below indicates the numbers of employees whose remuneration was greater than £50,000. Remuneration is defined as amounts paid to or receivable by an employee, including payments in kind, expenses allowances which would be chargeable to UK Income Tax and employees' pension contributions. Termination payments are also included, which can lead to year on year comparisons being distorted.

In 2007/08, 201 officers (150 in 2006/07) received remuneration in excess of £50,000, including 83 head teachers (64 in 2006/07). The large increase between 2006/07 and 2007/08 is mainly due to additional staff being included in the lowest band, as a result of termination payments and the impact of inflation on the salaries of a number of employees, which were just below the £50,000 threshold in 2006/07.

NOTES TO THE CORE FINANCIAL STATEMENTS

REMUNERATION BAND	Number of Employees	
	2006/07	2007/08
	No.	No.
£		
50,000 - 59,999	91	144
60,000 - 69,999	26	21
70,000 - 79,999	20	18
80,000 - 89,999	3	9
90,000 - 99,999	2	2
100,000 - 109,999	5	3
110,000 - 119,999	1	1
120,000 - 129,999	1	1
130,000 - 139,999	0	0
140,000 - 149,999	0	1
150,000 - 159,999	0	0
160,000 - 169,999	0	0
170,000 - 179,999	0	0
180,000 - 189,999	0	0
190,000 - 199,999	1	0
540,000 - 549,999	0	1
TOTAL	150	201

37. MEMBERS' ALLOWANCES PAID

The Statutory Register showing the allowances paid to each Councillor is published each month and at the end of the financial year. The end of year figures are also published in the local press. A copy of the Register is on deposit at County Hall, Wakefield and is available for viewing by the public.

The following table shows the total of members' allowances paid in the year:

MEMBERS' ALLOWANCES	2006/07 £000	2007/08 £000
TOTAL	967	992

38. RELATED PARTY TRANSACTIONS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with Government Departments are set out in note 26.

Members of the Council have direct control over the Council's financial and operating policies. Where members have an interest in companies or other organisations, details of such interests are recorded in the Register of Members' Interest, which is open to public inspection. During 2007/08, material transactions totalling approximately £4.9m took place with such organisations.

Senior Officers (Chief Executive, Deputy Chief Executive, Corporate Directors and Service Directors) were requested to complete a voluntary declaration of any transactions in which they have a pecuniary interest in accordance with section 117 of the Local Government Act 1972. No interests were declared.

Other Public Bodies - The Council has a number of transactions with other public bodies including National Health Service bodies, other Councils and the Pension Fund. The following transactions are disclosed in other notes:

- Precepting authorities – Income and Expenditure Account and Collection Fund.
- Pension Fund – Note 25.
- Local Authority (Goods and Services Act) 1970 Note 34.
- Pooled Budgets – Note 39.

Also National Health Service bodies make payments towards the nursing costs of Council funded residents in care homes.

Assisted Organisations – the Council has provided financial assistance to a number of organisations, but that assistance was not given on terms that gave the Council effective control over their operations.

Companies and Joint Ventures – the Council has interests in companies and relevant transactions are disclosed in note 45.

39. POOLED BUDGETS

As at the 31st March 2008, the Council had four pooled budgets under section 31 of the Health Act 1999. These pooled budgets relate to People with Learning Disabilities (created in April 2003 and hosted by Wakefield MDC), the Integrated Community Equipment Store (created in January 2004 and hosted by the Wakefield District Primary Care Trust until March 2007 then transferred to Wakefield MDC from this date), the CAHMs pooled budget (created in April 2006 and hosted by Wakefield MDC), and the pooled budget for people with Mental Health Disabilities (created in April 2006 and hosted by the Wakefield District Primary Care Trust)

NOTES TO THE CORE FINANCIAL STATEMENTS

The details of the contributions and expenditure for people with learning disabilities are disclosed below. In line with the Section 31 agreement, the surplus of £1.190m at 31 March 2007 was brought forward for utilisation in 2007/08. In 2007/08 there was a surplus of £0.627m, which the partners have agreed to carry forward for utilisation in 2008/09.

PEOPLE WITH LEARNING DISABILITIES	2006/07 £ 000	2007/08 £ 000
FUNDING:		
Contribution from Wakefield District Primary Care Trust	10,345	10,609
Contribution from Local Authority	10,091	9,905
Surplus c/fwd from previous year	587	1,190
TOTAL FUNDING	21,023	21,704
EXPENDITURE:		
Provision of services to people with Learning Disabilities	19,833	21,077
TOTAL EXPENDITURE	19,833	21,077
NET SURPLUS	1,190	627
Less Net Surplus/(Deficit) Distributed to Partners	-	-
NET SURPLUS C/FWD AT 31 MARCH	1,190	627

The details of the contributions and expenditure for the Integrated Community Equipment Store are disclosed below. Funding from partners increased in total from £1.828m in 2006/07 to £2.619m in 2007/08 enabling an increase in expenditure to £2.618m. The surplus to carry forward to 2008/09 is £1k.

INTEGRATED COMMUNITY EQUIPMENT STORE	2006/07 £ 000	2007/08 £ 000
FUNDING:		
Contribution from Wakefield District Primary Care Trust (lead provider)	1,038	1,542
Contribution from Local Authority	790	1,057
Surplus c/fwd from previous year	-	20
TOTAL FUNDING	1,828	2,619
EXPENDITURE:		
Wakefield District Primary Care Trust	1,808	2,618
Local Authority	-	-
TOTAL EXPENDITURE	1,808	2,618
NET SURPLUS/(DEFICIT)	20	1

NOTES TO THE CORE FINANCIAL STATEMENTS

The details of the contributions and expenditure for the CAMHS Revenue Grant pooled budget are disclosed below. Funding from partners increased in total from £0.742m in 2006/07 to £0.861m in 2007/08. The surplus to carry forward to 2008/09 is £0.330m.

CAMHS Revenue Grant	2006/07 £ 000	2007/08 £ 000
FUNDING:		
Contribution from Wakefield District Primary Care Trust	280	312
Contribution from Local Authority	462	471
Surplus c/fwd from previous year	-	78
TOTAL FUNDING	742	861
EXPENDITURE:		
CAMHS Expenditure	664	531
NET SURPLUS C/FWD AT 31 MARCH	78	330

The details of the contributions and expenditure for people with mental health disabilities are disclosed below. In line with the Section 31 agreement between the partners any variances against their contributions are returned back to the originators, therefore there is no carry forward to 2008/09.

PEOPLE WITH MENTAL HEALTH DISABILITIES	2006/07 £000	2007/08 £000
FUNDING:		
Contribution from Wakefield District Primary Care Trust (lead provider)	20,906	22,055
Contribution from Local Authority	2,975	2,891
TOTAL FUNDING	23,881	24,946
EXPENDITURE:		
Adult MH Services	23,881	24,946
TOTAL EXPENDITURE	23,881	24,946
NET SURPLUS/(DEFICIT)	-	-

40. PRIVATE FINANCE INITIATIVE (PFI)

The Private Finance Initiative is a source of funding used for long term major projects. Information on Accounting for PFI's is included in Accounting Policy 21.

- Street Lighting

The Council has a 25 year PFI contract for the maintenance and upgrading of its street lighting stock. The contract commenced in 2004 and expires in 2029.

Transactions under the scheme during 2007/08 were:

NOTES TO THE CORE FINANCIAL STATEMENTS

Street Lighting Private Financing Initiative	2006/07 £000	2007/08 £000
CHARGES TO THE REVENUE ACCOUNT		
Unitary Payments to the Contractor	3,182	3,871
Amortisation of PFI Deferred Consideration from debtors	256	256
Notional Acquisition of Residual Value	-617	-617
Energy Costs and Other Payments	1,587	2,011
TOTAL CHARGES TO THE REVENUE ACCOUNT	4,408	5,521
FINANCED BY:		
Government PFI Revenue Grant	1,372	1,372
Other Income	183	253
Transportation & Highways Revenue Budget	3,963	4,514
Transfer to Long Term Debtors re Assets	-617	-617
Transfer from Capital Adjustment Account	256	256
TOTAL FINANCING	5,157	5,778
TRANSFER TO STREET LIGHTING PFI INVESTMENT ACCOUNT	749	257

The Council is required to consider whether the assets of the PFI arrangements above should be included as part of the Council's assets on the balance sheet. The Council has taken account of Application Note F "Private Finance Initiative and Similar Contracts as an amendment to FRS 5" and the SORP Appendix E "Accounting for PFI Transactions and Similar Contracts". On the basis of this guidance the Council has determined that the PFI assets should not be accounted for on the Council's balance sheet.

The Council's payments to the PFI contractor include a payment for assets of a capital nature (for example, new street lighting columns). The accounting policies applicable to this PFI scheme require a notional debtor to be included in the Council's accounts each year for the value of these assets. The debtor totalling £0.617m is included in the financing above, and will be accumulated on the Council's balance sheet over the length of the contract. See Note 17 (Long term debtors) for further information.

- **Municipal Waste Management**

The Council is developing a PFI scheme as part of implementing its Municipal Waste Management Strategy, for which development costs of £2.10m have been incurred up to 31 March 2008. The scheme has reached the Preferred Bidder stage with an expectation of completing the procurement process by late Summer 2008, so there are no implications on the 2007/08 accounts.

NOTES TO THE CORE FINANCIAL STATEMENTS

41. AUDIT COSTS

The following fees were paid to the external auditors for services carried out:

Audit Costs	2006/07 £000	2007/08 £000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	379	354
Fees payable to the Audit Commission in respect of statutory inspection	32	22
Fees payable to the Audit Commission for the certification of grant claims and returns	143	115
Total	554	491

42. EVENTS AFTER THE BALANCE SHEET DATE

This note discloses any events which concerned conditions that did not exist at the Balance sheet date and that occurred after the Balance Sheet date but before the date on which the Statement of Accounts were authorised for issue. The Statement of Accounts was authorised for issue by the Audit Committee on 26 September 2008 and there are no events to disclose.

43. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

(i) Contingent Assets

Contingent Assets are probable assets 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.

- The Council may be due to receive £2.6m at the balance sheet date in respect of VAT, which has been collected on off street car parking charges since June 2000, pending the outcome of legal action by the Isle of Wight Council against H.M. Revenue and Customs.
- A VAT Sharing Agreement with WDH means that the Council may benefit between now and 2020 with regard to input VAT that will be reclaimable by WDH. There are initial calls on these funds after which there will be a 50/50 split of the remainder. It is anticipated that we will begin to receive funds relating to this in 2008/9.
- An outstanding claim for the recovery of purchase monies arising from the sale of land may result in additional income to the Council dependent on the outcome of a dispute with a developer.

(ii) Contingent Liabilities

Contingent Liabilities are:

- 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 cannot be measured reliably.

The following Contingent Liabilities have been identified at 31 March 2008 and the Council's available reserves are considered sufficient to meet any potential future costs which may be incurred.

- Municipal Mutual Insurance Ltd

The creditors of the above company, including the Council, have agreed a Scheme of Arrangement, which it is considered, will ensure an orderly settlement of claims. The company will continue to meet claims in full until all liabilities have been discharged. Should the company not have sufficient funds to meet the liabilities then they will be able to "claw back" a percentage of each claim settled in full. At this time it is anticipated that the company will remain solvent and that there will be no such "claw back".

- Guarantee

The Council acts as guarantor for FIRST's and Groundwork Trust's membership of the West Yorkshire Pension Fund. The values of potential liabilities are not known and would require costly actuarial valuations to determine.

- Welbeck Landfill Site

The Council may become liable for calls made against various warranties, indemnities and provisions relating to the Welbeck Landfill Site over the first 10 years of its operation. The potential maximum exposure is reducing until there is no exposure to risk after 2008/09. The Council's current maximum liability is £1.2m.

- Claims under the Land Compensation Act 1973

There is a potential maximum liability of £3m for compensation under the Land Compensation Act 1973.

- Insurance Claims

The Council has been advised by its external insurers that the value of outstanding claims as at 31st March 2008 is £13.1m. It is estimated that, if successful £2.75m of these claims would be met by the Council's external insurers leaving a balance of £10.35m where any liabilities would be met by the Council. A provision has been set aside on the balance sheet to the value of £5.7m for the estimated future settlement of these claims. The potential maximum contingent liability for insurance claims is £4.65m.

- Public Private Partnership

The Council has entered into a public private partnership with Norfolk Property Services North East Ltd (NPS) for the delivery of the Council's design services. Under the terms of the partnership, in the event of early termination or expiry of the agreement, the contracts of employment of any employees will transfer to the Council. The Council acts as guarantor for membership of the WY Pension Fund for the transferred staff. Potential liabilities could be up to £2million.

NOTES TO THE CORE FINANCIAL STATEMENTS

- Wakefield & District Housing (WDH)

The Council is committed to the provision of certain environmental and non-environmental warranties in respect of WDH and lenders to WDH for a number of years. Insurance cover has been effected for the environmental warranties. Following specialist advice non-environmental warranties provided are not covered by existing insurance arrangements. In the period from transfer to 31 March 2008 the Council has not received any claims in respect of either environmental or non-environmental warranties.

- Single Status/Equal Pay

Single status is the process of job evaluation and harmonisation of former officer and manual worker terms and conditions, which dates from the 1997 single status agreement. The Council is in the process of making compensation payments and offers to groups of staff under the Equal Pay Act 1970. These primarily cover those staff in "rated as equivalent" posts and the estimated costs of these are included as a provision. Claims have been received from male workers in "rated as equivalent" posts. But these have been stayed by the employment tribunal pending the outcome of the Abbott case appeal. The Council's liability is unclear until this case is decided.

A large number of Equal Value claims have been received by the Council. These are being reviewed by an independent expert, who has been appointed by the employment tribunal. The independent expert will determine whether the claim is valid and will identify the appropriate comparator. Whether the Council will have any liability is unclear until this review has been completed.

44. TRUST AND THIRD PARTY FUNDS

The Council acts as a trustee for a number of Trust and Third Party Funds. It also holds funds on behalf of various clients. These do not represent assets of the Council and are not included in the Balance Sheet.

The Council is the sole trustee in respect of the following funds:

Trust Funds where the Council acts as Sole Trustee	Balance at 1 April 2007 £ 000	Income £ 000	Expenditure £ 000	Balance at 31 March 2008 £ 000
Pontefract Park Maintenance Fund Fund to contribute towards the maintenance costs	310	18	(18)	310
Ings Road Recreational Ground Fund to contribute towards the maintenance costs	23	1	-	24
Other Funds	2	-	-	2
TOTAL	335	19	(18)	336

NOTES TO THE CORE FINANCIAL STATEMENTS

The Council also holds the following funds:

Other Funds	Balance at 1 April 2007 £ 000	Income £ 000	Expenditure £ 000	Balance at 31 March 2008 £ 000
Social Services Client Funds	144	28	(38)	134
Social Services Amenity Funds	53	17	(24)	46
Bequests for School prizes	59	7	(4)	62
Others Funds	1	-	-	1
TOTAL	257	52	(66)	243

45. SUBSIDIARY AND ASSOCIATED COMPANIES

In line with the Statement of Accounting Policies note 21 on Group Accounts the Council has undertaken a detailed mapping exercise in 2007/08 to identify its interests in various companies. The Accounting Code of Practice requires that where a Council has material interests in one or more subsidiary and/or associated companies, it should prepare a group revenue account and balance sheet. However, the Council's interest in the companies listed below is not considered material in total in comparison to the total figures on the Council's Income and Expenditure Account and Balance Sheet. Therefore it is considered that group accounts are not required for the Council and consequently have not been prepared.

In 2007/08 the Council had financial relationships with the following companies:

- Leeds Bradford International Airport Ltd (Companies House Registration No 2065958)
The Council held 6.7% of the total issued share capital of £15 million and also invested in the company by way of a debenture loan. However these interests were sold in May 2007.
- Rail Link Europe Ltd (Companies House Registration No 2555801)
The purpose of the company is to progress the development of a freight village at Wakefield Europort.
The Council participates under Section 33 of the Local Government and Housing Act 1989 and holds 199 "A" shares of £1 each out of a total share capital of £1,000. The Council has 1 representative on a board of 5.

The latest available accounts are for the year ended 31 December 2006:-

Net profit before tax was £2.08 million (£68,000 in 2005). Net profit after tax was £1.45 million (£48,000 in 2005).

Net assets were £3.5 million (£2.05 million in 2005).

A copy of the accounts may be obtained from the registered office:- Booths Park, Chelford Road, Knutsford, Cheshire WA16 8QZ. The company's auditors are KPMG, St James' Square, Manchester M2 6DS.

NOTES TO THE CORE FINANCIAL STATEMENTS

- FIRST (The Wakefield District Development Agency) (Companies House Reg. No 04221080)

FIRST was established in May 2001 and is a private company limited by guarantee with no share capital. Its purpose is to draw together and realise the many economic aspirations of the District by promoting the development of industry, commerce, enterprise and communities. FIRST's strategic mission is to increase inward investment and business expansion by building an attractive image for the District.

The Council has a minority interest in the company (less than 20%) and has 2 representatives on a board of 16. Its liability is limited to £5.

The latest available accounts are for the year ended 31 March 2007:-

Net profit before tax was £52,103 (£92,973 in 2006). Net profit after tax was £50,749 (£92,413 in 2006).

Net assets were £380,284 (£329,534 in 2006).

The Council is providing core funding of £157,000 per annum, other support in the form of staff resources and guarantees FIRST's membership of the West Yorkshire Pension Fund.

A copy of the accounts may be obtained from:-

PO Box 159, Newton Bar, Leeds Road, Wakefield WF1 1ZD

The company's auditors are Townends, 7/9 Cornmarket, Pontefract, WF8 1AN.

- Wakefield Groundwork Trust (Companies House Reg. No 2202681 and Charity Commission No 519846)

Wakefield Groundwork is a company limited by guarantee and a registered charity. Its principal activity is to improve the environment through partnerships and contribute to the economic and social regeneration of the area.

Its guarantors are the Federation of Groundwork Trusts and Wakefield MDC. Liability is limited to £1 each. The Council nominates 4 of the 13 members on the board.

The latest available accounts are for the year ended 31 March 2007:-

Net assets were £1.09 million (£1.11 million in 2005/06 restated).

The Council provided professional and administrative support, accommodation and core funding of £50,000 in 2007/08 (£50,000 in 2006/07). The company has a 3 year Service Level Agreement with the Council.

A copy of the accounts may be obtained from:-

Groundwork Wakefield, Block C, Normanton Town Hall, High Street, Normanton WF6 2DZ.

The company's auditors are PKF(UK) LLP, Pannell House, 6 Queen Street, Leeds LS1 2TW.

- Welbeck Waste Management Ltd (Companies House Registration No 2736095)

The Council holds loan notes to the value of £1,530k for which it expects to receive repayment in 2009.

The latest accounts for Welbeck Waste Management Ltd are for the year ended 31 December 2006:-

Net profit before tax was £6.78 million (£481,000 in 2005). Net profit after tax was £6.78 million (£501,000 in 2005).

NOTES TO THE CORE FINANCIAL STATEMENTS

Net assets were £8.44 million (£1.66 million in 2005).

A copy of the accounts may be obtained from the registered office: -

Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton NN4 7RG.

The company's auditors are KPMG LLP, 1 Puddle Dock, London EC4V 3PD.

- Castleford Town Centre Partnership (Companies House Registration No 4797313)

Formed in June 2003 with the purpose of advising, managing and leading on town centre matters.

The Council has an advisory role and provides 4 of the 21 board members.

The latest available accounts are for the year ended 30 June 2007:-

Net profit was £190 (£10,079 loss in 2005/06).

Net assets were £4,046 (£4,044 in 2005/06).

A copy of the accounts may be obtained from the registered office: 2, Sagar Street, Castleford, West Yorkshire WF10 1AF

- NPS (Norfolk Property Services) North East Ltd (Companies House Registration No 05200508)

From 1 October 2004, this company took over the design services formerly provided by the Council's trading operation.

A number of Council staff transferred and the Council's contract with the company includes a volume discount on fees. A copy of the detailed contract is available. The Council provides 2 of the 6 directors on the board.

NPS provide services to the Council on a contract basis only.

Accounts have been prepared to 31 January 2007.

Net profit before tax was £542,694 (£63,887 in the period 1 April 2005 to 31 January 2006).

Net profit after tax was £379,022 (£44,716 in the period 1 April 2005 to 31 January 2006).

Net assets were £598,655 (£1,366,567 in 2006).

The address of the registered office is:-

NPS Ltd, Lancaster House, 16 Central Avenue, St Andrew's Business Park, Norwich NR7 0HR.

The auditors are Grant Thornton UK LLP, Holland Court, The Close, Norwich, NR1 4DY.

- Wakefield and District Housing (Companies House Reg. No 4948519 and Charity Commission No 1107623)

The organisation took over the Housing Revenue Account functions of the Council from 21 March 2005.

The Council nominates 5 of the 15 Board members.

The latest available accounts are for the period to 31 March 2007.

The surplus before tax was £22.51 million (£27.77 million in 2005/06).

Net assets were £45.07 million (£51.83 million was the restated figure for 2005/06).

NOTES TO THE CORE FINANCIAL STATEMENTS

Transactions with the company are through arms length negotiated Service Level Agreements.

A copy of the accounts may be obtained from the registered office: Merefield House, Whistler Drive, Castleford, WF10 5HX.

The auditors are Grant Thornton UK LLP, St George House, 40 Great George Street, Leeds, LS1 3DQ .

46. YORKSHIRE AND HUMBER ASSEMBLY (YHA)

The YHA, which is located in King Street, Wakefield, is an association of the region's 22 local authorities together with a range of social, environmental and economic partners. The purpose of the Assembly is to act as the strategic regional partnership, to promote the economic, social and environmental well being of Yorkshire and Humber in the interests of all those who live and work in the region. The Assembly is designated as the Regional Chamber under the Regional Development Agencies Act 1998.

Wakefield MDC is a founder member of the Assembly and also acts as the Accountable Body for the purposes of financial management and contracts. The Assembly receives funding from the Regional Assemblies' Funding Agreement administered by the Department for Communities and Local Government (CLG). In 2007/08, the Assembly was awarded £2.339m to support its work.

In July 2007 the Government announced that regional assemblies are to be disbanded with their functions being transferred to regional development agencies. Some Government funding has been guaranteed until dissolution and the Yorkshire and Humber Assembly has received its full allocation in 2008/09. The Government proposals are still at a formative stage and more details will be reported as they become available.

In summary, the accounts for the Assembly are as follows:

Yorkshire and Humber Assembly (YHA)	2006/07 £000	2007/08 £000
EXPENDITURE:		
Gross Expenditure	3,048	3,263
Income	(642)	(689)
NET EXPENDITURE	2,406	2,574
FUNDED BY:		
Member Subscriptions	(222)	(222)
Regional Assemblies' Funding Agreement	(2,024)	(2,339)
Yorkshire Forward Single Programme	(340)	(314)
(SURPLUS)/DEFICIT	(180)	(301)

NOTES TO THE CORE FINANCIAL STATEMENTS

The Assembly's balances are included in the Balance Sheet on page 44 of this statement as creditors and are analysed as follows:

YHA Balances included in the Consolidated Balance Sheet	31 March 2007 £000	31 March 2008 £000
FIXED ASSETS:		
Tangible Fixed Assets	41	20
TOTAL FIXED ASSETS	41	20
CURRENT ASSETS:		
Stocks	6	4
Debtors and Payments in Advance	585	200
Cash at Bank and held by WMDC	1,230	1,454
TOTAL CURRENT ASSETS	1,821	1,658
CURRENT LIABILITIES:		
Creditors and Receipts in Advance	(1,084)	(594)
TOTAL CURRENT LIABILITIES:	(1,084)	(594)
TOTAL CURRENT AND FIXED ASSETS LESS CURRENT LIABILITIES	778	1,084
LONG TERM ASSETS:		
Payments in Advance	-	-
LONG TERM LIABILITIES:		
Grants in Advance	-	-
NET ASSETS	778	1,084

47. LANDFILL ALLOWANCE TRADING SCHEME

The Government introduced the Landfill Allowance Trading Scheme on 1 April 2005 for all Waste Disposal Authorities (WDAs) in England. The scheme is intended to underpin the duty on WDAs to reduce the amount of Biodegradable Municipal Waste disposed of to landfill.

Under the scheme, Councils receive an annual allocation of tradeable allowances and have to account for the value of those allowances (included as a Debtor in the Balance Sheet), together with the value of any allowances traded, and the liability for allowances utilised for actual landfill disposal (included as a Provision in the Balance Sheet).

In 2007/08 the Council was allocated 112,399. Liability for landfill usage during the year has been estimated at 95,062 allowances. The Council did not undertake any trading of allowances in 2007/08. The Council carried forward estimated unused allowance of 54,058 from its previous years' allocation. These allowances had a value of £896,414 accounted for in the balance sheet at 31 March 2007. The net realisable value of the allowances at 31 March 2008 is estimated at nil value (in line with other WDAs) and the £896,414 has been written off to the Income and Expenditure Account in 2007/08.

The confirmed landfill usage liability for 2006/07 resulted in an actual unused allocation of 2006/07 allowances of 25,174 compared with an estimate of 21,000 included within the 2007/08 accounts. The additional 4,174 unused allowances have been valued at an estimated nil value as at 31 March 2008.

48. SECTION 137 OF THE LOCAL GOVERNMENT ACT

Under the powers granted by Section 137 of the Local Government Act 1972 (as amended), the authority is empowered to incur expenditure which it considers to be in the interests of the inhabitants of its area. The actual expenditure under this provision in 2007/08 was £74,942 (2006/07 £16,260) mainly on grants to voluntary associations within Family Services.

49. LOCAL AREA AGREEMENTS

The Council is a partner in and accountable body for one Local Area Agreement (LAA), known as the Wakefield District Partnership. The aim of the partnership is "To work together and collectively harness its resources to deliver the Community Strategy for the District with the primary aim of enabling key organisations and agencies to work together with citizens to improve our quality of life".

The other partners are:

Metro (West Yorkshire Passenger Transport Executive)
GOYH (Government Office for Yorkshire and the Humber)
West Yorkshire Fire and Rescue Service
West Yorkshire Police Service
WDH (Wakefield District Housing)
Mid Yorks Hospitals NHS Trust
Wakefield District Primary Care Trust
First (the Wakefield District Development Agency)
VOX (Community Empowerment Network)

The total amount of grant awarded to the partnership in 2007/08 was £10,133,673, of which the Council received £8,900,840. The Council has included the gross amount of grant received as income in its accounts, together with the amounts paid to partners as expenditure, as the nature of the partnership is such that the Council decides on the allocation of the total grant received.

50. GAIN/LOSS ON DISPOSAL OF FIXED ASSETS

In 2006/07 the gain on disposal of fixed assets included receipts in respect of assets that could not be attributed to a fixed asset disposal in the year. In 2007/08 these receipts have been separated out and identified as 'Unattached Capital Receipts' and relate mainly to income in respect of the the Council's share of the preserved right-to-buy agreement with Wakefield District Housing (£9.2m)

The gain on disposal of fixed assets in 2007/08 relates mainly to obligations to build specific assets, included in agreements with developers in respect of Trinity Walk in Wakefield and Grove Lea School in Hemsworth.

COLLECTION FUND

The Collection Fund is a statutory account introduced under the Local Government Finance Act 1988, as amended by the Local Government Act 1992. Under this Act, the Council is required to maintain an account, separate from the General Fund, for the collection of income from Council Tax, business rates and residual community charge. This income finances the net expenditure requirements of the Council (including Parish Councils), the West Yorkshire Police Authority and the West Yorkshire Fire and Rescue Authority.

A separate Balance Sheet is not required as Collection Fund balances are consolidated with other accounts of the Council (see Balance Sheet page 44).

Summary Income and Expenditure Account		2007/08	Notes
2006/07		£'000	
£'000			
Income			
94,073	Council Tax	98,418	1
17,830	Council Tax Benefits	18,344	
100,121	Business Rates (Net of Provisions and Reliefs)	90,141	2
102	Adjustments for Previous years Community Charges	33	3
212,126	Total Income	206,936	
Expenditure			
Precepts and Demands			
93,765	Wakefield Metropolitan District Council	97,909	
1,815	Parish Precepts	1,893	
11,056	West Yorkshire Police Authority	11,712	
4,509	West Yorkshire Fire and Rescue Authority	4,765	
<u>111,145</u>	Total Precepts and Demands	<u>116,279</u>	
Business Rates			
99,655	Payment to National Pool	89,674	2
466	Cost of Collection	467	
<u>100,121</u>	Total Business Rates	<u>90,141</u>	
Bad and Doubtful Debts			
12	Write Offs	22	
514	Provisions	569	
<u>526</u>	Total Bad and Doubtful Debts	<u>591</u>	4
Distribution of Collection Fund Surplus			
456	Wakefield Metropolitan District Council	332	5
38	West Yorkshire Police Authority	-	
15	West Yorkshire Fire and Rescue Authority	-	
<u>509</u>	Total Distribution of Collection Fund Surplus	<u>332</u>	
212,301	Total Expenditure	207,343	
175	Deficit / (Surplus) for the year	407	

COLLECTION FUND

2006/07 £'000	Collection Fund Balances	2007/08 £'000	Notes
2,497	Balance Brought Forward at 1 April	2,322	
(175)	Surplus / (Deficit) for year	(407)	
2,322	Balance Carried Forward at 31 March	1,915	

1. COUNCIL TAX

- Calculation of the Council Tax Base

Council Tax charges are calculated by estimating the amount of income required from the Collection Fund by the Council and Precepting Authorities for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent number of Band D dwellings). The Council Tax base for 2007/08 was calculated as follows:

Band	Valuation	Number of Dwellings 18 Sept 2006 Adj for Estimated movements on Valuation List	Proportion of Band D Tax	2007/08 Band D Equivalent
A (Disabled)	Up to £40,000	239	5/9	133
A	Up to £40,000	64,770	6/9	43,180
B	£40,000 to £52,000	23,362	7/9	18,170
C	£52,001 to £68,000	18,366	8/9	16,325
D	£68,001 to £88,000	11,236	9/9	11,236
E	£88,001 to £120,000	5,950	11/9	7,272
F	£120,001 to £160,000	1,897	13/9	2,740
G	£160,001 to £320,000	972	15/9	1,619
H	Over £320,000	36	18/9	72
126,826				100,747
Number of Band D Equivalents for contributions in Lieu (Band O exempt dwellings)				0
				100,747
Less allowance for non-collection (assumed collection rate 98.5%)				(1,511)
TAX BASE FOR THE CALCULATION OF COUNCIL TAX (Net Band D Equivalent)				99,236

NOTES TO THE COLLECTION FUND

- Calculation of Council Tax at Band D

The basic amount of Council Tax for a Band D property for 2007/08 is £1,152.66 (£1,111.50 for 2006/07). (This figure excludes Parish Precepts).

2. INCOME FROM BUSINESS RATES

Business Rates (also known as Non-Domestic Rates) are collected locally based on the local rateable value multiplied by a uniform rate. A different rate applies to small businesses.

The income collected by the Council, less certain reliefs and other deductions, is paid into a central NNDR Pool administered by Central Government.

The Government distributes the sums paid into the Pool back to local authorities' General Funds on the basis of a fixed amount per head of population. For 2007/08, Wakefield's Share of the Pool amounted to £102.7m (£98.5m for 2006/07). The contribution due from the Council to the NNDR Pool for 2007/08 can be analysed as follows:

DETAILS OF RATEABLE VALUE AND MULTIPLIERS	2006/07	2007/08
Non-Domestic Rateable Value at Year End (£000)	254,966	255,244
National Non-Domestic Rates (NNDR) Multiplier	43.3p	44.4p
Small Business Non-Domestic Rates Multiplier	42.6p	44.1p

Contribution to NNDR Pool			Notes
	2006/07 £'000	2007/08 £'000	
Business Rates Collectable	100,748	91,269	(i)
Less :			
Discretionary Relief Claimable from Pool	(260)	(285)	
Cost of Collection Allowance	(466)	(467)	
Interest on Refunds	(121)	(791)	
Losses on Collection / Write offs	(246)	(52)	
Total Payable To Pool	99,655	89,674	

(i) In 2007/08 a refund was received of approximately £15m, relating back to the 2005 valuation list, in respect of Ferrybridge Power Station.

NOTES TO THE COLLECTION FUND

3. ADJUSTMENTS FOR PREVIOUS YEARS' COMMUNITY CHARGE

Although Community Charge was replaced by the Council Tax from 1 April 1993, the Council continues to collect and account for the residual amounts of Community Charge which were raised between 1990/91 and 1992/93. This is accounted for within the Collection Fund.

The surplus on Community Charge of £0.033m in 2007/08 (£0.102m in 2006/07) has arisen through the reduction in the Bad Debt Provision. This reduction is the result of the ongoing collection of outstanding Community Charge arrears for which full bad debt provision has been allowed.

4. BAD AND DOUBTFUL DEBTS

Contributions are made to/from the Collection Fund Income and Expenditure Account to/from provisions for bad debts. During 2007/08, the Council Tax Bad Debts Provision was increased by £0.569m (£0.514m in 2006/07) to reflect changes in the rate of collection and outstanding arrears. In addition, bad debts due in the year of £0.022m (£0.012m in 2006/07) were written off to the Collection Fund.

5. DISTRIBUTION OF COLLECTION FUND SURPLUS

Surpluses or deficits on the Council Tax account are shared between the Council and the other precepting authorities in proportion to their budgets. Any surplus is used to reduce the level of Council Tax bills in later years.

The forecast surplus available for distribution at 31 March 2008 of £0.332m (£0.509m at 31 March 2007) related solely to Community Charge and as such no distribution was made to the other precepting authorities.

Precepting Authority		
	2006/07 £'000	2007/08 £'000
Wakefield Metropolitan District Council	456	332
West Yorkshire Police Authority	38	-
West Yorkshire Fire and Rescue Authority	15	-
Total	509	332

GLOSSARY OF TERMS

This glossary is provided to assist the reader. It gives explanations of common terms used in relation to local authority finance, many of which are used within this document.

Accounting Period

The period covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date, 31 March.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or
- (b) the actuarial assumptions have changed.

Annual Governance Statement

A statutory document which provides an overview of the governance arrangements within the Council, aids the effective exercise of Council functions, and includes arrangements for the management of risk.

Asset

An item having value in monetary terms. Assets are defined as current or fixed.

A current asset will be consumed or cease to have material value within the next financial year.

A fixed asset provides benefits to the Council and its services for more than one year.

Audit of Accounts

An independent examination of the Council's financial affairs.

Best Value Accounting Code of Practice (BVACOP)

The BVACOP provides guidance on local authority accounting and financial reporting in order that data consistency and comparability is achieved. It is reviewed and updated annually.

Budget

A statement of spending plans and anticipated income for a financial year.

GLOSSARY OF TERMS

Capital Charge

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. Services are charged for each asset they use with a provision for depreciation.

Capital Programme

The capital schemes the Council intends to carry out over a specified time period.

Community Assets

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

Corporate and Democratic Core

The corporate and democratic core comprises all activities, which local authorities engage in specifically because they are elected, multi-purpose authorities. 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. There is therefore no logical basis for apportioning these costs to services.

Debt Management Expenses

The expenses involved in administering Treasury Management services related to capital expenditure and financing.

Defined Benefit 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).

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

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

Direct Revenue Financing

The financing of capital expenditure directly from revenue.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence if the financial statements are to give a true and fair view (as included in SSAP 6, superseded by FRS 3).

Extraordinary Items

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments including any initial payments amount to substantially all of the fair value of the leased asset.

Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term "financial instrument" covers both financial assets and financial liabilities and includes trade receivables, trade payables and derivatives.

Financial Procedure Rules

Written rules of the Council relating to all matters with financial implications. All Council officers must comply with these rules.

Financial Reporting Standard 17 (FRS 17)

The requirement for local authorities to include the forecast cost of future pensions in the accounts on a notional basis, the level of assets in the fund as well as the level of any estimated surplus or deficit on the pension fund.

General Fund

All services except Housing Revenue Account and Collection Fund are known as General Fund services. The net cost of services is met by precept on the Collection Fund.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Infrastructure Assets

Inalienable assets, expenditure on which is recoverable only by continued use of the assets created. Examples of infrastructure assets are highways and footpaths.

Intangible Fixed Assets

Assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights, e.g. externally purchased software.

Investments (Non-Pensions Fund)

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investment for the long term can be clearly demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments, other than those in relation to the pensions fund, which do not meet the above criteria, should be classed as current assets.

Investments (Pension Fund)

The investments of the Pension Fund will be accounted for in the statements of that Fund. However authorities (other than town, parish and community councils and district councils in Northern Ireland) are also required to disclose, as part of the disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

Investment Properties

Interest in land and/or buildings:

- a) in respect of which construction work and development have been completed; and
- b) which is held for its investment potential, any rental income being negotiated at arm's length.

Leasing

A method of financing capital expenditure, which allows the Council to use, but not own an asset. A third party (the lessor) purchases the asset on behalf of the Council (the lessee) who then pays the lessor an annual rental over the life of the asset.

Liability

A liability is where the Council owes payment to an individual or organisation.

A current liability is an amount which will become payable or could be called in within the next accounting period.

A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period.

Long-term contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or for the provision of a service (or a combination of assets or services which together constitute a single project) where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

Minimum Revenue Provision

The minimum amount which must be charged to an authority's revenue account each year in respect of the financing of capital expenditure through borrowing.

Net Book Value

The amount at which fixed assets are included in the Balance Sheet i.e. their historical value or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Expenditure

Gross expenditure less specific income.

Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non Distributed Costs

This includes pensions expenditure and income not relating to existing employees, which under FRS 17 are not directly chargeable to services. In addition, it includes overheads for which no user now benefits and which should not be apportioned to services.

Non-Domestic Rate (NDR)

The standard rate in the pound set by the Government on the assessed rateable value of properties used for business purposes.

Non-Operational Assets

Fixed assets held by a local authority but not used or consumed in the delivery of services or strategic objectives of the authority. Examples of non-operational assets include investment properties, assets under construction and assets that are surplus to requirements, pending their sale. It should be noted that the incidence of rental income does not necessarily mean that the asset is an investment property; it would be deemed an investment property only if the asset is held solely for investment purposes and does not support the service or strategic objectives of the authority and the rental income is negotiated at arm's length.

Operating Leases

Any lease that is not a Finance Lease as defined by SSAP21.

Operational Assets

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

Outturn

Actual income receivable and expenditure due in a financial year.

Payments in Advance

These are payments made in advance of goods or services being provided to the Council.

Precept

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council Taxpayers on their behalf.

Prior year adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Private Finance Initiative (PFI)

A Central Government initiative that enables authorities to carry out capital projects through partnership with the private sector.

Prudential Code

The Prudential Code is a professional Code of Practice developed by CIPFA whose objective is to ensure local authorities capital investment plans are affordable, prudent and sustainable.

Public Works Loan Board (PWLB)

The PWLB is a Government financed body which makes long term money available to local authorities that are able to borrow a proportion of their requirements to finance capital spending from this source.

Receipts in Advance

Income received in advance of goods or services being provided

Recharges

A charge made by one service to another (or from one part of a service to another part) for work carried out on their behalf.

Remuneration

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

Reserve

A reserve is an amount set aside in one financial year and carried forward to meet liabilities in a subsequent financial year, both general and specific liabilities.

GLOSSARY OF TERMS

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:

- a) an employer's decision to terminate an employee's employment before the normal retirement date, or
- b) 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

Revenue Support Grant is the general Government support towards Local Government revenue expenditure.

Special Funds

A separate provision in the accounts, usually financed by contributions from the revenue account, for the purpose of defraying particular expenditure e.g. insurance.

Statement of Recommended Practice (SORP)

The SORP specifies the accounting principles to be adopted in preparing local authority accounts. It is reviewed and updated annually.

Statements of Standard Accounting Practice (SSAPs)

Statements prepared by the Consultative Committee of Accountancy Bodies (CCAB) to ensure consistency in accountancy matters. Many standards are now applied to local authority accounts and any departure must be disclosed in the published accounts.

Tangible Fixed Assets

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

Useful life

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