



Statement of Accounts 2007-08

DAVID THOMASON

Deputy Chief Executive and Head of Finance and Resources



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STATEMENT OF RESPONSIBILITIES

○ The Council's Responsibilities

The Council is required to:-

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

○ Deputy Chief Executive and Head of Finance and Resources Responsibilities

The Deputy Chief Executive and Head of Finance and Resources is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the Chartered Institute of Public Finance and Accountancy (CIPFA) 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code), is required to present fairly the financial position of the Authority and its income and expenditure for the year ended 31st March 2008.

In preparing the Statement of Accounts, the Deputy Chief Executive and Head of Finance and Resources has:-

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

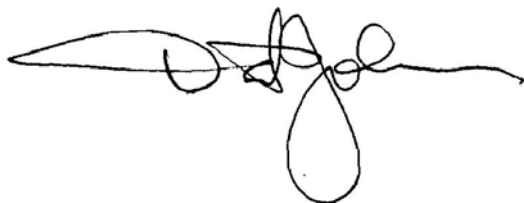
He has also:-

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

CERTIFICATION

I confirm that this Statement of Accounts was approved by the Council at the meeting held on 26th June 2008.

Signed on behalf of the Borough Council of King's Lynn and West Norfolk



Mayor of the Borough of King's Lynn and West Norfolk as Chair of the Meeting.

In accordance with the Accounts and Audit Regulations 2003, as amended in 2006, I certify that the Statement of Accounts presents fairly the financial position of the Borough Council of King's Lynn and West Norfolk as at 31st March 2008, and its income and expenditure for the year then ended.



David Thomason
Deputy Chief Executive / Head of Finance and Resources

○ **The Accounting Statement**

The Statement of Accounts consists of summaries which deal with different aspects of the Council's activities and a Consolidated Balance Sheet which sets out the financial position of the Council as at 31st March 2008. Of the summaries some are recognised as Core Financial Statements, detailed below:

- **Income and Expenditure Account (I&E)** – a summary of the resources generated and consumed by the Council in the year.
- **Statement of the Movement on the General Fund Balance** – a reconciliation showing how the resources generated/ consumed in the year links in with the statutory requirements for raising council tax.
- **Statement of Total Recognised Gains and Losses (STRGL)** – demonstration of how the movement in net worth in the Balance Sheet is linked to the I&E Account surplus/deficit and to other unrealised gains and losses.
- **Consolidated Balance Sheet** - the year end financial position of all the Council's accounts, including Collection Fund is summarised in the Balance Sheet. It reveals the net assets, long term liabilities and reserves at the Council's disposal.
- **Cash Flow Statement** - this summarises the inflows and outflows of cash during the year.

Other statements, not recognised as Core Financial Statements are as follows:

- **Housing Revenue Account (HRA) -**

The Housing Revenue Account summarises the transactions relating to the management of the Council's stock of dwellings, garages, estate shops and land held for housing purposes. The transfer of the majority of the Council's housing stock and associated functions to Freebridge Community Housing took place in 2006/2007.

Consent was granted by the Department for Communities and Local Government (DCLG) on 28th March 2008 to transfer the 2 remaining dwellings to the General Fund as at 1st April 2007, and that the HRA could be closed from 31st March 2008. The Council approved the appropriation of the remaining properties to the General Fund as at 1st April 2007.

- **Collection Fund** - this is a statutory fund which is separate from the main accounts of the Council and deals with the collection of Council Tax, Parish Precepts and Non Domestic Rates and the payment of precepts to the Borough Council, Norfolk County Council and Norfolk Police Authority.

All of the above are supported by the Statement of Accounting Policies as set out on pages 47 to 54 and various notes to the accounts. Within the Balance Sheet on pages 10 to 11, the balance shown for the Collection Fund represents the Borough Council's element. The balances for Norfolk County Council and Norfolk Police Authority are shown as owing under creditors.

○ **Summary of Accounts 2007/2008**

The Council at its budget meeting of 22nd February 2007 set a budget of £21,265,000 with an intention to draw £136,000 from its General Fund Balance.

The outturn position for the year shows expenditure of £21,548,000 drawing a sum of £283,000 from balances. The movement of the General Fund balance is detailed on page 8. The outturn position is incorporated within the net operating position shown on pages 6 to 7, Income and Expenditure Account.

Following the transfer of the Housing stock to Freebridge Community Housing in April 2006, the Housing Revenue Account, which deals with the income and expenditure on the provision of council housing, was closed on the 31st March 2008 and its balance of £1,133,000 transferred to the General Fund Balance.

EXPLANATORY FORWARD

The Council has reviewed services to be defined as Trading Operations. Overall, in 2007/2008, there is a deficit of £3,470,000 primarily due to the subsidy on Sports and Arts.

○ Overall Financial Position 2007/2008

The Statement of Accounts indicates that the Council's financial health remains good at the end of 2007/2008. The Balance Sheet identifies that the Council continues to maintain reserves and balances sufficient to meet its future commitment in terms of capital and revenue spending plans.

○ Major Influences on the Council's Accounts during 2007/2008

A number of major influences were seen to have an impact on the Council's accounts in 2007/2008:

- Formal closure of the Housing Revenue Account (HRA) and the transfer of the HRA balance to the General Fund Balance.
- Full year effect of the roll out of wheeled recycling bins, the replacement of green boxes and the opening of a new depot in conjunction with Norfolk Environmental Waste Services Ltd (N.E.W.S.).
- Investment in improving service delivery within departments (Housing and Planning Services), including the opening of the Customer Information Centre.
- Carry forward of £118,000 into 2008/2009 for Concessionary fares; appeals and changes to the National Scheme.
- Set up of a £500,000 reserve in relation to the Building Condition Survey.
- Nar Ouse Regeneration Area (NORA) capital spend brought forward but not matched by capital receipts.

- Target savings confirmed in 2007/2008 for productivity and procurement were £376,840.

○ Capital

During 2007/2008, the Council spent £14,220,000 on capital projects. Major areas of spending were:

- Council depot £1,434,478.
- Council information centre £916,812.
- Footway Lighting £779,527.
- Marina £518,220.
- Regeneration schemes £1,834,561.
- Renovation assistance for private sector housing £1,235,017.
- Sports facility refurbishment including major projects at the Oasis Leisure Centre and King's Lynn Football Stadium £858,637.
- Walks – urban parks project £2,744,255.

EXPLANATORY FORWARD

○ Summary of Capital Expenditure

| Expenditure in 2007/2008 | | | | | | | | 2006/2007 |
|-------------------------------------|--------------|--------------|--------------|------------|--------------|--------------|---------------|---------------|
| Scheme | Regeneration | Environment | Resources | Health | Housing | Community | Total | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Access to Council Buildings | | | 24 | | | 12 | 36 | 1 |
| Car Parks | 113 | | | | | | 113 | 129 |
| Civic Halls | | | | | | 131 | 131 | 66 |
| Community Facilities | | 146 | 27 | | | 410 | 583 | 273 |
| Conservation | | | 2 | | | 7 | 9 | 0 |
| Council Depots | | | 1,434 | | | | 1,434 | 28 |
| Council Offices | | | 1,037 | | | | 1,037 | 1,063 |
| Crematorium/Churches/ Cemeteries | | | | 270 | | | 270 | 932 |
| Footway Lighting | | 780 | | | | | 780 | 0 |
| Greyfriars Tower | 104 | | | | | | 104 | 591 |
| Housing | | | | | 31 | | 31 | 0 |
| Hunstanton Improvements | 40 | | | | | 140 | 180 | 123 |
| Industrial Estates | 221 | | | | | | 221 | 22 |
| Information Technology | | | 433 | | | 1 | 434 | 751 |
| Kings Lynn Visual Image | 2 | 76 | | | | 35 | 113 | 87 |
| Marina | 518 | | | | | | 518 | 0 |
| Recreation Centres | | | | | | 859 | 859 | 1,413 |
| Refuse and Recycling | | 76 | 379 | | | | 455 | 2,296 |
| Regeneration Schemes | 1,547 | | 288 | | | | 1,835 | 1,395 |
| Renovation Grants /Assistance | | | | | 1,235 | | 1,235 | 1,680 |
| Sea Walls | | | | | | 4 | 4 | 30 |
| Sewage Treatment Works | | | 1 | | 27 | | 28 | 3,788 |
| The Walks | | | 67 | | | 2,677 | 2,744 | 625 |
| Theatres | | | 2 | | | 104 | 106 | 199 |
| Tourism/ Recreation Areas | 10 | | 97 | | | 140 | 247 | 142 |
| Town Centre | 153 | | | | | | 153 | 0 |
| Vehicles and Equipment | | 164 | 86 | | 7 | 275 | 532 | 408 |
| Other | 4 | 1 | 18 | | | 5 | 28 | 40 |
| Total | 2,712 | 1,243 | 3,895 | 270 | 1,300 | 4,800 | 14,220 | 16,082 |

Details of how this expenditure has been financed are given at page 15, note 7.

EXPLANATORY FORWARD

○ The Euro

The Borough Council has neither incurred, nor expects to incur, any material expenditure in relation to the direct costs associated with the potential introduction of the Euro.

○ Accounting Policies

The accounting policies adopted by the Council comply with recommended accounting practices and are set out on pages 47 to 54.

○ General Fund


The performance of General Fund expenditure against estimates was as follows:

| | 2007/2008 | | 2007/2008 | |
|---------------------------------------|-----------------|--------------|-----------|--------------|
| | Original Budget | | Actual | |
| | £'000 | £'000 | £'000 | £'000 |
| Balance brought forward | | 1,315 | | 1,602 |
| Expenditure in the year | (21,401) | | (21,548) | |
| Budget Requirement | 21,265 | | 21,265 | |
| (Deficit) for year | | (136) | | (283) |
| Transfer from Housing Revenue Account | | 0 | | 1,133 |
| Balance carried forward | | 1,179 | | 2,452 |

○ Current Borrowing Facilities

In March 2007, the Council's borrowing limit for 2007/2008 was established at £28 million, with the upper limit on fixed interest loans set at £25 million and the upper limit on variable rate loans set at £15 million.


The borrowing requirement for the Council represents the amount of borrowing the Council may require as a result of the demands of both the capital programme and movement in reserves and balances.



CORE

FINANCIAL

STATEMENTS



INCOME AND EXPENDITURE ACCOUNT

EXPLAINING THIS STATEMENT

This account summarises the resources that have been generated and consumed in providing services and managing the Borough Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

Figures shown are in the format as required by the CIPFA Best Value Accounting Code of Practice.

The 2006/2007 net expenditure has been restated following reclassifications between Revenue Services and Trading Operations. Trading Operations for 2006/2007 now show a surplus of £1,064,000 whereas previously a deficit of £1,124,000 was shown, see page 37, note 39.

| Note | Revenue Services | 2007/2008 Gross Expenditure £'000 | 2007/2008 Gross Income £'000 | 2007/2008 Net Expenditure £'000 | 2006/2007 Net Expenditure £'000 |
|--------------|---|--|---------------------------------------|--|--|
| | Culture & Related Services | 12,676 | 5,963 | 6,713 | 6,167 |
| | Environmental Services | 10,023 | 3,740 | 6,283 | 3,301 |
| | Planning & Development Services | 6,930 | 4,260 | 2,670 | 1,715 |
| | Highways, Roads & Transport Services | 3,493 | 3,119 | 374 | (841) |
| | Housing General Fund | 39,555 | 39,741 | (186) | (314) |
| | Central Services to Public | 2,071 | 997 | 1,074 | 706 |
| | Corporate & Democratic Core | 5,756 | 1,313 | 4,443 | 4,329 |
| | Non-Distributed Costs | 60 | 0 | 60 | 220 |
| | Net Cost of General Fund Services | 80,564 | 59,133 | 21,431 | 15,283 |
| Page 41 | Housing Revenue Account | 197 | 279 | (82) | 104,562 |
| | Net Cost of Services | 80,761 | 59,412 | 21,349 | 119,845 |
| | Precepts of Parish Councils | | | 1,726 | 1,148 |
| | Internal Drainage Boards | | | 2,422 | 2,378 |
| Pg 37, Nt 39 | Trading Operations | | | (671) | (1,064) |
| | Interest Payable & Similar Charges | | | 807 | 1,196 |
| | Contribution of Housing Capital Receipts to Government Pool | | | 144 | 106 |
| | Interest and Investment Income | | | (1,843) | (1,673) |
| Pg 26, Nt 25 | Pensions Interest Cost & Expected Return on Pensions Assets | | | (33) | (320) |
| | Gains on disposal of assets | | | (1,927) | (3,316) |
| | Net Operating Expenditure | | | 21,974 | 118,300 |

INCOME AND EXPENDITURE ACCOUNT

EXPLAINING THIS STATEMENT

This part of the account shows how the net cost of services and other costs were paid for through the receipt of government grants and other income from Council Taxpayers.

Figures shown are in the format as required by the CIPFA Best Value Accounting Code of Practice.

| | 2007/2008 | 2006/2007 |
|-----------------------------------|----------------------------|----------------------------|
| | Net Expenditure | Net Expenditure |
| Revenue Services | £'000 | £'000 |
| Net Operating Expenditure | 21,974 | 118,300 |
| Demand on Collection Fund | (7,003) | (6,792) |
| General Government Grants | (2,050) | (2,190) |
| Non-Domestic Rates Redistribution | (12,288) | (11,738) |
| Deficit | 633 | 97,580 |

STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE

EXPLAINING THIS STATEMENT

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

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

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

The reconciliation statement summarises the difference between the outturn on the Income and Expenditure Account and the General Fund Balance.

| | 2007/2008 | 2006/2007 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Deficit for the year on the Income and Expenditure Account | 633 | 97,580 |
| Net additional amount to be debited / (credited) to the General Fund Balance | (350) | (97,645) |
| (Increase) / Decrease in General Fund Balance | 283 | (65) |
| General Fund Balance brought forward | (1,602) | (1,537) |
| Transfer from Housing Revenue Account | (1,133) | 0 |
| General Fund Balance carried forward | (2,452) | (1,602) |

STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE

Note of reconciling items for Statement of Movement on General Fund Balance

| | 2007/2008 | 2006/2007 |
|--|----------------|------------------|
| | £'000 | £'000 |
| Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance | | |
| Amortisation of intangible fixed assets | (55) | (11) |
| Depreciation and impairment of tangible fixed assets | (9,145) | (114,954) |
| Government grants and Contributions deferred amortisation | 2,690 | 14,299 |
| Write downs of deferred charges to be financed from capital resources | (1,236) | (4,665) |
| Net gain on sale of fixed assets | 1,927 | 3,316 |
| Net charges made for retirement benefits in accordance with FRS 17 | (2,225) | (2,420) |
| Lump sum payment to fund pension liabilities | 0 | (1,030) |
| | (8,044) | (105,465) |
| Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance | | |
| Revenue provision for capital financing | 0 | 28 |
| Capital expenditure charged in-year to the General Fund Balance | 1,001 | 3,990 |
| Usable capital receipts funding housing capital receipts paid to the government pool | (144) | (106) |
| Employer's contributions payable to the Norfolk County Council pension fund and retirement benefits payable direct to pensioners | 3,587 | 4,900 |
| Transfer to Contributions and Government Grants Deferred | 1,971 | 0 |
| | 6,415 | 8,812 |
| 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 | | |
| Increase / (decrease) in Housing Revenue Account Balance | 404 | (91) |
| Net transfer to / (from) earmarked reserves | 875 | (901) |
| | 1,279 | (992) |
| Net additional amount required to be credited to the General Fund Balance | (350) | (97,645) |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)

EXPLAINING THIS STATEMENT

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

| | 2007/2008 | 2006/2007 |
|--|----------------|---------------|
| | £'000 | £'000 |
| Deficit for the year on the Income and Expenditure Account | 633 | 97,580 |
| (Surplus) / loss on fixed assets | (1,922) | 4,428 |
| Actuarial gains on pension fund assets and liabilities | (4,987) | (10,520) |
| Collection Fund (surplus) | (85) | (89) |
| Transfer of prior year contributions and Government grants (see page 15, note 8) | 1,971 | 0 |
| Total recognised (gains)/losses for the year | (4,390) | 91,399 |

CONSOLIDATED BALANCE SHEET

On 1st April 2007, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice 2007, the balances on the fixed asset restatement account and capital financing account were transferred to the new capital adjustment account. Also on this date, a revaluation reserve was created. An explanation of the new account and reserve can be found in the glossary pages 67-69 and on page 16, notes 9 and 10.

CONSOLIDATED BALANCE SHEET

EXPLAINING THIS STATEMENT

The balance sheet is a snapshot of the Council's financial position at the end of the financial year. It demonstrates how the Council manages its annual and long term operations by the use of short and long term borrowing and revenue balances. It includes the General Fund, Housing Revenue and Collection Fund.


| Note | 2007/2008 | | 2006/2007 | |
|-----------------|--|----------------|-----------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Pg 13, Nts 1-5 | Fixed Assets | | | |
| | | 381 | | 369 |
| | Intangible Fixed Assets | | | |
| | Tangible Fixed Assets | | | |
| | 0 | | 58 | |
| | 61,120 | | 59,697 | |
| | 4,985 | | 5,011 | |
| | 277 | | 304 | |
| | 5,307 | | 2,176 | |
| | 71,689 | | 67,246 | |
| | Total Operational Assets | | | |
| | Non-Operational Assets | | | |
| | 31,790 | | 31,029 | |
| | 22,868 | | 22,593 | |
| | 54,658 | | 53,622 | |
| | Total Non-Operational Assets | | | |
| | | 126,347 | | 120,868 |
| | Total Fixed Assets | | | |
| | | 126,728 | | 121,237 |
| Pg 18, Nt 16 | | 22,113 | | 32,672 |
| Pg 30, Nt 28 | | 654 | | 712 |
| | | 149,495 | | 154,621 |
| | Total Long Term Assets | | | |
| | Current Assets | | | |
| Pg 39, Nt 48 | 114 | | 110 | |
| Pg 30, Nt 29/30 | 6,300 | | 5,994 | |
| Pg 18, Nt 16 | 5,128 | | 0 | |
| | 737 | | 0 | |
| | 12,279 | | 6,104 | |
| | Total Current Assets | | | |
| | Current Liabilities | | | |
| Pg 18, Nt 17 | (5,526) | | (4,202) | |
| Pg 30, Nt 27 | (11,047) | | (13,717) | |
| | 0 | | (1,194) | |
| | (16,573) | | (19,113) | |
| | Total Current Liabilities | | | |
| | Net Current Assets/Liabilities | | | |
| | | (4,294) | | (13,009) |
| | Total Assets less Current Liabilities | | | |
| Pg 18, Nt 18 | | (10,094) | | (9,000) |
| Pg 17, Nt 13 | | (74) | | (106) |
| Pg 15, Nt 8 | | (16,145) | | (12,531) |
| Pg 19, Nt 19 | | (872) | | 0 |
| Pg 27, Nt 26 | | (8,251) | | (14,600) |
| | | 109,765 | | 105,375 |
| Pg 16, Nt 9 | 2,426 | | 0 | |
| Pg 16, Nt 10 | 103,386 | | 108,777 | |
| Pg 27, Nt 26 | (8,251) | | (14,600) | |
| Pg 17, Nt 14 | 0 | | 75 | |
| Pg 46, Nt 5 | 497 | 98,058 | 412 | 94,664 |
| | Fund Balances & Reserves | | | |
| Page 8 | 2,452 | | 1,602 | |
| Page 42 | 0 | | 729 | |
| Pg 32/33, Nt 33 | 9,255 | 11,707 | 8,380 | 10,711 |
| | | 109,765 | | 105,375 |

CASH FLOW STATEMENT


EXPLAINING THIS STATEMENT

This statement summarises the inflows and outflows of the Council's cash during the year. Figures for 2006/2007 have been restated for Government (Capital and Revenue) Grants, separately identifying Revenue Grants of £1,802,000 and reworking Capital Grants to show £3,487,000, see page 34. Within Cash inflows, rent has been reworked to include land rents and other rents whereas previously the figure represented only Council tenant rent.

| Note | 2007/2008 | | 2006/2007 | |
|--------------|---|-----------|-----------|-----------|
| | £'000 | £'000 | £'000 | £'000 |
| | REVENUE ACTIVITIES | | | |
| | Cash Outflows | | | |
| | Cash paid to/on behalf of employees | 19,430 | | 17,855 |
| | Housing Benefit | 25,768 | | 23,436 |
| | Norfolk County Council Precept | 52,425 | | 48,448 |
| | Norfolk Police Precept | 8,233 | | 7,437 |
| | NDR Pool | 31,774 | | 30,351 |
| | Capital Receipts Pool | 184 | | 1,030 |
| | Housing Subsidy | 3,826 | | 0 |
| | Other operating cost | 40,921 | | 41,535 |
| | | 182,561 | | 170,092 |
| | Cash Inflows | | | |
| | Rent | (2,334) | | (2,717) |
| | Council Tax | (59,094) | | (55,403) |
| | NDR Payers | (32,336) | | (30,375) |
| | NDR Pool | (12,288) | | (11,738) |
| | Revenue Support Grant | (2,050) | | (2,190) |
| | DWP grants for benefits | (36,069) | | (31,107) |
| | Goods and Services | (22) | | (19) |
| | Housing Subsidy | (38) | | (1,322) |
| Pg 34, Nt 34 | Other government grants | (2,436) | | (1,802) |
| | Other operating income | (35,479) | | (35,663) |
| | | (182,146) | | (172,336) |
| Pg 35, Nt 35 | Revenue activities net cash flow | 415 | | (2,244) |
| | SERVICING OF FINANCE | | | |
| | Interest Paid | 910 | | 1,433 |
| | Interest Received | (1,093) | | (484) |
| | | (183) | | 949 |
| | CAPITAL ACTIVITIES | | | |
| | Cash Outflow | | | |
| | Purchase of fixed assets | 13,214 | | 16,996 |
| | Set up costs stock transfer | 0 | | 1,394 |
| | Other costs stock transfer | 0 | | 57 |
| | Interest penalty debt redemption | 0 | | 1,230 |
| | Cash Inflow | | | |
| | Sale of fixed assets | (2,875) | | (20,913) |
| Pg 34, Nt 34 | Capital grants | (3,702) | | (3,487) |
| | Other Income | (201) | | (398) |
| | Sale of long-term investments | (11,309) | | 0 |
| | | (4,873) | | (5,121) |
| | Net Cash inflow before financing | (4,641) | | (6,416) |
| | MANAGEMENT OF LIQUID RESOURCES | | | |
| | Net change in short-term deposits | | 5,128 | (3,600) |
| | FINANCING | | | |
| | Cash Outflows | | | |
| | Repayments of amounts borrowed | 21,392 | | 35,357 |
| | Cash Inflows | | | |
| | New short-term loans | (23,810) | | (24,960) |
| | | (2,418) | | 10,397 |
| Pg 35, Nt 36 | Net Decrease/(Increase) in cash | (1,931) | | 381 |



**NOTES TO
CORE
FINANCIAL
STATEMENTS**



NOTES TO THE CORE FINANCIAL STATEMENTS – CAPITAL

1 Analysis of Asset Movement 2007/2008

Movements in fixed assets during the year were as follows:-

| | Council Dwellings | Other Land and Buildings | Vehicles Plant & Equipment | Investment Properties | Land Awaiting Development | Infra-structure Assets | Community Assets | Intangible Assets | Total |
|--|-------------------|--------------------------|----------------------------|-----------------------|---------------------------|------------------------|------------------|-------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Gross value as at 1 st April 2007 | 58 | 61,555 | 7,962 | 31,138 | 22,655 | 616 | 2,177 | 465 | 126,626 |
| Gross Capital Expenditure/Additions | 0 | 5,192 | 2,272 | 594 | 1,925 | 43 | 2,891 | 67 | 12,984 |
| Disposals | 0 | (185) | (1) | 0 | (828) | 0 | 0 | 0 | (1,014) |
| Revaluations | 0 | 660 | 0 | 427 | 1,351 | 0 | 168 | 0 | 2,606 |
| Impairment | 0 | (3,827) | (1,191) | (204) | (1,668) | (42) | (57) | 0 | (6,989) |
| Reclassification | (58) | 828 | (273) | (165) | (502) | (2) | 172 | 0 | 0 |
| Gross value as at 31st March 2008 | 0 | 64,223 | 8,769 | 31,790 | 22,933 | 615 | 5,351 | 532 | 134,213 |
| Depreciation b/fwd as at 1 st April 2007 | 0 | 1,858 | 2,951 | 109 | 62 | 312 | 1 | 96 | 5,389 |
| Amortisation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 55 | 55 |
| Depreciation for year | 0 | 1,250 | 834 | 0 | 3 | 26 | 43 | 0 | 2,156 |
| Depreciation on Disposals | 0 | (5) | (1) | 0 | 0 | 0 | 0 | 0 | (6) |
| Depreciation (Prior Year Adjustments) | 0 | 0 | 0 | (109) | 0 | 0 | 0 | 0 | (109) |
| Total Depreciation as at 31st March 2008 | 0 | 3,103 | 3,784 | 0 | 65 | 338 | 44 | 151 | 7,485 |
| Net value as at 31st March 2008 | 0 | 61,120 | 4,985 | 31,790 | 22,868 | 277 | 5,307 | 381 | 126,728 |
| 31st March 2007 | 58 | 59,697 | 5,011 | 31,029 | 22,593 | 304 | 2,176 | 369 | 121,237 |

Reclassification – some of the assets have been reclassified as part of updating the asset schedule. There is no overall change in the value of these assets.

Depreciation Prior Year Adjustment – a review of the asset schedule highlighted that depreciation charges had been made on investment properties in prior years that should not have been. These have been adjusted.

2 Valuation of Fixed Assets Carried at Current Value

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by Council valuers. The basis for valuation is set out in the statement of accounting policies.

| | Council Dwellings | Other Land and Buildings | Vehicles Plant & Equipment | Investment Properties | Land Awaiting Development | Infra-structure Assets | Community Assets | Intangible Assets | Total |
|---|-------------------|--------------------------|----------------------------|-----------------------|---------------------------|------------------------|------------------|-------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Valued at Historical Cost | 0 | 0 | 8,769 | 0 | 0 | 615 | 5,351 | 532 | 15,267 |
| Value at current value in: | | | | | | | | | |
| 2007/2008 | 0 | 1,407 | 0 | 2,086 | 2,088 | 0 | 0 | 0 | 5,581 |
| 2006/2007 | 0 | 15,280 | 0 | 26,437 | 1,850 | 0 | 0 | 0 | 43,567 |
| 2005/2006 | 0 | 41,849 | 0 | 1,497 | 3,907 | 0 | 0 | 0 | 47,253 |
| 2004/2005 | 0 | 2,563 | 0 | 71 | 15,088 | 0 | 0 | 0 | 17,722 |
| 2003/2004 | 0 | 1,927 | 0 | 20 | 0 | 0 | 0 | 0 | 1,947 |
| Pre 2003/2004 | 0 | 1,197 | 0 | 1,679 | 0 | 0 | 0 | 0 | 2,876 |
| Gross value 31st March 2008 | 0 | 64,223 | 8,769 | 31,790 | 22,933 | 615 | 5,351 | 532 | 134,213 |

NOTES TO THE CORE FINANCIAL STATEMENTS – CAPITAL

The assets included pre 2003/2004 have not been revalued in the last 5 years in accordance with the Council's policy. However the value of these assets is not considered to be significantly different from the value shown had they been revalued during 2007/2008 as the assets primarily relate to land used for leisure, recreation and car parking. These assets will be included in the rolling revaluation programme in 2008/2009.

3 Analysis of Fixed Assets

| | 31 st March | | | |
|---|------------------------|-------|----------------|-------|
| | 2008 (No's) | | 2007 (No's) | |
| Beach | 1 | | 1 | |
| Commercial Property (Shops) | 12 | | 12 | |
| Community Centres | 4 | | 3 | |
| Crematorium | 1 | | 1 | |
| Depots and Workshops | 2 | | 2 | |
| Former Council Dwellings (see note) | 2 | | 2 | |
| Industrial units | 114 | | 110 | |
| Land Awaiting Development | 159 | acres | 162 | acres |
| Managed Workshops | 1 | | 1 | |
| Offices | 3 | | 3 | |
| Off-street parking | 19 | | 19 | |
| Parks and Recreation Grounds (see note) | 171 | acres | 167 | acres |
| Sports Centres and Pools | 4 | | 4 | |
| Theatres and Concert Halls | 3 | | 3 | |
| Town Halls | 1 | | 2 | |
| Land associated with the Buildings listed above (excluding Parks) | 978 | acres | 975 | acres |

The Council also operates market undertakings at three separate locations during each week but the sites are primarily car park areas and are included as such in the above analysis.

The Council retained two dwellings following the transfer of the council housing stock to Freebridge Community Housing in April 2006. These former council dwellings are leased to a housing association.

In addition, the Council retained numerous parcels of amenity land following the stock transfer. The area of this land had not yet been formally quantified, this will take place when the asset data is entered onto the new digital asset management system during 2008/2009. As such this amenity land is not included within the total for parks and recreation grounds shown above.

The figures for 2007 have been amended to include shops retained by the Council following the housing stock transfer. The managed workshops previously included within Industrial Units are now identified separately.

4 Fixed Asset Valuation

The freehold and leasehold properties which comprise the Council's property portfolio have been valued in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual (5th Edition), except that not all the properties were inspected. This was neither practicable nor considered to be necessary for the purpose of valuation.

Greater detail regarding dates and valuations is provided in the statement of accounting policies on page 47 to 54.

Vehicles, plant, machinery and equipment are valued on a historical cost basis, whereas ICT equipment is valued on a replacement cost basis.

Valuation Bases

For valuation purposes local authority property usually falls into the following groups:

- non-operational property (investment, surplus and development property), valued on the basis of Market Value;
- operational, non-specialised property, valued on the basis of Existing Use Value (EUV);
- operational, specialised properties valued using the depreciated replacement cost method.

NOTES TO THE CORE FINANCIAL STATEMENTS – CAPITAL

5 Community Assets

Community assets include two historical monuments in King's Lynn; the Red Mount Chapel and Greyfriars Tower, as well as The Walks, an area of park land.

Capital Contributions received under Section 106 Planning Agreements for the provision of affordable housing and amenity areas are now included within this account. These receipts are held by the Council pending the progression of suitable capital schemes. The amount shown was previously held within earmarked reserves and has been transferred to the account in 2007/2008.

6 Summary of Capital Expenditure

| | 2007/2008 £'000 | 2006/2007 £'000 |
|------------------|--------------------|--------------------|
| Fixed Assets | 12,984 | 10,609 |
| Deferred Charges | 1,236 | 5,473 |
| Total | 14,220 | 16,082 |

7 Summary of Capital Financing

| | 2007/2008 £'000 | 2006/2007 £'000 |
|------------------------------------|--------------------|--------------------|
| Major Repairs Allowance | 0 | 2,329 |
| Grants & Third Party Contributions | 4,333 | 4,321 |
| Unsupported Borrowing | 5,414 | 0 |
| Capital Receipts | 2,950 | 6,196 |
| Reserves | 1,001 | 3,990 |
| Creditors/Debtors | 522 | (754) |
| Total | 14,220 | 16,082 |

8 Contributions and Government Grants Deferred Account

| | 2007/2008 £'000 | 2006/2007 £'000 |
|--|--------------------|--------------------|
| Balance brought forward 1st April | (12,531) | (11,005) |
| Grants & Contributions applied during the year | (4,333) | (15,825) |
| Grants & Contributions applied for Affordable Housing and Amenity Areas (see note) | (1,971) | 0 |
| Grants & Contributions written down | 2,690 | 14,299 |
| Balance carried forward 31st March | (16,145) | (12,531) |

Capital Reserves

The SORP 2007 replaced the Fixed Asset Restatement Account and the Capital Financing Account with two new reserves:

- Revaluation Reserve, which will record any net gains, or any off-setting losses, from revaluations made after 1st April 2007.
- Capital Adjustment Account, which reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

9 Revaluation Reserve

The Reserve was formed on 1 April 2007 and records the accumulated gains on the fixed assets held by the authority arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

The Reserve is also debited with amounts equal to the depreciation charges on assets that have been incurred only because the asset has been revalued i.e. the difference between depreciation charged and that which would have been charged if the asset was held at historic cost. On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the Reserve thus represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

Whilst these gains arising from revaluations increase the net worth of the authority they would only result in an increase in spending power if the relevant assets were sold and capital receipts generated.

| | 2007/2008 |
|---|------------------|
| | £'000 |
| Balance brought forward 1st April | 0 |
| Revaluation of Fixed Assets | 2,606 |
| Disposal of Fixed Assets | (180) |
| Balance carried forward 31st March | 2,426 |

10 Capital Adjustment Account

The Account accumulates the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal, and the resources that have been set aside to finance capital expenditure. 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. It was formed on the 1st April 2007 by amalgamating the Fixed Asset Restatement Account and the Capital Financing Account.

| | 2007/2008 |
|--|------------------|
| | £'000 |
| Balance brought forward 1st April | 108,777 |
| Capital Financing | 3,952 |
| Capital Grants and Contributions written down | 2,690 |
| Deferred Charges written down | (1,236) |
| Depreciation and amortisation of fixed assets | (2,211) |
| Impairment | (6,989) |
| Repayment of loans | (6) |
| Disposal of Fixed Assets (Removal of historic cost carrying amount of property from Balance Sheet on disposal) | (828) |
| Transfer to deferred liability for outstanding finance lease obligations | (872) |
| Depreciation adjustment – prior years | 109 |
| Balance carried forward 31st March | 103,386 |

Note: With the creation of the new Revaluation Reserve, the historic cost is the asset value at 1st April 2007.

NOTES TO THE CORE FINANCIAL STATEMENTS – CAPITAL

11 Future Commitments

Outstanding commitments for future capital expenditure at 31st March 2008 are estimated to be £25,868,000 (£28,510,000 in 2006/2007).

Commitments are divided between schemes having legal contract and schemes which have not progressed to contract stage.

The period of investment in these schemes ranges from one to three years.

| | Commitment Contractual | Commitment Non- Contractual |
|--|---------------------------------------|--|
| | 31st March 2008 | 31st March 2008 |
| | £'000 | £'000 |
| Car Parks | 9 | 94 |
| Civic Buildings | 0 | 195 |
| Community Centres | 22 | 86 |
| Community Grants | 64 | 261 |
| Conservation | 65 | 79 |
| Crematoriums & Cemeteries | 45 | 357 |
| Disability Discrimination Act | 0 | 284 |
| Industrial Estates Refurbishment | 629 | 1,197 |
| Leisure & Arts | 443 | 2,258 |
| Office Equipment | 150 | 1,421 |
| Offices | 17 | 443 |
| Other | 63 | 118 |
| Parks & Open Spaces | 43 | 246 |
| Private Sector Housing/Energy Efficiency | 197 | 4,133 |
| Public Conveniences | 0 | 25 |
| Refuse & Recycling | 18 | 383 |
| Regeneration Schemes | 682 | 9,254 |
| Resort Services | 0 | 79 |
| Sewage Treatment Works/Bawsey Drain | 0 | 468 |
| Capital Project Staff | 864 | 0 |
| Street Lighting | 0 | 100 |
| Vehicles & Equipment | 18 | 753 |
| Walks Urban Project | 305 | 0 |
| TOTAL | 3,634 | 22,234 |

12 Deferred Charges

| | 2007/2008 | 2006/2007 |
|--|------------------|------------------|
| | £'000 | £'000 |
| Balance brought forward 1 st April | 0 | 0 |
| Additions in Year | 1,236 | 5,473 |
| Written Down in Year | (1,236) | (5,473) |
| Balance carried forward 31 st March | 0 | 0 |

13 Deferred Capital Receipts

In the past, when assets such as Council Houses were sold the Council provided a mortgage if required and the capital sum due from the sale was recovered over the period of the mortgage.

14 Useable Capital Receipts

An analysis of the balance of capital receipts which can be used to finance capital expenditure is as follows:

| | 31st March | |
|--|------------------------------|--------------|
| | 2008 | 2007 |
| | £'000 | £'000 |
| Balance in hand 1 st April | 75 | 75 |
| Receipts in year | | |
| LSVT | 0 | 15,690 |
| Miscellaneous capital receipts | 3,019 | 6,359 |
| Capital receipts pool | (144) | (106) |
| Financing during the year | | |
| LSVT costs and debt repayment | 0 | (15,690) |
| Capital programme | (2,950) | (6,196) |
| Freebridge vehicle purchase | 0 | (57) |
| Balance in hand 31 st March | 0 | 75 |

15 Revenue Provision

The Council is required by statute to charge the General Fund with a minimum amount for the repayment of external debt (as explained within the Statement of Accounting Policies on 54). The 2007/2008 revenue provision for the repayment of debt is equivalent to 4% of the Council's underlying need to borrow for capital financing purposes as at the start of the financial year. With debt being repaid as part of the stock transfer, there is no requirement to provide Minimum Revenue Provision (MRP) in the 2007/2008 accounts.

| | 2007/2008 | 2006/2007 |
|---|-----------|-----------|
| | £'000 | £'000 |
| Revenue Provision for Repayment of Debt | 0 | 28 |
| Depreciation charged to HRA | 0 | 6 |
| Contributions from HRA | 0 | (6) |
| | 0 | 28 |

16 Investments

The following investments represent unusable capital receipts (reserved), which have been placed with Fund Managers and invested in a range of financial instruments. A small sum of £13,000 is invested in unredeemable Government Bonds. Long-term investments are for a period in excess of a year.

| | 31 st March | |
|-------------------------------|------------------------|---------------|
| | 2008 | 2007 |
| | £'000 | £'000 |
| <u>Long-term</u> | | |
| Fund Managers | 12,685 | 22,659 |
| Bonds | 13 | 13 |
| Banks | 7,251 | 7,000 |
| Building Societies | 2,164 | 3,000 |
| Long-term Investments | 22,113 | 32,672 |
| <u>Short-term</u> | | |
| Banks | 2,128 | 0 |
| Building Societies | 3,000 | 0 |
| Short-term Investments | 5,128 | 0 |
| Total Investments | 27,241 | 32,672 |

17 Short Term Borrowing

Temporary Loans outstanding at 31st March 2008.

| Source of Loan | Balance Outstanding | |
|--------------------|------------------------|--------------|
| | 31 st March | |
| | 2008 | 2007 |
| | £'000 | £'000 |
| Banks | 0 | 2,000 |
| Building Societies | 4,504 | 0 |
| Local Authorities | 1,001 | 2,100 |
| Other | 21 | 102 |
| Total | 5,526 | 4,202 |

18 Long Term Borrowing

Long-term borrowing is debt which is due to be repaid in excess of one year.

Interest rates are at 3.8%

| Source of Loan | Balance Outstanding | |
|-------------------------|------------------------|--------------|
| | 31 st March | |
| | 2008 | 2007 |
| | £'000 | £'000 |
| Barclays | 10,094 | 5,000 |
| Westdeutsche Landesbank | 0 | 4,000 |
| Subtotal | 10,094 | 9,000 |

19 Leases

The Council has finance and operating leases. A finance lease transfers all rights and rewards of ownership of an asset to the lessee. An operating lease is any lease that is not a finance lease.

Operating Leases

The Council has operating lease agreements for the provision of service vehicles, trade refuse containers, grounds maintenance, sports and communications equipment, land and buildings.

The Council is committed to making payments of £178,240 under operating leases in 2008/2009 comprising the following elements:

| <u>Operating Leases</u> | Other Land and Buildings | Vehicles, Plant and Equipment |
|--|---------------------------------|--------------------------------------|
| | £ | £ |
| Leases expiring in 2008/2009 | 108,163 | 20,082 |
| Leases expiring between 2008/2009 to 2013/2014 | 26,951 | 11,254 |
| Lease expiring after 2013/2014 | 11,790 | 0 |
| | 146,904 | 31,336 |

Finance Leases

The Council has a number of long term leases on land and buildings which have been accounted for as finance leases. These leases include industrial units at Fritcham, the Arts Centre and Old Cattle Market car park in King's Lynn and Downham Market Leisure Centre. All payments have been taken to the deferred liability included in the Balance Sheet, and this figure, represents the outstanding finance lease obligations, previously included within the Capital Adjustment Account. The rentals payable in 2007/2008 were £41,045. All payments have been taken to the Income and Expenditure account.

The following values of assets are held under finance leases by the authority, accounted for as part of tangible fixed assets.

| <u>Finance Leases</u> | Other Land and Buildings |
|--------------------------------------|---------------------------------|
| | £'000 |
| Value at 1st April 2007 | 8,979 |
| Additions | 29 |
| Revaluations | 105 |
| Depreciation | (143) |
| Disposals | 0 |
| Value at 31 st March 2008 | 8,970 |

20 Treasury management – Financial Instrument Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments; this includes all borrowing and investments, creditors and debtors:

| | Long-Term | Current |
|---|-----------------------------------|-----------------------------------|
| | 31st March 2008 | 31st March 2008 |
| | £'000 | £'000 |
| Financial liabilities at amortised cost | 10,168 | 14,431 |
| Total borrowings | 10,168 | 14,431 |
| Loans and receivables | 22,767 | 10,238 |
| Total investments | 22,767 | 10,238 |

21 Financial Instruments – Gains and Losses

The gains and losses recognised in the Income and Expenditure Account and the Statement of Recognised Gains and Losses, in relation to financial instruments are made up as follows in the table below. The current policy relating to External Fund Managers is to value assets at 'Net Market Value'. These Assets at 31st March 2008 have a net market value of £12,684,899 and take account of a book loss of £19,144 and therefore no fair value adjustment is necessary.

| | Financial Assets | | |
|---|---|------------------------------|--------------|
| | Financial Liabilities measured at amortised cost | Loans and receivables | Total |
| | £'000 | £'000 | £'000 |
| External Interest payable | 891 | 0 | 891 |
| External Interest and Investment income (cost of borrowing and brokerage) | 0 | (1,801) | (1,801) |
| Net gain for the year | 891 | (1,801) | (910) |

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms. This is the widely accepted valuation technique commonly used by the private sector. As this authority does not actively trade with its internally managed loans and investments no adjustment is required within the accounts relating to fair value.

The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, we have used the prevailing rate of a similar instrument with a published market rate, as the discount factor.

For all short term investments (under one year) fair value is assumed to be the same as the carrying value.

NOTES TO THE CORE FINANCIAL STATEMENTS – FINANCIAL INSTRUMENTS

The fair values calculated are as follows :

| 31st March 2008 | | |
|-----------------------------------|------------------------|--------------------|
| | Carrying amount | Fair values |
| | £'000 | £'000 |
| Long Term Loans | 10,094 | 9,105 |
| Other Financial Liabilities | 14,505 | 14,505 |
| Financial liabilities | 24,599 | 23,610 |

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

| 31st March 2008 | | |
|-----------------------------------|------------------------|--------------------|
| | Carrying amount | Fair values |
| | £'000 | £'000 |
| Financial Assets | | |
| Long Term Investments | 9,428 | 9,474 |
| Fund Managers | 12,685 | 12,685 |
| Other Financial Assets | 10,892 | 10,892 |
| | 33,005 | 33,051 |

The fair value is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the balance sheet date. This guarantee to receive interest above current market rates increases the amount that the Council would receive if it agreed to early repayment of the loans.

22 Treasury Management – Financial Instruments Credit Risk

The Council’s activities expose it to a variety of financial risks:

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

The Council’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

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, other than building societies and local government institutions, unless they are rated independently with the following ratings. The Council has a policy of not lending more than £5m of its surplus balances to one institution at any one time.

The Council’s minimum ratings for banks are:

| | | | |
|----------------------|----------------------|-------------------|---------------------|
| Short term Rating | Individual Rating | Support Rating | Long Term Rating |
| F1 | B/C | 4 | A |

F1 = Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments. Have an added “+” to denote any exceptionally strong credit feature.

B = A strong bank. There are no major concerns regarding the bank. Characteristics may include strong profitability and balance sheet integrity, franchise, management, operating environment or prospects.

C = An adequate bank which, however, possesses one or more troublesome aspects. There may be some concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment and prospects.

4 = A bank, for which support from a state or from an institutional owner is likely but not certain.

A = A low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. There may be some vulnerability to changes in circumstances or in economic conditions than is the case for higher ratings.

In addition to the above the following institutions are also allowed:

Top UK Building Societies, whose assets exceed £2,000,000,000 (*listed separately, lending limit as specified*)

Government departments

Non-privatised National Industries

Cater Allen Ltd via Integer secured deposit scheme (Discount House) (£2m limit)

Counter parties are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council and shown above.

NOTES TO THE CORE FINANCIAL STATEMENTS – FINANCIAL INSTRUMENTS

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

| | Amount at 31 st March 2008 | Historical experience of default | Historical experience adjusted for market conditions at 31 st March 2008 | Estimated maximum exposure to default and uncollectability |
|--|---|--|---|---|
| | £'000 | % | % | £'000 |
| | A | B | C | (A X C) |
| Deposits with banks and financial institutions* | 27,965 | 0 | 0 | 0 |
| Bonds* | 13 | 0 | 0 | 0 |

* the above assumptions are based on the support ratings of the institutions and the duration remaining on the deposits. The Council's policy is not to lend to those organisations who are unlikely to be supported by either the government or the Institutional owner.

23 Treasury Management - Limits

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

Liquidity risk

As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than £5m of long-term loans are due to mature within any financial year through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. All loans in the less than one year category relates to new temporary loans.

The maturity analysis of financial liabilities is as follows:

| | 31 st March 2008 | | |
|----------------------------|-----------------------------|---------------|---------------|
| | Loans | Other | Total |
| | £'000 | £'000 | £'000 |
| Less than one year | 5,526 | 11,047 | 16,573 |
| Between one and two years | 0 | 0 | 0 |
| Between two and five years | 0 | 0 | 0 |
| More than five years | 10,094 | 74 | 10,168 |
| | 15,620 | 11,121 | 26,741 |

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

24 Market risk

Interest rate risk

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in 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 liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or Statement of Recognised Gains and Losses (STRGL). However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance. Movements in the fair value of fixed rate investments will be reflected in the STRGL.

The Council has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is offset by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

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

NOTES TO THE CORE FINANCIAL STATEMENTS – FINANCIAL INSTRUMENTS

According to this assessment strategy, at 31st March 2008, if interest rates had been 1% higher with all other variables held constant the financial effect would be:

| | 31st March 2008 |
|--|-----------------------------------|
| | £'000 |
| Increase in interest payable on variable rate borrowings | 6 |
| Increase in interest receivable on variable rate investments | (51) |
| Impact on Income and Expenditure Account | (45) |

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

The Council does not invest in equity shares. The Council is consequently not exposed to losses arising from movements in the prices of the shares.

Foreign exchange risk

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

25 Local Government Pension Scheme (LGPS)

The Pension Scheme is a funded defined benefit scheme. The cost of pensions is provided from Norfolk County Council's Pension No 1 Fund, other than the cost arising from the award of added years under the Local Government (Compensation for Premature Retirement) Regulations 1982. The Council recognises the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions (as required by Financial Reporting Standard 17). However, the charge we are required to make against the council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund in the Statement of Movement on General Fund Balance. The following transactions have been made in the Accounts during the year:

| Local Government Pension Scheme | 2007/2008 | | 2006/2007 | |
|--|-----------|----------------|-----------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Net Cost of Services: | | | | |
| Current Service Cost | (2,198) | | (2,520) | |
| Past Service Cost | (60) | | (220) | |
| Unfunded Benefits | 248 | | 250 | |
| | | (2,010) | | (2,490) |
| Net Operating Expenditure: | | | | |
| Interest Cost | (5,938) | | (5,450) | |
| Expected Return On assets In The Scheme | 5,971 | | 5,770 | |
| | | 33 | | 320 |
| Lump Sum Payment * | | (1,000) | | (2,200) |
| Amounts to be met from Government Grants and Local Taxation: | | | | |
| Movement On Pensions Reserve | | (362) | | (280) |
| Actual amount charged against Council Tax for Pensions in the Year | | | | |
| Employers' Contributions Payable To Scheme | | (3,339) | | (4,650) |

* As part of the Housing Stock Transfer the Council made a payment of £2.2m in 2006/2007 into the pension fund, and a further payment of £1m in 2007/2008. This was done to prevent an increase in the past service cost element, which would have impacted on Council Tax levels in future years. The VAT Shelter money received in 2007/2008 has financed this sum.

26 Retirement Benefits

As part of the terms and conditions of employment of its officers, the Council offers retirement benefits to individual employees on retirement. The Council participates in the Norfolk Pension Fund operated by Norfolk County Council. This is a defined benefit scheme. The Council and its employees pay contributions to the fund. These contributions are calculated at a level to balance the pension liabilities with investment assets.

Note 25, page 26 contains details of the Council's participation in the Local Government Pensions Scheme (administered by Norfolk County Council).

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

| Local Government Pension Scheme | 31st March | |
|--|------------------------------|-----------------|
| | 2008 | 2007 |
| | £'000 | £'000 |
| Estimated liabilities in scheme | (90,206) | (98,800) |
| Estimated assets in scheme | 81,955 | 84,200 |
| Net (Liability) | (8,251) | (14,600) |

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £8.251m has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy: the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme's actuary.

The Income and Expenditure Account figures for the year to 31st March 2008 are calculated, based on a discount rate derived from corporate bond yields as at 31st March 2008 (which was 6.9% p.a.), as required by CIPFA.

Liabilities have been assessed on an actuarial basis using the projected unit method as required by FRS 17. The actuary Hymans Robertson, has adopted a set of demographic assumptions that are consistent with those used for the Norfolk Pension Fund at the last triennial valuation on 31st March 2007.

The actuary used this valuation as the basis for the FRS 17 calculations. The financial assumptions that have been used for the purposes of FRS 17 calculations are as follows:

| Assumptions as at | 31st March | | | |
|--|------------------------------|---------------|---------------|---------------|
| | 2008 | 2007 | 2006 | 2005 |
| | % p.a. | % p.a. | % p.a. | % p.a. |
| Rate of Inflation | 3.6 | 3.2 | 3.1 | 2.9 |
| Rate of Salary increases | 5.1 | 4.7 | 4.6 | 4.4 |
| Rate of Increase in Pensions, Payments and Deferred Pensions | 3.6 | 3.2 | 3.1 | 2.9 |
| Rate of Discounting Scheme Liabilities | 6.9 | 5.4 | 4.9 | 5.4 |

NOTES TO THE CORE FINANCIAL STATEMENTS – PENSIONS

The fair value of each main class of asset held by the fund, as at the 31st March 2008, and the expected rate of return are as follows:

| As at 31st March 2008 | | | |
|---|-----------------|---------------------------------------|---------------------------------------|
| Class of Fund Asset | Expected Return | Fair value of the Attributable Assets | Proportion of Assets held by the fund |
| | % | £'000 | % |
| Equities | 7.7 | 52,540 | 64 |
| Bonds | 5.7 | 14,534 | 18 |
| Property | 5.7 | 11,653 | 14 |
| Cash | 4.8 | 3,228 | 4 |
| Total | 6.9 | 81,955 | 100 |

| As at 31st March 2007 | | | |
|---|-----------------|---------------------------------------|---------------------------------------|
| Class of Fund Asset | Expected Return | Fair value of the Attributable Assets | Proportion of Assets held by the fund |
| | % | £'000 | % |
| Equities | 7.9 | 56,600 | 67 |
| Bonds | 4.9 | 12,300 | 15 |
| Property | 5.9 | 13,300 | 16 |
| Cash | 4.9 | 2,000 | 2 |
| Total | 7.1 | 84,200 | 100 |

| As at 31st March 2006 | | | |
|---|-----------------|---------------------------------------|---------------------------------------|
| Class of Fund Asset | Expected Return | Fair value of the Attributable Assets | Proportion of Assets held by the fund |
| | % | £'000 | % |
| Equities | 7.4 | 59,600 | 71 |
| Bonds | 4.6 | 11,900 | 14 |
| Property | 5.5 | 10,200 | 12 |
| Cash | 4.6 | 2,000 | 3 |
| Total | 6.7 | 83,700 | 100 |

In 2007/2008, pension costs have been charged to the Income and Expenditure Account. At 31st March 2008, the Council has the following overall assets and liabilities for pensions that have been included in the balance sheet.

| Net Pension Asset at: | 31st March | | |
|---------------------------------------|------------------------------|-----------------|------------------|
| | 2008 £'000 | 2007 £'000 | 2006 £'000 |
| Estimated Employer Assets (A) | 81,955 | 84,200 | 83,700 |
| Present Value of Scheme Liabilities | (86,750) | (95,100) | (107,500) |
| Present Value of Unfunded Liabilities | (3,456) | (3,700) | (3,800) |
| Total Value of Liabilities (B) | (90,206) | (98,800) | (111,300) |
| Net Pension Liability (A+B) | (8,251) | (14,600) | (27,600) |

The impact of this liability on the balance sheet is to reduce the Assets by £8.251m – 6.8% (£14.6m – 12.17% as at 31st March 2007).

FRS 17 is an accounting standard that prescribes how the net pension liability is derived. It reflects the position of the fund on 31st March 2008.

In contrast, the 3 yearly actuarial valuation, which sets employer contribution rates, takes a longer term view and allows for smoothing. As a result, the FRS basis is much more volatile than the triennial valuation and inevitably results in different valuations on the state of the fund compared to the triennial valuation method.

NOTES TO THE CORE FINANCIAL STATEMENTS – PENSIONS

The movement in net pension liability is as follows:

| | 2007/2008 £'000 | 2006/2007 £'000 |
|---------------------------------------|--------------------|--------------------|
| Opening Net Pensions Liability | (14,600) | (27,600) |
| Expected Contributions | 3,339 | 4,650 |
| Actuarial gain | 4,987 | 10,520 |
| Unfunded Benefits | 248 | 250 |
| Current service cost | (2,198) | (2,520) |
| Past service cost | (60) | (220) |
| Net Return on Assets | 33 | 320 |
| Closing Net Pensions Liability | (8,251) | (14,600) |

The Local Government Pension Scheme (LPGS) regulations were revised on 30 March 2006 and give retiring LGPS members in England and Wales the option to increase the amount of tax-free cash taken from the scheme at retirement from the current fixed amount of three years' pension to the new maximum permissible under the Finance Act 2004 of 25% of the total value of the benefits. Hymans Robertson, the Council's actuary, has made an allowance for 50% of future retirements to elect to take tax-free lump sums up to HMRC limits. They have also based life expectancy on the PMA/PFA 92 table, projected to 2033 for non-pensioners and 2017 for pensioners.

The actuarial gain can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities as at 31st March.

| | 2008 £'000 | 2007 £'000 | 2006 £'000 | 2005 £'000 | 2004 £'000 |
|---|-----------------------------|---------------|---------------|-----------------|---------------|
| Difference between expected and actual return on assets | (8,971) | (450) | 11,900 | 2,560 | 7,221 |
| | 10.9% | (0.5%) | 14.2% | 3.8% | 12.3% |
| | based on scheme assets | | | | |
| Expected (losses) / gains arising on the scheme liabilities | (1,189) | 5,510 | (130) | (1,737) | 42 |
| | 1.3% | 5.6% | (0.1%) | (1.9%) | 0.1% |
| | based on scheme liabilities | | | | |
| Changes in financial assumptions underlying the present value of the scheme liabilities | 15,147 | 5,460 | (12,360) | (13,020) | 0 |
| Changes in the demographic and financial assumptions used to estimate liabilities | 0 | 0 | 0 | 0 | 0 |
| | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total Actuarial | 4,987 | 10,520 | (590) | (12,197) | 7,263 |

NOTES TO THE CORE FINANCIAL STATEMENTS – CREDITORS AND DEBTORS

27 Creditors

| | 31 st March | |
|---|------------------------|---------------|
| | 2008 | 2007 |
| | £'000 | £'000 |
| Government Departments | 66 | 4,094 |
| Inland Revenue | 24 | 333 |
| Other Local Authorities | 0 | 221 |
| Industrial Estate | 225 | 230 |
| Deposits | | |
| Deferred Income | 2,943 | 2,001 |
| Sundry Creditors | 3,995 | 3,445 |
| Collection Fund – Fund Balances (County & Police) | 3,794 | 3,393 |
| Total | 11,047 | 13,717 |

30 Collection Fund Debtors

| | 31 st March | |
|------------------------------|------------------------|--------------|
| | 2008 | 2007 |
| | £'000 | £'000 |
| Business Ratepayers | 242 | 291 |
| Provision for doubtful debts | (132) | (119) |
| Council Taxpayers | 1,624 | 1,620 |
| Provision for doubtful debts | (282) | (213) |
| Total | 1,452 | 1,579 |

28 Long Term Debtors

| | 31 st March | |
|------------------------|------------------------|------------|
| | 2008 | 2007 |
| | £'000 | £'000 |
| Local Authorities | 314 | 332 |
| Housing Advances | 83 | 89 |
| Housing Association | 111 | 111 |
| Council House Sales | 74 | 106 |
| Car loans to employees | 2 | 4 |
| Specific long term | 70 | 70 |
| Total | 654 | 712 |

The above table relates to debts which are due to be repaid in excess of one year.

29 Short Term Debtors

These represent £4.848m Council debtors and £1.452m collection fund debtors, in total £6.300m.

| Local Authority Debtors | 31 st March | |
|-----------------------------|------------------------|--------------|
| | 2008 | 2007 |
| | £'000 | £'000 |
| Due within one year | | |
| Government Departments | 1,195 | 761 |
| Prepayments | 207 | 160 |
| Rechargeable works | 59 | 4 |
| Sundry Debtors | 1,412 | 1,357 |
| Accrued Income | 2,351 | 2,508 |
| | 5,224 | 4,790 |
| Provision for doubtful debt | (376) | (375) |
| Total | 4,848 | 4,415 |

31 Related Party Transactions

In the financial year the Council received Revenue Support Grant, various Specific Grants and a share of National Non Domestic Rates from the Government which appear in the Income and Expenditure Account and Cash Flow statement. Goods and services supplied by member related businesses are £34,557 (£81,428 in 2006/2007). Grants awarded to organisations on which Councillors and Senior Officers have an interest totalled £279,199 (£135,097 in 2006/2007).

32 Related Parties - Debtors and Creditors

The debtors and creditors of related parties are as follows

| | 31 st March | |
|------------------------|------------------------|---------------|
| | 2008 £'000 | 2007 £'000 |
| Debtors | | |
| Government Departments | 1,195 | 761 |
| Local Authorities | 314 | 332 |
| Creditors | | |
| Government Departments | 90 | 4,427 |
| Public Authorities | 3,794 | 3,614 |

Government Departments

Debtors for Government departments include, for both years, Value Added Tax owed to the Borough Council and, in 2007/2008 only, a debtor for National Non Domestic Rates pool expenditure.

Creditors for Government departments include, for both years, payments due to the Inland Revenue. The large reduction for 2007/2008 reflects a repayment of Housing subsidy.

Local / Public Authorities

Debtor for Local Authorities is transferred debt to Norfolk County Council from the 1974 reorganisation.

Creditors for Public Authorities relate mainly to collection fund balances from Norfolk County Council and Norfolk Police Authority.

NOTES TO THE CORE FINANCIAL STATEMENTS – EARMARKED RESERVES

33 Earmarked Reserves

This represents the aggregate of reserves of the Council.

| | | 1 st April 2007 | 2007/2008 Contributions to the General Fund | 2007/2008 Contributions from the General Fund | Transfer to / (from) | Fund Capital Programme | 31 st March 2008 |
|------|-------------------------------------|----------------------------------|--|--|-------------------------|------------------------------|--------------------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| (1) | Amenity Areas | 458 | (138) | 118 | 0 | 0 | 438 |
| (2) | Capital Programme Resources | 19 | (14) | 2,306 | 700 | (588) | 2,423 |
| (3) | VAT Shelter Money | 0 | (1,000) | 2,234 | (1,124) | (110) | 0 |
| (4) | Affordable Housing | 2,042 | (2,368) | 299 | 313 | 0 | 286 |
| (5) | West Norfolk Partnership | 740 | (50) | 589 | (313) | 0 | 966 |
| (6) | Safer, Stronger Communities Fund | 604 | 0 | 323 | 465 | 0 | 1,392 |
| (7) | Town Centre Development | 3 | 0 | 11 | (14) | 0 | 0 |
| (8) | Insurance Reserve | 154 | (2) | 29 | (45) | (11) | 125 |
| (9) | Restructuring Reserve | 250 | (107) | 175 | (68) | 0 | 250 |
| (10) | Renewals Reserve | 637 | (7) | 68 | (111) | (88) | 499 |
| (11) | Repairs Reserve | 1,221 | (78) | 200 | 5 | (194) | 1,154 |
| (12) | Holding Accounts | 1,452 | (836) | 703 | 29 | (1) | 1,347 |
| (13) | Ring Fenced Reserves | 154 | (76) | 90 | 51 | (9) | 210 |
| (14) | Local Public Service Agreement | 62 | (35) | 138 | 0 | 0 | 165 |
| (15) | Housing Stock Transfer | 576 | (700) | 0 | 124 | 0 | 0 |
| (16) | Other | 8 | (9) | 13 | (12) | 0 | 0 |
| | | 8,380 | (5,420) | 7,296 | 0 | (1,001) | 9,255 |

The opening balance as at 1st April 2007 has been re-classified. The major change has been in showing the West Norfolk Partnership and the Safer, Stronger Communities reserves separately. Previously they were identified as part of Ring Fenced reserves.

33 Earmarked Reserves (continued)

- 1 The Amenity Areas Reserve represents contributions made by developers to the Council for the maintenance of land on housing sites. The sums and interest earned are spent on the areas over several years.
- 2 The Capital Programme Resources reserve is used to fund the capital programme. It has been established by annual contributions from the revenue budget and is a combination of various specific capital reserves.
- 3 VAT Shelter money will be received over a ten year period starting from 2006/2007 and will be used to fund Pension costs associated with Housing Stock Transfer and also funding Capital Expenditure.
- 4 The Affordable Housing Reserve was set up to hold contributions from developers and income from second homes to fund affordable housing schemes. Subsequently contributions have been transferred to Contributions and Government grants, see Page 15, note 8.
- 5 The West Norfolk Partnership exists to tackle the toughest problems affecting the residents of West Norfolk and joint initiative between the Borough and County Councils, the Police, voluntary sector, education sector and the health sector.
- 6 The Safer, Stronger Communities Fund is a Government sponsored initiative aimed at tackling crime, anti-social behaviour and drugs, empowering communities, and improving the condition of streets and public spaces.
- 7 The Restructuring Reserve was established to meet the Government's modernising agenda. As the Town Centre development has now been completed this reserve has been run down.
- 8 The Insurance Reserve was established to fund expenditure required as necessary by our Insurance Company and also to meet areas of risk management.
- 9 The Restructuring Reserve was established to meet the Government's modernising agenda.
- 10 Renewal Reserves are maintained for replacing vehicles, computers and office equipment. Annual contributions help to maintain the level of the funds.
- 11 Repairs Reserves have been established to help equalise the impact on the revenue accounts of programmed repairs.
- 12 Holding Accounts are reserves which reflect the over and under recovery of charges for departmental expenses.
- 13 Ring Fenced Reserves can only be used for specific purposes. Included are the Building Control Account and Trust Funds that are administered by the Council on behalf of Trustees.
- 14 Funding for initiatives on service delivery with other local authorities within Norfolk.
- 15 The reserves were set up to deal with costs relating to the Housing Stock Transfer which occurred in April 2006. With the closure of the Housing Revenue Account the reserves have been distributed to the HRA and the General Fund.
- 16 Other Earmarked Reserves reflect primarily suspense accounts of the various feeder systems.

NOTES TO THE CORE FINANCIAL STATEMENTS – CASH FLOW

34 Government Grants

| Capital Grants | 2007/2008 | 2006/2007 |
|---|------------------|------------------|
| | £'000 | £'000 |
| Department for Environment Food and Rural Affairs | 39 | 0 |
| Department of Constitutional Affairs | 0 | 15 |
| Disabled Facilities | 359 | 251 |
| East of England Development Agency | 60 | 16 |
| English Heritage | 54 | 85 |
| English Partnerships | 0 | 49 |
| Financial Instruments for Fisheries Guidance - Marine Fisheries | 0 | 15 |
| Football Foundation | 0 | 337 |
| Heritage Lottery Fund | 1,827 | 838 |
| Housing Capital | 281 | 557 |
| Marine Fisheries Agency | 0 | 19 |
| Norfolk County Council | 39 | 19 |
| Other Government Agencies | 4 | 8 |
| Safer, Stronger Communities Fund | 980 | 970 |
| Sport England | 0 | 308 |
| Waste Performance | 59 | 0 |
| Total Government Grants | 3,702 | 3,487 |

Capital Grants have been re-worked for 2006/2007 with the figure for the Heritage Lottery Fund increasing from £685,000 to £838,000.

| Revenue Grants | 2007/2008 | 2006/2007 |
|---|------------------|------------------|
| | £'000 | £'000 |
| Arts Council | 29 | 24 |
| Business Rates cost of collection | 208 | 205 |
| Concessionary Travel - Administration for new card scheme | 93 | 0 |
| Community Safety | 8 | 70 |
| Contaminated Land | 1 | 1 |
| Department of Health Anti Smoking funding | 63 | 13 |
| Department for Works and Pensions - Performance standards funding | 325 | 301 |
| East of England Development Agency | 149 | 141 |
| Homelessness | 60 | 54 |
| Local Housing Allowance | 194 | 0 |
| Gypsy and Traveller Accommodation Assessments | 8 | 0 |
| Primary Care Trust | 23 | 16 |
| Planning Delivery | 283 | 111 |
| Safer, Stronger Communities Fund | 731 | 359 |
| Sports Council | 47 | 0 |
| Supporting People | 155 | 393 |
| Waste Performance | 59 | 114 |
| Total Grants Received | 2,436 | 1,802 |

NOTES TO THE CORE FINANCIAL STATEMENTS – CASH FLOW

35 Reconciliation of Revenue Cash Flow

This note reconciles the movement in the Council's Income & Expenditure Account and the Collection Fund to the movement in cash used for the provision of revenue services.

| | 2007/2008 | | 2006/2007 | |
|---|-----------|---------|-----------|-----------|
| | £'000 | £'000 | £'000 | £'000 |
| (Surplus)/Deficit for the Year | | | | |
| Income & Expenditure Account | 633 | | 97,580 | |
| Collection Fund Account | (85) | | (89) | |
| | | 548 | | 97,491 |
| Working Capital Movements | | | | |
| Increase in debtors | (149) | | 1,414 | |
| Increase/(Decrease) in stocks | 4 | | (125) | |
| (Increase)/Decrease in creditors | 3,661 | | (266) | |
| | | 3,516 | | 1,023 |
| Non-cash Movements | | | | |
| Transfers from balances | (1,001) | | (6,320) | |
| Other adjustments | (2,648) | | (94,438) | |
| | | (3,649) | | (100,758) |
| Revenue Activities Net Cash Flow | | 415 | | (2,244) |

Within non-cash movements for 2006/2007; other adjustments have been amended due to reclassification of government grants with a compensating adjustment within the main Cashflow statement, page 12. See page 34, note 34 and header title page 12 for further details.

36 Financing Movements

This note shows the overall movement in cash between years.

| | 31 st March | | Movement | |
|----------------------|------------------------|---------|-----------|-----------|
| | 2008 | 2007 | 2007/2008 | 2006/2007 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash Balances | 737 | (1,194) | 1,931 | (381) |

NOTES TO THE CORE FINANCIAL STATEMENTS – CASH FLOW

37 Analysis of Net Debt

This statement reconciles changes in cash to the movement in net debt

| | 1 st April 2007 Opening | Movement | 31 st March 2008 Closing |
|--|---------------------------------------|----------------|---|
| | £'000 | £'000 | £'000 |
| Cash | (1,194) | 1,931 | 737 |
| Investments | 32,672 | (5,431) | 27,241 |
| Loans | (13,202) | (2,418) | (15,620) |
| Net Debt | 18,276 | (5,918) | 12,358 |
| Reconciliation of changes in cash to movement in debt: | | | |
| Change in cash (from cash flow statement) | | | 1,931 |
| Movement on investments including capitalisation | | | (5,431) |
| Movement on Short-term loans | | | (1,324) |
| Movement on Long-term loans | | | (1,094) |
| Movement in net debt | | | (5,918) |
| Net debt 1 st April 2007 | | | 18,276 |
| Net debt 31 st March 2008 | | | 12,358 |

38 Financing and Management of Liquid Resources

This statement is a reconciliation of items shown within Financing and Management of Liquid Resources to the opening and closing balance sheet.

| | 1 st April 2007 Opening | Movement | 31 st March 2008 Closing |
|--------------------------------|---------------------------------------|--------------|--|
| | £'000 | £'000 | £'000 |
| Short-Term Deposits | 0 | 5,128 | 5,128 |
| Short-Term Loans | (4,202) | (1,324) | (5,526) |
| Long-Term Loans | (9,000) | (1,094) | (10,094) |
| | (13,202) | 2,710 | (10,492) |
| Management of Liquid Resources | | 5,128 | |
| Financing | | (2,418) | |
| | | 2,710 | |

39 Trading Operations

Under the CIPFA Best Value Accounting Code of Practice, services have been redefined to include trading services with the public or other third parties. In 2007/2008 a review was undertaken whereby the former organisations once subject to competitive compulsory trading (i.e. grounds maintenance and public cleansing) were re-classified from trading operations and now appear in the income and expenditure account within the line for culture and related services and environmental services respectively. Trading operations now include industrial estates, markets and trade refuse. The 2006/2007 figures have been restated. Within the Income and Expenditure Account the Trading Operations Total is shown as a separate line and Arts and Entertainment and Sport and Recreation is included within Culture and Related Services. The net expenditure on Sports and Recreation shows an additional £848,000 as compared to the previous year. Of this amount £502,000 represents an impairment caused by the fire at St James' swimming pool.

| | 2007/2008 Gross Expenditure £'000 | 2007/2008 Gross Income £'000 | 2007/2008 Net Expenditure £'000 | 2006/2007 Gross Expenditure £'000 | 2006/2007 Gross Income £'000 | 2006/2007 Net Expenditure £'000 |
|---|--|---------------------------------------|--|--|---------------------------------------|--|
| Industrial Estates | 740 | 1,342 | (602) | 453 | 1,475 | (1,022) |
| Markets | 105 | 138 | (33) | 100 | 129 | (29) |
| Trade Refuse | 494 | 530 | (36) | 542 | 555 | (13) |
| Trading Operations (I & E) (see Page 6) | 1,339 | 2,010 | (671) | 1,095 | 2,159 | (1,064) |
| Arts & Entertainment | 3,355 | 2,052 | 1,303 | 3,008 | 1,870 | 1,138 |
| Sport & Recreation | 5,144 | 2,306 | 2,838 | 4,195 | 2,205 | 1,990 |
| Total Trading Operations | 9,838 | 6,368 | 3,470 | 8,298 | 6,234 | 2,064 |

40 Publicity Expenditure

Section 5 of the Local Government Act 1986 requires authorities to keep accounts of expenditure on certain items of publicity.

In 2007/2008 the sum of £189,234 was spent (£219,929 in 2006/2007), this covers publicity campaigns not directly connected with the Council's facilities i.e. promotion of the Borough in general. Of this amount, £161,532 (£179,876 in 2006/2007) relates to staff recruitment advertising, and the balance of £27,702 (£40,053 in 2006/2007) relates to other general publicity expenditure.

Publicity promoting specific services, notably leisure facilities, is regarded as exempt from Section 5 disclosure requirements.

41 Agency Income and Expenditure

Grass cutting is carried out, on behalf of the County Council and the Commonwealth Graves Commission, by the Borough Council on an agency basis. Also, a Care and Repair agency

is carried out on behalf of Fenland and Breckland Councils. Income received in 2007/2008 was £124,089 (£78,372 in 2006/2007). The service is provided at cost: hence the expenditure incurred in providing the service is equal to the income earned.

42 Employees Remuneration

Under the Accounts and Audit Regulations 2003, it is a requirement to publish the number of employees whose taxable emoluments exceeded £50,000.

| | 2007/2008 | 2006/2007 |
|---------------------|-----------|-----------|
| £50,000 - £59,999 | 3 | 3 |
| £60,000 - £69,999 | 6 | 5 |
| £70,000 - £79,999 | 0 | 0 |
| £80,000 - £89,999 | 1 | 1 |
| £90,000 - £99,999 | 0 | 0 |
| £100,000 - £109,999 | 0 | 1 |
| £110,000 - £119,999 | 1 | 0 |

Pay bands for 2007/2008 reflect election payments to the Returning Officer.

NOTES TO THE CORE FINANCIAL STATEMENTS - OTHER

43 Local Authority (Goods and Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies. During the year the Council provided goods and services to other public bodies to a total value of £21,682. This related to the provision of printing services to parishes and colleges (2006/2007 £19,189).

44 Members Allowances

The total paid to members of the Council in 2007/2008 under the Local Authorities (Members Allowance) (Amendment) Regulations 1995 was £396,817 (£322,147 in 2006/2007). Further details can be obtained from Democratic Services (01553 616327).

45 Building Regulations Charging Account

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory bodies. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

Chargeable costs are ring fenced with its reserve standing at a nil balance at 31st March 2008 (£46,950 at 31st March 2007). Non-chargeable activities are a charge against the General Fund.

| | Chargeable 2007/2008 | Non - Chargeable 2007/2008 | Total Building Control 2007/2008 | Chargeable 2006/2007 | Non - Chargeable 2006/2007 | Total Building Control 2006/2007 |
|--------------------------|-------------------------|----------------------------------|---|-------------------------|----------------------------------|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Expenditure | | | | | | |
| Employee | 435 | 193 | 628 | 430 | 181 | 611 |
| Transport | 28 | 11 | 39 | 28 | 8 | 36 |
| Supplies & Services | 47 | 12 | 59 | 64 | 13 | 77 |
| Central Services | 92 | 61 | 153 | 88 | 53 | 141 |
| Total Expenditure | 602 | 277 | 879 | 610 | 255 | 865 |
| Income | | | | | | |
| Building Regs | 548 | 0 | 548 | 526 | 0 | 526 |
| Miscellaneous | 7 | 79 | 86 | 2 | 80 | 82 |
| Total Income | 555 | 79 | 634 | 528 | 80 | 608 |
| Surplus/(Deficit) | (47) | (198) | (245) | (82) | (175) | (257) |

46 Disclosure of Audit Costs

In 2007/2008 the Borough Council incurred the following fees relating to external audit and inspection:

| | 2007/2008 £'000 | 2006/2007 £'000 |
|---|--------------------|--------------------|
| Fees payable in regard to external audit services carried out by appointed auditor | 105 | 148 |
| Fees payable to the Audit Commission in respect of statutory inspection | 6 | 10 |
| Fees payable to the appointed auditor for the certification of grant claims and returns | 26 | 32 |
| Fees payable in respect of other services provided by the Audit Commission | 0 | 1 |
| Total | 137 | 191 |

47 Analysis of Net Assets Employed

This represents the aggregate of reserves attributed to the major accounts and funds of the Borough Council and, in total, equates to the total equity shown on the Balance sheet.

| | 31 st March | |
|-------------------------|------------------------|----------------|
| | 2008 £'000 | 2007 £'000 |
| General Fund | 109,268 | 103,393 |
| Housing Revenue Account | 0 | 1,570 |
| Collection fund | 497 | 412 |
| Total | 109,765 | 105,375 |

48 Stocks

| | 31 st March | |
|---------------------|------------------------|---------------|
| | 2008 £'000 | 2007 £'000 |
| Nursery | 36 | 37 |
| Lynnsport | 11 | 11 |
| Swimming Pools | 17 | 13 |
| Office Services | 14 | 10 |
| Tourist Information | 13 | 12 |
| Other | 23 | 27 |
| Total | 114 | 110 |

49 Local Area Agreement

The Borough council is a signatory to the Norfolk Local Area Agreement (LAA) – a county-wide partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services. In 2007/2008, the LAA has completed the second year of its three-year agreement.

The purpose of the LAA is to form an agreement between the County Strategic Partnership (CSP), Government (represented by Government Office East), and other external agencies, to ensure that together we

- achieve the vision in the Norfolk Sustainable Community Strategy - 'Norfolk Ambition'
- agree specific outcomes and targets that will be achieved each year for the three years of the agreement
- improve the effectiveness and efficiency of public services by pooling and aligning funding streams.

The LAA partners are:

- Local government bodies – Norfolk County Council and Norfolk's district councils, including the Borough Council of King's Lynn & West Norfolk
- Local Strategic Partnerships - based in each district, and including the West Norfolk Partnership
- a broad range of organisations in the public, private and voluntary sectors

Norfolk County Council acts as the accountable body for the LAA. This means that they are responsible for managing the distribution of grant paid by the Government Office to the partners involved - but the amounts due to any individual partnership or organisation are determined either by the Government Office or the CSP. Some of this funding is distributed to district councils, operating in turn as the accountable body to their own LSPs.

49 Local Area Agreement (continued)

In this context, the Borough Council of King's Lynn & West Norfolk acts as the accountable body for the West Norfolk Partnership (WNP). The following organisations are members of the WNP Management Group, which performance manages the partnership's work programme and budgets:

- Borough Council of King's Lynn and West Norfolk
- Norfolk County Council
- College of West Anglia
- Jobcentre Plus
- Norfolk Police Authority
- Norfolk Primary Care Trust
- Freebridge Community Housing
- Voluntary & Community Action (West Norfolk)

A wider range of public, private, voluntary and community organisations are represented in the WNP Board, which provides direction and challenge, and the thematic partnerships, which mirror the Local Area Agreement's themes.

The total amount received by Norfolk County Council as the accountable body under the LAA in 2007/2008 was £21,876,957. The Borough Council of King's Lynn and West Norfolk received £118,865 for the waste performance grant and £1,711,000 for the Safer, Stronger Communities fund (SSCF) project. The SSCF was earmarked for the Improving Neighbourhoods scheme in King's Lynn, awarded since 2006 under the 'Safer and Stronger Communities' funding programme.

This contributes towards the vision for the future of West Norfolk, adopted by the WNP. Addressing local economic, environmental and social issues will help to make West Norfolk a better place in which to live and work and will put us in the best position to meet future challenges:

- **Economy:** we want to help people of all ages improve their skills and qualifications, and help raise their aspirations. We want to help people become entrepreneurs and benefit from the growing knowledge economy. We want to be a place where professional people want to live and work.

- **Environment:** we want to safeguard our justly famous natural and historic environment, at the same time making sustainability a central part of our vision. We want to build connections with other local and regional economies, reduce reliance on the car, and prepare ourselves for the challenges of climate change.
- **Social:** we want to help reduce inequality wherever it exists. We want to make sure that people have good quality housing and local facilities, we want to help people deal with social change, and ensure that a growing economy brings higher wages and an improved quality of life.



HOUSING

REVENUE

ACCOUNT



HOUSING REVENUE ACCOUNT – INCOME AND EXPENDITURE ACCOUNT

EXPLAINING THIS STATEMENT

The information contained within the Housing Revenue Account (HRA) reflects the statutory duty to account for the provision and maintenance of Council Housing. The 2007/2008 accounts reflect residual costs and income following the Council's transfer of its housing stock to Freebridge Community Housing Association on 3rd April 2006. This shows in more detail the income and expenditure on HRA services included in the whole Council's Income and Expenditure Account.

Under the Local Government and Housing Act 1989 there is a duty on the Council to ensure that all expenditure is met by income and balances in hand.

| | 2007/2008 £'000 | 2006/2007 £'000 |
|--|--------------------|--------------------|
| Income | | |
| Non-dwelling rents | 0 | 50 |
| Government grants deferred | 0 | 12,380 |
| Charges for services & facilities | 62 | 158 |
| Housing Revenue Account Subsidy Received | 217 | 0 |
| Total Income | 279 | 12,588 |
| Expenditure | | |
| Repairs & maintenance | 5 | 51 |
| Supervision & management | 192 | 270 |
| Depreciation & impairment of fixed assets | 0 | 113,036 |
| Deferred Charges written down | 0 | 3,793 |
| Total Expenditure | 197 | 117,150 |
| Net Cost of HRA Services | (82) | 104,562 |
| Interest & investment income | (8) | (12) |
| (Surplus) or deficit for the year on HRA services | (90) | 104,550 |

General

The HRA summarises the transactions relating to the management of the Council's stock of dwellings, garages, estate shops and land held for housing purposes. The transfer of the majority of the Council's housing stock and associated functions to Freebridge Community Housing (FCH) took place in 2006/2007. Consent was granted by the Department for Communities and Local Government (DCLG) on 28th March 2008 to transfer the 2 remaining dwellings to the General Fund as at 1st April 2007, then on 28th March 2008 consent was given that the HRA could be closed from 31st March 2008.

Housing Revenue Account Subsidy

Transactions within the HRA 2007/2008 relate to housing subsidy for 2006/2007. On closing the 2006/2007 accounts it was considered that no subsidy entitlement was due for the year. On submission of the final subsidy claim for 2006/2007, which took into account the impact of the special determination issued by the Department of Communities and Local Government, the sum of £251,085 in housing subsidy was calculated as owing to the Council. The Housing Revenue Account – Income and Expenditure Account on page 41 includes subsidy for 2006/2007, less prior year adjustments of £33,879.

Supervision and Management

Although the Council's stock was transferred in April 2006, the HRA includes expenditure arising in 2007/2008 but which related to payments for previous financial periods.

HOUSING REVENUE ACCOUNT – STATEMENT OF MOVEMENT ON THE HRA BALANCE

Statement of movement on the HRA Balance

This shows how the HRA Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the HRA balance for the year.

| | 2007/2008 | 2006/2007 |
|--|-----------|--------------|
| | £'000 | £'000 |
| (Surplus) or deficit for the year on HRA services | (90) | 104,550 |
| Net additional amount required by statute to be credited to the balance for the year | (314) | (104,459) |
| (Increase) or decrease in the Housing Revenue Account Balance | (404) | 91 |
| Housing Revenue Account surplus brought forward | (729) | (820) |
| | (1,133) | (729) |
| Transfer to General Fund Balance | 1,133 | 0 |
| Housing Revenue Account surplus carried forward | 0 | (729) |

HOUSING REVENUE ACCOUNT – STATEMENT OF MOVEMENT ON THE HRA BALANCE

Note to the Statement of movement on the HRA Balance

| | 2007/2008 | 2006/2007 |
|--|--------------|------------------|
| | £'000 | £'000 |
| Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA balance for the year. | | |
| Government grants deferred amortisation | 0 | 12,380 |
| Impairment of HRA fixed assets | 0 | (113,030) |
| Deferred charges written down | 0 | (3,793) |
| | 0 | (104,443) |
| Items not included in the HRA Income and Expenditure Account but included in the movement on HRA balance for the year | | |
| Transfer from Reserves | (314) | (16) |
| | (314) | (16) |
| Net additional amount required by statute to be credited to the HRA Balance for the year | (314) | (104,459) |
| | | |

In 2007/2008 the transfer from reserves related to money that was set aside to meet the costs of the stock transfer. However it was not required and was returned to the HRA.



COLLECTION

FUND



○ Introduction

On 1st April 1990 the Borough Council became a charging authority responsible for the operation of a Collection Fund. The account was originally established to deal with community charge collection but since 1st April 1993, with the introduction of council tax, it now deals with payments of non-domestic rates, council tax, including parish precepts.

The account pays out monies to Norfolk County Council, the Borough Council and Norfolk Police Authority in respect of precepts. It also pays a cost of collection allowance to the Borough Council for the collection of non-domestic rates and refunds of over payments to council taxpayers and non-domestic ratepayers.

Monies due from non-domestic ratepayers are paid into the Fund and then transferred into a National Pool.

The Borough Council has the responsibility for balancing the Collection Fund and as the billing authority is also responsible for collecting all amounts due.

Any surplus or deficit on the Fund relating to the council tax is divided between the Borough and County Councils and Norfolk Police Authority in the same proportion as their precepts on the Fund.

The surplus on funds reflects the balance owing on second homes on council tax and also an uncommitted amount to be drawn down in future years.

The following pages show full details of the working of the accounts.

COLLECTION FUND

This statement shows the detail of monies paid into and out of the Collection Fund

| Note | 2007/2008 | | 2006/2007 | |
|-----------|--------------------|--------------|-----------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| | INCOME | | | |
| | | 31,110 | | 30,447 |
| | 59,019 | | 55,662 | |
| | 9,293 | | 8,882 | |
| | | 68,312 | | 64,544 |
| | | 99,422 | | 94,991 |
| | EXPENDITURE | | | |
| Pg46, Nt2 | | 30,786 | | 30,036 |
| | | | | |
| | | | | |
| | 51,170 | | 48,448 | |
| | 8,019 | | 7,437 | |
| | 5,127 | | 5,085 | |
| | 1,726 | | 1,582 | |
| | | 66,042 | | 62,552 |
| | 214 | | 0 | |
| | 1,255 | | 0 | |
| | 150 | | 125 | |
| | 208 | | 205 | |
| | 69 | | 202 | |
| | 212 | | 164 | |
| | | 2,108 | | 696 |
| | | 98,936 | | 93,284 |
| | | 486 | | 1,707 |
| | | 3,805 | | 2,098 |
| Pg46, Nt5 | | 4,291 | | 3,805 |

NOTES TO THE COLLECTION FUND

1 General

These accounts represent the transactions of the Collection Fund, which is a statutory fund separate from the main accounts of the Council. The Collection Fund has been prepared on an accruals basis.

2 Income from Non-Domestic Rates

The Council collects non-domestic rates for its area which are based on local rateable values multiplied by a nationally set rate. The total amount, less certain relief and other deductions, is paid to a central pool (the NDR pool) managed by Central Government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population. The account records the collection of monies from non-domestic ratepayers and the payment to the NDR pool but not the income received from the pool, which is paid directly to each Council's Income and expenditure account.

| | 2007/2008 | 2006/2007 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Gross non-domestic rates payable | 36,143 | 34,997 |
| Less: Allowances and other adjustments | (5,357) | (4,961) |
| Net Contribution to NDR pool | 30,786 | 30,036 |

The Gross Non Domestic Rateable Value at 31st March 2008 was £81,058,700 (31st March 2007 £79,036,320)

3 Irrecoverable Debt

In 2007/2008 irrecoverable debt was as follows:

| | 2007/2008 | 2006/2007 |
|--------------|------------|------------|
| | £'000 | £'000 |
| Council Tax | 212 | 164 |
| NDR | 69 | 202 |
| Total | 281 | 366 |

4 Council Tax

Each Council calculates the amount of its Council Tax by dividing its requirements for the year by its tax base.

The tax base is the number of dwellings in the area belonging to each valuation band, modified to take account of the multipliers applying to dwellings in each band and the discounts, reductions and proportion of the council tax which the Council expects to be able to collect.

| Valuation Band | Range of values at 1st April 1991 | No of Chargeable Dwellings | Ratio to Band D | Band D Equivalent |
|--|-----------------------------------|----------------------------|-----------------|-------------------|
| A | * | 83 | 5/9 | 46 |
| A | Up to £40,000 | 18,154 | 6/9 | 12,102 |
| B | £40,001 - £52,000 | 13,976 | 7/9 | 10,870 |
| C | £52,001 - £68,000 | 11,275 | 8/9 | 10,022 |
| D | £68,001 - £88,000 | 7,525 | 9/9 | 7,525 |
| E | £88,001 - £120,000 | 3,861 | 11/9 | 4,719 |
| F | £120,000 - £160,000 | 1,980 | 13/9 | 2,860 |
| G | £160,001 - £320,000 | 826 | 15/9 | 1,377 |
| H | More than £320,000 | 79 | 18/9 | 158 |
| | | | | 49,679 |
| Council tax base at 97% collection rate | | | | 48,189 |
| Contributions in lieu | | | | 447 |
| Total Council tax base at 97% collection rate | | | | 48,636 |

* entitled to a disabled relief reduction

The Council set a precept of £5,126,720 representing Band D council tax of £105.41 for its services. In addition special expenses under section 34(1) of the Local Government Finance Act 1992, totalling £459,260 and parish precepts totalling £1,267,040 were levied, averaging £35.49 for a Band D property. Norfolk County Council set a precept of £51,169,936 representing a Band D Charge of £1,052.10 and Norfolk Police Authority set a precept of £8,019,104 representing a Band D Charge of £164.88. Reductions are made, in accordance with Government regulations, for persons on lower incomes (Council Tax Benefit). The reduction is reimbursed by Central Government.

5 Share of Balance

The balance of the Collection Fund at 31st March 2008 stands at £4,290,530 (2006/2007 £3,805,280). This amount is shared as follows:

| | 2007/2008 | 2006/2007 |
|--------------------------|--------------|--------------|
| | £'000 | £'000 |
| Borough Council | 497 | 412 |
| Norfolk County Council | 3,292 | 2,932 |
| Norfolk Police Authority | 502 | 461 |
| Total | 4,291 | 3,805 |

STATEMENT OF ACCOUNTING POLICIES

General

Section 41 and 42 of the Local Government and Housing Act 1989 requires all expenditure of a local authority to be accounted for in accordance with “proper practice”.

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, and the CIPFA Best Value Accounting Code of Practice (BVACOP) 2007, both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also the guidance notes issued by CIPFA on the application of accounting standards (SSAPs and FRSs). Any variations from these guidelines are referred to in the accounting policies or notes to the accounts.

Bad Debt Provision

General Fund

The following percentages determine the level of Bad Debt Provision,

| | % |
|------------------------|----|
| Up to 30 days | 0 |
| 31 – 60 days | 5 |
| 61 - 90 days | 10 |
| 3 – 6 months | 15 |
| 6 – 12 months | 20 |
| In excess of 12 months | 50 |

Collection Fund

The respective Bad Debt Provisions are determined using the following percentages:

Council Tax

| | | |
|---------------|-------------------|--------|
| Prior Years | } (Pre 2004/2005) | 100.0% |
| | } (2004/2005) | 75.0% |
| | } (2005/2006) | 50.0% |
| Previous Year | (2006/2007) | 10.0% |
| Current Year | (2007/2008) | 1.5% |

NDR

| | | |
|---------------|-----------------|--------|
| Prior Years | (Pre 2006/2007) | 100.0% |
| Previous Year | (2006/2007) | 50.0% |
| Current Year | (2007/2008) | 33.0% |

STATEMENT OF ACCOUNTING POLICIES

| | |
|-----------------------------------|--|
| Capital Adjustment Account | <p>The Statement of Recommended Practice (SORP) required authorities to create a Capital Adjustment Account on 1st April 2007. The balance as at 1st April 2007 is the amalgamation of the Fixed Asset Restatement Account and the Capital Financing Account as at that date. Consequently, the opening balance consists:</p> <ul style="list-style-type: none">▪ The consolidation of gains arising from the revaluation of fixed assets (as previously taken to the Fixed Assets restatement Account); and▪ Revenue funds set aside as a provision to repay external loans and the financing of capital payments from capital receipts and revenue reserves (formerly presented in the Capital Financing Account). <p>The Account accumulates the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal, and the resources that have been set aside to finance capital expenditure. 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.</p> |
| Capital Receipts | <p>Capital receipts from the disposal of assets are held in the Useable Capital Receipts Account until such time as they are used to finance other capital expenditure. Interest on unspent capital receipts is credited to the General Fund according to regulations set by the Secretary of State.</p> <p>It is currently the Council's policy to use capital receipts for funding the annual Capital Programme prior to making use of revenue reserves.</p> |
| Charges to Revenue | <p>General Fund service revenue accounts, the Housing Revenue Account, central support services and statutory trading accounts include a capital charge for all fixed assets used in the provision of services. From 2006/2007 the total charge only includes depreciation.</p> <p>Amounts set aside from revenue for the repayment of external loans, including MRP, to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately in the Statement of Total Movement on the General Fund.</p> |
| Costs of Support | <p>In accordance with current accounting practice, costs of support services have been fully allocated to all services on the basis of time spent by staff. The overheads of council offices have been allocated on the basis of floor area used by the various services, and follow staff allocations as the basis of their allocation.</p> <p>Un-apportionable overheads representing unused but unrealisable assets, pension payments for added years and early retirement are shown separately in the Income and Expenditure Account, in accordance with the BVACOP.</p> |
| Debtors and Creditors | <p>The accounts of the Council are maintained on an accruals basis in accordance with the Accounting Code of Practice and FRS18. That is, sums due to (or from) the Council during the year are included whether or not the cash has actually been received or paid in the year. An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of the meter readings rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.</p> |
| Deferred Charges | <p>If an authority incurs expenditure previously disclosed as a deferred charge, then it should be classified as either a tangible or an intangible fixed asset and be carried under that specific heading. If the expenditure does not result in the acquisition of an asset by the Council, it should be charged to revenue.</p> |

Depreciation

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- assets are depreciated in the year following acquisition
- assets are depreciated in the year of disposal
- depreciation is calculated using the straight-line method over the life of the asset
- non-depreciable assets include land, non-operational investment properties and where the charge would be immaterial

| | | |
|-------------------------|-----------|---------------|
| Asset Lives range from: | Buildings | 10 – 60 Years |
| | Equipment | 5 – 10 Years |
| | Vehicles | 5 – 7 Years |

Earmarked Reserves

Earmarked reserves are voluntary amounts set aside for expenses that are likely to be incurred at a future date.

Financial Instruments

The SORP 2007 requires the Council to account for financial instruments in accordance with UK generally accepted accounting practice, as modified by the SORP 2007 and Capital Financing Regulations, for the first time in 2007/2008

Recognition

Financial instruments are recognised when the Council becomes a party to the contractual provisions of the instrument. For example, the recognition of a financial asset (e.g. investment) is when the Council becomes committed to a date to buy or sell the asset. Debtors and creditors are recognised once the related goods or services have been delivered or rendered.

In accordance with the SOPR 2007 some financial instruments are not disclosed within the note to the accounts on financial instruments because they are covered by disclosures made elsewhere within the accounts. These are:

- Rights and obligations under leases – see page 19, note 19; and
- The Council's rights and obligations under pension schemes – see page 27, note 26

The Council discloses all financial instruments that are considered material to the Council's financial position and performance in the year.

Derecognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Council has transferred substantially all of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Measurement

Financial Instruments are initially measured at fair value less the transaction costs that are directly attributed to the acquisition or issue of the financial asset or financial liability. Subsequent measurement depends on the classification of the instrument as detailed by Financial Reporting Standard 26: Financial Instruments – measurement and permitted by the SORP 2007:

| Classification | Description | Measurement Base |
|--|---|------------------|
| Financial liabilities | | |
| <ul style="list-style-type: none"> ▪ Amortised cost | All financial liabilities Not held for trading or are derivatives, e.g. operational creditors and borrowings. | Amortised cost |
| <ul style="list-style-type: none"> ▪ Fair value through profit and loss | Liabilities held for trading or derivatives with a negative value. Not expected to be held. | Fair value |
| Financial assets | | |
| <ul style="list-style-type: none"> ▪ Loans and Receivables | Financial assets that have fixed or determinate payments that are not quoted in an active market, e.g. operational debtors and bank deposits. | Amortised cost |
| <ul style="list-style-type: none"> ▪ Fair value through profit and loss | Assets that are held for trading and derivatives with a positive value. | Fair value |
| <ul style="list-style-type: none"> ▪ Available for sale | All other financial assets not Included above. | Fair value |

Financial Instruments Prior to 1st April 2007

The SORP 2007 specifically requires authorities not to re-state the 2006/2007 accounts in respect of this change in accounting policy. Instead, financial instruments held at 31st March 2007 have been adjusted in accordance with the new accounting policy as at 1st April 2007.

Basis for charging to revenue

The impact on the income and expenditure account depends upon the type of financial instruments:

| Classification | Measurement Base | Impact on income and expenditure account |
|--|------------------|--|
| Financial liabilities | | |
| <ul style="list-style-type: none"> ▪ Amortised cost | Amortised cost | The interest payable using the effective interest rate is charged. |
| <ul style="list-style-type: none"> ▪ Fair value through profit and loss | Fair value | Gains and losses on the fair value of the liability are charged as they arise. |

STATEMENT OF ACCOUNTING POLICIES

| Financial assets | | |
|--------------------------------------|----------------|--|
| ▪ Loans and Receivables | Amortised cost | The interest receivable using the effective interest rate is charged together with any impairment losses and any gain or loss or de-recognition. |
| ▪ Fair value through profit and loss | Fair value | Gains and losses on the fair value or the liability are charged as they arise. |
| ▪ Available for sale | Fair value | The interest receivable using the effective interest rate is charged to the income and expenditure account together with any loss on de-recognition. In addition gains and losses on the fair value are taken to the struggle as they arise. |

As a result of the different measurement bases prescribed above, the expenditure or income taken to the Council's income and expenditure account is different to the actual expenditure or income payable or receivable. The SORP 2007 and Capital Finance Regulations allow the Council to reverse the impact on the General Fund balance within the Statement of Total Movement on the General Fund Balance. This is achieved by removing the original transactions and replacing them with the actual amount receivable or payable. The difference is posted to the Financial Instruments Adjustment Account.

Fixed Assets

All expenditure over £6,000 on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the Council and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

Fixed assets are valued every 5 years on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS, 5th Edition). (RICS, 6th Edition will be used with effect from 1st January 2008). Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting.

During the year Regeneration (Other) assets were re-valued.

| Assets involved | Last Dates for next Revaluation | |
|--|--|------|
| Environmental Health and Resources & Performance | 31 st March | 2009 |
| Housing | 31 st March | 2010 |
| Culture | 31 st March | 2011 |
| Resources & Performance and Culture & Recreation | 31 st March | 2012 |

Regeneration (King's Lynn and Other) 31st March 2013

The timetable for revaluations has been revised to spread the number of valuations undertaken each year. Approximately 20% of assets will be re-valued each year over a 5-year period.

All properties are valued by RICS qualified staff working for the Borough Council. In years between Council revaluations a review is conducted to establish that no significant diminutions in value have occurred. To date no such significant diminutions have been identified with the exception of the fire damage at St James' swimming pool, King's Lynn, sustained in May 2007. New assets, and changes to assets values are recorded as and when they occur according to guidelines established by the Council.

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income that has not been repaid to Central Government, under the Capital Receipts Pooling regime which came into force on 1st April 2004, and has not been used, is included in the balance sheet as useable capital receipts.

Contributions and Government Grants

Where the acquisition of a fixed asset is financed either wholly or in part by a Government grant or other contribution, the amount of the grant or contribution is credited initially to the Government Grants Deferred Account. Amounts are released into the revenue accounts as the assets are depreciated. Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with, and there is reasonable assurance that the grant or contribution will be received.

Impairment of Fixed Assets

The values of each category of assets, including material individual assets that are not being depreciated, are reviewed at the end of each financial year for evidence of reductions in value. Where a permanent reduction in the value of the assets is identified, due to consumption of economic benefits, the impairment loss is recognised, within the income and expenditure account, against the relevant service's revenue account. Where impairment results from a general fall in prices, or where the cause cannot be clearly determined, the loss is treated as a downward revaluation that is charged to the Revaluation reserve to the extent that there are accumulate gains within the reserve in respect of that specific asset. Any remaining balance is charged to the relevant service's revenue account before being charged to the Capital Adjustment Account via the Statement of Movement on the General Fund Balance. The Council also treats as impairment capital expenditure which results in no increase in asset value.

Interest

Interest payable on external borrowing, together with interest income is accrued and accounted for in the period into which it relates.

Investments

All investments managed by fund managers have been recorded in the accounts at market value, the remaining are recorded at cost.

Leases

The Council has finance and operating leases.

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the lease asset transfer to the Council.

Rents payable are apportioned between:

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

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

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight line basis over the term of the lease, generally meaning that rentals are charged when they become payable. The council also lease properties to third parties. The rental income is taken directly into the income and expenditure account, within the next cost of services, as it becomes due.

Pensions

Employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme which is a funded defined benefits scheme administered by Norfolk County Council. The pension costs that are charged to the Council's accounts in respect of these employees are equal to the contributions paid to the pension scheme for employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The pension costs included in the accounts in respect of these schemes have been determined in accordance with relevant Government regulations.

The Council paid an employer's contribution of 19.4% of superannuable employees' reckonable pay into Norfolk County Council's Superannuation Fund. The costs of inflation awards (Pensions Increase Act payments) to pensioners of the Fund are met by the Fund.

Any payments, including the costs of inflation, arising from discretionary awards made by the Council are paid separately and charged to the services in which pensioners were working before retirement.

The Council complies fully with the requirements of FRS17 (as detailed in the Local Authority Statement of Recommended Practice). The requirements represented a substantial change to the way that retirement benefits are accounted for and reflected in the financial statements. Previous policy was to recognise liabilities in relation to retirement benefits only when employer's contributions became payable to the pension fund or payments fell due to the pensioners for which we were directly responsible. The new policies better reflect our commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

The policy is to recognise the full liability that the Council has for meeting the future cost of retirement benefits that will arise from years of service earned by employees up to the balance sheet date, net of the contributions paid into the Fund and the investment income they have generated.

Charges to service revenue accounts are based on a share of current service cost (the increase in future benefits arising from service earned in the current year) rather than employer's contributions. In addition, the policy for accounting for discretionary benefits awarded on early retirement is by charging (as past service costs) the projected cost of discretionary awards to Non Distributed Costs in the year that the award decision is made. With the transfer of the Council's housing stock to Freebridge Community Housing Association in April 2006, in excess of £3 million pension liability was paid off, relating to the employees transferred from the Council's to the Associations employ.

STATEMENT OF ACCOUNTING POLICIES

| | |
|------------------------------------|--|
| Redemption of Debt | <p>The current policy of the Council is to review the opportunities for reducing external debt by reducing external investments. This will only take place when market rates make the resulting outcome beneficial to the Council. The Council constantly monitors the financial benefit of this policy.</p> |
| Revaluation Reserve | <p>The code of Practice on local Authority Accounting in the UK – A Statement of Recommended Practice 2007 required the Council to establish, on 1st April 2007, a revaluation reserve. The reserve records the gains and losses arising on the revaluation of the Council's fixed assets from that date. Previously, such gains and losses were taken to the Fixed Asset Restatement Account. The balance on the Fixed Asset Restatement Account as at 31st March 2007 was transferred to the Capital Adjustment Account on 1st April 2007 in accordance with the SORP 2007.</p> <p>The Reserve records the accumulated gains on the fixed assets held by the authority arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).</p> <p>The Reserve is also debited with amounts equal to the depreciation charges on assets that have been incurred only because the asset has been revalued i.e. the difference between depreciation charged and that which would have been charged if the asset was held at historic cost. On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the Reserve thus represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.</p> |
| Provisions | <p>Provisions are compulsory and must be provided for at the point a liability arises e.g. provision for debts unlikely to be collected.</p> |
| Stocks and Work in Progress | <p>Stocks are valued at the latest price paid. This is a departure from the requirements of the Code and SSAP 9, which require stocks to be shown at actual cost or net realisable value, if lower. Currently given low inflation, the effect on the accounts is not material.</p> |

1. SCOPE OF RESPONSIBILITY

The Borough Council of King's Lynn and West Norfolk is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a statutory 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 the above.

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 management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.west-norfolk.gov.uk. This statement explains how (the Council) has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place for the year ended 31st March 2008 and up to the date of approval of the statement of accounts.

3. INTERNAL GOVERNANCE FRAMEWORK

The Council has approved and adopted a Code of Corporate Governance and recognises that effective governance is achieved through the following core principles:

1. Focussing on the purpose of the Council and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
3. Promoting the values of the Council and demonstrating the values of good governance through behaviour.
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
5. Developing the capacity and capability of Members to be effective and ensuring that officers – including the statutory officers – also have the capability and capacity to deliver effectively.
6. Engaging with local people and other stakeholders to ensure robust local public accountability.

The table at Appendix A demonstrates how these core principles have been upheld during the year 2007-2008.

4. STRATEGIC RISK MANAGEMENT

Significant business risks that may impact upon the Council's priorities have been identified and mapped, and appropriate control measures are in place. There is now a Corporate Risk Register, integral to the Council's performance management system, which is regularly updated and reported upon to senior management team and members.

During 2007/2008, the Council significantly strengthened its approach to the management of risk within partnership working arrangements as follows:

- Developed Partnership Protocols
- Formally identified key partnerships
- Identified any significant risk associated with Partnership working

5. REVIEW OF EFFECTIVENESS

The council has a responsibility to review the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Internal Audit and the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Senior Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process of maintaining and reviewing the effectiveness of the system of internal control includes the following measures and actions:

- There is a well established Overview and Scrutiny function which has been revised and updated in the light of experience. Scrutiny Panels review the work of the Council throughout the year and also report annually to Council.
- The Standards Committee is responsible for standards and probity, and receives regular reports from the Monitoring Officer.
- The Audit and Risk Committee carries out an overview of the activities of the Council's internal and external audit functions. Members are provided with copies of all reports produced by Internal Audit and by the Audit Commission. They approve the annual plans for each, and receive regular progress reports throughout the year. The Chief Internal Auditor submits to them an Annual Report and Opinion, and the external auditor, PricewaterhouseCoopers (PWC) submits an Audit and Inspection Annual Letter.
- The Internal Audit service is a directly employed in-house service, providing a continuous review in accordance with the Council's obligations under the Local Government Act 1972, and the Accounts and Audit Regulations 2003. It operates under the APB (Auditing Practices Board) Guidelines and CIPFA Code of Practice for Internal Audit in Local Government, as approved by the Audit and Risk Committee.
- The Council's external auditors (PWC) review the activities of the Council and audit the annual accounts. Conclusions and significant issues arising are reported in their Report to those charged with governance.
The Audit and Risk Committee has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Council, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

6. EFFICIENCY / VALUE FOR MONEY

The Council's corporate strategy is founded on the principle of high quality services at lowest cost to the taxpayer. It prides itself on delivering quality services at an affordable price, and is recognised as being efficient.

7. USE OF RESOURCES AUDITOR JUDGEMENT

In November 2007, the Council received its latest "Use of Resources" auditor judgment. The assessment evaluates how well local authorities manage and use their financial resources, and focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services.

Overall, the Council is considered low cost and has embedded a culture of Value for Money (VfM) within the organisation. Plans are in place to improve value for money, set out in the VfM strategy that was adopted by cabinet in 2007. This includes further work in respect of comparing these costs to other authorities, understanding the nature of the costs (whole life and activity based costing) and linking these to service quality.

| Key Line of Enquiry | 2006 Score | 2007 Score | Improvement |
|----------------------|------------|------------|-------------|
| Financial Reporting | 2 | 2 | |
| Financial Management | 2 | 2 | |
| Financial Standing | 2 | 3 | +1 |
| Internal Control | 1 | 2 | +1 |
| Value for Money | 2 | 2 | |

Definition of Score

- 1 Below minimum requirements – inadequate performance
- 2 At only minimum requirements – adequate performance
- 3 Consistently above minimum requirements – performing well
- 4 Well above minimum requirements – performing strongly

An action plan has been developed to address specific recommendations raised in the use of resources assessment, and to outline the necessary action to secure a "level 3" for 2009.

8. SIGNIFICANT GOVERNANCE ISSUES

The 2006/2007 Annual Audit Memorandum / Report to those charged with Governance concluded;

"In overall terms, the Council continues to maintain strong control over its financial resources." Audit Letter 2007 (PWC)

The Auditors raised performance improvement observations relating to the Council's Accounts (2006/07) as follows:

Reconciliations

The Council's auditors have made control recommendations relating to reconciliations. The Council have made significant improvements to its controls on bank reconciliations recognising the need to maintain the controls throughout the year and to ensure that independent checks are made on a monthly basis. The year-end 31 March 2008 evidences the improvement of the new arrangements with the exercises being completed within timetables and there being no major differences on cash reconciliation. There are other service areas where reconciliations are in place but can be improved. The exercise will continue in 2008/2009.

Asset Management

Within the 2006/2007 Use of Resources assessment the Council scored a one in respect of Asset Management which is a sub-criteria of Financial Management. This was primarily due to the Council not having a rolling programme of property surveys in place to inform its building maintenance programme. The Council commissioned work on the building control survey in 2007/2008. Results are expected to be reported to Cabinet in September 2008. This will bring with it a planned building maintenance regime. In closing the accounts for 2007/2008 the Council set aside £500,000 to reserves to provide funds for investing in the facilities as necessary.

Looking Ahead - 2008/09

Looking forward to 2008/09, the Council is proactively responding to a number of challenges:

- Following the introduction of new financial instruments provisions from the 2007/08 financial year, the Council will ensure that the treasury management strategy and operation remains with the powers of the Council and continues to provide value for money without risk to the Council.
- Asset Management was an area highlighted for improvement by the Council's external auditors and in the Use of Resources assessment. During 2008/2009, the Council will establish reports to members regarding land and buildings.

Local Government Review

In addition, the Council is engaged in a review of Local Government in Norfolk and Suffolk, through which the Boundary Committee for England are required to recommend the most appropriate unitary structures in Norfolk to the Secretary of State. This process is being conducted through 2008/09 with an anticipated decision by the Secretary of State early in 2009. The current timetable will see a transition to new unitary council(s) by April 2010.

The implications of the workload associated with this process and transition are potentially significant in terms of the Council's ability to deliver its ambitions and maintain service standards. In particular, it is anticipated that there will need to be significant input from many of the support services that are essential to the delivery of these projects – legal, accountancy, personnel, communications, IT and all service managers.

The Council's management team, cabinet and scrutiny panels will keep this process under close review and respond accordingly to the impact of the process.

This statement, and progress on the actions set out above is reviewed and monitored by the Cabinet and the Audit and Risk Committee on a regular basis.

By order of the Council

(Signed) 

Leader of the Council

Date: 9 June 2008

(Signed) 

Chief Executive

Date: 9 June 2008

ANNUAL GOVERNANCE STATEMENT

Appendix A: Application of the Principles of Good Governance

| Principles | Requirements | Evidence |
|---|---|--|
| 1. Focussing on the purpose of the Council and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area | | |
| <ul style="list-style-type: none"> Exercising leadership by clearly communicating the Council's purpose and vision and its intended outcome for citizens and service users | <ul style="list-style-type: none"> Develop & promote the authorities purpose & vision | Corporate strategy Sustainable Community Strategy |
| | <ul style="list-style-type: none"> Review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements | Code of Corporate Governance |
| | <ul style="list-style-type: none"> Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners | Partnership working protocol Sustainable Community Strategy |
| | <ul style="list-style-type: none"> Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance | Annual financial statement Annual BVPI Report Annual Report published though Your Council |
| <ul style="list-style-type: none"> Ensuring that users receive a quality service whether directly, or in partnership or by commissioning | <ul style="list-style-type: none"> Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available | Corporate Strategy Annual Service plans Medium term financial strategy Customer satisfaction surveys 'Quest' Assessments |
| | <ul style="list-style-type: none"> Put in place effective arrangements to identify and deal with failure in service delivery | Complaints procedure |
| <ul style="list-style-type: none"> Ensuring that the Council makes best use of resources and that tax payers and service users receive value for money. | <ul style="list-style-type: none"> Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions. | Value for Money strategy Service Plans Performance Reports Benchmarking Reports Energy Efficiency Updates Green Fleet Review |
| 2. Members and officers working together to achieve a common purpose with clearly defined functions and roles | | |
| <ul style="list-style-type: none"> Ensuring effective leadership throughout the Council by being clear about executive and non executive functions and of the roles and responsibilities of the scrutiny function | <ul style="list-style-type: none"> Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach to putting this into practice | Constitution Record of delegated decisions Scheme of Delegation |
| | <ul style="list-style-type: none"> Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers | Constitution |
| <ul style="list-style-type: none"> Ensuring that a constructive working relationship exists between elected Members and officers and that the responsibilities of Members and officers are carried out to a high standard. | <ul style="list-style-type: none"> Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required | Constitution Member / Officer Protocol |
| | <ul style="list-style-type: none"> Make a chief executive or equivalent responsible and accountable for all aspects of operational management | Conditions of employment Scheme of delegation Statutory provisions Job description / specification Performance management system |
| | <ul style="list-style-type: none"> Develop protocols to ensure that the leader and chief executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained | Member / officer protocol |

ANNUAL GOVERNANCE STATEMENT

| Principles | Requirements | Evidence |
|--|---|--|
| | <ul style="list-style-type: none"> Make a senior officer (the s151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control | Section 151 responsibilities Statutory provision Statutory reports Budget documentation Job description / specification |
| | <ul style="list-style-type: none"> Make a senior officer (usually the monitoring officer) responsible to the authority for ensuring that agreed procedures are followed and regulations complied with | Monitoring officer provision Statutory provision Job description / specification |
| <ul style="list-style-type: none"> Ensuring relationships between the authority, its partners and the public are clear so that each knows what to expect of the other | <ul style="list-style-type: none"> Develop protocols to ensure effective communication between members and officers in their respective roles | Member / officer protocol |
| | <ul style="list-style-type: none"> Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective remuneration panel (if applicable). | Pay & conditions Member Allowance Scheme Independent Allowances Panel |
| | <ul style="list-style-type: none"> Ensure that effective mechanisms exist to monitor service delivery | Performance management framework Reporting Schedule |
| | <ul style="list-style-type: none"> Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other stakeholders, and that they are clearly articulated and disseminated | Corporate Strategy & Community Strategy - Vision & Objectives Corporate improvement plan Service plans Budgets Consultation mechanisms (eg Citizen's Panel) Communications and Consultation Strategy Neighbourhood Charter Improving Neighbourhoods Board |
| | <ul style="list-style-type: none"> When working in partnership, ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority. | Partnership working protocols Partnership Terms of Reference Partnership scheme of delegation |
| | <ul style="list-style-type: none"> When working in partnership: <ul style="list-style-type: none"> Ensure that there is clarity about the legal status of the partnership Ensure that representatives of organisations both understand and make clear to all other partnership the extent of their authority to bind their organisations to partnership decisions | Partnership working protocols Partnership Terms of Reference Partnership scheme of delegation Budget monitoring reports |
| 3. Promoting the values of the Council and demonstrating the values of good governance through behaviour | | |
| <ul style="list-style-type: none"> Ensuring Council Members and officers exercise leadership by behaving in ways that uphold high standards of conduct and exemplify effective governance | <ul style="list-style-type: none"> Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect | <ul style="list-style-type: none"> Corporate strategy Values |
| | <ul style="list-style-type: none"> Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols | <ul style="list-style-type: none"> Members / officers' code of conduct & protocols Performance appraisal system Complaints procedures Anti-fraud & corruption policy |
| | <ul style="list-style-type: none"> Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice | <ul style="list-style-type: none"> Standing orders Codes of conduct Financial regulations |
| <ul style="list-style-type: none"> Ensuring that organisational values are put into practice and are effective. | <ul style="list-style-type: none"> Develop and maintain shared values including the leadership values for both the organisation and staff reflecting public expectations, and communicate these with members, staff, the community and partners | <ul style="list-style-type: none"> Codes of conduct Corporate Strategy - Values Community Strategy - Values |

ANNUAL GOVERNANCE STATEMENT

| Principles | Requirements | Evidence |
|---|--|---|
| | <ul style="list-style-type: none"> Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice | <ul style="list-style-type: none"> Codes of conduct |
| | <ul style="list-style-type: none"> Develop and maintain an effective standards committee | <ul style="list-style-type: none"> Terms of reference Reports to the Council |
| | <ul style="list-style-type: none"> Use the organisation's shared values to act as a guide for decision-making and as a basis for developing positive and trusting relationships within the authority | <ul style="list-style-type: none"> Decision-making practices Service Plans |
| | <ul style="list-style-type: none"> In pursuing partnership working, agree a set of values against which decision-making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively | <ul style="list-style-type: none"> Partnership working protocols Sustainable community strategy |
| 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk | | |
| <ul style="list-style-type: none"> Exercising leadership by being rigorous and transparent about how decisions are taken and listening to and acting upon the outcome of constructive scrutiny | <ul style="list-style-type: none"> Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible | Scrutiny is supported by robust evidence & data analysis |
| | <ul style="list-style-type: none"> Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based | Decision-making protocols record of decisions and supporting materials |
| | <ul style="list-style-type: none"> Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice | Members' code of conduct Register of Interests |
| | <ul style="list-style-type: none"> Develop and maintain an effective audit committee which is independent of the executive and scrutiny functions | Terms of reference Membership Member training programme |
| | <ul style="list-style-type: none"> Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints | Complaints procedure |
| <ul style="list-style-type: none"> Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs | <ul style="list-style-type: none"> Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for purpose – relevant, timely and gives clear explanations of technical issues and their implications | Members induction scheme Training for committee chairs Cabinet / Portfolio report templates |
| | <ul style="list-style-type: none"> Ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision-making and used appropriately | Record of decisions and supporting materials |
| <ul style="list-style-type: none"> Making sure that an effective risk management system is in place | <ul style="list-style-type: none"> Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognising that risk management is part of their jobs | Risk register Risk management protocol Financial regulations Service Plans |
| | <ul style="list-style-type: none"> Ensure that effective arrangements for whistle-blowing are in place to which officers, staff and all those contracting with or appointed by the authority have access | Whistle-blowing policy |

ANNUAL GOVERNANCE STATEMENT

| Principles | Requirements | Evidence |
|--|--|--|
| <ul style="list-style-type: none"> Recognising the limits of lawful action and observing both the specific requirements of legislation and the general responsibilities placed on local authorities by public law, but also accepting responsibility to use their legal powers to the full benefit of the citizens and communities in their area. | <ul style="list-style-type: none"> Actively recognise the limits of lawful activity placed upon them by, for example, the ultra vires doctrine but also strive to utilise their powers to the full benefit of their communities | Constitution Monitoring officer provisions Statutory provisions |
| | <ul style="list-style-type: none"> Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on authorities by public law | Monitoring officer provisions |
| | <ul style="list-style-type: none"> Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into their procedures and decision-making processes | Monitoring officer provisions Job description / specification Member / Officer protocols Statutory provisions |
| 5. Developing the capacity and capability of Members to be effective and ensuring that officers – including the statutory officers – also have the capability and capacity to deliver effectively | | |
| <ul style="list-style-type: none"> Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles | <ul style="list-style-type: none"> Provide induction programmes tailored to individual needs and opportunities for members and officers to upgrade their knowledge on a regular basis | Training and development plan Induction programme Ad hoc courses and seminars (CPD) |
| | <ul style="list-style-type: none"> Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority | Job description / person specifications Membership of management team |
| <ul style="list-style-type: none"> Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group | <ul style="list-style-type: none"> Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively | Training & development plan |
| | <ul style="list-style-type: none"> Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed | Members training programme |
| | <ul style="list-style-type: none"> Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs | Performance management system Resources & performance panel & monitoring |
| <ul style="list-style-type: none"> Encouraging new talent for membership of the Council so that best use can be made of resources in balancing continuity and renewal. | <ul style="list-style-type: none"> Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority | Citizens' panel Consultation Strategy Neighbourhood Management Programme |
| | <ul style="list-style-type: none"> Ensure that career structures are in place for members and officers to encourage participation and development | Succession planning |

ANNUAL GOVERNANCE STATEMENT

| Principles | Requirements | Evidence |
|---|---|--|
| 6. Engaging with local people and other stakeholders to ensure robust local public accountability | | |
| <ul style="list-style-type: none"> Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders including partnerships, and develops constructive accountability relationships | <ul style="list-style-type: none"> Make clear to themselves, all staff and the community to whom they are accountable and for what | Scrutiny Panels Community strategy |
| | <ul style="list-style-type: none"> Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required | LSP provides mechanism for strengthening links with other key stakeholders |
| | <ul style="list-style-type: none"> Produce an annual report on the activity of the scrutiny function | Annual Report |
| <ul style="list-style-type: none"> Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery | <ul style="list-style-type: none"> Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure they operate effectively | Community strategy Your Council newsletter Diverse Community Forum Consultation & Communication strategy Partnership E-Newsletters |
| | <ul style="list-style-type: none"> Hold meetings in public unless there are good reasons for confidentiality | Constitution |
| | <ul style="list-style-type: none"> Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands | Consultation strategy Service Plans Citizens' Panel Neighbourhood Board & Charter Equalities Policy |
| | <ul style="list-style-type: none"> Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanisms for those consultees to demonstrate what has changed as a result | Consultation strategy Service Plans Impact Assessments Local Development Framework – Statement of Community Involvement |
| | <ul style="list-style-type: none"> On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial settlements as well as information about its outcomes, achievements and the satisfaction of services users in the previous period | Annual Report Annual financial statements Corporate Strategy Service Plans |
| | <ul style="list-style-type: none"> Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so | Constitution Corporate Strategy - Values |
| <ul style="list-style-type: none"> Making best use of resources by taking an active and planned approach to meet responsibility to staff. | <ul style="list-style-type: none"> Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making | Internal Consultation & Engagement Internal communications channels JEC |

Independent Auditors' Report to the members of the Borough Council of King's Lynn and West Norfolk

We have audited the financial statements of the Borough Council of King's Lynn and West Norfolk for the year ended 31 March 2008 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account Balance, the Collection Fund, and the related notes. The financial statements have been prepared under the accounting policies set out within them.

Respective Responsibilities of the Chief Financial Officer and Auditors

The Chief Finance Officer'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 Financial Statements.

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

This report, including the opinion, has been prepared for and only for the Borough Council of King's Lynn and West Norfolk's members as a body in accordance with 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. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the 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 Council and its income and expenditure and cashflows for the year.

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

We read the other information published with the financial statements and consider whether it is consistent with the audited financial statements. This other information comprises only the explanatory foreword and glossary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

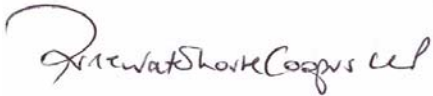
Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the 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 Borough Council of King's Lynn and West Norfolk as at 31 March 2008 and its income and expenditure and cash flows for the year then ended.



PricewaterhouseCoopers LLP
Norwich

5 September 2008

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

Council's Responsibilities

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

Auditor's Responsibilities

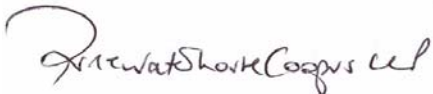
We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in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

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and we are satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, in all significant respects, the Borough Council of King's Lynn and West Norfolk made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2008.

Certificate

We certify that we have completed the audit of the financial statements in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



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GLOSSARY

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| Balances | Working balances are needed to finance expenditure in advance of income from precepts and grant. Any excess may be applied, at the discretion of the authority, to reduce the Council Tax precept or to meet unexpected costs during the year. Balances on holding accounts and funds are available to meet expenditure in future years without having an adverse effect on revenue expenditure. |
| Budget | A statement of the income and expenditure plan of the Council over a specified period. The most common is the annual Revenue Budget expressed in financial terms which can include other information, e.g. number of staff. |
| Capital Adjustment Account | Introduced in the 2007 Statement of Recommended Practice, and reflecting the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them. |
| Capital Expenditure | Payments made for the acquisition or provision of assets of long-term value to the authority - e.g. land, buildings and equipment. |
| Capital Financing | The raising and application of money to pay for capital expenditure. Usually the cost of capital assets is met by borrowing but capital expenditure may also be financed by other means such as leasing or contributions from the revenue accounts, the proceeds of the sale of capital assets, capital grants, and other contributions. |
| Capital Grants | Grants from the Government or other bodies towards capital expenditure on a specific service or project. |
| Capital Reserves | An internal account used as an alternative to external borrowing to finance capital expenditure. |
| Counterparty | A party to a contract. |
| Current Assets | Assets whose value tends to vary on a day to day basis. It is reasonable to expect that assets under this head in a balance sheet would be consumed or realised during the next accounting period e.g. stocks, cash and bank balances, debtors. |
| Current Expenditure | Expenditure on the day-to-day running of services. |
| Current Liabilities | Those amounts which will become payable or could be called upon within the next accounting period e.g. creditors, cash overdrawn. |
| Fair Value | An estimate of the market value of an asset or liability for which a market price cannot be determined. |
| Financial Instrument | Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. |
| General Fund | The main revenue fund of a Council into which is paid the precept and Government grants and from which is met the cost of providing services. |
| Government Grants | Payments by Central Government towards local authority expenditure. They may be specific e.g. Housing Benefits or general e.g. Revenue Support Grant. |

GLOSSARY

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| Housing Advances | Loans previously given by an authority to individuals towards the cost of acquiring or improving their homes. |
| Housing Benefit | Subsidy payments from the Government to persons on low income to reduce rent and/or Council Tax payments due to the Council or private landlords. |
| Housing Revenue Account | An account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of council housing. Even though the Council's housing stock was transferred to Freebridge Community Housing in April 2006, the Council had to maintain the Housing Revenue Account until it was formally closed on 31 st March 2008. |
| Impairment | Downward valuation of fixed assets. |
| Intangible Assets | Intangible items may meet the definition of an asset when access to the future economic benefits is controlled by the Council, either through custody or legal protection. Intangible items include software licences and housing nomination rights. |
| Irrecoverables | Amounts due from debtors finally deemed lost to an authority and written out of the accounts. |
| Local Area Agreement | A partnership with other public bodies involving the posting of government grants to finance work towards jointly agreed objectives for local public services. |
| Outturn | The actual level of expenditure and income in a particular year. |
| Precepts | The charge made by County, Police, Borough and Parishes on the Collection Fund to meet their net expenditure. |
| Rateable Value | The notional annual rental value of a premise to which the rate poundage is applied to determine the rates payable. |
| Rate Levy | The number of pence in the pound which is applied to the rateable value to determine the rates. |
| Renewals Reserve | An account an authority can establish to meet the cost of replacing and renewing its vehicles, plant and equipment. |
| Revaluation Reserve | Introduced in the Statement of Recommended practice, and recording the net gain (if any) from revaluations made after the 1 st April 2007. |
| Revenue Contributions to Capital | The use of revenue monies to finance capital expenditure instead of financing the expenditure from loan, capital receipts, lease or unsupported borrowing. |
| Revenue Expenditure | Expenditure on day-to-day expenses - principally employees, running expenses of buildings and equipment and capital financing charges. |
| Revenue Support Grant | A grant paid by Central Government to aid local authority expenditure generally. |

GLOSSARY

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| Trading Operations | Services which are operated partly or wholly on commercial lines, e.g. markets. |
| Transferred Debt | The amounts in the Council's Balance Sheet which are still owed to or by other bodies to repay the debt outstanding on assets transferred to or from those authorities. (See Transferred Services). |
| Transferred Services | Those services which were once administered by one authority but which, for a variety of reasons, have been transferred into the control of another authority. It is sometimes necessary for the original authority to continue to repay loans, and this expenditure, together with associated costs, is then recovered from the authority to which the services have been transferred. (See Transferred Debt). |
| Unsupported Borrowing | A form of capital finance funded by revenue either by increased income or a reduction in costs. There is no Government grant to support this form of funding. |



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Borough Council of
**King's Lynn &
West Norfolk**



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