



FYLDE BOROUGH COUNCIL



## Meeting Agenda

**Council Meeting  
Lowther Pavilion  
28 July 2005, 7:00pm**

# COUNCIL MEETING

**LOWTHER PAVILION, LYTHAM**  
**on**  
**THURSDAY 28 JULY 2005 at 7:00pm**

## Members of the Council

The Mayor - Councillor R.J. Wilson  
Deputy Mayor – Councillor P. Hardy

|             |  |             |   |
|-------------|--|-------------|---|
| Councillors | C. E. Akeroyd<br>T. Ashton<br>E. G. Bamber<br>J. B. Bennett<br>H. Butler<br>G. Caldwell<br>S. Carpenter<br>M. Chew<br>E. D. Clarke<br>E. Clarkson<br>P. Collins<br>J. L. Coombes<br>J. A. Dolan<br>R. K. Eastham<br>S. M Fazackerley<br>Dr T. J Fiddler<br>P.A. Fieldhouse<br>R. A Fulford- Brown<br>P. Hardy<br>P.J. Hayhurst<br>H. Henshaw, A.D.K (Malaysia)<br>K.M Henshaw J. P<br>K. Hyde<br>A. W Jealous N.P<br>D. E Lancaster<br>J. G. Longstaff | Councillors | S. L. Mason<br>J.K. Mulholland<br>R. J. Norsworthy<br>L.J. Nulty<br>E.A. Oades<br>J.C. Owen<br>B. Pagett<br>A.G. Pounder<br>D.S. Prestwich<br>W.J. Prestwich<br>S. P. Renwick<br>L. Rigby<br>P. Rigby<br>R. S. Small<br>H.A Speak<br>M. K. Taylor<br>W. Thompson<br>T. Threlfall<br>S.M. Wall<br>C. Walton<br>A.M. Whittaker<br>F.C Wilson<br>H .M. Wilson<br>R.J. Wilson<br>K Wright |
|-------------|--|-------------|---|



*Ken Lee – Chief Executive*

Contact: Peter Welsh (01253) 658502 Email: [peterw@fylde.gov.uk](mailto:peterw@fylde.gov.uk)



## **CORPORATE OBJECTIVES**

The Council's investment and activities are focused on achieving our five key objectives which aim to :

- Conserve, protect and enhance the quality of the Fylde natural and built environment
- Work with partners to help maintain safe communities in which individuals and businesses can thrive
- Stimulate strong economic prosperity and regeneration within a diverse and vibrant economic environment
- Improve access to good quality local housing and promote the health and wellbeing and equality of opportunity of all people in the Borough
- Ensure we are an efficient and effective council.

## **CORE VALUES**

In striving to achieve these objectives we have adopted a number of key values which underpin everything we do :

- Provide equal access to services whether you live in town, village or countryside,
- Provide effective leadership for the community,
- Value our staff and create a 'can do' culture,
- Work effectively through partnerships,
- Strive to achieve 'more with less'.

## A G E N D A

### PART I - MATTERS DELEGATED TO COUNCIL

| <b>ITEM No</b>                          | <b>PAGE Nos.</b> |
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## PART I - MATTERS DELEGATED TO COUNCIL

### 1. DECLARATIONS OF INTEREST

Members are reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000.

### 2. CONFIRMATION OF MINUTES

To confirm as a correct record the minutes of the Council Meeting held on 26 May 2005 (pages 15 - 24).

### 3. MAYOR'S ANNOUNCEMENTS

### 4. CHIEF EXECUTIVE'S COMMUNICATIONS

The Chief Executive to report receipt of any relevant communications that have been received subsequent to sending out this agenda.

### 5. COMMITTEE MINUTES

To receive the minutes of the under-mentioned Committees.

| COMMITTEE                               | DATE          | PAGES   |
|---|---------------|---------|
| Standards Committee                     | 26 April 2005 | 14a-f   |
| Policy & Service Review Community Forum | 9 June 2005   | 25 - 28 |
| Executive Committee                     | 15 June 2005  | 29-32   |
| Development Control Committee           | 22 June 2005  | 33-52   |
| Scrutiny Management Board               | 23 June 2005  | 53-55   |
| Executive Committee                     | 29 June 2005  | 56-60   |
| Community Outlook Forum                 | 29 June 2005  | 61-63   |
| Policy & Service Review Community Forum | 8 July 2005   | 64-66   |
| Development Control Committee           | 13 July 2005  | 67-68   |

## 6. NOTICE OF MOTION

The following Notice of Motion was received 19<sup>th</sup> May 2005 from Councillors E.G Bamber, R Small, A Jealous (NP), K. Hyde, R. Norsworthy, H. Butler and A. Pounder:

“This Authority gives notice to the North West Regional Assembly with effect from the 26<sup>th</sup> May 2005, that it intends to withdraw from the Assembly on 31<sup>st</sup> March 2006 and that it will be continuing to with-hold its subscription.”

Signed: -

1. R. Small
2. A W Jealous
3. A. Pounder
4. H. Butler
5. E.G Bamber
6. K. Hyde
7. R. J Norsworthy

In 2003 Conservative Members requested that the Council supports their request to suspend its annual subscription to the NWRA. It agreed unanimously to do so. This decision to date has had no noticeable effect on Fylde Borough Council’s membership to the NWRA and it is still considered a Statutory Consultee. This motion has been put forward as a result of the growing concern by many member authorities on the lack of direction and clear outcomes that currently plague the North West Regional Assembly.

The following authorities have already submitted similar motions putting the assembly on notice:

Cheshire CC  
Congleton DC  
Macclesfield DC  
Trafford DC

Ribble Valley DC  
West Lancs DC  
Hyndburn DC  
Wyre DC

Letters expressing serious concerns about how the NWRA is managed have already been received from both Merseyside and Greater Manchester group of Authorities. Lancashire County Council has also made its opposition to NWRA clear.

The Conservative Party has a very clear policy on the issue of Regional Assemblies that it is to scrap them. Public opinion and recent referendums have already shown that people are not prepared to support another tier of Government whose members will be further removed from the Constituencies that they have been elected to serve.

It would be hypocritical for me and my members to continue support for what is at present an expensive un-elected talking shop.

# REPORT



| REPORT OF                   | MEETING | DATE         | ITEM NO |
|-----------------------------|---------|--------------|---------|
| LEGAL & DEMOCRATIC SERVICES | COUNCIL | 28 JULY 2005 | 7       |

## COMMITTEE TIMETABLE

### Public/Exempt item

This item is for consideration in the public part of the meeting/ the meeting not open to the public.

### Summary

At the last full council meeting, members approved a timetable of committee meetings for the period July 2005 to July 2006. One of the changes to previous timetabling practice was moving Development Control Committee from Wednesdays to Tuesdays, to avoid clashing with Executive Committee. Subsequently, the Development Control Committee has requested the council to revert Development Control Committee meetings to Wednesdays.

The Development Control Committee has also asked for meetings of the committee to be timetabled in August, to enable applications to continue to be processed in line with government expectations and so as not to endanger the current level of planning delivery grant.

### Recommendation/s

1. To endorse the view of the Development Control Committee that their meetings should continue to be held on Wednesdays and to adjust the committee timetable accordingly.
2. To schedule meetings of the Development Control Committee for 3 and 24 August 2005.

### Executive brief

The item falls within the following executive brief[s]: Economy (Councillor Roger Small).

## **Report**

### **Day of meetings**

1. Meetings of the Development Control Committee have traditionally been held every fourth Wednesday at 9.30.
2. At the council meeting on 26 May, the council adopted a new timetable of meetings for July 2005 to July 2006. The timetable provided for meetings of the Development Control Committee to be held every three weeks on Tuesdays. The change had been informally canvassed at a Development Control Committee meeting, but had not formally been approved by the committee.
3. The change had been proposed as a result of the Development Control Committee moving from a four-weekly to a three-weekly cycle of meetings. This would increasingly mean that meetings would be held on the same day (and sometimes at the same time) as meetings of the Executive Committee.
4. Some members highlighted personal commitments that would prevent them from attending meetings on Tuesdays. The chairman therefore asked that the day of meetings be reconsidered.
5. The Development Control Committee reconsidered the issue at its meeting of June 22, and resolved that meetings should revert to Wednesdays. Council is asked to incorporate that revision into its committee timetable.

### **Meetings in August**

6. The timetable adopted by the council did not provide for a meeting in August. Traditionally, Development Control Committee has met in August, despite other council bodies not meeting during the month. The unit business manager for the Built Environment was concerned that not having an August meeting will have an adverse effect on development control performance and may affect the amount of planning delivery grant awarded to the council. Development Control Committee members shared that concern and therefore fixed meetings for 3 and 24 August 2005. Again, the council is asked to incorporate those meetings into its timetable.

| <b>IMPLICATIONS</b>         |  |
|-----------------------------|--|
| Finance                     | Planning delivery grant is a valuable financial resource to the council. If the amount of the grant could be reduced as a result of not holding meetings in August, members should seriously consider scheduling meetings during that month. |
| Legal                       |  |
| Community Safety            |  |
| Human Rights and Equalities |  |
| Sustainability              | 8  |



|                                     |  |
|-------------------------------------|--|
| Health & Safety and Risk Management |  |
|-------------------------------------|--|

| REPORT AUTHOR | TEL            | DATE         | DOC ID |
|---------------|----------------|--------------|--------|
| Ian Curtis    | (01253) 658506 | 30 June 2005 |        |

| LIST OF BACKGROUND PAPERS |      |                                |
|---------------------------|------|--------------------------------|
| NAME OF DOCUMENT          | DATE | WHERE AVAILABLE FOR INSPECTION |
| None                      |      |                                |

# REPORT



| REPORT OF          | MEETING | DATE            | ITEM NO |
|--------------------|---------|-----------------|---------|
| MONITORING OFFICER | COUNCIL | 28 JULY<br>2005 | 8       |

## PROTOCOL ON MEMBER-OFFICER RELATIONS

### Public/Exempt item

This item is for consideration in the public part of the meeting.

### Summary

The Standards Committee recently considered whether any changes were required to the protocol on member-officer relations. They identified one change, which concerned briefing arrangements. As the protocol forms part of the council's constitution, only the full council can change it.

### Recommendation/s

That the protocol on member-officer relations be amended by the addition of the words "(or, by arrangement, after office hours)" after the words "during normal office hours" in paragraph 9.

### Executive brief

The item falls within the following executive brief: Leader and quality services (Councillor John Coombes).

### Report

1. The constitution of Fylde Borough Council contains a protocol on member-officer relations. The preamble to the protocol states that its intention is to offer guidance on some of the issues which most commonly occur and which, in turn, may help and serve as a guide in dealing with other situations which might arise. The protocol is largely a statement of current practice and convention, but by collating and emphasising these principles it is hoped to promote greater clarity and certainty

Continued....

2. Breach of the protocol by a councillor cannot of itself be reported to the Standards Board for England. However, a breach may be evidence of a failure to abide by the code of conduct for councillors, which could be dealt with by the Standards Board.
3. The protocol was adopted more than two years ago. Given that it is supposed to be a statement of current practice and convention, the Standards Committee recently reviewed it against practices and conventions as they stand now, to see if it needs to be changed.
4. The Standards Committee considered that the protocol as it presently applies continued to be appropriate and should remain in place. However, members of the committee felt that paragraph 9, which deals with member briefings, should be amended to allow for the possibility of briefings being required outside office hours. The paragraph presently reads:

## 9 BRIEFINGS

The Chairman and Vice-Chairman of a Committee etc are entitled to receive a briefing, during normal office hours, by Officers on reports by officers to be submitted to that meeting at a time convenient to the members prior to the meeting.

5. The change put forward by the Standards Committee would add the words “(or, by arrangement, after office hours)” after the words “during normal office hours”.

| IMPLICATIONS                        |  |
|-------------------------------------|--|
| Finance                             |  |
| Legal                               | Covered in the report.   |
| Community Safety                    | None   |
| Human Rights and Equalities         | None   |
| Sustainability                      | None   |
| Health & Safety and Risk Management | Staff on flexitime would be entitled to time off in lieu for out of hours briefings. Work-life balance issues may arise for staff who do not have entitlement to time off in lieu. |

| REPORT AUTHOR | TEL            | DATE         | DOC ID |
|---------------|----------------|--------------|--------|
| Ian Curtis    | (01253) 658506 | 15 July 2005 |        |

| LIST OF BACKGROUND PAPERS |      |                                |
|---------------------------|------|--------------------------------|
| NAME OF DOCUMENT          | DATE | WHERE AVAILABLE FOR INSPECTION |
| None                      |      |                                |

# REPORT



| REPORT OF | MEETING | DATE    | ITEM NO |
|-----------|---------|---------|---------|
| FINANCE   | COUNCIL | 28 JULY | 9       |

## STATEMENT OF ACCOUNTS 2004/05

### Public/Exempt item

This item is for consideration in the public part of the meeting.

### Summary

The report summarises some of the main points in the statement of accounts for 2004/05 including the revenue and capital out-turn. In 2004/05 council revenue spending of £8,892,000, including parish precepts, resulted in a deficit of £512,000, which had to be drawn from general fund balances. The council spent £3,242,000 on its capital programme.

Members should note that the full statement of accounts including revenue and capital out-turn will be considered by the full Council on July 28. During July and August the Accounts will be audited by the Audit Commission who will present their report to full Council by the end of October.

### Recommendation/s

1. That the Council approve the 2004/05 statement of accounts.

### Executive brief

The item falls within the following executive brief[s]: Quality Services (Councillor John Coombes).

# **Report**

## **1 Introduction**

1.1 The statement of accounts is a statutory document, which must be approved by a committee of the Council before the 31 July 2005. It contains the final revenue account for the council and the balance sheet and collection fund at the year-end. Members will note that the revenue account is not in the same format as they are used to because the format of the statement of accounts is subject to regulation while the Council's budget format is determined locally.

1.2 The Government has set challenging targets for all Councils to bring forward the dates for approving the statement from September 30, which was the old requirement, to June 30 by 2006. This has involved a significant challenge to the finance department.

1.3 The external auditor will audit the document during July and August and express an opinion on whether the accounts present fairly the position of the Council as at 31 March 2005. Members will by now be familiar with the SAS 610 report, which summarises the findings of the audit and will be presented to the Council after the completion of the audit and before the end of October.

1.4 The main points to note in the statement of accounts are the revenue and capital out-turns, the movements on the pension fund and the inclusion of the corporate governance assurance statement for the first time along with the statement of internal control.

## **2 Revenue and Capital**

2.1 The Consolidated Revenue Account in the statement of accounts shows that during the year there was a deficit of £512,000, which was funded from general fund balances. The balance on the general fund at the 31 March 2005 is £757,860, which is above the minimum required level of £500,000.

2.2 During the year the Council incurred £3,242,000 of capital costs in implementing the approved capital programme. This was financed as follows:

| <b>Method of Financing</b> | <b>Amount £</b> |
|----------------------------|-----------------|
| Usable Capital Receipts    | 1,866,000       |
| Grants and Contributions   | 1,372,000       |
| Creditors                  | 4,000           |

2.3 The balance of capital receipts remaining to finance future years capital programmes is £1,363,000. Other than specific government grants for capital schemes e.g. E-govt, disabled facilities grants, or other contributions e.g. North West Development Agency for regeneration, the only major source of capital funds the council has are the right to buy receipts from New Fylde Housing which amounted to £647,000 in 2004/05. This is substantially down on the £884,000 received in 2003/04 and is likely to reduce further in subsequent years.

2.4 The debtors figure on the balance sheet shows that overall the amount owed to the Council has fallen by £92,000 but within these figures sundry debtors have increased by £316,000. This is purely down to two large year-end bills totalling £649,000, in relation to the new cost sharing arrangements with Lancashire County Council for waste collection. Both invoices were settled in the first week of the new financial year. Adjusting for this, sundry debtors have reduced by £333,000.

## **3 Pensions**

3.1 The Council participates in the local<sup>13</sup> government pension scheme administered by Lancashire County Council. This is a funded scheme, meaning that the Council and employees

pay contributions into a fund, calculated at a level estimated to balance the pension liabilities with investment assets. However the accounts now show a liability to the Council of £11.2m, that represents the excess of pension liabilities compared with the market value of assets at a single point in time, the 31 March 2005. This has a substantial impact on the net worth of the Council in the balance sheet but the overall financial position of the Council remains stable, as the deficit on the scheme will be made good by increased employer contributions in the future. However the increased contributions will have a direct impact on the revenue account and so will result in an increase in the council tax unless offsetting actions are taken. This has been reflected in the update of the medium term financial strategy.

#### **4 Corporate Governance/Statement of Internal Control**

4.1 The corporate governance assurance statement is included for the first time together with the statement of internal control. These statements, signed by the leader of the council and chief executive, give the necessary assurance that systems and procedures are in place to ensure that the business of the council is conducted in accordance with the law and proper standards, and that public money is safeguarded and used economically, efficiently and effectively. An action plan is included to address issues identified during the course of the work to prepare these statements.

| <b>IMPLICATIONS</b>                 |  |
|-------------------------------------|--|
| Finance                             | As above   |
| Legal                               | Requirement to approve the statement of accounts by 31 July 2005 |
| Community Safety                    |  |
| Human Rights and Equalities         |  |
| Sustainability                      |  |
| Health & Safety and Risk Management |  |

| REPORT AUTHOR | TEL            | DATE         | DOC ID |
|---------------|----------------|--------------|--------|
| Brian White   | (01253) 658566 | 12 July 2005 |        |

| <b>LIST OF BACKGROUND PAPERS</b> |              |   |
|----------------------------------|--------------|---|
| NAME OF DOCUMENT                 | DATE         | WHERE AVAILABLE FOR INSPECTION            |
| Statement of Accounts 2004/05    | 12 July 2005 | Accountancy Section, Town Hall, St Annes. |

#### **Attached documents**

List any attachments, each on a new line



FYLDE BOROUGH COUNCIL



## Statement of Accounts

2004/05

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## **EXPLANATORY FOREWORD**

### **1. INTRODUCTION**

This Statement of Accounts covers the financial year ended 31<sup>st</sup> March 2005 (2004/05). It has been prepared in accordance with the Accounts and Audit Regulations 2003 and the Code of Practice on Local Authority Accounting in the United Kingdom 2003. The main Accounting Statements within this document are:

- i) **Consolidated Revenue Account** - this account summarises the total revenue expenditure incurred by the Council in the provision of services and demonstrates how that expenditure has been financed from general Government grants and income from local taxpayers. The account is structured in accordance with the Service Expenditure Analysis requirements of the Best Value Code of Practice issued by CIPFA and complies with the detailed requirements of that Code.
- ii) **Consolidated Balance Sheet** - this is a statement of the Council's assets and liabilities and presents an overall view of its financial position at the end of the financial year.
- iii) **Statement of Total Movements in Reserves** - this brings together all the recognised gains and losses of the Council during the year and separates the movements between revenue and capital reserves.
- iv) **Cash Flow Statement** - this summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
- v) **Collection Fund Account** - this account reflects the statutory requirements for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the Council in relation to non-domestic rates and the council tax, and illustrates the way in which these have been distributed to Lancashire County Council, Lancashire Police Authority, Lancashire Fire Authority and Fylde Borough Council. Collection Fund balances are included within the Council's Consolidated Balance Sheet.

These statements are supported by:

- a) **Statement of Responsibilities for the Statement of Accounts** - this sets out the respective responsibilities of the Council and the Finance Unit Business Manager for the Statement of Accounts.
- b) **Independent Auditor's Report** - this sets out the opinion of the Council's external auditor on whether the Council's Accounts present fairly the financial position and operations of the Authority for 2004/05.
- c) **Statement of Accounting Policies** - the purpose of this statement is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the Accounts. By disclosing the policies applied, a better understanding of the view presented by the Accounts on material items can be obtained.
- d) **Statement on the System of Internal Control** - this statement sets out the framework within which financial control is managed and reviewed and the main components of the system, including the arrangement for internal audit. The statement reports on significant identified weaknesses and the actions undertaken to rectify these. Also included with this Statement is the Council's Corporate Governance – Statement of Assurance, and the Corporate Governance and Internal Control Action Plan for 2005/06.

### **2. THE 2004/05 BUDGET AND REVENUE OUTTURN**

Each year the Council estimates what it is going to spend in the following year and calculates the precept it will have to levy on the Collection Fund to meet that cost, having allowed for income and government grants.

The table below demonstrates how these estimates compare to the actual net expenditure for 2004/05, together with comparative figures for 2003/04.

| <b>Actual<br/>2003/04<br/>£'000</b> | <b>Service</b>                              | <b>Revised<br/>Budget<br/>2004/05<br/>£'000</b> | <b>Actual<br/>2004/05<br/>£'000</b> | <b>Variance<br/>2004/05<br/>£'000</b> |
|-------------------------------------|---|---|-------------------------------------|---------------------------------------|
| 3,558                               | Environment                                 | 3,742   | 3,780                               | 38                                    |
| 127                                 | A Safer Community                           | 289   | 168                                 | (121)                                 |
| 141                                 | Community Grants                            | 153   | 152                                 | (1)                                   |
| 1,979                               | The Local Economy                           | 2,116   | 1,820                               | (296)                                 |
| 2,572                               | Quality of Life                             | 2,691   | 2,136                               | (555)                                 |
| 2,974                               | Quality Services                            | 2,544   | 2,667                               | 123                                   |
| -                                   | Turnover Savings                            | (100)   | -                                   | 100                                   |
| <b>11,351</b>                       | <b>Service Expenditure</b>                  | <b>11,435</b>                                   | <b>10,723</b>                       | <b>(712)</b>                          |
| -                                   | Community Projects Fund                     | 50  | 50                                  | -                                     |
| -                                   | LSP Contribution                            | 20  | 20                                  | -                                     |
| (300)                               | Net Investment Income                       | (260)   | (353)                               | (93)                                  |
| (2,306)                             | Financing Adjustments                       | (2,321)   | (1,631)                             | 690                                   |
| <b>8,745</b>                        | <b>Budget Requirement (excl. Parishes)</b>  | <b>8,924</b>                                    | <b>8,809</b>                        | <b>(115)</b>                          |
| <b>Funded By:</b>                   |   |   |                                     |                                       |
| 2,096                               | Revenue Support Grant                       | 2,174   | 2,174                               | -                                     |
| 2,560                               | Business Rates                              | 2,016   | 2,016                               | -                                     |
| 3,628                               | Council Tax – Current Year Requirement      | 4,070   | 4,070                               | -                                     |
| 19                                  | Council Tax – Share of Prior Year Surpluses | 15  | 37                                  | 22                                    |
| 442                                 | Use of Balances                             | 649   | 512                                 | (137)                                 |
| <b>8,745</b>                        |   | <b>8,924</b>                                    | <b>8,809</b>                        | <b>(115)</b>                          |

### 3. **CAPITAL OUTTURN**

The Council spent a total of £3.242m (2003/04 £2.92m) on capital investment in the year compared with an approved budget of £4.305m. A summary of the main items of expenditure is shown below:

| <b>2003/04<br/>£</b> | <b>Main items of Expenditure</b> | <b>2004/05<br/>£</b> |
|----------------------|----------------------------------|----------------------|
| 782                  | Town Centre Improvements         | 1,070                |
| 417                  | Improvement Grants               | 608                  |
| 798                  | Environmental Schemes            | 700                  |
| 350                  | IT Investment                    | 200                  |
| 84                   | Leisure Facilities               | 335                  |
| 0                    | Office Accommodation             | 214                  |
| 179                  | Vehicles and Equipment           | 0                    |
| 310                  | Other                            | 115                  |
| <b>2,920</b>         |                                  | <b>3,242</b>         |

The main reasons for the underspend of £1.063m against the revised estimate are the slippage of Capital Schemes (£1.125m) that will now be completed in 2005/06, and the overspend of the One Stop Scheme (£0.040m) due to timing of invoice payments. This amount is being funded from the allocation already agreed within the 2005/06 Capital Programme.

A summary of how the Authority's capital expenditure was financed can be found at Note 1 of the Consolidated Balance Sheet on page 25.

4. **Further Information**

Further information about the Accounts is available from the Accountancy Section at Fylde Borough Council, Town Hall, St. Annes Road West, St. Annes, Lancashire, FY8 1LW, or via the Council's web site at [www.fylde.gov.uk](http://www.fylde.gov.uk). This is part of the Council's policy of providing full information about the Council's affairs. In addition interested members of the public have a statutory right to inspect the accounts before the annual audit is completed. The availability of the Accounts for inspection is advertised in the local press.

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Authority's Responsibilities**

The Authority is required: -

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

### **The Finance Unit Business Manager's Responsibilities**

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

In preparing this Statement of Accounts, the Finance Unit Business Manager has: -

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

### **Finance Unit Business Manager's Certification**

I certify that the Consolidated Balance Sheet as at 31<sup>st</sup> March 2005 and the Consolidated Revenue Account for 2004/05 presents fairly the financial position of Fylde Borough Council and its income and expenditure for the year.

**B. WHITE, CPFA**  
**FINANCE UNIT BUSINESS MANAGER**  
**28 JULY 2005**

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**LETTER OF GENERAL REPRESENTATION TO BE INSERTED  
IN PUBLISHED DOCUMENT AFTER AUDIT HAS BEEN  
UNDERTAKEN**

**INTENTIONALLY LEFT BLANK**

**AUDITORS REPORT TO BE INSERTED IN PUBLISHED  
DOCUMENT AFTER AUDIT HAS BEEN UNDERTAKEN**

## STATEMENT OF ACCOUNTING POLICIES

### 1. General

These Accounts have been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2003: A Statement of Recommended Practice (SORP), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), including compliance with all the Statements of Standard Accounting Practice (SSAP's), currently applicable to local authorities.

To meet legislative requirements concerning the timetable for publishing the Statement of Accounts, it has been necessary for some estimates to be used, the most significant being Housing Benefit Subsidy figures. Any amendments necessary due to differences between final claim and closedown figures will be taken into account within the 2004/05 financial year.

### 2. Fixed Assets

#### ***Recognition:***

The Council's Capitalisation Policy has been implemented in full, whereby all expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis. For capital accounting purposes a de minimis level of £10,000 has been determined whilst there is no de minimis level for capital control purposes. Amounts charged to services will therefore exceed the amount of direct revenue financing for the year and a corresponding credit from the Capital Financing Reserve will be necessary in the appropriation section of the Consolidated Revenue Account to reduce the charge against the council tax.

The only exception to this Policy concerns the accounting treatment of assets acquired under finance leases. These assets should be capitalised and included on the balance sheet on the basis of the outstanding obligation to make future rental payments. However, rentals are currently charged to revenue when payable and no provision is made for the outstanding lease commitments as the finance leases are either in secondary periods or de minimis in value.

#### ***Measurement:***

Fixed Assets are classified into the groupings required by the Code of Practice on Local Authority Accounting, and have been valued accordingly. The valuation basis is as follows:-

- ***Operational land and properties and other operational assets*** have been included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use.
- ***Non-operational land and buildings (including assets which are surplus to requirements)*** have been included in the balance sheet at the lower of net current replacement cost or net realisable value. In the case of ***Investment Properties***, the net current replacement cost has been valued at market value.
- ***Infrastructure and community assets*** have been included at Historical Cost.

Each year, the Council undertakes an impairment review to identify and significant deterioration in the value of its asset base.

### 3. Depreciation

Assets other than land, non-operational land and buildings, community and infrastructure assets with an indeterminable life are now being depreciated over their useful economic lives in order to comply with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice. Where depreciation is provided for, assets are being depreciated using the straight-line method over the following periods:

- |                                      |              |
|--------------------------------------|--------------|
| • Buildings (where appropriate)      | 50 years     |
| • Infrastructure (where appropriate) | 40 years     |
| • Plant                              | 2 – 20 years |
| • Motor Vehicles                     | 2 – 7 years  |

#### **4. Basis of Charges for Capital**

General Fund service revenue accounts, central support services and trading accounts are charged for the fixed assets used in the provision of the service. This is a capital financing charge using a notional interest rate, and, where appropriate, a charge for any impairment loss (due to a clear consumption of economic benefits). The interest rate used for 2004/05 is 3.5% for assets at current value and 4.8% for assets at historical cost. The Capital Charges are credited to the Asset Management Revenue Account, thereby ensuring a net nil effect on Revenue.

#### **5. Capital Receipts**

At 1 April 2004 the Council was debt-free because it had a credit ceiling of zero and no long-term borrowing. Therefore, all capital receipts received in the year are 100% usable.

#### **6. Government Grants**

Both revenue and capital grants 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.

Revenue grants are credited to appropriate service revenue accounts in the same period as that to which the related expenditure is incurred.

Capital grants received in relation to assets for which depreciation is to be charged are credited to the government grants deferred account and written off to the asset management revenue account over the useful life of the asset to match the depreciation of the asset to which it relates.

#### **7. Investments**

Investments are included in the Balance Sheet at the lower of cost or market value.

#### **8. Leases**

Rentals paid under leasing agreements have been accrued and accounted for through the Revenue Accounts in the period to which they relate.

#### **9. Overheads/Support Service Costs**

To comply with the requirements of the Best Value Accounting Code of Practice (BVACOP), all costs associated with support services have been fully reallocated to service revenue accounts, trading operations and capital accounts. Reallocations have been based primarily on actual and estimated time allocations with other bases including floor area and facility usage.

#### **10. Pensions**

In assessing liabilities for retirement benefits at 31<sup>st</sup> March 2004 for the 2003/04 Statement of Accounts, the actuary was required by the SORP to use a discount rate of 3.5% real (6.3% actual). For the 2004/05 Statement of Accounts, a rate appropriate to the authority's circumstances is to be used and the actuary has advised that a rate of 3.2% real (5.4% actual) is appropriate. Application of this rate has resulted in an increase in liabilities measured at today's prices of £4.773m, adjusted for by an increase in actuarial losses recognised for the year in the Statement of Total Movement on Reserves on page 29.

#### **11. Provisions**

Provisions represent sums set aside for liabilities or losses that are certain to arise but owing to their inherent nature cannot be guaranteed with any certainty. Details of any provisions within the Statement of Accounts are contained within the creditors analysis, detailed at Note 5 to the Consolidated Balance Sheet on page 27, whilst any provisions for Bad Debts are disclosed at Note 4 to the Consolidated Balance Sheet on page 26.



## 12. Reserves

Reserves are those sums set aside for purposes falling outside the definition of provisions (above). Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for purposes such as general contingencies and cash flow management.

The Council operates a number of different earmarked reserves, the purpose of each is summarised below:-

- **Capital Project Fund (Bus Money)** – Reserved from the revenue receipts on the sale of the Bus Company allocated to each area of the Authority. Balance to be expended in Lytham and St. Annes on schemes to be identified.
- **Repairs and Renewals Fund** – To meet unforeseen emergencies not provided for in the Budget.
- **IT Initiatives** – To provide for major systems projects and hardware renewal.
- **Building Control Regulations** – A fundamental principal of the Building Regulations Scheme introduced 1<sup>st</sup> April, 1999, is that there is a three year rolling accounting period over which costs should equate with charge income. This reserve will assist in achieving that aim in future periods.
- **Modernisation** – A general reserve to support the Council as it build capacity and moves forward.
- **Replacement Systems** – Central Government has set targets for Electronic Service Delivery, 25% of services capable of electronic delivery by 2002 and 100% by 2005. The introduction of both new and replacement IT systems will involve significant implementation costs which must be met in the year as additional revenue expenditure.
- **Office Relocation** – Consolidation of the Council's administrative offices is currently under review and whilst future proposals will seek to reduce running costs in subsequent years, ad hoc costs will be incurred in the year of relocation.
- **Parks & Open Spaces** – Developers' who seek the adoption of areas of open space by the Council are required to deposit a commuted sum that is used to support additional grounds maintenance expenditure incurred by the Council following adoption.
- **Borough Elections** – Created in 2004/05. The intention of this reserve is to reduce the impact of the costs of the Borough Elections on the General Fund by spreading the costs over four years rather than one.
- **Planning Support Grant** – Created in 2004/05 to fund improved planning performance.
- **Affordable Housing** – Created in 2004/05. These are funds lodged by developers, as a condition of planning permission being granted. This will be used by the Council for the future provision of affordable housing.
- **Invest to Save** – Created in 2004/05 to fund schemes up front that result in future revenue savings.
- **Consumer Wellbeing, Economic Wellbeing, Legal and Democratic, Cultural, Finance and Built Environment** – these reserves have been created to allow the budgets for schemes and work that have been committed, to be slipped into the following financial year.

**13. Debtors and Creditors**

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice and SSAP 2. 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. Wages, bonus and related costs are included on the basis of the number of weeks that fall within the financial year, 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.

All capital transactions have been recorded on an accruals basis.

A separate Bad Debts' provision has been made for Miscellaneous Sundry Debts, to reflect the age of the debts and the likelihood of recovery.

**14. Stocks**

Stocks such as fuel, are valued at the year end and are recorded in the accounts at the lower of cost or net realisable value.

## **STATEMENT ON THE SYSTEM OF INTERNAL CONTROL**

### **1. SCOPE OF RESPONSIBILITY**

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

In discharging the overall responsibility, Fylde Borough Council is also responsible for maintaining a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

### **2. PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve these objectives, it can therefore only provide reasonable and not absolute assurance of its 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;
- ♦ evaluate the likelihood of those risks being realised and the impact should they be realised;
- ♦ manage them efficiently, effectively and economically.

The system of internal control has been in place at Fylde Borough Council for the year ended 31 March 2005 and up to the date of the annual report and accounts.

### **3. THE INTERNAL CONTROL ENVIRONMENT**

#### **Background**

The Accounts and Audit Regulations 2003 introduced a mandatory requirement for all Councils to produce a statement on internal control. This statement has been prepared to show the Council's current position on internal control as well as outlining the actions, which will be undertaken over the coming year to ensure that the prescribed controls are operating effectively.

The key elements of Fylde Borough Council's internal control environment are as follows:

#### **Organisational**

- ♦ The Borough Council has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.
- ♦ The facilitation of policy and decision-making has been enhanced through the establishment of an Executive Committee in September 2004. Meetings are open to the public except where exempt or confidential matters are being discussed. In addition, senior officers of the council can make decisions under delegated authority.
- ♦ The Council has established three Community Forums to review and scrutinise decisions made by the Executive Committee and the performance of the Council in meeting its policy objectives and performance targets.
- ♦ The Council has a Standards Committee to promote and maintain high standards of conduct by councillors, including overseeing the code of conduct.
- ♦ The Council has designated the Legal & Democratic Services Manager as Monitoring Officer. It is the function of the Monitoring officer to ensure compliance with established policies, procedures, laws and regulations. The Monitoring Officer will report to the full Council if he considers that any proposal, decision or omission would give rise to unlawfulness or maladministration.
- ♦ The Council has designated the Finance Unit Business Manager as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The principal responsibilities of

this officer include financial management, reporting and monitoring, ensuring compliance with financial codes of practice including the Accounts and Audit Regulations 2003.

- ♦ The Council maintains an Internal Audit Section, which operates to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'.

### **Operational**

- ♦ The Corporate Plan establishes Fylde Borough Council's corporate objectives and reflects the Council's principal statutory obligations. Performance against the plan is supported by a developing performance management system.
- ♦ The financial management of the authority is conducted in accordance with the Financial Regulations set out in Appendix 4 of the Constitution. The Council has in place a five-year Financial Strategy, updated annually, to support the medium-term aims of the Corporate Plan.
- ♦ The Council has adopted a "Local Code of Corporate Governance" in accordance with the CIPFA/SOLACE Framework for corporate governance. The local code contains appropriate monitoring and reporting procedures.
- ♦ The Council had adopted and implemented a Corporate Risk Management Strategy, which incorporates the identification and management of existing risks to the achievement of corporate objectives in accordance with recognised standards of control assurance. A Corporate Risk Register is in place, combined with action planning for risks identified.
- ♦ A corporate Risk Management Group (RMG) has been established with an effective monitoring and reporting mechanism. A member of Management Team is the nominated chair of the RMG and a councillor Risk Champion attends group meetings.
- ♦ The Management Team collectively and Unit Business Managers individually are responsible for securing the economical, effective and efficient use of resources as required by the duty of best value.
- ♦ Internal Audit provides in its annual report an independent and objective opinion on the operation of the internal control framework during the year
- ♦ Council Services are delivered by trained and experienced people. All posts have a detailed job description and person specification and training needs are identified through the Personal Development Appraisal Scheme.
- ♦ The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit Letter.
- ♦ In addition the Council has comprehensive policies and procedures in place, which provide the framework for the operation of its services and ensure that its actions and decisions are undertaken within the framework of effective internal control.

## **4. REVIEW OF EFFECTIVENESS**

Fylde Borough Council has responsibility for conducting, at least annually, a review of the system of internal control. The review of the effectiveness of internal control is informed by the work of the internal auditors and the senior managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

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

- ♦ The Legal & Democratic Services Manager (the 'Monitoring Officer') has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution each year at its Annual Meeting.
- ♦ The Council reviews the local Code of Corporate Governance on an annual basis, including Dimension 4 relating to risk management and internal control, and adopts an Action Plan to deal with any issues.
- ♦ The Council has three Community Forums for the purposes of scrutiny. They can "call-in" a decision that has been made by a committee but not yet implemented, to enable them to consider whether the decision is appropriate. They allow people to have a greater say in Council matters by holding public reviews into matters of local concern.
- ♦ The Council has delegated to the Performance and Improvement Community Forum responsibility for reviewing the adequacy of internal controls, monitoring the performance of internal audit and agreeing to the internal audit plan.

- ◆ Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a five-year strategic plan which is approved by Performance and Improvement Community Forum, and from which the annual plan is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Unit Business Manager and service manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The process includes follow-up reviews of recommendations to ensure that they are acted upon.
- ◆ The Internal Audit team is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section.
- ◆ Each year, the Corporate Management Team reviews the Risk Management Policy Statement and Strategy to ensure their continued relevance to the Council. The annual review also assesses performance against the aims and objectives of the Risk Management Strategy.
- ◆ The Risk Management Group is responsible for reviewing the Council's strategic risk register and associated action plans. The Group ensures that the appropriate management action is taken to minimise/eliminate risk.

## 5. PROPOSALS FOR IMPROVEMENT

A number of internal control issues have been identified for improvement. In order to strengthen our internal control framework the Council has established a combined Corporate Governance and Internal Control Action Plan. This is reproduced on the following pages.

**COUNCILLOR J. COOMBES**  
**LEADER, FYLDE BOROUGH COUNCIL**  
**28 JULY 2005**

**K. LEE**  
**CHIEF EXECUTIVE**  
**28 JULY 2005**

## **CORPORATE GOVERNANCE - STATEMENT OF ASSURANCE**

Fylde Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this accountability, members and senior officers are responsible for putting in place proper arrangements for the governance of the authority's affairs and the stewardship of the resources at its disposal. To this end, Fylde Borough Council has approved and adopted a local code of corporate governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework "*Corporate Governance in Local Government: A keystone for community governance*". A copy of the code is on the Council's website at [www.fylde.gov.uk](http://www.fylde.gov.uk) or can be obtained from the Legal & Democratic Services Business Unit, Town Hall, South Promenade, Lytham St Annes FY8 1LW.

It is recognised that appropriate management and reporting arrangements are necessary to enable the Council to satisfy itself, and the public, that its approach to corporate governance is both adequate and effective in practice. The Chief Executive has been given responsibility for:

- ◆ overseeing the implementation and monitoring the operation of the code
- ◆ reviewing the operation of the code in practice
- ◆ reporting annually to the Executive Committee on compliance with the code and any changes that may be necessary to maintain it up to date and ensure its effectiveness in practice.

In addition, the Head of Internal Audit has been given the responsibility to review independently and report to the relevant scrutiny forum annually, to provide assurance on the adequacy and effectiveness of the code and the extent of compliance with it. The corporate governance arrangements put in place by the authority are more fully described in the Local Code of Corporate Governance.

On the basis of the reports of senior officers and the Head of Internal Audit arising from their reviews of the Council's corporate governance arrangements, we are satisfied that, except for the matters listed below, they are adequate and are operating effectively.

Certain aspects of the code of corporate governance are not yet in place. In order to address these matters and to further enhance our corporate governance arrangements the Council has established a combined Corporate Governance and Internal Control Action Plan, summarised at the end of this Statement of Assurance.

We are satisfied that this plan addresses the necessary improvements that were identified in our annual review and will monitor the plan's implementation and operation as part of our subsequent annual review.

**COUNCILLOR J. COOMBES**  
**LEADER, FYLDE BOROUGH COUNCIL**  
**28 JULY 2005**

**K. LEE**  
**CHIEF EXECUTIVE**  
**28 JULY 2005**

## **CORPORATE GOVERNANCE & INTERNAL CONTROL ACTION PLAN 2005-06**

| <b>Ref</b> | <b>Action</b>   | <b>Source of Assurance</b>  |
|------------|---|---|
| 1          | Develop a systematic and co-ordinated process to monitor the implementation of recommendations agreed with external inspectors and the Audit Commission   | <ul style="list-style-type: none"> <li>▪ Reports to Corporate Management Team</li> <li>▪ Reports to Scrutiny</li> </ul>   |
| 2          | Further enhance arrangements for member development by introducing a structured induction scheme for new members and training for committee chairs  | <ul style="list-style-type: none"> <li>▪ New member induction scheme</li> <li>▪ Training for committee chairs</li> </ul>  |
| 3          | Assign responsibility for corporate governance and internal control issues within the terms of reference of a relevant member committee   | <ul style="list-style-type: none"> <li>▪ Committee terms of reference</li> <li>▪ Reports on governance and control to responsible committee</li> <li>▪ Committee minutes show responsibility adequately discharged</li> </ul>       |
| 4          | Provide clear and accessible information on corporate governance and internal control issues to employees, members, the public and other stakeholders   | <ul style="list-style-type: none"> <li>▪ Evidence of dissemination (e.g. briefings, accessible on intranet site)</li> </ul>   |
| 5          | Implement the Employees Code of Conduct and establish the registers of interests required by the code   | <ul style="list-style-type: none"> <li>▪ Code of Conduct agreed with Trade Unions</li> <li>▪ Employees signed acceptances</li> <li>▪ Registers of Interest established</li> </ul>   |
| 6          | Assign responsibility to the Monitoring Officer for providing assurance that all relevant legislative change has been identified and communicated   | <ul style="list-style-type: none"> <li>▪ Monitoring Officer's job description</li> <li>▪ Evidence of assurance given to Chief Executive that all relevant legislative changes have been identified and communicated</li> </ul>      |
| 7          | Maintain a central record of complaints against the authority, as defined in the Customer Care Policy, together with evidence of corrective action taken in response to such complaints           | <ul style="list-style-type: none"> <li>▪ Central register of complaints exists</li> <li>▪ Supporting documentation available</li> <li>▪ Evidence of corrective action taken</li> </ul>  |
| 8          | Report to committee on a regular basis with a summary complaints received and addressed, including an analysis of the outcomes  | <ul style="list-style-type: none"> <li>▪ Evidence of regular reporting of complaints to members and associated actions</li> </ul>   |
| 9          | Revise the service planning template to require the matching of service objectives with associated budgets  | <ul style="list-style-type: none"> <li>▪ Revised service planning template exists</li> <li>▪ Budget and service objectives aligned</li> </ul>   |
| 10         | Provide regular budget monitoring reports to senior management - capital and revenue, current year and medium term  | <ul style="list-style-type: none"> <li>▪ Regular budget monitoring reports to corporate management team – capital and revenue, current year and medium term</li> </ul>  |
| 11         | Report risk issues to members on a regular and frequent basis   | <ul style="list-style-type: none"> <li>▪ Evidence of regular and frequent reporting of risk issues to members</li> </ul>  |
| 12         | Assign responsibilities for obligations in relation to risk management, internal control and the implementation of relevant legislation in the generic job descriptions of Unit Business Managers | <ul style="list-style-type: none"> <li>▪ Job descriptions of Unit Business Managers outline responsibilities for risk management, internal control and implementing legislation</li> </ul>  |
| 13         | Undertake an annual review of risk at service/operational level within all business units   | <ul style="list-style-type: none"> <li>▪ Evidence of annual review of risk at service/operational level</li> </ul>  |
| 14         | Develop business/service continuity plans covering all critical service areas   | <ul style="list-style-type: none"> <li>▪ Business/service continuity plans exist covering all critical service areas</li> </ul>   |
| 15         | Establish a robust mechanism to ensure that an Action Plan is implemented to address weaknesses and ensure continuous improvement in corporate governance and internal control                    | <ul style="list-style-type: none"> <li>▪ Action Plan is approved</li> <li>▪ Actions are communicated and responsibilities assigned</li> <li>▪ Target dates included in action plan</li> <li>▪ Ongoing review of progress</li> </ul> |

|    |   |                                   |
|----|---|-----------------------------------|
| 16 | Assign responsibility for compiling and reporting the Statement on Internal Control | ▪ Documented key responsibilities |
|----|---|-----------------------------------|



**CONSOLIDATED REVENUE ACCOUNT**  
**As at 31 March**

| 2003/04          |  | 2004/05 |                    |          |                  |
|------------------|--|---------|--------------------|----------|------------------|
| Net Expend-iture |  | Notes   | Gross Expend-iture | Income   | Net Expend-iture |
| £'000            |  |         | £'000              | £'000    | £'000            |
| RESTATED         |  |         |                    |          |                  |
| 886              | Central Services to the Public   |         | 1,424              | (452)    | 972              |
| 6,823            | Cultural, Environmental and Planning Services                            |         | 11,404             | (3,836)  | 7,568            |
| 309              | Highways, Roads and Transport Services                                   |         | 701                | (496)    | 205              |
| 1,291            | Housing Services   |         | 13,582             | (13,449) | 133              |
| 5                | Social Services  |         | 7                  | (5)      | 2                |
| 1,510            | Corporate and Democratic Core  |         | 1,690              | (44)     | 1,646            |
| 526              | Non distributed costs  |         | 267                | -        | 267              |
| 11,350           | Net Cost of Services   | 1       | 29,075             | (18,282) | 10,793           |
| 71               | Parish Councils Precepts   |         | 83                 | -        | 83               |
| (369)            | Asset Management Revenue Account   | 2       | -                  | (300)    | (300)            |
| (300)            | Interest and Investment Income   |         | -                  | (353)    | (353)            |
| 360              | Pensions interest cost and expected return on pensions assets            | *       | 210                | -        | 210              |
| 11,111           | Net Operating Expenditure  |         | 29,368             | (18,935) | 10,433           |
| 121              | Transfer to/(from) Earmarked Reserves                                    | 3       |                    |          | 916              |
| (1,617)          | Transfer from Capital Financing Reserve                                  | *       |                    |          | (2,140)          |
| (799)            | Contribution to/(from) the Pensions Reserve                              | *       |                    |          | (317)            |
| 8,816            | Amount to be met from Government Grant and Local Taxation                |         |                    |          | 8,892            |
| (2,096)          | General government grants  |         |                    |          | (2,174)          |
| (2,560)          | Non Domestic Rates redistribution  |         |                    |          | (2,016)          |
| (3,698)          | Demand on the Collection Fund  |         |                    |          | (4,153)          |
| (19)             | Transfers (from)/to the Collection Fund in respect of surpluses/deficits |         |                    |          | (37)             |
| 442              | Net General Fund (Surplus) / Deficit for the year                        |         |                    |          | 512              |
| (1,712)          | Balance on General Fund brought forward                                  |         |                    |          | (1,270)          |
| (1,270)          | Balance on General Fund carried forward                                  |         |                    |          | (758)            |

Detailed notes on items marked with an asterisk ( \* ) can be found within the Notes to the Statement of Total Movements in Reserves on Page 29.

## NOTES TO CONSOLIDATED REVENUE ACCOUNT

### 1. Service Analysis

The Service Analysis under the Net Cost of Services on the Consolidated Revenue Account, follows the standard service expenditure analysis as required under the SORP and under the Best Value regime for purposes of external reporting. The analysis differs from that used for internal reporting, the structure of which follows the Council's Corporate Objectives.

### 2. Asset Management Revenue Account

| 2003/04 |   | 2004/05 |
|---------|---|---------|
| £'000   |   | £'000   |
| (1,289) | Gross Capital charges                                 | (1,146) |
| -       | Less: Release of Deferred Grants                      | 111     |
| (1,289) | <b>Net Capital Charges – Service Revenue Accounts</b> | (1,035) |
| 18      | Less External Interest paid                           | -       |
| 902     | Less Depreciation                                     | 735     |
| (369)   | <b>Transfer to Consolidated Revenue Account</b>       | (300)   |

### 3. Transfers to/(from) Earmarked Reserves

The net contribution to Reserves reflects:-

| 2003/04 |  | 2004/05 |
|---------|--|---------|
| £'000   |  | £'000   |
|         | Transfers to/(from):-                  |         |
| (40)    | Capital Projects Fund                  | -       |
| -       | Repairs & Renewals Fund                | (24)    |
| 65      | IT Initiatives Reserve                 | (50)    |
| (17)    | Modernisation Reserve                  | 66      |
| -       | Replacement Systems                    | (50)    |
| 56      | Consumer Wellbeing and Protection      | (13)    |
| 22      | Economic Wellbeing and Regeneration    | (23)    |
| 13      | Legal and Democratic                   | (1)     |
| 5       | Cultural Services                      | -       |
| 11      | Built Environment                      | -       |
| -       | Finance                                | 200     |
| 6       | Parks and Open Spaces Reserve          | (32)    |
| -       | Borough Elections                      | 16      |
| -       | Planning Support Grant                 | 152     |
| -       | Affordable Housing                     | 625     |
| -       | Invest to Save                         | 50      |
| 121     | <b>Net Transfer to/(from) Reserves</b> | 916     |

### 4. Leases

#### **Finance Leases:**

Finance Lease rentals of £3,658 for various items of plant, vehicles and equipment were paid in 2004/05 (2003/04 £3,658). This lease has now finished and there are no further payments to be made for primary leases.

**Operating Leases:**

Operating Lease rentals of £256,404 for various items of plant, vehicles and equipment were paid in 2004/05 (2003/04 £228,054). The outstanding commitment at 31<sup>st</sup> March 2005 for operating leases is £1,025,892, of which the Council is committed to making payments in 2005/06 of £250,958.

All the above payments are included in the Net Cost of Services in the Consolidated Revenue Account.

**5. Section 137, Local Government Act 2000 (as amended)**

Under Section 137, as amended by LGA 2000, authorities have continuing powers to contribute to funds of charities operating in the UK, not for profit bodies providing a public service in the UK and mayoral appeals. Separate account of this expenditure has to be made, and is limited to £1.90 per head of population. The Council was permitted to spend £142,500 under this power in 2004/05 (2003/04 £143,648) and its actual expenditure was £25,000 (on grants to voluntary organisations which serve the community) (2003/04 £16,142).

**6. Publicity - Memorandum Account**

Section 5(1) of the Local Government Act, 1986 which came into force on 1st April 1988, requires a local authority to keep a separate account of its expenditure on publicity.

A sum of £341,474 was included in the Revised 2004/05 Budget and actual costs were as follows:-

| 2003/04<br>£'000 | Expenditure                | 2004/05<br>£'000 |
|------------------|----------------------------|------------------|
| 40               | Recruitment Advertising    | 24               |
| 55               | Advertising Other          | 61               |
| 210              | Tourist Information Bureau | 167              |
| 83               | Publicity and Advertising  | 114              |
| 57               | Events                     | 81               |
| <u>445</u>       | <b>Total Expenditure</b>   | <u>447</u>       |
|                  | <b>Income</b>              |                  |
| (52)             | Tourist Information Bureau | (65)             |
| (42)             | Publicity and Advertising  | (38)             |
| (19)             | Events                     | (19)             |
| <u>(113)</u>     | <b>Total Income</b>        | <u>(122)</u>     |
| <u>332</u>       | <b>Net Expenditure</b>     | <u>325</u>       |

The above figures are included in the Consolidated Revenue Account.

**7. Building Control**

The Council is required to report the summary position in respect of the performance of the Building Regulation Control function, in accordance with the Building (Local Authority Charges) Regulations 1998. During the year, expenditure of £236,368 was incurred which, when offset by income of £262,127, resulted in a net surplus for the year of £25,759.

The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities:

|                                   | <b>Total</b> | <b>Chargeable</b> | <b>Non-Chargeable</b> |
|-----------------------------------|--------------|-------------------|-----------------------|
|                                   | £'000        | £'000             | £'000                 |
| <b>Expenditure</b>                |              |                   |                       |
| Employee expenses                 | 151          | 98                | 53                    |
| Premises                          | 84           | 55                | 29                    |
| Transport                         | 14           | 9                 | 5                     |
| Supplies and Services             | 52           | 35                | 17                    |
| Support Service Charges           | 54           | 39                | 15                    |
| Total Expenditure                 | 355          | 236               | 119                   |
| <b>Income</b>                     |              |                   |                       |
| Building Regulation Charges       | (262)        | (262)             | -                     |
| Miscellaneous Income              | (24)         | -                 | (24)                  |
| Total Income                      | (286)        | (262)             | (24)                  |
| <b>(Surplus)/Deficit for Year</b> | 69           | (26)              | 95                    |
| <b>Comparatives for 2003/04</b>   |              |                   |                       |
| Expenditure                       | 295          | 192               | 103                   |
| Income                            | (277)        | (259)             | (18)                  |
| (Surplus) / Deficit for the Year  | 18           | (67)              | 85                    |

## 8. Agency Services

A new Highways Partnership agency arrangement was mainly implemented in July 2003. The Council remains highways agent for Lancashire County Council in respect of highways work in the urban core and also street lighting, gully cleansing and special maintenance but costs are not now reflected in the Council's Accounts.

## 9. Local Government (Goods and Services) Act 1970

The Council continues to receipt cash on behalf of New Fylde Housing at its cash collection offices in St. Annes and Kirkham for an agreed sum. The arrangement is subject to an annual review.

## 10. Retirement Benefits

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these will not actually be payable until employees retire, the Council is committed to make the payments. Under Financial Reporting Standard 17 'Retirement Benefits', the Council has to disclose the authority's net asset or liability relating to its portion of the Lancashire County Pension Fund within the financial statements at the time that employees earn their future entitlements.

The Lancashire County Pension Fund is a funded scheme, meaning that the Authority and employees pay contributions into the Fund, calculated at a level estimated to balance the pension liabilities with investment assets. It is a defined benefit scheme.

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account after Net Operating Expenditure. The following transactions have been made in the Consolidated Revenue Account during the year:-

| 2003/04 | Local Government Pension Scheme   | 2004/05 |
|---------|---|---------|
| £'000   |   | £'000   |
|         | <b>Net Cost of Services</b>   |         |
| 634     | - Current Service Cost  | 788     |
| 526     | - Past Service Costs  | 0       |
|         | <b>Net Operating Expenditure</b>  |         |
| 1,963   | - Interest Cost   | 2,165   |
| (1,603) | - Expected Return on Assets in the Scheme                                 | (1,955) |
|         | <b>Amounts to be met from Government Grants and Local Taxation</b>        |         |
| (799)   | - Movement on Pensions Reserve  | (317)   |
|         | <b>Actual amount charged against council tax for pensions in the year</b> |         |
| 721     | - Employers' contributions payable to scheme                              | 681     |

Note 8 to the Consolidated Balance Sheet on pages 27 and 28 contains details of the assumptions made in estimating the figures included in this note.

An analysis of the movement in the Pension Reserve over 2004/05 is shown in note 1b) to the Statement of Total Movements in Reserves on page 31.

#### 11. Members' Allowances

The Members of the Council were paid allowances and expenses for the year totalling £211,687 (2003/04 £174,907).

#### 12. Officers' Emoluments

The Accounts and Audit Regulations 1996 requires the number of employees whose total remuneration exceeds £50,000 to be disclosed in the Accounts. For 2004/05, the remuneration for 3 employees (2003/04, 2 employees) fell within the following bands:-

| 2003/04 | Bands             | 2004/05 |
|---------|-------------------|---------|
| 1       | £50,000 - £59,999 | 2       |
| -       | £60,000 - £69,999 | -       |
| 1       | £70,000 - £79,999 | 1       |

Remuneration includes all amounts paid to or receivable by an employee and includes sums due by the way of expenses and the estimated monetary value of all other benefits received by an employee otherwise than in cash.

#### 13. Related Party Transactions

In accordance with FRS8, the financial statements must contain the disclosures necessary to draw attention to the possibility that the reported financial position of the Authority may have been affected by the existence of related parties and by material transactions with them.

Related parties include:

- ♦ Central Government
- ♦ Other local authorities and precepting bodies
- ♦ Subsidiary and associated companies
- ♦ Joint ventures and joint venture partners

- ♦ Members and Chief Officers

Most transactions involving related parties are disclosed elsewhere in the Financial Statements as follows:

**Central Government**

- ♦ Grants from the Government are included in the Notes to the Cash Flow Statement on Page 34.

**Other Local Authorities, Local Authority Bodies and Precepting Bodies**

- ♦ Payments to the Lancashire County Council Superannuation Fund are indicated in Note 10 above.
- ♦ The precepts and demands paid to Lancashire County Council, Lancashire Police Authority and Lancashire Fire Authority are shown in Note 1 to the Collection Fund at page 36.
- ♦ Financial Assistance given to Parish Councils is as follows:

| 2003/04<br>£'000 | Type of Assistance                        | 2004/05<br>£'000 |
|------------------|---|------------------|
| 37               | Revenue Expenditure – Grant Support       | 38               |
| 5                | Capital Expenditure – Interest Free Loans | 5                |
| <u>42</u>        |   | <u>43</u>        |

- ♦ In 2004/05, the Council made a contribution of £20,000 to the costs of operating the Lancashire West Partnership – a body that exists to promote the economic prosperity of West Lancashire. This body receives financial contributions from all the Authorities in West Lancashire.
- ♦ In 2004/05, the Council also made a contribution of £20,000 to the Fylde Local Strategic Partnership.

**Subsidiary and associated companies**

- ♦ The Council does not operate any companies, subsidiaries or joint ventures.

**Members and Chief Officers**

- ♦ The Council's standing orders require a Member of the Council who believes they have an interest in a matter to be discussed at a Council or Committee meeting to declare that interest, and where appropriate, take no part in the discussion or voting on that item. On occasions, Members may leave the meeting while the particular matter is being discussed.
- ♦ Chief Officers of the Council were involved in no transactions other than those allowed for in the normal course of their employment.

**14. Audit Fees**

In 2004/05, the Council incurred the following fees relating to external audit and inspection from the appointed auditor, the Audit Commission:-

| 2003/04<br>£'000 | Audit Fee Type   | 2004/05<br>£'000 |
|------------------|--|------------------|
| 70               | Fees payable with regard to external audit services            | 66               |
| 14               | Fees payable in respect of statutory inspection                | 10               |
| 24               | Fees payable for the certification of grant claims and returns | 27               |
| -                | Fees payable in respect of other services                      | 25               |
| <u>108</u>       |  | <u>128</u>       |

# CONSOLIDATED BALANCE SHEET

As at 31<sup>st</sup> March

| 2003/04<br>£'000 |   | Notes    | 2004/05 |               |
|------------------|---|----------|---------|---------------|
|                  |   |          | £'000   | £'000         |
| <b>RESTATED</b>  |   |          |         |               |
|                  | <b><u>FIXED ASSETS</u></b>                          |          |         |               |
| 8,901            | Tangible Fixed Assets                               |          |         |               |
| 2,782            | Operational Assets                                  |          | 16,503  |               |
|                  | Non-Operational Assets                              |          | 3,194   |               |
| <u>11,683</u>    | <b>Total Fixed Assets</b>                           | <b>1</b> |         | 19,697        |
| 116              | Long Term Debtors                                   | <b>3</b> |         | 93            |
| <u>11,799</u>    | <b>Total Long Term Assets</b>                       |          |         | <u>19,790</u> |
|                  | <b><u>CURRENT ASSETS</u></b>                        |          |         |               |
| 11               | Stocks and Work in Progress                         |          | 27      |               |
| 3,639            | Debtors   | <b>4</b> | 3,547   |               |
| 3,860            | Short Term Investments                              |          | 4,035   |               |
| -                | Cash and Bank                                       |          | 2       | 7,611         |
| <u>19,309</u>    | <b>Total Assets</b>                                 |          |         | <u>27,401</u> |
|                  | <b><u>CURRENT LIABILITIES</u></b>                   |          |         |               |
| (2,394)          | Creditors and Provisions                            | <b>5</b> |         | (2,834)       |
| (306)            | Cash Overdrawn                                      |          |         | (680)         |
| <u>16,609</u>    | <b>Total Assets less Current Liabilities</b>        |          |         | <u>23,887</u> |
|                  | <b><u>LONG TERM LIABILITIES</u></b>                 |          |         |               |
| (65)             | Partial Exemption Provision                         |          |         | -             |
| (42)             | Deferred Capital Receipts                           | <b>6</b> |         | (37)          |
| (5,902)          | Liability related to defined benefit pension scheme | <b>*</b> |         | (11,212)      |
| <u>10,600</u>    | <b>TOTAL ASSETS LESS LIABILITIES</b>                |          |         | <u>12,638</u> |
|                  | <b><u>FINANCED BY:</u></b>                          |          |         |               |
| 7,406            | Fixed Asset Restatement Account                     | <b>*</b> |         | 14,950        |
| 3,692            | Capital Financing Account                           | <b>*</b> |         | 3,589         |
| 431              | Government Grants - deferred                        | <b>*</b> |         | 984           |
| 2,590            | Usable Capital Receipts Reserve                     | <b>*</b> |         | 1,363         |
| 114              | Unapplied Grants and Contributions                  | <b>*</b> |         | 196           |
| (5,902)          | Pensions Reserve                                    | <b>*</b> |         | (11,212)      |
| 980              | Earmarked Reserves                                  | <b>*</b> |         | 1,896         |
| 1,270            | General Fund Balance                                | <b>*</b> |         | 758           |
| 19               | Collection Fund Balance                             | <b>*</b> |         | 114           |
| <u>10,600</u>    | <b>TOTAL NET WORTH</b>                              |          |         | <u>12,638</u> |

\* - All notes relating to these headings follow the Statement of Total Movement in Reserves on pages 29 to 32.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 1. Fixed Assets

Movements in fixed assets during the year were as follows:

|   | Land and Buildings | Vehicles, Plant & Equipment | Infra-structure | Communi-ty | Investment Properties | Total         |
|---|--------------------|-----------------------------|-----------------|------------|-----------------------|---------------|
|   | £'000              | £'000                       | £'000           | £'000      | £'000                 | £'000         |
| Certified Valuation at 31/03/04             | 8,283              | 1,132                       | -               | 73         | 2,763                 | 12,251        |
| Accumulated Depreciation and Impairment     | (306)              | (262)                       | -               | -          | -                     | (568)         |
| Net Book Value of Assets at 31/03/04        | 7,977              | 870                         | -               | 73         | 2,763                 | 11,683        |
| <b>Movement in 2004/05</b>                  |                    |                             |                 |            |                       |               |
| Additions                                   | 478                | 878                         | -               | -          | -                     | 1,356         |
| Disposals                                   | -                  | (154)                       | -               | -          | -                     | (154)         |
| Revaluations                                | 7,546              | -                           | -               | -          | -                     | 7,546         |
| Depreciation                                | (125)              | (228)                       | -               | -          | (19)                  | (372)         |
| Impairments                                 | (73)               | -                           | -               | -          | (289)                 | (362)         |
| Reclassifications                           | (348)              | 50                          | -               | (6)        | 304                   | -             |
| <b>Net Book Value of Assets at 31/03/05</b> | <b>15,455</b>      | <b>1,416</b>                | <b>-</b>        | <b>67</b>  | <b>2,759</b>          | <b>19,697</b> |

An analysis of the main fixed assets:-

| 2003/04<br>(No's) | Asset Types                  | 2004/05<br>(No's) |
|-------------------|------------------------------|-------------------|
|                   | <b>Operational Buildings</b> |                   |
| 1                 | Town Hall                    | 1                 |
| 4                 | Other Offices                | 4                 |
| 2                 | Swimming Pools               | 2                 |
| 3                 | Depots                       | 3                 |
| 18                | Surface Car Parks            | 18                |
| 1                 | Cemeteries                   | 1                 |
| 1                 | Crematoria                   | 1                 |
| 1                 | Museum                       | 1                 |
|                   | <b>Operational Equipment</b> |                   |
| 47                | Vehicles and Plant           | 46                |
|                   | <b>Infrastructure Assets</b> |                   |
| 72                | Bus Shelters                 | 72                |
|                   | <b>Community Assets</b>      |                   |
| 26                | Parks and Open Spaces        | 26                |
| 105               | Works of Art (items)         | 105               |
| 21                | Civic Regalia (items)        | 21                |
| 5                 | Allotment Sites              | 5                 |



## **Capital Expenditure and Financing**

| <b>2003/04</b> |   | <b>2004/05</b> |
|----------------|---|----------------|
| £'000          |   | £'000          |
|                | <b>Total Capital Expenditure</b>          |                |
| 1,530          | Fixed Assets                              | 1,356          |
| 1,390          | Deferred Charges                          | 1,886          |
| <b>2,920</b>   |   | <b>3,242</b>   |
|                | <b>Financing</b>                          |                |
| 839            | Usable Capital Receipts                   | 1,866          |
| 1,167          | Government Grants and other contributions | 1,372          |
| 825            | Leasing                                   | 0              |
| <b>2,831</b>   |   | <b>3,238</b>   |
| (22)           | <b>Less:-</b> Creditors brought forward   | (111)          |
| 111            | <b>Add:-</b> Creditors carried forward    | 115            |
| <b>2,920</b>   |   | <b>3,242</b>   |

### **Revaluation of Fixed Assets**

The freehold and leasehold properties which comprise the authority's property portfolio were valued as at 31<sup>st</sup> March 2002 by an external independent valuer – Lancashire County Council Property Group – on the under-mentioned basis in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual. Inspections were carried out between May 2001 and February 2002.

Some items of plant and machinery are included in the valuation of the buildings, with notable exceptions being trade fixtures and fittings and furniture and furnishings.

Properties regarded as operational can be further divided into Specialised and Non-specialised. Specialised properties are valued on the basis of depreciated replacement cost. Non-specialised properties are valued on the basis of open market value for the existing use or, net current replacement cost.

Works of Art relate to paintings and artefacts bequeathed to the Authority, some of which are to be held in perpetuity for the benefit of the residents of the Borough and have been included in the register at a nominal amount.

### **Commitments under Capital Contracts**

Capital projects often take several years to complete. This means that the Authority is often committed to capital expenditure in later years arising from contracts entered into at the balance sheet date whereby all or part of the capital work has yet to be undertaken. The estimated value of capital expenditure committed at 31<sup>st</sup> March 2005 to be paid in 2005/06 is £1,276,115 and is mainly in respect of the regeneration of St. Annes Square (£554,000), E Government initiatives (£308,749) and work on St. Annes Crematorium (£117,972).

## **2. Deferred Charges**

|  | <b>Balance at<br/>1st April</b> | <b>Expenditure</b> | <b>Amounts<br/>Written Out</b> | <b>Balance at<br/>31 March</b> |
|--|---------------------------------|--------------------|--------------------------------|--------------------------------|
|  | £'000                           | £'000              | £'000                          | £'000                          |
| <b>Capital Deferred Charges</b>                          |                                 |                    |                                |                                |
| Town Centre Regeneration                                 | 0                               | 1,069              | (1,069)                        | 0                              |
| Disabled Facilities Grants                               | 0                               | 342                | (342)                          | 0                              |
| Private Sector Renewal                                   | 0                               | 266                | (266)                          | 0                              |
| YWCA Capital Grant                                       | 0                               | 180                | (180)                          | 0                              |
| Sea Defence Works  | 0                               | 14                 | (14)                           | 0                              |
| Lytham Jetty   | 0                               | 15                 | (15)                           | 0                              |
|  | <b>0</b>                        | <b>1,886</b>       | <b>(1,886)</b>                 | <b>0</b>                       |
| Grants and Contributions received<br>in respect of above | 0                               | (689)              | 689                            | 0                              |

|  |   |       |         |   |
|--|---|-------|---------|---|
|  | 0 | 1,197 | (1,197) | 0 |
|--|---|-------|---------|---|

## 2. Deferred Charges (Cont'd)

Deferred charges represent expenditure which does not result in the creation of a tangible asset within the Council's ownership. In such circumstances, the Council writes off the appropriate expenditure to revenue.

## 3. Long Term Debtors

These relate to amounts owing to the Council which are being repaid over various periods longer than one year.

| 2003/04    | Analysis                          | 2004/05   |
|------------|-----------------------------------|-----------|
| £'000      |                                   | £'000     |
| 24         | Mortgages                         | 9         |
| 20         | Housing Association               | 18        |
| 30         | Parish Council Interest Free Loan | 29        |
| 42         | YMCA Land Sale                    | 37        |
| <u>116</u> |                                   | <u>93</u> |

## 4. Debtors

| 2003/04      | Analysis                                 | 2004/05      |
|--------------|--|--------------|
| £'000        |  | £'000        |
|              | <u>Amounts falling due in one year:-</u> |              |
| 1,343        | Government Departments                   | 351          |
| 41           | Other Public Authorities                 | 180          |
| 903          | Housing Associations                     | 647          |
| 1,200        | Council Taxpayers                        | 1,237        |
| 373          | Non-domestic Ratepayers                  | 582          |
| 1,237        | Sundry Debtors                           | 1,553        |
| 45           | Payments in Advance                      | 265          |
| 41           | Car Loans to Employees                   | 48           |
| <u>5,183</u> |  | <u>4,863</u> |
| (1,544)      | Provision for doubtful debts             | (1,316)      |
| <u>3,639</u> |  | <u>3,547</u> |

The main variations between years relates to a decrease in monies owed from the Department of Works and Pensions for the final Housing Benefits Subsidy Claim (£0.916m), and an increase in the total of Sundry Debtors outstanding (£0.489m). This can be directly linked to the issue of two large Sundry Debtor invoices at year end, which inflated the arrears position at that date. Both invoices were settled early April 2005.

An increase in the arrears of Non-domestic ratepayers can be attributed to a change in the method of disclosure of advance receipts. These are now shown within Creditors and Provisions (see Note 5 below), whereas in previous years they had been netted off outstanding arrears within Debtors. This disclosure method is in accordance with the SORP.

## 5. Creditors and Provisions

| 2003/04      | Analysis   | 2004/05      |
|--------------|--|--------------|
| £'000        |  | £'000        |
| 25           | Government Departments                               | 557          |
| 141          | Other Public Authorities                             | 505          |
| 75           | Housing Associations                                 | 2            |
| 25           | Council Taxpayers                                    | 35           |
| 23           | Non-domestic Ratepayers                              | 16           |
| 1,169        | Sundry Creditors                                     | 881          |
| 600          | Receipts in Advance – Council Tax and Business Rates | 717          |
| 336          | Other Receipts in Advance                            | 121          |
| <b>2,394</b> |  | <b>2,834</b> |

The main variation between years relates to an increase in monies owed to the Department of Works and Pensions for the final Housing Benefits Subsidy Claim (£0.236m).

An increase in the advance receipts for Non-domestic rates can be attributed to a change in the disclosure method. Previously, these were now netted off outstanding arrears within Debtors, but to satisfy the requirements of the SORP, these are now shown within as a separate note within Creditors and Provisions.

## 6. Deferred Capital Receipts

This relates to an area of land in St. Albans Road, St. Annes, sold to the YMCA on which payment of the consideration has been deferred. The payment by the YMCA is to be phased by ten equal annual instalments from 1<sup>st</sup> January 2003.

## 7. Contingent Assets and Contingent Liabilities

- ♦ The Authority is currently in the process of disposing of the main Town Hall site in St. Annes, and relocating all back office staff to purpose built offices in Wesham. The project is self-financing and is anticipated to be completed in the financial year 2006/07.
- ♦ In relation to land that was transferred to New Fylde Housing following LSVT, the Council did agree to accept the risk to meet any future claims for environmental warranties following the completion of an Environmental Survey undertaken by external consultants.
- ♦ As at 31<sup>st</sup> March 2005, the Council has outstanding insurance claims against it with a reserve amount of £520,300. However, the Council's liability is limited to the excess on the insurance policy, with the maximum amount payable by the Council on these claims being £14,750 for revenue items, and £15,000 for capital items. No adjustments have been made within the Accounts for the revenue items as, at the balance sheet date, it was not known if the claims were successful.

## 8. Retirement Benefits

Note 14 to the Consolidated Revenue Account contains details of the Authority's participation in the Local Government Pension Scheme, administered by Lancashire County Council.

The underlying assets and liabilities for retirement benefits attributable to the Authority at 31<sup>st</sup> March are as follows:-

| 2003/04        |
|----------------|
| £'000          |
| 28,939         |
| (34,841)       |
| <u>(5,902)</u> |

Estimated Assets in Scheme  
Estimated Liabilities in Scheme  
Net Asset / (Liability)

| 2004/05         |
|-----------------|
| £'000           |
| 31,699          |
| (42,911)        |
| <u>(11,212)</u> |

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total liability of £11.212m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy as the deficit on the Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme Actuary.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Pension Fund liabilities have been assessed by Mercer Human Resource Consulting Ltd, an independent firm of actuaries, with estimates being based on the last full Actuarial Valuation of the Scheme as at 31<sup>st</sup> March 2004.

The main assumptions used in their calculations have been: -

| 2003/04 |
|---------|
| %       |

#### Financial Assumptions

|     |                              |
|-----|------------------------------|
| 2.8 | Rate of inflation            |
| 4.3 | Rate of increase in salaries |
| 2.8 | Rate of increase in pensions |
| 6.3 | Discount rate                |

| 2004/05 |
|---------|
| %       |

|      |
|------|
| 2.9  |
| 4.65 |
| 2.9  |
| 5.4  |

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

| Long Term<br>Return 2004 | 31 March<br>2004 |
|--------------------------|------------------|
| %                        | %                |
| 7.5                      | 68.8             |
| 4.7                      | 9.7              |
| 5.5                      | 12.8             |
| 6.5                      | 6.4              |
| -                        | -                |
| 4.0                      | <u>2.3</u>       |
|                          | 100.0            |

Equities  
Government Bonds  
Other Bonds  
Property  
Cash/Liquidity  
Other

| Long Term<br>Return 2005 | 31 March<br>2005 |
|--------------------------|------------------|
| %                        | %                |
| 7.5                      | 65.0             |
| 4.7                      | 9.0              |
| 5.4                      | 15.0             |
| 6.5                      | 5.0              |
| 4.75                     | 3.0              |
| 7.5                      | <u>3.0</u>       |
|                          | 100.0            |

# STATEMENT OF TOTAL MOVEMENTS IN RESERVES

| 2003/04 |   | Notes    | 2004/05 |              |
|---------|---|----------|---------|--------------|
| £'000   |   |          | £'000   | £'000        |
|         | Surplus/(deficit) for the year:   |          |         |              |
| (442)   | - General Fund  |          | (512)   |              |
| (87)    | - Collection Fund   |          | 95      |              |
| 121     | Add: movements on earmarked revenue reserves  |          | 916     |              |
| (799)   | Less: appropriation from Pensions Reserve   |          | (317)   |              |
| 3,813   | Actuarial gains and losses relating to pensions                                     |          | (4,993) |              |
| 2,606   | <b>Total increase (decrease) in revenue resources</b>                               | <b>1</b> |         | (4,811)      |
| 624     | Increase (decrease) in useable capital receipts                                     |          | (1,227) |              |
| (104)   | Increase (decrease) in unapplied capital grants and contributions                   |          | 82      |              |
| 519     | <b>Total increase (decrease) in realised capital resources</b>                      | <b>2</b> |         | (1,145)      |
| 958     | Gains (losses) on revaluation of fixed assets                                       |          | 7,546   |              |
| -       | Impairment losses on fixed assets due to general changes in prices                  |          | 0       |              |
| 958     | <b>Total increase (decrease) in unrealised value of fixed assets</b>                | <b>3</b> |         | 7,546        |
| -       | <b>Value of assets sold, disposed of or decommissioned</b>                          | <b>4</b> |         | (2)          |
| (9)     | Capital receipts set aside  |          | 1,907   |              |
| (1,391) | Revenue resources set aside   |          | (2,010) |              |
| 266     | Movement on Government Grants Deferred  |          | 553     |              |
| 0       | Movement on Major Repairs Reserve   |          | 0       |              |
| (1,134) | <b>Total increase (decrease) in amounts set aside to Finance capital investment</b> | <b>5</b> |         | 450          |
| (3,014) | <b>(Increase) decrease on the Pensions Reserve</b>                                  |          |         | 5,310        |
| (65)    | <b>Total Recognised Gains and Losses</b>  |          |         | <b>7,348</b> |

## NOTES TO THE STATEMENT OF TOTAL MOVEMENTS IN RESERVES

### 1. Movements in revenue resources

|  | <b>General<br/>Fund<br/>Balances</b> | <b>Collection<br/>Fund<br/>Balances</b> | <b>Earmarked<br/>Revenue<br/>Reserves</b> | <b>Pensions<br/>Reserve</b> |
|--|--------------------------------------|---|---|-----------------------------|
|  | £'000                                | £'000                                   | £'000                                     | £'000                       |
| Surplus/(deficit) for 2004/05                                    | (512)                                | 95                                      | -   | -                           |
| Appropriations to/(from) revenue                                 | -                                    | -                                       | 916                                       | (317)                       |
| Actuarial gains and losses relating to pensions (see note below) | -                                    | -                                       | -   | (4,993)                     |
|  | (512)                                | 95                                      | 916                                       | (5,310)                     |
| Balance brought forward at 1 <sup>st</sup> April 2004            | 1,270                                | 19                                      | 980                                       | (5,902)                     |
| Balance carried forward at 31 <sup>st</sup> March 2005           | 758                                  | 114                                     | 1,896                                     | (11,212)                    |
|  |                                      |   | (a)                                       | (b)                         |

#### a) Earmarked Revenue Reserves

|                                     | <b>Balance at<br/>1st April</b> | <b>Transfers<br/>To/(From)</b> | <b>Balance at<br/>31 March</b> |
|-------------------------------------|---------------------------------|--------------------------------|--------------------------------|
|                                     | £'000                           | £'000                          | £'000                          |
| Capital Projects Fund – Bus Monies  | 21                              | -                              | 21                             |
| Repairs & Renewals Fund             | 83                              | (24)                           | 59                             |
| IT Initiatives                      | 135                             | (50)                           | 85                             |
| Building Control Regs.              | 33                              | -                              | 33                             |
| Modernisation                       | 83                              | 66                             | 149                            |
| Replacement Systems                 | 175                             | (50)                           | 125                            |
| Office Relocation                   | 175                             | -                              | 175                            |
| Consumer Wellbeing & Protection     | 56                              | (13)                           | 43                             |
| Economic Wellbeing and Regeneration | 23                              | (23)                           | -                              |
| Legal and Democratic                | 13                              | (1)                            | 12                             |
| Cultural Services                   | 5                               | -                              | 5                              |
| Finance                             | -                               | 200                            | 200                            |
| Built Environment                   | 11                              | -                              | 11                             |
| Parks/Open Spaces                   | 167                             | (32)                           | 135                            |
| Borough Elections                   | -                               | 16                             | 16                             |
| Planning Support Grant              | -                               | 152                            | 152                            |
| Affordable Housing                  | -                               | 625                            | 625                            |
| Invest to Save                      | -                               | 50                             | 50                             |
| <b>Total Earmarked Reserves</b>     | <b>980</b>                      | <b>916</b>                     | <b>1,896</b>                   |

#### b) Pension Reserve

The Actuarial gains and losses relating to pensions, identified as movements on the Pension Reserve, can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31<sup>st</sup> March 2005:

|   | <b>Local Government Pension Scheme</b> |      |
|---|--|------|
|   | £'000                                  | %    |
| Differences between the expected and actual return on assets                      | 1,475                                  | 4.7  |
| Differences between actuarial assumptions about liabilities and actual experience | 84                                     | 0.2  |
| Changes in the demographic and financial assumptions used to estimate liabilities | (6,552)                                | 15.3 |
|   | <u>(4,993)</u>                         |      |
| Comparative totals for 2003/04  | <u>3,813</u>                           |      |

**2. Movements in realised capital resources**

|   | <b>Usable capital receipts</b> | <b>Unapplied Capital Grants and Contributions</b> |
|---|--------------------------------|---|
|   | £'000                          | £'000   |
| Amounts receivable in 2004/05   | 847                            | 1,512   |
| Amounts applied to finance new capital investment in 2004/05              | (1,866)                        | (1,372)   |
| Other Transfers Out   | (208)                          | (58)  |
| <b>Total increase/(decrease) in realised capital resources in 2004/05</b> | <b>(1,227)</b>                 | <b>82</b>   |
| Balance brought forward at 1 <sup>st</sup> April 2004                     | 2,590                          | 114   |
| Balance carried forward at 31 <sup>st</sup> March 2005                    | <u>1,363</u>                   | <u>196</u>  |

**3. Movements in unrealised value of fixed assets**

|   | <b>Fixed Assets Restatement Account</b> |
|---|---|
|   | £'000                                   |
| Gains/(losses) on revaluation of fixed assets in 2004/05                      | 7,546                                   |
| Impairment losses on fixed assets due to general changes in prices in 2004/05 | 0                                       |
| <b>Total increase/(decrease) in unrealised capital resources in 2004/05</b>   | <b>7,546</b>                            |

**4. Value of assets sold, disposed of or decommissioned**

|   |               |
|---|---------------|
| <b>Amounts written off fixed asset balances for disposal in 2004/05</b> | <b>(2)</b>    |
| <b>Total movement on reserve in 2004/05</b>                             | <b>7,544</b>  |
| Balance brought forward at 1 <sup>st</sup> April 2004                   | 7,406         |
| Balance carried forward at 31 <sup>st</sup> March 2005                  | <u>14,950</u> |

5. **Movements in amounts set aside to finance capital investment**

|   | <b>Capital<br/>Financing<br/>Account</b> | <b>Government<br/>Grants<br/>Deferred</b> | <b>Total</b>   |
|---|--|---|----------------|
|   | £'000                                    | £'000                                     | £'000          |
| Capital Receipts set aside in 2004/05:  |  |   |                |
| - useable receipts applied  | 2,074                                    | -   |                |
| - other amounts   | (167)                                    | -   |                |
| <b>Total capital receipts set aside in 2004/05</b>                                      | <b>1,907</b>                             | <b>-</b>                                  | <b>1,907</b>   |
| Revenue resources set aside in 2004/05:   |  |   |                |
| - depreciation charged in year  | (735)                                    | -   |                |
| - write down of deferred charges  | (1,197)                                  | -   |                |
| - commutation adjustment  | (208)                                    | -   |                |
| - other amounts   | 130                                      | -   |                |
| <b>Total revenue resources set aside in 2004/05</b>                                     | <b>(2,010)</b>                           | <b>-</b>                                  | <b>(2,010)</b> |
| Grants applied to capital investment in 2004/05   | -  | 683                                       |                |
| Amounts credited to Asset Management  |  | (111)                                     |                |
| Revenue Account in 2004/05  | -  |   |                |
| Other Amounts   | -  | (19)                                      |                |
| <b>Movement on Government Grants Deferred</b>   | <b>-</b>                                 | <b>553</b>                                | <b>553</b>     |
| Grants applied to capital investment in 2004/05   | -  |   |                |
| Amounts credited to Asset Management  |  |   |                |
| Revenue Account in 2004/05  | -  |   |                |
| <b>Movement on Government Grants Deferred</b>   | <b>-</b>                                 |   |                |
| <b>Total increase/(decrease) in amounts set<br/>aside to finance capital investment</b> |  |   | <b>450</b>     |
| Total movement on reserve in 2004/05  | (103)                                    | 553                                       |                |
| Balance brought forward at 1 <sup>st</sup> April 2004                                   | 3,692                                    | 431                                       |                |
| Balance carried forward at 31 <sup>st</sup> March 2005                                  | <u>3,589</u>                             | <u>984</u>                                |                |



# CASH FLOW STATEMENT

AS AT 31 MARCH

| 2003/04  |  | Notes | 2004/05  |            |
|----------|--|-------|----------|------------|
| £'000    |  |       | £'000    | £'000      |
| Restated | <b>Revenue Activities</b>                              |       |          |            |
|          | <b>Cash Outflows</b>                                   |       |          |            |
| 6,782    | Cash paid to and on behalf of employees                |       | 7,381    |            |
| 6,741    | Other operating costs                                  |       | 11,316   |            |
| 10,989   | Housing Benefit paid out                               |       | 9,165    |            |
| 15,942   | National Non-Domestic Rate payments to national pool   |       | 17,756   |            |
| 29,748   | Disbursements from the Collection Fund                 |       | 31,607   |            |
|          |  |       |          | 77,225     |
|          | <b>Cash Inflows</b>                                    |       |          |            |
| (33,342) | Council Tax receipts                                   |       | (32,666) |            |
| (2,560)  | National Non-Domestic Rate receipts from national pool |       | (2,017)  |            |
| (17,450) | Non-Domestic Rate receipts                             |       | (18,026) |            |
| (2,096)  | Revenue Support Grant                                  |       | (2,174)  |            |
| (10,845) | DSS grants for Housing Benefits                        | 3     | (10,116) |            |
| -        | Other government grants                                | 3     | (3,977)  |            |
| -        | Cash received for goods and services                   |       | (5,177)  |            |
| (4,698)  | Other operating cash receipts                          |       | (3,402)  |            |
|          |  |       |          | (77,555)   |
| (789)    |  | 1     |          | (330)      |
|          | <b>Returns on Investments and Servicing of Finance</b> |       |          |            |
|          | <b>Cash Outflows</b>                                   |       |          |            |
| 18       | Interest paid  |       | -        |            |
|          | <b>Cash Inflows</b>                                    |       |          |            |
| (300)    | Interest Received                                      |       | (353)    |            |
| (282)    |  |       |          | (353)      |
|          | <b>Capital Activities</b>                              |       |          |            |
|          | <b>Cash Outflows</b>                                   |       |          |            |
| 498      | Purchase of Fixed Assets                               |       | 3,238    |            |
| 2,403    | Other capital cash payments                            |       | -        |            |
|          | <b>Cash Inflows</b>                                    |       |          |            |
| (835)    | Sale of Fixed Assets                                   |       | (846)    |            |
| (1,235)  | Capital grants received                                |       | (1,512)  |            |
| (706)    | Other Capital cash receipts                            |       | -        |            |
| 125      |  |       |          | 880        |
| (946)    | <b>Net Cash (Inflow)/Outflow Before Financing</b>      |       |          | <b>197</b> |
|          | <b>Management of Liquid Resources</b>                  |       |          |            |
| (2,700)  | Net increase / (decrease) in short term deposits       | 2     | 175      |            |
| (2,700)  |  |       |          | 175        |
|          | <b>Financing</b>                                       |       |          |            |
|          | <b>Cash Outflows</b>                                   |       |          |            |
| 6,000    | Repayment of amounts borrowed                          |       | -        |            |
|          | <b>Cash Inflows</b>                                    |       |          |            |
| (3,000)  | New loans raised                                       |       | -        | -          |
| 3,000    |  |       |          |            |
| (646)    | <b>Net (Increase) / Decrease in Cash</b>               | 2     |          | <b>372</b> |

## NOTES TO THE CASH FLOW STATEMENT

### 1. Reconciliation of Revenue Surplus to Net Cash Flow

| <b>2003/04</b> |  | <b>2004/05</b> |              |
|----------------|--|----------------|--------------|
| £'000          |  | £'000          | £'000        |
|                | (Surplus) Deficit for the Year         |                |              |
| 442            | General Fund                           |                | 512          |
| 87             | Collection Fund                        |                | (95)         |
|                |  |                | <u>417</u>   |
|                | <b>Non-cash transactions</b>           |                |              |
| (18)           | Contribution from reserves             | (858)          |              |
| 226            | Commutation Adjustment                 | 208            |              |
| 93             | Provision for doubtful debts           | <u>228</u>     |              |
|                |  |                | (422)        |
|                | <b>Items on an accrual basis</b>       |                |              |
| 260            | (Increase) Decrease in creditors       | (366)          |              |
| (2,154)        | Decrease in debtors                    | (329)          |              |
| (7)            | Increase (Decrease) in stocks and WIP  | <u>17</u>      |              |
|                |  |                | (678)        |
|                | <b>Items in another classification</b> |                |              |
| 282            | Servicing of finance                   |                | <u>353</u>   |
| <u>(789)</u>   |  |                | <u>(330)</u> |

### 2. Movement in Management of Liquid Resources and Cash

|   | <b>As at 31 March</b> |             | <b>Movement</b> |
|---|-----------------------|-------------|-----------------|
|   | <b>2005</b>           | <b>2004</b> |                 |
|   | £'000                 | £'000       | £'000           |
| <b>Net increase/(decrease) in short term deposits</b> |                       |             |                 |
| Short Term Investments                                | 4,035                 | 3,860       | <u>175</u>      |
| <b>Net increase/(decrease) in Cash</b>                |                       |             |                 |
| Bank Overdraft  | (680)                 | (306)       | (374)           |
| Petty Cash  | 2                     | -           | <u>2</u>        |
|   |                       |             | <u>(372)</u>    |

### 3. Analysis of Government Grants

|   | <b>2004/05</b>  |
|---|-----------------|
|   | £'000           |
| Housing Benefit Grant (Rent Allowances) | (10,116)        |
| Council Tax Benefit Grant               | (3,206)         |
| Benefit Administration                  | (344)           |
| Fraud Incentives                        | (193)           |
| Planning Delivery Grant                 | (181)           |
| Other Grants                            | (53)            |
|   | <u>(14,093)</u> |



## COLLECTION FUND

### Foreword

These statements represent the transactions of the Collection Fund, a statutory fund separate from the main accounts of the Authority. The Fund accounts independently for income relating to Council Tax and National Non-Domestic Rates (and also previously Community Charge) on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. Administration costs are borne by the General Fund.

### Statement of Accounting Policies

The Accounts have been prepared on an accruals basis and in accordance with the Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

| 2003/04                     |   | Notes | 2004/05      |                 |
|-----------------------------|---|-------|--------------|-----------------|
| £'000                       |   |       | £'000        | £'000           |
| <b><u>INCOME:-</u></b>      |   |       |              |                 |
| 30,671                      | Income from Council Tax                               |       |              | 32,714          |
|                             | Transfers from General Fund                           |       |              |                 |
| 2,739                       | - Council Tax Benefit                                 |       |              | 3,159           |
| 17,376                      | Income collectable from Business Ratepayers           |       |              | 17,951          |
| 1                           | Income received from Community Charge payers          |       |              | 1               |
| <u>50,787</u>               | <b>TOTAL INCOME</b>                                   |       |              | <u>53,825</u>   |
| <b><u>EXPENDITURE:-</u></b> |   |       |              |                 |
| (33,229)                    | Precepts and Demands                                  | 1     |              | (35,656)        |
|                             | Business Rate   |       |              |                 |
| (17,262)                    | - Payment to National Pool                            |       | (17,838)     |                 |
| (114)                       | - Costs of Collection Allowance                       |       | <u>(113)</u> |                 |
|                             |   |       |              | (17,951)        |
|                             | Bad and Doubtful Debts                                |       |              |                 |
| (120)                       | - Write offs  |       | 1            |                 |
| 17                          | - Provisions  |       | <u>18</u>    |                 |
|                             |   |       |              | 19              |
|                             | Contributions   |       |              |                 |
| (165)                       | - Towards the previous year's Collection Fund surplus | 2     |              | (142)           |
| <u>(50,873)</u>             | <b>TOTAL EXPENDITURE</b>                              |       |              | <u>(53,730)</u> |
| <b>(86)</b>                 | <b>Movement on Fund Balance</b>                       |       |              | <b>95</b>       |

## **NOTES TO THE COLLECTION FUND**

### **1. Precepts and Demands**

| <b>2003/04</b> |                             | <b>2004/05</b> |
|----------------|-----------------------------|----------------|
| £'000          |                             | £'000          |
| 27,009         | Lancashire County Council   | 27,107         |
| 2,522          | Lancashire Police Authority | 2,944          |
| -              | Lancashire Fire Authority   | 1,452          |
| 3,698          | Fylde Borough Council       | 4,153          |
| <u>33,229</u>  |                             | <u>35,656</u>  |

### **2. Distribution of Collection Fund prior year balance**

| <b>2003/04</b> |   | <b>2004/05</b> |
|----------------|---|----------------|
| £'000          |   | £'000          |
| 134            | Lancashire County Council - Council Tax   | 96             |
| 12             | Lancashire Police Authority - Council Tax | 9              |
| 19             | Fylde Borough Council – Council Tax       | 37             |
| <u>165</u>     |   | <u>142</u>     |

### **3. Income from Business Ratepayers**

The total non-domestic rateable value at 31 March 2005 was £44,044,874. The Government set a National Non-domestic multiplier (rate in the pound) of 45.6 pence in the pound for 2004/05. This rateable value figure is different from the figure in the account due to the award of various reliefs'.

### **4. Council Tax**

The Council Tax base for 2004/05 was calculated at 29,238.45 and a Band D Council Tax set at £1,216.65, split £927.11 for Lancashire County Council, £139.20 for Fylde Borough Council, £100.70 for Lancashire Police Authority and £49.64 for Lancashire Fire Authority. In addition, Parish Councils agreed additional Council Taxes of between zero and £15.74.

The tax base was calculated as follows:-

|                                  | <b>(a)</b>    | <b>(b)</b>              |
|----------------------------------|---------------|-------------------------|
| Additional Band (Disabled)       | 33            | 15.99                   |
| Band A                           | 5,938         | 3,266.17                |
| Band B                           | 5,561         | 3,757.05                |
| Band C                           | 8,115         | 6,472.24                |
| Band D                           | 6,322         | 5,784.00                |
| Band E                           | 4,081         | 4,667.06                |
| Band F                           | 2,179         | 2,941.64                |
| Band G                           | 1,304         | 2,061.67                |
| Band H                           | 66            | 121.50                  |
| Other Adjustments                | -             | 88.66                   |
|                                  | <u>33,599</u> | <u>29,175.98</u>        |
| Collection Rate 99%, = (b) x .99 |               | 28,884.22               |
| Add: Other Adjustments           |               | 354.23                  |
| <b>Council Tax Base</b>          |               | <b><u>29,238.45</u></b> |

(a) = Total number of chargeable dwellings.

(b) = Number of dwellings (a) adjusted where discounts apply and converted to an equivalent number of Band D dwellings.

## **GLOSSARY OF ACCOUNTING TERMS**

- **ACCOUNTING PERIOD**

The period of time covered by the accounts, 12 months commencing on 1 April, the end of the accounting period is 31 March, the balance sheet date.

- **ACCRUALS**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

- **AGENCY SERVICES**

Services provided by the Council, as an agent on behalf of the responsible body, where the principal reimburses the Council for the cost of the work carried out.

- **ASSET**

Something of worth which is measurable in monetary terms.

Fixed Assets - those of a permanent nature, held for the purpose of earning revenue and not for resale (e.g. buildings, machinery, long-term investments)

Current Assets - those which change value frequently (e.g. stock, debtors)

- **ASSET MANAGEMENT REVENUE ACCOUNT**

An account which matches the provision for depreciation and external interest payable with the capital charges made to services. All principal repayments and interest charges on loans are charged to the account.

- **AUDITOR'S OPINION**

The opinion required by statute from the Council's external auditors, indicating whether the statement of accounts presents fairly the financial position of the Council.

- **BALANCE SHEET**

A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

- **BUDGET**

A statement of the Council's spending plans for revenue and capital expenditure over a specified period of time.

- **CAPITAL CHARGE**

A charge to revenue accounts to reflect the cost of fixed assets used in the provision of services.

- **CAPITAL EXPENDITURE**

Expenditure on the acquisition and/or improvement of an existing fixed asset which adds to, and not merely maintains, its value. Expenditure that does not fall within the definition must be charged to a revenue account.

- **CAPITAL FINANCING ACCOUNT**

Represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing

transactions.

- **CAPITAL RECEIPTS**

Income from the sale of fixed assets, such as land and buildings.

- **CAPITAL RECEIPTS DEFERRED**

Capital receipts to be received by instalments over agreed periods of time.

- **CAPITAL RECEIPTS SET-ASIDE/UNAPPLIED**

The proportion of capital receipts received which may be used to finance capital expenditure or to repay debt, but not to finance revenue expenditure.

- **COLLECTION FUND**

The account which shows the transactions of the Council in relation to non-domestic rates and council tax, and the distribution of these to preceptors and the general fund. The collection fund is consolidated with the other accounts of the Council.

- **COMMUNITY ASSETS**

Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and open spaces, works of art, civic regalia.

- **CONSOLIDATED BALANCE SHEET**

The combined fund balance sheets of the Council.

- **CONTINGENCY**

A sum set-aside in addition to approved budgets to meet unforeseen items of expenditure, e.g. excess inflation, pay awards.

- **CONTINGENT LIABILITY**

A potential liability at the balance sheet date which arises as the result of a condition which exists where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. The liability should be included in the balance sheet if it can be estimated reasonably accurately. Otherwise, where the contingency is likely to be material, the fact that it exists should be disclosed as a note to the accounts.

- **COST OF MANAGEMENT AND ADMINISTRATION (CENTRAL ADMINISTRATION)**

An allocation to service accounts of the net cost of the administrative and professional departments which support all of the Council's services.

- **COUNCIL TAX**

This is a property based local tax. Each domestic property is valued and placed in one of eight bands A to H; the tax paid is fixed in relation to the band D tax.

- **CREDITORS**

An amount owed by the Council for goods received, or services rendered to it within the accounting period, but for which payment has not been made.

- **CURRENT ASSET**

An asset held by a Council which will be consumed or cease to have value within the next financial year e.g. Stock and debtors.

- **CURRENT LIABILITY**

An amount which will become payable or could be called in within the next accounting period, e.g. Creditors or cash overdrawn.

- **DEBT FREE**

An authority is "debt free" when it has no external long-term debt and a "negative credit ceiling".

- **DEBTORS**

An amount of income due to the Council within the accounting period but not received at the balance sheet date.

- **DEFERRED CHARGES**

Spending on assets that have a lasting value, for example land and buildings, which are not owned by us. An example of a deferred charge is expenditure on items such as renovation grants.

- **DEFERRED DEBTORS**

These are debts of a capital nature repayable over a period of time. In the Council's Accounts these are mortgages to the public.

- **DEFINED BENEFIT SCHEME**

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

- **DEFINED CONTRIBUTION SCHEME**

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

- **DEPRECIATION**

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

- **EARMARKED RESERVES**

Funds set aside to provide payment for specific goods or services, whether revenue or capital, in a future financial year.

- **EXPECTED RATE OF RETURN ON PENSIONS ASSETS**

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

- **EXPENDITURE**

The costs incurred relating to the accounting period irrespective of whether or not the amounts due have been paid or not. The difference between expenditure and payments is calculated by



reference to levels of accruals.

- **FIXED ASSETS**

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

- **FIXED ASSET RESTATEMENT ACCOUNT**

Represents principally the balance of the surpluses or deficits arising on the periodic revaluation of assets.

- **GENERAL FUND**

The main revenue fund of the Council. Day-to-day spending on services is met from the fund.

- **GOVERNMENT GRANTS DEFERRED**

Where the acquisition of a fixed asset is financed wholly or in part by a Government grant or contribution, the grant or contribution is credited initially to the Government grants deferred account. Amounts are returned to the asset management revenue account over the useful life of the asset to match the depreciation charged on the asset to which it relates.

- **INCOME**

Amounts due to a Council that have been or are due to be received. The difference between income and receipts is calculated by reference to levels of accruals.

- **INFRASTRUCTURE ASSETS**

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are bus shelters, street seats, amenity lighting and the sea wall.

- **INVESTMENTS**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified as such only where an intention to hold for the long term can be clearly demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

- **LEASING**

A method of utilising assets where a rental charge is paid for a specified period of time, instead of outright purchase.

- **LIABILITIES**

Money the Council will have to pay to people or organisations in the future.

- **LOANS OUTSTANDING**

The total amounts borrowed from external lenders for capital and temporary revenue purposes but not repaid at the balance sheet date.

- **MATERIALITY**

The concept that the statements of account should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of these financial statements to a reader of those statements.

- **MINIMUM REVENUE PROVISION**

The minimum amount which must be charged to the Council's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government Housing Act 1989.

- **NATIONAL NON-DOMESTIC RATES (NNDR)**

A National Non-Domestic Rate poundage for commercial premises is set annually by the Government and collected by all Local Authorities. The proceeds are redistributed between Local Authorities in proportion to their adult populations.

- **NET BOOK VALUE**

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost of current value, less the cumulative amounts provided for depreciation.

- **NON-OPERATIONAL ASSETS**

Fixed assets held by the Council, but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

- **OPERATIONAL ASSETS**

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

- **OUTTURN**

Final Account position of the authority as at 31 March each year in terms of income and expenditure.

- **PRECEPT**

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council tax payers on their behalf.

- **PROVISIONS**

An amount set aside in the accounts for liabilities which are certain to be incurred in the future, but cannot be quantified accurately at the balance sheet date.

- **PRUDENCE**

Accounts should be prepared in accordance with the prudence concept. Income should only be anticipated to the extent that it will be received, as cash or other assets, with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

- **RESERVE**

Amounts included in one financial year's accounts to provide for payment for goods or services, whether revenue or capital, in a future financial year.

- **RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees

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

- **REVENUE ACCOUNT**

An account that records a Council's day-to-day expenditure and income on such items as salaries and wages and other running costs of services.

- **REVENUE SUPPORT GRANT**

The main Government grant to support local authority services.

- **SCHEME LIABILITIES**

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

- **SECTION 137 EXPENDITURE**

Section 137 of the Local Government Act 1972 (as amended) empowers authorities to incur expenditure for the benefit of some or all of their inhabitants, not authorised under other powers.

- **STOCKS**

Items of raw materials and stores a Council has procured to use on a continuing basis and which it has not yet used. These comprise the following categories:

- (a) Goods or other assets purchased for resale
- (b) Consumable stores
- (c) Raw materials and components purchased for incorporation into products for sale
- (d) Products and services in intermediate stages of completion
- (e) Finished goods

- **TEMPORARY LOANS**

Loans where repayment can be demanded or made within one year.

- **USEFUL LIFE**

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

- **WORK IN PROGRESS**

The cost of work done on an uncompleted project at a specified date, which should be accrued where appropriate.

# REPORT



| REPORT OF                   | MEETING | DATE         | ITEM NO |
|-----------------------------|---------|--------------|---------|
| LEGAL & DEMOCRATIC SERVICES | COUNCIL | 28 JULY 2005 | 10      |

## COMMITTEE MEMBERSHIP

### Public/Exempt item

This item is for consideration in the public part of the meeting.

### Summary

The report proposes the following changes to committee membership:

Public Protection Committee: Replace Councillor Clarke with Councillor Pounder  
Development Control committee: Replace Councillor Chew with Councillor Whittaker  
Licensing Committee: replace Councillor Clarke with Councillor Pounder

### Recommendation/s

1. That councillor Pounder replace Councillor Clarke as a member of the Public Protection Committee
2. That Councillor Whittaker replace Councillor Chew as a member of the Development Control Committee
3. That Councillor Pounder replace Councillor Clarke as a member of the Licensing Committee.

### Executive brief

The item falls within the following executive brief: Leader and quality services (Councillor John Coombes).

## **Report**

1. Under the Local Government and Housing Act 1989, the council has a duty, where it has allocated seats on committees in accordance with the principles of political balance, to give effect to the wishes of the political group to whom the seat has been allocated.
2. The leader of the Conservative group, Councillor John Coombes, has requested that Councillor Pounder should be appointed to the Public Protection Committee in place of Councillor Clarke. He has also requested that Councillor Whittaker be appointed to the Development Control Committee in place of Councillor Chew. (Councillor Chew, a member of the Independent group, had been appointed to the committee by the Conservative group to fill one of the seats allocated to the Conservative group.) Since both the Public Protection Committee and the Development Control Committee have to be politically balanced, the council is obliged to implement these requests.
3. Councillor Coombes has also requested that Councillor Pounder be appointed to the Licensing Committee in place of Councillor Clarke. The Licensing Committee does not have to be politically balanced, so the council is not obliged to implement that request.

| <b>IMPLICATIONS</b>                 |   |
|-------------------------------------|---|
| Finance                             |   |
| Legal                               | The council is legally bound to agree to the requests of group leaders about committee membership where committees are required to be politically balanced. |
| Community Safety                    |   |
| Human Rights and Equalities         |   |
| Sustainability                      |   |
| Health & Safety and Risk Management |   |

| REPORT AUTHOR | TEL            | DATE         | DOC ID |
|---------------|----------------|--------------|--------|
| Ian Curtis    | (01253) 658506 | 21 June 2005 |        |

| LIST OF BACKGROUND PAPERS      |              |                                |
|--------------------------------|--------------|--------------------------------|
| NAME OF DOCUMENT               | DATE         | WHERE AVAILABLE FOR INSPECTION |
| E-mail from Councillor Coombes | 20 June 2005 | Town Hall, St Anne's           |



## **11. MEMBERS CHOICE DEBATE**

To consider the attached which will be led by Councillor Thomas Threlfall :

Is the Council serious enough about environment and health issues? There is no committee with the specific remit of looking at issues that concern the environment or health. Although the Executive Committee, together with the Council, has responsibility for all of the council's activities, the lack of a council body with a specific remit for these issues means that matters of fundamental importance in this area may not get the attention that they should.

I therefore propose that, in any future restructure of the council, there should be a committee or other member body that will have a responsibility to consider environmental and health issues and, if it does not have decision-making powers itself, should have the right to have its views taken into account by committees and by officers acting under delegated powers.