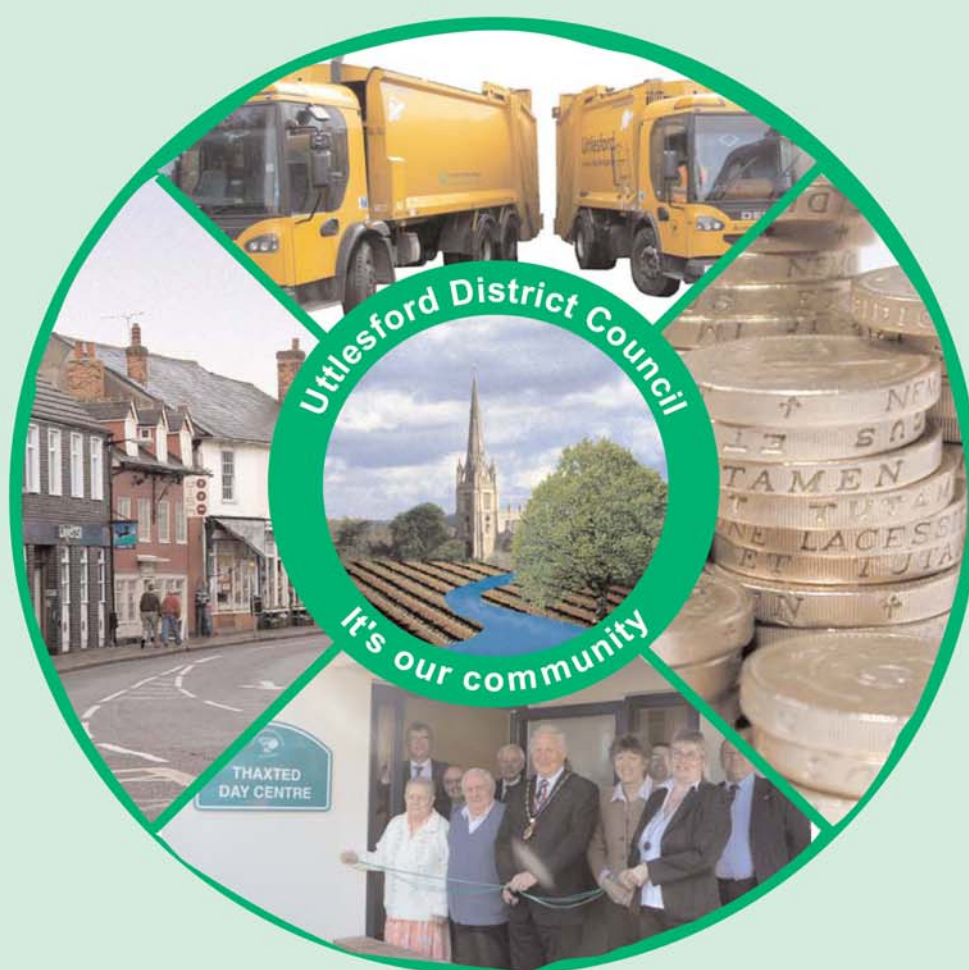


Uttlesford District Council



Statement of Accounts 2008/09

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EXPLANATORY FOREWORD

1. INTRODUCTION

- 1.1 The purpose of this Statement of Accounts is to present the financial results of the Council's activities for the year ended 31 March 2009, and to summarise the overall financial position of the Council as at 31 March 2009. This foreword has been written to provide a guide to the significant matters reported in these accounts.
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2. THE ACCOUNTING STATEMENTS

- 2.1 The Council is required by law to complete its accounts in line with the Code of Practice on Local Authority Accounting – a Statement of Recommended Practice (SORP). In theory, the SORP ensures that all local authorities produce their accounts on a consistent basis, enabling comparisons. There are no significant changes in SORP requirements for 2008/09.
- 2.2 The SORP represents an attempt by accounting regulators to reconcile accounting standards in general use within the UK with the statutory local government finance framework. This is not an easy marriage: there are material differences between what accounting rules state should be included in the accounts, and what legislation states should be financed by a local authority and local council taxpayers.
- 2.3 Accordingly there are many entries, particularly within the Income & Expenditure Accounts, which are included as notional items for presentational purposes, so that accounting standards are fulfilled, and then “reversed out” so that the bottom line financial performance is consistent with statutory requirements.
- 2.4 The SORP also requires expenditure on services to be categorised under standard headings that bear little relation to the actual organisation and structure of the Council.
- 2.5 The above can lead to a confusing picture if the core financial statements are taken at face value. Unfortunately, the Council has no discretion to depart from the prescribed format and content of those statements.
- 2.6 This Explanatory Foreword sets out the key issues and is intended to give the reader an insight into the Council's financial performance during 2008/09 in a way that the financial statements themselves may not otherwise do so.
- 2.7 The following are summary definitions of the core financial statements:

The Income and Expenditure Account and Statement of Movement on the General Fund Balance (Page 24)

The **Income and Expenditure Account** reports the net cost for the year of all the functions for which the Council is responsible, and demonstrates how that cost has been financed from general government grants and income from local taxpayers. The surplus or deficit achieved on the Income & Expenditure Account represents the amount by which income is greater than or less than expenditure.

Income and Expenditure are measured using essentially the same accounting conventions (UK Generally Accepted Accounting Practice) that a large unlisted company would use in preparing its financial statements.

However, the items of income and expenditure that are required to be credited or charged to the General Fund is determined by statute rather than UK GAAP. Adjustments to reflect the overriding statutory requirements are shown in the **Statement of Movement on the General Fund Balance**.

For example, in some circumstances capital expenditure can be charged to the General Fund but all capital expenditure is excluded from the Income and Expenditure Account; and depreciation of fixed assets is charged to the Income and Expenditure Account but cannot be charged to the General Fund.

While the surplus or deficit on the Income and Expenditure Account is the best measure of the Council's financial results in accordance with UK GAAP, the movement on the General Fund Balance is in practice the most important reflection of the Council's stewardship and is therefore reflected in this statement.

Statement of Total Recognised Gains and Losses (Page 25)

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

Balance Sheet (Page 26)

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

Cash Flow Statement (Page 27)

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

Notes to the Core Financial Statements (Page 28)

The notes to the Statements provide additional information.

Housing Revenue Account (HRA) Income and Expenditure Account (Page 57)

The Housing Revenue Account reflects a statutory obligation to maintain a separate revenue account for local authority social housing provision in accordance with the Local Government and Housing Act 1989. It includes the credit and debit items required to be taken into account when determining the surplus or deficit on the HRA for the year.

The HRA statement has two parts: the HRA Income and Expenditure Account and the Statement of Movement on the Housing Revenue Account Balance.

The HRA Income and Expenditure Account shows in more detail the income and expenditure on HRA services included as a one line summary in the whole authority Income and Expenditure Account.

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

Collection Fund (Page 65)

This shows the transactions of the Council as a billing authority relating to Council Tax and National Non-Domestic Rates, and illustrates the way in which these have been distributed to Precepting Authorities, the General Fund and the National Non-Domestic Rates Pool.

2.8 In addition the Statement of Accounts shows the following:

Statement of Accounting Policies (Page 15)

This sets out the accounting policies on which the Council has based the accounting statements.

Statement of Responsibilities for the Statement of Accounts (Page 23)

This outlines the responsibilities of the Council and the Chief Finance Officer with respect to the Statement of Accounts.

Annual Governance Statement (Page 69)

This explains the systems of Governance that were in place during 2008/09 and reviews their effectiveness.

3. SIGNIFICANT MATTERS IN THE ACCOUNTS

3.1 Section 4 below summarises the key financial results for 2008/09. To provide context the following are the most significant non-routine items that feature in the detailed financial statements.

3.2 The Council's deposit with the Icelandic Bank, Landsbanki

In October 2007 the Council placed the sum of £2.2 million with Landsbanki on a one year fixed term deposit, due to mature in October 2008. A few days before maturity was due, Landsbanki became insolvent. The Council's deposit was not returned and remains in Iceland, together with interest due on the deposit of £135,000, so that the total outstanding is £2.335 million.

At the time of publishing these accounts, no definitive information was available about the prospects of recovering the deposit, or the timetable for resolving this. It was expected that no information would be released until after a Landsbanki Creditors Meeting in November 2009.

Meanwhile, the Council is required to include an estimate of the recoverable amount of the deposit in the 2008/09 accounts. Based upon CIPFA guidance, it has been assumed that 83% of the deposit will be repaid between March 2010 and December 2012. After making the required calculations for discounting, based on the principle that money in the future is worth less than money now, the recoverable amount has been assessed at £1.686 million, a reduction ("impairment") of £648,000 on the original sum.

The impairment has been included as a charge to the Income and Expenditure Account. The Government has enacted special regulations to ensure that the impairment is not charged to the General Fund until at least 2010/11; accordingly the impairment has been reversed out in the Statement of Movement on the General Fund Balance. Accordingly there is no bottom line impact on 2008/09.

Accounting rules have also required the crediting of the unpaid interest of £135,000 to the Income & Expenditure Account, but this has also been reversed out; the Income and Expenditure Account therefore shows a net charge of £513,000 (£648,000 impairment less £135,000 of income) with a corresponding credit of £513,000 in the Statement of Movement on the General Fund Balance.

In anticipation that a proportion of the outstanding sum may never be repaid, and therefore a permanent write off to revenue balances may be required in 2010/11, the Council has established a Landsbanki Contingency Fund. This does not prejudice the Council's claim against the Landsbanki administrators, which is being pursued on behalf of the Council and all affected councils by the Local Government Association, with the objective of recovering as much money as possible.

The non-return of the deposit has not caused any cash flow problems for the Council with staff and suppliers continuing to be paid normally. However, the Council has been unable to earn additional income on the deposit due to its non-availability for re-investment from October 2008.

3.3 Capitalisation of pensions costs

In January 2009, the Government gave permission to the Council to treat approximately £1.1 million of pensions costs as capital expenditure, instead of revenue expenditure.

This has enabled the Council to establish revenue reserves to meet financial pressures expected over the medium term, and to account for certain pensions costs it is contractually obliged to meet in the next few years.

The capitalisation approval is included as a credit in the Statement of Movement on the General Fund Balance.

3.4 Reclassification of reserves and reserves replenishment

The Council had been maintaining an earmarked reserve relating to its Leisure Private Finance Initiative Scheme, on anticipation that Government funding towards the scheme would reduce in future years. During 2008/09, it was confirmed that Government funding will remain constant, negating the need to maintain the reserve. The decision was taken to reclassify the reserve, amounting to £1.1 million, as a Budget Equalization Reserve to support the Council's financial pressures anticipated to arise over the Medium Term.

The capitalisation of pensions costs, referred to above, together with strong financial management which ensured that only essential expenditure was incurred, has provided further opportunities for reserves replenishment during 2008/09 including bolstering of the Budget Equalization Reserve, establishing a new reserve for Planning Development matters, and a fund to meet the costs of implementing change.

3.5 Asset impairment

Falling property values have necessitated an interim review of the Council's fixed assets outside of the usual cyclical valuation programme. Based upon advice from the independent District Valuer, the Council's assets reduced in value by approximately £37 million during 2008/09 of which £36 million relates to the council housing stock. After writing off historic depreciation the net reduction in asset values is £34 million. This reduction, known as impairment, is shown as a charge against the Revaluation Reserve of £14 million with the balance of £20 million charged to the Income and Expenditure Account. An equivalent sum is credited in the Statement of Movement on the General Fund Balance to ensure that there is a neutral effect on the Council's revenue balances.

3.6 Tidying up

To produce the 2008/09 accounts, a thorough review of the Council's balance sheet was carried out. The review identified some historical items for which no records were available to support their continued inclusion on the balance sheet, and certain provisions which were no longer required due to changes in circumstances. In order to ensure that the Council's assets and liabilities were fairly stated, these items have been written off to the Income & Expenditure Account. The net effect is a one off reduction in expenditure of £244,000.

During 2008/09 the decision was taken to write off a historic debit balance within the Council's VAT control accounts of £144,000, of which £130,000 relates to an overpayment made in 2003 which HM Revenue & Customs have refused to refund. This has been charged to the Income & Expenditure Account.

Historic discrepancies and balances relating to Council Tax and Non Domestic Rates have also been written off in 2008/09, with appropriate corrections being made to the Collection Fund.

3.7 Bad Debt Risk

Towards the end of 2008/09 evidence began to emerge that wider recessionary pressures were beginning to affect the ability of people to keep up to date with their financial obligations, such as paying Council Tax.

Recessionary pressures are likely to continue, increasing the risk that the Council's outstanding debtors as at 31 March 2009 will prove to be uncollectible. Accordingly a review of bad debt provisions has been carried out and these have been increased to reflect the increased risk.

Appropriate charges have been made to the Income and Expenditure Account (£131,000) and Collection Fund (£668,000) to reflect the increase in bad debt provision.

4. SUMMARY OF THE 2008/09 FINANCIAL YEAR

- 4.1 2008/09 was a year in which the Council had to consolidate its position following serious financial difficulties in 2006/07 and stabilisation in 2007/08. In general, this was achieved with net underspends arising within revenue and capital expenditure, and reserves being increased. The following summarises the key results. The numbers are presented in a different format to the core financial statements, to increase the clarity, but they are consistent with those statements.

GENERAL FUND

- 4.2 The General Fund includes income and expenditure relating to all Council services except the provision of social housing. The following table summarises results for the year. Details are shown in the Income and Expenditure Account and the Statement of Movement on the General Fund Balance on page 24; for reasons of clarity notional items are omitted from this summary table.

£000	Original Budget	Revised Budget	Actual	Variance Actual to Revised Budget
Net Service Expenditure	9,444	9,018	7,991	-1,027
Other items (net)	-990	-1,137	-1,473	-336
Net transfers to / from (-) reserves	-59	538	1,999	1,461
Net General Fund Expenditure	8,395	8,419	8,517	98
Transfer to Working Balance	37	35	35	-
TOTAL EXPENDITURE	8,432	8,454	8,552	98
Funding available	-8,432	-8,454	-8,552	-98
Final position	-	-	-	-

- 4.3 It can be seen from the above that the Council has been able to replenish reserves at a significantly better rate than envisaged when the Original Budget was set. The main reason for this is the Government permission to treat pensions costs as capital expenditure, as referred to above.
- 4.4 The actual transfer to reserves of £1,999,000 includes transfers totalling £1,027,000 that were made possible due to a net favourable variance between Actual and Revised Service Budgets. For details of the £1,027,000 underspend, please refer to the Finance & Administration Committee 25 June 2009 meeting papers, [available on the Council's website](#).
- 4.5 The following is a summary of General Fund reserves for the year. The Working Balance ends the year at £1,096,000, which is the minimum safe contingency level determined by the Council.

£000	Balance 1.4.08	Transfers between reserves	Net Transfers from General Fund	Balance 31.3.09
Working Balance	1,061	-	35	1,096
Budget Equalization	-	1,102	397	1,499
Change Management	-	-	364	364
Landsbanki Contingency	-	-	993	993
Leisure PFI	1,102	-1,102	-	-
Planning Development	-	-	141	141
Other	59	-	104	163
Total Reserves	2,222	-	2,034	4,256

HOUSING REVENUE ACCOUNT

- 4.6 The Housing Revenue Account (HRA) includes income and expenditure relating to the provision of social housing. By law this has to be kept separate from the General Fund so that Council Tax payers and Rent Payers do not subsidise one another. The following table summarises the results for the year. Further details are given in the HRA Income and Expenditure Account on page 57.

£000	Original Budget	Revised Budget	Actual	Variance Actual to Revised Budget
Income	-11,713	-11,587	-11,791	-204
Housing Repairs	1,887	1,887	1,848	-39
Supervision & Management	2,476	2,477	2,090	-387
Rent, Rates & Property	25	30	34	4
Negative Housing Subsidy	5,160	5,160	5,160	-
Depreciation	1,864	1,864	1,864	-
Other items	442	415	561	146
Deficit / Surplus (-) for year	141	246	-234	-480
<u>Working Balance</u>				
Balance at 1 April 2008	550	550	550	-
Deficit (-) / Surplus for year	-141	-246	234	-480
Balance at 31 March 2009	409	304	784	-480

- 4.7 The table shows that there was an overall underspend of £480,000, due mainly to careful management of maintenance programmes and staff vacancies, enabling the HRA Working Balance to be replenished to a level higher than the minimum safe contingency level assessed by the Council (£496,000).

CAPITAL EXPENDITURE

- 4.8 Capital expenditure in 2008/09 totalled £4,438,000 against a revised budget of £4,780,000, a net underspend of £342,000. Underspends and slippage relating to IT projects, vehicle renewals and building projects were offset by the capitalisation of pensions costs. The following is a summary of capital expenditure in the year.

£000	Original Budget	Revised Budget	Actual	Variance Actual to Revised Budget
<u>General Fund Schemes</u>				
Community & Housing	608	686	793	107
Environment	645	522	356	-166
Finance & Administration	280	441	152	-289
Capitalisation Approval	-	1,135	1,140	5
Sub total	1,533	2,784	2,441	-343
HRA Schemes	1,996	1,996	1,997	1
TOTAL CAPITAL PROGRAMME	3,529	4,780	4,438	-342

- 4.9 Capital Expenditure was financed by external grants and contributions, the HRA Major Repairs Allowance and capital receipts. The balance of usable capital receipts reduced from £3.4 million to £1.3 million during 2008/09, which means that the Council will become dependent upon borrowing to support the capital programme in future years.
-

5. **Major influences on the Council's income, expenditure and cash flow**

5.1 The following are the major influences on the Council's income:

- Government funding through the Local Government Finance Settlement (Revenue Support Grant and distribution from the National Non-Domestic Rates Pool) is determined by central government. The annual change in funding is a major factor affecting the financial health of the Council.
- Government funding through other non-specific grant regimes, such as Area Based Grant and the Local Authority Business Growth Incentive Scheme, has potential to improve the Council's financial position. Funding made available under such schemes is not usually announced in advance and is typically provided late in the financial year. There is no continuity of funding from year to year. Accordingly such income is difficult to predict and is therefore prudently excluded from budget estimates.
- Council Tax. The percentage increase is determined by the Council but constrained by central government capping rules and local public opinion. The yield from Council Tax is also affected by the growth in the number of households in the district, variations to discounts payable, and collectability of unpaid debts. The Council acts as billing authority and collects Council Tax on behalf of itself, Essex County Council, Essex Police Authority, Essex Fire Authority and Town/Parish Councils. The share of the average Council Tax bill retained by the Council is approximately 10%.
- Fees & charges e.g. car park charges, planning fees. The amount of income received depends on market factors such as demand and price levels and effectiveness of income collections. Wider economic factors such as recessionary pressures directly affect sources of income such as planning fees, building control fees and land charges.
- Specific government grants e.g. benefits subsidy. The amount received depends on performance and the amount of expenditure eligible for subsidy by grant.
- Rents & Service Charges (Housing Revenue Account only). The annual increase is determined by the Council within a framework defined by central government. The amount of income depends on the number of dwellings, performance in re-letting empty properties and collectability of debt.

5.2 The following are the major influences on the Council's expenditure:

- Employee costs including salaries, national insurance and pensions costs – the level of expenditure depends on the staffing establishment, annual pay increase (determined at a national level) and the Council's employer pension contribution, determined by Essex County Council as administering pensions authority.
- Premises costs including energy costs, rates and building maintenance – the level of expenditure depends on the condition of property, maintenance programmes, energy consumption and price variability.

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- Transport costs including fuel and vehicle maintenance – the level of expenditure varies according to the level of service activity, condition of vehicles and price variability.
 - Supplies & services expenditure varies according to contractual indexation, level of service activity, price variability and effectiveness of procurement procedures.
 - Transfer payments such as Housing Benefit and Council Tax Benefit – the level of expenditure varies according to the number of people entitled to receive benefit and levels of housing benefit and council tax benefit due under government rules. Wider economic factors such as recessionary pressures have a direct effect on the number of people receiving benefit.
 - Capital financing costs – the amount depends on the size of the capital programme and the methods of financing, in particular the amount of borrowing and use of finance leases.

5.3 The following are the major influences on the Council's cash flow:

- Timing of payments including length of time taken to pay suppliers' invoices.
- Receipt of income including effectiveness of debt recovery.
- Schedule of payment dates relating to amounts payable to precepting authorities and central government.

6. The financial needs and resources of the Council

6.1 The Council requires financial resources to deliver its Corporate Priorities, statutory obligations and discretionary services. For a detailed explanation of how the Council's budget is aligned to its priorities, and a forecast of the resources required over the next few years, please refer to the [Council's Medium Term Financial Strategy](#), available on the Council's website and from the contact details given below.

7. Audit of Accounts

7.1 These accounts are published following completion of the audit by the Audit Commission (see Auditor's Report on page 12).

8. Further Information

8.1 The Council produces a detailed [Budget Book](#), which sets out the financial plans for the following financial year. A copy of this may be obtained by contacting Stephen Joyce, Chief Finance Officer, at Uttlesford District Council, Council Offices, London Road, Saffron Walden, CB11 4ER. Email: sjoyce@uttlesford.gov.uk.

Website: <http://www.uttlesford.gov.uk/main.cfm?Type=YCFIN&MenuId=287>

Stephen Joyce
Chief Finance Officer
September 2009

Independent auditor's report to Members of Uttlesford District Council

Opinion on the financial statements

I have audited the Authority accounting statements and related notes of Uttlesford District Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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

Respective responsibilities of the Chief Financial Officer and the auditor

The Chief Financial Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Authority and its income and expenditure for the year.

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

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

Basis of audit opinion

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

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

Opinion

In my opinion the Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**Authority's Responsibilities**

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

Auditor's Responsibilities

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

Adverse conclusion

I have undertaken my audit in accordance with the Code of Audit Practice. In so doing, I identified the following:

- the Council has not yet developed its understanding of costs and performance;
- there is no strategic approach to procurement or direction for procurement activity to services;
- risk management arrangements are weak; and
- there is no detailed asset management plan.

For the reasons set out above, and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am not satisfied that, in all significant respects, Uttlesford District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009, in that it did not put in place:

- adequate arrangements to understand costs and achieve efficiencies;
- adequate arrangements to commission and procure quality services and supplies;
- adequate arrangements to maintain good risk management and internal control; and
- adequate arrangements for the management of its asset base.

Certificate

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

Paul King

(Officer of the Audit Commission)

Audit Commission, Atlantic Business Centre, Lyttleton House, 64 Broomfield Road,

Chelmsford, Essex, CM1 1SW

29 September 2009

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2008/09 financial year and its position at the year-end of 31 March 2009. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008 - A Statement of Recommended Practice (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

The Council is required as part of the SORP to produce financial statements in accordance with the Best Value Accounting Code of Practice (BVACOP). The service expenditure analysis shown on the face of the Income and Expenditure Account reflects the BVACOP categories.

2. ACCRUALS OF INCOME AND EXPENDITURE

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed, and where there is a gap between the date supplies are received and their consumption, they are carried as stock on the balance sheet.
- A minimum transaction value of £1,000 has been applied in determining whether to accrue for income and expenditure in line with the first two bullet points above.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. PROVISIONS

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

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

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

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

4. RESERVES

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

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

5. GOVERNMENT GRANTS AND CONTRIBUTIONS (REVENUE)

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate.

Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

6. RETIREMENT BENEFITS

Employees of the Council are members of The Local Government Pension Scheme, administered by Essex County Council. The Scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Essex County Council Pension Scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method- i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 7.1% (based on the indicative rate of return on high quality corporate bonds).
- The assets of the Essex County Council Pension Fund attributable to the Council are included in the balance sheet at their fair value:
 - quoted securities – mid-market value
 - unquoted securities - professional estimate
 - unitised securities - average of the bid and offer prices
 - property - market value

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

- Current Service Cost - the increase in liabilities as a result of years of service earned this year allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked.

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

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. In the Statement of Movement on the General Fund Balance, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

DISCRETIONARY BENEFITS

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

7. VALUE ADDED TAX

Income and expenditure excludes any amount related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

8. OVERHEADS AND SUPPORT SERVICES

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

- Corporate and Democratic Core-costs relating to the Council's status as a multi-functional, democratic organisation.
- Non-Distributed Costs; the costs of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

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

9. INTANGIBLE FIXED ASSETS

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant revenue account over the economic life of the investment to reflect the pattern of consumption of benefits. A de minimis amount of £10,000 is applied to all intangible assets.

10. TANGIBLE FIXED ASSETS

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

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of assets (e.g. repairs and maintenance) is charged to revenue as it is incurred. A de minimis amount of £10,000 is applied to all fixed assets.

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

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

Net current replacement cost is assessed as:

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

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Vehicles, Plant and Equipment includes all vehicles but excludes all miscellaneous furniture and equipment with an individual value of less than £5,000.

The Council has built or refurbished three leisure centres under Private Finance Initiative (PFI) schemes. The Council's policy regarding them is consistent with the recommended treatment of PFI assets; namely the assets are not shown in the balance sheet as they are not Council assets.

Asset valuations were carried out as at 1st April 2008 by: Justin Allen Dip Surv MRICS for the District Valuer Services, on behalf of Mark Catley, MRICS, FAAV, District Valuer, East of England. The Valuation letter was dated 9th March 2009.

The timetable for the valuation of General Fund fixed assets is a 5 year rolling programme. The timetable for valuation is as follows:

2008/09	Other Assets / Land and Buildings
2009/10	Vehicles and Moveable Plant
2010/11	IT and Intangible assets
2011/12	Fixed Plant, Equipment
2012/13	Other Assets / Land and Buildings

HRA Council Dwellings will continue to be valued annually by assessing the value of Beacon properties.

A number of Beacon properties have been identified as being typical for a particular size and type of dwelling. For example, a two bedroom semi-detached house. These properties are valued and the assessed value is applied to all properties of a similar size and type. This saves the Valuer from having to visit large numbers of houses which are all basically the same. This is the accepted method of valuing council dwellings.

An additional impairment review was also carried out for the 31 March 2009 by the above District Valuer at the request of the Chief Finance Officer.

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

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

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

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

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

In line with the changes in guidance around how disposed of assets should be valued, in the CIPFA Statement of Recommended Practice for 2008/09, the Council will use the Net Book Value at the start of the year of disposal rather than revaluing the asset at the time of disposal to determine the profit or loss on the sale. This change to accounting policy will also be retrospectively applied to 2007/08.

Depreciation: depreciation is provided for on all assets with a determinable finite life (except for investment properties) by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

- Dwellings - the depreciation charges equal the Major Repairs Allowance (See Note 11 to the Housing Revenue Account).
- Other buildings – straight line allocation over the life of the property as estimated by the valuer.
- Vehicles, plant and equipment – straight line allocation over the life of the asset.
- Infrastructure - straight line allocation over 50 years.

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

Depreciation is calculated by writing off the value of the asset over its assessed useful life for all assets with a determinable finite life (this excludes mainly land, community assets and investment properties). The estimated useful life of each asset is determined at the start of the year after the asset is brought in to use.

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

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

11. CHARGES TO REVENUE FOR FIXED ASSETS

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

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

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

12. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

13. LEASES

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

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

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

In the 2008/09 accounts the actuarial method of determining revenue/capital split has been adopted instead of the straight line method used in 2007/08.

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

14. FINANCIAL LIABILITIES

Financial Liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The Council did not have any external borrowings outstanding at the end of the financial year 2008/09.

15. FINANCIAL ASSETS

Financial Assets are classified into two types:

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

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

The Council has made no soft loans (at less than market rates) during the year.

Available-for-sale Assets: The Council has no Available-for-sale Assets.

16. STOCKS AND WORK IN PROGRESS

Vehicle fuel is valued at average cost. Housing stores are valued at the latest purchase price paid. Whilst this is a departure from SSAP 9 which requires stocks to be shown at the lower of cost and net realisable value, the effect of the different treatment is not material. Work in Progress is valued at cost, which includes an element of the Council's cost of supervision and management.

17. INTERESTS IN COMPANIES AND OTHER ENTITIES

The Council has no interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, so is not required to prepare group accounts.

18. PRIVATE FINANCE INITIATIVE (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the service passes to the PFI contractor. Payments made by the Council under a contract are generally charged to revenue to reflect the value of services received in each financial year.

19. LONG-TERM DEBTORS

These are amortised by an annual amount equalling the annual repayments of principal paid by borrowers.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts (This responsibility is discharged by the Performance Select Committee).

THE CHIEF FINANCE OFFICER'S RESPONSIBILITIES

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

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code of Practice.
- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

I hereby certify that the Statement of Accounts presents fairly the financial position of Uttlesford District Council as at 31 March 2009 and its income and expenditure for the year ended 31 March 2009.

Signature: Stephen Joyce, CPFA
Chief Finance Officer

Date: 29 September 2009

APPROVAL OF THE ACCOUNTS

In accordance with the requirements of s10 of the Accounts and Audit Regulations I confirm that the Statement of Accounts was approved by a resolution of the Performance Select Committee of Uttlesford District Council on 29 September 2009.

Signature: Councillor Howard Rolfe
Chairman Performance Select Committee

Date: 29 September 2009

INCOME AND EXPENDITURE ACCOUNT

2007/08 Net Expenditure Restated £000		2008/09 Gross Expenditure £000	2008/09 Income £000	2008/09 Net Expenditure £000
1,017	Central Services to the Public	5,214	(4,048)	1,166
6,810	Cultural, Environmental and Planning Services	10,470	(4,485)	5,985
(29)	Highways, Roads and Transport Services	1,137	(1,166)	(29)
(80)	Housing Revenue Account	30,461	(11,915)	18,546
502	Other Housing Services	11,226	(10,861)	365
100	Social Services	270	(6)	264
2,126	Corporate and Democratic Core	1,579	(33)	1,546
1,311	Non Distributed Costs	759	-	759
11,757	Net Cost of Services	61,116	(32,514)	28,602
	(423) (Gain) on Disposal of Fixed Assets			(160)
1,667	Parish Council Precepts			1,748
80	Deficit of Trading Undertakings			115
-	Financial asset impairment			648
53	Interest Payable			76
697	Amounts Payable into the Housing Capital Receipts Pool			229
(679)	Interest and Investment Income			(637)
(155)	Pensions Interest Cost and Expected Return on Pensions Assets			775
12,997	Net Operating Expenditure			31,396
(5,701)	Income from the Collection Fund			(6,108)
(834)	Government Grants not attributable to Specific Services			(721)
(3,415)	Distribution from Non-Domestic Rate Pool			(3,569)
3,047	Deficit for the Year			20,998

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2007/08 Restated £000		2008/09 £000
3,047	Deficit for the year on the Income and Expenditure Account	20,998
(3,108)	Net Additional Amount Required by Statute and Non-Statutory Proper Practices to be Credited to the General Fund Balance for the Year	(21,033)
(61)	(Increase) in General Fund Balance for the Year	(35)
(1,000)	General Fund Balance Brought Forward	(1,061)
(1,061)	General Fund Balance Carried Forward	(1,096)

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

2007/08 Restated £000		2008/09 £000	£000
	Amounts Included in the Income and Expenditure Account but required by Statute to be excluded when determining the Movement on the General Fund Balance for the Year		
423	Net Gain on Sale of Fixed Assets	160	
(43)	Amortisation of Intangible Fixed Assets	(41)	
(1,152)	Depreciation and Impairment of Fixed Assets	(20,687)	
26	Government Grants Deferred Amortisation	134	
(1,203)	Amounts treated as revenue expenditure in accordance with the SORP but which are classified as capital expenditure by statute	(1,792)	
-	Landsbanki interest not received	135	
-	Impairment of Financial Instruments	(648)	
(1,874)	Net Charges made for Retirement Benefits in accordance with FRS 17	(1,926)	
(3,823)			(24,665)
	Amounts Not Included in the Income and Expenditure Account but required by Statute to be Included when determining the Movement on the General Fund Balance for the Year		
266	Minimum Revenue Provision for Capital Financing	266	
455	Capital Expenditure Charged in Year to the General Fund Balance	-	
(697)	Transfer from Usable Capital Receipts to meet Payments to the Housing Capital Receipts Pool	(229)	
1,302	Employer's Contributions Payable to the Essex County Council Pension Fund and Retirement Benefits Payable Direct to Pensioners	1,362	
1,326			1,399
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the Year		
(226)	Housing Revenue Account	234	
(385)	Net Transfer to or (from) Earmarked Reserves	1,999	
(611)			2,233
(3,108)	Net Additional Amount required to be credited to the General Fund Balance for the Year		(21,033)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2007/08 Restated £000		2008/09 £000
3,047	Deficit for the Year on the Income and Expenditure Account	20,998
447	Losses on disposal of assets	-
(14,980)	(Surplus) / Deficit arising on Revaluation of Fixed Assets	13,959
9,311	Actuarial (Gains) / Losses on Pension Fund Assets and Liabilities	(359)
(46)	Collection Fund Balance	(32)
(228)	PFI deferred cost written out	(228)
-	Write out of Section 52 monies to usable capital receipts	(36)
(670)	Prior Period Adjustment	-
(3,119)	Total Recognised (Gains) / Losses for the Year	34,302

BALANCE SHEET

31/03/2008 Restated £000	Note Number	31/03/2009 £000 £000	
165	18		156
			Intangible Fixed Assets
			Tangible Fixed Assets
244,430	19	211,841	
11,973	19	10,936	
4,358	19	4,021	
298	19	315	
40	19	40	227,153
261,264			227,309
429	20		434
261,693			227,743
			Total Fixed Assets
-	26		1,686
551	27		548
262,244			229,977
			Total Long Term Assets
			Current Assets
107	28	88	
4,212	29	3,775	
8,698	30	7,501	
-		1,682	13,046
275,261			243,023
			Total Assets
			Current Liabilities
(6,824)	31		(8,586)
(171)			-
268,266			234,437
			Total Assets Less Current Liabilities
(125)	32	(117)	
(1,597)	33	(1,903)	
(299)	34	(269)	
(15,853)	46	(16,058)	(18,347)
250,392			216,090
			Total Assets Less Liabilities
14,499	35		524
244,995	36		225,139
3,381	38		1,331
-	HRA 11		-
(15,853)	46		(16,058)
551	37		548
-	41		(513)
1,161	39		3,160
			Revenue Balances
1,061			1,096
551			785
46			78
250,392			216,090
			Total Equity

CASH FLOW STATEMENT

2007/08 Restated £000	2008/09 £000	2008/09 £000	2008/09 £000
Revenue Activities			
Cash Outflows			
11,165	- Cash Paid to and on behalf of Employees	9,200	
14,531	- Other Operating Cash Payments	12,997	
27,349	- National Non-Domestic Rates	31,984	
39,035	- Precepts Paid to Other Authorities	41,078	
4,443	- Housing Benefit Paid Out	5,199	
399	- Payments to the Capital Receipts Pool	472	
96,922			100,930
Cash Inflows			
(5,539)	- Rents (after Rebates)	(5,377)	
(40,267)	- Council Tax Receipts	(41,783)	
(29,319)	- National Non-Domestic Rate Receipts	(31,880)	
(3,415)	- National Non-Domestic Rate Receipts from Pool	(3,569)	
(573)	- Revenue Support Grant	(616)	
(4,419)	- DWP Grants for Benefits	(13,813)	
(9,711)	- Other Government Grants and Contributions	(1,353)	
(6,599)	- Other Operating Cash Receipts	(7,158)	
			(105,549)
(2,920)	Revenue Activities Net Cash Flow		(4,619)
Cash Outflows			
53	Interest Paid on money we have borrowed		76
Cash Inflows			
(679)	Interest Received from investment of surplus cash		(445)
(3,546)	Servicing of Finance Net Cash Flow		(4,988)
Capital Activities			
Cash Outflows			
4,567	Purchase of Fixed Assets	2,868	
4,567			2,868
Cash Inflows			
(932)	Sale of Fixed Assets	(451)	
(321)	Capital Grants Received	(359)	
(346)	Other Capital Cash Receipts	(217)	
			(1,027)
2,968	Capital Activities Net Cash Flow		1,841
(578)	Net Cash (Inflow) / Outflow Before Financing		(3,147)
Financing			
Cash Outflows			
89,611	New Short-Term Lending		100,209
267	Repayment Long Term Debt		234
Cash Inflows			
(89,755)	Repayments of Amounts Loaned		(99,149)
(455)	(Increase) in Bank Balance		(1,853)

NOTES TO THE CORE FINANCIAL STATEMENTS

1. GENERAL

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

2. PRIOR PERIOD ADJUSTMENTS

There is only one prior period adjustment in the accounts for 2007/08, additionally there are a couple of minor restatements.

The accounting policies for calculating profit/loss on the sale of assets has been changed in accordance with the CIPFA 2008/09 guidance. When applied to the prior period this new calculation results in the Council having made an additional notional profit of £423,000. As this increase in profit is of a material nature it has been restated within the 2007/08 accounts.

3. PRIVATE FINANCE INITIATIVE

The Council's Private Finance Initiative (PFI) Scheme provided two new Leisure Centres in Great Dunmow and Stansted Mountfitchet, and refurbished the Lord Butler Fitness and Leisure Centre in Saffron Walden.

The Contract was fully operational from the financial year 2002/03, and is for 32 years, ending in 2033/34, which leaves 25 years outstanding.

The annual amount payable for the next 25 years is £228k per annum, this has been amortised evenly over the entire life of the PFI scheme.

4. TRADING OPERATIONS

INDUSTRIAL ESTATE

	2007/08 £000	2008/09 £000
Turnover	69	101
Expenditure Total	(124)	(188)
Deficit before Charges	(55)	(87)
Capital Charges	(25)	(28)
Deficit on trading	(80)	(115)

5. PUBLICITY

Set out below, under the requirements of s5(1) of the Local Government Act 1986, is the council's spending on publicity. In 2008/09 this amounted to £135,642 (2007/08 £148,314), and comprised the following:

	2007/08 £000	2008/09 £000
Staff Advertising	62	46
General Advertising	70	89
Promotions	16	-
	148	135

6. THE BUILDING CONTROL CHARGING ACCOUNT

The Building Control Statement

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Service cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement over the page shows the total cost of operating the Building Control Services divided between the chargeable and non-chargeable activities.

Under the Building (Local Authority Charges) Regulations 1998, the Council must set its fees for chargeable schemes so that the account breaks-even over a rolling 3 year period projected from the start of a scheme.

Building Control	Chargeable Activities 2008/09 £000	Non- Chargeable Activities 2008/09 £000	Total 2008/09 £000	Total 2007/08 £000
Expenditure				
Employee Expenses	292	112	404	470
Transport	22	8	30	28
External Support	12	-	12	8
Data Processing	8	8	16	18
Supplies and Services	10	5	15	29
Street Naming and Numbering	-	5	5	4
Central and Support Services	98	50	148	145
Total Expenditure	442	188	630	702
Income				
Building Regulations Charges	381	10	391	452
Land Charge Fees	-	8	8	25
Miscellaneous Income	-	8	8	-
Charges to other Council Depts	-	30	30	41
Total Income	381	56	437	518
Deficit for the Year	61	132	193	184
	Chargeable Activities £000	Non- Chargeable Activities £000	Total £000	
<u>Comparatives for 2007/08</u>				
Expenditure	446	256	702	
Income	(447)	(71)	(518)	
(Surplus) / Deficit for the Year	(1)	185	184	
<u>Comparatives for 2006/07</u>				
Expenditure	473	277	750	
Income	(449)	(100)	(549)	
Deficit for the Year	24	177	201	

The Building Control Scheme of Charges

Both the Charges Regulations and the Uttlesford District Council Scheme for charges relating to building control functions are available for inspection at the Council offices.

7. AGENCY INCOME AND EXPENDITURE

Income and expenditure relating to work carried out on behalf of other Local Authorities and Government Departments, for which the cost is reimbursed, is excluded from the Summary Revenue Account. For 2008/09 there were no material Agency Agreements in operation.

8. LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

The Council is empowered by this Act to provide goods and services to other public bodies. However the Council did not have any schemes which fell within the scope of this Act in 2008/09.

9. PARTNERSHIP SCHEMES

Crime and Disorder Reduction Partnership (CDRP)

Community Safety Action Team (CSAT) works in partnership to deal with strategic issues in relation to the Crime & Disorder Act 1998. CSAT is expected to produce an annual strategic assessment to combat/address issues of Crime & Disorder in the District.

The partnership consists of Uttlesford District Council, Essex Police, Essex County Council, Essex Fire Authority, NHS West Essex and Uttlesford Council for Voluntary Services. It sits under the Local Strategic Partnership structure.

In 2008/09 the gross income of the partnership was £67,606 and expenditure £40,575. The unspent income (£27,031) has been carried forward and will contribute towards the costs of the partnership's strategic vision.

Uttlesford District Council contributed £7,500 to the partnership.

In addition the CDRP received £89,824 from Essex County Council's Area Based Grant allocation.

Local Strategic Partnership (LSP)

Uttlesford Futures Management Board commission work in relation to the strategic needs of the District. In addition, it has the overall responsibility of producing a sustainable community strategy for the District.

The partnership consists of Uttlesford District Council, Essex Police, Essex County Council, Essex Fire Authority, NHS West Essex, Uttlesford Council for Voluntary Services, Federation of Small Businesses, Sustainable Uttlesford, Uttlesford Association Local Councils and Learning and Skills Council.

In 2008/09 the gross income of the partnership was £95,833 and expenditure £36,765. The £59,068 underspend has been carried forward and will be spent by the Board during 2009/10.

Uttlesford District Council contributed £5,000 to the partnership.

10. MEMBERS' ALLOWANCES

The Local Government Act 2000 and the Local Authorities (Members' Allowances) Regulations 2001 requires the Council to appoint an independent remuneration panel to review its scheme for Members' Allowances, and to make recommendations to the Council regarding the scheme to be operated in 2008/09.

The total Members' Allowances for 2008/09 were £274,008 (2007/08 £275,468)

Information regarding Members' Allowances is published in the local press and on the Council's website.

11. OFFICERS' REMUNERATION

As a requirement of the Accounts and Audit Regulations 2003, the number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 was:

Remuneration Band	2007/08 Number of Employees	2008/09 Number of Employees
£50,000 - £59,999	6	9
£60,000 - £69,999	1	-
£70,000 - £79,999	4	3
£80,000 - £89,999	1	1
£100,000-£109,999	-	1
£110,000-£119,999	1	-
£140,000-£149,999	1	-
£200,000-£209,999	1	-

12. RELATED PARTY TRANSACTIONS

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

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

Members of the Council have direct control over the Council's financial and operational policies. However, any contracts entered into by the Council are in full compliance with the Council's Constitution, and any decisions made with proper consideration of declarations of interest. From the replies provided there are no material transactions to be declared.

Senior Officers of the Council have control over the day to day management of the Council so the Directors and the Chief Executive have been asked to declare any related party transactions. From the replies provided there are no material transactions to be declared.

Related party transactions during the year have arisen from funding arrangements with Central Government shown on the Cash Flow Statement, and with precepting authorities detailed in Note 3 to the Collection Fund. Other material related party transactions for 2008/09 which are not fully disclosed elsewhere in the Statement of Accounts were as follows:

2007/08	2008/09	2008/09	2008/09
£000	£000	£000	£000
Net	Receipts	Payments	Net
(400) Essex County Council	961	659	(302)
108 Other Local Authorities	34	534	500
(240) East of England Regional Assembly-Bldg Capacity East	61	-	(61)
(101) Health Protection Agency	95	-	(95)
0 Fire & Police Authority	40	-	(40)
77 Citizens Advice Bureau	-	81	81
5 Uttlesford Council for Voluntary Service	28	8	(20)
- Saffron Walden County High School	-	4	4
- Saffron Walden & Great Dunmow Museum Society	15	6	(9)
(24) West Essex and Uttlesford PCT's	38	0	(38)
(8) Rural Community Council of Essex	-	1	1
(583)	1,272	1,293	21

13. FEES PAYABLE TO THE AUDIT COMMISSION

In 2008/09 Uttlesford District Council incurred the following fees relating to external audit and inspection:

	2007/08	2008/09
	£000	£000
Fees Payable to the Audit Commission with regard to External Audit Services carried out by the Appointed Auditor	125	128
Fees Payable to the Audit Commission in respect of Statutory Inspection	14	21
Fees Payable to the Audit Commission for the Certification of Grant Claims and Returns	61	51
	200	200

14. OPERATING LEASE RENTALS

The Council uses cars, vehicles and containers under the terms of an operating lease. The amount paid under these arrangements in 2008/09 was £109,487 (2007/08 £201,121).

The Council was committed at 31 March 2009 to making payments of £87,402 under operating leases, comprising the following elements:

	Vehicles, Plant and Equipment
Leases expiring:	£000
Within 1 Year	44
2 – 5 Years	43

15. FINANCE LEASE RENTALS & LONG TERM BORROWING

The authority has acquired 16 waste collection vehicles under a finance lease. The rentals payable under these arrangements in 2008/09 were £310,304 charged to the Income and Expenditure Account as £53,382 finance costs (debited to interest payable) and £256,922 relating to the write-down of obligations to the lessor (debited as part of the appropriation to Capital Adjustment Account in the Statement of Movement on the General Fund Balance).

	2007/08 £000	2008/09 £000	1 Year £000	2 - 5 years £000
Finance lease - amount payable	310	310	310	1,138
Principal repayment	248	257	265	1,071
Interest payable	62	53	45	67
	310	310	310	1,138

16. NOTES TO THE STATEMENT OF THE MOVEMENT ON THE GENERAL FUND BALANCE**EXPLANATION OF THE SIGNIFICANCE OF THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE**

The Income and Expenditure Account brings together all of the functions of the Council and summarises all of the resources that the Council has generated, consumed or set aside in providing services during the year. However, this accounting basis is currently out of line with the statutory provisions that specify the net expenditure that the Council needs to take into account when setting its Council Tax.

In order to give a full presentation of the financial performance of an authority during the year, the outturn on the Income and Expenditure Account needs to be reconciled to the balance established by the statutory provisions.

The Statement of Movement on the General Fund Balance provides the necessary reconciliation.

17. NOTES TO THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

MOVEMENTS ON RESERVES

	Balance as at 01-Apr-08 £000	Net Gains / (Losses) £000	Balance as at 31-Mar-09 £000	Purpose of Reserve
Revaluation Reserve	14,499	(13,975)	524	Revaluation Reserve
Capital Adjustment Account	244,995	(19,856)	225,139	Capital Adjustment Account
Usable Capital Receipts Reserve	3,381	(2,050)	1,331	Proceeds of fixed asset sales available to meet future capital investment
Pensions Reserve	(15,853)	(205)	(16,058)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet
Housing Revenue Account	551	234	785	Resources available to meet future unexpected running costs for council houses
Major Repairs Reserve	-	-	-	Resources available to meet capital investment in council housing
Collection Fund	46	32	78	An independent account for income relating to council tax and non- domestic rates
Financial Instruments Adjustment Reserve	-	(513)	(513)	Reserve to hold the impairment adjustments to the Landsbanki investment
Deferred Capital Receipts	551	(3)	548	Reserve to hold deferred capital receipts
General Fund Balance	1,061	35	1,096	Resources available to meet future running costs for non-housing services
Earmarked Reserves (see Note 39)	1,161	1,999	3,160	Usable resources set aside for individual purposes
Total	250,392	(34,302)	216,090	

18. INTANGIBLE FIXED ASSETS

Intangible fixed assets are those items which, although the cost incurred in their acquisition is of a capital nature there is no physical tangible asset to show. The movement in intangible assets during 2008/09 is set out in the table below:

Amortisation of intangible fixed assets is calculated on a straight line basis over 7 years starting on the year after purchase.

2007/08 £000	2008/09 £000
230 Balance as at 31st March 2008	247
- Revaluation as at 1/4/08	-
17 Additions	32
- Disposals	-
- Impairment	-
- Reclassification	-
247 Gross Balance carried forward	279
(39) Amortisation as at 31st March 2008	(82)
(43) Amortisation In Year	(41)
- Amortisation Write Outs	-
(82) Amortisation balance carried forward	(123)
165 Net Value At 31st March 2009	156

19. TANGIBLE FIXED ASSETS**a) MOVEMENT OF TANGIBLE FIXED ASSETS****Operational Assets**

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant and Equipment £000	Leased Assets £000	Infrastructure Assets £000	Community Assets £000	TOTAL £000
Balance as at 31/03/2008	246,272	12,581	3,786	1,952	300	40	264,931
Revaluation as at 01/04/2008	-	183	-	-	-	-	183
Additions	1,960	387	473	-	18	-	2,838
Disposals	(283)	-	-	-	-	-	-283
Impairment as at 31/03/2009	(36,108)	(1,230)	-	-	-	-	-37,338
Reclassification	-	-	-	-	-	-	-
Gross Balance C/F	211,841	11,921	4,259	1,952	318	40	230,331
Deprec. B/Fwd	(1,843)	(608)	(1,026)	(356)	(2)	-	(3,835)
Deprec. In Year	(1,864)	(380)	(542)	(266)	(1)	-	(3,053)
Deprec. Write Outs	3,707	3	-	-	-	-	3,710
Deprec. Bal C/F	-	(985)	(1,568)	(622)	(3)	-	(3,178)
Net Value At 31/03/2009	211,841	10,936	2,691	1,330	315	40	227,153
Net Value At 31/03/2008	244,430	11,973	2,761	1,509	298	40	261,011

b) VALUATIONS OF FIXED ASSETS

The timetable for the valuation of General Fund fixed assets is one of a 5 year rolling programme. The timetable for valuation is as follows:

2008/09	Other Assets / Land and Buildings
2009/10	Vehicles and Moveable Plant
2010/11	IT and Intangible assets
2011/12	Fixed Plant, Equipment
2012/13	Other Assets / Land and Buildings

HRA Council Dwellings are valued annually by assessing the value of Beacon properties. A number of Beacon properties have been identified as being typical for a particular size and type of dwelling. For example, a two bedroom semi-detached house. These properties are valued and the assessed value is applied to all properties of a similar size and type. This saves the Valuer from having to visit large numbers of houses which are all basically the same. This is the accepted method of valuing council dwellings.

Asset valuations were carried out as at 1st April 2008 by: Justin Allen Dip Surv MRICS for the District Valuer Service, on behalf of Mark Catley, MRICS, FAAV, District Valuer, East of England. The Valuation letter was dated 9th March 2009. An additional impairment review was also carried out for the 31 March 2009 by the above District Valuer at the request of the Chief Finance Officer.

c) ANALYSIS OF FIXED ASSETS

31/03/2008		31/03/2009	
No.	Value £000	No.	Value £000
Housing Revenue Account		Housing Revenue Account	
(See HRA note 8)			
3,452	247,072	3,447	213,935
General Fund		General Fund	
n/a	165 Software Licences	n/a	156
1	3,754 Offices- Saffron Walden	1	3,160
1	736 Offices- Great Dunmow	1	660
2	409 Depot Premises	2	363
9	2,876 Car Parks	9	2,890
5	1,184 Day Centres	5	1,386
3	298 Public Conveniences	3	247
1	286 Cemetery Chapel	1	273
1	40 Dunmow Burial Ground	1	40
3	36 Public Conveniences Sites	3	36
2	40 Coach Parks Infrastructures	2	39
2	222 Other Infrastructure Vehicles, Plant and	2	240
n/a	3,418 Equipment	n/a	3,211
n/a	805 Information Technology	n/a	755
1	300 Turpin Bowls Hall	1	300
1	52 Market – Great Dunmow	1	52
	14,621 Total General Fund		13,808
	261,693 Total Fixed Assets		227,743

20. Non Operational Assets

Non Operational Assets	Investment properties £000	Surplus Assets £000	Assets Under Construction £000	TOTAL £000
Balance B/FWD as at 31st March 2008	429	-	-	429
Revaluation as at 1/4/08	-	-	-	-
Additions	-	-	5	5
Disposals	-	-	-	-
Impairment	-	-	-	-
Gross Balance C/FWD as at 31st March 2009	429	-	5	434
Accumulated Depreciation	-	-	-	-
Depreciation applied 2008/09	-	-	-	-
Depreciation written out in year	-	-	-	-
Depreciation Balance C/FWD	-	-	-	-
Net value at 31st March 2009	429	-	5	434
Net value at 31st March 2008	429	-	5	434

21. ANALYSIS OF COMMUNITY ASSETS

During 2008/09, the Council held one Community asset on its balance sheet. This was the burial ground at Great Dunmow. Net book value for this asset at the 31/03/2009 is £39,763.

22. CAPITAL EXPENDITURE AND FINANCING

	2008/09 £000		2008/09 £000
Capital Expenditure		Financed By:	
Intangible Assets	2	Usable Capital Receipts	2,302
Fixed Assets	2,866	Revenue Contributions	-
Revenue Expenditure Funded from Capital Under Statute	1,564	Major Repairs Reserves	1,864
		Section 106	38
		Capital Grants	228
TOTAL	4,432		4,432

A detailed breakdown of spending on individual capital schemes is set out in the Explanatory Foreword.

23. SIGNIFICANT COMMITMENTS UNDER CAPITAL CONTRACTS

As at 31 March 2009, the Council has no outstanding significant future contracts for capital investment. It does however have a few outstanding contracts for maintenance of the HRA housing stock but these are not significant.

24. DEPRECIATION

Depreciation is calculated by writing off the value of the asset over its assessed useful life for all assets with a determinable finite life (this excludes mainly land, community assets and investment properties). The calculation for depreciation is based on the estimated useful life of each asset which is determined at the start of the year after the asset is brought in to use.

Generally the following are applied as shown in the table below:

	Useful Lives in Years up to
Infrastructure	50
Administration Buildings	30
Garages	10
Car Parks	30
Other buildings	40
IT equipment	7
Vehicles	7

25. Revenue expenditure funded from capital under statute

	£000	£000
Expenditure:		
Capitalisation of redundancy costs	1,135	
Capitalisation of pension costs	5	
Bridge End Gardens	7	
Renovation Grants	38	
Grant to Dummow Town Council	38	
Disabled Facilities Grant	191	
Private Finance Initiative - Transferred Assets	228	
Community Project Grants	64	
Play Programme Grants - Big Lottery Grant	63	
Housing Improvement Grant	23	
		1,792
Amounts Written off to Income & Expenditure Account	(652)	
Amounts Written off to Capital Adjustments Account	(1,140)	
		(1,792)
Balance as at 31/03/2009		-

26. LONG TERM INVESTMENTS

Long term investments are funds that have been placed with counterparties such as a banks or building societies for a period in excess of 365 days.

	Outstanding as at 31-Mar-08	Reclassifications	Net adjustment including interest and impairments	Repayments	Outstanding as at 31-Mar-09
	£000	£000		£000	£000
Landsbanki Investment *	-	2,200	(514)	-	1,686
	-	2,200	(514)	-	1,686

* See note 41 FINANCIAL INSTRUMENTS – subsection Landsbanki

27. LONG TERM DEBTORS

	Outstanding as at 31-Mar-08	Loans Made	Loans Repaid	Outstanding as at 31-Mar-09
	£000	£000	£000	£000
Loans on Sale of Council Houses	7	-	(3)	4
Rent to Mortgage	536	-	-	536
Provincial Council Headquarters	8	-	-	8
	551	-	(3)	548

28. STOCKS AND WORK IN PROGRESS

	31-Mar 2008	31-Mar 2009
	£000	£000
Housing Stores	49	42
Building Maintenance	8	1
Vehicle Fuel	21	12
Trading Stocks	26	29
Stationery	3	4
	107	88

29. DEBTORS

	31-Mar-08	31-Mar-09
	£000	£000
Non Domestic Rate Arrears (See Note 1 below)	278	331
Council Tax Arrears	721	1,001
Housing Rent Arrears	165	126
Government Departments	904	798
Due from the NNDR Pool	168	-
Other Local Authorities	105	142
Interest due	63	6
Car Leasing prepaid	47	33
Vehicle Leasing prepaid	207	207
Other Accruals	907	650
Sundry Debtors	615	455
Miscellaneous	-	12
Car Loans to employees	29	13
Home computing initiative	3	1
	4,212	3,775

Note 1. The above debtors figures are net of the following:

Provision for Bad Debts

	31-Mar-08	31-Mar-09
	£000	£000
Provision for Bad Debts		
Non Domestic Rates	113	416
Council Tax	768	1,133
Housing Rents	215	265
Overpaid Benefit	308	318
Sundry Debtors	18	89
	1,422	2,221

30. SHORT TERM INVESTMENTS

Investments consist of deposits with banks and building societies meeting the Council's security criteria set out in the Council's Treasury Management Strategy Statement. The Council's short term investments as at 31 March 2009 consisted of

31-Mar-08 £000		31-Mar-09 £000
2,262	Money Market Lending	3,006
-	Government deposit account	1,500
2,427	Allied Irish Treasury	-
-	Abbey National PLC	1,995
4,009	Bank of Scotland	1,000
8,698		7,501

31. CREDITORS

31-Mar-08 £000		31-Mar-09 £000
	316 Government Departments	271
	- Due to Non Domestic Rates pool	1,172
	445 Other Local Authorities	1,012
	294 Collection Fund Surplus	505
	150 Non-Domestic Rates in Advance	271
	514 Council Tax in Advance	253
	226 Housing Rents in Advance	49
	2,913 Section 106 Agreements	3,168
	229 Capital Grants Unapplied	374
	1,737 Other Accruals	1,474
	- Sundry Creditors	37
6,824		8,586

SECTION 106 AGREEMENTS

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

Scheme	31-Mar-08 £000	Income £000	Interest £000	Drawn Down £000	31-Mar-09 £000
Stansted Housing Partnership	2,550	-	112	-	2,662
Dunmow Eastern Sector	106	-	-	(38)	68
Section 106 - Estuary Housing	30	-	-	-	30
Section 106 - Woodlands Park	-	116	-	-	116
Section 106 - Holmes & Hills	41	-	-	-	41
Section 106 - Bellrope Meadows	150	-	-	-	150
Section 106 - Little Canfield	-	13	-	-	13
Section 106 - Laurels Yard Site/ Priors Green	-	88	-	-	88
Section 52 agreements	36	-	-	(36)	-
Total	2,913	217	112	(74)	3,168

32. PROVISIONS

The following table shows the provisions the Council has established to meet known future liabilities where the amount or timing are unknown:

31-Mar-08 £000	31-Mar-09 £000
52 Insurance Related Liabilities	-
73 Supporting People	-
- Legal Claims	112
- Other	5
125	117

The Insurance Related Liabilities provision was established several years ago to provide for potential insurance claims relating to the period that the Municipal Mutual Insurance was the Council's insurer. During 2008/09, it has been assessed that although there is a possibility of such liabilities falling upon the Council, it is not probable that this will be the case and therefore, under accounting rules, a provision is not required. The provision has been written off to the Income & Expenditure Account. Details of the possible liability are given below under "Contingency Liabilities" Note 42.

The Supporting People provision was established a few years ago in anticipation that the funding from Essex County Council towards this service would reduce. Under accounting rules, this is not a valid reason for maintaining a provision and therefore the decision has been taken in 2008/09 to write off the provision to the Income & Expenditure Account. Any such reduction in funding in future years will be met from the Housing Revenue Account Working Balance.

During 2008/09 the following new provision has been established:

- **Legal Claims:** an estimate of the Council's liability under certain legal claims (and associated costs) that were in progress as at 31 March 2009 and remain unresolved at the time the Statement of Accounts was produced. The estimates are based upon the most probable outcomes as assessed by the Council's Monitoring Officer. The actual liabilities could vary from the disclosed amount. It is expected that the claims will be settled during 2009/10.

33. DEFERRED LIABILITIES

	2007/08 £000	2008/09 £000	1 Year £000	2 - 5 years £000
Finance lease – Opening balance	1,841	1,593	1,363	1,098
Adjustment to principal balance held	-	27	-	-
Principal repayment	(248)	(257)	(265)	(1,098)
Closing balance	1,593	1,363	1,098	-
Pensions Liabilities – Opening balance	-	-	540	394
Payment to Pension Fund	-	-	(146)	(394)
Pensions Liabilities	-	540	-	-
Closing balance	-	540	394	-
BALANCE AT YEAR END	1,593	1,903	1,492	-

Finance lease: In 2006 the authority acquired 16 waste collection vehicles under a finance lease. The rentals payable under these arrangements in 2008/09 were £310,304 charged to the Income and Expenditure Account as £53,382 finance costs (debited to interest payable) and £256,922 relating to the write-down of obligations to the lessor (debited as part of the appropriation to Capital Adjustment Account in the Statement of Movement on the General Fund Balance).

Pensions Liabilities: The Council's contractual liability to make top up payments to the Essex County Council pension fund as a result of decisions taken in earlier years to release staff on early retirement terms. The top up payments will be made during the years 2009/10 to 2012/13.

34. DEFERRED GOVERNMENT GRANTS

This account records the grants and other contributions received and applied to finance capital projects. Each grant is written down to revenue over the life of the asset it was used to finance.

	2007/08 £000	2008/09 £000
Balance as at 1 April	130	299
Capital Grants Deferred	195	-
Capital Grants Written Down	(26)	(30)
Balance as at 31 March	299	269

35. REVALUATION RESERVE

The Revaluation Reserve purpose is to represents the difference between valuations as at 31/03/07 and the current valuations.

	£000	£000
Balance as at 1 April 2008		14,499
Adjustments:		
Gain in Valuation of Assets	183	
Impairment	(14,142)	
Write back of Depreciation	(15)	
Disposals of Assets	(1)	
		(13,975)
Balance as at 31 March 2009		524

36. CAPITAL ADJUSTMENT ACCOUNT

This account balance represents amounts that were previously held on the Fixed Asset Restatement Account and the Capital Financing Account. The account records:- (a) the historical cost of acquiring, creating or enhancing fixed assets over the life of those assets; (b) the historical cost of deferred charges over the period that the authority benefits from the expenditure and (c) the resources set aside by the authority to finance capital expenditure.

	£000	£000
Balance as at 1 April 2008		244,995
Usable Capital Receipts	2,303	
Major Repairs Reserve	1,864	
Revenue Contributions	-	
2008/09 Capital Financing:		4,167
Intangible Amortisation	(41)	
Depreciation of fixed assets	(932)	
Impairment of fixed assets	(19,504)	
Disposal of fixed assets	(281)	
Written down Deferred Gov. Grants	135	
Written down of revenue expenditure funded from capital under statute	(1,565)	
MRP	266	
Major Repairs – HRA - Write down	(2,116)	
Historic depreciation written down	15	
Total Adjustments:		(24,023)
Balance as at 31 March 2009		225,139

37. DEFERRED CREDITS

Deferred Credits relate to advances for capital purposes where capital receipts will be received in instalments over agreed periods of time. See Note 27 to the Core Financial Statements (Long Term Debtors). It should be noted that the amounts included for Rent to Mortgage receipts reflect the value of the Council's share at the date of disposal. The timing and future value of these receipts is uncertain until received. The value associated with each property may go down as well as up.

	Outstanding as at 31 March 2008	Loans Made	Loans Repaid	Outstanding as at 31 March 2009
	£000	£000	£000	£000
Loans on Sale of Council Houses	7	-	(3)	4
Rent to Mortgage Provincial Council Headquarters	536	-	-	536
	8	-	-	8
	551	-	(3)	548

38. USABLE CAPITAL RECEIPTS RESERVE

The Usable Capital Receipts Reserve represents the Capital Receipts available to finance Capital Expenditure in future years.

	£000
Balance as at 1 April 2008	3,381
Receipts:	
2008/09 Capital Receipts (Housing and Land)	452
Write off of Section 52 (pre 1990)	37
Applied:	
2008/09 Paid to Pool	(229)
2008/09 Capital Receipts used for Financing	(2,303)
2008/09 Expenses from sales of Capital Assets	(7)
Balance as at 31 March 2009	1,331

39. EARMARKED GENERAL FUND RESERVES

Reserve	Balance 1 Apr 08 £000	Reserve Enhanced £000	Reserve Applied £000	Balance 31 Mar 09 £000	Purpose of Reserve
Change Management	-	364	-	364	Finances the costs of special and one-off projects.
Budget Equalization	-	1,499	-	1,499	Useable resources set aside for equalization of pressures within the budget for the next 5 years.
Planning Development	-	141	-	141	Useable resources set aside for planning development issues
Landsbanki contingency	-	993	-	993	To cover losses against the Landsbanki investment
Waste Management	-	82	-	82	Waste management contingency for kitchen waste trials (small bins).
PFI (Special Grant) Cashflow	1,102	-	(1,102)		- An equalisation reserve established to eliminate the reducing sum received from Government towards the Council's PFI scheme
Housing Needs Survey	44	-	(44)		- Useable resources set aside for regional Housing Market Assessments, a 5-yearly survey of the local housing market including affordable housing needs
Energy Efficiency	15	66	-	81	Useable resources established to finance future investment in energy efficiency measures in non- HRA Council properties
Total	1,161	3,145	(1,146)	3,160	

40. NET ASSETS EMPLOYED

	31-Mar-08	31-Mar-09
	£m	£m
General Fund	8.6	5.1
Housing Revenue Account	241.8	211.0
Total	250.4	216.1

41. FINANCIAL INSTRUMENTS

In 2007/08, the SORP introduced changes to the way in which local authorities account for financial instruments, in accordance with FRS 25, FRS 26 and FRS 29. A financial instrument is any contract which gives rise to a financial asset of one entity (such as cash, an equity instrument or a right to receive cash or an equity instrument) and a financial liability of another (such as an obligation to deliver cash or another financial asset).

Amounts recognised in the Balance Sheet

Some balance sheet categories, for example current debtors, include both items which are financial instruments and items which are not financial instruments. The table below shows the carrying values of financial instruments included within the various lines of the authority's balance sheet. In accordance with the SORP, any accrued interest as at 31st March 2009 is included within the carrying value of the financial instruments.

Financial Instruments Balances	Long-Term		Current	
	31-Mar-08	31-Mar-09	31-Mar-08	31-Mar-09
	£000	£000	£000	£000
<u>Financial assets loans and receivables</u>				
Long term debtors	583	562	n/a	n/a
Debtors	n/a	n/a	2,044	1,690
Investments	-	1,686	8,699	7,577
	583	2,248	10,743	9,267
<u>Financial liabilities at amortised cost</u>				
Creditors	(3,142)	(3,475)	(2,077)	(3,350)
Cash at Bank	n/a	n/a	(171)	1,681
Deferred Liabilities	(1,509)	(1,903)	n/a	n/a
Deferred Credits	(551)	(548)	n/a	n/a
	(5,202)	(5,926)	(2,248)	(1,669)

Recognised gains and losses

The following table summarises the gains and losses which have arisen in the Council's Accounts in relation to financial instruments. The majority of these are reflected in the Income and Expenditure account. The exception to this is unrealised gains and losses relating to available for sale assets, which are reflected only in the statement of total recognised gains and losses.

Recognised in Income and Expenditure Account 2008/09	Financial Liabilities	Financial Assets		Total
	Liabilities measured at amortised cost	Loans and receivables	Available for sale assets	
	£000	£000	£000	
Interest Expense	(76)	-	-	(76)
Losses on derecognition	-	-	-	-
Impairment losses	-	(648)	-	(648)
Interest payable and similar charges	(76)	(648)	-	(724)
Interest income	-	637	-	637
Gains on derecognition	-	-	-	-
Interest and investment income	-	637	-	637
Gains on revaluation	-	-	-	-
Losses on revaluation	-	-	-	-
Amounts recycled to the I&E Account after impairment	-	-	-	-
Net gain/(loss) for the year	(76)	(11)	-	(87)

Management of risks arising from Financial Instruments

There are a number of risks associated with financial instruments which the Council is necessarily exposed to. However the Council monitors and seeks to manage these risks in order to minimise the potential for losses to occur.

Credit Risk

Credit risk is the risk that amounts due to the Council may not be received. Amounts due to the Council from financial assets can arise either from loans and investments made, or from income receivable for goods or services provided by the Council. The majority of the Council's loans and investments are made for treasury management purposes, to generate income from available balances. The parameters within which these investments are made are set out within the Council's approved Treasury Management Policy. This policy limits the amounts which can be invested with any individual financial institution and with any group of companies, and specifies the levels of independent credit ratings which institutions must hold for the authority to invest particular amounts with them. The effect of the policy limits is to restrict as far as is practical the authority's exposure to risk from the failure of a financial institution.

Some of the Council's short term trade debtors relate to the provision of goods and services, such as rents, car parking charges or sports centre income. The Council operates an active debt recovery policy, to ensure that amounts due are collected as promptly as possible.

Landsbanki

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (New Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. The resolution committee has announced that its best estimate of the amount to be repaid to preferential claimants is 83%. CIPFA have recommended that the Statement of Accounts is based on this estimate.

Recovery is subject to the following uncertainties and risks:

- Confirmation that deposits enjoy preferential creditor status which is likely to have to be tested through the Icelandic courts.
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the Council's claim, which may be denominated wholly or partly in currencies other than sterling.
- Settlement of the terms of a 'bond' which will allow creditors of Old Landsbanki to enjoy rights in New Landsbanki.
- The impact (if any) of the freezing order made by the UK Government over Landsbanki's London branch assets and the subsequent decision to remove it.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to one third of its liabilities, assuming that the Bond remains at its current value. Therefore, if preferential creditor status is not achieved the recoverable amount may only be 33p in the pound.

No information has been provided by the resolution committee about the timing of any payments to depositors. Because it is anticipated that all the assets of Landsbanki Islands will need to be realised to repay priority creditors, settlement in a single sum is unlikely. Therefore, in calculating the impairment, the authority has used the estimated repayment timetables for Heritable and KS&F as a basis for its assumption about the timing of recoveries. It is therefore assumed that the repayment will be split evenly between March 2010, December 2010, December 2011 and December 2012.

Recoveries are expressed as a percentage of the Council's claim in the administration, which it is expected may validly include interest accrued up to 15 October 2008.

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

	£000
Balance as at 31 March 2008	-
<u>Landsbanki Adjustments</u>	
Impairments	648
Interest	(135)
Repayment	-
Balance as at 31 March 2009	513

Liquidity risk

Liquidity risk is the risk that the Council may not have sufficient cash available to meet its day-to-day obligations to make payments. The Council has access to borrowings from both the Public Works Loans Board and commercial lenders to meet its long term spending and shorter term cash flow requirements. By statute, all amounts borrowed by a local authority are secured without priority across all of its revenues. This statutory provision helps to ensure that the Council is readily able to access the funds that it needs, and has no significant liquidity risk. However, there is a consequent risk that the Council may be obliged to borrow at a time of unfavourable interest rates.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

42. CONTINGENT LIABILITIES

The Council has 3 contingent liabilities:

1. A tree preservation order case where costs of £11,921.91 (plus interest since December 2005) could be payable.
2. Municipal Mutual Insurance (MMI)

MMI is an insurance company established by a group of local authorities and incorporated in 1903. The Company suffered substantial losses between 1990 and 1992. These losses reduced MMI's net assets to a level below the minimum regulatory solvency requirement. In September 1992 MMI ceased to write new, or to renew, general insurance business.

A contingent Scheme of Arrangement became effective in 1994. The Council is a Scheme Creditor under the Scheme. Details of the Scheme are viewable on the MMI website: www.mminsurace.co.uk.

Under the Scheme, MMI will continue to pay agreed claims arising from incidents that occurred prior to September 1992 as long as their funds remain sufficient to meet these obligations. If MMI's funds become insufficient to meet the cost of agreed claims, it is possible that MMI will seek to recover monies from Scheme Creditors.

MMI's Directors expect that funds held in reserve will remain in surplus, so it is unlikely that the Council will be required to make a contribution. However, as at 31 March 2009, the maximum possible liability for the Council under the Scheme is £60,447 (31 March 2008: £60,447). It is considered unlikely that the Council will be required to honour this liability so the amount has not been recognized in the accounts. The potential liability for the Council could increase in the event that new claims arise relating to incidents that occurred prior to September 1992.

3. Housing & Council Tax Benefits Grant Claim 2007/08

The Council's claim to the Department for Work and Pensions (DWP) for reimbursement of Housing & Council Tax Benefits expenditure in 2007/08 was qualified by the External Auditor, creating a risk that the DWP will apply a retrospective adjustment to the claim. If DWP decide to apply a retrospective adjustment, this could reduce the reported level of General Fund reserves as at 31 March 2009. The DWP had not indicated its intentions at the time of preparing the Statement of Accounts (September 2009). It is not possible to accurately estimate the degree of probability that an adjustment will be made, or the size of any potential adjustment. No provision for an adverse adjustment has been made. Once the DWP have determined the outcome of this matter, any adjustment will be reflected in the 2009/10 financial statements.

43. CONTINGENT ASSETS

The Council has 2 contingent assets:

1. In 2003, the Council overpaid £129,738 to HM Customs & Excise in error. In 2008, the Council entered into correspondence with HM Revenue & Customs to request that the overpayment be refunded along with interest of £1,028, bringing the total refund requested to £130,766. As at 31 March 2009, HMRC had declined to refund the overpayment because under VAT law, errors more than 3 years old cannot be rectified. The Council is pursuing this matter with Ministers. However, although the possibility exists that some recompense will be forthcoming, it is considered unlikely that the request for a refund will be agreed, so the possible gain of £130,766 has not been reflected in the accounts and the overpayment has been written off.

- 2 **VAT Fleming Claim**
In 1996 the Government reduced the time limit for claiming overpaid VAT to three years from the date of the overpayment. No transitional provisions were made to allow claims to be made for a limited period under the old rules before the new time limits came into effect. The absence of such transitional arrangements was held to breach EC law and in 2008 the House of Lords made rulings in what is known as the "Fleming" case which have provided an opportunity to reclaim overpaid VAT for the period 1973 to 1996 in what is known as a "Fleming Claim". The Council submitted a Fleming Claim prior to the deadline of 1 April 2009. The claim is for £151,000 of VAT, £122,000 of interest and an estimated £100,000 of compound interest, totalling an estimated £373,000. The potential gain has not been recognised in the Council's accounts. The timescale for determining the outcomes is not known.

44. EVENTS AFTER THE BALANCE SHEET DATE

The Council is required to disclose the date that the financial statements are authorised for issue. This establishes the date after which events will not have been recognised in the statement of accounts. For 2008/09 this date is 18 September 2009.

45. OTHER FUNDS - SAFFRON WALDEN PIG MARKET

Uttlesford District Council is the sole trustee of the Saffron Walden Pig Market charity.

The Charity owns a proportion of a public pay and display car park and its income is derived from that.

The car park is maintained and run by the District Council and the Charity received its share (66/303) of the net income.

The Charity distributes the income it receives by way of grants to charities that work in the Saffron Walden area.

		2007/08 £	2008/09 £
	(a) Receipts and Payments Account		
Receipts	Operating activities to generate funds: Proportion of Fairycroft Road Car Park (66/303 of net income)	(33,650)	(40,198)
Payments	Grants paid	33,400	39,439
	Management and Administration.	250	759
	Net Receipts / Payments	-	-
	(b) Statement of Assets and Liabilities		
	Land-Share of Fairycroft Road Car Park	68,233	47,763

46. PENSION FUND

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

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

The contributions are based on rates determined by the Fund's professionally qualified actuaries based on triennial reviews, the most recent of which was 31 March 2007.

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

Note: Under the projected unit method the current service cost will increase as members approach retirement.

	2007/08	2008/09
	£000	£000
Current Service Cost	(1,160)	(1,124)
Past Service Cost	(645)	-
Loss Due to Curtailments	(224)	(27)
Interest Cost	(2,601)	(3,449)
Expected Return on Assets	2,756	2,674
Movement on Pensions Reserve	(1,874)	(1,926)
Employers Contributions payable to the Scheme	1,302	1,362

Further information can be found in Essex County Council's Pension Fund's Annual Report which is available upon request from Essex County Council, County Hall, Chelmsford, Essex, CM1 1JZ.

A reconciliation of the opening and closing balances of the present value of scheme liabilities for retirement benefits attributable to the Council as at 31 March 2009 are as follows:

	2007/08	2008/09
	£000	£000
Benefit Obligation at beginning of period	(48,242)	(56,864)
Current Service Cost	(1,160)	(1,124)
Interest Cost	(2,601)	(3,449)
Member Contributions (UDC)	(438)	(420)
Actuarial Gains/(Losses) on Liabilities	(1,216)	11,798
Change in assumptions	(3,564)	-
Loss Due to Curtailments	(869)	(27)
Benefits/Transfers paid	1,226	2,186
Benefit Obligation at end of period	(56,864)	(47,900)
Note: Value of unfunded discretionary benefits included in Liabilities	(1,882)	(1,610)

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

A reconciliation of the opening and closing balances of the present value of scheme assets for retirement benefits attributable to the Council as at 31 March 2009 are as follows:

	2007/08 £000	2008/09 £000
Fair value of plan assets at beginning of period	42,272	41,011
Revaluation adjustment	-	(41)
Expected return on plan assets	2,756	2,674
Actuarial (Losses) on Assets	(4,531)	(11,398)
Employer Contributions	1,302	1,362
Member Contributions (UDC)	438	420
Benefits/Transfers paid	(1,226)	(2,186)
Fair value of plan assets at end of period	41,011	31,842

This is the first year in which assets need to be valued at bid price as opposed to mid-market value. As a result of this requirement the 2008/09 plan assets value has decreased by £41k, shown as a loss in the 2008/09 figures presented above.

Summary information for the year to 31 March 2009 is as follows:

	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000
Estimated Liabilities in the Scheme	(47,871)	(48,242)	(56,864)	(47,900)
Estimated Assets in the Scheme	39,256	42,272	41,011	31,842
Net Liability/Deficiency in the Fund	(8,615)	(5,970)	(15,853)	(16,058)
Actuarial Gains/(Losses)	1,479	2,817	(9,311)	400
Revaluation adj for balance b/f per FRS 17	-	-	-	(41)
Total pension cost recognised in STRGL	1,479	2,817	(9,311)	359

The CIPFA Code of Practice on Local Authority Accounting in the UK requires the above figures to be disclosed for 5 years. This information is not available prior to 2005/06.

The assets and liabilities of the fund attributable to Uttlesford District Council have been derived by Mercer Human Resource Consulting Ltd from a full actuarial valuation of the fund undertaken by them as at 31 March 2007.

The main assumptions used in their calculations have been:

	01-Apr-08	31-Mar-09
	%	%
Rate of Inflation	3.6	3.3
Rate of Increase in Salaries	5.1	4.8
Rate of Increase in Pensions	3.6	3.3
Discount Rate	6.1	7.1
Mortality Rates Assumption	Medium Cohort	Medium Cohort

The split of assets held by the Fund attributable to Uttlesford District Council as at 31 March 2009 is set out in the following table:

	01-Apr-08		31-Mar-09	
	£000	%	£000	%
Equities	28,761	70.2	23,722	74.5
Government Bonds	3,851	9.4	2,770	8.7
Other Bonds	2,704	6.6	1,688	5.3
Property	4,384	10.7	3,121	9.8
Cash/Liquidity	1,270	3.1	541	1.7
Total	40,970	100	31,842	100
Market Value of Total Fund Assets as at 31/03/07 (£million)	3,043			

Notes: The figures provided by Mercers in the table above demonstrating the split of assets and the market value of the whole fund are as at 31 March 2009.

In accordance with FRS 17 the previous year figures have again been re-stated to reflect the revised asset prices included in the revised deficiency brought forward from 2007/08.

The expected rates of return on the assets detailed above are shown in the following table:

	01-Apr-08	31-Mar-09
	%	%
Equities	7.5	7.5
Government Bonds	4.6	4.0
Other Bonds	6.1	6.0
Property	6.5	6.5
Cash/Liquidity	5.25	0.5

STATEMENT OF ACTUARIAL GAINS AND LOSSES

	2005/06		2006/07		2007/08		2008/09	
	£000	%	£000	%	£000	%	£000	%
Asset Gain (Loss)	4,967	13.0	468	1.1	(4,531)	(11.0)	(11,398)	(35.8)
Liability Gain (Loss)	(1,045)	(2.2)	-	-	(1,216)	(2.1)	11,798	24.6
Change in Assumptions	(3,628)	(7.6)	2,349	4.9	(3,564)	(6.3)	n/a	
Net Gain (Loss)	294	0.6	2,817	5.8	(9,311)	(16.4)	400	0.8

The CIPFA Code of Practice on Local Authority Accounting in the UK requires the above figures to be disclosed for 5 years. This information is not available prior to 2005/06. It should be noted that in year 2008/09 the impact of a 'Change in Assumptions' is reflected within the respective gain or loss for both Assets and Liabilities.

An estimate of contributions payable on the scheme for 2009/10 is shown below

	2009/10
	£000
Normal Contributions	1,144
£ for £ recharges	110
Total	1,254

NOTES TO THE CASH FLOW STATEMENT

47. RECONCILIATION OF DEFICIT ON INCOME & EXPENDITURE ACCOUNT TO NET CASH FLOW FROM REVENUE ACTIVITIES

2007/08 Restated £000		2008/09 £000	2008/09 £000
2,466	Income and Expenditure account deficit	20,998	
2,466			20,998
	Adjustment for Non – Cash Transactions		
(1,197)	Amortisation, Depreciation & Impairment of Fixed Assets	(20,738)	
(1,203)	Deferred charges written off to Services	(1,792)	
(697)	Housing Capital Receipts Pool	(229)	
455	Capital expenditure funded from revenue	-	
	- Gain on disposal of fixed assets	160	
	- Impairment of Financial Instruments	(648)	
(572)	Net Retirement Benefit Changes	(1,235)	
(71)	Other items	-	
(611)	Transfers to / (from) Reserves	2,233	
(3,896)			(22,249)
	Appropriations		
	- Contributions to Provisions	(117)	
119	Increase in bad debt provision	(799)	
	- VAT historic write off	(144)	
119			(1,060)
	Items on an Accruals Basis		
(44)	(Decrease) in Stocks	(19)	
(4)	(Decrease) in Long-Term Debtors	(3)	
(1,235)	(Decrease) in Debtors	(437)	
(970)	(Increase) in Creditors	(1,762)	
(2,253)			(2,221)
	Items in another Classification in Cash Flow Statement		
(53)	Interest Payable	(724)	
697	Interest Receivable	637	
644			(87)
(2,920)	Net Cash Flow from revenue activities		(4,619)

48. ANALYSIS OF MOVEMENT IN NET CASH & INVESTMENTS

	01-Apr-08 £000	Cash Movement in the year £000	Non-Cash Movement in the year £000	31-Mar-09 £000
Bank Balance	(171)	1,853	-	1,682
Deposits Repayable on Demand	6,436	(3,550)	115	3,001
Short Term Investments	2,262	4,438	(2,200)	4,500
Long Term Investments	-	-	1,686	1,686
Net Cash & Investments	8,527	2,741	(399)	10,869

Reconciliation of Net Cash Flow to Movement in Net Cash and Investments

	2008/09
	£000
(Decrease) in Bank & Deposits for the period	(1,697)
Cash inflow from decrease in liquid resources	4,438
Change in net cash & investments resulting from cash flows	2,741
Non-cash changes in net cash & investments	(399)
Movement in net cash & investments in the period	2,342
Net cash & investments at 1st April 2008	8,527
Net cash & investments at 31st March 2009	10,869

49. ANALYSIS OF GOVERNMENT GRANTS

2007/08		2008/09
Payments on Account		Payments on Account
£000		£000
321	Capital Grants	359
450	PFI Special Grant	450
911	Other Government Grants and Contributions	903
3,415	Distribution from NNDR Pool	3,569
8,157	DWP: Housing Benefit Subsidy	8,608
4,612	Housing Benefit Subsidy – Rent Allowances	5,205
573	Revenue Support Grant	616
18,439	Government Grant Total	19,710

HOUSING REVENUE ACCOUNT

INCOME AND EXPENDITURE ACCOUNT

2007/08 £000		2008/09 £000
	Income	
(10,247)	Dwelling Rents	(10,908)
(203)	Non-Dwelling Rents	(199)
(474)	Charges for Services and Facilities	(565)
(101)	Contributions towards Expenditure	(96)
(11,025)	Total Income	(11,768)
	Expenditure	
1,764	Repairs and Maintenance	1,848
2,310	Supervision and Management	2,090
19	Rents, Rates, Taxes and other Charges	34
4,488	Negative Housing Subsidy Payable	5,160
	Depreciation and Impairment of Fixed Assets	
1,851	- Dwellings	1,864
242	- Other Fixed Assets	252
-	- Fixed Asset Impairment	18,641
45	Increase in Bad Debt Provision	121
10,719	Total Expenditure	30,010
(306)	Net (Income) / Expenditure	18,242
267	HRA Services Share of Corporate and Democratic Core	267
241	HRA Share of other amounts included in the Whole Authority Net Cost of Services but not allocated to Specific Services	145
202	Net Expenditure on HRA Services	18,654
(423)	(Gain) on Sale of HRA Fixed Assets	(160)
(45)	Interest and Investment Income	(23)
(31)	Pension Interest Cost and Expected Return on Pensions Assets	94
(297)	(Surplus) / Deficit for the year on HRA Services	18,565

STATEMENT OF MOVEMENT ON THE HRA BALANCE

2007/08 £000	2008/09 £000
(Surplus) / Deficit for the Year on the HRA Income (297) and Expenditure Account	18,565
Net Additional Amount Required by Statute to be Debited / (Credited) 523 to the HRA Balance for the Year	(18,799)
226 (Increase) / Decrease in the Housing Revenue Account	(234)
(776) Housing Revenue Account Surplus Brought Forward	(550)
(550) Housing Revenue Account Surplus Carried Forward	(784)

NOTE TO THE STATEMENT OF MOVEMENT ON THE HRA BALANCE

2007/08 £000	2008/09 £000
Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA Balance for the Year	
423 Gain or Loss on Sale of HRA Fixed Assets	160
- Fixed Asset Impairment	(18,643)
(242) Transfer from the Major Repairs Reserve	(252)
(370) Net Charges made for Retirement Benefits in accordance with FRS 17	(234)
(189)	(18,969)
Items not included in the HRA Income and Expenditure Account but included in the movement on the HRA Balance for the Year	
257 Employer's Contributions Payable to the Essex County Council Pension Fund and Retirement Benefits Payable Direct to Pensioners	170
455 Capital Expenditure funded by the HRA	-
523 (credited) to the HRA Balance for the Year	(18,799)

NOTES TO THE HOUSING REVENUE ACCOUNT**HRA 1. INTRODUCTION**

The Housing Revenue Account (HRA) is a record of revenue income and expenditure relating to the Council's own housing stock. The Council's income and expenditure on other housing services is not charged to the HRA but to the General Fund. The items to be charged to the HRA are prescribed by statute. It is an account that is ring-fenced from the Council's General Fund, which means that the Council has no general discretion to transfer sums into or out of the HRA.

HRA 2. GROSS RENTAL INCOME

This item comprises the amount of income due for the year from rents and charges in respect of houses and other property within the HRA. It includes rent remitted by way of housing benefit rebate, met by a transfer from the General Fund rather than subsidy income.

2007/08	2008/09
£000	£000
10,247 Dwelling Rent Income	10,908
(5,044) Tenant Rent Rebates	(5,343)
5,203 Collectable Rent	5,565
2007/08	2008/09
49.22% Dwelling Rent proportion met by Rent Rebate	48.98%

HRA 3. CHARGES FOR SERVICES AND FACILITIES

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

HRA 4. SUPERVISION AND MANAGEMENT

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

HRA 5. RENTS, RATES, TAXES AND OTHER CHARGES

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

HRA 6. NEGATIVE SUBSIDY PAYMENTS TO THE SECRETARY OF STATE

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

2007/08 Subsidy Element	2008/09
£000	£000
1,115 Management Allowance	1,148
2,652 Maintenance Allowance	2,674
1,851 Major Repairs Allowance	1,864
61 Charges for Capital	61
(10,355) Rent	(10,906)
(1) Interest on Receipts	(1)
189 Rental constraint allowance	-
(4,488) Net Total	(5,160)

HRA 7. RENT ARREARS AND PROVISION FOR BAD OR DOUBTFUL DEBTS

2007/08	2008/09
£000	£000
Provision	
(195) Provision as at 1 April	(215)
28 Write-Offs in Year	71
(45) Additional Provision in Year	(121)
(212) Provision 31 March	(265)
Arrears	
377 Gross Rent Arrears 31 March	390
15 Other Arrears 31 March	1
380 Total Arrears 31 March	391
Rent	
10,247 Gross Rent	10,908
5,203 Collectable Rent	5,565
2007/08 Rent Arrears Ratios	
3.56% Rent Arrears as Proportion of Gross Rent	3.58%
7.02% Rent Arrears as Proportion of Collectable Rent	7.01%

HRA 8. BALANCE SHEET VALUES OF HRA PROPERTY

2007/08 £000	2008/09 £000
232,588 Values as at 1 April	247,074
2,931 Additions	1,973
(929) Disposals	(283)
- Impairment	(36,421)
12,755 Revaluations	-
- Reclassification	-
247,345 Gross Book Value at 31 March	212,343
(2,092) Depreciation for Year	(2,114)
1,821 Depreciation write out	3,706
247,074 Net Book Value as at 31 March	213,935

The Balance Sheet Values of the HRA operational and non operational assets are summarised below.

	1 April 2008 £000	31 March 2009 £000	31 March 2009 Number
Intangible Assets			
Software Licences	2	-	n/a
Operational Assets			
Council Dwellings	244,430	211,841	2,876
Council Garages	2,254	1,778	560
Depot Premises	163	140	1
Small Housing Stores	14	11	1
HRA IT System	41	-	n/a
HRA Sheltered WAN	21	-	n/a
Housing Contractors	63	46	n/a
Wireless for Contractors	9	28	n/a
Housing server replacment	-	14	n/a
Non-Operational Assets			
Housing Allotment sites	35	35	8
Depot Premises	42	42	1
	247,074	213,935	3,447

HRA 9. HOUSING STOCK VALUATIONS

The total balance sheet value of the dwellings within the HRA can be summarised as follows:

The valuation of the dwellings in the Balance Sheet is on the basis of Existing Use as Social Housing with secure tenancies. The difference between the Balance Sheet valuation and the higher valuation on the basis of Vacant Possession shows the economic cost of providing council housing at less than open market rents.

2007/08 £000	2008/09 £000
The Existing Use value of the dwellings was:-	
244,319 As at 1st April	233,313
The Vacant Possession value of the dwellings was:-	
531,130 As at 1st April	507,204

HRA 10. HOUSING STOCK

The Council was responsible for managing housing stock, which was made up as follows:

31-Mar-08	31-Mar-09
1,385 Houses	1383
749 Flats & Bedsits	747
747 Bungalows	746
2,881	2,876
82 Bedsits	65
378 1 Bedroom Flats	393
152 1 Bedroom Houses	152
268 2 Bedroom Flats	268
802 2 Bedroom Houses	800
21 3 Bedroom Flats	21
1,129 3 Bedroom Houses	1128
49 4+ Bedroom Houses	49
2,881	2,876

The change in the stock can be summarised as follows:

2007/08	2008/09
2,887 Stock at 1 April	2,881
(6) Less RTB Sales	(2)
- Other Disposals	(3)
2,881	2,876

HRA 11. MAJOR REPAIRS RESERVE

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

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

2007/08	2008/09
£000	£000
- Balance at 1 April	-
Transfers to MRR:	
(1,851) Amount equivalent to depreciation - Dwellings	(1,864)
(242) Amount equivalent to depreciation - Other Assets	(252)
Transfers from MRR:	
1,851 HRA Capital Expenditure financing	1,864
242 Transfer to the HRA - Depreciation other assets	252
- Balance at 31 March	-

HRA 12. CAPITAL EXPENDITURE AND FINANCING

Capital Expenditure and the financing of that expenditure can be summarised as follows:

2007/08 £000	2008/09 £000
Expenditure:	
2,881 Housing Improvement	1,960
50 Other HRA schemes	14
- Cash Incentive Grants	23
2,931	1,997
Funded By:	
266 Useable Capital Receipts	59
359 External Contributions	74
455 Revenue Contributions	-
1,851 Major Repairs Reserve	1,864
2,931	1,997

HRA 13. CAPITAL RECEIPTS

Capital receipt transactions can be summarised as follows:

2007/08 £000	2008/09 £000
Sale of Council Houses	
<u>Right-to-Buy</u>	
232 Sale Proceeds	79
4 Mortgage Repayments	3
(7) Sale expenses	(3)
229	79
<u>Other Houses</u>	
- Sale Proceeds	-
229	79
Total Council House Sales	
79	
Sale of HRA Land	
<u>Land Sales</u>	
1 Sale Proceeds	144
- Expenses	(3)
1	141
Total Land Sales	
141	
230 TOTAL HRA ASSET SALES	
220	

HRA 14. DEPRECIATION OF FIXED ASSETS

Authorities are required to charge depreciation on all HRA properties calculated in accordance with proper practices, including non-dwelling properties. The Chief Finance Officer is responsible for deciding the most appropriate method of estimating depreciation for the Council's assets and must have regard to provisions in the SORP when determining the method to be used in the estimation of depreciation for HRA properties. For HRA dwellings these proper practices need to be considered in the context of the Major Repairs Allowance (MRA), which is a component part of HRA subsidy. It is intended to represent the estimated average annual cost of maintaining the condition of the housing stock over a 60-year period, based on the authority's mix of dwelling archetypes, and it is accepted that the MRA is likely to constitute a reasonable estimate of depreciation for HRA dwellings.

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

2007/08		2008/09
£000		£000
	Intangible Assets	
2	Software Licences	2
	Operational Assets	
1,851	Council Dwellings	1,864
182	Garages	182
7	Depot Premises	7
2	Small Housing Stores	2
41	HRA IT System	41
6	Housing Contractors	9
2	Wireless for Contractors	9
	Non-Operational Assets	
-	Housing Allotment sites	-
2,093		2,116

THE COLLECTION FUND 2008/09

Uttlesford District Council is the authority responsible for the billing, collection and recovery of council tax and national non-domestic rates.

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

2007/08 £000	INCOME AND EXPENDITURE ACCOUNT	2008/09 £000 £000	
Income			
40,311	Council Tax Payers	42,689	
-	- Council Tax Payers (adjustment relating to prior years)	338	
2,898	Council Tax Benefit	3,146	
<u>43,209</u>	Total Council Tax	<u>46,173</u>	
29,475	Business Rate Payers	31,915	
<u>72,684</u>			<u>78,088</u>
Expenditure			
Precepts and Demands:			
31,580	- Essex County Council	33,402	
3,663	- Essex Police Authority	3,901	
1,885	- Essex Fire Authority	1,988	
5,760	Uttlesford District Council	<u>6,108</u>	
42,888			45,399
Distributions of Previous Years' Surplus:			
204	- Essex County Council	34	
23	- Essex Police Authority	4	
12	- Essex Fire Authority	2	
(60)	Uttlesford District Council	<u>-</u>	40
179			
28	Provision for Doubtful Debts		491
Business Rates:			
29,345	- Payments to the National Pool		31,784
130	- Cost of Collection Allowance to General Fund		131
<u>72,570</u>			<u>77,845</u>
(114)	(Surplus) for the Year		(243)
(226)	(Surplus) as at 1 April		(340)
<u>(340)</u>	(Surplus) as at 31 March		<u>(583)</u>

NOTES TO THE COLLECTION FUND

1. COUNCIL TAX

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands using estimated April 1991 valuations for this purpose. Individual charges are calculated by aggregating the requirements of Essex County Council, Essex Police Authority and the Council. The basic amount for a 2008/09 Band D property, being £1,367.73 (2007/08, £1,310.49), is multiplied by the proportion specified for the particular band to give an individual amount due, to which must be added any Parish precept.

2. COUNCIL TAX BASE

When setting the 2008/09 Council Tax a gross tax base of 32,006 Band D equivalents was estimated (2007/08, 31,539). An allowance of 0.9% to cover losses on collection and adjustments was applied, thus reducing the tax base to 31,718 Band D equivalent properties. To this figure were added M.O.D. properties which are exempt, but contributions in lieu are received.

Estimated Council Tax Base 2008/09 - Analysis of Properties

	A	B	C	D	E	F	G	H	Total
Total no. Properties (after adjusting for discounts)	757	2,705	6,660	5,423	4,843	3,452	3,714	349	27,904
Ratio to Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalents	504	2,104	5,920	5,423	5,919	4,987	6,191	698	31,746
Additions (Net of Discounts / Exemptions)									260
Total Band D Equivalents									32,006
Estimated Collection Rate for 2008/09 – 99.1%									31,718
Add M.O.D Properties									196
COUNCIL TAX BASE									31,914

An analysis of the income from Council Taxpayers is detailed below:

	2007/08 £000	2008/09 £000
Gross Council Tax Collectable	47,587	50,445
Council Tax Payers (adjustment relating to prior years)	-	338
Less:		
- Exemptions	(1,367)	(1,415)
- Discounts	(3,020)	(3,199)
Net Collectable before Benefits and Allowances	43,200	46,169
Benefits	(2,898)	(3,146)
Transitional Relief	9	4
Income from Council Tax Payers	40,311	43,027

During the year 2008/09 £338,000 has been transferred to the balance sheet representing prior year's council tax income not previously recognised in the Statement of Accounts and not previously distributed to the Collection Fund Creditors. This adjustment corrects a prior year's understatement of income. This year's apportionment to Creditors therefore reflects both the 2008/09 deficit and the prior year undistributed surplus.

3. PRECEPTS

The following authorities made precepts on the Collection Fund:

	2007/08 £000	2008/09 £000
Essex County Council	31,580	33,402
Essex Police Authority	3,663	3,901
Essex Fire Authority	1,885	1,988
Uttlesford District Council	5,760	6,108
	42,888	45,399

4. NATIONAL NON-DOMESTIC RATES

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

The National Non-Domestic rateable value in the Council's area at 1 April 2008 was £76,564,027 (£77,293,727 at 1 April 2007) and the multipliers, which were specified by the Government, were 45.8p excluding small business relief (2007/08 44.1p) and 46.2p including small business relief (2007/08 44.4p). Based on the lower rate this produced an approximate yield of £35.066 million. The actual income from ratepayers was £31.915 million and the difference of £3.151 million is explained as follows:

	2007/08 £000	2008/09 £000
Transitional Relief	(573)	(364)
Charitable Relief	(1,799)	(1,561)
Void Properties	(2,087)	(718)
Net Increase in assessments	24	23
(Increase) / Decrease in Bad Debt Provision	109	(255)
Interest on Refunds	(10)	(41)
Other Adjustments during the Year	(276)	(235)
	(4,612)	(3,151)

It should be noted that the multiplier used above of 45.8p is the small business relief multiplier (the comparable figure used for 2007/08 e.g. 44.1p). A higher 'with supplement' multiplier is levied for businesses not receiving small business relief. For 2008/09 this was 46.2p (2007/08 44.4p).

The National Non-Domestic rateable value at the year end was £79,293,022.

5. FUND BALANCE

The movement in the fund balance can be analysed as follows:-

Fund Balance	2007/08	2008/09
	£000	£000
(Surplus) as at 1 April	(226)	(340)
(Surplus) / Deficit for the Year	(114)	95
Prior year adjustment	-	(338)
(Surplus) as at 31 March	(340)	(583)

The Collection Fund surpluses have been apportioned as follows:

	2007/08	2008/09
	£000	£000
Essex County Council	(250)	(429)
Essex Police Authority	(29)	(50)
Essex Fire Authority	(15)	(26)
Other major preceptors	(294)	(505)
Uttlesford District Council	(46)	(78)
	(340)	(583)

The apportionments are made in the same proportion as the precepts made by each authority upon the Collection Fund for the year.

The surplus is included in the balance sheet under creditors for the amounts due to the Other Local Authorities, whilst the element relating to Uttlesford is shown under balances, as recommended under the SORP.

ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility

Uttlesford District Council is responsible for ensuring 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 the continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code can be found on the Council Website www.uttlesford.gov.uk in our Members Handbook under Codes and Protocols, or by writing to:

Uttlesford District Council
Council Offices
London Road
Saffron Walden
Essex, CB11 4ER

This statement explains how the Council has complied with the code and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. The Purpose of the Governance Framework

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

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

The governance framework has been in place at Uttlesford District Council for the year ended 31 March 2009 and up to the date of approval of the statement of accounts.

3. The Governance Framework

Uttlesford District Council's governance framework derives from six core principles identified in a 2004 publication entitled The Good Governance Standard for Public Services. This was produced by the Independent Commission on Good Governance in Public Services – a commission set up by the Chartered Institute of Public Finance and Accountancy (CIPFA), and

the Office for Public Management. The commission utilised work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA/SOLACE (2001). These principles were adapted for application to local authorities and published by CIPFA in 2007. The six core principles are:

- a) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- b) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- c) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- e) Developing the capacity and capability of members and officers to be effective; and
- f) Engaging with local people and other stakeholders to ensure robust public accountability.

The key elements of each of these core principles at Uttlesford District Council are as follows:

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

The Uttlesford District Council Corporate Plan 2007-09 outlined the vision, aims and four priority areas and Medium-Term Financial Strategy. The Corporate Plan has now been reviewed and updated to 2012. These plans and strategy outline the principal objectives for the Council and represents the key planning documents for the Council, from which a number of additional plans are developed in support of it, including the Council's short term Improvement Plan

The objectives outlined within these Strategies are translated into more specific aims and objectives in the service delivery plans which each Council service is required to prepare annually. Performance against these objectives is monitored by individual services and formally reviewed by the Strategic Management Board and Performance Select Committee to ensure the council's objectives are being met.

Satisfaction surveys and a formal complaints procedure allow the Council to gauge customer satisfaction with regard to the effectiveness of service delivery.

In addition the Local Strategic Partnership (LSP) - Uttlesford Futures has developed a new version of the Sustainable Community Strategy in consultation with key stakeholders and the wider community. Membership comprises of a wide range of public, private, voluntary and community sector organisations which are committed to sustaining the high quality of life in the district. A process of consultation will be undertaken throughout the Summer of 2009 which will culminate in a stakeholder conference in October 2009 which will further update the Sustainable Community Strategy and review the appropriateness of the National Indicators the partnership has chosen to "have regard to".

The Council has a formal performance management framework in place providing links from the corporate priorities of the Authority, the budget and work planning process and the annual divisional plans.

Performance Indicators are set at a national and local level and targets agreed for the coming three years. Once the Divisional Plans and budgets have been finalised and approved, individual staff reviews take place to agree work plans and targets.

Performance against targets is monitored on a quarterly and annual basis by Heads of Division and reports are presented to Strategic Management Board and Performance Select Committee, in order that service standards are maintained and corrective action can be taken.

In addition, within the Corporate Plan there is a formal link made between the priorities of the Council and how these measured.

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

Uttlesford District Council has adopted a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable to local people.

The main decision making Committees are the Policy Committees, namely Finance and Administration, Community and Housing and Environment which are responsible for all matters defined by law and operate within the budget and policy framework approved annually by full Council. In addition to these there is the Licensing Committee which also has certain policy functions. The role of the Policy Committees is to develop policies and services within the framework of the Corporate Strategy and policies. Meetings are open to the public except where personal or confidential matters are being discussed. Policy committees take decisions under delegated powers and those decisions therefore have effect as if decisions of Full Council, they do not need to be and are not ratified.

Policy and decision making are facilitated by a clear framework of delegation set out in the Council's Constitution, with clear details of delegated authorities to officers.

The Council meets in public at least six times a year. There are five cycles of meetings for Committees of the Council in each Council year. The Licensing and Standards Committees also meet on an ad hoc basis to deal with individual cases. This, together with an appropriate level of delegation to senior managers, enables decision making.

The Strategic Management Board of the Council meets on a weekly basis and provides the strategic direction of the Council in delivering the requirements of the Corporate Plans. It also considers other internal control issues, including risk management, performance management, compliances, efficiency, value for money and financial management.

There is also a robust budget and policy framework and detailed financial regulations, which are monitored by the Section 151 Officer and the Monitoring Officer. The Constitution is updated continually to reflect any changes in structure.

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

The behaviour of Members is regulated through a Code of Conduct which has been formally approved and adopted. This Code is supported by protocols that apply the principles of the codes to specific areas of Council activity.

In addition the Council has a Standards Committee whose roles and functions include:

- promoting and maintaining high standards of conduct by councillors and co-opted members;
- assisting councillors and co-opted members to observe the Members Code of Conduct;
- advising the Council on the adoption or revision of the Members Code of Conduct;
- monitoring the operation of the Members Code of Conduct;
- advising, training or arranging to train councillors and co-opted members on matters relating to the Members Code of Conduct;
- granting dispensations to councillors and co-opted members from requirements relating to interests set out in the Members Code of Conduct;

- dealing with any reports from the Monitoring officer or Ethical Standards Officer on complaints or allegations of a breach of the Members Code of Conduct;
- the exercise of the above functions in relation to the town and parish Councils wholly or mainly in its area and the members of those town and parish Councils.

The Head of Paid Services, Section 151 Officer and Monitoring Officer have specified roles within the Constitution to ensure reports prepared for member decision comply with the budget and policy framework and are lawful. The Section 151 Officer is also responsible for preventing the Council incurring expenditure which is unlawful or contrary to policy and the Monitoring Officer for engaging in unlawful or ultra vires activities

Each Member receives copies of the meeting Agendas in advance. As one of the Agenda items for each meeting, the Members are required to declare any interests at the outset of the meeting. In addition, Members are encouraged to undertake any training relevant to their area of decision making.

Internal and External Audit work together to review and provide annual opinions of the control framework, governance arrangements and the validity of the annual accounts. The Internal Audit Section operates to standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK' and the Institute of Internal Auditors – UK and Ireland 'Code of Ethics and the International Standards for the Professional Practice of Internal Auditing'.

The Council has policies to safeguard both itself and its staff when making decisions. An Anti-Fraud & Corruption Strategy and Whistle Blowing Policy have been developed and communicated to staff as part of the Induction process. Both Policies provide clear reporting channels and are reviewed on an annual basis.

The Council's financial management arrangements consist of a number of interlocking strands:

Financial Regulations – The regulations provide the framework for managing the Council's financial affairs. They identify the financial responsibilities of the Council, its committees and officers. They also set out the procedures that the Council has adopted for financial planning, budgeting, risk management, auditing, treasury management and procurement of goods and services including standing orders for contracts. Revised Financial Regulations are scheduled to be presented to Members at the Finance and Administration Committee meeting in June 2009 and will then presented to Full Council.

Medium Term Financial Planning – The Council approved the latest version of the Medium Term Financial Strategy (MTFS) in February 2009. This forecast provides the basis for financial decision making over the next five years for both the Council's Revenue and Capital budgets for deploying of resources and identifying of savings targets. The Council also publishes a Budget Book containing more detailed revenue information for the following financial year together with capital projections for the next five years. The projections are reviewed and updated on an annual basis.

Budget Management - A protocol is in place for the management of budget over and under spends, and use of the Council's financial reserves, that is designed to manage areas of known budget risk, the planning for predictable budget peaks and change management issues. The responsibility for all earmarked reserves is assigned to individual officers.

Budget Monitoring and Reporting – All budgets are assigned to named budget holders who receive monthly financial reports to enable them to manage their budgets. Monthly summary budget monitoring reports are issued to all Members and senior managers. Budget holders and Members received finance training during 2008/09 and were consulted on their needs. Detailed reports regarding the Council's financial performance were received by the Full Council in December 2008 and by the Finance & Administration Committee in March 2009.

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

The Council has several Committees which carry out regulatory or scrutiny functions as follows:

The Scrutiny Committee is formally responsible for monitoring and reviewing policy and advising policy committees, as well as scrutinising the performance of outside bodies and making reports and recommendations as appropriate and may receive public petitions.

The Performance Select Committee monitors the performance of the Council and progress against improvement plans, fulfils the Council's Audit Committee functions in respect of External Audit, Internal Audit and Risk Management and makes reports and recommendations to policy committees and the Council as a whole on its policies, budget and service delivery as appropriate.

In addition to the above, there are also two regulatory Committees, Development Control which is remitted to take certain decisions delegated from the Full Council and Licensing Committee which has decision making powers under the Licensing Act 2003 and the Gambling Act 2005. In general, these comprise planning and licensing decisions.

The Council is in the process of embedding Risk Management throughout the Council, with an active Risk Management Steering Group re-convened in February 2006. The Risk Management Steering Group is charged with embedding the risk management process throughout the organisation.

Its Terms of Reference reviewed and approved in July 2007 are to:

- Approve the Council's risk management strategy
- Promote a best practice framework that embeds risk management at the Council
- Monitor and review the Council's risk management strategy
- Monitor and review the Council's various risk registers
- Monitor and review the Council's business continuity arrangements

The Council first adopted a risk management strategy and policy in 2003 which has been regularly reviewed and updated, most recently in September 2008. This policy has been designed to identify, prioritise and manage the risks that exist in order to ensure the Council achieves its aims and objectives.

The strategic and operational risks that have been identified have been prioritised and Strategic and Operational Risk Registers for 2007-09 have been developed. The management of the key risks identified in the Strategic Risk Register have been assigned to the Strategic Management Board with the Chief Executive, Assistant Chief Executive and Directors taking individual responsibility for managing an appropriate action plan to combat the risk. Heads of Division are the Risk Managers for the Operational Risk Registers for the services within their divisions and are responsible for managing an appropriate action plan to combat the risks therein.

A programme of regular monitoring and review of Risk Registers by the Risk Management Steering Group has been agreed and implemented in 2008-09. Quarterly reviews have been carried out on select risks with highest risk ratings and progress towards implementation of actions to mitigate the high risks evaluated. An annual evaluation of the management of high risks throughout the year was undertaken in April 2009.

The Performance Select Committee has specific responsibility for scrutinising Risk Management and receives regular Risk Management update reports from the Risk Management Steering Group at its meetings.

A Voluntary Improvement Board was established during 2008 and comprises representatives of key external organisations and the Council. The Board monitors the Council's progress in priority areas.

Developing the capacity and capability of members and officers to be effective

All Council services are delivered by trained and experienced officers. Job Descriptions and Person Specifications have been drawn up for all posts to ensure that the best candidates are appointed into each position.

All officers employed by the Council receive an annual 'U Perform' and regular reviews throughout the year at which performance can be measured against set objectives. Training needs are also identified as part of this process and addressed via the Human Resources service and/or individual service as appropriate.

Uttlesford District Council has made a significant commitment towards the training of its staff. Staff are actively encouraged to apply for training through the 'U Perform' process. Significant budget is set aside annually to ensure that these training needs are met.

A significant commitment has also been made towards retaining good staff, by offering numerous 'work friendly' schemes and where possible encouraging succession planning and promotion from within. This ensures that valuable skills and experience are retained and passed on, rather than being lost.

The Chief Executive and Leader of the Council have a good working relationship and hold regular meetings to discuss any emerging issues. The Chief Executive also briefs all members with regard to their roles at the time they are sworn in.

There are regular meetings between Senior Members and Officers. These include Chairs and Directors fortnightly meetings and Committee Chairmen briefing meetings. These meetings allow Members to be briefed on reports going through Committee, forthcoming matter for consideration and to allow Members to ask pertinent questions to inform the decision making process.

Members are being trained above and beyond the initial induction phase. In 2008/09 finance training has been delivered by CIPFA FAN which consisted of up to four courses depending upon the individual Members Committee responsibilities.

Engaging with local people and other stakeholders to ensure robust public accountability

Uttlesford District Council recognises that communication with all stakeholders plays a fundamental role in the successful delivery of high quality, cost effective services.

The Council is constantly striving to improve its communications performance, to build on its track record of continuous improvement and to ensure that the authority as a whole is open and accessible to the community, service users and staff. Most recently Uttlesford has:

- Relunched its web-site
- Invested in new technology to ensure that services are available electronically
- Entered into a partnership with Essex County Council to deliver a joint bi-monthly newsletters to all households. The joint magazine initiative was launched in August 2008 and has been very successful – the district magazine is inserted in the county magazine and the two are distributed together – making a significant saving on distribution costs and presenting a more “joined up” appearance to the public
- Funded free electronic access points at some remote sites with direct links to both the Council and Citizens Advice Bureau
- Introduced a Customer Service Centre that will enable the majority of queries to be answered and problems solved at the initial point of contact.

Uttlesford continues to listen to feedback from the local community and to learn from best practice across the country. A new external communications strategy is in first draft stage and should be adopted by the summer. The council already has a consultation strategy in place and is now using Snap software to enhance its consultation capabilities. An internal communications strategy was adopted in 2008.

All Committee meetings are open to the public except where personal or confidential matters are discussed. All agendas and minutes are placed on-line, along with the Council's policies and strategies. These items are also available by directly contacting the Council, should a Stakeholder be unable to access it electronically.

The Council's Corporate Plan represent the key documents that outline the vision, priorities and objectives for the year ahead, sets performance targets and outlines the Council's accountability to its stakeholders. When identifying the priorities and objectives for the Corporate Plan the views of stakeholders and the wider community are sought through a number of consultation mechanisms, and are taken into account. The Corporate Plan is made available to all via the Council's website.

The Council's programme for securing continuous improvement in its services is set out in the Corporate Plan. Actions for improvement are drawn from a variety of sources including external inspections, internal audit reviews and scrutiny reviews; issues arising from performance management; consultation exercises; and service improvements identified by the Council's complaints and comments procedure.

The Council has formal complaints procedures which allows the public or other stakeholders to make a complaint regarding the service received from the Council or on the conduct of Members. Complaints can be made on-line or in writing and the Council has set targets for responding to all complaints received, ensuring accountability to its Stakeholders.

There is a Local Strategic Partnership - Uttlesford Futures - which has adopted a new Sustainable Community Strategy up to 2018. The membership of the thematic working groups is being reviewed alongside the action plans and additional partners are being identified and invited to participate. The Transport Forum is set become one of the thematic groups under the Uttlesford Futures Partnership and meetings held with Essex County Council representative to secure commitment to the development of transport action plans. A training programme has been established for the LSP and involves partners, council members and officers to improve the awareness of the responsibilities of this strategic partnership.

The Sustainable Community Strategy was developed following consultation with key stakeholders and the wider community. Progress against the actions are measured on a quarterly basis and reported to Uttlesford Futures Management Team and Board. Since December/January a review has been taking place of all of the action plans to ensure that completed or unachievable projects are removed and replaced with a smaller number of SMART projects to ensure the community benefits from the pooling of partnership resources. In addition, projects have been established for which Performance Reward Grant (PRG) funding has been secured to the value of £263,671 and will be implemented over a 2 year period. By way of introducing partnership risk assessments these will be applied initially to the PRG projects and then rolled out across all of the thematic groups' actions plans and partners.

There are terms of reference and constitutions set up for key partnerships which ensure that all members of the partnership act lawfully throughout the decision making process. Uttlesford Futures has a comprehensive Governance Handbook and the terms of reference for all of the working groups are being reviewed to ensure they comply with the overarching document. Key partnerships include the Local Strategic Partnership - Uttlesford Futures and the Essex Waste Management Partnership. A Parking Partnership has been established between Colchester (lead authority) Braintree and Uttlesford Councils, which will be overseen by a Joint Committee and a Joint Committee Agreement is in place.

4. Review of Effectiveness

Uttlesford District Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the Management Team 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 key features of the Council's internal control framework are:

The Authority

The key formal document governing the internal control framework for the Authority is its Constitution. All delegation of decision-making is made in accordance with the requirements of the Constitution and the Scheme of Delegation, which forms part of the Constitution.

The formal rules governing the way in which the Council, its Committees and Officers conduct their business are also set out as part of the Constitution and include:

- The Financial Regulations
- Rules of Procedure for Council & Committee Meetings
- Access to Information Procedure Rules

The Council has three Policy Committees that approve all policies and reports. The Scrutiny Committee has the powers to 'call in' and challenge any Committee decisions.

The Monitoring Officer has a duty to monitor and review the constitution to ensure that its aims and principles are current. The constitution is reviewed regularly and updates are issued as necessary. Recent changes to the Constitution have included changes to the scheme of delegation and members allowances.

The Scrutiny Committee

The Scrutiny Committee is formally responsible for monitoring and reviewing policy and advising policy committees, as well as scrutinising the performance of outside bodies and making reports and recommendations as appropriate and may receive public petitions.

The Performance Select Committee

The Performance Select Committee monitors the performance of the Council and progress against improvement plans, fulfils the Council's Audit Committee functions in respect of External Audit, Internal Audit and Risk Management and makes reports and recommendations to policy committees and the Council as a whole on its policies, budget and service delivery as appropriate.

The Standards Committee

The Standards Committee met regularly throughout 2008/09 as part of the Committee cycle of meetings. It advised the Council on adopting a revised Code of Conduct compliant with the amended legislation; it responded to various government consultations on issues surrounding the Code of Conduct; it supported training for district, parish and town councillors and parish and town clerks on the new Code of Conduct and provided guidance to a parish council which was having difficulties with its Members not observing the Code. The Monitoring Officer attended the Annual Monitoring Officers Conference in 2009.

The Standards Committee has also dealt with two complaints that have been made against a Member of district councils and against an parish councillor that were referred to them by the Standards Board for England and one from a member of the public ensuring high standards of conduct are maintained. Training has also been received by the Committee Members on the additional powers that the Standards Committee will have regarding complaints in 2008/09 to

ensure that they will act lawfully from the outset. The Committee has adopted criteria for referrals and published guidance on the Council's website. A pro-forma form of complaint has also been published which can be completed and submitted electronically.

Internal Audit

The role of internal audit is to review the internal control framework that governs the operations of the Council and, in so doing, provide an independent opinion to both management and members of the Authority on the robustness of the Council's internal control environment.

The Internal Audit function of the Council is delivered by the Internal Audit Team. The work of the team complies in all significant respects with the requirements of CIPFA's Code of Practice for Internal Audit in Local Government in the UK and with the Code of Ethics and International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors – UK and Ireland

Internal audit is part of the Council's corporate governance framework. Corporate governance is defined as the system by which local authorities direct and control their functions. The requirement for adequate and effective internal audit is statutory for all local authorities. Annual audit coverage is traditionally linked to a five year strategic work plan, which ensures that all services are reviewed on a cyclical basis. The frequency with which services are audited within the cycle is dependant on the result of a risk assessment, indications of performance and being reconciled to available audit resource. Senior officers and Members are traditionally consulted about the proposed work plan.

A separate Annual Audit Plan is agreed that identifies the audits to be completed during the year, including the core fundamental systems (audited annually as part of the managed audit agreement with the Council's External Auditors) and other operational systems.

The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Director, Head of Division and Service Manager. Head of Paid Services, the Monitoring Officer and the Section 151 Officer also receive a report of all audits completed.

Each audit report includes agreed recommendations for improvement, rated in line with the Council's risk rating system

- 4. Catastrophic effect - immediate action required.
- 3. Significant impact – action required
- 2. Some impact – action may be necessary.
- Little or no impact.

All recommendations are regularly followed up to ensure they are acted on. An opinion of the overall internal control environment is also provided.

The Internal Audit Team reports directly to the Performance Select Committee at each of its meetings. The committee approves the Audit Plan and monitors the performance of the Audit Team and progress against audit recommendations. The committee also receive copies of all audit reports issued and selected audits reports are reviewed by the committee at its meetings at which the Head of Division responsible for the service audited is required to attend and confirm progress towards the implementation of the recommendations made in the audit report.

It is considered best practice that an internal review of the effectiveness of the system of internal audit is undertaken and the findings of this review have been reported to Members for their consideration. The purpose of this review is to ensure that the annual audit opinion issued by Internal Audit may be relied upon as a key source of evidence and assurance. Internal Audit was reviewed by the Audit Commission in 2008 and all recommendations in their report have been actioned in 2008-09.

The Performance Select Committee receives regular reports on risk management, updating them on the work undertaken by the Risk Management Steering Group and approving key documents including the risk management strategy and the Corporate Risk Register.

This has enabled the Performance Select Committee to be satisfied that significant progress has been towards embedding Risk Management throughout the authority and that the Council is improving in its identification of and actions to mitigate the key risks to the Council's ability to achieve its objectives.

Other Assurance Mechanisms

In addition to the above, the Council has conducted a formal review of its internal control environment and collated evidence and assurance from a variety of sources. This has included the collation of assurances from all service managers and directors on the effectiveness of the internal control environment. A review of the returns concluded that based on this self assessment, effective controls were in place.

The Council has a Performance Management Framework through which quality of service can be measured by both local and national performance indicators. Performance targets are set and agreed for the coming three years and is monitored on a quarterly basis by Heads of Divisions and reported to the Strategic Management Board and Performance Select Committee in order that corrective action can be taken where services are deemed to be under performing.

Unverified performance data for 2008/09 has identified that 73% of all indicators collected performed on or above target (91% of National Indicators, 77% of Corporate Indicators and 64% of Service Indicators). The Audit Commission will be completing checks of the data submitted but it is not yet known when this will be. To help improve the performance of indicators that are not performing to targeted levels, an under-performing Performance Indicator review process has been developed. Indicators that have under-performed for 2 or more quarters will be subject to selection for a review to be conducted on them by the Business Improvement & Performance Team. The process is currently being piloted on SI 20 – Housing Voids.

The Audit Commission carried out a Comprehensive Performance Assessment Inspection of the Council in 2004. The Council was assessed as "Fair".

The most recent Audit Commission Inspection was of the Community Housing Services in May 2008. The Council was assessed as Fair Service / Poor prospects for improvement. An action plan was drawn up following the inspection and is being delivered.

As part of the Comprehensive Performance Assessment framework the Council has been assessed three times under the 'use of resources' category. The outcome of the first assessment was a score of 2 (out of 4); for the 2006/07 assessment (reported in December 2007) the score had reduced to 1; for the 2007/08 assessment (reported in January 2009) the score had remained at 1. Top priorities for improvement are agreed with the Voluntary Improvement Board and contained in a short term improvement plan. Progress is monitored by the Board at its six weekly meetings.

5. Significant Control and Governance Issues

Outstanding issues from 2007/08

Of the twelve significant control and governance issues identified during 2008/09, the following two are areas where further work is considered necessary to fully address them:

Use of Resources

The Council has received a score of 1 for the 2007/08 assessment, a new corporate team has been established which will have lead role in co-ordinating the council's Use of Resources.

Partnership Working

The Council has a number of partnership working arrangements in place, which are critical to the achievement of the Council's corporate objectives. As such, the Council should ensure that the risk and corporate governance arrangements for these partnerships is fully considered.

Significant Control and Governance issues identified in 2008/09

Financial Regulations

The Council's Financial Regulations were last reviewed and updated in June 2005 and do not reflect the current organisational and management structure of the Council. A process of review of Financial Regulations is underway and revised Financial Regulations will be published in 2009/10.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review

Signed

John Mitchell
Chief Executive
Date:

Councillor Jim Ketteridge
Leader of the Council
Date: