



Vale of White Horse D.C.

Statement of Accounts

2005/2006

Foreword by the Strategic Director (Chief Finance Officer)

1.0 Introduction

- 1.1 Since the introduction of medium term financial planning in 1999/2000 the Council has steadily improved the way it budgets. The introduction of an integrated service and financial planning process in 2001 was followed by a new financial management system and new chart of accounts a year later. Financial reporting processes are improving steadily, as evidenced by the achievement of producing these accounts a month earlier than last year.
- 1.2 The Original Budgeted Medium Term Plan for 2004-08 provided for gradually reducing, then rising, costs of service provision, against declining annual Council Tax increases and reducing use of funds and balances. By the end of the Medium Term a contribution to Balances was forecast. Overall these trends will strengthen the Council's financial base. They are principally dependent upon achievement of the Council's ambitious cost-cutting programme of Service Prioritisation Plans.
- 1.3 The 2005/06 Revised Budget was increased by specific 2004/05 budgets which were carried forward. Certain budgets moved between directorates to reflect some reorganisation of the Council's services. Additional investment was made in some services but overall the Council achieved net savings which were returned to general balances. The healthy level of opening balances has enabled the Council to plan for a steady release over the early years of the Medium Term, keeping above the suggested minimum threshold at all times, before increasing balances in 2008/09.
- 1.4 The actual outturn for 2005/06 demonstrated significant under spending. Service costs were significantly lower than budgeted, income from trading undertakings slightly lower than expected and investment income slightly down. As a consequence the Council made less use of earmarked funds than anticipated and actually returned a small contribution to balances. As planned, the Council will start 2006/07 in the healthy position it needs to be in order to meet the future challenges.
- 1.5 The Statement of Accounts is a formal document, which sets out the Council's overall financial position, which as I have indicated above, is in a healthy state. Detailed below is a broad summary of each of the key elements, with references to the complete analysis within the accounts.

2.0 General Fund

- 2.1 The Original Estimate for 2005/06 for the Authority's expenditure after accounting for the use of balances and investment income was £10.428m. This was below the level set by the Government, through the Formula Spending Share, of £14.742m. The Original Estimate was derived from a net cost of services, after adjusting for capital finance charges, of £14.860m and the use of £0.654m General Fund balances.
- 2.2 The Original Estimate was revised in February 2006, marginally reducing the net cost of services, after the reversal of capital financing, to £14.854m. The projected contribution from balances was reduced to £0.290m. The Consolidated Revenue Account on page 14 shows the final position for 2005/06 after the adjustments required to comply with FRS17. The position before these adjustments shows a net cost of services of £13.793m a reduction of £1.061m on the revised estimate. A significant part of the reduced expenditure during the year related to over-achievement of managed vacancy savings on salary costs; over-achievement of certain income streams; and, items which were unable to be completed, for which approval was granted to carry forward the funds. The resulting £0.264m deficit is slightly lower than budgeted in February.
- 2.3 It is interesting to note that the District Council Tax raised £4.354 million which represents 32% of the adjusted net cost of services, with 44% being met by Central Government and of the remainder 22% comes from the Council's investments and 2% from funds and reserves.

3.0 Capital

3.1 Capital Programme

Capital expenditure in the year amounted to £7.54 million and involved over 30 projects. £6 million of this was for the purchase of two more investment properties which will generate rental income. Details of the expenditure and its funding are shown in the notes to the Consolidated Balance Sheet on page 20 onwards.

The main source of funding for the programme was capital receipts (£6.68 million), but a substantial proportion came from grants from Government departments and some contributions from developers.

3.2 Capital Receipts

The Authority has capital receipts unapplied at 31 March 2006 of £14.7 million after financing capital expenditure as set out above and taking into account receipts during the year. The analysis of movements in the year is set out on page 25.

4.0 Investments

4.1 The Authority has had no long-term debt for some time. Temporary Investments at the start of the year totalled £23.137 million, £15.077 million of this being placed with the Council's Fund Manager. At the year end, the Fund Manager's holding was shown in the Balance Sheet as £15.755 million. Temporary investments managed in-house amounted to £5.78 million at the year end.

4.2 Interest arising from these investments was less than originally anticipated due mainly to a disappointing performance by the Fund Manager, whose brief is to maximise returns over a 3 year period. The net interest from internally and externally managed investments credited to the Revenue Account totalled £1.35 million.

4.3 The Council has an investment policy which provides for a proportion of the reserves and balances to be invested in property which, at the moment, provides greater returns than cash. The Property Trading Statement, which is included on page 35, shows that net income of £1.715 million was credited to the Consolidated Revenue Account in 2005/06.

5.0 Collection Fund

5.1 The Collection Fund brings together the income raised by the Council Tax and National Non Domestic Rates. Against this it records expenditure to be met from the Fund, i.e. the precept requirements of the District Council, the County Council, the Thames Valley Police Authority and Parishes, together with provision made for non-payment.

5.2 For 2005/06 the Council Tax for the average property in the Vale amounted to £1,226.39. Of this, 8% (£92.60) was for the benefit of the District Council and 3% (£41.05) for the average Town and Parish levy, with the majority, 79% (£966.46) being for the County Council and 10% (£126.28) for the Thames Valley Police Authority.

6.0 Conclusion

6.1 The overall revenue outturn position for 2005/06 is a combination of under spending on services and reduced use of earmarked funds, with a small deficit being comfortably met from balances. Given the Service Prioritisation Plans approved in February 2006 the Council will face 2006/07 and the medium term in a strong and sustainable position.

6.2 My personal thanks go to all those who have ensured the continuing flow of information required to manage the Council's finances and especially to those involved in the production of these accounts.

STEVE BISHOP
STRATEGIC DIRECTOR (CHIEF FINANCE OFFICER)

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

1 The Authority's Responsibilities

The Authority is required:

- (a) 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 arrangements;
- (b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and,
- (c) to approve the statement of accounts having received the external auditor's report and the Chief Finance Officer's commentary.

2 Responsibilities of the Chief Finance Officer

The Chief Finance Officer's responsibilities include the preparation of the Authority's statement of accounts, which, in terms of the Chartered Institute of Public Finance and Accountancy (CIPFA/LASAAC) Code of Practice on Local Authority Accounting in Great Britain ('the Code') is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2006.

In preparing this statement of accounts, the Chief Finance Officer has:

- (a) selected suitable accounting policies and then applied them consistently;
- (b) made judgements and estimates that were reasonable and prudent;
- (c) complied with the Code of Practice and the Best Value Accounting Code of Practice.

The Chief Finance Officer has also:

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

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Tony de Vere
Chair of Accounts Committee

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Date

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Steve Bishop, CPFA
Strategic Director
(Chief Finance Officer)

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Date

STATEMENT ON INTERNAL CONTROL

1. SCOPE OF RESPONSIBILITY

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

In discharging this overall responsibility, the Vale of White Horse District Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to an acceptable level (rather than to eliminate all risk of failure) to achieve its policies, aims and objectives. It therefore provides 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 Vale'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 system of internal control has been in place at the Vale for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts.

3. THE INTERNAL CONTROL ENVIRONMENT

The Council has set out below each of the seven key elements of its Internal Control Environment, along with the mechanisms through which they are managed and the mechanisms by which they are monitored and reviewed. The timing of recent reviews is provided in brackets.

Mechanisms for managing Internal Control		Review Mechanisms
Key Element of Internal Control 1: Achievement of objectives		
<ul style="list-style-type: none"> Adoption of a comprehensive Constitution which sets out how the Council operates, its decision-making process and procedures 	1	<ul style="list-style-type: none"> Constitution Working Party which meets as required. Regular review of the Constitution by the Monitoring Officer.
	2	<ul style="list-style-type: none"> Democratic Services Officers refer issues arising from committee meetings
	3	<ul style="list-style-type: none"> Periodic review of financial limits
	4	<ul style="list-style-type: none"> Annual Strategic Service Review
	5	<ul style="list-style-type: none"> Integrated Service & Financial Planning (ISFP) Process
<ul style="list-style-type: none"> Adoption of clear corporate priorities to focus resources into the most important activities 	6	<ul style="list-style-type: none"> Corporate priorities are annually reviewed & updated to keep them relevant (July 2005),
	7	<ul style="list-style-type: none"> Active engagement with Local Area Agreement process
<ul style="list-style-type: none"> Authority's objectives are communicated to staff and stakeholders 	8	<ul style="list-style-type: none"> Corporate Plan & associated communications
	9	<ul style="list-style-type: none"> Best Value Performance Plan and Corporate Plan process
	10	<ul style="list-style-type: none"> Using a matrix of national, regional and local issues
	11	<ul style="list-style-type: none"> Support for Local Area Agreement process
	12	<ul style="list-style-type: none"> Community Strategy- Consultation
	13	<ul style="list-style-type: none"> Internal Communications strategy (e.g. monthly Team Brief)

Mechanisms for managing Internal Control		Review Mechanisms
<ul style="list-style-type: none"> Each service's contribution to the corporate priorities is regularly assessed through the service planning & reporting process 	14	<ul style="list-style-type: none"> Portfolio Holders personally validate and sign off service plans with Director and Assistant Director (July 2005)
	15	<ul style="list-style-type: none"> Service Plans, Best Value Performance Plan and Corporate Plan – Demonstrate links to corporate aims
	16	<ul style="list-style-type: none"> Service plan – Member review of full & half year reports
	17	<ul style="list-style-type: none"> Assistant Directors / Line managers monitoring of operations
	18	<ul style="list-style-type: none"> Regular service performance review meetings
<ul style="list-style-type: none"> An Integrated Service & Financial Planning process has been developed to ensure resources match planned service levels 	19	<ul style="list-style-type: none"> Process is reviewed and updated annually by senior officer group
	20	<ul style="list-style-type: none"> Directors group and committee minutes
	21	<ul style="list-style-type: none"> Input from Assistant Directors, line managers and Portfolio Holders
	22	<ul style="list-style-type: none"> Corporate governance reporting
	23	<ul style="list-style-type: none"> Executive Reports and the Scrutiny process
<ul style="list-style-type: none"> The Council's annually published Best Value Performance Plan sets out the Council's intentions and targets for the years ahead 	24	<ul style="list-style-type: none"> Annually reviewed and updated by the Leader, Leader of the Opposition, Chief Executive, Strategic Directors and Principal Performance Management Officer.
	25	<ul style="list-style-type: none"> Local Performance Indicators (LPIs) allied to Council corporate aims where Best Value Performance Indicators (BVPIs) inadequate. LPIs reviewed at performance management meetings
Element 2: Facilitation of policy & decision-making		
<ul style="list-style-type: none"> A range of committees are able to suggest or formulate new policies including the Executive; the Scrutiny Committee; the Personnel, Regulatory and Appeals Committee; the Strategic Review Committee – all of which have to be approved by full Council 	26	<ul style="list-style-type: none"> Policies are reviewed by the Strategic Review Committee, Scrutiny Committee and Strategic Management Group
	27	<ul style="list-style-type: none"> Member Advisory Groups which advise the Executive and Council on specific policy matters e.g. Strategic & Local Planning Advisory Group; Reservoir Advisory Group
<ul style="list-style-type: none"> Council meetings are open to the public except for restricted range of confidential reports 	28	<ul style="list-style-type: none"> Public speaking at committees; adherence to confidentiality rules enforced by Monitoring Officer & Democratic Services Officers
<ul style="list-style-type: none"> Consultation with stakeholders on priorities/objectives 	29	<ul style="list-style-type: none"> Consultation with public and stakeholders on key policy issues e.g. Budget; Local Plan/Local Development Framework, Vale Views
<ul style="list-style-type: none"> Publication of the Forward Plan, which contains details of planned decisions, including key decisions 	30	<ul style="list-style-type: none"> Reviewed & updated monthly, including at Directorate Management Team meetings
	31	<ul style="list-style-type: none"> Informal briefings to Members
Element 3: Compliance with established policies, procedures, laws and regulations		
<ul style="list-style-type: none"> A corporate health and safety policy has been drawn up, formally approved, subject to regular reviews and communicated to all relevant staff 	32	<ul style="list-style-type: none"> New Health & Safety Management arrangements, Review of Health and safety policy, formal approval, dissemination to staff, report mechanism
<ul style="list-style-type: none"> A corporate complaints policy/procedure has been drawn up, approved, communicated to staff, the public & stakeholders. 	33	<ul style="list-style-type: none"> Complaints policy/procedure exists, is reviewed and updated, compliant with statutory requirements, disseminated to staff, promoted to members of the public, information recorded and evaluated. Also reported to Executive
<ul style="list-style-type: none"> Responsibility for statutory obligations are formally established 	34	<ul style="list-style-type: none"> Constitution- delegation scheme, recording of individual officer and members responsibilities, committee terms of reference, Job Description of key officers
<ul style="list-style-type: none"> Reports must make reference to compliance or contravention with policies and strategies 	35	<ul style="list-style-type: none"> Examples of reports
	36	<ul style="list-style-type: none"> Compliance statement

Mechanisms for managing Internal Control		Review Mechanisms
	37	<ul style="list-style-type: none"> Scrutiny Role
	38	<ul style="list-style-type: none"> Pre-agenda meetings used to consider legal, financial, policy & contentious issues
<ul style="list-style-type: none"> Service plans address current and new policies, laws and regulations 	39	<ul style="list-style-type: none"> Three-way challenge of service plans (Portfolio Holder, Assistant Director and Strategic Director)
	40	<ul style="list-style-type: none"> Executive and Scrutiny review of service plans
<ul style="list-style-type: none"> Service plan objectives cascade to individuals' Service and Personal Plans 	41	<ul style="list-style-type: none"> Periodic audit of Service and Personal Planning process, with improvements (August 2005) ; Commitments & Personal Development Planning new staff appraisal schemes
<ul style="list-style-type: none"> The designated Monitoring officer continually monitors and advises on legal compliance 	42	<ul style="list-style-type: none"> The Monitoring Officer's duties are enshrined in the Constitutional Scheme of Delegation & Job Description Questionnaire – both of which are reviewed
	43	<ul style="list-style-type: none"> The monitoring officer considers any significant reports and decisions, advising and intervening if necessary to ensure legal & regulatory compliance
<ul style="list-style-type: none"> The designated s151 officer or 'chief finance officer' holds the statutory qualification and continually monitors and advises on financial compliance 	44	<ul style="list-style-type: none"> The duties of the chief finance officer are enshrined in the Constitutional Scheme of Delegation & Job Description – both of which are reviewed. Compliant qualification (Membership of one of the 6 accountancy bodies) is a mandatory requirement
	45	<ul style="list-style-type: none"> The chief finance officer considers all reports and decisions, advising and intervening if necessary to ensure financial & regulatory compliance
<ul style="list-style-type: none"> The Council maintains an effective Internal audit function which adheres to professional best practice and whose role includes the checking of compliance with policies, procedures and regulations 	46	<ul style="list-style-type: none"> Internal Audit reports – agreed action plans reported to Executive/Scrutiny
	47	<ul style="list-style-type: none"> The effectiveness of Internal Audit is independently assessed by the external auditor
	48	<ul style="list-style-type: none"> The performance of Internal Audit is annually reviewed by the Executive and Scrutiny Committee
<ul style="list-style-type: none"> The External Auditor holds the statutory qualification and provides an independent opinion on the Council's activities in the form of regular reports and an annual Management letter 	49	<ul style="list-style-type: none"> Reporting of Management Letter, Action plans from External Audit reports
	50	<ul style="list-style-type: none"> Re-appointed every 3 years
<ul style="list-style-type: none"> A Code of Conduct for Members has been adopted and is enforced 	51	<ul style="list-style-type: none"> Standards Committee review for conduct
	52	<ul style="list-style-type: none"> Regular reminders on Committee agenda
Element 4: Ensuring economic, efficient and effective use of resources and securing continuous improvement		
<ul style="list-style-type: none"> Financial Regulations have been adopted and are enforced by management 	53	<ul style="list-style-type: none"> Constitution – regular review of limits
	54	<ul style="list-style-type: none"> Periodic review & update (Sept 2005)
	55	<ul style="list-style-type: none"> Internal Audit check compliance
<ul style="list-style-type: none"> Contract standing orders have been adopted and are enforced by management 	56	<ul style="list-style-type: none"> Constitution – regular review of limits
	57	<ul style="list-style-type: none"> Periodic review & update (Sept 2005)
	58	<ul style="list-style-type: none"> Internal Audit check compliance
<ul style="list-style-type: none"> A Procurement strategy has been adopted which requires managers to assess more cost-effective options for delivering services 	59	<ul style="list-style-type: none"> Annually reviewed during Budget setting (February 2005)
	60	<ul style="list-style-type: none"> IDEA Procurement healthcheck & action plan
	61	<ul style="list-style-type: none"> Adoption and utilisation of project management methodology (VIP)

Mechanisms for managing Internal Control		Review Mechanisms
• The Head of Paid Service has clear responsibilities	62	• Head of Paid Service is the Chief Executive
• The Head of Paid Service, Monitoring Officer and Chief Finance Officer roles are performed by separate officers	63	• Head of Paid Service, Monitoring Officer and Chief Finance Officer are separate posts
• Performance measures – PIs; financial variance monitoring	64	• Regular service performance review meetings including Portfolio Holders
• Comprehensive Performance Management systems operate effectively	65	• Quarterly Corporate Governance Reports
	66	• Annual Strategic Service Reviews
	67	• Integrated Service & Financial Planning (ISFP)
	68	• HOWARD performance indicator database used to produce reports
• Benchmarking is used across the organisation to identify areas of weakness (and strength) for more in-depth examination	69	• Best Value Reviews and internal audit reviews assess the usefulness of benchmarking data
	70	• Managers evaluate the cost-effectiveness of undertaking routine benchmarking exercises where data is available
	71	• Staff performance appraisals
• A programme of short, sharp Best Value Reviews is being delivered – a mixture of cross-cutting & service-specific	72	• Best Value Review process is reviewed & updated as necessary (March 2006) – it is informed by the Strategic Service review
• Value for money diagnosis-comparing cost versus performance across full range of services and performance indicators.	73	• Society of ICT Managers (SOCITM) challenge & facilitation of new 2006 ICT Strategy including independent opinion on cost efficiency
• Service Standards adopted	74	• Comprehensive range of service standards agreed in consultation with stakeholders and enforced.
• External Inspections	75	• Housing, Waste Management are reported in public
• Value Propositions & Service Prioritisation Plans are formulated to achieve substantial savings	76	• Strategic Management Team & Directorate Management Teams review key issues
	77	• Committee reports – corporate governance
	78	• Service performance review meetings
	79	• Plans include risk assessments
• External Specialist advice is bought in when in-house expertise is insufficient for a particular task	80	• Specialists commissioned for ad hoc tasks e.g. retail studies, open space audit, Local Services Point phase 2 development
	81	• Project planning methodology adopted and used (VIP)
	82	• Capacity fund bids
• Role of internal audit includes checking the economic, efficient & effective use of resources	83	• Internal Audit reports – reported to Executive/Scrutiny
	84	• The effectiveness of Internal Audit is independently assessed by the external auditor
	85	• The performance of Internal Audit is annually reviewed by Executive and Scrutiny Committee
Element 5: Financial management		
• A four year Medium Term Financial Plan provides clear financial direction	86	• The Medium Term Plan is updated as part of the annual Budget-setting process
	87	• Delivery is monitored in year at service review meetings and corporate governance reports
	88	• Achievement of Medium Term Financial Plan is corporate aim
• Regular management information	89	• Comprehensive budgeting system with regular detailed variance analysis reports considered by Officers and Members at service review meetings, significant changes reported to the Executive
	90	• Regular reviews of periodic and annual financial reports which indicate performance against forecasts
	91	• Setting targets to measure financial and other performance

Mechanisms for managing Internal Control		Review Mechanisms
	92	<ul style="list-style-type: none"> The preparation of regular financial reports which indicate actual expenditure against forecasts
	93	<ul style="list-style-type: none"> Corporate Governance reporting to Executive and Scrutiny Committee
	94	<ul style="list-style-type: none"> Periodic review of asset valuations in accordance with 5 year programme
<ul style="list-style-type: none"> Administrative procedures – including segregation of duties - are set out in a series of guidance notes e.g. creditor payments 	95	<ul style="list-style-type: none"> International Standards Organisation (ISO) audits review compliance and suggest improvements
<ul style="list-style-type: none"> ISO EN BS 9001:2000 accredited written procedures and work instructions 	96	<ul style="list-style-type: none"> Internal audit check compliance
<ul style="list-style-type: none"> Management supervision 	97	<ul style="list-style-type: none"> Organisational structure & chain of responsibility
<ul style="list-style-type: none"> System of delegation and accountability 	98	<ul style="list-style-type: none"> Scheme of Delegation periodically reviewed
<ul style="list-style-type: none"> Role of Internal Audit 	99	<ul style="list-style-type: none"> Consideration of Internal Audit work by Executive and Scrutiny Council policy on internal audit timescales (June 2006)
<ul style="list-style-type: none"> Role of External Audit 	100	<ul style="list-style-type: none"> Consideration of External Audit recommendations by Officers, the Accounts Committee, the Executive and Scrutiny
<ul style="list-style-type: none"> Standards of financial conduct, and the prevention and detection of fraud and corruption 	101	<ul style="list-style-type: none"> Internal audits, Data matching exercises
	102	<ul style="list-style-type: none"> Anti Fraud policy, Whistle Blowing Policy
<ul style="list-style-type: none"> Register of Interest is maintained 	103	<ul style="list-style-type: none"> Register is updated and reviewed by senior managers
	104	<ul style="list-style-type: none"> Regular reminders to Members
<ul style="list-style-type: none"> Independent financial appraisals for potential supplier companies 	105	<ul style="list-style-type: none"> Regular assessment of effectiveness of appraisal service & re-let the contract
	106	<ul style="list-style-type: none"> Chief finance officer review of each appraisal
<ul style="list-style-type: none"> Legality of financial transactions 	107	<ul style="list-style-type: none"> Reviews of Contract Standing Orders & Financial Regulations
	108	<ul style="list-style-type: none"> Consultation & involvement of Monitoring Officer
Element 6: Performance and Risk management		
<ul style="list-style-type: none"> Performance management process definition 	109	<ul style="list-style-type: none"> Best Value Performance Plan / Service Plans - regularly reviewed in order to identify corrective actions. The Council can assess progress against its planned outcomes
<ul style="list-style-type: none"> Written strategy and policy in place for managing risk, which are approved, reviewed and communicated to all staff 	110	<ul style="list-style-type: none"> Approved policy and methodology, review process in place and dissemination to all officers
<ul style="list-style-type: none"> Systematic approach to risk management , including established corporate and service risk registers 	111	<ul style="list-style-type: none"> Service risk registers formally reviewed and updated annually as part of the service planning process, well defined procedures for recording and reporting risk including risk management training.
	112	<ul style="list-style-type: none"> Strategic risk register reviewed twice a year by Directors & Executive
<ul style="list-style-type: none"> The authority has well established and clear arrangements for insuring against risk 	113	<ul style="list-style-type: none"> Policy for insuring against risk is regularly reviewed, Legal requirements for insurance are reviewed and met, self insurance subject to annual independent valuations, property portfolio revalued for insurance purposes
<ul style="list-style-type: none"> Integrated Service & Financial Planning Process 	114	<ul style="list-style-type: none"> Service Planning reviews
	115	<ul style="list-style-type: none"> Service Area Annual Reports and six-monthly reports
<ul style="list-style-type: none"> Performance Indicators 	116	<ul style="list-style-type: none"> Performance Management check Performance Indicator Methodology statements
	117	<ul style="list-style-type: none"> External audit of Best Value Performance Indicators
<ul style="list-style-type: none"> Target setting and monitoring 	118	<ul style="list-style-type: none"> Corporate Governance reports
	119	<ul style="list-style-type: none"> Audit of targets
<ul style="list-style-type: none"> Project Management 	120	<ul style="list-style-type: none"> Formal project management disciplines including 'Vale's Implementation of PRINCE' (VIP) - which incorporates regular review stages
<ul style="list-style-type: none"> Business /service continuity plans have been drawn up for all critical service areas and are subjected to regular review and testing. 	121	<ul style="list-style-type: none"> Business /service continuity plans exists covering all critical service areas, regularly reviewed and tested, changes implemented in light of results of testing.

Mechanisms for managing Internal Control		Review Mechanisms
Element 7: Appropriate quantity and quality of staff		
<ul style="list-style-type: none"> Services are delivered by trained and experienced staff 	122	<ul style="list-style-type: none"> Job Description Questionnaires provide detailed descriptions of each job; Person specification contains essential and desirable criteria
	123	<ul style="list-style-type: none"> Person Specifications are used to ensure new staff match the service's needs
	124	<ul style="list-style-type: none"> Pay and Grading Reviews are periodically completed (March 2004) to ensure pay relativities are up-to-date
	125	<ul style="list-style-type: none"> Training needs are identified through the Service and Personal Planning process and are co-ordinated by a central training officer
<ul style="list-style-type: none"> Code of Conduct approved and communicated to staff 	126	<ul style="list-style-type: none"> Code is disseminated to staff through induction and briefings
<ul style="list-style-type: none"> Personnel Regulatory and Appeals Committee for establishment 	127	<ul style="list-style-type: none"> Review of staff structure to ensure it delivers objectives & agreed services
<ul style="list-style-type: none"> Integrated Service and Financial Planning process to match resources to plan 	128	<ul style="list-style-type: none"> Service plan reviews
	129	<ul style="list-style-type: none"> Corporate Governance reports
<ul style="list-style-type: none"> Recruitment process 	130	<ul style="list-style-type: none"> Investors In People (IIP) re-accreditation process
	131	<ul style="list-style-type: none"> IIP working group
	132	<ul style="list-style-type: none"> Recruitment and Selection Policy and training – No one recruits without training
	133	<ul style="list-style-type: none"> Take up references, certificates and police checks where appropriate
<ul style="list-style-type: none"> Training Programmes 	134	<ul style="list-style-type: none"> Staff appraisal feedback to AD (HR)
	135	<ul style="list-style-type: none"> Training forms
<ul style="list-style-type: none"> Review of resources by Head of Paid Service 	136	<ul style="list-style-type: none"> Part of Integrated Service and Financial Planning Process

4. REVIEW OF EFFECTIVENESS

The table above sets out how each of the internal control elements is individually reviewed.

This year the review process has been substantially enhanced, with all service areas completing an internal control evaluation, commenting on key control issues and presenting an overall assessment of the internal control environment. This corporate review has resulted in a fuller and more accurate summary of internal controls (table above).

The Council, through the work of the Constitution Advisory Working Group, has extended the remit of the Accounts Committee in order that it should review the Corporate Governance of the Authority. The System of Internal Control is a key part of the overall governance monitored by Internal Audit. The Leader and Chief Executive, as signatories of the Statement of Internal Control, along with the Members of the Committee will need to be content that each of the review mechanisms has operated effectively.

5. SIGNIFICANT INTERNAL CONTROL ISSUES

The Council has made some progress in addressing the weaknesses highlighted in the 2004/05 Statement on Internal Control, particularly around budgetary control. A system of monthly monitoring by Deputy Directors and Executive Portfolio Holders has been introduced. Significant variances are escalated to the Executive for consideration. Further improvements will be introduced in 2006/07 as part of the comprehensive restructuring of financial processes with South Oxfordshire District Council.

The Council has introduced interim Civil Contingency arrangements in order to address the immediate needs highlighted in the 2004/05 Statement of Internal Control. Unfortunately the Council was unsuccessful in recruiting a Business Continuity Planning assistant to develop the Council's detailed Plans. This will take place in 2006/07.

The other weakness highlighted in the 2004/05 Statement on Internal Control was Risk Management which continues to be an area in need of improvement as explained below.

A number of other improvements have been made to the Internal Control System for 2005/06 besides the broader and more corporate approach to the compilation of this Statement. Performance review meetings between the Portfolio Holder and the head of the service area have been extended to encompass exception-based budget monitoring and risk management. The Council's Officer Scheme of Delegation has been updated to reflect the outcome of the senior management restructuring. The profile and effectiveness of Internal Audit have been further improved through the escalation of significant audit findings to the Scrutiny Committee, including an annual report which provides an opinion on the overall internal control environment, as recommended in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

There are four main internal control areas requiring improvement in the forthcoming year:

- The review of risk registers and the production of business continuity plans
- The full implementation of the Debt Recovery Strategy, including significant reductions in the levels of debt owing to the Council
- Improvements in the reconciliation of income and the resolution of discrepancies
- Shorter turnaround times for managers' responses to internal audit reports

Each of these areas is being addressed. In addition, the areas for improvement identified by services during the review process will be addressed. The Directors will ensure that improvements in these areas are closely monitored and reported to Members.

.....
Jerry Patterson
Leader of the Council

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Terry Stock
Chief Executive

.....
Steve Bishop, CPFA
Strategic Director (Chief Finance Officer)

.....
Tim Sadler
Strategic Director (Monitoring Officer)

ACCOUNTING STATEMENTS

- 1 The statements produced under the Code are: -
- (a) **The Statement of Accounting Policies** which shows the accounting policies adopted in compiling the accounting statements.
 - (b) **The Consolidated Revenue Account** which shows the expenditure and income of the Council's services. The account also shows the funding sources of the resulting net expenditure from the Government and local taxpayers.
 - (c) **The Consolidated Balance Sheet** which shows the Council's assets and liabilities as at 31 March 2006.
 - (d) **The Cash Flow Statement** which summarises the Council's inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

(e) **The Collection Fund Account** which shows firstly the income and expenditure transactions relating to the collection of income from Non-Domestic Rates and Council Tax and secondly the subsequent disbursement of the above to the Council's General Fund and various precepting bodies.

2 The report does not contain statements relating to a **Housing Revenue Account** as this account was closed on 31 March 1995 following the Large Scale Voluntary Transfer of the housing stock.

STATEMENT OF ACCOUNTING POLICIES

1. **General Principles and CIPFA Code of Practice on Local Authority Accounting**

The form and general principles adopted in compiling the accounts are those recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its Code of Practice on Local Authority Accounting in Great Britain (ACOP). Except where departures are disclosed in the following paragraphs, the accounts comply with all relevant standards in the Code.

2. **Revenue Transactions**

Revenue transactions have been recorded on an income and expenditure basis. Therefore provision has been made on an actual or estimated basis for all debtors and creditors as at 31 March 2006. Appropriate provision has been made for possible bad debts as detailed in Note 5 to the Consolidated Balance Sheet.

3. **Fixed Assets**

From 1 April 1994, all expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis, provided that the fixed asset yields benefits to the Authority and the services it provides are for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets that is charged direct to service revenue accounts.

4. **Depreciation**

Depreciation has to be provided on all fixed assets with a finite useful life except freehold land and non-operational investment properties. On acquisition or at revaluation, the remaining life of relevant buildings is assessed and depreciation has been charged on a straight-line basis using these values (less estimated residual value). Vehicles, equipment and intangible assets are depreciated on a straight-line basis, generally over 5 years. This depreciation forms part of the capital charges in the "total cost" of services. However, in common with all capital charges, it is reversed in the Asset Management Revenue Account and has no impact on net operating expenditure or annual financing requirements. All assets are depreciated on the value at the beginning of the year.

5. **Deferred Charges**

Deferred charges represent expenditure which has been properly capitalised but which does not result in, or remain matched with, assets controlled by the Authority. Since 2004/05 deferred charges are restricted to types of expenditure where the Authority does not control the economic benefits arising, such as Improvement Grants, and the whole cost is written-off to revenue in the year it is incurred. This category therefore no longer appears in the balance sheet. Expenditure where the Authority does control the benefits should be recognised as the category of asset that it actually is. For example, in the case of computer software, Intangible Asset would be appropriate.

6. **Capital Receipts**

Capital receipts from the disposal of assets are held in the capital receipts reserve until such time as they are used to finance other capital expenditure.

Interest on capital receipts unapplied is credited to the consolidated revenue account.

7. **Reserves**

Cash-backed reserves are amounts set aside to meet future revenue and capital spending. The cash-backed reserves of the Authority at 31 March 2006 are explained fully on page 26.

8. **Provisions**

Provisions are amounts set aside to meet liabilities that are likely to arise, but the amount and timing of which cannot be accurately determined. In accordance with the Code, all the amounts formerly classified as provisions, apart from provisions for bad debts, have been reclassified as reserves.

9. **Pensions**

The District Council participates in two different pension schemes that meet the needs of current and

former employees. Contributions are made to the Oxfordshire County Council Superannuation Fund to cover both contributions to the funded scheme for current employees, and the cost of enhanced pensions payable to retired employees on an unfunded basis. The scheme provides members with defined benefits related to pay and service. Pension costs are assessed in accordance with the advice of a professionally qualified actuary. Accounts relating to the fund are produced by Oxfordshire County Council and can be seen on request.

Contributions are also made to the Royal County of Berkshire Pension Fund (now managed by the Royal Borough of Windsor and Maidenhead) to cover the cost of enhanced pensions paid to retired employees of the local authorities that were replaced by the Vale of White Horse D. C. in April 1974.

The pension costs included in the revenue account in respect of these schemes have been determined in accordance with Government regulations. These accounting policies represent a change to those applied in previous years. Previous policy was to recognise liabilities in relation to retirement benefits only when the employer's contributions became payable to the pension fund. The new policies better reflect the commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

10. Grants - Revenue

Revenue grants and subsidies from the Government and other bodies are accounted for on an accrual basis, and income has been credited to the appropriate revenue account.

11. Investments

Investments are recorded in the accounts at the lower of original cost price and market value. The market value of external investments is shown in the notes to the consolidated balance sheet.

12. Overheads

The costs of support services e.g. computer support, financial services etc. have been charged on an appropriate basis to the services provided by the Council, or as corporate costs in accordance with the CIPFA Best Value Accounting Code of Practice.

13. Value Added Tax (VAT)

VAT is normally fully reclaimed from HM Revenue and Customs, and items of income and expenditure are included in the accounts net of tax. If any transaction makes VAT irrecoverable, that sum has been included in income and expenditure accounts.

14. Fixed Assets Impairments

The Council's assets are revalued as part of a rolling 5 year programme using in-house expertise in accordance with the Statement of Practice and Guidance Notes of the Royal Institute of Chartered Surveyors. Any changes in values resulting from this exercise are reflected in the accounts.

15. Operating Leases

Rentals payable under operating leases have been charged to the revenue accounts on a straight-line basis over the term of the lease.

16. Stocks and Work in Progress

Stocks are held at cost. This is a departure from the requirements of S.S.A.P. 9 which requires stocks to be shown at actual cost or net realisable value if lower. The effect of this treatment has not been quantified but the view is taken that any difference would not be material. Work in progress is preliminary work on capital schemes where there is no asset yet or a firm commitment to one.

CONSOLIDATED REVENUE ACCOUNT 2005/06

2004/05		Gross Expenditure	Gross Income	Net Expenditure
£'000		£'000	£'000	£'000
1,790	Central services to the public	7,068	(5,503)	1,565
11,558	Cultural, environmental and planning services	14,492	(3,042)	11,450
894	Highways, roads and transport services	1,066	(937)	129
1,812	Housing services	17,628	(16,000)	1,628
1,961	Corporate and democratic core	2,036	(40)	1,996
128	Unapportionable central overheads	483	0	483
<hr/>				
18,143	Net cost of services			<hr/> 17,251
(1,530)	Transfer from Asset Management Revenue Account – note 2			(1,684)
0	Contribution to housing pooled capital receipts			15
1,873	Amounts due to Precepting Authorities			1,930
(1,697)	Surplus on trading undertakings – note 12			(1,715)
(1,493)	Interest and investment income			(1,350)
730	Pensions Interest Costs and Expected Return on Pensions Assets			430
<hr/>				
16,026	Net operating expenditure			<hr/> 14,877
(1,242)	Depreciation – note 2			(1,324)
(207)	Contributions to/(from) earmarked reserves – note 8			(36)
(46)	Contributions to General Fund			0
247	Capital Grants written off – note 2			331
(714)	Deferred Charges written off			(512)
0	Housing pooled capital receipts met from usable receipts			(15)
(823)	Net Change in Pensions Liability recognised in CRA			(699)
<hr/>				
13,241	Amount to be met from government grants and local taxation			<hr/> 12,622
(6,019)	Council Taxpayers			(6,285)
(2,631)	General government grants			(2,727)
(3,180)	Non-domestic rate redistribution			(3,350)
5	(Surplus)/deficit transferred to/from Collection Fund			4
<hr/>				
1,416	Net general fund (surplus)/deficit			<hr/> 264
(2,404)	Balance on general fund brought forward			<hr/> (988)
<hr/>				
(988)	Balance on general fund carried forward			<hr/> <hr/> (724)

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1. Capital Charges

Service revenue accounts have been debited with a capital charge reflecting both a notional rental sum for the assets used by the service and depreciation of the assets if applicable.

2. Transactions of the Asset Management Revenue Account

The Asset Management Revenue Account is credited with capital charges (asset rents) made to services for the capital employed in their delivery. It is debited with depreciation costs incurred during the year. The balance of the account is credited to the Consolidated Revenue Account, so that charges for capital employed do not impact on the level of Council Tax

	2004/05		2005/06	
	£'000	£'000	£'000	£'000
Capital charges included in operating costs				
Asset rentals	1,283		1,353	
Depreciation	1,242		1,323	
		2,525		2,676
Contribution from capital grants deferred account		247		331
Less depreciation written off fixed assets				
Infrastructure assets	(3)		(5)	
Operational property	(662)		(721)	
Intangible assets	(262)		(323)	
Plant and equipment	(315)		(274)	
		(1,242)		(1,323)
Balance to Consolidated Revenue Account		1,530		1,684

3. Grants – Capital

The Code of Practice requires capital grants and contributions to be accounted for using a deferred credit method. The asset is capitalised at gross cost. Capital contributions are credited to a Capital Grants Deferred Account and released to the asset management revenue account over the life of the asset to match any charges for depreciation; or in total if the asset is not subject to depreciation. In the financial year 2005/06, grants have been received from the Heritage Lottery Fund, from property developers and from various government departments.

4. Publicity

Section 5 of the Local Government Act 1986 as applied by Local Authorities (Publicity Account) Order 1987 requires local authorities to keep separate accounts for expenditure incurred on advertising and publicity. Costs incurred in 2005/06 are as follows: -

	2004/05	2005/06
	£	£
Recruitment Advertising	44,714	28,003
General Publicity	104,509	70,718
	149,223	98,721

5. Agency Work

The Authority undertook work for Oxfordshire County Council on an agency basis in respect of maintenance of Highway Verges (Local Government Act 1972 s101). The value of work undertaken this year was £40,678 (£24,396 in 2004/05).

6. Pension Costs

In 2005/06 the District Council paid an employer's contribution of £1,113,361 into the Oxfordshire County Council Pension Fund, representing 16.01% of the total pensionable pay of £6,955,440 (£7,487,392 in

2004/05). It also paid £137,175 (1.97% of pensionable pay) into that fund in respect of enhanced pensions for former employees.

In addition to those contributions, the District Council will pay £87,000 to the Royal County of Berkshire Pension Fund, now administered by the Royal Borough of Windsor & Maidenhead, for enhanced pensions to former employees of the pre-1974 reorganisation authorities.

Additional information regarding the Oxfordshire County Council Pension Fund can be found in note 17 to the Balance Sheet, on pages 27 to 29.

7. Building Control Trading Account

The Building Control (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function – “details of scheme for setting charges”. However, certain activities performed by the Building Control Unit do not result in a charge, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

Building Regulations - Charging Account 2005/06

	Chargeable 2005/06 £	Non Chargeable 2005/06 £	Total Building Control 2005/06 £
Expenditure			
Employee expenses	316,497	106,434	422,931
Premises	3,445	1,148	4,593
Transport	23,393	7,798	31,191
Supplies and services	49,310	13,549	62,859
Central and support service charges	107,321	35,774	143,095
Capital financing charges	7,620	2,540	10,160
TOTAL EXPENDITURE	507,586	167,243	674,829
Income			
Building regulations charges	(533,115)	0	(533,115)
Miscellaneous income	(330)	(110)	(440)
TOTAL INCOME	(533,445)	(110)	(533,555)
Deficit/(Surplus) for Year	(25,859)	167,133	141,274
Summary – previous 3 Years			
2004/05 deficit/(surplus)	23,415		
2003/04 deficit/(surplus)	(36,965)		
2002/03 deficit/(surplus)	(55,980)		
Total deficit/(surplus) previous 3 years	(69,530)		

At the end of 2005-06 the cumulative surplus of £69,530 at 31 March 2005 plus the 2005/06 surplus of £25,859 has been transferred to an earmarked reserve. This reserve will be used specifically for the future maintenance and enhancement of the Building Control Service.

8. Contributions to/from Earmarked Reserves through the Revenue Account

To	£'000	£'000
Building Regulations Trading Fund	96	
Contingency Fund	216	

	DSO Vehicle Replacement Fund	50	
	Election Equalisation Fund	16	
	Reservoir Fund	100	
	Local Development Framework Fund	<u>20</u>	498
From			
	EMU Fund	(58)	
	Information Technology Fund	(40)	
	Local Development Framework Fund	(220)	
	Partial Exemption Fund	(100)	
	Private Estates Fund	(56)	
	Superannuation (Revaluation) Fund	(50)	
	Redundancy Fund	<u>(9)</u>	(533)
	Rounding adjustment		<u>(1)</u>
	Net use of Reserves		<u><u>(36)</u></u>

9. Officers' Emoluments

The numbers of employees whose total remuneration exceeded £50,000 in the financial year are as detailed below:

Remuneration Band	2004/05	2005/06
£50,000 - £59,999	3	4
£60,000 - £69,999	2	2
£70,000 - £79,999	1	1
£80,000 - £89,999	1	0
£90,000 - £99,999	0	1

10. Operating Leases

The Council uses operating leases on a fairly limited basis. The majority of the expenditure is on the Authority's Automatic Public Conveniences (£48,191), the remainder on office equipment. The amount paid under these arrangements in 2005/06 was £49,042 (2004/05 £60,798).

The Council is committed to making payments of £48,878 under these leases in 2006/2007. The leases will expire over the next five years, as follows:

	£
Leases expiring in 2006/07	-
Leases expiring between 2007/08 and 2011/12	660
Leases expiring after 2011/12	<u>48,218</u>
	<u><u>48,878</u></u>

11. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Related parties include:

Central Government

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

Precepts

Precept transactions in relation to Oxfordshire County Council, Thames Valley Police Authority and the various Town and Parish Councils, are shown within a note to the Collection Fund.

Other local authorities

Payments to Oxfordshire County Council and the Royal Borough of Windsor and Maidenhead for pension costs are included in note 6 to the Consolidated Revenue Account.

Members of the Council

Members have direct control over the Council's financial and operating policies. During the year no Members have undertaken any declarable, material transactions with the Council. Details of any transactions (if they exist) are recorded in the register of Members' Interests, open to public inspection at the Council's offices. This is in addition to a specific declaration obtained in respect of Related Party Transactions.

Members represent the Council on various organisations. Appointments are reviewed annually, unless a specific termination date for the term of office applies. None of these appointments places the Member in a position to exert undue influence or control.

Officers of the Council

Officers are only required to be disclosed as related parties when they have been involved in material transactions. During the year, no officers have been involved in declarable, material transactions.

Other organisations

The Council awards grants to support a number of voluntary or charitable bodies and individuals. It does not attempt to exert control through this.

12. Trading Operations

The Council has adopted an Investment Policy for its funds that are surplus to operational needs. Some are held as cash and accessible at short notice whilst some have been invested in property for which rents are received. A property trading statement for the year is shown on page 35. The interest received and the surplus on property investments is carried to the Consolidated Revenue Account below the net cost of services.

13. Local Authority (Goods & Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies. In 2005/06, goods and services falling within the scope of this Act consisted of:

DSO services to SODC and Parish Councils

CCTV services to SODC

Grounds Maintenance work for Abingdon Town Council and Vale Housing Ass.

Conveyancing services for Vale Housing Association

The total value of work is not significant and in some cases done in order to provide an economically viable service with costs only being recovered.

14. Audit Costs

During the year the Vale of White Horse District Council incurred the following fees relating to external audit and inspection:-

	2005/06
	£
Fees payable to the Audit Commission with regard to external audit services carried out by the Appointed Auditor	80,500
Fees payable to the Audit Commission for certification of grant claims	25,800
Fees paid to the Audit Commission in respect of statutory inspection	11,500

117,800

15. Members' Allowances

During 2005/06 the total sum paid to members in respect of basic and special responsibility allowances was as follows:-

Type of Allowance	2004/05	2005/06
	£	£
Basic Allowance	172,344	176,463
Special Responsibility Allowance	<u>120,222</u>	<u>121,237</u>
Total	<u>292,566</u>	<u>297,700</u>

CONSOLIDATED BALANCE SHEET

2004/05 £'000		2005/06 £'000	2005/06 £'000
	Fixed Assets: - note 1		
	Operational Assets		
37,556	- Land and Buildings:	37,822	
41	- Infrastructure	50	
984	- Plant and Equipment	944	
719	- Community Assets	719	
	Non-Operational Assets:		
19,848	- Investment properties	30,418	
3,950	- Surplus assets held for disposal	3,350	
1,027	Intangible Fixed Assets	867	74,170
	Long Term Debtors: - note 4		
135	- Mortgages		85
139	- Other Loans		112
64,399	Total Long Term Assets		74,367
	Current Assets:		
371	- Stocks and Work in Progress - note 5	252	
1,019	- Cash and Bank	0	
6,109	- Debtors - note 6	4,837	
23,137	- Temporary Investments - note 7	21,535	26,624
95,035	Total Assets		100,991
	Current Liabilities:		
0	- Cash and Bank	(136)	
(750)	- Short Term Borrowing	0	
(4,667)	- Creditors - note 8	(7,893)	(8,029)
89,618	Total Assets less Current Liabilities		92,962
(18,586)	Liabilities Relating to Defined Pension Scheme	(17,845)	
(123)	Deferred Capital Receipts	(85)	(17,930)
70,909	Total Assets less Liabilities		75,032
	Financed by:		
(21,059)	Fixed Asset Restatement Account - note 9	(25,839)	
(39,231)	Capital Financing Account - note 10	(44,499)	
(20,958)	Capital Receipts Reserve - note 11	(14,706)	
(3,838)	Capital Grants Deferred - note 12	(3,835)	
18,586	Pension Reserve - note 17	17,845	
(3,532)	Earmarked Reserves - note 12a	(2,986)	
(877)	Balances - note 13	(1,012)	
(70,909)	Total Equity		(75,032)

.....
 Tony de Vere
 Chair of Accounts Committee

.....
 Steve Bishop. CPFA
 Strategic Director
 (Chief Finance Officer)

.....
 Date

.....
 Date

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Fixed Assets

All of the Council's property assets are in a rolling programme to revalue them all over 5 years, using in-house expertise in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (RICS). The basis used is Open Market Value, Existing Use Value (for properties used by the Council) or Depreciated Replacement Cost (for specialised buildings where there is no market) as appropriate. Community Assets (parks, open spaces etc) are included at historic cost, and vehicles, plant and equipment are included at purchase price less depreciation. For the 2005/06 accounts a de minimis level of £25,000 has been used for land and buildings, and £10,000 for new vehicles, plant and equipment.

The fixed assets include:	31/3/2006 (Numbers)
Council Offices, Abingdon	1
Local Services Point, Wantage	1
Leisure Centres* and outdoor sports facilities, Abingdon, Faringdon & Wantage	5
Public Halls, Abingdon & Wantage	2
Houses used for temporary accommodation, Abingdon, Faringdon & Wantage	12
Community Centres, Abingdon, Botley	5
Off-street Car Parks, Abingdon, Faringdon & Wantage	10
Mobile Home Parks, Radley	2
Multi-storey Car Park, Abingdon	1
Public Conveniences, Abingdon, Botley, Faringdon & Wantage	4
Properties/sites held for investment** see page 35	13
Properties/sites held for development***, Abingdon & East Challow	2
Agricultural land, let	1
Recreation Grounds and open spaces, throughout the Vale	11

*The Leisure Centres at Wantage and Faringdon are attached to educational establishments run by Oxfordshire County Council and the District Council does not own the land. This line also includes Abingdon open-air pool.

**During the year a shop with flat over was sold and 2 properties were acquired as investments: a shop unit in Canterbury and an office unit in Hatfield.

***During the year a site held for development in Wantage was sold.

2. Capital Expenditure 2005/06 and how funded

	2004/05 £'000	2005/06 £'000
Expenditure		
Land & Buildings	364	91
Plant & Equipment	235	234
Community Assets	279	67
Infrastructure Assets	29	14
Non-Operational Assets	111	6,019
Intangible assets	330	267
Deferred Charges	1,224	851
	2,572	7,543
Financed from		
Capital Receipts	1,362	6,680
Internal Funds	18	11
Government Grants	709	718
Grants from Non-Government Organisations	219	21
Other Contributions	264	113
	2,572	7,543

3. Movement of Fixed Assets 2005/06

<u>Operational Assets</u>	Land & Buildings £'000	Infra-structure £'000	Vehicles & Plant £'000	Community Assets £'000	Total £'000
Certified value at 31 March 2005	38,918	55	2,388	719	42,080
Accumulated depreciation and impairment.	(1,362)	(14)	(1,404)	0	(2,780)
Net book value at 31 March 2005	37,556	41	984	719	39,300
Transfer between categories	(197)	0	0	0	(197)
Additions	91	14	234	67	406
Disposals	0	0	0	0	0
Revaluations and Restatements	1,093	0	0	(67)	1,026
Depreciation in year	(721)	(5)	(274)	0	(1,000)
Value at 31 March 2006	37,822	50	944	719	39,535

<u>Non-Operational Assets</u>	Investment properties £'000	Surplus held for disposal £'000	Total £'000
Net book value at 31 March 2005	19,848	3,950	23,798
Transfer between categories	0	197	197
Additions	6,019	0	6,019
Disposals	(75)	(500)	(575)
Revaluations and Restatements	4,626	(297)	4,329
Value at 31 March 2006	30,418	3,350	33,768

<u>Intangible Assets</u>	Software licences £'000	Flood prev. works £'000	Other £'000	Total £'000
Balance 1 April 2005	831	94	102	1,027
Transfer between categories	0	0	0	0
Additions	267	18	833	1,118
Disposals	0	0	0	0
Revaluations and Restatements	0	0	0	0
Depreciation in year	(323)	(20)	(935)	(1,278)
Value at 31 March 2006	775	92	0	867

4. Long Term Debtors

This represents outstanding loan advances granted by the Authority.

	Mortgage Advances		Other Advances		Total £'000
	Private Sector £'000	Former Council Tenants £'000	Community Projects £'000	Car Loans £'000	
Balance at 1.4.05	19	116	53	86	274
New Advances	0	0	0	57	57
Adjustment (moved to debtors)		(13)			(13)
Repayments	(3)	(34)	(33)	(51)	(121)
Balance at 31.3.06	16	69	20	92	197

5. Stocks and Work in Progress

	31.3.05 £'000	31.3.06 £'000
Stocks	9	18
Work in Progress	362	234
	<u>371</u>	<u>252</u>

Stock held on 31 March 2006 related to ICT consumable items, green waste sacks, postage stamps and some goods for resale held at the Guildhall and Civic Hall. The Council has discontinued the issue of transport tokens. Work in Progress is preliminary work on capital schemes where there is no asset yet nor firm commitment to one.

6. Debtors can be classified as follows:

	31.3.05 £'000	31.3.06 £'000
Local Taxpayers (see also note 8)	1,090	2,102
Investment Interest	360	187
Public Authorities	243	147
Government Depts	3,340	1,774
Other	1,725	1,480
Payments in Advance	106	56
Gross Debtors	<u>6,864</u>	<u>5,746</u>
Less provision for bad or doubtful debts:		
Council Tax Payers	(370)	(430)
Non-Domestic Rate Payers	(120)	(155)
Sundry Debtors	(265)	(298)
Housing Rents	0	(26)
Net Debtors	<u>6,109</u>	<u>4,837</u>

7. Temporary Investments

With Fund Manager

	Investec Asset Management £'000	Managed In-house £'000	TOTAL £'000
Opening balance 1.4.05	15,077	8,060	23,137
Previous year interest	0	360	360
Additional funds invested	0	194,295	194,295
Funds repaid	0	(196,575)	(196,575)
Interest earned in year	726	650	1,376
Interest actually received	(28)	(823)	(851)
Change in capital value	(20)	0	(20)
Accrued interest at year end [included in debtors]	0	(187)	(187)
Closing balance 31.3.06	15,755	5,780	21,535

Investment income due to the Authority has been included in the Consolidated Revenue Account on page 14 and in Note 6 Debtors above.

Investments managed by the Fund Manager comprise cash deposits and gilts that can be recalled at short notice. There may be unrealised changes in capital value at the year-end. The Fund Manager may have some long-term investments in their normal course of business.

8. Creditors can be classified as follows:

	31.3.05 £'000	31.3.06 £'000
Public Authorities	15	13
Local Taxpayers (see note below)*	0	2,015
Royal Berkshire Pension Fund	92	87
Other Creditors	1,780	2,561
Income in Advance	2,780	3,217
	<u>4,667</u>	<u>7,893</u>

*In previous years this has been shown as a net figure with debtors. From 2005/06 the gross figures are shown for debtors (note 6) and creditors. The comparative figures for 2004/05 are debtors £1,891,000 and creditors £801,000 giving a net debt of £1,090,000.

9. Fixed Asset Restatement Account

	2004/05 £'000	2005/06 £'000
Balance brought forward	33,228	21,059
Upwards revaluations	1,728	6,575
Less:		
Downwards revaluations	(2,282)	(1,220)
Disposals	(11,615)	(575)
	<u>21,059</u>	<u>25,839</u>

10. Capital Financing Account

	2004/05 £'000	2005/06 £'000
Balance brought forward	33,785	39,231
plus adjustment to correct account	6,917	0
Adjusted balance	<u>40,702</u>	<u>39,231</u>
plus Capital Financing in year:		
Capital receipts	1,401	6,680
Capital Funds	18	11
plus grants and contributions written down	612	412
less:		
Write down of deferred charges	(714)	(512)
Depreciation in year	(1,242)	(1,323)
Transfer to Usable Capital Receipts	(1,546)	0
Balance carried forward	<u>39,231</u>	<u>44,499</u>

Following the implementation of ACOP there are two classes of reserve, cash-backed and non cash-backed. The two reserves that were created as a result of ACOP, namely the fixed asset restatement reserve and the capital financing reserve, are both non cash-backed and therefore do not represent money available to the Authority for the financing of capital expenditure. In order to recognise this the 2004/05 SORP has named them 'accounts' rather than 'reserves'. The Fixed Asset Restatement Account arises from the change in the nature of the value of the Authority's assets from historical to current value. In order to balance the statement upon this transition the difference between the old value and the new was written to this new reserve. Future adjustments relating to the revaluation of assets are also reflected in this account. The Capital Financing Account is used to reflect the use of available resources in financing the capital expenditure programme.

11. Capital Receipts Reserve

	2004/05 £'000	2005/06 £'000
Balance brought forward	16,107	20,958
Adjustment to accounts	(6,917)	
Movements in the year		
Sale of assets	11,623	471
Financing capital expenditure	(1,401)	(6,680)
Pooling Adjustment		(43)
Transfer to Capital Financing Account	1,546	
Net increase/(decrease)	<u>4,851</u>	<u>(6,252)</u>
Balance carried forward	<u>20,958</u>	<u>14,706</u>

12. Capital Grants Deferred Account

	2004/05		2005/06	
	£'000	£'000	£'000	£'000
balance b/fwd		3,691		3,838
received in year		759		409
		<u>4,450</u>		<u>4,247</u>
written off to CFA in year:				
directly	(365)		(81)	
through AMRA	(247)	(612)	(331)	(412)
balance c/fwd		<u>3,838</u>		<u>3,835</u>

Note: this account represents grants and contributions received towards various capital projects. The assets are recorded at gross value and the grant is written to the Capital Financing Account to reflect the contribution. Where the asset is depreciated the grant is written to the CFA through the Asset Management Revenue Account in proportion to the depreciation.

12a. Earmarked Reserves

	Balance 31.3.05 £'000	Contributions to Funds £'000	Use of Funds £'000	Balance 31.3.06 £'000
From Capital				
IEG Grants Fund	91	150	(222)	19
Lottery & Other Grants Fund	89	0	(12)	77
Sub-total	180	150	(234)	96
From External Contribution				
Affordable housing, commuted sums	250	0	0	250
Developers' contributions & grants*	1,039	169	(259)	949
Private Estates Fund*	280	57	(56)	281
Sub-total	1,569	226	(315)	1,480
From Balances				
Building Regulations Trading	0	96	0	96
Capacity Fund	75	0	0	75
DSO Vehicle Replacement	0	50	0	50
Contingency Fund	519	216	0	735
Election Equalisation Fund	71	16	0	87
EMU Fund	58	0	(58)	0
Information Technology Fund	40	0	(40)	0
Legal Reserve	33	0	0	33
Local Development Framework Fund	300	20	(220)	100
Partial Exemption (VAT) Fund	100	0	(100)	0
Redundancy Fund	75	0	(9)	66
Rent Deposit Guarantee Scheme	24	0	0	24
Reservoir Fund	150	100	0	250
Self-Insurance Fund	83	0	(16)	67
Superannuation (Revaluation)	255	0	(50)	205
Sub-total	1,783	498	(493)	1,788
Total Funds & Reserves				
	3,532	874	(1,042)	3,364
LESS funds classified as liabilities				
Private Estates Fund	(280)	(57)	56	(281)
Developers' contributions & grants (part)	(97)			(97)
Total classed as liabilities – see note*				
	(377)	(57)	56	(378)
Total Funds & Reserves as assets				
	3,155	817	(986)	2,986

* Contributions from developers towards future services, such as the Private Estates Fund, and other contributions where the Council will have to pay the money back if the work is not carried out within a certain time have been reclassified as liabilities in the balance sheet (creditors) until the work is carried out.

- 12b.** At the end of 1995/96 a sum of £100,000 was transferred from General Fund balances to establish a self-insurance reserve. Charges are made to cost centres in lieu of premiums and certain claims (mainly agreed excesses) are met from the Fund.

	£'000
Balance brought forward 1.4.2005	(83)
Claims met during the year	16
Balance carried forward 31.3.2006	(67)

This reserve is to cover the following:

Risk	Limit – up to £:
Employer's Liability	5,000
Fire and Perils	5,000
Vehicles - own liability if over 4 years old	No limit

Theft	5,000
Public Liability	5,000
Officials Indemnity	5,000
Libel and Slander	5,000
Fidelity Guarantee	5,000
Land Charges	5,000
Personal Accident	5,000
Professional Negligence	2,500
Cash in Transit	No Limit
Misc. Equipment at request of Departments	No Limit

Claims above these limits and other risks are met by insurance companies.

13. Revenue Balances

The analysis of revenue balances at 31 March 2006 is as follows:

	31.3.05 £'000	31.3.06 £'000
Collection Fund	(111)	288
General Fund	988	724
	<u>877</u>	<u>1,012</u>

14. Contingent Liabilities

There is a dispute about the legal title to part of one of the Council's development sites. The Council has taken legal advice and feels it has a good legal case. However, it may have to make a payment to the Crown to obtain full title. In accordance with accepted accounting practice the site has been valued to allow for making this payment and the estimated open market value has been reduced accordingly.

15. Significant Commitments under Capital Contracts

At the year-end the Council was engaged in a small number of contracts relating to capital projects, none of them significant. There is also a project to improve the Abbey grounds and Abbey Meadow in Abingdon over a number of years. This has been the subject of a successful bid to the Heritage Lottery Fund and started in 2003. At the end of the year the Council expected to spend a further £520,000 over the next two years and to receive grant of £388,000.

During the year the Council bought a vacant investment property in Canterbury for approximately £5 million. £4 million has been paid and there will be a further payment to be made to the vendor when tenants are in place. This payment will depend on the agreed rent but will be about £1 million.

16. Post-balance sheet events

The Council outsourced the Revenues, Benefits and Payments services to Capita Business Services Limited on 31st July 2006, including the transfer of staff. The Council also entered into a Shared Service Partnership with South Oxfordshire District Council covering Accountancy, Benefit Fraud and clientside services. The Council remains statutorily responsible for these services. This is deemed to be a non-adjusting event.

17. Oxfordshire County Council Pension Fund FRS 17 disclosures

In accordance with Financial Reporting Standard 17 – Retirement Benefits (FRS 17), the Vale of White Horse District Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

Vale of White Horse District Council participates in the Local Government Pension Scheme, which is a defined benefit scheme based on final pensionable salary.

The most recent valuation was carried out as at 31 March 2004, and has been updated by independent actuaries to the Oxfordshire County Council Pension Fund (the Fund) to take account of the requirements of FRS17 in order to assess the liabilities of the Fund as at 31 March 2006. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

Vale of White Horse District Council's contribution rate over the accounting period was 265% of members' contributions. The contribution rates certified for VWHDC at the 31 March 2004 valuation are as follows:-

April 2004 to March 2005	244% of members' contributions
April 2005 to March 2006	265% of members' contributions
April 2006 to March 2007	290% of members' contributions

These figures include the past service element of the contribution rate.

Assumptions

The main assumptions used for the purpose of FRS17 are as follows:-

	31 March 2005	31 March 2006
Discount Rate	5.3% pa	4.9% pa
Rate of increase in salaries	4.4% pa	4.5% pa
Rate of increase in pensions in payment	2.9% pa	3.0% pa
Rate of increase in deferred pensions	2.9% pa	3.0% pa
Rate of inflation	2.9% pa	3.0% pa
Long-term expected rates of return on:-		
Equities	7.7% pa	7.3% pa
Government Bonds	4.7% pa	4.3% pa
Corporate Bonds	5.3% pa	4.9% pa
Property	6.7% pa	6.3% pa
Other Assets	4.8% pa	4.6% pa
Average long term expected rate of return	7.1% pa	6.7% pa

Position in the Fund

Assets are valued at fair value, principally market value for investments. The proportion of total assets held in each asset type by the Fund as a whole are as follows:

	31 st March 2005	31 st March 2006
Equities	76%	73%
Government Bonds	9%	9%
Corporate Bonds	5%	5%
Property	4%	6%
Other	6%	7%

The following amounts, needed for reconciliation to the Balance Sheet, were measured in accordance with the requirements of FRS17:

	31 March 2005 (£m)	31 March 2006 (£m)
Share of Assets	31.56	38.32
Estimated Funded Liabilities	(48.19)	(53.88)
Estimated Unfunded Liabilities	(1.95)	(2.28)
Vale of White Horse DC's Deficit	(18.58)	(17.84)

The movement in net deficit for the year to 31 March 2006 is as follows:

	£m
Net deficit at beginning of year	(18.58)
Contributions paid	1.36
Contributions towards unfunded liabilities	0.00
Current Service Costs	(1.24)
Past Service Costs	(0.39)
Gain/Loss on Curtailments	0.00
Expected return on pension fund assets	2.22
Interest on pension scheme liabilities	(2.65)

Actuarial Gain (loss)	<u>1.44</u>
Net Deficit at end of year	<u>(17.84)</u>

The actuarial gain (loss) can be further analysed as follows:

	Amount (£m)	Percentage
Actuarial return less expected return on assets	5.14	13.4% of scheme assets
Experience gains and losses on pension liabilities	0.02	0.0% of scheme liabilities
Changes in assumptions underlying the present value of pension liabilities	(3.72)	(6.6)% of scheme liabilities
Total actuarial gain (loss)	1.44	2.6% of scheme liabilities

18. Group Accounts

The 2005 SORP introduces a requirement to produce Group Accounts within the Annual Statement of Accounts. If the Council has access to benefits or is exposed to the risk of potential loss of another body; or controls the majority of equity capital, voting rights, rights to appoint the board, or exercises a dominant influence over an organisation, then there is a requirement to produce Group Accounts.

The Council has no material influence, benefit, exposure or rights over any other outside organisation and therefore no Group Accounts have been produced for 2005/06.

The Council makes substantial grants to various bodies but the grants do not provide the Council with any controlling influence over the body or expose the Council to any potential loss.

The Council appoints Members to a variety of different outside organisations, but these appointees do not have a majority controlling influence within these organisations.

The Council has no wholly owned or partially owned subsidiaries or joint ventures.

In the past the Council has set up two companies to manage the common parts of properties where it has sold off long leases but retained the freeholds. These are:

Wootton Road Flat Management Co. Ltd. and,

Reynolds Way Flat Management Co. Ltd.

The Council provides the company officers and the only shareholders are the respective tenants. The intention was that the companies (i.e. the tenants) would assume responsibility for managing the common parts and meet the costs. This has not happened and the Council currently manages the common parts and recharges the tenants through service charges in accordance with their leases.

These companies currently have no assets or liabilities and are "dormant".

CASHFLOW STATEMENT 2005/06

2004/05		£'000		£'000
	<u>Revenue Activities – Payments</u>			
10,531	Cash paid to and on behalf of employees	9,873		
10,473	Other operating costs	7,526		
12,874	Housing benefit paid out	13,816		
43,475	Precept paid to Oxfordshire County Council	45,419		
5,665	Precept paid to Thames Valley Police Authority	5,935		
1,873	Precepts paid to Parish Councils	1,930		
48,620	Non-domestic rates paid to National Pool	51,060		
	Payments to Capital Receipts Pool	13		
133,511	Total Payments			135,572
	<u>Revenue Activities – Receipts</u>			
(50,360)	Council Tax receipts	(54,844)		
(52,160)	Local Non-domestic rate income	(52,599)		
(3,180)	Non-domestic rate income from National Pool	(3,350)		
(2,631)	Revenue Support Grant	(2,727)		
(18,137)	Government Grants - note 3	(20,066)		
(4,000)	Cash received for goods and services	(8,758)		
(130,468)	Total Receipts			(142,344)
3,043	Net Cash (Inflow)/Outflow from Revenue Activities – note 2			(6,772)
	<u>Return on Investments</u>			
8	Payments Interest Paid	1		
(1,135)	Receipts Interest received	(1,176)		(1,175)
	<u>Capital Activities – Payments</u>			
1,755	Purchase of fixed assets	6,532		
874	Capital Grants and advances	780		
2,629	Total Payments	7,312		
	<u>Capital Activities – Receipts</u>			
(11,561)	Sale of fixed assets	(460)		
(1,224)	Capital Grants received	(755)		
(61)	Other Capital cash income	(25)		
(12,846)	Total Receipts	(1,240)		
(10,217)	Net Cash (Inflow)/Outflow from Capital Activities			6,072
(8,301)	Net Cash (Inflow)/Outflow before Financing			(1,875)
	<u>Management of liquid resources</u>			
5,210	Increase (Decrease) in short-term deposits	2,280		
2	(Increase) Reduction in cash floats	0		2,280
	<u>Financing</u>			
3,000	Payments Repayments of amounts borrowed			750
(750)	Receipts New Loans raised			0
(839)	(Increase)/Decrease in Cash and Cash Equivalents – note 1			1,155

NOTES TO THE CASH FLOW STATEMENT

1. Movement in Cash

	Balance at 01/04/05 £'000	Balance at 31/3/06 £'000	Movements in year £'000
Cash in hand	1,019	136	1,155

2. Reconciliation of Net Revenue Surplus to Cash Flow from Revenue Activities

	£'000
Surplus/(Deficit) on Consolidated Revenue Account	(264)
Surplus/(Deficit) on Collection Fund	399
less surplus on trading account	1,715
Movement in balances	<u>1,850</u>
Plus:	
Contributions to Reserves	(36)
Contribution from investments	1,350
Movement in working capital	(9,936)
Net cash flow from revenue activities	<u><u>(6,772)</u></u>

3. Analysis of Government Grants (actual cash received)

	£'000
Housing Benefits Rent Allowance	13,643
Community Strategy	135
Fraud Incentive Scheme	246
Council Tax Benefit	4,085
NNDR Cost of Collection	186
Private Sector Grants	717
Planning Delivery Grant	73
Recycling Grants	39
Council Tax Admin Grant	447
Electronic Submission	31
Homelessness	21
Renovation/Disabled Grants	443
Total Revenue Grants received	<u><u>20,066</u></u>

COLLECTION FUND 2005/06

Income and Expenditure Account			
2004/05	Income	£'000	£'000
£'000			
(51,505)	Council Tax Payers		(54,111)
	Transfers from General Fund		
(3,729)	Council Tax Benefits		(4,061)
(48,816)	Income from Business Ratepayers		(50,300)
	Adjustments		
(3)	Council Tax Transitional Reduction Scheme grant		(2)
(104,053)	Total Income		(108,474)
	Expenditure		
	Precepts		
43,475	- Oxfordshire County Council	45,446	
5,665	- Thames Valley Police Authority	5,938	
6,019	- Vale of White Horse D C (inc. Parishes)	6,285	57,669
	Business Rates		
48,620	- Payment to National Pool	50,114	
196	- Cost of Collection	186	50,300
112	Provision for bad debts – Council Tax		141
	Contribution towards previous year's estimated Collection Fund surplus		
(38)	- Previous years estimated surplus on CT OCC	(27)	
(5)	- Previous years estimated surplus on CT TVPA	(4)	
(5)	- Previous years estimated surplus on CT VWHDC	(4)	(35)
104,039	Total Expenditure		108,075
(14)	(Surplus)/deficit for the year		(399)
125	Balance on the Collection Fund brought forward		111
111	Balance on the Collection Fund carried forward		(288)

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

1. The total non-domestic rateable value at the 31st March 2006 was £129,006,056. The standard non domestic rate multiplier for 2005/06 was 42.2p in the pound. The small business non domestic rate multiplier was 41.5p in the pound.
2. The number of chargeable dwellings in each Council Tax Band after adjustment for exemption, discounts etc:

	No of Properties	Weighting	Band D Equivalent
Band A	1,214	6/9	809
Band B	3,838	7/9	2,985
Band C	12,235	8/9	10,876
Band D	10,026	1	10,026
Band E	7,475	11/9	9,136
Band F	4,320	13/9	6,240
Band G	3,409	15/9	5,682
Band H	333	18/9	666
	42,850		46,420
Class O exempt properties			1,078
Year end adjustment, appeals and losses on collection			(475)
Council Tax Base (properties)			47,023
i.e. a levy of £1 would raise			47,023

3. Precepts payable to parishes in 2005/06 amounted to £1,930,246 (2004/05 £1,872,791).

4. **The average band D Council Tax for the year was made up as follows:-**

	2004/05	2005/06
	£	£
Oxfordshire County Council	924.81	966.46
Vale of White Horse District Council	88.19	92.60
Thames Valley Police Authority	120.51	126.28
	1,133.51	1,185.34
Parish Council (Average)	39.84	41.05
	1,173.35	1,226.39

STATEMENT OF TOTAL MOVEMENT IN RESERVES

	Fixed Asset Restatement Account £'000	Capital Financing Account £'000	Capital Receipts Reserve £'000	Capital Grants Deferred £'000	Earmarked Reserves Cap & Rev. £'000	Pension Reserve - revenue £'000	General Fund - revenue £'000	Collectio n Fund - revenue £'000	TOTAL £'000
Balance as at 1.4.2005	(21,059)	(39,231)	(20,958)	(3,838)	(3,532)	18,586	(988)	111	(70,909)
Net (Surplus)/Deficit for year		1,835					264	(399)	1,700
Contributions			(471)	(409)	(874)	(1,361)			(3,115)
Unrealised (gains) /losses from revaluation of fixed assets	(5,355)								(5,355)
Disposals of fixed assets:	575								575
Use of funds				412	1,042	620			2,074
Financing of fixed assets (see notes)		(7,103)	6,723						(380)
Moved to current liabilities – see note 12a to Balance sheet					378				378
Balance as at 31.3.2006	(25,839)	(44,499)	(14,706)	(3,835)	(2,986)	17,845	(724)	(288)	(75,032)

**TRADING STATEMENT FOR INVESTMENT PROPERTIES
2005/06**

2004/05 £'000 Total		2005/06 £'000 West Way, Botley	2005/06 £'000 Other properties*
	Income		
(1,534)	Rent due	(628)	(1,115)
(6)	Interest on cash held	(4)	0
(195)	Service charge arrears levied	nil	nil
	Expenditure		
38	Non-recoverable expenses	12	20
<u>(1,697)</u>	Surplus in year	<u>(620)</u>	<u>(1,095)</u>

Note: West Way Shopping Centre, in Botley, was acquired as an investment by the Council at the beginning of June 2000. It is managed by agents. Most of the costs of operating the Centre are recharged to the tenants. The Council's operating expenses consist of the upkeep of common parts or are due to vacant property. Also included are fees for rent review negotiations.

**Other investment properties" covers the following:

Bury Street precinct, Abingdon	site only, shops owned by tenant	
Charter Complex, Abingdon	offices and day centre	
Emcor House, Hatfield	offices	acquired in year
12 & 12a Haines Court, Marcham	shop and flat	
9 – 12 Napier Court, Abingdon	offices	
Old Abbey House, Abingdon	offices	
Old Magistrates Court, Abingdon (on Asset Record as part of the Guildhall)	offices	
8 & 9 The Parade, Canterbury	shop units	acquired in year
3 & 3a Reynolds Way, Abingdon	shop and flat	
1 & 2 Roysse Court, Abingdon	offices	
Telfer House, Range Road, Witney	offices	
Upper Reaches Hotel site, Abingdon	hotel site	

Independent auditor's report to the Members of Vale of White Horse District Council

Opinion on the financial statements

I have audited the financial statements of Vale of White Horse District Council for the year ended 31 March 2006 under the Audit Commission Act 1998, which comprise the Consolidated Revenue Account, the Collection Fund, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Vale of White Horse District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Finance Officer and auditors

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005 are set out in the Statement of Responsibilities.

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 financial statements present fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005.

I review whether the statement on internal control reflects compliance with CIPFA's guidance, 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

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

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of the Authority as at 31 March 2006 and its income and expenditure for the year then ended.

**A P Burns
District Auditor**

**Unit 5
ISIS Business Centre
Horspath Road
Cowley
Oxford
OX4 2RD**

Date:

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 to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the Authority is required to prepare and publish a best value performance plan summarising the Authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor's Responsibilities

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.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, Vale of White Horse District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2006

Best Value Performance Plan

I issued my statutory report on the audit of the Authority's best value performance plan for the financial year 2005/06 on 31 December 2005. I did not identify any matters to be reported to the Authority and did not make any recommendations on procedures in relation to the plan.

Certificate

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

**A P Burns
District Auditor**

**Unit 5
ISIS Business Centre
Horspath Road
Cowley
Oxford
OX4 2RD**

Date:

EXPLANATION OF FINANCIAL TERMS

ACOP – Accounting Code of Practice

ACCRUAL - An amount included in the accounts to cover income or expenditure for goods and services received within the accounting period but for which payment has not been received/made.

ASSET - The creation or purchase of an item/building that has a monetary value. Those assets of the Council which are readily marketable are valued at market value. Those which have a specialised use, such as leisure centres, are valued at depreciated replacement cost, which assesses the cost of providing a similar facility as a replacement but also allows a discount for the age of the asset. Plant, equipment and community assets are valued at historic cost.

CAPITAL FINANCING - Assembling the money to pay for capital expenditure. The majority of the resources necessary to finance this Council's capital programme is capital receipts. Other significant sources are Government grants and contributions from developers. Also available are revenue monies and borrowing. The Authority does not currently borrow to finance capital expenditure.

CAPITAL RECEIPTS - Proceeds from the sale of an asset, e.g. land, buildings, equipment, vehicles.

CENTRAL SUPPORT SERVICES - The costs of providing those central functions which are concerned with the whole range of services and undertakings of the Council and are not in the main identifiable with any particular service, e.g. the cost of office accommodation.

CONTINGENT LIABILITY – A potential liability that has arisen from past events. It will be confirmed by the occurrence of an event in the future that is not wholly within the Council's control.

COUNCIL TAX - A charge levied by all councils on domestic property values to contribute to the cost of providing local services. Council tax for the County Council, the Police Authority and local parishes is collected by this Authority and paid over to them throughout the year.

CREDITOR - The amount owed by an Authority for work done, goods received or services rendered to the Authority within the accounting period but for which payment has not been made.

DEBTOR - An amount due to an Authority within the accounting period but not received by the end of the financial year.

DEBT REDEMPTION - The repayment of loans raised to finance capital expenditure.

DEFERRED CHARGES - A deferred charge arises where capital expenditure has been incurred but there is no tangible asset. A good example is house renovation grants. Since there are no long-term economic benefits in the control of the Council, these are written off to revenue in the year incurred and no longer feature as assets in the balance sheet. See Intangible Fixed Assets.

DIRECT REVENUE FINANCING - The financing of capital expenditure from the current year's revenue income.

DIRECT SERVICE ORGANISATION (DSO) - An internally organised structure that manages a particular service area for the Authority. With the extension of competitive tendering there is an increasing trend to manage whole areas of the Council's activities along these lines with a clearer definition of 'client' and 'customer' being established. At the time of writing the Council does not have any statutory DSOs as the Housing Maintenance DSO transferred to the Vale Housing Association upon LSVT and the Grounds Maintenance DSO was wound up at the end of its first, unprofitable, year. The Council operates a non statutory team of technical operatives which it calls its "DSO".

GENERAL FUND - The main revenue account of the Authority incorporating all those services that make up the cost of the Council Tax.

HOUSING REVENUE ACCOUNT - The main revenue account dealing with the Authority's housing activities with its tenants. This Authority no longer owns any housing stock and this was closed with the permission of the Department of the Environment on 31 March 1995.

INTANGIBLE FIXED ASSETS – Some capital expenditure does not give rise to a physical asset but the benefits last a number of years. These can be carried in the balance sheet as assets and written off over their useful life. An example is computer software.

SORP – Statement of Recommended Practice. Part of the accounting standards

TRADING ACCOUNT – A method of matching income and expenditure for a particular activity or group of activities. An example of this is Building Control.

EXPLANATION OF FUNDS AND RESERVES

The purpose of each of the Council's earmarked funds and reserves is explained below. Funds which are specifically capital funds are noted as such.

AFFORDABLE HOUSING, COMMUTED SUMS – Funds received from developers, who are unable to meet their obligations to provide affordable housing, which will be used to support local housing associations to provide instead.

CAPACITY FUND – Resources to provide additional support to service areas facing exceptional change or development which cannot be managed within existing resources.

CONTINGENCY FUND – The funding of planned but unallocated contingency cost centre budget items across the medium term e.g. estimated future year pay awards.

DSO REPLACEMENT VEHICLE RESERVE – This is to provide resources for the future purchases of vehicles and plant used by the Council's DSO.

ELECTION EQUALISATION FUND – To even out the expenditure peaks and troughs created by Council elections being held every 4 years.

EMU FUND – Resources to meet costs arising from the Government's decision to participate in the European Monetary Union (EMU) and introduce the Euro currency.

IEG FUND (CAPITAL) – The programmed funding of projects over the medium term associated with Introducing Electronic Government (IEG).

INFORMATION TECHNOLOGY FUND – The programmed funding of Computer replacement across the medium term.

LEGAL RESERVE – To meet sudden and unexpected legal costs e.g. specialist counsel opinion.

LOCAL DEVELOPMENT FRAMEWORK – To even out the expenditure peaks and troughs created by the work involved in producing the Local Plan which is the framework against which planning applications will be judged.

LOTTERY AND OTHER GRANTS SUPPORT FUND (CAPITAL) – The funding of projects which have also attracted grants from the national Heritage Lottery Fund or require match funding to attract other external funding.

PARTIAL EXEMPTION (VAT) FUND – Resources to help cover the loss in reclaimed VAT if the Council were to exceed its partial exemption limit.

PLANNING DELIVERY – Grant received from the ODPM which will be used to improve the performance of the Council's Planning service.

PRIVATE ESTATES FUND – Payments by developers to meet the future maintenance costs of open spaces or similar that they are required to provide as part of a new residential development and then convey to the Council.

REDUNDANCY FUND – Resources to meet the cost of redundancy payments, should they arise.

RENT DEPOSIT GUARANTEE FUND – Resources to provide a bond for people who otherwise could not raise a deposit to rent accommodation.

RESERVOIR FUND - To meet sudden and unexpected costs arising from Thames Water's plan to create a new reservoir in the Vale.

SELF INSURANCE FUND – Built up from recharges to service areas, this provides resources to meet small compensation claims not covered under the Council's insurance policies and to meet the voluntary excess on insurance cover.

SUPERANNUATION FUND – Resources to meet increases in the cost of employer pension contributions arising from the 3-yearly revaluation of the fund.