Audit Committee – 21 June 2010

Statement of Account 2009/10: Pre-Audit

Summary of report

This report presents the Statement of Accounts, subject to external audit, for the financial year 2009/10 in accordance with the Accounts & Audit Regulations 2003, as amended 2006.

This report was not available at time of despatch as the accounts were being finalised and has therefore been despatched separately.

Recommendations

1. Approve the pre-audit Statement of Accounts attached at **Appendix 1** in order that they may be placed on deposit for public inspection for 20 working days commencing 12.07.10.
2. Note that the Statement of Accounts will be submitted for external audit on 28.06.10, following approval by Audit Committee.
3. To delegate authority to the Chief Finance Officer to make any amendments to the Annual Governance Statement approved by Audit Committee, following Audit Committee's review of the Annual Governance Statement, to allow the accounts to go on deposit for public scrutiny by 12.07.10

James Walsh – CFO

11 June 2010

Rory Borealis
Executive Director – Resources
14 June 2010

Governance

Councils must produce annual accounts in line with the Account & Audit Regulations 2003, as amended 2006 and in a timely fashion on an annual basis.

As at 31.03.10 the pre-audit statement of accounts shows aggregate general fund services (including earmarked reserves) to have an overall surplus of £3.171m against a budget of £237.194m. After taking into account planned transfer to reserves of £2m and additional transfers to reserves of just over £37k arising from unspent earmarked reserve allocations, the net operating position for the council was an underspend of £1.134m.

This has resulted in net general reserves of £8.267m as at 31.03.10. These figures are subject to external audit and may require routine adjustments. The audit of the Authority's accounts commences on 28.06.10 and is expected to be completed by mid August.

Under s10 of the Accounts & Audit Regulations 2003 as amended 2006, a draft statement of accounts must be approved by a resolution of a committee of the Council prior to the document being placed on deposit for public inspection and has to be signed and dated by the person presiding at the committee giving approval.

Under s16 of the Audit Commission Act 1998 the Authority's external auditor will be available from 9.00am on 09.08.10 to the conclusion of the audit process for any local government elector or their representative to question him about the accounts or make any objections. The statement of accounts will therefore be available for inspection for the period 12.07.10 to 06.08.10 inclusive. A public notice to this will shortly be placed in the local newspapers.

Contents of the statement

1.1 The explanatory forward

This explains the most significant matters reported in the accounts. It provides an overview of the statement and comments on any major influences on the council's income, expenditure and cash flow. An explanation of the contents of the document is included, describing their purpose and relationship between the various sections. Total expenditure and income is also summarised and compared with budget.

1.2 The statement of responsibilities

This section describes the council's responsibilities for the statement under local government legislation and other requirements. It also outlines the Chief Financial Officer's legal and professional responsibility for the accounts.

1.3 The annual governance statement

The Accounts & Audit Regulations 2003 as amended 2006 require the council to publish a statement detailing compliance with the local code of corporate governance and its effectiveness over the financial year. This statement is wide ranging and includes the level of assurance provided by the local code on corporate governance, the main features of the corporate governance arrangements, financial management and arrangements for the management of risk. In addition the authority must conduct an annual review of the effectiveness of its system of internal control including the system of internal audit.

1.4 The financial statements

This section details the main accounts the council maintains as follows:

1.4.1 The income and expenditure account

This shows the detail of the Authority's revenue costs for 2009/10 compared with 2008/09. The summary income and expenditure account is displayed under four separate sections: net cost of services; net operating expenditure; amounts to be met by Government and local taxpayers; and the net surplus or deficit for the year.

1.4.2 Statement of movement on the general fund balance (SMGFB)

The income and expenditure account shows the council's actual financial performance for the year. The authority is required to raise council tax on a difference accounting basis. As such this reconciliation statement summarises differences between the outturn on the income and expenditure account and general fund balance.

1.4.3 The balance sheet

This shows the council's assets, liabilities and other balances as at 31.03.10. These figures include all the authority's activities except the pension fund, trust funds and similar funds administered by third parties. A series of notes to the balance sheet explain capital expenditure and disposals, leasing and capital financing.

1.4.4 Statement of total recognised gains and losses (STRGL)

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

1.4.5 The cash flow statement

This shows the movement of cash into and out of the Authority throughout the year.

1.4.6 The collection fund

This statement summarises the council's transactions relating to council tax, national non-domestic rates and precepts.

1.4.7 Other financial accounts - trusts and scholarships

This relates to gifts and bequests made to and held or administered by the authority. These are accounted for separately from the council's income and expenditure account and balance sheet.

1.5 The statement of accounting policies

This lists all significant accounting policies including that the accounts have been prepared according to CIPFA's Code of Practice and relevant Statements of Recommended Practice (SORPs).

1.6 Glossary of terms

This section provides explanations of the terms used throughout the statement of accounts.

Resource and legal considerations

The reparation of annual accounts and allied audit issues comprises a major aspect of the finance service plan each year and is budgeted for, as is the respective external audit fee.

Performance management and risk management issues

The 2009/10 outturn provides a sound, stable financial foundation to effect service delivery and continue to drive service improvement. As part of the council's performance management system, managers are set many targets, one of which is to deliver their service targets within the cash limited budget. This has been demonstrated overall in 2009/10, although some services did overspend.

Equality implications

Improving ease of understanding of the accounts is intended to make the annual statement of accounts more readily accessible to the general public. The accounts will be available, on request in different formats, for example, hard copy, soft copy via the web site, Braille and in different languages.

Consultation

The report is prepared in consultation with various managers and executive directors.

Background papers

Various financial working papers, statutory and other guidance.

Author

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Statement of Accounts

2009/10
Pre Audit Draft

Walsall Council

Approval of the accounts

Section 10 of the Accounts and Audit Regulations 2003 as amended, requires that the Statement of Accounts be approved by a resolution of a committee of the council and signed by the chair of the said committee.

Section 3(12) of the council's constitution delegates this power to the Audit Committee. A special meeting of this committee was held 21 June 2010 and the Statement of Accounts for 2009/10 were received and approved.

Signature:

Date:

Councillor Turner
Chair, Audit Committee

Contents

Section 1
Explanatory Foreword

1. Introduction

These accounts set out the financial results of Walsall council's activities for the year ended 31 March 2010. The council manages its affairs to ensure the economic, efficient and effective use of resources and to safeguard its assets. This is vital if the council is to continue to play a leading role in the life of Walsall and provide high quality services for the benefit of all its residents. The task is shared by all members and officers under the leadership of the cabinet and corporate management team. The Chief Financial Officer has a particular role in ensuring financial stewardship.

This statement of accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting which requires that the accounts present a true and fair view of the financial position of the council. Suitable accounting policies have been employed and applied consistently. Where necessary, prudent judgements and estimates have been made which comply with the Code. The council keeps proper and up to date accounting records, maintains effective internal control and risk management systems and takes reasonable steps for the prevention and detection of fraud and other irregularities.

This section aims to explain the main information in the statement of accounts and give an overview of the council's financial performance.

2. Reporting requirements for the 2009/10 accounts

The Statement of Recommended Practice (SORP 2009) is issued by CIPFA and is statute imposed. This year there are a number of amendments to local authority financial statements. These changes are intended to clarify certain accounting treatments and implement changes in accounting standards.

In 2009/10 there has been a change in the way that service concession arrangements including Private Finance Initiatives (PFIs) and Public Private Partnerships (PPPs) should be accounted for. Previously PFI arrangements were considered 'off balance sheet' this means that they were not recognised as an asset by the council. This treatment was from the SORP and also in line with Financial Reporting Standard (FRS) 5. As government accounts move towards International Financial Reporting Standards (IFRS), it has been necessary to update SORP. Local government will move to IFRS in 2010/11 but the rest of government has moved to IFRS in 2009/10. To minimise the impact of accounting differences between government departments IFRS compliant service concession arrangement treatment have been implemented in SORP 2009.

Walsall council has 3 PFI/PPP arrangements. Under the new standard these have had to be evaluated to determine if these assets now need to be included as assets of the Council. It has been determined that St Thomas Moore will not be an asset of the council, that only the Rushall Mews facility within Housing 21 contract (£1.124m) will be an asset of the council and the Street Lighting PFI assets will need to be included on the balance sheet (£14.048m). Please refer to note 2 and 8 on pages 40 and 46.

SORP 2009 has also introduced new accounting requirements for local authorities to account for both council tax and national non domestic rates (NNDR) on an agency basis. The purpose of this requirement is to disclose only Walsall councils element or revenues, costs and balances within the statement of accounts rather than those of preceptors.

There have been restatements as a result of these changes to numerous notes for 2008/09 comparatives. Details of which are included within each specific note.

3. Explanation of the statements

This statement of accounts summarises the council's finances for the financial year ending 31 March 2010. The statement includes the following information:

Income and expenditure account (page 31)

This statement reports the net cost for the year of all functions for which the council is responsible. It also details how the net cost has been financed from council tax, national non-domestic rates and general government grants. This statement is prepared in line with accounting practices employed in the private sector. These practices are covered by UK Generally Accepted Accounting Practices (UK GAAP), the financial framework for accounting.

Statement of movement on the general fund balance (SMGFB) (page 32)

This statement shows items of income and expenditure that are defined by legislation as being required in calculating the council tax requirement, but cannot be included in the income and expenditure account if this is to remain UK GAAP compliant. It also shows the council's general fund balances at year end.

Statement of total recognised gains and losses (STRGL) (page 35)

This statement reports gains and losses that are not reflected in the income and expenditure account. It includes movements on revaluations of fixed assets and pension fund assets and liabilities.

Balance sheet (page 36)

This statement is a snapshot of the council's financial position as at 31 March 2010. It shows the council's assets, liabilities, balances and reserves at that date. Assets include land and buildings, investments and monies owed to the council. Liabilities include money owed to creditors and long term loans.

Cash flow statement (page 38)

The cash flow statement summarises the total cash movements during the year for revenue and capital purposes.

Notes to the core financial statements (page 40)

These notes provide additional information to assist in the understanding of the income and expenditure account, statement of movement on the general fund balance, balance sheet, statement of total recognised gains and losses and cash flow statement.

Collection fund and associated notes (page 88)

This account reflects the statutory requirement for billing authorities to maintain a separate collection fund which collates all the transactions relating to a billing authority's national non domestic rates and council tax. The account demonstrates how resources have been distributed to precepting authorities and to the council's own general fund.

Trust and scholarship accounts (page 92)

These accounts reflect the activities during the year on gifts and bequests made to, held or administered by the council.

Statement of accounting policies (page 94)

This section explains the main accounting policies the council has used to produce the figures in the accounts. The general principles are those recommended by CIPFA. They ensure accounts from different public sector organisations are consistent and comparable.

4. An overview of the council's financial performance in 2009/10

The councils Comprehensive Area Assessment (CAA) score for 2009 was 2, indicating the council is performing adequately overall. There were a number of areas of strong performance and other areas where improvement is needed. The indicative Use of Resources score for 2010 is that the council is at least meeting minimum standards (performing adequately) with an expected unqualified VFM opinion.

Council expenditure is divided into two broad categories: revenue and capital. Revenue is day to day spending on items such as salaries and wages, purchase of minor equipment, services and materials, and the heating and lighting of premises. Capital expenditure relates to the purchase of major items such as land and buildings, and the construction of essential infrastructure such as roads.

Revenue expenditure

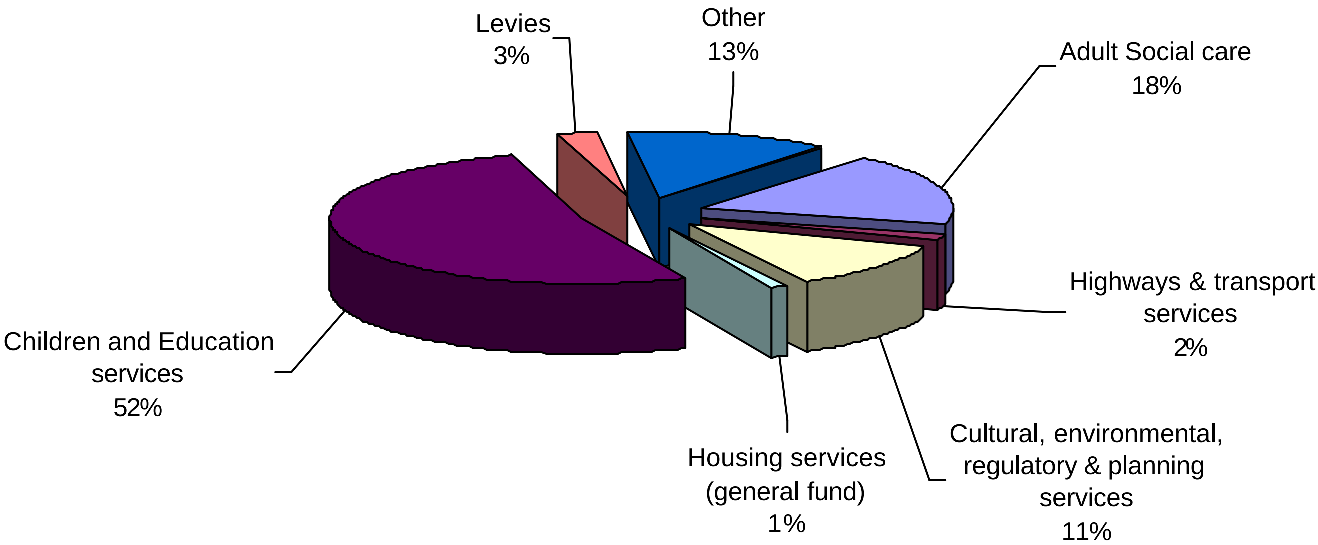
On 23 February 2009 council approved a net budget of £237.194 million (including levies) representing an increase of 4.3%, equivalent to £9.773 million of additional net expenditure over 2008/09 (£227.421 million).

The total net expenditure for services prior to statutory adjustments is shown on the income and expenditure accounts. This shows that there was a deficit of £83.826 million for 2009/10. After statutory adjustments, such as the removal of depreciation, impairments and FRS17 entries in relation to pension costs are applied the council shows an overall surplus for the general fund of £3.171m for the year.. After taking into account a planned transfer to reserves of £2.000m and additional transfers to reserves of just over £0.037m arising from unspent earmarked reserve allocations, the net position for the council was an underspend of £1.134m.

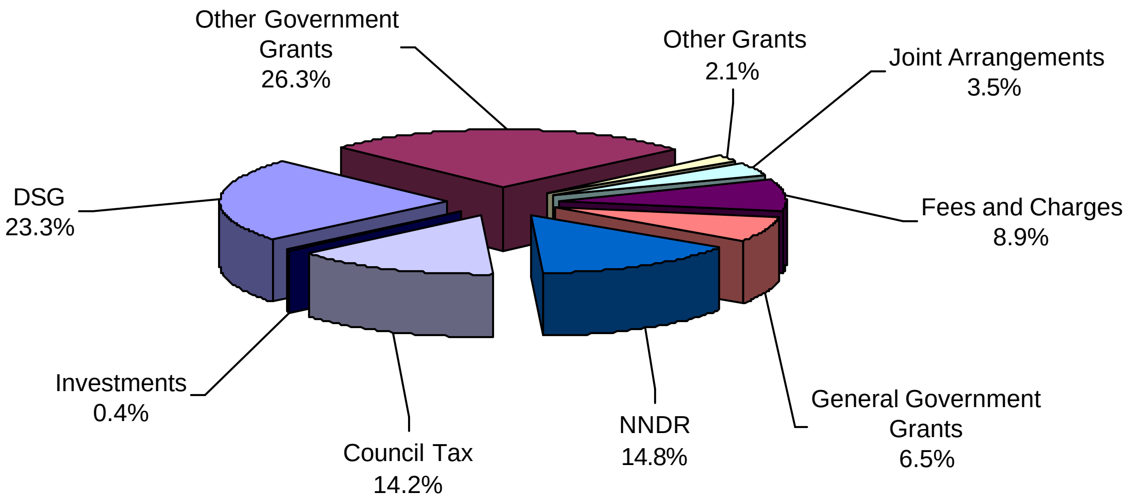
The council ends 2009/10 with its balances at a level consistent with the requirements of the medium term financial strategy, despite a challenging economic and financial environment, due to the economic downturn, and specific pressures including loss of significant levels of income for example in leisure and planning fees and charges, and significant cost pressures, specifically in the area of looked after children. Corrective action plans were put in place council-wide to manage pressures, and the council has succeeded in reducing the projected overspend from a high of £5.000m to £1.134m, after deducting planned transfers to/from reserves.

This gives a closing general fund balance of £8.267 million (£5.096million 2008/09).

Total net expenditure for the council split between different services is displayed in the pie chart below.



This expenditure is funded by government grants (including dedicated schools grant), fees and charges, joint arrangements and council tax. The split of these sources of funding is displayed in the pie chart overleaf.



Dedicated schools grant

The dedicated schools grant (DSG) is funding from the Department for Children, Schools and Families (DCSF) for the sole purpose of providing an education service. The total grant received by Walsall Council in 2009/10 was £170.202 million (£170.660 million in 2008/09).

Reserves and balances

Overall during 2009/10 there was a net contribution from general fund revenue reserves of £3.171 million. The balance on the general fund at the end of 2009/10 stands at £8.267 million (£5.096 million in 2008/09). The table below summarises the surplus or deficit in the year for the council's general fund and collection fund.

	2008/09	2009/10 Deficit/ (Surplus)
	£m	£m
General Fund (see page 32)	2.680	(3.171)
School balances (see page 79)	0.842	3.254
Collection Fund - Walsall apportionment (see page 89)	(0.295)	0.666

Capital expenditure

The council has made match funding arrangements to a range of capital schemes completed in partnership with external bodies.

The council spent £43.239 million on capital expenditure in 2009/10 and provided for a further £48.452 million in respect of staff costs., compared with the budgeted spend of £58.645 million. The following table provides details of capital expenditure during 2009/10.

	Budget	Actual	Variance
	£m	£m	£m
Mainstream projects funded by supported borrowing and capital receipts	20.365	16.048	4.317
Prudential projects	4.665	48.963	(44.298)
Non mainstream projects funded by grants	33.615	26.680	6.935
Total	**58.645**	**91.691**	**(33.046)**

The table below summarises how capital expenditure was split over different assets. It also details how this expenditure was financed. Further details are given in note 15 page 58.

Capital expenditure	2009/10	Capital Financing	2009/10
Type of asset	£m	Source	£m
Land and buildings	16.187	Borrowing	6.321
Vehicles and equipment	3.222	Prudential borrowing	52.368
Infrastructure	9.625	Capital receipts	5.795
Community assets	0.794	Capital grants and contributions	25.282
Non operational assets	2.228	Revenue	0.147
		Capital expenditure awaiting reimbursement	1.778
Subtotal	**32.056**	**Subtotal**	**91.691**
Intangible assets	0.074		
Revenue expenditure funded from capital under statute	59.561		
Total	**91.691**	**Total**	**91.691**

Revenue expenditure funded from capital under statute arises when capital expenditure is incurred on assets not owned by the council and which therefore cannot be added to the council's asset register and balance sheet. Examples are grants made to owner occupiers of private houses to carry out improvements. This expenditure is charged to revenue with a corresponding release from the capital adjustment account to ensure there is no impact on council tax.

Treasury management

Walsall Council has a successful treasury management strategy that has continued to maximise investment income and minimise interest payments without undue or inappropriate exposure to financial risk.

At 31 March 2010 the council's external long term borrowing was £262.077 million (£262.730 million on 31 March 2009). Of this, £26.582 million represents debt owed to Dudley MBC for the former West Midlands County Council debt. Walsall Council's consolidated rate of interest for 2009/10 was 4.6% (4.7% in 2008/09).

During 2009/10 the council received £2.764 million (£6.132 million in 2008/09) of investment income. This was at an average rate of 2.3% (5.2% in 2008/09). This is in addition to £0.096 million (£0.360 million in 2008/09) interest income from other sources.

The world banking crisis which started in 2008/09 has led Walsall like many councils to further review and strengthen its treasury risk management practices. These are reflected in the council's treasury management strategy http://www2.walsall.gov.uk/CMISWebPublic/Binary.ashx?Document=5384. Walsall council has always only invested in strongly rated credit institutions domiciled in either the UK or Ireland and therefore was not directly affected by the issues surrounding the Icelandic banks. The authority has different maximum levels of investment (£5m or £15m) and various lending periods dependent on the stability of the institution. The stability of the institution is measured by information received by the council's external treasury advisors and also the analysis of public surveys and documents.

Partnerships

The council transferred the provision of schools related local education authority (LEA) services to an external organisation, Education Walsall, in December 2002. The council however continues to be the LEA. Following a tendering process Education Walsall won the right to continue providing these services from 1 August 2008 for a further 12 years.

The council currently has two Private Finance Initiative schemes (PFIs) in operation. A public lighting PFI in partnership with Walsall Street Lighting has replaced most of the street lights in the borough. Walsall Street Lighting are now in a 25 year period during which they will maintain the street lighting on the council's behalf ending 2028. This initiative is funded by a contribution from the council's revenue budget and a special grant from central Government. Further details of this PFI can be found in the street lighting strategy "Lighting up Walsall" available on the Walsall council website (www.walsall.gov.uk/lightingup_walsall.pdf).

The other PFI relates to St Thomas More School. The contractor has designed and built the school and will finance and operate it over a 25 year period ending 2029. This initiative is funded by a contribution from the school's governing body, Department for Children, Schools and Families (DCSF) grant, a contribution from the Diocese and a special grant from central Government.

In addition to the PFI schemes the council has entered into a Public Private Partnership (PPP) with Housing 21 to provide extra care units for social care. The contract covers a period of 30 years ending 2038. This partnership is funded from the existing social care budgets for this service.

For further details on all PFI and PPP arrangements please refer to note 8 page 46.

Pensions accounting

Walsall Council participates in the West Midlands Metropolitan Authorities Pension Fund which is administered by Wolverhampton City Council.

Walsall Council participates in the West Midlands Metropolitan Authorities Pension Fund which is administered by Wolverhampton City Council.

As at 31 March 2010 there is an actuary calculated shortfall for Walsall of £392.396 million (£268.105 million at 31 March 2009) between the forecast cost of future pensions and the value of the assets currently within the pension fund. The forecast pension payments will be paid out over a period of many years during which time the assets will continue to generate returns towards funding them. In addition future changes in the equity market will adjust the value of the fund assets.

The West Midlands Metropolitan Authorities Pension will be undergoing its triennial revaluation in 2010/11 based on conditions on 31 March 2010. This revaluation will review the current condition of the fund and its ability to meet current and future pension obligations. It will also determine the contribution rates required to bring the fund to a breakeven position over the next 20 years for the next three years. This will be carried out by the scheme's actuary, Mercers.

Section 2
Statement of Responsibilities

Walsall Council's responsibilities

Under the Accounts and Audit Regulations 2003 as amended, the Audit Committee is required to approve the statement of accounts. The Chief Financial Officer (CFO) has a duty to make arrangements for the proper administration of the council's financial affairs, to ensure economic, efficient and effective use of its resources and to safeguard its assets.

The Chief Financial Officer's responsibilities

Walsall Council's CFO is James T Walsh. This officer is responsible for the administration of the council's financial affairs including the preparation of the statement of accounts. The purpose of the statement of accounts is to show in financial terms the performance of the council during the year and gives a true and fair view of the council's financial position as at 31 March 2010.

In preparing the statement, the Chief Financial Officer has:

- Adopted and consistently applied suitable accounting policies
- Made reasonable and prudent judgements and estimates
- Complied with legislative requirements and the Statement of Recommended Practice (SORP 2009) on Local Government Accounting in Great Britain
- Applied the accounting concept of a "going concern" by assuming that the authority's services will continue to operate for the foreseeable future

In addition, proper and up to date accounting records have been maintained and reasonable precautions taken to prevent and detect fraud and other financial irregularities.

Certification by the Chief Financial Officer

I certify that the statement of accounts gives a true and fair view of the position of Walsall Metropolitan Borough Council as at 31 March 2010, and its income and expenditure for the year ended 31 March 2010.

James T. Walsh ACMA, BHum (Hons)
Chief Financial Officer
14 June 2010

Section 3
Annual Governance Statement 2009/10

1. Scope of responsibility

This statement is given in respect of the 2009/10 statement of accounts for Walsall Council. Walsall Council is responsible for ensuring that its business is conducted in accordance with the laws and proper standards, and that public money is safeguarded and properly accounted for, and used economically, effectively and efficiently. Walsall Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Walsall Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and includes arrangements for the management of risk.

Walsall has approved and adopted a Code of Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government.* A copy of the code is on our website or can be obtained from the Monitoring Officer or Chief Finance Officer. This statement explains how Walsall Council has complied with the code and also meets the requirement of regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. The purpose of the Governance Framework

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

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

The governance framework has been in place at Walsall Council for the year ended 31 March 2010 and up to the date of approval of the annual report and statement of accounts.

3. The Governance Framework

The Council acknowledges its responsibilities in ensuring the following key elements of the governance arrangements including the system of internal control, are in place and this statement provides further information on how it achieves this, including:

- Identifying and communicating the authority's vision and intended outcomes for citizens and service users, reviewing the vision and its implications for the authority's governance arrangements
- Establishing and monitoring the achievement of the Authority's objectives, including measuring the quality of services for users

- Establishing clear channels of communication with the community and stakeholders, ensuring accountability and open consultation
- The facilitation of policy and decision making
- Complying with established policies, procedures, laws and regulation, including how risk assessment is embedded in the activity of the Authority, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties;
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions of the council;
- Developing, communicating and embedding codes of conduct and defining standards of behaviour
- Undertaking the core functions of an Audit Committee
- Whistleblowing and receiving and investigating complaints from the public
- Identifying and supporting development needs of members and senior officers
- Financial management of the Authority and its reporting
- Ensuring the economical, effective and efficient use of resources and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness;
- Performance of the Authority and the reporting of performance management
- Programme and project management
- Incorporating good governance arrangements in respect of partnerships and other group working.

The internal control environment and governance framework is an integral part of the Council's Walsall Performance Framework (WPF). The WPF (diagram 1 overleaf) sets out how the various planning processes interlink and jointly demonstrate how services and resources are managed. It is the framework within which the council operates and is underpinned by functional frameworks that provide guidance and protocols, comprising financial, performance, risk, communication and political management processes. The WPF exists to embed performance management and continuous improvement into our normal business activities and shows how services and activities are regularly measured and monitored to enable effective decision making, helping to ensure the Council delivers efficient, customer focussed services that provide value for money.

It connects the following:

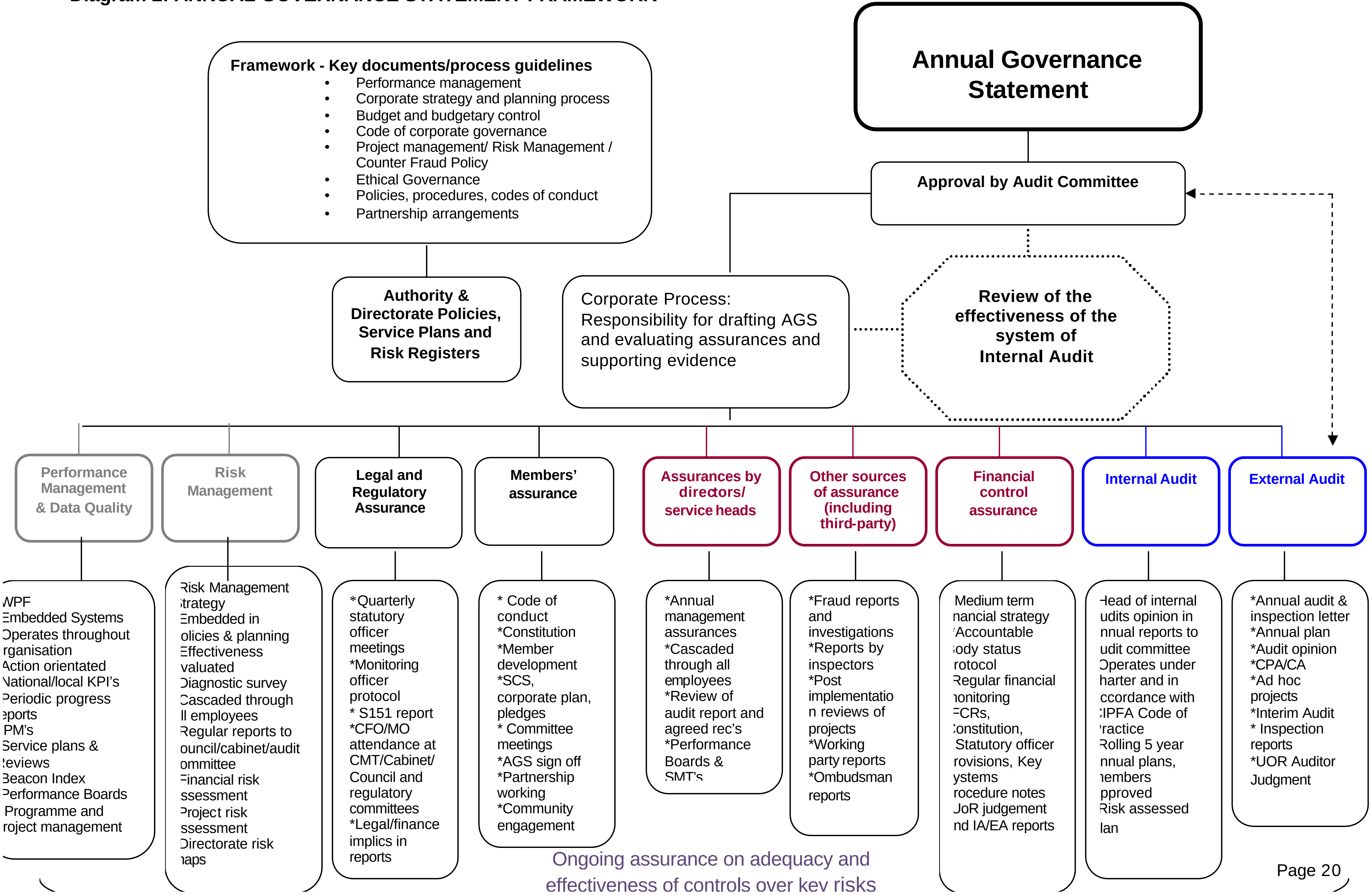
- Sustainable Community Strategy
- Corporate Plan, vision, pledges and values
- Service planning (of all levels) of the council and its partners
- Financial planning (of all levels)
- Local Neighbourhood Plans
- Individual Performance Management (IPM)

All of which take place in an environment of stakeholder influence, audit and inspection, internal control and monitoring in order to develop continuously improving services.

Diagram 1: The WPF

The governance framework consists of regular management information, financial and contract rules, established financial, budgetary, personnel and other procedures, a performance management framework, community and corporate planning, management supervision in accordance with the corporate individual performance management (IPM) framework, a comprehensive risk management strategy and process, project management methodology and a system of officer and member delegation and accountability and codes of conduct. Diagram 2 shows the overall governance framework which is discussed in more detail in this section.

Diagram 2: ANNUAL GOVERNANCE STATEMENT FRAMEWORK



The council acknowledges its responsibility for ensuring that effective governance arrangements, including an effective system of internal control (including financial control), are maintained and operated in connection with the resources concerned. Any system of internal control, including internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. Development and maintenance of the system is undertaken by managers within the council.

In particular, the system includes the following key elements:

- A sustainable community strategy, setting out ambition, objectives and priorities of the council and key partners, developed following extensive consultation with the community and stakeholders. – linked to corporate and service plans.
- A comprehensive risk management strategy and framework, operating at both strategic and operational levels;
- A comprehensive programme and project management approach;
- A risk assessed Internal Audit programme which is planned in advance to cover all major systems of internal control and which is based on a risk assessment of key systems and controls;
- A comprehensive financial strategy, including budget management and control framework, supported by financial procedures and guidelines underpinning sound financial management, reporting and standing;
- An approved Constitution, including financial and contract rules and a scheme of delegations and decision making processes of the council;
- Clear targets to measure financial and other performance through a comprehensive performance management framework, linked to service plans and the corporate plan;
- The preparation of regular performance and financial reports to managers, executive directors, Corporate Management Team (CMT) and elected members which indicate actual expenditure against targets and highlight remedial action, where required;
- Clearly defined capital expenditure strategy and guidelines;
- Project management principles adopted as the methodology for all projects, requiring all projects to be managed using the same underlying principles and regular reporting of progress to CMT and directorate performance boards;
- Continued use of an accountable body status protocol in relation to partnership working to ensure that activities are administered consistently and robustly across the council;
- Performance boards (in most directorates) which receive, consider and assess service plans, performance indicators, financial planning and project management processes to influence and drive continuous improvement;
- Human resources and other policies and procedures, including Codes of Conduct (member and officer), whistle blowing policy and an anti-fraud and anti-corruption policy and strategy;
- Standards Committee, Audit Committee, scrutiny function and other regulatory committees;
- Member and officer development strategy and individual development planning processes;
- Statutory Monitoring and Chief Finance Officers ensuring the council operates within existing legislation and statutory guidance;
- Comprehensive communication and consultation arrangements both internally and externally;
- Lead member for risk management.

There are a number of key elements of the governance framework and internal control environment which ensures the council is able to monitor and manage the achievement of its objectives. These are included in the council's published overarching strategies and plans including; the sustainable community strategy; the corporate plan; the Beacon Index; medium term financial strategy, corporate budget plan, capital strategy, risk management strategy; programme and project management approach, and directorate strategy documents.

These documents set out the council's priorities, vision and key pledges. They are supported by directorate, service and team plans, which contain detailed targets and performance indicators to support the achievement of council objectives. A comprehensive performance management framework exists which operates throughout the council and performance is reported to senior management teams through the established performance boards model, CMT, Cabinet, and to relevant scrutiny and performance panels on a regular planned basis.

The council is committed to continuous improvement but recognises that it cannot achieve this without community and partner engagement. It is committed to working with partners through the Walsall Borough Strategic Partnership (our Local Strategic Partnership), and with the community and partners, through the established Local Neighbourhood Partnerships.

The council's constitution sets out how the authority operates and refers to required procedures to be followed to ensure all activity is transparent and accountable to the local community. This includes a scheme of delegation and contract and financial rules, which set out the control environment in which the council operates.

A key aspect of the system of internal control is the identification of key risks to the organisation and key controls needed to mitigate these risks. Comprehensive, embedded and effective performance and risk management arrangements are fundamental to demonstrating good governance.

The council has an established comprehensive risk management framework, designed to identify, evaluate, manage and where possible, mitigate, risks to the council in delivering its objectives. There is an ongoing programme of reporting and review of both strategic and operational risks, and this extends to an assessment of risks in service planning, financial planning and major projects and partnerships.

Strategic risks are identified, evaluated, incorporated into a corporate risk register and reported on a quarterly basis to senior management and CMT. This includes risk management action plans produced for each key strategic risk. Cabinet also receives reports on risk management. The risk management strategy is reviewed annually by Cabinet and is subject to examination by the Audit Committee as part of its established regulatory activities. Audit Committee have their own risk register and receive regular updates on this. In addition, in 2009/10, Audit Committee undertook a review of their own effectiveness.

Each directorate has identified directorate risks and work continues to ensure that the management action plans arising from these take proper account of the balance of risk and resources to ensure that appropriate and proportionate action is put in place. Service plans include a risk management section. Financial risks are assessed regularly and as part of the annual budget process and regular reporting of the financial position. A corporate financial risk assessment informs the medium term financial strategy and the level and appropriateness of general and other reserves. Each directorate has a risk champion and all individual posts are risk assessed within the council and are subject to annual review. Risk workshops are held to ensure risk champions and those involved in the assessment and management of risk are appropriately trained. An elected member has lead responsibility for risk management.

Arrangements for the provision of Internal Audit are contained within the council's Constitution. The council, via its statutory Chief Finance Officer (CFO) must ensure that there is an adequate and effective system of Internal Audit of accounting records and of its systems of internal control as required by the Accounts and Audit Regulations 2003, as amended in 2006.

The Constitution states that:

- The Chief Internal Auditor has the right to report directly to the Chief Executive, executive directors and elected members when this is appropriate, as well as routinely reporting to the CFO and operational managers;
- Internal Audit operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom under the day-to-day control of the Chief Internal Auditor who acts independently;
- The Internal Audit service plans and prioritises its work through a combination of assessment and review of the council's service provision, corporate governance arrangements, risk management processes and key internal control systems, supplemented by a programme of fraud and irregularity/consultancy work and scheduled visits to council establishments;
- The annual work plan is endorsed by CMT and the Audit Committee. Reports, including an assessment of the adequacy of control and action plans to address weaknesses, are submitted promptly to executive directors, senior managers, school heads and chairs of governors as appropriate. Quarterly progress reports are submitted to the council's Audit Committee for review purposes;
- The Chief Internal Auditor is required to report annually on his/her opinion in respect of the overall adequacy and effectiveness of the council's internal control environment.

A comprehensive system of performance monitoring and reporting is in place at service management, corporate (executive) management and member level. This includes regular reports to scrutiny and performance panels and Cabinet. Regular reports are also presented to senior management and CMT. A corrective action planning process is in place for all indicators not achieving target and progress is continually monitored.

Executive and assistant directors are required to provide quarterly assurance statements that agreed audit actions are being implemented, and where control weaknesses are identified, to put in place remedial action in a timely manner, and as agreed with audit. They are also required to provide an annual assurance statement to acknowledge that internal controls were in place and operating effectively for the financial year; and that where weaknesses were in place, corrective action was being actively and effectively taken and managed.

The Audit Committee receives reports on the implementation of agreed internal and external audit recommendations / actions, and on risk management and seeks to ensure agreed recommendations are actioned and managed within directorates. The Committee has a regulatory function in respect of the system of internal control and its effectiveness and the work of the Committee includes the review of the statement of internal control and its approval.

4. Review of Effectiveness

Walsall Council (via Audit Committee) has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is set out below.

Cabinet, CMT and senior officers monitor the effectiveness of the governance framework through receiving regular monitoring reports on performance management, financial management, programme and project management and risk management, including progress against key objectives and targets and corrective action planning; the overall financial position; updates on performance in relation to management of key risks to the organisation; and receive regular reports via Audit Committee on the internal control mechanisms in place and their effectiveness.

In addition, CMT, the Leader and elected members, via the Audit Committee formally consider and approve the AGS annually.

The review of the effectiveness of the system of internal control is informed by the work of the Interim Chief Internal Auditors and their annual report on the overall adequacies of the internal control environment. In respect of the 2009/10 financial year, the following opinion has been given by the Interim Chief Internal Auditors;

"In our opinion, formed solely on the basis of the work undertaken by internal audit and its partner organization in 2009/10, and the positive action taken, intended to be taken or confirmed as having been taken by managers to implement agreed audit report actions, Walsall Council's overall system of internal control facilitates the effective provision of the council's functions and provides a satisfactory level of assurance regarding the effective, efficient and economic exercise of the council's functions.

Control weaknesses were identified during the 2009/10 financial year and were reported as such to the relevant managers. The opinion as to the level of assurance that can be placed on the system of internal control is based on evidence provided by managers to auditors confirming that they had implemented or agreed to implement actions detailed within agreed audit report action plans in the areas for which they are responsible. These are considered within the report.

The system of internal control can only provide reasonable and not absolute assurance regarding the achievement of the council's policies, aims and objectives. The opinion is based on work in the approved operational audit plan, including irregularity, consultancy and advisory work carried out in 2009/10".

All audit work is subject to agreed terms of reference, objectives and resources allocated by the council for that purpose.

Executive directors each provide an assurance statement that, for AGS purposes, they are satisfied that appropriate action has been taken by managers to implement the agreed recommendations / actions arising from audits in 2009/10. In addition, they provide assurance that controls were in place and operating effectively.

One area was identified in the annual assurance statement from the Executive Director – Neighbourhood Services and Assistant Director, Partnerships, of control weakness. This relates to the management of the Preventing Violent Extremism grant and was highlighted during a review of grants within the directorate. An Internal Audit report into this activity raised a number of concerns regarding governance and internal controls. An action plan is now in place and is actively being managed.

During 2009/10 audit reviews were undertaken of the key financial systems and also other financial and non financial systems and processes that contribute to the council's overall corporate governance arrangements. In addition, fraud and irregularity work was undertaken by the Internal Audit service during the year. None of the cases were material in the context of the statement of internal control. Internal Audit has acknowledged that the council's key financial systems are operating satisfactorily, all receiving a full or significant assurance audit opinion, apart from payroll, which received a limited assurance opinion. Further detail is contained below.

The Accounts and Audit (Amendment) Regulations 2006, introduced in 2006/7 a new requirement for the council to conduct a review of the effectiveness of its system of Internal Audit.

A self-assessment document was produced by the Chief Internal Auditor in respect of the effectiveness of Internal Audit, assessed against the CIPFA Code of Internal Audit Practice and recent CIPFA guidance. The self-assessment was reviewed independently. The system of

Internal Audit was assessed as satisfactory overall. There was one recommendation in relation to Internal Audit included in the Grant Thornton ERDF report.

The effectiveness of the council's governance framework can further be evidenced by the:

- External auditors' annual (draft) Interim Audit which includes a review of key financial systems controls, which reported "the council's processes over it's key accounting systems and controls in the areas identified were generally sound with no material weaknesses". A number of minor improvements were highlighted and recommendations made which will be implemented and progress reported to Audit Committee during 2010/11;
- Quality assurance controls put in place by the Chief Internal Auditor and managers, in managing and delivering the Internal Audit service in accordance with the CIPFA code of practice and including such areas as discussion/agreement of the risk based audit plan and each individual audit review;
- The role of the Audit Committee in endorsing Internal Audit's work plan and in their regular review and scrutiny of audit performance and;
- The regular review of Internal Audit work by the CFO including meetings with the Chief Internal Auditor;
- Quarterly statutory officers meetings between the Chief Executive, Chief Finance Officer and Monitoring Officer
- The monthly corporate services performance boards which review performance of directorate activity (including Internal Audit);
- A high performance and achievement level against targets, including a 95% delivery of the annual audit plan in 2009/10;

Audit Committee has a regulatory role in terms of receiving reports on the effectiveness of the system of internal control through receipt and consideration of Internal Audit quarterly reports and a sample of completed audit reports are selected for further detailed review and scrutiny. In addition, Internal Audit has a strategic risk assessed plan which has been endorsed by CMT and Audit Committee.

The functions of the Standards Committee are determined by statute and the Constitution. Standards Committee have a role in ensuring and promoting good ethical conduct.

The Constitution clearly sets out the role of officers and members, including the three statutory posts of the chief finance officer (S151 officer), head of paid service and monitoring officer. In 2009/10, quarterly statutory officer's meetings were embedded to review and oversee and ensure statutory provisions are being adhered to.

The council recognised the need to formalise its arrangements with a variety of 'partner' bodies where it is classed as the 'accountable body'. Accountability agreements have been developed and are in operation, for a number of these, such as New Deal, tPCT, Walsall Town Centre Partnership and a Walsall Partnership Memorandum of Agreement. This ensures all parties to each arrangement are clear about their respective responsibilities so that services can be planned and delivered in a cost effective way which continues to ensure good governance arrangements.

During 2009/10, further work has been undertaken to improve these arrangements, including update of the partnership toolkit and register. The documents will be further strengthened to incorporate recommendations arising from the Grant Thornton investigation into ERDF.

The review of effectiveness is also informed and evidenced by the following;

- The current CAA 2009 score of 2 indicating the council is performing adequately overall. The 2009 UoR judgement of 2 and 3 for managing finances. The indicative score for 2010 is that the council is at least meeting minimum standards (performing adequately) with an expected unqualified VFM opinion.

- The latest published Use of Resources (UoR) Judgement is UoR 2009 – Walsall scored a 3 in Key Line of Enquiry (KLOE) relevant to internal control and risk management, governance and an overall 3 for Managing Finances. This identified 2 specific areas of weakness where reports stated limited assurance could be given that internal controls were operating effectively – the payroll system and grant claims. A score of 3 equates to "performing well".
- UoR 2010 – Grant Thornton had advised that an indicative score of 2 for KLOE 4.2: Internal control and risk management was likely, arising from the weaknesses identified in the ERDF report. One finding related to the work of internal audit. This was set out in the action plan presented to Audit Committee on 14 June and referred to in the AGS. It is not now expected that a UoR score will be received, due to all inspection activity being suspended nationally, however Grant Thornton have indicated that they are satisfied that our Use of Resources score is supported at level 2 or over. A score of 2 is equivalent to "performing adequately".
- The council's arrangements in respect of financial, performance and risk management have been identified as robust.
- A maximum score of 4 for the category of risk management within the overall UOR rating for 2006, 2007 and 2008. A score of 3 under the new harder test assessment framework for 2009 was acknowledged by Grant Thornton as demonstrating continual improvement. For 2010, the ERDF investigation report highlighted that compliance with risk management was insufficient and the council action plan seeks to address this issue.
- Data quality arrangements (indicative for 2010) score of 2 (adequate).
- The work of the council's external auditors with the 2008/09 Annual Audit and Inspection letter, published December 2009, including the provision of an unqualified opinion on both the 2008/09 accounts and the council's use of resources (value for money).

The council has introduced a Local Code of Governance which was approved by Audit Committee and Standards Committee in 2008/09. Review of the Code against the CIPFA/SOLACE framework (Appendix 4) highlighted some areas of omission (partnership protocol and need for awareness training). The partnership protocol has now been produced along with a toolkit and register. Further work is in train to embed this.

<u>2008/09 Identified Control Weaknesses</u>

The review of effectiveness also covered the work undertaken in 2009/10 to address the control weaknesses identified in the 2008/09 AGS including:

- Improving controls in place for the management of computer software installed on council owned IT equipment;
- Further evidence being required to document that key procurement controls are being applied, particularly those relating to monitoring of contract performance and contract risk assessment;
- Improvements in strategic commissioning arrangements;
- Improvements in the organisation of scrutiny arrangements;
- Improvements to the recording and reporting of officer decisions;
- Improvements in arrangements in respect of regional housing pot grant; and
- Final contractor accounts. 16 accounts were reviewed and 10 were given a limited or no assurance rating opinion and considered to have been poorly managed. Suggestions for improvement were agreed by managers.

Reports are in various stages of follow up and a large number of actions have been implemented. A procurement and commission workshop was held in early 2010 to support the actions arising from the audit of these areas. A further update will be provided prior to September Committee to provide assurance to the Committee that actions have been implemented.

A key internal control recommendation in the 2008/09 AGS related to performance against the target for implementation of Internal Audit agreed actions, which is set at 90%, but was 78%

during the year. Improvements were made to the reporting and assurance framework during 2009/10, and performance is now 87%. That is, 87% of desired outcomes arising from earlier internal audit findings were confirmed as achieved at internal audit's next visit. While 87% of control issues identified in previous audits were found to have been fully addressed at the next audit, 13% continued to be identified as issues requiring further management attention to resolve.

Of the 13% or 23 of agreed actions not implemented, 17% (4) were 3* and therefore high priority. 61% (14) were 2* and 22% (5) were 1*. 91% (21) of the unimplemented agreed actions had actually been confirmed as implemented by the relevant manager. These can be broken down as 14% (3) 3*, 62% (13) 2* and 24% (5) 1*. The reason for non implementation of these agreed actions was found to be as follows:

- 91% - managers had not undertaken actions as agreed; and
- 9% - managers had undertaken some or all of the agreed actions but these actions had not been entirely successful in addressing the weaknesses identified.

The conclusion is that the performance in this area is much improved, following the additional controls put in place by CMT and Audit Committee during 2009/10 and additional reporting. The 3* high priority items not implemented equates to 4 out of the 181 agreed actions (2% of the total agreed actions) or 8% (4/53 three star actions). These will be followed up to ensure full implementation and any further non-compliance reported to Audit Committee and CMT.

<u>2009/10 Identified Control Weaknesses</u>

During 2009/10, 133 specific audit reviews were undertaken excluding unplanned irregularity and consultancy work. This included producing one comprehensive report only for certain fundamental system reviews rather than a separate report for each directorate – debtors, creditors and budgetary control. Although most of the reviews, 111 (83%), received a full, significant or compliant audit opinion, 22 reviews (17%) received an opinion rating of limited, no assurance or non compliant. This list was reviewed by Audit Committee on 14th June and comprises;

- 21 audits with a limited opinion covering the new art gallery; home care; independent sector (day care, residential and residential nursing); community meals (contract monitoring); community alarm service; direct payments (personal and individual budgets); transport services; dolphin house; inventories/stocks (links to work); Edgar Stammers Children's Centre; Birchills Children's Centre; Frank F Harrison Science, Technology, English and Maths Centre; Castle Business and Enterprise College; Bloxwich CE JMI; Fibbersley JMI; Aldridge Airport; St James and Ogley Hay Children's Centre; Beacon Children's Centre; Examination of Control of the Schedule of Rates Contract for Repair Maintenance and Minor Works to Council Buildings 2008/2011; payroll; and Information Security Management.
- One audit of Frank F Harrison Community College, which was non-compliant. The assessment of the governance framework and work set out in the above sections did identify that although in most audit assignments the processes examined were generally working satisfactorily, some non-significant system weaknesses were identified in some services. A number of high priority suggested improvements were made during the year to address control weaknesses and all were or are being agreed for implementation by managers. Specifically mentioned were:

- Information security management, received a limited assurance opinion. Areas for improvement noted in the report, including ensuring that a corporate-wide approach to information security management is promoted; that staff awareness of information security control requirements is required; that an update to the overarching information security protocol statement that governs the security of information assets is also required; and that information security control procedures are reviewed and updated.

- A contract systems audit was also undertaken this year. The review, entitled the examination of control of the schedule of the contract for repair maintenance and minor works to council buildings 2008/2011, received a limited assurance opinion. Reasons for criticism of systems used to control some major contracts include:

  (a) Failure to obtain appropriate authority

  (b) Lack of documentation / surety / contract under seal

  (c) Instances where documentation approving additional works / time extensions was not available

  (d) Delays in submitting final accounts to audit

- Contractor accounts. 16 accounts were reviewed and 10 were given a limited or no assurance rating opinion and considered to have been poorly managed. Suggestions for improvement have been agreed by managers. Auditors have received assurances from managers that they have implemented procedures to minimise the risk of these control weaknesses recurring. By their nature, these final accounts are historical and those officers responsible for failure to comply with financial and contract rules, or previous procedures, have now, in the main, left the authority's employment. Senior managers now in place are concerned to ensure that previously encountered procedural difficulties are not repeated and have stated to auditors their intention to continue to take robust action in making sure that their officers' follow the approved rules at all times.

- Payroll – receiving a limited assurance opinion from the internal audit service. The summary audit opinion for payroll states:

  (a) Some progress has been made in actioning previously agreed audit report actions and HRD have continued to develop and improve HRD direct, the corporate employee and manager portal. Systems for the verification of the establishment structure, including the availability of structure information via HRD Direct; segregation of duties via individual teams such as the transactional recruitment team and the transactional team; and the use of 'Intelligent', an electronic database for the management and recording of personal files remain good practice.

  (b) Significant areas for improvement have, however, been identified in ensuring controls and processes are fully effective, for example, in the processing of new starters, variations to pay and leavers. Controls regarding the management and rectification of overpayments; and employee expenses were noted as requiring significant strengthening this year. As a result of this, the audit opinion for payroll has moved from borderline significant to limited assurance.

In addition to this, the AGS review has a further control issue which requires improvement in relation to control weaknesses relating to the management of the Preventing Violent Extremism grant. An internal audit report has been completed and the actions arising from this are being implemented by the Neighbourhood Services directorate.

Action plans are in place (the payroll report is in draft and therefore the action plan is being drawn up) for these and progress on implementation of actions will be reported to Audit Committee through 2010/11.

We have been advised on the implications of the result of the review of the effectiveness of the governance arrangement by the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5. Significant Governance Issues

The Council acknowledges that the identification, analysis and management of risks for the delivery of its objectives are key to maintaining an effective system of internal control. It is also recognised that there remains a further need to fully embed the internal control procedures across the organisation.

The officers who drafted this AGS, evaluated assurances and supporting evidence, concluded the effectiveness of the governance framework, including the system of internal control is satisfactory overall and there are no significant governance issues, however the 2009/10 AGS identifies areas of significant internal control weakness relating to the management of the European Structural Fund Objective 2 Action Plan, in respect of European Regional Development Fund (ERDF) grant. Grant Thornton, the council's external auditors, were requested by Council to carry out an investigation into the management of the programme and the circumstances that led to decommitment /clawback of a significant amount of ERDF funds. The report was presented to a special Audit Committee on 24 March 2010.

The council's action plan to address the findings and recommendations of the Grant Thornton report was presented to Audit Committee on 14 June for their consideration, comment and approval. Progress on implementing actions will be reported to Audit Committee in 2010/11.

We propose over the coming year to address the above matters to further enhance our governance arrangement. We are satisfied that these steps will address the needs for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

…………………………………
COUNCILLOR MIKE BIRD
Leader of the Council
10 June 2010

In approving this statement, the views and assurances of the statutory officers and executive directors have been sought and appropriate evidence obtained to support it.

…………………………………
PAUL SHEEHAN
Chief Executive
10 June 2010

In approving this statement, the views and assurances of the statutory officers and Executive Directors have been sought and appropriate evidence obtained to support it.

………………………………….
JAMES T. WALSH, ACMABHum (Hons)
Chief Finance Officer
10 June 2010

In approving this statement, the views and assurances of the statutory officers and executive directors have been sought and appropriate evidence obtained to support it.

Section 4
Core financial statements

Income and expenditure account

2008/09 Net Expenditure £m	2008/09 Restated Net Expenditure* £m	Service	2009/10 Gross Expenditure £m	2009/10 Gross Income £m	2009/10 Net Expenditure £m
83.209	83.209	Adult social care	137.201	(44.529)	**92.672**
5.673	5.673	Central services to the public	9.033	(5.036)	**3.997**
186.278	186.278	Education & children's services	356.675	(254.785)	**101.890**
8.393	8.393	Corporate & democratic core	6.621	(0.005)	**6.616**
0.313	0.313	Court services	0.291	(0.019)	**0.272**
112.730	112.730	Cultural, environmental, regulatory & planning services	83.496	(22.842)	**60.654**
20.970	20.650	Highways and transport services	22.287	(12.342)	**9.945**
4.665	4.665	Housing services	129.970	(123.218)	**6.752**
0.451	0.451	Non-distributed costs	1.685	0.000	**1.685**
0.000	0.000	Exceptional items	0.000	(1.332)	**(1.332)**
422.682	**422.362**	**Net cost of services**	**747.259**	**(464.108)**	**283.151**
27.002	27.002	(Gain)/loss on disposal of fixed assets			**12.258**
0.079	0.079	Environment agency levy			**0.083**
13.319	13.319	West Midlands transport levy			**13.587**
4.552	4.552	(Surplus) or deficit on trading undertakings not included in net cost of services			**2.362**
13.692	13.849	Interest payable and similar charges			**13.782**
0.056	0.056	Contribution of housing capital receipts to government pool			**0.047**
(6.492)	(6.492)	Interest and investment income			**(3.381)**
14.196	14.196	Pensions interest cost/expected return on pensions assets			**20.817**
489.086	**488.923**	**Net operating expenditure**			**342.706**
(98.572)	(98.867)	Income from the collection fund			**(103.233)**
(35.767)	(35.767)	General Government grants			**(47.350)**
(113.104)	(113.104)	National non-domestic rate redistribution			**(108.297)**
241.643	**241.185**	**(Surplus)/deficit for the year**			**83.826**

* Within 2008/09 comparatives there have been a number of adjustments made: Please see note 2 page 40 for further details.

Statement of movement on the general fund balance (SMGFB)

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

- Capital investments are accounted for as they are financed rather than when the fixed assets are consumed
- The payment of a share of housing capital receipts to the Government shows a loss in the income and expenditure account but is met from the usable capital receipts balance rather than council tax
- Retirement benefits are charged as amounts become payable to the pension fund and pensioners, rather than as future benefits are earned.

The movement in general fund balance shows whether the council has over or under spent against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the income and expenditure account and the general fund balance. Further details are provided overleaf.

2008/09 Net Expenditure £m	2008/09 Restated Net Expenditure* £m		2009/10 Net Expenditure £m
241.643	241.185	(Surplus) or deficit from income and expenditure account	83.826
(277.962)	(278.270)	Amounts included in the income and expenditure account but required by statute to be excluded when determining the movement on the general fund balance for the year	(132.320)
30.445	32.476	Amounts not included in the income and expenditure account but required to be included by statute when determining the movement in the general fund balance for the year	35.964
8.554	7.289	Transfers to or from the general fund balance that are required to be taken into account when determining the movement on the general fund balance for the year	9.359
2.680	**2.680**	**Net additional amount required by statute and non-statutory proper practices to be debited or credited to the general fund balance for the year**	**(3.171)**
(7.776)	(7.776)	General fund (surplus)/deficit brought forward	(5.096)
(5.096)	**(5.096)**	**General fund (surplus)/deficit carried forward**	**(8.267)**
0.000	0.000	Amount of general fund balance held by governors under scheme to finance schools	0.000
(5.096)	(5.096)	Amount of general fund balance available for new expenditure	(8.267)
(5.096)	**(5.096)**	**General fund balance carried forward**	**(8.267)**

Note of reconciling items for SMGFB

2008/09 Net Expenditure £m	2008/09 Restated Net Expenditure* £m		2009/10 Net Expenditure £m	2009/10 £m
		Amounts included in the income and expenditure account but required by statute to be excluded when determining the movement on the general fund balance for the year		
(0.131)	(0.131)	Amortisation of intangible fixed assets	(0.136)	
(238.375)	(238.978)	Depreciation and impairment of fixed assets	(45.471)	
26.036	26.036	Government grant deferred amortisation	15.035	
(3.390)	(3.390)	Revenue expenditure funded from capital under statute	(53.315)	
(1.167)	(1.167)	Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to premiums and discounts on the early repayment of debt	(0.689)	
0.000	0.295	Adjustment of Council Tax income for general fund purposes as per regulations	(0.667)	
(27.002)	(27.002)	Net gain or (loss) on sale of fixed assets	(12.258)	
(33.933)	(33.933)	Net charges made for retirement benefits in accordance with FRS17	(34.819)	
(277.962)	**(278.270)**			**(132.320)**
		Amounts not included in the income and expenditure account but required to be included by statute when determining the movement on the general fund balance for the year		
10.839	11.605	Provision for repayment of debt	13.701	
0.105	0.105	Capital expenditure charged to the general fund balance	0.147	
(0.056)	(0.056)	Transfer from usable capital receipts to meet payments to the housing capital receipts pool	(0.047)	
20.822	20.822	Employers contributions payable to West Midlands Pension Fund and retirement benefits payable direct to pensioners	22.163	
31.710	**32.476**			**35.964**
		Transfers to or (from) the general fund balance that are required to be taken into account when determining the movement on the general fund balance for the year		
7.289	7.289	Net transfer to or (from) earmarked reserves	9.359	
7.289	**7.289**			**9.359**
(238.963)	**(238.505)**	**Net additional amount required to be credited to the general fund balance for the year**	**(86.997)**	**(86.997)**

Continued…

Continued…

2008/09 Net Expenditure £m	2008/09 Restated Net Expenditure* £m		2009/10 Net Expenditure £m	2009/10 Net Expenditure £m
(238.963)	**(238.505)**	**Net additional amount required to be credited to the general fund balance for the year**	**(86.997)**	**(86.997)**
241.643	241.185	(Surplus) or deficit from income and expenditure account		83.826
(7.776)	(7.776)	General fund balance (surplus)/deficit brought forward		(5.096)
(5.096)	**(5.096)**	**General fund balance (surplus)/deficit carried forward**		**(8.267)**

* Within 2008/09 comparatives there have been a number of adjustments made,. Please refer to note 2 page 40 for further details.

Statement of total recognised gains and losses (STRGL)

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase/decrease in its net worth. In addition to the surplus generated on the income and expenditure account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the costs of retirement benefits.

2008/09 Published £m	2008/09 Restated* £m		2009/10 £m
241.643	241.185	(Surplus) or deficit on the income and expenditure account	83.826
(115.098)	(115.098)	(Surplus) or deficit arising on revaluation of fixed assets	(11.613)
0.000	0.000	(Surplus) of deficit arising on revaluation of available-for-sale financial assets	0.000
(35.979)	(35.979)	Actuarial (gains) and losses on pension fund assets and liabilities	111.650
(0.295)	0.000	(Surplus) or deficit arising from collection fund	0.000
0.004	0.004	Any other (gains) and losses required to be included in the STRGL	(0.017)
90.275	**90.112**	**Total recognised (gains) and losses for the year**	**183.846**

Within 2008/09 comparatives the following adjustment has been made:

In order for the council to comply with changes within SORP 2009 a number of adjustments have been made that have impacted on the comparative figures for 2008/09 in the 2009/10 Statement of Accounts.

On the income and expenditure account the expenditure for highways and transport services has been reduced by £0.320m whilst interest paid and similar charges has increased by £0.157m. This is for removal of the capital element of the PFI unitary charge, charging of depreciation and reclassification of the interest element of the unitary charge.

On the balance sheet the collection fund reserve has been closed and replaced with the collection fund adjustment account, which only shows Walsall's share of the overall surplus or deficit on the collection fund.

The statement of total recognised gains and losses has also been adjusted by this change in legislation. There is now no surplus or deficit arising from collection fund showing as this is now contained within the income and expenditure account. Therefore the effect on the total recognised gains and losses is £0.295m.

For details of the total movements on the STRGL please see note 35 on page 77.

Balance sheet

31-Mar-09 Published £m	31-Mar-09 Restated* £m	Balance sheet	31-Mar-10 £m	£m	Notes
		Fixed assets			
0.401	0.401	Intangible assets	0.339		13
		Tangible assets			
		Operational assets			
605.752	605.752	*- Land and buildings*	594.546		13
4.552	4.552	*- Vehicles, plant, furniture and equipment*	4.965		13
61.149	75.197	*- Infrastructure assets*	70.583		13
13.950	13.950	*- Community assets*	13.981		13
		Non-operational assets			
8.102	8.102	*- Investment properties*	8.913		13
5.714	5.714	*- Assets under construction*	7.269		13
18.785	18.785	*- Surplus assets, held for disposal*	18.057		13
718.405	**732.453**	**Total fixed assets**		**718.653**	
31.705	31.705	Long term investments	18.705		44
10.592	10.592	Long term debtors	10.241		19
42.297	**42.297**	**Total long term assets**		**28.946**	
		Current assets			
0.580	0.580	Stock and work in progress	0.484		20
44.053	42.583	Debtors	43.824		21
51.484	51.484	Investments	86.403		44
3.039	3.039	Cash and bank	3.872		23
99.156	**97.686**	**Total current assets**		**134.583**	
859.858	**872.436**	**Total assets**		**882.182**	
		Current liabilities			
0.000	0.000	Bank overdraft	0.000		23
(0.181)	(0.181)	Borrowing repayable on demand or within 12 months	(0.182)		44
(50.549)	(50.180)	Creditors	(59.959)		24
(50.730)	**(50.361)**	**Total current liabilities**		**(60.141)**	
809.128	**822.075**	**Total assets less current liabilities**	**822.041**	**822.041**	

Continued.....

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31-Mar-09 Published £m	31-Mar-09 Restated* £m	Balance sheet	31-Mar-10 £m	£m	Notes
		Long term liabilities			
(262.730)	(262.730)	Long term borrowing	(262.077)		44
(2.936)	(2.936)	Provisions	(50.572)		25
(42.607)	(42.607)	Government grants deferred and contributions	(48.236)		27
(15.676)	(15.676)	Capital grants unapplied	(23.119)		28
(0.551)	(11.123)	Deferred liabilities	(10.589)		26
(268.105)	(268.105)	Liability related to defined pension scheme	(392.396)		29
(592.605)	**(603.177)**	**Total long term liabilities**		**(786.989)**	
216.523	**218.898**	**Total assets less liabilities**	**35.052**	**35.052**	
		Financed by:			
		Useable reserves			
(5.096)	(5.096)	General fund reserve	(8.267)		37
(9.258)	(9.258)	Useable capital receipts reserve	(5.303)		42
(48.624)	(48.624)	Earmarked reserves	(57.984)		39
(62.978)	**(62.978)**	**Total revenue reserves**		**(71.554)**	
		Unuseable reserves			
(305.263)	(307.638)	Capital adjustment account	(230.932)		41
(113.828)	(113.828)	Revaluation reserve	(123.894)		40
0.030	0.000	Collection fund reserve	0.000		38
0.000	0.030	Collection Fund adjustment account	0.696		
(0.765)	(0.765)	Financial instruments adjustment account	(0.076)		44
0.000	0.000	Available-for-sale financial instrument reserve	0.000		
(1.824)	(1.824)	Deferred capital receipts	(1.688)		43
268.105	268.105	Pensions reserve	392.396		29
(153.545)	**(155.920)**	**Total capital reserves**		**36.502**	
(216.523)	**(218.898)**	**Total net worth**	**(35.052)**	**(35.052)**	

Within the 2008/09 comparatives there have been a number of adjustments. Please refer to note 2 page 40 for further details.

Cash flow statement

Cash inflow occurs when cash receipts exceed cash payments and cash outflow where cash payments exceed receipts.

2008/09 £m	2008/09 Restated £m		2009/10 £m	2009/10 £m
		Revenue activities		
		Cash outflows		
272.256	272.256	Cash paid to employees	270.438	
325.953	325.029	Other operating costs	323.236	
65.737	0.000	NNDR payments to national pool	0.000	
74.909	74.909	Housing benefit paid	89.804	
0.077	0.077	Capital receipts paid to pool	0.077	
24.179	13.398	Precepts paid	13.670	
763.111	**685.669**			**697.225**
		Cash inflows		
(2.811)	(2.811)	Rent	(2.871)	
(85.816)	(77.406)	Council tax receipts	(78.992)	
(113.104)	(113.104)	NNDR receipts from national pool	(108.297)	
(62.573)	(0.359)	Non-domestic rates receipts	(0.358)	
(15.745)	(15.745)	Revenue Support Grant	(24.996)	
(170.660)	(170.660)	Dedicated schools grant	(170.202)	
(95.954)	(94.034)	DWP grants for benefits	(120.957)	
(30.414)	(30.414)	HM Revenue and Customs	(22.466)	
(0.315)	(0.315)	LAGBI	(0.175)	
(19.707)	(19.707)	Area Based Grant	(22.179)	
(70.753)	(72.348)	Other Government grants	(83.339)	
(0.334)	0.000	Dividends from associates	0.000	
(111.369)	(109.774)	Other operating cash receipts and income	(108.032)	
(779.555)	**(706.677)**			**(742.864)**
(16.444)	**(21.008)**	**Revenue activities net cash flow**		**(45.639)**
0.000	(0.334)	**Dividends from associates**	(0.097)	
0.000	**(0.334)**			**(0.097)**
		Returns on investments and servicing of finance		
13.374	13.374	Interest paid	12.880	
0.000	0.157	Interest on finance leases and PFI	0.187	
(6.917)	(6.917)	Interest received	(3.495)	
6.457	**6.614**			**9.572**
		Capital activities		
		Cash outflows		
0.000	0.000	Purchase of fixed assets	0.074	
5.000	5.000	Purchase of long term investments	0.000	
54.291	54.291	Other capital cash payments	43.091	
59.291	**59.291**			**43.165**
		Cash inflows		
(1.436)	(1.436)	Sale of fixed assets	(1.564)	
0.000	0.000	Sale of long term investments	(8.000)	
(32.929)	(33.555)	Capital grants received	(36.144)	
(0.626)	0.000	Other capital cash receipts	0.000	
(34.991)	**(34.991)**			**(45.708)**
14.313	**9.572**	**Net cash (inflow)/outflow before financing**	**(38.707)**	**(38.707)**

Continued…

Continued….

2008/09	2008/09 Restated		2009/10	
£m	£m		£m	£m
14.313	**9.572**	**Net cash (inflow)/outflow before financing**		**(38.707)**
		Management of liquid resources		
(19.696)	(19.696)	Increase / (Decrease) in short term investments	29.919	
0.000	3.974	Increase / (Decrease) in other liquid resources	6.157	
(19.696)	**(15.722)**		**36.076**	**36.076**
		Financing		
21.413	21.413	Repayments of amounts borrowed	1.381	
0.000	0.767	Capital element of finance leases and PFI	1.103	
(20.025)	(20.025)	New loans raised	(0.148)	
(0.507)	(0.507)	Short term loans raised	(0.538)	
0.881	**1.648**		**1.798**	**1.798**
(4.502)	**(4.502)**	**Net (increase)/decrease in cash**	**(0.833)**	**(0.833)**

Within the 2008/09 comparatives there have been a number of adjustments. Please refer to note 2 page 40 for further details.

Section 5
Notes to core financial statements

1. Exceptional Items

In 2009/10 the council received £1.332m from HM Customs and Revenue (HMRC) in relation to claims submitted under case law precedence set by the "Fleming vs. HM Revenue & Customs (HMRC)" VAT case. The judgement decided in 2006 that a section of EU law had been incorrectly enacted into UK law. This was the introduction of a three year time cap on when a VAT taxpayer can put in a claim for VAT incorrectly paid over to HMRC. As a result of this taxpayers were able to put in claims for incorrectly paid VAT for any item prior to 1997 where the VAT category had subsequently changed.

2. Prior period adjustments

In order for the council to comply with changes within SORP 2009 a number of adjustments have been made that have impacted on the comparative figures for 2008/09 in the 2009/10 Statement of Accounts.

Collection Fund

SORP 2009 has introduced new accounting requirements for local authorities to account for both council tax and national non domestic rates (NNDR) on an agency basis. The collection fund income shown on the income and expenditure account has been adjusted to reflect the accrued income for council tax, rather than the amount required under legislation. This has increased the collection fund income shown on the income and expenditure account by £0.295m. To ensure that the council tax income is shown as required by legislation, a new adjustment is made within the statement of movement on the general fund balance (SMGFB), which reverses the adjustment made on the income and expenditure account.

On the balance sheet the collection fund reserve has been closed and replaced with the collection fund adjustment account. This account only shows Walsall's share of the overall surplus or deficit on the collection fund. All debtors and creditors that relate to precepting authorities have been consolidated into a single debtors figure for each preceptor.

The statement of total recognised gains and losses has also been adjusted by this change in legislation. Surpluses or deficits arising from the collection fund are no longer shown here, instead they are now contained within the income and expenditure account. Therefore the effect on the total recognised gains and losses is £0.295m.

The cash flow statement has also been adjusted to remove any cash items that do not directly relate to the council.

Service concession arrangements

SORP 2009 has introduced the international financial reporting standards for service concession arrangements (IFRIC12 – Service Concession Arrangements). This new requirement covers both private finance initiatives (PFI) and public-private partnerships (PPP) and has affected how the council accounts for the following schemes:

Street lighting

On the income and expenditure account the expenditure for highways and transport services has been reduced by £0.320m whilst interest paid and similar charges has increased by £0.157m. This is for removal of the capital element of the PFI unitary charge, charging of depreciation and reclassification of the interest element of the unitary charge. There has been a corresponding change to the depreciation and statutory provision for repayment of debt (MRP) on the SMGFB totalling £0.164m.

On the balance sheet there has been an increase in the value of infrastructure fixed assets of £14.049m which relates to the depreciated value of the assets up to 31 March 2009. There has also been a corresponding increase of £11.673m in deferred liabilities, which represents the outstanding PFI liability for the street lighting for the remainder of the contract period. The capital adjustment account has also been adjusted by £2.375m to account for additional Minimum Revenue Provision (MRP) charged up to 31 March 2009.

The total recognised gains and losses on the statement of total recognised gains and losses has moved by £0.163m representing the movements because of the changes in depreciation and MRP.

Housing 21

The accounting treatment for the Housing 21 scheme only impacts the asset values on the balance sheet. There are no income and expenditure movements. Due to the nature of the contract, Walsall only retains the Rushall Mews facility on its balance sheet all other properties are transferred to the provider and are therefore shown as disposals within fixed assets.

St Thomas More School

There are no accounting entries for St Thomas More School as this contract fails the test under IFRIC 12 and remains off balance sheet.

Further details of these schemes can be found within note 8 on page 46

3. Audit costs

In 2009/10 Walsall incurred the following fees for audit and inspection services.

2008/09 £m	Type of fee	2009/10 £m
0.104	Grant claims	0.188
0.122	Inspections	0.120
0.236	Audit of accounts	0.255
0.462	**Total**	**0.563**

Under FRS 28 – Corresponding Amounts, 2008/09 comparatives have been restated.

4. Trading account summary

The individual performance of each of the trading accounts included within the income and expenditure account is as follows:

2008/09 (Surplus)/ deficit £m		2009/10 Income £m	Expenditure £m	(Surplus)/ deficit £m
1.101	Internal support services	(1.950)	2.821	0.871
(0.013)	Markets	(0.758)	0.803	0.045
1.343	Cleaning and caretaking	(5.584)	6.373	0.789
2.121	Catering	(4.017)	4.674	0.657
4.552	**Total**	**(12.309)**	**14.671**	**2.362**

5. Dedicated schools grant

The council's expenditure on schools is funded by grant monies provided by Department for Children, Schools and Families, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools budget. The schools budget includes elements for a restricted range of services provided on an authority wide basis and for the Individual Schools Budget (ISB), which is divided into budget shares for each school. Over and under spends on the two elements are required to be accounted for separately. The council has not supplemented the schools budget from its own resources this year.

Details of the deployment of DSG receivable for 2009/10 are shown in the following table:

	2008/09				2009/10	
Central Budget	**ISB**	**Total**	**Schools Budget funded by dedicated schools grant**	**Central Budget**	**ISB**	**Total**
£m	**£m**	**£m**		**£m**	**£m**	**£m**
(17.128)	(156.257)	(173.385)	Original grant allocation to schools budget for current year in the council's budget	(18.887)	(153.331)	(172.218)
2.725	0.000	2.725	Adjustment to finalised grant allocation	2.016	0.000	2.016
(14.403)	**(156.257)**	**(170.660)**	**DSG receivable in year**	**(16.871)**	**(153.331)**	**(170.202)**
15.857	157.356	173.213	Actual expenditure in year	15.476	156.341	171.817
1.454	**1.099**	**2.553**	**Over/(under) spend in year**	**(1.395)**	**3.010**	**1.615**
0.000	0.000	0.000	Planned top-up funding of ISB from council resources	0.000	0.000	0.000
0.000	(1.099)	(1.099)	Use of schools balances brought forward	0.000	(3.010)	(3.010)
(1.162)	0.000	(1.162)	Over/(under) spend from prior year	0.292	0.000	0.292
0.292	**(0.000)**	**0.292**	**Over/(under) spend carried forward to next year**	**(1.103)**	**0.000**	**(1.103)**

6. Members allowances

The allowances paid to elected members of the council were:

2008/09	**Type of allowance**	**2009/10**
£m		**£m**
0.690	Basic allowances	0.633
0.188	Special responsibility	0.193
0.878	**Total**	**0.826**

7. Officers Remuneration

Officers remuneration over £50,000

The breakdown of employees (including teachers) whose remuneration, excluding pension contributions, during 2009/10 was £50,000 or more in bands of £5,000 is shown below along with 2008/09 comparatives.

The teachers have been split into the two categories due to their employment status within the council. Teachers at community and voluntary controlled (VC) schools are directly employed by the council. Teachers at foundation and voluntary aided (VA) schools are employed by the governing body of the school, and are as such not direct employees of the council.

Senior officer remuneration for those officers identified by statute are not included within these tables, but are separately disclosed within this note (pg 42 to 44).

2008/09 comparative figures

	2008/09			
Remuneration band	**Council Officers**	**Teachers - Community/ VC schools**	**Teachers - Foundation/ VA Schools**	**Total**
£50,000 - £54,999	27	63	25	115
£55,000 - £59,999	17	29	12	58
£60,000 - £64,999	4	23	7	34
£65,000 - £69,999	12	10	4	26
£70,000 - £74,999	7	1	0	8
£75,000 - £79,999	7	3	3	13
£80,000 - £84,999	1	3	2	6
£85,000 - £89,999	1	2	1	4
£90,000 - £94,999	4	2	3	9
£95,000 - £99,999	2	0	0	2
£100,000 - £104,999	0	0	1	1
£105,000 - £109,999	0	0	0	0
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	0	1	0	1
£120,000 - £124,999	1	0	0	1
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	0	0	0
£135,000 - £139,999	0	0	0	0
£140,000 - £144,999	0	0	0	0
£145,000 - £149,999	0	0	0	0
£150,000 - £154,999	0	0	0	0
£155,000 - £159,999	0	0	0	0
£160,000 - £164,999	0	0	0	0
£165,000 - £169,999	0	0	0	0
£170,000 - £174,999	0	0	0	0
£175,000 - £179,999	0	0	0	0
£180,000 - £184,999	1	0	0	1
Total	**84**	**137**	**58**	**279**

2009/10 remuneration figures

Remuneration band	2009/10 Council Officers	2009/10 Teachers - Community/ VC schools	2009/10 Teachers - Foundation/ VA Schools	2009/10 Total
£50,000 - £54,999	28	46	25	99
£55,000 - £59,999	17	34	16	67
£60,000 - £64,999	8	21	8	37
£65,000 - £69,999	5	13	1	19
£70,000 - £74,999	10	4	6	20
£75,000 - £79,999	7	5	2	14
£80,000 - £84,999	3	3	2	8
£85,000 - £89,999	0	1	1	2
£90,000 - £94,999	4	1	2	7
£95,000 - £99,999	4	1	0	5
£100,000 - £104,999	1	0	2	3
£105,000 - £109,999	0	1	0	1
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	1	0	0	1
£120,000 - £124,999	0	0	0	0
£125,000 - £129,999	2	1	0	3
£130,000 - £134,999	0	0	0	0
£135,000 - £139,999	0	0	0	0
£140,000 - £144,999	0	0	0	0
£145,000 - £149,999	0	0	0	0
£150,000 - £154,999	1	0	0	1
£155,000 - £159,999	0	0	0	0
£160,000 - £164,999	0	0	0	0
£165,000 - £169,999	0	0	0	0
£170,000 - £174,999	0	0	0	0
£175,000 - £179,999	0	0	0	0
£180,000 - £184,999	0	0	0	0
Total	**91**	**131**	**65**	**287**

Senior officer remuneration

The following tables outline the remuneration of the council's senior officers whose salary is more than £50,000 per annum. Officers have been included where their remuneration is below £50,000 in the year but on a whole year equivalent is over £50,000. Comparative figures for 2008/09 have been included.

The executive director – resources was a new post in 2008/09. The post holder commenced on 11/02/09.

The executive director – children's services left their position on 13/03/09. The current post holder commenced in the position on 22/02/09.

The executive director – social care left their position on 31/12/09. This post has been unfilled with duties being shared amongst the assistant directors. The post has been recruited into with the new executive director commencing on 19/04/10.

2008/09 comparatives

Post (& name if salary is over £150,000)	Salaries (including fees and allowances) £	Bonuses £	Benefits in kind (eg car allowances) £	Total excluding pension contributions £	Employer's pension contribution £	Total £
Chief Executive (Paul Sheehan)	189,533	-	5,095	194,628	23,611	**218,239**
Executive Director - Resources	15,652	-	366	16,018	1,910	**17,927**
Executive Director - Children's Services	109,957	12,971	-	122,928	14,997	**137,925**
Acting Executive Director - Children's Services	12,249	8,321	1,454	22,024	1,672	**23,696**
Executive Director - Social Care	114,328	14,362	2,670	131,360	15,700	**147,061**
Executive Director - Neighbourhood Services	114,328	8,623	2,670	125,621	15,000	**140,621**
Executive Director - Regeneration Services	114,328	9,921	2,670	126,919	15,158	**142,078**
Assistant Director - Finance - Section 151 officer	89,625	7,397	-	97,022	11,837	**108,858**
Assistant Director - Law & Constitutional Services - Monitoring Officer	90,086	7,742	-	97,828	11,935	**109,763**

2009/10 senior officer remuneration

Post (& name if salary is over £150,000)	Salaries (including fees and allowances) £	Bonuses £	Benefits in kind (eg car allowances) £	Total excluding pension contributions £	Employer's pension contribution £	Total £
Chief Executive (Paul Sheehan)	189,533	-	1,170	190,703	23,123	**213,826**
Executive Director - Resources	114,328	4,039	2,670	121,037	14,441	**135,478**
Executive Director - Children's Services	114,328	10,997	1,766	127,091	15,290	**142,380**
Executive Director - Social Care	85,746	13,391	2,003	101,140	12,095	**113,234**
Executive Director - Neighbourhood Services	114,328	11,787	2,670	128,786	15,386	**144,172**
Executive Director - Regeneration Services	114,328	12,790	2,670	129,788	15,508	**145,297**
Assistant Director - Finance - Section 151 officer	90,086	8,123	-	98,209	11,982	**110,190**
Assistant Director - Law & Constitutional Services - Monitoring Officer	90,086	7,074	-	97,160	11,854	**109,014**

8. PFI and similar contracts

Walsall Council have 2 Private Finance Initiative (PFI) schemes and one Public Private Partnership (PPP) scheme at present. The two PFI schemes are St Thomas More School and public street lighting. The PPP scheme is with Housing 21. The accounting for these type of schemes has changed in SORP 2009. Local authorities are now required to apply IFRIC 12 – Service Concession Arrangements to these schemes to determine whether they should be shown on balance sheet.

St Thomas More School

This PFI scheme is to build and operate a new secondary school in Willenhall. The main partners in this PFI scheme are Governors of St Thomas More School, Birmingham Roman Catholic Diocese, Babcock and Brown and Walsall Council. The contractual close was in 2001/02 and the contract is to last 25 years. The facilities were made available for use in April 2003.

Applying the requirements of IFRIC 12 to this scheme, it is not shown on the balance sheet of the council as the property does not revert back to the council at the end of the 25 years, but to the Governors of St Thomas More School and the Birmingham Roman Catholic Diocese.

The table overleaf shows the predicted payments to the contractor over the life of the agreement.

Year	£m
2003/04 (actual)	1.703
Year 2 to 5 of the agreement (actual)	7.635
Year 6 to 10 of the agreement	10.284
Year 11 to 15 of the agreement	11.296
Year 16 to 20 of the agreement	12.471
Year 21 to 25 of the agreement	13.769
Total	**57.158**

Public Street Lighting

This PFI scheme is to replace and maintain the council's lighting stock across the borough. The objective of this is to ensure that the borough is lit in a uniform manner complying with British and European standards. The main partners on this scheme are Walsall Council and Walsall Street Lighting. The contract commenced in 2002/03 and is for 26 years. The core investment was completed by September 2004.

Applying the requirement of IFRIC12 to this scheme, the council needs to account for the street lighting contract on its balance sheet. This is a change from the prior accounting treatment and requires a prior period adjustment within the accounts.

The original gross value of assets involved within this scheme totalled £18.096m. The following table shows the net movement on assets from the start of the contract up to 31 March 2009. The net value of these assets are shown within infrastructure on the balance sheet.

Assets	Original value of asset £m	Accumulated depreciation up to 31 March 2009 £m	Net Book Value 31 March 2009 £m
Street Lighting	18.096	(4.047)	14.049
Total	**18.096**	**(4.047)**	**14.049**

The movement in assets during 2009/10 are in the following table.

Net Book Value 31 March 2008 £m	Depreciation 2008/09 £m	Net Book Value 31 March 2009 £m	Assets	Net Book Value 31 March 2009 £m	Depreciation 2009/10 £m	Net Book Value 31 March 2010 £m
14.652	(0.603)	14.049	Street Lighting	14.049	(0.603)	13.446
14.652	**(0.603)**	**14.049**	**Total**	**14.049**	**(0.603)**	**13.446**

The council has liabilities resulting from this scheme which initially totalled the same as the assets, £18.096m. The table below shows the net movement on these liabilities from the start of the contract up to 31 March 2009. The net value of these liabilities are shown within the deferred liabilities on the balance sheet.

Liabilities	Original deferred liability £m	Release of liability up to 31 March 2009 £m	Deferred liability 31 March 2009 £m
Street Lighting	(18.096)	6.423	(11.673)
Total	**(18.096)**	**6.423**	**(11.673)**

The movement in assets during 2009/10 are in the following table.

Deferred liability 31 March 2008 £m	Release of liability 2008/09 £m	Deferred liability 31 March 2009 £m	Liabilities	Deferred liability 31 March 2009 £m	Release of liability 2009/10 £m	Deferred Liability 31 March 2010 £m
(12.440)	0.767	(11.673)	Street Lighting	(11.673)	0.754	(10.919)
(12.440)	**0.767**	**(11.673)**	**Total**	**(11.673)**	**0.754**	**(10.919)**

The payments due to be made under the street lighting PFI until the end of the contract period are detailed in the table below.

	Repayment of liability £m	Interest £m	Service Charge £m	Total payments £m
Within one year	0.741	0.137	1.982	2.860
Two to five years	2.831	0.458	8.616	11.905
Six to ten years	2.746	0.389	12.848	15.983
Eleven to fifteen years	2.833	0.220	14.253	17.306
Sixteen to nineteen years	1.768	0.045	9.559	11.372
Total	**10.919**	**1.249**	**47.258**	**59.426**

Housing 21

This PPP scheme is to provide:

- 285 extra care units (including 70 shared ownership and 10 respite care) across the borough
- a 40 bed dementia care unit at Goscote
- 26 intermediate care beds at Rushall Mews
- increased day care across the borough (including weekend access to services)

The main partners on this scheme are Housing 21 and Walsall Council. The contract commenced in 2008/09 and is for 30 years. As part of this contract the council has provided land to Housing 21 on a 125 year lease. It is anticipated that the new units will be completed by 2011/12.

Applying the requirement of IFRIC12 to this scheme, the majority of the assets within this contract do not revert back to Walsall ownership at the end of the 30 years. As such the council does not need to account for these assets on the balance sheet. There is one exception to this, Rushall Mews, which does revert back to council ownership at the end of the 30 year period. The council therefore needs to keep accounting for this asset on our balance sheet (current value £1.124m). In addition the council has had to write out a number of properties which have been transferred over to Housing 21 as a result of this scheme and IFRIC12 requirements, totalling £4.873m.

The table below shows the predicted payments to the contractor over the life of the agreement.

Year	£m
Within 1 Year	8.174
2 to 5 Years	36.325
6 to 10 Years	50.059
11 to 15 Years	56.637
16 to 20 Years	64.08
21 to 25 Years	72.501
26 to 28 Years	47.996
Total	**335.772**

9. Related parties

The SORP requires the disclosure of any material transactions with related bodies that are not disclosed elsewhere in this statement of accounts. Examples of related parties include central Government, local authorities, other public bodies, subsidiary and associated companies, joint venture partners, pension fund and members.

Central Government

Receipts in respect of revenue support grants and national non-domestic rates are shown on the income and expenditure account (page 31). Other grants that are received by the council are analysed elsewhere in this statement (notes 33 and 34, page 74).

Other public bodies

Precepts are levied on the council by the West Midlands Police Authority and the West Midlands Fire and Civil Defence Authority. A levy is raised against the council by the West Midlands Passenger Transport Executive (WMPTE).

In addition to these precepts and levies the following amounts have been paid over to these organisations:

2008/09 Net Expenditure £m		2009/10 Income £m	Expenditure £m	Net Expenditure £m
0.527	West Midlands Police Authority	(0.228)	0.521	0.293
0.056	West Midlands Fire and Civil Defence Authority	(0.011)	0.051	0.040
(0.057)	WMPTE	(0.249)	0.000	(0.249)
0.526	**Total**	**(0.488)**	**0.572**	**0.084**

Associated companies

Please refer to note 10, page 50 within this statement.

Joint venture partners

The only partners that can be classified under this heading are the pooled budgets with the local primary care trust. Please refer to note 11, page 51 within this statement.

Pension fund

Please refer to note 29, page 66 within this statement.

Members

All members' pecuniary and non-pecuniary interests are open to public inspection required by the Local Government and Housing Act 1989. The register has been examined and records of payments to and receipts from all organisations contained therein have been checked. There were receipts of £0.006m between the council and organisations detailed in the register. Details of allowances paid to members are shown in note 6 on page 42.

Chief officers

The Local Government Act 1972 details a code of conduct for the disclosure of interests by chief officers. The register has been examined. There were no transactions with the organisations listed.

Council officers

Council officers are required to declare any interests under section 117 of the Local Government Act 1972. The register has been examined and records of payments to and receipts from all organisations contained therein have been checked. The council has made payments to organisations in which officers have an interest of £0.002m and there have been receipts of £0.002m.

Other organisations

The council has made grants to voluntary organisations amounting to £3.152m. Whilst some individual grants are not of a material value to the council, in certain instances this would represent a significant element of funding to the voluntary organisation without which it may be unable to carry out its activities.

10. Associated company interests and holdings

Birmingham International Airport

Birmingham Airport Holdings (BAH) was incorporated on 4 February 1997, and commenced trading on 26 March 1997. The BAH group accounts incorporated Birmingham International Airport Ltd, Euro-Hub (Birmingham) Ltd, Birmingham Airport Developments Ltd and First Castle Developments Ltd. The principal activity of the group is the operation and management of Birmingham International Airport and the provision of facilities and services associated to those operations.

The main ordinary shareholders of BAH are the seven West Midlands District Councils who together own 49% of BAH's 320 million ordinary shares of £0.01 each. Walsall Council owns 4.8% of these shares. Airport Group Investments Ltd own 48.25% of ordinary shares with the remaining 2.75% forming an Employee Share Trust. The shareholders agreement provides for the districts to cast their 49% vote at company main board and general meetings in one block. The vote of 75% ordinary shareholders is required for certain major decisions of the company.

The districts together own all £15.4m of BAH's 6.31% preference shares (Walsall Council owns £1.53m) which are cumulative and irredeemable.

Airport Group Investments Ltd, a limited company owned by Ontario Teachers' Pension Fund and Australia's Victorian Funds Management Corporation, completed the purchase of the shares of Aer Rianta International (The Irish Airports operator) and Macquarie Airports (UK) No. 2 Ltd, representing 48.25% of BAH's total ordinary shares, in September 2007 for a total of £420m.

The 2009/10 financial extract shown below is from the pre-audit accounts of BAH.

2008/09 £m		**2009/10 £m**
107.661	Turnover	104.127
259.485	Net assets	257.033
15.709	Profit before taxation	4.330
9.889	Profit after taxation	0.592

To obtain a copy of the latest financial accounts for Birmingham Airport Holdings please contact the airport at the address shown in section 9 page 116.

The shares held in BAH are shown at cost. Birmingham City Council have agreed with Audit Commission that a full revaluation of the airport will take place. Unfortunately, that valuation is not available at the time the draft accounts for 2009/10 are required to be published. Once Birmingham City Council make this valuation available then Walsall Council will include this information within the statement of accounts.

11. Pooled Budgets

Section 75 of the NHS Act 2006 allows partnership arrangements between NHS bodies and local authorities in order to improve and co-ordinate services.

The council, in association with NHS Walsall, has established both an integrated health and social care service for adults with learning disabilities, and an integrated community equipment service with pooled fund arrangements. Each partner makes a contribution to a pooled budget with the aim of focusing services and activities for service users. The learning disability pooled budget shows an overspend of £0.326m in 2009/10 (£0.695m underspend in 2008/09). The integrated community equipment service broke even in 2009/10 (£0.095m overspend in 2008/09). The details for these accounts are shown overleaf.

2008/09 Total £m	**Pooled fund memorandum account – integrated health & social care for adults with learning difficulties**	**2009/10 Cash £m**	**Grant £m**	**Total £m**
	Expenditure			
1.341	Integrated team	2.085	0.210	2.295
9.448	Community support	9.673	0.104	9.777
2.223	Day care	2.388	0.000	2.388
13.903	Residential & Nursing	14.826	0.037	14.863
0.688	Supported employment	0.741	0.000	0.741
2.567	Psychiatric & medical	2.879	0.000	2.879
1.801	Management & administration	0.897	0.000	0.897
31.971		**33.489**	**0.351**	**33.840**
	Gross funding			
(16.811)	NHS Walsall	(17.654)	0.000	(17.654)
(15.855)	Walsall Council	(15.412)	(0.448)	(15.860)
(32.666)		**(33.066)**	**(0.448)**	**(33.514)**
(0.695)	**Net over/(under) spend**	**0.423**	**(0.097)**	**0.326**

2008/09 Total £m	Pooled fund memorandum account – integrated community equipment service	2009/10 Cash £m	2009/10 Grant £m	2009/10 Total £m
	Expenditure			
0.356	Staffing costs	0.365	0.000	0.365
0.184	Premises/facilities/transport	0.133	0.000	0.133
0.872	Equipment – Walsall Council	0.865	0.000	0.865
0.000	NHS Walsall	0.000	0.000	0.000
1.412		**1.363**	**0.000**	**1.363**
	Gross funding			
(0.536)	NHS Walsall	(0.555)	0.000	(0.555)
(0.781)	Walsall Council	(0.808)	0.000	(0.808)
(1.317)		**(1.363)**	**0.000**	**(1.363)**
0.095	**Net over/(under) spend**	**0.000**	**0.000**	**0.000**

12. Government grants (not attributable to specific service)

The table below details the amount of funding received by the authority as general government grants. These are shown at the bottom of the Income and Expenditure Account. These grants are not ringfenced and are used to help finance all the council's activities.

2008/09 £m	Grant	2009/10 £m
(19.707)	Area Based Grant (ABG)	(22.179)
(15.745)	Revenue Support Grant (RSG)	(24.996)
(0.315)	Local Authority Business Growth Incentive (LAGBI)	(0.175)
(35.767)	**Total**	**(47.350)**

13. Movement in fixed assets

Movements in the council's tangible operational fixed assets are shown in the following table.

	Operational fixed assets				
	Infra-structure	Land and Buildings	Vehicles, plant and equipment	Community assets	Total
	£m	£m	£m	£m	£m
Gross Book Value	119.693	619.754	10.492	13.950	763.889
Accumulated depreciation as at 31 March 2009	(58.544)	(14.002)	(5.940)	0.000	(78.486)
Net Book Value as at 31 March 2009	**61.149**	**605.752**	**4.552**	**13.950**	**685.403**
Restated Gross Book Value	137.788	619.754	10.492	13.950	781.984
Restated accumulated depreciation as at 31 March 2009	(62.591)	(14.002)	(5.940)	0.000	(82.533)
Restated Net Book Value as at 31 March 2009	**75.197**	**605.752**	**4.552**	**13.950**	**699.451**
Movements in 2009/10					
Additions	0.000	0.000	2.071	0.000	2.071
Disposals	0.000	(10.398)	(0.482)	0.000	(10.880)
Restatements	0.000	(0.386)	0.000	0.000	(0.386)
Revaluations	0.000	8.570	0.000	0.031	8.601
Expenditure for capital purposes	9.625	16.187	3.222	0.794	29.828
Total movements	**9.625**	**13.972**	**4.811**	**0.825**	**29.233**
Depreciation in year	(4.615)	(10.525)	(4.101)	0.000	(19.241)
Impairment due to economic consumption	(9.625)	(7.281)	(0.298)	(0.794)	(17.998)
Impairment not due to economic consumption	0.000	(7.372)	0.000	0.000	(7.372)
Net Book Value as at 31 March 2010	**70.582**	**594.546**	**4.964**	**13.981**	**684.073**
Accumulated depreciation as at 31 March 2010	**(67.206)**	**(18.235)**	**(10.041)**	**0.000**	**(101.774)**

The gross book value and depreciation as at 31 March 2009 have been restated as a result of the inclusion of PFI Street Lighting assets. This has increased the gross book value by £18.096m, accumulated depreciation by £4.047m and net book value by £14.049m.

£13.981m of community assets represents the value of art works being held by the authority in the New Art Gallery (£11.808m), Leather Museum (£0.750m), Walsall Museum (£1.200m) and civic regalia (£0.223m).

Movements in the council's tangible non-operational fixed assets are shown in the following table.

		Non-operational fixed assets		
	Investment Properties	Assets under construction	Surplus assets held for disposal	Total
	£m	£m	£m	£m
Gross Book Value	8.102	5.714	18.827	32.643
Accumulated depreciation as at 31 March 2009	0.000	0.000	(0.042)	(0.042)
Net Book Value as at 31 March 2009	**8.102**	**5.714**	**18.785**	**32.601**
Movements in 2009/10				
Additions	2.731	0.000	0.000	2.731
Disposals	(0.115)	0.000	(3.478)	(3.593)
Restatements	(1.844)	0.000	2.230	0.386
Revaluations	0.245	0.000	0.500	0.745
Expenditure for capital purposes	0.183	1.555	0.490	2.228
Total Movements	**1.200**	**1.555**	**(0.258)**	**2.497**
Depreciation in year	0.000	0.000	(0.218)	(0.218)
Impairment due to economic consumption	0.000	0.000	0.000	0.000
Impairment not due to economic consumption	(0.389)	0.000	(0.252)	(0.641)
Net Book Value as at 31 March 2010	**8.913**	**7.269**	**18.057**	**34.239**
Accumulated depreciation as at 31 March 2010	**0.000**	**0.000**	**(0.051)**	**(0.051)**

Impairment due to economic consumption is where the authority has incurred capital expenditure that did not give a pound for pound increase in the value of an asset, but extended its life.

Impairment not due to economic consumption is where external circumstances such as the economic downturn have reduced asset values at an accelerated rate over and above the depreciation charged.

Movements in the council's intangible fixed assets are shown in the following table.

Intangible fixed assets	**Purchased software licences**	**Total**
		£m
Gross Book Value	0.654	0.654
Accumulated amortisation as at 31 March 2009	(0.253)	(0.253)
Net Book Value as at 31 March 2009	**0.401**	**0.401**
Movements in 2009/10		
Additions	0.074	0.074
Disposals	0.000	0.000
Restatements	0.000	0.000
Revaluations	0.000	0.000
Expenditure for capital purposes	0.000	0.000
Total movements	**0.074**	**0.074**
Amortisation in year	(0.136)	(0.136)
Impairment due to economic consumption	0.000	0.000
Impairment not due to economic consumption	0.000	0.000
Net Book Value as at 31 March 2010	**0.339**	**0.339**
Accumulated amortisation as at 31 March 2010	**(0.388)**	**(0.388)**

Valuation of fixed assets

The freehold and leasehold properties in the categories other land and buildings and investment properties have been valued by an internal valuer S D Law MRICS, the council's Estate and Asset Manager, whilst those properties that required a Depreciated Replacement Cost valuation have been valued by an internal valuer R Todd MRICS BSc (Hons), the council's Asset Management System Manager, in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Standards. A 5 year rolling programme is in place to update the asset values, and also whenever a permanent material change occurs in value arising from market forces, physical alterations, or a change in categorisation or classification occurs. Not all of the properties are inspected as this is not practicable and is not considered necessary for the purpose of the valuation.

A desktop impairment review has taken place in 2009/10 resulting in a number of impairments to asset values.

Operational properties, i.e. those used to provide a service, have been valued on the basis of Existing Use Value, or in the case of specialised properties by the depreciated replacement cost method.

Plant and equipment, where appropriate, is included in the valuation of the buildings.

Investment properties have been valued on the basis of market value. Incomplete capital works, valued at cost, are included within assets under construction on the balance sheet; the balances are transferred to the appropriate category on completion of the works. Properties declared surplus to requirements are also included within non-operational assets.

The sources of information and assumptions made in producing the valuations are set out in a valuation report. The definitions of the valuation bases are set out in the RICS Valuation Standards (6th edition).

Community assets (e.g. parks) and infrastructure assets (e.g. roads) have not been valued but are included at historic cost, net of depreciation, in accordance with SORP 2009.

Intangible assets such as purchased software licences are included at historic cost and amortised over a reasonable period, usually 5 years.

Recognition

During 2009/10 a number of previously unclassified finance leases have been included within additions for Vehicles Plant and Equipment at a value of £2.071m. Further information can be found in note 17 page 60.

Also during 2009/10 omissions from the asset register have been identified and included within Investment Properties at a value of £2.731m.

14. Analysis of fixed assets

The analysis of fixed assets specifies assets owned by the Council and reflected in the Balance Sheet, as opposed to services established in buildings that are not included in the Council's asset register. Therefore, 11 Voluntary Aided primary schools and 3 Voluntary Aided secondary schools occupying sites not included within the asset register have been excluded from the current analysis.

Asset	31-Mar-09	31-Mar-10	Asset	31-Mar-09	31-Mar-10
Infrastructure			Sports centres	2	2
Hectares of derelict land	7.41	7.41	Youth clubs	11	10
Hectares of public open space	1,367.23	1,367.23	Community centres	27	27
Kilometres of road	862.2	845	Town halls	2	2
Off street car parks	65	65	Civic centre	1	1
Parking spaces	3,387	3,157	Parks' lodges	11	10
Allotments	36	36	Residential centres for children	5	5
			Residential centres for elderly people	8	0
Land and buildings			Residential centres for rehabilitation	1	1
Nursery schools	17	17	Community meeting halls	1	1
Childrens centres	15	16			
Primary schools	87	87	Swimming pools	4	4
Secondary schools	17	16	Crematorium	1	1
Special schools	8	8	Tenanted farms	10	9
School houses	66	65			
Waste disposal – transfer station	1	1	**Vehicles, plant and equipment**		
Waste disposal – disposal sites	2	2	Vans	2	3
Function halls	3	3	Tipper trucks	3	5
Theatres	2	2	Minibuses and crewbuses	3	4
Libraries	18	18	4x4 vehicles	3	2
Museums/art galleries (including leather centre)	4	4	Saloons/estate cars	2	2
Challenge building	1	1	Sweepers	3	1
Highways building	1	0	Welfare vehicles	5	5
Homes for people with mental or physical disabilities	5	4	Gritters/gritting bodies	0	3
Community rooms	2	2	Refuse collection vehicles	4	3
Neighbourhood offices	11	11	Trailers	25	24
Other administrative buildings	35	23	Mobile libraries	5	4

Asset	31-Mar-09	31-Mar-10	Asset	31-Mar-09	31-Mar-10
Depots	7	6	Mayoral car	1	1
Cemetery lodges	6	6	Playbuses	1	2
Social services offices	6	6	Fork lift trucks	2	1
Elderly day care centres	3	2	Agricultural Machinery / Tractors	6	8
Adult training centres	2	2			
Family centres	2	2	**Community assets**		
Physically disabled day care centres	3	3	Cemeteries	8	8
Public conveniences	9	9	Art works and museum treasures	12,496	12,496

15. Capital expenditure and financing

The following tables outlines the capital expenditure for the council and how this expenditure was financed.

2008/09 £m		2009/10 £m
	Expenditure in year:	
16.214	Infrastructure	9.625
17.731	Land and buildings	16.187
3.627	Vehicles, plant and equipment	3.222
0.386	Community assets	0.794
6.355	Non-operational assets	2.228
44.313		**32.056**
8.335	Revenue expenditure funded from capital under statute	59.561
0.451	Intangible assets	0.074
53.099	**Total capital expenditure**	**91.691**

2008/09 £m		2009/10 £m
	Financed by:	
8.045	Supported borrowing	6.321
8.870	Unsupported borrowing	52.368
5.693	Capital receipts	5.795
32.846	Capital grants and contributions	25.282
(2.460)	Capital expenditure awaiting reimbursement	1.778
0.105	Direct revenue funding	0.147
53.099	**Total financing**	**91.691**

The split of this expenditure between services is shown below.

2008/09 £m	Services	2009/10 £m
20.685	Children and young people	44.913
18.131	Neighbourhood services	13.328
6.124	Regeneration	10.794
8.010	Social care	21.851
0.149	Resources	0.805
53.099	**Total financing by service**	**91.691**

The following details the split of revenue expenditure funded from capital under statute.

2008/09 £m	Revenue expenditure funded from capital under statute	2009/10 £m
5.939	Improvement grants	6.466
1.190	Children and young people	29.470
0.343	Social Care	21.006
0.171	Neighbourhood services	2.148
0.692	Regeneration	0.471
8.335	**Total**	**59.561**

16. Capital contracts

The council has ongoing commitments on capital schemes. These are summarised by directorate below.

2008/09 £m	Services	2009/10 £m
1.357	Children and young people	7.778
1.440	Neighbourhood services	2.715
1.309	Regeneration	5.673
0.257	Resources	1.307
4.474	Social care	0.000
8.837	**Total**	**17.473**

17. Operating and Finance Leases

Operating leases

The council has a number of operating leases for vehicles and equipment. These are shown below:

2008/09 Number of assets	2008/09 Lease charges £m	Asset leased	2009/10 Number of assets	2009/10 Lease charges £m
63	0.145	Vans	64	0.147
4	0.023	Box Vehicles	4	0.022
3	0.039	Cesspit Emptiers / Tanker Gulleys	2	0.013
51	0.233	Tipper Trucks / Tipping Bodies	49	0.226
19	0.061	Minibuses	19	0.059
5	0.013	4X4 Vehicles	8	0.016
4	0.006	Saloon / Estate Cars	4	0.006
6	0.089	Sweepers	7	0.103
27	0.225	Welfare Vehicles	35	0.206
5	0.013	Gritters and Gritting Bodies	2	0.009
30	0.409	Refuse Collection Vehicles	32	1.003
22	0.024	Trailers	22	0.027
2	0.010	Mobile Libraries	2	0.010
50	0.057	Agricultural Machinery	51	0.131
2	0.003	Rhino Patcher	2	0.003
1	0.009	Mayoral Car	1	0.009
5	0.022	Tractors	5	0.027
	0.065	Leased Equipment		0.114
299	**1.446**		**309**	**2.131**

The committed payments next year for assets on an operational lease are shown in the table below. These are split into those commitments that expire next year, those between the second and fifth years (shown individually) and those longer than five years.

Rental Due in 2009/10 Lands and Buildings £m	Rental Due in 2009/10 Other operating leases £m	Leases Expiring in	Rental Due in 2010/11 Lands and Buildings £m	Rental Due in 2010/11 Other operating leases £m
0.000	0.388	Within 1 Year	0.000	0.254
0.000	0.815	2 to 5 Years	0.000	1.299
0.000	0.000	More than 5 Years	0.000	0.000
0.000	**1.203**		**0.000**	**1.553**

Finance leases

The council effectively holds a leisure centre at Oak Park under a finance lease. The council anticipates paying an annual peppercorn rental of £1 per annum.

The following table is an analysis of assets and lease charges held under finance leases.

2008/09		Asset leased	2009/10	
Number of assets	Lease charges £m		Number of assets	Lease charges £m
6	0.008	Gritters and Gritting Bodies	6	0.008
11	0.302	Refuse Collection Vehicles	11	0.302
1	0.037	Colour Printing Press	1	0.037
1	0.001	Franking Machine	1	0.001
18,010	0.042	Brown Bins	18,010	0.042
1	0.000	Leisure Centre	1	0.000
18,030	**0.390**		**18,030**	**0.390**

The book values and depreciation for finance leases are as follows;

	Plant and Equipment	Buildings £m	Total £m
Gross book value	2.071	0.000	2.071
Accumulated depreciation as at 31 March 2009	(1.432)	0.000	(1.432)
Net book value as at 31 March 2009	**0.639**	**0.000**	**0.639**
Movements in 2009/10			
Additions	0.000	0.000	0.000
Depreciation	(0.334)	0.000	(0.334)
Total movements	**(0.334)**	**0.000**	**-0.334**
Net book value as at 31 March 2010	**0.305**	**0.000**	**0.305**

The authority has the following obligations under finance leases;

2008/09 Committed payments £m	Year commitment ends	2009/10 Committed payments £m
0.390	2009/10	0.000
0.124	2010/11	0.124
0.038	2011/12	0.038
0.000	2012/13	0.000
0.000	2013/14	0.000
0.000	2014/15	0.000
0.000	2015/16 or later	0.001
0.552		**0.162**

Under FRS28 – Corresponding Amounts, 2008/09 comparatives for operating and finance leases have been restated in order to provide comparability to the 2009/10 figures.

18. Net assets employed

This table outlines how the net assets of the authority, excluding pensions and collection fund, are utilised in the provision of its services split between core functions and foundation schools.

2008/09 £m	Restated 2008/09 £m		2009/10 £m
390.665	347.443	General fund	293.927
93.993	137.215	Foundation schools	134.217
484.658	**484.658**	**Total**	**428.144**

19. Long term debtors

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

2008/09 £m		2009/10 £m
0.117	Other local authorities	0.110
1.598	Probation	1.534
8.651	Waste disposal co-ordination	8.436
0.226	Mortgages	0.161
10.592	**Total**	**10.241**

20. Stock and work in progress

The table shows the value of stock and work in progress held by the authority to assist in the delivery of its services

2008/09 £m		2009/10 £m
	Stock	
0.010	Disinfestation stores	0.014
0.021	Reprographics	0.019
0.002	Small tools and plant	0.001
0.002	Stationery	0.002
0.111	Trading operations	0.081
0.428	Miscellaneous	0.365
0.006	Foundation Schools	0.002
0.580	**Total**	**0.484**

21. Debtors due within one year including Bad Debt Provision

The table below shows the amounts owed to the council for which payments have not been received by 31 March 2010, but which should be paid within one year.

2008/09 £m	2008/09 Restated £m		2009/10 £m
3.774	3.774	Capital Debtors	2.132
14.125	15.097	Government Departments	16.226
0.018	0.175	Other local authorities	0.301
9.225	8.321	Council tax	8.911
3.132	0.000	National non-domestic rates	0.000
0.535	0.535	Housing rents	0.000
24.533	24.533	Other	26.196
55.342	**52.435**	**Sub-total**	**53.766**
(11.289)	(9.852)	Provision for bad debt	(9.942)
44.053	**42.583**	**Total**	**43.824**

Within other debtors £1.380m (£1.230m 2008/09) is included for property charges within Social Care and Inclusion. The council recognises that although these are correctly classified as debtors due within one year, events beyond the control of the authority make it probable that a proportion of these will be settled beyond that timeframe.

Provision for bad debts

The council makes provision for outstanding debt which it anticipates will not be recovered. The split of the provision is found in the table below.

2008/09 £m	2008/09 Restated £m		2009/10 £m
(5.249)	(4.735)	Council Tax	(5.218)
(0.923)	0.000	NNDR	0.000
(5.117)	(5.117)	Other debtors	(4.724)
(11.289)	**(9.852)**	**Total**	**(9.942)**

Comparatives for 2008/09 have been restated for reporting the collection fund on an agency basis for SORP 2009.

22. Landfill Allowance Trading Scheme (LATS)

The landfill allowance trading scheme has been operating since 1 April 2005 after being introduced by the Waste and Emissions Trading Act 2003. This allows local authorities in England and Wales to trade landfill allowances between each other. So a council that does not fully use their allowance can sell it at a market price to any council who has gone over their allowance. If any authority is still over their allowance at this point they are required to pay a penalty charge to the Department for Environment, Food and Rural Affairs (DEFRA). Councils are allowed to carry this amount over into the following year. However, the scheme has a number of years where any remaining allowances are required to be written off.

The council has received allowances for 2009/10 of 56,218 tonnes. The estimated biodegradable municipal waste landfill usage is 27,825 tonnes. It has not brought or sold any allowances in the year or during the reconciliation period. The average traded value assumed for 2009/10 has been £0.00 per tonne.

23. Cash at bank

2008/09 £m		2009/10 £m
3.039	Cash in hand/bank	3.872
0.000	Cash overdrawn	0.000
3.039	**Total**	**3.872**

See cash flow statement (page 38) and note 31 (page 74) for further detail. Also see note 30 page 73 for further details on cash balances.

24. Creditors payable within one year

The following table identifies the council's major creditors payable within 12 months.

2008/09 £m	2008/09 Restated £m		2009/10 £m
(1.782)	(1.782)	Capital creditors	(3.085)
(8.226)	(8.226)	Government departments	(12.306)
(2.626)	(2.626)	Other local authorities	(2.988)
(2.392)	(2.159)	Council tax	(2.185)
(1.237)	0.000	National non-domestic rates	0.000
(34.286)	(35.387)	Other	(39.395)
(50.549)	**(50.180)**	**Total**	**(59.959)**

25. Provisions

The following table shows the movement during the year of the provisions maintained by the council. The movements will have been charged or generated from the appropriate headings in the net cost of services. These represent provisions for future expenses in respect of liabilities incurred in relation to the year under review. The expected timing of any resultant transfer of economic benefit is not possible to state due to the nature of each provision.

	Balance as at 31 March 2009	Additional / increase in provisions	Amounts used	Reversal of unused amounts	Balance as at 31 March 2010
	£m	£m	£m	£m	£m
Equal Pay	0.000	(48.452)	0.000	0.000	(48.452)
Government grant	(0.320)	0.000	0.320	0.000	0.000
Insurance fund	(1.923)	(0.484)	0.883	0.000	(1.524)
Section 117	(0.349)	0.000	0.015	0.071	(0.263)
Other	(0.344)	(0.013)	0.000	0.024	(0.333)
Total	**(2.936)**	**(48.949)**	**1.218**	**0.095**	**(50.572)**

Equal pay

Walsall is undertaking a major pay and grading review as required by the single status agreement. The council obtained a capitalisation direction in 2009/10 to treat at least a proportion of any settlements arising from single status, as capital expenditure, and therefore to be funded from prudential borrowing. In accordance with LAAP 68, the council has capitalised a provision for costs.

Insurance provision

The council has an established insurance fund to cover excesses on claims. These outstanding claims amount to £3.984m and are at various stages of being addressed and it is therefore unclear when settlement might be made. However, based on claims settlement profiles, projected settlements are estimated at £1.524m (£1.923m in 2008/09) for which a provision is held to cover this.

Section 117

Section 117 of the Mental Health Act 1983 applies to people who have been detained in hospital under Sections 3, 37, 45A, 47 or 48 of the Mental Health Act 1983. Under this Section the Health Authority and Social Services have a duty to provide aftercare services until they are both satisfied that services are no longer required, at which point aftercare could cease. The council would have charged for aftercare as part of normal charging procedures.

In July 1999 the High Court held that charges could not be made for aftercare services, including accommodation, provided under Section 117 of the Mental Health Act 1983. This judgment was upheld on appeal in July 2000.

The Local Government Ombudsman, in a Special report in 2003, advised that people who have paid for Section 117 aftercare are entitled to restitution with interest. In addition it advised Local Authorities to put mechanisms in place to identify those persons improperly charged, or improperly deprived of financial assistance, and to establish arrangements for reimbursing them or their estates. The council is experiencing difficulties in locating potential claimants, however is working towards identifying as many claimants as possible.

The Local Government Ombudsman guidance, although not law, should be followed. If it is not followed the council would be at risk of claims for which it has no defence. Should a successful complaint be filed against the council, the instruction would be to make restitution to the client in the form of repayment. Walsall Council have provided for this liability within other provisions.

Other

In addition to the above provisions Walsall holds £0.333m (£0.344m in 2008/09) for other costs where the expected timing of any resultant transfer of economic benefit or future events can not be accurately predicted.

26. Deferred liabilities

The deferred liabilities represent deferred interest for Lender Option Borrower Option (LOBO) stepped rate loans, and PFI liability costs. The LOBO deferred interest is to offset future higher interest costs due to stepped interest where the rate goes from a lower rate to higher rate. The PFI liability costs are the result of PFI schemes being on the council's balance sheet. The PFI liability is being written down over the life of the PFI scheme.

2008/09 £m	2008/09 Restated £m		2009/10 £m
(0.551)	(0.204)	Deferred LOBO interest	(0.204)
0.000	0.000	Finance lease liability	(0.207)
0.000	(10.919)	PFI liability	(10.178)
(0.551)	**(11.123)**	**Total**	**(10.589)**

Within 2008/09 comparatives there have been a number of adjustments made: Please see note 2 page 40 for further details.

27. Government grants deferred and contributions

When a government grant or any other contribution has been applied to the financing of capital expenditure on fixed assets, a balance is established representing a deferred credit to be released to revenue to set off the depreciation that might be charged on the assets. If this is not possible then the grant is written off fully to the income and expenditure account.

2008/09 £m		2009/10 £m
(37.120)	Balance brought forward	(42.607)
	Movement on Government Grants Deferred	
(31.995)	Grants received in year	(20.664)
26.508	Amounts credited to reconciliation to general fund in 2008/09	15.035
(42.607)	**Balance carried forward**	**(48.236)**

28. Government grants unapplied

These are grants that the Council has received but have not yet been applied against the assets relevant to them.

2008/09 £m		2009/10 £m
(22.080)	Balance brought forward	(15.676)
(33.290)	Capital grants received during the year	(36.144)
37.234	Applied against schemes	27.059
2.460	Capital debtors movement	1.642
(15.676)	**Balance carried forward**	**(23.119)**

29. Retirement benefits

Teachers' pension scheme

Teachers employed by the council are members of the teachers' pension scheme, administered by Capita Teachers' Pensions on behalf of the Department of Children, Schools and Families. It provides teachers with defined benefits upon their retirement, and the council as the local education authority (LEA) contributes towards the costs by making contributions based on a percentage of member's pensionable salaries.

In 2009/10 the council paid £12.809m (£12.968m in 2008/09) to Teachers' Pensions in respect of teachers' pension costs which represents 14.1% (14.1% in 2008/09) of teachers' pensionable pay. This includes those contributions in respect of the foundation schools (formerly grant maintained).

With regard to the teachers' pension scheme, there were no contributions remaining payable at the year end.

The scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions uses a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities (LEAs). However it is not possible for the council to identify a share of the underlying liabilities in the scheme attributable to its own employees. Therefore for the purpose of this statement of accounts it is accounted for on the same basis as a defined contribution scheme.

The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These benefits are fully accrued in the pensions liability described below under Local Government Pension Scheme.

Liability due to local government reorganisation

The council is liable to pay costs of additional benefits awarded as part of the 1974 reorganisation of Local Government. In 2009/10 the council paid £0.030m (£0.037m in 2008/09) to Staffordshire County Council for these costs. The anticipated future liability for these benefits is approximately £0.070m.

Local Government pension scheme

Participation within schemes

As part of the terms and conditions of employment of its officers and other employees, Walsall Council offers retirement benefits. Although these benefits will not be payable until the employees retire, the council has a commitment to make payments that need to be disclosed at the time that employees earn their entitlement.

Walsall participates in the West Midlands Metropolitan Authorities Pension Fund, which is administered by Wolverhampton City Council. This is a funded defined benefit scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension fund's liabilities with investment assets.

The council is responsible for any additional pension payments relating to previous added years awarded to both council employees and teachers. These are additional benefits payable above the normal benefits receivable by these retired employees. It is an unfunded scheme meaning that there are no investment assets built up to meet the pension liability, and cash has to be generated to meet actual pension payments as they fall.

Transactions relating to retirement benefits

The council recognises the cost of retirement benefits in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge the council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the statement of movement on the general fund balance.

The following transactions have been made in the Income and Expenditure account and Statement of Movement on the General Fund Balance during the year:

West Midlands Authorities Pension Scheme			Unfunded Teachers Pension Costs	
2008/09 £m	**2009/10 £m**		**2008/09 £m**	**2009/10 £m**
		Income and Expenditure Account		
		Net cost of service		
19.305	**12.300**	Current service costs	0.000	**0.000**
0.203	**0.255**	Past service costs	0.000	**0.000**
0.235	**1.287**	Curtailment costs	0.000	**0.145**
		Net operating expenditure		
44.438	**43.526**	Interest cost	0.869	**0.845**
(31.111)	**(23.554)**	Expected return on assets in the scheme	0.000	**0.000**
33.070	**33.814**	**Net charge to income and expenditure account**	**0.869**	**0.990**
		Statement of Movement on the General Fund Balance		
(13.439)	**(12.904)**	Reversal of net charges made for retirement benefits in accordance with FRS17	0.322	**0.263**
19.631	**20.910**	**Actual amount charged against general fund balance for pensions in the year**	**1.191**	**1.253**

In addition to the recognised gains and losses shown above within the Income and Expenditure Account, actuarial losses of £111.650m (actuarial gains of £35.979m in 2008/09) have been included in the Statement of Total Recognised Gains and Losses. The cumulative amount of gains and losses included within the Statement of Total Recognised Gains and Losses are losses of £188.278m (2008/09 losses of £76.628m).

Assets and liabilities in relation to retirement benefits

The first table shows a reconciliation of the movement of all pension scheme liabilities in the last year, showing all the types of movements.

	West Midlands Authorities Pension Scheme				Unfunded teachers pension costs		Total	
	2008/09 Unfunded	2008/09 Funded	2009/10 Unfunded	2009/10 Funded	2008/09 Unfunded	2009/10 Unfunded	2008/09	2009/10
	£m	£m	£m	£m	£m	£m	£m	£m
Obligations as at 1 April	(33.295)	(694.557)	(28.393)	(590.286)	(14.838)	(12.528)	(742.690)	**(631.207)**
Current service cost	0.000	(19.305)	0.000	(12.300)	0.000	0.000	(19.305)	**(12.300)**
Past service cost	0.000	(0.203)	0.000	(0.255)	0.000	0.000	(0.203)	**(0.255)**
Curtailments	0.000	(0.235)	0.000	(1.287)	0.000	(0.145)	(0.235)	**(1.432)**
Interest on pension liabilities	(1.969)	(42.469)	(1.942)	(41.584)	(0.869)	(0.845)	(45.307)	**(44.371)**
Actuarial (gains)/losses on liabilities	4.839	150.497	(5.634)	(192.109)	1.988	(2.249)	157.324	**(199.992)**
Benefits/transfers paid	2.032	22.975	2.087	28.506	1.191	1.253	26.198	**31.846**
Member contributions	0.000	(6.989)	0.000	(7.017)	0.000	0.000	(6.989)	**(7.017)**
Obligations as at 31 March	**(28.393)**	**(590.286)**	**(33.882)**	**(816.332)**	**(12.528)**	**(14.514)**	**(631.207)**	**(864.728)**

The table below shows how all pension scheme assets have moved over the last year, showing all types of movement.

	West Midlands Authorities Pension Scheme				Unfunded teachers pension costs		Total	
	2008/09 Unfunded	2008/09 Funded	2009/10 Unfunded	2009/10 Funded	2008/09 Unfunded	2009/10 Unfunded	2008/09	2009/10
	£m	£m	£m	£m	£m	£m	£m	£m
Fair value of assets as at 1 April	0.000	451.723	0.000	363.102	0.000	0.000	451.723	**363.102**
Employer contributions	2.032	17.599	2.087	18.823	1.191	1.253	20.822	**22.163**
Expected return on assets	0.000	31.111	0.000	23.554	0.000	0.000	31.111	**23.554**
Actuarial gains/(losses) on assets	0.000	(121.345)	0.000	88.342	0.000	0.000	(121.345)	**88.342**
Benefits/transfers paid	(2.032)	(22.975)	(2.087)	(28.506)	(1.191)	(1.253)	(26.198)	**(31.846)**
Member contributions	0.000	6.989	0.000	7.017	0.000	0.000	6.989	**7.017**
Balance of assets as at 31 March	**0.000**	**363.102**	**0.000**	**472.332**	**0.000**	**0.000**	**363.102**	**472.332**

Scheme history

The movement on the pension schemes' asset and liabilities over the last five years are shown below:

	2005/06 £m	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m
Present value of scheme liabilities					
Funded LGPS	(643.918)	(645.656)	(694.557)	(590.286)	(816.332)
Unfunded LGPS	n/a	n/a	(33.295)	(28.393)	(33.882)
Unfunded teachers scheme	(14.589)	(13.850)	(14.838)	(12.528)	(14.514)
Total present value of scheme liabilities	**(658.507)**	**(659.506)**	**(742.690)**	**(631.207)**	**(864.728)**
Fair value of scheme assets	421.956	452.021	451.723	363.102	472.332
Surplus/deficit in the scheme					
Funded LGPS	(221.962)	(193.635)	(242.834)	(227.184)	(344.000)
Unfunded LGPS	0.000	0.000	(33.295)	(28.393)	(33.882)
Unfunded teachers scheme	(14.589)	(13.850)	(14.838)	(12.528)	(14.514)
Total	**(236.551)**	**(207.485)**	**(290.967)**	**(268.105)**	**(392.396)**

The liabilities show the underlying commitments that the council has in the long term to pay retirement benefits. The total liability of £392.396m has a substantial impact on the net worth of the authority. It reduces the overall net worth to £35.052m. However statutory arrangements for funding the deficit means that the financial position of the authority remains healthy:

- The deficit on the West Midlands Metropolitan Authorities Pension Fund will be made good by increasing employer contributions over the remaining working life of employees, as assessed by the scheme actuary on a triennial basis
- Finance is only required to be raised to cover the unfunded teachers' pensions when the pensions are actually paid.

Employee contributions were increased from 1 April 2008 in addition to employer contributions to ensure adequate funding of future pension liabilities given the increase in life expectancies.

The total contributions expected to be made to the West Midlands Metropolitan Authorities Pension Fund in 2010/11 by the council is £22.049m.

Basis for estimating assets and liabilities

Liabilities for both the West Midlands Metropolitan Authorities Pension Fund and the unfunded teachers' pension costs have been assessed by Mercers Human Resource Consulting Ltd, an independent firm of actuaries. The assessment has been on an actuarial basis using the projected unit method, an estimate of the pensions that will have to be paid in the future, using mortality rates, salary levels etc. The estimates for the West Midlands Metropolitan Authorities Pension Fund have been based on the latest full valuation of the scheme as at 31 March 2007.

The investment return used in calculating the year end pension scheme assets is 30.93%. Consistent with the prior year, this has been calculated from the actual investment return for the nine months to 31 December 2009, multiplied by the market index returns for the three months to 31 March 2010, less an allowance for expenses.

The following actuarial assumptions have been made:

	West Midlands Authorities Pensions Fund		Unfunded teachers pension costs	
	2008/09	2009/10	2008/09	2009/10
Rate of inflation	3.30%	3.30%	3.30%	3.20%
Rate of increase in salaries	5.05%	5.05%	N/A	N/A
Rate of increase in pensions	3.30%	3.30%	3.30%	3.20%
Discount rate	7.10%	5.60%	7.10%	5.50%
Mortality Assumptions				
Longevity at 65 for current pensioners				
- Men	21.2	21.2	21.2	21.2
- Women	24.0	24.1	24.0	24.1
Longevity at 65 for future pensioners				
- Men	22.2	22.2	N/A	N/A
- Women	25.0	25.0	N/A	N/A
Take up of option to convert annual pension into retirement grant	50.00%	50.00%	N/A	N/A

The unfunded teachers' pensions have no assets to cover their liabilities.

The assets in the West Midlands Metropolitan Authorities Pension Fund are valued at fair value, principally market value for investments and consists of the following categories, by proportion of the total assets held by the fund:

	West Midlands Authorities Pensions Fund			
	2008/09	2008/09	2009/10	2009/10
	%	£m	%	£m
Expected rate of return on assets				
- Equities	7.50%		7.50%	
- Government bonds	4.00%		4.50%	
- Other bonds	6.00%		5.20%	
- Property	6.50%		6.50%	
- Cash/Liquidity	0.50%		0.50%	
- Other	7.50%		7.50%	
Asset value split between investment categories				
- Equities	55.70%	202.248	53.70%	253.642
- Government bonds	12.40%	45.025	7.90%	37.314
- Other bonds	4.10%	14.887	6.00%	28.340
- Property	7.30%	26.506	7.20%	34.008
- Cash/Liquidity	4.00%	14.524	1.40%	6.613
- Other	16.50%	59.912	23.80%	112.415
Total	**100.00%**	**363.102**	**100.00%**	**472.332**

History of experience gains and losses

The actuarial gains identified as movements on the pensions reserve in 2009/10 can be analysed into the following categories measured as a percentage of assets or liabilities at 31 March 2010.

	2004/05 %	2005/06 %	2006/07 %	2007/08 %	2008/09 %	2009/10 %
Difference between actual and expected return on assets						
West Midlands Authorities Pension Fund	4.1	14.8	0.9	(7.7)	(33.4)	18.7
Experience gains and losses on liabilities						
West Midlands Authorities Pension Fund	1.2	(1.9)	0.0	(0.2)	0.0	0.0
Unfunded teachers pension costs	(0.1)	0.0	0.0	(3.5)	0.0	0.0

30. Movement in cash and cash equivalents

The council defines as its liquid resources the current bank account balance, cash held in imprest account for items such as petty cash reimbursement and investments for a period of up to 364 days.

Movement in cash and cash equivalents	As at 31 March 2009 £m	Movement £m	As at 31 March 2010 £m
Cash overdrawn	0.000	0.000	0.000
Cash in hand	3.039	0.833	3.872
Short term investments	51.484	34.919	86.403
Net cash outflow	**54.523**	**35.752**	**90.275**

31. Reconciliation of income and expenditure account to net cash flow from revenue activities

This note reconciles the net (surplus)/deficit on the income and expenditure account to the council's net cash flow from revenue activities.

2008/09 £m	2008/09 Restated £m		2009/10 £m
241.643	241.185	Net deficit/(surplus)	83.826
		Add back:	
(6.733)	(6.556)	Servicing of finance	(9.572)
0.000	1.101	Transfer from long term liabilities to short term liabilities	(0.131)
0.000	(3.974)	Collection Fund Agency Monies	(6.157)
(276.715)	(277.023)	Non cash items on I&E	(82.927)
21.216	21.216	Cash items on SMGFB not in I&E	22.647
		Non cash transactions:	
0.450	0.450	Contributions to/(from) provisions	(47.636)
		Items on an accrual basis:	
(0.091)	(0.091)	Increase/(decrease) in stock and work in progress	(0.096)
(1.782)	(3.253)	Increase/(decrease) in revenue debtors	2.883
5.568	**5.937**	**(Increase)/decrease in revenue creditors**	**(8.476)**

32. Analysis of revenue – other government grants and reimbursements

2008/09 £m		2009/10 £m
20.876	Standards Fund	23.833
19.679	Learning & Skills Council	19.898
0.000	Neighbourhoods Renewal Fund	0.000
8.975	Sure Start	9.997
9.554	DCSF Schools Grant	9.191
0.000	LAA grant	0.301
7.067	Supporting People	7.067
0.000	Social Services Adult Grants	0.000
0.000	Other Social Services Children's Grants	0.000
1.595	Street Lighting PFI	1.595
4.602	Other	11.457
72.348	**Total**	**83.339**

Under FRS28 – Corresponding Amounts, 2008/09 comparatives for Street Lighting PFI grant have been restated in order to provide comparability to the 2009/10 figures.

33. Analysis of capital grants

2008/09 £m		2009/10 £m
9.995	Schools Standards Fund	15.007
0.204	PCT Walsall	1.500
3.684	Sure Start	1.592
0.230	ERDF	0.025
0.114	Lottery	0.538
0.000	Youth	0.639
0.000	Department of Schools & Families	0.531
0.000	CENTRO	0.871
4.850	Housing Specific	4.533
0.000	DEFRA	0.507
6.089	Town centre transport package	4.151
0.043	Local Area Agreement	0.900
2.786	Local Transport Plan	3.164
1.675	Bus Showcase	0.000
3.259	Other	1.830
0.627	Section 106 Contributions	0.356
33.556	**Total**	**36.144**

Under FRS28 – Corresponding Amounts, 2008/09 comparatives for Section 106 contributions have been restated in order to provide comparability to the 2009/10 figures.

34. Analysis of changes in net debt

	Opening Balance	Non Cash Movements	Movements in Cash	Write Down of Premiums and Discounts	New Borrowing Raised	Borrowing Repaid	Closing Balance
	£m	£m	£m	£m	£m	£m	£m
Cash or Cash Equivalents	54.523	4.996	30.756	0.000	0.000	0.000	**90.275**
Birmingham Airport Shares/loan stock	6.705	0.000	0.000	0.000	0.000	0.000	**6.705**
Other long term investments	25.000	(5.000)	0.000	0.000	0.000	(8.000)	**12.000**
Long term investments	**31.705**	**(5.000)**	**0.000**	**0.000**	**0.000**	**(8.000)**	**18.705**
Total Cash and investments	**86.228**	**(0.004)**	**30.756**	**0.000**	**0.000**	**(8.000)**	**108.980**
PWLB	(113.324)	0.000	0.000	(0.043)	0.000	0.000	**(113.367)**
LOBO	(122.000)	0.000	0.000	0.000	0.000	0.000	**(122.000)**
OLA Debt	(27.254)	0.000	0.000	0.000	0.000	0.672	**(26.582)**
Schools bond	0.000	0.000	0.000	0.000	(0.148)	0.148	**0.000**
O/C Bonds	(0.152)	0.000	0.000	0.000	0.000	0.024	**(0.128)**
Long Term Borrowing	**(262.730)**	**0.000**	**0.000**	**(0.043)**	**(0.148)**	**0.844**	**(262.077)**
Temporary Loans	(0.181)	0.000	0.000	0.000	(0.538)	0.537	**(0.182)**
Temporary Borrowing	**(0.181)**	**0.000**	**0.000**	**0.000**	**(0.538)**	**0.537**	**(0.182)**
Total Borrowing	**(262.911)**	**0.000**	**0.000**	**(0.043)**	**(0.686)**	**1.381**	**(262.259)**
Total Net Debt	**(176.683)**	**(0.004)**	**30.756**	**(0.043)**	**(0.686)**	**(6.619)**	**(153.279)**

35. Movement in reserves

The council maintains a number of reserves in the balance sheet. Some are required to be held for statutory purposes, some are required to comply with proper accounting practices and others have been set up voluntarily to earmark resources for future spending plans.

Reserves	Balance 01-Apr-09 £m	Net Movement in year £m	Balance 31-Mar-10 £m	Purpose of reserve	Further details of movements within note
General fund	(5.096)	(3.171)	(8.267)	Resources available to meet future unbudgeted running costs for council services	40
Collection fund	0.000	0.000	0.000	Balance on council tax/NNDR	41
Collection fund adjustment account	0.030	0.666	0.696	Balance on council tax/NNDR	41
Other earmarked reserves	(48.624)	(9.360)	(57.984)	Resources setaside for specific purposes	42
Useable capital receipts	(9.258)	3.955	(5.303)	Proceeds of fixed asset sales available to meet future capital investments	45
Deferred capital receipts	(1.824)	0.136	(1.688)	Proceeds from fixed assets sales that are being repaid over a length of time	46
Capital Adjustment Account	(307.638)	76.706	(230.932)	Capital resources setaside to meet past capital expenditure	44
Revaluation Reserve	(113.828)	(10.066)	(123.894)	Balance of gains on revaluations on fixed assets	43
Pensions reserve	268.105	124.291	392.396	Balancing account to allow inclusion of pensions liability in the balance sheet	32
Available-for-sale reserve	0.000	0.000	0.000	Store of gains/losses on revaluation of assets not yet realised through sale	n/a
Financial instruments adjustment account	(0.765)	0.689	(0.076)	Balancing account to allow for statutory requirements/proper accounting practice for borrowings/investments	47
Total	**(218.898)**	**183.846**	**(35.052)**		

Within 2008/09 balances there have been a number of adjustments made: Please see note 2 page 40 for further details.

Further analysis of movement in year of the council's reserves is shown below. This forms the basis for the statement of total recognised gains and losses (STRGL).

	I&E (surplus)/ deficit £m	(Gain)/ loss on revaluation £m	Actuarial (gain)/ loss on pensions £m	(Surplus)/ deficit on collection fund £m	Other (gains)/ losses £m	Total movements £m
General fund	83.826	(12.258)	0.000	0.000	(74.739)	(3.171)
Collection fund	0.000	0.000	0.000	0.000	0.666	0.666
Other earmarked reserves	0.000	0.000	0.000	0.000	(9.360)	(9.360)
Useable capital receipts	0.000	(1.751)	0.000	0.000	5.706	3.955
Deferred capital receipts	0.000	0.000	0.000	0.000	0.136	0.136
Capital Adjustment Account	0.000	13.948	0.000	0.000	62.758	76.706
Revaluation Reserve	0.000	(11.552)	0.000	0.000	1.486	(10.066)
Pensions reserve	0.000	0.000	111.650	0.000	12.641	124.291
Available-for-sale reserve	0.000	0.000	0.000	0.000	0.000	0.000
Financial instruments adjustment account	0.000	0.000	0.000	0.000	0.689	0.689
Total	**83.826**	**(11.613)**	**111.650**	**0.000**	**(0.017)**	**183.846**

36. Contingent assets and liabilities

Contingent assets

The council submitted a number of claims under UK case law referred to as the "Fleming vs HM Revenue & Customs (HMRC)" VAT case decided in 2006. The majority of these have been settled although the council is still awaiting a decision from HMRC on one claim totalling £0.102m including statutory interest. In addition to the VAT on this claim the council will also be expecting to receive as a minimum the statutory interest payable on these claims. The council is endeavouring, through a claim to the High Court, to obtain interest on a compound basis for all the claims submitted, as it is believed that the claims have been put in due to a breach in EU law. An initial estimate of the potential additional interest this might generate is £0.557m.

Contingent liabilities

The council has received a complaint regarding a potential breach of building inspection regulations. The council is currently in correspondence and or dispute with a number of parties where liability is disputed. At this stage potential claims arising from those maters cannot be ruled out. Where claims have been received, assessments of potential quantum are being undertaken and will be accounted for as soon as reasonably practical and where that is in the council overall best legal interests

Walsall is undertaking a major pay and grading review as required by the single status agreement. The council obtained a capitalisation direction in 2009/10 to treat at least a proportion of any settlements arising from single status, as capital expenditure, and therefore to be funded from prudential borrowing. In accordance with LAAP 68, the council has capitalised a provision for costs.

There is currently, a potential dispute between the Council and construction company Vinci Construction (UK) Ltd, with regard to the Town Centre Transport Package. Vinci Construction (UK) Ltd, has made a number of claims for costs against the Council, due to delays and contract variations

The claims are as yet unresolved and the eventual outcome are predicted to be between £0 to £2.309 million

37. General fund reserve

General reserves are available for the council to use at its discretion. The council maintains a minimum level of general reserves as a "working balance" to protect the council against a range of possible circumstances. The value of the working balance is calculated based on a risk assessment. Excess general reserves are sometimes used to reduce the overall net spending of the council prior to the setting of the council tax, but only for one-off expenses. The framework relating to general reserves is set out in the council's medium term financial strategy approved by cabinet.

2008/09 £m		2009/10 £m
(7.776)	Balance brought forward	(5.096)
2.680	Transfer (to)/from general fund (see statement of movement on the general fund balance pg 31)	(3.171)
(5.096)	**Balance carried forward**	**(8.267)**

38. Collection fund reserve/Collection fund adjustment account

See additional statements section, note 2, page 89 for further details.

39. Earmarked reserves

The table below shows amounts set aside for future use. These may only be used for the specific purposes they are intended for.

2008/09 £m		2009/10 £m
(0.431)	Nursery schools (net)	(0.393)
(5.710)	Primary schools (net)	(4.865)
(2.136)	Secondary schools (net)	(1.259)
(2.316)	Special schools (net)	(1.120)
(2.164)	Foundation schools (net)	(1.866)
(1.166)	College of continuing education	(1.472)
(8.946)	Private finance initiative	(9.996)
(0.244)	Public Private Partnership	(0.827)
(25.511)	Other council earmarked reserves	(36.186)
(48.624)	**Total**	**(57.984)**

The reserves for schools represents the amount of unspent delegated budgets available to individual schools and the college of continuing education and are not generally available to the council for any other expenditure.

40. Revaluation reserve

This reserve has been established in line with proper accounting practices. It records the accumulated net gains on fixed assets held by the authority.

2008/09 £m		2009/10 £m
(1.480)	Opening balance	(113.828)
(113.092)	Upward valuations	(9.346)
0.000	Disposals	0.525
(0.868)	Omissions from register	(2.731)
0.000	Impairment losses due to clear economic benefits	0.000
0.000	Impairment losses not due to clear economic benefits	0.014
1.612	Depreciation	1.472
(113.828)	**Closing balance**	**(123.894)**

41. Capital adjustment account

This account outlines all the movements due to the financing of capital expenditure.

2008/09 £m	2008/09 restated £m		2009/10 £m
(530.238)	(532.449)	Opening Balance	(307.638)
18.649	19.252	Depreciation/Amortisation in year	18.123
190.944	190.944	Impairment losses not due to clear economic benefits	7.999
27.301	27.301	Impairment losses due to clear economic benefits	17.998
27.224	27.223	Disposal costs	13.948
(5.552)	(5.552)	Use of capital receipts	(5.795)
8.335	8.335	Revenue expenditure funded from capital under statute	53.315
(0.105)	(0.105)	Direct revenue funding of capital	(0.147)
(10.839)	(11.605)	Revenue provision for repayment of debt	(13.700)
(30.982)	(30.982)	Capital grants and contributions	(15.035)
(305.263)	**(307.638)**	**Closing balance**	**(230.932)**

A number of adjustments have been made to the 2008/09 comparatives for changes within SORP 2009. Please see note 2 page 40 for further details.

42. Useable Capital Receipts

The balance in this account represents the total proportion of capital receipts available to finance capital expenditure in future years, after setting aside statutory amounts for the repayment of debt.

2008/09 Capital Receipts £m		2009/10 Capital Receipts £m
(13.239)	Balance brought forward	(9.258)
(1.627)	Capital receipts received during the year	(1.887)
5.552	Applied against schemes	5.795
0.056	Set aside: capital receipts used	0.047
(9.258)	**Balance carried forward**	**(5.303)**

43. Deferred capital receipts

Deferred capital receipts are amounts derived from sales of assets which will be received in instalments over an agreed period of time.

2008/09 £m		2009/10 £m
(0.227)	Mortgages	(0.161)
(1.597)	Other deferred capital receipts	(1.527)
(1.824)	**Total**	**(1.688)**

44. Financial Instruments

Categories of financial liabilities and assets

The table below outlines the different categories of borrowing (liabilities) and investments (assets) that are disclosed on the face of the balance sheet.

2008/09			2009/10	
Long term £m	Current £m		Long term £m	Current £m
25.000	51.484	Loans and receivables	12.000	86.403
		Available for sale financial assets		
1.531	0.000	Birmingham Airport Preference Shares	1.531	0.000
5.174	0.000	Birmingham Airport Ordinary Shares	5.174	0.000
31.705	**51.484**	**Total investments**	**18.705**	**86.403**
(262.730)	(0.181)	Financial liabilities at amortised cost	(262.077)	(0.182)
(262.730)	**(0.181)**	**Total borrowing**	**(262.077)**	**(0.182)**
(231.025)	**51.303**	**Total net borrowing**	**(243.372)**	**86.221**

In deciding the categories of financial instruments consideration was made of debtors and creditors to other organisations. The council believes hat these did fall under the classification of financial instruments. However they would be declared as individual notes within the statements as has been the practice in previous years (Note 21 page 63 for debtors and Note 24 page 64 for creditors). They will have no effect on fair values as they are measured at cost.

Financial instrument gains and losses

The table overleaf shows the gains and losses due to financial instruments that have been recognised in the income and expenditure account and statement of total recognised gains and losses.

	Financial Liabilities Measured at amortised cost		Financial Assets: Loans and Receivables		Financial Assets: Available-for-sale assets		Total	
	2008/09 £m	2009/10 £m	2008/09 £m	2009/10 £m	2008/09 £m	2009/10 £m	2008/09 £m	2009/10 £m
Interest expense	(12.270)	(12.701)	0.000	0.000	0.000	0.000	(12.270)	(12.701)
Interest payable and similar charges	**(12.270)**	**(12.701)**	**0.000**	**0.000**	**0.000**	**0.000**	**(12.270)**	**(12.701)**
Interest income	0.000	0.000	5.922	2.764	0.360	0.097	6.282	2.861
Interest and investment income	**0.000**	**0.000**	**5.922**	**2.764**	**0.360**	**0.097**	**6.282**	**2.861**
Net gain/(loss) for year	**(12.270)**	**(12.701)**	**5.922**	**2.764**	**0.360**	**0.097**	**(5.988)**	**(9.840)**

During 2009/10 no financial assets or financial liabilities were derecognised, incurred impairment losses or were revalued.

Fair value of financial assets and liabilities

For any financial liabilities that the council holds at amortised cost and loans and receivables (which are also held at amortised cost), there is a requirement to disclose the fair value of these financial instruments. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments using the following assumptions:

- Prevailing estimated interest rates at 31 March 2010 for loans from PWLB and other loans receivable and payable based on the time left remaining on the instrument.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

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2008/09 Carrying Amount £m	2008/09 Fair Value £m		2009/10 Carrying Amount £m	2009/10 Fair Value £m
(113.324)	(123.870)	PWLB loans	(113.367)	(120.008)
(27.254)	(34.046)	Other Local Authority Debt	(26.582)	(30.746)
(0.152)	(0.152)	Individuals	(0.128)	(0.128)
(122.181)	(133.910)	Private sector loans	(122.182)	(150.252)
(262.911)	**(291.978)**	**Financial liabilities**	**(262.259)**	**(301.134)**
25.000	27.290	Long term investments	12.000	13.885
1.531	1.531	Birmingham Airport Preference Shares	1.531	1.531
5.174	5.174	Birmingham Airport Ordinary Shares	5.174	5.174
51.484	52.541	Short term investments	86.403	87.183
83.189	**86.536**	**Financial assets**	**105.108**	**107.773**

For financial liabilities the fair value is higher than the carrying amount because the council's loan portfolio includes a number of loans where the interest rate is lower than the rates available for similar loans at the balance sheet date. This commitment to pay interest below current market rates increases the amount the authority would have to pay if the lender requested or agreed to early repayment of the loans.

The Authority's ordinary shareholding investment in Birmingham Airport is shown in the accounts at cost, since there is no quoted market price in an active market and the fair value cannot be measured reliably. The latest share transaction in relation to Birmingham Airport occurred in September 2007, when Airport Group Investments Ltd (AGIL) purchased a 48.25% shareholding in Birmingham Airport for £420 million. Pro-rata this equates to £20.16 million for Walsall Council's 4.8% ordinary shareholding in the Airport. However this was a transaction pertaining to market conditions in September 2007 for a 48.25% shareholding. The West Midlands local authority shareholders agreement states that no local authority can dispose of any shares until 2012. The shares held in BAH are shown at cost. Birmingham City Council have agreed with Audit Commission that a full revaluation of the airport will take place. Unfortunately, that valuation is not available at the time the draft accounts for 2009/10 are required to be published. Once Birmingham City Council make this valuation available then Walsall Council will include this information within the statement of accounts.

Minimum Revenue Provision

The council is required to make a statutory provision for the repayment of debt each year. The current legislation that defines how this should be calculated is statutory guidance within the Capital Finance and Accounting (England) (Amendment) Regulations 2008. The council is complying with the principles contained within this legislation. The MRP for 2009/10 is £13.700m (£11.605m in 2008/09).

Premiums and Discounts incurred through early redemption of borrowing

As part of the council's treasury management strategy the council has taken the opportunity to redeem early or reschedule existing loans. This was to enable the council to take advantage of preferential interest rates and to improve the loan portfolios maturity profile. As a result of this the council incurs either a premium or discount.

A premium is a cost incurred by the council where the interest rate for new borrowing at the date of redemption/rescheduling is lower than the interest rate on the loan being redeemed or rescheduled. A discount occurs when the situation is reversed; the interest on the loan is lower than that for new borrowing.

The council does have additional premiums and discounts on the balance sheet within the Financial Instruments Adjustment Account. These balances are as a result of legislation introduced in 2007/08 , the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2007, to reduce the cost on taxpayers of applying the financial standards as required by SORP. This legislation means that for some premiums and discounts the council does not have to follow standard practice for certain situations.

The legislation allows councils to put onto the balance sheet any premiums or discounts incurred through redemption of loans prior to November 2007. Under this legislation these premiums are either amortised over the period of any replacement loan or the remaining term of the replaced loan (whichever is greater). The discounts are amortised over the period of the replacement loan or 10 years which ever is greater. The balances of these premiums and discounts have been put into either the Financial Instruments Adjustment Account or where a replacement loan was identified attached to the replacement loan and shown as part of the carrying amount of that loan. The balance shown as part of the carrying amount of loans are premiums of £1.953m 2009/10 (£1.996m 2008/09) on PWLB loans.

The legislation also allows any premiums and discounts incurred as a result of rescheduling a loan to be written off over the same terms as above but they must be attached to the replacement loan and shown as part of the carrying amount.

The following table shows the effect of applying SORP to premiums and discounts within the income and expenditure account and the statement of movement on the general fund balance.

2008/09 £m		2009/10 £m
	Income and expenditure account	
(0.212)	Interest payable and similar charges	0.043
(0.212)		**0.043**
	Statement of movement on the general fund balance	
(1.167)	Amount debited/credited to the income and expenditure account recognised under statutory provisions relating to premiums and discounts on the early repayment of debt	(0.689)
(1.379)	**Net surplus / (deficit) to reserves**	**(0.646)**

The movements in balances for premiums and discounts contained within the Financial Instruments Adjustment Account are shown below.

2008/09 £m		2009/10 £m
(1.932)	Balance brought forward	(0.765)
0.000	Adjustment for new accounting requirements	0.000
1.422	Amortisation of discount	0.692
(0.255)	Amortisation of premiums	(0.003)
(0.765)	**Balance carried forward**	**(0.076)**

Nature and extent of risks arising from financial instruments

To manage risks associated with treasury management activities the council follows an approved set of treasury management policies and undertakes monitoring of prudential and local indicators in line with the prudential code. These are incorporated in the annual Treasury Management Strategy. The 2009/10 strategy was approved by council on 23 February 2009. A Treasury Management Panel has been established with a mandate to review all treasury management activities. Treasury management advisors are employed to ensure the council has prompt access to relevant information advice. This is particularly important in relation to the credit ratings of other organisations

The risks are:

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

Credit risk

Credit risk arise from banks and financial institutions, as well as credit exposures to the council's customers. Deposits are only made with those banks and financial institutions which are on the council's lending list. This is reviewed on an annual basis and is based on independent credit ratings.

The world banking crisis in 2008/09 has led Walsall like many councils to further review and strengthen its treasury management risk management practices. Walsall council has always only invested in strongly rated credit institutions domiciled in either the UK or Ireland and therefore was not affected by the issues of the Icelandic banks. The authority has varying maximum levels of investment (£5m or £15m) and various lending periods dependent on the stability of the institution. The stability of the institution is measured by information received by the council's external treasury advisors and also the analysis of public surveys and documents.

The following table summarises the council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years.

	Amount at 31 March 2010	Historical experience of default	Estimated maximum exposure to default and uncollectability
	£m	%	£m
Short term deposits with banks and institutions	98.403	0.000	0.000
Bonds	0.128	0.000	0.000
	98.531	**0.000**	**0.000**

No credit limits were exceeded during the reporting period.

The authority does not allow credit for customers and allowing 30 days for payments £4.859m (£4.991m in 2008/09) is past its due date for payment. The past due date balance can be analysed by age as follows:

2008/09 £m	Age analysis of outstanding debt	2009/10 £m
2.347	One month to one year	2.603
0.514	One to two years	0.682
0.382	Two to three years	0.304
0.420	Three to four years	0.287
0.241	Four to five years	0.295
1.087	More than five years	0.688
4.991	**Total**	**4.859**

Liquidity risk

The council is able to raise funds from the Public Works Loan Fund. This means that the council does not have a significant risk that it would not be able to raise finance to meet its commitments under financial instruments. However the council does face a risk that it may have to replenish a significant proportion of its borrowing at a time when interest rates are unfavourable. To ensure that this does not happen careful monitoring and planning is carried out in line with the treasury management strategy of the maturity dates of the council's loan portfolio. To ensure that the targets are not breached careful planning of the taking out of new loans and possible early repayment of existing loans takes place. This is done by the treasury team in conjunction with the Treasury Management Panel.

The table below sets out the maturity profile of the council's financial liabilities.

2008/09			2009/10	
PWLB £m	**Other £m**	**Maturity profile**	**PWLB £m**	**Other £m**
(0.043)	0.250	Less than one year	(0.045)	0.157
(0.045)	0.029	Between one and two years	(0.048)	0.005
(0.048)	0.005	Between two and three years	(0.050)	0.029
(0.050)	0.029	Between three and four years	9.947	0.013
9.947	0.013	Between four and five years	(0.056)	0.011
103.563	149.261	More than five years	103.619	148.678
113.324	**149.587**	**Total**	**113.366**	**148.893**

All trade and other payables are due to be paid within one year.

Market risk

Interest rate risk

The council has minimised its risk to interest rate movements through the use of fixed rate investments both short and long term. In addition the council does not have any variable rate borrowing although there is a potential risk through our use of LOBO. These are Lender Option Borrower Option loans where after a fixed amount of time the lender has the option to vary the interest rate. If this happens the borrower has the option to terminate the loan agreement without any penalty. At present the council has £122m invested in these loan instruments. At 31 March 2010 the council had two bonds whereby the lender has the right to exercise the option to vary the rate or call for the loan to be repaid in 2010/11. However, it is felt that this is not likely to happen because the rate of the bond compares favourably with current interest rates. The option date profile for these loans is as follows:

2008/09 £m	Option date profile	2009/10 £m
15.000	Within one year	35.000
35.000	Between one and two years	20.000
20.000	Between two and three years	20.000
20.000	Between three and four years	15.000
15.000	Between four and five years	15.000
17.000	More than five years	17.000
122.000	**Total**	**122.000**

Although these actions have minimised the council's interest rate risk, the council would still be impacted by any movement in interest rates. As an example a rise in interest rates would have the following effects on the council.

- Borrowings at a fixed rate – the fair value of the borrowings would fall

- Investments at a fixed rate – the fair value of the investments would fall

Our borrowings are not carried at fair value so any nominal gains or losses in fair value on fixed rate borrowings would not have an impact on either the income and expenditure account or the statement of movement on the general fund balance. This also applies to our fixed rate investments. As such the notional effect on borrowing and investments if interest rates had been 1% higher on 31 March 2010 would be:

- Notional decrease in fair value of fixed rate investment assets
- Notional decrease in fair value of borrowings

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

Price Risk
The council does not normally invest in equity shares. However the council does hold both preference and ordinary shares in Birmingham Airport Holdings Limited to the value of £6.705m (ordinary shares of £5.174m and preference shares of £1.531m). As such the council is subject to any losses arising from movements in the price of these shares. The council obtained these shares as a result of the privatisation of Birmingham Airport on 4 February 1997.

These shares are classified as 'available for sale', meaning that all movements in price will impact on gains and losses recognised in the statement of total recognised gains and losses. A general shift of 1% in the general price of shares (positive or negative) would thus have resulted in a £0.067m gain or loss being recognised in the STRGL for 2009/10

Foreign exchange risk
The council has no financial assets or liabilities denominated in foreign currency. As such the council is not exposed to any risk from movements in exchange rates.

45. Events after the balance sheet date

On 27 April 2010 Walsall council and the Cannock Chase and Pelsall District Miners Recreation Ground Charity formed a land swap for the land at Oak Park in favour of Walsall council. There is no consideration for the land however it is valued at £0.076m.

In accordance with FRS21 - Events after the Balance Sheet Date have been considered upto the date the accounts were authorised in section 2 of these accounts, and the above adjustments have been disclosed as a non adjusting event.

Section 6
Additional financial statements

Collection Fund

1. Income and expenditure account

2008/09 £m		2009/10 £m	Note
	Income		
(63.146)	Income collectable from business ratepayers	(63.149)	3
(85.947)	Income from council tax	(87.894)	5
(24.685)	Benefits	(27.477)	5
(173.778)	**Total income**	**(178.520)**	
	Expenditure		
	Precepts and demands		
98.498	Walsall Metropolitan Borough Council	103.872	6
7.268	Police	7.637	6
3.512	Fire and Civil Defence	3.656	6
109.278		**115.165**	
	Business rates		
62.787	Payment to national pool	62.791	3
0.359	Cost of collection	0.358	3
	Bad and doubtful debts		
0.092	Write-offs	0.389	
0.853	Provisions	0.524	
173.369	**Total expenditure**	**179.227**	
(0.409)	**(Surplus)/deficit for year**	**0.707**	
0.361	(Surplus)/deficit brought forward	0.033	2
0.007	Transfer to precepting authorities	0.003	2
0.074	Transfer to general fund	0.028	2
0.033	**Collection fund balance carried forward (surplus) / deficit**	**0.771**	**2**

The income and expenditure account above has been shown to illustrate the transactions of a billing authority and has been prepared on an accruals basis.

2. Collection fund balance sheet

2008/09 £m		2009/10 £m
	Council tax	
0.361	(Surplus)/deficit brought forward	0.033
(0.409)	(Surplus)/deficit for year	0.707
0.007	Transfer to precepting authorities	0.003
0.074	Transfer to general fund - prior years surplus/(deficit)	0.028
0.033	**(Surplus)/deficit carried forward**	**0.771**
0.033	**Total collection fund balance**	**0.771**
	Appropriation of collection fund balance	
0.030	Walsall council	0.696
0.002	Police	0.050
0.001	Fire and civil defence	0.025
0.033	**Total**	**0.771**

3. Income from business rates

Income collectable

Under the arrangements for uniform business rates, the council collected non-domestic rates for the Walsall area which are based upon local rateable values multiplied by a national uniform rate. The total rateable value for business rate purposes at 31 March 2010 was £158.768 million (£159.712 million 2008/09). The total amount, less certain relief and other deductions, is paid to a central pool (the NNDR pool) managed by central Government which, in turn, pays back to authorities their share of the pool based upon a standard amount per head of the local adult population. Under these arrangements, the amounts included in these accounts can be analysed as follows:

2008/09 £m		2009/10 £m
	Gross amount payable to the NNDR pool	
(70.462)	Non-domestic rates	(74.364)
	(Add)/deduct	
(0.102)	Transitional relief	(0.226)
	Less	
0.708	Bad debts written off / Provision for bad debts	1.530
6.710	Allowances and other adjustments	9.911
(63.146)	**Income from business ratepayers**	**(63.149)**
0.359	Less costs of collection allowance	0.358
(62.787)	**Net income to pool**	**(62.791)**

National non-domestic rate multiplier

The national non-domestic rate multiplier set annually by the Government is the rate in the pound by which the rateable value is multiplied to produce the annual rate bill for a property. For 2009/10 the multiplier is £0.485 (£0.462 in 2008/09). The small business multiplier is £0.481 (£0.458 in 2008/09).

4. Calculation of tax base

The council tax base represents the number of properties in the borough expressed as band D properties assuming a 98.5% collection rate. The council tax base for 2009/10 was as follows:

Band	Weighting	Number of dwellings on valuation list	Discounted value for council tax purposes	Band D equivalent
A	2/3	48,021	43,020	28,127
B	7/9	24,419	22,552	17,207
C	8/9	16,559	15,499	13,515
D	1.00	9,627	9,136	8,963
E	11/9	5,184	4,952	5,937
F	13/9	2,220	2,133	3,023
G	5/3	669	673	1,100
H	2/1	40	36	71
		106,739	**98,001**	**77,943**

5. Income due from council tax

The council set a council tax of £1,477.54 (£1,423.42 2008/09), including precepts for the Police Authority and the Fire and Civil Defence Authority based upon a tax base of 77,943 band D equivalent properties. This reduced tax base (see note 4) reflects assumptions made for discounts, relief to students, changes in the register and non-payment. The actual amounts credited to the collection fund can be analysed as follows:

2008/09 £m		2009/10 £m
110.632	Gross council tax due (Adjusted for changes in banding)	115.371
(24.685)	Less benefit awarded	(27.477)
85.947	**Total**	**87.894**

6. Organisations which make a precept or demand on the collection fund

The precepts and demands are those payments requested by public authorities at the beginning of the year to fund their net budgets.

2008/09 £m		2009/10 £m
98.498	Walsall Metropolitan Borough Council	103.872
7.268	Police	7.637
3.512	Fire and civil defence	3.656
109.278	**Total**	**115.165**

Trust and scholarship accounts

These accounts relate to gifts and bequests made to, held or administered by the council.

The capitals sums have been invested in statutory securities and in the case of most funds administered by Children, ICT and Procurement Services (CIPS) and Corporate Services. The interest is used to provide grants and prizes. The council currently administers 5 trusts:

- S W Tame Fund for the purposes of prizes at Joseph Leckie School
- Joseph Leckie Memorial Fund for the provision of scholarships
- Joseph Leckie Trust for the provision of scholarships
- Walsall Agricultural Fund for the provision of a prize fund
- Barr Beacon Trust for the provision and maintenance of open spaces

During 2007/08 Joseph Leckie Trust transferred its assets and liabilities to an external charity, W J Croft.

1. Income and expenditure account

Net expenditure 2008/09 £		Expenditure £	Income £	Net Expenditure 2009/10 £
	CIPS			
(24)	S W Tame	0	(6)	(6)
(1,242)	Joseph Leckie Memorial	0	(294)	(294)
0	Joseph Leckie Trust	0	(38)	(38)
4,104	Barr Beacon Trust	7,992	(11,032)	(3,040)
	Corporate services			
(33)	Walsall Agricultural Fund	0	(21)	(21)
2,805	**Total**	**7,992**	**(11,391)**	**(3,399)**

2. Valuation of trust fund assets

Assets comprise local authority and central Government bonds and cash balances.

	Capital Element	Revenue Accumu-lation	Revaluation Reserve	Total		Market value	
				2009/10 £	2008/09 £	2009/10 £	2008/09 £
CIPS							
S W Tame	0	544	0	544	538	544	538
Joseph Leckie Memorial	1,518	26,033	0	27,551	27,257	27,551	27,257
Joseph Leckie Trust	0	0	0	0	0	0	0
Barr Beacon Trust	0	266,118	26,001	292,119	212,947	292,119	212,947
Corporate services							
Walsall Agricultural Fund	330	395	0	725	704	725	704
Total	**1,848**	**293,090**	**26,001**	**320,939**	**241,446**	**320,939**	**241,446**

Monies for residents in council care homes

The residents' personal monies, shown in the following table, are held in trust by social care on behalf of residents' in its homes.

2008/09 £		2009/10 £
1,061,439	Balance at 1 April	1,396,036
334,597	Net deposits/(withdrawals) in year	417,575
1,396,036	**Total**	**1,813,611**

3. Trusts balance sheet

2008/09 £		2009/10 £
1	Land	24,001
1,584,177	Investment trust fund	2,078,884
(4,140)	Creditors	(38)
9	Debtors	0
57,436	Cash	57,704
1,637,483	**Total assets less liabilities**	**2,160,551**
(1,635,634)	Revenue fund balances	(2,132,702)
(1,848)	Capital account	(1,848)
(1)	Revaluation reserve	(26,001)
(1,637,483)	**Total net worth**	**(2,160,551)**

Section 7
Statement of accounting policies

1. General Principles

The statement of accounts summarises the council's transactions for the 2009/10 financial year and its position at the year end of 31 March 2010.

It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009 – A Statement of Recommended Practice (the SORP), including applicable Statement of Standard Accounting Practice (SSAP) and Financial Reporting Standards (FRS).

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

2. Accruals of Income and Expenditure

The revenue accounts of the council are maintained on an accruals basis in accordance with SORP and FRS18 – Accounting Policies. In particular:

- Fees, charges and rents are accounted for as income at the date the council provides the relevant goods or service.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the supply date and when the supplies are used, they are carried as stock on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income & expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

3. Provisions

Provisions are required for any liabilities of uncertain timing or amount that have been incurred.

Provisions are required to be recognised when:

(i) the local authority has a present obligation (legal or constructive) as a result of a past event
(ii) it is probable that a transfer of economic benefits will be required to settle the obligation, and
(iii) a reliable estimate can be made of the amount of the obligation.

A transfer of economic benefits or other event is regarded as probable if the event is more likely than not to occur. If these conditions are not met, no provision is recognised.

The obligation can be 'constructive' (e.g. the authority has publicly expressed an intention to do something, and other parties have acted in expectation of this).

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

Where some or all of the payment required to settle a provision is expected to be met by another party (eg from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

The treatment outlined above is in line with FRS12 – Provisions, contingent liabilities and contingent assets.

4. Bad Debt Provision

The authority maintains bad debt provisions for any potential non payment of debtors. At present the authority has the following bad debt provisions:

- Sundry Debtors
- Non sundry debtors
- Collection Fund

Each of the bad debt provisions is calculated using an estimation of what percentage of debt will be repaid on a year by year basis. The percentages are reviewed each year and based on past collection rates.

5. Contingent assets and liabilities

Contingent assets are not recognised in the Statement of Accounts but are disclosed within the notes if the inflow of a receipt or economic benefit is probable.

Contingent liabilities are not recognised in the Statement of Accounts but are disclosed within the notes if there is a possible obligation that may require a payment or transfer of economic benefits.

Both of these policies are in line with FRS12 – Provisions, contingent liabilities and contingent assets.

6. Reserves

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

Revenue reserves

- General Fund reserve
- Collection Fund reserve
- Earmarked reserves

Capital reserves

- Capital adjustment account
- Revaluation reserve
- Financial Instruments adjustment account
- Available-for-sale financial instrument reserve
- Deferred capital receipts
- Useable capital receipts reserve
- Pensions reserve

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and they do not represent usable resources for the council – these reserves are explained in the relevant policies below.

7. Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (eg Revenue Support Grant, Area Based Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

8. Retirement Benefits

Employees of the council are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families (DCSF)

- The Local Government Pensions Scheme, administered by Wolverhampton City Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the education service revenue account is charged with the employer's contributions payable to teachers' pensions in the year.

The Local Government Pension Scheme

The local government scheme is accounted for as a defined benefits scheme as per FRS17 – Retirement benefits and SORP:

- The liabilities of the West Midlands Metropolitan Authorities Pension Fund attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, based on the weighted average of spot yields on AA rated corporate bonds.

- The assets of the West Midlands Superannuation pension fund attributable to the council are included in the Balance Sheet at their fair value:

    - quoted securities - current bid price
    - unquoted securities - professional estimate
    - unitised securities - current bid price
    - property - market value

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

    - Current service cost – the increase in liabilities as result of years service earned this year – allocated in the Income and Expenditure Account to the revenue account of services for which the employees worked.
    - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years service earned in earlier years – debited to the Net Operating Expenditure in the Income and Expenditure Account as part of Non Distributed Costs.
    - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account.
    - Expected return on assets – the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return – credited to Net Opening Expenditure in the Income and Expenditure Account.
    - Gains/losses on settlements and curtailments – the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.
    - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses.
    - Contributions paid to the West Midlands Metropolitan Authorities Pension Fund – cash paid as employer's contributions to the pension fund.

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

Following changes made by the Accounting Standards Board to FRS17 incorporated into the SORP 2008, the disclosures within the Statement of Accounts have been amended, and the method of valuation for assets has been altered. The accounting policy takes account of this.

Discretionary Benefits

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

9. VAT

Where the council is able to recover VAT it is excluded from both income and expenditure.

10. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the council (eg software licences) is capitalised when it will bring benefits to the council for more than one financial year. The balance is amortised to the relevant service revenue account over the useful economic life of the asset to reflect the pattern of consumption of benefits. The council portfolio only holds software licences under this heading at this point, these are amortised over 5 years.

11. Tangible Fixed Assets

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

Recognition

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of assets (eg repairs and maintenance) is charged to revenue as it is incurred.

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

Measurement

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

- Investment properties and assets surplus to requirements – lower of net current replacement cost or net realisable value
- Land and buildings, vehicles, plant and equipment – lower of net replacement cost or net realisable value in existing use
- Infrastructure assets and community assets – depreciated historic cost

Net current replacement cost is assessed as:

- Non-specialised operational properties – existing use value
- Specialised operational properties – depreciated replacement cost
- Investment properties and surplus assets – market value

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

Impairment

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value.

Where on revaluation there has been a decrease over the previous carrying amount an impairment loss has occurred. It should be considered whether the loss has been caused by clear consumption of economic benefits and any such loss should be recognised in the Income and Expenditure Account. The amount of the decrease in value not associated with a clear consumption of economic benefit should be recognised in the Statement of Total Recognised Gains and Losses until the asset's carrying amount reaches its depreciated historical cost and taken to the Revaluation Reserve; and thereafter in the Income and Expenditure Account.

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

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (ie netted off against the carrying value of asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to mortgages given to former tenants who purchased their properties under the Right to Buy scheme (75%) is payable to the Government. The balance of the receipts is required to be credited to the Useable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

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

Depreciation

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

Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the life of the property as estimated by the valuer (usually 10 to 80 years)
- Car Parks – straight line allocation over the life of the property as estimated by the valuer (usually 40 to 50 years)

- Vehicles, plant and equipment – straight line allocation over the life of the property as estimated by the valuer (usually 5 to 10 years)
- Infrastructure - straight line allocation over 25 to 35 years
- Community assets – are assets that the authority intends to hold in perpetuity, that have no determinable useful life, and may have restrictions on their disposal. As such these are held at their historic cost and incur no depreciation.

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

Where it has no economic effect assets will be depreciated in the year of acquisition but not in the year of disposal.

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

Grants and contributions

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

12. Charges to Revenue for Fixed Assets

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

- Depreciation attributable to the assets used by the relevant service

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

- Amortisation of intangible fixed assets attributable to the service

The council is not required to raise council tax to cover depreciation, impairment losses or amortisation. However, it is required to make an annual provision from revenue, known as the minimum revenue provision (MRP), to contribute towards the reduction in its overall borrowing requirement. MRP is calculated on a basis outlined in the Capital Financing Regulations. It is either 4% of the underlying amount measured by an adjusted Capital Financing Requirement or if using prudential borrowing over the expected life of the asset. This life once set can not be altered for this calculation. Depreciation, impairment losses and amortisation are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjustment transaction with the Capital Adjustment Account for the difference between the two.

13. Revenue expenditure funded from capital under statute

Capital expenditure has been incurred during the year but has not resulted in the creation of a tangible fixed asset is classed as revenue expenditure funded from capital under statute. The purpose of this is to enable it to be funded from capital resources rather than to have an impact on that year's council tax. Expenditure that can be classed as this is defined by the SORP, Local

Government Act 2003 and associated capital financing regulations. They include grants to other persons (such as housing renovation grants and disabled facilities grants) and bodies for capital expenditure purposes, and amounts (including provisions for back-pay under the pay-review) that the Secretary of State has given direction should be capitalised.

The SORP requires the authority to write out the entire expenditure to the Income and Expenditure Account in the year it takes place. To ensure that no impact is made on council tax, this expenditure is then reversed out through the Statement of Movement on General Fund Balances by a transfer to the Capital Adjustment Account.

14. Leases

Finance Leases

The council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased asset transfer to the council in line with SSAP21 (Accounting for leases and hire purchase contracts).

Rentals payable are apportioned between:

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

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

Operating Leases

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

15. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2008 (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the council's status as a multi-functional, democratic organisation.

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

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

16. Financial Liabilities

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

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

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. For discounts receivable, Local Authorities (Capital Financing and Accounting) (Amendment)(England) Regulations 2007 (SI 2007/573) limit this to a maximum of 10 years. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

The treatment outlined above is in line with the SORP and FRS25 – Financial instruments: disclosure and presentation, FRS26 – Financial instruments: recognition and measurement and FRS29 – Financial instruments: disclosures.

For stepped rate loans (i.e. LOBO's – Lender Option Borrower Option loans) taken prior to 9 November 2007, Walsall Council has applied regulation 30E of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 SI2008/414. This allows local authorities to continue with their established method of calculating interest on these loans prior to the introduction of SORP 2007; either charging just the interest or creating a provision to enable the smoothing of interest over a defined period set by the authority. Walsall's method, in line with the above regulation, is to charge the interest paid in year with an adjustment to smooth the interest up to the first option date where the new interest rate is unknown

17. Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

Sheet is the outstanding principle receivable (and accrued interest) and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

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

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

Available-for-sale Assets

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

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

- Instrument with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations

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

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

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

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

The treatment outlined above is in line with the SORP and FRS25 – Financial instruments: disclosure and presentation, FRS26 – Financial instruments: recognition and measurement and FRS29 – Financial instruments: disclosures.

18. Stocks and Work in Progress

Stocks are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

19. Service concession arrangements (inc. PFI's and PPP's)

Service concession arrangements are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to a contractor (known as the operator). As the council is deemed to control the services that are provided under its service concession arrangements, if ownership of the fixed assets pass to the council at the end of the contracts for no additional charge, the council carries the fixed assets used under the contracts on its Balance Sheet.

The original recognition of these fixed assets is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

Fixed assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the council.

The amounts payable to service concession arrangement operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Income and Expenditure Account
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to Interest Payable and Similar Charges in the Income and Expenditure Account
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Income and Expenditure Account
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- lifecycle replacement costs – recognised as fixed assets on the Balance Sheet.

20. Events after the balance sheet date

These are events that have happened after the balance sheet date, 31 March 2010. There are two types of event and it depends on the nature as to treatment within the statement of accounts.

If the event is an adjusting event (one that has a material economic effect on the council and existed at the balance sheet date) then the statement of accounts have been adjusted accordingly. Details about any such event have adjusted any effected notes accordingly.

If the event is indicative of conditions that arose after the balance sheet date then this is an un-adjusting event. For these only a note is included within the statement of accounts identifying the nature of the event and estimates of the financial effect (unless this can not be estimated reliably where upon a statement saying this is included).

21. Group Accounts

SORP 2009 requires local authorities to examine their relationships with other organisations. This is with a view to checking whether the council needs to prepare group accounts because of another organisation being classified as a subsidiary or associate. The method for determining this is laid out in the SORP which the authority follows.

22. Landfill Allowance Trading Scheme (LATS)

The Landfill Allowances Trading Scheme is where local authorities are given an allowance of tonnes of refuse that may be disposed of by landfill. Disposal in excess of this incurs a financial penalty payable to the Department for Rural Affairs (DEFRA). Alternatively allowances may be purchased from other local authorities who do not plan to use all of the allowances made available.

The Council did not trade any allowances in 2009/10 but has recognised the value of the assets and liabilities. Current and prior years allowances have been recognised on the balance sheet as an intangible current asset, offset by the current liability to DEFRA for landfill usage. The current liability has been classified as a provision following SORP 2009, FRS12 and the proposed UITF Abstract Emission Rights.

LATS income has been credited to the Income and Expenditure Account. Any spare allowances at the end of 2009/10 are written to an earmarked reserve unless it is a designated year by DEFRA for all balances to be cleared.

All allowances, liabilities and reserves are re-valued each year at the lower of cost or net realisable value.

Section 8
Glossary of terms

A

ABG: Area Based Grant, a central Government grant paid to each local authority to help finance its general expenditure.

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

Accounting policies: within the range of possible methods of accounting, a statement of the actual methods chosen locally and used to prepare these accounts.

Account and Audit Regulations 1996 / 2003 and 1 April 2006: the current sets of regulations which detail the accounts needed, how they should be published, the right of electors, and the conduct of the annual statutory audit.

Accruals basis: the method of including amounts in accounts to cover income or expenditure attributable to an accounting period but for which payment has not been received or made by the end of the accounting period. This is based on the concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Agency Services: work carried out by one party on behalf of another.

AGS: Annual governance statement

Amortisation: loss in value of an intangible asset due to age or obsolescence

Appropriations: transferring of an amount between specific reserves in the income and expenditure account.

Asset: something of value which is measurable in monetary terms owned by the council and is convertible to cash.

Audit Commission: statutory body which overseas the conduct of local authority statutory (external) audits.

B

Bad (and doubtful) debts: debts which may be uneconomic to collect or unenforceable.

Balances: the reserves of the authority, both revenue and capital, which represent the accumulated surplus of income over expenditure on any of its funds.

Balance Sheet: a statement of the recorded assets, liabilities and other balances at the end of an accounting period.

Billing authority: Walsall Council is the billing authority responsible for the collection of council tax and non-domestic rates. The council tax includes amounts for precepting authorities – the West Midlands Fire & Civil Defence and Police Authorities.

Budget: a statement of the council's expected level of service expressed as an amount of spending over a set period, usually one year.

BVACOP: Best Value Accounting Code of Practice. An accounting code that applies to all local government with the aim of standardising categorisation of spend and accounting practices.

C

Capital Adjustment Account: financing of capital expenditure passes through this account.

Capital expenditure: expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of existing fixed assets.

Capital receipts: the proceeds from the sale of a fixed asset, or the repayment of an advance made by the council.

Capitalised: transferred from revenue to capital.

Cash and cash equivalents: this comprises cash in hand, cash overdrawn and short term investments which are readily convertible into known amounts of cash.

Cashflow: movement in money received and paid by the council in the accounting period.

CIPFA: Chartered Institute of Public Finance and Accountancy. The professional body that oversees accounting practice within public bodies.

CIPFA/LASAAC Code of Practice on Local Authority Accounting: the Statement of Recommended Practice applicable to preparing the accounts.

CIPFF: Corporate integrated planning and performance framework

CMT: Council management team – the most senior management team within the council.

Collection Fund: a statutory account which billing authorities have to maintain for the collection and distribution of amounts due in respect of council tax, non-domestic rates and residual community charge ("poll tax").

Community assets: assets that the council intends to hold in perpetuity, have no determinable finite useful life and in addition may have restrictions on their disposal. Examples of community assets are playing fields and parks.

Consistency: the concept that the accounting treatment of like items within an accounting period and from one period to the next should be the same.

Consolidated: added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration, e.g. debtors, creditors as a result of trading between services within the council which are reported on as a whole in the section on consolidated financial accounts.

Contingent Assets: potential assets at the balance sheet date which depend on the occurrence or non-occurrence of one or more uncertain future events. The assets should be included in the balance sheet where it is probable that a loss will be incurred which can be estimated reasonably accurately at the time the accounts are prepared. Otherwise, where the contingencies are likely to be material, the fact that they exist should be disclosed as a note to the accounts.

Contingent liabilities: potential liabilities at the balance sheet date which depend on the occurrence or non-occurrence of one or more uncertain future events. The liabilities should be included in the balance sheet where it is probable that a loss will be incurred which can be estimated reasonably accurately at the time the accounts are prepared. Otherwise, where the contingencies are likely to be material, the fact that they exist should be disclosed as a note to the accounts.

Council tax: a banded property tax which is levied on domestic properties throughout the country. The banding is based on estimated property values as at 1 April 1991. The level of tax is set annually by each local authority for the properties in its area.

Council tax benefit: financial assistance available to residents on a low income who are liable for council tax. The majority of the cost to the council of these benefit payments is reimbursed by central government grant.

Corporate & Democratic Core: defined elements of support service costs which are not chargeable to services, sub-divided into Democratic Representation and Corporate Management.

Corporate management: those activities and costs which provide the framework for services to be undertaken and information required for public accountability.

CPA: Comprehensive Performance Assessment

Credit liabilities: forms of credit scored against the capital resources of the council.

Creditors: amounts owed by the council for work done, goods received or services rendered to the council during the accounting period, but for which payment has not been made by the balance sheet date.

Current assets: assets which are easily converted to cash e.g. stock and debtors.

Current liabilities: liabilities which are easily converted to cash e.g. creditors

D

Debtors: amounts due to the council which relate to the accounting period and have not been received by the balance sheet date.

DCLG: Department for Communities and Local Government – responsible for Government policy and advice on community affairs and local Government.

DCSF: Department for Children, Schools and Families – responsible for Government policy and advice in connection with education and the social welfare of children and families.

DDA: Disability Discrimination Act

Deferred capital receipts: amounts derived from the asset sales which will be received in instalments over a period of a year (e.g. mortgages on the sale of council houses).

Deferred charges: expenditure which may properly be spread over more than one year but which does not result in, or remain matched with, tangible assets. An example of a deferred charge is the cost of local government reorganisation, the effects of which have performance over more than the immediate accounting period.

Deferred government grants: government grants for capital items which are written down over the life of the asset.

Deferred liabilities: these are liabilities which are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time, e.g. deferred purchase arrangements.

DEFRA: Department for Environment, Food and Rural Affairs. Responsible for Government policy and advice on environmental, agricultural and rural issues.

Democratic Representation & Management: all aspects of members' activities including service policy making and more general activities relating to governance and representing local interests.

Depreciation: the loss in value of a tangible fixed asset due to age, wear and tear, deterioration or obsolescence.

Diocese: an administrative territorial unit administered by a bishop i.e. Bishop of Lichfield.

DWP: Department for Work and Pensions

E

Earmarked reserves: these reserves represent the monies set aside that can only be used for a specific usage or purpose.

ED: Executive Director

Environment Agency: statutory body responsible for land drainage and water quality. The council pays a levy in respect of its share of the cost of the Environment Agency's activities in the midlands regions.

EU: European Union

Exceptional: material items which arise from events or transactions that fall within the ordinary activities of the council and which by virtue of their size or incidence need to be disclosed separately to give a fair presentation of the accounts.

Expenditure: costs incurred by the council for goods received, services rendered or other value consumed during the accounting period, irrespective of whether or not any movement of cash has taken place.

F

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

Financial instrument: Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

Fixed asset restatement account: a reserve which records the total of unrealised gains and losses in fixed asset values at the end of the accounting period through, for example, revaluation of the assets.

Fixed assets: tangible assets which have value to the council for more than one year, e.g. land, buildings, equipment.

Free from material misstatements: the accounts have no significant items which are incorrect, summarised or presented in an inappropriate or misleading manner.

FRS: Financial Reporting Standard. Accounting standards that apply to all accounts unless there is legislation or a SORP covering that area.

G

General Fund: the main revenue account of the council, which brings together all income and expenditure other than recorded in the Housing Revenue Account, PSE accounts and the Collection Fund.

Government support / grants: assistance by Government and inter-Government agencies and similar bodies, whether local, national or international, in the form of cash or transfer of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

H

Historical cost: the actual cost of assets, goods or services, at the time of their acquisition.

HMRC: Her Majesty's Revenue and Customs

Housing benefits: financial assistance paid to tenants on a low income to help pay their rent and service charges.

HR: Human Resources

I

ICT: Information and communication technology

IFRIC: International financial reporting interpretations committee. This committee offers interpretation of IFRS.

IFRS: International financial reporting standard. Accounting standards that will replace SSAP and FRS for the 2010/11 financial year. All accounts from this period will be reported under these standards.

Impairment: Downward revaluation due to the consumption of economic benefits

Income and expenditure account (I&E): reports the net cost of the council for the year and details how this has been financed.

Income: amounts due to the council in respect of services performed, taxes levied or grants receivable during the accounting period, irrespective or whether or not any movement of cash has taken place.

Infrastructure assets: fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Investment properties: interests in land and/or buildings in respect of which construction work and development have been completed and which are held for their investment potential rather than for operational purposes, any rental income being negotiated at arm's length.

Investments: items such as company shares, other securities and money deposited with financial institutions (other than bank current accounts).

IPM: Individual Performance Management, the framework Walsall Council uses to manage individual performance and assess training and development needs.

I-proc: The councils electronic procurement system

IT: Information technology

J

Joint arrangements: An arrangement between the council and other public bodies, ie pooled budgets, to jointly carry out a service.

L

LAGBI: Local Authority Business Growth Initiative

LASAAC: Local Authorities (Scotland) Accounts Advisory Committee

Leasing: a method of acquiring the use of an asset by paying a rental for a specified period of time, rather than purchasing it outright.

Liabilities: amounts due to individuals or organisations which will have to be paid at some time in the future.

LOBO: Lenders Option Borrowers Option. A form of loan that has option dates. These are dates where the lenders has the ability to change the interest rate. If this happens the borrower then has the option of either continuing the loan or redeeming it in full without any penalty.

M

Material: the concept that any omission from or inaccuracy in the statements of account should not be large enough to affect the understanding of those statements by a reader.

Minimum revenue provision: the minimum amount which must be charged to an authority's revenue accounts and set aside as a provision to repay external debt. It is calculated by applying a prescribed percentage of outstanding debt.

N

National Non-Domestic Rates: a tax levied on business properties, sometimes known as Business Rates. An NNDR poundage is set annually by the Government. Rates based on properties' rateable values are collected by billing authorities and paid into a national pool. The proceeds are then redistributed by central Government as a grant to local authorities in proportion to adult population.

Net book value: the amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided by depreciation.

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

Non-added value: Capital expenditure that does not create a pound for pound increase in the value of an asset.

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

O

O/C bonds: On call bonds

OLA: Other local authority

Operating lease: a lease where the risks and rewards of ownership of a fixed asset remain with the lessor. Such a lease will be for a fixed period which is significantly less than the useful economical life of the asset.

Operational assets: fixed assets occupied, used or consumed by the council in direct delivery of those services for which it has either statutory or discretionary responsibility.

P

PFI: Private finance initiative

PPP: Public Private Partnership

Precept: a levy determined by one authority which is collected on its behalf by another e.g. Walsall Council collects Police and Fire Authority precepts.

Presents fairly: summarised without misleading or aggregating items best explained as separate amounts.

Prior year adjustments: material adjustments to the accounts of earlier years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years. The prior period adjustments are allowed for comparative purposes under FRS28.

Provisions: amounts set aside in the accounts for liabilities or losses which are certain or very likely to occur but where there is uncertainty as to the amounts involved or the dates on which they will arise.

Prudential Code: The current system on financial controls for capital financing introduced on 1 April 2004 that local authorities are required to operate by.

Public Works Loan Board (PWLB): a central Government agency which lends money to local authorities at lower rates than those generally available from the private sector. Local authorities are able to borrow a proportion of their requirements to finance capital expenditure from this source.

R

Replacement cost: cost of replacement of an asset at the balance sheet date.

Reserves: amounts set aside in the accounts to meet expenditure which the council may decide to incur in future period, but not allocated to specific liabilities which are certain or very likely to occur. Earmarked reserves are allocated to a specific purpose or area of spending. Unallocated reserves are often described as balances, and usually arise as unplanned surpluses of income over expenditure.

Revaluation: The increase or decrease in an assets value following valuation by a suitably qualified person.

Revenue contributions: method of financing capital expenditure directly from revenue.

Revenue expenditure funded from capital under statute: This is expenditure that would normally be classed as revenue under normal accounting rules, but legislation has defined as being capital expenditure.

Revenue Support Grant: a central government grant paid to each local authority to help to finance its general expenditure. The distribution of the grant between authorities is intended to allow the provision of similar standards of service throughout the country for a similar council tax levy.

Ring-fenced: this refers to the statutory requirement that certain accounts such as the Collection Fund must be maintained separately from the General Fund.

S

Service concession arrangements: An arrangement such as a PFI or PPP whereby a private contractor builds and operates infrastructure for a set contract term. Any assets built as part of the contract are then returned to council ownership at the end of the arrangement.

SOLACE: Society of local authority chief executives

SORP: Statement of Recommended Practice applicable to preparing the accounts. This usually pays reference to accounting standards (FRS, SSAP UITF) and modifies them for a particular industry i.e. Local Government.

Statement of movement on the general fund balance (SMGFB): This statement shows items of income and expenditure that are defined by legislation, as being required in calculating the council tax requirement, but under UKGAAP can not be included in the income and expenditure account.

Statement of total recognised gains and losses (STRGL): This statement reports gains and losses that are not reflected in the income and expenditure account. It includes movements on revaluations of fixed assets and pension fund assets and liabilities.

Stocks and Stores: raw materials and consumable items which the council has procured to use on a continuing basis and has not been used by the end of the accounting period.

SSAP: Standard Statement of Accounting Practice. Accounting standards that apply to all accounts unless there is legislation or a SORP covering that area.

Supported Borrowing: The level of borrowing that the authority receives funding for from central Government to support capital expenditure.

Suspense: accounts where transactions are not allocated, e.g. as income, expenditure or balances, at the time of writing up the accounts for publication.

T

Trust funds: funds administered by the council on behalf of minors and others for such purposes as prizes, charities and specific projects.

U

UITF: Urgent Issue Task Force. These are abstracts that are accounting standards that apply to all accounts unless there is legislation or a SORP covering that area.

UKGAAP: United Kingdom Generally Accepted Accounting Practices. Accounting regulations adhered to in the UK.

Unsupported Borrowing: Borrowing taken out in the year by the authority in addition to supported borrowing. The council is required to finance this borrowing itself through savings made and council tax.

W

WATMOS: Walsall Alliance of Tenant Management Organisations. A registered social landlord in Walsall that was created as a result of the large scale voluntary transfer of all the council's housing stock.

WCVS: Walsall Council for Voluntary Services.

WHG: Walsall Housing Group. A registered social landlord in Walsall that was created as a result of the large scale voluntary transfer of all the council's housing stock.

Work in progress: the cost of work done up to a specified date on an uncompleted project.

Section 9
Contact details and sources of information

Enquiries or comments about this publication should be made to:

Head of Corporate Finance
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The Council House
Lichfield Street
Walsall
West Midlands WS1 1TW
Telephone: 01922 652349

This statement is available online from the Walsall Council website www.walsall.gov.uk. Paper copies are also available from the above address.

Further information about the Police, Fire and Transport Authority finances can be obtained at the following addresses:

Centro
16 Summer Lane
Birmingham
West Midlands
B19 3SD
Website: www.centro.org.uk

The Treasurer to the Police Authority
Finance department
Lloyd House
Colmore Circus
Queensway
Birmingham B4 6NQ
Website: www.west-midlands.police.uk

The Treasurer
West Midlands Fire and Civil Defence Authority
Council House
Oldbury
Warley
West Midlands B69 3DE
Website: www.wmfs.net

Information on the West Midlands Authorities Pension Fund can be obtained from the following address:

West Midlands Pension Fund
PO Box 3948
Wolverhampton
West Midlands
WV1 1XP
Website: www.westmids-pensions.org.uk

Information about Birmingham Airport can be obtained from the following:

Birmingham Airport Holdings Ltd
Birmingham International Airport
Birmingham
B26 3QJ
Website: www.bhx.co.uk