Audit Committee – 29 June 2009

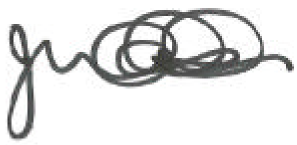
Statement of Account 2008/09: Pre-Audit

Summary of report

This report presents the Statement of Accounts, subject to external audit, for the financial year 2008/09 in accordance with the Accounts & Audit Regulations 2003, as amended 2006.

Recommendations

1. Consider and 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 23.07.09.
2. Note that the Statement of Accounts will be submitted for external audit on 30.06.09, following approval by Audit Committee.



James Walsh – CFO

19 June 2009

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 31.03.09 the draft statement of accounts shows aggregate general fund services (including earmarked reserves) to have an overall deficit of £1.821m against a budget of £227.421m. This included an in-year cabinet approval of £349k of spend to be funded from reserves, therefore the net unbudgeted overspend was effectively £1,47m, in line with that reported to Cabinet on 24 June 2009. This has resulted in net general reserves of £5.955m as at 31.03.09. These figures are subject to external audit and may require routine adjustments. The audit of the Authority's accounts commences on 29.06.09 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 for one day from 9.00am on 20.08.09 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 23.07.09

to 19.08.09 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 cashflow. 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 2008/09 compared with 2007/08. 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 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.

1.4.4 The balance sheet

This shows the council's assets, liabilities and other balances as at 31.03.09. 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.

1.4.5 The cashflow statement

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

1.5 The collection fund

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

1.6 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.

1.7 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).

1.8 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 2008/09 outturn provides a sound, stable financial foundation to affect 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 2008/09, 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

Dan Mortiboys – Corporate Finance Manager, ☎ 01922 652982
✉ mortiboysd@walsall.gov.uk

Statement of Accounts

2008/09
Draft subject to audit

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 29 June 2009 and the Statement of Accounts for 2008/09 were received and approved.

Signed:

Dated:

Councillor Martin
Chair, Audit Committee

Contents

Approval of the accounts 3

Contents 5

Explanatory Foreword 9
- **1. Introduction** 9
- **2. Reporting requirements for the 2008/09 accounts** 9
- **3. Explanation of the statements** 9
  - Income and expenditure account (page 30) 10
  - Statement of movement on the general fund balance (SMGFB) (page 31) 10
  - Statement of total recognised gains and losses (STRGL) (page 34) 10
  - Balance sheet (page 35) 10
  - Cashflow statement (page 37) 10
  - Notes to the core financial statements (page 39) 10
  - Collection fund and associated notes (page 80) 10
  - Trust and scholarship accounts (page 84) 10
  - Statement of accounting policies (page 86) 10
- **4. An overview of the council's financial performance in 2008/09** 10
  - Revenue expenditure 11
  - Dedicated schools grant 12
  - Reserves and balances 12
  - Capital expenditure 12
  - Treasury management 13
  - Partnerships 14
  - Pensions accounting 14

Statement of Responsibilities 15
- **Walsall Council's responsibilities** 15
- **The Chief Financial Officer's responsibilities** 15
- **Certification by the Chief Financial Officer** 15

Annual Governance Statement 2008/09 16
- **1. Scope of responsibility** 16
- **2. The purpose of the Governance Framework** 16
- **3. The Governance Framework** 16
- **4. Review of Effectiveness** 22
- **5. Significant Governance Issues** 27

Core financial statements 30
- **Income and expenditure account** 30
- **Statement of movement on the general fund balance (SMGFB)** 31
- **Note of reconciling items for SMGFB** 32
- **Statement of total recognised gains and losses (STRGL)** 34
- **Balance sheet** 35
- **Cash flow statement** 37

Notes to core financial statements 39
- **1. Prior period adjustments** 39
- **2. Audit costs** 39
- **3. Trading account summary** 39
- **4. Dedicated schools grant** 40
- **5. Discretionary expenditure** 40
- **6. Publicity expenditure** 41

7. Members allowances ... 41
8. Officers Emoluments ... 41
9. Local Authorities (Goods and Services) Act 1970 ... 42
10. PFI and similar contracts ... 42
St Thomas More ... 42
Public Lighting ... 42
Consultancy costs ... 43
Housing 21 ... 43
11. Related parties ... 43
Central Government ... 44
Local authorities ... 44
Other public bodies ... 44
Associated companies ... 44
Joint venture partners ... 44
Pension fund ... 44
Members ... 44
Chief officers ... 44
Council officers ... 45
Other organisations ... 45
12. Associated company interests and holdings ... 45
Birmingham International Airport ... 45
13. Building Control Account ... 46
14. Pooled Budgets ... 46
15. Government grants (not attributable to specific service) ... 47
16. Movement in fixed assets ... 48
Valuation of fixed assets ... 50
17. Analysis of fixed assets ... 51
18. Capital expenditure and financing ... 52
19. Capital contracts ... 53
20. Operating and Finance Leases ... 54
Operating leases ... 54
Finance leases ... 55
21. Net assets employed ... 56
22. Long term debtors ... 56
23. Stock and work in progress ... 56
24. Debtors due within one year including Bad Debt Provision ... 57
Provision for bad debts ... 57
25. Landfill Allowance Trading Scheme (LATS) ... 57
26. Cash at bank ... 58
27. Creditors payable within one year ... 58
28. Provisions ... 59
Government grants ... 59
Insurance provision ... 59
Section 117 ... 59
Other ... 60
29. Deferred liabilities ... 60
30. Government grants deferred and contributions ... 60
31. Government grants unapplied ... 60
32. Retirement benefits ... 60
Teachers' pension scheme ... 60
Liability due to local government reorganisation ... 61
Local government pension scheme ... 61
33. Reconciliation of income and expenditure accounts ... 66
34. Movement in cash and cash equivalents ... 67
35. Analysis of revenue – other Government grants and reimbursements ... 67
36. Analysis of capital grants ... 67

37. Analysis of changes in net debt ... 68
38. Movement in reserves ... 69
39. Contingent assets and liabilities ... 70
Contingent assets ... 70
Contingent liabilities ... 70
40. General fund reserve ... 71
41. Collection fund reserve ... 71
42. Earmarked reserves ... 72
43. Revaluation reserve ... 72
44. Capital adjustment account ... 73
45. Useable Capital Receipts ... 73
46. Deferred capital receipts ... 73
47. Financial instruments ... 73
Categories of financial liabilities and assets ... 74
Financial instrument gains and losses ... 74
Fair value of financial assets and liabilities ... 75
Minimum Revenue Provision ... 75
Premiums and Discounts incurred through early redemption of borrowing ... 76
Nature and extent of risks arising from financial instruments ... 77
48. Events after the balance sheet date ... 79

Additional financial statements ... 80

Collection Fund ... 80
1. Income and expenditure account ... 80
2. Collection fund balance sheet ... 81
3. Income from business rates ... 81
Income collectable ... 81
National non-domestic rate multiplier ... 82
4. Calculation of tax base ... 82
5. Income due from council tax ... 82
6. Organisations which make a precept or demand on the collection fund ... 83

Trust and scholarship accounts ... 84
1. Income and expenditure account ... 84
2. Valuation of trust fund assets ... 84
Monies for residents in council care homes ... 85
3. Trusts balance sheet ... 85

Statement of accounting policies ... 86
1. General Principles ... 86
2. Accruals of Income and Expenditure ... 86
3. Provisions ... 86
4. Bad Debt Provision ... 87
5. Contingent assets and liabilities ... 87
6. Reserves ... 87
7. Government Grants and Contributions (Revenue) ... 88
8. Retirement Benefits ... 88
The Local Government Pension Scheme ... 88
Discretionary Benefits ... 90
9. VAT ... 90
10. Intangible Fixed Assets ... 90
11. Tangible Fixed Assets ... 90
Recognition ... 90
Measurement ... 90

Impairment ... 91
Disposals ... 91
Depreciation ... 91
Grants and contributions ... 92
12. Charges to Revenue for Fixed Assets ... 92
13. Revenue expenditure funded from capital under statute ... 93
14. Leases ... 93
Finance Leases ... 93
Operating Leases ... 93
15. Overheads and Support Services ... 93
16. Financial Liabilities ... 94
17. Financial Assets ... 94
Loans and Receivables ... 95
Available-for-sale Assets ... 95
18. Stocks and Work in Progress ... 96
19. Private Finance Initiative (PFI) ... 96
20. Events after the balance sheet date ... 96
21. Group Accounts ... 96
22. Landfill Allowance Trading Scheme (LATS) ... 96

Glossary of terms ... 98

Contact details and sources of information ... 107

Section 1
Explanatory Foreword

1. Introduction

These accounts set out the financial results of Walsall Council's activities for the year ended 31 March 2009. 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 citizens. 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 fairly 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 2008/09 accounts

The Statement of Recommended Practice (SORP 2008) is issued by CIPFA and is statute imposed. This year has included some minor amendments to local authority financial statements. These changes are intended to clarify certain accounting treatments and implement changes in accounting standards.

The method of valuation of pension assets has been changed in line with amendments that have been made to FRS 17 – Retirement Benefits and incorporated within SORP 2008. This amendment has changed the basis of valuation from a mid-market value to a current bid price. The effect of this valuation change has been to increase the net liability related to pension benefits as at 31 March 2008 by £0.448m by means of a prior period adjustment. The impact of this change has also required a prior period adjustment in the Income and Expenditure Account in 2007/08 of £0.031m by decreasing the expected return on pension assets. However there has been no change to General Fund Reserves.

SORP 2008 has abolished the concept of deferred charges and has replaced it with a new category "revenue expenditure funded from capital under statute". The concept is the same, where expenditure that would normally be classed as revenue can be classed as capital expenditure under various items of legislation. These costs pass through the Income and Expenditure Account but are then reversed through the Statement of Movement on the General Fund Balance.

3. Explanation of the statements

This statement of accounts summarise the council's finances for the financial year ending 31 March 2009. The statement includes the following information:

Income and expenditure account (page 30)

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 31)

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 34)

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 35)

This statement is a snapshot of the council's financial position as at 31 March 2009. 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.

Cashflow statement (page 37)

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

Notes to the core financial statements (page 39)

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 cashflow statement.

Collection fund and associated notes (page 80)

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 84)

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 86)

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 2008/09

During 2008/09 the Audit Commission rated all authorities in the country through a Comprehensive Performance Assessment (CPA). Walsall Council was rated a 3 star authority (CPA rates authorities from zero to four stars). The council scored 3 out of 4 for its Use of Resources, including a score of 4 for financial standing – a key element of the CPA. The council's performance improvement agenda is detailed in the Sustainable Community Strategy and the council's corporate plan.

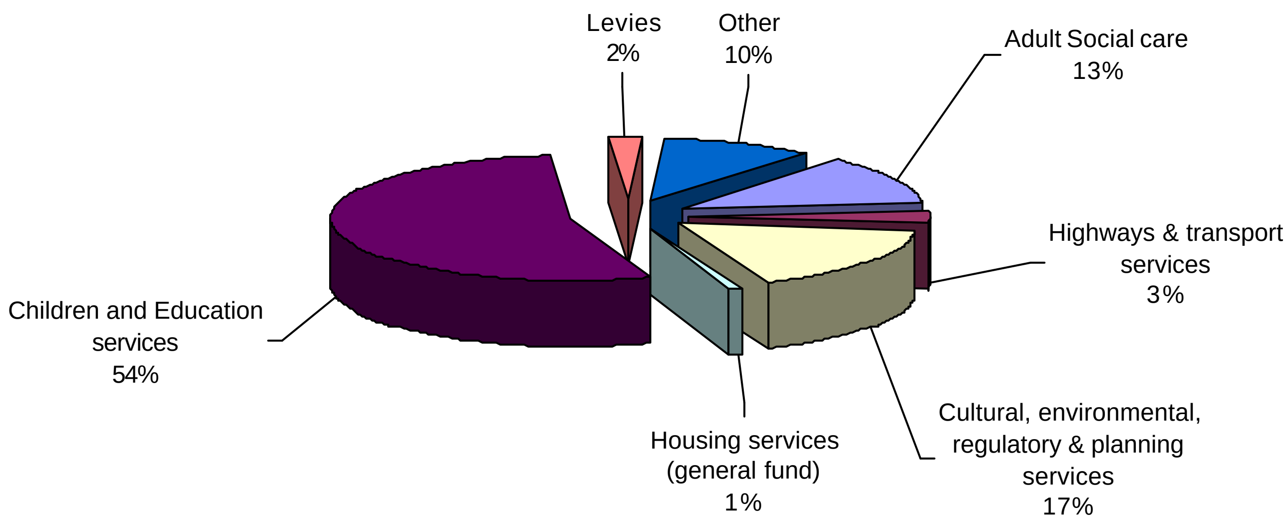
Council expenditure is divided into two broad categories: revenue and capital. Revenue is day to day spending on items such as salaries and wages, purchase of minor equipment, services and materials, and the heating and lighting of premises. Capital expenditure relates to the purchase of major items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

Revenue expenditure

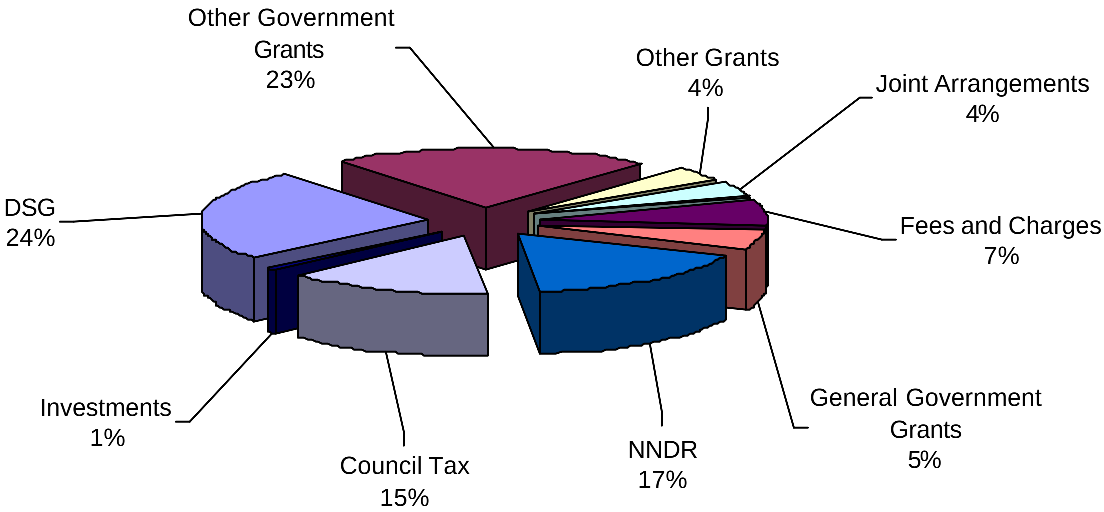
On 25 February 2008 council approved a net budget of £227.421 million (including levies) representing an increase of 6.8%, equivalent to £14.497 million of additional net expenditure over 2007/08 (£212.924 million). The increase for 2008/09 is higher than normal due to changes in funding of specific grants moving to formula grant. In real terms the net budget increased by £8.961m or 4.2%.

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 £235.861 million for 2008/09. 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 deficit for the general fund of £1.821 million for the year. After taking into account a planned deduction from reserves of £0.349 million the net unbudgeted overspend for the year was £1.472 million. This gives a closing general fund balance of £5.955 million (£7.776 million 2007/08).

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 2008/09 was £170.660 million (£166.212 million in 2007/08).

Reserves and balances

Overall during 2008/09 there was a net deduction from general fund revenue reserves of £1.821 million against a planned deduction of £0.349 million. The balance on the general fund at the end of 2008/09 stands at £5.955 million (£7.776 million in 2007/08). The table below summarises the surplus or deficit in the year for the council's general fund and collection fund.

	2007/08 Deficit/ (Surplus) £m	2008/09 Deficit/ (Surplus) £m
General Fund (see page 31)	(0.831)	1.821
Collection Fund (see page 80)	0.361	0.033

Capital expenditure

The council continues to have a successful approach to maximising external funding and has made match funding arrangements to a range of capital schemes completed in partnership with external bodies.

The council spent £53.099 million on capital expenditure in 2008/09, compared with the budgeted spend of £57.707 million. The following table provides details of capital expenditure during 2008/09.

	Budget £m	Actual £m	Variance £m
Mainstream projects funded by supported borrowing and capital receipts	23.573	18.682	4.891
Prudential projects	4.437	3.312	1.125
Non mainstream projects funded by grants	29.697	31.105	(1.408)
Total	**57.707**	**53.099**	**4.608**

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 18 page 52.

Capital expenditure	**2008/09**	**Capital Financing**	**2008/09**
Type of asset	**£m**	**source**	**£m**
Land and buildings	17.731	Borrowing	8.045
Vehicles and equipment	3.627	Prudential borrowing	8.870
Infrastructure	16.214	Capital receipts	5.604
Community assets	0.386	Capital grants and contributions	32.935
Non operational assets	6.355	Revenue	0.105
		Capital expenditure awaiting reimbursement	(2.460)
	44.313		**53.099**
Intangible assets	0.451		
Revenue expenditure funded from capital under statute	8.335		
	53.099		**53.099**

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 2009 the council's external long term borrowing was £262.730 million (£263.409 million on 31 March 2008). Of this, £27.254 million represents debt owed to Dudley MBC for the former West Midlands County Council debt. Walsall Council's consolidated rate of interest for 2008/09 was 4.7% (4.6% in 2007/08).

During 2008/09 the council received £6.132 million (£6.066 million in 2007/08) of investment income. This was at an average rate of 5.2% (5.9% in 2007/08). This is in addition to £0.150 million (£1.297 million in 2007/08) interest income from other sources.

The world banking crisis 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 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 Amey Highways has replaced most of the street lights in the borough. Amey 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. (Please see note 10 page 42 for further details). The contract covers a period of 30 years ending 2038. This partnership is funded from the existing social care budgets for this service.

Pensions accounting

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

As at 31 March 2009 there is an actuary calculated shortfall for Walsall of £268.105 million (£290.967 million at 31 March 2008) 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.

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 presents fairly the council's financial position as at 31 March 2009.

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 2008) 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 presents fairly the position of Walsall Metropolitan Borough Council as at 31 March 2009, and its income and expenditure for the year ended 31 March 2009.

James T. Walsh ACMA, BHum (Hons)
Chief Financial Officer
19 June 2009

Section 3
Annual Governance Statement 2008/09

1. Scope of responsibility

This statement is given in respect of the 2008/09 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 2009 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:

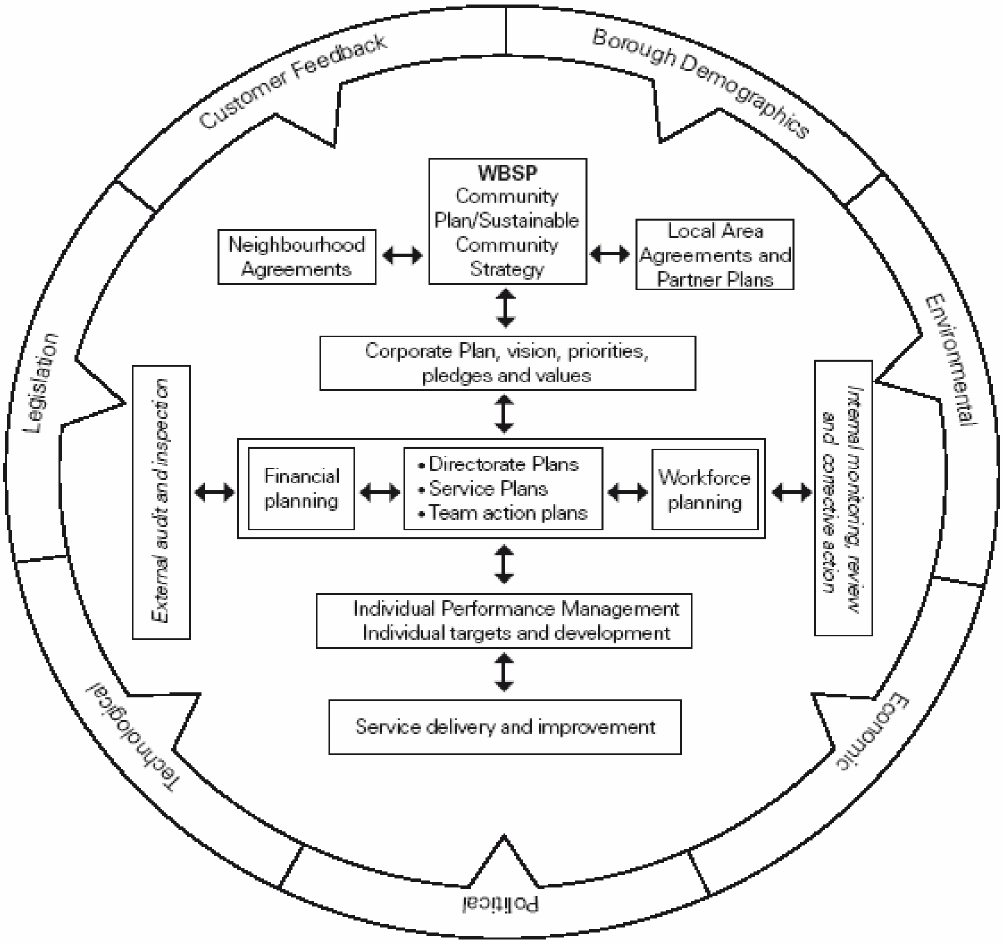
- Identifying and communicating the authority's vision and intended outcomes for citizens and service users, reviewing the vision and its implications for the authority's governance arrangements
- Establishing and monitoring the achievement of the Authority's objectives, including measuring the quality 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;
- Ensuring compliance 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 management of the Authority and the reporting of performance 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 corporate integrated planning and performance framework (CIPPF).

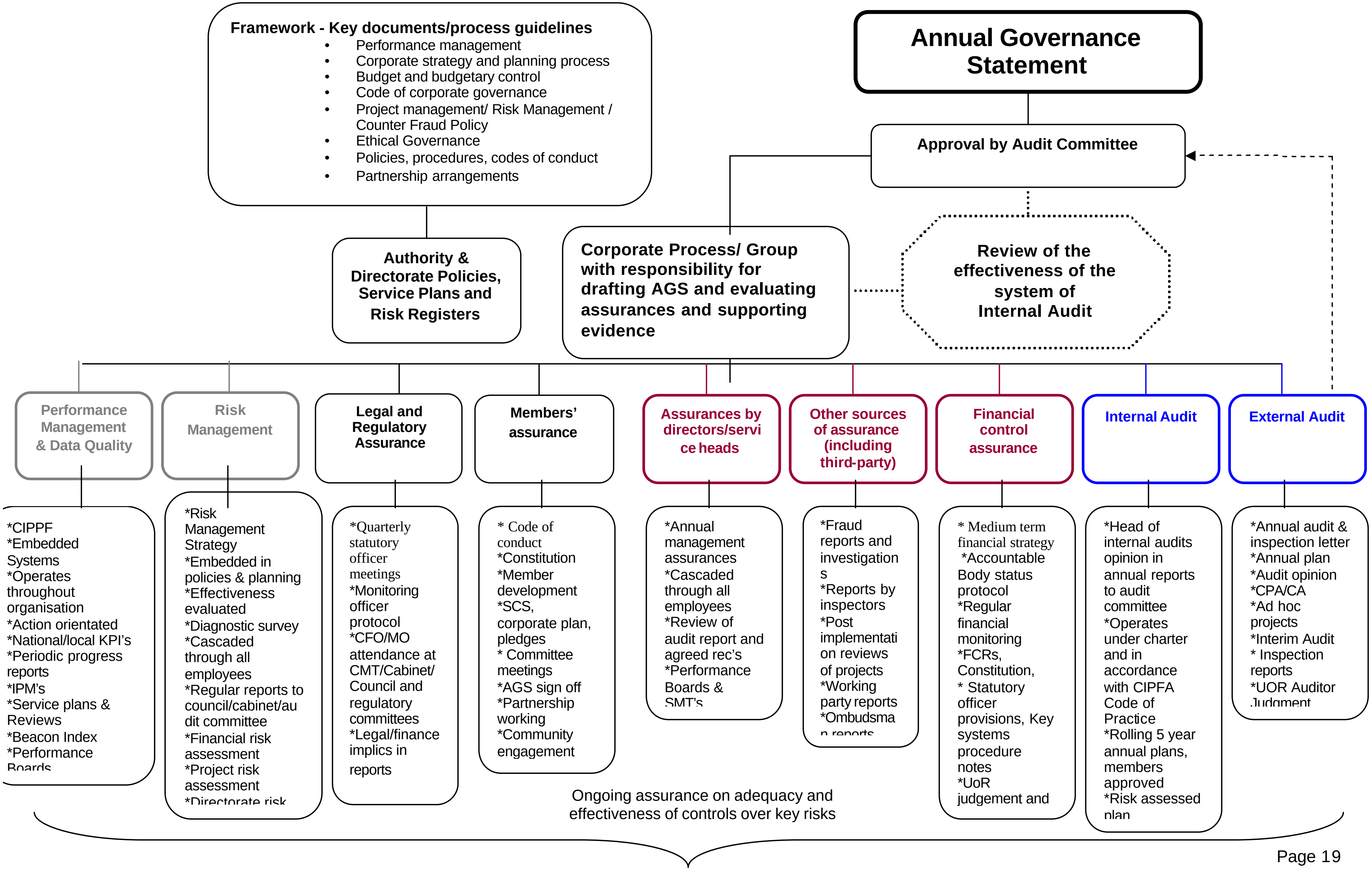
The CIPPF (diagram 1 overleaf) comprising financial, performance, risk, communication and political management processes shows how services are designed, delivered, measured and performance managed, and shows how services and activities are regularly measured and monitored to enable effective decision making, helping to ensure the Council delivers efficient, customer focussed services that provide value for money.

Diagram 1: The CIPPF



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 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;
- Regular performance boards which receive, consider and assess service plans, performance indicators, financial planning and project management processes to influence and drive continuous improvement;
- Clear 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 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's commitment to continuous improvement is evidenced in our latest Corporate Assessment outcome (CA). The Council 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 2008/09, 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 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, 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 using the performance board model. 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.

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 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 Chief Internal Auditor and his annual report on the overall adequacies of the internal control environment. In respect of the 2008/09 financial year, the following opinion has been given by the Chief Internal Auditor;

"In my opinion, formed solely on the basis of the work undertaken by internal audit and its partner organisation in 2008/09, 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 20080/9 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.

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 2008/09".

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 2008/09.

During 2008/09 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.

An audit review of corporate governance was undertaken during February and March 2009 as part of the annual audit plan. The objectives of the audit, which were adapted from the CIPFA SOLACE 'delivering good governance on local government framework', were to assess the adequacy of corporate governance arrangements. This report is currently in draft and may be subject to amendment, however, the overall assurance opinion given was significant.

Notable examples of good practices include:

- the establishment of an overarching governance statement;
- member approved strategic plans such as the corporate plan which links to the wider sustainable communities plan;
- an embedded performance management and risk assessment framework;
- a local strategic partnership that is fit for purpose in terms of its structure and which places the council "at the helm" as is required by the local area agreement; and a range of mechanisms are in place that enable the council to elicit the views of residents in helping it to shape policy and improve services.
- The council, its employees and its members' roles and responsibilities are underpinned by and enshrined within the constitution and a range of codes of conduct with underlying systems for declaring interests provide a level of assurance that appropriate ethical standards are being adhered to.

A number of areas for improvement were identified to reinforce prevailing arrangements, including:

- Making clear within corporate plans how the council is measuring its overall progress against its key priorities.
- The role of scrutiny could be further developed, notably formalising the role of an overview scrutiny body that could then have responsibility for scrutinising strategic issues.
- The scheme of delegation, particularly in the light of single status and organisational restructure, should be kept under periodic review and the scheme / financial and contract rules should be updated to set out officer responsibilities.
- Raising awareness among staff of the council's anti fraud and corruption strategy and whistle blowing procedures and coordinating and streamlining the various mechanisms in place to obtain the views of residents and stakeholders to then demonstrably use the key themes arising to shape policy and initiate service improvements, should also be considered.
- Given the increasing prominence of partnership working, the council should also keep under review the various partnership arrangements with a view to ensuring that partners are aware of the council's role as an enabler and, where appropriate, the accountable body as well as making sure that the various partnerships do not overlap and duplicate their efforts. As part of this the role of the Audit Committee and Scrutiny should be developed to ensure that these bodies have the requisite authority and capacity to effectively and robustly inform the decision making processes concerning partnership working. Additionally, joint codes of conduct and partnership specific risk registers should be developed and put into place so that each partnership is working within a common ethical framework

A draft action plan is in place to address the above actions and is shortly to be agreed.

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 and supporting evidence was reviewed independently by senior finance officers. The system of Internal Audit was assessed as satisfactory overall.

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

- External auditors' annual Interim Audit which includes a review of Internal Audit work to ensure that work can be relied upon;
- Quality assurance controls put in place by the Chief Internal Auditor and his 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 2008/09;
- High level of satisfaction received from auditees based on satisfaction surveys returned following completion of each audit assignment.

The Audit Commission undertook a comprehensive review of the Internal Audit service during 2006/07 and 2007/08 and the council's new external auditors, Grant Thornton, reviewed the work of Internal Audit during their interim audit undertaken in March and April 2009.

In respect of the Internal Audit function, the interim audit considered the extent to which Grant Thornton can place reliance on the work of Internal Audit. The council's Internal Audit function was reviewed against CIPFA's Standards for Internal Audit as part of Grant Thornton's' 2008/09 audit, which concluded that Internal Audit provides *"an independent and effective service to the Council and substantially complies with the CIPFA Code of Practice for Internal Audit".*

Grant Thornton also undertook an evaluation of the design of controls, linked to risk of material misstatement in the financial statements, of the councils major financial systems including treasury managements, creditors, debtors, payroll, housing and council tax, budgetary control, general ledger, grants and commissioning and found that "the council's processes and controls in these areas were generally sound with no material weaknesses. Some areas for improvement were noted and a number of low and medium priority recommendations made.

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 2008/09, quarterly statutory officer's meetings were embedded to review and oversee and ensure statutory provisions are being adhered to.

The council recognises 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. The Audit Commission in the Corporate Assessment (CA) 2008 highlighted key partnership working as a strength, with some areas for improvement in terms of working with the voluntary/community section. The council has recognised and put in place these arrangements, to address the need to strengthen its governance arrangements in respect of partnerships. A partnership toolkit was produced in 2008/09 and is being rolled out.

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

- The current CPA 2008 score of 3 and "improving well" (maximum score is 4) for Walsall.
- Corporate assessment (CA) 2008 - which praised the council for strong community engagement, priority setting, financial, risk and performance management arrangements. The CA and joint area review carried out during 2008 found that priorities reflect the needs of service users and communities. Community engagement is strong and each neighbourhood has a plan to address specific issues.
- The current overall use of resources (UoR) score of 3 out of 4 which focuses on financial management but also links to the strategic management of the Authority. Grant Thornton acknowledged that this represented a further improvement over previous years.
- The council's arrangements in respect of 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 also 2008.
- A maximum score of 4 for the category of financial standing for 2006, 2007 and also 2008.
- The council has continued to be assessed as "improving well" in the annual direction of travel assessment.
- Data quality arrangements were scored as 3 (good).
- The work of the council's external auditors with the April 2009 Annual Audit and Inspection letter, including the provision of an unqualified opinion on both the 2007/08 accounts and the council's use of resources (value for money).
- The Annual audit and inspection letter (AAIL) 2007/08, published April 2009 also stated that:

  - ➢ *Walsall Council is improving well. Good progress has been made in priority areas and corporately the Council continues performing well overall.*
  - ➢ *Effective leadership is enabling a focus on reducing inequalities in the borough towards the vision of making Walsall a good place to live, work and invest.*
  - ➢ *The extent of improvement compared to other councils is good. It has effective leadership, tangible ambitions, clear achievements, and priorities which reflect the needs of service users and communities. Key improvements have been made against its priorities, and its public pledges.*
  - ➢ *Value for money (VfM) is a strength for the Council. The external auditor's scores remain at three as last year. No areas are at risk while good financial management continues to drive VfM and reduce costs.*
  - ➢ *Strong financial planning is in place. The budget has strategic options profiled against policy and priorities not a wish-list, and also uses the established budget conferencing process. This enables appropriate decision making and resourcing.*

The council has introduced a Local Code of Governance which was approved by Audit Committee and Standards Committee in 2008/09. Work is in hand to embed this. 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 and awareness training is due to be rolled out.

The review of effectiveness also covered the work undertaken in 2008/09 to address the control weaknesses identified in the 2007/08 AGS including:

1) Payroll and personnel system – some progress has been made in actioning previously agreed audit report actions and a number of areas of good practice were noted during the review. Areas for improvement, however, continued to be identified in ensuring controls and processes are fully embedded, for example, in the processing of new starters, variations to pay and leavers. An action plan is in place to address this.

2) Whilst internal and external audit indicated that there were adequate IT controls in place overall, limited assurance opinions were reported for ICT change management, acquisition and disposal of information assets, IT governance and Oracle CRM. A follow up audit of IT strategy and governance produced a significant assurance opinion. In addition, managers have agreed report actions, and indicated that actions have been or will be implemented by agreed deadlines.

3) Scrutiny was highlighted as making a good contribution in some areas, but further development is needed. Its overall impact was reported as variable and not consistently effective in focusing on underperformance or actively challenging the executive. The Scrutiny Working Group has met throughout 2008/09 and has reviewed the work programme of all scrutiny and performance panels throughout the year, providing a greater co-ordination of activity and were also consulted on the annual scrutiny survey, member training and development opportunities and evolving

information regarding Crime and Disorder powers and Councillor Call for Action legislation. The group have agreed how issues are progressed (e.g. they agreed how the report from the equalities peer assessment would be received and how information would be shared across panels) and have identified cross cutting activity in a more consistent way (e.g. way in which Corporate Scrutiny Panel receive feedback on budgets from all panels as part of decision conferencing). Members of the group have committed to continuing to meet throughout 2009/10 to build on the foundations that have been laid.

4) The target for implementation of agreed Internal Audit report actions for 2007/08 was set at 90% and performance against this target was 78%. Further detailed reporting and assurance requirements from senior managers were approved by Audit Committee to strengthen arrangements during 2008/09, however performance remains below target, at 75% for 2008/09. This is further contained within section 5.

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.

The work above 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, specifically:

- 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.

A number of high priority suggested improvements were made during the year to address control weaknesses and all were agreed for implementation by managers.

The report will also show that 75% of desired outcomes arising from earlier internal audit findings were confirmed as achieved at internal audit's next visit, a reduction on last year's 78%. That is, while 75% of control issues identified in previous audits were found to have been fully addressed at the next audit, 25% continued to be identified as issues requiring further management attention to resolve. There are cases where managers have fully or partly implemented agreed actions, but their actions have not have been completely successful in addressing control weaknesses identified.

A 75% level of achievement may limit the effectiveness of the Audit Committee's monitoring of the internal control environment. The Chief Executive has made it clear that he expects Executive Directors to take personal responsibility for delivery of the necessary outcomes. The corporate management team considered a report of outstanding agreed actions on 11 June 2009 with a view to improving performance in this area. This will feature regularly on the CMT agenda to ensure improvements.

The directorate management teams’ involvement in seeking assurance from their managers that they have implemented or are taking action to implement agreed actions should also assist the process. The Audit Committee has remained insistent that this level of achievement should improve and the potential for executive and assistant directors, whose managers fail to implement agreed actions, having to attend before the committee to provide explanation, will be re-enforced.

Further detailed reporting and assurance requirements from senior managers will be presented to Audit Committee during 2009/10 to assist them in fulfilling their governance responsibilities.

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
17 June 2009

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
17 June 2009

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, ACMA
Chief Finance Officer
17 June 2009

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

2007/08			2008/09		
Net Expenditure	Restated Net Expenditure*	Service	Gross Expenditure	Gross Income	Net Expenditure
£m	£m		£m	£m	£m
65.238	65.238	Adult social care	125.690	(42.481)	**83.209**
2.338	2.338	Central services to the public	9.737	(4.064)	**5.673**
61.236	61.236	Education & children's services	437.795	(255.710)	**182.085**
8.180	8.180	Corporate & democratic core	8.614	(0.221)	**8.393**
0.340	0.340	Court services	0.353	(0.040)	**0.313**
44.879	44.879	Cultural, environmental, regulatory & planning services	131.054	(20.075)	**110.979**
19.661	19.661	Highways and transport services	38.948	(17.978)	**20.970**
3.411	3.411	Housing services	115.000	(110.173)	**4.827**
5.230	5.230	Non-distributed costs	0.451	0.000	**0.451**
210.513	**210.513**	**Net cost of services**	**867.642**	**(450.742)**	**416.900**
7.194	7.194	(Gain) or loss on disposal of fixed assets			**27.002**
0.093	0.093	Environment agency levy			**0.079**
12.843	12.843	West Midlands transport levy			**13.319**
3.630	3.630	(Surplus) or deficit on trading undertakings not included in net cost of services			**4.552**
11.801	11.801	Interest payable and similar charges			**13.482**
0.067	0.067	Contribution of housing capital receipts to government pool			**0.056**
(7.363)	(7.363)	Interest and investment income			**(6.282)**
4.166	4.197	Pensions interest cost and expected return on pensions assets			**14.196**
242.944	**242.975**	**Net operating expenditure**			**483.304**
(95.915)	(95.915)	Income from the collection fund			**(98.572)**
(17.896)	(17.896)	General Government grants			**(35.767)**
(100.195)	(100.195)	National non-domestic rate redistribution			**(113.104)**
28.938	**28.969**	**(Surplus) or deficit for the year**			**235.861**

* Within 2007/08 comparatives the following adjustment has been made:

Expected return on Pension assets for 2007/08 has decreased therefore creating an additional charge of £0.031m. This is due to a change in measurement of assets as required by FRS17 – Retirement Benefits and SORP 2008.

Please see note 1 page 39 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 scores 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.

2007/08 Net Expenditure £m	**2007/08 Restated Net Expenditure* £m**		**2008/09 Net Expenditure £m**
28.938	28.969	(Surplus) or deficit from income and expenditure account	235.861
(68.614)	(68.645)	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	(273.297)
29.366	29.366	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	30.445
9.479	9.479	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	8.812
(0.831)	**(0.831)**	**Net additional amount required by statute and non-statutory proper practices to be debited or credited to the general fund balance for the year**	**1.821**
(6.945)	(6.945)	General fund (surplus)/deficit brought forward	(7.776)
(7.776)	**(7.776)**	**General fund (surplus)/deficit carried forward**	**(5.955)**
0.000	0.000	Amount of general fund balance held by governors under scheme to finance schools	0.000
(7.776)	(7.776)	Amount of general fund balance available for new expenditure	(5.955)
(7.776)	**(7.776)**	**General fund balance carried forward**	**(5.955)**

Note of reconciling items for SMGFB

2007/08 Net Expenditure £m	2007/08 Restated Net Expenditure* £m		2008/09 Net Expenditure £m	2008/09 £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		
(0.042)	(0.042)	Amortisation of intangible fixed assets	(0.131)	
(49.303)	(49.303)	Depreciation and impairment of fixed assets	(234.182)	
23.501	19.555	Government grant deferred amortisation	26.508	
(8.802)	(4.856)	Revenue expenditure funded from capital under statute	(3.390)	
1.933	1.933	Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to premiums and discounts on the early repayment of debt	(1.167)	
(7.194)	(7.194)	Net gain or (loss) on sale of fixed assets	(27.002)	
(28.707)	(28.738)	Net charges made for retirement benefits in accordance with FRS17	(33.933)	
(68.614)	**(68.645)**			**(273.297)**
		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		
8.993	8.993	Statutory provision for repayment of debt	9.574	
(0.207)	(0.207)	Capital expenditure charged to the general fund balance	0.105	
(0.067)	(0.067)	Transfer from usable capital receipts to meet payments to the housing capital receipts pool	(0.056)	
20.647	20.647	Employers contributions payable to West Midlands Pension Fund and retirement benefits payable direct to pensioners	20.822	
29.366	**29.366**			**30.445**
		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		
0.288	0.288	Voluntary provision for repayment of debt	1.265	
9.191	9.191	Net transfer to or from earmarked reserves	7.547	
9.479	**9.479**			**8.812**
(29.769)	**(29.800)**	**Net additional amount required to be credited to the general fund balance for the year**	**(234.040)**	**(234.040)**

Continued…

Continued…

2007/08			2008/09	
Net Expenditure	**Restated Net Expenditure***		**Net Expenditure**	
£m	**£m**		**£m**	**£m**
(29.769)	**(29.800)**	**Net additional amount required to be credited to the general fund balance for the year**	**(234.040)**	**(234.040)**
28.938	28.969	(Surplus) or deficit from income and expenditure account		235.861
(6.945)	(6.945)	General fund balance (surplus)/deficit brought forward		(7.776)
(7.776)	**(7.776)**	**General fund balance (surplus)/deficit carried forward**		**(5.955)**

* Within 2007/08 comparatives the following adjustments has been made:

Net charges made for retirement benefits for 2007/08 has decreased therefore creating an additional charge of £0.031m. This is due to a change in measurement of assets as required by FRS17 – Retirement Benefits and SORP 2008.

There is no change in the council's reserves following this change.

Following changes in SORP 2008 removing deferred charges and replacing these with revenue expenditure funded from capital under statute, grants previously categorised as government grants deferred, have been reclassified. They are now included within the figure for revenue expenditure funded from capital under statute. For 2007/08 this means that £3.946m has been reclassified. This change has been made in accordance with FRS28 – Corresponding Amounts to ensure comparability with 2008/09 figures.

Please see note 1 page 39 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.

2007/08			2008/09
Published	**Restated***		
£m	**£m**		**£m**
28.938	28.969	(Surplus) or deficit on the income and expenditure account	235.861
(5.731)	(5.731)	(Surplus) or deficit arising on revaluation of fixed assets	(139.055)
0.000	0.000	(Surplus) of deficit arising on revaluation of available-for-sale financial assets	0.000
74.958	75.406	Actuarial (gains) and losses on pension fund assets and liabilities	(35.979)
1.239	1.239	(Surplus) or deficit arising from collection fund	(0.295)
0.017	(0.014)	Any other (gains) and losses required to be included in the STRGL	0.004
99.421	**99.869**	**Total recognised (gains) and losses for the year**	**60.536**

* Within 2007/08 comparatives the following adjustment has been made:

Changes within FRS17 – Retirement Benefits and SORP 2008 have resulted in a change in measurement of pension assets. This has resulted in an additional charge within 2007/08 of £0.031m which is shown within the figure for any other (gains) and losses required to be included within the STRGL. This change in measurement has also resulted in a further actuarial loss of £0.448m on pension assets as at 31 March 2008.

Within the STRGL there are £35.979m of actuarial gains (£75.406m in 2007/08) included. The cumulative amount of actuarial gains and losses included within the STRGL to date are losses of £76.628m.

There is no change in the council's general fund reserves following this change.

Please see note 1 page 39 for further details.

For details of the total movements on the STRGL please see note 38 on page 69.

Balance sheet

31-Mar-08 Published £m	31-Mar-08 Restated* £m	Balance sheet	31-Mar-09 £m	£m	Notes
		Fixed assets			
0.091	0.091	Intangible assets	0.401		16
		Tangible assets			
		Operational assets			
703.384	703.384	*- Land and buildings*	633.902		16
4.048	4.048	*- Vehicles, plant, furniture and equipment*	4.552		16
65.156	65.156	*- Infrastructure assets*	61.149		16
13.950	13.950	*- Community assets*	13.950		16
		Non-operational assets			
10.399	10.399	*- Investment properties*	8.102		16
5.731	5.731	*- Assets under construction*	5.714		16
22.652	22.652	*- Surplus assets, held for disposal*	18.785		16
825.411	**825.411**	**Total fixed assets**		**746.555**	
26.705	26.705	Long term investments	31.705		47
10.951	10.951	Long term debtors	10.592		22
37.656	**37.656**	**Total long term assets**		**42.297**	
		Current assets			
0.671	0.671	Stock and work in progress	0.580		23
48.296	48.296	Debtors	44.530		24
71.180	71.180	Investments	51.484		47
1.188	1.188	Landfill allowance trading scheme	0.000		25
3.180	3.180	Cash and bank	4.206		26
124.515	**124.515**	**Total current assets**		**100.800**	
987.582	**987.582**	**Total assets**		**889.652**	
		Current liabilities			
(4.643)	(4.643)	Bank overdraft	0.000		26
(0.342)	(0.342)	Borrowing repayable on demand or within 12 months	(0.181)		47
(0.900)	(0.900)	Landfill allowance trading scheme	0.000		25
(57.309)	(57.309)	Creditors	(50.157)		27
(63.194)	**(63.194)**	**Total current liabilities**		**(50.338)**	
924.388	**924.388**	**Total assets less current liabilities**	**839.314**	**839.314**	

Continued…..

Continued…..

31-Mar-08 Published £m	31-Mar-08 Restated* £m	Balance sheet	31-Mar-09 £m	£m	Notes
		Long term liabilities			
(263.409)	(263.409)	Long term borrowing	(262.730)		47
(3.386)	(3.386)	Provisions	(3.118)		28
(37.120)	(37.120)	Government grants deferred and contributions	(42.607)		30
(22.080)	(22.080)	Capital grants unapplied	(15.941)		31
(0.628)	(0.628)	Deferred liabilities	(0.551)		29
(290.519)	(290.967)	Liability related to defined pension scheme	(268.105)		32
(617.142)	**(617.590)**	**Total long term liabilities**		**(593.052)**	
307.246	**306.798**	**Total assets less liabilities**	**246.262**	**246.262**	
		Financed by:			
		Revenue reserves			
(7.776)	(7.776)	General fund reserve	(5.955)		40
0.325	0.325	Collection fund reserve	0.030		41
(41.335)	(41.335)	Earmarked reserves	(48.882)		42
(48.786)	**(48.786)**	**Total revenue reserves**		**(54.807)**	
		Capital reserves			
(530.238)	(530.238)	Capital adjustment account	(309.456)		44
(1.480)	(1.480)	Revaluation reserve	(137.785)		43
(1.932)	(1.932)	Financial instruments adjustment account	(0.765)		47
0.000	0.000	Available-for-sale financial instrument reserve	0.000		
(2.090)	(2.090)	Deferred capital receipts	(1.824)		46
(13.239)	(13.239)	Useable capital receipts reserve	(9.730)		45
(548.979)	**(548.979)**	**Total capital reserves**		**(459.560)**	
290.519	290.967	Pensions reserve	268.105	268.105	32
(307.246)	**(306.798)**	**Total net worth**	**(246.262)**	**(246.262)**	

Changes within FRS17 – Retirement Benefits and SORP 2008 have resulted in a change in measurement of pension assets. This has resulted in an additional liability of £0.448m on pension assets as at 31 March 2008.

Cash flow statement

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

2007/08 £m	2007/08 Restated £m		2008/09 £m	£m
		Revenue activities		
		Cash outflows		
291.925	270.925	Cash paid to employees	272.256	
277.875	298.718	Other operating costs	324.786	
62.290	62.290	NNDR payments to national pool	65.737	
67.763	67.763	Housing benefit paid	74.909	
0.058	0.058	Capital receipts paid to pool	0.077	
23.327	23.327	Precepts paid	24.179	
723.238	**723.081**			**761.944**
		Cash inflows		
(3.155)	(3.155)	Rent	(2.811)	
(83.023)	(83.023)	Council tax receipts	(85.816)	
(98.014)	(98.014)	NNDR receipts from national pool	(113.104)	
(60.914)	(60.914)	Non-domestic rates receipts	(62.573)	
(16.815)	(16.814)	Revenue Support Grant	(15.745)	
(166.212)	(166.212)	Dedicated schools grant	(170.660)	
(104.480)	(104.480)	DWP grants for benefits	(95.954)	
(25.425)	(25.425)	HM Revenue and Customs	(30.414)	
0.000	(1.082)	LAGBI	(0.315)	
0.000	0.000	Area Based Grant	(19.707)	
(90.654)	(90.654)	Other Government grants	(70.753)	
(0.651)	(0.651)	Dividends from associates	(0.334)	
(113.168)	(112.087)	Other operating cash receipts and income	(112.369)	
(762.511)	**(762.511)**			**(780.555)**
(39.273)	**(39.430)**	**Revenue activities net cash flow**		**(18.611)**
		Returns on investments and servicing of finance		
12.355	12.355	Interest paid	13.374	
(4.485)	(4.485)	Interest received	(6.917)	
7.870	**7.870**			**6.457**
		Capital activities		
		Cash outflows		
4.801	4.801	Purchase of fixed assets	0.000	
5.000	5.000	Purchase of long term investments	5.000	
46.408	46.565	Other capital cash payments	54.291	
56.209	**56.366**			**59.291**
		Cash inflows		
(5.328)	(5.328)	Sale of fixed assets	(1.436)	
(35.044)	(35.044)	Capital grants received	(32.929)	
0.000	0.000	Other capital cash receipts	(0.626)	
(40.372)	**(40.372)**			**(34.991)**
(15.566)	**(15.566)**	**Net cash (inflow)/outflow before financing**		**12.146**

Continued…

Continued…

2007/08	2007/08 Restated		2008/09	
£m	£m		£m	£m
(15.566)	**(15.566)**	**Net cash (inflow)/outflow before financing**		**12.146**
		Management of liquid resources		
27.105	27.105	Increase / (Decrease) in short term investments	(18.696)	
27.105	**27.105**	**Net increase in short term investments**		**(18.696)**
		Financing		
0.854	0.854	Repayments of amounts borrowed	21.413	
(18.106)	(18.106)	New loans raised	(20.025)	
(0.342)	(0.342)	Short term loans raised	(0.507)	
(17.594)	**(17.594)**			**0.881**
(6.055)	**(6.055)**	**Net (increase)/decrease in cash**	**(5.669)**	**(5.669)**

Under FRS28 – Corresponding Amounts, 2007/08 comparatives on the cashflow statement have been restated in order to provide comparability to the 2008/09 cashflow statement.

Section 5
Notes to core financial statements

1. Prior period adjustments

In order for the council to comply with changes within SORP 2008 a number of adjustments have been made that have impacted on the comparative figures for 2007/08 in the 2008/09 Statement of Accounts.

The method of valuation of pension fund assets has changed as a result of amendments to FRS17 - Retirement Benefits now included within SORP 2008. They are now valued on a current bid price rather than mid-market prices. This has resulted in two changes to the accounts. Within the Income and Expenditure Account an additional charge of £0.031m has been made within pension interest cost and expected return on assets. This has a corresponding entry within the Statement of Movement on the General Fund Balance to ensure there is no impact on taxpayers. It has also decreased the value of the pension fund assets by £0.448m, resulting in increased net pension liabilities on the balance sheet of £290.967m for 2007/08.

Following changes in SORP 2008 removing deferred charges and replacing these with revenue expenditure funded from capital under statute, grants previously categorised as government grants deferred have been reclassified. They are now included within the figure for revenue expenditure funded from capital under statute. In 2007/08 this means that £3.946m has been reclassified. This change has been made in accordance with FRS28 – Corresponding Amounts to ensure comparability with 2008/09 figures.

2. Audit costs

In 2008/09 Walsall incurred the following fees for audit and inspection services.

2007/08 £m	Type of fee	2008/09 £m
0.091	Grant claims	0.104
0.050	Inspections	0.000
0.403	Audit of accounts	0.358
0.544	**Total**	**0.462**

3. Trading account summary

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

2007/08 (Surplus)/ deficit £m		2008/09 Income £m	Expenditure £m	(Surplus)/ deficit £m
0.481	Internal support services	(1.832)	2.933	1.101
(0.084)	Markets	(0.697)	0.684	(0.013)
1.376	Cleaning and caretaking	(2.754)	4.097	1.343
1.857	Catering	(4.120)	6.241	2.121
3.630	**Total**	**(9.403)**	**13.955**	**4.552**

In order to satisfy the requirements of competition law, recharges for internal work done by trading operations following competition with the private sector have been priced to include a cost of capital recovery. SORP does not permit charges for cost of capital to be debited to trading accounts. As a result, the accounts for markets show a surplus of £0.013m (£0.084m in 2007/08) that would be reduced to a deficit of £0.083m (surplus of £0.071m in 2007/08) if cost of capital was charged.

4. 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 2008/09 are as follows:

	2007/08				2008/09	
Central Budget £m	**ISB £m**	**Total £m**	**Schools Budget funded by dedicated schools grant**	**Central Budget £m**	**ISB £m**	**Total £m**
(17.910)	(149.930)	(167.840)	Original grant allocation to schools budget for current year in the council's budget	(17.128)	(156.257)	(173.385)
1.628	0.000	1.628	Adjustment to finalised grant allocation	2.725	0.000	2.725
(16.282)	**(149.930)**	**(166.212)**	**DSG receivable in year**	**(14.403)**	**(156.257)**	**(170.660)**
15.338	147.454	162.792	Actual expenditure in year	15.857	157.356	173.213
(0.944)	**(2.476)**	**(3.420)**	**Over/(under) spend in year**	**1.454**	**1.099**	**2.553**
0.000	0.000	0.000	Planned top-up funding of ISB from council resources	0.000	0.000	0.000
0.000	2.476	2.476	Use of schools balances brought forward	0.000	(1.099)	(1.099)
(0.218)	0.000	(0.218)	Over/(under) spend from prior year	(1.162)	0.000	(1.162)
(1.162)	**0.000**	**(1.162)**	**Over/(under) spend carried forward to next year**	**0.292**	**0.000**	**0.292**

5. Discretionary expenditure

Section 137 of the Local Government Act 1972 as amended allows councils to make contributions to certain charitable funds, not-for-profit bodies providing a public service and mayoral appeals. Financial and legal support given to these bodies amounted to £0.424m (£0.426m in 2007/08).

6. Publicity expenditure

As allowed by section 5(i) of the Local Government Act 1986 the council has spent the following on publicity.

2007/08 £m	Publicity	2008/09 £m
0.630	Recruitment advertising	0.507
0.048	Public and legal notices	0.029
0.685	Other advertising and publicity	0.649
1.363	**Total**	**1.185**

7. Members allowances

The allowances paid to elected members of the council were:

2007/08 £m	Type of allowance	2008/09 £m
0.675	Basic allowances	0.690
0.181	Special responsibility	0.188
0.856	**Total**	**0.878**

8. Officers Emoluments

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

2007/08	Remuneration band	2008/09
147	£50,000 - £59,999	179
49	£60,000 - £69,999	62
19	£70,000 - £79,999	21
11	£80,000 - £89,999	13
7	£90,000 - £99,999	13
1	£100,000 - £109,999	1
1	£110,000 - £119,999	0
3	£120,000 - £129,999	4
0	£130,000 - £139,999	1
0	£140,000 - £149,999	0
0	£150,000 - £159,999	0
1	£160,000 - £169,999	0
0	£170,000 - £179,999	0
0	£180,000 - £189,999	0
0	£190,000 - £199,999	1
239	**Total**	**295**

9. Local Authorities (Goods and Services) Act 1970

Under the Local Authority (Goods and Services) Act 1970 the council is allowed to provide goods and services to other public bodies. Under this Act the council has received income for services supplied as shown in the table below.

2007/08 £m		2008/09 £m
0.017	Beechdale Community Housing Association	0.017
0.006	Black Country Connexions	0.009
0.610	Serco/Foundation Schools	0.615
0.003	Black Country Supply Service	0.003
0.047	Walsall Housing Group	0.046
0.102	Walsall Alliance of Tenant Management Organisations	0.108
0.262	Walsall college	0.262
0.014	Dartmouth youth centre	0.015
0.001	Walsall regeneration company	0.000
1.062	**Total**	**1.075**

10. PFI and similar contracts

The council is currently undertaking two Private Finance Initiative schemes. These are St Thomas More school and public lighting.

St Thomas More

This PFI reached contractual close in 2001/02. As a result a new secondary school was built in Willenhall. The contractor will operate this school for an anticipated period of 25 years.

The facilities were made available from April 2003. The table below shows the predicted payments to the contractor over the life of the agreement.

Year	£m
2003/04 (year one actual)	1.703
Year 2 to 5 of the agreement	7.635
Year 6 to 10 of the agreement	10.220
Year 11 to 15 of the agreement	11.252
Year 16 to 20 of the agreement	12.423
Year 21 to 25 of the agreement	13.716
Total	**56.949**

Public Lighting

The council together with its partner Amey Highways has now completed 6 years of a 25-year Public Lighting PFI contract for the replacement and maintenance of the council's lighting stock. The contractor completed the core investment by September 2004. The objective to light the borough in a uniform manner to British and European standards has been achieved. The table overleaf details the predicted payments to the contractor over the life of the agreement.

Year	£m
Year 1 of the agreement	1.827
Year 2 to 5 of the agreement	11.945
Year 6 to 10 of the agreement	23.900
Year 11 to 15 of the agreement	30.798
Year 16 to 20 of the agreement	38.201
Year 21 to 25 of the agreement	58.526
Total	**165.197**

Consultancy costs

The council incurs costs relating to the provision of consultancy services to assist in the PFI procurement process. These are treated as revenue expenditure within the year. Details by project are shown in the following table.

2007/08 £m	PFI project	2008/09 £m
0.025	Street Lighting	0.004
0.000	**Total**	**0.004**

Housing 21

During 2008/09 the Council entered into a Public Private Partnership (PPP) with Housing 21. The contract covers 30 years with the Council providing land to Housing 21 on a 125 year lease. At the end of the contract the land reverts back to the council.

The scheme will provide 285 extra care units of which 70 are shared ownership and 10 are respite care. There will also be a 40 bed dementia care unit at Goscote and 26 intermediate care beds at Rushall Mews. There is also an additional provision for increased day care to include weekend access to services.

It is anticipated that the completion of and movement to the new provision will be completed by 2011/12.

The table below shows the predicted payments to Housing 21 over the life of the contract.

Year	£m
Year 1 of the agreement	6.115
Year 2 to 5 of the agreement	32.807
Year 6 to 10 of the agreement	49.103
Year 11 to 15 of the agreement	56.759
Year 16 to 20 of the agreement	65.608
Year 21 to 25 of the agreement	75.836
year 26 to 30 of the agreement	87.659
Total	**373.887**

11. 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 30). Other grants that are received by the council are analysed elsewhere in this statement (notes 35 and 36, page 67).

Local authorities

Please refer to note 9, page 42 within this statement.

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:

2007/08 Net Expenditure £m	2007/08 Net Expenditure restated £m		2008/09 Income £m	2008/09 Expenditure £m	2008/09 Net Expenditure £m
0.812	0.812	West Midlands Police Authority	(0.030)	0.557	**0.527**
0.055	0.055	West Midlands Fire and Civil Defence Authority	(0.003)	0.059	**0.056**
0.548	(0.045)	WMPTE	(0.075)	0.018	**(0.057)**
1.415	**0.822**	**Total**	**(0.108)**	**0.634**	**0.526**

Associated companies

Please refer to note 12, page 45 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 14, page 46 within this statement.

Pension fund

Please refer to note 32, page 60 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 no transactions between the council and organisations detailed in the register. Details of allowances paid to members are shown in note 7 on page 41.

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 £0.406m and there have been no receipts.

Other organisations

The council has made grants to voluntary organisations amounting to £5.858m. 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 would be unable to carry out its activities. In addition to grants to voluntary organisations, grants of £0.701 million have also been made to Education Walsall through the local area agreement.

12. 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 2008/09 financial extract shown below is from the pre-audit accounts of BAH.

2007/08 £m		2008/09 £m
109.951	Turnover	107,661
263.089	Net assets	259,485
19.717	Profit before taxation	15,709
22.897	Profit after taxation	9,889

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 108.

The shares held in BAH are shown at cost as there is no commercial basis for a valuation. Various valuations can be obtained varying from £269m to £1,700m of which Walsall has an interest of 4.8%.

13. Building Control Account

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

2007/08				2008/09		
Chargeable	Non-chargeable	Total		Chargeable	Non-chargeable	Total
£m	£m	£m		£m	£m	£m
			Expenditure			
0.405	0.115	0.520	Employee expenses	0.415	0.122	0.537
0.019	0.006	0.025	Transport	0.035	0.006	0.041
0.005	0.010	0.015	Supplies and services	0.051	0.012	0.063
0.034	0.035	0.069	Central support services	0.065	0.046	0.111
0.463	**0.166**	**0.629**	**Total expenditure**	**0.566**	**0.186**	**0.752**
			Income			
(0.453)	0.000	(0.453)	Building regulation charges	(0.463)	(0.002)	(0.465)
0.000	(0.001)	(0.001)	Miscellaneous income	0.000	0.000	0.000
(0.453)	**(0.001)**	**(0.454)**	**Total income**	**(0.463)**	**(0.002)**	**(0.465)**
0.010	**0.165**	**0.175**	**(Surplus)/deficit for year**	**0.103**	**0.184**	**0.287**

This account must break even over each three-year period. The net position over the three years 2006/07 to 2008/09 was a deficit of £0.102m. The breakdown of this is shown below.

Year	Outturn £m
2006/07	(0.011)
2007/08	0.010
2008/09 (pre-audit)	0.103
3 year (surplus) / deficit	**0.102**

* £103k deficit is funded from the carried forward balances held in earmarked reserves. This is to ensure that over a rolling 3 year period the account is nil and by using the earmarked reserve the account breaks even.

14. 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 underspend of £0.695m in 2008/09 (£0.360m underspend in 2007/08). The integrated community equipment service shows an overspend of £0.095m in 2008/09 (£0.918m overspend in 2007/08). The details for these accounts are shown overleaf.

2007/08 Total £m	Pooled fund memorandum account – integrated health & social care for adults with learning difficulties	2008/09 Cash £m	Grant £m	Total £m
	Expenditure			
1.698	Integrated team	1.292	0.304	1.596
8.056	Community support	8.391	0.170	8.561
2.997	Day care	3.028	0.000	3.028
12.224	Residential & Nursing	13.970	0.015	13.985
0.807	Supported employment	0.688	0.000	0.688
2.481	Psychiatric & medical	2.567	0.000	2.567
1.476	Management & administration	1.563	0.239	1.802
29.739		**31.499**	**0.728**	**32.227**
	Gross funding			
(15.466)	NHS Walsall	(16.572)	(0.494)	(17.066)
(14.633)	Walsall Council	(15.622)	(0.234)	(15.856)
(30.099)		**(32.194)**	**(0.728)**	**(32.922)**
(0.360)	**Net over/(under) spend**	**(0.695)**	**0.000**	**(0.695)**

2007/08 Total £m	Pooled fund memorandum account – integrated community equipment service	2008/09 Cash £m	Grant £m	Total £m
	Expenditure			
0.310	Staffing costs	0.356	0.000	0.356
0.130	Premises/facilities	0.150	0.000	0.150
0.020	Transport	0.034	0.000	0.034
1.745	Equipment – Walsall Council	0.872	0.000	0.872
0.004	NHS Walsall	0.000	0.000	0.000
2.209		**1.412**	**0.000**	**1.412**
	Gross funding			
(0.531)	NHS Walsall	(0.536)	0.000	(0.536)
(0.760)	Walsall Council	(0.781)	0.000	(0.781)
(1.291)		**(1.317)**	**0.000**	**(1.317)**
0.918	**Net over/(under) spend**	**0.095**	**0.000**	**0.095**

15. 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.

2007/08 £m	Grant	2008/09 £m
0.000	Area Based Grant (ABG)	(19.707)
(16.814)	Revenue Support Grant (RSG)	(15.745)
(1.082)	Local Authority Business Growth Incentive (LAGBI)	(0.315)
(17.896)	**Total**	**(35.767)**

In 2008/09 central Government introduced a new general grant to local authorities, Area Based Grant (ABG). This grant has resulted in the removal of Local Area Agreement (LAA) Grant.

Whilst LAA was a specified grant and therefore ringfenced, ABG can be used for any purpose and as such should be recorded with other similar grants as shown above

16. 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	119.688	781.780	8.055	13.950	923.473
Accumulated depreciation as at 31 March 2008	(54.532)	(78.396)	(4.007)	0.000	(136.935)
Net Book Value as at 31 March 2008 as published	**65.156**	**703.384**	**4.048**	**13.950**	**786.538**
Gross Book Value	119.688	779.691	8.055	13.950	921.384
Accumulated depreciation as at 31 March 2008	(54.532)	(76.307)	(4.007)	0.000	(134.846)
Net Book Value as at 31 March 2008 restated	**65.156**	**703.384**	**4.048**	**13.950**	**786.538**
Movements in 2008/09					
Additions	0.000	0.829	0.000	0.000	0.829
Disposals	0.000	(26.583)	0.000	0.000	(26.583)
Restatements	0.000	1.418	0.000	0.000	1.418
Revaluations	0.000	132.872	0.000	0.000	132.872
Expenditure for capital purposes	16.214	17.731	3.627	0.386	37.958
Total movements	**16.214**	**126.267**	**3.627**	**0.386**	**146.494**
Depreciation in year	(4.012)	(14.177)	(1.933)	0.000	(20.122)
Impairment due to economic consumption	(16.209)	(8.797)	(1.190)	(0.386)	(26.582)
Impairment not due to economic consumption	0.000	(172.775)	0.000	0.000	(172.775)
Net Book Value as at 31 March 2009	**61.149**	**633.902**	**4.552**	**13.950**	**713.553**
Accumulated depreciation as at 31 March 2009	**(58.544)**	**(14.002)**	**(5.940)**	**0.000**	**(78.486)**

£13.950m 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 (£0.192m).

The gross book value and depreciation as at 31 March 2008 have been restated as a result of a review of the authority's asset register. This has not resulted in a change in the authority's net book value for these assets.

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	10.399	5.731	23.926	40.056
Accumulated depreciation as at 31 March 2008	0.000	0.000	(1.274)	(1.274)
Net Book Value as at 31 March 2008 as published	**10.399**	**5.731**	**22.652**	**38.782**
Gross Book Value	10.399	5.731	24.241	40.371
Accumulated depreciation as at 31 March 2008	0.000	0.000	(1.589)	(1.589)
Net Book Value as at 31 March 2008 restated	**10.399**	**5.731**	**22.652**	**38.782**
Movements in 2008/09				
Additions	0.040	0.000	0.000	0.040
Disposals	(0.084)	0.000	(0.558)	(0.642)
Restatements	(1.600)	(5.003)	5.185	(1.418)
Revaluations	0.696	0.000	3.480	4.176
Expenditure for capital purposes	0.198	4.986	1.172	6.356
Total Movements	**(0.750)**	**(0.017)**	**9.279**	**8.512**
Depreciation in year	0.000	0.000	(0.042)	(0.042)
Impairment due to economic consumption	(0.197)	0.000	(0.510)	(0.707)
Impairment not due to economic consumption	(1.350)	0.000	(12.594)	(13.944)
Net Book Value as at 31 March 2009	**8.102**	**5.714**	**18.785**	**32.601**
Accumulated depreciation as at 31 March 2009	**0.000**	**0.000**	**(0.042)**	**(0.042)**

The gross book value and depreciation as at 31 March 2008 have been restated as a result of a review of the authority's asset register. This has not resulted in a change in the authority's net book value for these assets.

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	0.213	0.213
Accumulated amortisation as at 31 March 2008	(0.122)	(0.122)
Net Book Value as at 31 March 2008	**0.091**	**0.091**
Movements in 2008/09		
Additions	0.000	0.000
Disposals	0.000	0.000
Restatements	0.000	0.000
Revaluations	0.000	0.000
Expenditure for capital purposes	0.451	0.451
Total movements	**0.451**	**0.451**
Amortisation in year	(0.131)	(0.131)
Impairment due to economic consumption	(0.010)	(0.010)
Impairment not due to economic consumption	0.000	0.000
Net Book Value as at 31 March 2009	**0.401**	**0.401**
Accumulated amortisation as at 31 March 2009	**(0.253)**	**(0.253)**

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.

There has been an extensive revaluation carried out during 2008/09 for land and buildings, investment properties and surplus assets held for disposal. This valued these assets at £648.393m. When compared to the asset values held within the accounts this resulted in a net revaluation loss to the council of £49.749m.

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 2008.

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

17. 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-08	31-Mar-09	Asset	31-Mar-08	31-Mar-09
Infrastructure			Sports centres	2	2
Hectares of derelict land	7.41	7.41	Youth clubs	11	11
Hectares of public open space	1,367.23	1,367.23	Community centres	27	29
Kilometres of road	862.2	862.2	Town halls	2	2
Off street car parks	68	65	Civic centre	1	1
Parking spaces	3,416	3,387	Parks' lodges	11	11
Allotments	36	36	Residential centres for children	6	5
			Residential centres for elderly people	9	8
Land and buildings			Residential centres for rehabilitation	1	1
Nursery schools	21	17	Community meeting halls	1	1
Childrens centres	0	15			
Primary schools	87	87	Swimming pools	4	4
Secondary schools	18	17	Crematorium	1	1
Special schools	7	8	Tenanted farms	11	10
School houses	68	67			
Waste disposal – transfer station	1	1	**Vehicles, plant and equipment**		
Waste disposal – disposal sites	2	2	Vans	2	2
Function halls	3	3	Tipper trucks	3	3
Theatres	2	2	Minibuses and crewbuses	3	3
Libraries	18	19	4x4 vehicles	3	3
Museums/art galleries (including leather centre)	4	4	Saloons/estate cars	2	2
Challenge building	1	1	Sweepers	3	3
Highways building	1	1	Welfare vehicles	5	5

Asset	31-Mar-08	31-Mar-09	Asset	31-Mar-08	31-Mar-09
Homes for people with mental or physical disabilities	5	5	Refuse collection vehicles	13	4
Community rooms	2	2	Trailers	21	25
Neighbourhood offices	17	11			
Other administrative buildings	39	35	Mobile libraries	3	5
Depots	7	7	Mayoral car	1	1
Cemetery lodges	6	6	Playbuses	2	1
Social services offices	6	6	Fork lift trucks	0	2
Elderly day care centres	3	3	Agricultural Machinery / Tractors	6	6
Adult training centres	3	2			
Family centres	2	2	**Community assets**		
Physically disabled day care centres	1	3	Cemeteries	8	8
Public conveniences	9	9	Art works and museum treasures	12,496	12,496

18. Capital expenditure and financing

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

2007/08 £m		2008/09 £m
	Expenditure in year:	
14.571	Infrastructure	16.214
15.530	Land and buildings	17.731
2.607	Vehicles, plant and equipment	3.627
0.649	Community assets	0.386
9.994	Non-operational assets	6.355
43.351		**44.313**
8.802	Revenue expenditure funded from capital under statute	8.335
0.001	Intangible assets	0.451
52.154	**Total capital expenditure**	**53.099**

2007/08 £m		2008/09 £m
	Financed by:	
10.313	Supported borrowing	8.045
12.844	Unsupported borrowing	8.870
1.605	Capital receipts	5.604
28.607	Capital grants and contributions	32.935
(1.008)	Capital expenditure awaiting reimbursement	(2.460)
(0.207)	Direct revenue funding	0.105
52.154	**Total financing**	**53.099**

The split of this expenditure between services is shown below.

2007/08 £m	Services	2008/09 £m
17.574	Children and young people	20.685
24.798	Regeneration and neighbourhood services	24.255
9.066	Social care and supported housing	8.010
0.716	Corporate services	0.149
52.154	**Total financing by service**	**53.099**

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

2007/08 £m	Revenue expenditure funded from capital under statute	2008/09 £m
5.594	Improvement grants	6.282
0.762	Children and young people	1.190
2.446	Regeneration and neighbourhood services	0.863
8.802	**Total**	**8.335**

19. Capital contracts

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

2007/08 £m	Services	2008/09 £m
4.530	Children and young people	1.357
5.488	Regeneration and neighbourhood services	2.845
3.685	Social care and supported housing	4.378
0.224	Corporate services	0.257
13.927	**Total**	**8.837**

20. Operating and Finance Leases

Operating leases

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

2007/08 Number of assets	2007/08 Lease charges £m	Asset leased	2008/09 Number of assets	2008/09 Lease charges £m
66	0.164	Vans	63	0.145
0	0.000	Box Vehicles	4	0.023
3	0.061	Cesspit emptiers	3	0.039
67	0.255	Tipper trucks	51	0.233
19	0.061	Minibuses	19	0.061
5	0.013	4x4 vehicles	5	0.013
4	0.006	Saloons/estate cars	4	0.006
15	0.091	Sweepers	6	0.089
28	0.213	Welfare vehicles	27	0.225
11	0.032	Gritters & Gritting bodies	11	0.021
1	0.003	Construction Plant	0	0.000
33	0.484	Refuse collection vehicles	41	0.711
19	0.031	Trailers	22	0.024
2	0.013	Mobile libraries	2	0.010
4	0.010	Grounds maintenance machinery	50	0.057
2	0.003	Rhino Patcher	2	0.003
1	0.009	Mayoral Car	1	0.009
3	0.005	Tractors	5	0.022
	0.283	Leased equipment		0.145
283	**1.737**		**316**	**1.836**

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 2008/09 Lands and Buildings £m	Rental Due in 2008/09 Other operating leases £m	Leases Expiring in	Rental Due in 2009/10 Lands and Buildings £m	Rental Due in 2009/10 Other operating leases £m
0.000	0.043	1-2 years	0.000	0.654
0.000	1.196	2 to 5 years	0.000	0.939
0.000	0.000	more than 5 years	0.000	0.000
0.000	**1.239**		**0.000**	**1.593**

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.

2007/08		Asset leased	2008/09	
Number of assets	Lease charges £m		Number of assets	Lease charges £m
1	0.000	Leisure centre	1	0.000
1	**0.000**		**1**	**0.000**

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

	Finance Leases (Buildings) £m	Total £m
Gross book value	0.000	0.000
Accumulated depreciation as at 31 March 2008	0.000	0.000
Net book value as at 31 March 2008	**0.000**	**0.000**
Movements in 2008/09		
Additions	0.000	0.000
Depreciation	0.000	0.000
Total movements	**0.000**	**0.000**
Net book value as at 31 March 2009	**0.000**	**0.000**

The authority has the following obligations under finance leases;

2007/08 Committed payments £m	Year commitment ends	2008/09 Committed payments £m
0.000	2009/10	0.000
0.000	2010/11	0.000
0.000	2011/12	0.000
0.000	2012/13	0.000
0.000	2013/14	0.000
0.000	2014/15 or later	0.000
0.000		**0.000**

During 2008/09 the council has not taken out any additional finance leases.

21. 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.

2007/08 £m		2008/09 £m
490.209	General fund	392.254
107.881	Foundation schools	122.143
598.090	**Total**	**514.397**

22. Long term debtors

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

2007/08 £m		2008/09 £m
0.124	Other local authorities	0.117
1.664	Probation	1.598
8.861	Waste disposal co-ordination	8.651
0.302	Mortgages	0.226
10.951	**Total**	**10.592**

23. 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

2007/08 £m		2008/09 £m
	Stock	
0.010	Disinfestation stores	0.010
0.020	Reprographics	0.021
0.010	Small tools and plant	0.002
0.004	Stationery	0.002
0.112	Trading operations	0.111
0.515	Miscellaneous	0.428
0.000	Foundation Schools	0.006
0.671	**Total**	**0.580**

24. 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 2009, but which should be paid within one year.

2007/08 £m		2008/09 £m
6.234	Capital Debtors	3.774
11.567	Government Departments	12.315
0.828	Other local authorities	0.018
8.170	Council tax	9.225
1.931	National non-domestic rates	3.132
0.535	Housing rents	0.535
28.685	Other	26.820
57.950	**Sub-total**	**55.819**
(9.654)	Provision for bad debt	(11.289)
48.296	**Total**	**44.530**

Within other debtors £1.230m (£0.946m 2007/08) 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.

2007/08 £m		2008/09 £m
(4.396)	Council Tax	(5.249)
(0.361)	NNDR	(0.923)
(4.897)	Other debtors	(5.117)
(9.654)	**Total**	**(11.289)**

25. 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 first of these is 31 March 2009. Therefore Local Authorities are unable to carry forward any remaining allowances into 2009/10 from 2008/09.

The council has received allowances for 2008/09 of 65,614 tonnes. The estimated biodegradable municipal waste landfill usage is 38,982 tonnes. It has not brought or sold any allowances in the year or during the reconciliation period. The average traded value assumed for 2008/09 has been £0.00 per tonne.

Income and Expenditure Account	**Gross Income £m**	**Gross Expenditure £m**	**Net Expenditure £m**
Net Cost of Service			
Cultural, Environmental and Planning Services	(1.188)	0.900	(0.288)
Balance within General Fund	**(1.188)**	**0.900**	**(0.288)**

	Prior years £m	**2008/09 £m**	**Total £m**
Current Asset – Landfill Usage Allowance	1.188	(1.188)	0.000
Provision – liability to DEFRA for landfill usage	(0.900)	0.900	0.000
Earmarked reserve balance	(0.288)	0.288	0.000
Net total	**0.000**	**0.000**	**0.000**

26. Cash at bank

2007/08 £m		**2008/09 £m**
3.180	Cash in hand/bank	4.206
(4.643)	Cash overdrawn	0.000
(1.463)	**Total**	**4.206**

See cash flow statement (page 37) and note 34 (page 67) for further detail.

27. Creditors payable within one year

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

2007/08 £m		**2008/09 £m**
(2.974)	Capital creditors	(1.782)
(10.153)	Government departments	(6.667)
(3.054)	Other local authorities	(2.626)
(1.848)	Council tax	(2.392)
(1.148)	National non-domestic rates	(1.237)
(38.132)	Other	(35.453)
(57.309)	**Total**	**(50.157)**

28. 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 2008 £m	Additional / increase in provisions £m	Amounts used £m	Reversal of unused amounts £m	Balance as at 31 March 2009 £m
Government grant	(0.507)	0.000	0.005	0.000	(0.502)
Insurance fund	(2.071)	(0.939)	1.087	0.000	(1.923)
Section 117	(0.404)	(0.014)	0.069	0.000	(0.349)
Other	(0.404)	(0.096)	0.100	0.056	(0.344)
Total	**(3.386)**	**(1.049)**	**1.261**	**0.056**	**(3.118)**

Government grants

Walsall holds £0.502m (£0.502m in 2007/08) for a possible claw back on the 2006/07 subsidy claim by DWP. Walsall is responding to further queries from the DWP. This matter is expected that this will not be resolved until September at the earliest.

Insurance provision

The council has an established insurance fund to cover excesses on claims. These outstanding claims amount to £4.216m 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 £1.923m (£2.071m in 2007/08) 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 £0.344m (£0.404m in 2007/08) for other costs where the expected timing of any resultant transfer of economic benefit or future events can not be accurately predicted.

29. Deferred liabilities

The deferred liabilities represent deferred interest for Lender Option Borrower Option (LOBO) stepped rate loans. These are to offset future higher interest costs due to stepped interest where the rate goes from a lower rate to higher rate.

2007/08 £m		2008/09 £m
(0.628)	Deferred LOBO interest	(0.551)
(0.628)	**Total**	**(0.551)**

30. 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.

2007/08 £m	2007/08 restated £m		2008/09 £m
(31.862)	(31.862)	Balance brought forward	(37.120)
		Movement on Government Grants Deferred	
(28.759)	(24.813)	Grants received in year	(31.995)
23.501	19.555	Amounts credited to reconciliation to general fund in 2008/09	26.508
(37.120)	**(37.120)**	**Balance carried forward**	**(42.607)**

31. Government grants unapplied

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

2007/08 £m		2008/09 £m
(15.105)	Balance brought forward	(22.080)
(35.044)	Capital grants received during the year	(33.555)
27.061	Applied against schemes	37.234
1.008	Capital debtors movement	2.460
(22.080)	**Balance carried forward**	**(15.941)**

32. 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 2008/09 the council paid £12.968m (£12.668m in 2007/08) to Teachers' Pensions in respect of teachers' pension costs which represents 14.1% (14.1% in 2007/08) 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 2008/09 the council paid £0.037m (£0.023m in 2007/08) to Staffordshire County Council for these costs. The anticipated future liability for these benefits is approximately £0.080m.

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		
2007/08	2007/08 restated	2008/09		2007/08	2007/08 restated	2008/09
£m	£m	£m		£m	£m	£m
			Income and Expenditure Account			
			Net cost of service			
18.783	18.783	**19.305**	Current service costs	0.000	0.000	**0.000**
5.097	5.097	**0.203**	Past service costs	0.000	0.000	**0.000**
0.617	0.617	**0.235**	Curtailment costs	0.060	0.060	**0.000**
0.000	0.000	**0.000**	Settlement gain	0.000	0.000	**0.000**
			Net operating expenditure			
34.944	34.944	**44.438**	Interest cost	0.716	0.716	**0.869**
(31.494)	(31.463)	**(31.111)**	Expected return on assets in the scheme	0.000	0.000	**0.000**
27.947	**27.978**	**33.070**	**Net charge to income and expenditure account**	**0.776**	**0.776**	**0.869**
			Statement of Movement on the General Fund Balance			
(8.464)	(8.495)	**(13.439)**	Reversal of net charges made for retirement benefits in accordance with FRS17	0.388	0.388	**0.322**
19.483	**19.483**	**19.631**	**Actual amount charged against general fund balance for pensions in the year**	**1.164**	**1.164**	**1.191**

In addition to the recognised gains and losses shown above within the Income and Expenditure Account, actuarial gains of £35.979m (actuarial losses of £75.406m in 2007/08) 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 £76.628m.

Assets and liabilities in relation to retirement benefits

The following two tables are new requirements for 2008/09 within SORP 2008. As such there are only restated comparatives for 2007/08.

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 Fund			**Unfunded teachers pension costs**		**Total**	
	2007/08 restated £m	**2008/09 Unfunded**	**2008/09 Funded £m**	**2007/08 restated £m**	**2008/09 £m**	**2007/08 restated £m**	**2008/09 £m**
Obligations as at 1 April	(645.656)	(38.295)	(689.557)	(13.850)	(14.838)	(659.506)	**(742.690)**
Current service cost	(18.783)	0.000	(19.305)	0.000	0.000	(18.783)	**(19.305)**
Past service cost	(5.097)	0.000	(0.203)	0.000	0.000	(5.097)	**(0.203)**
Curtailments	(0.617)	0.000	(0.235)	(0.060)	0.000	(0.677)	**(0.235)**
Interest on pension liabilities	(34.944)	1.969	(46.407)	(0.716)	(0.869)	(35.660)	**(45.307)**
Actuarial gains/(losses) on liabilities	(38.643)	4.839	150.497	(1.376)	1.988	(40.019)	**157.324**
Benefits/transfers paid	22.364	2.032	22.975	1.164	1.191	23.528	**26.198**
Member contributions	(6.476)	0.000	(6.989)	0.000	0.000	(6.476)	**(6.989)**
Obligations as at 31 March	**(727.852)**	**(29.455)**	**(589.224)**	**(14.838)**	**(12.528)**	**(742.690)**	**(631.207)**

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

	West Midlands Authorities Pension Fund			**Unfunded teachers pension costs**		**Total**	
	2007/08 restated £m	**2008/09 Unfunded**	**2008/09 Funded £m**	**2007/08 restated £m**	**2008/09 £m**	**2007/08 restated £m**	**2008/09 £m**
Fair value of assets as at 1 April	451.569	0.000	451.723	0.000	0.000	451.569	**451.723**
Employer contributions	19.483	2.032	17.599	0.000	0.000	19.483	**19.631**
Expected return on assets	31.463	0.000	31.111	0.000	0.000	31.463	**31.111**
Actuarial gains/(losses) on assets	(34.904)	0.000	(121.345)	0.000	0.000	(34.904)	**(121.345)**
Benefits/transfers paid	(22.364)	(2.032)	(22.975)	(1.164)	(1.191)	(23.528)	**(26.198)**
Member contributions	6.476	0.000	6.989	1.164	1.191	7.640	**8.180**
Balance of liabilities as at 31 March	**451.723**	**0.000**	**363.102**	**0.000**	**0.000**	**451.723**	**363.102**

Scheme history

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

	2004/05	2005/06	2006/07	2007/08 restated	2008/09
	£m	£m	£m	£m	£m
Present value of scheme liabilities					
Funded LGPS	(560.198)	(643.918)	(645.656)	(694.557)	(590.286)
Unfunded LGPS	n/a	n/a	n/a	(33.295)	(28.393)
Unfunded teachers scheme	(14.274)	(14.589)	(13.850)	(14.838)	(12.528)
Total present value of scheme liabilities	**(574.472)**	**(658.507)**	**(659.506)**	**(742.690)**	**(631.207)**
Fair value of scheme assets	337.796	421.956	452.021	451.723	363.102
Surplus/deficit in the scheme					
Funded LGPS	(222.402)	(221.962)	(193.635)	(276.129)	(255.577)
Unfunded teachers scheme	(14.274)	(14.589)	(13.850)	(14.838)	(12.528)
Total	**(236.676)**	**(236.551)**	**(207.485)**	**(290.967)**	**(268.105)**

The liabilities show the underlying commitments that the council has in the long term to pay retirement benefits. The total liability of £268.105m has a substantial impact on the net worth of the authority. It reduces the overall net worth to £259.995m. 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 2009/10 by the council is £20.704m.

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.

Mercers had calculated expected asset performance at -19.94% against an actual -18.68%. The assumption used in calculating the assets, liabilities and performance of the scheme was based on this expected performance. This is within the tolerance levels normally provided by Mercers within their calculation methods.

The following actuarial assumptions have been made:

	West Midlands Authorities Pensions Fund		Unfunded teachers pension costs	
	2007/08	**2008/09**	**2007/08**	**2008/09**
Rate of inflation	3.60%	3.30%	3.60%	3.30%
Rate of increase in salaries	5.35%	5.05%	N/A	N/A
Rate of increase in pensions	3.60%	3.30%	3.60%	3.30%
Discount rate	6.10%	7.10%	6.10%	7.10%
Mortality Assumptions				
Longevity at 65 for current pensioners				
- Men	21.1	21.2	21.1	21.2
- Women	24.0	24.0	24.0	24.0
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			
	2007/08 restated %	**2007/08 restated £m**	**2008/09 %**	**2008/09 £m**
Expected rate of return on assets				
- Equities	7.50%		7.50%	
- Government bonds	4.60%		4.00%	
- Other bonds	6.10%		6.00%	
- Property	6.50%		6.50%	
- Cash/Liquidity	5.25%		0.50%	
- Other	7.50%		7.50%	
Asset value split between investment categories				
- Equities	65.30%	294.974	55.70%	202.248
- Government bonds	9.40%	42.462	12.40%	45.025
- Other bonds	3.70%	16.714	4.10%	14.887
- Property	7.00%	31.621	7.30%	26.506
- Cash/Liquidity	4.10%	18.521	4.00%	14.524
- Other	10.50%	47.431	16.50%	59.912
Total	**100.00%**	**451.723**	**100.00%**	**363.102**

History of experience gains and losses

The actuarial gains identified as movements on the pensions reserve in 2008/09 can be analysed into the following categories measured as a percentage of assets or liabilities at 31 March 2009.

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

33. Reconciliation of income and expenditure accounts

This note reconciles the net (surplus)/deficit on the income and expenditure account to the council's movement in cash.

2007/08	2007/08 Restated		2008/09
£m	£m		£m
28.938	28.969	Net deficit/(surplus)	235.861
		Add back:	
(7.869)	(7.869)	Servicing of finance	(6.733)
(68.490)	(68.521)	Non cash items on I&E	(273.786)
21.133	21.133	Cash items on SMGFB not in I&E	21.216
		Non cash transactions:	
2.107	2.107	Contributions to/(from) provisions	0.268
		Items on an accrual basis:	
(0.065)	(0.065)	Increase/(decrease) in stock and work in progress	(0.091)
(9.169)	(9.169)	Increase/(decrease) in revenue debtors	(1.306)
(5.858)	(5.858)	(Increase)/decrease in revenue creditors	5.960
(39.273)	**(39.273)**	**Revenue activities net cashflow**	**(18.611)**

34. 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 2008 £m	Movement £m	As at 31 March 2009 £m
Cash overdrawn	(4.643)	4.643	0.000
Cash in hand	3.180	1.026	4.206
Short term investments	71.180	(19.696)	51.484
Net cash outflow	**69.717**	**(14.027)**	**55.690**

35. Analysis of revenue – other Government grants and reimbursements

2007/08 £m		2008/09 £m
22.148	Standards Fund	20.876
18.439	Learning & Skills Council	19.679
5.376	Neighbourhoods Renewal Fund	0.000
7.814	Sure Start	8.975
9.496	DCSF Schools Grant	9.554
5.932	LAA grant	0.000
7.234	Supporting People	7.067
6.115	Social Services Adult Grants	0.000
0.661	Other Social Services Children's Grants	0.000
0.000	Social Services Quality Projects	0.000
7.439	Other	4.602
90.654	**Total**	**70.753**

36. Analysis of capital grants

2007/08 £m		2008/09 £m
12.727	Schools Standards Fund	9.995
0.939	New Deal for Communities	0.204
1.578	Sure Start	3.684
0.065	ERDF	0.230
0.419	New Opportunities Fund for PE and Sport	0.114
5.914	Housing Specific	4.850
0.132	Replacement Benefits System	0.000
6.156	Town centre transport package	6.089
1.308	Local Area Agreement	0.043
0.612	Neighbourhood Renewal Fund	0.000
0.313	Local Transport Plan	2.786
1.951	Bus Showcase	1.675
2.930	Other	3.259
35.044	**Total**	**32.929**

37. Analysis of changes in net debt

	Opening Balance	Movements in Cash	Write Down of Premiums and Discounts	New Borrowing Raised	Borrowing Repaid	Closing Balance
	£m	£m	£m	£m	£m	£m
Cash or Cash Equivalents	69.717	(14.027)	0.000	0.000	0.000	**55.690**
Birmingham Airport Shares/loan stock	6.705	0.000	0.000	0.000	0.000	**6.705**
Other long term investments	20.000	5.000	0.000	0.000	0.000	**25.000**
Long term investments	**26.705**	**5.000**	**0.000**	**0.000**	**0.000**	**31.705**
Cash and investments	**96.422**	**(9.027)**	**0.000**	**0.000**	**0.000**	**87.395**
Total cash and investments	**123.127**	**(4.027)**	**0.000**	**0.000**	**0.000**	**119.100**
PWLB	(113.283)	0.000	(0.041)	(20.000)	20.000	**(113.324)**
LOBO	(122.000)	0.000	0.000	0.000	0.000	**(122.000)**
OLA Debt	(27.865)	0.000	0.000	0.000	0.611	**(27.254)**
Schools bond	(0.106)	0.000	0.000	(0.025)	0.131	**0.000**
Long Term Borrowing	**(263.254)**	**0.000**	**(0.041)**	**(20.025)**	**20.742**	**(262.578)**
Temporary Loans	(0.342)	0.000	0.000	(0.507)	0.668	**(0.181)**
O/C Bonds	(0.155)	0.000	0.000	0.000	0.003	**(0.152)**
Temporary Borrowing	**(0.497)**	**0.000**	**0.000**	**(0.507)**	**0.671**	**(0.333)**
Total Borrowing	**(263.751)**	**0.000**	**(0.041)**	**(20.532)**	**21.413**	**(262.911)**
Total Net Debt	**(167.329)**	**(9.027)**	**(0.041)**	**(20.532)**	**21.413**	**(175.516)**

38. 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-08 £m	Net Movement in year £m	Balance 31-Mar-09 £m	Purpose of reserve	Further details of movements within note
General fund	(7.776)	1.821	(5.955)	Resources available to meet future unbudgeted running costs for council services	40
Collection fund	0.325	(0.295)	0.030	Balance on council tax/NNDR	41
Other earmarked reserves	(41.335)	(7.547)	(48.882)	Resources setaside for specific purposes	42
Useable capital receipts	(13.239)	3.509	(9.730)	Proceeds of fixed asset sales available to meet future capital investments	45
Deferred capital receipts	(2.090)	0.266	(1.824)	Proceeds from fixed assets sales that are being repaid over a length of time	46
Capital Adjustment Account	(530.238)	220.782	(309.456)	Capital resources setaside to meet past capital expenditure	44
Revaluation Reserve	(1.480)	(136.305)	(137.785)	Balance of gains on revaluations on fixed assets	43
Pensions reserve	290.967	(22.862)	268.105	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	(1.932)	1.167	(0.765)	Balancing account to allow for statutory requirements/proper accounting practice for borrowings/investments	47
Total	**(306.798)**	**60.536**	**(246.262)**		

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	(Gain)/ loss on revaluation	Actuarial (gain)/ loss on pensions	(Surplus)/ deficit on collection fund	Other (gains)/ losses	Total movements
	£m	£m	£m	£m	£m	£m
General fund	235.861	(26.847)	0.000	0.000	(207.193)	1.821
Collection fund	0.000	0.000	0.000	(0.295)	0.000	(0.295)
Other earmarked reserves	0.000	0.000	0.000	0.000	(7.547)	(7.547)
Useable capital receipts	0.000	(1.361)	0.000	0.000	4.870	3.509
Deferred capital receipts	0.000	0.000	0.000	0.000	0.266	0.266
Capital Adjustment Account	0.000	27.070	0.000	0.000	193.712	220.782
Revaluation Reserve	0.000	(137.917)	0.000	0.000	1.612	(136.305)
Pensions reserve	0.000	0.000	(35.979)	0.000	13.117	(22.862)
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	1.167	1.167
Total	**235.861**	**(139.055)**	**(35.979)**	**(0.295)**	**0.004**	**60.536**

39. Contingent assets and liabilities

Contingent assets

The "Fleming vs. HM Revenue & Customs (HMRC)" VAT case 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. It was announced in the Budget 2008 that the deadline for these claims would be 31 March 2009.

Subsequently Walsall Council has submitted a number of claims to HMRC for overpaid VAT on this basis. The claims were all submitted prior to 31 March 2009. The total VAT claimed back is £1.641m. Indications are that the council may be successful with some of the claims totalling £0.835m. However a claim of £0.806m has been referred to the HMRC Policy Unit and at present it is unclear whether the council will be successful with this claim.

In addition to the VAT on these claims the council will also be expecting to receive as a minimum the statutory interest payable on these claims. At present it is unclear as to how much this will total. However the council will be endeavouring to obtain interest on a compound basis, as it is believed that the claims have been put in due to a breach in EU law.

Contingent liabilities

In respect of the Black Country Consortium there is a contingent liability relating to a review into two specific procurement exercises by the Government Office for the West Midlands. The final outcome of this review is still to be announced but any financial impact on the council is expected to be limited.

There is a potential risk surrounding European grant funding. The European fund is still subject to external audit and final grant submission to the Government Office West Midlands (GOWM). Should the audit require changes to the final submission the council will be required to repay part of the grants awarded. In such circumstances the funds will be requested from the grant recipient wherever possible. It is not possible to predict with certainty the level of residual liability that this may place on the council.

HM Revenue and Customs have written to Walsall Council in relation to VAT inspections. An assessment of £408,772 was made. £320,148 relating to New Deal has been disputed. HMRC advise on 15 April 2008 they are still seeking information regarding this matter. There is the potential for alteration of the assessment to both increase or decrease this based on further HMRC investigation. Any liability incurred by the council is likely to be offset against New Deal.

The council has received a number of equal pay claims. Under the Equal pay Act 1970, as amended by the Equal Pay Act (Amendment) Regulations 2003, employees are entitled to equal pay for work of equal value. The claims are currently being assessed by legal officers to identify any potential liability to the council. As it has yet to be confirmed whether the council has an obligation as a result of these claims, no provision has been made in the balance sheet for 2008/09. It is anticipated that the assessment will be available within a few months and any liability arising will be accounted for when this arises.

The case R. on the application of 'S' v. a Social Security Commissioner, the Secretary of State for Work and Pensions, is currently under judicial review. If the judicial review overrules the verdict of the Social Security Commissioner then Walsall council will be liable for back payment of housing benefit. The value of this is expected to be under £0.100m.

40. 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.

2007/08 £m		**2008/09 £m**
(6.945)	Balance brought forward	(7.776)
(0.831)	Transfer to/(from) general fund (see statement of movement on the general fund balance pg 31)	1.821
(7.776)	**Balance carried forward**	**(5.955)**

41. Collection fund reserve

See additional statements section, note 2, page 81 for further details.

42. 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.

2007/08 £m		2008/09 £m
(0.333)	Nursery schools (net)	(0.431)
(6.464)	Primary schools (net)	(5.710)
(2.796)	Secondary schools (net)	(2.136)
(2.175)	Special schools (net)	(2.316)
(1.831)	Foundation schools (net)	(2.164)
(0.384)	College of continuing education	(1.166)
(8.154)	Private finance initiative	(8.946)
0.000	Public Private Partnership	(0.244)
(19.198)	Other council earmarked reserves	(25.769)
(41.335)	**Total**	**(48.882)**

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.

43. 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.

2007/08 £m		2008/09 £m
0.000	Opening balance	(1.480)
(1.284)	Upward valuations	(137.049)
0.000	Disposals	0.000
(0.193)	Omissions from register	(0.868)
0.000	Impairment losses due to clear economic benefits	0.000
(0.003)	Impairment losses not due to clear economic benefits	0.000
0.000	Depreciation	1.612
(1.480)	**Closing balance**	**(137.785)**

44. Capital adjustment account

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

2007/08 £m		2008/09 £m
0.000	Opening Balance	(530.238)
20.316	Depreciation/Amortisation in year	18.649
3.378	Impairments in year	186.751
7.739	Disposal costs	27.224
(1.605)	Use of capital receipts	(5.080)
8.802	Revenue expenditure funded from capital under statute	8.335
0.207	Direct revenue funding of capital	(0.105)
(9.281)	Revenue provision for repayment of debt	(10.839)
(16.258)	Capital grants and contributions	(31.454)
25.649	Reversal of non-added value	27.301
(273.518)	Transfer from Fixed Asset Restatement Account	0.000
(295.667)	Additional transfer from Capital Financing Account	0.000
(530.238)	**Closing balance**	**(309.456)**

45. 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.

2007/08 Capital Receipts £m		2008/09 Capital Receipts £m
(9.583)	Balance brought forward	(13.239)
(5.328)	Capital receipts received during the year	(1.627)
1.605	Applied against schemes	5.080
0.067	Set aside: capital receipts used	0.056
(13.239)	**Balance carried forward**	**(9.730)**

46. 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.

2007/08 £m		2008/09 £m
(0.302)	Mortgages	(0.227)
(1.788)	Other deferred capital receipts	(1.597)
(2.090)	**Total**	**(1.824)**

47. Financial instruments

SORP 2008 requires local authority accounts to fully comply with FRS25 - Financial instruments: disclosure and presentation, FRS26 - Financial instruments: recognition and measurement and FRS29 - Financial instruments: disclosure.

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.

2007/08 Long term £m	2007/08 Current £m		2008/09 Long term £m	2008/09 Current £m
20.000	71.180	Loans and receivables	25.000	51.484
		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
26.705	**71.180**	**Total investments**	**31.705**	**51.484**
(263.409)	(0.342)	Financial liabilities at amortised cost	(262.730)	(0.181)
(263.409)	**(0.342)**	**Total borrowing**	**(262.730)**	**(0.181)**
(236.704)	**70.838**	**Total net borrowing**	**(231.025)**	**51.303**

In deciding the categories of financial instruments consideration was made of debtors and creditors to other organisations. It was agreed that these did fall under the classification of financial instruments. However it was decided that these would be declared as individual notes within the statements as has been the practice in previous years (Note 24 page 57 for debtors and Note 27 page 58 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	
	2007/08 £m	2008/09 £m	2007/08 £m	2008/09 £m	2007/08 £m	2008/09 £m	2007/08 £m	2008/09 £m
Interest expense	(11.994)	(12.270)	0.000	0.000	0.000	0.000	(11.994)	(12.270)
Interest payable and similar charges	**(11.994)**	**(12.270)**	**0.000**	**0.000**	**0.000**	**0.000**	**(11.994)**	**(12.270)**
Interest income	0.000	0.000	6.066	5.922	0.648	0.360	6.714	6.282
Interest and investment income	**0.000**	**0.000**	**6.066**	**5.922**	**0.648**	**0.360**	**6.714**	**6.282**
Net gain/(loss) for year	**(11.994)**	**(12.270)**	**6.066**	**5.922**	**0.648**	**0.360**	**(5.280)**	**(5.988)**

During 2008/09 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 2009 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.

2007/08			2008/09	
Carrying Amount £m	**Fair Value £m**		**Carrying Amount £m**	**Fair Value £m**
(113.283)	(122.959)	PWLB loans	(113.324)	(123.870)
(27.865)	(27.865)	Other Local Authority Debt	(27.254)	(34.046)
(0.155)	(0.155)	Individuals	(0.152)	(0.152)
(122.448)	(136.979)	Private sector loans	(122.181)	(133.910)
(263.751)	**(287.958)**	**Financial liabilities**	**(262.911)**	**(291.978)**
20.000	20.689	Long term investments	25.000	27.290
1.531	1.531	Birmingham Airport Preference Shares	1.531	1.531
5.174	5.174	Birmingham Airport Ordinary Shares	5.174	5.174
71.180	72.349	Short term investments	51.484	52.541
97.885	**99.743**	**Financial assets**	**83.189**	**86.536**

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

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. This legislation change applies from 2008/09 onwards with a prior years being defined by making a provision based upon 4% of the authority's Capital Financing Requirement, a calculation of the council's need to borrow. During 2008/09 the calculation of the Capital Financing Requirement has been updated to exclude items of capital expenditure for which the council intends to make repayment under arrangements other than loan repayments and the provision updated accordingly. The MRP for 2008/09 is £10.412m (£8.572m in 2007/08).

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 SORP 2008 requires the council to normally account for premiums and discounts using FRS25 – Financial Instruments: Presentation and Disclosure, FRS26 – Financial Instruments: Recognition and Measurement, and FRS29 – Financial Instruments: Disclosures. Therefore, whenever a premium or discount is incurred that this written straight to the Income and Expenditure account. In 2008/09 the council incurred a discount of £0.251m and no premiums, which have been written straight to the Income and Expenditure Account.

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 loans carrying amount are premiums of £1.996m of PWLB.

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.

2007/08 £m		2008/09 £m
	Income and expenditure account	
(3.407)	Interest payable and similar charges	(0.212)
(3.407)		**(0.212)**
	Statement of movement on the general fund balance	
2.735	Amount debited/credited to the income and expenditure account recognised under statutory provisions relating to premiums and discounts on the early repayment of debt	(1.167)
(0.672)	**Net surplus / (deficit) to reserves**	**(1.379)**

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

2007/08 £m		2008/09 £m
(0.932)	Balance brought forward	(1.932)
(1.854)	Adjustment for new accounting requirements	0.000
1.423	Amortisation of discount	1.422
(0.569)	Amortisation of premiums	(0.255)
(1.932)	**Balance carried forward**	**(0.765)**

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 2008/09 strategy was approved by council on 25 February 2008. 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 2009 £m	Historical experience of default %	Estimated maximum exposure to default and uncollectability £m
Short term deposits with banks and institutions	52.479	0.000	0.000
Bonds	n/a	n/a	n/a
	52.479	**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 £4.99m (£5.89m in 2007/08) is past its due date for payment. The past due balance can be analysed by age as follows:

2007/08 £m	Age analysis of outstanding debt	2008/09 £m
2.604	One month to one year	2.347
1.035	One to two years	0.514
0.552	Two to three years	0.382
0.330	Three to four years	0.420
0.144	Four to five years	0.241
1.224	More than five years	1.087
5.889	**Total**	**4.991**

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 were 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 of new loans and possible early repayment of existing loans takes place. This done by the treasury team in conjunction with the Treasury Management Panel.

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

2007/08 PWLB £m	2007/08 Other £m	Maturity profile	2008/09 PWLB £m	2008/09 Other £m
(0.041)	0.472	Less than one year	(0.043)	0.250
(0.043)	0.056	Between one and two years	(0.045)	0.029
(0.045)	0.029	Between two and three years	(0.048)	0.005
(0.048)	0.005	Between three and four years	(0.050)	0.029
(0.050)	0.029	Between four and five years	9.947	0.013
113.510	149.877	More than five years	103.563	149.261
113.283	**150.468**	**Total**	**113.324**	**149.587**

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 2009 the council had one bond whereby the lender has the right to exercise the option to vary the rate or call for the loan to be repaid in 2009/10. 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:

2007/08 £m	Option date profile	2008/09 £m
0.000	Within one year	15.000
15.000	Between one and two years	35.000
35.000	Between two and three years	20.000
20.000	Between three and four years	20.000
20.000	Between four and five years	15.000
32.000	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 2009 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 2008/09

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.

48. Events after the balance sheet date

On 24 April 2009 cabinet approved Darlaston Community Science College will become an academy on 1 September 2009. Assets will transfer on this date on a 125 year lease.

In accordance with FRS21 – Events After the Balance Sheet Date this has been disclosed as a non-adjusting event.

Section 6
Additional financial statements

Collection Fund

1. Income and expenditure account

2007/08 £m		2008/09 £m	Note
	Income		
(60.571)	Income collectable from business ratepayers	(63.146)	3
(83.449)	Income from council tax	(85.947)	5
(22.395)	Benefits	(24.685)	5
(166.415)	**Total income**	**(173.778)**	
	Expenditure		
	Precepts and demands		
95.246	Walsall Metropolitan Borough Council	98.498	6
6.987	Police	7.268	6
3.394	Fire and Civil Defence	3.512	6
105.627		**109.278**	
	Business rates		
60.205	Payment to national pool	62.787	3
0.366	Cost of collection	0.359	3
	Bad and doubtful debts		
0.198	Write-offs	0.092	
0.651	Provisions	0.853	
167.047	**Total expenditure**	**173.369**	
0.632	**(Surplus)/deficit for year**	**(0.409)**	
(0.945)	(Surplus)/deficit brought forward	0.361	
0.005	Transfer to precepting authorities	0.007	2
0.669	Transfer to general fund	0.074	2
0.361	**Collection fund balance carried forward (surplus) / deficit**	**0.033**	**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

2007/08 £m		2008/09 £m
	Council tax	
(0.945)	(Surplus)/deficit brought forward	0.361
0.632	(Surplus)/deficit for year	(0.409)
0.005	Transfer to precepting authorities	0.007
0.669	Transfer to general fund - prior years surplus/(deficit)	0.074
0.361	**(Surplus)/deficit carried forward**	**0.033**
0.361	**Total collection fund balance**	**0.033**
	Appropriation of collection fund balance	
0.325	Walsall council	0.030
0.024	Police	0.002
0.012	Fire and civil defence	0.001
0.361	**Total**	**0.033**

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 2009 was £159.712 million (£165.955 million 2007/08). 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:

2007/08 £m		2008/09 £m
	Gross amount payable to the NNDR pool	
(71.220)	Non-domestic rates	(70.462)
	(Add)/deduct	
(0.306)	Transitional relief	(0.102)
	Less	
0.402	Bad debts written off / Provision for bad debts	0.708
10.553	Allowances and other adjustments	6.710
(60.571)	**Income from business ratepayers**	**(63.146)**
0.366	Less costs of collection allowance	0.359
(60.205)	**Net income to pool**	**(62.787)**

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 2008/09 the multiplier is £0.462 (£0.444 in 2007/08). The small business multiplier is £0.458 (£0.441 in 2007/08).

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 2008/09 was as follows:

Band	Weighting	Number of dwellings on valuation list	Discounted value for council tax purposes	Band D equivalent
A	6/9	49,204	41,814	27,451
B	7/9	24,975	22,241	17,039
C	8/9	16,792	15,271	13,370
D	1	9,707	8,972	8,837
E	11/9	5,336	4,934	5,939
F	13/9	2,249	2,093	2,978
G	15/9	725	662	1,088
H	18/9	55	35	69
		109,043	**96,022**	**76,771**

5. Income due from council tax

The council set a council tax of £1,423.42 (£1,382.77 2007/08), including precepts for the Police Authority and the Fire and Civil Defence Authority based upon a tax base of 76,771 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:

2007/08 £m		2008/09 £m
105.844	Gross council tax due (Adjusted for changes in banding)	110.632
(22.395)	Less benefit awarded	(24.685)
79.593	**Total**	**85.947**

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.

2007/08 £m		2008/09 £m
95.246	Walsall Metropolitan Borough Council	98.498
6.987	Police	7.268
3.394	Fire and civil defence	3.512
101.275	**Total**	**109.278**

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 F Croft.

1. Income and expenditure account

Net expenditure 2007/08 £		Expenditure £	Income £	Net Expenditure 2008/09 £
	CIPS			
(32)	S W Tame	0	(24)	(24)
(1,637)	Joseph Leckie Memorial	0	(1,242)	(1,242)
787	Joseph Leckie Trust	0	0	0
(15,776)	Barr Beacon Trust	16,866	(12,762)	4,104
	Corporate services			
(37)	Walsall Agricultural Fund	0	(33)	(33)
(16,695)	**Total**	**16,866**	**(14,061)**	**2,805**

2. Valuation of trust fund assets

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

	Capital Portion	Revenue Accumu-lation	Revaluation Reserve	Total		Market value	
				2008/09 £	2007/08 £	2008/09 £	2007/08 £
CIPS							
S W Tame	0	538	0	538	509	538	513
Joseph Leckie Memorial	1,518	25,739	0	27,257	26,015	27,257	26,015
Joseph Leckie Trust	0	0	0	0	0	0	0
Barr Beacon Trust	0	212,946	1	212,947	303,241	212,947	303,240
Corporate services							
Walsall Agricultural Fund	330	374	0	704	671	704	671
Total	**1,848**	**239,597**	**1**	**241,446**	**330,436**	**241,446**	**330,439**

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.

2007/08 £		2008/09 £
802,775	Balance at 1 April	1,061,439
258,664	Net deposits/(withdrawals) in year	334,597
1,061,439	**Total**	**1,396,036**

3. Trusts balance sheet

2007/08 £		2008/09 £
1	Land	1
1,236,024	Investment trust fund	1,584,177
0	Creditors	(4,140)
143	Debtors	9
155,707	Cash	57,436
1,391,875	**Total assets less liabilities**	**1,637,483**
1,389,971	Revenue fund balances	1,635,634
1,903	Capital account	1,848
1	Revaluation reserve	1
1,391,875	**Total net worth**	**1,637,483**

Section 7
Statement of accounting policies

1. General Principles

The statement of accounts summarises the council's transactions for the 2008/09 financial year and its position at the year end of 31 March 2009.

It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – A Statement of Recommended Practice (the SORP), including applicable Statement of Standard Accounting Practice (SSAP) and Financial Reporting Standards (FRS).

The accounting conventions 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 that 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 provided 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, using a discount rate of 6.1% (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

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

VAT however should be included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

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 economic life of the investment to reflect the pattern of consumption of benefits.

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 an revaluation loss previously charged to a service revenue account.)

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

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 property 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 property (recognised as a liability in the Balance Sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable), and
- A finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rent 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 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 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 a likelihood arising from a past event that payments due under the contract will not be made, the asset us 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. Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. Payments made by the council under a contract are charged to revenue to reflect the value of services received in each financial year in line with FRS5 – Reporting the substance of transactions. The council receives government grants to finance PFI expenditure. If the government grants are in excess of the expenditure at the end of the year, the balance of the grant is carried forward as an earmarked reserve to finance future contract expenditure.

20. Events after the balance sheet date

These are events that have happened after the balance sheet date, 31 March 2009. There are two types of event and it depends on its nature as to its treatment within the statement of accounts.

If the event is an adjusting event (one that has a material economic effect on the council and was known about 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 2008 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 2008/09 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 2008, 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 2008/09 are required to be written out of the accounts in line with guidance from

DEFRA. This will apply to all local authorities. The scheme will continue next year from a zero balance. In future years the value of spare allowances will be moved to an earmarked reserve unless it is a designated year by DEFRA for all balances to be cleared.

All allowances and liabilities 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

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

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
Walsall Council
PO Box 23
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