



# *Held to Account*

*The Council's Annual Report and Statement of Accounts*

**2005 - 2006**

*As presented to the  
Accounts Committee on  
28th September 2006*



**Councillor D Ruddick**  
Council Leader



**Councillor P Steen**  
Mayor of Rossendale



**Carolyn Wilkins**  
Chief Executive



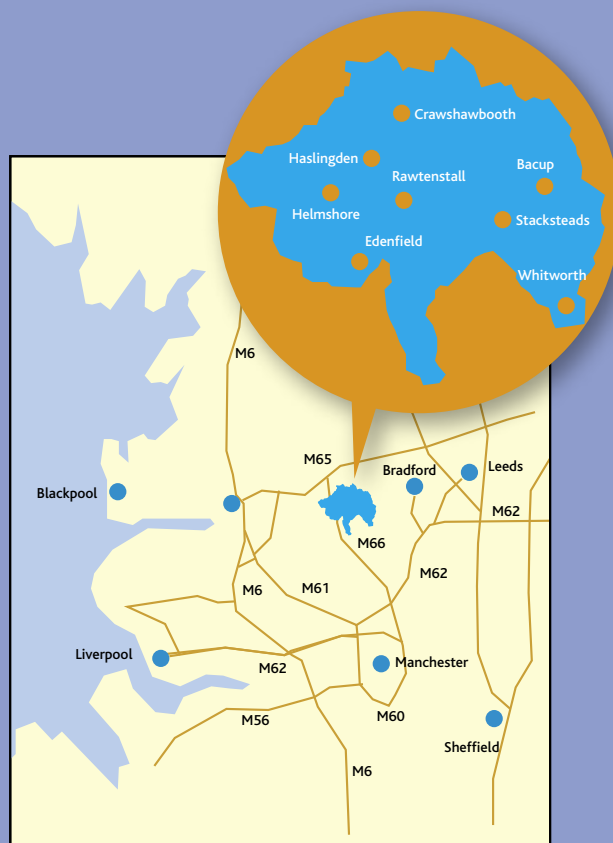
**Philip Seddon, A.C.A.**  
Head of finance

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# 1

## Section 1 - Annual Report



AREA OF BOROUGH:- 13,811 hectares  
 RESIDENT POPULATION:- 65,912  
 POPULATION DENSITY:- 4.77 persons per hectare

### ANALYSIS OF RATEABLE PROPERTY

	NUMBER OF PROPERTIES	RATEABLE VALUE £
Commercial	1,702	15,288,255
Educational	71	1,842,675
Industrial	543	9,928,606
Leisure	83	631,560
Non Formula-assessed		
Public & Other Utilities	3	335,250
Miscellaneous	77	1,103,430
	<u>2,479</u>	<u>29,129,776</u>

## Keeping Our Promises – Achievements in 2005/06

The following represents some of the highlights in terms of achievement against the Corporate Objectives set for 2005/2006. These are by no means all that we have achieved but provide a snap shot of how we have improved against our key priorities.

The last year has seen a transformation in the way the Council operates. The Council's Corporate Improvement Plan 2005 – 2008 clearly set out our intended strategic focus and the achievements we planned to deliver on behalf of local people.

Our Improvement process is one of securing the provision of services designed to genuinely meet the needs of local people and provide demonstrably better value for taxpayers in terms of improved performance and service quality. The last three year's have seen a steady rise in the Council's performance against a wide range of Best Value Performance Indicators, with over two thirds of indicators continuing to show improvement.

As the way that we work as a council changes, our approach to our customers is changing and the adoption of a Customer Services Strategy during 2005 has seen

a dramatic increase in customer satisfaction from 27% in 2003 to 65% in 2005 - clearly demonstrating that customers are a key priority for the Council and the approach is having a positive impact.

The past year has been a year of 'delivery' for Rossendale. There are many examples of us achieving what we set out to do and therefore making a real and meaningful difference to the communities we serve. We detail some of our key achievements on the following pages.

It is the dedication, hard work and enthusiasm of Councillors and staff that have made the achievements of the past 12 months possible - their efforts are worthy of thanks, recognition and celebration.

### ENVIRONMENT

a place which has attractive rural settings, a fantastic street scene and is easily accessible for all

The environment is currently the Council's highest profile issue. The vast majority of our customers identify it as an area of interest and it is one of the Council's 8 corporate priorities.

*"The Council is playing an active part in making the environment work for residents and visitors and, with its partners it recognises that the borough's cultural and economic future is bound up with the environment. Corporate policies give priority to the management of environmental assets."*

**Audit Commission, June 2006**

Our Streetscene and Liveability Service takes the lead on delivering the council's environmental services and has made very good progress during 2005 and 2006. This has been alongside continuing heavy demands on the service as well as the process of restructuring and reorganisation. The Council's recycling services have improved with latest figures showing that almost 24% of the borough's waste is now being recycled. Services have also been extended to include cardboard, textiles and more households with garden waste recycling and home composting. This together with the introduction of new, fully digitised, collection rounds in April 2006 will optimise service delivery, further reduce the number of 'missed bins' and enable the service to re-act more quickly to any complaints.

We have also introduced Neighbourhood Environmental Action Teams (NEATs) in Whitworth, Bacup, Haslingden, Rawtenstall and Edenfield.

The NEAT teams take a 'hands on' approach to managing a full range environmental issues from fly tipping to cleaning up graffiti. The NEATs teams are being supplemented by 'Hit Squads' and traditional manual street cleaning barrows have been reintroduced. The NEAT teams are also taking the lead in the fight against dog fouling with powers to issue fines to inconsiderate dog owners and a new Super Dooper Pooper Scooper at their disposal.

Streetscene and Liveability make a significant contribution to the safety of the borough through support to Rossendale's Crime and Disorder Reduction Partnership and through joint working with the police. Crime levels are falling in the borough, with a significant reduction of the number of burglaries, robberies and vehicle crimes taking place.



## SECTION 1 - ANNUAL REPORT

## HOUSING

a place where people have a choice of high quality housing which is affordable for all

The successful conclusion of the Housing Stock Transfer Process (HST) at the end of March 2006 unlocked £40m of investment, meaning that over the next six years tenants' will benefit from a planned repair and improvement programme that includes the installation of new kitchens, bathrooms, double glazing and central heating in their homes.

The HST process, which was effectively completed in just 18 months, saw 82.5% of the tenants who voted, voting in favour of transferring council homes to Green Vale Homes, a new, independent, not for profit housing organisation set up with the help of Rossendale Council.

The effective completion of this complex process in a relatively short time period, when compared with many other Council's, bears testimony to our ability not only to 'stick to' and effectively carry through tough decisions, but also: *"stay focused on priority areas despite a number of significant projects"*, as was commented upon by the Audit Commission in their Progress

Assessment Review of the Council in 2005.

The housing improvement programme is already underway with the installation of new double-glazing and door replacements. The Council will work closely with Green Vale Homes, monitoring progress to ensure that the 'Customer Promises' made to tenants are delivered to their satisfaction.

Following closely on the heels of this success came the news that Green Vale had been successful in their bid for a grant of £670,000 to build 20 new affordable rent flats in Newchurch. Building work is expected to start in February 2007. Green Vale Homes will be working with the Council to bid for funding for more schemes like this within the borough over the coming year, which help to alleviate some of the housing problems caused by continued increases in house prices within the borough.

The Council continues to be an effective partner in the Elevate Housing Market Renewal Programme and has received a further allocation of £4million for housing and regeneration in Bacup, Stacksteads and Britannia over the next 2 years. This second phase of Elevate funding will allow the Area Action Plan to be completed and will continue to fund housing refurbishment works in Stacksteads,



before moving on into other parts of Bacup and Britannia.

Community and recreational facilities in the area are also benefiting, for example Elevate funding has helped with the refurbishment of the Gordon Street Play area.

Elevate funding will continue to be used for environmental improvements and to support Neighbourhood Management activities that focus upon the co-ordination and delivery of better services to local people.

Whilst the Council's housing stock has been transferred, we are developing a strong strategic housing service. Work is well underway for developing the Borough's first affordable housing strategy, which will look at new innovative ways of helping first time buyers and households with low income to be able to afford a property

within Rossendale and stay within the borough.

In a bid to help the owners of privately owned properties the Council has also developed an equity release scheme which helps homeowners to raise the capital needed to make necessary improvements to their own homes.

These key achievements, together with other Council involvement within the private and social housing sectors, clearly demonstrates the Council's ability to deliver real, sustainable improvement in areas of significant benefit to the lives of local people, as was commented upon in the Audit Commission's Progress Assessment;

*"The Master Planning exercise for Stacksteads and Bacup is resulting in visible improvements to private sector housing"*





## CULTURE

A place which is a great place to live for people of all ages and is widely accepted as a major place to visit.

Rossendale is alive with many exciting and varied events going on throughout the year that bring the local community together. These included the Bike Show, Firework Displays, Rossendale Carnival, the Alive! Festival and the Christmas Lights. All of these events add significantly to the culture and economy of the Borough and with the council's continued support have flourished.

We are also proud to have hosted the national launch of 'Jogathon 2006' an event aimed at encouraging the whole community, from couch potatoes to

trained athletes, to take up jogging, running or walking. The Jogathon attracted extensive media coverage and helped raise money for Sports Aid to support the Olympians of the future.

Sports and leisure play an important part in community life in Rossendale and the Rossendale Leisure Trust is our key partner in delivering better opportunities for local people.

The Council has transferred the management & ownership of its five leisure & sporting facilities to the 'Rossendale Leisure Trust' and this has not only resulted in reduced costs to the Council, but just as importantly has seen an increase in attendances, with 54,000 extra visits taking place and a rise in customer satisfaction. The Rossendale Leisure Trust is continuing to work well and achieving the targets set within its Business Plan.

Exciting plans for an 'Adrenaline Gateway' have been developed by Rossendale Leisure Trust and the Local Strategic Partnerships Regeneration Board over the last year. The project has already been long listed for the Big Lottery Living Landmarks Programme and a decision on the £50m bid will come later this year. If successful, the project will bring a major boost to the borough's sporting, leisure and tourism facilities and the borough will become a national centre for action oriented activities, adrenaline sports and adventurous pastimes.

Tourism is an area of economic potential for the borough. A review has been carried out to identify tourism opportunities for Rossendale and to assess the best way to support tourism in the borough in the future. This has resulted in changes to the way that we provide visitor information and the development of a new tourism marketing action plan which identifies what is needed to attract more visitors to the borough.

In developing the borough's cultural and leisure facilities it is important that young people in the borough are not left out. The Council is a key partner in the borough's youth provision strategy, which aims to provide local youth focused leisure facilities. Its focus is on providing legitimate, safe gathering

places for young people such as skate parks and youth shelters.

This benefits the wider community, by reducing the nuisance that some young people cause, and are unfairly perceived to cause, to other residents when they congregate in large groups.

The youth provision strategy has so far delivered 5 new Multi User Games Areas, 3 skate parks and the Staghill's Youth Shelter. These improvements are being delivered within the context of an overall Open Spaces Strategy, which was approved in the last year.

## ECONOMY

a place where job prospects and wages are high and the cost of living is low

Getting the local economy right is vital for the long term future of Rossendale. Decisions taken now will still have an effect in 30 years time. That's why it is important that we get the borough's planning framework right and ensure that we continue to support economic development and regeneration within the borough.

The council has taken a lead on several vitally important projects including the Valley Centre redevelopment, a new Bus Station for Rawtenstall, Future's Park and Housing Market Renewal.

## SECTION 1 - ANNUAL REPORT

We are pleased to be working constructively with a wide range of partners in the borough to support the local economy for example, supporting Tesco and ASDA in their search for new stores, and we have worked with Lancashire County Developments Limited to support local businesses, as well as the broader regeneration area.

But the most exciting plans are for the redevelopment of the Valley Centre and the work being done to develop the borough as an Adrenaline Gateway.

Plans for a £33m redevelopment of the Valley centre have been agreed between the Council and CNC Developments. High profile retailers are being encouraged to come to Rawtenstall and the new centre will bring more shoppers into the borough. A planning application has been submitted and the developer is making arrangements to consult with various interested people. The centre will also be renamed.

In order to ensure that the borough's economy develops in a sustainable way the Council has also made strong progress with its Local Development Framework (LDF). All of the main building blocks for the LDF are now in place including the core strategy and statement of community involvement. Area Action Plans for Rawtenstall and Bacup, Stacksteads and Britannia have

also progressed well and will shortly be finalised. More people than ever before have been involved in drawing up the new plans which replace the borough's time expired Local Plan.

### COMMUNITY NETWORK

a place where all opinions count and people respect and celebrate differences in gender, sexuality, race, culture and religion.

All of the partners in the Local Strategic Partnership (LSP) are working hard to bring the community together and to give local people a genuine voice in the key decisions that will affect the borough for many years to come. The LSP is driving forward the delivery of the Community Strategy with the aim of improving the lives of those that live in the Borough.

This genuine willingness to work together towards the common aims set out in the Rossendale Alive Community Strategy has helped the LSP to achieve an amber/green rating from the Government. This is the best rating achieved by any LSP in the North West that is not receiving Neighbourhood Renewal Funding. The Local Strategic Partnership has improved beyond all recognition over

the last few years and is a credit to all the various partners, including the Community Network of over 400 voluntary sector groups. There is a collective understanding that there is still much work to do particularly in the areas of Health and Housing but the appetite to deliver is strong.

The benefits of partnership working have clearly been demonstrated through the recent review of Youth Provision in the borough undertaken by the LSP's Assembly involving 70 local community leaders and representatives and several young people. The Assembly praised the joint working on implementing the Borough's Youth Provision Strategy, the extended schools programme and the healthy schools initiative. They also concluded that :

*"Young People in Rossendale are getting better services as a result of joint working co-ordinated by Rossendale's Strategic Partnership".*

In order to ensure that the Council has a fit for purpose decision making structure for the future we have initiated widespread constitutional and administrative changes in the last 12 months and provided more opportunities for local people to have their say.

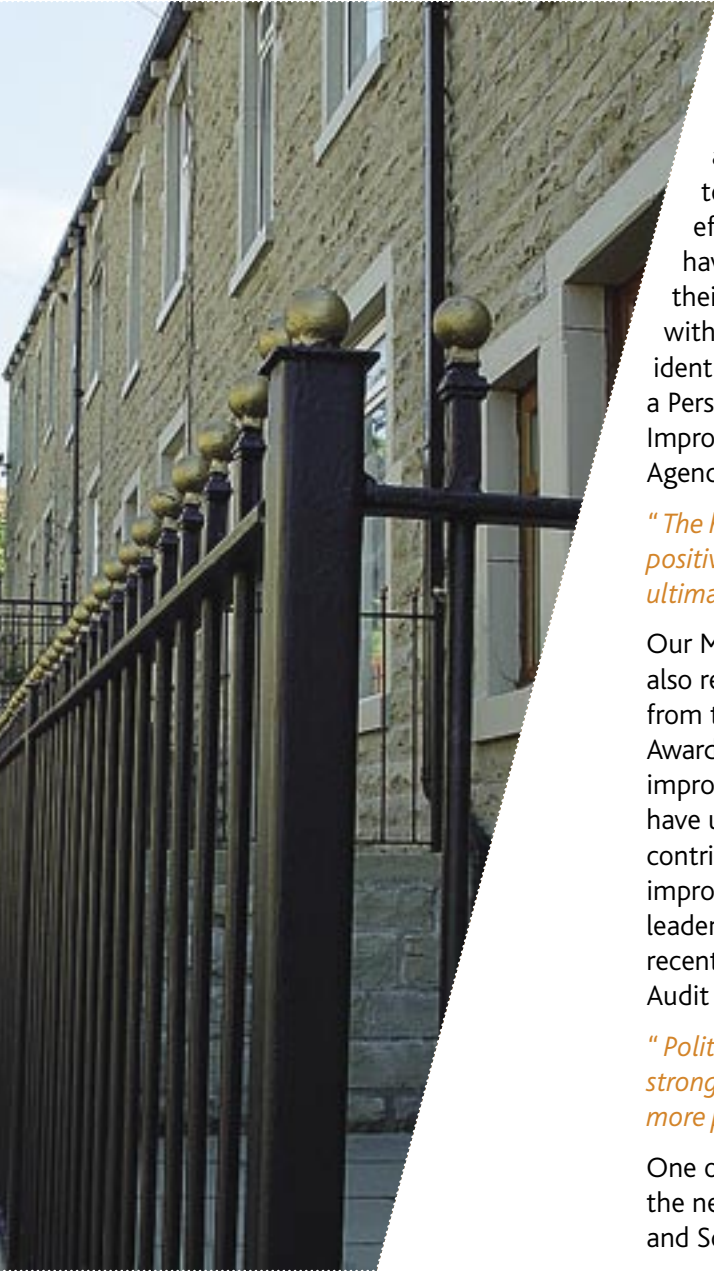
As a result the Council has formally adopted a Cabinet system of governance resulting in wide ranging changes to the constitution.

Throughout the process Councillors have taken the lead in developing the Cabinet Model with Cabinet Portfolios clearly focused on the Council's priority areas and two Overview and Scrutiny Committees covering the key areas of Policy and Performance. The new system has been introduced following close collaboration with partners such as the Improvement Development Agency (I&DEA).

The Council recognises that effective Members are the key to achieving further success and that members must rise to the challenge of providing a greater level of community leadership. Our highly successful Member







Development Strategy underpins this key area of work, providing training and development opportunities for all members to enable them to carry out their work more effectively. Crucially, Members have been at the heart of producing their own development programme with more than 90% of members identifying their own needs through a Personal Development Plan. The Improvement and Development Agency stated that

*“ The high participation rate was very positive, given that the process was ultimately a voluntary one ”.*

Our Member Development programme also received a formal commendation from the Municipal Journal’s Annual Awards in recognition of the significant improvement journey that members have undertaken and their overall contribution to leading the Council’s improvement. Indeed improved leadership was also highlighted in the recent Progress Assessment from the Audit Commission which said:

*“ Political and officer leadership is strong and characterised by a much more positive approach ”.*

One of the changes resulting from the new constitution is an Overview and Scrutiny function. Over the last

12 months the Overview and Scrutiny Committees have been positively involved in reviews of services for both older and younger people in Rossendale.

This shows the developing role for Councillors in the community leadership agenda, defining the services that the communities they represent require and looking beyond those services provide by the Council to those provided by partner agencies, and going about securing them. This has been strongly demonstrated by the Council’s involvement in scrutinising the reform programme being proposed for various local health services. A special meeting of the full Council was held in January to scrutinise the effects of NHS re-organisation of the borough and Members expressed strong concerns about the potential negative impacts the changes would have on access to ‘health services’ for local people. This has led to the development of the ‘Health Campus’ concept and strong lobbying by the Council for accessible health services for local people.

## PARTNERSHIPS

increasing our capacity to deliver through effective partnerships

Rossendale is a small Council that needs to work in partnership with other organisations in order to achieve its corporate priorities. By working with others we can bring in outside expertise and resources to generate additional capacity for the benefit of Rossendale and its people.

One of our biggest success in the last 12 months has been the decision to transfer the council’s housing stock to Green Vale Homes. This decision has already resulted in improvements to 90% of homes in the borough and over the next 6 years £40m will be spent to improve former Council homes. One of the reasons why stock transfer was able to progress so smoothly and quickly (we believe it may have been one of the fastest stock transfers in the country) is that we already had experience from the establishment of Rossendale Leisure Trust 12 months earlier.

Without a doubt the Leisure Trust has been a great success, accessing additional funding and increasing visitor numbers to the various sports and recreation facilities managed by the Trust. The Council has also

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benefited from an agreement with Salford's Urban Vision to support the processing of 'major' planning applications on our behalf.

The Council also continues to work in partnership with Lancashire Audit Services, Sunguard Vivista for ICT services, and Lancashire County Development Ltd for economic regeneration and business support.

The last 12 months has seen good progress made on two very significant potential partnerships. The Customer Contact Project has been through a formal tendering process and Capita has been agreed as the preferred bidder. Our intention is to have the new arrangements operational by Autumn 2006. This will lead to significant improvements in the Council revenues and benefits service and customer contact through the One Stop Shop and telephone enquiries.

Good progress has also been made with developing plans for a new way of delivering Streetscene services which will ensure that the council can benefit from the knowledge, expertise and investment that an external partner can bring.

### CUSTOMERS

"Customer First" - being responsive and proactive to meet the needs of all our customers

As the way that we work as a council changes, our approach to our customers is changing. It is fair to say that in the past the Council has not been as customer focused as it should have been. In 2003 our customer satisfaction rate as only 27%.

However, with the adoption of a Customer Services Strategy during 2005 and the wider changes across the Council our satisfaction rate has risen dramatically to 65% clearly demonstrating that customers are now a key priority for the Council.

The most noticeable change has been in the way that we provide services to those customers who prefer face to face service. The new One Stop Shop is clean, bright and welcoming. Our customers receive a prompt and efficient service and are treated courteously and professionally. We are also now moving to being able to offer appointments in people's own homes if they have genuine mobility difficulties or other impediments.

Further customer service improvements have been brought about through the Customer Services

Strategy and the introduction of Customer Service Standards for all council staff. For the first time the Council has set out clearly to all its staff our customer service ethos and has provided full training to all front - line staff. Whilst there is still some way to go before we can claim that these are being consistently applied, there is no doubt that improvements have already resulted. As with any major change initiative of this type it will take time for the benefits of this to be fully realised.

One of the biggest improvements in the last 12 months has been the progress made by the Council's benefits service.

The number of days taken to process a new claim has fallen from 69 days to less than 40 days and the recent BFI inspection graded the service as being 'fair' with good prospects for improvement.

The Council has also made a significant effort to improve its communication with residents and other stakeholders through traditional newsletters and to reach out to new customers and provide more services electronically.

The Council's new website, launched in August 2005 has already been rated as the best council website in Lancashire by an independent Internet

consultancy. The website has also been instrumental in the Council increasing its e-government performance indicator 47% to 100% at the end of 2005. We have had 162,107 individual visits by different customers to the web site and the number of transactions that can be completed online is increasing.

Communication with residents has also been improved with the new Rossendale Alive newsletter being delivered to residents three times a year. The newsletter provides information to residents about council services and how to access them. A more proactive approach to the local media has also led to more information about council initiatives being printed in the local press. We now have our first Communication Strategy and Action Plan in place.

### IMPROVEMENT

The provision of high quality public services built upon the foundations of Finance, Risk, Performance, Procurement and Human Resource management

The priorities that the Council have set itself for internal improvement were seen by the Audit Commission as

*" a sensible approach, to enable a*



*wider focus on improving service outcomes and much has been achieved in transforming the Council's structures and processes in relation to this objective".*

Improvement is still required across many parts of the Council, but good progress is being made. Our focus is on those service areas that support the Council as a whole, namely Finance, Risk, Performance, Procurement and Human Resource Management.

Financial management within the Council has improved greatly within the past three years and the Council is in a better financial position than it has been for some time. From a position of having no reserves to call on in 2002 we are on course to replenish our reserves in excess of the recommended prudential level of £500K ahead of schedule. Thanks to Housing Stock Transfer the Council has also now cleared its long-term debts as well as ensuring that housing investment can take place.

At the same time the Council has set one of the lowest Council Tax rises in the country of 2.2%, whilst continuing to improve the services it delivers – more than two thirds of our Best Value Performance Indicators have improved in the last 12 months.

Value for money from the Council has also improved noticeably. In the

recent 'Value for Money' assessment undertaken by the Audit Commission it was recognised that

*"Members and senior managers have identified and pursued opportunities to reduce costs and improve VFM. There is evidence that improvement planning is now leading to service improvement and better VFM in some priority areas".*

The improved financial position and continued good financial management and value for money will be embedded into the council's operations through the recently approved second Medium Term Financial Plan. This sets out the Council's Financial Framework for the next three years linking to and supporting the corporate mission for the next three years. It has ensured that the 2006/07 budget setting process has been fully integrated with our corporate priorities.

We are particularly pleased that we have been able to involve the wider community in this year's budget setting process through consultation with Rossendale's Community Network, the LSP Executive and local people through the Council's internet website and media coverage in the local papers. As a result of this consultation process the local community were able to consider a number of budget priorities and options and Members were able take

these into account before finalising the budget.

Improvement within the Council is also being supported through a rigorous approach to performance management. Performance management is being used to maintain the pace of change across the Council and focus on turning its priorities and plans for action into actual outcomes that are of benefit to local people.

The focus on performance over the last year has resulted in improvements in 2 out of 3 performance indicators.



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The introduction of the 'Covalent' performance management system is resulting in better quality and more timely management information being produced so that management action can be taken swiftly to respond to poor performance.

This improvement is recognised in the recent independent review of the Council's Performance Management Arrangements which concluded that:

*"The building blocks of an effective performance management framework have been put in place within the Council and the introduction of the Covalent monitoring system is being extended across this framework".*

Improvement within the Council is also being sustained through a strong focus on effective Human Resource management.

A Human Resources Strategy is being implemented with the goal of building the Council's capacity to deliver by ensuring that the skills and competencies of the workforce are developed to deliver and maintain high performance and customer satisfaction. The work of the Human Resources Team has recently been recognised by the award of Investors in People status.

The Council is on track to ensure that all staff participate in an annual performance development appraisal

in the context of the Council's 'Golden Thread'. Training needs identified through the appraisal are then supported through a wide range of training opportunities from basic IT courses in Word and Excel to the Council's participation in the University of Central Lancashire's Postgraduate Management Diploma.

Over the last 12 months effective internal communication has been identified as a key component of an effective human resource strategy. Staff have been involved and consulted on a wide range of key corporate issues including the accommodation relocations, the customer contact project and future partnership arrangements for Streetscene. Formal communication with staff throughout the organisation has been much improved with the introduction of a regular team briefing system, three editions of the Staff Newsletter 'Grapevine' and the introduction of a Daily Message email.

The Council has also achieved level 2 of the Equality Standard and is now working to reach level 3. All new policies and strategies are carefully evaluated prior to their introduction to ensure that the Council is acting in a fair and equitable manner to every section of the community that it serves by taking their differing needs into account.

Our latest staff survey (carried out in January 2006) shows we are moving in the right direction in terms of staff engagement and morale. We are not complacent and will continue to make sure the staff of Rossendale Borough Council perform to the highest standards – but we are pleased with this year's results. The headline messages are set out below:

### In 2005/6 Staff felt:

#### Customers

- 59.6% feel people in the organisation show a good attitude to customers (up from 48% in 2004/5)
- 81.3% are aware of the customer complaints policy (up from 63.9% in 2004/5)

#### Council as Employer

- 41.7% feel the Council is a good organisation to work for (up from 25.6% in 2004/5)
- 36.8% feel the future of the Council looks promising (up from 15.8% in 2004/5)
- 28.1% felt valued (up from 7.4% in 2004/5)

#### Councillor Duncan Ruddick

Council Leader

#### Carolyn Wilkins

Chief Executive



### Council membership as at 31st March, 2006

MAYOR	J. Cheetham
DEPUTY MAYOR	P Steen
LEADER OF COUNCIL	D Ruddick
LEADER OF THE OPPOSITION	D Hancock

### POLITICAL COMPOSITION OF THE COUNCIL

Labour Party	11	Liberal Democrat	2
Conservatives	22	Independent	1
<b>Total</b>		<b>36</b>	

The Council consists of 36 Members, each elected for a period of 4 years. For the purpose of the elections the Borough is divided into 14 wards. A list of Wards and Members follows.

### Rossendale currently has 5 elected representatives on the Lancashire County Council.

<b>CRIBDEN</b>	Janet Graham (Con) Philip Neilson Young (Lib Dem)	<b>HEALEY &amp; WHITWORTH</b>	Ronald Alan Neal (Independent) David William Barnes (Con)
<b>EDEN</b>	Barbara Ann Marriot (Con) Jeffrey Davies Cheetham (Con)	<b>HELMSHORE</b>	Joyce Pawson (Con) Gordon John Nicholass (Con) Barry Stuart Pawson (Con)
<b>FACIT &amp; SHAWFORTH</b>	Linda Iris Barnes (Con) Hazel May Steen (Con)	<b>IRWELL</b>	Janet Kathleen Farquharson (Con) Robert Huntbach (Lab) Peter Stuart Steen (Con)
<b>GOODSHAW</b>	Michael Edward Ormerod (Con) Alyson Barnes (Lab)	<b>LONGHOLME</b>	Emily Ann Haworth (Con) June Forshaw (Lab) Leonard Entwistle (Con)
<b>GREENFIELD</b>	Gladys Sandiford (Con) Catherine Pilling (Lib Dem) Peter Charles Starkey (Con)	<b>STACKSTEADS</b>	Michael McShea (Lab) Christine Lamb (Lab)
<b>GREENSCLOUGH</b>	Judith Mary Driver (Con) James Eaton (Con) <i>(also County Cllr)</i> William Challinor (Con)	<b>WHITEWELL</b>	Theresa Marlene Crosta (Con) David James Hancock (Lab) Amanda Robertson (Lab)
<b>HAREHOLME</b>	Ruth Alcroft (Lab) Mollie Disley (Lab) Trevor Unsworth (Lab)	<b>WORSLEY</b>	Duncan Ruddick (Con) <i>(also County Cllr)</i> Geoffrey Atkinson (Lab) Joyce Thorne (Con)

**Key:** (Lab) = Labour : (Lib Dem) = Liberal Democrat : (Con) = Conservative

## SECTION 1 - ANNUAL REPORT

### *Committees of the Council*

#### **The Cabinet**

This Committee carries out all the Local Authority's functions which are not matters reserved for Full Council or the responsibility of another Committee. In particular the Cabinet guides the Council in formulating its policy objectives with a general aim to enhance the quality of life for the citizens of Rossendale. It determines the priorities by which those policy objectives should be achieved, allocates resources to achieve them and then reviews progress made towards achieving those objectives, including making recommendations on the level of local taxes and exercising financial management over the affairs of the Council.

#### **The Accounts Committee**

The Accounts Committee is responsible for the approval of the annual Statement of Accounts under the Accounts and Audit Regulations 2003.

#### **The Development Control Committee**

This committee considers development control policies and matters regulated by the Building Act 1984 and Town and Country Planning legislation.

#### **The Policy Development Overview and Scrutiny Committee**

This committee assists the Council and the Cabinet in the development of its budget and policy framework. The Committee also deals with other matters of legal concern, community participations and liaises with external organisations to champion the interests of local people.

#### **The Licensing Committee**

The Licensing Committee handles all licenses including those for Alcohol, Public Entertainment, Hackney Carriage/Private Hire licenses, Lotteries, Amusements Act and Gaming Licences, tattooing & ear piercing establishments, take-away food shops and pet shops.

#### **The Standards Committee**

This Committee promotes and monitors high standards of conduct by Councillors and co-opted Members, as set out in the Members' Code of Conduct. It also monitors and reviews the Council's Constitution.

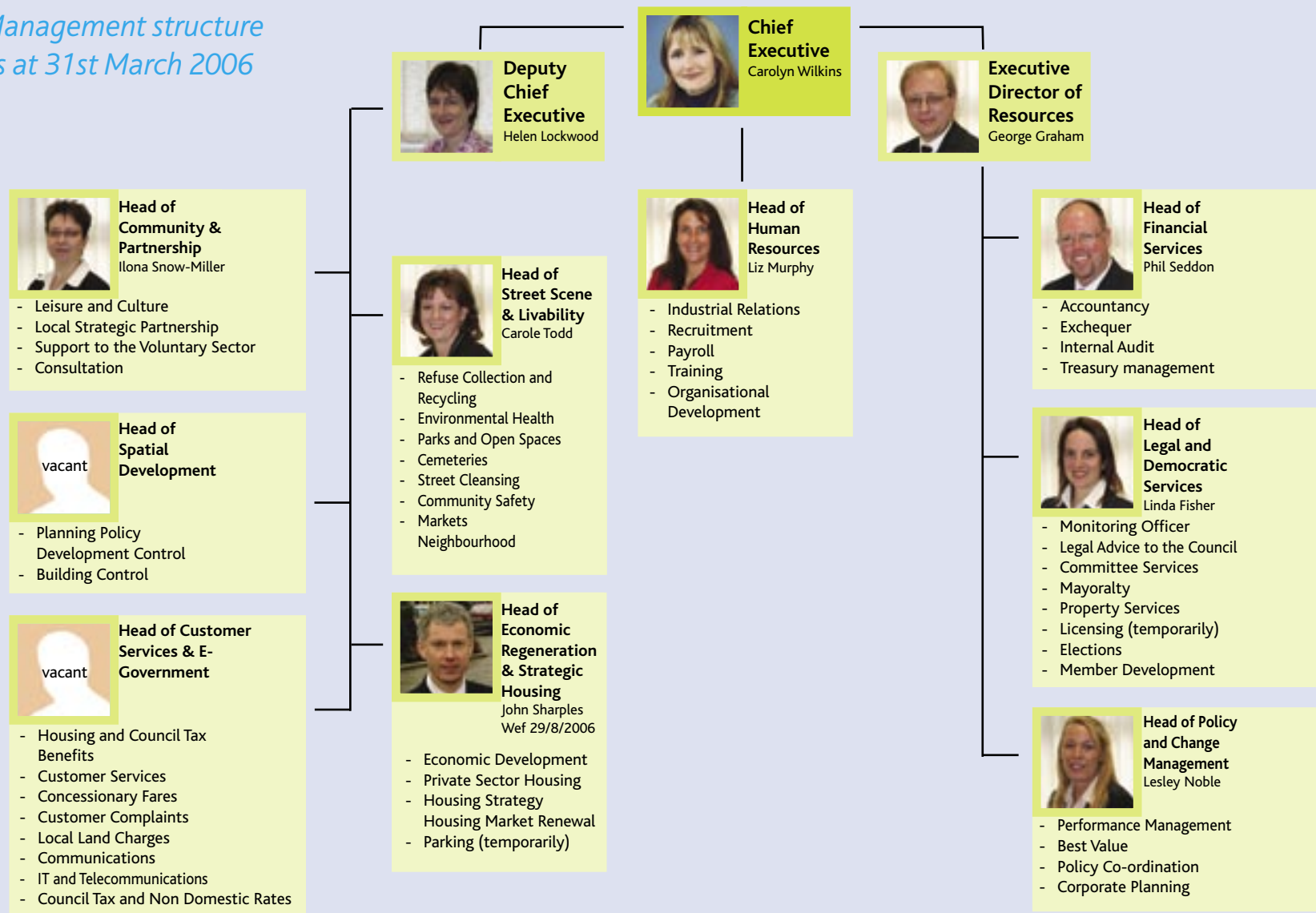
#### **The Audit and Performance Management Overview & Scrutiny Committee**

This committee is charged with reviewing such policy matters as the Committee itself feels are appropriate, in accordance with a Schedule of Work which it sets at the beginning of each financial year. It has the power to review and scrutinise decisions and performance of the Cabinet, Committees and Council Officers, including those referred to it under the Council's "call in" procedure. It also considers internal and external audit reports, including the Annual Audit Letter.

#### **The Appointment & Appeals Committee**

The Appointment & Appeals Committee deals with a number of staffing issues including recruitment, grievances, disciplinary and redundancy cases and any other appeal or tribunal which needs to be considered by Members of the Council.

Management structure  
as at 31st March 2006



# 2

## Section 2 - Statement of Accounts



### Auditor's Report to Rossendale Borough Council

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

This report is made solely to Rossendale Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission

#### Respective Responsibilities of the Chief Financial Officer and Auditor

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting

in the United Kingdom 2005 are set out in the Statement of Responsibilities.

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

I report to you my opinion as to whether the Financial Statements presents fairly the financial position of the Council and its income and expenditure for the year.

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

I read the explanatory foreword information published with the financial statements and the summary of the Council's accounts and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies. My responsibilities do not extend to any other information.

#### Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed our audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Financial



Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I evaluated the overall adequacy of the presentation of the information in the financial statements.

### Opinion

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

Signature..... Date.....

*Mike Thomas*  
*Audit Commission, Aspinall Close,*  
*Middlebrook, Bolton, BL6 6QQ*  
*29th September 2006*

## Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

### Authorities responsibilities

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

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

### Auditor's responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant

matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

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

### Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, Rossendale Borough Council made

proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2006, except for the failure to put in place arrangements:

- to manage and improve value for money
- for the management of its asset base
- to maintain a sound system of internal control
- that are designed to promote and ensure probity and propriety in the conduct of its business.

### Best Value Performance Plan

I issued my statutory report on the audit of the Authority's best value performance plan for the financial year 2005-06 on 12 December 2005. I did not identify any matters to be reported to the Authority and made no recommendations on procedures in relation to the plan.

### Certificate

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

Signature..... Date.....

*Mike Thomas District Auditor*

## Explanatory Foreword

### 1. Introduction

This booklet presents the Council's accounts for the year ended 31st March 2006, showing:-

- o **Statement on Internal Control** - Explaining the way the Council ensures responsible stewardship of its assets.
- o **Statement of Accounting Policies** - This explains the policies used in the preparation of the figures in these accounts.
- o **Statement of Responsibilities** - Explaining the responsibilities in relation to the Council's Financial affairs.
- o **The Consolidated Revenue Account** - The Council's main revenue account brings together expenditure and income relating to all of the authority's functions, including the Housing Revenue Account.
- o **The Housing Revenue Account** - This reflects a statutory obligation to account separately for Local Authority Housing provision. It shows the major elements of Housing Revenue expenditure and income associated with the Council's functions as landlord of the housing stock.
- o **The Collection Fund** - This shows the precepts levied by the Borough Council and the County Council and how they were funded.
- o **The Consolidated Balance Sheet** - This shows the balances and reserves at the Council's disposal and its long term indebtedness, the net current assets employed in its operations, and summarised information on the fixed assets held.
- o **The Statement of Total Movement in Reserves** - This statement brings together all the gains and losses within the year on the Council's reserves.
- o **The Cash Flow Statement** - This summarises the income and expenditure of the Council for capital and revenue purposes in cash terms.
- o **The Group Accounts** - The Group Accounts show the consolidated financial position of the Council and its interest in Rossendale Transport Limited.
- o **Trust Funds** - These are funds operated by the Council as trustees, but which do not form part of the Council's Balance Sheet.

### 2. General Fund

The General Fund accounts for income and expenditure associated with the day to day running of all the services that the Council provides, with the exception of local authority housing which is accounted for separately with the Housing Revenue Account.

As a result of the recovery plan put in place after the Corporate Governance Inspection in May 2002, the Council's General Fund Reserves had been reduced to zero on the 1st April 2003. In January 2003 a 3-year budget plan was put in place to replenish the General Fund reserves to at least the minimum threshold of £500,000 by 31st March 2006. This included a contribution to those reserves of £115,000 in 2005/2006.

Full Council on the 24th February 2005 approved a total General Fund Services Budget for 2005/2006 of £9.853m and a precept for Whitworth Town Council of £44,466. This was to be funded by a Collection Fund Precept of £4,803,410, a Revenue Support Grant of £3,146,231 and a contribution from the National Non-Domestic Pool of £1,903,758.

A monthly budget monitoring regime ensured that the medium term recovery plan was adhered to and consequently the outturn for 2005/2006 resulted in

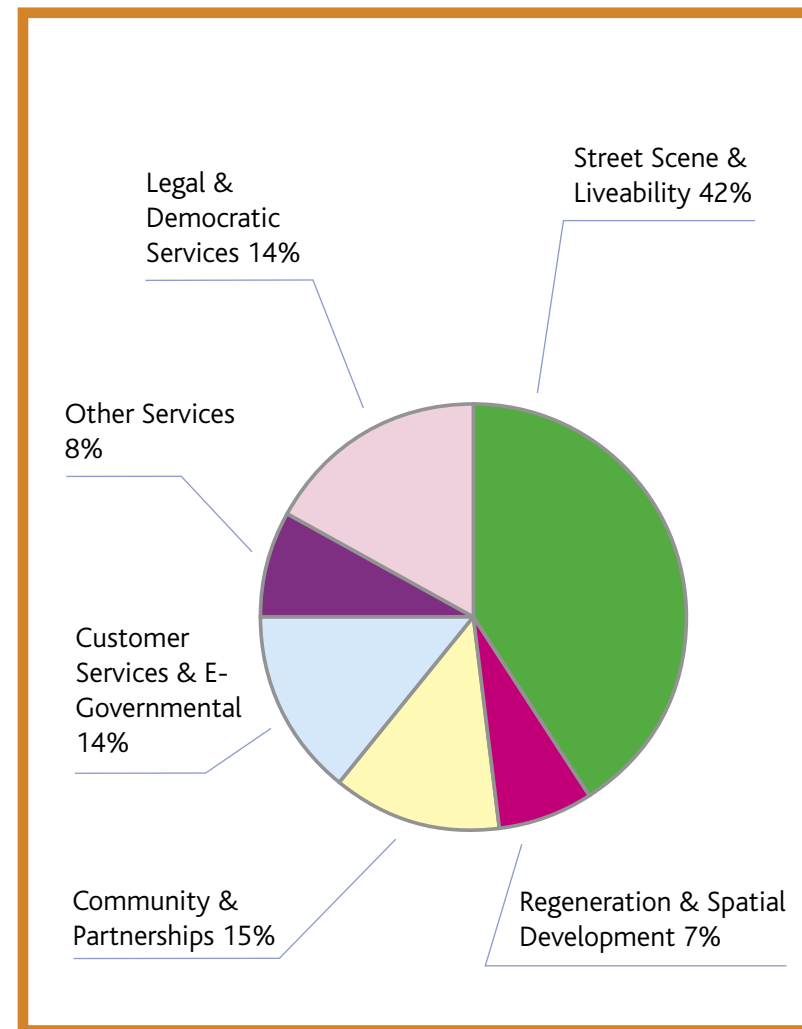
£259,167 contribution to General Fund Reserves, leaving the closing balance on the Reserve at 31st of March 2006 of £645,641. During 2005/06 the General Fund has utilised £258,832 from the Major Capital Projects Reserve, £73,416 from the Change Management Reserve, reclassified £770,267 from the Commutation Adjustment Reserve and created a new Legal Liability Reserve of £100,000, giving a Net Transfer from Earmarked Reserves of £1,002,215.

During 2005/2006 the General Fund utilised £258,532 from the Major Capital Projects Reserve to fund the remaining costs of the Council's operational restructure.

The transfer of the Council housing stock on 27th March 2006 resulted in the repayment of all the Council's long term borrowing (a final repayment of over £28m). Prior to the transfer of the stock the Council took the opportunity to replace its long term loans from commercial institutions with loans from the Public Works Loan Board to ensure that full repayment would be made by the Government when transfer occurred. This has resulted in some very large transactions within the Consolidated Revenue Account when compared with previous years, but results in significant longer-term benefits to the Council's revenue budget.

## General Fund Services - Operational Summary

	2004/2005	2005/2006		Actual
	Actual	Original Budget	Revised Forecast	
Street Scene & Liveability	3,875,837	4,066,626	4,221,358	4,196,017
Regeneration & Spatial Development	648,379	717,746	798,205	681,292
Community & Partnerships	1,258,648	1,074,220	1,494,437	1,557,337
Customer Services & E-Government	1,310,112	1,571,527	1,262,949	1,399,164
Policy & Change Management	88,251	115,300	129,290	121,981
Legal & Democratic Services	1,636,155	1,690,150	1,415,850	1,445,694
Financial Services	265,280	257,381	242,031	239,881
Housing Services - General Fund	182,789	203,362	203,412	202,138
Human Resources	147,135	253,020	232,700	227,029
Corporate Resources	(131,682)	(291,216)	(349,876)	1,564,595
Corporate Investment Fund	0	35,817	136,577	0
<b>Total cost of General Fund Services</b>	<b>9,280,904</b>	<b>9,693,933</b>	<b>9,786,933</b>	<b>11,635,129</b>
<b>Financed by</b>				
Whitworth Town Council Precept	39,401	44,466	44,466	44,466
Revenue Contribution to Capital	19,743	0	0	0
Contribution to/(from) General Reserves	175,000	115,000	115,000	259,167
Transfers to/(from) Capital Financing Account	0	0	0	(1,853,415)
Contributions to/(from) Earmarked Reserves	(94,846)	0	(93,000)	(231,948)
<b>Amount to be met from govt grants and local tax payers</b>	<b>9,420,202</b>	<b>9,853,399</b>	<b>9,853,399</b>	<b>9,853,399</b>
Precept on the Collection Fund	4,522,103	4,803,410	4,803,410	4,803,410
Revenue Support Grant	3,105,299	3,146,231	3,146,231	3,146,231
Distribution from NNDR Pool	1,792,800	1,903,758	1,903,758	1,903,758
<b>Amounts from govt grants and local tax payers</b>	<b>9,420,202</b>	<b>9,853,399</b>	<b>9,853,399</b>	<b>9,853,399</b>



General Fund Services 2005/2006

SECTION 2 : STATEMENT OF ACCOUNTS : Explanatory Foreword

3. Housing Revenue Account

The Local Government and Housing Act 1989 requires Councils to maintain a separate ring-fenced account for the provision of local authority housing, which cannot be subsidised by the General Fund. This account, known as the Housing Revenue Account, deals with all the transactions involving the management of the Council's housing stock. Full details of this can be found on page 40.

In November 2005 the results of the Housing tenants vote were announced,

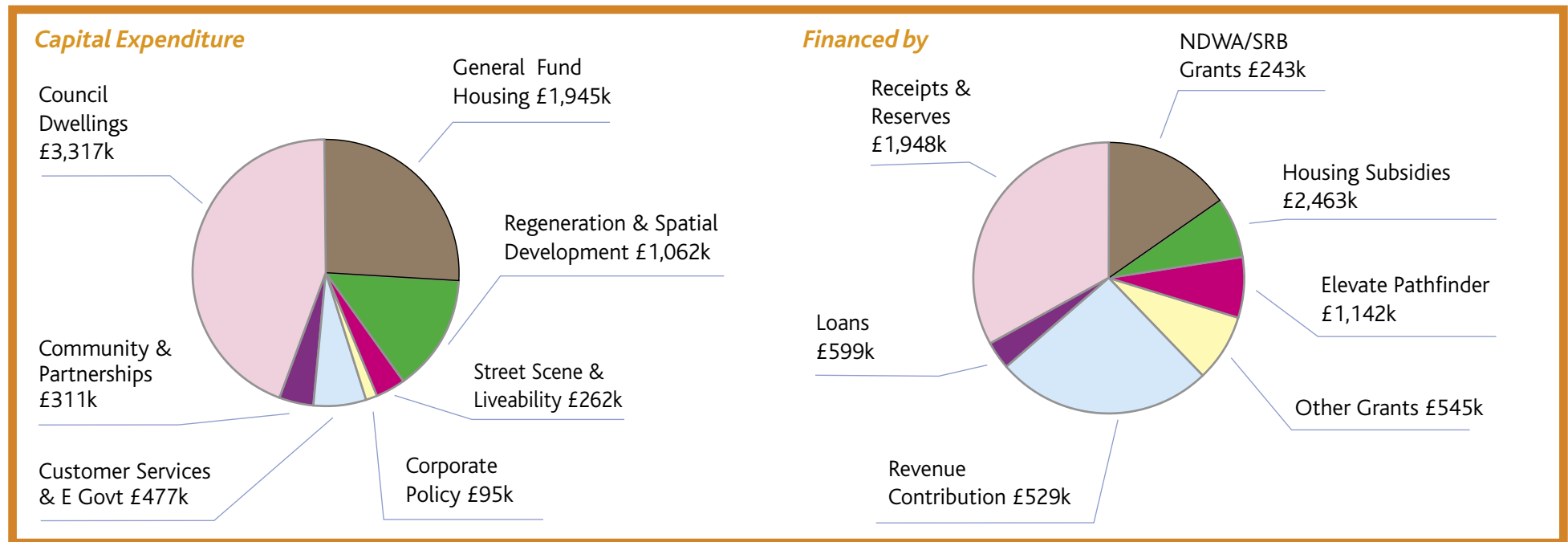
showing a significant majority in favour of Housing Stock Transfer from the Council to a new Registered Social Landlord (RSL). Green Vale Homes was therefore formed to be the new RSL. With financial support from the then Office of the Deputy Prime Minister (ODPM), the Council's housing stock and other assets and liabilities were transferred to Green Vale Homes on 27th March 2006. As at the 31st March 2006 the working balance on the Housing Revenue Account was £1,098,605.

4. Capital Expenditure

The capital works undertaken by the Council in 2005/2006 amounting to £7,469 million are summarised in Note 2 to the Consolidated Balance Sheet and below. The loans shown here are internal loans, as all external loans were repaid during the housing stock transfer transactions.

5. The Euro

On the 1st January 1999 eleven European Union members adopted a single currency – the Euro. The UK, Denmark, Sweden and Greece did not join the eurozone in the first wave of countries. The adaptation of operational and information systems to accommodate the Euro will become a necessity for local authorities should Britain decide to join. The Council has recognised this and the need to plan accordingly. The need to ensure that new systems can be adapted if necessary has also been recognised.





## 6. Single Regeneration budget (SRB)

The Council acts as Accountable Body for the Bacup & Stacksteads Community Partnership Single Regeneration Budget Scheme. The £5m scheme began in September 2000 and will run until March 2007. The operation of the scheme and support of the Partnership Board are provided by Rossendale Borough Council staff. The revenue and capital accounts in this statement record expenditure and grant income on any SRB projects within this scheme which are being run by the Council. The total grant claimed on behalf of all the projects in 2005/2006 was £841,246. Included in this was an administration grant of £41,940.

## 7. Treasury Management

Treasury management during the year was conducted within the borrowing limits and investment criteria approved by the Council.

## 8. Pensions and FRS17

Note 9 to the Consolidated Revenue Account and Note 20 to the Consolidated Balance Sheet explain how the Council have accounted for the under-lying long-term commitments in relation to the retirement benefits for employees. The Local Government Pension Scheme administered by Lancashire County Council underwent a full valuation in March 2004 which was published in March 2005. This valuation saw an increase in the Net Liability in the Consolidated Balance Sheet from £8.4m at 31st March 2004 to over £19.5m at 31st March 2005. Performance in 2005/06 has reduced this liability to £18.3m

In order to meet these long-term commitments over the next 25 years the Council has increased its contribution rate to the fund in increments over three years. On the 1st April 2005 the employer's contribution rate rose from 12.7% to 14.5%. On 1st April 2006 it rose to 16.3% and on 1st April 2007 it will rise again to 18.1%.

## 9. Further Information

Further information about the accounts is available from the Head of Finance, Kingfisher Centre, Futures Park, Bacup. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press.



## Statement of Internal Control

### 1. Scope of Responsibility

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

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

### 2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal

control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Rossendale Borough Council for the year ended 31<sup>st</sup> March, 2006 and up to the date of approval of the annual report and accounts. Its effectiveness is considered in section 4 below.



### 3. The Internal Control Environment

The key elements of the Council's internal control environment include:

- *The Constitution, which establishes arrangements for policy setting and decision making and the delegation of powers to members and officers;*
- *An established business planning process, which sets clear objectives and targets in light of the Council's policy priorities and financial resources;*
- *A performance management system of regular monitoring and reporting of the Council's performance against its plans;*
- *A risk management framework, which ensures that risks to the Council's objectives are identified and appropriately managed;*
- *A Medium Term Financial Plan, budget setting and budgetary management systems which aim to economically, effectively and efficiently use resources in line with corporate priorities and regularly report financial performance to officers and members;*
- *Financial Regulations and a clear supporting framework of financial procedures;*
- *A structure of centrally monitored devolved financial management that promotes management of the Council's finances at the appropriate organisational level;*
- *Comprehensive codes of conduct for members and officers that set out clear expectations for standards of behaviour together with job descriptions that make clear senior officer duties in matters of financial, performance and risk management;*

- *Well publicised and effective arrangements for dealing with complaints and whistle-blowing, and for combating fraud and corruption;*
- *A partnership with Lancashire County Council for the management of the internal audit service that works with officers to assess and develop the control environment and which supports management's assessment of compliance with established policies, procedures, laws and regulations.*
- *The introduction of annual quality assurance statements by all Heads of Service which both acknowledge officer responsibilities in matters of internal control and make an annual evaluation of the adequacy of the internal controls within the service area.*





## SECTION 2 : STATEMENT OF ACCOUNTS : Statement of Internal Control

### 4. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is informed by, amongst other things, the work of the internal auditors and the executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates in their annual audit letter and other reports.

The Council's recent review of the effectiveness of the system of internal control, by Internal Audit, concluded that: "the level of internal control in the majority of areas reviewed needs to be further improved" this does demonstrate progress by the Council over the last years report which concluded "overall there is an inadequate level of control in the majority of areas reviewed". In particular, the main area of weakness during 2005/06 revolved around internal audits opinion on "an inadequate separation of duties". This was an area of concern last year, however, unlike last year, issues surrounding the standard of: documentation, senior management and internal audit have not been

specific areas for concern. In addition Internal Audit acknowledge that their opinion "does not reflect the level of progress made by the Council in the last year and the steps the Council has already taken to control its risks, which will take more time to fully implement and embed."

In particular the area of the separation of duties will always be a challenge for any organisation the size of Rossendale Borough Council. Indeed the challenge for this Council will increase as staff numbers reduce due to amongst other things an increase in the scale of service delivery through partnership arrangements as the Council pursues the capacity building model as a means of increasing service efficiency and performance. The issue of the separation of duties is therefore something on which the Council and its officers make appropriate and robust assessments of risk.

The Audit Commission has recently published 2 reports - the Progress Assessment Report (February 2006) and the Use of Resources (March 2006). The former concludes that the Council "is progressing well..." the latter evaluates how well the Council manages and uses its resources and concludes that the Council "has adequate arrangements for its use of resources".





The Council and its officers welcome both the annual review and detailed internal audit reports on service areas which make specific recommendations and those reports and assessments made by the Audit Commission. The Council continues to develop arrangements to address areas of weakness and ensure continuous improvement of the system is in place. One development that we publicly stated last year was to put in place a set of assurance statements from Heads of Service in order for them to evaluate their own departments systems of internal control in place during the financial year.

Adequacy of internal control should also be seen in the context of an improving financial position that has been gained over the last 12 months, reflected in the Consolidated Balance Sheet as at 31<sup>st</sup> March 2006. The Council ends the year in a much stronger and healthier financial position. The Council has more than exceeded its general reserves target of £500,000 by delivering £646,605; in addition it has continued to create new earmarked reserves and maintained a strong cash flow.

### 5. Significant Internal Control Issues

On the basis of the review of the sources of assurance set out in this statement, Rossendale Borough Council continues to develop and embed satisfactory systems of internal control which facilitate the effective exercise of its functions and which includes arrangements for the management of risk.

The system of internal control will be subject to continuous review to ensure that it continues to meet the needs of the Council and to operate effectively. We have identified a number of areas we wish to develop further, including the further embedding of the following management disciplines: finance, performance and risk. The significant internal control issues currently being addressed or still to be addressed by the Council are noted below. Some of

the issues identified were raised in the Council's Comprehensive Performance Assessment (CPA) and specific actions are already contained in the Best Value Performance Plan & Corporate Improvement Plan (CIP) to address them. Therefore, where applicable, the "Planned Action" column below gives the appropriate references in the CIP, the latest version of which is available on the Council's web site at [www.rossendale.gov.uk](http://www.rossendale.gov.uk) under C of the A to Z section.

No.	Issues	Planned Action
<b>Corporate Improvement Plan</b>		
1	Improve awareness and understanding of the role of effective elected Members with the skills to deliver the Council's agenda and community leadership role	CIP 2, 31
2	Improve levels of employee performance, knowledge of improvement agenda, clear understanding of roles and responsibilities, modernise conditions of service and create a diverse workforce	CIP 3, 7, 12, 33, 40
3	Core skills for Rossendale's capacity building model delivering improved performance and customer focus	CIP 8
4	Establish an ICT platform, which enables the business processes and efficiency	CIP 14
5	To continue to build a financial base upon which the Council can deliver its priorities and to ensure that Council buildings are fit for purpose for both staff and customers. Strengthen the approach to use of resources and probity issues.	CIP 16, 32,

## SECTION 2 : STATEMENT OF ACCOUNTS : Statement of Internal Control

No.	Issues	Planned Action
6	Strategic procurement and probity matters in the Council's management of major projects	CIP 15, 21, 22, 35, 39, 41
7	Community engagement and social inclusion, effective internal communications and improved corporate memory	CIP 23,24
8	CPA Assessment of Fair raising the profile and reputation of the Borough and its ability to influence stakeholders in the delivery of the overall vision for the borough.	CIP 28
<b>Internal Audit Reporting</b>		
9	Officer and Member (those charged with Governance) response to individual internal audit reports and the annual review.	<ol style="list-style-type: none"> <li>1 Internal audit report action plans agreed by Heads of Service and Managers</li> <li>2 Audit committee meetings minutes and approvals</li> <li>3 Executive Director for Resources report and response to annual review to the Audit Committee (July 2005)</li> </ol>
<b>Audit Commission Report – Financial Management (May 2005)</b>		
10	<p>The key finding being in relation to issues of:</p> <ul style="list-style-type: none"> <li>- linkages to performance/risk management and external funding</li> <li>- competencies and systems</li> </ul>	<p>See action plan incorporated into report and the key recommendations (R8,13,14, &amp; 21)</p> <p>(See also actions resulting from The Performance Management Update)</p>
<b>Audit Commission Report – Use of Resources (March 2006)</b>		
11	<p>The key lines of enquiry (KLOE) identify 5 areas for review:</p> <ul style="list-style-type: none"> <li>- Financial reporting</li> <li>- Financial management</li> <li>- Financial standing</li> <li>- Internal control</li> <li>- Value for money</li> </ul>	<p>Use the 2006 KLOE to:</p> <ul style="list-style-type: none"> <li>- strengthen areas scoring 2 to 2 – 3</li> <li>- strengthen areas scoring 1 to 2</li> </ul> <p>in order to consolidate the overall score of 2</p>

**Duncan Ruddick**  
Leader of the Council

**Carolyn Wilkins**  
Chief Executive



## Statement of Accounting Policies

### 1. Introduction

In accordance with the CIPFA Statement of Recommended Practice (SORP), the authority has adopted the following accounting concepts to be followed in the preparation of the Statement of Accounts and the selection and application of accounting policies and estimation techniques and in the exercise of professional judgement.

- **The qualitative characteristics of financial information**
  - relevance
  - reliability
  - comparability
  - understandability
- **Materiality**
- **Pervasive accounting concepts**
  - accruals
  - going concern
  - primacy of legislative requirements

Policies are reviewed regularly to ensure they remain appropriate to the Authority's circumstances with a full disclosure of any changes to accounting policies where necessary.

### 2. Tangible and Intangible Assets

The 1989 Local Government and Housing Act provides that all expenditure incurred by the Council must be charged to a revenue account of the Council unless it falls within certain specified exceptions which may be capitalised. Capital expenditure is defined as:-

- **the acquisition, reclamation, enhancement or laying out of land;**
- **the acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures, including insulation works and disabled adaptations;**
- **the acquisition, installation or replacement of movable or immovable plant, machinery, vehicles, apparatus or vessels;**
- **advances, grants or financial assistance to another person towards expenses incurred or to be incurred by him in respect of items mentioned above;**
- **the acquisition of investments or share or loan capital in a corporate body;**

- **the acquisition or preparation of computer programs to be used for at least one year, referred to as intangible asset.**

All expenditure on the acquisition, creation or enhancement of assets is capitalised on an accruals basis in the accounts. Expenditure on assets is capitalised, provided that the asset yields benefits to the authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged direct to service revenue accounts.

Assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Assets are classified into the groupings required by the 1993 Code of Practice on Local Authority Accounting. They are included in the Consolidated Balance Sheet, on the following basis:-



- **land, operational properties and other operational assets are included at the lower of net current replacement cost and net realisable value.**
- **non-operational assets, including investment properties and assets that are surplus to requirements, are included at the lower of net current replacement cost and net realisable value. In the case of investment properties, this is normally open market value.**

## SECTION 2 : STATEMENT OF ACCOUNTS : Statement of Accounting Policies

- o *infrastructure assets and community assets are included in the balance sheet at historical cost.*
- o *intangible assets are non-financial assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights, such as software. Intangible assets are capitalised at cost and depreciated to the revenue account over their useful economic life.*

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy using the straight-line method.

The surpluses arising on the initial valuation of fixed assets at 1st April 1994 were credited to the Fixed Asset Restatement Reserve. Subsequent revaluations of fixed assets are planned on a five yearly rolling basis, although an impairment review is undertaken at the end of each accounting period and material changes to asset valuations are adjusted in the interim period, as they occur.

### 3. Leases

Where assets are acquired under operating leases the leasing rentals payable are charged to the revenue account. The costs of the assets subject to leasing agreements are not shown in the Consolidated Balance Sheet, but are disclosed in Note 10 to the Consolidated Revenue Account. No new assets have been acquired under finance leases and there are no residual obligations under old finance leases.

### 4. Deferred Charges

Deferred charges should be amortised to revenue over an appropriate period consistent with the consumption of the economic benefits controlled by the local authority.

Because of the types of expenditure to which deferred charges usually apply, eg improvement grants, a local authority will seldom control the economic benefits arising from the expenditure and in such cases 100% of the deferred charge should be amortised to revenue in the year the deferred charge is recognised.

### 5. Basis of Charges for Capital

Capital charges are made to service revenue accounts to reflect the use of assets in delivering services. These amounts cover the sum of depreciation and a notional interest charge. Notional interest charges are based on 3.5% of the net book value of assets in the balance sheet.

Changes in the Code of Practice mean that the Council has modified its policy on charging depreciation. From 1st April 2000 the policy has been extended to cover buildings in addition to plant, furniture and equipment which were previously covered. Charges for depreciation amount to £2.836m (£2.986m in 2004/2005). This accounting change does not, however, impact on the level of Council Tax.

Capital charges to the Housing Revenue Account are calculated in accordance with the statutory regulations.

### 6. Capital Receipts

Capital receipts come from the sale of assets of which 50% and 75% must be set aside for repayment of debt in respect of Housing Revenue Account. The balance of usable capital receipts may be used to finance capital expenditure or to repay more debts.



### 7. Debtors and Creditors

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.





### 8. Stocks and Work in Progress

Stocks are valued at cost price with the exception of stock of the former Direct Labour Organisation which are valued at current replacement cost. Work in progress on uncompleted jobs is valued at cost including an allocation of overheads.

### 9. Cost of Support Services

Charges or apportionments covering all support service costs are made to all their users, including services to the public, divisions of services, trading undertakings, capital accounts and other support services. The cost of service management (except corporate management) is included in the apportioned charges.

These recharges are generally made at a rate to recover staff costs and typical overheads incurred, although in cases where overheads for IT services are particularly high the services are recharged on the basis of a full allocation of the costs incurred. The basis of apportionment is calculated either as time spent by support staff, usage of technology or space occupied in buildings.

With the exception of a small balance indicated as "Support Services", all used portions of these overheads have been allocated on the above basis. In accordance with the Best Value Accounting Code of Practice, unused but unrealisable elements of central support services are charged to Non-Distributed Costs.

### 10. Pensions

The requirements of FRS17 have been fully incorporated into the 2005/06 General Fund and Housing Revenue Accounts, as Note 9 to the Consolidated Revenue Account and Note 20 to the Consolidated Balance Sheet explain.

### 11. Interest

Interest paid on external borrowings is accrued and charged in the accounts of the period to which it relates and interest earned on the external investment of surplus funds is credited

to the General Fund. Internal interest payments flow between the General Fund and Housing Revenue Account (HRA), based on the net cash balance on the HRA. The calculation is based on relevant short-term interest rates and is governed by regulations.

### 12. Investments

Investments are shown in the Consolidated Balance sheet at cost. The largest investment consists of share capital in Rossendale Transport Ltd., a company set up under the Transport Act 1985. Further details are in Note 5 to the Consolidated Balance Sheet.

### 13. Provisions

Proper provisions are required for any liabilities or losses which are likely to be incurred, or certain to be incurred, but uncertain as to the amounts or the dates on which they will arise. Provisions are charged to the appropriate revenue account and related expenditure is charged direct to the provision. Provisions and utilised only for the purpose for which they were established, except where a regular review to determine the appropriateness of the level of the charge and the balance of the provision properly requires a change. The provisions and any change in their use are disclosed in Note 10 to the Consolidated Balance Sheet.

Provision has also been made for doubtful debts and known uncollectable debts have been written off during the year. The balance of the Provision for Bad and Doubtful Debts, used to reduce the overall level of debtors outstanding, is disclosed in Note 7 to the Consolidated Balance Sheet.

### 14. Value Added Tax

VAT is fully recoverable from Customs & Excise except in certain exceptional cases. Consequently all expenditure, whether revenue or capital, is shown in the accounts as net of VAT.



## SECTION 2 : STATEMENT OF ACCOUNTS : Statement of Accounting Policies

### 15. Reserves

The Council maintains certain reserves for the purpose of meeting liabilities other than those covered by provisions.

Earmarked capital and revenue reserves are set aside for specific purposes, whilst revenue balances are not earmarked at the end of accounting periods. For further details of the Council's earmarked and revenue balances see Notes 15, 16 and 17 to the Consolidated Balance Sheet.

Two further reserve accounts have been established in the Consolidated Balance Sheet:-

- o **Fixed Asset Restatement Account** - provides the matching entry when fixed assets are restated, upon either revaluation or disposal (see Note 11 to the Consolidated Balance Sheet).
- o **Capital Financing Account** - provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls system (see Note 12 to the Consolidated Balance Sheet).

Neither the Fixed Asset Restatement nor the Capital Financing Reserve can be called upon to support spending. The accounting procedures

for transactions affecting provisions and reserves are applied to each as recommended by the Accounting Code.

### 16. Grants

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

### 17. Repurchase of Borrowing

The Accounting Code requires gains or losses on the repurchase of borrowing to be recognised in the Consolidated Revenue Account in the year in which they are realised. Where, however, the repurchase is coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect, gains or losses are to be recognised over the life of the replacement borrowing.

### 18. Minimum Revenue Provision

In accordance with the requirements of the Local Government and Housing Act 1989, the authority is required to set aside a minimum revenue provision for repayment of debt. Details of this can be found in Note 18 to the Consolidated Balance Sheet.

### 19. Changes in Accounting Policies

There have been no major changes to the accounting policies operated during 2005/2006



## Statement of Responsibilities

The following responsibilities are placed upon the authority and the Head of Finance in relation to the Council's financial affairs.

### The Authority's Responsibilities

The Authority is required:-

- *to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance.*
- *to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.*
- *approve the statement of accounts.*

### The Head of Finance's Responsibilities

As Head of Finance, I am responsible for the preparation of the authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (referred to as "the code"), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March, 2006.

In preparing this Statement of Accounts, I have:-

- *selected suitable accounting policies and then applied them consistently;*
- *made judgements and estimates that were reasonable and prudent;*
- *complied with the Code;*

I have also:-

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

### Certificate of Head of Finance

I certify that this Statement of Account, as set out on pages 18 to 71, presents fairly the financial position of Rossendale Borough Council at 31st March 2006, and its income and expenditure for the year ended 31st March 2006.

**Philip Seddon**  
Head of Finance



## SECTION 2 : STATEMENT OF ACCOUNTS : Consolidated Revenue Account

## Consolidated Revenue Account

2004/2005 Net Expend		2005/2006 Gross Expend	2005/2006 Income	2005/2006 Net Expend
769,372	Central Services to the Public	1,286,657	(609,811)	676,846
5,718,265	Cultural, Environmental & Planning	7,939,365	(2,116,321)	5,823,044
561,689	Highways, Roads & Transport Services	786,892	(170,085)	616,807
1,375,544	Housing General Fund	19,768,098	(18,644,540)	1,123,558
1,502,939	Corporate & Democratic Core	3,834,554	(482,356)	3,352,198
571,819	Other Central Services	1,150,028	(357,464)	792,564
372,521	Non-Distributed Costs	(593,578)	(5)	(593,583)
10,872,149		34,172,016	(22,380,582)	11,791,434
3,038,520	Housing Revenue Account services transferred to Green Vale Homes	11,515,998	(9,216,219)	2,299,779
13,910,669	<b>Net cost of services</b>	45,688,014	(31,596,801)	14,091,213
39,401	Whitworth Town Council Precept			44,466
160,689	(Surpluses)/Deficits on Trading Undertakings	500,527	(321,908)	178,619
(3,359,939)	Asset Management Revenue Account			(3,075,959)
3,053,500	Contribution of housing capital receipts to Government Pool			3,263,701
(45,426)	Amortised Premiums & Discounts			6,022,284
(171,322)	Interest and investment income			(287,131)
261,000	Pensions interest cost and expected return on pension assets			530,000
13,848,572	<b>Net operating expenditure</b>			20,767,193
370,012	Transfers to/(from) Housing Revenue Account Balances			(73,266)
19,743	Capital Expenditure financed from Revenue			529,489
(3,053,500)	Transfer from Usable Capital Receipts equal to the contribution to Housing Pooled Capital Receipts			(3,263,701)
(52,967)	Transfers to/(from) Earmarked Reserves			(1,002,215)
(1,146,488)	Transfers to/(from) Capital Reserves			(7,676,125)
(250,884)	Transfer to/(from) Major Repairs Reserve			(160,593)
(489,286)	Contribution to/(from) the Pension Reserve			473,450
9,245,202	<b>Amount to be met from govt grants and local tax payers</b>			9,594,232
(4,522,103)	Precept on Collection Fund			(4,803,410)
(3,105,299)	Government Grants Revenue Support Grant			(3,146,231)
(1,792,800)	Distribution from NNDR Pool			(1,903,758)
(175,000)	SURPLUS FOR THE YEAR			(259,167)
211,474	<b>Balance at the beginning of the year</b>			386,474
175,000	SURPLUS FOR THE YEAR			259,167
386,474	<b>Balance at the end of the year</b>			645,641

### Note 1. Trading Operations

The Council undertakes two trading operations, Markets and Industrial Units, whose financial results are shown below. The Ski Slope figures shown in 2004/2005 represent the two months of that financial year before it was transferred to the operation of Rossendale Leisure Trust.

The Industrial Units include the managed unit at Futures Park which opened in May 2004. This is a brown-field site upon which the Council is developing a modern, high-tech business park with the assistance of North West Development Agency, European Regional Development Fund and Single Regeneration Budget funding.

### Note 2. Non-Distributed Costs

The majority of central support services such as finance, internal audit, personnel, IT, legal services, etc are charged to, allocated to or apportioned to services. The Best Value Accounting Code of Practice, however, specifically excludes certain overheads that it defines as non-distributable, the net costs of which are listed below.

The change in the amount relating to 'Former Employees Restructuring Costs, etc' is largely due to a past service gain of £963,000. This relates to changes in the Pension Fund Scheme

which allow members who retire on or after 6th April 2006 to take a higher retirement lump sum in exchange for a lower retirement pension.

### Note 3. Long Term Contracts

In April 2001 the Council commenced a 10-year contract with Securicor Information Systems (now Sungard Vivista Ltd) for the provision of IT support and hardware maintenance. In 2005/2006 the value of this contract was £682,990 (£593,521 in 2004/2005). The estimated value remaining on this contract is £3.73m, although this will depend upon the future IT requirements of the Council and will be subject to an element of inflation each April. The contract expires on the 31st March 2011.

In June 2004 the Council commenced a 3-year contract with Rossendale Leisure Trust for the operation of the leisure facilities. The annual grant paid to the Trust to support this service during 2005/2006 was £432,922 (£359,000 in 2004/2005), and the base annual grant for 2006/2007 is £429,000.

### Note 1. Trading Operations

Net Expenditure 2004/2005		Gross Expenditure 2005/2006	Income 2005/2006	Net Expenditure 2005/2006
11,960	Markets	172,830	149,191	23,639
37,117	Ski Slope	0	0	0
111,612	Industrial Units	327,697	172,717	154,980
<u>160,689</u>		<u>500,527</u>	<u>321,908</u>	<u>178,619</u>

### Note 2. Non-Distributed Costs

	2004/2005 £	2005/2006 £
Former Employees Restructuring costs, etc.	317,216	(783,000)
Unused share of IT facilities	11,593	149,567
Unused share of Unrealisable Assets	43,712	39,850
Total Non-Distributed Costs	<u>372,521</u>	<u>(593,583)</u>





## SECTION 2 : STATEMENT OF ACCOUNTS : Consolidated Revenue Account

### Note 4. Agency Services

All functions formerly undertaken for Lancashire County Council on an agency basis have now been transferred back to them, and there was no expenditure relating to agency services during 2005/2006.

In 2004/2005 the total expenditure prior to handover on 1st June 2004 was £289,918.

### Note 5. Section 137 Expenditure

Section 137 of the Local Government Act 1972, as updated by the Local Authorities (Discretionary Expenditure Limits) Order 1993, enables a Local Authority to spend up to £3.50 per head of relevant population for the benefit of people in its area on activities or projects not specifically authorised by other powers. In 2005/2006 the relevant population, as calculated for the Rate Support Grant, was 65,912 and the allowed expenditure was £230,692.

### Note 6. Publicity

Section 5 of the Local Government Act 1986 requires a Local Authority to keep a separate account of its expenditure on publicity. In order to address issues raised by external review agencies with regard to the effectiveness of the Council's communication with the public additional resources were allocated to communications as part of

the Organisational Review which fully came on stream during 2005/06. In addition a number of the Council's

e-Government initiatives which have gone live in the last year involve expenditure which scores against the definition of publicity in the Act.

The figure for 2004/2005 has been restated to include the cost of the Communications Team.

### Note 7. Officers Emoluments

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 is listed in the table:-

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

The year-on-year fluctuations reflect changes in the Chief Executive Officer during 2005/06 and in the Deputy Chief Executive Officer during 2004/05.

### Note 5. Section 137 Expenditure

	2004/2005 £	2005/2006 £
SRB Interest Free Loans	1,016	806
Grants to Local Charities	46,916	39,688
Grant to Rossendale Groundwork	16,900	16,900
Community Cohesion Pathfinder Project	12,000	12,000
Administration Costs	3,842	3,470
	<u>80,674</u>	<u>72,864</u>

### Note 6. Publicity

	2004/2005 £	2005/2006 £
Employee related advertising	99,814	108,607
Other publicity and promotions including the Communications Team	94,567	229,599
	<u>194,381</u>	<u>338,206</u>

### Note 7. Officers Emoluments

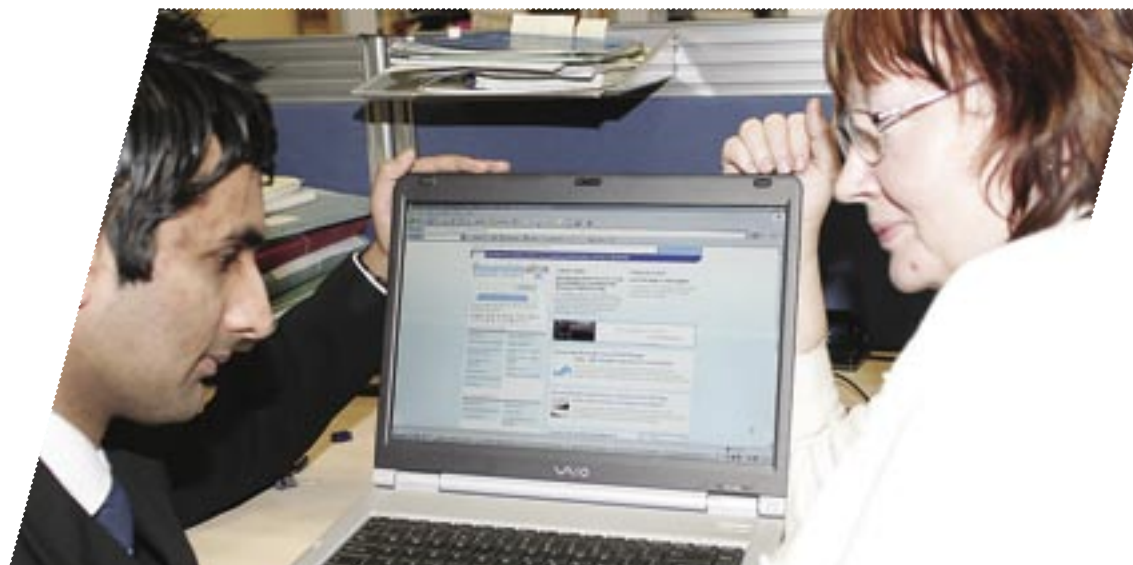
	2004/2005 No of Employees	2005/2006 No of Employees
£50,000 - £59,999	-	3
£60,000 - £69,999	1	1
£70,000 - £79,999	-	0
£80,000 - £89,999	1	1



### Note 8. Members Allowances

On the 26th November 2003 an Independent Remuneration Panel, set up to review Member's Allowances, proposed a revised scheme to operate from the 1st January 2004. The revised scheme increased the Basic and Special Responsibility Allowances in recognition of the effort, time and responsibility of elected Members. The scheme allows Members to forgo their entitlement should they wish and is reviewed annually each October to reflect current minimum wage rates.

The allowances paid to members during 2004/2005 are as follows:-



### Note 8. Members Allowances

	2004/ 2005 £	2005/ 2006 £
Basic Allowance	61,782	67,893
Special Responsibility Allowance	45,930	49,064
Employers National Insurance incurred	1,958	1,959
Mileage Allowance	4,607	5,941
Subsistence/others reimbursements	369	2,461
	<u>114,646</u>	<u>127,318</u>

Schedule of Allowances in the 2005/06 Municipal Year	£
Basic allowance per Councillor	1,901
Leader of the majority or largest Group	7,604
Deputy Leader of the majority or largest Group	5,703
Leader of the minority or second-largest Group	3,802
Executive Members	3,802
Chair of Overview & Scrutiny Committee	3,802
Other Committee Chairs	1,901
Vice Chair of Overview & Scrutiny	970
Other Committee Vice Chairs	485

## SECTION 2 : STATEMENT OF ACCOUNTS : Consolidated Revenue Account

### Note 9. Local Government Pension Scheme

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

The authority participates in the Local Government Pension Scheme administered by Lancashire County

Council – this is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. As stated in the Explanatory Foreword item 7, the scheme underwent a full valuation in March 2004 which resulted in a stepped increase in the contributions which the authority will make from April 2005 and has affected the Council's Pension Scheme Liabilities and Pension Reserve in the Consolidated Balance Sheet as at 31st March 2006.

We recognise 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 we are required to make against council tax is based on the cash payable in the year, so that the real cost of retirement benefits is reversed out of the Consolidated Revenue Account after Net Operating Expenditure. The table shows transactions which have been made in the Consolidated Revenue Account during the year.

The change in the amount relating to 'Former Employees Restructuring Costs, etc' is largely due to a past service gain of £963,000. This relates to changes in the Pension Fund Scheme which allow members who retire on or after 6th April 2006 to take a higher retirement lump sum in exchange for a lower retirement pension.

Note 20 to the Consolidated Balance Sheet contains details of the assumptions made.

### Note 9. Local Government Pension Scheme

	2004/2005 £000	2005/2006 £000
<b>Net Cost of Services:</b>		
Current Service Cost	1,282	1,261
Past Service Costs	92	(963)
Curtailement and settlements	236	180
<b>Net Operating Expenditure:</b>		
Interest Cost	3,147	3,474
Expected return on assets in the Scheme	(2,886)	(2,944)
<b>Amount to be met from Government Grants and Local Taxation:</b>		
Movement on pension reserve	(489)	473
<b>Actual amount charged against council tax for pensions in the year:</b>		
Employers' contributions payable to the Scheme	1,382	1,481

### Note 10. Operating Leases

	2004/2005 £	2005/2006 £
Amounts paid in year	<u>362,073</u>	<u>319,609</u>
Amounts falling due within 1- 2 years	506,155	330,318
Amounts falling due within 2 - 5 years	327,632	25,954
Amounts falling due within 5 - 10 years	<u>105,270</u>	<u>132,715</u>
Undischarged obligations	<u>939,057</u>	<u>488,987</u>

### Note 11. Asset Management Revenue Account

This account is specifically required by the Accounting Code of Practice and its purpose is to ensure that capital charges do not impact on the level of Council Tax and that the Council's accounts are charged only with the true capital financing costs. The account is summarised below:-



### Note 11. Asset Management Revenue Account

	2004/2005	2005/2006
	£	£
<b>Income</b>		
Capital Charges		
- General Fund	973,690	1,040,779
- Housing Revenue	6,604,077	5,999,397
Government Grants Deferred	134,100	208,060
	<u>7,711,867</u>	<u>7,248,236</u>
<b>Expenditure</b>		
Provision for depreciation and impairment	2,985,493	2,836,160
External interest charges	1,366,435	1,336,117
	<u>4,351,928</u>	<u>4,172,277</u>
Net Income to Consolidated Revenue Account	<u><u>3,359,939</u></u>	<u><u>3,075,959</u></u>

### Note 12. Audit Costs

	2004/2005	2005/2006
	£	£
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	81,620	104,334
Fees payable to the Audit Commission in respect of statutory inspection	35,660	10,262
Fees payable to the Audit Commission for the certification of grant claims and returns	40,890	39,396
	<u>158,170</u>	<u>153,992</u>

## SECTION 2 : STATEMENT OF ACCOUNTS : Consolidated Revenue Account

### Note 13. Related Party Transactions

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party, irrespective of whether a charge is made.

Most transactions involving related parties to the council are disclosed elsewhere within the Financial Statement as follows:

#### o Central government

- receipts from Central Government – see Cash Flow Statement.

#### o Other local authorities and precepting bodies

- payments to the Lancashire County Council Superannuation Fund – see note 9 to the Consolidated Revenue Account.
- precepts in relation to the Lancashire Police Authority, Lancashire Fire Authority and Lancashire County Council – see the Collection Fund.
- precept payable to Whitworth Town Council – see Consolidated Revenue Account.

#### o Subsidiary and associated companies

- the dividend paid by Rossendale Transport Ltd in the past has now been replaced by contributions towards specific services provided, such as the bus station superintendent and managerial support provided by the Members. Rossendale Transport in turn have a subsidiary company, Coachways Ltd.

#### o Joint venture and joint venture partners

- Rossendale is included in the East Lancashire Housing Market Restructuring Pathfinder (Elevate) partnership programme between Rossendale and the neighbouring boroughs of Blackburn with Darwen, Burnley, Hyndburn and Pendle. The grants received by Rossendale in 2005/2006 can be seen in note 3 to the Cash Flow Statement.
- Bacup & Stacksteads Community Partnership have approved projects (e.g. Housing Improvement Schemes) for which the Council has received Single Regeneration Budget grant. See note 3 to the Cashflow Statement for details of Capital and Revenue grants received

- In June 2004 the bulk of Rossendale's Leisure Facilities transferred to the management of the newly-formed independent Rossendale Leisure Trust. The total grant to the Trust for the operation of leisure services in 2005/2006 was £261,382.
- Community Leisure Association of Whitworth (CLAW) is a separate charitable organisation operating Whitworth Swimming Pool, for which they received £47,346 towards running costs in 2005/2006.
- Whitworth Leisure and Recreation Trust is a separate charitable organisation set up to run Whitworth Civic Hall. On the 6th December 2003 the Hall was destroyed by a fire and so they received no funds from the Council in 2004/05, or 2005/06. This Council is now in the process of building a new Civic Hall facility, which is scheduled for completion in October 2006.

#### o Members and Chief Officers

The Council's Standing Orders make provision for a register of Members and Officers interests and also require members who believe they have a prejudicial interest in a matter to be discussed at a Council or Committee meeting to declare that interest at the meeting and, in general, to withdraw from the meeting while that particular matter is being discussed.

It is considered that any other transactions involving Members and Chief Officers with related parties are not material.





### Note 14. Building Regulation Charging 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. The function is required to break even over a rolling 3 year period. The surplus of £24,773 was transferred to an earmarked provision to fund future year's trading and service enhancements. The total of this provision at 31st March 2006 is £113,830 and is included within the General Fund Provisions in Note 10 to the Balance Sheet.

This statement shows the total cost and income of operating the building control unit divided between the chargeable and non-chargeable units.



### Note 14. Building Regulation Charging Account

Total Building Control 2004/2005 £		Chargeable 2005/2006 £	Non- Chargeable 2005/2006 £	Total Building Control 2005/2006 £
	<b>Expenditure</b>			
169,735	Employee expenses	127,028	54,274	181,302
8,416	Transport	6,142	2,826	8,968
38,141	Supplies and Services	15,738	3,291	19,029
<u>26,690</u>	Central and support service charges	<u>27,970</u>	<u>19,110</u>	<u>47,080</u>
242,982		176,878	79,501	256,379
	<b>Income</b>			
(179,226)	Building Regulation Charges	(198,338)	(1,872)	(200,210)
<u>(2,562)</u>	Miscellaneous Income	<u>(3,312)</u>	<u>(887)</u>	<u>(4,199)</u>
(181,788)		(201,650)	(2,759)	(204,409)
<u>61,194</u>	<b>(Surplus)/Deficit for the year</b>	<u>(24,772)</u>	<u>76,742</u>	<u>51,970</u>
14,326	Transferred to Earmarked Provision	24,772	-	24,772
<u>75,520</u>	<b>Net included in Consolidated Revenue Account</b>	<u>0</u>	<u>76,742</u>	<u>76,742</u>

## SECTION 2 : STATEMENT OF ACCOUNTS : Housing Revenue Account

## Housing Revenue Account

2004/2005 £		2005/2006 £
	<b>Income</b>	
9,342,082	Dwelling rents (gross)	9,298,668
137,034	Non-dwelling Rents (gross)	132,322
367,191	Charges for Services & Facilities	401,096
134,000	Contribution from General Fund	125,000
9,980,307		9,957,086
	<b>Expenditure</b>	
2,861,178	Repairs & Maintenance	2,866,270
2,232,079	Supervision & Management	2,373,366
223,089	Rents, Rates, Taxes and Other Charges	162,683
57,000	Rent Rebates	28,500
45,000	Increase in provision for Bad or Doubtful Debts	51,282
961,904	Housing Revenue Account Subsidy payable (incl MRA)	740,867
4,053,523	Cost of Capital Charge	3,642,192
2,550,554	Depreciation of Fixed Assets	2,357,205
34,500	Debt Management Costs	34,500
13,018,827		12,256,865
<b>3,038,520</b>	<b>Net cost of services transferred to Green Vale Homes</b>	<b>2,299,779</b>
(2,956,330)	Transfers to/(from) the Asset Management Revenue Account	(2,558,675)
(30,983)	Amortised Premiums & Discounts	4,168,869
(55,528)	HRA Investment Interest Receivable	(64,996)
<b>(4,321)</b>	<b>Net operating expenditure</b>	<b>3,844,977</b>
-	Capital expenditure financed from Revenue	529,489
-	Transfer from Capital Financing Account	(4,069,153)
(250,884)	Transfers to/(from) Major Repairs Reserve	(160,593)
(114,807)	HRA share of Contribution to/(from) the Pension Reserve	(71,454)
<b>(370,012)</b>	<b>(Surplus)/deficit for the year</b>	<b>73,266</b>
801,859	Balance Brought Forward	1,171,871
370,012	Surplus/(Deficit) for the Year	(73,266)
<b>1,171,871</b>	<b>Balance at end of the year</b>	<b>1,098,605</b>

## SECTION 2 : STATEMENT OF ACCOUNTS : Housing Revenue Account

In November 2005 the results of the Housing tenants vote were announced, showing a significant majority in favour of Housing Stock Transfer from the Council to a new Registered Social Landlord (RSL). Green Vale Homes was therefore formed to be the new RSL. With financial support from the then Office of the Deputy Prime Minister (ODPM), the Council's housing stock and other assets and liabilities were transferred to Green Vale Homes on 27<sup>th</sup> March 2006. This explains why a number of the following notes show £nil balances as at 31<sup>st</sup> March 2006.

The most significant balance remaining within the Housing Revenue Account is the funds balance itself. The rules surrounding Housing Stock Transfer require the Housing Revenue Account to remain open for a further 12 months following the year of transfer. This means that any balance remaining after this period is available for transfer into General Fund Reserves (in the case of Rossendale this will be 1<sup>st</sup> April 2007). As at 31<sup>st</sup> March 2006 the Housing Revenue Account balance was £1,098,605 and is not expected to change significantly over the forthcoming 12 months (see note 11).

### Note 1. Fixed Assets

	Council Dwellings £000	Non-Operational		Total Assets £000
		Land £000	Buildings £000	
Book Value at 1 <sup>st</sup> April 2005	107,031	366	272	107,669
Revaluation & Restatement of Fixed Assets at 1 <sup>st</sup> April 2005	(3,607)	-	-	(3,607)
Additions	3,317	-	-	3,317
Less:- Capital Receipts from Disposals	(101,067)	(366)	(272)	(101,705)
Depreciation charged to Revenue Account	(2,357)	-	-	(2,357)
Expenditure written off	(3,317)	-	-	(3,317)
Net Book Value at 31 <sup>st</sup> March 2006	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

### Note 2. Housing Stock

	31 <sup>st</sup> March 2005	31 <sup>st</sup> March 2006
1 bedroom Houses, Flats & Bungalows	1,683	0
2 bedroom Houses, Flats & Bungalows	1,515	0
3 bedroom Houses, Flats & Bungalows	721	0
4 bedroom Houses, Flats & Bungalows	39	0
	<u>3,958</u>	<u>0</u>



### Note 3. Vacant Possession

The total vacant possession value as at 1<sup>st</sup> April 2005 was £ 215.5m (£195.6m at 1<sup>st</sup> April 2004). The difference between the vacant possession value and the balance sheet value of dwellings shows the economic cost to Government of providing council housing at less than open market value.

## SECTION 2 : STATEMENT OF ACCOUNTS : Housing Revenue Account

### Note 4. Asset Management Revenue Account

The Council is required by statute (Capital asset charges under item 8) to charge the cost of capital (3.5% of the rate of HRA operational assets) into the Housing Revenue Account. The charge represents the notional cost to the Council of retaining the Housing Stock, as opposed to using the asset value to attract a return from other investments. It is purely an accounting adjustment to show the costs of using Council funds to maintain a Housing Revenue Account. The notional charge is reversed out through the Asset Management Revenue Account (below the cost of service line) so that no charge is then made to tenants. In other words the adjustment has a zero effect in expenditure terms on the Housing Revenue Account.

### Note 4. Asset Management Revenue Account

	2004/2005 £	2005/2006 £
INCOME Capital Charges	(4,053,523)	(3,642,192)
EXPENDITURE External Interest Payable	1,097,193	1,083,517
Net Income to the Housing Revenue Account	<u>2,956,330</u>	<u>(2,558,675)</u>

### Note 5. Major Repairs Reserve

	2004/2005 £	2005/2006 £
Balance at 1 <sup>st</sup> April 2005	0	266,809
ADD Depreciation Charged to the Housing Revenue Account	2,550,554	2,357,205
ADD Transfers (to)/from the Housing Revenue Account during the year	(250,884)	(160,593)
LESS Capital Expenditure charged to the Major Repairs Reserve	(2,032,861)	(2,463,421)
Balance at 31 <sup>st</sup> March 2006	<u>266,809</u>	<u>0</u>

### Note 6. Rent Arrears

During the year 2005/2006 rent arrears as a proportion of gross rent have fallen from 5.11% of the amount due to 4.18% immediately prior to the transfer on 27<sup>th</sup> March 2006.

	31 <sup>st</sup> March 2005 £	31 <sup>st</sup> March 2006 £
Arrears at 31 <sup>st</sup> March - Current Tenants	160,399	0
- Former Tenants	104,400	0
	<u>264,799</u>	<u>0</u>



**Note 7. Provision for Bad Debts**

	2004/2005 £	2005/2006 £
Balance at 1 <sup>st</sup> April	292,877	216,621
Provisions made/debts repaid in year	45,000	53,136
Debts written off		
- Housing Rents	(120,117)	(31,359)
- Sundry Debtors	(1,139)	(43,630)
Debts transferred to Greenvale Homes	-	(186,979)
Debts transferred to General Fund	-	(7,789)
Balance at 31 <sup>st</sup> March	<u>216,621</u>	<u>0</u>

**Note 8. Government Grants Received**

	2004/2005 £	2005/2006 £
Defective Houses	1,746	1,746
Management & Maintenance Allowance	4,523,885	4,852,172
Major Repairs Allowance	2,299,670	2,196,623
Charges for Capital	1,462,475	1,400,821
	<u>8,287,776</u>	<u>8,451,362</u>
Less: Rent	(9,237,482)	(9,185,007)
Interest on Receipts	(12,198)	(7,222)
Housing Revenue Account Subsidy receivable/(payable)	<u>(961,904)</u>	<u>(740,867)</u>

**Note 9. Capital Expenditure on Land, Houses and Other Property Within HRA**

	2004/2005 £000	2005/2006 £000
Total Capital Programme expenditure		
Fixed Assets – Council Houses	<u>2,810</u>	<u>3,317</u>
This is financed as follows:-		
Major Repair Reserve	2,118	2,463
Supported Borrowing	692	599
Revenue Contribution	-	255
	<u>2,810</u>	<u>3,317</u>



## SECTION 2 : STATEMENT OF ACCOUNTS : Housing Revenue Account

## Note 10. Capital Receipts

	2004/2005 £000	2005/2006 £000
Sale of Council Houses	4,220	4,437
Disposal of Land	89	-
Right to Buy Mortgage Repayments	66	35
ODPM repayment of debt relating to stock transfer to Greenvale Homes	-	28,832
	<u>4,375</u>	<u>33,304</u>

## Note 11. Revenue Balances

	2004/2005 £000	2005/2006 £000
Fund Balance	747	1,099
Earmarked Reserve		
– Stock Transfer	150	-
– Accommodation	275	-
	<u>1,172</u>	<u>1,099</u>



## Collection Fund

2004/2005 £		NOTE	2005/2006 £
<b>Income</b>			
22,903,609	Council Tax	1	23,858,372
4,302,728	Council Tax Benefit		4,403,574
9,607,700	Non-Domestic Rates	4	9,655,103
<b>36,814,037</b>	<b>Total income</b>		<b>37,917,049</b>
<b>Expenditure</b>			
Precepts & Demands			
19,163,451	Lancashire County Council		19,872,393
4,522,103	Rossendale Borough Council		4,803,410
2,081,489	Lancashire Police Authority		2,252,639
1,026,118	Lancashire Fire Authority		1,089,496
Non-Domestic Rates			
9,297,961	Payment to National Pool		9,498,843
105,902	Cost of Collection Allowance		102,389
311,333	Provision for Bad Debts		261,035
<b>36,508,357</b>	<b>Total expenditure</b>		<b>37,880,205</b>
305,680	Surplus for year		36,844
29,731	Balance at beginning of year		335,411
<b>335,411</b>	<b>Balance at end of year</b>		<b>372,255</b>



## SECTION 2 : STATEMENT OF ACCOUNTS : Collection Fund

### Note 1. Council Tax Base

Council tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1<sup>st</sup> April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting authorities and the Council for the forthcoming year and dividing this by the council tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts: 20,912 for 2005/2006). This basic amount of council tax for a Band D property (£1,337.68 for 2005/2006 – see note 5 for details) is multiplied by the proportion specified for the particular band to give an individual amount due.

The council tax base has been calculated as follows:-

Band	Ratio to Band D	Total No of properties	Total equivalent number after Discounts & Exemptions	2005/2006 Band D equivalent	2004/2005 Band D equivalent	
Special	5/9	47	44.25	24.60	23.60	
A	6/9	15,707	13,139.25	8,759.50	8,788.30	
B	7/9	4,437	3,998.00	3,109.60	3,046.20	
C	8/9	3,624	3,317.00	2,948.40	2,910.70	
D	1	3,095	2,887.00	2,887.00	2,832.30	
E	11/9	1,707	1,617.00	1,976.30	1,919.80	
F	13/9	605	577.75	834.50	794.10	
G	15/9	410	380.75	634.60	617.90	
H	2	37	27.75	55.50	51.50	
			29,669	25,988.75	21,230.00	20,984.40
Less adjustment for anticipated changes to the base and losses on collection.				318.00	314.40	
Band D equivalent number of properties				20,912.00	20,670.00	





**Note 2. Provision for Bad Debts**

Total 2004/2005 £		Council Tax 2005/2006 £	Business Rates 2005/2006 £	Total 2005/2006 £
1,311,180	Balance 1 <sup>st</sup> April	1,253,050	81,041	1,334,091
311,333	Provision made in year	207,164	53,871	261,035
(288,422)	Debts Written Off	(135,079)	(74,858)	(209,937)
<u>1,334,091</u>	Balance 31 <sup>st</sup> March	<u>1,325,135</u>	<u>60,054</u>	<u>1,385,189</u>

**Note 3. Arrears**

	2004/2005 £	2005/2006 £
Council Tax	2,622,734	2,635,777
Business Rates	309,735	248,628
Balance 31 <sup>st</sup> march	<u>2,932,469</u>	<u>2,884,405</u>

**Note 4. National Non-Domestic Rates**

NNDR is organised on a national basis. The Government specifies an amount (45.6p in 2004/2005 and 42.2p 2005/2006) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its areas but it pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of population.

The NNDR income after relief's and provisions was £9,655,103 for 2005/206 (£9,607,700 for 2004/2005).

The rateable value for the Council's area at the end of the financial year 2005/2006 was £29,129,776 (2004/2005 was £28,541,117).



## SECTION 2 : STATEMENT OF ACCOUNTS : Collection Fund

## Note 5. Precepting Bodies 2005/2006

Precepting Bodies	2004/05			2005/06						
	Band D £	Increase	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
<b>Rossendale Borough Council</b>	216.87	4.93%	151.71	177.00	202.28	227.57	278.14	328.71	379.28	455.14
Lancashire County Council	927.11	2.50%	633.53	739.11	844.70	950.29	1,161.47	1,372.64	1,583.82	1,900.58
Lancashire Police Authority	100.70	6.97%	71.81	83.78	95.75	107.72	131.66	155.60	179.53	215.44
Lancashire Fire Authority	49.64	4.96%	34.73	40.52	46.31	52.10	63.68	75.26	86.83	104.20
<b>Total (excl Whitworth)</b>	<b>1294.32</b>	<b>3.35%</b>	<b>891.78</b>	<b>1,040.41</b>	<b>1,189.04</b>	<b>1,337.68</b>	<b>1,634.95</b>	<b>1,932.21</b>	<b>2,229.46</b>	<b>2,675.36</b>
Whitworth Parish Council	17.19	12.57%	12.90	15.05	17.20	19.35	23.65	27.95	32.25	38.70
<b>Total Whitworth Parish</b>	<b>1311.51</b>	<b>3.47%</b>	<b>904.68</b>	<b>1,055.46</b>	<b>1,206.24</b>	<b>1,357.03</b>	<b>1,658.60</b>	<b>1,960.16</b>	<b>2,261.71</b>	<b>2,714.06</b>



## Consolidated Balance Sheet

	2004/2005 £				2005/2006 £
32,922		Intangible Assets	Note 1	261,850	
		Tangible Assets			
107,031,326		Operational Assets	- Council Dwellings	Note 1	0
14,565,980			- Other Land & Buildings	Note 1	12,942,508
717,885			- Vehicles & Plant	Note 1	761,864
12,945			- Community Assets	Note 1	12,945
1,366,620		Non Operational Assets	- Other Land & Buildings	Note 1	2,280,764
	123,727,678				16,259,931
0		Deferred Charges	Note 3	0	
647,069		Long-term Investments	Note 5	647,069	
205,049		Long-term Debtors	Note 4	99,496	
	852,118				746,565
	124,579,796	<b>Total long-term Assets</b>			17,006,496
110,250		Current Assets	Stocks & work in progress	Note 6	63,471
4,633,844			Debtors	Note 7	4,708,101
2,736,000			Investments		100,000
7,380			Cash at Bank		2,746,938
	7,487,474				7,618,509
	132,067,270				24,625,005
0		Current Liabilities	Short-term borrowing	Note 9	0
(5,435,082)			Creditors	Note 8	(6,168,131)
(316,043)			Bank Overdraft		0
	(5,751,125)				(6,168,131)
	126,316,145	<b>Total Assets less Current Liabilities</b>			18,456,874
(22,856,181)		Long-term Borrowing	Note 9	0	
(99,441)		Deferred Capital Receipts		(64,487)	
(291,936)		Grants Unapplied		(295,161)	
(695,072)		Provisions	Note 10	(984,720)	
(19,551,000)		Liability related to defined benefit Pension Scheme	Note 20	(18,328,000)	
	(43,493,630)				(19,672,367)
	82,822,515	<b>Total assets less liabilities</b>			(1,215,493)
65,398,586		Fixed Asset Restatement Account	Note 11	1,224,975	
26,122,291		Capital Financing Account	Note 12	7,400,700	
4,699,163		Government Grants Deferred	Note 13	4,769,083	
1,504,110		Usable Capital Receipts Reserve	Note 14	114,662	
(19,551,000)		Pension Reserve	Note 20	(18,328,000)	
2,488,800		Earmarked Reserves	Note 15	1,486,585	
266,809		HRA Major Repairs Reserve	Note 16	0	
1,893,756		Fund Balances and Reserves	Note 17	2,116,501	
	82,822,515	<b>Net equity</b>			(1,215,493)

## SECTION 2 : STATEMENT OF ACCOUNTS : Consolidated Balance Sheet

## Note 1. Tangible and Intangible Assets

Movement of Assets in 2005/2006 were as follows:-

Total Assets 2004/2005 £000		Intangible Assets £000	Council Dwelling £000	Operational Land & Buildings £000	Vehicles/ Plant & Equipment £000	Community Assets £000	Non-Operational Land & Building £000	Total Tangible Assets £000	Total Assets £000
105,307	Gross Book Value at 1 <sup>st</sup> April	44	113,476	15,178	1,124	13	1,367	131,158	131,202
(4,488)	Less Accumulated Depreciation	(11)	(6,445)	(612)	(406)	-	-	(7,463)	(7,474)
100,819	Net book value at 1 <sup>st</sup> April	33	107,031	14,566	718	13	1,367	123,695	123,728
30,533	Revaluation & Restatement of Fixed Assets	-	(3,607)	122	-	-	-	(3,485)	(3,485)
	Reclassification of Assets	-	-	(1,378)	-	-	1,378		
4,414	Additions	240	3,317	296	216	-	325	4,154	4,394
	Less:-								
	Impairments	-	-	-	-	-	-	-	-
(6,025)	Disposals	-	(101,067)	(354)	(14)	-	(768)	(102,203)	(102,203)
(3,027)	Expenditure transferred to F.A.R.A.	-	(3,317)	-	-	-	(21)	(3,338)	(3,338)
(2,986)	Depreciation	(11)	(2,357)	(310)	(158)	-	-	(2,825)	(2,836)
123,728	Net Book Value at 31 <sup>st</sup> March	262	-	12,942	762	13	2281	15,998	16,260

The main items of capital expenditure on assets during the year were:-

	2004/2005 £000	2005/2006 £000
Council Dwellings	2,811	3,317
Waste Collection and Recycling	246	217
Futures Park, Bacup	1,031	192
Extension to Museum	186	-
Civic Hall, Whitworth	-	304
New Finance System	-	190
Others	140	174
	<b>4,414</b>	<b>4,394</b>

The authority operates a five-year rolling programme of revaluation on its General Fund properties. The valuations are carried out by Athertons, 53 King Street, Whalley, Lancashire, BB7 9SP.

The valuation of all Housing Revenue Account assets took place at the beginning of the year in compliance with the requirements of the new resource accounting regime which started 1st April 2001. Valuations have been carried out by the District Valuer, Valuation Office Agency, Land Services and Taxation (North West), Preston.

Depreciation, using the straight line method, has been charged according to the estimated life of the asset involved



**Note 1. Tangible and Intangible Assets (Continued)**

The Council's outstanding capital commitments at the end of the year were as follows:-

	31 <sup>st</sup> March 2005 £000	31 <sup>st</sup> March 2006 £000
Development of Futures Park, Bacup	87	-
Civic Hall, Whitworth	-	979
Disabled Access improvements	-	165
Miscellaneous	18	-
Improvements to Council Dwellings	242	-
	<u>347</u>	<u>1,144</u>

An analysis of Fixed Assets at 31<sup>st</sup> March 2006

	31 <sup>st</sup> March 2005	31 <sup>st</sup> March 2006
<b>Council Dwellings</b>		
1 Bedroom Houses, Flats and Bungalows	1,683	-
2 Bedroom Houses, Flats and Bungalows	1,515	-
3 Bedroom Houses, Flats and Bungalows	721	-
4 Bedroom Houses, Flats and Bungalows	39	-
	<u>3,958</u>	<u>-</u>
<b>Buildings</b>		
Administrative Buildings	9	9
Leisure Centres	2	2
Public Halls	1	-
A B & D Centre	1	1
Swimming Pools	3	3
Museums	1	1
Cemeteries	4	4
Industrial Units	37	37
Markets	3	3
Ski Slope	1	1
	<u>62</u>	<u>61</u>



## SECTION 2 : STATEMENT OF ACCOUNTS : Consolidated Balance Sheet

## Note 2. Capital Financing

	31st March 2005 £000	31st March 2006 £000
<b>External Sources of Finance</b>		
Long Term Borrowing	910	599
Capital Receipts	1,219	1,947
Capital Grants from Government	4,882	4,394
Other Grants and Contributions	40	-
	<u>7,051</u>	<u>6,940</u>
<b>Internal Sources of Finance</b>		
Use of Revenue Resources	20	529
	<u>7,071</u>	<u>7,469</u>
<b>Capital Outlay</b>		
Fixed Assets	4,414	4,394
Deferred Charges	2,657	3,075
	<u>7,071</u>	<u>7,469</u>

## Note 3. Deferred Charges

	2004/2005 £000	2005/2006 £000
Balance at 1st April	202	-
Expenditure in year		
- Capital Expenditure – Improvement Grants and Elevate	1,636	1,361
- Other Capital Expenditure	1,021	1,714
Amounts written off to Consolidated Revenue Account	(2,859)	(3,075)
Balance at 31st March	<u>-</u>	<u>-</u>

## Note 4. Long Term Capital Debtors

	Balance at 1st April 2005 £	Advances During Year £	Repayments During Year £	Balance at 31st March 2006 £
Mortgages	2,898	-	146	2,752
Council House Sales	99,440	-	34,954	64,486
Car Purchase Loans	102,711	21,417	91,870	32,258
	<u>205,049</u>	<u>21,417</u>	<u>126,970</u>	<u>99,496</u>

## Note 5. Investments

The long term investments consist of:-

	31st March 2005 £	31st March 2006 £
Rossendale Transport Ltd	645,000	645,000
Marketable Securities	2,069	2,069
	<u>647,069</u>	<u>647,069</u>

The investment in the Rossendale Transport Ltd consists of £645,000 share capital. The company was established during 1986/87 in accordance with the provisions of the Transport Act 1985 to operate the municipal bus services previously operated by Rossendale Borough Council. The company commenced operations in October 1986 and is wholly owned by the Council. Rossendale Borough Council does not underwrite accumulated deficits or losses of Rossendale Transport Ltd.

**Note 5. Investments (continued)**

Rossendale Transport Ltd's financial position at 31st March 2006, including a re-stated position for the closing balance at 31st March 2005 relating to the inclusion of FRS17 Pensions data, was as follows:-

	31st March 2005 £	31st March 2006 £
Profit on ordinary activities before Taxation	107,868	94,779
Dividend	(60,000)	-
Tax on profit on ordinary activities	<u>(36,433)</u>	<u>(8,000)</u>
Retained (loss)/profit for the financial year	11,435	86,779
<b>Net Assets of Company</b>	<b><u>735,766</u></b>	<b><u>1,072,545</u></b>

The dividend paid by Rossendale Transport Ltd in the past has now been replaced by contributions towards specific services provided, such as the bus station superintendent and managerial support provided by Councillors as Members of the Board. Rossendale Transport in turn have a subsidiary company, Coachways Ltd.

There are no loans outstanding.

Further information about the accounts is available from The Company Secretary, Rossendale Transport Ltd., 35 Bacup Road, Rawtenstall.

**Note 6. Stocks**

	31st March 2005 £	31st March 2006 £
Building Maintenance	83,057	-
Street Scene Stocks	11,566	56,358
Printing	7,113	7,113
Community & Partnerships - Tourism	8,514	-
	<u>110,250</u>	<u>63,471</u>

**Note 7. Debtors**

	31st March 2005 £	31st March 2006 £
Government Departments	1,613,437	1,208,601
Other Public Bodies	213,974	96,145
Housing Rents	264,799	-
Business Rates	309,735	248,627
Council Tax	2,622,734	2,635,777
Advance Payments	278,519	139,942
Sundry Debtors	<u>1,500,657</u>	<u>2,386,214</u>
	6,803,855	6,715,306
Less: Provision for Bad and Doubtful Debts	<u>(2,170,011)</u>	<u>(2,007,205)</u>
	<u>4,633,844</u>	<u>4,708,101</u>

**Note 8. Creditors**

	31st March 2005 £	31st March 2006 £
Government Departments	1,897,932	2,368,375
Other Public Bodies	310,910	344,687
Housing Rents	60,924	-
Advance Receipts	783,471	965,440
Sundry Creditors	<u>2,381,845</u>	<u>2,489,629</u>
	<u>5,435,082</u>	<u>6,168,131</u>

## SECTION 2 : STATEMENT OF ACCOUNTS : Consolidated Balance Sheet

## Note 9. Loans Outstanding

The 'Authorised Limit for External Debt' for the Council in 2004/2005 was set at £27.42m.

## An Analysis of Loans by Source:-

	Range of Interest Rates Payable		Total Outstanding at	
	%	%	31st March 2005 £000	31st March 2006 £000
Public Works Loan Board	2.50	9.00	12,856	-
Money Market	4.05	11.75	10,000	-
Temporary Loans	4.00	4.12	-	-
			<u>22,856</u>	<u>-</u>

## An Analysis of Loans by Maturity:-

	Total Outstanding 31 March 2005 £000	PWLB 31 March 2006 £000	Money Market 31 March 2006 £000	Total Outstanding 31 March 2006 £000
Maturing within one year	3,010	-	-	-
Maturing in 1-2 years	9	-	-	-
Maturing in 2-5 years	1,025	-	-	-
Maturing in 5-10 years	530	-	-	-
Maturing in more than 10 years	18,282	-	-	-
Long Term Borrowing	19,846	-	-	-
Total Outstanding	<u>22,856</u>	<u>-</u>	<u>-</u>	<u>-</u>

The transfer of the Council housing stock on 27th March 2006 resulted in the repayment of all the Council's long term borrowing. Prior to the transfer of the stock the Council took the opportunity to replace its long term loans from commercial institutions with loans from the Public Works Loan Board to ensure that full repayment would be made by the Government when transfer occurred.



**Note 10. Provisions**

	Balance at 1st April 2005 £	Advanced £	Utilised £	Balance at 31st March 2006 £
Cemetery Perpetual Maintenance	24,797	-	-	24,797
Cycleways & Environmental Schemes	3,985	-	-	3,985
District Plan	105,270	-	-	105,270
Building Control	89,057	24,773	-	113,830
Other Provisions				
- General Fund	455,898	516,393	235,453	736,838
- Housing Revenue	16,065	1,943	18,008	-
	<u>695,072</u>	<u>543,109</u>	<u>253,461</u>	<u>984,720</u>

Provisions relate to service areas where there are known liabilities but uncertainty about the exact amount or the dates on which they will arise.

**Note 11. Fixed Asset Restatement Account**

	2004/2005 £	2005/2006 £
Balance at 1st April	43,918,694	65,398,586
Surplus/(Deficit) on revaluation of assets in the year	30,532,584	(3,484,883)
<b>Less:-</b>		
Value of fixed assets disposed in year	(6,026,311)	(102,203,246)
Expenditure written off	(3,026,381)	(3,337,945)
	<u>65,398,586</u>	<u>(43,627,488)</u>
Adjustment following disposal of Council Housing stock	-	44,852,463
Balance at 31st March	<u>65,398,586</u>	<u>1,224,975</u>

The Fixed Asset Restatement Account is written down by the net book value of assets as they are disposed of. In addition, any increase or decrease in the valuation of an asset which is currently held is also charged to this account.



## Note 12. Capital Financing Account

	2004/2005 £	2005/2006 £
Balance at 1st April	26,683,331	26,122,291
Capital Receipts set aside	4,831	-
Repayment of Debt	-	24,256,299
Capital Financing	3,266,540	7,331,415
Writing Back of Commutation Adjustment Reserve	-	770,266
Minimum Revenue Provision (less depreciation and impairment provision)	(2,705,138)	(2,413,073)
	<u>27,249,564</u>	<u>56,067,198</u>
<b>Less</b> Deferred charges written down	(1,127,273)	(3,814,035)
Adjustment following disposal of housing stock	-	(44,852,463)
Balance at 31st March	<u><u>26,122,291</u></u>	<u><u>7,400,700</u></u>

This account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and for capital expenditure that is to be financed from capital receipts and revenue. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue as the minimum revenue provision.

## Note 13. Government Grants Deferred

	2004/2005 £	2005/2006 £
Balance at 1st April	3,641,115	4,699,163
Capital Grants Received	<u>2,889,803</u>	<u>1,931,423</u>
	6,530,918	6,630,586
Less Grants Written Off	<u>(1,831,755)</u>	<u>(1,861,503)</u>
Balance at 31st March	<u><u>4,699,163</u></u>	<u><u>4,769,083</u></u>

This account receives Government Grant credits relating to fixed assets and these amounts are then written off over the useful life of the asset.

## Note 14. Usable Capital Receipts Reserve

	2004/2005 £	2005/2006 £
Balance at 1st April	773,094	1,504,110
Capital Receipts in year from sale of assets etc.	<u>5,008,114</u>	<u>35,044,581</u>
	5,781,208	36,548,691
<b>Less:</b> Receipts set aside as provision for Credit Liabilities	(4,831)	-
Capital Receipts used to finance Capital Expenditure	(1,218,767)	(1,946,974)
Capital Receipts used to finance Revenue Expenditure	-	(2,391,530)
Capital Receipts used to repay loans outstanding on LSVT	-	(28,831,824)
Payments to the Capital Receipts Pool	(3,053,500)	(3,263,701)
Balance at 31st March	<u><u>1,504,110</u></u>	<u><u>114,662</u></u>

These are capital receipts which have not yet been used to finance capital expenditure or repay debt.



**Note 15. Earmarked Reserves**

	Balance 1 April 2005 £	Income £	Expenditure £	Balance 31 March 2006 £
Building Maintenance Vehicles*	125,942	-	125,942	-
Major Capital Projects	258,532	-	258,532	-
CCTV	16,642	-	-	16,642
Transport Realisation Reserve	645,000	-	-	645,000
Commutation Adjustment Reserve. †	770,267	-	770,267	-
Change Management Reserve	323,483	955,341	553,882	724,943
Strategic Risk Management Reserve*	348,934	-	348,934	-
Legal Liability Reserve	-	100,000	-	100,000
	<u>2,488,800</u>	<u>1,055,341</u>	<u>2,057,557</u>	<u>1,486,585</u>

\*Identifies reserves reclassified into the Change Management Reserve during 2005/2006

† Identifies reserve written back to Capital Financing Account on transfer of Council housing stock

**Note 16. HRA Major Repairs Reserve**

	Balance 1 April 2005 £	Income £	Expenditure £	Balance 31 March 2006 £
HRA Major Repairs Reserve	266,809	2,196,612	2,463,421	-
	<u>266,809</u>	<u>2,196,612</u>	<u>2,463,421</u>	<u>-</u>

**Note 17. Revenue balances**

	Balance at 1 April 2005 £	Surplus £	Deficit £	Balance 31 March 2006 £
General Fund	386,474	259,167	-	645,641
Housing Revenue Account	1,171,871	-	73,266	1,098,605
Collection Fund	335,411	36,844	-	372,255
	<u>1,893,756</u>	<u>296,011</u>	<u>73,266</u>	<u>2,116,501</u>

**Note 18. Contingent Assets & Liabilities**

A VAT sharing agreement was entered into with Green Vale Housing Association as part of the transfer of housing stock on 27th March 2006. The Council will accrue VAT savings as set out in the Transfer Agreement. The amount and timing of these monies is uncertain and it is dependant on the level of repairs undertaken and performance of Green Vale Housing Association. The VAT sharing agreement is also time limited.

The Council is currently in the process of implementing the single status agreement for employees. The purpose of the agreement is to ensure all employees have equal pay and conditions. Whilst in theory the exercise should be cost neutral, other authorities that have completed the process have experienced an increase in their overall pay bill. At this stage in the process it is not possible to estimate the potential liability.

## SECTION 2 : STATEMENT OF ACCOUNTS : Consolidated Balance Sheet

### Note 19. The European Single Currency ('The Euro')

The operation of a single currency in many European countries from 1st January 1999 has not resulted in any expenditure being incurred.

### Note 20. Pension disclosure

Note 9 to the Consolidated Revenue Account contains details of the Authority's participation in the Local Government Pensions Scheme administered by Lancashire County Council. The underlying assets and liabilities for retirement benefits attributable to Rossendale Borough Council at 31st March are as follows:-

	31st March 2005 £000	31st March 2006 £000
Estimated assets in the scheme	45,138	55,017
Estimated liabilities in the scheme	(64,689)	(73,345)
Net liability	<u>(19,551)</u>	<u>(18,328)</u>

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total liability of £18.32m impact on the net worth of the authority is recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. As stated in the Explanatory Foreword note 7, the revenue contributions made by the Council have accordingly risen from 14.5% to 16.3% in April 2006 and are set to rise to 18.1% by April 2007.

The liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Borough Council Fund liabilities have been assessed by Mercer Human Resource Consulting, an independent firm of actuaries, and their estimates have been based on the latest full valuation of the scheme as at 31st March 2004 which was published in March 2005. The main assumptions used in their calculations at the beginning and end of the year are:

	Beginning of Year %	End of Year %
Rate of inflation	2.9	2.9
Rate of increase in salaries	4.65	4.65
Rate of increase in pensions	2.9	2.9
Rate of discounting scheme liabilities	5.4	4.9

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion with their expected rates of return at the beginning and end of the year:

	Split of Assets %	Rate of Return	
		Beginning of Year %	End of Year %
Equity investments	64.5	7.5	7.0
Bonds	7.3	4.7	4.3
Other Bonds	15.7	5.4	4.9
Property	6.0	6.5	6.0
Cash/Liquidity	3.8	4.75	4.5
Other assets	2.7	7.5	7.0



## SECTION 2 : STATEMENT OF ACCOUNTS : Statement of Total Movement in Reserves

## Statement of Total Movement in Reserves

2004/2005			2005/2006	
£000's	£000's		£000's	£000's
		Surplus/(deficit) for the year		
175		General Fund	259	
370		Housing Revenue Account	(73)	
306		Collection Fund	37	
199		Add back movements on specific revenue reserves	(1,270)	
(489)		Deduct appropriation from pension reserve	473	
<u>(10,586)</u>		Actual gains and losses relating to pensions	<u>750</u>	
	(10,025)	<b>Total increase/(decrease) in revenue resources</b>		<b>176</b>
				<b>Note 1</b>
5,008		Capital receipts in year from sale of assets	35,045	
(1,224)		Capital Receipts set aside for payment of debt	(33,170)	
<u>(3,053)</u>		Payments to the Capital Receipts Pool	<u>(3,264)</u>	
	731	<b>Total increase/(decrease) in realised capital resources</b>		<b>(1,389)</b>
				<b>Note 2</b>
<u>27,506</u>		Gains and losses on revaluation of fixed assets	(6,823)	
	27,506	<b>Total increase/(decrease) in unrealised value of fixed assets</b>		<b>(6,823)</b>
				<b>Note 3</b>
	(6,026)	<b>Value of assets sold, disposed of or decommissioned</b>		<b>(57,351)</b>
				<b>Note 4</b>
1,224		Capital Receipts set aside	(33,170)	
(1,785)		Revenue resources set aside	(51,891)	
<u>1,058</u>		Movement on Government Grants Deferred	<u>70</u>	
	497	<b>Total increase/(decrease) in amounts set aside to finance capital investment</b>		<b>(18,651)</b>
				<b>Note 5</b>
	<b>12,683</b>	<b>Total recognised gains/(losses)</b>		<b>(84,038)</b>

This statement brings together all the recognised gains and losses during the year

## SECTION 2 : STATEMENT OF ACCOUNTS : Statement of Total Movement in Reserves

## Note 1 - Movement in Revenue Resources

	General Fund Balances £000	HRA Balances £000	Collection Fund Balances £000	Earmarked Reserves £000	Pension Reserves £000
Surplus/(Deficit) for 2005/2006	259	(73)	37	-	-
Appropriations to/(from) revenue	-	-	-	(1,270)	473
Actual gains and losses relating to pensions	-	-	-	-	750
	<u>259</u>	<u>(73)</u>	<u>37</u>	<u>(1,270)</u>	<u>1,223</u>
Balance brought forward at 1st April 2005	386	1,172	335	2,756	(19,551)
<b>Balance carried forward at 31st March 2006</b>	<u><u>645</u></u>	<u><u>1,099</u></u>	<u><u>372</u></u>	<u><u>1,486</u></u>	<u><u>(18,328)</u></u>

## Note 2 - Movement in Capital Resources

	Useable Capital Receipts 2004/2005 £000	Useable Capital Receipts 2005/2006 £000
Amounts receivable in the year	1,955	31,781
Amounts applied to finance capital investment in the year	(1,224)	(33,170)
<b>Total increase/(decrease) in realised capital resources in the year</b>	<u>731</u>	<u>(1,389)</u>
Balance brought forward at 1st April	773	1,504
<b>Balance carried forward at 31st March</b>	<u><u>1,504</u></u>	<u><u>115</u></u>

## Note 3 – Movements in Unrealised Value of Fixed Assets

	Fixed Asset Restatement Account 2004/2005 £000	Fixed Asset Restatement Account 2005/2006 £000
Gains/(losses) on revaluation of fixed assets in the year	30,532	(3,485)
Capital Expenditure written off	(3,026)	(3,338)
<b>Total increase/(decrease) in unrealised capital resources in the year</b>	<u><u>27,506</u></u>	<u><u>(6,823)</u></u>

## SECTION 2 : STATEMENT OF ACCOUNTS : Statement of Total Movement in Reserves

## Note 4 – Value of Assets Sold, Disposed of or Decommissioned

	Fixed Asset Restatement Account 2004/2005 £000	Fixed Asset Restatement Account 2005/2006 £000
Total increase/(decrease) in unrealised capital resources in the year	27,506	(6,823)
Amounts written off fixed asset balances for disposals in the year	(6,026)	(102,203)
Adjustment following disposal of Council Stock	-	44,852
Total movement on reserve in the year	21,480	(64,174)
Balance brought forward at 1st April	43,919	65,399
<b>Balance carried forward at 31st March</b>	<b>65,399</b>	<b>1,225</b>



## SECTION 2 : STATEMENT OF ACCOUNTS : Statement of Total Movement in Reserves

## Note 5 – Movements in Amounts Set Aside to Finance Capital Investment

Total 2004/2005 £000		Capital Financing Account £000	Government Grants Deferred £000	Total 2005/2006 £0000
	Capital receipts set aside in the year			
5	- reserved capital receipts	-	-	-
1,219	- useable capital receipts applied	4,338	-	4,338
<b>1,224</b>	<b>Total capital receipts set aside in the year</b>	<b>4,338</b>	<b>-</b>	<b>4,338</b>
	Revenue Resources set aside in the year			
20	- capital expenditure financed from revenue	1,509	-	1,509
140	- reconciling amount for provisions for loan repayment	24,471	-	24,471
<b>160</b>	<b>Total revenue receipts set aside in the year</b>	<b>25,980</b>	<b>-</b>	<b>25,980</b>
4,922	Grants applied to capital investment in the year	2,463	1,932	4,395
(2,851)	Amounts credited to the Asset Management Revenue Account in the year	(2,836)	-	(2,836)
-	Adjustment following housing stock transfer	(44,852)	-	(44,852)
(2,958)	Deferred charges written down	(3,814)	(1,862)	(5,676)
<b>1,058</b>	<b>Movement on Government Grants Deferred</b>	<b>-</b>	<b>70</b>	<b>70</b>
<b>(561)</b>	<b>Total increase/(decrease) in amounts set aside to finance capital investment</b>	<b>(18,721)</b>	<b>-</b>	<b>(18,721)</b>
30,324	Balance brought forward at 1st April	26,122	4,699	30,821
<b>30,821</b>	<b>Balance carried forward at 31st March</b>	<b>7,401</b>	<b>4,769</b>	<b>12,170</b>

## Cash Flow Statement

2004/2005				2005/2006	
£000	£000			£000	£000
		<b>Revenue activities</b>			
10,651		Cash Outflows	Employees	11,047	
11,066			Other operating cash payments	11,961	
22,271			Precepts paid	23,259	
9,475			National non-domestic rate payments to national pool	8,714	
5,506			Housing Benefits paid out	5,710	
2,222			Payments to the Capital Receipts Pool	3,361	
	61,191				64,052
(4,299)		Cash Inflows	Net Rents	(4,462)	
(23,006)			Council Tax receipts (net of benefits)	(23,939)	
(1,793)			National non-domestic rate receipts from national pool	(1,904)	
(9,426)			Non-domestic rate receipts	(9,572)	
(3,105)			Revenue Support Grant	(3,146)	
(16,455)			DWP grants for benefits	(15,523)	
(2,334)			Other government grants	(2,042)	Note 3
(2,711)			Cash received for goods and services	(2,359)	
	(63,129)				(62,947)
	(1,938)				1,105
		<b>Dividends from joint ventures and associates</b>			
	(30)	Cash Inflows			-
		<b>Returns on Investments and Servicing of Finance</b>			
1,345		Cash Outflows	Interest paid	7,571	
(232)		Cash Inflows	Interest Received	(403)	
	1,113				7,168
		<b>Capital activities</b>			
6,925		Cash Outflows	Purchase of fixed assets and other capital expenditure	8,515	
(5,008)		Cash Inflows	Sale of fixed assets	(6,414)	
(5,797)			Capital grants received	(4,737)	Note 3
-			Other capital cash receipts	(81)	
	(3,880)				(2,717)
	(4,735)	<b>Net cash (inflow)/outflow before financing</b>			<b>5,556</b>
	1,886	Management of liquid resources	Net (increase)/ decrease in short-term deposits		(2,636)
		<b>Financing</b>			
5,409		Cash Outflows	Repayments of amounts borrowed	11,363	
(3,500)		Cash Inflows	New loans raised	(17,339)	
	1,909				(5,976)
	(940)	<b>Net (increase)/decrease in cash</b>		Note 2	(3,056)



## SECTION 2 : STATEMENT OF ACCOUNTS : Cash Flow Statement

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

2004/2005 £000		2005/2006 £000
851	Surplus for the Year	223
	ADD:-	
146	Minimum Revenue Provision	215
-	Capital Financing – Premia	(5,923)
20	Capital Expenditure financed from Revenue	529
396	Provision for Bad Debts	381
(900)	Other Balances	(646)
(105)	Increase/(Decrease) in:- Stocks and Work in Progress	(47)
(1,307)	- Debtors	(377)
1,754	- Creditors	733
-	Payments to Capital Receipts Pool	(3,361)
1,113	Servicing of finance	7,168
(30)	Dividends from joint ventures and associates	-
<u>1,938</u>	<b>Net cash inflow/(outflow) from revenue activities</b>	<u>(1,105)</u>



## Note 2. Net Decrease in Cash &amp; Cash Equivalents

The net increase in cash £3,056,000 is reconciled to the Consolidated Balance Sheet on the following basis:-

	Balance at 1 April 2005 £000	Balance at 31 March 2006 £000	Movement in Year £000
Cash in Hand	7	3	(4)
Bank Overdraft	(316)	2,744	3,060
	<u>(309)</u>	<u>2,747</u>	<u>3,056</u>

## Note 3. Government Grants

2004/2005			2005/2006	
£000	£000		£000	£000
		<b>Revenue</b>		
3,105		Revenue Support Grant	3,146	
16,455		DWP Grants for Rebates Benefits Granted	15,523	
<u>1,793</u>		NNDR	<u>1,904</u>	
	21,353			20,573
		<b>Other Government Grants:-</b>		
106		Business Rates Admin	102	
221		Elevate Pathfinder	130	
44		Housing Subsidies	-	
1,012		Single Regeneration Budget	569	
139		Home Office	64	
149		Planning Delivery Grant	402	
6		Miscellaneous	-	
404		Benefits Administration	735	
145		European Regional Aid	11	
97		ODPM - Capacity Building	-	
<u>11</u>		- Supported Housing	<u>29</u>	
	2,334			2,042
		<b>Capital</b>		
878		Elevate Pathfinder	1,475	
2,451		Housing Subsidies etc.	2,371	
669		European Regional Aid	30	
1,040		North West Development Agency	553	
45		Single Regeneration Budget	3	
205		English Heritage	93	
-		DEFRA – Recycling	8	
350		Implementing Electronic Government	150	
<u>159</u>		National Heritage Memorial Fund	<u>54</u>	
	5,797			4,737
	<u>29,484</u>			<u>27,352</u>



In addition to the above, as part of the LSVT arrangements, the ODPM made a grant payment of £28,831,824 direct to the PWLB to repay the loans outstanding

## SECTION 2 : STATEMENT OF ACCOUNTS : Group Accounts

### Group Accounts

The Council is required to prepare summarised Group Accounts. The council has a 100% interest in Rossendale Transport Limited, a company set up in accordance with the provisions of the Transport Act 1985 to run the Council's municipal bus operation. In turn Rossendale Transport has a wholly-owned subsidiary of Coachways Ltd. These Group Accounts show the consolidated financial position of the Council and its interest in Rossendale Transport Limited, and Coachways Ltd its subsidiary. The 2004/2005 Group Accounts have been restated to reflect the adoption of FRS17 by Rossendale Transport Ltd in line with the Council's accounting policies.

### Group Income and Expenditure Account 2005/2006

2004/2005 NET EXPENDITURE £		2005/2006 NET EXPENDITURE £
6,931,406	Net cost of continuing services	7,248,740
3,038,520	Housing revenue account services transferred to Green Vale Homes	69,458,444
<b>9,969,926</b>	<b>Net cost of services</b>	<b>76,707,184</b>
39,401	Whitworth Town Council Precept	44,466
160,689	(Surpluses)/Deficits on Trading Undertakings	178,619
3,053,500	Contribution of housing capital receipts to Government Pool	3,263,701
(45,426)	Amortised Premiums & Discounts	6,022,284
1,599,201	Interest payable	1,611,018
(198,455)	Interest and investment income	(330,808)
12,508	Taxation	24,968
783,000	Pensions interest cost and expected return on pension assets	280,000
<b>15,374,344</b>	<b>Net expenditure before reserves movements</b>	<b>87,801,432</b>
370,012	Transfers to/(from) Housing Revenue Account Balances	(73,266)
19,743	Capital Expenditure financed from Revenue	529,489
(3,053,500)	Transfer from Usable Capital Receipts equal to the contribution to Housing Pooled Capital Receipts	(3,263,701)
(64,044)	Transfers to/(from) Earmarked Reserves	(243,025)
(2,164,685)	Transfers to/(from) Capital Reserves	(75,605,057)
(250,884)	Transfer to/(from) Major Repairs Reserve	(160,593)
(489,286)	Contribution to/(from) the Pension Reserve	473,450
<b>9,741,700</b>	<b>Amount to be met from govt grants and local tax payers</b>	<b>9,458,729</b>
(4,522,103)	Precept on Collection Fund	(4,803,410)
(3,105,299)	Government Grants Revenue Support Grant	(3,146,231)
(1,792,800)	Distribution from NNDR Pool	(1,903,758)
<b>321,498</b>	<b>(Surplus)/Deficit for the year</b>	<b>(394,670)</b>

## SECTION 2 : STATEMENT OF ACCOUNTS : Group Accounts

## Group Balance Sheet as at 31st March 2006

31st March 2005 £					31st March 2006 £
32,922		Intangible Assets		261,850	
107,031,326		Tangible Assets	Operational Assets	- Council Dwellings	-
15,166,846				- Other Land & Buildings	13,517,994
6,260,388				- Vehicles & Plant	5,684,775
12,945				- Community Asset	12,945
1,366,620			Non Operational Assets	- Other Land & Buildings	2,280,764
	129,871,047				21,758,328
-		Deferred Charges		-	
2,073		Long-term Investments		2,074	
205,049		Long-term Debtors		99,496	
	207,122				101,569
	<b>130,078,169</b>	<b>Total long-term Assets</b>			<b>21,859,897</b>
225,235		Current Assets	Stocks & work in progress	156,886	
4,882,203			Debtors	4,871,705	
2,736,000			Investments	100,000	
17,262			Cash at Bank	2,753,052	
	7,860,700				7,881,642
	<b>137,938,869</b>				<b>29,741,539</b>
		Current Liabilities	Borrowing repayable within 12 months	-	
(7,184,109)			Creditors	(7,972,494)	
(434,235)			Bank Overdraft	(258,938)	
	(7,618,344)				(8,231,432)
	<b>130,320,525</b>	<b>Total Assets less Current Liabilities</b>			<b>21,510,107</b>
(26,268,535)		Long-term Borrowing		(2,564,781)	
(99,441)		Deferred Capital Receipts		(64,487)	
(291,936)		Grants Unapplied		(295,161)	
(695,072)		Provisions		(984,720)	
(20,117,000)		Liability related to defined benefit Pension Scheme		(18,611,000)	
	(47,471,984)				(22,520,148)
	<b>82,848,541</b>	<b>Total assets less liabilities</b>			<b>(1,010,041)</b>
65,509,355		Fixed Asset Restatement Account		1,324,667	
26,122,291		Capital Financing Account		7,400,700	
4,699,163		Government Grants Deferred		4,769,083	
1,504,110		Usable Capital Receipts Reserve		114,662	
(19,551,000)		Pension Reserve		(18,328,000)	
2,488,800		Earmarked Reserves		1,486,585	
266,809		HRA Major Repairs Reserve		-	
1,809,013		Fund Balances and Reserves		2,222,261	
	<b>82,848,541</b>	<b>Net equity</b>			<b>(1,010,041)</b>

## SECTION 2 : STATEMENT OF ACCOUNTS : Group Accounts

## Group Statement of Total Movement in Reserves

2004/2005			2005/2006	
£000's	£000's		£000's	£000's
		Surplus/(deficit) for the year		
200		General Fund	145	
370		Housing Revenue Account	(73)	
306		Collection Fund	37	
188		Add back movements on specific revenue reserves	(1,281)	
(576)		Prior year adjustments	-	
(489)		Deduct appropriation from pension reserve	473	
(10,532)		Actual gains and losses relating to pensions	1,000	
	<b>(10,533)</b>	<b>Total increase/(decrease) in revenue resources</b>		<b>301</b>
731		Increase/(decrease) in useable capital receipts	(1,389)	
	<b>731</b>	<b>Total increase/(decrease) in realised capital resources</b>		<b>(1,389)</b>
27,506		Gains and losses on revaluation of fixed assets	(6,823)	
-		Impairment losses on fixed assets	-	
	<b>27,506</b>	<b>Total increase/(decrease) in unrealised value of fixed assets</b>		<b>(6,823)</b>
(6,026)		Value of assets sold, disposed of or decommissioned	(102,203)	
-		Adjustment following disposal of Council Stock	44,852	
	<b>(6,026)</b>	<b>Value of assets sold, disposed of or decommissioned</b>		<b>(57,351)</b>
1,224		Capital Receipts set aside	33,170	
(1,785)		Revenue resources set aside	(51,891)	
1,058		Movement on Government Grants Deferred	70	
	<b>497</b>	<b>Total increase/(decrease) in amounts set aside to finance capital investment</b>		<b>(18,651)</b>
	<b>12,175</b>	<b>Total recognised gains/(losses)</b>		<b>(83,913)</b>

The notes below refer only to where these group accounts make any changes to the Statement of Total Movement in Reserves shown previously.



## Group Cash Flow statement

2004/2005				2005/2006	
£000	£000			£000	£000
	(2,738)	<b>Net Cash (Inflow)/Outflow from Revenue Activities</b>			30
	-	<b>Dividends from joint ventures and associates</b>			
		Cash inflows			0
		<b>Returns on Investments and Servicing of Finance</b>			
1,565		Cash Outflows	Interest paid	7,820	
(232)		Cash inflows	Interest received	(403)	
	1,333				7,417
	67	<b>Taxation</b>			47
		<b>Capital Expenditure and Financial Investment</b>			
6,925		Cash Outflows	Purchase of fixed assets and other capital expenditure	8,515	
(5,008)		Cash Inflows	Sale of fixed assets	(6,414)	
(5,797)			Capital grants received	(4,737)	
(238)			Other capital cash receipts	(116)	
	(4,118)				(2,752)
	<b>(5,456)</b>	<b>Net Cash (Inflow)/Outflow before financing</b>		Note 1	<b>4,742</b>
		<b>Management of Liquid Resources</b>			
	1,886	Management of liquid resources	Net increase)/decrease in short-term deposits		(2,636)
		<b>Financing</b>			
6,432		Cash Outflows	Repayment of amounts borrowed	12,315	
(3,500)		Cash Inflows	New loans raised	(17,339)	
	2,932				(5,024)
	<b>(638)</b>	<b>Net (Increase)/Decrease in cash</b>			<b>(2,918)</b>

## SECTION 2 : STATEMENT OF ACCOUNTS : Group Accounts

## Note 1. Analysis of net cost of services (including GAAP compliance adjustments)

Consolidated Group 2004/05		Consolidated Group 2005/06
769,372	Central Services to the Public	676,846
5,718,265	Cultural, Environmental & Planning	5,823,044
566,689	Highways, Roads & Transport Services	671,807
1,375,544	Housing General Fund	1,123,558
1,502,939	Corporate & Democratic Core	3,352,198
571,819	Other Central Services	792,564
372,521	Non-Distributed Costs	(593,583)
<b>10,877,149</b>	<b>Net Cost of Continuing Services - Rossendale Borough Council</b>	<b>11,846,434</b>
(233,197)	Net Cost of Continuing Services - Rossendale Transport Ltd	(230,536)
66,651	Net Cost of Continuing Services - Coachways Ltd	81,903
<b>10,710,603</b>	<b>Net Cost of Continuing Services pre GAAP adjustments</b>	<b>11,697,801</b>
947,177	GAAP Compliance Adjustments	(36,985)
(4,592,274)	Profits/(Losses) on Disposal of Assets	(4,204,016)
(134,100)	Removal of Capital Charges	(208,060)
	Government Grants Amortised within the Year	
<b>6,931,406</b>	<b>Net Cost of Continuing Services</b>	<b>7,248,740</b>
3,038,520	Housing Revenue Account services transferred to Green Vale Homes	2,299,779
	HRA GAAP Compliance Adjustments	67,158,665
	Profits/(Losses) on Disposal of Assets	
<b>9,969,926</b>	<b>NET COST OF SERVICES</b>	<b>76,707,184</b>

## Note 2. Accounting Policies

Rossendale Borough Council's accounting policy is to revalue its fixed assets over a rolling five year programme. However, Rossendale Transport Ltd has not followed this process but they do include £525,000 relating to the bus depot at Rawtenstall which was last revalued in 1992.

## Trust Funds

The Council acts as trustees for a number of trust funds which are summarised below. (These are not included in the balance sheet).

Title and purpose of Charity	Accumulated Balance 1st April 2005 £	Expenditure £	Income £	Accumulated Balance 31st March 2006 £
<b>J H Pilling Legacy</b> The purpose of the charity is for Stubblee Park	12,734	-	4,086	16,820
<b>Miles Ashworth Endowment</b> The purpose of the charity is for Stubblee Park	21,440	10,000	908	12,348
<b>Mechanics Institute Scholarship</b> The purpose is to assist with the provision of a scholarship for a student residing in Bacup	2,558	-	117	2,675
<b>W Hardman Bequest</b> The purpose is to purchase an exhibit for Rawtenstall Museum	3,669	-	168	3,837
<b>Local Charities Account</b> The purpose is to distribute sums to charities in Haslingden	19,477	-	893	20,370
<b>S Pilling Trust</b> The purpose is to assist students of the Borough of Haslingden	2,343	-	107	2,450
<b>Greenfield Trust Massage Centre</b> The purpose is to use the Trust for something advantageous to Haslingden and as a war memorial	19,185	-	880	20,065
<b>Bacup Orchestral Scholarship Fund</b> The purpose is to assist a Rossendale schoolchild with musical education. The student must be an instrumentalist	746	-	34	780
<b>Smith Prize for Music</b> The purpose is to provide a prize for a boys' junior class of the Rossendale Music Festival	923	-	42	965
<b>Mayor of Haslingden Relief Fund</b> The purpose is to distribute sums to Haslingden Borough residents, granting relief in necessitous circumstances	770	-	35	805
<b>Haslingden Grane Duckworth Charity</b> The purpose is to relieve persons resident in the Borough of Haslingden who are in conditions of need, hardship or distress	11,575	-	531	12,106
	<b>95,420</b>	<b>10,000</b>	<b>7,801</b>	<b>93,221</b>

## 3

Section 3 -  
Glossary

## Glossary

**Accounting Standards Board**

The role of the Accounting Standards Board (ASB) is to issue accounting standards. Accounting standards developed by the ASB are contained in 'Financial Reporting Standards' (FRSs). Soon after it started its activities in 1990, the ASB adopted the standards issued by the Accounting Standards Committee (ASC), so that they also fall within the legal definition of accounting standards. These are designated 'Statements of Standard Accounting Practice' (SSAPs). Whilst some of the SSAPs have been superseded by FRSs, some remain in force. Accounting standards apply to all companies, and other kinds of entities that prepare accounts that are intended to provide a true and fair view.

**Accruals**

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

**Agency Services**

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

**Asset Management Revenue Account**

An account which the Council is required to maintain under the new capital accounting arrangements, which apply from 1994/95 onwards. All principal repayments and interest charges on loans are charged to the account.

**Auditor's Opinion**

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

**Budget**

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

### Capital expenditure

Spending on the acquisition or maintenance of assets either directly by the Council or indirectly in the form of grants to other persons or bodies. Section 40 of the Local Government and Housing Act 1989 defines 'expenditure for capital purposes'. Expenditure that does not fall within the definition must be charged to a revenue account.

### Capital Receipts

Proceeds from the sale of fixed assets, such as land or buildings, or the repayment of capital grants or advances.

### Collection Fund

The account which shows the transactions of the Council in relation to non-domestic rates and Council Tax, and the distribution of these to precepting bodies and the General Fund. The Collection Fund is consolidated with the other accounts of the Council.

### Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

### Comprehensive Performance Assessment

Comprehensive Performance Assessment (CPA) is a key element of the Government's performance framework for local government. It is intended to support improvement planning in local authorities and to lead to co-ordinated and proportionate audit and inspection, and increased freedoms and flexibilities for local government. Rossendale's CPA inspection took place during 2003/04. This scrutinises every aspect of the Council's work and operations, and is based on a Corporate Self-Assessment stating how good services are and the Council's corporate capacity to improve. There are also two crosscutting inspections based on the themes 'balancing housing markets' and 'managing public space'. Councils

are then given a score based on service delivery and working practices, and are rated as 'excellent', 'good', 'fair', 'weak' or 'poor'.

### Consolidated Balance Sheet

The combined balance sheets of the Council's services.

### Contingency Sum

A sum set aside to provide for foreseen but unquantifiable future commitments or for unforeseen expenditure that may become necessary during the year.

### Cost of Management and Administration

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

### Creditor

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





## SECTION 3 - GLOSSARY

### Glossary - Continued

#### Current Costs Accounting (cca)

The presentation of the accounts in a form that aims to reflect the consequences of price and value charges.

#### Debt redemption

The repayment of external loans previously raised to finance capital expenditure.

#### Debtor

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

#### Deferred capital receipts

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

#### Deferred charges

Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets. An example of a deferred charge is expenditure on items such as improvement grants.

#### D.E.F.R.A.

The Department for the Environment, Food and Rural Affairs supports the Council in its recycling projects.

#### Depreciation

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

#### D.W.P.

The Department of Work and Pensions funds the Housing and Council Tax Benefits payable to borough residents and also funds the administration of those benefits.

#### E.R.D.F.

The European Regional Development Fund which supports regeneration projects such as Futures Park managed office units.

#### Financial reporting standard (FRS) 17

FRS 17, issued by the Accounting Standards Board in November, 2000 and amended November, 2002, set out the accounting treatment for retirement benefits such as pensions and medical care during retirement.

#### General Fund

The main revenue fund of the Council. Day-to-day spending on services is met from the General Fund. Spending on the provision of housing, however, must be charged to a separate Housing Revenue Account.

#### H.I.P.s

Housing Investment Programmes

#### Housing Revenue Account (HRA)

An account which includes the expenditure and income arising from the direct provision of housing by the Council.

#### Infrastructure assets

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.



## Glossary - Continued

**Intangible assets**

Intangible assets are non-financial assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights, such as software. Intangible assets are capitalised at cost and depreciated to the revenue account over their useful economic life.

**Large scale voluntary transfer (LSVT)**

This relates to the transfer of the housing stock, as voted by the tenants, and is generally referred to as a large scale voluntary transfer due to its size.

**Leasing**

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

**Loans outstanding**

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

**Major Repairs Allowance**

Since April 2001, local authorities have received from the Government an annual Major Repairs Allowance (MRA) to cover depreciation and ongoing major repairs, but which is not intended to cover the backlog in repairs to Council dwellings. The MRA can be accumulated year on year, to allow authorities flexibility in spending on their Housing Revenue Account stock.

**Major Repairs Reserve**

The Major Repairs Reserve holds any unspent balances of the annual Major Repairs Allowances, to be carried forward to future years in order to fit in with the planned approach to asset management.

**Minimum Revenue Provision**

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

**National non-domestic rates (NNDR)**

A national non-domestic rate poundage for commercial premises is set annually by the government and collected by all local authorities. The proceeds are redistributed between local authorities in proportion to their adult populations.

**Net book value**

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

**Non-operational assets**

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.

## SECTION 3 - GLOSSARY

### Glossary - Continued

#### N.W.D.A.

The North West Regional Development Agency which supports regeneration projects such as Futures Park managed office units and the Brownfield Recycling Programme.

#### Office of the Deputy Prime Minister (OPDM)

The Office of the Deputy Prime Minister became the Department for Communities and Local Government (DCLG) on 5 May 2006 with a powerful remit to promote community cohesion and equality, as well as responsibility for housing, urban regeneration, planning and local government. DCLG is responsible for national policy on local government in England, examining the future of local government and local democracy; reviewing performance and measurement through inspection and audit; driving through the modernisation agenda of efficiency and improvement of service delivery; and maintaining and developing a framework for local government finance. In 2005/2006 the ODPM played a major role in supporting the LSVT of the Council's housing stock to Green Vale Homes.

#### Operational assets

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

#### Precept

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

#### Provision

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

#### Public Works Loan Board (PWLB)

A Government agency that provides longer term loans to local authorities.

#### Rent allowance

A subsidy payable by the Council to a low income tenant in private rented accommodation.

#### Rent rebate

A subsidy payable by the Council to low income tenants in Council Houses.

#### Reserve

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

#### Revenue account

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

#### Section 137 expenditure

Section 137 of the Local Government Act 1972, as amended by Section 36 of the Local Government and Housing Act 1989, empowers authorities to incur expenditure for the benefit of some or all of their inhabitants that is not authorised under other powers, within set maximum values per head of relevant population.

#### Statement of Recommended Practice

A Statement of Recommended Practice (SORP) on Accounting Practices for local authorities is prepared regularly to assist in the determination of recommended accounting practices and the SORP's form enables it to be related to the Financial Reporting

Standards issued by the Accounting Standards Board. In England and Wales, the SORP constitutes 'proper accounting practice' under the terms of Section 66(4) of the Local Government and Housing Act 1989. The Chartered Institute of Public Finance and Accountancy (CIPFA) is the recognised SORP setting body for local government in England and Wales. To be applicable in Scotland the SORP requires approval by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). A joint Committee (CIPFA/LASAAC) has been established to enable the SORP to be recognised in England, Wales and Scotland.

#### Statement of Standard Accounting Practice (SSAP) 9

SSAP 9 gives guidance on the accounting treatment of both stocks and long-term contracts. Stocks should be valued at the lower of cost and net realisable value (actual or estimated selling price after deduction).

#### Tangible Assets

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





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If you would like a summary of this information in large print, on audio cassette or language other than English, please let us know and we will be happy to arrange it.

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اگر آپ کو ان معلومات کا خلاصہ بڑے حروف میں، آڈیو کیسٹ پر، یا انگریزی کے علاوہ کسی اور زبان میں درکار ہے تو براہ  
مہربانی ہمیں بتائیں، ہم خوشی آپ کے لئے ان کا انتظام کریں گے۔  
براہ مہربانی 01706 217777 پر ٹیلیفون کریں یا ایلیکٹرونک کیٹیجیشن سے اس پتہ پر رابطہ قائم کریں:

آپانی যদি اسب تہیئر سار سٹمفپ بڈ ہرہفر ہا پائ، اڈیو کاسیٹے اٹھاوا ہینگریجی ہاڈا  
انہی کون ہا ہای پتے چان تاہلے انہ پڑھ کرے اماہرے کرے جانالے اماہرا اٹا سٹ ہوشی منے  
تار ہا ہا ہا کرے ہا

انہ پڑھ کرے 01706 217777 اہی ناہارے اٹھاوا کامیونیکیشن سیکشن، ٹاؤن سنٹر  
افیس، رٹسٹل بی.بی.4 ۷ ایل.جی.ڈی. اہی ٹیکانای ہا ہا ہا کرے ہا