



07-08

Positive Achievement

The Council's Annual Report and
Statement of Accounts 2007 - 2008

Draft to be submitted for audit

Councillor A Swain
Council Leader



Councillor C. Gill
Mayor of Rossendale

Carolyn Wilkins
Chief Executive



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

As presented to the
Accounts Committee
30th June 2008

Contents

	1 Annual Report
4	Rossendale and its Neighbouring Authorities
6	Annual Report by Council Leader and Chief Executive
14	Council Membership
15	The Council and its Committees
16	Organisational Structure
	2 Statement of Accounts
18	Auditors Report
20	Explanatory Foreword
25	Statement of Accounting Policies
30	Annual Governance Statement
34	Statement of Responsibilities
	3 Core Financial Statements & Notes
36	Income & Expenditure Account
37	Statement of Movement on General Fund Balance
37	Statement of Total Recognised Gains and Losses
38	Balance Sheet
39	Cash Flow Statement
40	Notes to the core financial statements
	4 Supplementary Statements
62	Housing Revenue Account
64	The Collection Fund
68	Group Accounts
	5 Other Statements
74	Capital Expenditure Report
	6 Glossary
78	Glossary



AREA OF BOROUGH:- 13,811 hectares
RESIDENT POPULATION:- 66,206
POPULATION DENSITY:- 4.8 persons per hectare
TOTAL DOMESTIC PROPERTIES:- 29,961

Analysis of rateable property

	NUMBER OF PROPERTIES	RATEABLE VALUE £
Commercial	1,729	17,569,705
Educational	73	1,842,925
Industrial	530	9,677,334
Leisure	85	704,030
Non Formula-assessed Public & Other Utilities	3	335,250
Miscellaneous	74	1,032,330
Total	2,494	31,161,574

Section 1

Annual Report

“Much has been achieved, and many milestones reached for those longer-term projects we are working on.”



INFORMATION TO FOLLOW

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MAYOR	J. Pawson
DEPUTY MAYOR	C. Gill
LEADER OF COUNCIL	A. Swain
LEADER OF THE OPPOSITION	A. Barnes

POLITICAL COMPOSITION OF THE COUNCIL

Labour Party	13	Independent	2
Conservatives	18	Liberal Democrat	2
Vacant	1	Total	36

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.

CRIBDEN	Janet Graham (Con) Christine Gill (Lab)	HEALEY & WHITWORTH	Ronald Alan Neal (Independent) Roger Wilson (Lab)
EDEN	Darryl Smith (Con) Anne Cartner Cheetham (Con)	HELMSHORE	Joyce Pawson (Con) Brian Walter Essex (Con) Barry <u>Stuart</u> Pawson (Con)
FACIT & SHAWFORTH	Linda Iris Barnes (Con) Thomas Aldred (Lab)	IRWELL	Tina Durkin (Lab) Graham Haworth (Lab) Peter Stuart Steen (Con)
GOODSHAW	Dorothy Farrington (Lab) Alyson Barnes (Lab)	LONGHOLME	Anthony Swain (Con) June Forshaw (Lab) Alison Tickner (Con)
GREENFIELD	Gladys Sandiford (Con) Granville Richard Morris (Con) Catherine Pilling (Lib Dem)	STACKSTEADS	Fred Lynskey (Con) Christine Lamb (Lab)
GREENSCLOUGH	Judith Mary Driver (Con) James Eaton (Con) <i>(also County Cllr)</i> William Challinor (Con)	WHITEWELL	Tina Nuttall (Lib Dem) Vacant Amanda Robertson (Lab)
HAREHOLME	Colin Crawforth (Lab) Trevor Unsworth (Lab) Amanda Jane Hewlett (Lab)	WORSLEY	Duncan Ruddick (Con) <i>(also County Cllr)</i> Hilary <u>Pat</u> A. Dickinson (Con) Joyce Thorne (Con)

Key: (Lab) = Labour : (Lib Dem) = Liberal Democrat : (Con) = Conservative : ___ = Indicates known name

The Council and its Committees

Full Council

The Full Council is made up of all 36 members and is responsible for making the most significant decisions such as approving the budget and level of Council Tax and agreeing the Corporate Plan and Local Development Framework for the Borough. It would not be practical for the Full Council to take all the decisions and therefore the Council operates through a number of committees with specific responsibilities and these are outlined below.

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, including the approval of the Statement on Internal Control recommended by the Audit Scrutiny Committee.

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 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.

Overview & Scrutiny Management Committee

This committee is charged with overseeing and reviewing the work of the Scrutiny Committees and Task and Finish Groups, 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.

Performance Scrutiny Committee

This Committee monitors and scrutinises Best Value Performance Indicators and other performance targets, Service Improvement Plans and policy objectives. It also scrutinises decisions made by the Cabinet and other Council Committees and Officers.

Policy Scrutiny Committee

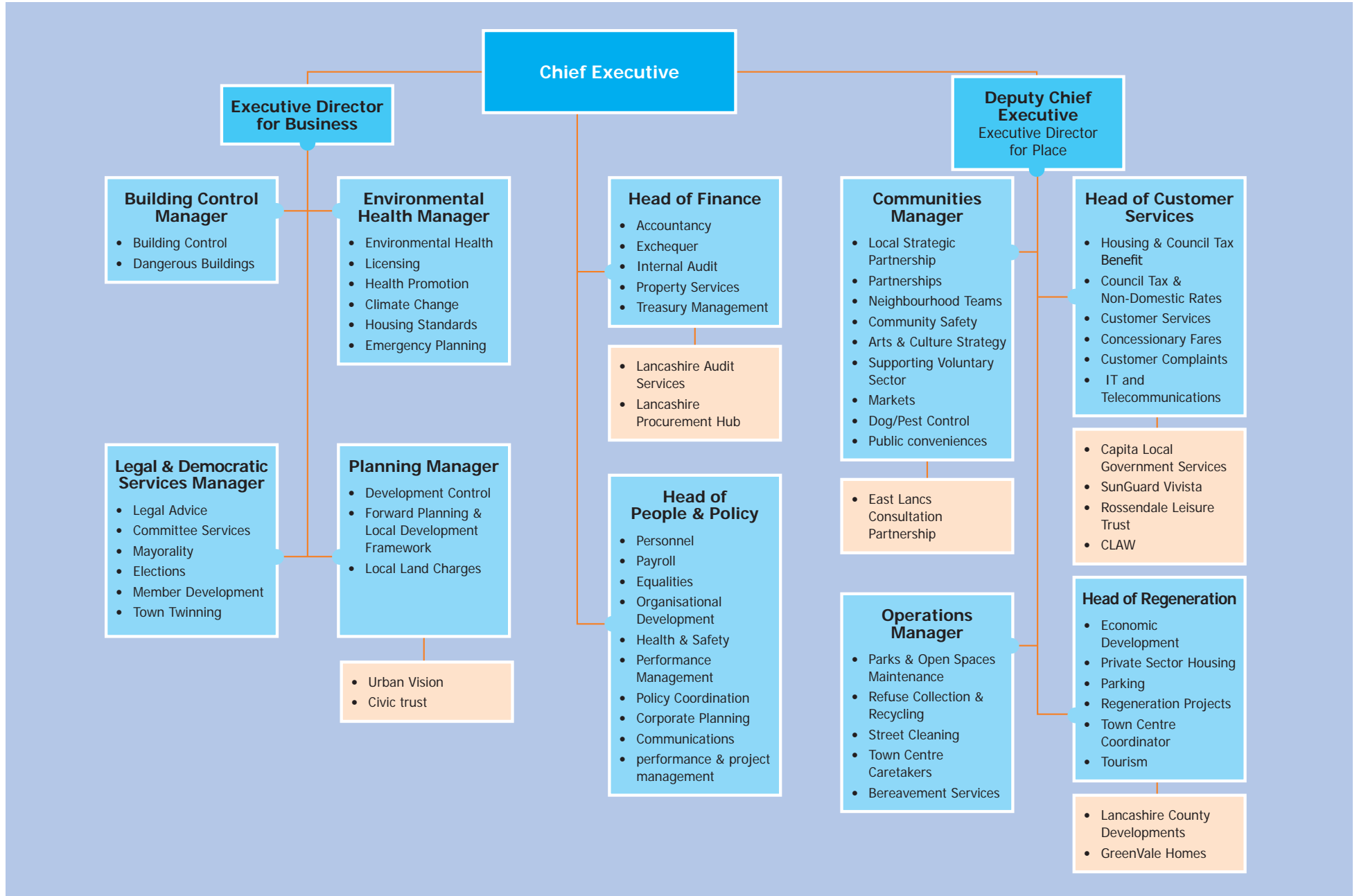
The Policy Scrutiny Committee is charged with developing and reviewing policy matters referred to it by the Cabinet or Committees. In doing so it conducts research and consultation exercises to analyse the policy issues and possible options, working closely with the community and partners.

Audit Scrutiny Committee

This Committee considers reports dealing with the management and performance of the providers of internal audit services, including specific internal audit reports. It oversees the production of the authority's Statement of Internal Control and recommends its adoption by the Accounts Committee. It also considers the external auditors annual letter and the report of those charged with governance.

The Appointments & Appeals Committee

The Appointments & 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.



Section 2

Statement of Accounts

“This booklet presents the Council’s accounts for the year ended 31st March 2008.”



These draft accounts will now be submitted to the Auditor Clive Portman, Audit Commission, Aspinall House, Aspinall Close, Middlebrook, Bolton, BL6 6QQ



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Customer Promise
customers first, at all times and at every point of contact

Rossendale **alive**
BOROUGH COUNCIL

Our customers have the right to be treated fairly and impartially and receive professional, high quality, efficient, good value, accurate, accessible and confidential services delivered in a polite, friendly, approachable and responsive way. We will aim to resolve 80% of customer requests at the first point of contact.

Customer Service Standards
Our staff will wear a uniform or work clothing and a name badge

We will provide clear information in appropriate formats e.g. community languages, large print, Braille or audio tape.

We have a Customer Complaints and Feedback scheme. We will put complaints right quickly, acknowledge them within 5 working days and respond fully within 15 days.

We will respond to written correspondence fully within 10 days including full contact details.

We will include full contact details on our emails, use 'Out of Office' messages and provide alternative contact details. Email will be checked once a day and acknowledged within the next working day.

Telephone calls will be answered by a named person

1. Introduction

This booklet presents the Council's accounts for the year ended 31st March 2008. In doing so it now conforms to the Statement of Recommended Practice 2007/2008 which introduced a change relating to capital accounting policies and in the recognition of financial instruments.

The main changes are as follows:

In line with the SORP the Council has now adopted a true Revaluation Reserve. The opening value of this Reserve at 1st April 2007 is deemed to be nil. From this point on the Reserve holds any revaluation gains, net of depreciation and disposals on that revaluation amount, on a strict per-asset basis. Note 28b explains the transactions during 2007/2008 on the Revaluation Reserve.

Consequently the SORP required the introduction of a Capital Adjustment Account into which and the Fixed Asset Restatement Account and the Capital Financing Account were transferred on the 1st April 2007. This account will now hold all other asset-related transactions on a historical basis, including depreciation on the net book value of assets at the 1st April 2007. Notes 28, 29 and 29b explain in greater detail the transfer and transactions in the year on the Capital Adjustment Account.

The SORP also recognised the effects of non-cash financial transactions entered into by local authorities with the introduction of Financial Instruments. Rossendale Borough Council has entered into two such undertakings in 2007/2008 – in acting as guarantor on a £1.2m loan to Rossendale Leisure Trust and also in underwriting the £270k deficit on the Leisure Trust's Balance Sheet at the 31st March 2008. Whilst the Council recognises the value of these guarantees the risks at present are deemed so minimal as to require only that these are shown as Contingent Liabilities at Note 33 to the Core Statements.

The layout and purpose of each statement is as follows:-

Explanatory Statements

- Statement of Accounting Policies
This explains the policies used in the preparation of the figures in these accounts.
- Statement of Responsibilities -
Explaining the responsibilities in relation to the Council's Financial affairs.
- Governance Statement
Explaining the way the Council ensures responsible stewardship of its assets.

Core Statements

- Income and Expenditure Account -
A summary of the resources generated and consumed by the authority in the year.
- Statement of the Movement on the General Fund Balance -
A reconciliation showing how the balance of resources generated/ consumed in the year links in with statutory requirements for raising council tax.
- Statement of Total Recognised Gains and Losses -
Demonstration of how the movement in net worth in the Balance Sheet is identified to the Income & Expenditure Account surplus/deficit and to other unrealised gains and losses.
- 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.
- Cash Flow Statement -
This summarises the income and expenditure of the Council for capital and revenue purposes in cash terms.

Notes to the core financial statements

All the notes to the statement (left) are now collected in one place

Supplementary Statements

- 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.
- The Collection Fund -
This shows the precepts levied by the Borough Council and the County Council and others and how they were funded.
- The Group Accounts -
The Group Accounts show the consolidated financial position of the Council, its interest in Rossendale Transport Limited and Trust Funds.

Other Statements

- Capital Expenditure Report -
A detailed analysis of the capital projects and funding during 2007/08

Glossary



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.

Full Council on the 28th February 2007 approved a total General Fund Services Budget for 2007/2008 of £11.263m. This was to be funded by a Collection Fund Precept of £5,090,438, a share of the Collection Fund Surplus balance brought forward from previous years of £63,805 and a central government Formula Grant of £6,108,975 which replaced the previous Rate Support Grant and Re-distributed National Non-Domestic Rates funding streams.

Full Council also approved a precept on the Collection Fund of £48,031 for Whitworth Town Council.

During 2007/2008 the treatment of VAT Shelter receipts from the transfer of council houses to Greenvale Homes in March 2006 was amended from capital to revenue. This has initiated a Prior Year Adjustment to reflect this change in the 2006/2007 accounts. Note 1 to the Core Statements explains which areas of the Council's finances have been affected by this adjustment following discussions with the External Auditor.

This amendment has resulted in the reduction of the Capital Financing Account Balance and the creation instead of two Earmarked Reserves – one for IT and the other to fund any future Pension Fund implications arising from the transfer of staff to Greenvale Homes. In 2007/2008 the Council has applied £183k of this IT Reserve to fund the IT Strategy.

As a result of business property developments in the borough in recent years, the NNDR Pool awarded the Council a further £409k in the year under the Local Authority Business Growth Incentive Scheme (LABGIS). This has been transferred to the Economic Regeneration and the Regulatory Services Earmarked Reserves to fund future economic regeneration activity. These two reserves have contributed £48k to revenue activity in 2007/2008.

The Budget Volatility Reserve was used to supplement the costs of Concessionary Travel by £129k, though other savings within the year have meant that some resources could be returned to this reserve, giving a net requirement of only £28k in the year.

As a result of partnership working with the local health authority the Council received a grant of £156k at the end of 2007/2008 which has been used to create a Health and Wellbeing Projects Reserve which will be used in

future years to fund specific health-related partnership projects within the borough.

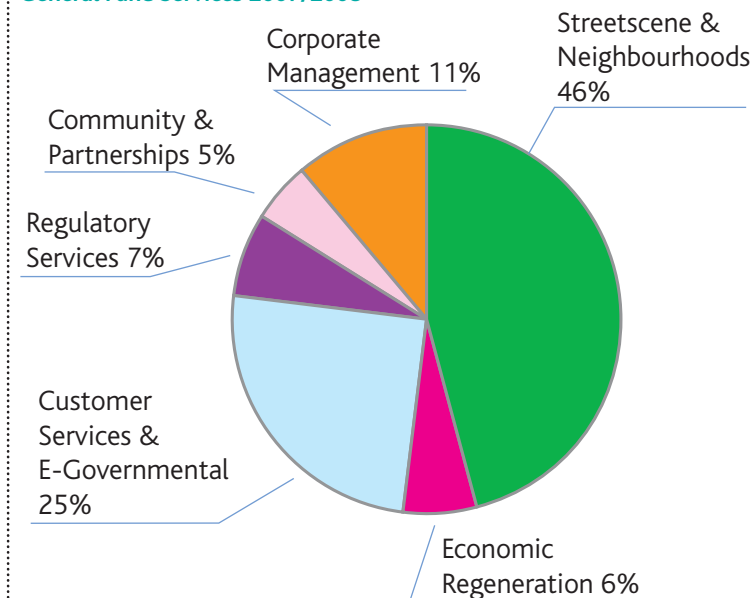
Overall the net transfer to Earmarked Reserves in 2007/2008 was £1,227k

A monthly budget monitoring regime ensured that the medium term financial strategy was adhered to and consequently the outturn for 2007/2008 resulted in savings of £298k on general fund activities within the year. Of this £296k was transferred to Earmarked Reserves and £2k was added to the General Fund Reserve, giving a closing balance on the Reserve at 31st of March 2008 of £813k. Of this balance £63k is intended as 'budget-rollover' to fund one-off revenue projects in 2008/2009

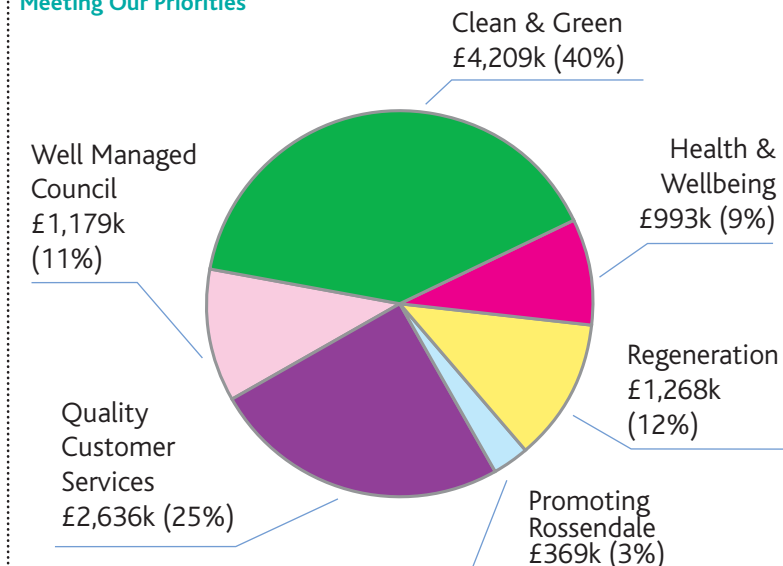
The total contribution to Earmarked Reserves in 2007/2008 was £1,227k. Full details can be found in Note 13 and Note 31 to the Core Statements.

	2006/2007		2007/2008	
	Actual	Original Budget	Revised Forecast	Actual
	£000s	£000s	£000s	£000s
Streetscene & Neighbourhoods	4,633	4,795	4,722	4,892
Regulatory Services	576	678	662	778
Customer Services & E-govt	1,813	2,791	2,820	2,714
Finance	427	666	793	348
Policy & Performance	148	138	138	144
Corporate Mangement	617	496	502	414
Democratic Services	788	820	838	992
Human Resources	151	174	174	136
Non-distributed Costs	287	(402)	(379)	(1,005)
Community & Partnerships	1,713	579	539	514
Regeneration	462	580	599	615
Total cost of General Fund Services	11,615	11,315	11,408	10,542
Financed By				
Whitworth Town Council Precept	47	48	48	48
Revenue Contribution to Capital Outlay	34	-	-	183
Contribution to/(from) GF Reserves	40	9	-	2
Capital Finance technical items	(331)	-	-	(278)
Contributions to/(from) Earmarked Reserves	161	(61)	(145)	1,227
Amount to be met from govt grants and local tax payers	11,566	11,311	11,311	11,724
Precept on the Collection Fund	4,940	5,138	5,138	5,138
Redistributed Collection Fund Surplus	-	64	64	68
General Govt Grants: Revenue Support Grant				
Rate Support Grant	957	878	878	878
Local Authority Business Growth Incentive Scheme	661	-	-	409
Local Public Service Agreement	56	-	-	-
Distribution from NNDR Pool	4,952	5,231	5,231	5,231
Amounts from govt grants and local tax payers	11,566	11,311	11,311	11,724

General Fund Services 2007/2008



Meeting Our Priorities



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 62.

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 £1,099k.

In accordance with government legislation this Housing Revenue

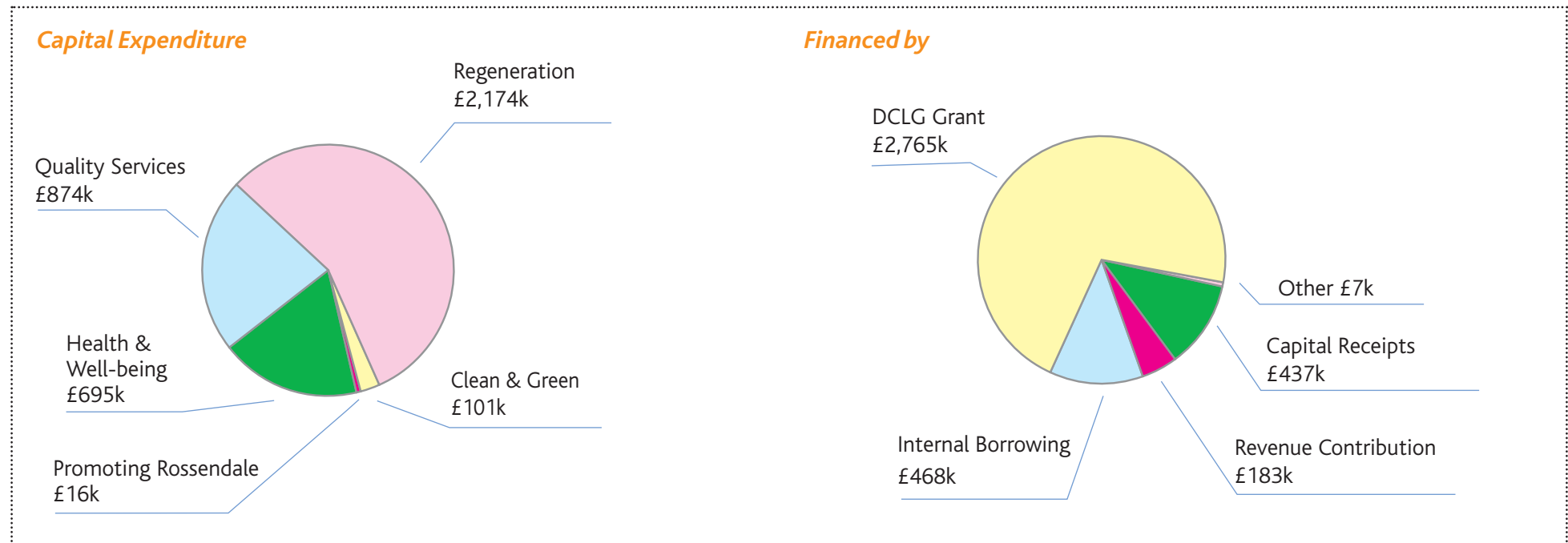
Account must be kept separate until the 1st April 2007. On that date the current balance of £1,150k will transfer to the General Fund See note 34 to the Core Statements.

4. Capital Expenditure

The capital works undertaken by the Council in 2007/2008 amounting to £3.8 million of which £1.028m relates to work on the Council's own fixed assets which are summarised in Note 15 to the Core Statements. More details can be found in the Capital Expenditure Report at the back of this book.

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 acted as Accountable Body for the Bacup & Stacksteads Community Partnership Single Regeneration Budget Scheme. The £5m scheme began in September 2000 and ran until December 2007. The operation of the scheme and support of the Partnership Board were 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 projects in 2007/2008 was £100k. Included in this was an administration grant of £5k.

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 36 explains 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 2007 which was published in March 2008.

This valuation saw an increase in the net deficit of the overall Fund to £710m, of which Rossendale Borough Council's Net Liability in the Balance Sheet has risen to over £22.9m at 31st March 2008. This measure compares the Fund's assets with the value of the past service benefits at 31 March 2007. It represents a funding level of 84% relative to the Fund's funding target.

This valuation has identified a number of material developments since the previous valuation:

- Investment returns have been very strong, and have more than offset the increases in liabilities due to falls in real yields;
- The effect of assuming longer life expectancy has had a significant impact on the valuation results.

The assumptions upon which this valuation is based include

- real salary increases (salary increases in excess of price inflation) of 1.75% p.a. over the inflation assumption
- an increase in life expectancy
- expected take-up by members of the option on retirement to commute part of their pension at retirement in return for a lump sum at a rate of £12 cash for each £1p.a. of pension given up.

The Funding Strategy Statement (FSS) specifies a maximum period for achieving full funding of 22 years. For Rossendale Borough Council this means a continuation of the current contribution rates of 18.1% for the next three years.

With effect from 1 April 2008 a new scheme is being introduced as a

replacement for the 1997 Scheme, under the provisions of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI2007/1166). The principal changes from the 1997 Scheme are: the replacement, for future service, of the existing benefits structure based on a pension of 1/80th of Pensionable Pay for each year of pensionable service plus an automatic lump sum of three times this amount by one based on 1/60th of Pensionable Pay for each year of pensionable service; and an increase in the average level of employee contributions from that date.



Statement of Accounting Policies

1. Introduction

In accordance with the CIPFA Statement of Recommended Practice 2006 (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 Balance Sheet, on the following basis:-

- 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.

- 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.
- infrastructure assets and community assets are included in the Balance Sheet at historical cost.

The surpluses arising on the initial valuation of fixed assets at 1st April 1994 were credited to the Fixed Asset Restatement Account. 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.

Depreciation is provided for on all operational assets with a finite useful life (which can be determined at the time of acquisition or revaluation over the useful life of the asset) using the straight-line method.

3. Basis of Charges for Capital

Capital charges are made to service revenue accounts to reflect the use of assets in delivering services. In the past these amounts covered depreciation and notional interest charges. The 2006-2007 Code of Practice has removed the notional interest charges. To ensure consistency for comparison purposes the notional interest previously reported in the 2005-2006 figures have been reversed.

Charges for Depreciation cover buildings, plant, furniture and equipment as well as intangible assets. Community and non-operational assets are not depreciated each year. Charges for depreciation amount to £755k (£526k in 2006/2007). Depreciation does not impact on the council tax, hence an adjusting transaction can be found in the Statement of Movement on the General Fund Balance. Details of the depreciation charged can be found in Note 14.

4. Leases

Where assets are acquired under operating leases the leasing rentals payable are charged to the revenue account on a straight line basis over the term of the lease. The costs of the assets subject to leasing agreements are not shown in the Balance Sheet, but are disclosed in Note 19. No new assets have been acquired under finance leases and there are no residual obligations under old finance leases.

5. Deferred Charges

Deferred charges should be written off 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 written off to revenue in the year the deferred charge is recognised. Where the Council meets this charge from existing capital resources a reversing entry in the Statement of Movement on the General Fund Balance ensures there is no impact on the council tax.

6. Capital Receipts

Capital receipts come from the sale of assets which may be used to finance capital expenditure or to repay any debts. Following the transfer of housing stock to Greenvale Homes in March 2006 the Council is still entitled to a proportion of Right to Buy receipts each year until 2011. This income has a minimum value of £900k per annum

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. An analysis can be found in Notes 23 and 24.

8. Stocks and Work in Progress

Stocks are included in the balance sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year-end and recorded in the balance sheet at cost plus any overheads reasonably attributable to the works. Full details can be found in Note 22.





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. The cost of service strategy and regulation of any service to the public is allocated to a separate objective expenditure head in the accounts of that service.

10. Pensions

The requirements of FRS17 have been fully incorporated into the Income and Expenditure Account, Housing Revenue Account Income and Expenditure Account and the Statement of Total Recognised Gains and Losses, as Note 36 explains.

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. Interest is also transferred internally to the Trust Funds held by the Council based on the average balances in each fund and the average interest rates earned by the Council in the year. The values transferred to each Trust Fund can be found in Note 35.

12. Investments

Investments are shown in the 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 20. Dividend income from investments is recognised when the authority has a right to receive the dividend.

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 are 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 25.

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 23.

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.

15. Reserves

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

- Revaluation Reserve records unrealised revaluation gains, net of depreciation and disposals on that revaluation amount, on a strict per-asset basis (see Note 28b)
- Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls mechanism (see Note 29b).
- Available-for-sale Financial Instruments Reserve stores gains on revaluation of investments not yet realised through sales. At present this does not apply to Rossendale Borough Council.
- Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments. Please refer to guarantees placed on behalf of Rossendale Leisure Trust at Note 10 and the Contingent Liabilities recorded at Note 33 for an explanation of why the guarantees are not included in the Financial Instruments Adjustment Account.

- Useable Capital Receipts Reserve holds the proceeds of fixed asset sales available to meet future capital investment (see Note 30)
- Deferred Capital Receipts holds the value of Council House sales prior to 1991 where mortgages were granted to the tenants. The balancing entry for these receipts is shown within Long Term Debtors on the Balance Sheet.
- Pensions Reserve is a balancing account to allow the inclusion of Pensions Liability in the Balance Sheet. Details of Pension Fund assets and liabilities can be found in Note 36.
- Earmarked Reserves are resources set aside to meet specific future running costs and investments. Full details can be found at Note 31.
- Fund Balances and Reserves are resources held to meet future revenue costs. These include the General Fund Reserve and the Collection Fund Reserve. Full details can be found in Note 32.

Only the Useable Capital Receipts Reserve, the Earmarked Reserves and the Fund Balances and Reserves represent cash which can be called upon to support spending.

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.

Where the Council receives capital grants and contributions the SORP requires these sums to be accounted for using a deferred credit method and the assets to be capitalised at gross cost. Grants and contributions are then credited to the Government Grants Deferred account and released to the relevant service revenue account over the life of the relevant asset to match any charges for depreciation. Note 26 shows the movement on Government Grants Deferred in the year.

17. Repurchase of Borrowing

The Accounting Code requires gains or losses on the repurchase of borrowing to be recognised in the Income and Expenditure 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 16.

In March 2008 the Government changed the basis on which MRP should be calculated to more closely match the life of the asset.

19. Group Accounts

The Group Accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council, the Trust Funds' it manages and Rossendale Transport Ltd.

20. Changes in Accounting Policies

In the 2007/2008 Statement of Accounts, the Council has adopted four significant new accounting policies.

- the method of calculating MRP
- the adoption of a Revaluation Reserve with a starting balance of zero at 1st April 2007
- the incorporation of the Fixed Asset Restatement Account and the Capital Financing Account into the Capital Adjustment Account
- provision for formal recognition of Financial Instruments and Soft Loans by the introduction of the Available-for-sale Financial Instruments Reserve and the Financial Instruments Adjustment Account.

21. Contingent Liabilities and Contingent Assets

A contingent liability is either:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control, or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that a transfer of economic benefits will be required to settle the obligation, or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A material contingent liability is not recognised within the accounts as an item of expenditure. It is, however, disclosed in a note unless the possibility of a transfer of economic benefits in settlement is remote.

A contingent asset is a possible asset that may arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Contingent assets are not recognised in the revenue account or the balance

sheet because prudence cautions that the gain might never be realised, instead they would be disclosed in the Notes to the Core Statements. When realisation of the gain is virtually certain, then the item ceases to be a contingent asset and can be accounted for as revenue or capital income as appropriate. Please refer to Note 33.

22. Prior Period Adjustments

Prior period adjustments are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

The SORP requires that the financial statements should disclose, where practicable the effect of a prior period adjustment on the results of the preceding period. Where this is not practicable, the fact this is so and the reasons for it should be disclosed. In addition, the cumulative effect on reserves of any prior period adjustments should be disclosed at the foot of the Statement of Total Recognised Gains and Losses.

This year the Council's Statement of Accounts includes at Note 1 to the Core Financial Statements a reconciliation of the prior period adjustments made as a result of a change in treatment of the income from Green Vale Homes in respect of VAT Shelter receipts.

23. Post Balance Sheet Events

Adjusting Events - where events arising after the balance sheet date provide additional evidence of conditions that existed at the balance sheet date and are of a material nature the amounts should be reflected in the Core Statements.

Non-adjusting Events – events which arise after the balance sheet date and concern conditions which did not exist at that time should be detailed in Notes to the Core Statements if they are of such materiality that their disclosure is required for the fair presentation of the financial statements, rather than reflected in the Core Statements. Please refer to Note 34 for the post-balance sheet treatment of the Housing Revenue Account balance.

Scope Of Responsibility

Rossendale Borough Council is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Rossendale Borough 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, Rossendale Borough Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.

Rossendale Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. A copy is on our website at http://www.rossendale.gov.uk/downloads/Item_C2_-_corporategovactionplan_1_.pdf or can be obtained from the Town Hall. This

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

The Purpose of the Governance Framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Rossendale

Borough 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 effectively, efficiently and economically.

The governance framework has been in place at Rossendale Borough Council for the year ended 31st March 2008 and up to the date of approval of the annual report and statement of accounts.

The Governance Framework

The key elements of the systems and processes that comprise the governance arrangements include:

- The Constitution, which establishes arrangements for policy setting and decision making, defining roles, responsibilities, statutory officer protocols and the delegation of powers to members and officers;
- The Constitution which is subject to annual review and amendment to meet the changing needs of the Council and the governance environment;
- The Audit Scrutiny Committee (now "Audit Committee") which complies with CIPFA's Audit Committee – Practical Guidance for Local Authorities and which, inter alia, oversees the production of the authority's Annual Governance Statement;
- An established business planning process, which sets clear objectives and

targets in light of: the Local Strategic Partnership, local community and stakeholder engagement, the Council's policy priorities and financial resources all of which is summarised annually in the Council's Corporate Plan;

- A performance management system of regular monitoring and reporting to members of the Council's performance against its plans;
- Comprehensive codes of conduct for members and officers, supported through a training programme, 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;
- An award winning officer and member training and development programme to support, amongst other things, their strategic roles;
- A partnership with Lancashire County Council for the management of the internal audit service that works with officers to assess and develop the governance framework and which supports management's assessment of compliance with established policies, procedures, laws and regulations;

- Annual quality assurance statements by all Heads of Service which both acknowledge officer responsibilities in matters of governance and internal control and make an annual evaluation of their adequacy within the service area;
- A risk management framework, which ensures that risks to the Council's objectives are identified and appropriately managed;
- The Medium Term Financial Strategy, budget setting and budgetary management systems which aim to economically, effectively and efficiently use resources in line with corporate priorities and the regular reporting of financial performance to officers and members;
- Financial Regulations and Contract Procedure Rules 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;
- A centrally held partnership register together with terms of reference for outside bodies (see: "Role of Members on Outside Bodies");
- Established terms of reference for Member led working groups and securing independent Members on Standards Committee and co-opted

- Members on scrutiny committees;
- Encouraging public participation through the adoption of a "Procedure for Public Speaking" at public meetings;
 - Through Neighbourhood Forums we enable groups to feedback on how grants awarded by the forums have improved the community;
 - Accessibility to agendas stating that agendas are available in different formats;
 - East Lancashire e-Partnership (Procurement) ensuring maximum value for money for the Council;
 - Participation in the nationwide National Fraud Initiative;
 - Member risk champion.

Review of Effectiveness

Rossendale Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review has been completed/informed by the work of executive managers within Rossendale Borough Council who have the responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The roles and processes that have been applied in maintaining

and reviewing the effectiveness of the governance framework are as follows:

Rossendale Borough Council

- Regular formal meetings of the Leader of Council and Chief Executive, regular meetings of Cabinet portfolio holders and Heads of Service
- Monitoring Officer and s151 Officer protocols
- Regular review of Constitution and Corporate Governance
- Member / Officer protocols

The Executive

- Cabinet Member terms of reference
- Portfolio Holder role descriptions

The audit committee/overview and scrutiny committees

- Overview and scrutiny annual reports
- Integrated performance, financial and risk reporting
- Robust Member call-in procedures
- Published committee agendas and minutes
- Customer complaints reviewed by Performance Scrutiny Committee

The standards committee

- Annual work programme
- Annual end of year report
- Currently developing a "Planning Code of Conduct" to replace the current "Code of Good Practice"

- Currently developing a protocol for Standards Committee members

Internal audit

- Audit scrutiny
- Annual Audit Reports (from both external and internal auditors)

The explicit review and assurance mechanisms

- Executive led "Programme Board" for significant projects
- Formal reporting mechanism for significant events ("Significant Event Review" reports)
- Member Development Strategy and annual Personal Development Plans

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

Significant Governance Issues

We are satisfied that no matters of significance in relation to governance matters have been identified. We will however continue to make improvements to the effectiveness of governance where a need has been identified and will monitor their implementation and operation as part of our next annual review. In particular areas for review and improvements will be, inter alia:

- Partnership arrangements
- Embedding and consolidating Performance, Risk and Financial management across the Council
- Strategic development and action (eg: Leisure, Waste Management, Economy, Housing etc.)



Cllr. Anthony Swain
Leader of the Council



Carolyn Wilkins
Chief Executive





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.
- to 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, 2008.

In preparing this Statement of Accounts, I have:-

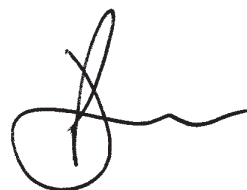
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;

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 35 to 75, presents fairly the financial position of Rossendale Borough Council at 31st March 2008, and its income and expenditure for the year ended 31st March 2008.



Phil Seddon
Head of Finance
20th June 2008



Section 3

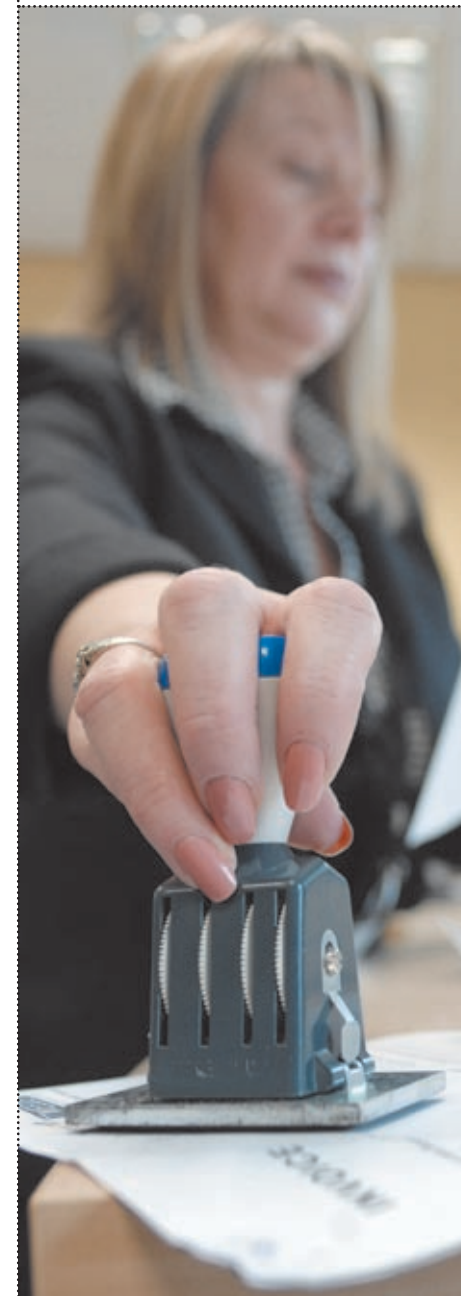
Core Financial Statements and Notes

“Monitoring our performance demonstrates that we deserve our GOOD rating”



INCOME & EXPENDITURE ACCOUNT 2007-2008					
2006/2007 Net Expend £000s			2007/2008 Gross Expend £000s	2007/2008 Income £000s	2007/2008 Net Expend £000s
723	Continuing Operations	Central Services to the Public	1,257	(467)	790
7,024		Cultural, Environmental & Planning	9,192	(2,306)	6,886
969		Highways, Roads & Transport Services	1,172	(155)	1,017
636		Housing General Fund	22,981	(22,455)	526
2,056		Corporate & Democratic Core	1,823	(199)	1,624
(289)		Other Central Services*	1,437	(1,003)	434
(1,639)		Non-Distributed Costs	520	(90)	430
(9,480)			38,382	(26,675)	11,707
(51)	Housing Revenue Account services transferred to Green Vale Homes		-	-	-
9,429	Net cost of services		38,382	(26,675)	11,707
(3,738)	(Gain)/Loss on disposal of fixed assets*				(1,363)
47	Whitworth Town Council Precept				48
(36)	(Surplus)/Deficit on Trading Undertakings		386	(440)	(54)
-	Contribution of housing capital receipts to Government Pool				12
6	Interest Payable				8
(204)	Interest and investment income				(367)
241	Pensions interest cost and expected return on pension assets				170
5,745	Net operating expenditure				10,161
(4,940)	Precept on Collection Fund				(5,138)
-	Redistribution of Collection Fund Surplus				(68)
(1,730)	Government Grants - General				(1,287)
(4,952)	Government Grants - NNDR redistribution from pool				(5,231)
(5,877)	Net (Surplus)/Deficit				(1,563)

*Restated as per Note 1 Prior year adjustment



STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE		
2006/2007 £000s		2007/2008 £000s
(5,877)	(Surplus)/deficit for the year on the Income and Expenditure Account	(1,563)
5,837	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	1,561
(40)	(Increase)/decrease in General Fund Balance at the beginning of the year	(2)
646	General Fund Balance brought forward	811
686	General Fund Balance carried forward	813

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

- *Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.*
- *Whilst the Council owned its housing stock the payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than council tax.*
- *Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.*

The Statement of Movement on the General Fund Balance compares the Council's spending against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

The SORP requires a note to the accounts explaining the significance of this Statement for local taxation and the resources available to fund the authority's activity – this can be found at Note 12 to the Core Financial Statements.

Note 13 also provides a breakdown of the amount above as the net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
2006/2007 £000s		2007/2008 £000s
5,877	Surplus/(deficit) for the year on the Income and Expenditure Account	1,563
717	Surplus/(deficit) arising on revaluation of fixed assets	1,963
3,015	Actuarial gains/(losses) on pension fund assets and liabilities	(9,578)
(1)	Surplus/(deficit) for the year on the Collection Fund	(17)
9,608	Total recognised gains & (losses) for the year	(6,069)

This Statement of Total Recognised Gains and Losses brings together all the gains and losses of the council for the year and shows the aggregate increase/(decrease) in its net worth. In addition to the surplus/(deficit) generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

BALANCE SHEET						
£000s	2006/2007 £000s				£000s	2007/2008 £000s
506		Intangible Assets		Note 14	397	
		Tangible Assets				
14,707		Operational Assets	- Other Land & Buildings	Note 14	14,993	
1,036			- Vehicles, Plant, Furniture & Equipment	Note 14	1,092	
33			- Community Assets	Note 14	153	
598		Non Operational Assets	- Investment Assets	Note 14	654	
-			- Assets under construction	Note 14	-	
1,064			- Surplus assets held for disposal	Note 14	2,537	
	17,944					19,826
647		Long-term Investments		Note 20	647	
67		Long-term Debtors			42	
	714					689
	18,658	Total long-term Assets				20,515
50		Current Assets	Stocks & work in progress	Note 22	52	
9,125			Debtors	Note 23	7,899	
(1,996)			Bad Debts Provision	Note 23	(2,057)	
-			Investments		2,565	
2,014			Cash at Bank	Note 39	1,493	
	9,193					9,952
	27,851					30,467
(5,811)		Current Liabilities	Creditors	Note 24	(4,580)	
	(5,811)					(4,580)
	22,040	Total Assets less Current Liabilities				25,887
(4,333)		Government Grants Deferred		Note 26	(4,190)	
(201)		Grants Unapplied		Note 27	(356)	
(533)		Provisions		Note 25	(781)	
(13,285)		Liability related to defined benefit Pension Scheme		Note 37	(22,941)	
	(18,352)					(28,268)
	3,688	Total assets less liabilities				(2,381)
1,138		Fixed Asset Restatement Account		Note 28	-	
11,248		Capital Financing Account*		Note 29	-	
-		Capital Adjustment Account		Note 29b	12,133	
-		Revaluation Reserve		Note 28b	1,853	
-		Usable Capital Receipts Reserve		Note 30	1,134	
49		Deferred Capital Receipts			26	
(13,285)		Pension Reserve		Note 37	(22,941)	
2,331		Earmarked Reserves*		Note 31 & 35	4,584	
2,207		Fund Balances and Reserves		Note 32 & 35	830	
	3,688	Net equity				(2,381)

*Restated as per Note 1 Prior year adjustment

CASH FLOW STATEMENT						
2006/2007					2007/2008	
£000	£000				£000	£000
		Revenue activities				
7,547		Cash Outflows	Employees		7,427	
10,261			Other operating cash payments		9,803	
24,551			Precepts paid		26,458	
10,927			National non-domestic rate payments to national pool		11,375	
11,585			Housing Benefits paid out		13,544	
-			Payments to the Capital Receipts Pool		12	68,619
	64,871					
(406)		Cash Inflows	Net Rents		(407)	
(25,080)			Council Tax receipts (net of benefits)		(26,804)	
(4,952)			National non-domestic rate receipts from national pool	Note 40	(5,231)	
(10,136)			Non-domestic rate receipts		(11,030)	
(1,674)			Revenue Support Grant	Note 40	(914)	
(16,451)			DWP grants for benefits	Note 40	(16,339)	
(1,857)			Other government grants	Note 40	(1,586)	
*(3,136)			Cash received for goods and services		(5,717)	
	(63,692)					(68,028)
	1,179	Net cash (inflow)/outflow from Revenue activities		Note 38		591
		Dividends from joint ventures and associates				
		Cash Inflows				-
		Returns on Investments and Servicing of Finance				
6		Cash Outflows	Interest paid		8	
(372)		Cash Inflows	Interest Received		(426)	(418)
	(366)					
		Capital activities				
5,750		Cash Outflows	Purchase of fixed assets and other capital expenditure		3,863	
(1,217)		Cash Inflows	Sale of fixed assets		(219)	
(3,007)			Capital grants received	Note 40	(3,014)	
*(1,706)			Other capital cash receipts		(2,847)	(2,217)
	(180)					
	633	Net cash (inflow)/outflow before financing				(2,044)
	100	Management of liquid resources	Net (increase)/ decrease in short-term deposits			2,565
		Financing				
1,628		Cash Outflows	Repayments of amounts borrowed		-	
-		Cash Inflows	New loans raised		-	
(1,628)			New short term loans			
	-					
	733	Net (increase)/decrease in cash		Note 39		521

*Restated as per Note 1 Prior year adjustment

Note 1 Prior Year Adjustment

During 2007/2008 the treatment of VAT Shelter receipts from Green Vale Homes as a part of the stock transfer in March 2006 was amended from a capital receipt to a revenue receipt. This has required a Prior Year Adjustment to the 2006/2007 accounts in relation to £684k of receipts, of which £263k was received in cash and £421k was a debtor at year-end. The following adjustments have been carried out and annotated on each statement and note accordingly following discussions with the External Auditor..

Income & Expenditure Account

	Previous	Adj	New
Continuing Operations			
– Other Central Services	395	(684)	(289)
Net Cost of Services	10,133	(684)	9,429
(Gain)/Loss on disposal of Fixed Assets	(4,422)	684	(3,738)
Net Operating Expenditure	5,745	-	5,745

Balance Sheet

	Previous	Adj	New
Capital Financing Account	11,932	(684)	11,248
Earmarked Reserves	1,647	684	2,331
Net Equity	3,688	-	3,688

Cash Flow Statement

	Previous	Adj	New
Revenue Activities – Cash Inflows			
– Cash received for goods & services	(2,873)	(263)	(3,136)
Capital Activities – Cash Inflows			
– Other capital receipts	(1,969)	263	(1,706)
Net Cash (Inflow)/Outflow before financing	633	-	633

Similar adjustments have been reflected in the Group Accounts

Note 13 – Calculation of figure used in Statement of Movement on General Fund Balance

	Previous	Adj	New
(Gain)/Loss on disposal of Fixed Assets	4,422	(684)	3,738
Net Transfer to/(from) Earmarked Reserve	161	684	845
Net additional amount required to be debited/(credited) to the General Fund Balance for the year	5,837	-	5,837

Note 16 – Capital Financing Requirement (CFR)

	Previous	Adj	New
Sources of Finance -Capital Receipts	(5,341)	684	(4,657)
Closing CFR	541	684	1,225
Increase/(Decrease) in CFR	(2,320)	684	(1,642)

Note 29 – Capital Financing Account

	Previous	Adj	New
Capital Receipts set aside	2,270	(684)	1,586
Balance at 31st March 2007	11,932	(684)	11,248

Note 30 – Useable Capital Receipts

	Previous	Adj	New
Capital receipts in the year	5,226	(684)	4,542
Capital Receipts set aside	(2,270)	684	(1,586)
Balance at 31st March 2007	-	-	-

Note 31 – Earmarked Reserves

	Previous	Adj	New
Create a new IT Reserve	-	500	500
Create a new Pension Fund Reserve	-	184	184
Balance at 31st March 2007	1,487	684	2,331

Note 2 Discontinued Operations

Following a ballot of housing tenants and 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 the 27th March 2006. In line with the regulations relating to such stock transfers the Council's Housing Revenue Account had to remain open until the 1st April 2007, although there were substantially no operations in the 2006/2007 financial year.

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 2007/2008 the value of this contract was £501,268 (£748,589 in 2006/2007). The estimated value remaining on this contract is £1.55m, 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 October 2006 the Council entered into a 10-year contract with Capita Business Services Ltd for the provision of Revenues, Benefits and General Customer Contact Services. In 2007/2008 the contract value was

£1,264,105. In 2008/2009 the anticipated full-year contract value, subject to an element of inflation in October, is £1,288,304. Over the remaining life of the contract the value is expected to be £10.9m.

Note 4 – Trading Operations

The Council undertakes two trading operations, Markets and Industrial Units, whose financial results are shown below.

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 4. Trading Operations

Net Expenditure 2006/2007 £000s		Gross Expenditure 2007/2008 £000s	Income 2007/2008 £000s	Net Expenditure 2007/2008 £000s
98	Markets	230	(138)	92
(134)	Industrial Units	156	(302)	(146)
(36)		386	(440)	(54)



Note 5 – Discretionary Expenditure under Local Government Act 1972, Section 137

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 2007/2008 the relevant population, as calculated for the Rate Support Grant, was 66,206 and the allowed expenditure was £231,721.

(In 2006/2007 the relevant population was 65,912 giving a limit of £230,692).

Note 6 – Publicity Expenditure

Section 5 of the Local Government Act 1986 requires a Local Authority to keep a separate account of its expenditure on publicity.

Note 5. Section 137 Expenditure

	2006/2007	2007/2008
	£000s	£000s
Grants to Local Charities	100	174
Grant to Rossendale Groundwork	17	18
Community Cohesion Pathfinder Project	12	-
Administration Costs	6	10
	135	202

Note 6. Publicity

	2006/2007	2007/2008
	£000s	£000s
Employee related advertising	85	46
Other publicity and promotions including the Communications Team	228	226
	313	272



Note 7 - 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 in relation to specific activities which the service undertakes over a rolling 3 year period.

The operating deficit of £144k in 2007/2008 was partially funded by a transfer from the earmarked provision built up over previous years. This provision funded £31k towards the capital purchase of new planning and development software which is included in the "Capital Expenditure charged to the General Fund Balance" at Note 13. The remaining balance of this provision at 31st March 2008 is £24k and is included within the General Fund Provisions in Note 25.

Total Building Control 2006/2007 £000		Chargeable 2007/2008 £000	Non- Chargeable 2007/2008 £000	Total Building Control 2007/2008 £000
	Expenditure			
196	Employee expenses	145	63	207
9	Transport	6	3	9
29	Supplies and Services	7	6	13
76	Central and support service charges	63	21	84
310		221	93	314
	Income			
(166)	Building Regulation Charges	(169)	-	(169)
(9)	Miscellaneous Income	-	(1)	(1)
(175)		(169)	(1)	(170)
135	(Surplus)/Deficit for the year	52	92	144
(25)	Transferred to/from Earmarked Provision re: in-year deficit	-	-	-
(34)	Transferred to/from Earmarked Provision re: capital investment	(31)	-	(31)
76	Net included in I & E Services Account	21	92	113



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 individual allowances paid to members during 2007/2008 are as follows:-

Note 8. Members Allowances

	2006/2007 £000s	2007/2008 £000s
Basic Allowance	70	88
Special Responsibility Allowance	60	67
Employers National Insurance incurred	3	4
Mileage Allowance	5	6
Subsistence/others reimbursements	-	-
	138	165

Schedule of Allowances in the Municipal Year	2006/2007 £000s	2007/2008 £000s
Basic allowance per Councillor	1,997	2,610
Special Responsibility Allowances:-		
Leader of the majority or largest Group	7,986	10,440
Deputy Leader of the majority or largest Group	5,990	7,830
Leader of the minority or second-largest Group	3,993	5,220
Executive Members	3,993	5,220
Chair of Overview & Scrutiny Committee	3,993	5,220
Other Committee Chairs	1,997	2,610
Vice Chair of Overview & Scrutiny	1,997	2,610
Other Committee Vice Chairs	998	1,305

Note 9. 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.

Variations between years are due to changes in the Senior Management Team during 2006/2007 and 2007/2008.

Note 9. Officers Emoluments

	2006/2007 No of Employees	2007/2008 No of Employees
£50,000 - £59,999	2	3
£60,000 - £69,999	2	2
£70,000 - £79,999	-	1
£80,000 - £89,999	-	-
£90,000 - £99,999	1	1
	5	7



Note 10. 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 Note 40.

o Other local authorities and precepting bodies

- payments to the Lancashire County Council Superannuation Fund – see Note 37.
- 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 Income & Expenditure 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 – see Note 20 - Investment and the Group Accounts.

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 2007/2008 can be seen in Note 40.
- Bacup & Stacksteads Community Partnership have approved projects (e.g. Housing Improvement Schemes) for which the Council has received Single Regeneration Budget grant. See Note 40 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 2007/2008 was £444k.
In 2007/2008 the Trust was given 2 cash-flow loans by the Council totalling £315k. Interest charged on these loans has been credited to the Income & Expenditure Account to the value of £6,800.

The Council also provided a guarantee on a £1.2m investment loan to the Trust for the extension to Haslingden sports centre and has underwritten the net Balance Sheet deficit of £270k at 31st March 2008. More information on these transactions can be found in Note 33 on Contingent Liabilities.

- Community Leisure Association of Whitworth (CLAW) is a separate charitable organisation operating Whitworth Swimming Pool and the new Civic Hall, for which they received £69k towards running costs in 2007/2008.

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.

Upon review of this register it is considered that any transactions involving Members and Chief Officers with related parties are not material.

Note 11. Audit Costs

	2006/2007 £000s	2007/2008 £000s
Fees payable to the Audit Commission in respect of external audit service	108	113
Fees payable to the Audit Commission in respect of statutory inspection	13	12
Fees payable to the Audit Commission for the certification of grant claims	32	29
Fees payable in respect of other services provided by the appointed auditor		6
	153	160

Note 12 – Explanation of the Significance of the Statement of Movement on the General Fund Balance

The Income and Expenditure Account discloses the income receivable and expenditure incurred in operating the Council for the year, applying essentially the same accounting conventions as a large company would use. However, when calculating the Council's revenue budgets and Council Tax requirements are determined by statute and non-statutory proper practices rather being in accordance with UK GAAP. There are a number of differences. For example,

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

The Statement of Movement on the General Fund Balance provides the necessary reconciliation between the Income and Expenditure Account and the General Fund charges to Council Tax payers.

Note 13 – Breakdown of the amounts used to reconcile the Income and Expenditure Account to the General Fund activity

2006/2007		2007/2008	
£000s		£000s	
(59)	Amortisation of intangible fixed assets	(120)	
(467)	Depreciation and impairment of fixed assets	(635)	
(758)	Write downs of deferred charges to be financed from capital resources	(113)	
331	Government Grants Deferred Amortisation	192	
-	Transfer from Capital Financing Account	(469)	
3,738	Net gain/(loss) on sale of fixed assets*	1,351	
897	Net charges made for retirement benefits in accordance with FRS 17	(1,194)	
3,682	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		(988)
54	Minimum revenue provision for capital financing	43	
90	Capital expenditure charged in-year to the General Fund Balance	183	
1,115	Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	1,096	
1,259	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year		1,322
51	Housing Revenue Account balance	-	
845	Net transfer to/(from) earmarked reserves*	1,227	
896	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year		1,227
5,837	Net additional amount required to be debited/(credited) to the General Fund balance for the year		1,561

*Restated as per Note 1 Prior year adjustment

Note 14. Tangible and Intangible Assets

Movement of Assets in 2007/2008 were as follows:-

Total Assets 2006/2007 £000		Intangible Assets £000	OPERATIONAL ASSETS			NON-OPERATIONAL ASSETS			Total Tangible Assets £000	Total Assets £000
			Operational Land & Buildings £000	Vehicles/ Plant & Equipment £000	Community Assets £000	Investment Assets £000	Assets under Construction £000	Surplus Assets for Disposal £000		
17,768	Gross Book Value at 1 st April	587	15,937	1,759	33	598	-	1,064	19,391	19,978
(1,508)	Less Accumulated Depreciation	(81)	(1,230)	(723)	-	-	-	-	(1,953)	(2,034)
16,260	Net book value at 1st April	506	14,707	1,036	33	598	-	1,064	17,438	17,944
856	Revaluation & Restatement of Fixed Assets	-	552	-	-	56	-	1,355	1,963	1,963
-	Reclassification of Assets	-	(228)	-	-	-	-	228	-	-
2,297	Additions	11	503	336	130	36	-	12	1,017	1,028
	Less:-									
-	Impairments	-	(183)	(3)	(10)	(36)	-	(12)	(244)	(244)
(804)	Disposals	-	-	-	-	-	-	(110)	(110)	(110)
(139)	Expenditure transferred to Fixed Asset Restatement Account	-	-	-	-	-	-	-	-	-
(526)	Depreciation	(120)	(358)	(277)	-	-	-	-	(635)	(755)
17,944	Net Book Value at 31st March	397	14,993	1,092	153	654	-	2,537	19,429	19,826



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

- Operational buildings generally have a useful life of 40 years, except where expert opinion has reduced this estimate.
- Vehicles are depreciated over a useful life of 3-6 years depending upon their technical/mechanical nature.
- Equipment such as refuse bins, are depreciated over a useful life of 12 years.
- Intangible assets, which relate to purchased software licences, are depreciated using the straight line method over a useful life of 5 years.
- All other assets under land, assets under construction, community assets, investment and surplus assets are not depreciated.

Note 14a – A breakdown of buildings owned

An analysis of Fixed Assets at 31st March 2007

	31 st March 2007	31 st March 2008
Buildings		
Administrative Buildings	7	7
Leisure Centres	2	2
Public Halls	2	2
Swimming Pools	3	3
Museums	1	1
Cemeteries	4	4
Industrial Units	37	37
Markets	3	3
Ski Slope	1	1
	60	60

Note 14c - Revaluation Programme

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. For details of basis of valuation please refer to the Accounting Policies.

	Operational Land and Buildings £000	Vehicles, Plant and Equipment £000	Community Assets £000	Investment Properties £000	Surplus Assets for disposal £000	Total Tangible Assets £000
Valued at historical cost			153			153
Valued at current value in:						-
2003/04	5,446	150			537	6,133
2004/05	4,156	95		437		4,688
2005/06	662	145				807
2006/07	3,382	369		162		3,913
2007/08	1,347	333		55	2,000	3,735
Total	14,993	1,092	153	654	2,537	19,429

Note 14b – Value of Assets Sold, Disposed or Decommissioned

	Fixed Asset Restatement Account 2006/2007 £000	Revaluation Reserve 2007/2008 £000
Total increase/(decrease) in unrealised capital resources in the year	716	1,963
Amounts written off fixed asset balances for disposals in the year	(804)	(110)
Total movement on reserve in the year	(88)	1,853
Balance brought forward at 1st April	1,225	-
Balance carried forward at 31st March	1,137	1,853

The details below show the history of this revaluation programme. Assets valued in previous years have not undergone any material changes which would alter their valuations.

Note 15 – Capital Expenditure

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

	2006/2007 £000	2007/2008 £000
IT Strategy	303	212
Waste Collection and Recycling	385	74
Futures Park, Bacup	50	-
Disabled Access Improvements	201	24
Civic Hall, Whitworth	1,118	14
Henrietta St Depot	-	120
Leisure Buildings	240	218
Whitworth Cemetery	-	126
	2,297	1,028

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

	31 st March 2007 £000	31 st March 2008 £000
Building Maintenance	182	9
Civic Hall, Whitworth	36	-
Planning System	85	9
	303	9



Note 16 – Capital Financing Requirement

	2006/2007 £000	2007/2008 £000
Opening Capital Financing Requirement	2,867	1,225
Capital investment		
Operational assets	1,248	980
Non operational assets	1,047	48
Deferred Charges	3,451	2,836
	8,613	5,089
Sources of Finance		
Capital Receipts*	(4,657)	(340)
Government Grants and other contributions	(2,587)	(2,885)
Sums set aside from Revenue :-		
Use of Revenue Resources	(90)	(183)
Minimum Revenue Provision	(54)	(43)
Closing Capital Financing Requirement	1,225	1,639
Explanation of movements in year		
Increase/(Decrease) in underlying need to borrow (supported by Government financial assistance)	(1,642)	414
Increase/(Decrease) in Capital Financing Requirement	(1,642)	(414)

*Restated as per Note 1 Prior year adjustment

Note 17 Analysis of Net Assets Employed

	31 st March 2007 £000	31 st March 2008 £000
General Fund*	(1,052)	(5,418)
Housing Revenue Account*	1,150	-
Trading Operations	3,219	3,133
Collection Fund	371	17
Total	3,688	(2,268)

*Restated to correct an error in previous year statement

Note 18. Deferred Charges

	2006/2007 £000	2007/2008 £000
Balance at 1st April	-	-
Expenditure in year		
- Capital Expenditure – Housing, Improvement Grants and Elevate	2,658	2,797
- Other Capital Expenditure	371	39
Amounts written off to Income and Expenditure Account	(3,029)	(2,836)
Balance at 31st March	-	-

Note 19. Operating Leases

	2006/2007 £000s	2007/2008 £000s
Amounts paid in year	386	478
Amounts falling due within 1- 2 years	710	359
Amounts falling due within 2 - 5 years	46	26
Amounts falling due within 5 - 10 years	82	70
Undischarged obligations	838	455

Note 20. Long Term Investments

The long term investments consist of:-

	31st March 2007 £000s	31st March 2008 £000s
Rossendale Transport Ltd	645	645
Marketable Securities	2	2
	647	647

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.

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 Ltd in turn have a subsidiary company Coachways Ltd, though this company has ceased trading. There are no loans outstanding. Further information about the accounts is available from The Company Secretary, Rossendale Transport Ltd., 35 Bacup Road, Rawtenstall.

	31st March 2007 £000s	31st March 2008 £000s
Profit on ordinary activities before Taxation	292	201
Tax on profit on ordinary activities	(98)	(6)
Retained (loss)/profit for the financial year	193	195
Net Assets of Company	2,125	1,763

Note 21 – Loans outstanding

The transfer of the Council housing stock on 27th March 2006 resulted in the repayment of all the Council's long term borrowing.

Note 22. Stocks

	31st March 2007 £000s	31st March 2008 £000s
Street Scene Stocks	43	52
Printing	7	-
	50	52

Note 23. Debtors

	31st March 2007 £000s	31st March 2008 £000s
Government Departments	2,752	3,625
Other Public Bodies	222	108
Business Rates	246	255
Council Tax	2,609	2,682
Advance Payments	100	144
Sundry Debtors	3,196	1,085
	9,125	7,899
Less: Provision for Bad and Doubtful Debts	(1,996)	(2,057)
	7,129	5,842

Note 24. Creditors

	31st March 2007 £	31st March 2008 £
Government Departments	826	380
Other Public Bodies	167	280
Advance Receipts	961	1,038
Sundry Creditors	3,857	2,882
	5,811	4,580



Note 25. Provisions

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

	Balance at 31st March 2007 £000s	Advanced £000s	Utilised £000s	Balance at 31st March 2008 £000s
District Plan	105	(105)	-	-
English Heritage	-	358	-	358
Building Control	55	-	(31)	24
Other Provisions - General Fund	373	336	(310)	399
	533	589	(341)	781

Note 26. Government Grants Deferred

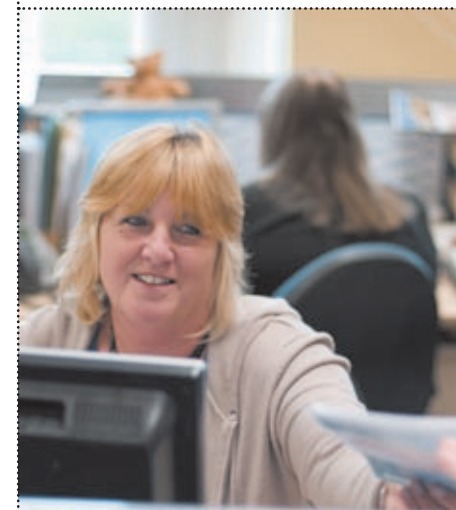
Assets are capitalised at gross cost. Grants and contributions received in relation to these assets are then credited to the Government Grants Deferred account and released to the relevant service revenue account over the life of the relevant asset to match any charges for depreciation.

	2006/2007 £000s	2007/2008 £000s
Balance at 1st April	4,769	4,333
Capital grants received	2,643	2,772
Other contributions	-	113
Less:- Grants written off	(3,079)	(3,028)
Balance at 31st March	4,333	4,190

Note 27. Government Grants Unapplied

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. This account holds the balance of grants unapplied at year-end.

	2006/2007 £000s	2007/2008 £000s
Balance at 1st April	295	201
Grants received in the year	324	335
Grants applied To finance Revenue Spending	(384)	(179)
To finance Capital Spending	(34)	-
Balance at 31st March	201	357



Note 28. Fixed Asset Restatement Account

In accordance with the Statement of Recommended Practice 2007/2008 the value on the Fixed Asset Restatement Account as at 31st March 2007 was transferred into the newly created Capital Adjustment Account at 1st April 2007.

	2006/2007 £000s	2007/2008 £000s
Balance at 1st April	1,225	-
Surplus/(Deficit) on revaluation of assets in the year	856	-
Less:- Value of fixed assets disposed in year	(804)	-
Expenditure written off	(139)	-
	1,138	-
Adjustment following disposal of Council Housing stock	-	-
Balance at 31st March	1,138	-
Balance transferred to CAA	(1,138)	-

Note 28b. Revaluation Reserve

In accordance with the Statement of Recommended Practice 2007/2008 from 1st April 2007 the Revaluation Reserve records unrealised revaluation gains, net of depreciation and disposals on that revaluation amount, on a strict per-asset basis. This Reserve is matched by fixed assets within the Balance Sheet. It does not represent resources available to the authority.

	2007/2008 £000s
Balance at 1st April	-
Surplus/(Deficit) on revaluation of assets in the year	1,963
Less:- Value of fixed assets disposed in year	(110)
Balance at 31st March	1,853

Note 29. Capital Financing Account

In accordance with the Statement of Recommended Practice 2007/2008 the value on the Capital Financing Account as at 31st March 2007 was transferred into the newly created Capital Adjustment Account at 1st April 2007.

	2006/2007 £000s	2007/2008 £000s
Balance at 1st April	7,401	-
Capital Receipts set aside*	1,586	-
Capital Financing	5,924	-
MRP (less depreciation and impairment provision)	(473)	-
	14,438	-
Less:- Deferred charges written down	(3,190)	-
Balance at 31st March	11,248	-
Balance transferred to CAA	(11,248)	-

*Restated as per Note 1 Prior year adjustment

Note 29b. Capital Adjustment Account

In accordance with the Statement of Recommended Practice 2007/2008 the Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls mechanism. This account is not maintained on a per-asset basis and does not represent resources available to the authority.

	2007/2008 £000s
Balance transferred from FARA	1,138
Balance transferred from CFA	11,248
Balance at 1st April	12,386
Capital Financing	3,539
MRP (less depreciation and impairment provision)	(956)
Less:- Deferred charges written down	(2,836)
Balance at 31st March	12,133

Note 30. Usable Capital Receipts Reserve

	2006/20076 £000s	2007/2008 £000s
Balance at 1st April	115	-
Capital Receipts in year from sale of assets etc.	4,542	1,473
	4,657	1,473
Less:- Capital Receipts set aside	(1,586)	-
Capital Receipts used to finance Capital Expenditure	(3,071)	(327)
Payments to the Capital Receipts Pool	-	(12)
Balance at 31st March	-	1,134

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

Note 31b Earmarked Reserves

Transport Reserve – Historic valuation of the Council’s shares in Rossendale Transport Ltd – see Note 20 to the Core Statements.

Change Management Reserve – To provide resources to support the costs of change within the organisation, such as consultancy support, restructuring costs, or investment in technology to realise savings.

Budget Volatility Reserve – To provide for exceptional increases in demand driven budgets (such as concessionary travel, housing benefits, etc.)

IT Reserve – Initially funded as part of the housing stock transfer arrangements this reserve is intended to fund ongoing investment in Information Technology upgrades and services.

Pension Fund Reserve – This reserve holds funds to meet future liabilities in respect of the pension fund, particularly in relation to past services such as housing.

Note 31. Earmarked Reserves

	Balance 31 March 2007 £000s	Income £000s	Expenditure £000s	Balance 31 March 2008 £000s
Transport Reserve	645	-	-	645
Change Management Reserve [^]	141	736	(216)	661
Budget Volatility Reserve [^]	100	201	(129)	172
IT Reserve*	500	56	(186)	370
Pension Fund Reserve*	184	212	-	396
Performance Management	-	68	-	68
Regulatory Services Reserve	100	300	-	400
Economic Regeneration	661	234	(48)	847
Single Status Reserve [^]	-	980	(111)	869
Health & Wellbeing Projects	-	156	-	156
	2,331	2,943	(690)	4,584

*Restated as per Note 1 Prior year adjustment

[^]Including re-distributed Housing Revenue Account

Performance Management Reserve – A reserve to meet the cost of target achievement incentives offered to Capita in relation to Revenues and Benefits services. This is funded initially by the redistributed surplus from the Collection Fund and has a maximum call in any one year of £25k.

Regulatory Services Reserve -To hold Local Authority Business Growth Incentive Schemes receipts for future investment to deliver the Local Development Framework which will have a positive impact on the regeneration of Rossendale.

Economic Regeneration Reserve – Funds such as Local Authority Business Growth Incentive Scheme (LABGIS) grants held for future investment in specific regeneration schemes.

Single Status Reserve - To meet the transitional costs of implementing Single Status including pay protection and implementation costs.

Health and Wellbeing Projects Reserve – This reserve holds grants received from the local health authority to fund future health-related partnership projects.

Note 32 - Movement in Revenue Resources

	General Fund Balances £000	HRA Balances £000	Collection Fund Balances £000	Earmarked Reserves £000	Pension Reserves £000
Surplus/(Deficit) for 2006/2007	2		(354)		
Appropriations to/(from) revenue	125	(1,150)		2,253	
Actual gains and losses relating to pensions	-				(9,656)
Balance brought forward at 1st April 2007	686	1,150	371	2,331	(13,285)
Balance carried forward at 31st March 2008	813	-	17	4,584	(22,941)

Note 33 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.

Similarly the Council entered into an agreement with Green Vale Housing Association regarding the Right to Buy (RTB) sale of houses to tenants. This five-year agreement made provision for Green Vale Housing Association to retain the first £19,000 per property sold with Rossendale Borough Council receiving the balance of all sales income over and above this level each year.

The Council has now implemented the Single Status agreement for the vast majority of employees through the adoption of a pay and grading structure. The Council has

provided within an earmarked reserve sufficient resources to meet the transitional costs of implementing this new scheme and to mitigate a prudent estimate of the potential cost of claims for back pay through the Industrial Tribunal system.

In accordance with SORP guidelines at the recognition of financial instruments the Council has assessed the two financial guarantees entered into with respect to Rossendale Leisure Trust as contingent liabilities. The Council is guarantor on the £1.2m loans to the Trust specifically for the extension of Haslingden Sports Centre. Since this project was subjected to very thorough business case to ensure that it would be self-funding. Hence, at present the Council determines that the risk of any financial liability for the Council is nil. This risk is under constant review.

Similarly the Council has given an undertaking to underwrite the Net Balance Sheet position of the Trust at the 31st March 2008. This value was £270k. The likelihood of having to make good this undertaking is nil at present through again the risks one under continual review through the Councils' risk management system.

Note 34 – Post Balance Sheet Movement in Revenue Resources

The following note explains the allocation of the HRA balances on 1st April 2007.

	As at 31 March 2007 £000s	Movement £000s	As at 1 April 2007 £000s
General Fund Balance	686	125	811
HRA Balance	1,150	(1,150)	-
Collection Fund Balance	371	-	371
Earmarked Reserves:			
Change Management Reserve	141	525	666
Budget Volatility	100	100	200
Single Status Reserve	-	400	400
Other Earmarked Reserves	2,090	-	2,090
	4,538	-	4,538

Note 35. 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	Value of Underlying Assets £	Accumulated Balance 31st March 2007 £	Expenditure £	External Interest Received	Internal Interest Earned	Accumulated Balance 31st March 2008 £
J H Pilling Legacy The purpose of the charity is for Stubbylee Park	3,348	17,635			961	18,596
Miles Ashworth Endowment The purpose of the charity is for Stubbylee Park	6,574	13,111		410	462	13,982
Mechanics Institute Scholarship The purpose is to assist with the provision of a scholarship for a student residing in Bacup	60	2,805			153	2,958
W Hardman Bequest The purpose is to purchase an exhibit for Rawtenstall Museum	100	4,023			219	4,242
Local Charities Account The purpose is to distribute sums to charities in Haslingden	2,200	21,357			1,164	22,521
S Pilling Trust The purpose is to assist students of the Borough of Haslingden	200	2,569			140	2,709
Greenfield Trust Massage Centre The purpose is to use the Trust for something advantageous to Haslingden and as a war memorial	1,157	21,037			1,147	22,184
Bacup Orchestral Scholarship Fund The purpose is to assist a Rossendale schoolchild with musical education. The student must be an instrumentalist	200	818			44	862
Smith Prize for Music The purpose is to provide a prize for a boys' junior class of the Rossendale Music Festival	150	1,012			55	1,067
Mayor of Haslingden Relief Fund The purpose is to distribute sums to Haslingden Borough residents, granting relief in necessitous circumstances	176	844			46	891
Haslingden Grane Duckworth Charity The purpose is to relieve persons resident in the Borough of Haslingden who are in conditions of need, hardship or distress	1,990	12,693			692	13,385
	16,155	97,904		410	5,083	103,397

Due to the size and nature of these funds they are shown in £s rather than rounded to £000s
There are no outstanding liabilities in relation to any of these trust funds

These funds are now included in the Group Accounts.

Note 36. Local Government Pension Scheme

The following note explains 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 8, the scheme underwent a full valuation in March 2007 which has affected the Council's Pension Scheme Liabilities and Pension Reserve in the Consolidated Balance Sheet as at 31st March 2008.

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.



Income and Expenditure Account

Local Government Pension Scheme	2006/2007 £000s	2007/2008 £000s
Net Cost of Services:		
Current service cost	913	742
Past service cost	-	254
Curtailments and Settlements	(2,051)	28
Net Operating Expenditure:		
Interest cost	3,507	3,189
Expected return on assets in the scheme	(3,266)	(3,019)
Net Charge to the income and Expenditure Account	(897)	1,194
Statement of Movement in the General Fund Balance		
Reversal of net charges made for retirement benefits in accordance with FRS 17	921	(1,194)
Actual amount charged against the General Fund Balance for pensions in the year	1,091	1,096
Employers' contributions payable to scheme	1,115	1,096

The 2007/2008 figures above include a "Past Service Gain" of £254k. This relates to changes in the Pension Funds Scheme which allow members who retire on or after April 2007 to take a higher retirement lump sum in exchange for a lower retirement pension.

The figures for 2006/2007 allowed for the transfers of staff to Greenvale Homes (participating within the West Yorkshire Pension Fund) on 27 March 2006 and to Capita on 29 September 2006. These transfers gave rise to a "Settlement Gain" of £2,229k, in 2006/2007 on the basis that they were "fully funded" on an approach consistent with the 2004 actuarial valuation. The amount of assets allocated in respect of the transfers have been confirmed by the recent full valuation and no further changes have been made to the Council's employers contribution at this time. Should any liabilities arise in the future the Earmarked Reserve explained in Note 31 will find these costs..

Actuarial Gains and Losses

The actuarial gains identified as movements on the pensions Reserve in 2007/2008 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2008:

	2006/2007		2007/2008	
	£000	%	£000	%
Differences between the expected and actual return on assets	(361)	(0.8)	(3,700)	7.1
Differences between actuarial assumptions about liabilities and actual experience	-	-	(1,224)	1.6
Changes in the demographic and financial assumption used to estimate liabilities	3,228	5.4	(4,638)	6.2
	2,867		(9,562)	

Assets and Liabilities

The underlying assets and liabilities for retirement benefits attributable to Rossendale Borough Council at 31st March are as follows:-

	31st March 2007 £000	31st March 2008 £000
Estimated assets in the scheme	46,595	52,180
Estimated liabilities in the scheme	(59,880)	(75,121)
Net liability	(13,285)	(22,941)

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total liability of £22.9m 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 8, the revenue contributions made by the Council have accordingly risen from 16.3% in April 2006 to 18.1% in April 2007. The recent full valuation has maintained the 18.1% contribution rates for the foreseeable future.

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 2007 which was published in March 2008. 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	3.1	3.6
Rate of increase in salaries	4.85	5.35
Rate of increase in pensions	3.1	3.6
Rate of discounting scheme liabilities	5.4	6.1

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	62.2	7.5	7.5
Government Bonds	7.1	4.7	4.6
Other Bonds	15.0	5.4	6.1
Property	6.0	6.5	6.5
Cash/Liquidity	3.3	5.25	5.25
Other assets	6.4	7.5	7.5

Note 37. Approval of Draft Statement of Accounts

The Accounts Committee considered and approved this Draft Statement of Accounts on the 30th June 2008. The Chair of this Committee is Council Leader, Anthony Swain. The audit process will now begin and the final audited Statement of Accounts will be presented to the same Accounts Committee on the 30th September 2008.



Anthony Swain, Leader of the Council

Note 38. Reconciliation of Revenue Surplus to Net Cash Flow

2006/2007 £000		2007/2008 £000
5,877	Surplus/(Deficit) on Income & Expenditure Account.	1,676
(5,837)	Net additional amount required to be debited/(credited) to the General Fund balance for the year	(1,674)
40	Surplus/(Deficit) on General Fund	2
51	Surplus/(Deficit) on Housing Revenue Account	-
(1)	Surplus/(Deficit) on Collection Fund Account	(354)
90	Total Surplus for the Year	(352)
	ADD:-	
54	Minimum Revenue Provision	43
-	Capital Expenditure financed from Internal Resources	469
90	Capital Expenditure financed from Revenue	183
(265)	Provision for Bad Debts	(57)
199	Other Balances	1,382
(13)	Increase/(Decrease) in Stocks and Work in Progress	2
(337)	(Increase)/Decrease in Debtors	199
(357)	Increase/(Decrease) in Creditors	(317)
(705)	Cash payments out to SRB partners	(373)
-	Payments to Capital Receipts Pool	12
(198)	Servicing of finance	(359)
(1,442)	Net cash inflow/(outflow) from revenue activities	591

Note 39. Net Change in Liquid Resources

Balance	at 31 March 2007 £000	at 31 March 2008 £000	Movement in Year £000
Cash in Hand	3	3	-
Cash at Bank / Bank Overdraft	2,011	1,490	521
	2,014	1,493	521

Balance:- Cash at Bank includes Current Accounts and Business Reserve Accounts which attract a higher rate of interest.



Note 40. Government Grants

2006/2007			2007/2008	
£000	£000		£000	£000
		Revenue		
1,674		General Government Grant	914	
16,451		DWP Grants for Rebates Benefits Granted	5,231	
4,952		Redistributed NNDR pool	16,339	
	23,077			22,484
		Other Government Grants:-		
102		Business Rates Admin	102	
409		Elevate Pathfinder	528	
190		Housing Subsidies	-	
111		Single Regeneration Budget	24	
66		Home Office	-	
224		Planning Delivery Grant	215	
581		Benefits Administration	632	
100		Communities for Health	50	
-		European Regional Aid	-	
44		ODPM - Capacity Building	3	
-		- Electoral Commission Support	24	
30		- Supported Housing	-	
-		- Others	8	
	1,857			1,586
		Capital		
1,129		Elevate Pathfinder	1,993	
963		Housing Subsidies etc.	899	
14		European Regional Aid	-	
799		North West Development Agency	52	
102		Single Regeneration Budget	70	
	3,007			3,014
	27,941			27,084



In addition to the above, as part of the LSVT arrangements in March 2006, the ODPM made a grant payment of £28.8 m direct to the PWLB to repay the loans outstanding.

Section 4

Supplementary Statements

“The Council is required to account separately for the Housing Revenue Account, Collection Fund and its Group activities.”



2006/2007 £000		Housing Revenue Account Income and Expenditure Account	2007/2008 £000	
		INCOME		
-		Dwelling rents (gross)	-	
48		Non-dwelling Rents (gross)	-	
-		Charges for Services & Facilities	-	
-		Contribution from General Fund	-	
(229)		Housing Revenue Account Subsidy payable/(receivable) (incl MRA)	-	
-		Exceptional item - Government Grant to discharge HRA debt principal	-	
	(181)			-
		EXPENDITURE		
(3)		Repairs & Maintenance	-	
133		Supervision & Management	-	
-		Rents, Rates, Taxes and Other Charges	-	
-		Rent Rebates	-	
-		Increase in provision for Bad or Doubtful Debts	-	
-		Depreciation and Impairment of Fixed Assets	-	
-		Debt Management Costs	-	
	130			-
	(51)	HRA SHARE OF THE OPERATING INCOME AND EXPENDITURE INCLUDED IN THE WHOLE AUTHORITY INCOME AND EXPENDITURE ACCOUNT		-
		Amortised Premiums & Discounts		-
		HRA Investment Interest Payable		-
		HRA Investment Interest Receivable		-
	(51)	Surplus or deficit for year on the HRA Income and Expenditure Account		-

2006/2007 £000		Statement of Movement on the Housing Revenue Account Balance	2007/2008 £000
	(51)	(Surplus)/deficit for year on the HRA Income and Expenditure Account	In line with Central Government directive the Housing Revenue Account was closed on 1 April 2007. Please refer to Note 34 to the Core Statements for the redistribution of the balance brought forward.
	-	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	
	(51)	(Increase)/Decrease in HRA Balance for the Year	
	(1,099)	HRA Balance Brought Forward	
	(1,150)	HRA Balance Carried Forward	

Note 1 – Changes in Accounting Policies

As explained in the Statement of Accounting Policies, the 2006-2007 Code of Practice has brought several changes to the format and detail of these accounts. It has

- removed the notional interest charges, and thereby
- removed the requirement for an Assets Management Revenue Account,
- applied UK GAAP accounting practices to convert the former Housing Revenue Account into an Income and Expenditure Account,

- generated the need for a Statement of Movement on the Housing Revenue Account Balance which reconciles the above Income and Expenditure Account to the movement on the HRA Balance for the year.

To ensure consistency for comparison purposes the notional interest previously reported in the 2005-2006 figures has been reversed

Note 2 – Discontinued Operations – LSVT

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. This explains why a number of the following notes show £nil balances as at 31st March 2006.

The most significant balance remaining at 31/03/07 within the Housing Revenue Account was the funds balance itself. The rules surrounding Housing Stock Transfer required the Housing Revenue Account to remain open for a further 12 months following the year of transfer. This meant that any balance remaining after this period was available for transfer into General Fund Reserves.

Please refer to Note 34 to the Core Financial Statements for the details of how this balance was redistributed on 1st April 2007.

Note 3. Revenue Balances

	2006/2007 £000	2007/2008 £000
Balance Brought Forward	1,099	Please refer to Note 34 to the Core Statements
Surplus/(Deficit) for the year	51	
Balance Carried Forward	1,150	

2006/2007 £000s		NOTE	2007/2008 £000s
	Income		
25,080	Council Tax Income	1	26,895
4,557	Council Tax Benefit		4,627
10,294	Non-Domestic Rates	4	11,150
39,931	Total income		42,672
	Expenditure		
	Precepts & Demands		
20,974	Lancashire County Council		22,253
4,940	Rosendale Borough Council		5,138
2,380	Lancashire Police Authority		2,679
1,151	Lancashire Fire Authority		1,222
	Redistributed Surplus		
-	Lancashire County Council		260
-	Rosendale Borough Council		68
-	Lancashire Police Authority		30
-	Lancashire Fire Authority		14
	Non-Domestic Rates		
10,141	Payment to National Pool		11,017
101	Cost of Collection Allowance		102
245	Provision for Bad Debts	2	243
39,932	Total expenditure		43,026
(1)	Surplus/ (Deficit) for year		(354)
372	Balance at start of year		371
371	Balance at end of year		17



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 1st 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: 21,270 for 2007/2008). This basic amount of council tax for a Band D property (£1,468.91 for 2007/2008 – 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	2007/2008 Band D equivalent	2006/2007 Band D equivalent
Special	5/9	51	47.75	26.50	26.50
A	6/9	15,158	13,138.25	8,758.80	8,774.30
B	7/9	4,461	4,047.50	3,148.10	3,111.10
C	8/9	3,652	3,387.75	3,011.30	2,982.40
D	1	3,101	2,929.50	2,929.50	2,909.30
E	11/9	1,750	1,672.00	2,043.60	1,998.60
F	13/9	621	586.50	847.20	843.90
G	15/9	419	399.75	666.30	662.10
H	2	29	27.00	54.00	52.50
		29,242	26,236.00	21,485.30	21,360.70
Less adjustment for anticipated changes to the base and losses on collection.				(215.30)	(320.70)
Band D equivalent number of properties				21,270.00	21,040.00



Note 2. Provision for Bad Debts

Total 2006/2007 £000s		Council Tax 2007/2008 £000s	Business Rates 2007/2008 £000s	Total 2007/2008 £000s
1,385	Balance 1 st April	1,344	36	1,380
245	Provision made in year	213	30	243
(250)	Debts Written Off	(185)	(11)	(196)
1,380	Balance 31st March	1,372	55	1,427

Note 3. Arrears

	2006/2007 £	2007/2008 £
Council Tax	2,592	2,678
Business Rates	246	254
Balance 31st March	2,838	2,932

Note 4. National Non-Domestic Rates

NNDR is organised on a national basis. The Government specifies an amount (43.3p 2006/2007 and 44.1p in 2007/2008) 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 reliefs and provisions was £11,150k for 2007/2008 (£10,294k for 2006/2007).

The rateable value for the Council's area at the end of the financial year 2007/2008 was £31,162k (2006/2007 was £31,077k).



Note 5. Precepting Bodies 2007/2008

Precepting Bodies	2006/07					2007/08				
	Band D £	Increase	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Rossendale Borough Council	232.58	2.90%	159.54	186.14	212.72	239.32	292.51	345.68	398.86	478.64
Lancashire County Council	996.85	4.95%	697.47	813.71	929.96	1046.20	1278.69	1511.18	1743.67	2092.40
Lancashire Police Authority	113.09	4.99%	38.29	44.68	51.06	57.44	70.20	82.97	95.73	114.88
Lancashire Fire Authority	54.71	11.37%	83.97	97.96	111.96	125.95	153.94	181.93	209.92	251.90
Total (excl Whitworth)	1,397.23	5.13%	979.27	1142.49	1305.70	1468.91	1795.34	2121.76	2448.18	2937.82
Whitworth Parish Council	20.30	2.07%	13.82	16.11	18.42	20.72	25.32	29.93	34.54	41.44
Total Whitworth Parish	1,417.53	5.09%	993.09	1158.60	1324.12	1489.63	1820.66	2151.69	2482.72	2979.26



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. Rossendale Transport Ltd complies with the policies of Rossendale Borough Council as set out earlier in this document

These group accounts also now include the trust funds held and operated by the Council but kept separate from the main operational accounts. Note 35 gives a full analysis of these trust funds.

Group Income and Expenditure Account

2006/2007 Net Expenditure £000s		2007/2008 Net Expenditure £000s
8,927	Net cost of continuing services*	11,423
(51)	Housing revenue account services transferred to Green Vale Homes	-
8,878	Net cost of services	11,423
(3,742)	(Gains)/Losses on disposal of Fixed Assets*	(1,413)
47	Whitworth Town Council Precept	48
(36)	(Surpluses)/Deficits on Trading Undertakings	(54)
-	Contribution of housing capital receipts to Government Pool	12
306	Interest payable	216
(268)	Interest and investment income	(446)
103	Taxation	6
47	Pensions interest cost and expected return on pension assets	726
5,333	Net expenditure	10,516
(4,940)	Precept on Collection Fund	(5,138)
-	Redistribution of Collection Fund surplus	(68)
(1,730)	Government Grants - General Govt Grants	(1,287)
(4,952)	Government Grants - Redistribution from NNDR pool	(5,231)
(6,289)	(Surplus)/Deficit for the year	(1,206)

*Restated as per Note 1 to the Core Statements - Prior year adjustment

Reconciliation of the Single Entity (Surplus)/Deficit for the year to the Group (Surplus)/Deficit

2006/2007 £000s		2007/2008 £000s
(5,877)	(Surplus)/Deficit on Rossendale Borough Council Income & Expenditure Account for the year	(1,563)
	(Surplus)/Deficit arising from other entities included in the group accounts analysed into the amounts attributable to:	
(387)	Rossendale Transport Ltd	362
(20)	Coachways Ltd	-
(5)	Trust Funds	(5)
(6,289)	(Surplus)/Deficit for the year	(1,206)

Group Statement of Total Recognised Gains and Losses

2006/2007 £000s	Group Statement of Total Recognised Gains and Losses	2007/2008 £000s
6,289	Surplus/(Deficit) for the year on the Income and Expenditure Account	1,206
1,470	Surplus/(Deficit) arising on revaluation of fixed assets	1,963
3,015	Actuarial gains/(losses) on pension fund assets and liabilities	(9,578)
(1)	Surplus/(Deficit) for the year on the Collection Fund	(17)
10,773	Total recognised gains/(losses) for the year	(6,426)

Group Balance Sheet as at 31st March 2008

31st March 2007 £000s	£000s		£000s	31st March 2008 £000s
506		Intangible Assets	397	
		Tangible Assets		
16,010		Operational Assets	16,269	
5,463		- Other Land & Buildings	5,234	
33		- Vehicles, Plant, Furniture & Equipment	153	
598		- Community Assets	654	
-		Non Operational Assets	-	
1,064		- Investment Assets	2,537	
		- Assets under construction		
		- Surplus assets held for disposal		
	23,674			25,244
7		Long-term Investments	7	
67		Long-term Debtors	42	
	74			49
	23,748	Total long-term Assets		25,293
138		Current Assets	163	
9,286		Stocks & work in progress	8,286	
(1,996)		Debtors	(2,057)	
-		Bad Debts Provision	2,565	
2,110		Investments	1,595	
	9,538	Cash at Bank		10,552
	33,286			35,845
(7,670)		Current Liabilities	(6,523)	
(193)		Creditors	(286)	
	(7,863)	Bank Overdraft		(6,809)
	25,423	Total Assets less Current Liabilities		29,036
(1,845)		Long Term Borrowing	(1,433)	
(4,333)		Government Grants Deferred	(4,190)	
(201)		Grants Unapplied	(356)	
(533)		Provisions	(781)	
(13,359)		Liability related to defined benefit Pension Scheme	(23,550)	
	(20,271)			(30,310)
	5,152	Total assets less liabilities		(1,274)
1,980		Fixed Asset Restatement Account	-	
11,248		Capital Financing Account*	-	
-		Capital Adjustment Account	12,133	
-		Revaluation Reserve	2,661	
-		Usable Capital Receipts Reserve	1,134	
49		Deferred Capital Receipts	26	
(13,285)		Pension Reserve	(22,941)	
2,331		Earmarked Reserves*	4,584	
		Fund Balances and Reserves		
	5,152	Net equity		(1,274)

*Restated as per Note 1 to the Core Statements - Prior year adjustment

Group Cash Flow statement

2006/2007				2007/2008	
£000	£000			£000	£000
	127	Net Cash (Inflow)/Outflow from Revenue Activities			(648)
		Dividends from joint ventures and associates			
-		Cash inflows		-	
		Returns on Investments and Servicing of Finance			
306		Cash Outflows	Interest paid	217	
(377)		Cash inflows	Interest received	(431)	
	(71)				(214)
	23	Taxation			50
		Capital Expenditure and Financial Investment			
5,750		Cash Outflows	Purchase of fixed assets and other capital expenditure	3,863	
(1,217)		Cash Inflows	Sale of fixed assets	(219)	
(3,007)			Capital grants received	(3,014)	
(1,971)			Other capital cash receipts	(2,377)	
	(445)				(1,747)
	(366)	Net Cash (Inflow)/Outflow before financing			(2,559)
		Management of Liquid Resources			
	100	Management of liquid resources	Net increase)/decrease in short-term deposits		2,565
		Financing			
2,557		Cash Outflows	Repayment of amounts borrowed	602	
-		Cash Inflows	New loans raised	-	
(1,628)			New short term loans raised	-	
	929				602
	663	Net (Increase)/Decrease in cash		Note 1	608

Note 1. Net Change in Liquid Resources

Balance	1,592 at 31st March 2007	at 31st March 2008 £000s	Movement in Year £000s
Cash in Hand	3	3	-
Cash at Bank	2,107	1,592	(515)
Bank Overdraft	(193)	(286)	(93)
	1,917	1,309	(608)

Note 2. Detailed Analysis of Net Cost of Services

Consolidated Group 2006/2007		Consolidated Group 2007/2008
£000s		£000s
10,164	Net Cost of Continuing Services - Rossendale Borough Council	11,707
(527)	Net Cost of Continuing Services - Rossendale Transport Ltd	(284)
(26)	Net Cost of Continuing Services - Coachways Ltd	-
-	Trust Funds	-
-	Intra-group consolidation for Dividends due	-
9,611	Net Cost of Continuing Services	11,423
(51)	Housing Revenue Account services transferred to Green Vale Homes	-
9,560	NET COST OF SERVICES	11,423

Note 3. Tangible and Intangible Assets

Total Assets 2006/2007 £000	Intangible Assets £000	OPERATIONAL ASSETS			NON-OPERATIONAL ASSETS			TOTAL	TOTAL
		Land & Buildings £000	Vehicles & Equipment £000	Community Assets £000	Investment Assets £000	Assets under Construction £000	Surplus for Disposal £000	Tangible Assets £000	Assets £000
27,461	587	17,275	10,694	33	598	-	1,064	29,664	30,251
(5,274)	(81)	(1,265)	(5,231)	-	-	-	-	(6,496)	(6,577)
22,187	506	16,010	5,463	33	598	-	1,064	23,168	23,674
1,281	-	552	-	-	56	-	1,355	1,963	1,963
-	-	(228)	-	-	-	-	228	-	-
2,688	11	503	880	130	36	-	12	1,561	1,572
-	-	(183)	(3)	(10)	(36)	-	(12)	(244)	(244)
(1,039)	-	-	(568)	-	-	-	(110)	(678)	(678)
(139)	-	-	-	-	-	-	-	-	-
(1,304)	(120)	(385)	(538)	-	-	-	-	(923)	(1,043)
23,674	397	16,269	5,234	153	654	-	2,537	24,847	25,244

Section 5

Capital Expenditure Report

“The Council is committed to managing and investing in its assets.”



Capital Expenditure Report 2007/2008

CORPORATE PRIORITY	CAPITAL SCHEME	TOTAL CAPITAL SPEND £000	CAP RECEIPTS £000	REVENUE CONTRIB. £000	INTERNAL BORROW £000	GRANT FUNDING		
						DCLG £000	NWDA £000	OTHER £000
Delivering Quality Services								
	Building Safer Communities	25				25		
	Car Park Upgrading	23			23			
	Daniel St Ind Estates Fire	10			10			
	General Capital Maintenance	12			12			
	Haslingden Pool	39			39			
	Haslingden Sports Centre	26			26			
	Haslingden Sports Centre (Storm Damage)	109	109					
	Ski Matting	40	40					
	Ski Rossendale	7			7			
	Whitworth Civic Hall Replacement	14			14			
	Henerietta St Depot - Improvements	120			120			
	Stubbylee Barn	31			31			
	Whittaker Park Barn	36			36			
	Cemetery Improvements	127	10		117			
	I.T Strategy	183		183				
	CRM Integration	30	30					
	Spatial Systems Upgrade	3	3					
	Housing Benefits Document Imaging	2	2					
	GDC GIS Mapping application	9	9					
	Rawtenstall Market	23	23					
	The Glen wall repairs	8			8			
TOTAL		878	226	183	444	25	0	0

Capital Expenditure Report 2007/2008

CORPORATE PRIORITY	CAPITAL SCHEME	TOTAL CAPITAL SPEND £000	CAP RECEIPTS £000	REVENUE CONTRIB. £000	INTERNAL BORROW £000	GRANT FUNDING		
						DCLG £000	NWDA £000	OTHER £000
Delivering Regeneration								
	Accommodation Strategy (incl Town Hall reloc)	17	17					
	B` Burn Rd Area - Housing Renewal Facelif	31	14			17		
	C.P.O for Improvements	17	4			13		
	Commercial Property Improvements	33	30					3
	Land Drainage Works	27	27					
	Lee Mill - Phase3	4						4
	Elevate Facelifting	901				901		
	Elevate Block Repair	820				820		
	Elevate Environmental Works	324				324		
	TOTAL	2,174	92	0	0	2,075	7	4
Keeping the Borough Clean & Green								
	Environ Improvement - 2007-08 Cap Progra	28	28					
	Wheeled Bins	74	45			28		
	TOTAL	101	73	0	0	28	0	0
Promoting Rossendale								
	East Lancs Railway Clock	11	11					
	Other Projects	5	4			1		
	TOTAL	16	15	0	1	0	0	0
Improving Health & Wellbeing								
	Decent Homes	163				163		
	Disabled Access Improvements	23				23		
	Disabled Facilities Grants	460	35			426		
	Rossendale Home Care & Repair	48				48		
	TOTAL	695	35	0	23	636	0	0
	GRAND TOTAL	3,864	441	183	469	2,765	7	4



Section 6

Glossary

“Striving to make sense of the accounting jargon.”



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.

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 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.

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.

Local Authority Business Growth Incentive Scheme (LABGIS)

This is a means to reward Councils for increases in the rateable value of business properties above a certain threshold. Rossendale has received this for the first time in 2006/07 and used the extra income to create a Reserve for future Economic Development activity.

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.

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.

Primacy of Legislative Requirements

The non-cash effects of transactions and other events should be reflected, as far as is possible, in the financial statements for the accounting period in which they occur and not in the period in which any cash involved is received or paid. (This replaces the principle of matching that underlays the accruals concept.)

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 that 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.

Please telephone 01706 217777 or contact Communications Section, Town Centre Offices, Rawtenstall, BB4 7LZ

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مہربانی ہمیں بتائیں، ہم خوشی آپ کے لئے اس کا انتظام کریں گے۔
برائے مہربانی 01706 217777 پر ٹیلیفون کریں یا بھرنیوٹی کنکشن سیکشن سے اس پتہ پر رابطہ قائم کریں:

আপনি যদি এসব তথ্যের সার সংক্ষেপ বড় হরফের ছাপায়, অডিও ক্যাসেটে অথবা ইংরেজী ছাড়া অন্য কোন ভাষায় পেতে চান তাহলে অনুগ্রহ করে আমাদেরকে জানালে আমরা অত্যন্ত খুশী মনে তার ব্যবস্থা করব।

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