

Wandsworth Council

statement of accounts 2009 – 2010

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FOREWORD TO THE ACCOUNTS

GENERAL REVENUE

The Council originally budgeted for £12.5 million in its General Contingency Reserve. By the end of the year, this reserve had risen to £20.1 million. The outturn in 2008/09 was £1.5 million better than expected. General revenue budgets were reduced by £0.6 million during the year, but were then underspent by £4.4 million chiefly reflecting additional interest on cash balances and other income received on Council accounts (£1.0 million), including repayments of business rates on Council properties of £0.2 million, and additional LABGI grant (£0.4 million) where notification of the grant was received after the council tax setting report had been approved. Further underspendings arose on payments of housing benefits net of subsidy (£0.4 million), additional rents from commercial properties (£0.3 million), and increased income from local land charges and other savings achieved against general administration department budgets (£0.5 million). Within Education and Children's Services there were underspendings in Early Years (£0.2 million) predominantly due to a reduction in grants to voluntary organisations, a further £0.5 million in Youth Services and Children's Specialist Services from reduced salaries and running costs. Within Environment, Culture and Community Safety an underspending against waste management (£0.5 million) was derived chiefly from gate fees at Western Riverside Waste Authority. This was coupled with reduced running costs of leisure centres of £0.2 million, predominantly from reduced gas prices. The General Fund balance was further boosted by the return of excess provisions set aside in previous years (£0.6 million), and the accruing of income due to be received in 2010/11 and 2011/12 in relation to Local Area Assessment Reward Grant (£1.4 million), where the accounting treatment has recently been clarified. Slippage in spending on Building Schools for the Future resulted in a reduced transfer to the General Fund from the Finite Services Fund of £0.9 million.

Formula Grant increased by the minimum 1.75% to £148.0 million based on the Government's calculation of a like for like basis. Wandsworth remains significantly below the grant floor set by the Government and is, therefore, likely to remain at the 'floor' for the foreseeable future with annual grant increases unlikely to cover general inflationary pressures, implying continuing real-terms reductions in Government support for Council services.

There was no change for the second consecutive year in the Council's share of the council tax which remained at £377.25. The share for the Greater London Authority for 2009 also remained at £309.82, giving a combined average band D amount for 2009/10 of £687.07. The average council tax per dwelling of £652.21 remained the lowest in Great Britain and amounted to only 56% of the average £1,175.07 for England.

COUNCIL HOUSING

Capital receipts from the disposal of housing assets amounted to £17.2 million compared with £14.1 million in the previous year. However £2.1 million of these receipts had to be paid to the Government. The internal borrowing of £26.7 million used to finance part of Housing Revenue Account capital spend in 2008/09 was repaid in 2009/10, and re-financed in 2009/10 using the Major Repairs Reserve. The total capital expenditure in the Housing Revenue Account of £28.6 million in 2009/10 was financed using capital reimbursements and grants of £2.3 million, capital receipts of £20.5 million and with £5.8 million from the Major Repairs Reserve. Standing at £68.5 million, a reduction of £16.4 million over the previous year, the Major Repairs Reserve underpins the longer-term business plan for the housing stock. The balance on the HRA Reserve increased by £5.8 million to £81.8 million and was retained against the risk of future shortfalls. The significant fall in the value of properties between April 2008 and March 2009 and reflected in the balance sheet for 2008/09 was not repeated in 2009/10, where there were no significant reductions in market values in any of the classes of property owned by the Council.

GENERAL CAPITAL

General capital spending, apart from council housing, was £33.2 million, £3.4 million lower than the previous year. The programme was financed through capital grants and reimbursements of £15.4 million, £12.8 million of capital receipts, and £4.9 million of revenue contributions. In the medium term the general capital programme will continue to be financed using capital receipts, capital grants and through the realisation of investments which reduced by £1.5 million during the year to £329.4 million. It is also unlikely in the short term that new long-term borrowing will be required, unless taken up specifically for an education spend-to-save scheme, which requires borrowing so that costs may be passed on to schools in accordance with the Government's school funding regulations.

PENSIONS

The Council is legally obliged to offer guaranteed and inflation-protected pension benefits to its employees other than teachers, who are covered by a similar Government scheme. The Pension Fund is maintained at a level to meet the Council's long-term liability for pension benefits, with Council contributions fixed accordingly. The Fund's net assets increased by £223.3 million (40.9%) to £769.0 million, reflecting the partial recovery in the major investment markets after net costs of £0.3 million from dealings with fund members. The Fund's investments returned an average +3.2% a year over the last three calendar years, marginally better than the median return of +1.7%.

For balance sheet purposes, the Council's estimated liabilities for retirement benefits exceeded the assets in the relevant funds by £341.1 million (40.6%) at 31st March 2010. This is £204.5 million more than the net liabilities of £136.7 million twelve months earlier, chiefly as a result of the increasing value of liabilities outstripping the partial increase in the value of investments. As an authority providing statutory services backed by taxation, the Council can be more relaxed than private firms about including such volatile valuations in its balance sheet. The impact on council tax, however, is dependent on the actuarial valuation of the pension fund carried out every three years. The latest valuation, carried out in March 2007, determined that there was a funding shortfall of £45 million, assuming the equity market out-performed gilt investments by 1.35%, increasing to a deficit of £222 million if there was no out-performance. The Council previously set aside £51 million to offset the effects of the potential for increased employer contributions which could be required in the event of the fund under-performing.

CONCLUSION

The Council's General Fund revenue, General capital and HRA financial positions remain sound, but the Council's policy of distinctively low tax remains under threat from the continuing real-terms decline in Government general grant.

STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

The Council 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. That officer is the Director of Finance and Deputy Chief Executive, who accordingly is responsible for the preparation of the Council's statement of accounts, to present fairly the financial position at the accounting date and its income and expenditure for the year. The Council is further required to manage its affairs to secure economic, efficient use of resources and safeguard its assets and to approve the statement of accounts.

In preparing this statement of accounts, the Director of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- stated whether applicable accounting standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom have been followed, subject to any material departures disclosed and explained in the statement of accounts;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE

I certify that the statement of accounts gives a true and fair view of the financial position of Wandsworth Council at the end of the period to which it relates and its income and expenditure for that period, including any material events occurring after the balance sheet date, until the date of this certificate.



C Buss

Director of Finance and Deputy Chief Executive
27th July 2010

Approved by the Audit Committee on
27th July 2010



Councillor M Davies

Chairman of the Audit Committee
27th July 2010

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

Wandsworth Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Wandsworth 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, Wandsworth Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Wandsworth Council has approved the revision of its code of corporate governance, to bring it in line with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

A copy of the code is available on the Council's website using the following link www.wandsworth.gov.uk/corporategovernance or can be obtained from the Head of Audit. This statement explains how Wandsworth 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 the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether 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 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 Wandsworth Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

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

Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users. The Council's Corporate Business Plan and The Sustainable Community Strategy are the key documents that contain the vision, purpose and intended outcomes for citizens and service users.

Reviewing the authority's vision and its implications for the authority's governance arrangements. The Corporate Business Plan is updated on an annual basis and the Sustainable Community Strategy has recently been reviewed and revised.

Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources. The Council has a strong performance management culture and system. It sets targets for achievement via its regime of Key Issues, top line performance indicators, policy items, and local and national performance indicators. Officer monitoring is rigorous with regular reviews of performance at both Departmental and Directors' Board level.

The overarching objective of a distinctively low Council tax is the main driver for value for money, together with the Council's procurement strategy that centres around the regular testing of the market place for services, supplies and works using, for the most part, the lowest price tender award criteria.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication. The Council's Constitution includes all the specified requirements and is maintained up to date.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff. The Council's Leadership sets the tone for the organisation via the demanding overarching objectives of high quality services and a distinctively low level of local Council Tax, the 'Wandsworth Way' and 'Delivering Excellence'. Both Member and Officer Codes of Conduct are robust and regularly updated. The Codes also set out clear and distinctive rules in relation to the giving and receiving of gifts and hospitality. Codes are made available to Members and Officers and are both maintained up to date and supplemented by further specific advice.

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks. The Constitution, that contains the specified items, is for the most part maintained up to date. The prescribed items are regularly reviewed and updated. The local decision making process and scrutiny role are adequately documented and operated effectively including ensuring that there is input into reports from all corporate professionals including both legal and financial advice. The Council's Risk Management Strategy is effective and well embedded into corporate management processes.

Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities. The Audit Committee has reviewed its effectiveness against the CIPFA guidance entitled 'Audit Committees – Practical Guidance for Local Authorities' and concluded that it was compliant.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Council has in place the key officers namely the Chief Executive, Director of Finance, the Borough Solicitor and Monitoring Officer, the Scrutiny Officer and their roles, responsibilities and reporting lines are sufficiently well defined within the Council's Constitution to allow them to deliver their respective functions in a satisfactory manner. The powers and responsibilities of the Director of Finance are in line with CIPFA's statement on 'The Role of the Chief Financial Officer.' In addition the organisation and deployment of their staff and report circulation protocols allow their respective services to be delivered effectively to all the relevant departments and services. Departments acquaint themselves with new legislation that impacts upon their services seeking advice from the Borough Solicitor as required.

Whistle-blowing and receiving and investigating complaints from the public. The Whistleblowing Policy and Procedure was revised in March 2007 and remains effective in terms of reports of possible frauds or financial regularities. The Council's complaints system is effective with numbers of complaints and reasons for complaints monitored by Directors and reported to individual Overview and Scrutiny Committees, together with an Annual report to the Finance and Corporate Resources Overview and Scrutiny Committee.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training. The development needs for Members are seen to be adequately addressed both in terms of induction training and focussed continuous training. Officer training needs are judged to be adequately identified and catered for, although currently and in the medium term succession planning is key to the continued level of service delivery.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. The Council has in place a robust participation strategy that clearly sets out what it will consult on with stakeholders. It operates an effective internet site, provides regular ward feedback meetings and publishes a monthly magazine and an annual report. The Council's internet pages and its monthly magazine are available in a number of formats and help is available for stakeholders' whose first language is not English. The Council has a commitment to holding open meetings.

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements. The Council introduced, in March 2007, a governance template to be piloted by a number of partnerships and the effectiveness of its implementation needs to be reviewed further and the template rolled out to other Category 'A' partnerships. This has recently been revised and is being rolled out to the remaining key partnerships.

REVIEW OF EFFECTIVENESS

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

The Local Government and Public Involvement in Health Act 2007 required all English local authorities to reconsider the "executive arrangements" they have adopted for decision-making. For many years, Wandsworth has had in place the executive arrangement known as the "strong leader" model, i.e. a Leader who appoints the executive Members.

Therefore, there was little substantive difference between the existing arrangements and the comparable model allowed under the 2007 Act. A recent consultation exercise had revealed continuing strong local support for the Leader and Cabinet governance arrangement.

The Authority. The Council's constitution sets out the committee structure adopted by the Council together with each Committee's Terms of Reference. It includes a definition of the roles and responsibilities of Councillors and a scheme of delegation to officers.

The rules of procedure for Council and committee meetings are set out and the constitution includes a number of the Council's key directives namely:-

- The Budget and Policy Framework;
- The Financial Regulations;
- The Code for the Procurement of Supplies, Works and Services;
- The Code of Conduct for Members; and
- Definitions of the roles of statutory officers.

There are protocols in place that regulate corporate officer input to committee reports and advice whereby all statutory officers, the Borough Solicitor and other professionals are provided with the opportunity to comment upon all detailed proposals and is for the most part operated properly in practice and this contributes to an effective decision making framework.

The Executive. We have again considered a number of reports including AQPRs for front line services that demonstrate the quality of such services, the re-tendering of significant service contracts and in particular the detailed and comprehensive arrangements for dealing with significant extra demand for Primary School Places that will require a large capital investment in the school estate. We have also witnessed positive outcomes such as the re-opening of Tooting Library following its refurbishment, and the plans and design for the new United States Embassy in Nine Elms.

We reviewed the results of the first year of the CAA regime and concluded that it did not add any real value to the Council's services but indeed required far too much time input from senior Council officers that could be better spent in producing real and continuous improvements in Council Services. We considered efforts would be better directed at putting in place measures to assist our residents and businesses through the difficulties of the recession, and also minimising its effects on the Council's financial standing - in particular its overarching objective of a distinctively low local Council Tax. This has proved to have been a prudent decision given the recent abandonment of some of the major thrusts of the CAA regime.

We have yet again set the lowest Council Tax in the United Kingdom for 2010/11, and the robust financial frameworks and performance management regime puts the Council in at least as good a position as most local authorities for taking effective action to deal with what is likely to be a difficult few years for local authority funding.

We conclude therefore that the Executive's contribution to the achievement of the Council's objectives remains extremely positive.

The Audit Committee. The Audit Committee has considered a number of reports to ensure that the Council's governance arrangements including internal control are effective and operated robustly and that there are timely and effective action plans in place to address them. In particular it has carried out its annual review of the Council's Risk Management Strategy and found it to be fit for purpose and operated robustly. It has approved the Council's Accounts for 2008/09 together with a report from the External Auditor. It has also considered the Audit Commission's Annual Audit and Inspection letter for 2007/08. The Committee has been able to place significant reliance upon the reports from both the External Auditors and the Audit Commission on the very strong comparative performance of the Council in achieving its objectives.

The Overview and Scrutiny Function. The model adopted by the Council, under the Local Government Act 2000, is for the scrutiny process to take place prior to the decision on proposed actions, thereby allowing Overview and Scrutiny Committees (OSC's) to carry out their role in advance of implementation. OSC's also receive progress reports updating them on the progress of all the Council's key initiatives, as well as AQPRs on performance over the year. OSC's can decide on any comments to be made that will then be conveyed to the Executive to consider.

The Standards Committee. The standard of conduct by Members at Wandsworth remains very high with only a small number of complaints having been considered locally. The local arrangements have worked well and it is anticipated that complaints will remain at a low level.

Internal Audit. On the basis of Internal Audit activity the Council's governance arrangements including internal control are deemed to be generally sound and agreed action plans are in place with departments in order to address all the findings. Robust review mechanisms are in place that enable the Committee to take reasonable assurance that the Council's governance arrangements including internal control are effective and are operated vigorously. They contribute to the achievement of the Council's overarching objectives whilst nevertheless both identifying areas for improvement and monitoring the implementation of agreed corrective actions.

The Director of Finance. By law and under the Council's Constitution, the Director of Finance has a number of control responsibilities. During the past year, and continuing up to the date of publication of the 2009/10 accounts, these responsibilities have been properly exercised with the support of leading Members, other directors and staff of the Finance Department. The general role of the Finance Department is to be responsible for the proper administration of the financial affairs of the Council, and in particular to champion value-for-money and lower spending. The Council has maintained appropriate budget frameworks for its functions, providing control for expenditure and income, incentives for economy, and contexts for considering potential policy developments. Policy proposals have been appraised for value-for-money, and continuing activities have been subject to reviews to support the objective of maintaining distinctively low council tax. The Council's Constitution includes appropriate Financial Regulations that have been reviewed and kept up to date, and these are supported by a range of directives and guidance notes. Conformity with these has been monitored and promoted by suitably trained staff and auditors.

The Council's Monitoring Officer. There are no issues beyond those detailed in this statement report that need to be specifically commented upon.

CONCLUSION

Governance arrangements including internal control across the Council are generally sound although there are some areas where the expected high standards have not been achieved or where progress has been slower than originally expected. Main weaknesses have either been rectified or acknowledged for action by the relevant Directors, with progress being within six months. The Council's review mechanisms are an effective framework for maintaining satisfactory governance arrangements including identifying any issues and for monitoring and securing their implementation.

The governance arrangements have been sufficiently robust to enable the Council to perform well against its overarching objectives of high quality services but with a distinctively low Council tax as verified by a number of external reviews and importantly by the recent place survey that concluded that 'Results of the 2008 Place survey show that Wandsworth residents continue to see their area and their public services in a generally more positive light than do other Londoners. Perceptions of the Council's performance are substantially more positive than for any council in the country'.

CERTIFICATE

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee (the report providing the detailed assurance this can be found using this link (www.wandsworth.gov.uk/governancereview)), and action plans to address weaknesses and ensure continuous improvement of the system in place.

Significant governance issues

(a) ICT security and business continuity planning

The Finance Department secured the ISO 27001 accreditation in 2009/10. The Council has properly decided that the achievement of this accreditation is a benchmark for securing adequate control over security of sensitive personal data. There are therefore only two departments who are currently working towards achieving this accreditation, namely Children's Services and Adult Social Services but, of course, it must be acknowledged that these two departments maintain some of the most sensitive personal data held by the Council.

The Council's Business Contingency Planning, especially in relation to ICT systems, is in the process of being addressed. Departments are currently addressing their requirements within the Council's prioritisation procedure that can then be assimilated into a corporate BCP that recognises and dovetails the timescales for restoring both human and ICT resources in a manner that best satisfies the Council's needs.

(b) Recruitment and retention

Directors highlighted a number of areas of risk in relation to the availability of key staff namely in the Finance, Administration and Technical Services Department.

Staff play a key role in the successful delivery of Council services and consequently as these areas have been flagged up as high risk they reflect a potential risk to the Council's achievement of its objectives.

(c) Devolved management organisations;

The Council cannot regulate and direct such organisations to the same degree as its directly delivered or procured services because of their arm's length nature and their corporate legal position. However there have been a number of examples of poor control with either significant direct adverse outcomes or potential for significant adverse outcomes that need both focussed and robust departmental monitoring and regular audit coverage.

(d) Criminal Records Bureau checks.

There are continuing risks that not only these checks but also other key background checks are not carried out robustly. Those entrusted with carrying out such checks include, Council Departments, devolved organisations and contracted out providers. Consequently controls operated by these agencies need to be robust as do the Council's arrangements for monitoring the arrangements of providers who are responsible for directly carrying out such checks.

(e) Low Council Tax

The Council has traditionally set a low Council Tax at around 50% of the national average. This has been for many years and remains a future key Council objective. However central government has made pronouncements about severe reductions in public sector spending, but with the likely top slicing of the available public sector resources to the Health and Education Services. Consequently there is likely to be a significant impact on the resources remaining for distribution via block, area based and specific grants to local authorities, there is a key risk that it will make this Council objective significantly more difficult to achieve.

Thus whilst this should not affect the requirement for innovative and rationalised service delivery by Directors, the potential effect on the Council's overall level of central government grant in the medium term is not known. It must be considered at risk of some reduction, and given the Council's high gearing ratio this will only serve to compromise or dilute its ability to directly counter the effect of grant reductions within its desired level of Council Tax.

(f) Procurement

Procurement plays a key role in the Council's service delivery and hence to the successful achievement of the Council's objectives. Recent legislative changes have both made it more complicated and more open to challenge. The Council's model of Departmental Service Managers procuring services infrequently is a risk. Whilst the Procurement Advisory Group are a compensating control, there is still scope for procurement exercises to be undertaken in both a manner that does not comply with procurement regulations and does not maximise the potential benefits and outcomes of procurement.

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



Gerald Jones

Chief Executive



Councillor Edward Lister

Leader of the Council

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WANDSWORTH COUNCIL

OPINION ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Wandsworth Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund, and the related notes. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR OF FINANCE AND DEPUTY CHIEF EXECUTIVE AND AUDITOR

The Director of Finance and Deputy Chief Executive's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 are set out in the Statement of Responsibilities for the Accounts.

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

This report, including the opinion, has been prepared for and only for Wandsworth Council's Members as a body in accordance with the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies, published by the Audit Commission in April 2008. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 of

the financial position of the Council and its income and expenditure for the year.

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the financial statements and related notes, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and related notes.

OPINION

In our opinion the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, of the financial position of the Council as at 31 March 2010 and of the Council's income and expenditure and cash flows for the year then ended.



David Braithwaite

For and on behalf of PricewaterhouseCoopers LLP
Appointed auditors

London

6 August 2010

OPINION ON THE PENSION FUND ACCOUNTS

We have audited the pension fund accounts for the year ended 31 March 2010 under the Audit Commission Act 1998. The pension fund accounts comprise the Fund Account, the Net Assets Statement and the related notes. The pension fund accounts have been prepared under the accounting policies set out in the Statement of Accounting Policies.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR OF FINANCE AND DEPUTY CHIEF EXECUTIVE AND AUDITOR

The Director of Finance and Deputy Chief Executive's responsibilities for preparing the pension fund accounts, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 are set out in the Statement of Responsibilities for the Accounts.

Our responsibility is to audit the pension fund accounts and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report, including the opinion, has been prepared for and only for Wandsworth Council's Members as a body in accordance with the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies, published by the Audit Commission in April 2008. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the pension fund accounts give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, of the financial transactions of the pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

We read other information published with the pension fund accounts and related notes and consider whether it is consistent with the audited pension fund accounts. This other information comprises the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund accounting statements and related notes. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the pension fund accounts and related notes. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the pension fund accounts and related notes, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the pension fund accounts and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the pension fund accounts and related notes.

OPINION

In our opinion the pension fund accounts and related notes give a true and fair view, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009, of the financial transactions of the Pension Fund during the year ended 31 March 2010, and the amount and disposition of the fund's assets and liabilities as at 31 March 2010, other than liabilities to pay pensions and other benefits after the end of the scheme year.



David Braithwaite

For and on behalf of PricewaterhouseCoopers LLP
Appointed auditors

London

6 August 2010

CONCLUSION ON ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

AUTHORITY'S RESPONSIBILITIES

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

AUDITORS' RESPONSIBILITIES

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. We report if significant matters have come to our attention which prevent us from concluding that the Council has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

CONCLUSION

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, we are satisfied that, in all significant respects, Wandsworth Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010.

CERTIFICATE

We certify that we have completed the audit of the financial statements in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



David Braithwaite

For and on behalf of PricewaterhouseCoopers LLP
Appointed auditors

London

6 August 2010

THE INCOME AND EXPENDITURE ACCOUNT AND MOVEMENT ON THE GENERAL FUND BALANCE

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.
- The payment of a share of housing capital receipts to the Government is shown 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 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 reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund balance.

INCOME AND EXPENDITURE ACCOUNT

	2009/10 GROSS EXPENDITURE	2009/10 INCOME	2009/10 NET EXPENDITURE	2008/09 NET EXPENDITURE (Restated)
Notes	£'000	£'000	£'000	£'000
Cultural, Environmental, Regulatory and Planning Services	66,551	16,195	50,356	50,220
Central Services	15,572	9,387	6,185	5,771
Children's and Education Services	293,888	236,546	57,342	62,821
Highways and Transport Services	32,995	28,621	4,374	5,618
Local Authority Housing (HRA)	137,151	117,939	19,212	73,005
Other Housing Services	216,925	213,616	3,309	7,882
Adult Social Care	114,354	30,538	83,816	83,072
Corporate and Democratic Core	7,118	-	7,118	6,634
Non-distributed Costs	701	-	701	10,336
Net cost of services (see note below)	885,255	652,842	232,413	305,359
Net (surplus)/deficit on trading activities (10)			(368)	34
Interest payable and similar charges			625	785
Interest and investment income			(6,176)	(16,973)
Pension interest cost and return on pension asset			13,353	1,978
Contribution to Housing Pooled Capital Receipts			2,121	813
Net gain on disposal of fixed assets			(1,815)	(768)
Appropriation of Trading Account balances (10)			490	177
Other (income)/expenditure (11)			(1,274)	1,948
Net operating expenditure			239,369	293,353
Amounts to be met from grants, reserves and council tax				
Income from Council Tax			47,879	47,183
General Government grants (12 and see note below)			44,226	31,396
Distribution from non-domestic rate pool			120,255	127,751
Income from general grants and council tax			212,360	206,330
Surplus/(deficit) for the year			(27,009)	(87,023)

Note In addition to the restatement which is detailed on page 31, the 2008/09 Net Expenditure contains some reclassifications between services for both Supporting People and capital financing adjustments. These reclassifications have no net impact on the Net Cost of Services. The Local Authority Business Growth Incentives grant and the Housing and Planning Delivery grant, previously included in services, have been reclassified as General Government grants in line with clarifications in the 2009 SORP.

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

	Notes	2009/10 £'000	2008/09 (Restated) £'000
Surplus/(deficit) for the year on the Income and Expenditure Account		(27,009)	(87,023)
Net additional amount required by statute and non-statutory proper practices to be (debited)/credited to the General Fund balance for the year	(1)	32,663	90,478
Increase/(decrease) in the General Fund balance for the year		5,654	3,455
General Fund Balance at start of the year		14,431	10,976
Amount of General Fund Balance generally available for new expenditure		20,085	14,431

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the Council for the year and shows the aggregate change in its net worth.

	Notes	2009/10 £'000	2008/09 (Restated) £'000
Surplus/(deficit) on the Income and Expenditure Account for the year		(27,009)	(87,023)
Surplus/(deficit) arising on revaluation of fixed assets		35,205	(151,331)
Actuarial gains/(losses) on Pension Fund assets and liabilities	(26)	(201,378)	(114,230)
Total recognised gains for the year		(193,182)	(352,584)

The deficit on the Income and Expenditure account has been restated due to changes in the accounting requirements for the Collection Fund introduced in the 2009 SORP. The effect is a £9,000 reduction in the deficit for the year. The changes had no effect on the Total Equity shown on the Balance Sheet. More details are shown on page 31.

BALANCE SHEET

	Notes	31st March 2010		31st March 2009 (Restated)	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Operational assets					
- Council dwellings	(48) (14) (16)	1,214,719		1,205,122	
- Other land and buildings		281,113		265,982	
- Infrastructure assets		57,065		55,126	
- Vehicles, plant and equipment		10,834		12,421	
- Community assets		19,027		17,997	
Non-operational assets					
- Investment and commercial properties		37,201		37,201	
- Surplus assets		17,149		26,396	
Intangible assets		54		-	
	(13)		1,637,162		1,620,245
LONG-TERM INVESTMENTS	(18)		-		156,178
LONG-TERM DEBTORS	(19)				
- Mortgages		857		891	
- Other		224		237	
			1,081		1,128
TOTAL LONG-TERM ASSETS			1,638,243		1,777,551
CURRENT ASSETS					
Stocks and work in progress	(20)	1,252		1,423	
Debtors and payments in advance	*(21)	63,309		58,911	
Investments	*(22)	329,369		177,819	
Cash in hand		1,610		2,724	
		395,540		240,877	
CURRENT LIABILITIES					
Temporary loans	*	543		527	
Creditors, receipts in advance and provisions	(23) (24)	107,451		111,167	
		107,994		111,694	
NET CURRENT ASSETS			287,546		129,183
TOTAL ASSETS LESS CURRENT LIABILITIES			1,925,789		1,906,734
Pensions	(26)		346,989		143,077
Long-term borrowing	(27)		6,449		6,637
Government grants deferred	(28)		106,456		97,943
TOTAL ASSETS LESS LIABILITIES			1,465,895		1,659,077
Deferred credits	(29)		856		890
Financial Instruments Adjustment Account	(30)		(21)		(30)
Revaluation Reserve	(31)		104,002		74,518
Capital Adjustment Account	(32)		1,381,106		1,374,417
Usable Capital Receipts Reserve	(33)		28,443		45,227
Pensions Reserve	(26)		(346,989)		(143,077)
Collection Fund Adjustment Account			1,201		2,035
General Fund Reserves					
- General Fund Balance		20,085		14,431	
- Renewals Fund	(34)	34,381		38,083	
- Specific Grant	(35)	4,400		4,400	
- Insurance Reserve	(36)	10,110		8,321	
- Finite Services Fund	(37)	922		1,623	
- Employer's Pensions Contributions Reserve	(38)	51,000		51,000	
- Enhanced Pension Fund	(39)	5,626		6,345	
- Housing Revenue Account		81,792		76,016	
- Housing Major Repairs	(49)	68,509		84,878	
- Education Balances	(40)	15,115		14,646	
- Other balances	(42)	5,357		5,354	
			297,297		305,097
TOTAL EQUITY	(43)		1,465,895		1,659,077

BALANCE SHEET

* The 2009 SORP clarified the position regarding treatment of interest accruals on loans and investments and has necessitated reclassification of the 2008/09 accounts. The effect of the reclassification is to reduce Debtor and Payments in Advance by £3.119 million, increasing Investments by the same amount; and increasing Temporary Loans by £154,000 and reducing Creditors, Receipts in Advance and Provisions by the same amount. In addition, the SORP required restatement of the 2008/09 accounts in relation to the change in accounting treatment of the Collection Fund (see Prior Period Adjustment on page 31).

CASH FLOW STATEMENT

	Notes	2009/10		2008/09	
		£'000	£'000	£'000	£'000
REVENUE ACTIVITIES					
Cash Outflows					
Cash paid to and on behalf of employees	(5)	324,769		311,691	
Other operating cash payments		398,179		372,171	
Housing and council tax benefit		127,383		110,155	
Payment of pooled capital receipts		1,631		1,232	
Housing Revenue Account subsidy	(50)	21,729		14,855	
			873,691		810,104
Cash Inflows					
Rents (after rebates)		28,456		29,117	
Council tax	*	42,453		42,127	
Non-domestic rates from national pool		120,255		127,751	
Revenue Support Grant		27,756		17,784	
Area Based Grant	*	13,868		12,920	
Government grants for benefits		190,187		165,158	
Dedicated Schools Grant		146,461		140,528	
Other Government grants	(45)	67,813		72,164	
Receipts for goods and services		116,048		120,680	
Other revenue receipts	*	145,815		128,731	
			899,112		856,960
Net cash inflow from revenue activities			25,421		46,856
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Cash Outflows					
Interest paid		625		786	
Cash Inflows					
Interest received		2,965		8,818	
			2,340		8,032
CAPITAL ACTIVITIES					
Cash Outflows					
Purchase of fixed assets		61,432		67,067	
Other capital cash payments		350		279	
Cash Inflows					
Sale of fixed assets		18,435		19,734	
Capital grants		23,508		21,865	
			(19,839)		(25,747)
Net cash inflow before financing			7,922		29,141
MANAGEMENT OF LIQUID RESOURCES					
Net increase/decrease in short term deposits	(22) (44)		(4,628)		6,695
Net increase in other liquid resources	*		13,460		13,253
FINANCING					
Cash Outflows					
Repayments of amounts borrowed					
- long-term borrowing	(27) (44)	188		362	
Cash Inflows					
Recovery of short-term loans	(44)	(16)		270	
			204		92
Net increase/(decrease) in cash			(1,114)		9,101

**RECONCILIATION OF THE MOVEMENT ON THE GENERAL FUND BALANCE
TO REVENUE ACTIVITIES NET CASHFLOW**

	2009/10		2008/09 (Restated)	
	£'000	£'000	£'000	£'000
(Surplus)/deficit for the year on the Income and Expenditure Account *		27,009		87,023
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund balance for the year *		(35,292)		(90,478)
Non-cash transactions				
Add:				
Revenue provision for debt redemption	(1,000)		1,000	
Provisions set aside	2,227		(317)	
Decrease in provision for doubtful debts *	(3,643)		(630)	
Direct revenue financing of capital expenditure	(37,475)		(2,274)	
Contribution to/(use of) reserves	(314)		1,297	
		(40,205)		(924)
Other items including those on an accruals basis				
Less increase/(decrease) in stocks	(171)		606	
Less increase in debtors *	8,041		3,008	
Add increase in creditors *	(1,489)		(15,017)	
Other adjustments *	19,026		(23,042)	
		25,407		(34,445)
Add:				
Interest paid/received		(2,340)		(8,032)
Net cash inflow from revenue activities		(25,421)		(46,856)

* The 2009 SORP clarified the position regarding treatment of interest accruals on loans and investments and has necessitated reclassification of the 2008/09 accounts. In addition, the SORP required restatement of the 2008/09 accounts in relation to the change in accounting treatment of the Collection Fund.

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position at the year-end of 31 March 2010. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

2. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

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

3. PROVISIONS

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

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

4. RESERVES

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

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

5. GOVERNMENT GRANTS AND CONTRIBUTIONS (REVENUE)

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

6. RETIREMENT BENEFITS

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families (DCSF).
- The Local Government Pensions Scheme, administered by Wandsworth Council.
- The Local Government Pension Scheme administered by the London Pension Fund Authority (LPFA).

All schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

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

THE LOCAL GOVERNMENT PENSION SCHEME ADMINISTERED BY BOTH WANDSWORTH COUNCIL AND THE LPFA

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Local Government Pension Schemes attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on high quality corporate bond, the iBoxx AA Over 15 Year Corporate Bond index).
- The assets of the Local Government Pension Schemes attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities** – current bid price
 - unquoted securities** – professional estimate
 - united securities** – current bid price
 - property** – market value.
- The change in the net pensions liability is analysed into seven components:

current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked

past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs

interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account

expected return on assets – the annual investment return on the schemes' assets attributable to the Council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account

gains/losses on settlements and curtailments – the result of actions to relieve the schemes of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs

actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses

contributions paid both to the Wandsworth Council and LPFA pension schemes – cash paid as employer's contributions to the pension schemes.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension funds in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension funds and any amounts payable to the funds but unpaid at the year-end.

DISCRETIONARY BENEFITS

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

7. VAT

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

8. OVERHEADS AND SUPPORT SERVICES

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

- Corporate and Democratic Core – costs relating to the Council’s status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

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

9. INTANGIBLE FIXED ASSETS

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (eg software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits. In the case of software licences, the asset is amortised usually over five years.

10. TANGIBLE FIXED ASSETS

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

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

The SORP 2009 introduced the adoption of International Financial Reporting Interpretations Committee 12 (IFRIC 12) dealing with service concession arrangements. The standard determines the accounting requirements to be applied to “private sector finance” type arrangements where they exist. Analysis of the Council’s contractual arrangements has determined that IFRIC 12 does not apply to any of the Council’s contracts or similar arrangements whereby the property used in providing the services under this scheme is recognised on the authority’s balance sheet.

Measurement: assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Operational assets have been included in the Balance Sheet at the lower of net current replacement cost or net realisable value in existing use. Vehicles, plant, equipment, and community assets have been included in the Balance Sheet at historical cost as a proxy for current value, on the grounds of materiality. Non-operational assets have been included in the Balance Sheet at the lower of net current replacement cost or net realisable market value.

The current asset values used in the accounts are primarily based upon professional valuations undertaken during the year of account, together with the use of other relevant information on current values, including indexation. Additions during the year are included in the accounts at the amount of capital expenditure. Non-housing fixed assets with a book value or cost less than £25,000 are not included within valuations.

The Council's freehold and leasehold properties have been valued by the external valuers identified below.

- (1) Valuations of Housing Revenue Account dwellings, garages and hostel accommodation have been carried out by members of the Royal Institute of Chartered Surveyors employed by DTZ Debenham Tie Leung in accordance with the advice set out in the "Guidance on Stock Valuation for Resource Accounting".
- (2) Valuations of other operational and investment properties were carried out by members of the Royal Institute of Chartered Surveyors employed by Erinaceous Public Sector Consultancy (formerly Dunlop Haywards) in accordance with the "Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors". Not all the properties were inspected as this was neither practicable nor considered by the Borough Valuer to be necessary for the purpose of the valuations.
- (3) The valuation dates and the stock composition dates for the exercise were as follows:

<u>Portfolio</u>	<u>Valuation Dates</u>	<u>Stock Composition Date</u>
Operational	1st April 2005	31st March 2010
Surplus	31st March 2009	31st March 2010
Residential	31st March 2009	31st March 2010
Investment	1st April 2005	31st March 2010

- (4) Plant and machinery which are normally regarded as part of the premises in which they are located, are included in the valuation of the buildings.
- (5) Properties regarded by the Authority as operational were valued on the basis of existing use value or, where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost. Occupation of such properties by the Council itself or by its contractors has been disregarded. Operational properties are those used by the Authority in pursuit of its service or strategic objectives.

- (6) Properties regarded by the Authority as non-operational have been valued on the basis of market value. The commercial property portfolio is held by the Authority for its investment potential, with any rental income being negotiated at arm's length.
- (7) Surplus assets which had formerly been in operational, non-residential use were included in the relevant section of the accounts on the basis of market value.
- (8) The sources of information and assumptions made in producing the various valuations are set out in a valuation certificate and report.
- (9) The valuation figures incorporated in the accounts are the aggregate of separate valuations of parts of the portfolio, not a valuation or apportioned valuation (if more than one figure is provided in the account) of the portfolio valued as a whole.
- (10) The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:
 - where attributable to the clear consumption of economic benefits – the loss is charged to the relevant service revenue account.
 - otherwise – written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

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

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

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

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

Depreciation is not charged in the year of acquisition. Where an asset's net book value falls below £25,000, the remaining depreciation is charged to revenue and the item is removed from the Balance Sheet.

Depreciation: depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation is not charged in the year of acquisition. Where an asset's net book value falls below £25,000, the remaining depreciation is charged to revenue and the item is removed from the Balance Sheet.

Depreciation is calculated on the following bases:

Housing Revenue Account assets:
the major repairs allowance (MRA) is used as a proxy for depreciation.

Operational property assets:
straight line basis over the expected life of the asset (mainly 50 years).

Infrastructure:
straight line basis over the expected life of the asset (20 years).

Vehicles, plant and equipment:
reducing balance method (vehicles 20% p.a., plant and equipment 25% p.a.), reflecting the expected life of the asset.

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

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

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

11. CHARGES TO REVENUE FOR FIXED ASSETS

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

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

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

12. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

13. LEASES

FINANCE LEASES

No finance leases are currently held.

OPERATING LEASES

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

14. FINANCIAL LIABILITIES

Financial Liabilities are initially measured at cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

15. FINANCIAL ASSETS

LOANS AND RECEIVABLES

Loans and receivables are initially measured at cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to small businesses, as part of the economic development of town centres, at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Income and Expenditure Account (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the businesses, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Income and Expenditure Account to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

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

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

FINANCIAL INSTRUMENTS

The Council does not have complex financial instruments. Interest paid and received on financial instruments is recognised in the Income and Expenditure Account. The Council holds investments and loans at historical cost, subject to any impairment reviews that are required.

16. STOCKS AND WORK IN PROGRESS

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

PRIOR PERIOD ADJUSTMENTS

Changes to accounting arrangements for the Collection Fund were introduced in the 2009 SORP and require restatement of the 2008/09 accounts. The changes reflect the Council's role acting as agent for both the Greater London Authority in relation to collection of Council Tax, and the Government in respect of collection of National Non-domestic Rates. Previously all such balances were held on the Council's Balance Sheet. Relevant extracts reflecting these restatements are disclosed below: -

	2008/09	
	Before Adjustment	Restated
	£'000	£'000
Income and Expenditure Account - extracts		
Income from Council Tax	47,174	47,183
Surplus/(deficit) for the year	(87,032)	(87,023)
Statement of Movement on the General Fund Balance - extracts		
Surplus/(deficit) for the year on the Income and Expenditure Account	(87,032)	(87,023)
Net additional amount required by statute and non-statutory proper practices to be (debited)/ credited to the General Fund balance for the year	90,487	90,478
Statement of Total Realised Gains and Losses - extracts		
Surplus/(deficit) on the Income and Expenditure Account for the year	(87,032)	(87,023)
Movement on Collection Fund Balance	6	n/a
Total Recognised Gains for the Year	(352,587)	(352,584)
Balance Sheet - extracts		
Debtors and payments in advance	65,295	62,030
Creditors, receipts in advance and provisions	114,586	111,321
Collection Fund Adjustment Account	-	2,035
Collection Fund	2,035	-
Cash Flow Statement - extracts		
REVENUE ACTIVITIES		
Cash Outflows		
Local non-domestic rates paid to national pool	90,298	-
Greater London Authority Precept	38,713	-
Cash Inflows		
Council tax	76,724	42,127
Local non-domestic rates	81,689	-
Other revenue receipts	141,123	141,651
MANAGEMENT OF LIQUID RESOURCES		
Net increase in other liquid resources	-	13,253
Reconciliation of the movement on the General Fund balance to revenue activities net cashflow		
Decrease in provision for doubtful debts	(316)	(630)
Less increase in debtors	4,592	3,008
Add increase in creditors	(13,322)	(15,017)
Other adjustments	(13,382)	(23,042)

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1. RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

	Notes	2009/10		2008/09	
		£'000	£'000	£'000	Restated £'000
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					
Depreciation and impairment of fixed assets		(40,346)		(98,314)	
Government Grants Deferred amortisation	(32)	9,179		14,005	
Write-downs of revenue expenditure funded from capital under statute	(32)	(7,943)		(15,614)	
Net gain on disposal of fixed assets		1,815		768	
Net charges made for retirement benefits in accordance with FRS 17	(26)	(2,534)		(3,156)	
Difference in council tax income compared with that transferred to the General Fund under regulation		(834)		9	
			(40,663)		(102,302)
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					
Transfer from Usable Capital Receipts equal to the amount payable into the Housing Capital Receipts Pool	(33)	(2,121)		(813)	
Capital expenditure charged to the General Fund		4,934		2,374	
			2,813		1,561
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					
Voluntary provision for repayment of debt		1,000		1,000	
Housing Revenue Account		5,775		13,380	
Finite Services Fund		(700)		593	
Renewals Fund		(3,702)		1,041	
Insurance Reserve		1,789		(840)	
Enhanced Pension Fund		(719)		(443)	
Education balances		469		(1,991)	
Other balances written back		1,275		(2,477)	
			5,187		10,263
Net additional amount required to be debited/(credited) to the General Fund Balance for the year			(32,663)		(90,478)

2. POOLED FUND SCHEMES

Pooled Funding Schemes are administered by Joint Commissioning Bodies (JCBs), whose purpose is to agree and monitor the funding and expenditure of each pooled budget area. This includes agreeing funding budgets each year and monitoring the expenditure against these quarterly, as well as agreeing appropriate service policies and actions, and reporting on outturn positions. Representatives from each partner organisation attend the JCBs and reports are provided for discussion/information.

(a) Mental Health

A scheme was established on 1st October 2001 to create a singly managed, integrated health and social care provider for mental health services in Wandsworth.

	2009/10 £'000	2008/09 £'000
Funding		
Wandsworth Teaching Primary Care Trust	9,790	8,756
Wandsworth Borough Council	10,839	10,516
	20,629	19,272
Expenditure		
South West London and St George's Mental Health NHS Trust	9,834	8,805
Wandsworth Borough Council	10,650	10,729
	20,484	19,534
Net surplus/(deficit)	145	(262)

Of the net surplus in 2009/10 of £145,000, the Council's surplus was £189,000, and South West London and St George's Mental Health NHS Trust's deficit was £44,000.

(b) Learning Disabilities

A scheme was established on 1st October 2003 to create a singly managed, integrated health and social care services for people with learning disabilities in the Borough.

	2009/10 £'000	2008/09 £'000
Funding		
Wandsworth Teaching Primary Care Trust	10,339	9,398
Wandsworth Borough Council	29,467	28,574
	39,806	37,972
Expenditure		
Wandsworth Teaching Primary Care Trust	10,479	9,507
Wandsworth Borough Council	30,093	29,327
	40,572	38,834
Net deficit	(766)	(862)

Of the net deficit of £766,000 in 2009/10, the Council had a deficit of £626,000, and Wandsworth Teaching Primary Care Trust had a deficit of £140,000.

(c) Integrated Community Equipment Service

A scheme was established on 1st April 2005 to create an integrated service for the provision of community-based equipment for people with disabilities.

	2009/10 £'000	2008/09 £'000
Funding		
Wandsworth Teaching Primary Care Trust	695	610
Wandsworth Borough Council	511	530
	1,206	1,140
Expenditure		
Wandsworth Teaching Primary Care Trust	647	575
Wandsworth Borough Council	614	237
	1,261	812
Net surplus/(deficit)	(55)	328

Of the net deficit in 2009/10 of £55,000 the Council had a deficit of £103,000 and Wandsworth Teaching Primary Care Trust had a surplus of £48,000 which they have carried forward into 2010/11 accounts.

3. PENSION CHARGES TO NET COST OF SERVICES

	Cost £'000	Percentage of Pensionable Pay %
Teachers - employer's contribution	7,995	14.10
LPFA - employer's contribution - Education	517	24.28
Wandsworth - employer's contribution	23,006	19.00

The contribution rates for the LPFA and Wandsworth funds were determined by the funds' actuaries based on the triennial actuarial valuations, carried out at 31st March 2007.

The following additional payments were made during the year:

	Cost £'000	Percentage of Pensionable Pay %
Wandsworth	28	0.02
Teachers	746	1.31
Total	774	

The following capitalised contributions were made to the Pension Fund to meet discretionary payments:

	Pension Fund		Enhanced Pension Fund	
	Cost £'000	Percentage of Pensionable Pay %	Cost £'000	Percentage of Pensionable Pay %
Wandsworth	938	0.77	-	-
Teachers	n/a	n/a	32	0.06
Total	938		32	

4. MEMBERS' ALLOWANCES

	2009/10 £	2008/09 £
Members' allowances	1,122,007	1,116,434

5. STAFF REMUNERATION

The following table shows the number of staff whose total pay was in the relevant £5,000 range. In previous years the analysis of pay reflected taxable pay in £10,000 pay bands. This has now been revised to show full remuneration (excluding employers pension contributions) in £5,000 pay bands, with the 2008/09 analysis re-stated.

	No.			No.	
	2009/10	2008/09		2009/10	2008/09
£ 50,000 - £ 54,999	203	160	£140,000 - £144,999	2	-
£ 55,000 - £ 59,999	127	169	£145,000 - £149,999	-	1
£ 60,000 - £ 64,999	68	58	£150,000 - £154,999	1	3
£ 65,000 - £ 69,999	47	51	£155,000 - £159,999	1	-
£ 70,000 - £ 74,999	26	30	£160,000 - £164,999	1	-
£ 75,000 - £ 79,999	25	27	£165,000 - £169,999	2	1
£ 80,000 - £ 84,999	13	9	£170,000 - £174,999	-	3
£ 85,000 - £ 89,999	8	18	£175,000 - £179,999	1	-
£ 90,000 - £ 94,999	7	6	£180,000 - £184,999	2	-
£ 95,000 - £ 99,999	9	7	£185,000 - £189,999	-	-
£100,000 - £104,999	3	2	£195,000 - £199,999	-	1
£105,000 - £109,999	7	4	£210,000 - £214,999	1	-
£110,000 - £114,999	4	3	£255,000 - £259,999	-	1*
£115,000 - £119,999	2	4			
£120,000 - £124,999	2	2	£295,000 - £299,999	1*	-
£125,000 - £129,999	3	3			
£130,000 - £134,999	3	3			
£135,000 - £139,999	3	1			

*See note 1 below

The table on the next page sets out the remuneration disclosures for Senior Officers whose salary is £50,000 or more per year. Senior Officers whose salaries exceed £150,000 are named, in accordance with statute.

Senior, non school-based, Council staff remuneration is market-related and is revised annually using comparative information supplied by Hay management consultants. Salary progression for those staff is totally determined by performance level and there is no automatic incremental progression. The latest review in June 2010 indicated that on average the salaries were approximately 17% below the Hay market assessment. Higher graded posts were over 40% below the market median assessment.

Salaries of school-based senior staff included in the table above and shown in the tables below, are set by the school's governing body, and the staff are not direct employees of the Council.

COMPARATIVE INFORMATION FOR SENIOR OFFICERS REMUNERATION FOR 2009/10:

Post Holder	Notes	Salary (including fees and allowances)	Bonuses	Expense Allowances - Medical Insurance	Total Remuneration excluding pension contributions 2009/10	Employers pension contribution	Total Remuneration including pension contributions 2009/10
		£	£	£	£	£	£
Chief Executive and Director of Administration - Mr G. Jones	Note 1	242,617	54,702	2,606	299,925	56,966	356,891
Director of Finance and Deputy Chief Executive - Mr C. Buss	Note 1	172,441	38,000	1,475	211,916	40,264	252,180
Executive Headteacher, Southfields Community College - Ms J. Valin		198,406	-	-	198,406	27,975	226,381
Director of Technical Services - Mr W. Myers		167,059	14,840	1,903	183,801	34,922	218,724
Director of Children's Services - Mr P. Robinson		164,153	13,902	1,599	179,654	34,134	213,788
Director of Leisure and Amenity Services - Mr P. Brennan		151,796	12,580	1,665	166,042	31,548	197,589
Director of Housing - Mr R. Evans		151,561	12,756	1,599	165,916	31,524	197,440
Assistant Director of Administration (Professional Services)		143,117	17,639	2,082	162,838	30,913	193,751
Director of Adult Social Services		145,520	12,551	518	158,589	30,132	188,721
Executive Headteacher, Saint Cecilia's, Wandsworth Church of England School - Mr J. Risbridger	Note 2	152,013	-	634	152,646	21,523	174,169
Assistant Director of Administration (Support and Democratic Services)		117,494	9,910	1,934	129,338	24,574	153,912
Economic Development Officer		105,639	7,948	1,665	115,253	21,898	137,151
Assistant Director of Technical Services (Environmental Services and Community Safety)		102,792	4,925	-	107,717	20,466	128,184
Head of Policy		100,149	6,750	-	106,899	20,311	127,210
Assistant Director of Technical Services (Planning Services)		98,276	6,940	1,378	106,594	20,253	126,847
Head of Corporate Human Resources		88,980	7,353	1,547	97,880	18,597	116,478
Borough Valuer and Estates Surveyor		92,858	3,849	1,860	98,567	18,728	117,295
Head of IT and Business Communications	Note 3	44,206	-	333	44,539	8,462	53,001

Note 1 - The Performance Review Sub-Committee determined the performance related element of pay for these two officers for 2009/10 in advance of the usual timetable, due to the pending retirement of one of the officers. As a result the bonuses paid to these officers for 2009/10 includes, exceptionally, the performance element of pay for both 2008/09 and 2009/10. Also included within the salary is an allowance for the duties undertaken by the officers on behalf of the Western Riverside Waste Authority.

Note 2 - The Executive Headteacher of Saint Cecilia's School has, since 1st January 2009, been concurrently the legal Headteacher of a school in Greenwich. His full remuneration as shown here is paid in full by Wandsworth, with Greenwich contributing 50%.

Note 3 - The Head of IT and Business communications started in November 2009. His annualised salary is £106,807.

COMPARATIVE INFORMATION FOR SENIOR OFFICERS REMUNERATION FOR 2008/09:

Post Holder	Notes	Salary (including fees and allowances)	Bonuses	Expense Allowances - Medical insurance	Total Remuneration excluding pension contributions 2008/09	Employers pension contribution	Total Remuneration including pension contributions 2008/09
		£	£	£	£	£	£
Chief Executive and Director of Administration - Mr G. Jones	Note 1	228,204	26,497	2,245	256,946	48,800	305,746
Director of Finance and Deputy Chief Executive - Mr C. Buss	Note 1	155,855	17,353	1,289	174,497	33,154	207,651
Director of Technical Services - Mr W. Myers		156,822	14,255	1,646	172,722	32,817	205,539
Executive Headteacher, Southfields Community College - Ms J. Valin		177,812	-	-	177,812	25,071	202,883
Director of Children's Services - Mr P. Robinson		154,095	13,822	1,394	169,311	32,169	201,480
Director of Leisure and Amenity Services		138,569	11,889	1,436	151,894	28,860	180,754
Director of Housing		138,248	12,119	1,394	151,761	28,835	180,596
Head of Professional Services		134,520	10,494	1,796	146,810	27,868	174,678
Director of Adult Social Services		132,630	6,487	-	139,117	26,432	165,549
Head of Support and Democratic Services		107,454	7,444	1,665	116,562	22,147	138,709
Economic Development Officer		99,167	7,735	1,436	108,338	20,584	128,922
Assistant Director of Technical Services (Planning Services)(part-year)	Note 2	88,188	6,091	1,202	95,481	18,141	113,622
Head of Corporate Human Resources (part-year)	Note 3	79,869	7,018	938	87,825	16,687	104,512
Head of Policy and Strategy (part-year)	Note 4	61,679	15,421	756	77,857	14,793	92,649
Assistant Director of Technical Services (Environmental Services and Community Safety)	Note 5	66,143	-	-	66,143	12,567	78,710
Head of Corporate Services (part-year)	Note 6	46,248	14,920	460	61,628	11,709	73,337
Head of Policy and Strategy (part-year)	Note 7	55,725	-	348	56,073	10,654	66,727
Assistant Director of Technical Services (Planning Services)(part-year)	Note 8	40,623	11,752	492	52,868	9,753	62,621
Borough Valuer and Estates Surveyor (part-year)	Note 9	41,255	8,603	656	50,515	9,598	60,112
Borough Valuer and Estates Surveyor (part-year)	Note 10	50,167	-	-	50,167	9,532	59,698

Note 1 – The remuneration for these officers included an allowance for the duties undertaken by the officers on behalf of the Western Riverside Waste Authority.

Note 2 – This officer was promoted into this post in August 2008. The annualised remuneration in the new post was £90,187

Note 3 – This officer was promoted into this post in July 2008. The annualised remuneration in the new post was £83,855

Note 4 – This officer left the Council in October 2008. The annualised remuneration was £116,118

Note 5 – This officer joined the Council in July 2008. The annualised remuneration was £95,000

Note 6 – This officer left the Council in August 2008. The annualised remuneration was £122,018

Note 7 – This officer joined the Council in September 2008. The annualised remuneration was £107,163

Note 8 – This officer left the Council in August 2008. The annualised remuneration was £111,545

Note 9 – This officer left the Council in August 2008. The annualised remuneration was £119,897

Note 10 – This officer joined the Council in September 2008. The annualised remuneration was £86,000

6. OPERATING LEASES

During 2009/10 operating lease rentals of £520,830 were charged to services, and the outstanding undischarged obligations are estimated to be £0.9 million.

Lease rentals are analysed as follows:

	2009/10	2008/09
	£	£
Vehicles	322,306	322,306
Office equipment	140,014	170,414
Automatic Public Conveniences	58,510	146,998
	520,830	639,718

Payments of £500,755 due in 2010/11 are analysed as follows:

	2010/11
	£
Commitment Expires	
Within 1 year	46,748
Within 2 to 5 years	454,007
After 5 years	-
Total payments in 2010/11	500,755

7. AUTHORITY AS LESSOR

Assets valued at £37 million (£37 million in 2008/09) are held for use in operating leases, for which rent of £3.6 million was receivable during 2009/10 (£3.5 million in 2008/09). These assets are investment properties which are not subject to depreciation.

8. EXTERNAL AUDIT FEES

	2009/10	2008/09
	£'000	£'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditors	288	289
Fees payable to the Audit Commission in respect of statutory inspection	20	27
Fees payable to the Audit Commission for the certification of grant claims and returns, by the appointed auditors	78	51
Fees payable in respect of other services provided by the appointed auditors	-	-
Fees payable to the Audit Commission in respect of the National Fraud Initiative	-	2
Total	386	369

9. RELATED PARTY TRANSACTIONS

DECLARATIONS BY MEMBERS AND CHIEF OFFICERS

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

This disclosure note has been prepared based on declarations made by Members and Chief Officers in respect of related party transactions, and using the Council's register of Members' declarations of interest.

There are no declarable related party transactions with Chief Officers, Members, or their related parties with the exceptions of the following:

CENTRAL GOVERNMENT

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

PENSION FUND

During the financial year, the Pension Fund had an average balance of £1,681,630 of surplus cash deposited with the Council. The Council paid the Fund a total for interest of £6,898 on these deposits. The Council charged the Fund £570,795 for expenses incurred in administering the Fund.

NORTH EAST SURREY CREMATORIUM BOARD

The Board was composed of 10 councillors of three London borough councils: Merton, Sutton and Wandsworth. Councillors Mrs A Graham, Maurice Johnson, Maddan and Mrs J Cooper were appointed by the Council. Mr MJ Hall (Deputy Chief Accountant) was Treasurer to the Board, while Mr PG Robinson (Assistant Director of Leisure and Amenity Services) was Surveyor to the Board, and Mr P Read (Head of Audit) was Auditor to the Board. The Board has regular transactions with the Council, and interim payments were made to the Council to reimburse

costs incurred on the Board's behalf, resulting in £61,089 owed to the Council at the year-end. At the year-end the Council had a £325,000 7-day notice loan outstanding from the Board, making interest payments on similar loans of £940 during the year.

WESTERN RIVERSIDE WASTE AUTHORITY (WRWA)

The Authority was composed of eight members from four London borough councils: Hammersmith and Fulham, Kensington and Chelsea, Lambeth and Wandsworth. Councillors McDermott and Senior were appointed by the Council. Mr GK Jones (Chief Executive), Mr C Buss (Director of Finance) and Mr P Read (Head of Audit) were Clerk, Treasurer and Auditor to the Authority respectively. Mr D Berridge was Deputy Treasurer for the first part of the year and was succeeded by Mr A Harrison. During the year there were levy payments of £10,393,087 and commercial waste charge payments of £39,647 to the WRWA.

GREATER LONDON AUTHORITY

The Greater London Authority (GLA) has responsibility for Transport for London, London Development Agency, Metropolitan Police Authority and the London Fire and Emergency Planning Authority (LFEPA). Councillor Heaster was a member of the LFEPA. Collection Fund payments were made to the GLA of £40,006,024. Grant and reimbursement income of £4,970,118 was received from Transport for London.

LONDON COUNCILS GRANTS COMMITTEE

The Committee was composed of 33 members from London borough councils and the Corporation of London. Councillor Maddan was appointed by the Council. During the year payments totalling £982,052 were made to the Committee.

LONDON COUNCILS

London Councils is formed largely of members from the London borough councils. Councillor Lister represents Wandsworth Council on the Leadership Committee of London Councils. During the year, subscriptions totalling £219,091 were paid by the Council.

VOLUNTARY ORGANISATIONS

Some members have made declarations of their non-pecuniary interests in voluntary organisations, which form part of publicly available documents.

10. TRADING ACCOUNTS AND CENTRAL SUPPORT SERVICES

(a) Trading accounts

The following activities operate on a trading account basis:

		Turnover 2009/10 £'000	Surplus/(Deficit) 2009/10 £'000	Turnover 2008/09 £'000	Surplus/(Deficit) 2008/09 £'000
Housing Management Services	(i)	13,571	(255)	12,758	135
Building Maintenance	(ii)	9,506	73	9,857	30
Transport Operations	(iii)	5,817	(36)	7,066	14
Engineering Services	(iv)	13,057	102	8,299	83
Building Control		1,612	89	1,503	(67)
Design Service		3,318	152	2,979	65
Street Trading		286	23	290	22
Land Charges	(v)	676	245	n/a	n/a
Adult care providers	(vi)				
Home Care		1,738	(239)	2,585	(337)
Meals on Wheels and Frozen Meals		295	1	563	-
People with Learning Disabilities (PLD)					
Hostels & Outreach Service Team		75	-	960	31
Atheldene and PLD Day Care		3,521	210	4,859	(55)
Adult Placement Service		128	3	1,614	13
		53,600	368	53,333	(66)

During the year, trading accounts incurred a net surplus of £368,000 of which £122,000 was charged to revenue accounts, and net surpluses of £490,000 were carried forward.

(i) The Housing Management Direct Service Organisation (DSO) provides a range of management services for the Council's housing stock. Functions include rent collection, dealing with leaseholder service charges, estate services, repairs, management of the cleaning and grounds maintenance contracts, anti-social behaviour management and tenancy support.

(ii) The Council runs a building maintenance operation principally to repair and refurbish residential properties and Council operational buildings. The trading objective is to provide cost effective services to the Council and make a reasonable trading surplus to finance future plant and equipment investments.

(iii) The Council bids for transport contracts on an ad hoc basis depending on the availability of spare capacity at any given time. The trading objective is to provide cost effective services to the Council, in particular the Children's Services and Adult Social Services departments while minimising downtime on employees and vehicles.

(iv) The Council provides a full range of blue and white collar engineering services, including scheme design and implementation and winter maintenance. The trading objective is to provide cost effective services for the Council and the DSO has a commitment to reduce service costs year on year in real terms.

(v) The Land Charges trading account was established on 1st April 2009 as a result of Local Authorities (Charges for Property Searches) Regulations 2008. The Regulations effectively require that the Local Land Charges function is operated as a statutory trading account and that over the course of any period of three consecutive financial years, a break-even position is achieved. Where a surplus or deficit is made in any given financial year, this will have to be taken into account when setting the fees in future years.

(vi) Adult Care providers are the Council's in-house services, which supplement the services commissioned from external providers that are required for people with learning and physical disabilities, and for older people requiring home care and re-enablement services. The main in-house service for people with learning disabilities and physical disabilities is a day care service that can provide appropriate care and support for both those with highly complex needs, and for those adults who need less intensive care but still require support to help them stay safe and lead active lives.

The Adult Care provider trading accounts incurred a net deficit of £25,000. The net brought forward deficit on these accounts was £47,000. Of the closing net deficit of £72,000, a net deficit of £179,000 was charged to revenue accounts, and net surpluses of £107,000 were carried forward.

(b) Central support services

Net expenditure on central support services before recharging to various customers is as follows:

	2009/10 £'000	2008/09 £'000
Administration Department		
Staff Training Centre/I.T. Training	234	267
Valuers	340	287
Policy Unit	789	660
Press Office	498	466
Central Personnel	1,631	1,586
General Office/Directorate	1,337	1,621
Text Processing	-	228
Supplies Advisory Unit	98	122
Legal	1,998	1,888
Despatch Services	525	757
Graphics and Printing	803	814
Property Audit Team	109	107
Professional Services – Clientside	335	402
Website	118	103
Administrative Buildings	4,286	6,334
Democratic Representation	2,539	2,505
Information Technology Services	4,548	3,695
Finance Department		
Finance Directorate and General Services	688	755
Treasury and Capital Management	258	284
Accountancy	917	919
Audit	1,096	1,020
Financial Control	947	1,060
Cashiers/Reception Services	551	720
Mortgages	109	133
Payroll	908	890
Income Collection Service	559	607
Pensions	498	516
Support Services	420	375
Bank Charges	102	139
External Audit Fees	348	380
Finance Consultants	55	60
Rent Collection Services	1,644	1,520
Property Accounts	221	220
Business Support Unit	1,398	1,505
Customer Services	2,251	2,048
	33,158	34,993

11. OTHER INCOME/EXPENDITURE

Where fixed assets have been written out of the Balance Sheet in previous periods, but the proceeds from disposal have been partly received in the current period, the receipt in the current period is classified as Other Income. Conversely, where fixed assets have been written out of the Balance Sheet in the current period, but the proceeds from disposal have been partly received in previous periods, the shortfall in the current period is classified as Other Expenditure. This is chiefly where proceeds from sales span financial years.

12. GENERAL GOVERNMENT GRANTS

	2009/10 £'000	2008/09 £'000
Revenue Support Grant	27,757	17,784
Area Based Grant	13,868	12,920
Housing and Planning Delivery Grant	782	306
Business Growth Incentive	400	386
Local Area Agreement Reward Grant	1,419	-
Total	44,226	31,396

NOTES TO THE BALANCE SHEET

13. FIXED ASSETS

Movements in fixed assets during the year were as follows:

	Operational Assets					Non-operational assets					Total £'000
	Council dwellings £'000	Other land and buildings £'000	Vehicles, plant and equipment £'000	Infra-structure £'000	Community assets £'000	Sub-total £'000	Commercial £'000	Surplus £'000	Sub-total £'000	Intangible assets £'000	
Certified valuation/cost at 31st March 2009	1,205,122	282,498	24,850	101,448	-	-	-	-	-	-	-
Accumulated depreciation	-	(16,516)	(12,429)	(46,322)	-	-	-	-	-	-	-
Net book value of assets at 31st March 2009	1,205,122	265,982	12,421	55,126	17,997	1,556,648	37,201	26,396	1,620,245	-	1,620,245
Movement in 2009/10:											
Additions	25,904	18,027	1,514	6,960	1,030	53,435	-	-	53,435	54	53,489
Reclassification	-	3,041	-	-	-	3,041	-	(3,041)	-	-	-
Disposals/write-offs	(9,824)	-	-	-	-	(9,824)	-	(5,434)	(15,258)	-	(15,258)
Revaluations	46,362	-	-	-	-	46,362	-	2,498	48,860	-	48,860
Depreciation	(16,171)	(5,937)	(3,101)	(5,021)	-	(30,230)	-	-	(30,230)	-	(30,230)
Impairment	(36,674)	-	-	-	-	(36,674)	-	(3,270)	(39,944)	-	(39,944)
Net book value of assets at 31st March 2010	1,214,719	281,113	10,834	57,065	19,027	1,582,758	37,201	17,149	1,637,108	54	1,637,162

Impairment

Impairment was identified in HRA dwellings between the valuation dates of April 2008 and March 2009 which was applied uniformly to individual dwellings across the stock. HRA dwellings were revalued during 2009/10 and revealed that some classes had appreciated in value, with others falling in value. Those movements are shown as Revaluations and Impairment respectively.

Summary of fixed assets as at 31st March (numbers):

	2010	2009		2010	2009
OPERATIONAL ASSETS					
Council dwellings (see note 48)	33,307	33,372	Nursery schools	3	3
Libraries	11	12	Primary schools	32	32
Arts centre	1	1	Secondary schools	2	2
Leisure centres	4	4	Special schools	7	8
Recreation centres	3	3	Adult education centres	2	2
Swimming pools	1	1	Professional centre	1	1
Public halls	4	4	Children's Services miscellaneous	19	18
Community Clubrooms	3	3	Vehicles > £25,000 value	35	35
Youth clubs	7	7			
Cemeteries	5	5	INFRASTRUCTURE ASSETS		
Crematorium	1	1	Bridges	2	2
Depots	4	4			
Technical Services miscellaneous	1	1	COMMUNITY ASSETS		
Leisure & Amenity Services miscellaneous	19	19	Land - approximately 347 hectares of parks and green spaces		
Administrative buildings >10,000 sq.ft.	6	5			
Administration miscellaneous	6	6	NON-OPERATIONAL ASSETS		
Children's homes	1	1	Shops	251	251
Resource centres	6	6	Industrial units	87	87
Hostels for mentally ill and disabled	6	6	Surplus properties/sites	18	19
Juvenile justice and youth support service centres	2	2			
Children's centres	6	6			
Day centres	5	5			
Social education centres	2	2			
Adult Care Services miscellaneous	6	6			

Figures for 2009 have been amended to reflect some reclassifications of certain assets and other amendments following a review by departments.

14. BALANCE SHEET VALUE OF HRA OPERATIONAL ASSETS

	Balance Sheet value 31st March 2010 £'000	Balance Sheet value 31st March 2009 £'000
Operational assets		
Dwellings	1,192,610	1,188,170
Other land and buildings	22,109	16,952
Total	1,214,719	1,205,122

The vacant possession value of dwellings within the HRA at 1st April 2009 was £3,219 million. The balance sheet value is lower because nearly all the dwellings are occupied and because the rents for secure tenancies are below market value.

15. CONTRACTUAL COMMITMENTS

The Council has authorised expenditure in future years of £103.0 million under its capital programme, of which £12.3 million has been contractually committed on larger schemes for 2010/11 and future years.

The most significant individual contractually committed schemes are:

	£'000
(i) Doddington Estate - Heating - Phase 1	3,185
(ii) Boroughwide - Kitchen and bathroom refurbishment - Phase 1	1,501
(iii) Badric Court - Window renewal	1,070
(iv) Alton Blocks - Roofing - Phase 2	1,014
(v) Ashburton Estate - Heating - Phase 2	724
(vi) Boroughwide - Secure front entrance doors - Phase 8	716
(vii) Wayland Road - Remedial works damp	643
(viii) Tooting Grove Estate - Environmental improvements	630
(ix) Totterdown Fields Estate - Window renewal - Phase 3	621
(x) Kambala Estate - Heating - Phase 2	618
(xi) Battersea Park - Electrical sub station renewals	556
(xii) Smallwood Primary School - New nursery provision	535
(xiii) Ackroydon Estate - Relifting	511

16. CAPITAL EXPENDITURE ON COUNCIL DWELLINGS

Capital expenditure on dwellings within the Housing Revenue Account was financed as follows:

	2009/10 £'000	2008/09 £'000
Capital reimbursements and grants	2,248	3,912
Major Repairs Reserve	32,540	-
Housing capital receipts applied	20,521	-
Internal borrowing	(26,746)	26,746
Total	28,563	30,658

In 2008/09 the Housing capital spend was largely funded by 'internal borrowing' in anticipation of changes to Government funding arrangements. In 2009/10 no internal borrowing was applied to finance Housing capital spend and the internal borrowing in 2008/09 was repaid in advance of the assumed 2011/12 repayment date, once it became clear that internal borrowing was no longer necessary. The two year effect of the borrowing has now been entirely reversed within the HRA and balances are now broadly where they would have been if this temporary technical adjustment had not occurred.

17. GENERAL CAPITAL EXPENDITURE

	2009/10 £'000	2008/09 £'000
Analysis by service		
Highway Services	6,927	5,105
Parks and Open Spaces	1,063	310
Housing Renovation Grants	1,986	2,729
Schools	9,389	17,452
Children's Specialist Services	7	354
Youth and Play Services	1,172	1,826
Libraries, Museum and Arts Division	3,482	1,926
Leisure Centres and Sports Services	23	251
Community Safety	248	425
Adult Care	355	449
Other	8,559	5,754
	33,211	36,581
Analysis by type		
Fixed assets	27,585	25,895
Revenue expenditure funded from capital under statute	5,284	10,514
Long-term debtors	342	172
	33,211	36,581
Analysis by source of finance		
Capital receipts	12,833	15,860
Revenue contributions	4,934	2,374
Capital reimbursements and grants	15,444	18,347
Total	33,211	36,581

18. LONG-TERM INVESTMENTS

£150 million of the Council's surplus cash balances was invested for a 2-year fixed term under the Government Credit Guarantee Scheme introduced on 13th October 2008. Since the maturity of this investment is within one year, it now appears within short term investments (Note 22).

19. LONG-TERM DEBTORS

	31st March 2010 £'000	31st March 2009 £'000
Loans to individuals to buy private homes	-	1
Loans to leaseholders for major works	463	356
Loans for the purchase of Council dwellings	394	534
	857	891
Loans for town centre improvement schemes	224	237
Total	1,081	1,128

20. STOCKS AND WORK IN PROGRESS

	31st March 2010 £'000	31st March 2009 £'000
Stock		
Building works stores	502	452
Other	67	72
	569	524
Work in progress		
Rechargeable works	2	4
Direct service organisation	681	895
	683	899
Total	1,252	1,423

21. DEBTORS AND PAYMENTS IN ADVANCE

			31st March 2010	31st March 2009 (Restated)
			£'000	£'000
Debtors:				
Government departments	*		25,566	17,514
Other local authorities				
- Recoupment			16,031	15,880
- Other			1,763	794
Housing rents, heating and hot water charges			6,011	5,963
Car loans and season ticket loans			369	320
Homeless families			352	475
Sundry debtors			1,796	2,024
Leaseholders' service charges			6,169	7,090
Housing benefits			12,611	10,554
Social Services charges			6,316	5,574
Council tax	*		4,575	5,097
Other debtors	*		6,233	7,762
			87,792	79,047
		Provisions Made £'000	Provisions Used £'000	
Less provisions for doubtful debts:				
Government departments		2,162	-	-
Recoupment		-	20	100
Housing rents, heating and hot water charges		790	824	3,555
Homeless families		(3)	114	456
Sundry debtors		348	317	943
Leaseholders' service charges		100	7	1,717
Housing benefits		1,864	-	9,541
Social Services charges		38	-	611
Council tax	*	503	953	4,072
Other provisions		723	647	1,249
		6,525	2,882	22,244
Debtors less provisions			61,905	56,803
Payments in advance			1,404	2,108
Total			63,309	58,911

* The 2009 SORP clarified the position regarding treatment of interest accruals on loans and investments and has necessitated reclassification of the 2008/09 accounts. In addition, the SORP required restatement of the 2008/09 accounts in relation to the change in accounting treatment of the Collection Fund.

22. SHORT-TERM INVESTMENTS

£150 million of the Council's surplus cash balances was invested for a 2-year fixed term under the Government Credit Guarantee Scheme introduced on 13th October 2008. The Bank of England base rate has fallen by 1.5% since the original investment was made. Since the investment matures within the next financial year, the carrying amount is considered to approximate to fair value. Other short-term investments are held in short-term cash deposits, in accordance with the Council's Treasury Management Policy.

23. CREDITORS AND RECEIPTS IN ADVANCE

	31st March 2010	31st March 2009 (Restated)
	£'000	£'000
Creditors		
Government departments	16,058	16,630
Other local authorities		
- Recoupment	2,255	2,242
- Other *	3,434	9,753
Sundry creditors		
- Trade	39,710	41,140
- Other *	15,185	13,413
	76,642	83,178
Receipts in advance *	24,022	18,975
Provisions (see note 24)	6,787	9,014
Total	107,451	111,167

* The 2009 SORP clarified the position regarding treatment of interest accruals on loans and investments and has necessitated reclassification of the 2008/09 accounts. In addition, the SORP required restatement of the 2008/09 accounts in relation to the change in accounting treatment of the Collection Fund.

24. PROVISIONS

Provisions, on an estimated basis, have been made for liabilities where the actual amount due is uncertain.

	Notes	Provisions Made £'000	Provisions Used £'000	31 March 2010 £'000	31 March 2009 £'000
Insurance Fund	(1)	1,757	4,507	3,453	6,203
After-care placement repayments	(2)	(47)	-	-	47
Tree roots claims	(3)	460	382	2,633	2,555
LPFA	(4)	561	-	588	27
Other provisions		39	108	113	182
Total		2,770	4,997	6,787	9,014

Notes:

- (1) The Council does not have external insurance for all potential risks and accordingly has established an insurance provision mainly to meet liability claims currently up to £500,000 and property claims up to £50,000 of each loss. The level of provision is mainly based on advice from the Council's insurers. The timing of payment is uncertain as liability claims, in particular, can take many years to be settled.
- (2) The provision was established in the light of the High Court (1999) and Court of Appeal (2002) decisions which made it unlawful for local authorities to charge clients for after-care placements made under S117 of the Mental Health Act 1983. The provision covered potential remaining restitution costs for repayment of all charges previously made. Repayment has now been made to all entitled individuals who could be traced. The likelihood of any further payments is judged to be remote.
- (3) The Council provides for claims resulting from damage caused by Council trees on the highway. Claims can take several years to settle and the balance on the provision is to meet the cost of outstanding claims.
- (4) In order to recover the deficit on their pension fund, the London Pension Fund Authority (LPFA) notified the Council of a fixed rate charge to be levied in 2009/10 in addition to the previously increased Employer's contribution rate. The Council has challenged the basis of the charge but a provision has been made to cover the cost should this become necessary.

25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Council has no contingent liabilities or contingent assets.

26. RETIREMENT BENEFITS

The Council participates in three statutory defined benefit final salary pension schemes:

The teachers' scheme is unfunded and administered by Teachers' Pensions, part of the Capita Group. The pension cost charged to the accounts is the contribution rate set by the Department for Children, Schools and Families on the basis of a notional fund.

Some statutorily transferred staff are in the London Pension Fund Authority (LPFA) Scheme, administered under the Local Government Pension Scheme Regulations.

Other employees, subject to certain qualifying criteria, are eligible to join the Council's own funded scheme also administered under the Local Government Pension Scheme Regulations.

The accounts include an Enhanced Pension Fund reserve designated to cover the teachers' pension liabilities which fall outside the statutory pension schemes for Council employees.

Change of Accounting Policy in 2008/09

Under the 2008 SORP the Council adopted the amendment to FRS 17, retirement benefits. As a result, quoted securities held as assets are valued at their bid price rather than mid-market value. Within the following notes, but not on the Balance Sheet, the values at 31st March 2008 and 31st March 2007 have been restated at their bid price for comparison purposes, but the values at 31st March 2006 remain at their mid-market value. As a result, the value of scheme assets have fallen by around 0.4% in each year. An adjustment of £2.6 million was made to the Pensions Asset Account and the Pensions Net Liabilities Reserve in 2008/09 to reflect the fall in values due to the restatements for 2006/07 and 2007/08.

Transactions Relating to Retirement Benefits

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, but the charge against council tax is based on cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made during the year, based on estimates prepared by the Council's actuaries using data up to 31st December 2009 for the Council scheme and 28th February 2010 for the LPFA scheme.

Income and Expenditure Account	Year to 31st March 2010			Year to 31st March 2009		
	Council £'000	LPFA £'000	Total £'000	Council £'000	LPFA £'000	Total £'000
Net cost of services:						
Net cost of services:						
Current service cost	13,309	323	13,632	14,992	399	15,391
Past service costs	369	-	369	6,883	265	7,148
Curtailment and settlements	108	7	115	257	-	257
	13,786	330	14,116	22,132	664	22,796
Net operating expenditure:						
Expected return on employer assets	35,921	1,696	37,617	48,114	2,225	50,339
Interest on pension scheme liabilities	(47,640)	(3,331)	(50,971)	(48,814)	(3,503)	(52,317)
	(11,719)	(1,635)	(13,354)	(700)	(1,278)	(1,978)
Net Charge to the Income and Expenditure Account	25,505	1,965	27,470	22,832	1,942	24,774
Statement of Movement on the General Fund Balance						
Reversal of net charges made for retirement benefits in line with FRS17	(25,505)	(1,965)	(27,470)	(22,832)	(1,942)	(24,774)
Actual amount charged against the General Fund Balance for pensions in the year						
Employers' contributions payable to scheme	24,412	524	24,936	23,391	861	24,252

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £201.4 million were included in the Statement of Total Recognised Gains and Losses, compared with a loss of £114.2 million in 2008/09. The cumulative amount of actuarial loss recognised from the 2005/06 accounting period onwards in the Statement of Total Recognised Gains and Losses is £189.7 million.

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of the present value of the scheme liabilities

	Council		LPFA		Total	
	2009/10 £'000	2008/09 £'000	2009/10 £'000	2008/09 £'000	2009/10 £'000	2008/09 £'000
1st April	694,707	706,439	49,331	51,679	744,038	758,118
Current service cost	13,309	14,992	323	399	13,632	15,391
Interest cost	47,640	48,814	3,331	3,503	50,971	52,317
Member contributions	8,274	8,038	143	150	8,417	8,188
Actuarial (gains) and losses	374,951	(62,585)	23,023	(3,992)	397,974	(66,577)
Losses on curtailments	108	257	7	-	115	257
Past service costs	369	6,883	-	265	369	7,148
Benefits paid	(30,759)	(28,131)	(2,605)	(2,673)	(33,364)	(30,804)
31st March	1,108,599	694,707	73,553	49,331	1,182,152	744,038

Reconciliation of fair value of scheme assets

	Council		LPFA		Total	
	2009/10 £'000	2008/09 £'000	2009/10 £'000	2008/09 £'000	2009/10 £'000	2008/09 £'000
1st April	560,371	683,300	40,589	46,493	600,960	729,793
Expected rate of return	35,921	48,114	1,696	2,225	37,617	50,339
Actuarial gains and (losses)	193,636	(174,341)	2,961	(6,467)	196,597	(180,808)
Employer contributions	24,412	23,391	524	861	24,936	24,252
Member contributions	8,274	8,038	143	150	8,417	8,188
Benefits paid	(30,759)	(28,131)	(2,605)	(2,673)	(33,364)	(30,804)
31st March	791,855	560,371	43,308	40,589	835,163	600,960

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. The actual return on scheme assets for the year was a gain of £234.2 million compared with a loss of £130.9 million in 2008/09.

Scheme History

	2009/10 £'000	2008/09 £'000	2007/08 As restated in 2008/09 £'000	2006/07 As restated in 2008/09 £'000	2005/06 £'000
Present value of liabilities:					
- Council	(1,094,382)	(683,542)	(694,838)	(808,700)	(809,300)
- LPFA	(73,553)	(49,331)	(51,679)	(57,549)	(58,710)
- Enhanced Pension Fund	(14,217)	(11,164)	(11,601)	(11,600)	(11,600)
Fair value of assets in the Local Government Pension Scheme	840,964	607,356	736,269	765,149	713,800
Total	(341,188)	(136,681)	(21,849)	(112,700)	(165,810)
Surplus/(deficit) in the scheme:					
- Council	(302,527)	(123,171)	(11,538)	(95,123)	(146,800)
- LPFA	(30,245)	(8,742)	(5,186)	(12,949)	(14,010)
- Enhanced Pension Fund	(8,416)	(4,768)	(5,125)	(4,628)	(5,000)
Total	(341,188)	(136,681)	(21,849)	(112,700)	(165,810)

The Council has elected not to restate the value of scheme assets for 2005/06 as permitted by FRS 17 (as revised).

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

The total contribution expected to be made to the Local Government Pension Scheme by the Council in the year to 31st March 2011 is £23.0 million.

Basis for Estimating Assets and Liabilities

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. They have been assessed by independent firms of actuaries based upon the latest triennial valuation, at 31st March 2007. For the purpose of this disclosure, the asset value at 31st March 2010 was estimated by the actuaries based on data provided as at 31st December 2009 for the Council scheme and 28th February 2010 for the LPFA scheme. The main assumptions used in the calculations are:

	Council Fund		LPFA Fund	
	2009/10	2008/09	2009/10	2008/09
Long-term rate of return expected on scheme assets:				
Equity investments	7.8%	7.0%	7.3%	7.0%
Bonds	5.0%	5.4%	-	-
Property	5.8%	4.9%	-	-
Target return portfolio	-	-	5.0%	-
Cashflow matching	-	-	4.5%	4.2%
Cash	4.8%	4.0%	3.0%	4.0%
Mortality assumptions:				
Longevity at 65 for current pensioners:				
- Men	20.8	19.6	21.0	21.0
- Women	24.1	22.5	23.4	23.4
Longevity at 65 for future pensioners:				
- Men	22.3	20.7	22.0	22.0
- Women	25.7	23.6	24.2	24.2
Rate of inflation	3.8%	3.1%	3.9%	3.1%
Rate of increase in salaries	5.3%	4.6%	5.4%	4.6%
Rate of increase in pensions	3.8%	3.1%	3.9%	3.1%
Rate for discounting scheme liabilities	5.5%	6.9%	5.5%	6.9%
Take-up of option to convert annual pension into retirement lump sum	50.0%*	50.0%	50.0%	20.0%**

* with 75% for membership post 1st April 2008

** with 68% for membership post 1st April 2008

Assets are valued at market value and consist of the following categories, by proportion of the total assets held, at 31st March:

	Council Fund		LPFA Fund		Enhanced Pension Fund	
	2010 %	2009 %	2010 %	2009 %	2010 %	2009 %
Equities	76	69	11	8	-	-
Bonds	13	17	-	-	-	-
Property	4	5	-	-	-	-
Target return portfolio	-	-	54	-	-	-
Cashflow matching	-	-	38	91	-	-
Cash	7	9	(3)	1	100	100
	100	100	100	100	100	100

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2009/10 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March 2010:

	2009/10 %	2008/09 %	2007/08 As restated in 2008/09 %	2006/07 As restated in 2008/09 %	2005/06 %
Differences between the expected and actual return on assets	23.5	(30.1)	(10.7)	0.2	12.7
Experience gains and losses on liabilities	0.0	0.0	3.9	0.0	(0.1)

27. LONG TERM BORROWING

	31st March 2010 £'000	31st March 2009 £'000
Analysis of loans by type		
Public Works Loan Board	6,171	6,347
Local bonds	-	12
Thames Water Boosters	278	278
Balance at end of year	6,449	6,637
Analysis of loans by maturity		
Between 1 and 2 years	-	188
Between 2 and 5 years	2,950	1,027
Between 5 and 10 years	3,499	5,422
Balance at end of year	6,449	6,637
Average maturity period	4.68 years	5.58 years

The fair value of the Public Works Loan Board borrowings at 31st March 2010 is estimated to be £8.379 million and is calculated with reference to the premature repayment rates in force at that date.

28. GOVERNMENT GRANTS DEFERRED

	31st March 2010 £'000	31st March 2009 £'000
Transport Supplementary Grant	19,741	18,810
Education/Children's Services grants	49,438	44,187
Other	37,277	34,946
Total	106,456	97,943

The balance represents the amount by which Council assets have been financed by others, cumulatively since 1st April 1993, less amounts released to revenue in respect of assets subject to depreciation, or written off.

29. DEFERRED CREDITS

This balance reflects principally amounts owing to the Council from mortgagors for the purchase of Council dwellings.

30. FINANCIAL INSTRUMENTS

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

Deposits

This risk is minimised through the Council's Treasury Management Policy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Treasury Management Policy also imposes a maximum sum to be invested with a financial institution located within each category. During the year, treasury management has been under regular review, at Financial Planning meetings of the Finance Directorate. The policy was as follows:

- (i) up to £40 million with institutions with a Fitch credit rating of at least F1+ short-term, AA long-term, and a short-term outlook that is not negative (or equivalent under Moody's or Standard and Poor's), where generally no more than £20 million is placed for periods longer than 6 months;
- (ii) up to £40 million with institutions with a Fitch credit rating of at least F1+ short-term, which are under UK state ownership and an outlook that is not negative, (or equivalent under Moody's or Standard and Poor's) with no investment being placed for periods longer than 6 months;
- (iii) up to £40 million with institutions with a Fitch credit rating of at least F1+ short-term, and a short-term outlook that is not negative, (or equivalent under Moody's or Standard and Poor's), where the institution is one of the named institutions eligible for the Government credit guarantee scheme, and where generally no more than £20 million is placed for periods longer than 6 months;
- (iv) up to £20 million with other UK local authorities;
- (v) up to £10 million with institutions with a Fitch credit rating of at least F1 short-term, A+ long-term, and a short-term outlook that is not negative (or equivalent under Moody's or Standard and Poor's); and

- (vi) up to £5 million with Building Societies with a Fitch credit rating of at least F1 short-term, A long-term, and a short-term outlook that is not negative (or equivalent under Moody's or Standard and Poor's), or with an institution with a negative short-term outlook but otherwise satisfying the criteria for £10 million or £40 million investments.

The Director of Finance operated temporary additional restrictions on permissible investments within the maximum levels specified by the Treasury Policy Statement throughout 2009/10, due to the continuing lack of confidence in the security and stability of financial institutions. These restrictions on investments permitted investments only with the seven institutions eligible for the Government credit guarantee scheme, the Northern Rock (when under UK state ownership), two additional building societies, and other UK local authorities.

The temporary restrictions continue to be kept under at least weekly review, so that changes can be made in response to any alterations in market conditions, and alternative secure vehicles for investment will continue to be monitored for any opportunities that may arise.

Other counterparty debtors

Counterparties are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. The Council has no material long-term debtors. The Council manages the risk of non-payment through the use of specific provisions against categories of debtors.

Liquidity risk

The Council's net current assets amount to £288 million (£115 million at 31st March 2009). The Council therefore does not consider that it is exposed to a significant liquidity risk.

Interest rate risk

Given the low level of external debt, movements in interest rates are not deemed to materially affect borrowings. The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. Changes in interest receivable on variable rate investments will be posted to the Income and Expenditure Account and affect the General Fund Balance. The treasury management team has an active strategy for assessing interest rate exposure that is used to update the budget during the year and take into account any adverse changes.

Financial Instrument Adjustment Account

This account provides for differences in relation to soft loans between amounts to be recognised under the SORP, and amounts that are not required by statute to be met from the General Fund. A soft loan is a loan at less than market rate of interest. The amount represents the future interest foregone for soft loans given by the Council. In 2009/10 this interest was £15,643 (£21,213 in 2008/09). The movement represents the interest foregone during 2009/10 for advances made before 31st March 2009, less future interest in respect of new advances made during 2009/10.

31. REVALUATION RESERVE

The balance from the former Fixed Assets Restatement Account was written-off to the Capital Adjustment Account (CAA) at 31st March 2007. The former account contained amounts relating to the writing out of assets and capital spend, whereas the Revaluation Reserve now records unrealised revaluation gains arising since 1st April 2007 from holding fixed assets.

	2009/10 £'000	2008/09 £'000
Balance at start of year	74,518	236,716
Transfer of revaluation on disposals to CAA	(4,967)	(8,543)
Revaluations	35,205	(151,332)
Depreciation historic/current cost adjustment	(754)	(2,323)
Balance at end of year	104,002	74,518

32. CAPITAL ADJUSTMENT ACCOUNT

	2009/10 £'000	2008/09 £'000
Balance at start of year	1,374,417	1,474,515
Revenue provision for debt redemption net of depreciation	(29,230)	(26,844)
Capital financing		
- Revenue on fixed assets and revenue expenditure funded from capital under statute	37,475	2,374
- Capital receipts on fixed assets and revenue expenditure funded from capital under statute	33,012	15,688
- Grants and reimbursements on revenue expenditure funded from capital under statute	5,829	9,173
Write-down of Government grants	3,349	4,832
Write-down of revenue expenditure funded from capital under statute	(7,943)	(15,614)
Impairment	(39,944)	(245,913)
Disposals	(15,258)	(20,807)
Transfer of revaluation on disposals from Revaluation Reserve	4,967	8,543
Transferred balance from Revaluation Reserve	14,410	162,460
Housing Associations deferred loans	-	4,745
Sale of Council houses deferred loans	216	1,265
Town centre improvement schemes deferred loans	(194)	-
Balance at end of year	1,381,106	1,374,417

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 system.

33. USABLE CAPITAL RECEIPTS RESERVE

	2009/10		2008/09	
	£'000	£'000	£'000	£'000
Source of capital receipts				
From sale of Council dwellings				
- Receipts at sale	12,343		10,418	
- Principal repayments on mortgages	141		224	
From house purchase repayments	1		-	
From sale of land etc.				
- Housing	4,750		3,433	
- Other services	1,494		5,535	
From London Residuary Body				
- Non-housing	13		167	
Total receipts	18,742		19,777	
Pooled receipts paid over to Government	(2,121)		(813)	
Usable receipts		16,621		18,964
Application of capital receipts				
Financing of capital expenditure	33,354		15,860	
Financing of house sales administration costs	51		16	
		(33,405)		(15,876)
Net movement		(16,784)		3,088
Balance at start of year		45,227		42,139
Balance at end of year		28,443		45,227

Capital receipts from disposals of HRA assets were as follows:

	2009/10	2008/09
	£'000	£'000
Land	-	-
Houses	12,433	10,626
Other	4,750	3,433
Total	17,183	14,059

34. RENEWALS FUND

This fund is available to finance unusually large expenditure for building refurbishment, energy conservation schemes, computer software, vehicle, plant and equipment replacements, and for financing the non-HRA capital programme generally. Appropriations to and from the Reserve are analysed as follows: -

	2009/10		2008/09	
	£'000	£'000	£'000	£'000
Balance at start of year		38,083		37,042
Income				
Contributions for equipment	567		2,093	
Depreciation contributions	73		70	
Energy conservation costs recovered	30		20	
Energy conservation grant - Salix	26		-	
Loan repayments	167		845	
Contribution for support of non-HRA programmes	2,000		2,800	
Total income		2,863		5,828
Expenditure				
Purchase of vehicles and plant	-		1,822	
Purchase of equipment	1,211		2,031	
Building purchase and maintenance	5,067		704	
Building schools for the future	182		222	
Energy conservation schemes	105		8	
Total expenditure		6,565		4,787
Balance at end of year		34,381		38,083

35. SPECIFIC GRANT RESERVE

£4.4 million is retained as a reserve for potential over-estimates of Government grants for housing and council tax benefits met from the General Fund, together with provision for the possible exposure to loss of other Government specific grants.

36. INSURANCE RESERVE

During 2007/08, a review was undertaken of the adequacy of the Liability Insurance Provision. In relation to the element of the provision that did not relate to specific claims, the decision was taken to reclassify this as an Insurance Reserve. In addition, balances relating to other insurance provisions have been reviewed and exceed current outstanding liabilities. Since the balance on the Reserve currently exceeds the Council's requirements for liability claims, the surplus is being returned to the General Fund (£605,478 p.a.) and the Housing Revenue Account Reserve (£234,297 p.a.) over a period of years, reflecting due caution given to the volatility of potential claims. The other balances are being kept under review as these areas of insurance have less frequent claims, but each is subject to a significant excess for which this reserve is maintained.

37. FINITE SERVICES FUND

This reserve provides for some pre-financing of identified costs of limited duration including Building Schools for the Future, and the Council's anticipated costs in preparation for the Olympics in 2012. The reserve is also a pump-priming source for initiatives under the Local Area Agreement framework.

	2009/10 £'000	2008/09 £'000
Balance at start of year	1,623	1,029
Income	-	1,500
Expenditure	701	906
Balance at end of year	922	1,623

38. EMPLOYER'S PENSIONS CONTRIBUTIONS RESERVE

Funds have been earmarked to provide against the risk of future increased pension fund liabilities. The latest full actuarial valuation of the pension fund as at 31st March 2007 stated that liabilities outweighed assets by £45 million. The level of this reserve may be reviewed upon the next actuarial valuation.

39. ENHANCED PENSION FUND

The Enhanced Pension Fund provides for pensions enhancements which fall outside of the statutory pension schemes, and mainly relates to teachers. Movements on the Fund are summarised as follows:

	2009/10 £'000	2008/09 £'000
Balance at start of year	6,345	6,788
Income	55	295
Expenditure	774	738
Balance at end of year	5,626	6,345

40. EDUCATION BALANCES

Education balances, including Dedicated Schools Grant (DSG), Standards Fund Grant, LAA Grant and school loan expenditure amounted to £15.115 million at 31st March 2010, compared with £14.474 million a year earlier. Individual school balances at 31st March 2010 ranged from a deficit of £438,010 to a surplus of £1,904,695. These balances are committed to be spent by the schools concerned and are not available to the Council for general use.

	2009/10 £'000	Movement £'000	2008/09 £'000
Individual School Balances	14,652	(722)	15,374
School Loans	(659)	(487)	(172)
Non-Delegated	632	1,360	(728)
LAA Grant	490	490	-
Total	15,115	641	14,474

School loans previously included in the General Fund have now been included in Education Balances.

Disclosure of Deployment of Dedicated Schools Grant 2009/10

	Central Expenditure £'000	2009/10 Schools Budget £'000	Total £'000
Final DSG for 2009/10			146,461
Brought forward from 2008/09			(556)
Carry forward to 2010/11 agreed in advance			(36)
Agreed Budgeted Distribution 2009/10	5,182	140,687	145,869
Actual Central Expenditure – School Loans	(487)		(487)
Actual Central Expenditure – Other	(4,722)		(4,722)
Actual ISB Deployed to Schools		(140,687)	(140,687)
Carry forward to 2010/11	(27)	-	(27)

The Council's expenditure on schools is part funded by grant monies provided by the Department for Children, Schools and Families (now Department for Education) - the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on an Authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each school. The Council is able to supplement the Schools Budget from its own resources but no supplement was made in 2009/10.

41. TRUST FUNDS

The Council administers nineteen small education trust funds that provide education prizes. Funds are also administered by the Council in relation to criminal injuries compensation payable to children when they reach the age of maturity. These funds are not subject to external audit.

	31st March 2010 £	31st March 2009 £
Education trust funds	71,567	69,454
Criminal injuries compensation awards - Children	29,013	31,652
Total	100,580	101,106

42. OTHER BALANCES

Other balances relate to Council functions, mainly within Service Level Agreements, Trading Accounts and Central Support Services.

	31st March 2010 £'000	31st March 2009 £'000
Support services and SLA balances	2,028	2,564
Trading account balances	2,910	2,550
Other	419	240
Total	5,357	5,354

43. ANALYSIS OF NET ASSETS EMPLOYED

	31st March 2010 £'000	31st March 2009 £'000
General Fund	49,557	255,134
Housing Revenue Account	1,413,673	1,401,393
Direct service organisations	2,665	2,550
Total Equity	1,465,895	1,659,077

NOTES TO THE CASH FLOW STATEMENT

44. RECONCILIATION OF ITEMS WITHIN THE FINANCING AND MANAGEMENT OF LIQUID RESOURCES SECTIONS OF THE CASH FLOW STATEMENT TO THE RELATED ITEMS IN THE BALANCE SHEET

	Balance 31/3/2010 £'000	Movement £'000	Balance 31/3/2009 £'000	Movement £'000	Balance 31/3/2008 £'000
Short-term investments	329,369	151,550	174,700	(143,304)	318,004
Long-term investments	-	(156,178)	156,178	149,649	6,529
Long-term borrowing	6,449	(188)	6,637	362	6,999
Short-term loans	543	16	373	270	643

The category "liquid resources" represents investments made for periods of less than three months.

45. ANALYSIS OF OTHER GOVERNMENT GRANTS

	2009/10 £'000	2008/09 £'000
AIDS Support	357	345
Asylum Seekers	245	524
Supporting People	11,177	11,177
Learning and Skills Council	17,128	16,194
Education Standards Fund	18,410	16,858
Schools Standards Grant	6,425	5,597
Non-HRA Rent Rebate Subsidy	406	758
E-Government	1,357	1,326
Business Growth Incentive	400	1,452
Bed and Breakfast Unit Grant	355	465
Connexions	86	135
Surestart Integrated Services	8,902	6,865
General - other	2,565	10,468
	67,813	72,164

COLLECTION FUND

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and the council tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.

Income and Expenditure Account (Notes (46) (47))	2009/10		2008/09	
	£'000	£'000	£'000	£'000
Income				
Council Tax:				
- Income from council taxpayers	77,293		76,898	
- Council tax benefit	10,821		9,639	
		88,114		86,537
Income from non-domestic ratepayers		88,770		88,854
Total income		176,884		175,391
Expenditure				
Precepts and Demands				
- Wandsworth Borough Council	46,176		45,408	
- Greater London Authority	37,922		37,291	
		84,098		82,699
Non-Domestic Rates				
- Payment to National Pool	88,243		88,326	
- Cost of collection allowance	527		528	
		88,770		88,854
Bad and Doubtful Debts				
- Write offs	1,733		947	
- Provisions	(818)		(341)	
		915		606
Distribution of Estimated Fund Surplus for previous year				
- Wandsworth Borough Council	2,537		1,766	
- Greater London Authority	2,084		1,422	
		4,621		3,188
Total expenditure		178,404		175,347
Surplus/(deficit) for the year		(1,520)		44
Surplus at start of year		3,707		3,663
Surplus at end of year		2,187		3,707

Surplus on Collection Fund

The surplus on the Collection Fund is attributable to the Council and the Greater London Authority as follows:

	2009/10	2008/09
	£'000	£'000
Wandsworth Borough Council	1,201	2,035
Greater London Authority	986	1,672
Total	2,187	3,707

NOTES TO THE COLLECTION FUND

46. TAX LEVELS

	2009/10	2008/09
Council tax amount for band D properties		
Wandsworth Council	£377.25	£377.25
Greater London Authority	£309.82	£309.82
Total	£687.07	£687.07
Business rate per £ value :-		
Standard rating multiplier	48.5p	46.2p
Small business rating multiplier	48.1p	45.8p

47. TAX BASES

The 131,402 domestic properties provided a tax base equivalent to 122,401 band D properties:

Band	No. of properties after discounts and exemptions	Ratio	Equivalent No. of band D properties
A	5,067.50	6/9	3,378
B	10,074.00	7/9	7,835
C	30,922.75	8/9	27,487
D	27,432.75	9/9	27,433
E	17,788.00	11/9	21,741
F	12,581.25	13/9	18,173
G	10,982.50	15/9	18,304
H	2,178.25	18/9	4,357
Total	117,027.00		128,708
Less adjustment for collection rate			(6,435)
Plus armed forces accommodation			128
Council tax base for 2009/10			122,401
Rateable value of non-domestic properties at 31st March:			£221.7 million

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT

This account is maintained in accordance with the provisions of the Local Government and Housing Act 1989 to show all expenditure and income relating to the Council's responsibilities as landlord of dwellings and associated property. The expected outturn on this account is regularly reviewed to ensure it will not have a deficit balance. Average weekly rents for dwellings at the end of 2009/10 were £108.07, an increase of £3.01 or 2.9% over the previous levels. Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. About 71% of the Council's tenants receive some help. Council tenants' rent arrears and provision for doubtful debts are shown in Note 21 to the Balance Sheet on page 47. Former tenants' arrears written off during the year amounted to £823,802 (2008/09 £475,663).

	Notes	2009/10 £'000	2008/09 £'000
Income			
Gross rents			
- Dwellings		95,411	92,958
- Non-dwellings		3,468	3,232
Charges for services and facilities		19,060	19,285
		117,939	115,475
Expenditure			
Repairs and maintenance		24,278	24,614
Supervision and management		43,222	43,793
Other charges		117	206
Rent rebates		6,911	6,775
Increased provision for bad or doubtful debts		889	762
Negative HRA subsidy payable	(50)	21,293	16,260
Depreciation and impairment of fixed assets	(13)		
- on dwellings		15,872	15,023
- on equity share dwellings		72	67
- on other assets		227	216
- impairment		26,288	84,699
		139,169	192,415
Net cost of HRA services as included in the Income and Expenditure Account			
		21,230	76,940
HRA services share of corporate and democratic core		1,214	1,185
Net cost of HRA services			
		22,444	78,125
HRA share of the operating income and expenditure included in the whole authority Income and Expenditure Account			
(Gain)/loss on sale of fixed assets		(1,294)	680
Other (income)/expenditure	(11)	(973)	(2,354)
Interest payable and similar charges		1,005	2,919
Interest and investment income		(2,708)	(6,620)
Pensions interest cost and expected return on pension assets	(51)	1,966	275
Deficit for the year on HRA services			
		20,440	73,025

STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

	Notes	2009/10 £'000	2008/09 £'000
Deficit for year on the HRA Income and Expenditure Account		20,440	73,025
Additional items required by statute and non-statutory proper practices to be taken into account in determining the movement in the Housing Revenue Account balance			
Gain/(loss) on sale of fixed assets		1,294	(680)
HRA share of contributions to/from the Pensions Reserve	(51)	(302)	955
Impairment of fixed assets		(26,288)	(84,699)
Revenue expenditure funded from capital under statute		(2,659)	(5,101)
HRA share of the Minimum Revenue Provision		1,000	1,000
Other balances written back		973	2,354
Appropriation from Insurance Reserve		(234)	(234)
Increase in the Housing Revenue Account balance		(5,776)	(13,380)
Housing Revenue Account balance b/fwd		(76,016)	(62,636)
Housing Revenue Account balance c/fwd		(81,792)	(76,016)

NOTES TO THE HOUSING REVENUE ACCOUNT

48. ANALYSIS OF COUNCIL HOUSING STOCK

	31st March 2010			31st March 2009		
	Flats	Houses	Total	Flats	Houses	Total
Secure tenancies	14,650	2,497	17,147	14,476	2,632	17,108
Equity share tenancies	37	60	97	35	61	96
Shared dwellings	205	-	205	299	-	299
Long-lease sold	15,819	39	15,858	15,830	39	15,869
	30,711	2,596	33,307	30,640	2,732	33,372

In relation to dwellings, further details on Balance Sheet values, financing of capital expenditure and capital receipts can be found in notes 14, 16 and 33.

49. HOUSING MAJOR REPAIRS RESERVE

	2009/10 £'000	2008/09 £'000
Balance at beginning of year	84,878	69,572
Capital expenditure charged to Reserve	(32,540)	-
Depreciation		
- on dwellings	15,872	15,023
- on other assets	299	283
Balance at end of year	68,509	84,878

50. HOUSING REVENUE ACCOUNT SUBSIDY RECEIVABLE/PAYABLE

	2009/10 £'000	2008/09 £'000
Allowance for management	17,652	17,658
Allowance for maintenance	24,178	24,280
Allowance for major repairs	15,872	15,023
Charges for capital	2,033	5,638
Assumed rents	(80,983)	(78,797)
Interest on receipts	(45)	(62)
Subsidy owed for year	(21,293)	(16,260)

51. HOUSING REVENUE ACCOUNT SHARE OF CONTRIBUTIONS TO THE PENSION RESERVE

The apportioned effects on the Housing Revenue Account are as follows:

	2009/10 £'000	2008/09 £'000
Charge included within net cost of services	(1,664)	164
Pension interest cost and returns on assets	1,966	275
Transfer from Pension Reserve	(302)	(439)
Net cost to the HRA	-	-

Transactions Relating to Retirement Benefits

The cost of retirement benefits is recognised in the Net Cost of HRA Services when they are earned by employees, but the charge against the HRA is based on cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the HRA Balance.

PENSION FUND

The Local Government Pension Scheme (LGPS) is a defined benefit occupational pension scheme. The scheme is controlled by the LGPS Regulations 2008, which are made under the Superannuation Act 1972. The scheme is for all non teaching employees employed by the Council; in addition staff in scheduled bodies (note 53) are also permitted to contribute.

Pension benefits are based on length of employment and final salary. To meet these statutory obligations the Council maintains the Pension Fund which is run separately from the rest of the Council's finances. The Fund is managed by two expert fund managers; both have discretion to invest in the UK and overseas in shares, bonds and property units. The Fund pays pensions to retired employees and dependents, and makes lump sum grants on retirement and death in service. The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the year end.

The Council's General Purposes Committee delegate responsibility for the monitoring and review of the Fund to the Finance Sub-Committee. The Sub-Committee decide on the investment policies most suitable to meet the liabilities of the Pension Fund. They report as necessary through the General Purposes Committee to the Council, which has ultimate responsibility for investment strategy.

The Sub-Committee obtain and consider advice from the Council's Director of Finance and finance staff, from the Fund actuary, Fund advisor and the investment managers. The Fund actuary undertakes the triennial valuation of the Fund. The advisor provides investment management advice. Both the actuary and advisor are appointed on two separate five-year contracts following a competitive tendering process.

The Sub-Committee have delegated the management of the Fund's investments to professional investment managers, appointed in accordance with the LGPS regulations, whose activities are specified in detailed investment management agreements and regularly monitored.

Fund Account	Notes	2009/10		2008/09	
		£'000	£'000	£'000	£'000
Contributions and Benefits					
Contributions receivable					
Employees	(53)	8,341		8,073	
Employers	(53)				
- Normal		19,252		18,419	
- Deficit		3,754		3,591	
- Augmentation		938		717	
Transfers in		4,728		2,653	
			37,013		33,453
Benefits					
Pensions	(55)	25,399		23,600	
Lump sum benefits:					
- Commutation of pensions and lump sums		6,345		6,911	
- Death benefits		649		771	
Payments to and on account of leavers					
Refunds of contributions	(56)	13		15	
Transfers out		4,270		2,260	
Administrative expenses	(58)	609		559	
			37,285		34,116
Net additions/(withdrawals) from dealings with members			(272)		(663)
Returns on Investments					
Investment income	(60)	15,509		21,353	
Change in market value of investments		210,466		(154,023)	
Investment management expenses	(61)	(2,424)		(1,672)	
Net returns on investments			223,551		(134,342)
Net increase in the Fund			223,279		(135,005)
Net assets at start of year			545,758		680,763
Net assets at end of year			769,037		545,758
Net Assets Statement					
Investment assets	(62)				
Fixed interest securities			56,785		55,177
Index-linked securities			10,246		8,718
Equities including convertible shares			414,489		284,269
Managed funds					
- Property			30,594		27,425
- Other			193,857		124,706
Cash deposits			60,739		43,568
Total investments			766,710		543,863
Net current assets:	(63)				
- Current assets		2,503		2,362	
- Current liabilities		(176)		(467)	
			2,327		1,895
Net assets at end of year			769,037		545,758

The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Council. They do not take account of obligations to pay pensions and benefits that fall due after the end of the Fund year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in a statement prepared by the Actuary, which is in note 67. The financial statements should be read in conjunction with the Actuary's statement.

NOTES TO THE PENSION FUND

52. ACCOUNTING POLICIES

The Fund's accounts are compiled in accordance with the principles set out in the CIPFA/LASAAC SORP and the disclosure requirements of Section 2 of *The Financial Report of Pension Schemes - A Statement of Recommended Practice (2007)*. The main accounting policies adopted by the Council are set out on page 23. Specific policies are set out below.

For debtors and creditors income and expenditure are accounted for in the year in which they arose by the creation of debtors and creditors, including estimates where appropriate.

Support service costs are allocated to the Pension Fund. The main bases for allocation are floor area for administrative buildings and estimated staff time for central services. Where service level agreements apply, charges have been made on the basis agreed between users and providers.

Market value for securities is determined by Stock Exchange prices on the balance sheet date. Quoted securities have been valued at their bid price on 31st March 2010. Pooled investment vehicles have been included at either the bid price where a bid price exists, or on the single unit price on 31st March 2010 as valued by the Investment Manager responsible. Property Units are valued at bid price by surveyors who are independent from the Fund Managers. The bid price is calculated as the net asset value of the property Fund less an allowance for property disposal costs divided by the number of units in issue. Foreign currency assets and liabilities are converted into sterling at the closing middle rates of exchange on the balance sheet date. Overseas income is converted at spot rates of exchange ruling when remitted. In accordance with the SORP, the financial statements have been prepared on an accruals basis but transfer values are accounted for on a cash basis.

53. PENSION FUND CONTRIBUTIONS RECEIVABLE

Employers' contributions include £938,000 (£717,000 in 2008/09), which represents the capitalised cost to the Council of discretionary early retirements during the year.

There are 2 scheduled and 1 admitted bodies (i.e. outside organisations) that are permitted under the regulations to contribute to the fund.

Total contributions receivable are shown on the following table and the bodies are listed below:

	Employees £'000	Employers £'000	Total £'000
Wandsworth Council	8,294	22,867	31,161
Scheduled bodies	47	139	186
Admitted bodies	-	-	-
	8,341	23,006	31,347

The scheduled bodies are the North East Surrey Crematorium Board and Ashcroft Technology Academy. The North East Surrey Crematorium Board has no direct employees and therefore is currently making no

contributions. The Careers Development Group is permitted to contribute under an admission agreement but does not do so currently.

Additional voluntary contributions are discussed in note 66.

54. PENSION FUND TRANSFER VALUES

There were £4.3 million (£4.7 million in 2008/09) potential transfer value receipts and £3.1 million (£3.2 million in 2008/09) potential transfer value payments under negotiation at 31st March 2010.

55. PENSION FUND BENEFITS PAYABLE

Pensions include £2.0 million (£2.0 million in 2008/09) relating to members, for whom the Fund had taken on the fully funded liability for added years and associated cost of early payment of pensions.

Total benefits payable are analysed, as follows:

	Pensions £'000	Commutation of Pensions and Lump Sums £'000	Death Grants £'000	Total £'000
Wandsworth Council	25,309	6,274	649	32,232
North East Surrey Crematorium Board (Scheduled Body)	17	-	-	17
Ashcroft Technology Academy (Scheduled Body)	2	45	-	47
Admitted Bodies	71	26	-	97
	25,399	6,345	649	32,393

56. REFUNDS OF CONTRIBUTIONS

Refunds of contributions of £14,854 were paid. State scheme premiums of £1,410 were received from HM Revenue and Customs.

57. PENSION FUND MEMBERSHIP AT 31ST MARCH

	2010	2009
Employees	5,063	5,028
Former employee pensioners	3,774	3,649
Dependant pensioners	760	766
Former employees with deferred benefits	6,229	6,072
	15,826	15,515

58. ADMINISTRATIVE EXPENSES

	2009/10 £'000	2008/09 £'000
Administration and processing	571	559
Audit fee	38	-
Total	609	559

59. INVESTMENT PERFORMANCE

Performance is measured on both a quarterly and an annual basis, and for the year to 31st March 2010 the Fund had a return of +41.0% (compared with a return of +35.1% for the WM Local Authority Universe – the benchmark), and ranked at the 12th percentile. The rolling three year return for the Fund is +3.2% compared with the benchmark return of +1.7% and ranked at the 23rd percentile.

60. INVESTMENT INCOME

Investment income is shown net of £0.9 million tax on UK dividends (£1.1 million in 2008/09), which the Fund has been unable to reclaim since July 1997, when tax credits were abolished for pension funds. Investment income is also shown net of £0.2 million irrecoverable overseas withholding tax (£0.3 million in 2008/09).

Income from equities and any pooled investment vehicles which distribute income, is accounted for on an accruals basis on the date stocks are quoted ex-dividend/ interest.

Investment management fees are accounted for on an accruals basis. Irrecoverable VAT is included within the cost to which it applies.

Investment income is broken down into the following categories:

	2009/10 £'000	2008/09 £'000
Interest from fixed interest securities	2,413	3,259
Dividends from equities	12,008	12,286
Income from index-linked securities	188	70
Income from pooled investment vehicles	741	4,397
Interest on cash deposits	109	1,211
Other income	50	130
Total investment income	15,509	21,353

In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is re-invested in the fund. The fund did not invest in derivatives in 2009/10.

61. INVESTMENT MANAGEMENT

	2009/10 £'000	2008/09 £'000
Investment management expenses		
Management and custody	1,704	1,561
Manager performance fee	600	-
Performance measurement services	10	13
Consultancy fees	110	98
Total	2,424	1,672

Within agreed parameters, two investment management firms operate on a discretionary basis. At the balance sheet date, Aberdeen Asset Management and UBS Global Asset Management each managed £395.4 million (52%) and £371.2 million (48%) of the Fund respectively. Their activities and performance are reviewed by the Director of Finance and overall supervision is carried out by the Investment Panel, which meets at least annually.

The statement of investment principles adopted by the Council can be seen on the Council's website www.wandsworth.gov.uk/pensions, or it is available from:

Head of Pensions, Payments and Support
Wandsworth Council
Finance Department
The Town Hall
Wandsworth
LONDON, SW18 2PU

62. INVESTMENT ASSETS

The following is an analysis of relevant asset classes between UK and Foreign, and between listed/unlisted and managed funds:

	2009/10	2008/09
	£'000	£'000
Fixed interest securities		
Public sector		
UK - listed	51,284	45,625
Foreign - listed	4,086	8,157
Corporate		
UK - listed	-	-
Foreign - listed	1,415	1,395
	56,785	55,177
Public Sector		
Index-linked securities		
UK - listed	9,464	7,900
Foreign - listed	782	818
	10,246	8,718
Equities		
UK - listed	242,759	167,018
UK - unlisted	35	35
Foreign - listed	171,695	117,216
	414,489	284,269
Managed funds		
Property UK		
	30,594	27,425
Other		
- UK	92,814	58,382
- Foreign	101,043	66,324
	193,857	124,706

All fund managers operating the pooled investment vehicles are registered in the United Kingdom.

Reconciliation Between Opening and Closing Value of Investments

	Value as at 01/04/09 £'000	Purchases at cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Value as at 31/03/10 £'000
Equities	284,269	136,028	(134,071)	128,263	414,489
Index linked securities	8,718	4,482	(3,471)	517	10,246
Fixed interest securities	55,177	83,703	(92,431)	10,336	56,785
Pooled investment vehicles	152,131	5,809	(4,839)	71,350	224,451
	500,295	230,022	(234,812)	210,466	705,971
Cash deposits	43,568				60,739
Total	543,863				766,710

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. Realised net gains were £10.4 million. These gains are included in the Fund account under the heading of "change in market value of investments".

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £586,000 (£247,000 in 2008/09). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the scheme.

Property investments in managed funds are as follows:

	£'000
Rreef UK Core Property Fund A	14,640
Rreef UK Property Fund No. 2	232
Rreef UK Property Ventures No. 3	1,241
UBS Life Triton Property A units	6,329
UBS Life Triton Property B units	8,152
Total	30,594

Realisation of these assets would require a request with the manager to redeem and the fund would be required to wait until the fund has either found a matched buyer or sold relevant assets to meet the redemption request.

63. NET CURRENT ASSETS

Net current assets are analysed as follows:

	2009/10		2008/09	
	£'000	£'000	£'000	£'000
Debtors				
Accrued dividends, interest etc.	2,104		2,280	
Tax recoverable	399		82	
		2,503		2,362
Creditors				
Unpaid benefits	(101)		(249)	
Accrued Fund Managers' fees	(75)		(218)	
		(176)		(467)
		2,327		1,895

64. STOCK LENDING

Stock lending is prohibited by the Fund's Statement of Investment Principles.

65. INDIVIDUAL HOLDINGS

There are no individual investments that exceed 5% of the net assets of the Fund.

66. ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Council has an additional voluntary contribution (AVC) arrangement. All money collected from payroll is passed to the Prudential Assurance Company. Prudential offer a range of different types of investment across the risk spectrum.

	£'000
Contributions received during the year	885
Investments purchased with AVCs	853
Changes in the value of AVCs (investment income and changes in the market value of investments)	120
Sales of investments to settle benefits due to members	675

AVCs are not included in the Pension Fund accounts in accordance with regulation 5 (2)(c) of the Pension Scheme (Management and Investment of Funds) Regulation 1998.

AVCs are invested to secure money purchase benefits and they are voluntary so only apply in respect of the particular members who opt to pay.

67. ADEQUACY OF THE PENSION FUND

The adequacy of the Fund's investments and contributions in relation to its overall obligations was reviewed at the Actuarial Valuation of the Fund as at 31st March 2007. The Council's common rate of contribution remains at 19.0% of pensionable payroll for Scheduled Bodies (Wandsworth Borough Council, North East Surrey Crematorium Board and the Ashcroft Technology Academy) and for Admitted Bodies with effect from 1st April 2008.

The market value of the Fund's assets at the valuation date of 31st March 2007 was £709.9 million, representing 94.0% of the Fund's actuarially assessed accrued liabilities, allowing for future pay increases, but relying on the Funds investments outperforming Government bonds by 1.35% a year over the long term.

The actuary used a market-related method of valuing the assets based on average yields and market values at the valuation date. This is described fully in the valuation report dated 26th March 2008.

The main actuarial assumptions used in preparing the valuation were:

	Nominal % p.a.	Real % p.a.
Asset Performance	5.85	2.65
Gilt Yield	4.50	1.30
Pay increases (excluding increments)	4.70	1.50
Price inflation/pension increases	3.20	-

The Asset Out-performance Assumption (AOA) is 1.35%. This figure reflects the assumed excess returns above gilts from investing in a range of investments comprising of mainly equities but also other asset classes like bonds, gilts and property. Therefore the real discount rate is real gilt yields plus the AOA minus inflation.

The 3.2% difference between nominal and real rates is the expected level of future price inflation, derived from the difference between yields on fixed-interest and index-linked government bonds at the valuation date.

The actuary has set most of the financial assumptions to reflect the position at the valuation date. Past service liabilities increased with price inflation (for pensioners and deferred members) and pay increases for current employees plus service accrued in the inter-valuation period. The value of the liabilities (as increased by the inflation assumptions) are discounted by assumed investment returns that are comprised of the return on Government Gilts plus the AOA.

A common contribution rate of 19% of pensionable payroll is applied to all contributing employers. This comprises 15.9% for future service and 3.1% for deficit reduction spread over 15 years.

In his actuarial statement dated April 2010 for the purposes of Regulation 36 of the Local Government Pension Scheme Regulations (Administration) 2008, the actuary stated that in his opinion the financial experience since the valuation at 31 March 2007 has been worse than assumed at that time. In particular, assets have underperformed in relation to the long term assumptions set at the valuation and the outlook for long term price inflation has worsened, which will increase the value placed on the liabilities. Unless market conditions improve before the next valuation, employers should expect some upwards pressure on contribution rates.

GLOSSARY OF TERMS USED IN THE ACCOUNTS

ACCRUALS

Sums included in the final accounts to cover income and expenditure attributable to the financial year, but for which payments had not been received or made as at 31st March.

CAPITAL EXPENDITURE

The statutory definition extends to:

- the acquisition, reclamation, enhancement or laying out of land, exclusive of roads, buildings and other structures;
- the acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures;
- the acquisition, installation or replacement of movable or immovable plant, machinery and apparatus and vehicles and vessels;
- the making of advances, grants or other financial assistance to any person towards expenditure incurred or to be incurred by him on matters mentioned in the three categories above or in the acquisition of investments;
- the acquisition of share or loan capital in any body corporate.

CAPITAL FINANCING COSTS

Charges made to services for the capital employed in their delivery.

CAPITAL RECEIPTS

Income from the sale of capital assets, mainly council dwellings, but including all sales of land, buildings and plant.

CENTRAL SUPPORT SERVICES

Support services are activities which are not statutory local authority services in their own right, but give technical, organisational and administrative support to those services.

COUNCIL TAX

The local taxes on property, set by the charging authority and the precepting authorities in order to collect sufficient revenue to meet their demand on

the Collection Fund. It is based on the value of the property and the number of residents. The Valuation Office Agency assesses the properties in each district and assigns each property to one of eight valuation bands, A to H. The tax is calculated on the basis of the weighted number of properties, equated to Band D. Tax levels for dwellings in other bands are then set relative to the Band D amount.

DIRECT SERVICE ORGANISATION (DSO)

A group of council employees operating on an arms-length quasi-contractual footing, to provide work on services won in competition with private sector firms.

GENERAL FUND

The fund within which most transactions of a local authority take place. Although strictly it includes the Housing Revenue Account, it commonly refers only to items outside that Account. Other funds held by a local authority may include a Collection Fund, Pension Fund and trust funds held for charitable purposes.

HOUSING BENEFIT

Financial help given to local authority or private tenants whose income falls below prescribed amounts.

HOUSING REVENUE ACCOUNT (HRA)

A local authority statutory account, legally within the General Fund, but commonly regarded as distinct covering current income and expenditure relating to its own housing stock.

LONG TERM DEBTORS

These debtors represent the capital income still to be received where sales of assets have taken place and deferred receipts, such as mortgages, have been agreed.

MAJOR PRECEPTING AUTHORITY

The Greater London Authority makes a precept on the Collection Fund, as county councils do elsewhere.

NON-DOMESTIC RATES

A national tax on businesses, according to the rental value of the properties they occupy. Prior to 1990/91, rate poundages were set by local authorities and so varied from authority to authority, but from 1 April 1990, a single national poundage has been set by the Government. Since 1 April 2005, a Small Business rate poundage has also applied. The proceeds collected by all local authorities are pooled nationally.

PRECEPT

The amount required from the Collection Fund to finance the expenditure of a major precepting authority.

PROVISIONS

Amounts set aside generally as estimates of liabilities or losses already incurred but whose exact amount will be determined in the future e.g. bad debts.

RESERVES

Revenue account reserves can be amounts for general contingencies and to provide working balances, or they can be earmarked to specific future expenditure.

REVENUE EXPENDITURE

In a general sense, expenditure on recurring items including the running of services, interest, and annual debt repayments.

TRADING ACCOUNTS

The accounts which summarise the revenue transactions of those services operating on a "trading" basis which are financed by charges made to recipients of the services.

TRANSFER VALUE

A payment made by one pension scheme to another when a member changes employment to enable the receiving pension scheme to give benefits for service in the paying pension scheme.

ABBREVIATIONS USED IN THE ACCOUNTS

AOA	Asset Out-performance Assumption
AQPR	Annual Quality and Performance Review
AVC	Additional Voluntary Contribution
BCP	Business Contingency Planning
CAA	Capital Adjustment Account
CIPFA	Chartered Institute of Public Finance and Accountancy
CPA	Comprehensive Performance Assessment
DSG	Dedicated Schools Grant
DSO	Direct Service Organisation
FRS	Financial Reporting Standard
GLA	Greater London Authority
HRA	Housing Revenue Account
ICT	Information Communication Technology
IFRIC 12	International Financial Reporting Interpretations Committee 12
ISB	Individual Schools Budget
IT	Information Technology
JCB	Joint Commissioning Bodies
LAA	Local Area Agreement
LABGI	Local Authority Business Growth Incentive
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LFEPa	London Fire and Emergency Planning Authority
LGPS	Local Government Pension Scheme
LPFA	London Pension Fund Authority
NHS	National Health Service
OSC	Overview and Scrutiny Committee
PLD	People with Learning Disabilities
SOLACE	Society of Local Authority Chief Executives
SORP	Statement of Recommended Practice
WRWA	Western Riverside Waste Authority

FURTHER INFORMATION

Enquiries relating to the accounts should be made to the Head of Corporate Finance at The Town Hall, telephone (020) 8871 6406.

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Wandsworth Interpreting Service: (020) 8871 5751

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