

# Bromsgrove District Council - Statement of Accounts 2013/14

| CONTENTS   |  | Page |
|--|--|------|
| Annual Governance Statement                            |  | 3    |
| Message from the Leader of Bromsgrove District Council |  | 10   |
| Explanatory Foreword                                   |  | 11   |
| Statement of Accounting Policies                       |  | 18   |
| <b><i>The Core Financial Statements</i></b>            |  |      |
| Movement in Reserves Statement                         |  | 33   |
| Comprehensive Income and Expenditure Statement         |  | 35   |
| Balance Sheet  |  | 37   |
| Cashflow Statement                                     |  | 38   |
| <b><i>Notes to the Core Financial Statements</i></b>   |  |      |
| 1  | Accounting Standards Issued, not Adopted   | 39   |
| 2  | Critical Judgements in Applying Accounting Policies                                    | 40   |
| 3  | Assumptions Made about the Future and Other Major Sources of Estimation<br>Uncertainty | 40   |
| 4  | Exceptional Items  | 41   |
| 5  | Material Items of Income and Expenditure   | 41   |
| 6  | Events after the Balance Sheet Date  | 41   |
| 7  | Adjustments between Accounting Basis and Funding Basis under Regulations               | 42   |
| 8  | Transfers to/from Earmarked Reserves   | 44   |
| 9  | Other Operating Expenditure  | 45   |
| 10   | Financing and Investment Income and Expenditure  | 45   |
| 11   | Taxation and Non-specific Grant Income   | 45   |
| <b><i>Capital Notes</i></b>                            |  |      |
| 12   | Property, Plant and Equipment  | 46   |
| 13   | Investment Properties  | 50   |
| 14   | Intangible Assets  | 51   |
| 15   | Non-Current Assets held for sale   | 52   |
| 16   | Capital Expenditure and Financing  | 54   |
| 17   | Group Accounts   | 55   |
| 18   | Inventories  | 57   |
| 19   | Short Term Debtors   | 57   |
| 20   | Cash and Cash Equivalents  | 57   |
| 21   | Creditors  | 58   |
| 22   | Provisions   | 58   |
| 23   | Other Long Term Liabilities  | 58   |
| 24   | Usable Reserves  | 58   |
| 25   | Unusable Reserves  | 59   |
| 26   | Movement in Capital Receipts Unapplied   | 62   |
| 27   | Operating Activities   | 63   |

# Bromsgrove District Council - Statement of Accounts 2013/14

| CONTENTS   |   | Page          |
|--|---|---------------|
| 28   | Investing Activities  | 63            |
| 29   | Financing Activities  | 63            |
| 30   | Amounts reported for Resource Allocation Decisions            | 64            |
| 31   | Trading Operations  | 66            |
| 32   | Publicity   | 66            |
| 33   | Non Distributed Costs   | 66            |
| 34   | Members Allowances  | 66            |
| 35   | Officers' Remuneration  | 67            |
| 36   | External Audit Costs  | 72            |
| 37   | Grant Income  | 72            |
| 38   | Related Parties   | 74            |
| 39   | Leases  | 76            |
| <br><b><i>Financial Instrument Notes</i></b>                               |   |               |
| 40   | Financial Instruments Balances                                | 77            |
| 41   | Interest and Investment Income                                | 78            |
| 42   | Short Term Investments  | 78            |
| 43   | Short term Borrowing  | 78            |
| 44   | Nature and Extent of Risks Arising from Financial Instruments | 79            |
| 45   | Defined Benefit Pension Schemes                               | 82            |
| 46   | Prior Year Adjustments  | 87            |
| 47   | Contingent Liabilities  | 91            |
| 48   | Social Housing Contribution                                   | 91            |
| <br><b><i>Collection Fund Account and Related Notes to the Account</i></b> |   |               |
| 1  | Council Tax/Taxbase   | 93            |
| 2  | Council Tax Levels  | 94            |
| 3  | National Non Domestic Rates                                   | 94            |
| 4  | Council Tax Major Preceptors                                  | 94            |
| 5  | Collection Fund Surpluses/Deficits                            | 94            |
| 6  | Bad Debt Provision  | 95            |
| 7  | NNDR Provision for appeals                                    | 95            |
| <br>   |   |               |
| Statement of Responsibilities for the Statement of Accounts                |   | 97            |
| Auditors Report  |   | 98            |
| Glossary of Terms  |   | Appendix<br>A |

**Draft Annual Governance Statement  
2013/14**

**1. Scope and responsibility**

Bromsgrove District Council is responsible for ensuring that:

- its business is conducted in accordance with legal requirements and proper standards
- public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Bromsgrove District Council is also responsible for maintaining proper arrangements for the governance of its affairs, which facilitate the effective exercise of its functions, including arrangements for the management of risk.

The Council's Executive Director of Finance and Resources is the officer with statutory responsibility for the administration of the Council's financial affairs as set out in section 151 of the Local Government Act 1972.

**2. The purpose of the Governance Framework**

The governance framework comprises the cultural values, systems and processes used by the Council to direct and control its activities, enabling it to engage, lead and account to the community. The framework allows the Council to monitor the achievement of its strategic objectives and to consider whether appropriate, cost-effective services have been delivered.

A significant part of the framework is the Council's system of internal control which is designed to manage risk to a reasonable level. It cannot eliminate all risks 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 the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Bromsgrove District Council for the year ended 31 March 2014 and up to the date of approval of the annual report and accounts.

Bromsgrove District 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 Members, Executive Directors, Heads of Service, and other managers of the Council who have responsibility for the development and maintenance of the Governance environment, and the Internal Audit Manager's annual report, and by the external auditors and other review agencies and inspectorates.

**3. The Governance Framework**

The Chartered Institute of Public Finance and Accountancy (CIPFA) has identified six principles of corporate governance that underpin the effective governance of all local authorities. Bromsgrove District Council has used these principles when assessing the adequacy of its governance arrangements. The main elements that contribute to these arrangements are listed below:

## **Core Principle 1: focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area**

- As part of the Transformation work undertaken clear Strategic Purposes have been developed and agreed by the Corporate Management Team and Members. Work is also being undertaken to link these purposes to the budgets in the authority.
- The residents magazine "Together Bromsgrove" is sent to all households twice a year
- Regular staff forums are held by Senior Management Team to communicate key issues and aims and purposes of the Council
- The Bromsgrove Partnership provides a partnership review forum
- Use of Worcestershire Viewpoint to support the measurement of resident satisfaction
- Consultation informs our Community Strategy which is available to the public
- The Council's budget monitoring statements show financial plans at a detailed level for the financial year
- Effective budgetary monitoring takes place monthly and is reported on a quarterly basis to Cabinet, Overview and Scrutiny and Full Council
- Savings have exceeded expectations
- Service standards have been published and are available to the public
- Scrutiny task groups are supported by Officers and have delivered tangible outcomes

## **Core Principle 2: Members and Officers working together to achieve a common purpose with clearly defined functions and roles**

- The Council's Constitution clearly sets out the roles and responsibilities of Councillors, and the procedural rules for Full Council, Cabinet and the other Boards operated by the Council
- Terms of reference for member working groups ( e.g. Scrutiny Task Groups) are clearly defined
- Officers are appointed with clear job descriptions
- Adoption of statutory and professional standards
- Compliance with Financial Regulations and Contract Procedure Rules that are reviewed and approved by the Council
- Financial administration procedures are agreed by the Executive Director of Finance and Resources
- Appropriate segregation of duties and management supervision.
- A clear scheme of Councillor/Officer delegation exists to provide clarity on the powers entrusted to those appointed to make decisions on behalf of the Council.
- The roles and responsibilities of Councillors are underpinned by an extensive Member Development Programme to include both mandatory and discretionary training.
- Overarching legal agreement between Bromsgrove District Council and Redditch Borough Council clearly defines the roles and responsibilities and the support from officers to deliver the joint services

## **Core Principle 3: promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

- The Council's priorities and aims clearly demonstrate its vision and values
- A Member/ Officer protocol is set out within the Constitution
- The behaviour of Councillors is regulated by the Member Code of Conduct and is supported by a number of protocols.
- There is an established and effective Standards Committee

## **Core Principle 4: taking informed and transparent decisions which are subject to effective scrutiny and management of risk**

- There is an established and effective Overview and Scrutiny Board
- There is an established and effective Audit Board to advise Council on the effectiveness of Internal Control arrangements

- Shared Service Board receives regular progress and benefit realisation updates
- A review of the constitution is undertaken on a regular basis to ensure it enables members to make informed and transparent decisions
- A formal Service Level Agreement is in place with Worcester City Council to ensure Internal Control arrangements are reviewed in a consistent and professional way
- Decisions taken are formally minuted
- An amended standard report template is in place which is subject to regular review by Officers to ensure appropriate information is available to members in making informed decisions.
- The Cabinet forward plan is rolled forward and reviewed weekly at Corporate Management Team.
- Overview and Scrutiny have an annual workplan supported by any considerations from the forward plan and have the authority to pre-scrutinise any Cabinet decisions. During 2013/14 Overview and Scrutiny undertook pre-scrutiny of :
  - Town Centre Regeneration and Public Realm improvements
  - Bromsgrove Parking Review
  - CCTV Code of Practice
- Regular Task Groups are established to review service areas and to make recommendations for their improvement. These have included during 2013/14:
  - Artrix Outreach Work
  - Youth provision
  - Air quality
  - Joint Scrutiny of WRS
- Formal governance arrangements are in place for the shared services. The Shared Service Board meets on a regular basis to consider the impact of shared services and the benefits realised from the transformational activities being undertaken by the Council.
- Consideration of risk implications in committee reports and the decision making process
- Audit Board have a workplan that is reviewed at each meeting for completeness
- Full risk register for corporate and shared service risks. In addition the risk management of departmental risks was undertaken for 2013/14 by a web based on-line system to ensure managers control and mitigate risks in a timely manner.
- Active health and safety arrangements, including a robust policy, Member champion, regular consideration of issues at SMT and Health and Safety Committee
- Regular Trade Union liaison meetings with Senior Management Team
- Financial management arrangements, where managers are responsible for managing their services within available resources and in accordance with agreed policies and procedures. Elements include:

monthly review of budgetary control information by Officers and the appropriate Portfolio Holder, to compare expected and actual performance

formal quarterly budgetary monitoring reports to the Cabinet and Overview and Scrutiny Board

- A revised and effective complaints/ compliments procedure is in place and is widely publicised.
- A whistle blowing policy is in place and available on the Council's web site
- Freedom of Information requests are dealt with in accordance with established protocols
- All committee reports include reference where relevant to the potential impact on the Council's services

**Core Principle 5: developing the capacity and capability of Members and officers to be effective**

- The Council operates a Member Development Programme, overseen by a cross party Member Development Steering Group. The Programme is extensive and includes: induction, chairmanship training, performance training, portfolio holder training and mock Full Councils.
- Portfolio Holders meet on a monthly basis with Directors and Heads of Service to ensure they are aware of all issues within their service and to enable them to present reports at Cabinet in relation to their portfolio area
- The shared services have continued to develop across Bromsgrove District Council and Redditch Borough Council to improve resilience and capacity to deliver services
- There have been numerous opportunities for staff to take part in transformation sessions to include an understanding of systems thinking methods and to review current systems to enable an awareness of how improvements could be made.
- All staff have the opportunity to attend training courses, as approved by their Managers, provided through the staff training directory. Each member of staff receives a monthly one to one with their manager, at which training is also discussed.
- An induction programme is in place for Members
- Deputy s151 and Monitoring Officers are in place
- Staff Leadership Training is currently being developed
- Development of roles and responsibilities for staff managing the transformation of services

#### **Core Principle 6: engaging with local people and other stakeholders to ensure robust public accountability**

- The Sustainable Community Strategy is positively used and developed in conjunction with the Bromsgrove Partnership.
- The Council has an Equalities Policy which is currently under review, convenes an Equality and Diversity Forum and supports community events that are funded via the Forum's annual community bids process.
- The District Council has a service level agreement with the voluntary sector infrastructure organisation, Bromsgrove and Redditch Network (BARN) to support the Compact and enable BARN to attend Bromsgrove Partnership Board meetings.
- The Council has service agreements with Artrix and Community transport service delivery (WRS) to ensure joint decisions are made on service provision.
- Surveys are conducted on the Council's website, at the Customer Service Centre and resident feedback is obtained at Council events (e.g. Street Theatre) if required as determined by Heads of Service.
- Board, Cabinet and Council meetings are open to the public, with papers available on the internet.
- Clear and colourful publications e.g. Annual Report, residents' magazine "Together Bromsgrove"
- Customer complaints are tracked and monitored and actions reported to residents via the website.

#### **4. Review of effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This responsibility is in practice carried out by Senior and 4<sup>th</sup> tier Managers, with the S151 officer informing the Cabinet of any significant matters warranting their attention.

The review of effectiveness of the system of internal control is informed by three main sources: the work of Internal Audit; by Managers who have responsibility for the development and maintenance of the internal control environment; and also by comments made by external auditors and other review agencies/inspectories.

### Internal Audit

Bromsgrove's responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2003. This responsibility is delegated to the Executive Director Finance and Resources.

The Worcester City Internal Audit Services Team has been in place since June 2010 and operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews, on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic, efficient and effective use of resources. All audit reports go to the manager of the service, the appropriate Director and the Chief Executive. The Audit Board receives a quarterly report of internal audit activity and have input and final approval of the annual audit plan for the forthcoming year.

### Managers

Individual managers are responsible for establishing and maintaining an adequate system of internal control within their own sections and for contributing to the control environment on a corporate basis. There are a number of significant internal control areas which are subject to review by internal audit. All managers acknowledge their responsibilities and confirm annually that they have implemented and continuously monitored various significant controls. This is done on a checklist covering the following areas: Council objectives and service plans, staffing issues, corporate procedure documents, service specific procedures, risk management, performance management and data quality, and action on independent recommendations. This checklist is reviewed by the Executive Director Finance and Resources.

### External auditors and other review agencies/inspectories

Our external auditors have not identified any significant weaknesses in our internal control arrangements when working with us throughout the year and in their annual audit letter.

Other external reviews during the year included:

- External Auditor work, for example subsidy claim audits and annual audit

### **5. Significant governance and internal control issues**

During 2013/14 there were no complaints made to the Standards Committee of alleged breaches of the Code of Conduct.

There were a small number of audit reports with no assurance and limited assurance, the internal audit service is working with Service Manager to help make improvements in these area to ensure controls are properly put in place

The External Audit Annual Governance Statement and internal reviews have identified a number of actions to be undertaken to improve the governance arrangements these include (with current actions on each issue) :

### **Approach to Strategic Financial Planning**

Work has been undertaken to link budgets to new strategic purposes and decisions over budget allocations and savings. This work has been done as part of the 2014/15 budget setting.

Clearer forward plans should be in place around assets and workforce to underpin the MTFP. Review work to be undertaken during 2014/15.

### **Approach to Governance**

Improve Managers budget management skills to enable more effective forecasting of the projected financial positions.

Managers have been asked what they need to help them develop this skill and training plans are currently being developed.

An action plan has been developed to address all the issues raised in the staff survey.

Officers to ensure all recommendations identified in limited assurance internal audits are implemented.

### **Approach to Financial Control**

Ensure that in year reporting includes review of saving plans – to be in place for 2014/15 budget monitoring.

Risk Management to be embedded into the day to day procedures and corporate risks should be routinely reported.

Councillor Margaret Sherrey  
Leader of the Council  
24 September 2014

Kevin Dicks  
Chief Executive  
24 September 2014

## **Worcestershire Internal Audit Shared Services Manager's Opinion on the Effectiveness of the System of Internal Control at Bromsgrove District Council (the Council) for the Year Ended 31<sup>st</sup> March 2014**

### **1. Audit Opinion**

1.1 The internal audit of Bromsgrove District Council's systems and operations during 2013/14 was conducted in accordance with the Internal Audit Annual plan which was approved by the Audit Board on 14<sup>th</sup> March 2013.

1.2 The Internal Audit function was set up as a shared service in 2010/11 and hosted by Worcester City, for 5 district councils. The shared service operates in accordance with the Institute of Internal Auditors Public Sector Internal Audit Standards 2013.

1.3 The Internal Audit Plan for 2013/2014 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk fraud risk, and external risk) using a predefined scoring system. It included:

- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' other corporate systems for example governance and



- a number of operational systems, for example environmental enforcement, depot and stores and Land Charges were looked at to maintain and improve its control systems and risk management processes or reinforce its oversight of such systems.

1.4 The 2013/14 internal audit plan was delivered in full providing sufficient coverage for the s151 and Internal Audit Service Manager to form an overall opinion.

1.5 In relation to the twenty one reviews that have been undertaken, fourteen audits have been finalised and seven are nearing completion at clearance meeting or draft report stage. Risk management was re-launched during 2012/13 with a Corporate Risk Register being formulated and training being provided. However, further development and embedding is required to move towards a trustworthy system which can be relied upon. An audit in this area returned an assurance level of 'limited assurance'. Further work is required to embed this throughout the organisation with the outcomes being monitored by the Risk Management Group. Other areas which also returned an assurance level of 'limited' included Corporate Governance ~ Fraud and, NDR.

A key area which returned a 'no' assurance level was ICT. All areas where assurance was 'limited' or below will be addressed by management and have a defined action plan in place in order to address the weaknesses and issues identified. Where audits are to be finalised a comprehensive management action plan will be required and agreed by the s151 Officer.

1.6 As part of the process of assessing the Council's control environment, senior officers within the Council are required to complete an annual "Internal Control Assurance Statement" to confirm that the controls in the areas for which they are responsible are operating effectively. Officers were required to acknowledge their responsibilities for establishing and maintaining adequate and effective systems of internal control in the services for which they are responsible and confirming that those controls were operating effectively except where reported otherwise. For the majority of areas no areas of significant risk have been identified. Any concerns raised by managers will be assessed and addressed by the Authorities Corporate Management Team.

1.7 The majority of the completed audits have been allocated an audit assurance of either 'moderate' or above meaning that there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified during a time of continuing significant transformation and change.

1.8 WIASS can conclude that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance based on the audits performed in accordance with the approved plan and the scoping therein. Based on the audits performed in accordance with the approved plan, the Worcestershire Internal Audit Shared Service Manager has concluded that the internal control arrangements during 2013/14 managed the principal risks identified in the audit plan and can be reasonably relied upon to ensure that the Council's corporate objectives have been met.

**Andy Bromage**  
**Worcestershire Internal Audit Shared Services Manager**

Jun-14

**Message from the Leader of Bromsgrove District Council**

Welcome to the Council's Financial Accounts for the year 2013/14. We hope that you find these accounts interesting and informative. While we can't escape the financial pressures which Local Government is facing we will continue to look for innovative ways of securing the valuable services we provide to our community.

It was six years ago when we were one of the first Councils to share a Chief Executive with another Council. Since then we have continued to share services with Redditch Borough Council, a partnership which has seen significant savings already and will see further savings year on year.

Over the last 3 years we have embarked on a new way of looking at our service delivery by transforming services to those that are driven by customer demand. We have developed Strategic Purposes that will focus our delivery on customer needs and are working closely with our stakeholders to ensure we address all issues facing our community. Transformation puts our customers at the heart of everything we do.

By working together and changing the way we do things, we can improve our services and save money and we are receiving great compliments along the way !

For 2013/14, despite the continued budget pressures the Council achieved an underspend against its revenue budgets. These funds will be set aside to support future initiatives across the District.

We have to move with the times if we want to survive at a local level – standing still is not an option.

**Cllr Margaret Sherrey, Leader of the Council**

## Explanatory Foreword

### 1 Role and content of the Explanatory Foreword

This foreword provides background information and a concise summary of the Council's financial position for the year ended 31st March 2014. It also provides an overview of the format of the remainder of the Financial Statements.

The financial statements are produced in accordance with the requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom 2013/14" (The Code).

### 2 Structure of the Accounts

The Council's Accounts for the year are set out on the following pages. The major accounts are classified as Single Entity and Supplementary Single Entity Financial Statements. Group Statements follow the format of the Core Single Entity Statements. Minor roundings throughout the accounts are accepted on the basis they do not materially impact the user's understanding.

The Core **Single Entity** Statements comprise the following:

| Movement in Reserves Statement   | Comprehensive Income & Expenditure Statement  |
|--|---|
| <p><b>An overall decrease of £0.81 million in District Council useable reserves</b></p> <p>This statement shows the movement in year in the different reserves held by the Council, analysed into useable reserves (those can be used to fund expenditure or reduce local taxation) and other reserves. Revenue reserves have increased by £1.229 million whilst capital reserves have decreased by £1.310 million</p> | <p><b>An accounting deficit of £1.459 million for 2013/14 has been reported; the outturn (taxation) position is £0.647 million surplus.</b></p> <p>This statement shows the accounting cost of providing services in the year rather than the amount to be funded from taxation in accordance with regulations.. The main elements in the move from accounting to taxation basis are capital depreciation and impairment charges plus pension charges. The taxation position is shown in the movement in reserves statement</p> |
| Cash Flow Statement  | Balance Sheet   |
| <p><b>A net cash outflow of £1.889 million in 2013/14 in cash or cash equivalents</b></p> <p>This statement summarises the cash that has been paid to us and which we have paid to other organisations.</p>  | <p><b>An increase of £2.327 million in District Council net assets as at 31 March 2014</b></p> <p>The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the District Council. At 31 March 2014 the Council's net worth was £13.580 million (single entity).</p>  |

### 3 Capital and Revenue Expenditure

In essence the Comprehensive Income and Expenditure Statement (CIES) relates to income received in the year and spending on items used in the year. Capital expenditure broadly relates to items we have bought which will be used for more than one year. An amount is charged to the CIES each year to reflect the cost equivalent to the

### 4 Revenue Expenditure

At its meeting on 20 February 2013 Bromsgrove District Council set a net revenue budget of £11.422m (including planned transfers to earmarked reserves). Band D equivalent Council Tax was set at £196.51, an increase of 1.9% on the previous year.

The General Fund Revenue Balance increased by £0.647 compared to a budgeted use of balances of £0.137 m. This has enabled the Council to increase general fund balances to £3.741m. Additionally the Council has set aside resources to fund future expected payments in a number of areas including costs associated with the implementation of shared services and transformation. Details of individual earmarked reserves can be found in the notes to these financial statements

## Service successes and achievements

Bromsgrove Continues to regenerate its Town Centre and has achieved the following:

- New Police/Fire offices now open.
- Work on refurbishment of former Parkside school and addition of new Library underway and due for completion Spring 2015.
- New paving and resurfaced roadway in Worcester Road.
- Planning approval for new Sainsbury superstore in Birmingham Road.
- Work on refurbishment of the High Street underway with completion due August 2014.
- Preferred developer chosen for former Market hall site and planning application for major retail store; cinema and restaurants expected by end of 2014.
- Expressions of interest being sought for development site in Stourbridge Road (currently a Council owned car park)
- Former Fire Station and County Council offices to be marketed for retail purposes.
- Plans for a new leisure Centre currently being discussed by members.
- Refurbishment of area outside Asda store completed.
- Approval given for investment into new market stalls for when the market returns to the High Street.
- Townscape Lottery Initiative funding for improving High Street premises.

[Website - www.betterbromsgrove.com](http://www.betterbromsgrove.com) in operation to promote regeneration programme.

- Awaiting signed contracts for proposed care Village in Recreation Road.

## There have also been some improvements to our leisure facilities across the District, which include:

Plans to refurbish Tennis Courts at Sanders Park has been approved and work will be completed early 2014/15.

3 Play areas have benefited from being refurbished at Braces Lane, Aston Fields and St Chads Park

An Outdoor Gym is planned for Clent and will be completed in 2014/15

## Savings and efficiencies

Since delivering significant savings to the District as a result of our shared services with Redditch Borough and other Councils, Bromsgrove has started an innovative programme of transformation using the systems thinking methodology. Systems are mapped out to identify any areas of waste and duplication of work within the process. The aim is to reduce the waste and to ensure that processes provide an easy and improved service to the customer whilst realising savings. As shared services have become more embedded across the Council focus has moved to the delivery of the transformation programme. The programme is enabling the Council to radically change the way it delivers services to the customer as well as making savings. In the last year transformational work has started in some of the core services including Revenues, Benefits, Planning, Environment and Leisure. The Council is also looking at some of the more internal services including IT, HR and Print, to ensure waste is driven from the organisation and to improve customer service. One of the ways of doing this is by working across a particular area or "place" to deliver services. By delivering similar services in one area at the same time we can improve the environment more quickly and save money. We are also working with our partners in Health, Housing and County Council to support a more cross cutting approach to services provided.

## Budget vs actual expenditure

The following table sets out the Council's actual net expenditure by department in 2013/14 compared to budget.

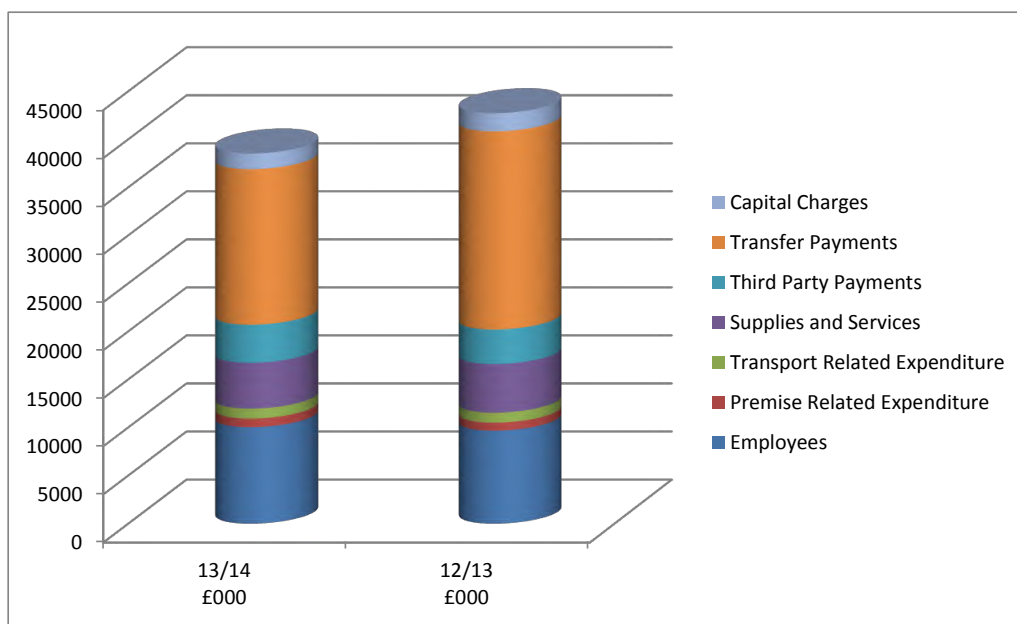
| Department   | Budget<br>£000 | Actual Net<br>Expenditure<br>£000 | Variance<br>£000 |
|--|----------------|-----------------------------------|------------------|
| Finance & Resources / Customer<br>Access           | 742            | 703                               | -39              |
| Community Services                                 | 1,921          | 1,857                             | -64              |
| Environmental Services                             | 3,750          | 3,863                             | 113              |
| Planning / Leisure / Regulatory<br>Client          | 3,845          | 3,605                             | -240             |
| Corporate / Legal / Bus Trans                      | 3,114          | 2,767                             | -347             |
| <b>Departmental Outturn</b>                        | <b>13,372</b>  | <b>12,795</b>                     | <b>-577</b>      |
| Non Service Related                                | 70             | 0                                 | -70              |
| Exclude Capital Charges not<br>charged to taxpayer | -2,205         | -2,205                            | 0                |
| <b>Council Net Total</b>                           | <b>11,237</b>  | <b>10,590</b>                     | <b>-647</b>      |

Contributory factors to the overall under spend include:

- A reduction in general expenditure due to an 'essential spend' only policy
- Staff Vacancies throughout the Council
- a reduction in the cost of contracts following renegotiation.
- Reduced Staff Training programme
- overspends relate to a reduction in car park income
- Major repairs required on Refuse Vehicles

The Income and Expenditure Account details the gross costs of service provision amounting to £38.515m (2012/13 £42.517m)

This expenditure has been analysed as shown:

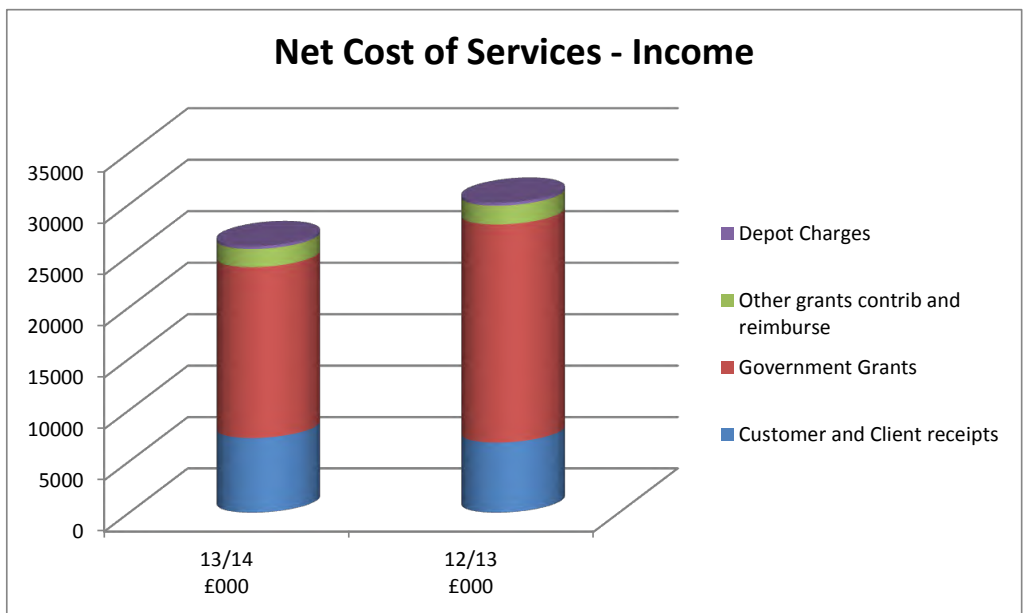


Employee expenses comprise payments to and on behalf of the Council's employees and include salaries, employers' National Insurance and Superannuation contributions, training, professional subscriptions and recruitment.

Transfer payments are payments made to others for which no goods or services are received and are principally in respect of Housing benefits and Council tax benefits (Council tax benefits 2012/13 only; for 2013/14 onwards eligible claimants now receive a discount at source against their council tax bill).

Capital charges comprise depreciation, amortisation and impairment charges, where applicable. These charges represent the cost of using assets in the provision of services. These costs do not get charged to the Council Tax payer as they are reversed out of the General Fund via the Movement in Reserves Statement.

The gross income of £25.916m (2012/13 £30.135m) shown in the Income and Expenditure Account has been analysed as follows:



The figure for government grants income includes **£16.073 m** (£20.358m 2012/13) towards the cost of housing and Council Tax benefits (Council tax benefits 2012/13 only) and their administration.

Income from fees and charges include car parking fees, building control fees, planning fees, land charge fees, licensing fees and charges for the use of sports centres.

Internal recharges represent the credit to net cost of services for support service costs charged to capital and trading activities, combined with depot charges to other areas for additional services provided.

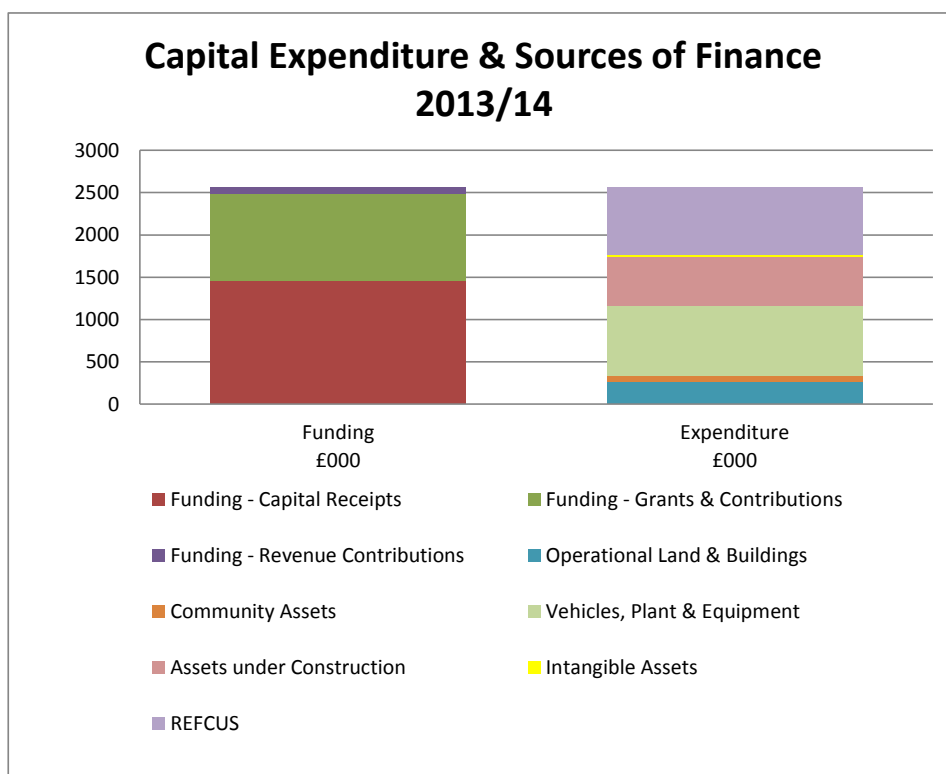
**A reconciliation between the above tables and the Comprehensive Income and Expenditure Statement is provided at Note 30 to the accounts.**

**Capital**

Capital expenditure amounted to £2.559m against a planned budget of £5.1million. The main areas of expenditure were in, Environmental Services replacement of fleet vehicles and plant (833k), Community Services with Grants to RSL's (£100k); and Disabled Facilities Grants & Discretionary Home Repairs (£537k); Leisure and Culture recreation areas (434k); IT hardware and software (69k); Town centre improvements (185k), Regulatory services share of new systems (6k), Parkside School (£280K)

The Capital expenditure was funded from Capital Receipts (£1.461) Governments Grants and other Contributions (including S106 Contributions) (£1.020) and direct Revenue Contributions (£77K).

A number of capital schemes will continue in 2014/15 which includes works on the Town Centre during along with the work on Parkside School which will become the new Council Offices early 2015. There has also been a large slippage in the Vehicle Replacement programme due to a full assessment of the requirements of the fleet for Bromsgrove moving forward.



## Group Accounts

In accordance with the 2013 Code the Council has considered its relationship with a number of bodies in order to determine whether or not group accounts are required. It has been identified that during the financial year the District Council had a significant influence over the operating and financial policies of Bromsgrove Arts Development Trust in being able to appoint a majority of the Board Members. It has been concluded that a group relationships exists with this Trust and therefore the Council has prepared Group Accounts.

Bromsgrove Arts Development Trust is a registered charity; the District Council has the right to appoint 6 of the 8 delegates on the Trust's Board. The principal activity of the Trust is to ensure the continued, secure provision of the building known as the Artrix, which is used for the provision of Arts and Cultural Services for the residents of the District. As this Trust's sole activity is to ensure the continued provision of the Artrix Building rather than the provision of Arts and Cultural Services to the District, the Trust incurs neither expenditure nor receives income and is therefore not required by the Charities Commission to produce independent financial statements. The accounts and accounting policies are based on the property valuation supplied by an independent valuation service and the Council's own policies and procedures.

## Corporate Governance

The Council's governance arrangements are detailed within the Annual Governance Statement which accompanies the Financial Statements.

## Retirement Benefits (IAS 19)

The Council's share of the assets and liabilities of the Pension Fund is a net liability and has been calculated in accordance with IAS19. The net liability has decreased by £2.601m to £26.811m (£27.267m including joint committee). A further explanation can be found in note 45 to the Core Financial Statements.

The net pension liability is a position taken at just one point in time. Market prices can move up as well as down in the short term and it is therefore not possible to quantify what long term effect the movement in market process will have on the Pension Fund.

## **Shared Services**

The Council has continued to work with Redditch Borough Council to develop shared services, this has created savings as well as resilience. From the 1st April 2012 a number of shared services began, this included Financial Services, Legal and Democratic Services, Environmental Services Management, Housing Strategy and Customer Services. Revenue Services joined these during February 2013. In addition to this Bromsgrove continues to work with other authorities in Worcestershire.

## **Planned Future Developments**

As previously mentioned the Council will continue to look to improve services via Transformation with a new plan being introduced and due to be completed during 2014/15. This will improve services for local people as well as look to reducing costs. During 2013/14 a clear statement of the Council's purposes was set out, after listening to our customers. Working to these purposes will help us understand the needs of the district and how with our partners we can improve the lives of our residents and the prospects for Bromsgrove as a whole.

The developments in the Town Centre are one of the key future plans for the Council with actions already in place to make significant improvements within the Town.

## **Economic Outlook**

The Council has managed savings over the last few years in recognition of the economic climate. Officers have ensured that areas of non essential expenditure are limited and procurement advice and support has been fundamental to achieving savings through renegotiation of contracts. Where possible vacancies have been held open unless there is an urgent need for the post.

As the host authority for Worcestershire Regulatory Shared Service the Council has shown that services can be delivered across the County whilst realising significant savings.

Although the Council needs to look at making savings over future years it is in the fortunate position of having balances in excess of £3 million. Well above the minimum prudent level of balances, these can be used to support future spend and any budget shortfalls.

A number of specific savings were included in the 2014/15 budget reports and are therefore already assumed in the Council's future Medium Term Financial Plan.

Full details of the Council's Medium Term Financial Plan are available on the Council's website.

## **Accounts and Audit Regulations**

The Accounts and Audit Regulations 2011 provide details on the approval and publication of the statement, detailing the requirement on authorities to ensure that the Statement of Accounts are appropriately signed. This covers the responsibilities of the responsible financial officer (who signs the Statement of Responsibilities) and a further requirement for the statement to be signed and dated by the person presiding at the committee or meeting at which the statement was approved.

## **Borrowing and Funds Available**

The Council had a nil capital financing requirement at 31 March 2014.

## **Events after the Reporting Date**

There are no material adjusting events that have been considered after the Balance Sheet date.



**Further Information**

Further information on the accounts is available from the Executive Director Finance and Corporate Resources, The Council House, Burcot Lane, Bromsgrove, Worcestershire, B60 1AA. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is complete. The availability of the accounts for inspection is advertised in the local press.

This document can also be made available in other languages and alternative formats on request from the Customer Service Centre on 01527 881288 or email [worcestershirehub@bromsgrove.gov.uk](mailto:worcestershirehub@bromsgrove.gov.uk).

**For a large print version of this document telephone 01527 881288**

**STATEMENT OF ACCOUNTING POLICIES**

This section provides a summary of the significant accounting policies and estimation techniques used in the preparation of Bromsgrove District Council's accounts.

**1. General Principles**

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

**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 for the provision of goods and services 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 inventories on the Balance Sheet.

Expenses in relation to services received (including services provided on employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 revenue 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Accruals will be made for items of income and expenditure in excess of £500, lower amounts will only be actioned at the request of the relevant budget holder.

**3. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that are short-term highly liquid investments held at the Balance Sheet date that are readily convertible to known amounts of cash on the Balance Sheet date and which are subject to an insignificant risk of changes in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

## **STATEMENT OF ACCOUNTING POLICIES**

### **4. Exceptional Items**

Exceptional items are ones that are material in terms of the Council's overall expenditure and are not expected to recur frequently or regularly. Exceptional items are included in the cost of the service to which they relate (or on the face of the Income and Expenditure Account if that degree of prominence is necessary in order to give a fair presentation of the accounts). A full explanation of each exceptional item is given in the Notes to the Core Financial Statements.

### **5. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in current and future years affected by the change. Changes in accounting estimates do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or if the change provides more reliable or relevant information about the Council's financial position or performance. Changes are applied retrospectively (unless stated otherwise) by adjusting opening balances with an additional balance sheet presented at the beginning of the earliest comparative period.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **6. Charges to Revenue for Non-Current Assets**

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

Depreciation attributable to the assets used by the relevant service

Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which losses can be written off

Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **7. Employee Benefits**

#### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year. An accrual is made for the cost of holiday entitlement, flexitime and time off in lieu not taken by employees before the year-end. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the absence occurs. These are measured at the undiscounted amount that the Council expects to pay as a result of the unused entitlement.

#### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

**STATEMENT OF ACCOUNTING POLICIES**

In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

**Post Employment Benefits**

Employees of the Council are members of the Local Government Pensions Scheme, administered by Worcestershire County Council.

The Scheme provides defined benefits to members (retirement lump sum and pensions), earned as employees working for the Council.

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

The liabilities of the Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using 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.

The assets of Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value.

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

i) Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

ii) 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

iii) 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 the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

iv) Expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

v) Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits or employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

vi) 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 Pensions Reserve.

vii) Contributions paid to the Worcestershire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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 fund 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 there are appropriations to and from the Pension reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

An independent actuary, based on triennial valuations, determines the employers' contributions.

## **STATEMENT OF ACCOUNTING POLICIES**

There is no impact on the revenue account of the authority as a result of the application of IAS19 requirements as the effects are statutorily removed in the Statement of Movement in the General Fund Balance when calculating amounts chargeable to Council Tax payers. The resulting pension costs charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

Further information can be found in Worcestershire County Council's Superannuation Fund Annual Report, available on request from:

Mr P Birch CPFA  
Director of Resources  
Worcestershire County Council  
County Hall, Spetchley Road,  
Worcester WR5 2NP

### **8. Events After the Reporting Period**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorized for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **9. Financial Instruments Review**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Recognition**

Financial assets and liabilities are recognised in the Balance Sheet when the council becomes a party to the contractual provisions of the instrument.

#### **De-recognition**

All financial assets are de-recognised when the rights to receive cashflows from the assets have expired or the trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

#### **Classification and measurement**

For the purpose of subsequent measurement, financial assets and liabilities other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

loans and receivables;  
financial assets at fair value through income and expenditure;  
held to maturity investments; and  
available-for-sale financial assets.  
Other financial liabilities

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Council's loans and receivables comprise: Fixed deposits, principally comprising funds held with banks and other financial institutions, cash and cash equivalents, trade receivables, accrued income, 'other debtors', borrowings and trade payables.

## **STATEMENT OF ACCOUNTING POLICIES**

Loans and receivables are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method, less provision for impairment.

### **Financial assets at fair value through profit or loss**

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are also categorised as held for trading unless they are designated as hedges.

Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

The Council's financial assets and liabilities at fair value through income and expenditure comprise: Investments managed as a single portfolio by an appointed fund manager

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the comprehensive income and expenditure statement.

### **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Group has the intention and ability to hold them until maturity. The Council currently no assets designated into this category.

### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Council currently no assets designated into this category.

### **Other financial liabilities**

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method.

The Council's other financial liabilities comprise: borrowings and trade payables are classified as amortised cost. The comprehensive income and expenditure statement is charged with interest receivable/payable, impairment losses and any gain or loss on disposal/maturity.

## **10. Grants and Contributions**

Grants and contributions are recognised when there is reasonable assurance that the council will comply with the conditions attached to them and the grants or contributions will be received. Grants and contributions are accounted for on an accruals basis and are recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the council has not satisfied.

### **Revenue Grants and contributions are accounted for as follows:-**

Revenue grants received with no conditions outstanding are credited to the Comprehensive Income and Expenditure account. If the grant or contribution is earmarked by the Council and that expenditure has not been incurred then that grant or contribution is transferred to the relevant Earmarked Reserves, reflecting its status as a revenue resource available to finance expenditure.

Revenue grants and contributions received where conditions remain outstanding are recognised as part of the Revenue Grants Receipts in Advance on the balance sheet. Once the condition is met, the grant or contribution will be treated as a revenue grant received with no conditions as above.

## STATEMENT OF ACCOUNTING POLICIES

Capital grants and contributions are accounted for as follows:-

Capital grants and contributions received where expenditure has been incurred, where there are no conditions outstanding, are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement.

Capital grants and contributions received where expenditure has not yet been incurred, where there are no conditions outstanding, are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement. As the expenditure to be financed by that grant has not been incurred the grant or contribution is transferred to the Capital Receipts Reserve reflecting its status as a capital resource available to finance expenditure.

Capital grants and contributions received where conditions remain outstanding are recognised as part of the Capital Grants Receipts in Advance on the balance sheet. Once the condition is met, the grant or contribution will be treated as a capital grant received with no conditions as above.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### 11. Heritage Assets

The Council has undertaken a full review of all service areas to identify any collections of Heritage Assets which are held in support of the primary objective of the service provision. The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment. Sale proceeds are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment.

The Authority has conducted a review of its assets and has determined that no material items are held that meet the definition of heritage assets. The Authority owns items of civic regalia but these are de minimus and are not reflected in the authority's balance sheet.

### 12. Intangible Assets

Intangible Assets represent expenditure that has been properly capitalised but which does not create a tangible asset for the Council. Intangible assets include acquired and internally developed software used in the services provided or administration that qualify for recognition as an intangible asset. They are accounted for using the cost model whereby capitalised costs are amortised over a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and estimated useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in point 20 of these accounting policies. There is a corresponding transfer from the Capital Adjustment Account to neutralise the effect of the amortisation charges on the General Fund Balance. The useful life applied to this classification of assets is 3 – 7 years.

Acquired software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Costs associated with maintaining computer software, ie expenditure relating to patches and other minor updates as well as their installation are expensed as incurred.

Expenditure on research (or the research stage of an internal project) is recognised as an expense in the period in which it is incurred.

**STATEMENT OF ACCOUNTING POLICIES**

Costs that are attributable to the development phase of new customised software for IT and telecommunication systems are recognised as intangible assets provided they meet the following recognition requirements:-

- . Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- . the council intends to complete the intangible asset and use or sell it;
- . the council has the ability to use or sell the intangible asset;
- . the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, it is to be used internally,
- . the asset will be used in generating such benefits;
- . there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- . the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee (other than directors) costs incurred on software development along with an appropriate portion of relevant overheads. Internally generated software developments recognised as intangible assets are subject to the same subsequent measurement method as externally acquired software licences. However, until completion of the development project, the assets are subject to impairment testing only as described below in point 19.

**13. Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using:-

- The lower of cost and net realisable value, except where inventories are acquired through a non-exchange transaction in which case their cost is deemed to be fair value as at the date of acquisition or;
- The lower of costs and current replacement cost where they are held for distribution at no charge or for a nominal charge, or the consumption in the production process of goods to be distributed at no charge or for a nominal charge.

The council's inventories comprise items for Central Depot Stores, Vending Machine Stock, Pest Control Stock and the Postal Franking Machine.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

**14. Investment Property**

Investment properties are those that are used solely to earn rentals and/or capital appreciation. The definition is not met if the property is used in the delivery of services, the production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Comprehensive Income and Expenditure Statement to the Financing and Investment Income and Expenditure line. The same treatment is applied to gains and losses on disposals. Revaluation gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance in the Movement in Reserves Statement and are posted to the Capital Adjustment Account and, for sale proceeds greater than £10,000 the Capital Receipts Reserve.

Rentals received for investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance.



**STATEMENT OF ACCOUNTING POLICIES**

**15. Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

The Council is responsible for hosting Worcestershire Regulatory Services under a contractual arrangement which is defined as a Jointly Controlled Operation. Under this arrangement, each participant accounts separately for its own transactions arising within the agreement including the assets, liabilities, income expenditure and cash flows. As host to the Regulatory Shared Service, the Council accounts for the expenditure incurred for Redditch Borough Council, Wyre Forest District Council, Worcester City Council, Wychavon District Council, Malvern Hills District Council and Worcestershire County Council, its partners in the arrangement. However assets and liabilities of the pension scheme are the joint responsibility of the partnership. These have been accounted for in the full accounts of the Council as host and the notes to the Pension Scheme give details of the amounts attributable to the partners as defined in the partnership agreement.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

**16. Shared Services/Joint Services Arrangements**

Bromsgrove District Council provides the hosting for a number of shared service arrangements with Redditch Borough Council and Wyre Forest District Council. Bromsgrove also hosts Worcestershire Regulatory Services which is a Jointly Controlled Operation. Other Shared Services are also hosted by Worcester City Council and Wyre Forest District Council.

Each arrangement is accounted for within the records of Bromsgrove District Council with a monitoring report prepared for partner authorities on a monthly basis for consideration of the operational costs together with an annual statement of assets and liabilities extracted from the account of Bromsgrove District Council. There is a responsibility for each partner Council to account for their share of the arrangement within their statement of accounts.

When entering into shared services with Redditch Borough Council, all capital assets that are purchased are financed by each authority separately and accounted for on their own balance sheet. Any assets purchased prior to the start of the shared service are not included in the shared service; the costs associated with this remain on the accounts of the authority that purchased the asset only..

The Management team is shared across both authorities as well as other services. Cross charging occurs where a resource is used by the other authority where there is not a formal shared service in place.

Each authority pays a fair share of services which are shared, in line with the Business Case; all direct expenditure is shared on this basis, with income staying with the home authority. Where a cost is only in relation to one authority, this falls outside the Business Case and the authority that gains the benefit for this is fully charged.

Where support services are fully recharged across direct services a review of these has been undertaken. On doing this it has been established that currently no internal recharges are to be charged to/from Bromsgrove District Council with the exception of accommodation in one area. The work has shown that as Services become shared each authority is already paying its full share of internal recharges within the splits of the live shared services. Services that were not shared during this period have been looked at by each authority and Bromsgrove District Council is already paying its share of all support services.

**STATEMENT OF ACCOUNTING POLICIES**

| Shared Services                      | Host Council                | Basis of split                                      |
|--------------------------------------|-----------------------------|---|
| ICT/Business Transformation          | Bromsgrove District         | Redditch 50% Bromsgrove 50%                         |
| Elections/Electoral Registration     | Bromsgrove District         | Redditch 46.5% Bromsgrove 53.3%                     |
| Building Control                     | Bromsgrove District         | Based on existing budget split                      |
| Policy, Performance & Communications | Bromsgrove District         | Redditch 50% Bromsgrove 50%                         |
| Land Charges                         | Bromsgrove District         | Redditch 40% Bromsgrove 60%                         |
| Internal Audit                       | Worcester City              | Redditch 63% Bromsgrove 37%                         |
| Bromsgrove Community Safety          | Redditch Borough            | 100% Bromsgrove                                     |
| North Worcestershire Regeneration    | Wyre Forest District        | Service level agreement                             |
| Payroll                              | Redditch Borough            | Payroll numbers                                     |
| Climate Change                       | Redditch Borough            | Redditch 50% Bromsgrove 50%                         |
| Directorate Support                  | Redditch Borough            | Agreed support work                                 |
| Management Team                      | Joint Redditch & Bromsgrove | Redditch 50% Bromsgrove 50% (Housing 100% Redditch) |
| Land Drainage                        | Wyre Forest District        | Based on existing budget split                      |
| Legal & Committee Services           | Bromsgrove District         | Redditch 50% Bromsgrove 50%                         |
| Leisure Services                     | Redditch Borough            | Various dependent on facility                       |
| CCTV/Lifeline                        | Redditch Borough            | Redditch 60% Bromsgrove 40%                         |
| Post Room                            | Redditch Borough            | Redditch 75% Bromsgrove 25%                         |
| Financial Services                   | Redditch Borough            | Redditch 63% Bromsgrove 37%                         |
| Human Resources                      | Redditch Borough            | Redditch 65% Bromsgrove 35%                         |
| Revenue Services                     | Redditch Borough            | Redditch 56% Bromsgrove 44%                         |
| Customer Services                    | Redditch Borough            | Management only 50/50                               |
| Land Charges                         | Bromsgrove District         | Bromsgrove 60% Redditch 40%                         |
| Strategic Housing                    | Bromsgrove District         | Bromsgrove 50% Redditch 50%                         |
| Environmental Services Management    | Bromsgrove District         | Management only 50/50                               |

**17. Leasing**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the property, plant and equipment from the lessor to the lessee. All other leases are classified as operating leases.

**The council as lessee**

**Finance Leases**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

a charge for the acquisition of the interest in the property, plant or equipment – applied to write down a lease liability, and

**STATEMENT OF ACCOUNTING POLICIES**

a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

**Operating leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as a cost to the services benefiting from the use of the lease property, plant or equipment. Charges are made on a straight line basis over the life of the lease.

**The council as lessor**

**Finance leases**

Where the Council grants a finance lease over a property, plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal and the carrying amount is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Lease rentals receivable are apportioned between:

a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease debtor finance income (credited to the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement, or the write off of the value of disposals, is not to be adjusted against council tax. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund in the Movement in Reserves Statement.

**Operating leases**

Where the Council grants an operating lease over property, plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and expenditure Statement.

**18. 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 *Service Reporting Code of Practice 2013/14* (SerCOP). 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 on non-operational properties.

These two cost categories are defined in SerCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement.

**19. Property, Plant and Equipment**

**Recognition**

Property, plant and equipment shall be recognised as an asset on the councils balance sheet if:

It is probable that the future economic benefits or service potential associated with the item will flow to the council,  
The cost of the item can be measured reliably,  
The item has a cost of at least £10,000; or

**STATEMENT OF ACCOUNTING POLICIES**

Collectively, a number of items have a cost of at least £10,000, where the assets are functionally independent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

**Measurement**

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Following initial recognition assets shall be valued as follows:-

Infrastructure, community assets and assets under construction shall be measured at historical cost.

All other classes of assets are measured at fair value using a valuation method appropriate for the asset in accordance with IAS 16 and the 2012 SORP.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Operational land and buildings, other than low cost housing and rent to mortgage properties (see below), are included at existing use value in accordance with the 2012 SORP.
  - Low cost housing and rent to mortgage properties are included at market value.
  - Infrastructure assets such as environmental improvements (eg footbridges, highways furniture and bus shelters) are included at depreciated historical cost.
  - Vehicles, Plant and Equipment, other than park equipment and play areas (see below), are included at fair value. The council has adopted a historical cost basis as a proxy for fair value as the assets have short useful lives or low values or both.
  - Specialised operational assets such as the skateboard park and equipment in play areas and parks where there is no established market value, have been valued on a depreciated replacement cost basis.
  - Community assets, such as Parks and Recreation Grounds, are included at depreciated historical costs
- 
- Investment Properties, which are assets that are not directly used in the delivery of a service and are held for investment potential with any rental income being negotiated at arms length, such as Industrial Properties, are included at market value.
  - Assets under Construction are new capital works that will result in the creation of a new asset but will involve expenditure over several years are carried on the Balance Sheet at cost and classified as non-operational until they are finished and brought into operational use.

A programme of valuations, to be carried out by the County Council's Valuation Officer (under an SLA), is in place to ensure all appropriate fixed assets are revalued every 5 years. The County Council's Valuation Officer has been asked to review the impact of the current economic climate on the Council's fixed assets and has confirmed that there is no material impact on their value in the financial year.

**Depreciation**

Depreciation is charged on all assets used in the provision of services. It represents the use of capital assets by that service. It is calculated on a straight line basis by writing off the cost or revalued amount for assets, less the residual value for each asset, over the useful life of each asset.

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

Depreciation is charged on the asset values at the beginning of the financial year. All assets have now been revalued within the last four years. No depreciation is charged on assets in the year of acquisition or enhancement. No charge is made for non operational assets.

The useful life of assets is based on individual assets but generally is based on:

**STATEMENT OF ACCOUNTING POLICIES**

|                               | Estimated useful life<br>(years) |
|-------------------------------|----------------------------------|
| Other Land and Buildings      | 5-50                             |
| Vehicles, Plant and Equipment | 2-15                             |
| Infrastructure                | 5-20                             |

**Disposals**

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received 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 credited to the Capital Receipts Reserve, and can then only be used for new 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 General Fund Balance in the Movement in Reserves Statement.

As the cost of fixed assets is fully provided for under separate arrangements for capital financing, the written-off value of disposals is not a charge against Council Tax; amounts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement for the written off value of disposals.

**Componentisation**

Where an item of PPE has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a threshold of £1 million for determining whether an asset needs to be componentised and a component value of more than 20% of the total asset value to determine if part of an asset is considered as a component.

**Residual values**

Where assets are held past their estimated useful life their residual values are usually immaterial or below the £10,000 de minimus level for inclusion on the balance sheet. Where an asset has reached the end of its estimated life and is still used, its value is reviewed to confirm that its value is immaterial. This is done annually at the end of the accounting year.

**De minimus capital expenditure**

Purchases of assets or enhancement work with a value of £10,000 or lower are not recorded in the asset register. De minimus assets financed from capital resources are written off to the service in the year that expenditure is incurred. Credits are made from the Capital Adjustment Account to ensure the written down assets do not have an impact on Council Tax.

**20. Impairment testing of intangible assets and property, plant and equipment**

At each reporting period end, the Authority checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

**STATEMENT OF ACCOUNTING POLICIES**

**21. Non-current assets and liabilities classified as held for sale and discontinued operations**

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

The asset (or disposal group) is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales, and

The sale is highly probable and sale should be expected to be completed within 12 months of the date of classification as 'held for sale', and

The asset (or disposal group) must be actively marketed for a sale price that is reasonable in relation to its fair value.

When these conditions have been met, the asset or disposal group is classified as 'held for sale' and presented separately in the statement of financial position.

Liabilities are classified as 'held for sale' and presented as such in the statement of financial position if they are directly associated with a disposal group.

Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as 'held for sale' and their fair value less costs to sell. No assets classified as 'held for sale' are subject to depreciation or amortisation, subsequent to their classification as 'held for sale'.

**22. Provisions, Contingent Liabilities and Contingent Assets**

**Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

**Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in the circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

## **STATEMENT OF ACCOUNTING POLICIES**

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an outflow of economic benefits or service potential.

### **23. Reserves**

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, employee and retirement benefits and do not represent usable resources for the Council.

### **24. Revenue Expenditure Funded from Capital under Statute**

Revenue expenditure funded from capital under statute represents expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets. Revenue expenditure funded from capital under statute incurred during the year have been written off as expenditure to the relevant service line in the Comprehensive Income and Expenditure Statement.

Where the Council has determined to meet the cost of the Revenue expenditure funded from capital under statute from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged to the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

### **25. VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

### **26. Accounting for Council Tax**

The Council Tax income included in the CIES is the accrued income for the year, and not the amount required under regulation to be transferred from the Collection Fund to the General Fund (the Collection Fund Demand). The difference is taken to the Collection Fund Adjustment Account through the MiRS.

As the collection of Council Tax for preceptors (Worcestershire County Council, the West Mercia Police and Crime Commissioner, and Hereford and Worcestershire Fire & Rescue Authority) is an agency arrangement, the cash collected belongs proportionately to Bromsgrove District Council as the billing authority and to the preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to preceptors under regulation.

### **27. Accounting for the collection of National Non-Domestic Rates (NNDR)**

From 1<sup>st</sup> April 2013, the treatment of NNDR changed as Government legislation localised a proportion (40%) to the Council. In accounting terms from 1<sup>st</sup> April 2013, Bromsgrove District Council collects NNDR partly as an agent of central government, Worcester County Council and of the Fire and Rescue Authority, and partly on its own account. As with council tax, the cash collected belongs proportionately to Bromsgrove District Council as the billing authority, and to central government, Worcester County Council and the Fire and Rescue Service as preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to preceptors under regulation.

### **Acknowledgements**

**STATEMENT OF ACCOUNTING POLICIES**

Finally, I wish to thank all Financial Services staff and their colleagues throughout the Council, who have worked on preparing these statements. I also wish to thank the Executive Directors and Heads of Service for their assistance and co-operation throughout this process.

Jayne Pickering  
Executive Director (Finance & Resources)  
24 September 2014



**Movement in Reserves Statement for the year ended 31 March 2014**

**Single Entity Movement in Reserves**

|  | Notes | General Fund Balance | Earmarked GF Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Unusable Reserves | Total Authority Reserves - Single Entity |
|--|-------|----------------------|-----------------------|--------------------------|--------------------------|-----------------------|-------------------|--|
|  |       | £000s                | £000s                 | £000s                    | £000s                    | £000s                 | £000s             | £000s                                    |
| <b>Balance at 1 April 2012</b>   |       | <b>2,581</b>         | <b>2,080</b>          | <b>3,358</b>             | <b>15</b>                | <b>8,034</b>          | <b>9,226</b>      | <b>17,260</b>                            |
| <b><u>Movement in reserves during 2012/13</u></b>                      |       |                      |                       |                          |                          |                       |                   |  |
| Surplus or (deficit) on provision of services                          |       | (2,120)              | -                     | -                        | -                        | (2,120)               | -                 | (2,120)                                  |
| Other Comprehensive Income and Expenditure                             |       | -                    | -                     | -                        | -                        | -                     | (3,887)           | (3,887)                                  |
| <b>Total Comprehensive Income and Expenditure</b>                      |       | <b>(2,120)</b>       | <b>-</b>              | <b>-</b>                 | <b>-</b>                 | <b>(2,120)</b>        | <b>(3,887)</b>    | <b>(6,007)</b>                           |
| Adjustments between accounting basis & funding basis under regulations | 7     | 2,546                | -                     | (322)                    | 21                       | 2,245                 | (2,245)           | -  |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>    |       | <b>426</b>           | <b>-</b>              | <b>(322)</b>             | <b>21</b>                | <b>125</b>            | <b>(6,132)</b>    | <b>(6,007)</b>                           |
| Transfers to/from Earmarked Reserves                                   | 8     | 87                   | (87)                  | -                        | -                        | -                     | -                 | -  |
| <b>Increase/(Decrease) in Year</b>                                     |       | <b>513</b>           | <b>(87)</b>           | <b>(322)</b>             | <b>21</b>                | <b>125</b>            | <b>(6,132)</b>    | <b>(6,007)</b>                           |
| <b>Balance at 31 March 2013 carried forward</b>                        |       | <b>3,094</b>         | <b>1,993</b>          | <b>3,036</b>             | <b>36</b>                | <b>8,159</b>          | <b>3,094</b>      | <b>11,253</b>                            |

**Group Movement in Reserves Note 17**

|  | £000s          | Authority's Share of Subsidiary | Total Authority Reserves - Group |
|--|----------------|---------------------------------|----------------------------------|
|  | £000s          | £000s                           | £000s                            |
| <b>Balance at 1 April 2012</b>   | <b>17,260</b>  | <b>4,474</b>                    | <b>21,734</b>                    |
| Surplus or (deficit) on provision of services                          | (2,120)        | (76)                            | (2,196)                          |
| Other Comprehensive Income and Expenditure                             | (3,887)        | 504                             | (3,383)                          |
| <b>Total Comprehensive Income and Expenditure</b>                      | <b>(6,007)</b> | <b>428</b>                      | <b>(5,579)</b>                   |
| Adjustments between accounting basis & funding basis under regulations | -              | -                               | -                                |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>    | <b>(6,007)</b> | <b>428</b>                      | <b>(5,579)</b>                   |
| Transfers to/from Earmarked Reserves                                   | -              | -                               | -                                |
| <b>Increase/(Decrease) in Year</b>                                     | <b>(6,007)</b> | <b>428</b>                      | <b>(5,579)</b>                   |
| <b>Balance at 31 March 2013 carried forward</b>                        | <b>11,253</b>  | <b>4,902</b>                    | <b>16,155</b>                    |

**Movement in Reserves Statement for the year ended 31 March 2014**

**Single Entity Movement in Reserves**

| <b>Movement in reserves during 2013/14</b>                             |   |                |              |                |             |                |              |               |
|--|---|----------------|--------------|----------------|-------------|----------------|--------------|---------------|
| Surplus or (deficit) on provision of services                          |   | (1,460)        | -            | -              | -           | (1,460)        | -            | (1,460)       |
| Other Comprehensive Expenditure and Income                             |   | -              | -            | -              | -           | -              | 3,786        | 3,786         |
| <b>Total Comprehensive Income and Expenditure</b>                      |   | <b>(1,460)</b> | -            | -              | -           | <b>(1,460)</b> | <b>3,786</b> | <b>2,326</b>  |
| Adjustments between accounting basis & funding basis under regulations | 7 | 2,689          | -            | (1,290)        | (20)        | 1,379          | (1,379)      | (0)           |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>    |   | <b>1,229</b>   | -            | <b>(1,290)</b> | <b>(20)</b> | <b>(81)</b>    | <b>2,407</b> | <b>2,326</b>  |
| Transfers to/from Earmarked Reserves                                   | 8 | (582)          | 582          | -              | -           | -              | -            | -             |
| <b>Increase/(Decrease) in Year</b>                                     |   | <b>647</b>     | <b>582</b>   | <b>(1,290)</b> | <b>(20)</b> | <b>(81)</b>    | <b>2,407</b> | <b>2,326</b>  |
| <b>Balance at 31 March 2014 carried forward</b>                        |   | <b>3,741</b>   | <b>2,575</b> | <b>1,746</b>   | <b>16</b>   | <b>8,078</b>   | <b>5,501</b> | <b>13,579</b> |

**Group Movement in Reserves Note 17**

|  |         |       |         |
|--|---------|-------|---------|
|  | (1,460) | (89)  | (1,549) |
|  | 3,786   | 227   | 4,013   |
|  | 2,326   | 138   | 2,464   |
|  | (0)     | -     | (0)     |
|  | 2,326   | 138   | 2,464   |
|  | -       | -     | -       |
|  | 2,326   | 138   | 2,464   |
|  | 13,579  | 5,040 | 18,619  |

**Single Entity Comprehensive Income and Expenditure Statement  
for the year ended 31 March 2014**

| 2012/13                       |          |          |      | 2013/14       |                 |                 |
|-------------------------------|----------|----------|------|---------------|-----------------|-----------------|
| £000s                         | £000s    | £000s    |      | £000s         | £000s           | £000s           |
| Expenditure                   | Income   | Net      | Note | Expenditure   | Income          | Net             |
| <b>Continuing operations:</b> |          |          |      |               |                 |                 |
| 6,954                         | (5,858)  | 1,096    |      | 2,049         | (1,028)         | <b>1,021</b>    |
| 2,618                         | (368)    | 2,250    |      | 2,600         | (419)           | <b>2,181</b>    |
| 7,747                         | (2,677)  | 5,070    |      | 8,107         | (2,778)         | <b>5,329</b>    |
| 2,756                         | (1,279)  | 1,477    |      | 2,814         | (1,249)         | <b>1,565</b>    |
| 918                           | (1,224)  | (306)    |      | 749           | (1,360)         | <b>(611)</b>    |
| 18,124                        | (16,838) | 1,286    |      | 18,502        | (17,301)        | <b>1,201</b>    |
| 3,494                         | (1,889)  | 1,605    |      | 3,416         | (1,778)         | <b>1,638</b>    |
| 106                           | (2)      | 104      | 33   | 277           | (2)             | <b>275</b>      |
| -                             | -        | -        | 4    | -             | -               | -               |
|                               |          |          |      |               |                 |                 |
| 42,717                        | (30,135) | 12,582   |      | <b>38,514</b> | <b>(25,915)</b> | <b>12,599</b>   |
|                               |          | 672      | 9    |               |                 | <b>291</b>      |
|                               |          | 1,071    | 10   |               |                 | <b>1,100</b>    |
|                               |          | (12,205) | 11   |               |                 | <b>(12,531)</b> |
|                               |          | 2,120    |      |               |                 | <b>1,459</b>    |
|                               |          | -        |      |               |                 | (257)           |
|                               |          | 3,887    |      |               |                 | (3,529)         |
|                               |          | 3,887    |      |               |                 | <b>(3,786)</b>  |
|                               |          | 6,007    |      |               |                 | <b>(2,327)</b>  |

**Group Comprehensive Income and Expenditure Statement  
for the year ended 31 March 2014**

| 2012/13                       |                 |               |      | 2013/14       |                 |                 |
|-------------------------------|-----------------|---------------|------|---------------|-----------------|-----------------|
| £000s                         | £000s           | £000s         |      | £000s         | £000s           | £000s           |
| Expenditure                   | Income          | Net           | Note | Expenditure   | Income          | Net             |
| <b>Continuing operations:</b> |                 |               |      |               |                 |                 |
| 6,954                         | (5,858)         | 1,096         |      | 2,049         | (1,028)         | <b>1,021</b>    |
| 2,720                         | (368)           | 2,352         | 17   | 2,718         | (419)           | <b>2,299</b>    |
| 7,747                         | (2,677)         | 5,070         |      | 8,107         | (2,778)         | <b>5,329</b>    |
| 2,756                         | (1,279)         | 1,477         |      | 2,814         | (1,249)         | <b>1,565</b>    |
| 918                           | (1,224)         | (306)         |      | 749           | (1,360)         | <b>(611)</b>    |
| 18,124                        | (16,838)        | 1,286         |      | 18,502        | (17,301)        | <b>1,201</b>    |
| 3,494                         | (1,889)         | 1,605         |      | 3,416         | (1,778)         | <b>1,638</b>    |
| 106                           | (2)             | 104           | 33   | 277           | (2)             | <b>275</b>      |
| <b>42,819</b>                 | <b>(30,135)</b> | <b>12,684</b> |      | <b>38,632</b> | <b>(25,915)</b> | <b>12,717</b>   |
|                               |                 | 672           | 9    |               |                 | <b>291</b>      |
|                               |                 | 1,071         | 10   |               |                 | <b>1,100</b>    |
|                               |                 | (12,205)      | 11   |               |                 | <b>(12,531)</b> |
|                               |                 | <b>2,222</b>  |      |               |                 | <b>1,577</b>    |
|                               |                 | (26)          | 17   |               |                 | <b>(29)</b>     |
|                               |                 | (504)         | 17   |               |                 | <b>(484)</b>    |
|                               |                 | 3,887         |      |               |                 | <b>(3,529)</b>  |
|                               |                 | <b>3,357</b>  |      |               |                 | <b>(4,042)</b>  |
|                               |                 | <b>5,579</b>  |      |               |                 | <b>(2,465)</b>  |

Bromsgrove District Council - Statement of Accounts 2013/14

Balance Sheet as at 31 March 2014

Single Entity Balance Sheet

|                                    | Note   | 31 March 2014<br>£000s | 31 March 2013<br>£000s |
|------------------------------------|--------|------------------------|------------------------|
| <b>Non-current assets</b>          |        |                        |                        |
| Property, plant and equipment      | 12     | 31,455                 | 30,411                 |
| Investment property                | 13     | 347                    | 316                    |
| Intangible assets                  | 14     | 801                    | 1,122                  |
| Assets held for sale               | 15     | 870                    | 941                    |
| <b>Total non-current assets</b>    |        | <b>33,473</b>          | 32,790                 |
| <b>Current assets</b>              |        |                        |                        |
| Short term investments             | 42     | 1,000                  | -                      |
| Inventories                        | 18     | 145                    | 201                    |
| Short Term Debtors                 | 19     | 5,102                  | 3,698                  |
| Cash and Cash Equivalents          | 20     | 8,669                  | 10,559                 |
| <b>Total current assets</b>        |        | <b>14,917</b>          | 14,458                 |
| <b>Current liabilities</b>         |        |                        |                        |
| Short Term Borrowing               | 43     | (80)                   | (69)                   |
| Short Term Creditors               | 21     | (6,312)                | (4,934)                |
| <b>Total current liabilities</b>   |        | <b>(6,392)</b>         | (5,003)                |
| <b>Long term liabilities</b>       |        |                        |                        |
| Provisions                         | 22     | (510)                  | (185)                  |
| Other Long Term Liabilities        | 23     | (27,268)               | (29,658)               |
| Capital Grants Receipts in Advance | 37     | (639)                  | (1,149)                |
| <b>Total long term liabilities</b> |        | <b>(28,418)</b>        | (30,992)               |
| <b>Net Assets:</b>                 |        | <b>13,580</b>          | 11,253                 |
| <b>Reserves</b>                    |        |                        |                        |
| Usable reserves                    | 7 & 24 | (8,079)                | (8,158)                |
| Unusable Reserves                  | 25     | (5,501)                | (3,095)                |
| <b>Total Reserves:</b>             |        | <b>(13,580)</b>        | (11,253)               |

Group Balance Sheet  
Note 17

|                                    | 31 March 2014<br>£000s | 31 March 2013<br>£000s |
|------------------------------------|------------------------|------------------------|
| <b>Non-current assets</b>          |                        |                        |
| Property, plant and equipment      | 38,175                 | 36,946                 |
| Investment property                | 347                    | 316                    |
| Intangible assets                  | 801                    | 1,122                  |
| Assets held for sale               | 870                    | 941                    |
| <b>Total non-current assets</b>    | <b>40,193</b>          | 39,325                 |
| <b>Current assets</b>              |                        |                        |
| Short term investments             | 1,000                  | -                      |
| Inventories                        | 145                    | 201                    |
| Short Term Debtors                 | 5,102                  | 3,698                  |
| Cash and Cash Equivalents          | 8,669                  | 10,559                 |
| <b>Total current assets</b>        | <b>14,917</b>          | 14,458                 |
| <b>Current liabilities</b>         |                        |                        |
| Short Term Borrowing               | (80)                   | (69)                   |
| Short Term Creditors               | (6,312)                | (4,934)                |
| <b>Total current liabilities</b>   | <b>(6,392)</b>         | (5,003)                |
| <b>Long term liabilities</b>       |                        |                        |
| Provisions                         | (510)                  | (185)                  |
| Other Long Term Liabilities        | (27,268)               | (29,658)               |
| Capital Grants Receipts in Advance | (639)                  | (1,149)                |
| <b>Total long term liabilities</b> | <b>(28,418)</b>        | (30,992)               |
| <b>Net Assets:</b>                 | <b>20,300</b>          | 17,788                 |
| <b>Reserves</b>                    |                        |                        |
| Usable reserves                    | (8,079)                | (8,158)                |
| Unusable Reserves                  | (12,221)               | (9,630)                |
| <b>Total Reserves:</b>             | <b>(20,300)</b>        | (17,788)               |

Single Entity Statement Of Cash Flows For The Year Ended 31 March 2014

|   | Note | 2013/14<br>£000s | 2012/13<br>£000s |
|---|------|------------------|------------------|
| Net (surplus) or deficit on the provision of services   |      | 1,459            | 1,597            |
| Adjustments to net surplus or deficit on the provision of services for non-cash movements   |      | (2,828)          | (4,143)          |
| Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities |      | 1,198            | 723              |
| <b>Net cash outflow from operating activities</b>   | 27   | <b>(171)</b>     | (1,823)          |
| <b>Investing activities</b>   | 28   | <b>2,073</b>     | (2,874)          |
| <b>Financing activities</b>   | 29   | <b>(13)</b>      | (370)            |
| Net (increase) or decrease in cash and cash equivalents   |      | <b>1,889</b>     | (5,067)          |
| Cash and cash equivalents at the beginning of the reporting period  |      | <b>(10,559)</b>  | (5,492)          |
| <b>Cash and cash equivalents at the end of the reporting period</b>   |      | <b>(8,670)</b>   | (10,559)         |

## **Note 1: Accounting Standards That Have Been Issued But Have Not Yet Been Adopted**

The following issued accounting standards have not yet been adopted:

- IFRS 13 Fair Value Measurements – IFRS 13 defines fair value and sets out a framework for measuring fair value. It also identifies new disclosures in respect of fair value measurements. It provides a fair value hierarchy to be used in the valuation of assets and liabilities which will enable users to assess the valuation method used and its impact on the Balance Sheet and Comprehensive Income and Expenditure Statement. The changes will be presentational.
- IFRS 11 Joint Arrangements – IFRS 11 provides new definitions of Joint Arrangements which could impact on the way in which partner councils account for the Worcestershire Regulatory Shared Service Joint Committee. Under the new definitions this arrangement becomes a Joint Operation. This council already recognises its share of the assets and liabilities of the arrangement in its accounts.
- IFRS 12 Disclosure of Interests in Other Entities – IFRS 12 provides disclosure requirements for interests in other entities including joint arrangements. The Council will be required to make disclosures about the nature of its interests in the Joint Committee arrangements in place.
- IAS 32 Financial Instruments: Presentation – IAS 32 outlines the accounting requirements for the presentation of financial instruments, particularly their classification into financial assets, financial liabilities and equity instruments. It also prescribes strict rules for offsetting financial assets and liabilities within the balance sheet. The changes will be presentational.

## Bromsgrove District Council - Statement of Accounts 2013/14

### Note 2: Critical Judgements in Applying Accounting Policies

The critical judgements made in the Statement of Accounts are:

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision. The Council holds earmarked reserves of £2.575m and General Fund balances of £3.741m

The Council has determined that the Worcestershire Regulatory Services Shared Service meets the definition of a Jointly Controlled Operation. The Council has therefore accounted for its share of the Joint Committee's assets and liabilities and income and expenditure as documented in the Legal Agreement.

The Council has determined that a Group Accounting relationship exists with Bromsgrove Arts Development Trust as it has been identified that the Council is able to appoint the majority of the Board responsible for governing this Trust. Where material the Group position is disclosed on the face of the applicable Core Statement. Further information is disclosed in **note 17**.

Following changes in legislation the Council is required to account for Business rates differently, disclosing its share of Business rates balances within its balance sheet. The Council has made a provision against the potential cost of business rates appeals based on indicative information from the Valuation Office combined with other factors including the outcome of previous appeals and local knowledge.

### Note 3: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual result could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Item                          | Uncertainties  | Effect if Actual Results Differ from Assumptions   |
|-------------------------------|--|--|
| Property, Plant and Equipment | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. | If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for PPE would increase by £208k for every year that useful lives had to be reduced. |



## Bromsgrove District Council - Statement of Accounts 2013/14

### Note 3: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

| Item                                 | Uncertainties  | Effect if Actual Results Differ from Assumptions   |
|--------------------------------------|--|--|
| Pensions Liability                   | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.  | The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate would result in a decrease in the pension liability of £1.266m. Further sensitivity analysis can be seen in the defined benefit pension scheme note.   |
| Bad Debt Provisions                  | As at 31 March 2014 the Council had sundry debtor balances of £0.666m and Housing Benefit debtor balances of £0.857m Provisions for bad debts are made according to the age of the debt and past experience and a provision of £0.517m is in place in respect of these balances.   | If recoverability of these balances were to fall the amount set aside as a provision for bad debts would have to increase. For example, if recoverability of all ages of debt fell by 10% an additional £57k would have to be set aside.   |
| Provision for Business Rates Appeals | The Council has set up a provision for outstanding business rates appeals based on the current list of live appeals, analysed to predict likely outcomes.  | The Council bears 40% of the cost of successful appeals. If the projected reduction in rateable values used in the provision calculation increased by 1% the cost to Bromsgrove District Council would be £70k.  |
| Earmarked Reserves                   | <p>The Council has reserved £100k for the potential settlement of claims arising from a class action for the recovery of personal search fees.</p> <p>The Council holds a reserve of £50k for potential settlement of any claims which may arise in relation to the Norton Collection the artefacts for which are currently in storage as opposed to being on display following the closure of the Bromsgrove Museum.</p> <p>The Council holds a reserve of £50k for potential repayment of S106 agreements.</p> | <p>If the courts rule that the charges were unlawful the Council could be liable for the repayment of personal search fees dating back to the implementation of the Environmental Information Regulations (January 2005)</p> <p>If a claim was made and the courts were to find that the Council was in breach of its duties in relation to the Collection the court would be able to order specific performance of the Councils obligations and award legal costs.</p> <p>This is to fund any potential disputes with the Council over the use of S106 agreements</p> |

#### Note 4: Exceptional Items

There have been no exceptional items during the financial year.

#### Note 5: Material Items of Income and Expenditure

There have been no material items of income and expense during the financial year.

#### Note 6: Events after the Balance Sheet Date

There are no material adjusting events after the Balance Sheet date.

# Bromsgrove District Council - Statement of Accounts 2013/14

## Note 7: Adjustments between Accounting Basis and Funding Basis under Regulations

| 2013/14   | Usable Reserves               |                                   |                                   | Movement in Unusable Reserves<br>£000s |
|---|-------------------------------|-----------------------------------|-----------------------------------|--|
|   | General Fund Balance<br>£000s | Capital Receipts Reserve<br>£000s | Capital Grants Unapplied<br>£000s |  |
| <b>Adjustments involving the Capital Adjustment Account:</b>  |                               |                                   |                                   |  |
| <u>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement</u>  |                               |                                   |                                   |  |
| Charges for depreciation and impairment of non-current assets   | 1,570                         | -                                 | -                                 | (1,570)                                |
| Revaluation losses on Property, Plant & Equipment   | (321)                         | -                                 | -                                 | 321                                    |
| Movements in the market value of investment properties  | (31)                          | -                                 | -                                 | 31                                     |
| Amortisation of intangible assets   | 374                           | -                                 | -                                 | (374)                                  |
| Capital grants and contributions  | -                             | -                                 | -                                 | -                                      |
| Revenue expenditure funded from capital under statute and associated grant funding  | 484                           | -                                 | 315                               | (799)                                  |
| Movements in the market value of assets held for sale reported as other operating income in the Comprehensive Income & Expenditure Statement  | (380)                         | -                                 | -                                 | 380                                    |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement  | 120                           | -                                 | -                                 | (120)                                  |
| <u>Insertion of items debited or credited to the Comprehensive Income &amp; Expenditure Statement</u>   |                               |                                   |                                   |  |
| <b>Adjustments involving the Capital Grants Unapplied Account:</b>  |                               |                                   |                                   |  |
| Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement   | (701)                         | -                                 | 701                               | -                                      |
| Capital expenditure charged against the General Fund and HRA balances   | (61)                          | -                                 | 61                                | -                                      |
| Application of grants to capital financing transferred to the Capital Adjustment Account  | -                             | -                                 | (1,097)                           | 1,097                                  |
| <b>Adjustments involving the Capital Receipts Reserve:</b>  |                               |                                   |                                   |  |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement  | (171)                         | 171                               | -                                 | -                                      |
| Use of the Capital Receipts Reserve to finance new capital expenditure  | -                             | (1,461)                           | -                                 | 1,461                                  |
| <b>Adjustments involving the Deferred Capital Receipts Reserve:</b>   |                               |                                   |                                   |  |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement  | -                             | -                                 | -                                 | -                                      |
| <b>Adjustments involving the Financial Instruments Adjustment Account:</b>  |                               |                                   |                                   |  |
| Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements                           | -                             | -                                 | -                                 | -                                      |
| <b>Adjustments involving the Pensions Reserve:</b>  |                               |                                   |                                   |  |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement   | 2,971                         | -                                 | -                                 | (2,971)                                |
| Employer's pension contributions and direct payments to pensioners payable in the year.   | (1,833)                       | -                                 | -                                 | 1,833                                  |
| <b>Adjustments involving the Collection Fund Adjustment Account:</b>  |                               |                                   |                                   |  |
| Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements                | 671                           | -                                 | -                                 | (671)                                  |
| <b>Adjustments involving the Accumulated Absences Adjustment Account:</b>   |                               |                                   |                                   |  |
| Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (3)                           | -                                 | -                                 | 3                                      |
| <b>Total Adjustments</b>  | <b>2,689</b>                  | <b>(1,290)</b>                    | <b>(20)</b>                       | <b>(1,379)</b>                         |

**Bromsgrove District Council - Statement of Accounts 2013/14**

**Usable Reserves**

**2012/13 Comparative figures**

|   | General Fund<br>Balance<br>£000s | Capital<br>Receipts<br>Reserve<br>£000s | Capital<br>Grants<br>Unapplied<br>£000s | Movement in<br>Unusable<br>Reserves<br>£000s |
|---|----------------------------------|---|---|--|
| <b>Adjustments involving the Capital Adjustment Account:</b>  |                                  |   |   |  |
| <i>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement</i>  |                                  |   |   |  |
| Charges for depreciation and impairment of non-current assets   | 1,488                            | -                                       | -                                       | (1,488)                                      |
| Revaluation losses on Property, Plant & Equipment   | -                                | -                                       | -                                       | -  |
| Movements in the market value of investment properties  | (25)                             | -                                       | -                                       | 25   |
| Amortisation of intangible assets   | 399                              | -                                       | -                                       | (399)  |
| Capital grants and contributions  | (290)                            | -                                       | -                                       | 290  |
| Revenue expenditure funded from capital under statute   | 372                              | -                                       | -                                       | (372)  |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement  | (15)                             | -                                       | -                                       | 15   |
| <i>Insertion of items debited or credited to the Comprehensive Income &amp; Expenditure Statement</i>   |                                  |   |   |  |
| Capital expenditure charged against the General Fund balance  | (211)                            | -                                       | -                                       | 211  |
| <b>Adjustments involving the Capital Grants Unapplied Account:</b>  |                                  |   |   |  |
| Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement   | -                                | -                                       | -                                       | -  |
| Contributions from Revenue  | -                                | -                                       | 212                                     | (212)  |
| Application of grants to capital financing transferred to the Capital Adjustment Account  | -                                | -                                       | (191)                                   | 191  |
| <b>Adjustments involving the Capital Receipts Reserve:</b>  |                                  |   |   |  |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement  | -                                | 15                                      | -                                       | (15)   |
| Use of the Capital Receipts Reserve to finance new capital expenditure  | -                                | (337)                                   | -                                       | 337  |
| <b>Adjustments involving the Deferred Capital Receipts Reserve:</b>   |                                  |   |   |  |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement  | -                                | -                                       | -                                       | -  |
| <b>Adjustments involving the Financial Instruments Adjustment Account:</b>  |                                  |   |   |  |
| Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements                           | (5)                              | -                                       | -                                       | 5  |
| <b>Adjustments involving the Pensions Reserve:</b>  |                                  |   |   |  |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement   | 2,381                            | -                                       | -                                       | (2,381)                                      |
| Employer's pension contributions and direct payments to pensioners payable in the year  | (1,591)                          | -                                       | -                                       | 1,591  |
| New Schemes Added (Share of Joint Committee)  | -                                | -                                       | -                                       | -  |
| <b>Adjustments involving the Collection Fund Adjustment Account:</b>  |                                  |   |   |  |
| Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements                | 35                               | -                                       | -                                       | (35)   |
| <b>Adjustments involving the Accumulated Absences Adjustment Account:</b>   |                                  |   |   |  |
| Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 9                                | -                                       | -                                       | (9)  |
| <b>Total Adjustments</b>  | <b>2,547</b>                     | <b>(322)</b>                            | <b>21</b>                               | <b>(2,246)</b>                               |

**Note 8: Transfers to/from Earmarked Reserves**

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2014/15

|   | Balance at 1 April 2012<br>£000s | Transfers Out 2012/13<br>£000s | Transfers In 2012/13<br>£000s | Balance at 31 March<br>2013<br>£000s | Transfers Out 2013/14<br>£000s | Transfers In 2013/14<br>£000s | Balance at 31 March<br>2014<br>£000s |
|---|----------------------------------|--------------------------------|-------------------------------|--------------------------------------|--------------------------------|-------------------------------|--------------------------------------|
| <b>General Fund:</b>                                |                                  |                                |                               |                                      |                                |                               |                                      |
| Building Control Partnership                        | (6)                              | -                              | (11)                          | (17)                                 | -                              | -                             | (17)                                 |
| Building Control-Other                              | -                                | -                              | (7)                           | (7)                                  | -                              | (29)                          | (36)                                 |
| Community Safety                                    | (115)                            | 50                             | (20)                          | (85)                                 | 15                             | (25)                          | (95)                                 |
| Economic Regeneration                               | (126)                            | 52                             | (13)                          | (87)                                 | 20                             | (8)                           | (75)                                 |
| Election Services                                   | (17)                             | -                              | -                             | (17)                                 | 13                             | (13)                          | (17)                                 |
| Financial Services                                  | (18)                             | 33                             | (161)                         | (146)                                | 75                             | (499)                         | (571)                                |
| Health Improvement Initiatives                      | (99)                             | 95                             | (39)                          | (43)                                 | 30                             | -                             | (13)                                 |
| Housing Schemes                                     | (193)                            | 47                             | (23)                          | (169)                                | 13                             | (14)                          | (170)                                |
| ICT/Systems   | (213)                            | 94                             | (110)                         | (229)                                | 20                             | (110)                         | (319)                                |
| Leisure/Community Safety                            | (85)                             | 35                             | (79)                          | (129)                                | 37                             | (64)                          | (157)                                |
| Litigation Reserve (Including Land Charges)         | (215)                            | 65                             | (80)                          | (230)                                | -                              | -                             | (230)                                |
| Local Development Framework                         | (42)                             | 26                             | -                             | (16)                                 | 2                              | -                             | (15)                                 |
| Local Neighbourhood Partnerships                    | (16)                             | -                              | -                             | (16)                                 | -                              | -                             | (16)                                 |
| Local Strategic Partnership                         | (1)                              | -                              | (1)                           | (2)                                  | 2                              | -                             | -                                    |
| Organisational Development                          | (4)                              | -                              | -                             | (4)                                  | -                              | -                             | (4)                                  |
| Other   | (163)                            | 49                             | (12)                          | (126)                                | 44                             | (17)                          | (99)                                 |
| Regulatory Services (Partner Share)                 | (5)                              | 6                              | (2)                           | (2)                                  | -                              | (7)                           | (9)                                  |
| Replacement Reserve (including Recycling Extension) | (262)                            | -                              | (113)                         | (375)                                | -                              | (113)                         | (488)                                |
| Route Optimisation                                  | (35)                             | 35                             | -                             | -                                    | -                              | -                             | -                                    |
| Shared Services                                     | (465)                            | 209                            | (39)                          | (295)                                | 48                             | -                             | (247)                                |
| Single Status/Job Evaluation                        | -                                | -                              | -                             | -                                    | -                              | -                             | -                                    |
| <b>Total</b>  | <b>(2,080)</b>                   | <b>795</b>                     | <b>(708)</b>                  | <b>(1,993)</b>                       | <b>317</b>                     | <b>(899)</b>                  | <b>(2,576)</b>                       |

**Note 9: Other Operating Expenditure**

|  | <b>2013/14</b> | 2012/13    |
|--|----------------|------------|
|  | <b>£000s</b>   | £000s      |
| Parish council precepts                                | 700            | 670        |
| Pension Fund Employer Administration Costs             | 25             | 18         |
| Movement in the market value of assets held for sale * | (380)          | -          |
| Gain or loss on the disposal of non-current assets     | (54)           | (16)       |
|  | <b>291</b>     | <b>672</b> |

\* Increases in market value are only reflected to the extent that they reverse previous revaluation losses charged to the Comprehensive Income & Expenditure Statement

**Note 10: Financing and Investment Income and Expenditure**

|  | <b>2013/14</b> | 2012/13      |
|--|----------------|--------------|
|  | <b>£000s</b>   | £000s        |
| Interest payable and similar charges   | -              | -            |
| Net Interest on the net defined benefit liability (Pension Fund)                       | 1,208          | 1,184        |
| Interest Receivable and Similar Income   | (79)           | (106)        |
| Gain/loss on trading accounts (not applicable to service)                              | 3              | (8)          |
| Income and expenditure in relation to investment properties and changes in their value | (32)           | 1            |
|  | <b>1,100</b>   | <b>1,071</b> |

**Note 11: Taxation and Non-Specific Grant Income and Expenditure**

|   | <b>2013/14</b>  | 2012/13         |
|---|-----------------|-----------------|
|   | <b>£000s</b>    | £000s           |
| Council Tax income                        | (7,430)         | (7,809)         |
| Non Domestic Rates Income and Expenditure | (1,045)         | (3,414)         |
| Revenue Support Grant                     | (2,293)         | (66)            |
| Non-ringfenced government grants          | (1,102)         | (626)           |
| Grants to Parishes                        | 40              | -               |
| Capital grants and contributions          | (701)           | (290)           |
|   | <b>(12,531)</b> | <b>(12,205)</b> |

Note 12: Non Current Assets - Property, Plant & Equipment

| Movements in 2013/14   | Other Land & Buildings | Vehicles, Plant & Equipment | Infrastructure Assets | Community Assets | PP&E Under Construction | Total Council PPE |
|--|------------------------|-----------------------------|-----------------------|------------------|-------------------------|-------------------|
|  | £000s                  | £000s                       | £000s                 | £000s            | £000s                   | £000s             |
| <b>Cost or Valuation</b>   |                        |                             |                       |                  |                         |                   |
| At 1 April 2013  | 26,130                 | 10,979                      | 549                   | 765              | 170                     | <b>38,593</b>     |
| Additions  | 269                    | 833                         |                       | 67               | 571                     | <b>1,740</b>      |
| Donations  |                        |                             |                       |                  |                         | -                 |
| Revaluation Increases/(decreases) recognised in the Revaluation Reserve                      | 178                    |                             |                       |                  |                         | <b>178</b>        |
| Revaluation Increases/(decreases) recognised in the Surplus/Deficit on provision of services | 321                    | -                           |                       |                  |                         | <b>321</b>        |
| Derecognition-Disposals  | (83)                   | (302)                       |                       |                  |                         | <b>(385)</b>      |
| Derecognitions-Other   |                        | (99)                        |                       |                  | (5)                     | <b>(104)</b>      |
| Reclassified to/from Held for Sale   | 451                    |                             |                       |                  |                         | <b>451</b>        |
| Other Reclassifications  |                        | 221                         |                       | -                | (255)                   | <b>(34)</b>       |
| <b>At 31 March 2014</b>  | <b>27,266</b>          | <b>11,632</b>               | <b>549</b>            | <b>832</b>       | <b>481</b>              | <b>40,760</b>     |
| <b>Accumulated Depreciation and Impairment</b>   |                        |                             |                       |                  |                         |                   |
| At 1 April 2013  | (876)                  | (7,057)                     | (250)                 | -                | -                       | <b>(8,183)</b>    |
| Depreciation Charge  | (484)                  | (955)                       | (28)                  |                  |                         | <b>(1,467)</b>    |
| Depreciation written out to the Revaluation Reserve  | 79                     |                             |                       |                  |                         | <b>79</b>         |
| Depreciation written out to the Surplus/Deficit on provision of services                     |                        |                             |                       |                  |                         | -                 |
| Impairment losses/reversals recognised in the Revaluation Reserve                            |                        |                             |                       |                  |                         | -                 |
| Impairment losses/reversals recognised in the Surplus/Deficit on provision of                |                        |                             |                       |                  |                         | -                 |
| Derecognition-Disposals  | 5                      | 260                         |                       |                  |                         | <b>265</b>        |
| Derecognitions-Other   |                        |                             |                       |                  |                         | -                 |
| Sale   |                        |                             |                       |                  |                         | -                 |
| Reclassifications  |                        |                             |                       |                  |                         | -                 |
| <b>At 31 March 2014</b>  | <b>(1,276)</b>         | <b>(7,752)</b>              | <b>(278)</b>          | <b>-</b>         | <b>-</b>                | <b>(9,306)</b>    |
| <b>Net Book Value</b>  |                        |                             |                       |                  |                         |                   |
| <b>At 31 March 2014</b>  | <b>25,990</b>          | <b>3,880</b>                | <b>271</b>            | <b>832</b>       | <b>481</b>              | <b>31,454</b>     |
| <b>At 31 March 2013</b>  | <b>25,254</b>          | <b>3,922</b>                | <b>299</b>            | <b>765</b>       | <b>170</b>              | <b>30,410</b>     |

| Total Council PPE | Group Asset (Note 17) | Total Group PPE |
|-------------------|-----------------------|-----------------|
| £000s             | £000s                 | £000s           |
| <b>38,593</b>     | 6,535                 | 45,128          |
| <b>1,740</b>      | -                     | 1,740           |
| -                 | -                     | -               |
| <b>178</b>        | 185                   | 363             |
| <b>321</b>        | -                     | 321             |
| <b>(385)</b>      | -                     | (385)           |
| <b>(104)</b>      | -                     | (104)           |
| <b>451</b>        | -                     | 451             |
| <b>(34)</b>       | -                     | (34)            |
| <b>40,760</b>     | <b>6,720</b>          | <b>47,480</b>   |
| <b>(8,183)</b>    | 0                     | (8,183)         |
| <b>(1,467)</b>    | <b>(118)</b>          | (1,585)         |
| <b>79</b>         | <b>118</b>            | 197             |
| -                 | -                     | -               |
| -                 | -                     | -               |
| <b>265</b>        | -                     | -               |
| -                 | -                     | -               |
| -                 | -                     | -               |
| <b>(9,306)</b>    | <b>0</b>              | <b>(9,571)</b>  |
| <b>31,454</b>     | <b>6,720</b>          | <b>38,174</b>   |
| <b>30,410</b>     | <b>6,535</b>          | <b>36,945</b>   |

| Movements in 2012/13   | Other Land & Buildings | Vehicles, Plant & Equipment | Infrastructure Assets | Community Assets | PP&E Under Construction | Total Council PPE |
|--|------------------------|-----------------------------|-----------------------|------------------|-------------------------|-------------------|
|  | £000s                  | £000s                       | £000s                 | £000s            | £000s                   | £000s             |
| <b>Cost or Valuation</b>   |                        |                             |                       |                  |                         |                   |
| At 1 April 2012  | 26,581                 | 10,713                      | 549                   | 724              | 135                     | <b>38,702</b>     |
| Additions  |                        | 290                         |                       | 38               | 38                      | <b>366</b>        |
| Donations  |                        |                             |                       |                  |                         | -                 |
| Revaluation Increases/(decreases) recognised in the Revaluation Reserve                      |                        |                             |                       |                  |                         | -                 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on provision of services |                        | (24)                        |                       |                  |                         | <b>(24)</b>       |
| Derecognition-Disposals  |                        |                             |                       |                  |                         | -                 |
| Derecognitions-Other   |                        |                             |                       |                  |                         | -                 |
| Reclassified to/from Held for Sale   | (451)                  |                             |                       |                  |                         | <b>(451)</b>      |
| Other Reclassifications  |                        |                             |                       | 3                | (3)                     | -                 |
| <b>At 31 March 2013</b>  | <b>26,130</b>          | <b>10,979</b>               | <b>549</b>            | <b>765</b>       | <b>170</b>              | <b>38,593</b>     |
| <b>Accumulated Depreciation and Impairment</b>   |                        |                             |                       |                  |                         |                   |
| At 1 April 2012  | (413)                  | (6,108)                     | (222)                 | -                | -                       | <b>(6,743)</b>    |
| Depreciation Charge  | (463)                  | (973)                       | (28)                  |                  |                         | <b>(1,464)</b>    |
| Depreciation written out to the Revaluation Reserve  |                        |                             |                       |                  |                         | -                 |
| Depreciation written out to the Surplus/Deficit on provision of services                     |                        | 24                          |                       |                  |                         | <b>24</b>         |
| Reclassifications  |                        |                             |                       |                  |                         | -                 |
| <b>At 31 March 2013</b>  | <b>(876)</b>           | <b>(7,057)</b>              | <b>(250)</b>          | <b>-</b>         | <b>-</b>                | <b>(8,183)</b>    |
| <b>Net Book Value</b>  |                        |                             |                       |                  |                         |                   |
| <b>At 31 March 2013</b>  | <b>25,254</b>          | <b>3,922</b>                | <b>299</b>            | <b>765</b>       | <b>170</b>              | <b>30,410</b>     |
| <b>At 1 April 2012</b>   | <b>26,168</b>          | <b>4,605</b>                | <b>327</b>            | <b>724</b>       | <b>135</b>              | <b>31,959</b>     |

| Total Council PPE | Group Asset  | Total Group PPE |
|-------------------|--------------|-----------------|
| £000s             | £000s        | £000s           |
| <b>38,702</b>     | 6,168        | <b>44,870</b>   |
| <b>366</b>        | -            | <b>366</b>      |
| -                 | -            | -               |
| -                 | <b>367</b>   | <b>367</b>      |
| <b>(24)</b>       | -            | <b>(24)</b>     |
| -                 | -            | -               |
| -                 | -            | -               |
| <b>(451)</b>      | -            | <b>(451)</b>    |
| -                 | -            | -               |
| <b>38,593</b>     | <b>6,535</b> | <b>45,128</b>   |
| <b>(6,743)</b>    | (203)        | <b>(6,946)</b>  |
| <b>(1,464)</b>    | (102)        | <b>(1,566)</b>  |
| -                 | <b>305</b>   | <b>305</b>      |
| <b>24</b>         | -            | <b>24</b>       |
| -                 | -            | -               |
| <b>(8,183)</b>    | -            | <b>(8,183)</b>  |
| <b>30,410</b>     | <b>6,535</b> | <b>36,945</b>   |
| <b>31,959</b>     | <b>5,965</b> | <b>37,924</b>   |

## Bromsgrove District Council - Statement of Accounts 2013/14

### Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Other Land and Buildings - 8-75 years, Land is not depreciated, building lives advised by valuers

Vehicles, Plant, & Equipment - 1-25 years

Infrastructure - 5-20 years

### Capital Commitments

At 31 March 2014, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2014/15 and future years budgeted to cost £3,891. Commitments reported at 31 March 2013 were £341k. Included in the future commitments is a project to move to the Council Offices from the current location to Parkside School, this is costing £3.2m and is a joint project with Worcestershire County Council

| <b>Scheme Name</b>                  | <b>Amount Committed</b> |
|-------------------------------------|-------------------------|
| Sports Facility/Play areas          | 414                     |
| Fleet replacement                   | 174                     |
| Depot - Various items of plant, etc | 17                      |
| New bins                            | 6                       |
| Park Side School                    | 3,280                   |
|                                     | <u><b>3,891</b></u>     |

### Valuation of Property, Plant and Equipment.

The basis for valuation of the individual classes of assets owned by the Council is explained in the Statement of Accounting Policies. The net book value as at 31 March represents the value of the assets belonging to the Council. The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by the Council's valuation provider, Worcestershire County Council Property Services. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.



## Bromsgrove District Council - Statement of Accounts 2013/14

|   | Operational Assets     |                             |                |                  |                | Total<br>£000s |
|---|------------------------|-----------------------------|----------------|------------------|----------------|----------------|
|   | Other Land & Buildings | Vehicles, Plant & Equipment | Infrastructure | Community Assets | Surplus Assets |                |
|   | £000s                  | £000s                       | £000s          | £000s            | £000s          |                |
| <b>Valued at Historical Cost</b>                                    | 401                    | 11,058                      | 549            | 832              | -              | 12,840         |
| <b>Valued at fair value as at:</b>                                  |                        |                             |                |                  |                |                |
| Current Year  | 4,550                  |                             |                |                  |                | 4,550          |
| 2012/2013   | -                      | -                           | -              | -                | -              | -              |
| 2011/2012   | 13,511                 | -                           | -              | -                | -              | 13,511         |
| 2010/2011   | 6,396                  | -                           | -              | -                | -              | 6,396          |
| 2009/2010   | 2,267                  | -                           | -              | -                | -              | 2,267          |
| 2008/2009   | -                      | -                           | -              | -                | -              | -              |
| 2007/2008   | -                      | -                           | -              | -                | -              | -              |
| <b>Total Gross carrying amount less impairment at 31 March 2014</b> | <b>27,125</b>          | <b>11,058</b>               | <b>549</b>     | <b>832</b>       | <b>-</b>       | <b>39,564</b>  |

### Fixed Assets (Land and Buildings) Held

The fixed assets (land and buildings) held by the Council include the following:

|   | 31 March<br>2014<br>No's | 31 March<br>2013<br>No's |
|---|--------------------------|--------------------------|
| Council Offices at Burcot Lane                      | 1                        | 1                        |
| Council Offices Parkside                            | 0                        | 0                        |
| Depot   | 1                        | 1                        |
| Sport Centre  | 1                        | 1                        |
| Customer Service Centre                             | 1                        | 1                        |
| Public Conveniences                                 | 3                        | 3                        |
| Car Parks   | 14                       | 14                       |
| Cemeteries  | 2                        | 2                        |
| Tourist Information Centre                          | 1                        | 1                        |
| Hostels   | 1                        | 1                        |
| Other Properties                                    | 6                        | 6                        |
| Allotments Sites                                    | 8                        | 8                        |
| Parks/Recreation Grounds/Open Spaces and Play areas | 63                       | 63                       |

In addition the Council holds 30% of **116** properties under the low cost scheme.

**Note 13: Non Current Assets - Investment Property**

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

|  | <b>2013/14</b> | 2012/13 |
|--|----------------|---------|
|  | <b>£000s</b>   | £000s   |
| Rental income from investment property                     | (19)           | (34)    |
| Direct operating expenses arising from investment property | 18             | 60      |
| Net (gain)/loss  | <b>(1)</b>     | 26      |

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal.

The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

|  | <b>31 March 2014</b> | 31 March 2013 |
|--|----------------------|---------------|
|  | <b>£000s</b>         | £000s         |
| Balance at the start of the year               | <b>316</b>           | 531           |
| Additions:                                     |                      |               |
| Purchases                                      | -                    | -             |
| Construction                                   | -                    | -             |
| Subsequent expenditure                         | -                    | -             |
| Disposals                                      | -                    | -             |
| Net gains/(losses) from fair value adjustments | 31                   | 25            |
| Transfers                                      |                      |               |
| To/from inventories                            | -                    | -             |
| To/from Property, Plant & Equipment            | -                    | -             |
| Other changes                                  | -                    | (240)         |
| Balance at the end of the year                 | <b>347</b>           | 316           |

Other changes - An investment property was transferred to Assets Held for Sale as part of the town centre disposal group.

**Note 14: Non Current Assets - Intangible Assets**

The Council's intangible assets comprise acquired software licences and own software developments. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are:

**Other Assets**

|   |         |
|---|---------|
| Software standard treatment                                   | 3 Years |
| Shared Software with Redditch BC                              | 5 Years |
| Large projects with longer term benefits i.e. Spatial Project | 7 Years |

The carrying amounts for the reporting periods under review can be analysed as follows:

|  | Total<br>2013/14<br>£000s | Total<br>2012/13<br>£000s |
|--|---------------------------|---------------------------|
| Balance at the start of the year:                                |                           |                           |
| Gross carrying amounts   | 3,214                     | 3,184                     |
| Accumulated amortisation   | (2,093)                   | (1,719)                   |
| Net carrying amount at start of year                             | 1,121                     | 1,465                     |
| Additions:   |                           |                           |
| Purchases  | 20                        | 55                        |
| Transfers from assets under construction                         | 34                        |                           |
| Other Disposals:   |                           |                           |
| Revaluation increases or decreases                               | -                         | -                         |
| Removal of fully amortised asset no longer in use - Gross        | -                         | (25)                      |
| Removal of fully amortised asset no longer in use - Amortisation | -                         | 25                        |
| Amortisation for the period                                      | (374)                     | (399)                     |
| Other changes  | -                         | -                         |
| <b>Net carrying amount at the end of the year</b>                | <b>801</b>                | <b>1,121</b>              |

**Comprising:**

|                          |            |              |
|--------------------------|------------|--------------|
| Gross carrying amounts   | 3,268      | 3,214        |
| Accumulated amortisation | (2,467)    | (2,093)      |
|                          | <b>801</b> | <b>1,121</b> |

All amortisation and impairment charges (or reversals, if any) are included within 'depreciation, amortisation and impairment of non-financial assets'. No intangible assets have been pledged as security for liabilities.

## Bromsgrove District Council - Statement of Accounts 2013/14

There is one item of capitalised software that is material to the financial statements.

|                 | Carrying Amount  |                  |
|-----------------|------------------|------------------|
|                 | 2013/14<br>£000s | 2012/13<br>£000s |
| Spatial Project | 688              | 1,032            |

This is held at historic cost, amortised over the life of the asset in line with our accounting policies. The asset has not been revalued as it is a bespoke system and therefore no market valuation is available. Remaining amortisation period is 2 years.

### Note 15: Non Current Assets - Assets Held for Sale

|   | 2013/14<br>£000s | 2012/13<br>£000s |
|---|------------------|------------------|
| Balance outstanding at start of year        | 941              | 250              |
| Assets newly classified as held for sale:   |                  |                  |
| Property, Plant and Equipment               | -                | -                |
| Intangible Assets                           | -                | -                |
| Other assets/liabilities in disposal groups | -                | 691              |
| Revaluation losses                          | (10)             | -                |
| Revaluation gains                           | 390              | -                |
| Impairment losses                           | -                | -                |
| Assets declassified as held for sale:       |                  |                  |
| Property, Plant and Equipment               | -                | -                |
| Intangible Assets                           | -                | -                |
| Other assets/liabilities in disposal groups | (451)            | -                |
| Assets sold                                 | -                | -                |
| Transfers from non-current to current       | -                | -                |
| Other movements                             | -                | -                |
| Balance outstanding at year-end             | <b>870</b>       | <b>941</b>       |

During the year ended 31 March 2010 the Council entered into negotiations to sell the Museum for £285,000 (carrying value £250,000 on classification as held for sale). At 31 March 2014 it was considered highly probable that the property would still be sold within 12 months. The asset has been revalued to £240,000 carrying value.

At the start of the 2012/13 financial year the Council marketed several sites and classified them as a disposal group, these were transferred to AHFS as completion was anticipated before 31 March 2014. The scheme has been subject to change and one of the assets initially transferred to the disposal group will now be retained. The residual disposal group assets have been valued and the resulting revaluation gain is shown above. Only gains that reverse previous revaluation losses charged to the Comprehensive Income & Expenditure Statement have been reflected in these financial statements.

## **Bromsgrove District Council - Statement of Accounts 2013/14**

The Council House is currently classed as an operational Asset in the accounts, however there is now approval from Members to sell this site at Market Value, it was decided that the Council House was not yet being actively marketed by the Council and still be used by staff it did not fullfil the definition of an 'Asset Held For Sale' during 2013/14

**Note 16: Capital Expenditure and Financing**

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue (as assets are used by the Authority), the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

|   | <b>31 March 2014</b> | 31 March 2013 |
|---|----------------------|---------------|
|   | <b>£000s</b>         | £000s         |
| <b>Opening Capital Financing Requirement</b>          | -                    | -             |
| <b>Capital investment</b>                             |                      |               |
| Property, Plant and Equipment                         | 1,739                | 390           |
| Intangible Assets                                     | 20                   | 56            |
| Revenue Expenditure Funded from Capital under Statute | 799                  | 821           |
| <b>Sources of Finance</b>                             |                      |               |
| Capital receipts                                      | (1,461)              | (343)         |
| Government grants and other contributions             | (1,020)              | (733)         |
| <i>Sums set aside from revenue:</i>                   |                      |               |
| Direct revenue contributions                          | (77)                 | (191)         |
| <b>Closing Capital Financing Requirement</b>          | <b>-</b>             | <b>-</b>      |

**Note 17: Group Accounts**

**A. Nature of the relationship between Bromsgrove District Council and Bromsgrove Arts Development Trust**

The Bromsgrove Arts Development Trust was established on 23 April 2003 by Trust Deed, the Trustees have been registered with the Official Custodian of Charities, these include Members of Bromsgrove District Council.

The Council appoints the majority of the Members to this Trust with a representation of 6 of the 8 Trustees. As such this gives them the ability to influence decisions made by this Board. The Council supplies no funding for this Trust which solely holds the building known as the Artrix, it is not responsible for service provision and any assets or liabilities arising there from. As such the figures used for consolidation are based on the property valuation which has been carried out by an independent valuation service, from Worcestershire County Council.

The Arts Development Trust asset shown in the Group Balance Sheet (PPE) is the Artrix. This is used in the provision of Arts and Culture for the Community and is not the property of Bromsgrove District Council. It should be noted that although consolidation is being undertaken for this asset, not only does the Council not own it, in the event of a possible sale the Council has no right to a share in the proceeds nor can the Council determine whether or not sale of this property should be undertaken.

The Trust is not required to produce accounts by the Charities Commission because it has no actual income or expenditure during the year. The only entry for the Trust would be the depreciation calculated for the building.

There is no goodwill as the group did not arise through a purchase.

**B. Property, Plant and Equipment**

|   | 31 March 2014 |               | 31 March 2013 |               |
|---|---------------|---------------|---------------|---------------|
|   | BDC<br>£000   | Trust<br>£000 | BDC<br>£000   | Trust<br>£000 |
| Property, Plant & Equipment<br>Net Book Value | 31,455        | 6,720         | 30,411        | 6,535         |

The Property, Plant and Equipment Asset being consolidated within the group accounts relates solely to the Artrix Building held by Bromsgrove Arts Development Trust.

**C. Reconciliation of Group Movement in Reserves Statement to the Group Balance Sheet**

|  | 31 March 2014<br>£'000 | 31 March 2013<br>£'000 |
|--|------------------------|------------------------|
| Total Reserves in the Group Movement in Reserves Statement | 18,620                 | 16,154                 |
| Minority interest's share of reserves in subsidiaries      | 1,680                  | 1,634                  |
| Total Reserves in the Group Balance Sheet                  | 20,300                 | 17,788                 |

**D. Usable Reserves**

There is no impact on the authority's usable reserves as a result of preparing Group Accounts.

**E. Unusable Reserves**

|                                    | <b>31 March 2014</b> | 31 March 2013  |
|------------------------------------|----------------------|----------------|
|                                    | <b>£'000</b>         | £'000          |
| Revaluation Reserve                | (4,818)              | (4,796)        |
| Capital Adjustment Account         | (28,657)             | (27,995)       |
| Pensions Reserve                   | 27,268               | 29,658         |
| Collection Fund Adjustment Account | 564                  | (106)          |
| Accumulated Adjustments Account    | 141                  | 144            |
| Group Revaluation Reserve          | (2,896)              | (2,720)        |
| Building Reserve                   | (2,144)              | (2,181)        |
| Minority Interest                  | (1,680)              | (1,634)        |
| <b>Balance as at 31st March</b>    | <b>(12,222)</b>      | <b>(9,630)</b> |

**F. Group Comprehensive Income & Expenditure Statement**

The group comprehensive income and expenditure mirrors the single entity accounts with the exception of the following items:-

- . additional depreciation charged in relation to the Artrix Building (£118k) within Cultural Services and the recognition of the minority interest in this charge (£30k)
- . the authority's share of the upward revaluation on the Artrix Land & Buildings recognised in Other Comprehensive Income & Expenditure (£227k)

**G. Group Cashflow statement**

The group cashflow statement mirrors the single entity accounts with the exception of the following items:-

- . additional depreciation charged in relation to the Artrix Building recognised in net (surplus) or deficit on the provision of services (£118k), matched by an adjustment to net surplus or deficit on the provision of services for non-cash movements.

The following amounts would be reflected in the Statement of Group Cash flows:

|   | <b>31 March 2014</b> | 31 March 2013  |
|---|----------------------|----------------|
|   | <b>£'000</b>         | £'000          |
| Net (surplus) or deficit on the provision of services   | <b>1,577</b>         | 1,699          |
| Adjustments to net surplus or deficit on the provision of services for non-cash movements   | - <b>2,946</b> -     | 4,245          |
| Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | <b>1,198</b>         | 723            |
| <b>Net cash outflow from operating activities</b>   | <b>(171)</b>         | <b>(1,823)</b> |



**Note 18: Inventories**

|   | <b>31 March 2014</b> | 31 March 2013 |
|---|----------------------|---------------|
|   | <b>£000s</b>         | £000s         |
| Balance at 1 April                        | 201                  | 232           |
| Purchases                                 | 556                  | 542           |
| Recognised as an expense in the year      | (615)                | (569)         |
| Written off                               | -                    | (4)           |
| Reversals of write offs in previous years | 3                    | -             |
| <b>Balance at 31 March</b>                | <b>145</b>           | <b>201</b>    |

**Note 19: Debtors**

|   | <b>31 March 2014</b> | 31 March 2013 |
|---|----------------------|---------------|
|   | <b>£000s</b>         | £000s         |
| Central Government Bodies                     | 1,464                | 666           |
| Other Local Authorities *                     | 1,457                | 1,380         |
| Other Entities and individuals *              | 1,363                | 894           |
| Other Entities and individuals - Pre-Payments | 662                  | 616           |
| Council Tax Payers                            | 156                  | 141           |
|   | <b>5,102</b>         | <b>3,697</b>  |

*Items marked with a \* are reflected as part of the financial instruments balances*

2,820

2,274

**Note 20: Cash and Cash Equivalents**

|  | <b>31 March 2014</b> | 31 March 2013 |
|--|----------------------|---------------|
|  | <b>£000s</b>         | £000s         |
| Cash in Hand (Petty Cash)                  | 1                    | 1             |
| Bank current accounts                      | (332)                | (242)         |
| <i>Current account(s) and cash in hand</i> | <b>(331)</b>         | <b>(241)</b>  |
| Bank call accounts                         |                      |               |
| HSBC Reward Account                        | 3,000                | 3,000         |
| Bank of Scotland                           | 3,000                | 3,000         |
| National Westminster Bank                  | 0                    | 2,300         |
| Santander                                  | 3,000                | 2,500         |
| <i>Call accounts</i>                       | <b>9,000</b>         | <b>10,800</b> |
| <b>Total cash and cash equivalents</b>     | <b>8,669</b>         | <b>10,559</b> |

Within the total cash and cash equivalents figure as at 31 March 2014 £0.667m (2012/13: £0.884m) is held on behalf of the Joint Committee (Worcestershire Regulatory Services)

## Note 21: Short Term Creditors

|  | 31 March 2014<br>£000s | 31 March 2013<br>£000s |
|--|------------------------|------------------------|
| Central Government Bodies                            | (688)                  | (303)                  |
| Other Local Authorities *                            | (2,128)                | (2,173)                |
| Other Local Authorities - receipts in advance        | (25)                   | (30)                   |
| Other Entities and individuals *                     | (1,757)                | (1,112)                |
| Other Entities and individuals - receipts in advance | (902)                  | (827)                  |
| Council Tax payers                                   | (204)                  | (122)                  |
| Council Tax Preceptors                               | (608)                  | (366)                  |
| <b>Totals</b>  | <b>(6,312)</b>         | <b>(4,933)</b>         |

*Items marked with a \* are reflected as part of the financial instruments balances*

|  |         |         |
|--|---------|---------|
|  | (3,885) | (3,285) |
|--|---------|---------|

## Note 22: Provisions

The Council maintains a number of provisions for bad and doubtful debts which reduce the value of the related debtor shown on the balance sheet (reflected in note 19 Debtors).

Additionally the Council established provisions relating to the potential clawback of claims paid by the Council's former insurer, business rates appeals and accumulated absences (employee benefits).

|                        | 31 March 2014<br>£000s | 31 March 2013<br>£000s |
|------------------------|------------------------|------------------------|
| Business Rates Appeals | (369)                  | 0                      |
| MMI clawback levy      | -                      | (40)                   |
| Employee benefits      | (141)                  | (144)                  |
|                        | <b>(510)</b>           | <b>(184)</b>           |

## Note 23: Other Long Term Liabilities

|                        | 31 March 2014<br>£000s | 31 March 2013<br>£000s |
|------------------------|------------------------|------------------------|
| Net Pensions liability | (27,268)               | (29,658)               |
|                        | <b>(27,268)</b>        | <b>(29,658)</b>        |

## Note 24: Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 7 and Note 8.

## Note 25: Unusable Reserves

|                                    | 31 March 2014<br>£000s | 31 March 2013<br>£000s |
|------------------------------------|------------------------|------------------------|
| Revaluation Reserve                | (4,818)                | (4,796)                |
| Capital Adjustment Account         | (28,657)               | (27,995)               |
| Pensions Reserve                   | 27,268                 | 29,658                 |
| Collection Fund Adjustment Account | 564                    | (106)                  |
| Accumulated Absences Account       | 141                    | 144                    |
|                                    | <b>(5,502)</b>         | <b>(3,095)</b>         |

### Note 25.1: Movement in Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

|   | 2013/14<br>£000s | 2012/13<br>£000s |
|---|------------------|------------------|
| <b>Balance at 1 April</b>   |                  | <b>(4,795)</b>   |
| Upward revaluation of assets  | -                | -                |
| Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services      | -                | -                |
|   | <hr/>            | <hr/>            |
| Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services |                  | <b>(257)</b>     |
| Difference between fair value depreciation and historical cost depreciation   | 230              | (165)            |
| Accumulated gains on assets sold or scrapped  | 4                | -                |
| Amount written off to the Capital Adjustment Account  | <hr/>            | <hr/>            |
|   |                  | <b>(165)</b>     |
| <b>Balance at 31 March</b>  | <b>(4,818)</b>   | <b>(4,795)</b>   |

## Note 25.2: Movement in Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

|  | 2013/14 |                 | 2012/13  |
|--|---------|-----------------|----------|
|  | £000s   | £000s           | £000s    |
| <b>Balance at 1 April</b>  |         | <b>(27,995)</b> | (29,570) |
| Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:                               |         |                 |          |
| · Charges for depreciation and impairment of non-current assets  | 1,571   |                 | 1,487    |
| · Revaluation (gains)/losses on Property, Plant and Equipment  | (324)   |                 | -        |
| · Amortisation of intangible assets  | 374     |                 | 399      |
| · Revenue expenditure funded from capital under statute  | 799     |                 | 372      |
| · Movement in Market Value of assets held for sale*  | (380)   |                 |          |
| · Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 120     |                 | -        |
|  |         | <b>2,160</b>    | 2,258    |
| Adjusting amounts written out of the Revaluation Reserve   | (234)   |                 | 165      |
| Net written out amount of the cost of non-current assets consumed in the year  |         | <b>1,926</b>    | 2,423    |
| Capital financing applied in the year:   |         |                 |          |
| · Use of the Capital Receipts Reserve to finance new capital expenditure   | (1,461) |                 | (337)    |
| · Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing              | (701)   |                 | (290)    |
| · Application of grants to capital financing from the Capital Grants Unapplied Account   | (4)     |                 |          |
| · Application of grants to capital financing from the Capital Grants Unapplied Account (REFCUS)  | (315)   |                 | -        |
| · Statutory provision for the financing of capital investment charged against the General Fund and HRA balances  | -       |                 | (5)      |
| · Capital expenditure charged against the General Fund in previous year  | (16)    |                 |          |
| · Capital expenditure charged against the General Fund   | (61)    |                 | (191)    |
|  |         | <b>(2,558)</b>  | (823)    |
| Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement                           |         | <b>(31)</b>     | (25)     |
| <b>Balance at 31 March</b>   |         | <b>(28,658)</b> | (27,995) |

\* Increases in market value of assets held for sale are only reflected to the extent that they reverse previous revaluation losses charged to the Comprehensive Income & Expenditure Statement

### Note 25.3: Movement in Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

|  | 2013/14<br>£000s | 2012/13<br>£000s |
|--|------------------|------------------|
| <b>Balance at 1 April</b>  | <b>29,659</b>    | 24,983           |
| Actuarial gains or losses on pensions assets and liabilities   | (3,529)          | 4,410            |
| Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | 2,971            | 1,857            |
| Employer's pensions contributions and direct payments to pensioners payable in the year  | (1,833)          | (1,592)          |
| <b>Balance at 31 March</b>   | <b>27,268</b>    | 29,659           |

### Note 25.4: Movement in Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

|  | 2013/14<br>£000s | 2012/13<br>£000s |
|--|------------------|------------------|
| <b>Balance at 1 April</b>  | <b>(106)</b>     | (141)            |
| Amount by which council tax income and non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income and non domestic rates income calculated for the year in accordance with statutory requirements | 670              | 35               |
| <b>Balance at 31 March</b>   | <b>564</b>       | (106)            |
| <b>Council Tax</b>   | <b>(169)</b>     | (106)            |
| <b>National Non Domestic Rates</b>   | <b>733</b>       | -                |
|  | <b>564</b>       | <b>(106)</b>     |

### Note 25.5: Movement in Accumulated Absences Adjustment Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

|   | 2013/14<br>£000s | 2012/13<br>£000s |
|---|------------------|------------------|
| <b>Balance at 1 April</b>   | <b>144</b>       | 135              |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | <b>(3)</b>       | 9                |
| <b>Balance at 31 March</b>  | <b>141</b>       | 144              |

### Note 26.: Movement in Capital Receipts unapplied

Capital Receipts Unapplied represents the income from the sale of fixed assets that can be used to fund capital expenditure

|  | 2013/14<br>£000s | 2012/13<br>£000s |
|--|------------------|------------------|
| <b>Balance at 1 April</b>              | <b>(3,036)</b>   | (3,358)          |
| Amounts Receivable                     | (171)            | (15)             |
| Applied to finance capital expenditure | <b>1,461</b>     | 337              |
| <b>Balance at 31 March</b>             | <b>(1,746)</b>   | (3,036)          |

## Note 27: Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

|                   | 2013/14<br>£000s | 2012/13<br>£000s |
|-------------------|------------------|------------------|
| Interest received | (79)             | (106)            |

## Note 28: Cash Flow Statement - Investing Activities

|  | 2013/14<br>£000s | 2012/13<br>£000s |
|--|------------------|------------------|
| Purchase of property, plant and equipment, investment property and intangible assets               | 1,759            | 419              |
| Purchase of short-term and long-term investments   | 1,000            | -                |
| Other payments for investing activities  | -                | -                |
| Proceeds from the sale of property, plant and equipment, investment property and intangible assets | (174)            | (16)             |
| Proceeds from short-term and long-term investments   | -                | (2,750)          |
| Other receipts from investing activities   | (512)            | (527)            |
| <b>Net cash flows from investing activities</b>  | <b>2,073</b>     | <b>(2,874)</b>   |

## Note 29: Cash Flow Statement - Financing Activities

|   | 2013/14<br>£000s | 2012/13<br>£000s |
|---|------------------|------------------|
| Other receipts from financing activities        | (2)              | (384)            |
| Repayments of short- and long-term borrowing    | (11)             | 14               |
| Other payments for financing activities         | -                | -                |
| <b>Net cash flows from financing activities</b> | <b>(13)</b>      | <b>(370)</b>     |

**Note 30: Amounts Reported for Resource Allocation Decisions**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

The income and expenditure of the Council's departments recorded in the budget reports for the year is as follows:

Support service recharges are disclosed net in the expenditure section of the note.

| Income and Expenditure 2013/14       | Finance & Resources/<br>Customer Access | Community Services | Environmental Services | Planning / Leisure /<br>Regulatory Client | Corporate / Legal /<br>Bus Trans | Total           |
|--------------------------------------|---|--------------------|------------------------|---|----------------------------------|-----------------|
|                                      | £000s                                   | £000s              | £000s                  | £000s                                     | £000s                            | £000s           |
| Fees, charges & other service income | (1,151)                                 | (638)              | (3,553)                | (1,973)                                   | (2,126)                          | (9,441)         |
| Government grants                    | (16,294)                                | (315)              | -                      | (1)                                       | (5)                              | (16,615)        |
| <b>Total Income</b>                  | <b>(17,445)</b>                         | <b>(953)</b>       | <b>(3,553)</b>         | <b>(1,974)</b>                            | <b>(2,131)</b>                   | <b>(26,056)</b> |
| Employee expenses                    | 809                                     | 380                | 3,386                  | 1,385                                     | 3,713                            | 9,673           |
| Other operating expenses             | 17,580                                  | 2,131              | 2,371                  | 3,120                                     | 2,261                            | 27,463          |
| Capital Charges                      | 12                                      | 182                | 637                    | 420                                       | 470                              | 1,721           |
| Support Service Recharges            | (252)                                   | 116                | 1,023                  | 654                                       | (1,546)                          | (5)             |
| <b>Total Expenditure</b>             | <b>18,149</b>                           | <b>2,809</b>       | <b>7,417</b>           | <b>5,579</b>                              | <b>4,898</b>                     | <b>38,852</b>   |
| <b>Net Expenditure</b>               | <b>704</b>                              | <b>1,856</b>       | <b>3,864</b>           | <b>3,605</b>                              | <b>2,767</b>                     | <b>12,796</b>   |

| Income and Expenditure 2012/13<br>Comparative Figures | Finance & Resources/<br>Customer Access | Community Services | Environmental Services | Planning / Leisure /<br>Regulatory Client | Corporate / Legal /<br>Bus Trans | Total           |
|---|---|--------------------|------------------------|---|----------------------------------|-----------------|
|   | £000s                                   | £000s              | £000s                  | £000s                                     | £000s                            | £000s           |
| Fees, charges & other service income                  | (1,139)                                 | (630)              | (3,140)                | (2,057)                                   | (2,105)                          | (9,071)         |
| Government grants                                     | (20,627)                                | (382)              | (83)                   | (114)                                     | -                                | (21,206)        |
| <b>Total Income</b>                                   | <b>(21,766)</b>                         | <b>(1,012)</b>     | <b>(3,223)</b>         | <b>(2,171)</b>                            | <b>(2,105)</b>                   | <b>(30,277)</b> |
| Employee expenses                                     | 1,002                                   | 351                | 3,260                  | 1,402                                     | 3,631                            | 9,646           |
| Other operating expenses                              | 22,072                                  | 2,899              | 2,145                  | 3,191                                     | 2,297                            | 32,604          |
| Capital Charges                                       | 12                                      | 182                | 708                    | 414                                       | 546                              | 1,862           |
| Support Service Recharges                             | (400)                                   | 162                | 1,077                  | 730                                       | (1,590)                          | (21)            |
| <b>Total Expenditure</b>                              | <b>22,686</b>                           | <b>3,594</b>       | <b>7,190</b>           | <b>5,737</b>                              | <b>4,884</b>                     | <b>44,091</b>   |
| <b>Net Expenditure</b>                                | <b>920</b>                              | <b>2,582</b>       | <b>3,967</b>           | <b>3,566</b>                              | <b>2,779</b>                     | <b>13,814</b>   |

**Reconciliation to Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement**

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

|   | 2013/14<br>£000s | 2012/13<br>£000s |
|---|------------------|------------------|
| Net expenditure in the Directorate Analysis                               | 12,796           | 13,814           |
| Add services not included in main analysis                                | 30               | 8                |
| Add amounts not reported to management                                    | (227)            | (1,241)          |
| <b>Cost of Services in Comprehensive Income and Expenditure Statement</b> | <b>12,599</b>    | <b>12,581</b>    |



## Note 30.1: Amounts Reported for Resource Allocation Decisions

## Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement. Support service recharges are disclosed net in the expenditure section of the note.

| 2013/14  | Directorate Analysis | Not reported to Management | Services not in Analysis | Allocation of recharges | Net Cost of Services | Corporate Amounts | Total           |
|--|----------------------|----------------------------|--------------------------|-------------------------|----------------------|-------------------|-----------------|
|  | £000s                | £000s                      | £000s                    | £000s                   | £000s                | £000s             | £000s           |
| Fees, charges & other service income                   | (9,441)              | -                          | 115                      | 25                      | (9,301)              | -                 | (9,301)         |
| Interest and investment income                         | -                    | -                          | -                        | -                       | -                    | (79)              | (79)            |
| Trading Services/Investment Properties                 | -                    | -                          | -                        | -                       | -                    | (116)             | (116)           |
| Other Income   | -                    | -                          | -                        | -                       | -                    | -                 | -               |
| Income from council tax                                | -                    | -                          | -                        | -                       | -                    | (7,430)           | (7,430)         |
| Government grants and contributions                    | (16,615)             | -                          | 1                        | -                       | (16,614)             | (5,101)           | (21,715)        |
| <b>Total Income</b>                                    | <b>(26,056)</b>      | <b>-</b>                   | <b>116</b>               | <b>25</b>               | <b>(25,915)</b>      | <b>(12,726)</b>   | <b>(38,641)</b> |
| Employee expenses                                      | 9,673                | (99)                       | (3)                      | 454                     | 10,025               | -                 | 10,025          |
| Other service expenses                                 | 27,463               | -                          | (91)                     | (479)                   | 26,893               | -                 | 26,893          |
| Support Service recharges                              | (5)                  | -                          | (22)                     | -                       | (27)                 | -                 | (27)            |
| Depreciation, amortisation and impairment              | 1,721                | (128)                      | 31                       | -                       | 1,624                | -                 | 1,624           |
| Trading Services/Investment Properties                 | -                    | -                          | -                        | -                       | -                    | 86                | 86              |
| Precepts & Levies                                      | -                    | -                          | -                        | -                       | -                    | 700               | 700             |
| Pensions net interest cost plus admin expenses         | -                    | -                          | -                        | -                       | -                    | 1,233             | 1,233           |
| Gain or Loss on Disposal of Fixed Assets               | -                    | -                          | -                        | -                       | -                    | (434)             | (434)           |
| <b>Total Expenditure</b>                               | <b>38,852</b>        | <b>(227)</b>               | <b>(85)</b>              | <b>(25)</b>             | <b>38,515</b>        | <b>1,585</b>      | <b>40,100</b>   |
| <b>Surplus or deficit on the provision of services</b> | <b>12,796</b>        | <b>(227)</b>               | <b>31</b>                | <b>-</b>                | <b>12,600</b>        | <b>(11,141)</b>   | <b>1,459</b>    |

| 2012/13 Comparative Figures                            | Directorate Analysis | Not reported to Management | Services not in Analysis | Allocation of recharges | Net Cost of Services | Corporate Amounts | Total           |
|--|----------------------|----------------------------|--------------------------|-------------------------|----------------------|-------------------|-----------------|
|  | £000s                | £000s                      | £000s                    | £000s                   | £000s                | £000s             | £000s           |
| Fees, charges & other service income                   | (9,071)              | -                          | 142                      | -                       | (8,929)              | -                 | (8,929)         |
| Interest and investment income                         | -                    | -                          | -                        | -                       | -                    | (106)             | (106)           |
| Trading Services/Investment Properties                 | -                    | -                          | -                        | -                       | -                    | (142)             | (142)           |
| Other Income   | -                    | -                          | -                        | -                       | -                    | -                 | -               |
| Income from council tax                                | -                    | -                          | -                        | -                       | -                    | (7,809)           | (7,809)         |
| Government grants and contributions                    | (21,206)             | -                          | -                        | -                       | (21,206)             | (4,396)           | (25,602)        |
| <b>Total Income</b>                                    | <b>(30,277)</b>      | <b>-</b>                   | <b>142</b>               | <b>-</b>                | <b>(30,135)</b>      | <b>(12,453)</b>   | <b>(42,588)</b> |
| Employee expenses                                      | 9,646                | (404)                      | (2)                      | 423                     | 9,663                | -                 | 9,663           |
| Other service expenses                                 | 32,604               | (837)                      | (134)                    | (423)                   | 31,210               | -                 | 31,210          |
| Support Service recharges                              | (21)                 | -                          | (23)                     | -                       | (44)                 | -                 | (44)            |
| Depreciation, amortisation and impairment              | 1,862                | -                          | 25                       | -                       | 1,887                | -                 | 1,887           |
| Trading Services/Investment Properties                 | -                    | -                          | -                        | -                       | -                    | 135               | 135             |
| Precepts & Levies                                      | -                    | -                          | -                        | -                       | -                    | 670               | 670             |
| Pensions net interest cost plus admin expenses         | -                    | -                          | -                        | -                       | -                    | 1,202             | 1,202           |
| Gain or Loss on Disposal of Fixed Assets               | -                    | -                          | -                        | -                       | -                    | (16)              | (16)            |
| <b>Total Expenditure</b>                               | <b>44,091</b>        | <b>(1,241)</b>             | <b>(134)</b>             | <b>-</b>                | <b>42,716</b>        | <b>1,991</b>      | <b>44,707</b>   |
| <b>Surplus or deficit on the provision of services</b> | <b>13,814</b>        | <b>(1,241)</b>             | <b>8</b>                 | <b>-</b>                | <b>12,581</b>        | <b>(10,462)</b>   | <b>2,119</b>    |

### Note 31: Trading Operations

These are activities of a commercial nature, which are financed substantially by charges made to the recipient of the services

|                                  | 2013/14<br>£000s | 2012/13<br>£000s |
|----------------------------------|------------------|------------------|
| <b>External Trading Services</b> |                  |                  |
| <b><u>Market Services</u></b>    |                  |                  |
| Turnover                         | (97)             | (108)            |
| Expenditure                      | 100              | 100              |
| <b>Profit (-) / Loss Total</b>   | <b>3</b>         | <b>(8)</b>       |

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement and are charged as Financing and Investment Income and Expenditure

### Note 32: Publicity

Set out below, under the requirements of Section 5 (1) of the Local Government Act 1986, is the Council's spending on publicity:

|                                    | 2013/14<br>£000s | 2012/13<br>£000s |
|------------------------------------|------------------|------------------|
| General Advertising                | 24               | 18               |
| Recruitment Advertising            | 3                | 6                |
| Marketing, Promotion and Publicity | 42               | 35               |
| <b>Total</b>                       | <b>69</b>        | <b>59</b>        |

### Note 33: Non Distributed Costs

In compliance with the Best Value Accounting Code of Practice specific pension related costs are not recharged to individual services:

|                                     | 2013/14<br>£000s | 2012/13<br>£000s |
|-------------------------------------|------------------|------------------|
| Pensions Past Service Costs         | 67               | 91               |
| Pensions Curtailment Costs          | 203              | 0                |
| Other items not charged to services | 5                | 13               |
| <b>Total Non Distributed Costs</b>  | <b>275</b>       | <b>104</b>       |

### Note 34: Members' Allowances

In accordance with Regulation the council publishes each year details of the total amount of basic and special responsibility allowances paid to members of Bromsgrove District Council

|                                   | 2013/14<br>£000s | 2012/13<br>£000s |
|-----------------------------------|------------------|------------------|
| Basic Allowance                   | 173              | 166              |
| Special Allowance                 | 72               | 74               |
| Expenses including car allowances | 14               | 16               |
| <b>Total</b>                      | <b>259</b>       | <b>256</b>       |

Members' Allowances are reviewed by an Independent Remuneration Panel. Allowances received for 2013/14 include the basic allowance at £4,326 p.a., plus reimbursement for travel, subsistence and other expenses. Special responsibility allowances are paid to members undertaking specific duties and responsibilities for nominated roles of office (e.g. Council Leader, Deputy Leader and Scrutiny Chairs).

**Note 35: Employee remuneration****Senior Officer Remuneration**

Since 2010/11 the management team has been shared between Bromsgrove District Council and Redditch Borough Council, with each Council charged 50% of the cost of each post.

The remuneration paid to the authority's senior employees is as follows:

This table shows those employed by Bromsgrove District Council. Redditch Borough Council are recharged 50% of their salary and other remuneration.

| Post holder title 2013/14                            | Salary ( fees & allowances) | Expenses Allowance | Total remuneration excl pension contributions | Pension Contributions | 2013/14 Total remuneration |
|--|-----------------------------|--------------------|---|-----------------------|----------------------------|
| <u>Bromsgrove District Council</u>                   | £                           | £                  | £   | £                     | £                          |
| <b>Chief Executive</b>                               | 127,500                     | 39                 | 127,539                                       | 13,388                | 140,927                    |
| <b>Executive Director of Finance &amp; Resources</b> | 92,500                      | 0                  | 92,500  | 9,712                 | 102,212                    |
| <b>Head of Legal &amp; Democratic Services</b>       | 76,500                      | 0                  | 76,500  | 8,033                 | 84,533                     |
| <b>Total</b>   | <b>296,500</b>              | <b>39</b>          | <b>296,539</b>                                | <b>31,133</b>         | <b>327,672</b>             |
| Share to Redditch - 50%                              | (148,250)                   | (20)               | (148,270)                                     | (15,566)              | (163,836)                  |
| <b>Revised Total</b>                                 | <b>148,250</b>              | <b>20</b>          | <b>148,270</b>                                | <b>15,566</b>         | <b>163,836</b>             |

| Post holder title 2012/13                            | Salary ( fees & allowances) | Expenses Allowance | Total remuneration excl pension contributions | Pension Contributions | 2012/13 Total remuneration |
|--|-----------------------------|--------------------|---|-----------------------|----------------------------|
| <u>Bromsgrove District Council</u>                   | £                           | £                  | £   | £                     | £                          |
| <b>Chief Executive</b>                               | 127,500                     | 19                 | 127,519                                       | 13,388                | 140,907                    |
| <b>Executive Director of Finance &amp; Resources</b> | 92,500                      | -                  | 92,500  | 9,712                 | 102,212                    |
| <b>Head of Legal &amp; Democratic Services</b>       | 76,500                      | 1,269              | 77,769  | 8,033                 | 85,801                     |
| <b>Total</b>   | <b>296,500</b>              | <b>1,288</b>       | <b>297,788</b>                                | <b>31,133</b>         | <b>328,921</b>             |
| Share to Redditch - 50%                              | (148,250)                   | (644)              | (148,894)                                     | (15,566)              | (164,460)                  |
| <b>Revised Total</b>                                 | <b>148,250</b>              | <b>644</b>         | <b>148,894</b>                                | <b>15,566</b>         | <b>164,460</b>             |

This table shows those employed by Redditch Borough Council. Bromsgrove District Council are recharged 50% of their salary and other remuneration.

| Post holder title 2013/14  | Salary ( fees & allowances) | Expenses Allowance | Total remuneration excl pension contributions | Pension Contributions | 2013/14 Total remuneration |
|--|-----------------------------|--------------------|---|-----------------------|----------------------------|
| <u>Redditch Borough Council</u>  | £                           | £                  | £   | £                     | £                          |
| <b>Executive Director of Planning &amp; Regeneration, Regulatory &amp; Housing</b> | 70,618                      | -                  | 70,618  | 7,980                 | 78,598                     |
| <b>Executive Director of Leisure, Environmental &amp; Community</b>                | 102,000                     | -                  | 102,000                                       | 11,526                | 113,526                    |
| <b>Total</b>   | <b>172,618</b>              | <b>0</b>           | <b>172,618</b>                                | <b>19,506</b>         | <b>192,124</b>             |
| Share to Bromsgrove - 50%  | (86,309)                    | -                  | (86,309)                                      | (9,753)               | (96,062)                   |
| <b>Revised Total</b>   | <b>86,309</b>               | <b>0</b>           | <b>86,309</b>                                 | <b>9,753</b>          | <b>96,062</b>              |

| Post holder title 2012/13  | Salary ( fees & allowances) | Expenses Allowance | Total remuneration excl pension contributions | Pension Contributions | 2012/13 Total remuneration |
|--|-----------------------------|--------------------|---|-----------------------|----------------------------|
|  | £                           | £                  | £   | £                     | £                          |
| Redditch Borough Council<br><b>Executive Director of Planning &amp; Regeneration, Regulatory &amp; Housing</b> | 92,500                      | -                  | 92,500  | 10,452                | 102,952                    |
| <b>Executive Director of Leisure, Environmental &amp; Community</b>  | 102,000                     | 7                  | 102,007                                       | 11,526                | 113,533                    |
| <b>Total</b>   | <b>194,500</b>              | <b>7</b>           | <b>194,507</b>                                | <b>21,978</b>         | <b>216,485</b>             |
| Share to Bromsgrove - 50%  | (97,250)                    | (4)                | (97,254)                                      | (10,989)              | (108,243)                  |
| <b>Revised Total</b>   | <b>97,250</b>               | <b>4</b>           | <b>97,254</b>                                 | <b>10,989</b>         | <b>108,243</b>             |

**Note 35.1: Employee remuneration**

**Remuneration Bands**

The number of employees whose taxable remuneration, including benefits, redundancy and other severance payments(excluding pension contributions), exceeded £50,000 is shown below, in bands of £5,000 :

| <b>Bromsgrove District Council</b><br><b>Remuneration Summary</b><br><b>Salary Range</b> | <b>Number of Employees</b> |                |
|--|----------------------------|----------------|
|  | <b>2013/14</b>             | <b>2012/13</b> |
|  | <b>Council</b>             | <b>Council</b> |
| Over £50,000 and up to £54,999   | 10                         | 7              |
| Over £55,000 and up to £59,999   | 1                          | 2              |
| Over £60,000 and up to £64,999   | 1                          | 1              |
| Over £65,000 and up to £69,999   | 1                          | 0              |
| Over £70,000 and up to £74,999   | 0                          | 1              |
| Over £75,000 and up to £79,999   | 1                          | 2              |
| Over £80,000 and up to £84,999   | 0                          | 0              |
| Over £85,000 and up to £89,999   | 1                          | 1              |
| Over £90,000 and up to £94,444   | 0                          | 0              |
| Over £95,000 and up to £99,999   | 0                          | 0              |
| Over £100,000 and up to £104,999   | 0                          | 0              |
| Over £105,000 and up to £109,999   | 0                          | 0              |
| Over £110,000 and up to £114,999   | 0                          | 0              |
| Over £115,000 and up to £119,999   | 0                          | 0              |
| Over £120,999 and up to £124,999   | 0                          | 0              |
| <b>Total</b>   | <b>15</b>                  | <b>14</b>      |

The table above shows those employed by Bromsgrove District Council. Redditch Borough Council is recharged 50% of their remuneration costs.

Three of the employees reflected in the above table for 2012/13 & 2011/12 form part of the Worcestershire Enhanced Two Tier shared services and costs are shared by all parties to the joint committee.

| <b>Redditch Borough Council</b><br><b>Remuneration Summary</b><br><b>Salary Range</b> | <b>Number of Employees</b> |                |
|---|----------------------------|----------------|
|   | <b>2013/14</b>             | <b>2012/13</b> |
|   | <b>Council</b>             | <b>Council</b> |
| Over £50,000 and up to £54,999  | 3                          | 1              |
| Over £55,000 and up to £59,999  | 1                          | 1              |
| Over £60,000 and up to £64,999  | 2                          | 2              |
| Over £65,000 and up to £69,999  | 0                          | 1              |
| Over £70,000 and up to £74,999  | 0                          | 1              |
| Over £75,000 and up to £79,999  | 3                          | 3              |
| Over £80,000 and up to £84,999  | 1                          | 0              |
| Over £85,000 and up to £89,999  | 0                          | 0              |
| Over £90,000 and up to £94,999  | 0                          | 1              |
| Over £95,000 and up to £99,999  | 0                          | 0              |
| Over £100,000 and up to £104,999  | 0                          | 1              |
| Over £105,000 and up to £109,999  | 0                          | 0              |
| Over £110,000 and up to £114,999  | 0                          | 0              |
| Over £115,000 and up to £119,999  | 0                          | 0              |
| Over £120,999 and up to £124,999  | 0                          | 0              |
| <b>Total</b>  | <b>10</b>                  | <b>11</b>      |

The table above shows those employed by Redditch Borough Council. Bromsgrove District Council is recharged 50% of their remuneration costs, with the exception of the Head of Housing Services post which is charged 100% to Redditch Borough Council.

**Note 35.2: Employee remuneration**

**Termination Benefits/Exit Packages**

The authority terminated the contracts of a number of employees in 2013/14. The total number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

2013/14

| <b>Bromsgrove District Council</b>                         | <b>Number of Compulsory redundancies</b> | <b>Number of other departures agreed</b> | <b>Total number of exit packages by cost band</b> | <b>Total cost of exit packages in each band</b> |                                   |
|--|--|--|---|---|-----------------------------------|
|  | <b>2013/14</b>                           | <b>2013/14</b>                           | <b>2013/14</b>                                    | <b>2013/14</b>                                  |                                   |
| <b>Exit package cost band (including special payments)</b> |  |  |   | <b>Payments to Officers</b>                     | <b>Other costs to the council</b> |
| £0 - £20,000   | 1  | 9  | 10  | 77,364  | 13,789                            |
| £20,001 - £40,000  | 0  | 2  | 2   | 26,044  | 41,044                            |
| £40,001 - £60,000  | 0  | 1  | 1   | 0   | 43,776                            |
| £60,001 - £80,000  | 0  | 0  | 0   | 0   | 0                                 |
| £80,001 - £100,000   | 0  | 1  | 1   | 23,596  | 66,793                            |
| £100,001 - £150,000  | 0  | 0  | 0   | 0   | 0                                 |
| <b>Total</b>   | <b>1</b>                                 | <b>13</b>                                | <b>14</b>   | <b>127,004</b>                                  | <b>165,402</b>                    |

Of the figures above £40,766 has been charged to Redditch Borough Council where officers were made redundant as part of the Authority's Shared Service Agenda. £169,319 relates to officers employed as part of Worcestershire Regulatory Services; Bromsgrove District Council's share amounts to £18,709  
The Net therefore charged to Bromsgrove District Council is £82,321

A further £10,549 other costs has been charged to the I&E in 2013/14 relating to the £20,001 to £40,000 band reported in 2012/13. 50% of this additional cost has been charged to Redditch Borough Council.

| <b>Redditch Borough Council</b>                            | <b>Number of Compulsory redundancies</b> | <b>Number of other departures agreed</b> | <b>Total number of exit packages by cost band</b> | <b>Total cost of exit packages in each band</b> |                                   |
|--|--|--|---|---|-----------------------------------|
|  | <b>2013/14</b>                           | <b>2013/14</b>                           | <b>2013/14</b>                                    | <b>2013/14</b>                                  |                                   |
| <b>Exit package cost band (including special payments)</b> |  |  |   | <b>Payments to Officers</b>                     | <b>Other costs to the council</b> |
| £0 - £20,000   | 3  | 8  | 11  | 37,704  | 24,576                            |
| £20,001 - £40,000  | 1  | 2  | 3   | 70,195  | 13,213                            |
| £40,001 - £60,000  | 0  | 1  | 1   | 16,192  | 36,183                            |
| £60,001 - £80,000  | 0  | 0  | 0   | 0   | 0                                 |
| £80,001 - £100,000   | 0  | 0  | 0   | 0   | 0                                 |
| £100,001 - £150,000  | 0  | 0  | 0   | 0   | 0                                 |
| £150,001 - £200,00   | 1  | 0  | 1   | 39,612  | 149,895                           |
| <b>Total</b>   | <b>5</b>                                 | <b>11</b>                                | <b>16</b>   | <b>163,703</b>                                  | <b>223,867</b>                    |

Of the figure above £164,694 has been charged to Bromsgrove District Council where officers were made redundant as part of the Authority's Shared Service Agenda

Bromsgrove District Council - Statement of Accounts 2013/14

2012/13

| <u>Bromsgrove District Council</u> | Number of Compulsory redundancies                   | Number of other departures agreed | Total number of exit packages by cost band | Total cost of exit packages in each band |                                   |
|------------------------------------|---|-----------------------------------|--|--|-----------------------------------|
|                                    | 2012/13   | 2012/13                           | 2012/13                                    | 2012/13                                  |                                   |
|                                    | Exit package cost band (including special payments) |                                   |  | Payments to Officers                     | <i>Other costs to the council</i> |
| £0 - £20,000                       | 0   | 6                                 | 6  | 50,587                                   | 13,549                            |
| £20,001 - £40,000                  | 0   | 2                                 | 2  | 27,449                                   | 22,155                            |
| £40,001 - £60,000                  | 0   | 1                                 | 1  | 16,167                                   | 27,023                            |
| £60,001 - £80,000                  | 0   | 0                                 | 0  | 0  | 0                                 |
| £80,001 - £100,000                 | 0   | 0                                 | 0  | 0  | 0                                 |
| £100,001 - £150,000                | 0   | 0                                 | 0  | 0  | 0                                 |
| <b>Total</b>                       | <b>0</b>  | <b>9</b>                          | <b>9</b>                                   | <b>94,203</b>                            | <b>62,727</b>                     |

Of the figure above 50% has been charged to Redditch Borough Council as officers were made redundant as part of the Authority's Shared Service Agenda

| <u>Redditch Borough Council</u> | Number of Compulsory redundancies                   | Number of other departures agreed | Total number of exit packages by cost band | Total cost of exit packages in each band |                                   |
|---------------------------------|---|-----------------------------------|--|--|-----------------------------------|
|                                 | 2012/13   | 2012/13                           | 2012/13                                    | 2012/13                                  |                                   |
|                                 | Exit package cost band (including special payments) |                                   |  | Payments to Officers                     | <i>Other costs to the council</i> |
| £0 - £20,000                    | 0   | 16                                | 16   | 84,158                                   | 23,508                            |
| £20,001 - £40,000               | 0   | 3                                 | 3  | 33,768                                   | 34,053                            |
| £40,001 - £60,000               | 0   | 1                                 | 1  | 0  | 42,601                            |
| £60,001 - £80,000               | 0   | 1                                 | 1  | 14,828                                   | 52,395                            |
| £80,001 - £100,000              | 0   | 0                                 | 0  | 0  | 0                                 |
| £100,001 - £150,000             | 0   | 0                                 | 0  | 0  | 0                                 |
| <b>Total</b>                    | <b>0</b>  | <b>21</b>                         | <b>21</b>                                  | <b>132,754</b>                           | <b>152,557</b>                    |

Of the figure above 50% has been charged to Bromsgrove District Council as officers were made redundant as part of the Authority's Shared Service Agenda

**Note 36: External Audit Costs**

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

| Description  | 2013/14<br>£000s | 2012/13<br>£000s |
|--|------------------|------------------|
| Refund from Audit Commission with regard to external audit services                | (14)             | 0                |
| Fees payable to the Audit Commission for the certification of grant claims and NFI | 0                | 10               |
| Fees payable to Grant Thornton with regard to external audit services              | 64               | 64               |
| Fees payable to Grant Thornton for the certification of grant claims               | 13               | 1                |
|  | 63               | 75               |

**Note 37: Grant Income**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

**Capital Grants Receipts in Advance**

Capital grants and contributions received where conditions remain outstanding are recognised as Capital Grants Receipts in Advance on the balance sheet. The grants with conditions outstanding at the year end were as follows:

|                        | 2013/14<br>£000s | 2012/13<br>£000s |
|------------------------|------------------|------------------|
| Other Contributions    | 0                | 21               |
| Liveability Grant      | 0                | 153              |
| Energy Efficiency      | 17               | 7                |
| Section 106 Agreements | 622              | 968              |
| <b>Total</b>           | <b>639</b>       | <b>1,149</b>     |

**Note 37: Grant Income**

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

|   | 2013/14<br>£000s | 2012/13<br>£000s |
|---|------------------|------------------|
| <b>Credited to Taxation and Non Specific Grant Income</b> |                  |                  |
| Business Rates Income & Expenditure                       | 1,045            | 0                |
| DCLG Revenue Support Grant/NNDR/other non ringfenced      | 3,395            | 4,106            |
| Football Foundation                                       | 83               | 0                |
| Developers S106 Contributions                             | 424              | 215              |
| DCLG System Updates                                       | 0                | 11               |
| Liveability Grant   | 153              | (18)             |
| WCC - Energy Efficiency                                   | 0                | 33               |
| WCC - Short Breaks  | 0                | 20               |
| RIEP  | 0                | 9                |
| Other Capital Contributions                               | 41               | 20               |
| <b>Total</b>  | <b>5,141</b>     | <b>4,396</b>     |



**Bromsgrove District Council - Statement of Accounts 2013/14**

**Credited to Services**

|   |               |               |
|---|---------------|---------------|
| DWP Housing Benefit Subsidy                           | 15,616        | 19,913        |
| DWP Housing Benefit Admin                             | 388           | 417           |
| DWP Housing Benefit Reform                            | 21            | 0             |
| DWP Homeworking/Document Imaging                      | 0             | 21            |
| DWP Welfare Reform                                    | 0             | 11            |
| DWP SHBE  | 0             | 13            |
| DWP Local Authority Data Sharing                      | 17            | 0             |
| DWP Discretionary Housing                             | 69            | 27            |
| DCLG New Burdens                                      | 42            | 9             |
| DCLG Business Rates Deferral Scheme                   | 0             | 3             |
| DCLG NNDR Cost of Collection                          | 125           | 124           |
| DFG (Refcus)  | 315           | 382           |
| Town Centre (Refcus)                                  | 0             | 62            |
| Localised Council Tax                                 | 0             | 84            |
| PCT Health & Well Being                               | 0             | 0             |
| Heritage Lottery Funding                              | 73            | 35            |
| Hereford & Worcester Sports Partnership               | 2             | 0             |
| Worcestershire County Council - Sports Partnership    | 1             | 0             |
| Worcestershire County Council - Essential Living Fund | 94            | 0             |
| Worcestershire County Council - Recycling/Incentive   | 79            | 83            |
| DEFRA Air Pollution                                   | 0             | 16            |
| Community Right to Challenge                          | 9             | 0             |
| Assets Community Value                                | 8             | 5             |
| Other   | 4             | 0             |
| <b>Total</b>  | <b>16,863</b> | <b>21,205</b> |

## Bromsgrove District Council - Statement of Accounts 2013/14

### Note 38: Related Parties

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.

#### 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 (eg Council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 11 and in detail in Note 37.

#### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2013/14 is shown in Note 34. The Council maintains a register of Councillors interests that is regularly updated and available for public inspection.

During 2013/14, many Bromsgrove District Councillors were also County Councillors and/or elected members of town and parish councils. The Council also has member representatives on various outside bodies, including Bromsgrove Arts Centre Trust and Bromsgrove District Housing Trust. Members also represent the Council on the Worcestershire Regulatory Shared Service Joint Committee.

The Council has paid a grant to Bromsgrove Arts Centre Trust of £120k. The council has entered into a contract with Bromsgrove District Housing Association for the provision of homelessness services and is also part of the Worcestershire wide choice based lettings housing allocations service.

#### Officers

All Senior Officers have been requested to confirm if they or their direct family have any related parties, all have confirmed that this is not the case. However, Bromsgrove District Council and Redditch Borough Council do operate a shared senior management structure where Officers work at both Councils, payments to Officers are detailed at Note 35.

#### Entities Controlled or Significantly Influenced by the Council

The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee, this partnership is a jointly controlled operation. The Council is also party to the Internal Audit Shared Service provided under an SLA arrangement by Worcester City Council, shared services with Wyre Forest District Council for Markets, Economic Development and Building Control and Wychavon for the operation of car park services. The Council also has various shared services with Redditch Borough Council.

As host of the Worcester Regulatory Shared Service the council received £609k from Malvern Hills District Council, £543k from Wyre Forest District Council, £846k from Wychavon District Council, £605k Worcester City Council, £1,551k Worcester County Council, £606k from Redditch Borough Council. At 31 March 2014 the following amounts were owed to partners of the shared service:

|                                |      |
|--------------------------------|------|
|                                | £000 |
| Worcester City Council         | 112  |
| Redditch Borough Council       | 42   |
| Wychavon District council      | 38   |
| Wyre Forest District Council   | 38   |
| Malvern Hills District Council | 31   |
| Worcester County Council       | 227  |

## Bromsgrove District Council - Statement of Accounts 2013/14

The following amounts were owed to Bromsgrove for hosting the shared service:

|                                | £000 |
|--------------------------------|------|
| Worcester City Council         | 45   |
| Redditch Borough Council       | 33   |
| Wychavon District council      | 53   |
| Wyre Forest District Council   | 32   |
| Malvern Hills District Council | 32   |
| Worcester County Council       | 96   |

As part of shared services with Redditch Borough Council, Bromsgrove District Council has paid £2,889k for services hosted by Redditch and received £2,691k for services hosted by Bromsgrove District Council. As at 31 March 2014 £680k was owed to Redditch for services provided by them and £759k owed by them for services provided by Bromsgrove District Council.

A shared service arrangement has also been setup between the council, Redditch Borough Council and Wyre Forest for the provision of Building Control, the receipts from Wyre Forest for this service is £161k.

The Council has also been involved in shared service arrangements for Markets, Economic Development and Land Drainage with Wyre Forest District Council as the host, the Council has paid £205k to Wyre Forest for services hosted by them.

For the provision of Car Park Services the Council paid £205k to Wychavon District Council.

Under the Internal Audit Shared Service the Council paid £62k to Worcester City Council.

**Note 39: Leases**

**Operating leases**

**Council as lessee**

Operating leases are used as a means of replacing vehicles and equipment that are relatively low cost and are not considered to be finance leases. The Council has acquired a variety of assets such as vehicles, office equipment and land and buildings by way of operating lease agreements. One of these is the lease of Wyatt House for use by Worcestershire Regulatory services. The rentals on these leases have been charged to the I&E Account when payable. The amount paid under the arrangements in 2013/14 was £77k (2012/13 £77k). Future commitments under these existing leases are:

| <b>Future minimum lease payments due</b>        | <b>2013/14</b> | <b>2012/13</b> |
|---|----------------|----------------|
|   | <b>£000s</b>   | <b>£000s</b>   |
| Not later than one year                         | 13             | 14             |
| Later than one year & not later than five years | 36             | 50             |
| Later than five years                           | 15             | 23             |
|   | <b>64</b>      | <b>87</b>      |

**Council as lessor**

The Council leases out Land and Buildings on operating leases these include industrial properties, Sanders Park Café and The Victoria Ground. The income for these have been credited to the I&E. The amounts received in 2012/2013 were £42k.

| <b>Future minimum lease payments receivable</b> | <b>2013/14</b> | <b>2012/13</b> |
|---|----------------|----------------|
|   | <b>£000s</b>   | <b>£000s</b>   |
| Not later than one year                         | 42             | 38             |
| Later than one year & not later than five years | 103            | 115            |
| Later than five years                           | 268            | 294            |
|   | <b>413</b>     | <b>447</b>     |

The councils operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding further leasing or additional debt.

## Financial Instruments Notes

The definition of a financial instrument is “Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity”. Further details regarding the classification of financial instruments may be found in the section on accounting policies.

### Note 40: Financial Instruments Balances

The following categories of financial instrument are carried in the Balance Sheet; all balances are current:

|  | <b>Current</b>       |               |
|--|----------------------|---------------|
|  | <b>31 March 2014</b> | 31 March 2013 |
|  | <b>£000s</b>         | £000s         |
| <b>Investments</b>   |                      |               |
| Loans and receivables (principal) reflected as short term investments in the balance sheet | 1,000                | 0             |
| Loans and receivables (principal) reflected as cash/cash equivalents in the balance sheet  | 9,000                | 10,800        |
| <b>Total investments</b>   | <b>10,000</b>        | 10,800        |
| <b>Debtors</b>   |                      |               |
| Loans and receivables  | 2,820                | 2,274         |
| <b>Total included in debtors</b>   | <b>2,820</b>         | 2,274         |
| <b>Borrowings</b>  |                      |               |
| Financial liabilities (principal)  | (80)                 | (69)          |
| Financial liabilities reflected as part of cash/cash equivalents in the balance sheet      | (331)                | (241)         |
| <b>Total included in borrowings</b>  | <b>(411)</b>         | (310)         |
| <b>Creditors</b>   |                      |               |
| Financial liabilities carried at contract amount   | (3,885)              | (3,286)       |
| <b>Total creditors</b>   | <b>(3,885)</b>       | (3,286)       |

The Council’s portfolio of investments consists of fixed term deposits. Term deposits are classed as “Loans and Receivables” and are measured at amortised cost. This form of measurement does not change the amount of cash received under the investment. Short term debtors and creditors are carried at cost as this is a fair approximation of their value. Balances in call accounts are shown under “cash and cash equivalents” in the Balance Sheet, as they represent highly liquid investments that are readily convertible to known amounts of cash, with an insignificant risk of changes in value.

### Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

### Note 41: Income, Expense, Gains and Losses

The total interest and investment income relates to the interest received from the temporary investment of surplus revenue and capital balances.

### Note 42: Short Term Investments

|                             | 31 March 2014<br>£000s | 31 March 2013<br>£000s |
|-----------------------------|------------------------|------------------------|
| Nationwide Building Society | <u>1,000</u>           | <u>-</u>               |
|                             | <u>1,000</u>           | <u>-</u>               |

Amounts lodged in bank call accounts, available with immediate access without penalty, are reflected as cash and cash equivalents on the balance sheet

### Note 43: Short Term Borrowing

|                                  | 31 March 2014<br>£000s | 31 March 2013<br>£000s |
|----------------------------------|------------------------|------------------------|
| Loan repayments within one year: |                        |                        |
| Obligations under finance leases | 0                      | -                      |
| Salix energy efficiency loan     | (5)                    | (14)                   |
| Parish loans repayable on demand | <u>(75)</u>            | <u>(55)</u>            |
|                                  | <u>(80)</u>            | <u>(69)</u>            |

These amounts are also reflected in the borrowings section of financial instruments balances.

## Note 44: Nature and Extent of Risks arising from financial instruments

The Council is exposed to the following risks in its dealings with financial instruments:

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

### Overall Procedures for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects by implementing procedures and restrictions. The procedures for risk management are through a legal framework and associated regulations. These require the Council to comply with the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. The Council manages risk in the following ways:

- By formally adopting the Code of Practice
- By approving annually in advance prudential indicators for the following three years limiting:
  - o The Council's overall borrowing
  - o Its maximum and minimum exposures to fixed and variable rates
  - o Its maximum and minimum for exposures to the maturity structure of its debt
  - o Its maximum annual exposures to investments maturing beyond a year
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparts in compliance with Government Guidance.

The Council's Treasury Management Strategy and Prudential Indicators are approved by Cabinet annually prior to the start of the year to which they relate. This document outlines the detailed approach to managing risk in relation to the Council's treasury activity and any financial instrument exposure. Actual performance is reported quarterly to Members.

The Council maintains written principles for overall risk management through its Treasury Management Practices.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Credit risk is minimised by use of a specified list of investment counterparty criteria and by limiting the amount invested with each institution. The Council receives credit rating details from its Treasury Management advisers on a daily basis and any counterparty falling below the criteria is removed from the list.

The Council does not generally allow credit for its trade debtors. An aged analysis of the Council's sundry debtor balances at 31 March is shown in the table below:

|                        | 31 March 2014 | 31 March 2013 |
|------------------------|---------------|---------------|
|                        | £000s         | £000s         |
| Less than 3 months     | 609           | 585           |
| Three to six months    | 9             | 44            |
| Six months to one year | 32            | 7             |
| More than one year     | 15            | 17            |
| <b>Total</b>           | <b>665</b>    | <b>653</b>    |

The Council determines appropriate provisions for bad and doubtful debts based on the aged analysis. The Council has not had and does not expect any default losses by any of its counterparties in relation to investments.

Due to market conditions the Council has reduced its credit risk for all new investments by only investing in the highest rated instruments and has shortened the allowable length of investments in order to reduce risk.

The credit criteria in respect of financial assets managed in-house by the Council were as detailed below for

| <b>Financial Asset Category</b>                                  | <b>Minimum Criteria (Fitch ratings)</b> | <b>Maximum Investment</b> |
|--|---|---------------------------|
| Term Deposits  | Long Term: A-                           | £3 million                |
| Deposits with Debt Management Account – Deposit Facility (DMADF) |   | £no upper limit *         |

\* Investments with the DMADF are guaranteed by HM Treasury. Following advice from the Council's treasury advisors, from a credit perspective no upper limit was imposed on investments with the DMADF.

Fitch Ratings is an international credit rating agency (one of three nationally recognised rating agencies alongside Moody's and Standard & Poor's). Fitch Rating's long-term credit ratings are set up along a scale from 'AAA' to 'D' where 'AAA' designates the best quality companies, reliable and stable through to 'D' where the company has defaulted on obligations and Fitch believes that it will generally default on all or most of its obligations. Fitch's short term ratings indicate the potential level of default within a 12 month period. F1+ is the best quality grade, indicating exceptionally strong capacity of obligor to meet its financial commitment.

The following analysis summarises the Council's exposure at the balance sheet date based on Fitch ratings at point of deposit.

**Short term investments (financial instruments balance)**

|   | Short Term Rating | Long Term Rating | Balance Invested 31 Mar 14<br>£000 | Balance Invested 31 Mar 13<br>£000 |
|---|-------------------|------------------|------------------------------------|------------------------------------|
| UK Banks/Building Societies – Term Deposits | F1                | A                | 1,000                              | -                                  |
| <b>Total UK Banks - Investments</b>         |                   |                  | <b>1,000</b>                       | <b>-</b>                           |

\* These investments relate mainly to UK Treasury Gilts and Bonds issued by multilateral development banks matching the Council's investment criteria.



## **Liquidity Risk**

The Council's financial plans ensure sufficient monies are raised to cover annual expenditure and that cash is available as needed. In the event of an unexpected cash requirement the Council has ready access to borrowing to cover day to day cash flow needs. There is therefore no significant liquidity risk.

## **Market Risk**

### **1. Interest rate risk**

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments and borrowings. It has a number of strategies for managing interest rate risk and these are addressed in the Treasury Management Strategy. In addition during periods of falling interest rates and where economic circumstances make it favourable the treasury management team may take fixed rate investments for longer periods to secure better long term returns.

Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- Investments at fixed rates – the fair value of the assets will fall

### **2. Price Risk**

The Council, excluding its exposure to the pension fund, does not generally invest in equity shares.

## Note 45: Defined Benefit Pension Schemes

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The council participates in the Local Government Pension Scheme which is administered by Worcestershire County Council. This is a defined benefit scheme meaning the retirement benefits are determined independently of the investments of the fund and the Council has an obligation to make contributions where assets are insufficient to meet employee benefits. This is a funded scheme, meaning both the Council and employees pay contributions into the fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yield and the performance of the equity investments held in the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as detailed in the Statement of Accounting Policies.

### Transactions Relating to Post-employment Benefits

IAS19 requires us to recognise the cost of retirement benefits in the reported cost of services when the employees earn the benefits rather than when the benefits are eventually paid as pensions.

However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

Worcestershire Regulatory Shared Services is a Jointly Controlled Operation and accordingly the Council accounts for its share of income and expenditure and its share of assets and liabilities in relation to the pension scheme for the joint committee. The shared service commenced on 1 June 2010.

The following transactions have been made in the Comprehensive Income and Expenditure Account and Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

|   | 2013/14<br>£000s        | 2013/14<br>£000s        | 2012/13<br>£000s        | 2012/13<br>£000s        |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Excl Joint<br>Committee | Incl Joint<br>Committee | Excl Joint<br>Committee | Incl Joint<br>Committee |
| <b>Comprehensive Income and Expenditure Statement</b>   |                         |                         |                         |                         |
| Cost of Services:   |                         |                         |                         |                         |
| · Current Service cost  | 1,398                   | 1,468                   | 1,031                   | 1,088                   |
| · Past Service gain   | -                       | -                       | -                       | -                       |
| · Curtailment and Settlements   | 268                     | 270                     | 83                      | 91                      |
| Other Operating Expenditure:  |                         |                         |                         |                         |
| · Pension Administration Costs  | 24                      | 25                      | 17                      | 18                      |
| Financing and Investment Income and Expenditure   |                         |                         |                         |                         |
| · Net Interest Expense  | 1,198                   | 1,208                   | 1,178                   | 1,184                   |
| · Expected return on scheme assets  |                         |                         |                         |                         |
| <b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b> | <b>2,888</b>            | <b>2,971</b>            | <b>2,309</b>            | <b>2,381</b>            |

**Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**

|  |              |              |         |         |
|--|--------------|--------------|---------|---------|
| Remeasurement of the net defined benefit liability comprising:                                     |              |              |         |         |
| Return on plan assets (excluding the amount included in the net interest expense)                  | (2,262)      | (1,924)      | (3,593) | (3,775) |
| Remeasurements (Liabilities)   |              |              | 7,391   | 7,662   |
| Actuarial gains and losses arising on changes in demographic assumptions                           | 444          | 461          |         |         |
| Actuarial gains and losses arising on changes in financial assumptions                             | (4,637)      | (4,748)      |         |         |
| Experience (gains)/losses on liabilities   | 2,758        | 2,681        |         |         |
| Total remeasurements included in Other Comprehensive Income & Expenditure                          | (3,697)      | (3,530)      | 3,798   | 3,887   |
| <b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b> | <b>(809)</b> | <b>(559)</b> | 6,107   | 6,268   |

**Movement in Reserves Statement**

|   |         |         |         |         |
|---|---------|---------|---------|---------|
| Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code | (2,888) | (2,971) | (2,309) | (2,381) |
| <i>Actual amount charged against the General Fund Balance for pensions in the year:</i>   |         |         |         |         |
| Employers' contributions payable to scheme  | 1,792   | 1,833   | 1,544   | 1,591   |
| Retirement benefits payable to pensioners   | 2,663   |         | 2,634   |         |

**Pension Assets and Liabilities Recognised in the Balance Sheet**

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plan is as follows:

|  | Local Government Pension Scheme (including share of Joint Committee) |                 | Discretionary Benefits Arrangements |                 | Total reflected in Balance Sheet |                 |
|--|--|-----------------|-------------------------------------|-----------------|----------------------------------|-----------------|
|  | 2012/13<br>£000  | 2013/14<br>£000 | 2012/13<br>£000                     | 2013/14<br>£000 | 2012/13<br>£000                  | 2013/14<br>£000 |
| Present value of the defined benefit                         | 71,172   | 72,133          | 2,029                               | 1,952           | 73,201                           | 74,085          |
| Fair value of plan assets                                    | -43,542  | -46,817         | 0                                   | 0               | -43,542                          | -46,817         |
| Sub-total  | 27,630   | 25,316          | 2,029                               | 1,952           | 29,659                           | 27,268          |
| Other movements in the liability (asset)                     | -  |                 | -                                   |                 | -                                |                 |
| <b>Net liability arising from defined benefit obligation</b> | <b>27,630</b>  | <b>25,316</b>   | <b>2,029</b>                        | <b>1,952</b>    | <b>29,659</b>                    | <b>27,268</b>   |

Reconciliation of present value of the scheme liabilities

|   | 2013/14<br>£000s               | 2013/14<br>£000s                        | 2013/14<br>£000s                        | 2012/13<br>£000s               | 2012/13<br>£000s                        | 2012/13<br>£000s                        |
|---|--------------------------------|---|---|--------------------------------|---|---|
|   | Discretionary<br>Benefits Only | All Benefits<br>Excl Joint<br>Committee | All Benefits<br>Incl Joint<br>Committee | Discretionary<br>Benefits Only | All Benefits<br>Excl Joint<br>Committee | All Benefits<br>Incl Joint<br>Committee |
| Opening balance at 1 April  | (2,029)                        | (70,786)                                | (73,201)                                | (1,924)                        | (61,559)                                | (63,566)                                |
| Current Service   |                                |   |   |                                |   |   |
| Cost  | 0                              | (1,398)                                 | (1,468)                                 | -                              | (1,031)                                 | (1,088)                                 |
| Interest Cost   | (82)                           | (2,927)                                 | (3,032)                                 | (91)                           | (2,961)                                 | (3,063)                                 |
| Contributions by scheme participants  | 0                              | (399)                                   | (419)                                   | -                              | (395)                                   | (416)                                   |
| Remeasurement gain/(loss)   |                                |   |   |                                |   |   |
| - Experience gain/Loss  | (13)                           | (2,758)                                 | (2,681)                                 |                                |   |   |
| - Actuarial gains/losses arising from<br>changes in demographic assumptions | (9)                            | (444)                                   | (461)                                   |                                |   |   |
| - Actuarial gains/losses arising from<br>changes in financial assumptions   | 44                             | 4,637                                   | 4,748                                   |                                |   |   |
| Remeasurements  |                                |   |   | (149)                          | (7,391)                                 | (7,662)                                 |
| Benefits paid   | 137                            | 2,663                                   | 2,725                                   | 135                            | 2,634                                   | 2,685                                   |
| Past service cost   | 0                              | (67)                                    | (67)                                    | -                              | -                                       | -                                       |
| Curtailments  | 0                              | (201)                                   | (203)                                   | 0                              | (83)                                    | (91)                                    |
| <b>Closing balance at 31 March</b>  | <b>(1,952)</b>                 | <b>(71,680)</b>                         | <b>(74,059)</b>                         | <b>(2,029)</b>                 | <b>(70,786)</b>                         | <b>(73,201)</b>                         |

Reconciliation of the movements in the Fair Value of the Scheme Assets

|                                      | 2013/14<br>£000s        | 2013/14<br>£000s        | 2012/13<br>£000s        | 2012/13<br>£000s        |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                      | Excl Joint<br>Committee | Incl Joint<br>Committee | Excl Joint<br>Committee | Incl Joint<br>Committee |
| Opening balance at 1 April           | 41,374                  | 43,542                  | 36,710                  | 38,584                  |
| Interest Income                      | 1,729                   | 1,824                   | 1,783                   | 1,879                   |
| Remeasurements                       | 2,262                   | 1,924                   | 3,593                   | 3,775                   |
| Employer contributions               | 1,792                   | 1,833                   | 1,544                   | 1,591                   |
| Contributions by scheme participants | 399                     | 419                     | 395                     | 416                     |
| Benefits paid                        | (2,663)                 | (2,725)                 | (2,634)                 | (2,685)                 |
| Administration Expenses              | (24)                    | (25)                    | (17)                    | (18)                    |
| <b>Closing balance at 31 March</b>   | <b>44,869</b>           | <b>46,792</b>           | <b>41,374</b>           | <b>43,542</b>           |
| <b>Net Pensions Liability</b>        | <b>(26,811)</b>         | <b>(27,267)</b>         | <b>(29,412)</b>         | <b>(29,659)</b>         |

## Note 45: Defined Benefit Pension Schemes

## Local Government Pension Scheme Assets Comprised:

|   | Fair value of scheme assets (excl Joint Committee) |               |
|---|--|---------------|
|   | 2013/14<br>£0                                      | 2012/13 £000  |
| Cash and cash equivalents                 | 1047   | 1502          |
| Equity instruments:                       |  |               |
| By type                                   |  |               |
| - UK quoted                               | 11,630   | 10,270        |
| - Overseas quoted                         | 16,164   | 16,023        |
| - PIV UK Managed Funds                    | 5,253  | 4,637         |
| - PV UK Managed Funds (Overseas equities) | 7,678  | 5,672         |
| - PIV Overseas Managed Funds              | 269  | 662           |
| Sub-total equity                          | 40,994   | 37,264        |
| Bonds:                                    |  |               |
| By sector                                 |  |               |
| - Corporate                               | 2,828  | 2,608         |
| - Government                              |  |               |
| Sub-total bonds                           | 2,828  | 2,608         |
| <b>Total assets</b>                       | <b>44,869</b>                                      | <b>41,374</b> |

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates and salary levels. Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Mercers, an independent firm of actuaries. The last full valuation of the scheme was as at 31 March 2013.

The principal assumptions used by the actuary have been:

|   | 2013/14 | 2012/13 |
|---|---------|---------|
| <b>Long-term expected rate of return on assets in the scheme:</b>           |         |         |
| Equity investments  | 7.0%    | 7.0%    |
| Gilts   | 3.4%    | 2.8%    |
| Bonds   | 4.3%    | 3.9%    |
| Property  | 6.2%    | 5.7%    |
| Cash/Liquidity  | 0.5%    | 0.5%    |
| <b>Mortality assumptions:</b>   |         |         |
| <i>Longevity at 65 for current pensioners:</i>                              |         |         |
| Men   | 23.3    | 22.5    |
| Women   | 25.7    | 25.0    |
| <i>Longevity at 65 for future pensioners:</i>                               |         |         |
| Men   | 25.5    | 24.3    |
| Women   | 28.0    | 27.0    |
| <b>Other assumptions:</b>   |         |         |
| <i>Rate of inflation (CPI)</i>  | 2.4%    | 2.4%    |
| <i>Rate of increase in salaries</i>   | 3.9%    | 3.9%    |
| <i>Rate of increase in pensions</i>   | 2.4%    | 2.4%    |
| <i>Rate for discounting scheme liabilities</i>                              | 4.4%    | 4.2%    |
| <i>Take-up of option to convert annual pension into retirement lump sum</i> | n/a     | 50.0%   |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

**Impact on the Defined Benefit Obligation in the Scheme**

|   | <b>Increase in Assumption<br/>£000</b> |
|---|--|
| Longevity (increase or decrease in 1 year)                            | 1400                                   |
| Rate of inflation (increase or decrease by 0.1%)                      | 1288                                   |
| Rate of increase in salaries (increase or decrease by 0.1%)           | 257                                    |
| Rate of discounting scheme liabilities (increase or decrease by 0.1%) | -1266                                  |

**Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 21 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public services schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

Expected contributions to the scheme in 2014/15 amount to £1.813 million.

The weighted average duration of the defined benefit obligation for scheme members is 18 years for 2013/14.

**Pension Liability Relating to Shared Services**

The Regulatory Services function is governed by a Joint Committee hosted by Bromsgrove District Council, all of the partners (Malvern Hills District Council, Redditch Borough Council, Wyre Forest District Council, Wychavon District Council, Worcester City Council and Worcestershire County Council) transferred their staff into the Host on a fully funded basis for pension's purchases. The shared services were admitted to the pension fund as a ghost admitted body, as such any liability or surplus that accrues is the responsibility of the partners to the shared service.

The table below shows the overall position of the admitted body together with the Council's share as defined by the partnership legal agreement.

|  | 31 March<br>2014<br>£'000 |
|--|---------------------------|
| Present Value of Liabilities               | (21,545)                  |
| Fair Value of Assets                       | 17,397                    |
| Deficit in scheme                          | <u>(4,148)</u>            |
| Bromsgrove District Council Share (11.05%) | (458)                     |

## Note 46: Prior Year Adjustments

## IAS 19 Change to Accounting Standards

There have been several significant changes in relation to the international reporting standard IAS19 Employee Benefits. This has resulted in changes to the accounting treatment for financial years starting on or after 1 January 2013. In order to be consistent the 2012/13 comparative figures have been restated in line with these changes. The main changes are as follows:

- **Expected Return on Assets**  
This is in relation to the return on pension scheme assets such as those held by Worcestershire County Council Pension Fund. Advance credit for anticipated outperformance of return seeking assets (such as equities) is no longer permitted by IAS19. This has been replaced with an equivalent figure calculated using a discount rate (as opposed to using expected return on assets assumptions).
- **Asset Disclosures**  
IAS19 requires a more detailed breakdown of the Pension fund assets. The value of the assets broken down into different classes that distinguish between the nature and risk now need to be disclosed. A further breakdown is also needed showing those assets which have a quoted market price and those which do not.

## Comprehensive Income and Expenditure Statement

|   | 2012/13 Net<br>Expenditure | IAS19<br>Pensions<br>Restatement | Restated<br>2012/13 Net<br>Expenditure |
|---|----------------------------|----------------------------------|--|
|   | £'000                      | £'000                            | £'000                                  |
| <b>Cost Of Services</b>   | <b>12,556</b>              | <b>26</b>                        | <b>12,582</b>                          |
| Other Operating Expenditure   | 655                        | 17                               | 672                                    |
| Financing and Investment Income and Expenditure                           | 591                        | 480                              | 1,071                                  |
| Taxation and Non-Specific Grant Income & Expenditure                      | (12,205)                   |                                  | (12,205)                               |
| <b>(Surplus) or Deficit on Provision of Services</b>                      | <b>1,597</b>               | <b>523</b>                       | <b>2,120</b>                           |
| (Surplus) or deficit on revaluation of property, plant & equipment assets | -                          | -                                | -                                      |
| Remeasurements of the net defined pension liability                       | 4,410                      | (523)                            | 3,887                                  |
| <b>Other Comprehensive Income and Expenditure</b>                         | <b>4,410</b>               | <b>(523)</b>                     | <b>3,887</b>                           |
| <b>Total Comprehensive Income and Expenditure</b>                         | <b>6,007</b>               | <b>-</b>                         | <b>6,007</b>                           |

## 2012/13 Statement of Accounts

| Notes  | General Fund<br>Balance | Earmarked<br>GF Reserves | Capital<br>Receipts<br>Reserve | Capital Grants<br>Unapplied | Total Usable<br>Reserves | Unusable<br>Reserves | Total<br>Authority<br>Reserves -<br>Single Entity |
|--|-------------------------|--------------------------|--------------------------------|-----------------------------|--------------------------|----------------------|---|
|  | £000s                   | £000s                    | £000s                          | £000s                       | £000s                    | £000s                | £000s   |
| <b>Balance at 1 April 2012</b>   | <b>2,581</b>            | <b>2,080</b>             | <b>3,358</b>                   | <b>15</b>                   | <b>8,034</b>             | <b>9,226</b>         | <b>17,260</b>                                     |
| <b>Movement in reserves during 2012/13</b>                             |                         |                          |                                |                             |                          |                      |   |
| Surplus or (deficit) on provision of services                          | (1,597)                 | -                        | -                              | -                           | (1,597)                  | -                    | (1,597)   |
| Other Comprehensive Income and Expenditure                             | -                       | -                        | -                              | -                           | -                        | (4,410)              | (4,410)   |
| <b>Total Comprehensive Income and Expenditure</b>                      | <b>(1,597)</b>          | <b>-</b>                 | <b>-</b>                       | <b>-</b>                    | <b>(1,597)</b>           | <b>(4,410)</b>       | <b>(6,007)</b>                                    |
| Adjustments between accounting basis & funding basis under regulations | 2,023                   | -                        | (322)                          | 21                          | 1,722                    | (1,722)              | -   |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>    | <b>426</b>              | <b>-</b>                 | <b>(322)</b>                   | <b>21</b>                   | <b>125</b>               | <b>(6,132)</b>       | <b>(6,007)</b>                                    |
| Transfers to/from Earmarked Reserves                                   | 87                      | (87)                     | -                              | -                           | -                        | -                    | -   |
| <b>Increase/(Decrease) in Year</b>                                     | <b>513</b>              | <b>(87)</b>              | <b>(322)</b>                   | <b>21</b>                   | <b>125</b>               | <b>(6,132)</b>       | <b>(6,007)</b>                                    |
| <b>Balance at 31 March 2013 carried forward</b>                        | <b>3,094</b>            | <b>1,993</b>             | <b>3,036</b>                   | <b>36</b>                   | <b>8,159</b>             | <b>3,094</b>         | <b>11,253</b>                                     |

## IAS19 Pensions restatement

|  | General Fund<br>Balance | Earmarked<br>GF Reserves | Capital<br>Receipts<br>Reserve | Capital Grants<br>Unapplied | Total Usable<br>Reserves | Unusable<br>Reserves | Total<br>Authority<br>Reserves -<br>Single Entity |
|--|-------------------------|--------------------------|--------------------------------|-----------------------------|--------------------------|----------------------|---|
|  | £000s                   | £000s                    | £000s                          | £000s                       | £000s                    | £000s                | £000s   |
| <b>Balance at 1 April 2012</b>   | <b>-</b>                | <b>-</b>                 | <b>-</b>                       | <b>-</b>                    | <b>-</b>                 | <b>-</b>             | <b>-</b>  |
| <b>Movement in reserves during 2012/13</b>                             |                         |                          |                                |                             |                          |                      |   |
| Surplus or (deficit) on provision of services                          | (523)                   | -                        | -                              | -                           | (523)                    | -                    | (523)   |
| Other Comprehensive Income and Expenditure                             | -                       | -                        | -                              | -                           | -                        | 523                  | 523   |
| <b>Total Comprehensive Income and Expenditure</b>                      | <b>(523)</b>            | <b>-</b>                 | <b>-</b>                       | <b>-</b>                    | <b>(523)</b>             | <b>523</b>           | <b>-</b>  |
| Adjustments between accounting basis & funding basis under regulations | 523                     | -                        | -                              | -                           | 523                      | (523)                | -   |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>    | <b>0</b>                | <b>-</b>                 | <b>-</b>                       | <b>-</b>                    | <b>-</b>                 | <b>-</b>             | <b>-</b>  |
| Transfers to/from Earmarked Reserves                                   | -                       | -                        | -                              | -                           | -                        | -                    | -   |
| <b>Increase/(Decrease) in Year</b>                                     | <b>-</b>                | <b>-</b>                 | <b>-</b>                       | <b>-</b>                    | <b>-</b>                 | <b>-</b>             | <b>-</b>  |
| <b>Balance at 31 March 2013 carried forward</b>                        | <b>-</b>                | <b>-</b>                 | <b>-</b>                       | <b>-</b>                    | <b>-</b>                 | <b>-</b>             | <b>-</b>  |

## Restated 2012/13

|   | General Fund<br>Balance<br>£000s | Earmarked<br>GF Reserves<br>£000s | Capital<br>Receipts<br>Reserve<br>£000s | Capital Grants<br>Unapplied<br>£000s | Total Usable<br>Reserves<br>£000s | Unusable<br>Reserves<br>£000s | Total<br>Authority<br>Reserves -<br>Single Entity<br>£000s |
|---|----------------------------------|-----------------------------------|---|--------------------------------------|-----------------------------------|-------------------------------|--|
| <b>Balance at 1 April 2012</b>  | <b>2,581</b>                     | <b>2,080</b>                      | <b>3,358</b>                            | <b>15</b>                            | <b>8,034</b>                      | <b>9,226</b>                  | <b>17,260</b>  |
| <b>Movement in reserves during 2012/13</b>                                |                                  |                                   |   |                                      |                                   |                               |  |
| Surplus or (deficit) on provision of services                             | (2,120)                          | -                                 | -                                       | -                                    | (2,120)                           | -                             | (2,120)  |
| Other Comprehensive Income and<br>Expenditure                             | -                                | -                                 | -                                       | -                                    | -                                 | (3,887)                       | (3,887)  |
| <b>Total Comprehensive Income and<br/>Expenditure</b>                     | <b>( 2,120)</b>                  | <b>-</b>                          | <b>-</b>                                | <b>-</b>                             | <b>(2,120)</b>                    | <b>(3,887)</b>                | <b>(6,007)</b>   |
| Adjustments between accounting basis &<br>funding basis under regulations | 2,546                            | -                                 | (322)                                   | 21                                   | 2,245                             | ( 2,245)                      | -  |
| <b>Net Increase/Decrease before Transfers to<br/>Earmarked Reserves</b>   | <b>426</b>                       | <b>-</b>                          | <b>(322)</b>                            | <b>21</b>                            | <b>125</b>                        | <b>(6,132)</b>                | <b>(6,007)</b>   |
| Transfers to/from Earmarked Reserves                                      | 87                               | ( 87)                             | -                                       | -                                    | -                                 | -                             | -  |
| <b>Increase/(Decrease) in Year</b>  | <b>513</b>                       | <b>(87)</b>                       | <b>(322)</b>                            | <b>21</b>                            | <b>125</b>                        | <b>(6,132)</b>                | <b>(6,007)</b>   |
| <b>Balance at 31 March 2013 carried forward</b>                           | <b>3,094</b>                     | <b>1,993</b>                      | <b>3,036</b>                            | <b>36</b>                            | <b>8,159</b>                      | <b>3,094</b>                  | <b>11,253</b>  |



## 2012/13 Statement of Accounts

| Notes  | General Fund<br>Balance | Earmarked GF<br>Reserves | Capital<br>Receipts<br>Reserve | Capital Grants<br>Unapplied | Total Usable<br>Reserves | Unusable<br>Reserves | Total Authority<br>Reserves -<br>Single Entity |
|--|-------------------------|--------------------------|--------------------------------|-----------------------------|--------------------------|----------------------|--|
|  | £000s                   | £000s                    | £000s                          | £000s                       | £000s                    | £000s                | £000s  |
| <b>Balance at 1 April 2012</b>   | <b>2,581</b>            | <b>2,080</b>             | <b>3,358</b>                   | <b>15</b>                   | <b>8,034</b>             | <b>9,226</b>         | <b>17,260</b>                                  |
| <b><u>Movement in reserves during 2012/13</u></b>                      |                         |                          |                                |                             |                          |                      |  |
| Surplus or (deficit) on provision of services                          | (1,597)                 | -                        | -                              | -                           | (1,597)                  | -                    | (1,597)  |
| Other Comprehensive Income and Expenditure                             | -                       | -                        | -                              | -                           | -                        | (4,410)              | (4,410)  |
| <b>Total Comprehensive Income and Expenditure</b>                      | <b>(1,597)</b>          | <b>-</b>                 | <b>-</b>                       | <b>-</b>                    | <b>(1,597)</b>           | <b>(4,410)</b>       | <b>(6,007)</b>                                 |
| Adjustments between accounting basis & funding basis under regulations | 2,023                   | -                        | (322)                          | 21                          | 1,722                    | (1,722)              | -  |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>    | <b>426</b>              | <b>-</b>                 | <b>(322)</b>                   | <b>21</b>                   | <b>125</b>               | <b>(6,132)</b>       | <b>(6,007)</b>                                 |
| Transfers to/from Earmarked Reserves                                   | 87                      | (87)                     | -                              | -                           | -                        | -                    | -  |
| <b>Increase/(Decrease) in Year</b>                                     | <b>513</b>              | <b>(87)</b>              | <b>(322)</b>                   | <b>21</b>                   | <b>125</b>               | <b>(6,132)</b>       | <b>(6,007)</b>                                 |
| <b>Balance at 31 March 2013 carried forward</b>                        | <b>3,094</b>            | <b>1,993</b>             | <b>3,036</b>                   | <b>36</b>                   | <b>8,159</b>             | <b>3,094</b>         | <b>11,253</b>                                  |

## IAS19 Pensions restatement

|  | General Fund<br>Balance | Earmarked GF<br>Reserves | Capital<br>Receipts<br>Reserve | Capital Grants<br>Unapplied | Total Usable<br>Reserves | Unusable<br>Reserves | Total Authority<br>Reserves -<br>Single Entity |
|--|-------------------------|--------------------------|--------------------------------|-----------------------------|--------------------------|----------------------|--|
|  | £000s                   | £000s                    | £000s                          | £000s                       | £000s                    | £000s                | £000s  |
| <b>Balance at 1 April 2012</b>   | <b>-</b>                | <b>-</b>                 | <b>-</b>                       | <b>-</b>                    | <b>-</b>                 | <b>-</b>             | <b>-</b>                                       |
| <b><u>Movement in reserves during 2012/13</u></b>                      |                         |                          |                                |                             |                          |                      |  |
| Surplus or (deficit) on provision of services                          | (523)                   | -                        | -                              | -                           | (523)                    | -                    | (523)  |
| Other Comprehensive Income and Expenditure                             | -                       | -                        | -                              | -                           | -                        | 523                  | 523  |
| <b>Total Comprehensive Income and Expenditure</b>                      | <b>(523)</b>            | <b>-</b>                 | <b>-</b>                       | <b>-</b>                    | <b>(523)</b>             | <b>523</b>           | <b>-</b>                                       |
| Adjustments between accounting basis & funding basis under regulations | 523                     | -                        | -                              | -                           | 523                      | (523)                | -  |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>    | <b>0</b>                | <b>-</b>                 | <b>-</b>                       | <b>-</b>                    | <b>-</b>                 | <b>-</b>             | <b>-</b>                                       |
| Transfers to/from Earmarked Reserves                                   | -                       | -                        | -                              | -                           | -                        | -                    | -  |
| <b>Increase/(Decrease) in Year</b>                                     | <b>-</b>                | <b>-</b>                 | <b>-</b>                       | <b>-</b>                    | <b>-</b>                 | <b>-</b>             | <b>-</b>                                       |
| <b>Balance at 31 March 2013 carried forward</b>                        | <b>-</b>                | <b>-</b>                 | <b>-</b>                       | <b>-</b>                    | <b>-</b>                 | <b>-</b>             | <b>-</b>                                       |

## 2012/13 Statement of Accounts

## Restated 2012/13

|  | General Fund<br>Balance | Earmarked GF<br>Reserves | Capital<br>Receipts<br>Reserve | Capital Grants<br>Unapplied | Total Usable<br>Reserves | Unusable<br>Reserves | Total Authority<br>Reserves -<br>Single Entity |
|--|-------------------------|--------------------------|--------------------------------|-----------------------------|--------------------------|----------------------|--|
|  | £000s                   | £000s                    | £000s                          | £000s                       | £000s                    | £000s                | £000s  |
| <b>Balance at 1 April 2012</b>   | <b>2,581</b>            | <b>2,080</b>             | <b>3,358</b>                   | <b>15</b>                   | <b>8,034</b>             | <b>9,226</b>         | <b>17,260</b>                                  |
| <b><u>Movement in reserves during 2012/13</u></b>                      |                         |                          |                                |                             |                          |                      |  |
| Surplus or (deficit) on provision of services                          | (2,120)                 | -                        | -                              | -                           | (2,120)                  | -                    | (2,120)  |
| Other Comprehensive Income and Expenditure                             | -                       | -                        | -                              | -                           | -                        | (3,887)              | (3,887)  |
| <b>Total Comprehensive Income and Expenditure</b>                      | <b>(2,120)</b>          | <b>-</b>                 | <b>-</b>                       | <b>-</b>                    | <b>(2,120)</b>           | <b>(3,887)</b>       | <b>(6,007)</b>                                 |
| Adjustments between accounting basis & funding basis under regulations | 2,546                   | -                        | (322)                          | 21                          | 2,245                    | (2,245)              | -  |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>    | <b>426</b>              | <b>-</b>                 | <b>(322)</b>                   | <b>21</b>                   | <b>125</b>               | <b>(6,132)</b>       | <b>(6,007)</b>                                 |
| Transfers to/from Earmarked Reserves                                   | 87                      | (87)                     | -                              | -                           | -                        | -                    | -  |
| <b>Increase/(Decrease) in Year</b>                                     | <b>513</b>              | <b>(87)</b>              | <b>(322)</b>                   | <b>21</b>                   | <b>125</b>               | <b>(6,132)</b>       | <b>(6,007)</b>                                 |
| <b>Balance at 31 March 2013 carried forward</b>                        | <b>3,094</b>            | <b>1,993</b>             | <b>3,036</b>                   | <b>36</b>                   | <b>8,159</b>             | <b>3,094</b>         | <b>11,253</b>                                  |

## **Note 47: Contingent Liabilities**

### Personal Search Fees

A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not yet been issued. The Council has been informed that the value of those claims at present is £93,712.98 plus interest and costs. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be as against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present. An amount has been set aside within earmarked reserves in relation to this matter.

### National Non Domestic Rates Potential Appeals

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the business rates came into effect on 1 April 2013. Billing authorities acting as agents on behalf of the major preceptors (10%), central government (50%) and themselves (40%) are required to make provisions for refunding ratepayers who have successfully appeals against the rateable value of their properties on the rating list.

The Council has included a provision of £0.37m (the overall provision in the Business Rates Collection Fund is £0.92m and this Council's share of the Local Business Rates Retention scheme is 40%) for appeals outstanding on the 31 March 2014 of £11.7m. However, local businesses can still appeal against the Rateable Value on the 2010 Rating list until 31 March 2017. Therefore there are a number of future financial years where the cost of successful appeals could impact on the Council's Financial Statements.

It is difficult to estimate the likelihood of businesses both submitting and being successful with an appeal and the Council has therefore made no further provision in the accounts.

## **Note 48: Social Housing Contribution**

The Councils' housing stock was transferred to Bromsgrove District Housing Trust (BDHT) on 29 March 2004, however the Council still retains statutory responsibilities in respect of Strategic Housing Services. The Council has an in-house Strategic Housing Team which has responsibility for assessing the housing needs of the District, the development of housing strategies to meet those needs, developing partnership working with other organisations to enable the provision of affordable housing and schemes that support the improvement and regulation of private sector housing.

In September 2012 members agreed to support the Business Plan / Development Programme that BDHT submitted to the HCA which outlined the delivery of an affordable homes programme to 2017; Members approved the disposal of up to 30 units of BDHT's property stock up to a value of £4m for reinvestment into an affordable homes programme in Bromsgrove in support of the strategy.

In the Period to 31st March 2013 nine properties were disposed of, with a gross value of £1.680m, Bromsgrove District Council's share of this receipt was 50% ie £840k.

In line with the strategy detailed above BDHT were permitted to retain the total receipts for re-investment in local social housing. During 2013/14 a further property was sold for £170k of which the Council's share was £85k.

**Collection Fund Statement for the year ended 31 March 2014**

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. Administration costs are borne by the General Fund and shown in the Comprehensive Income and Expenditure Statement. There is no requirement for a separate Collection Fund Balance Sheet. Instead, Collection Fund balances are distributed across the Balance Sheets of the billing authority, the Government and precepting authorities in accordance with their respective shares.

| Revenue Account | Notes | Council<br>Tax<br>2013/14<br>£'000 | NNDR<br>2013/14<br>£'000 | Council<br>Tax<br>2012/13<br>£'000 | NNDR<br>2012/13<br>£'000 |
|-----------------|-------|------------------------------------|--------------------------|------------------------------------|--------------------------|
|-----------------|-------|------------------------------------|--------------------------|------------------------------------|--------------------------|

|                      |  |                 |                 |                 |                 |
|----------------------|--|-----------------|-----------------|-----------------|-----------------|
| <b>INCOME</b>        |  |                 |                 |                 |                 |
| Council Tax          |  | (51,780)        |                 | (50,998)        |                 |
| Council Tax benefits |  |                 |                 | (4,747)         |                 |
| Non-Domestic Rates   |  |                 | (26,316)        |                 | (25,916)        |
| <b>Total Income</b>  |  | <b>(51,780)</b> | <b>(26,316)</b> | <b>(55,745)</b> | <b>(25,916)</b> |

|  |   |               |               |               |               |
|--|---|---------------|---------------|---------------|---------------|
| <b>Expenditure</b>   |   |               |               |               |               |
| <b>Precepts and demands including distribution of estimated surplus:</b> |   |               |               |               |               |
| Worcestershire County Council  |   | 35,246        | 2,411         | 38,601        |               |
| West Mercia Police Authority   |   | 6,062         |               | 6,639         |               |
| Hereford and Worcester Fire & Rescue Authority                           |   | 2,498         | 268           | 2,736         |               |
| Town & Parish Precepts   | 4 | 700           |               | 671           |               |
| Central Government   |   |               | 13,396        |               | 25,792        |
| Bromsgrove District Council (including Parishes)                         |   | 6,667         | 10,717        | 7,173         |               |
|  |   | <b>51,173</b> | <b>26,792</b> | <b>55,820</b> | <b>25,792</b> |

|                                   |  |            |              |            |            |
|-----------------------------------|--|------------|--------------|------------|------------|
| <b>Business rate:</b>             |  |            |              |            |            |
| Provision for appeals             |  |            | 923          |            | -          |
| Write offs                        |  | 175        | 310          | 187        | -          |
| NNDR Cost of Collection Allowance |  |            | 125          |            | 124        |
|                                   |  | <b>175</b> | <b>1,358</b> | <b>187</b> | <b>124</b> |

|   |  |              |              |            |          |
|---|--|--------------|--------------|------------|----------|
| <b>(Surplus) / Deficit for the year</b> |  | <b>(432)</b> | <b>1,834</b> | <b>262</b> | <b>-</b> |
|---|--|--------------|--------------|------------|----------|

**Movement of Fund Balance**

|                                     |  |                |              |              |          |
|-------------------------------------|--|----------------|--------------|--------------|----------|
| Fund balance on 1 April             |  | (745)          | -            | (1,007)      |          |
| <b>(Surplus) / Deficit for year</b> |  | <b>(432)</b>   | <b>1,834</b> | <b>262</b>   | <b>-</b> |
| <b>Fund Balance on 31 March</b>     |  | <b>(1,177)</b> | <b>1,834</b> | <b>(745)</b> | <b>-</b> |

**Note 1: Council Tax**

Council tax income derives from charges raised according to the value of residential properties which have been classified into eight valuation bands, based upon 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required from the Collection Fund to meet the demands of this Council, Worcestershire County Council, Police & Crime Commissioner West Mercia and Hereford & Worcester Fire & Rescue Authority and dividing this by the taxbase.

The basic amount of council tax (Bromsgrove District Council and major preceptors) for a band 'D' property was £1,487.93 (£1,484.27 2012/13). This multiplied by the proportion specified for each band gives the council tax for each property.

The Council Tax Base is the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, and converted into an equivalent number of Band D properties. A collection rate of 99% has been assumed in the calculation of the tax base. Items for parish precepts are additional.

|  |  | 2013/14                         |              |  |
|--|--|---------------------------------|--------------|--|
|  | Number of Properties on the valuation list | * Adjusted number of properties | Band D ratio | Band D equivalent number of properties |
| <b>Property Category and Council Tax Banding</b> |  |                                 |              |  |
| A* - Disabled                                    |  | 3.50                            | 5/9          | 1.94                                   |
| A - up to £40,000                                | 3,467                                      | 1,616.62                        | 6/9          | 1,077.75                               |
| B - £40,001 to £52,000                           | 7,118                                      | 5,108.86                        | 7/9          | 3,973.56                               |
| C - £52,001 to £68,000                           | 8,500                                      | 6,826.93                        | 8/9          | 6,068.38                               |
| D - £68,001 to £88,000                           | 7,578                                      | 6,593.99                        | 9/9          | 6,593.99                               |
| E - £88,001 to £120,000                          | 6,587                                      | 5,969.74                        | 11/9         | 7,296.35                               |
| F - £120,001 to £160,000                         | 3,334                                      | 3,093.27                        | 13/9         | 4,468.06                               |
| G - £160,001 to £320,000                         | 2,620                                      | 2,449.04                        | 15/9         | 4,081.73                               |
| H - over £320,000                                | 327  | 281.99                          | 18/9         | 563.98                                 |
| <b>Gross Tax Base</b>                            |  |                                 |              | <b>34,125.74</b>                       |
| Less assumed bad debt rate                       | 1.00%                                      |                                 |              | (341.23)                               |
| <b>Council Tax Base</b>                          |  |                                 |              | <b>33,784.51</b>                       |

(Some of these figures have been rounded)

\* Adjusted number of properties after discounts, new & deleted dwellings

|  |  |                                 |              | 2012/13                                |
|--|--|---------------------------------|--------------|--|
|  | Number of Properties on the valuation list | * Adjusted number of properties | Band D ratio | Band D equivalent number of properties |
| <b>Property Category and Council Tax Banding</b> |  |                                 |              |  |
| A* - Disabled                                    |  | 2.5                             | 5/9          | 1.40                                   |
| A - up to £40,000                                | 3,396                                      | 2,722.0                         | 6/9          | 1,814.70                               |
| B - £40,001 to £52,000                           | 7,115                                      | 6,255.5                         | 7/9          | 4,865.40                               |
| C - £52,001 to £68,000                           | 8,397                                      | 7,575.0                         | 8/9          | 6,733.30                               |
| D - £68,001 to £88,000                           | 7,535                                      | 6,916.8                         | 9/9          | 6,916.80                               |
| E - £88,001 to £120,000                          | 6,558                                      | 6,114.8                         | 11/9         | 7,473.60                               |
| F - £120,001 to £160,000                         | 3,327                                      | 3,138.5                         | 13/9         | 4,533.40                               |
| G - £160,001 to £320,000                         | 2,611                                      | 2,471.3                         | 15/9         | 4,118.80                               |
| H - over £320,000                                | 329  | 278.8                           | 18/9         | 557.50                                 |
| <b>Gross Tax Base</b>                            |  |                                 |              | <b>37,014.90</b>                       |
| Non-Collection                                   | 1%   |                                 |              | (371.04)                               |
| <b>Council Tax Base</b>                          |  |                                 |              | <b>36,643.86</b>                       |

**Note 2: Council Tax Levels**

| Property Category and Council Tax Banding | 2013/14  | 2012/13  |
|---|----------|----------|
|   | BDC only | BDC only |
|   | £        | £        |
| A - up to £40,000                         | 131.01   | 128.57   |
| B - £40,001 to £52,000                    | 152.84   | 149.99   |
| C - £52,001 to £68,000                    | 174.68   | 171.42   |
| D - £68,001 to £88,000                    | 196.51   | 192.85   |
| E - £88,001 to £120,000                   | 240.18   | 235.71   |
| F - £120,001 to £160,000                  | 283.85   | 278.56   |
| G - £160,001 to £320,000                  | 327.52   | 321.42   |
| H - over £320,000                         | 393.02   | 385.70   |

**Note 3: National Non-Domestic Rates (NNDR)**

NNDR is organised on a national basis with a Government specified rate of 47.1p for the financial year (45.8p 2012/13). Subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

Following the localisation of business rates, the Council is responsible for collecting rates due from the ratepayers in its area. The Council then pays amounts over to the major preceptors - Central Government, Worcestershire County Council and Hereford & Worcester Fire & Rescue Authority, in accordance with a payment schedule determined at the start of each financial year. At year end NNDR balances are reflected in the appropriate shares across Bromsgrove District Council and the preceptors. The Council is also a member of the Greater Birmingham and Solihull Business Rates Retention Scheme Pooling Arrangement meaning that levy and safety net payments are calculated on a pooled rather than individual authority basis.

The NNDR income for the Council's area, after relief's and provisions, was £26,321,417 (£25,917,000 2012/13). This was based on a rateable value of £68,340,003 on 31st March 2014 (£68,833,071 on 31st March 2013)

**Note 4: Council Tax Major Preceptors**

|   | 2013/14 | 2012/13 |
|---|---------|---------|
|   | £000s   | £000s   |
| Worcestershire County Council                           | 35,104  | 38,075  |
| West Mercia Police Authority                            | 6,038   | 6,549   |
| Hereford and Worcester Fire and Rescue Authority        | 2,488   | 2,699   |
| Bromsgrove District Council (including Parish Councils) | 7,339   | 7,737   |
| <b><u>Distribution of Collection Fund Surplus</u></b>   |         |         |
| Worcestershire County Council                           | 142     | 525     |
| West Mercia Police Authority                            | 24      | 90      |
| Hereford and Worcester Fire and Rescue Authority        | 10      | 37      |
| Bromsgrove District Council (including Parish Councils) | 29      | 107     |

**Note 5: Collection Fund Surpluses/Deficits**

**Council Tax**

The Collection Fund Balance is available for distribution to the authorities which precept on the Collection Fund. During 2013/14 a total of £0.205m was distributed to the precepting authorities as detailed in Note 5 above. The balance is set out below:

|                                   | 2013/14      | 2012/13    |
|-----------------------------------|--------------|------------|
|                                   | £000s        | £000s      |
| Balance brought forward 1st April | 744          | 1,007      |
| Surplus/Deficit(-) in the year    | 432          | (263)      |
|                                   | <u>1,176</u> | <u>744</u> |

## Bromsgrove District Council - Statement of Accounts 2013/14

This balance has accumulated due to both the collection rates and income received being higher than budgeted for at the beginning of the financial year. This surplus is available to be shared amongst the precepting authorities (prorata to the amount of the total precepts). The amount attributable to Bromsgrove District Council at 31 March 2014 is £169k (approximately 14%)

|                             | 2013/14<br>£000s | 2012/13<br>£000s |
|-----------------------------|------------------|------------------|
| Bromsgrove District Council | 169              | 105              |
| Other precepting bodies     | 1,007            | 640              |
|                             | <u>1,176</u>     | <u>745</u>       |

### NNDR

Until 31 March 2013 all balances in relation to NNDR were attributable to Central Government. Following the localisation of business rates balances are attributable to Central Government, preceptors and Bromsgrove District Council in accordance with statutory proportions; the total deficit at 31 March 2014 is £1.834 million.

| Preceptor                                      | %  | 2013/14<br>£000 |
|--|----|-----------------|
| Central Government                             | 50 | -917            |
| Worcestershire County Council                  | 9  | -165            |
| Hereford and Worcester Fire & Rescue Authority | 1  | -18             |
| Bromsgrove District Council                    | 40 | -734            |
| <b>Total</b>                                   |    | <b>-1,834</b>   |

### Note 6: Bad Debt Provision

|                                 | 2013/14<br>£000s | 2012/13<br>£000s |
|---------------------------------|------------------|------------------|
| Balance as at 31st March        | 1,529            | 1,918            |
| <u>Council Tax</u>              |                  |                  |
| Written-off during the year     | 28               | (287)            |
| Movement in provision           | 14               | 188              |
| <u>Non-Domestic Rates</u>       |                  |                  |
| Written-off during the year     | (325)            | (554)            |
| Movement in provision           | 310              | 265              |
| <b>Balance as at 31st March</b> | <u>1,556</u>     | <u>1,529</u>     |
| <u>Represented by:</u>          |                  |                  |
| Council Tax Provision           | 1,010            | 967              |
| Non-Domestic Rates Provision    | 546              | 562              |
|                                 | <u>1,556</u>     | <u>1,529</u>     |

### Note 7: NNDR - Provision for Appeals

Provisions against successful appeals are charged to the Collection Fund. In addition to appeals settled during 2013/14 the following provisions have been charged and reflected in the net NNDR income figures:

|  | 2013/14<br>£000s |
|--|------------------|
| Provision against 2012/13 and prior years amounts billed | 651              |
| Provision against 2013/14 amounts billed                 | 272              |
|  | <u>923</u>       |

Bromsgrove District Council's share (40%, £369k) is reflected within provisions in Bromsgrove District Council's Balance Sheet.

**Responsibilities for the Statement of Accounts**

**The Council's Responsibilities**

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. In this authority, that officer is the Executive Director (Finance & Resources);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts by the date specified by the Secretary of State.

**Approval by the Council**

I certify that the above Statement of Accounts was approved by Council at its meeting held on 24 September 2014

Signed on behalf of Bromsgrove District Council

**Councillor Margaret Sherrey**  
**Leader of the Council**

**24-Sep-14**

**The Executive Director (Finance & Resources) Responsibilities**

The Executive Director (Finance & Resources) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practice as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice).

In preparing the Statement of Accounts, the Executive Director (Finance & Resources) has:

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

The Executive Director (Finance & Resources) has also:

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

**Certification of the accounts by the Executive Director (Finance & Resources)**

In accordance with the requirements of the Accounts and Audit Regulations 2011, I certify that by signing this statement the Statement of Accounts give a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2014.

**J Pickering CPFA**  
**Executive Director (Finance & Resources)**

Date: 24 September 2014



**Auditor's Report**

**ABBREVIATIONS**

The symbol "k" following a figure represents thousand.

The symbol "m" following a figure represents million.

**ACCRUALS**

This is the accounting concept that income and expenditure are shown in the financial year they are earned or incurred, not as money is received or paid.

**ADDED YEARS**

Additional years of service awarded to increase benefits of employees taking early retirement. This is no longer provided as a benefit by Bromsgrove District Council.

**BUDGET**

The Council's statement of spending plans for both revenue and capital for a financial year, expressed in financial terms.

**CAPITAL CHARGE**

A charge to service revenue accounts to reflect the cost of non-current assets used in the provision of a service.

**CAPITAL EXPENDITURE**

Capital expenditure is expenditure on acquisition or construction of assets which have a value to the Council for more than one year. Examples are land, buildings, vehicle, plant and equipment and computer software. Capital Expenditure can also be used to enhance existing assets so as to significantly prolong their useful life, increase their market value or increase the use of the asset.

**CAPITAL FINANCING**

This term describes the method of financing capital expenditure. The principal methods are loan financing, leasing, capital receipts, capital grants and contributions from third parties.

**CAPITAL RECEIPTS**

Income received from the sale of the Council's fixed assets such as land and buildings. This money is available, subject to rules laid down by Central Government to finance new capital expenditure or to repay debt.

**CODE OF PRACTICE ("THE CODE")**

The purpose of the Code is to act as a guide to preparing and presenting the Council's accounts so that they conform to various legal requirements and so that the accounts present a true and fair view of the council's financial activities and financial position

**COLLECTION FUND**

The Collection Fund is a statutory fund set up under the provisions of the Local Government Finance Act 1988. The fund accounts for income which is collectable from Council Tax and National Non Domestic Rates (NDR) payers and for payments to the major precepting authorities and to the Government in relation to NDR.

**COMMUNITY ASSETS**

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and open spaces.

## **CONSISTENCY**

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

## **CONTINGENT LIABILITIES**

Potential losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a provision in the accounts.

## **CORPORATE AND DEMOCRATIC CORE**

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The costs of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

## **COUNCIL TAX**

The Council Tax is the main form of local taxation in England, Scotland and Wales and is used to fund the service provided by local Council's and Police and Fire Authorities. The base for the tax is residential property. Each dwelling is allocated to one of eight bands coded by letters A through H on the basis of its assumed capital value as of 1<sup>st</sup> April 1991. The basic amount of Council tax, expressed as the annual levy on a Band D property, is calculated by dividing the revenue expenditure requirement by the Council tax base. The Council tax amounts of properties in other bands are calculated by applying ratios set by central Government to the basic amount of Council tax.

## **CREDITORS**

This is monies owed by the Council to others for goods and services that have been supplied but not paid for by the end of the financial year.

## **CURTAILMENT**

This relates to transactions for retirement benefits (pensions) and reflects the costs associated with an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. The cost of curtailments is reflected in the employer's net cost of service in the income & expenditure account (in non distributed costs).

## **DEBTORS**

This is sums owing to the Council from others for goods and services that they have received but have not been paid for by the end of the financial year.

## **DEFERRED CAPITAL RECEIPTS**

These transactions arise when fixed assets are sold and the amounts owed by the purchasers are repaid over a number of years. The balance is reduced by the amount repayable in any financial year.

## **DEFERRED LIABILITIES**

These are creditor balances repayable after at least one year.

## **DEPRECIATION**

The measure of the wearing out, consumption or other reduction in the useful economic life of a non-current asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

## **EARMARKED RESERVES**

These are reserves set aside for a specific purpose, a particular service or type of expenditure.

**FIXED ASSETS**

These are tangible assets that yield benefit to the Council and the services it provides for a period of more than a year.

**EXCEPTIONAL ITEMS**

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

**EXTRAORDINARY ITEMS**

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items, merely because they relate to a prior period.

**FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less, where applicable, any grants receivable towards the purchase or use of the asset.

**FINANCE LEASE**

A lease that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

**GOING CONCERN**

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

**GOVERNMENT GRANTS**

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

**HOUSING SUBSIDY**

This represents a Government grant payable towards the cost of providing Local Council housing and the management and maintenance of that housing.

**IMPAIRMENT**

This is when the carrying value of an asset, whether it is carried at historical cost or valuation, would no longer be recoverable. Examples of events and changes in circumstances that indicate an impairment are; a significant decline in a fixed asset's market value during the period; or evidence of obsolescence or physical damage to the asset.

**INTANGIBLE ASSETS**

Intangible Assets represent expenditure that has been properly capitalised but which does not create a tangible asset for the Council. Intangible assets include acquired and internally developed software used in the services provided or administration that qualify for recognition as an intangible asset.

**INFRASTRUCTURE ASSETS**

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

## **INVENTORIES**

Comprise the following categories:

- a) goods or other assets purchased for resale;
- b) consumable stores;
- c) raw materials and components purchased for incorporation into products for sale;
- d) products and services in intermediate stages of completion;
- e) long-term contract balances; and
- f) finished goods.

## **INVESTMENTS**

A long-term investment is an investment that is being held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments which do not meet the above criteria should be classified as current assets.

## **INVESTMENT PROPERTIES**

Interest in land and/or buildings:

- a) in respect of which construction work and development have been completed; and
- b) which is held for its investment potential, any rental income being negotiated at arm's length.

## **LONG-TERM CONTRACTS**

A contract entered into for the design, manufacture or construction of a substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts, if they are sufficiently material to the activity of the period.

## **NATIONAL NON-DOMESTIC RATE POOL (NNDR/POOL)**

Businesses pay national non domestic rates instead of Council Tax. It is a levy calculated by multiplying the national rate in the pound set by central Government by the rateable value of the property the business occupies. It is also often referred to as business rates. Non domestic rates are collected from businesses by billing authorities and paid over to the national pool. These monies are then redistributed back to the Council and other authorities based on a standard amount per head of local adult population. The amount is fixed at the beginning of each financial year.

## **NET BOOK VALUE**

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

## **NET REALISABLE VALUE**

The open market value of the asset in its existing use (or open market value in the case of a non-operational asset), less any expenses incurred in realising the asset.

## **NON-CURRENT ASSETS**

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

## **NON-OPERATIONAL ASSETS**

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

## **OPERATING LEASE**

A lease other than a finance lease.

## **OPERATIONAL ASSETS**

Non-current assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

## **PRECEPT**

A precept is a charge raised by one authority on another authority to meet its net expenditure. The major precepting authorities for this Council which precept on the Collection Fund are Worcestershire County Council, West Mercia Police Authority and Hereford and Worcester Fire and Rescue Authority. The local precepting authorities, which precept directly on the Council's General Fund, are the 20 Parish Councils within the Bromsgrove area.

## **PROVISIONS**

These are sums of money set aside to meet specific expenses which are likely or certain to be incurred, but where the amounts cannot be accurately determined or dates on which they will arise.

## **POST BALANCE SHEET EVENTS**

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

## **PRIOR YEAR ADJUSTMENTS**

Those material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates in prior years.

## **PRUDENCE**

The concept that revenue is not anticipated, but is recognised only when realised, in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

## **RESERVES**

These are sums of money set aside to meet the cost of specific future expenditure.

## **REVENUE SUPPORT GRANT**

This is the Government Grant provided by the Department of Communities and Local Government (DCLG), which is based on the Government's perception as to what should be spent on local services via the Formula Spending Share. The amount provided by the DCLG is fixed at the beginning of each financial year.

## **REVENUE BALANCES**

These reserves represent surplus accumulated from previous years which can be used in the future.

## **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Revenue Expenditure funded from Capital Under Statute is expenditure which does not create a tangible asset for the Council. An example would be a grant made to another organisation for them to use for capital expenditure.

## **UNAPPORTIONABLE CENTRAL OVERHEADS/NON DISTRIBUTED COSTS**

These are overheads for which no user now benefits and should not be apportioned to services.

## **USEFUL LIFE**

The period over which the local authority will derive benefits from the use of a non-current asset.