

Bromsgrove District Council - Statement of Accounts 2011/12

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:

	2011/12	2010/11
	£000s	£000s
Balance at the start of the year:		
Gross carrying amounts	3,163	3,128
Accumulated amortisation	(1,289)	(769)
Net carrying amount at start of year	<u>1,874</u>	<u>2,359</u>
Additions:		
Purchases	21	41
Revaluation increases or decreases	-	-
Amortisation for the period	(430)	(520)
Other changes	-	(6)
Net carrying amount at the end of the year	<u>1,465</u>	<u>1,874</u>
Comprising:		
Gross carrying amounts	3,184	3,163
Accumulated amortisation	(1,719)	(1,289)
	<u>1,465</u>	<u>1,874</u>

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.

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

	Carrying Amount	
	2011/12	2010/11
	£000s	£000s
Spatial Project	1,390	1,720

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 4 years.

Intangible assets were acquired during 2011/12 for Election services to the value of £18k. This was financed by revenue, in line with our stated policy, this will be amortised over three years.

Note 15: Non Current Assets - Assets Held for Sale

	2011/12 £000s	2010/11 £000s
Balance outstanding at start of year	250	600
Assets newly classified as held for sale:		
Property, Plant and Equipment	85	15
Intangible Assets	-	-
Other assets/liabilities in disposal groups	-	-
Revaluation losses	-	-
Revaluation gains	-	-
Impairment losses	-	-
Assets declassified as held for sale:		
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Other assets/liabilities in disposal groups	-	-
Assets sold	(85)	(365)
Transfers from non-current to current	-	-
Other movements	-	-
Balance outstanding at year-end	<u>250</u>	<u>250</u>

During the year ended 31 March 2010 the Council entered into negotiations to sell the Museum for £285,000 (carrying value £250,000). At 31 March 2011 it was considered highly probable that the transaction would complete before 31 March 2012, sale still anticipated however not completed yet.

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. The CFR is analysed in the second part of this note.

	31 March 2012	31 March 2011
	£000s	£000s
Opening Capital Financing Requirement	-	-
Capital investment		
Property, Plant and Equipment	1,164	1,013
Investment Properties	-	513
Intangible Assets	22	35
Revenue Expenditure Funded from Capital under Statute	672	1,677
Sources of Finance		
Capital receipts	(1,213)	(2,327)
Government grants and other contributions	(438)	(834)
<i>Sums set aside from revenue:</i>		
Direct revenue contributions	(207)	(77)
Minimum Revenue Position (MRP)	-	-
LSVT Adjustment	-	-
Closing Capital Financing Requirement	-	-
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	-	-
Increase in underlying need to borrowing (unsupported by government financial assistance)	-	-
Assets acquired under finance leases	-	-
Assets acquired under PFI/PPP contracts	-	-
LSVT Adjustment	-	-
Increase/(decrease) in Capital Financing Requirement	-	-

Note 17: Long Term Debtors

	31 March 2012 £000s	31 March 2011 £000s
Mortgagors re Sale of Council Houses	-	1
	<u>-</u>	<u>1</u>

These represent the balance outstanding on mortgages granted for the purchase of Council Houses, under the right to buy scheme. The amount is off set by a deferred capital receipt

Note 18: Inventories

	31 March 2012 £000s	31 March 2011 £000s
Balance at 1 April	162	170
Purchases	621	510
Recognised as an expense in the year	(540)	(483)
Written off	(11)	(35)
Reversals of write offs in previous years	-	-
Balance at 31 March	<u>232</u>	<u>162</u>

Note 19: Debtors

	31 March 2012 £000s	31 March 2011 £000s
Central Government Bodies	4,528	459
Other Local Authorities *	1,371	2,058
Other Entities and individuals *	1,259	1,414
Council Tax Payers	139	237
	7,297	4,168

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

2,630	3,472
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Note 20: Cash and Cash Equivalents

	31 March 2012 £000s	31 March 2011 £000s
Cash in Hand (Petty Cash)	1	1
Bank current accounts	(509)	322
<i>Current account(s) and cash in hand</i>	<u>(508)</u>	<u>323</u>
Bank call accounts		
HSBC Reward Account	3,000	-
Bank of Scotland	-	3,000
National Westminster Bank	0	3,000
Clydesdale	-	625
Santander	3,000	2,950
<i>Call accounts</i>	<u>6,000</u>	<u>9,575</u>
Total cash and cash equivalents	<u>5,492</u>	<u>9,898</u>

Within the total cash and cash equivalents figure as at 31 March 2012 £1.155m (Last Year: £872k) is held on behalf of the Joint Committee (Worcestershire Regulatory Services)

Note 21: Short Term Creditors

	31 March 2012	31 March 2011
	£000s	£000s
Central Government Bodies	(336)	(3,068)
Other Local Authorities *	(3,238)	(2,341)
Other Entities and individuals *	(2,097)	(2,469)
Council Tax payers	(164)	(228)
Council Tax Preceptors	(633)	(498)
	<hr/>	<hr/>
Totals	(6,468)	(8,604)
	<hr/>	<hr/>

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

	(5,335)	(4,810)
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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 has established three further provisions. These relate to legal cases in progress at the balance sheet date and also costs associated with organisational restructure and accumulated absences (employee benefits).

	31 March 2012	31 March 2011
	£000s	£000s
Legal Cases	(100)	(50)
Restructure	-	(97)
Employee benefits	(135)	(136)
	<hr/>	<hr/>
	(235)	(283)
	<hr/>	<hr/>

Legal Cases

The Council has provided for potential planning enquiries. In order to protect the privacy of individuals and the Council's position in the cases, any further information has been withheld from this publication.

Restructure

The Council continues to undergo staffing restructures as a result of the planned programme of shared service working. Provision has been made in relation to termination costs where it is deemed probable that the Council will have to make a settlement.

Note 23: Other Long Term Liabilities

	31 March 2012	31 March 2011
	£000s	£000s
Finance lease liability	-	(5)
Net Pensions liability	(24,982)	(19,348)
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	(24,982)	(19,353)
	<hr/>	<hr/>

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 2012	31 March 2011
	£000s	£000s
Revaluation Reserve	(4,630)	(1,461)
Capital Adjustment Account	(29,571)	(37,225)
Deferred Capital Receipts Reserve	-	(1)
Pensions Reserve	24,982	19,348
Collection Fund Adjustment Account	(141)	(140)
Accumulated Absences Account	135	136
	(9,225)	(19,343)

Note 25.1: Movement in Unusable Reserves

Note 25.2: 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.

	2011/12	2010/11
	£000s	£000s
Balance at 1 April		(1,461)
		(363)
Upward revaluation of assets	(3,334)	(1,101)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	78	-
	<hr/>	<hr/>
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(3,256)
		(1,101)
Difference between fair value depreciation and historical cost depreciation	(16)	3
Accumulated gains on assets sold or scrapped	103	-
Amount written off to the Capital Adjustment Account	<hr/>	<hr/>
		87
		3
Balance at 31 March		(4,630)
		(1,461)

Note 25.3: 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.

	2011/12 £000s	£000s	2010/11 £000s
Balance at 1 April		(37,225)	(41,693)
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	1,956		2,196
· Revaluation losses on Property, Plant and Equipment	5,423		2,836
· Amortisation of intangible assets	430		527
· Revenue expenditure funded from capital under statute	551		1,273
· 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	612		490
		8,972	7,322
Adjusting amounts written out of the Revaluation Reserve	(88)		(3)
Net written out amount of the cost of non-current assets consumed in the year		8,884	7,319
Capital financing applied in the year:			
· Use of the Capital Receipts Reserve to finance new capital expenditure	(1,213)		(2,327)
· Capital Receipts Reserve adjustments to previous year financing	15		
· Reversal of prior year grant financing	38		-
· Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(93)		(422)
· Application of grants to capital financing from the Capital Grants Unapplied Account	(4)		(8)
· Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(4)		(4)
· Capital expenditure charged against the General Fund	(207)		(77)
		(1,468)	(2,838)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		239	(13)
Balance at 31 March		(29,570)	(37,225)

Note 25.4: 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.

	2011/12 £000s	2010/11 £000s
Balance at 1 April	19,348	23,845
Business Combinations (Shared Services)	0	124
Actuarial gains or losses on pensions assets and liabilities	5,618	(1,581)
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	1,531	(1,659)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,514)	(1,381)
Balance at 31 March	24,983	19,348

Note 25.5: 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.

	2011/12 £000s	2010/11 £000s
Balance at 1 April	(140)	(126)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1)	(14)
Balance at 31 March	(141)	(140)

Note 25.6: 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.

	2011/12 £000s	2010/11 £000s
Balance at 1 April	136	178
Settlement or cancellation of accrual made at the end of the preceding year	(1)	(42)
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	(1)	(42)
Balance at 31 March	135	136

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

	2011/12 £000s	2010/11 £000s
Balance at 1 April	(3,753)	(5,129)
Amounts Receivable	(803)	(951)
Adjustments to previous year funding	(15)	
Applied to finance capital expenditure	1,213	2,327
Balance at 31 March	(3,358)	(3,753)

Note 27: Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2011/12 £000s	2010/11 £000s
Interest received	(100)	(123)
Interest paid	-	-
Dividends received	-	-

Note 28: Cash Flow Statement - Investing Activities

	2011/12 £000s	2010/11 £000s
Purchase of property, plant and equipment, investment property and intangible assets	1,260	1,537
Purchase of short-term and long-term investments	-	500
Other payments for investing activities	-	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(838)	(971)
Proceeds from short-term and long-term investments	(250)	-
Other receipts from investing activities	(276)	(289)
Net cash flows from investing activities	(104)	777

Note 29: Cash Flow Statement - Financing Activities

	2011/12 £000s	2010/11 £000s
Other receipts from financing activities	-	(3,711)
Repayments of short- and long-term borrowing	26	19
Other payments for financing activities	189	-
Net cash flows from financing activities	215	(3,692)

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:

Income and Expenditure 2011/12	Finance and Resources	Community Services	Environmental Services	Planning /Leisure /Regulatory Client	Corporate /Legal /Bus Trans /Customer	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Fees, charges & other service income	(656)	(522)	(3,182)	(2,269)	(1,995)	(8,624)
Support Service recharge income	(1,690)	(110)	(1,193)	(1,027)	(4,871)	(8,891)
Government grants	(20,217)	(410)	-	(4)	(99)	(20,730)
Total Income	(22,563)	(1,042)	(4,375)	(3,300)	(6,965)	(38,245)
Employee expenses	1,863	392	3,056	1,491	3,234	10,036
Other operating expenses	21,098	1,926	1,814	3,223	2,143	30,204
Capital Charges	9	196	794	476	915	2,390
Support Service Recharges	1,720	235	2,414	1,932	2,565	8,866
Total Expenditure	24,690	2,749	8,078	7,122	8,857	51,496
Net Expenditure	2,127	1,707	3,703	3,822	1,892	13,251

Income and Expenditure 2010/11 Comparative Figures	Finance and Resources	Community Services	Environmental Services	Planning /Leisure /Regulatory Client	Corporate /Legal /Bus Trans /Customer	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Fees, charges & other service income	(830)	(575)	(3,015)	(1,659)	(1,575)	(7,654)
Support Service recharge income	(2,437)	(112)	(920)	(464)	(5,128)	(9,061)
Government grants	(17,314)	(771)	-	(62)	(26)	(18,173)
Total Income	(20,581)	(1,458)	(3,935)	(2,185)	(6,729)	(34,888)
Employee expenses	1,671	269	2,996	1,760	3,016	9,712
Other operating expenses	18,467	4,097	1,968	2,185	2,087	28,804
Capital Charges	103	191	1,140	445	927	2,806
Support Service Recharges	1,844	255	2,295	1,843	2,686	8,923
Total Expenditure	22,085	4,812	8,399	6,233	8,716	50,245
Net Expenditure	1,504	3,354	4,464	4,048	1,987	15,357

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.

	2011/12	2010/11
	£000s	£000s
Net expenditure in the Directorate Analysis	13,251	15,357
Add services not included in main analysis	71	56
Add amounts not reported to management	4,997	(1,269)
Cost of Services in Comprehensive Income and Expenditure Statement	18,319	14,144

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.

2011/12	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	(8,624)	-	139	-	(8,485)	-	(8,485)
Support Service Recharges	(8,891)	-	-	8,891	-	-	-
Interest and investment income	-	-	-	-	-	(100)	(100)
Trading Services/Investment Properties	-	-	-	-	-	(197)	(197)
Other Income	-	(339)	-	-	(339)	-	(339)
Income from council tax	-	-	-	-	-	(7,760)	(7,760)
Government grants and contributions	(20,730)	-	-	-	(20,730)	(4,329)	(25,059)
Total Income	(38,245)	(339)	139	8,891	(29,554)	(12,386)	(41,940)
Employee expenses	10,036	(442)	(12)	441	10,023	-	10,023
Other service expenses	30,204	68	(29)	(441)	29,802	-	29,802
Support Service recharges	8,866	-	(27)	(8,891)	(52)	-	(52)
Depreciation, amortisation and impairment	2,390	5,710	-	-	8,100	-	8,100
Interest Payments	-	-	-	-	-	-	-
Trading Services/Investment Properties	-	-	-	-	-	367	367
Precepts & Levies	-	-	-	-	-	664	664
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-
Pensions interest cost and expected rate of return	-	-	-	-	-	457	457
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	(227)	(227)
Total Expenditure	51,496	5,336	(68)	(8,891)	47,873	1,261	49,134
Surplus or deficit on the provision of services	13,251	4,997	71	-	18,319	(11,125)	7,194

2010/11 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	(7,654)	-	238	-	(7,416)	-	(7,416)
Support Service Recharges	(9,061)	-	-	9,012	(49)	-	(49)
Interest and investment income	-	-	-	-	-	(122)	(122)
Trading Services/Investment Properties	-	-	-	-	-	(238)	(238)
Other Income	-	(196)	-	-	(196)	-	(196)
Income from council tax	-	-	-	-	-	(7,736)	(7,736)
Government grants and contributions	(18,173)	5	-	-	(18,168)	(5,504)	(23,672)
Total Income	(34,888)	(191)	238	9,012	(25,829)	(13,600)	(39,429)
Employee expenses	9,712	(3,953)	(68)	492	6,183	-	6,183
Other service expenses	28,804	42	(66)	(492)	28,288	-	28,288
Support Service recharges	8,923	136	(48)	(9,012)	(1)	-	(1)
Depreciation, amortisation and impairment	2,806	2,697	-	-	5,503	-	5,503
Interest Payments	-	-	-	-	-	-	-
Trading Services/Investment Properties	-	-	-	-	-	169	169
Precepts & Levies	-	-	-	-	-	647	647
Payments to Housing Capital Receipts Pool	-	-	-	-	-	1	1
Pensions interest cost and expected rate of return	-	-	-	-	-	872	872
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	(482)	(482)
Total Expenditure	50,245	(1,078)	(182)	(9,012)	39,973	1,207	41,180
Surplus or deficit on the provision of services	15,357	(1,269)	56	-	14,144	(12,393)	1,751

Note 31: Trading Operations

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

	2011/12 £000s	2010/11 £000s
External Trading Services		
<u>Market Services</u>		
Turnover	(114)	(123)
Expenditure	109	132
Profit (-) / Loss Total	(5)	9

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:

	2011/12 £000s	2010/11 £000s
General Advertising	8	34
Recruitment Advertising	6	14
Marketing, Promotion and Publicity	93	91
Total	107	139

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:

	2011/12 £000s	2010/11 £000s
Pensions Past Service Costs	85	0
Pensions Curtailment Costs	0	39
Other items not charged to services	31	3
Total Non Distributed Costs	116	42

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

	2011/12 £000s	2010/11 £000s
Basic Allowance	143	146
Special Allowance	64	77
Expenses including car allowances	19	16
Total	226	239

Members' Allowances are reviewed by an Independent Remuneration Panel. Allowances received for 2011/12 include the basic allowance at £3,676 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 and therefore Redditch Borough Council are recharged 50% of their salary and remuneration.

Post holder title 2011/12	Salary (fees & allowances)	Expenses Allowance	Total remuneration excl pension contributions	Pension Contributions	2011/12 Total remuneration
<u>Bromsgrove District Council</u>	£	£	£	£	£
Chief Executive	127,500	82	127,581	13,388	140,969
Executive Director of Finance & Resources	90,751	408	91,157	9,529	100,686
Director of Policy, Performance & Partnerships	85,941	-	85,941	6,623	92,564
Head of Legal & Democratic Services	75,000	1,520	76,520	7,875	84,395
Total	379,192	2,009	381,199	37,415	418,614
Share to Redditch - 50%	(189,596)	(1,005)	(190,600)	(18,708)	(209,307)
Revised Total	189,596	1,005	190,600	18,708	209,307

Post holder title 2010/11	Salary (fees & allowances)	Expenses Allowance	Total remuneration excl pension contributions	Pension Contributions	2010/11 Total remuneration
<u>Bromsgrove District Council</u>	£	£	£	£	£
Chief Executive	124,499	1,434	125,933	11,671	137,604
Executive Director of Finance & Resources	87,960	597	88,557	8,180	97,037
Director of Policy, Performance & Partnerships	80,670	631	81,301	7,561	88,862
Head of Legal & Democratic Services	73,215	787	74,002	6,809	80,811
Total	366,344	3,449	369,793	34,221	404,314
Share to Redditch - 50%	(183,172)	(1,725)	(184,897)	(17,111)	(202,008)
Revised Total	183,172	1,724	184,896	17,110	202,306

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

Post holder title 2011/12	Salary (fees & allowances)	Expenses Allowance	Total remuneration excl pension contributions	Pension Contributions	2011/12 Total remuneration
<u>Redditch Borough Council</u>	£	£	£	£	£
Executive Director of Planning & Regeneration, Regulatory & Housing	90,751	0	90,751	10,255	101,006
Executive Director of Leisure, Environmental & Community	100,000	163	100,163	11,315	111,478
Total	190,750	163	190,913	21,570	212,483
Share to Bromsgrove - 50%	(95,375)	(81)	(95,457)	(10,785)	(106,242)
Revised Total	95,375	81	95,457	10,785	106,242

Post holder title 2010/11	Salary (fees & allowances)	Expenses Allowance	Total remuneration excl pension contributions	Pension Contributions	2010/11 Total remuneration
	£	£	£	£	£
Redditch Borough Council					
Executive Director of Planning & Regeneration, Regulatory & Housing	88,136	-	88,136	10,576	98,712
Executive Director of Leisure, Environmental & Community	98,527	-	98,527	11,823	110,350
Total	186,663	-	186,663	22,399	209,062
Share to Bromsgrove - 50%	(93,332)	-	(93,332)	(11,200)	(104,532)
Revised Total	93,331	-	93,331	11,199	104,530

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 :

Bromsgrove District Council	Number of Employees	
	2011/12	2010/11
	<i>Council</i>	<i>Council</i>
Remuneration Summary Salary Range		
Over £50,000 and up to £54,999	0	0
Over £55,000 and up to £59,999	1	0
Over £60,000 and up to £64,999	1	0
Over £65,000 and up to £69,999	0	1
Over £70,000 and up to £74,999	2	2
Over £75,000 and up to £79,999	1	0
Over £80,000 and up to £84,999	0	0
Over £85,000 and up to £89,999	0	0
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	1
Total	5	4

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

Two of the employees reflected in the above table for 2011/12 & 2010/11 form part of the Worcestershire Enhanced Two Tier shared services and costs are shared by all parties to the joint committee.

Amounts for the employee falling into the over £120k banding during 2010/11 include a redundancy payment on termination.

Redditch Borough Council	Number of Employees	
	2011/12	2010/11
	<i>Council</i>	<i>Council</i>
Remuneration Summary Salary Range		
Over £50,000 and up to £54,999	0	0
Over £55,000 and up to £59,999	1	0
Over £60,000 and up to £64,999	1	1
Over £65,000 and up to £69,999	0	0
Over £70,000 and up to £74,999	3	4
Over £75,000 and up to £79,999	0	0
Over £80,000 and up to £84,999	0	0
Over £85,000 and up to £89,999	0	1
Over £90,000 and up to £94,999	1	0
Over £95,000 and up to £99,999	0	1
Over £100,000 and up to £104,999	1	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
Total	7	7

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

Exit Packages

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:

2011/12

Bromsgrove District Council	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	
	2011/12	2011/12	2011/12	2011/12	
Exit package cost band (including special payments)				Payments to Officers	Other costs to the council
£0 - £20,000	2	7	9	82,687	27,235
£20,001 - £40,000	1	3	4	69,860	47,437
£40,001 - £60,000	1	0	1	15,926	26,479
£60,001 - £80,000	0	2	2	41,942	99,633
£80,001 - £100,000	0	1	1	21,549	59,768
£100,001 - £150,000	0	0	0	0	0
Total	4	13	17	231,965	260,553

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

Redditch Borough Council	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	
	2011/12	2011/12	2011/12	2011/12	
Exit package cost band (including special payments)				Payments to Officers	Other costs to the council
£0 - £20,000	22	10	32	157,457	23,498
£20,001 - £40,000	0	2	2	31,634	28,377
£40,001 - £60,000	0	0	0	0	0
£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
Total	22	12	34	189,091	51,876

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

Bromsgrove District Council	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	
	2010/11	2010/11	2010/11	2010/11	
Exit package cost band (including special payments)				Payments to Officers	Other costs to the council
£0 - £20,000	6	19	25	77,233	19,651
£20,001 - £40,000	1	0	1	22,642	0
£40,001 - £60,000	0	0	0	0	0
£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
Total	7	19	26	99,875	19,651

Within the total packages agreed 21 officers were part of Worcestershire Regulatory Services and the total cost reflected for those packages is BDC partners share.

3 officers costs were shared with Redditch Borough Council as part of the Authority's Shared Agenda.

Redditch Borough Council	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	
	2010/11	2010/11	2010/11	2010/11	
Exit package cost band (including special payments)				Payments to Officers	Other costs to the council
£0 - £20,000	0	19	19	61,877	17,160
£20,001 - £40,000	0	4	4	75,642	60,955
£40,001 - £60,000	0	0	0	0	0
£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
Total	0	23	23	137,519	78,115

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	2011/12 £000s	2010/11 £000s
Fees payable to the Audit Commission with regard to external audit services	89	102
Fees payable to the Audit Commission with regard to statutory inspections	0	7
Fees payable to the Audit Commission for the certification of grant claims	23	19
	112	128
	112	128

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:

	31 March 2012 £000s	31 March 2011 £000s
DCLG	11	11
Regional Housing Pot	-	17
Liveability Grant	135	138
Energy Efficiency	40	-
DEFRA	28	-
RIEP	4	-
WCC - Short Breaks	20	-
Section 106 Agreements	707	595
Total	945	761

Note 37: Grant Income

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

	2011/12 £000s	2010/11 £000s
Credited to Taxation and Non Specific Grant Income		
DCLG Revenue Support Grant/NNDR/other non ringfenced	4,275	5,083
Developers S106 Contributions	65	150
Regulatory Services - contributions from other local authorities	(38)	38
Liveability Grant	3	66
WCC - Play Areas		-
WCC - Playbuilder Scheme		50
RIEP	7	100
Other Capital Contributions	17	17
Total	4,329	5,504
Credited to Services		
DWP Housing Benefit Subsidy	19,642	16,675
DWP Housing Benefit Admin	436	462
DWP Housing Benefit Reform	7	0
DWP VRA	0	7
DWP Atlas	0	27
DWP Incapacity Benefit	3	3
DWP Local Housing Allowance	2	4
DWP Performance Bids	0	2
DWP Discretionary Housing	0	7
DWP Employment & Support Allowance	0	0
DWP In & Out of Work Processes	0	0
DCLG Homelessness	0	94
DFT Concessionary Fares	0	267
DCMS Free Swimming	0	11
DCLG Mediation Grant	0	0
DCLG Business Rates Deferral Scheme	0	0
DCLG NNDR Cost of Collection	123	119
DCLG Mortgage Rescue	0	0
DCLG Business Rates Relief	3	8
DCLG Council Tax Efficiencies	0	0
DCLG LABGI	0	0
DFG (Refcus)	350	405
RSG (Refcus)	0	0
HECS (Refcus)	0	0
PCT Health & Well Being	99	24
Elections Core Grant	0	1
Planning Delivery Grant	0	0
IEWM Heartbeat Workshops	0	0
Belne Brook Flood Study	0	0
DEFRA Air Pollution	0	16
DEFRA Recycling Grant	0	0
Local Gov Land Charges	0	34
High 5 Event	3	0
Town Centre Market Stalls	1	0
Social Mobility	30	0
Mortgage Rescue	30	0
Total	20,729	18,166

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 2011/12 is shown in Note 34. The Council maintains a register of Councillors interests that is regularly updated and available for public inspection.

During 2011/12, 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 & District Citizen's Advice Bureau, Bromsgrove Arts Development Trust, Bromsgrove District Housing Trust. Members also represent the Council on the Worcestershire Regulatory Shared Service Joint Committee.

The Council has paid grants of £215k to Bromsgrove and District CAB £95k and Bromsgrove Arts Centre Trust £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, the Council also has various shared services with Redditch Borough Council.

As host of the Worcester Regulatory Shared Service the council received £547k from Malvern Hills District Council, £625k from Wyre Forest District Council, £954k from Wychavon District Council, £633k Worcester City Council, £1,708k Worcester County Council, £647k from Redditch Borough Council. At 31 March the following amounts were owed to partners of the shared service:

	£000
Worcester City Council	190
Redditch Borough Council	152
Wychavon District council	108
Wyre Forest District Council	75
Malvern Hills District Council	67
Worcester County Council	294

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

	£000
Redditch Borough Council	37
Worcester City Council	10

As part of the shared service with Redditch Borough Council, Bromsgrove District Council has paid £2,139k for services hosted by Redditch and received £2,076k for services hosted by Bromsgrove District Council. As at 31 March £1,981k was owed to Redditch for services hosted by them and £1,150 owed by them for services hosted 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 the provision of service is £154k.

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 £193k to Wyre Forest for services hosted by them and received £13k from Wyre Forest for expenses incurred at BDC.

Under the provision of Car Park Services the Council paid £14k to Wychavon District Council.

Under the Internal Audit Shared Service the Council paid £67k 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 2011/12 was £79k (2010/11 £42k). Future commitments under these existing leases are:

Future minimum lease payments due	2011/12	2010/11
	£000s	£000s
Not later than one year	76	70
Later than one year & not later than five years	303	280
Later than five years	286	350
	665	700

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 2011/2012 were £112k.

Future minimum lease payments receivable	2011/12	2010/11
	£000s	£000s
Not later than one year	57	112
Later than one year & not later than five years	143	244
Later than five years	71	4,568
	271	4,924

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.

Finance Leases

Council as lessee

The Council has acquired a variety of assets such as vehicles, office equipment and vending machines by the means of finance lease agreements

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

Value of Assets held under Finance Leases	2011/12	2010/11
	£000s	£000s
Property, Plant & Equipment	8	12
Total	8	12

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	Minimum Lease payments	
	2011/12 £000s	2010/11 £000s
Amounts falling due:		
Within 1 year	5	5
Between 1 to 5 years	-	5
Later than five years	-	-
Subtotal	5	10
Finance Charges allocated to future periods	-	(1)
Net obligations	5	9

Note 40: Heritage Assets

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.

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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 41: Financial Instruments Balances

The following categories of financial instrument are carried in the Balance Sheet:

	Long Term		Current	
	31 March 2012 £000s	31 March 2011 £000s	31 March 2012 £000s	31 March 2011 £000s
Investments				
Loans and receivables (principal) reflected as short term investments in the balance sheet	-	-	2,750	3,000
Loans and receivables (principal) reflected as cash/cash equivalents in the balance sheet			6,000	9,898
Total investments	-	-	8,750	12,898
Debtors				
Loans and receivables	-	-	2,630	3,472
Financial assets carried at contract amounts	-	-	-	-
Total included in debtors	-	-	2,630	3,472
Borrowings				
Financial liabilities (principal)	-	-	(83)	(104)
Financial liabilities reflected as part of cash/cash equ	-	-	(508)	(104)
Accrued interest	-	-	-	-
Total included in borrowings	-	-	(591)	(208)
Other Long Term Liabilities				
PFI and finance lease liabilities	-	(5)		
Total other long term liabilities	-	(5)		
Creditors				
Financial liabilities at amortised cost	-	-	-	-
Financial liabilities carried at contract amount	-	-	(5,335)	(4,810)
Total creditors	-	-	(5,335)	(4,810)

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 42: 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 43: Short Term Investments

	31 March 2012 £000s	31 March 2011 £000s
DMADF	2,750	-
Barclays Bank	-	500
Clyesdale (15 day notice)	-	2,000
Lloyds TSB (Term Deposit)	-	500
	<u>2,750</u>	<u>3,000</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 44: Short Term Borrowing

	31 March 2012 £000s	31 March 2011 £000s
Loan repayments within one year:		
Obligations under finance leases	(5)	(4)
Salix energy efficiency loan	(23)	(32)
Parish loans repayable on demand	(55)	(68)
	<u>(83)</u>	<u>(104)</u>

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

Note 45: Long Term Borrowing

	31 March 2012 £000s	31 March 2011 £000s
Loan repayments due after one year:		
Obligations under finance leases	-	(5)
	<u>-</u>	<u>(5)</u>

Note 46: 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. These procedures require the Council to manage 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-Mar-12	31-Mar-11
	£0	£0
Less than 3 months	372	1,466
Three to six months	37	36
Six months to one year	31	83
More than one year	15	101
Total	455	1,686

The Council's approach to determining appropriate provisions for bad and doubtful debts is outlined in note 19 (Debtors). 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 2011/12:

Financial Asset Category	Minimum Criteria (Fitch)	Maximum Investment
Term Deposits	Short Term: F1 Long Term: A+	£1 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 12 £0	Balance Invested 31 Mar 11 £0
UK Banks – Term Deposits	F1+	AA-	-	3,000
Total UK Banks - Investments			-	3,000
DMADF	F1+	AAA	2,750	-
Other AAA rated investments *	F1+	AAA	-	-
Total Investments			2,750	3,000

* 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.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Note 47: 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.

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:

	2011/12 £000s	2011/12 £000s	2011/12 £000s	2010/11 £000s	2010/11 £000s	2010/11 £000s
	Discretionary Benefits	Excl Joint Committee	Incl Joint Committee	Discretionary Benefits	Excl Joint Committee	Incl Joint Committee
Comprehensive Income and Expenditure Statement						
<i>Cost of Services:</i>						
· Current Service cost	-	930	989	-	1,071	1,125
· Past Service gain	-	-	-	(105)	(3,580)	(3,695)
· Curtailment and Settlements	-	85	85	-	30	39
<i>Financing and Investment Income and Expenditure</i>						
· Interest cost	-	3,128	3,232	109	3,362	3,443
· Expected return on scheme assets	-	(2,642)	(2,775)	-	(2,477)	(2,571)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	-	1,501	1,531	4	(1,594)	(1,659)
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>						
· Actuarial gains and losses	-	5,445	5,618	21	(1,547)	(1,580)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	-	6,946	7,149	25	(3,141)	(3,239)
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	-	(1,501)	(1,531)	(4)	1,594	1,659
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>						
· Employers' contributions payable to scheme	-	1,471	1,514	134	1,330	1,381

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement for 2011/12 is a loss of £5.445m (£5.618m including Joint Committee)

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2011/12 £000s	2011/12 £000s	2011/12 £000s	2010/11 £000s	2010/11 £000s	2010/11 £000s
	Discretionary Benefits	Excl Joint Committee	Incl Joint Committee	Discretionary Benefits	Excl Joint Committee	Incl Joint Committee
Opening balance at 1 April	(1,909)	(57,401)	(59,276)	(2,018)	(60,507)	(62,207)
Current Service Cost	0	(930)	(989)		(1,071)	(1,125)
Interest Cost	(101)	(3,128)	(3,232)	(109)	(3,362)	(3,443)
Contributions by scheme participants	0	(396)	(419)		(402)	(425)
Actuarial gains and losses	(43)	(2,011)	(2,011)	(21)	1,976	1,854
Benefits paid	129	2,392	2,446	134	2,415	2,414
Past service gain	0	0	0	105	3,580	3,695
Entity combinations	-	-	-		-	-
Curtailments	0	(85)	(85)		(30)	(39)
Settlements	-	-	-		-	-
Closing balance at 31 March	(1,924)	(61,559)	(63,566)	(1,909)	(57,401)	(59,276)

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This had the effect of reducing the Council's liabilities in the Worcestershire County Council Pension Fund by £3.580m (£3.695m including Joint Committee) and was recognised as a past service gain in 2010/11 in accordance with guidance set down in UITF Abstract 48, since the change was considered to be a change in benefit entitlement. There was no impact upon the General Fund.

The movement in the fair value of pension scheme assets for the year to 31 March is as follows:

	2011/12 £000s	2011/12 £000s	2010/11 £000s	2010/11 £000s
	Excl Joint Committee	Incl Joint Committee	Excl Joint Committee	Incl Joint Committee
Opening balance at 1 April	38,027	39,928	36,662	38,238
Expected rate of return	2,642	2,775	2,477	2,571
Actuarial gains and losses	(3,434)	(3,607)	(429)	(273)
Employer contributions	1,471	1,514	1,330	1,381
Contributions by scheme participants	396	419	402	425
Benefits paid	(2,392)	(2,446)	(2,415)	(2,414)
Entity combinations	-	-	-	-
Settlements	-	-	-	-
Closing balance at 31 March	36,710	38,583	38,027	39,928
Net Pensions Liability	(24,849)	(24,983)	(19,374)	(19,348)

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £(0.792)m (2010/11: £3.017m; £3.267m including Joint Committee).

Note 47: Defined Benefit Pension Schemes

Scheme history

	2007/08 £000s as restated	2008/09 £000s	2009/10 £000s	2010/11 £000s	2011/12 £000s
Present value of liabilities	(51,696)	(44,182)	(60,507)	(59,276)	(61,559)
Fair value of scheme assets	32,362	24,879	36,662	39,928	36,710
Surplus/(deficit) in the scheme	(19,334)	(19,303)	(23,845)	(19,348)	(24,849)

The liabilities show the underlying commitments that the authority has in the long run to pay post employment (retirement) benefits. The total liability of £24.849m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy; the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (ie before payments fall due), as assessed by the scheme actuary, Mercer Human Resource Consulting Limited.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2013 is £1.321m (£1.356m including Joint Committee).

Basis for Estimating Assets and Liabilities

All costs, liabilities and other factors were determined using the projected unit actuarial cost method, in accordance with generally accepted actuarial principles and procedures by the County Council Fund's actuary, Mercer Limited. Key financial and demographic assumptions are detailed below.

The principal assumptions used by the actuary have been:

	2011/12	2010/11
Long-term expected rate of return on assets in the scheme:		
<i>Equity investments</i>	7.0%	7.5%
<i>Gilts</i>	3.1%	4.4%
<i>Bonds</i>	4.1%	5.1%
<i>Property</i>	6.0%	6.5%
<i>Cash</i>	0.5%	0.5%
<i>Other</i>	7.5%	7.0%
Expenses deduction	0.28%	0.28%
Overall expected return	6.99%	6.23%
Mortality assumptions:		
<i>Longevity at 65 for current pensioners:</i>		
Men	22.1	22.0
Women	24.6	24.5
<i>Longevity at 65 for future pensioners:</i>		
Men	23.5	23.4
Women	26.1	26.1
Other assumptions:		
<i>Rate of inflation (CPI)</i>	2.5%	2.9%
<i>Rate of increase in salaries</i>	4.0%	4.4%
<i>Rate of increase in pensions</i>	2.5%	2.9%
<i>Rate for discounting scheme liabilities</i>	4.9%	5.5%
<i>Take-up of option to convert annual pension into retirement lump sum</i>	50.0%	50.0%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	2011/12	2010/11
	%	%
Equity investments	88.9	92.7
Gilts	3.2	2.6
Other Bonds	4.0	3.8
Property	0.0	0.0
Cash	3.9	0.9
	100.0	100.0

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2011/12 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March :

	2007/08	2008/09	2009/10	2010/11	2011/12
	%	%	%	%	%
	as restated	as restated			
Differences between the expected and actual return on assets	(13.80)	(40.10)	26.90	(1.10)	(9.30)
Experience gains and losses on liabilities	(0.60)	-	-	2.90	-

Explanation of terms used in assets and liabilities table

The change in net pension's liability is analysed into various components:

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

Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – charged to cost of services in the CIES as part of Non Distributed Costs

Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – charged to Financing and investment income and expenditure in the CIES and forming part of the Surplus or Deficit on the Provision of Services

Expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the long-term return – credited to Financing and investment income and expenditure in the CIES and forming part of the Surplus or Deficit on the Provision of Services.

Gains and losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - charged to Cost of Services in CIES as part of Non Distributed Costs.

Actuarial gains and losses – changes in net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged/credited as appropriate to Other Comprehensive Income and Expenditure in the CIES.

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 surplus of the admitted body together with the Council's share as defined by the partnership legal agreement.

	31 March 2012 £'000
Present Value of Liabilities	(18,167)
Fair Value of Assets	<u>16,951</u>
Deficit in scheme	<u>(1,216)</u>
 Bromsgrove District Council Share (11.05%)	 (134)

Note 48: Contingent Liabilities

On 30 September 1992 the Council's then insurer MMI announced that it had ceased taking new business and had placed a moratorium on claims payments. On 6 October 1992 MMI resumed the full payment of claims. Subsequently there had been further strengthening in the company's financial position and its directors remained of the view that a solvent run off could be anticipated. If a solvent run off is not achieved the Council currently has a potential contingent liability of a maximum of £268k in connection with the MMI Scheme of Arrangement.

Information received after the balance sheet date confirms that judgement has now been reached in the Supreme Court in the Employers' Liability Policy Trigger Litigation case and has found against the insurer. The MMI Board of Directors is now seeking legal, financial and actuarial advice from its professional advisers in order to determine the full implications of the judgement for the company and those party to the Scheme of Arrangement. Currently the scheme has not been triggered and no provision has been made in the Balance Sheet for the potential liability.

Note 49: Termination Benefits

The Authority terminated the contracts of a number of employees in 2011/12, incurring liabilities of £232k (£100k 2010/11). Of this 50% has been charged to Redditch Borough Council as officers were made redundant as part of the Authority's Shared Service Agenda. Redditch Borough Council also terminated a number of employees in 2011/12, incurring liabilities of £189k (£137k 2010/11). Of this 50% was charged to Bromsgrove District Council as officers were made redundant as part of the Authority's Shared Service Agenda. - see Note 35.2 for the number of exit packages and total cost per band.

Collection Fund Statement for the year ended 31 March 2012

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.

	<u>2011/12</u>	2010/11
	<u>£000s</u>	£000s
Income		
Income from Council Tax payers	(50,614)	(50,558)
Council Tax benefits - transfer from General Fund	(4,785)	(4,740)
Income collectable from business ratepayers	(25,005)	(23,234)
Contributions:		
Towards banding adjustments	-	-
Total Income	<u>(80,404)</u>	<u>(78,532)</u>
Expenditure		
Precepts and demands:		
Worcestershire County Council	37,976	37,839
West Mercia Police Authority	6,532	6,508
Hereford and Worcester Fire & Rescue Authority	2,692	2,682
Bromsgrove District Council (including Parishes)	7,712	7,670
	54,912	54,699
Business rate:		
Payments to national pool	24,735	23,179
Cost of collection	123	119
Interest on overpayments	-	-
	24,858	23,298
Net provision for bad debts	794	374
Bad Debts written off	(498)	(307)
	296	67
Contributions:		
Previous years' estimated Collection Fund surplus/deficit	330	369
	330	369
Total Payments	<u>80,396</u>	<u>78,433</u>
(Surplus) / Deficit for the year	(8)	(99)
Balance at 1st April	<u>(999)</u>	<u>(900)</u>
Balance at 31st March	<u>(1,007)</u>	<u>(999)</u>

Notes to the Collection Fund Account

Note 1: General

The Collection Fund is managed and administered by Bromsgrove District Council as the Billing Authority on behalf of the council tax-payers and business rate-payers within its area. All sums raised from council tax and business rates are paid into the Fund. Payments out of the Fund include contributions to the National Non Domestic Rate Pool and precept payments to Worcestershire County Council, West Mercia Police Authority, Hereford & Worcester Fire & Rescue Authority, Bromsgrove District Council and Parish Councils to fund their net service requirements. The total amount of non domestic rates collected (less certain reliefs and other deductions) is paid to a central pool (the NNDR Pool) managed by the Government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population as at a specified date.

These accounts represent the transactions of the Collection Fund, a statutory fund separate from the main accounts of the Council. Administration costs are borne by the General Fund.

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Note 2: Council Tax Base

The Council set a total Council Tax of £1,484.27 based on Band 'D' equivalents, with a taxbase of 36,548.42.

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.

Property Category and Council Tax Banding	2011/12		2010/11	
	Number in Category No.	Band D Equivalent No.	Number in Category No.	Band D Equivalent No.
A - up to £40,000	2,693	1,795.10	2,648	1,764.90
B - £40,001 to £52,000	6,223	4,840.30	6,243	4,855.70
C - £52,001 to £68,000	7,565	6,724.40	7,543	6,704.70
D - £68,001 to £88,000	6,926	6,926.00	6,887	6,887.00
E - £88,001 to £120,000	6,117	7,476.30	6,108	7,465.30
F - £120,001 to £160,000	3,117	4,502.30	3,101	4,478.90
G - £160,001 to £320,000	2,466	4,109.20	2,454	4,090.40
H - over £320,000	272	544.00	269	537.50
Gross Tax Base		36,917.60		36,784.40
Non-Collection	1%	(369.18)	1%	(367.84)
Council Tax Base		36,548.42		36,416.56

Note 3: Council Tax Levels

Property Category and Council Tax Banding	2011/12 BDC Band D £	2010/11 BDC Band D £
A - up to £40,000	128.57	128.57
B - £40,001 to £52,000	149.99	149.99
C - £52,001 to £68,000	171.42	171.42
D - £68,001 to £88,000	192.85	192.85
E - £88,001 to £120,000	235.71	235.71
F - £120,001 to £160,000	278.56	278.56
G - £160,001 to £320,000	321.42	321.42
H - over £320,000	385.70	385.70

Note 4: Council Tax Income

Property Category and Council Tax Banding	2011/12			2010/11
	Number in Category No.	Tax incl. Police & Fire £	Estimated Debit £000s	Estimated Debit £000s
Estimated Income				
A - up to £40,000	2,693	989.52	2,665	2,620
B - £40,001 to £52,000	6,223	1,154.44	7,184	7,207
C - £52,001 to £68,000	7,565	1,319.36	9,981	9,952
D - £68,001 to £88,000	6,926	1,484.28	10,280	10,222
E - £88,001 to £120,000	6,117	1,814.12	11,097	11,081
F - £120,001 to £160,000	3,117	2,143.96	6,683	6,648
G - £160,001 to £320,000	2,466	2,473.80	6,099	6,071
H - over £320,000	272	2,968.53	807	798
Estimated Opening Debit			54,796	54,599

Actual Income	£000s	£000s
Property Charge Total	61,004	60,736
Exemptions	(1,287)	(1,237)
Disabled Relief	(86)	(86)
Discounts	(3,976)	(3,895)
Disregard	(224)	(212)
Empty	(70)	(53)
Second Homes	54	43
	(16)	2
Actual Income Collectable	55,399	55,298

Note 5: Council Tax Major Preceptors

	2011/12 £000s	2010/11 £000s
Worcestershire County Council	37,976	37,839
West Mercia Police Authority	6,532	6,508
Hereford and Worcester Fire and Rescue Authority	2,692	2,682
Bromsgrove District Council (including Parish Councils)	7,712	7,670
<u>Distribution of Collection Fund Surplus</u>		
Worcestershire County Council	229	255
West Mercia Police Authority	39	44
Hereford and Worcester Fire and Rescue Authority	16	18
Bromsgrove District Council (including Parish Councils)	46	52

Note 6: Collection Fund Balance

The Collection Fund Balance is available for distribution to the authorities which precept on the Collection Fund. During 2011/12 a total of £0.33m was distributed to the precepting authorities as detailed in Note 4 above. The balance is set out below:

	2011/12 £000s	2010/11 £000s
Balance brought forward 1st April	999	900
Surplus/Deficit(-) in the year	8	99
	<u>1,007</u>	<u>999</u>

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 (prorate to the amount of the total precepts). The amount attributable to Bromsgrove District Council is £141k (14%)

	2011/12 £000s	2010/11 £000s
Bromsgrove District Council Collection Fund Balance	141	140
Other precepting bodies	866	859
	<u>1,007</u>	<u>999</u>

Note 7: National Non-Domestic (Business) Rates Gross Rateable Value

	2011/12 £000s	2010/11 £000s
Value at the year-end	69,152	56,822

Note 8: National Non-Domestic (Business) Rates Multiplier

	2011/12 pence	2010/11 pence
Multiplier for the year	43.3p	41.4p

Note 9: National Non-Domestic (Business) Rates Income

	2011/12	2010/11
	£000s	£000s
Estimated Opening Debit	24,602	20,437
Actual income		
Actual Opening Debit	29,168	26,998
Additional Adjustments	(1,309)	(1,531)
Property Charge Total	27,859	25,467
Discounts and Reliefs		
Mandatory Relief	(1,346)	(1,222)
Discretionary Relief (net of contribution from General Fund)	(99)	(98)
Small Business Rate Relief Total	(1,402)	(891)
Interest	(8)	(23)
	(2,855)	(2,234)
Actual Income Collectable	25,004	23,233

Note 10: Bad Debt Provision

	2011/12	2010/11
	£000s	£000s
Balance as at 31st March	2,119	2,364
<u>Council Tax</u>		
Written-off during the year	(116)	(93)
Movement in provision	149	131
<u>Non-Domestic Rates</u>		
Written-off during the year	(382)	(219)
Movement in provision	148	(64)
Balance as at 31st March	1,918	2,119
<u>Represented by:</u>		
Council Tax Provision	1,066	1,033
Non-Domestic Rates Provision	852	1,086
	1,918	2,119

GROUP ACCOUNTS

EXPLANATORY FOREWARD

The Code of Practice on Local Authority Accounting in the United Kingdom 2011-12 requires the preparation of group accounts where “the authority has interests in subsidiaries, associates and/or jointly controlled entities, subject to the consideration of materiality”. 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 with a majority of the Board Members. Therefore group accounts have been prepared using the acquisition method of accounting.

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. As such it has been agreed with the external auditor, the Audit Commission, that the accounts and accounting policies will be based on the property valuation supplied by an independent valuation service and the Council’s own policies and procedures.

The statements on the following pages have been prepared on the basis of full consolidation consisting of the group income and expenditure account, group balance sheet and group total movement in reserves for the Council and its subsidiary, Bromsgrove Arts Development Trust in 2011-12 and the comparative figures for 2010-11. The statements are produced in accordance with International Financial Reporting Standards.

ACCOUNTING POLICIES

Accounting policies are in line with both the International Financial Reporting Standards and with those of the single entity, Bromsgrove District Council.

Group Movement in Reserves Statement for the year ended 31 March 2012

Notes	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiary	Total Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2010	1,266	1,426	5,129	27	7,848	18,162	26,010	4,626	30,636
<u>Movement in reserves during 2010/11</u>									
Surplus or (deficit) on provision of services	(1,751)	-	-	-	(1,751)	-	(1,751)	(81)	(1,832)
Other Comprehensive Income and Expenditure	-	-	-	-	-	2,681	2,681	-	2,681
Total Comprehensive Income and Expenditure	(1,751)	-	-	-	(1,751)	2,681	930	(81)	849
Adjustments between accounting basis & funding basis under regulations	2,760	-	(1,375)	(8)	1,377	(1,501)	(124)	-	(124)
Net Increase/Decrease before Transfers to Earmarked Reserves	1,009	-	(1,375)	(8)	(374)	1,180	806	(81)	725
Transfers to/from Earmarked Reserves	(357)	357	-	-	-	-	-	-	-
Increase/Decrease in Year	652	357	(1,375)	(8)	(374)	1,180	806	(81)	725
Balance at 31 March 2011 carried forward	1,918	1,783	3,754	19	7,474	19,342	26,816	4,545	31,361
<u>Movement in reserves during 2011/12</u>									
Surplus or (deficit) on provision of services	(7,195)	-	-	-	(7,195)	-	(7,195)	(71)	(7,266)
Other Comprehensive Expenditure and Income	-	-	-	-	-	(2,362)	(2,362)	-	(2,362)
Total Comprehensive Income and Expenditure	(7,195)	-	-	-	(7,195)	(2,362)	(9,557)	(71)	(9,628)
Adjustments between accounting basis & funding basis under regulations	8,155	-	(396)	(4)	7,755	(7,755)	-	-	-
Net Increase/Decrease before Transfers to Earmarked Reserves	960	-	(396)	(4)	560	(10,117)	(9,557)	(71)	(9,628)
Transfers to/from Earmarked Reserves	(297)	297	-	-	-	-	-	-	-
Increase/Decrease in Year	663	297	(396)	(4)	560	(10,117)	(9,557)	(71)	(9,628)
Balance at 31 March 2012 carried forward	2,581	2,080	3,358	15	8,034	9,225	17,259	4,474	21,733

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2012

2010/11				2011/12		
£000s	£000s	£000s		£000s	£000s	
Expenditure	Income	Net		Expenditure	Income	
			Continuing operations:			
7,064	(5,889)	1,175	Central services to the public	7,154	(5,784)	1,370
-	-	-	Central services to the public - Exceptional Costs of downward revaluations	278	-	278
3,033	(493)	2,540	Cultural Services	2,993	(347)	2,646
-	-	-	Cultural Services - Exceptional Costs of downward revaluations	1,627	-	1,627
7,956	(2,095)	5,861	Environmental & Regulatory Services	7,242	(2,785)	4,457
-	-	-	Environmental & Regulatory Services - Exceptional Costs of downward revaluations	378	-	378
2,249	(971)	1,278	Planning Services	2,831	(1,160)	1,671
-	-	-	Planning Services - Exceptional Costs of downward revaluations	195	-	195
1,986	(1,800)	186	Highways and transport services	968	(1,461)	(493)
2,727	-	2,727	Highways and transport services - Exceptional Costs of downward revaluations	2,435	-	2,435
15,527	(13,278)	2,249	Housing services	17,502	(16,073)	1,429
-	-	-	Housing services - Exceptional Costs of downward revaluations	117	-	117
3,191	(1,301)	1,890	Corporate and democratic core	3,742	(1,943)	1,799
-	-	-	Corporate and democratic core - Exceptional Costs of downward revaluations	390	-	390
43	(1)	42	Non distributed costs	118	(2)	116
(3,695)	-	(3,695)	Exceptional Item - Pension Scheme Actuarial Gain	-	-	-
40,081	(25,828)	14,253	Cost Of Services	47,970	(29,555)	18,415
		166	Other Operating Expenditure			437
		681	Financing and Investment Income and Expenditure			527
		(13,241)	Taxation and Non-Specific Grant Income			(12,088)
		1,859	(Surplus) or Deficit on Provision of Services			7,291
		(27)	Share of the Surplus or deficit on the provision of services by associates			(24)
		1,832	Group Surplus/Deficit			7,267
		(1,101)	(Surplus) or deficit on revaluation of non current assets			(3,256)
		-	(Surplus) or deficit on revaluation of available for sale financial assets			-
		(1,580)	Actuarial (gains) or losses on pension assets & liabilities			5,618
		-	Other Gains and Losses			-
		(2,681)	Other Comprehensive Income and Expenditure			2,362
		(849)	Total Comprehensive Income and Expenditure			9,629

Bromsgrove District Council - Statement of Accounts 2011/12

Group Balance Sheet as at 31 March 2012

	Note	31 March 2012 £000s	31 March 2011 £000s
Non-current assets			
Property, plant and equipment	1	37,924	41,335
Investment property		531	1,296
Intangible assets		1,465	1,874
Assets held for sale		250	250
Long term investments		-	-
Investments in Associates and Joint Ventures		-	-
Long Term Debtors		-	1
Total non-current assets		40,170	44,756
Current assets			
Short term investments		2,750	3,000
Inventories		231	161
Short Term Debtors		7,297	4,168
Cash and Cash Equivalents		5,492	9,898
Assets held for sale		-	-
Total current assets		15,769	17,227
Current liabilities			
Cash and Cash Equivalents		-	-
Short Term Borrowing		(83)	(104)
Short Term Creditors		(6,469)	(8,605)
Provisions		-	-
Liabilities in disposal groups		-	-
Current tax liability		-	-
Total current liabilities		(6,552)	(8,709)
Long term liabilities			
Long Term Creditors		-	-
Provisions		(235)	(283)
Long Term Borrowing		-	-
Other Long Term Liabilities		(24,982)	(19,353)
Donated Assets Account		-	-
Donated Inventories Account		-	-
Capital Grants Receipts in Advance		(945)	(761)
Deferred tax liability		-	-
Total long term liabilities		(26,162)	(20,397)
Net Assets:		23,225	32,877
Reserves			
Usable reserves	5	(8,035)	(7,474)
Unusable Reserves	5	(15,191)	(25,403)
Total Reserves:		(23,225)	(32,877)

Bromsgrove District Council - Statement of Accounts 2011/12

Statement Of Group Cash Flows For The Year Ended 31 March 2012

	Note	2011/12 £000s	2010/11 £000s
Net (surplus) or deficit on the provision of services		7,291	1,751
Adjustments to net surplus or deficit on the provision of services for non-cash movements		(3,126)	(7,847)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		130	4,737
Net cash outflow from operating activities	6	4,295	(1,359)
Investing activities	7	(104)	777
Financing activities	8	215	(3,692)
Net (increase) or decrease in cash and cash equivalents		4,406	(4,274)
Cash and cash equivalents at the beginning of the reporting period		(9,898)	(5,624)
Cash and cash equivalents at the end of the reporting period		(5,492)	(9,898)

NOTES TO THE GROUP ACCOUNTS

1. 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 hold 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 in 'Other Land & Buildings 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 group comprehensive income and expenditure statement mirrors the single entity accounts with the exception of the additional depreciation charged in relation to the Artrix Building (£96k) within Cultural Services and the recognition of the minority interest in this charge (£24k) in arriving at the group surplus/deficit.

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.

2. Property, Plant and Equipment

	31-Mar-12		31-Mar-11	
	BDC	Trust	BDC	Trust
	£'000	£'000	£'000	£'000
Property, Plant & Equipment	31,698	5,965	35,275	6,060

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

3. Reconciliation of Movement in Reserves Statement to the Balance Sheet

	31-Mar-12 £'000	31-Mar-11 £'000
Total Reserves in the Movement in Reserves Statement	21,555	31,362
Minority interest's share of reserves in subsidiaries	1,492	1,515
Total Reserves in the Balance Sheet	<u>23,047</u>	<u>32,877</u>

4. Usable Reserves

Movements in the Group's usable reserves are detailed in the Council's Movement in Reserves Statement.

5. Unusable Reserves

	31-Mar-12 £'000	31-Mar-11 £'000
Revaluation Reserve	4,630	1,461
Capital Adjustment Account	29,571	37,225
Deferred Capital Receipts Reserves	-	1
Pensions Reserve	(24,982)	(19,348)
Collection Fund Adjustment Account	141	140
Accumulated Adjustments Account	(135)	(136)
Group Revaluation Reserve	2,257	2,300
Building Reserve	2,217	2,245
Minority Interest	1,492	1,515
Balance as at 31st March	<u>15,191</u>	<u>25,403</u>

6. Operating Activities (Group Cash Flow)

The cash flows for operating activities include the following items

	2011/12 £'000	2010/11 £'000
Interest received	<u>(100)</u>	<u>(123)</u>

7. Investing Activities (Group Cash Flow)

	2011/12	2010/11
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	1,260	1,537
Purchase of short-term and long-term investments	-	500
Other payments for investing activities	-	-
Proceeds from the sale of property, plant and equipment, investment property and int:	(838)	(971)
Proceeds from short-term and long-term investments	(250)	-
Other receipts from investing activities	(276)	(289)
Net cash flows from investing activities	(104)	777

8. Financing Activities (Group Cash Flow)

	2011/12	2010/11
	£'000	£'000
Other receipts from financing activities	-	(3,711)
Repayments of short-term and long-term borrowing	26	19
Other payments for financing activities	189	-
Net cash flows from financing activities	215	(3,692)

Bromsgrove District Council - Statement of Accounts 2011/12

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 26 September 2012

Signed on behalf of Bromsgrove District Council

Councillor Roger Hollingworth
Leader of the Council

26 September 2012

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 2012.

J Pickering CPFA
Executive Director (Finance & Resources)

Date: 26 September 2012

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 (NNDR) payers and for payments to the major precepting authorities and to the Government in relation to NNDR.

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 1st 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.