

# Bromsgrove District Council

## Financial Statements

### FOR THE YEAR ENDED 31 MARCH 2015

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# Bromsgrove District Council

## Financial Statements

### FOR THE YEAR ENDED 31 MARCH 2015

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

Welcome to the Council's Financial Accounts for the year 2014/15.

This has been another year where we have faced challenging financial times yet continued to provide services to our community and delivered savings to protect services in the future.

Over the last 4 years we have embarked on a new way of looking at our service delivery by transforming services to those that are driven by customer demand. We have developed Strategic Purposes that will focus our delivery on customer needs and are working closely with our stakeholders to ensure we address all issues facing our community. Transformation puts our customers at the heart of everything we do. We now have teams that focus on local areas with the aim to get a greater link with our community and address local issues that people need addressing.

We have found that by working together and changing the way we do things, we can improve our services and save money and we are receiving great compliments along the way !

We are in no doubt that the future will continue to challenge us financially and we will continue to face the pressures by working together to provide the best services for our community

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

# Bromsgrove District Council

## Financial Statements

### FOR THE YEAR ENDED 31 MARCH 2015

#### Explanatory Foreword

##### 1 Role and content of the Explanatory Foreword

This foreword provides background information and a concise summary of the Council's financial position for the year ended 31st March 2015. It also provides an overview of the format of the remainder of the Financial Statements.

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

##### 2 Structure of the Accounts

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

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

Movement in Reserves Statement	Comprehensive Income & Expenditure Statement
<p><b>An overall decrease of £0.960 million in District Council useable reserves</b></p> <p>This statement shows the movement in year in the different reserves held by the Council, analysed into useable reserves (those can be used to fund expenditure or reduce local taxation) and other reserves. Revenue reserves have increased by £0.761m million whilst capital reserves have decreased by £1.721million</p>	<p><b>An accounting deficit of £5.799 million for 2014/15 has been reported; the outturn (taxation) position is £0.341 million surplus.</b></p> <p>This statement shows the accounting cost of providing services in the year rather than the amount to be funded from taxation in accordance with regulations.. The main elements in the move from accounting to taxation basis are capital depreciation and impairment charges plus pension charges. The taxation position is shown in the movement in reserves statement</p>
Cash Flow Statement	Balance Sheet
<p><b>A net cash outflow of £2.574 million in 2014/15 in cash or cash equivalents</b></p> <p>This statement summarises the cash that has been paid to us and which we have paid to other organisations.</p>	<p><b>An decrease of £14.560 million in District Council net assets as at 31 March 2015</b></p> <p>The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the District Council. At 31 March 2015 the Council's Balance Sheet shows a negative net worth of £0.980 million (single entity). The negative position is due solely to the Pensions Reserve of £36.228m which therefore distorts the financial worth of the Council</p>

##### 3 Capital and Revenue Expenditure

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

#### **4 Revenue Expenditure**

At its meeting on 26th February 2014 Bromsgrove District Council set a net revenue budget of £11.638m (including planned transfers to earmarked reserves). Band D equivalent Council Tax was set at £200.24, an increase of 1.9% on the previous year.

The General Fund Revenue Balance increased by £404 compared to a budgeted use of balances of £251k. This has enabled the Council to increase general fund balances to £4.083m. Additionally the Council has set aside resources to fund future expected payments in a number of areas including costs associated with the implementation of replacement vehicles and transformation costs. Details of individual earmarked reserves can be found in the notes to these financial statements

#### **Service successes and achievements**

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

- Work on refurbishment of former Parkside school and addition of new Library underway and due for completion Autumn 2015.
- Complete refurbishment of the High Street
- Continued working on the legal arrangements with the extra care developer on Recreation Road
- New Market stalls procured and the market resited in the newly refurbished High Street
- Continued supporting the Townscape Heritage Initiative Grants to landlords to improve the look of the High Street
- Continued working on the legal arrangements with the extra care developer on Recreation Road
- Selected a preferred developer for the Council owned Stourbridge Road car park
- Approval given for a new Leisure Centre to commence in early 2016
- Approved a new approach in Environmental Services in working across a locality / place

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

- New Changing room built at Braces Lane and car park extension
- Improved facilities to include an outdoor gym at Clent
- Replacement of Junior and toddler play area and risky play facility at Wythall Park
- Improved facilities at Aston Fields play area
- Resurfacing and improvements to Sanders Park Tennis Courts

#### **Savings and efficiencies**

Bromsgrove continues to drive forward on its innovative programme of transformation using the systems thinking methodology. Systems are mapped out to identify any areas of waste and duplication of work within the process. The aim is to reduce the waste and to ensure that processes provide an easy and improved service to the customer whilst realising savings. The programme is enabling the Council to radically change the way it delivers services to the customer as well as making savings. One of the ways of doing this is by working across a particular area or "place" to deliver services. In 2014/15 a trial commenced in Environmental Services to deliver services including cleansing and grounds maintenance with the aim to provide the locality with a service that was focused on servicing a particular area. This has proven to be successful and a restructure was approved by members to secure a more flexible workforce to support this initiative. In addition during 2014/15 the Council supported BDHT with staff resourcing the Sunrise project where BDHT tenants are supported individually by officers in addressing complex issues they have in their levels. The Connecting Families work that we are undertaking with our partners in Health, Housing and County Council will support our communities support a more cross cutting approach to services provided.

### Budget vs actual expenditure

The following table sets out the Council's actual net expenditure by department in 2014/15 compared to budget.

Department	Budget	Actual Net Expenditure	Variance
	£000	£000	£000
Finance & Resources / Customer Access	939	905	-34
Community Services	1,891	1,745	-146
Environmental Services	2,506	2,748	242
Planning / Leisure / Regulatory Client	3,008	3,070	62
Corporate / Legal / Bus Trans	5,210	4,963	-247
<b>Departmental Outturn</b>	<b>13,554</b>	<b>13,431</b>	<b>-123</b>
Interest Payable	283		-283
Interest on Investments	-58	-56	2
<b>Council Net Total</b>	<b>13,779</b>	<b>13,375</b>	<b>-404</b>

Contributory factors to the overall under spend include:

- A delay in developing the replacement Leisure facility and Parkside redevelopment has resulted in there being no borrowing costs in 2014/15
- Staff Vacancies throughout the Council - posts have been held open whilst service reviews are pending to protect current staff from redundancy and to provide redeployment opportunities
- a reduction in the cost of contracts following renegotiation.
- Reduced Staff Training programme whilst maintaining training on legislation, health and safety and other
- Shortfalls in income due to officers exploring opportunities available in providing the trade waste service rather than selling the service to an external provider.
- Major repairs required on Refuse Vehicles

The Income and Expenditure Account details the gross costs of service provision amounting to £xm (2013/14 £38.515m)

## **Capital**

Capital expenditure amounted to £7.3m against a planned budget of £11.9million. The main areas of expenditure were in, Environmental Services replacement of fleet vehicles and plant (£123k), Community Services with Grants to RSL's (£19k); and Disabled Facilities Grants & Discretionary Home Repairs (£587k); Leisure and Culture recreation areas (£1.1m); IT hardware and software (£159k); Town centre improvements (£1.6m), Regulatory services share of new systems (£17k), Parkside School (£3.4m)

A number of capital schemes will continue in 2015/16 which includes works on the Parkside redevelopment ( due to complete Autumn 2015) and the redevelopment of the replacement Dolphin Centre ( to commence early 2016).

## **Group Accounts**

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

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

## **Corporate Governance**

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

## **Retirement Benefits (IAS 19)**

The Council's share of the assets and liabilities of the Pension Fund is a net liability and has been calculated in accordance with IAS19. The net liability has increased by £8.961m to £36.229m . A further explanation can be found in note x to the Core Financial Statements.

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

## **Planned Future Developments**

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

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

## **Economic Outlook**

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

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

Although the Council needs to look at making savings over future years it is in the fortunate position of having balances in excess of £3 million. Well above the minimum prudent level of balances, these can be used to support future spend and any budget shortfalls. It has been agreed by members that the initial borrowing costs for the Dolphin Centre be met from existing balances to ensure there is no impact on the revenue account until the centre is open.

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

## **Accounts and Audit Regulations**

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

## **Borrowing and Funds Available**

The Council had a nil capital financing requirement at 31 March 2015.

## **Events after the Reporting Date**

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

## **Further Information**

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

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

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

## **1. Scope and responsibility**

Bromsgrove District Council is responsible for ensuring that:

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

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

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

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

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

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

A significant part of the framework is the Council's system of internal control which is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Bromsgrove District Council for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

Bromsgrove District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system internal control. The review of effectiveness is informed by the work of the Members, Executive Directors, Heads of Service, and other managers of the Council who have responsibility for the development and maintenance of the Governance environment, and the Internal Audit Manager's annual report, and by the external auditors and other review agencies and inspectorates.

## **3. The Governance Framework**

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

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

- As part of the Transformation work undertaken clear Strategic Purposes have been developed and agreed by the Corporate Management Team and Members. The budgets are also considered by Members across the Strategic Purposes.
- The residents magazine "Together Bromsgrove" has been sent to all households 3 times in 2014/15
- Regular staff forums are held by Senior Management Team to communicate key issues and aims and purposes of the Council
- The Bromsgrove Partnership Board provides a partnership review forum
- The Council works with Bromsgrove District Housing Trust through their Sunrise project in supporting tenants
- Officers attend the Balanced Community meetings to input into stakeholder community issues
- Use of Worcestershire Viewpoint to support the measurement of resident satisfaction
- Consultation informs our Community Strategy which is available to the public
- The Council's budget monitoring statements show financial plans at a detailed level for the financial year



- Effective budgetary monitoring takes place monthly and is reported on a quarterly basis to Cabinet, Overview and Scrutiny and Full Council
- Savings have exceeded expectations
- Service standards have been published and are available to the public
- Scrutiny task groups are supported by Officers and have delivered tangible outcomes
- Services are being delivered in new and innovative ways eg – focusing on a particular locality in the delivery of cleansing and grounds maintenance

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

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

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

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

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

- There is an established and effective Overview and Scrutiny Board
- There is an established and effective Audit Board to advise Council on the effectiveness of Internal Control arrangements
- Shared Service Board receives regular progress and benefit realisation updates
- A review of the constitution is undertaken on a regular basis to ensure it enables members to make informed and transparent decisions
- A formal Service Level Agreement is in place with Worcester City Council to ensure Internal Control arrangements are reviewed in a consistent and professional way
- Decisions taken are formally minuted
- An amended standard report template is in place which is subject to regular review by Officers to ensure appropriate information is available to members in making informed decisions.
- The Cabinet forward plan is rolled forward and reviewed weekly at Corporate Management Team.
- Overview and Scrutiny have an annual workplan supported by any considerations from the forward plan and have the authority to pre-scrutinise any Cabinet decisions.
- Regular Task Groups are established to review service areas and to make recommendations for their improvement. These have included during 2014/15:
  - Artrix Outreach Work
  - Youth provision
  - Air quality
  - Joint Scrutiny of WRS
- Formal governance arrangements are in place for the shared services. The Shared Service Board meets on a regular basis to consider the impact of shared services and the benefits realised from the transformational activities being undertaken by the Council.
  - Consideration of risk implications in committee reports and the decision making process
  - Audit Board have a workplan that is reviewed at each meeting for completeness
  - Full risk register for corporate and shared service risks. In addition the risk management of departmental risks was undertaken for 2014/15 by a web based on-line system to ensure managers control and mitigate risks in a timely manner.
  - Active health and safety arrangements, including a robust policy, Member champion, regular consideration of issues at SMT and Health and Safety Committee
- Regular Trade Union liaison meetings with Senior Management Team

- Financial management arrangements, where managers are responsible for managing their services within available resources and in accordance with agreed policies and procedures. Elements include:

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

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

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

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

The Council operates a Member Development Programme, overseen by a cross party Member Development Steering Group. The Programme is extensive and includes: induction, chairmanship training, performance training, portfolio holder training and mock Full Councils.

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

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

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

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

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

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

Internal Audit

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

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

#### Managers

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

#### External auditors and other review agencies/inspectorates

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

Other external reviews during the year included:

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

#### **5. Significant governance and internal control issues (details to follow)**

During 2014/15 a total of 8 complaints made to the Standards Committee of alleged breaches of the Code of Conduct. These complaints related to members.

Outcomes as follows:

- 6 resolved locally after involving independent person
- 2 considered but not taken any further as it was felt that on the facts the Code did not apply/ complaint was not code related.

The review of Bromsgrove's system of governance and internal control has identified the following:

- Regulatory Services ~ limited assurance.
  - o This relates to income recovery and reconciliation across all partners. Treasurers are to discuss the recommendations of the report with the aim to resolve the issues in the medium term.
- Risk management requires further embedding
  - o Heads of Service are reviewing their risk registers and a corporate register is to be presented to the Audit Board in July 2015
- Key risk identified was the transfer of main ledger and the on going risk of data held on a non supported system
  - o Officers are to undertake a review to ensure lessons are learned on the implementation of new systems

External Audit recommended the following for consideration and action:

- More robust projections of outturn forecasts to be undertaken
  - o The outturn for 2014/15 saw an improvement in the variance between the 2 quarters and it is anticipated that once the managers have on line access to their financial information this will further improve.
- Performance Management arrangements are limited
  - o A corporate dashboard of measures is currently under development and will be presented to members later in the year
- Information for the approval of capital schemes was limited
  - o Improvements have already been made in relation to the capital schemes to ensure that they are subject to detailed appraisal and consideration by members.
- Whistle blowing and fraud policies to be updated
  - o It is intended to update these policies during 2015/16
- Bank reconciliation is over complicated
  - o Following the final accounts delays there is to be a full review of all reconciliations with a clear schedule of the timescale and responsibilities for each.

It is further accepted that the delays in the submission of the Statement of Accounts requires a full review to ensure that detailed plans are in place to mitigate such risk of delay in the future.

**Councillor Margaret Sherrey**  
**Leader of the Council**  
**XX September 2015**

**Kevin Dicks**  
**Chief Executive**  
**XX September 2015**

**Worcestershire Internal Audit Shared Services Manager's Opinion on the Effectiveness of the System of Internal Control at Bromsgrove District Council (the Council) for the Year Ended 31st March 2015**

**1. Audit Opinion**

1.1 The internal audit of Bromsgrove District Council's systems and operations during 2014/15 was conducted in accordance with the Internal Audit Annual plan which was presented to the Audit Board on 20th March 2014 and a small subsequent revision.

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

1.3 The Internal Audit Plan for 2014/2015 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk fraud risk, and external risk) using a predefined scoring system. It included:

- o a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' other corporate systems for example governance and
- o a number of operational systems, for example environmental enforcement, depot and stores and Land Charges were looked at to maintain and improve its control systems and risk management processes or reinforce its oversight of such systems.

1.4 The 2014/15 revised internal audit plan was delivered in full providing sufficient coverage for the s151 and Internal Audit Service Manager to form an overall opinion.

1.5 In relation to the twenty reviews that have been undertaken, thirteen audits have been finalised and seven are nearing completion at clearance meeting or draft report stage. Risk management was re-launched during 2012/13 with a Corporate Risk Register being formulated and training being provided. However, further work is required to embed this throughout the organisation with the outcomes being monitored by the Risk Management Group. An area which returned an assurance level of 'limited' was Worcestershire Regulatory Services. All areas where assurance was 'limited' or below will be addressed by management and have a defined action plan in place in order to address the weaknesses and issues identified. Where audits are to be finalised a comprehensive management action plan will be required and agreed by the s151 Officer.

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

1.7 One key area of risk during the year was the transferral of the main ledger to a new system. This presented its own challenges but has been closely monitored by both internal and external audit. The work that internal audit completed was able to give assurance on the integrity of the key underlying figures and controls associated with the new ledger. The historical breakdown of cost centre figures will remain on the previous system which is acceptable for now but there is an increasing risk associated with this as time passes because the system will be no longer supported and with the natural churn of staff and reduced use the expertise to interpret and extract data effectively will diminish.

1.8 The majority of the completed audits have been allocated an audit assurance of either 'moderate' or above meaning that there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified during a time of continuing significant transformation and change. Where a 'limited' assurance has been reported this has been in connection with a shared service in which Bromsgrove is a partner.

1.9 WIASS can conclude that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance based on the audits performed in accordance with the approved plan and the scoping therein. Based on the audits performed in accordance with the approved and revised plan, the Worcestershire Internal Audit Shared Service Manager has concluded that the internal control arrangements during 2014/15 managed the principal risks identified in the audit plan and can be reasonably relied upon to ensure that the Council's corporate purposes have been met.

Jun-15

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

# Bromsgrove District Council

## Movement in Reserves Statement

### For the current and comparative year

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account and the Housing Revenue Account for Local Tax purposes. The 'Net increase /Decrease before transfers to statutory and other reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority	Group Movement in Reserves		
	£000	£000	£000	£000	£000	£000	£000	£000	Authority Share of Subsidiary	Total Authority Reserves Group
<b>Balance as at 1 April 2013</b>	<b>3,094</b>	<b>1,993</b>	<b>3,036</b>	<b>36</b>	<b>8,159</b>	<b>3,095</b>	<b>11,254</b>	11,254	4,902	16,156
<b>Movement in reserves during the year</b>										
(Surplus) or deficit on the provision of services	(1,462)				(1,462)		(1,462)	(1,462)	(89)	(1,551)
Other Comprehensive Income and Expenditure			0		0	3,786	3,786	3,786	227	4,013
<b>Total Comprehensive Income and Expenditure</b>	<b>(1,462)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,462)</b>	<b>3,786</b>	<b>2,324</b>	<b>2,324</b>	<b>138</b>	<b>2,462</b>
Adjustments between accounting basis & funding basis under regulations (Note 7)	2,690		(1,290)	(20)	1,380	(1,380)	0	0	0	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves (England and Wales)</b>	<b>1,228</b>	<b>0</b>	<b>(1,290)</b>	<b>(20)</b>	<b>(82)</b>	<b>2,406</b>	<b>2,324</b>	<b>2,324</b>	<b>138</b>	<b>2,324</b>
Transfers to or from earmarked reserves (England and Wales)	(580)	580			0		0	0	0	0
<b>(Increase)/Decrease in Year</b>	<b>648</b>	<b>580</b>	<b>(1,290)</b>	<b>(20)</b>	<b>(82)</b>	<b>2,406</b>	<b>2,324</b>	<b>2,324</b>	<b>138</b>	<b>2,324</b>
<b>Balance as at 31 March 2014</b>	<b>3,742</b>	<b>2,573</b>	<b>1,746</b>	<b>16</b>	<b>8,077</b>	<b>5,501</b>	<b>13,578</b>	<b>13,578</b>	<b>5,040</b>	<b>18,618</b>
<b>Movement in reserves during the year</b>										
(Surplus) or deficit on the provision of services	(5,799)				(5,799)		(5,799)	(5,799)	(94)	(5,893)
Other Comprehensive Income and Expenditure			0		0	(8,754)	(8,754)	(8,754)	94	(8,660)
<b>Total Comprehensive Income and Expenditure</b>	<b>(5,799)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,799)</b>	<b>(8,754)</b>	<b>(14,553)</b>	<b>(14,553)</b>	<b>0</b>	<b>(14,553)</b>
Adjustments between accounting basis & funding basis under regulations	6,560		(1,715)	(6)	4,839	(4,839)	0	0	0	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves (England and Wales) y</b>	<b>761</b>	<b>0</b>	<b>(1,715)</b>	<b>(6)</b>	<b>(960)</b>	<b>(13,593)</b>	<b>(14,553)</b>	<b>(14,553)</b>	<b>0</b>	<b>(14,553)</b>
Transfers to or from earmarked reserves (England and Wales)	(420)	420			0		0	0	0	0
<b>(Increase)/Decrease in Year</b>	<b>341</b>	<b>420</b>	<b>(1,715)</b>	<b>(6)</b>	<b>(960)</b>	<b>(13,593)</b>	<b>(14,553)</b>	<b>(14,553)</b>	<b>0</b>	<b>(14,553)</b>
<b>Balance Sheet as at 31 March 2015</b>	<b>4,083</b>	<b>2,993</b>	<b>31</b>	<b>10</b>	<b>7,117</b>	<b>(8,092)</b>	<b>(975)</b>	<b>(975)</b>	<b>5,040</b>	<b>4,065</b>

# Bromsgrove District Council

## Comprehensive Income and Expenditure Statement for the year ended 31 March 2015

This statement shows the accounting cost in year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

### Notes

		2014/15			2013/14		
		£000	£000	£000	£000	£000	£000
		Expenditure	Income	Net	Expenditure	Income	Net
Central services to the public		1,426	(638)	788	2,049	(1,028)	1,021
Cultural and related services		4,842	(326)	4,516	2,600	(419)	2,181
Environment and regulatory services		6,994	(2,368)	4,626	8,107	(2,778)	5,329
Planning Services		2,373	(1,143)	1,230	2,814	(1,249)	1,565
Highways and transport services		1,973	(1,466)	507	749	(1,360)	(611)
Other housing services		18,753	(17,081)	1,672	18,857	(17,301)	1,556
Corporate and democratic core		3,935	(741)	3,194	3,416	(1,778)	1,638
Non distributed costs		453	(3)	450	277	(2)	275
<b>Cost of Services</b>		<b>40,749</b>	<b>(23,766)</b>	<b>16,983</b>	<b>38,869</b>	<b>(25,915)</b>	<b>12,954</b>
Other Operating Expenditure	<b>9</b>	665		665	294	0	294
Financing and Investment Income and Expenditure	<b>10</b>	74	1,033	1,107	118	982	1,100
Surplus or Deficit of Discontinued Operations				<b>0</b>			<b>0</b>
Taxation and Non-Specific Grant Income and Expenditure	<b>11</b>	9,341	3,615	(12,956)	0	12,886	(12,886)
<b>(Surplus) or Deficit on Provision of Services</b>				<b>5,799</b>			<b>1,462</b>
Surplus or deficit on revaluation of Property, Plant and Equipment	<b>12, 13</b>			391			(257)
Impairment losses on non-current assets charged to the Revaluation Reserve	<b>12, 13</b>			0			0
Surplus or deficit on revaluation of available for sale financial assets	<b>24</b>			0			0
Remeasurement of the net defined benefit liability/(asset)	<b>48</b>			8,363			(3,529)
<b>Other Comprehensive Income and Expenditure</b>				<b>8,754</b>			<b>(3,786)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>14,553</b>			<b>(2,324)</b>

# Bromsgrove District Council

## Group Comprehensive Income and Expenditure Statement for the year ended 31st March 2015

This statement shows the accounting cost in year of providing services at a Group level in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the

### Notes

		2014/15			2013/14		
		£000 Expenditure	£000 Income	£000 Net	£000 Expenditure	£000 Income	£000 Net
Central services to the public		1,426	(638)	788	2,049	(1,028)	1,021
Cultural and related services		4,967	(326)	4,641	2,718	(419)	2,299
Environment and regulatory services		6,994	(2,368)	4,626	8,107	(2,778)	5,329
Planning Services		2,373	(1,143)	1,230	2,814	(1,249)	1,565
Highways and transport services		1,973	(1,466)	507	749	(1,360)	(611)
Other housing services		18,753	(17,081)	1,672	18,857	(17,301)	1,556
Corporate and democratic core		3,935	(741)	3,194	3,416	(1,778)	1,638
Non distributed costs		453	(3)	450	277	(2)	275
<b>Cost of Services</b>		<b>40,874</b>	<b>(23,766)</b>	<b>17,108</b>	<b>38,987</b>	<b>(25,915)</b>	<b>13,072</b>
Other Operating Expenditure	<b>9</b>	665		665	294	0	294
Financing and Investment Income and Expenditure	<b>10</b>	74	1,033	1,107	118	982	1,100
Surplus or Deficit of Discontinued Operations				<b>0</b>			<b>0</b>
Taxation and Non-Specific Grant Income and Expenditure	<b>11</b>	9,341	3,615	(12,956)	0	12,886	(12,886)
<b>(Surplus) or Deficit on Provision of Services</b>				<b>5,924</b>			<b>1,580</b>
Share of the surplus or deficit on the provision of services by associate	<b>16</b>			(31)			(29)
Surplus or deficit on revaluation of Property, Plant and Equipment	<b>12, 13</b>			297			(484)
Impairment losses on non-current assets charged to the Revaluation Reserve	<b>12, 13</b>			0			0
Surplus or deficit on revaluation of available for sale financial assets	<b>24</b>			0			0
Remeasurement of the net defined benefit liability/(asset)	<b>48</b>			8,363			(3,529)
<b>Other Comprehensive Income and Expenditure</b>				<b>8,629</b>			<b>(4,042)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>14,553</b>			<b>(2,462)</b>



# Bromsgrove District Council

## Balance Sheet as at 31 March 2015

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	Notes	31st March 2015 £000	31st March 2014 £000
Property, Plant & Equipment	<b>12/12a</b>	29,498	31,454
Heritage Assets	<b>13</b>	0	0
Investment Property	<b>14</b>	436	347
Intangible Assets	<b>15</b>	564	801
Assets held for sale	<b>21</b>	0	0
Long Term Investments	<b>16</b>	0	0
Long Term Debtors	<b>16</b>	0	0
<b>Long Term Assets</b>		<b>30,498</b>	<b>32,602</b>
Short Term Investments	<b>16</b>	0	1,000
Inventories	<b>17</b>	173	145
Short Term Debtors	<b>19</b>	5,331	5,102
Cash and Cash Equivalents	<b>20</b>	6,099	8,670
Assets held for sale	<b>21</b>	2,029	870
<b>Current Assets</b>		<b>13,632</b>	<b>15,787</b>
Bank Overdraft	<b>20</b>	0	0
Cash and Cash Equivalents	<b>20</b>	0	0
Short Term Borrowing	<b>16</b>	(76)	(80)
Other Short Term Liabilities	<b>16</b>	0	0
Short Term Creditors	<b>22</b>	(7,252)	(6,312)
Provisions	<b>23</b>	(645)	(510)
Liabilities in disposal groups	<b>21</b>	0	0
Donated Assets	<b>39</b>	0	0
Capital Grants received in advance	<b>39</b>	0	0
Revenue Grants received in advance	<b>39</b>	0	0
<b>Current Liabilities</b>		<b>(7,973)</b>	<b>(6,902)</b>
Long Term Creditors	<b>16</b>	0	0
Provisions	<b>23</b>	0	0
Long Term Borrowing	<b>16</b>	0	0
Other Long Term Liabilities	<b>16</b>	(36,229)	(27,268)
Donated Assets Account	<b>39</b>	0	0
Capital Grants received in advance	<b>39</b>	(908)	(639)
Revenue Grants received in advance	<b>39</b>	0	0
<b>Long Term Liabilities</b>		<b>(37,137)</b>	<b>(27,907)</b>
<b>Net Assets</b>		<b>(980)</b>	<b>13,580</b>
Usable reserves	<b>24</b>	7,114	8,079
Unusable Reserves	<b>25</b>	(8,094)	5,501
<b>Total Reserves</b>		<b>(980)</b>	<b>13,580</b>

# Bromsgrove District Council

## Group Cash Flow Statement at 31 March 2015

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

	Notes	2014/15 £000	2013/14 £000
<b>Net surplus or (deficit) on the provision of services</b>		(5,799)	(1,462)
Adjustment to surplus or deficit on the provision of services for non-cash movements		7,723	2,828
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(607)	(1,198)
<b>Net cash flows from Operating Activities</b>	<b>26</b>	<b>1,317</b>	<b>168</b>
<b>Investing Activities</b>	<b>27</b>	<b>(4,571)</b>	<b>(2,074)</b>
<b>Financing Activities</b>	<b>28</b>	<b>680</b>	<b>13</b>
<b>Net increase or decrease in cash and cash equivalents</b>		<b>(2,574)</b>	<b>(1,893)</b>
Cash and cash equivalents at the beginning of the reporting period		<b>8,670</b>	<b>10,559</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>6,096</b>	<b>8,666</b>

# Bromsgrove District Council

## Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

### Note 1 Accounting Policies

#### 1. Accounting policies

##### 1.1 General principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2014/15* and the *Service Reporting Code of Practice 2014/15*, supported by International Financial Reporting Standards (IFRS).

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

##### 1.2 Accruals of income and expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will follow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.

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

- Interest receivable on investments and payable on borrowings accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue or expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

##### 1.3 Cash and cash equivalents

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

Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

##### 1.4 Charges to revenue for non-current assets

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

- Depreciation attributable to the assets used by the relevant service.

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

- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. This is the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

## **1.5 Employee benefits**

### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the absence occurs.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### **Post-Employment Benefits**

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

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

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

- The liabilities of the Worcestershire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 4.32% (based on the indicative rate of return on a basket of high quality corporate bonds, government gilts and other factors)

- The assets of Worcestershire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities –current bid price
- Unquoted securities –professional estimate
- Unitised securities- current bid price

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

#### *Service cost comprising:*

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

- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

- Net interest on the net defined benefit liability i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments

#### *Re-measurements comprising:*

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and any such amounts payable but unpaid at the year end. The negative balance on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### **Discretionary benefits**

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

### **1.6 Events after the reporting period**

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

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

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

### **1.7 Exceptional items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the Accounts, depending on how significant the items are to an understanding of the Council's financial performance.

### **1.8 Financial instruments**

#### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Council has the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

#### **Financial Assets**

Financial Assets are classified into two types:

*Loans and receivables* –assets that have fixed or determinable payments but are not quoted in an active market

*Available for sale assets* –assets that have a quoted market price and/or do not have fixed or determinable payments.

#### *Loans and receivables*

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective interest rate for the instrument. For the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as a difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains or losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

#### *Available for sale assets*

The Council has no available for sale financial assets.

### **1.9 Government grants and contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with conditions attached and the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits must be returned to the transferor.

Monies advanced as grants are contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

### **1.10 Heritage assets**

The Council annually reviews its assets to identify any heritage assets held. While a number of assets were identified as heritage assets these have not been included in the Balance Sheet. The assets could not be valued as, because of their diverse nature, cost or valuation information is not available as conventional approaches lack sufficient reliability. The Council is of the opinion that the costs of obtaining valuations for these items would be disproportionate in terms of the benefit derived.

The Council has reclassified Forge Mill as a heritage asset. This was previously classed as an operational asset as it was considered that the visitors centre and the forge mill building provided the function of one of the services of the Council. The visitors centre continues to be classed as an operational asset but the Forge Mill itself has been reclassified as it is held by the Council for its contribution to knowledge and culture and, while it also provides service potential to the Council by providing educational and cultural experience to the public, it does so by means of the characteristics of the asset itself, which cannot be provided by an alternative source.

### **1.11 Intangible assets**

Expenditure on assets that do not have a physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it is expected to generate future economic benefits to the Council.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion and so they are carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sales over £10,000) the Capital Receipts Reserve.

The useful life applied to this classification of assets is between 3-7 years.

### **1.12 Inventories and long term contracts**

Inventories are included in the Balance Sheet at the latest price paid. Some minor inventories are not valued and are charged to services in the year of purchase. This is not in accordance with recommended practice, which states that inventories should be included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

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

### **1.13 Investment property**

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any proceeds greater than £10,000) the Capital Receipts Reserve.

### **1.14 Jointly controlled assets/operations**

The Council is a partner in the Worcestershire Regulatory Shared Services Joint Committee together with Bromsgrove District Council (the host), Wyre Forest District Council, Worcester City Council, Wychavon District Council, Malvern Hills District Council and Worcestershire County Council. This partnership is a jointly controlled operation that uses the assets and resources of the partner authorities without the establishment of a separate entity. Under this arrangement each participant accounts separately for its own transactions arising within the agreement, including the assets, liabilities, income, expenditure and cash flows.

### **1.15 Leases**

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

#### ***The Council as lessee***

##### **Finance Leases**

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down a lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).
- Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

##### **Operating leases**

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

#### ***The Council as lessor***

##### **Finance leases**

Where the Council grants a finance lease over a property, plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal) matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund/balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement,

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

### **Operating leases**

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

## **1.16 Overheads and support services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014/15 (SeRCOP)*. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement as part of Net Expenditure.

## **1.17 Prior period adjustments, changes in accounting policies and estimates & errors**

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

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

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative a

## **1.18 Property, plant and equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

### **Measurement**

Assets are initially measured at cost, comprising:



- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating for its intended use

The Council does not capitalise borrowing cost incurred whilst assets are under construction.

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

- Infrastructure assets and community assets and assets under construction – depreciated historical cost.
- Dwellings – fair value, determined using the basis of existing use value for social housing(EUV-SH)
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value –EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values, depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:-

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.
- The Revaluation Reserve contains revaluation gains recognised since 1<sup>st</sup> April 2007 only, the date of its implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset has been impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

#### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite life (freehold land and community assets), and assets under construction.

Depreciation is calculated on the following bases:-

- Other buildings- straight line allocation over the useful life of the property as estimated by the valuer and is between 5-50 years.
- Vehicles, plant and equipment – straight line allocation over the useful life of the asset as advised by a suitably qualified officer and is between 2-15 years.
- Infrastructure – straight line allocation up to 40 years.

#### **Componentisation**

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

### **Revaluation**

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

### **Disposals and Non-Current Assets held for sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are only recognised up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified as non-current assets and valued at the lower of their carrying amount (before they were classified as held for sale) adjusted for depreciation, amortisation or revaluations and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is credited to the Capital Receipts Reserve, and can then only be used for new investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statements.

### **Residual values**

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

### **De minimus capital expenditure**

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

## **1.19 Provisions, contingent liabilities and contingent assets**

### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made for the amount of the obligation.

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

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

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

The Council makes a provision for third party insurance claims that could eventually result in the making of a settlement or the payment of compensation. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

#### **Contingent liabilities**

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

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

#### **Contingent assets**

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

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

### **1.20 Reserves**

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

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

### **1.21 Revenue expenditure funded from capital under statute**

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

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

### **1.22 Shared services**

Bromsgrove District Council provides the hosting for a number of shared service arrangements with Redditch Borough Council and Wyre Forest District Council together with being the host for Worcestershire Regulatory Services. A number of other shared services are hosted by Redditch Borough Council, Worcester City Council and Wyre Forest District Council.

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

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

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

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

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

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

### 1.23 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenue and Customs. VAT

### 1.24 Local taxation

#### Accounting for Council Tax

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

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

#### Accounting for Collection of National Non-Domestic Rates (NDR)

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

## 2. Accounting standards issued, not adopted

The Code of Practice on Local Authority Accounting 2014/15 has introduced a number of new and revised standards addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements with other entities. The following accounting standards that are relevant to the Council have been issued but not adopted due to the timing of the production of the accounts. If these had been adopted for the financial year 2014/15 there would be no material changes to the accounts.

**IFRS 11 Joint Arrangements** – IFRS 11 provides new definitions of Joint Arrangements which could impact on the way in which partner councils account for the Worcestershire Regulatory Shared Services Joint Committee. Under the new definitions this arrangement becomes a Joint Operation, requiring the recognition of shares of the assets and liabilities partner councils' accounts. The Council already recognises its share of the assets and liabilities in its accounts.

**IFRS 12 Disclosure of Interests in Other Entities** – IFRS 12 provides disclosure requirements for interests in other entities including joint arrangements. The Council will be required to make disclosures about the nature of its interests in the Joint Committee arrangements currently in place.

**IFRS 13 Fair Value Measurement** – IFRS 13 defines fair value and sets out a framework for measuring fair value. It also identifies new disclosures in respect of fair value measurements. It provides a fair value hierarchy to be used in the valuation of assets and liabilities which will enable users to access the valuation method used and its impact on the Balance Sheet and Comprehensive Income and Expenditure Statement. The changes resulting from the implementation of this standard will be presentational.

**IAS 32 Financial Instruments: Presentation** – IAS 32 outlines the accounting requirements for the presentation of financial instruments, particularly their classification into financial assets, financial liabilities and equity instruments. It also prescribes strict rules in respect of offsetting financial assets and liabilities within the balance sheet. The changes resulting from the implementation of this standard will be presentational.

## 3. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions, or those involving uncertainty about future events.

- The main critical judgement in the Statement of Accounts is due to the high degree of uncertainty about future levels of
- The Council has made a provision for business rates appeals based on various factors including the outcomes of previous

## 4. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures based on assumptions made by the Council. Estimates are made taking into account historical experience, current trends and other relevant factor. There is, however, a risk that actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2015 for which there is a risk of material adjustment in the forthcoming year are as follows:

Item	Uncertainties	Effect if actual results differ from the assumptions
<b>Pensions liability</b>	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured.  The actuary provides additional sensitivity analysis information to assist measurement. These are outlined in note 38 <i>Defined Benefit Pension Schemes</i>
<b>Arrears</b>		If collection rates were to deteriorate, a doubling of the amount of the impairment of the doubtful sundry debts would require a further £0.3million to be set aside.  The provision for collection fund arrears covers 90% of the debt so no significant risk of material adjustment exists.

	In the current economic climate it is not certain that these allowances would be sufficient.	
<b>Earmarked Reserves</b>	The Council has reserved £100,000 for the potential settlement of claims arising from a class action for the recovery of personal search fees. The reserve is based on the claims lodged to date plus costs and interest as notified to the Council by the Local Government Association and solicitors acting on their behalf.	If the courts rule that the charges were unlawful the Council could be liable for the repayment of personal search fees dating back to the implementation of the Environmental Information Regulations (January 2005).
<b>Property, Plant and Equipment</b>	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Council buildings (excluding Council dwellings) would increase by £16,000 for every year that useful lives had to be reduced.
<b>Provision for Business Rate Appeals</b>	Since the introduction of the Business Rates Retention Scheme the Council has been liable for its share of the cost of successful appeals against business rates charged to businesses. A provision has been established for the estimated cost of outstanding appeals. The provision is based on the current list of appeals based on various factors including the outcomes of previous appeals, local knowledge and indicative information from the Valuation Office Agency.	Should the success rate of appeals increase the provision would need to increase accordingly. A 10% increase in the cost of successful appeals would increase Councils share of the provision required by £45,000. The provision only covers appeals lodged to date. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk that national and local appeals may have a future impact on the accounts.

## 5. Material items of income and expenditure

There are no material items of income and expenditure during the year,

## 6. Events after the balance sheet date

There are no material post balance sheet events.

## 7. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in year in accordance with proper accounting practice to the resources that are specified by the statutory provisions as being available to the Council to meet future capital and revenue expenditure.

### General Fund balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessary in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Council is statutorily empowered to spend on services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

### Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

### Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

# Bromsgrove District Council

## Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

### **Note 2 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted**

Paragraph 3.3.2.13 of the 2014/15 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. The standards introduced in the 2015/16 Code that are relevant to the requirements of paragraph 3.3.4.3 are:

- IFRS 13 *Fair Value Measurement* (May 2011);
- *Annual Improvements to IFRSs (2011 – 2013 Cycle)* – see next paragraph for further details;
- IFRIC 21 *Levies*.

The issues included in the *Annual Improvements to IFRSs 2011 – 2013* cycle are:

- IFRS 1: Meaning of effective IFRSs;
- IFRS 3: Scope exceptions for joint ventures;
- IFRS 13: Scope of paragraph 52 (portfolio exception); and
- IAS 40: Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property

It is not considered that the impact of these changes in accounting policy will have a material impact.

# Bromsgrove District Council

## Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

### **Note 3 Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision. The Council holds Earmarked Reserves of £2.993m and General Fund Balances of £4.083m.

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

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

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



# Bromsgrove District Council

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

### Note 4

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

The items in the Authority's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for PPE would increase by £208k for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate would result in a decrease in the pension liability of £1.266m. Further sensitivity analysis can be seen in the defined benefit pension scheme note.
Bad Debt Provisions	As at 31 March 2015 the Council had sundry debtor balances of £0.971m. Provisions for bad debts are made according to the age of the debt and past experience and a provision of £0.046m is in place in respect of these balances.	If recoverability of these balances were to fall the amount set aside as a provision for bad debts would have to increase. For example, if recoverability of all ages of debt fell by 10% an additional £57k would have to be set aside.
Provision for Business Rates Appeals	The Council has set up a provision for outstanding business rates appeals based on the current list of live appeals, analysed to predict likely outcomes.	The Council bears 40% of the cost of successful appeals. If the projected reduction in rateable values used in the provision calculation increased by 1% the cost to Bromsgrove District Council would be £70k.
Earmarked Reserves	The Council has reserved £100k for the potential settlement of claims arising from a class action for the recovery of personal search fees.	If the courts rule that the charges were unlawful the Council could be liable for the repayment of personal search fees dating back to the implementation of the Environmental Information Regulations (January 2005)

# Bromsgrove District Council

## Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

### **Note 5**            **Material Items of Income and Expense**

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

### **Note 6**            **Events after the Reporting Period**

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

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

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

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

### General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact upon the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. [For housing authorities - however, the balance is not available to be

2014/15	Usable		Capital	Capital	Movement	Movement
	General	Capital				
	Fund	Receipts	Grants	Movement	Movement	
	Balance	Reserve	Unapplied	Reserves	Reserves	
	£000	£000	£000	£000	£000	
<b>Adjustments involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non current assets	1,298			(1,298)	(1,298)	
Revaluation losses on Property Plant and Equipment	4,789			(4,789)	(4,789)	
Movements in the Fair Value of Investment Properties	31				(31)	
Movement in market value of assets held for sale	0				0	
Amortisation of Intangible Assets	385				(385)	
Capital grants and contributions applied	(524)				524	
Income in relation to donated assets	0				0	
Revenue expenditure funded from capital under statute	624				(624)	
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	0				0	
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory Provision for the Financing of Capital Investment	0				0	
Capital expenditure charged against the General Fund and HRA balances	(453)				453	
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>						
Application of grants to capital financing transferred to the Capital Adjustment Account			(6)		6	
<b>Adjustments involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(83)	83				
Use of the Capital Receipts Reserve to finance new capital expenditure		(1,798)			1,798	
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals	0	0				
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	0	0				
Transfer to deferred capital receipts reserve upon receipt of cash		0			0	
Mitigation of operating leases as lessee reclassified as finance leases upon transition to IFRS	0	0				
<b>Adjustments involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47)	2,539				(2,539)	
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,941)				1,941	
<b>Adjustments involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory	(117)				117	
<b>Adjustment involving the Accumulated Absences Account</b>						
Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	12				(12)	
<b>Total Adjustments</b>	<b>6,560</b>	<b>(1,715)</b>	<b>(6)</b>	<b>(6,087)</b>	<b>(4,839)</b>	

	Usable Reserves				
2013/14	General	Capital	Capital	Movement	Movement
	Fund	Receipts	Grants	in Unusable	in Unusable
	Balance	Reserve	Unapplied	Reserves	Reserves
	£000	£000	£000	£000	£000
<b>Adjustments involving the Capital Adjustment Account:</b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Charges for depreciation and impairment of non current assets	1,571			(1,571)	(1,571)
Revaluation losses on Property Plant and Equipment etc	(311)			311	311
Movements in the Fair Value of Investment Properties	(31)				31
Movement in market value of assets held for sale	(365)				365
Amortisation of Intangible Assets	374				(374)
Capital grants and contributions applied	(1,016)				1,016
Income in relation to donated assets	0				0
Revenue expenditure funded from capital under statute	799				(799)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	120				(120)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Statutory Provision for the Financing of Capital Investment	0				0
Capital expenditure charged against the General Fund and HRA balances	(62)				62
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0		0		
Application of grants to capital financing transferred to the Capital Adjustment Account			(20)		20
<b>Adjustments involving the Capital Receipts Reserve:</b>					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(174)	174			
Use of the Capital Receipts Reserve to finance new capital expenditure		(1,461)			1,461
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals	3	(3)			
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	0	0			
Transfer to deferred capital receipts reserve upon receipt of cash		0			0
Mitigation of operating leases as lessee reclassified as finance leases upon transition to IFRS	0	0			
<b>Adjustments involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47)	2,946				(2,946)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,832)				1,832
<b>Adjustments involving the Collection Fund Adjustment Account:</b>					
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory	671				(671)
<b>Adjustment involving the Accumulated Absences Account</b>					
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	(3)				3
<b>Total Adjustments</b>	<b>2,690</b>	<b>(1,290)</b>	<b>(20)</b>	<b>(1,260)</b>	<b>(1,380)</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 8 Transfers to/from Earmarked Reserves

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

	Balance	Transfers In	Transfers Out	Balance	Transfers In	Transfers Out	Balance
	Balance as at 1 April 2013	2013/14	2013/14	Balance as at 31 March	2014/15	2014/15	Balance as at 31 March 2015
	£000	£000	£000	£000	£000	£000	£000
<b>General Fund:</b>							
Building Control Other	(7)	0	0	(7)	0	0	(7)
Building Control Partnerships	(17)	(29)	0	(46)	0	0	(46)
Business Transformation				0	(11)		(11)
Community Safety	(85)	(25)	15	(95)	(17)	82	(30)
Economic Regulation	(87)	(8)	20	(75)	0	44	(31)
Election Services	(17)	(13)	13	(17)	(70)	0	(87)
Financial Services	(148)	(499)	75	(572)	(145)	70	(647)
Health Improvements Initiatives	(43)	0	30	(13)	0	11	(2)
Housing Schemes	(167)	(14)	13	(168)	0	0	(168)
ICT/Systems	(228)	(110)	20	(318)	0	113	(205)
Leisure/Community Safety	(129)	(64)	37	(156)	(426)	15	(567)
Litigation Reserve	(230)	0	0	(230)	(100)	0	(330)
Local Development Framework	(16)	0	2	(14)	(55)	0	(69)
Local Neighbourhood Partnerships	(16)	0	0	(16)	0	0	(16)
Local Strategic Partnership	(3)	0	2	(1)	0	1	0
Organisation Development	(4)	0	0	(4)	0	4	0
Other	(128)	(17)	44	(101)	(26)	29	(98)
Regulatory Services (Partner Share)	(2)	(7)	0	(9)	(1)	6	(4)
Replacement Reserve (inc Recycling)	(375)	(113)	0	(488)	0	11	(477)
Route Optimisation	0	0	0	0	0	0	0
Shared Services	(293)	0	48	(245)	(11)	56	(200)
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
<b>Total General Fund</b>	<b>(1,995)</b>	<b>(899)</b>	<b>319</b>	<b>(2,575)</b>	<b>(862)</b>	<b>442</b>	<b>(2,995)</b>
<b>Total Earmarked Reserves</b>	<b>(1,995)</b>	<b>(899)</b>	<b>319</b>	<b>(2,575)</b>	<b>(862)</b>	<b>442</b>	<b>(2,995)</b>

# Bromsgrove District Council

## Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

### Note 9 Other Operating Expenditure

	<b>2014/15</b>	<b>2013/14</b>
	£000	£000
Parish council precepts	748	700
Levies	0	
Payments to the Government Housing Capital Receipts Pool	0	0
Gains/losses on the disposal of non current assets	(83)	(51)
Other	0	(355)
	<b>665</b>	<b>294</b>

### Surplus/Deficit on Non-Current Assets (excl Investment Properties)

	<b>2014/15</b>	<b>2013/14</b>
	£000	£000
Net Proceeds from Sale General	(83)	(174)
Disposal costs	0	3
Carrying amount of non-current assets sold (excl Investment Properties)	0	120
	<b>(83)</b>	<b>(51)</b>

### Other Operating Income/Expenditure

	<b>2014/15</b>	<b>2013/14</b>
	£000	£000
Income	0	(365)
Expenditure	0	10
	<b>0</b>	<b>(355)</b>

### Precepts

	<b>2014/15</b>	<b>2013/14</b>
	£000	£000
Parish Precepts	748	700
<b>Total</b>	<b>748</b>	<b>700</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 10 Financing and Investment Income and Expenditure

	2014/15	2013/14
	£000	£000
Interest payable and similar charges	0	0
Net interest on the net defined benefit liability (asset)		
	1,157	1,208
Interest receivable and similar income	(56)	(111)
Income and expenditure in relation to investment properties and changes in their fair value		
	(8)	(1)
Other investment income	14	3
<b>Total</b>	<b>1,107</b>	<b>1,099</b>

### Interest Payable and Similar Charges

	2014/15	2013/14
	£000	£000
Lease/hire purchase interest	0	0
Bank interest	0	0
Loan Interest	0	0
Service concession Interest	0	0
HRA Self-financing Interest		
Other interest (please specify)		
	<b>0</b>	<b>0</b>

### Interest and Investment Income

	2014/15	2013/14
	£000	£000
Bank interest	(19)	(79)
Loans	0	0
Other Investment income	(37)	(32)
Interest received under leasing arrangements	0	0
	<b>(56)</b>	<b>(111)</b>

### Pensions interest cost and expected return on pensions assets

	2014/15	2013/14
	£000	£000
Net interest on the net defined benefit liability (asset)	1,157	1,208
	<b>1,157</b>	<b>1,208</b>

**Surplus/(Deficit) on trading operations** - Councils with significant Trading Operations will need to provide separate disclosure (see Note 30)

	2014/15	2013/14
	£000	£000
Income from trading	(60)	(97)
Expenditure	74	100
Surplus/(Deficit) for the year	<b>14</b>	<b>3</b>

### Income, Expenditure and changes in Fair Value of Investment Properties

	2014/15	2013/14
	£000	£000
<b>Income/Expenditure from Investment Properties:</b>		
Income including rental income	(39)	(19)
Expenditure	0	18
<i>Net income from investment properties</i>	<b>(39)</b>	<b>(1)</b>
<b>Surplus/deficit on sale of Investment Properties:</b>		
Proceeds from sale	0	0
Carrying amount of investment properties sold	0	0
<i>(Surplus)/deficit on sale of Investment Properties:</i>	<b>0</b>	<b>0</b>
<b>Changes in Fair Value of Investment Properties</b>		
	<b>31</b>	<b>0</b>
	<b>(8)</b>	<b>(1)</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

**Note 11**

<b>Taxation and Non-Specific Grant Income and Expenditure</b>		
	<b>2014/15</b>	<b>2013/14</b>
	£000	£000
<b>Income</b>		
Council Tax Income	<b>7,685</b>	<b>7,430</b>
Non Domestic Rates Income and Expenditure [England]	<b>1,237</b>	<b>1,045</b>
Non-ringfenced government grants	<b>3,510</b>	<b>3,395</b>
Income from a Business Rates Supplement		
Capital Grants and Contributions	<b>524</b>	<b>1,016</b>
<b>Total Taxation and Non-Specific Grant Income and Expenditure</b>	<b>12,956</b>	<b>12,886</b>

<b>NNDR income/expenditure</b>	<b>2014/15</b>	<b>2013/14</b>
	£000	£000
<b>Income:</b>		
Current year	10,578	1,045
Other		
<b>Total NDR Income</b>	<b>10,578</b>	<b>1,045</b>
<b>Expenditure:</b>		
Current year	9,341	
Other		
<b>Total NDR Expenditure</b>	<b>9,341</b>	<b>0</b>

<b>Capital Grants and Donated Assets-Applied</b>	<b>2014/15</b>	<b>2013/14</b>
	£000	£000
Government & Other Grants-Conditions met and applied in year	524	1,016
<b>Total</b>	<b>524</b>	<b>1,016</b>

<b>Council Tax (Not Scotland)</b>	<b>2014/15</b>	<b>2013/14</b>
	£000	£000
Current year	7,685	7,430
Other Movement	0	0
<b>Total</b>	<b>7,685</b>	<b>7,430</b>

<b>Non-ringfenced grants</b>	<b>2014/15</b>	<b>2013/14</b>
	£000	£000
Revenue Support Grant	1,716	2,293
Non-ringfenced government grants	1,794	1,102
<b>Total</b>	<b>3,510</b>	<b>3,395</b>



# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

[Link to Completion Notes](#)

## Note 12 Property, Plant and Equipment

### Current Year

	Property, Plant & Equipment (PP&E)							Investment Properties	Intangible Assets	TOTAL
	Land	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Total PP&E			
	£000	£000	£000	£000	£000	£000	£000			
<b>Cost or Valuation</b>										
Balance as at 1 April 2014	12,345	14,921	549	11,632	832	481	<b>40,760</b>	<b>347</b>	<b>3,268</b>	<b>44,375</b>
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adjusted opening balance	<b>12,345</b>	<b>14,921</b>	<b>549</b>	<b>11,632</b>	<b>832</b>	<b>481</b>	<b>40,760</b>	<b>347</b>	<b>3,268</b>	<b>44,375</b>
Additions (Note 41)	0	24	1,689	193	0	3,863	<b>5,769</b>	0	<b>148</b>	<b>5,917</b>
Revaluation increases/decreases to Revaluation Reserve	(1,393)	584		0	0	0	<b>(809)</b>	0	<b>0</b>	<b>(809)</b>
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(481)	(4,893)	0	(46)	0	0	<b>(5,420)</b>	(31)	<b>0</b>	<b>(5,451)</b>
Reclassifications & Transfers	0	(120)	0	0	0	0	<b>(120)</b>	120	<b>0</b>	<b>0</b>
Reclassified to/from Held for Sale	(1,127)	0	0	0	0	0	<b>(1,127)</b>	0	<b>0</b>	<b>(1,127)</b>
Other movements	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>	<b>0</b>
<b>Balance as at 31 March 2015</b>	<b>9,344</b>	<b>10,516</b>	<b>2,238</b>	<b>11,779</b>	<b>832</b>	<b>4,344</b>	<b>39,053</b>	<b>436</b>	<b>3,416</b>	<b>42,905</b>
<b>Depreciation and Impairment</b>										
Balance as at 1 April 2014	0	1,276	278	7,752	0	0	<b>9,306</b>	<b>0</b>	<b>2,467</b>	<b>11,773</b>
Adjusted opening balance	0	1,276	278	7,752	0	0	<b>9,306</b>	0	<b>2,467</b>	<b>11,773</b>
Depreciation Charge	0	481	25	792	0	0	<b>1,298</b>	0	<b>385</b>	<b>1,683</b>
Depreciation written out on Revaluation Reserve	0	(418)		0	0	0	<b>(418)</b>	0	<b>0</b>	<b>(418)</b>
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	(631)	0	0	0	0	<b>(631)</b>	0	<b>0</b>	<b>(631)</b>
<b>Balance as at 31 March 2015</b>	<b>0</b>	<b>708</b>	<b>303</b>	<b>8,544</b>	<b>0</b>	<b>0</b>	<b>9,555</b>	<b>0</b>	<b>2,852</b>	<b>12,407</b>
<b>Net Book Value</b>										
<b>Balance as at 31 March 2015</b>	<b>9,344</b>	<b>9,808</b>	<b>1,935</b>	<b>3,235</b>	<b>832</b>	<b>4,344</b>	<b>29,498</b>	<b>436</b>	<b>564</b>	<b>30,498</b>
<b>Balance as at 31 March 2014</b>	<b>12,345</b>	<b>13,645</b>	<b>271</b>	<b>3,880</b>	<b>832</b>	<b>481</b>	<b>31,454</b>	<b>347</b>	<b>801</b>	<b>32,602</b>

### Depreciation

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

Other Land and Buildings - 8-75 years, Land is not depreciated, building lives advised by valuers  
Vehicles, Plant, & Equipment - 1-25 years  
Infrastructure -  
5-20 years

### Valuation of Property, Plant and Equipment.

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

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 12 a Comparative Year

	Property, Plant & Equipment (PP&E)							Investment Properties	Intangible Assets	TOTAL
	Land	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Total PP&E			
	£000	£000	£000	£000	£000	£000	£000			
<b>Cost or Valuation</b>										
Balance as at 1 April 2013	11,667	14,463	549	10,979	765	170	38,593	316	3,214	42,123
Adjustments between cost/value & depreciation/impairment		0	0	0	0	0	0	0	0	0
Adjusted opening balance	<b>11,667</b>	<b>14,463</b>	<b>549</b>	<b>10,979</b>	<b>765</b>	<b>170</b>	<b>38,593</b>	<b>316</b>	<b>3,214</b>	<b>42,123</b>
Additions (Note 41)	0	269	0	833	67	571	1,740	0	20	1,760
Donations	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	225	(47)	0	0	0	0	178	31	0	209
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	158	163	0	0	0	0	321	0	0	321
Derecognition - Disposals	0	(83)	0	(302)	0	0	(385)	0	0	(385)
Derecognition - Other	0	0	0	(99)	0	(5)	(104)	0	0	(104)
Reclassifications & Transfers	0	0	0	0	0	0	0	0	0	0
Reclassified to/from Held for Sale	295	156					451	0	0	451
Other movements				221		(255)	(34)	0	34	0
<b>Balance as at 31 March 2014</b>	<b>12,345</b>	<b>14,921</b>	<b>549</b>	<b>11,632</b>	<b>832</b>	<b>481</b>	<b>40,760</b>	<b>347</b>	<b>3,268</b>	<b>44,375</b>
<b>Depreciation and Impairment</b>										
Balance as at 1 April 2013	0	876	250	7,057	0	0	8,183		2,093	10,276
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	0	876	250	7,057	0	0	8,183	0	2,093	10,276
Depreciation Charge	0	484	28	955	0	0	1,467		374	1,841
Depreciation written out on Revaluation Reserve	0	(79)	0	0	0	0	(79)	0	0	(79)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0		0	0
Derecognition - Disposals	0	(5)	0	(260)	0	0	(265)		0	(265)
<b>Balance as at 31 March 2014</b>	<b>0</b>	<b>1,276</b>	<b>278</b>	<b>7,752</b>	<b>0</b>	<b>0</b>	<b>9,306</b>	<b>0</b>	<b>2,467</b>	<b>11,773</b>
<b>Net Book Value</b>										
<b>Balance as at 31 March 2014</b>	<b>12,345</b>	<b>13,645</b>	<b>271</b>	<b>3,880</b>	<b>832</b>	<b>481</b>	<b>31,454</b>	<b>347</b>	<b>801</b>	<b>32,602</b>
<b>Balance as at 31 March 2013</b>	<b>11,667</b>	<b>13,587</b>	<b>299</b>	<b>3,922</b>	<b>765</b>	<b>170</b>	<b>30,410</b>	<b>316</b>	<b>1,121</b>	<b>31,847</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 13 Income, Expenditure and changes in Fair Value of Investment Properties

Income/Expenditure from Investment Properties:	2014/15	2013/14
	£000	£000
Rental income from investment property	(39)	(19)
Direct operating expenses arising from investment property	0	18
Net Gain/Loss	<b>(39)</b>	<b>(1)</b>

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	2014/15	2013/14
	£000	£000
Balance at start of the year	347	316
Additions:		
- Purchases	0	0
- Construction	0	0
- Subsequent expenditure	0	0
Disposals	0	0
Net gains/losses from fair value adjustments	(31)	31
Transfers:		
- to/from Inventories	0	0
- to/from Property, Plant and Equipment	120	0
Other changes	0	0
<b>Balance at end of the year</b>	<b>436</b>	<b>347</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 14 Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generally software.

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 Movement in Intangible Assets for the Year is as Follows

	2014/15			2013/14		
	Internally Generated Assets	Other Assets	Total	Internally Generated Assets	Other Assets	Total
	£000	£000	£000	£000	£000	£000
<b>Balance at start of year:</b>						
· Gross carrying amounts	0	3,268	3,268		3,214	3,214
· Accumulated amortisation	0	(2,467)	(2,467)		(2,093)	(2,093)
Net carrying amount at start of year	<b>0</b>	<b>801</b>	<b>801</b>	<b>0</b>	<b>1,121</b>	<b>1,121</b>
<b>Additions:</b>						
Transfer from Auc				0	34	34
· Internal development	0	0	0	0	0	0
· Purchases	0	148	148	0	20	20
· Acquired through business combinations	0	0	0	0	0	0
	<b>0</b>	<b>949</b>	<b>949</b>	<b>0</b>	<b>1,175</b>	<b>1,175</b>
Other disposals	0	0	0	0	0	0
Amortisation for the period	0	(385)	(385)		(374)	(374)
Amortisation written off on disposal	0	0	0	0	0	0
Net carrying amount at end of year	<b>0</b>	<b>564</b>	<b>564</b>	<b>0</b>	<b>801</b>	<b>801</b>
<b>Comprising:</b>						
· Gross carrying amounts	0	3,416	3,416	0	3,268	3,268
· Accumulated amortisation	0	(2,852)	(2,852)	0	(2,467)	(2,467)
	<b>0</b>	<b>564</b>	<b>564</b>	<b>0</b>	<b>801</b>	<b>801</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 15 Financial Instruments

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

	Long-term		Current	
	31/03/15	31/03/2014	31/03/15	31/03/2014
	£000	£000	£000	£000
<b>Investments</b>				
Loans and receivables	0	0	0	1,000
<b>Total investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>
<b>Debtors</b>				
Loans and receivables	0	0		
Financial assets carried at contract amounts			5,331	5,102
<b>Total Debtors</b>	<b>0</b>	<b>0</b>	<b>5,331</b>	<b>5,102</b>
<b>Borrowings</b>				
Financial liabilities at fair value through profit and loss	0	0	(76)	(80)
<b>Total borrowings</b>	<b>0</b>	<b>0</b>	<b>(76)</b>	<b>(80)</b>
<b>Other Long Term Liabilities</b>				
<b>Total other long term liabilities</b>	<b>0</b>	<b>0</b>	<b>(76)</b>	<b>(80)</b>
<b>Creditors</b>				
Financial liabilities carried at contract amount			(7,252)	(6,312)
<b>Total creditors</b>	<b>0</b>	<b>0</b>	<b>(7,252)</b>	<b>(6,312)</b>

# Bromsgrove District Council

## Notes to the Group Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

### Note 16: Group Accounts

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

The Bromsgrove Arts Development Trust was established on 23 April 2003 by Trust Deed, the Trustees have been The Council appoints the majority of the Members to this Trust with a representation of 6 of the 8 Trustees. As such The Arts Development Trust asset shown in the Group Balance Sheet (PPE) is the Artrix. This is used in the provision The Trust is not required to produce accounts by the Charities Commission because it has no actual income or

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

#### B. Property, Plant and Equipment

	31 March 2015		31 March 2014	
	BDC £000	Trust £000	BDC £000	Trust £00
Property, Plant & Equipment	29,498	6,720	31,454	6,720

The Property, Plant and Equipment Asset being consolidated within the group accounts relates solely to the Artrix

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

	31 March 2015 £'000	31 March 2014 £'000
Total Reserves in the Group Movement in Reserves Statement	4,065	18,620
Minority interest's share of reserves in subsidiaries	1,680	1,680
Total Reserves in the Group Balance Sheet	5,745	20,300

#### D. Usable Reserves

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

#### E. Unusable Reserves

	31 March 2015 £'000	31 March 2014 £'000
Revaluation Reserve	(4,395)	(4,818)
Capital Adjustment Account	(24,341)	(28,657)
Pensions Reserve	36,229	27,268
Collection Fund Adjustment Account	448	564
Accumulated Adjustments Account	141	141
Group Revaluation Reserve	(2,757)	(2,896)
Building Reserve	(2,283)	(2,144)
Minority Interest	(1,680)	(1,680)
<b>Balance as at 31st March</b>	<b>1,362</b>	<b>(12,222)</b>

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

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

- . additional depreciation charged in relation to the Artrix Building (£125k) within Cultural Services and the recognition of the minority interest in this charge (£31k)
- . the authority's share of the upward revaluation on the Artrix Land & Buildings recognised in Other Comprehensive Income & Expenditure (£94k)

#### G. Group Cashflow statement

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

- . additional depreciation charged in relation to the Artrix Building recognised in net (surplus) or deficit on the provision of services (£125k), matched by an adjustment to net surplus or deficit on the provision of services for non-cash movements.

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

	31 March 2015 £'000	31 March 2014 £'000
Net (surplus) or deficit on the provision of services	5,799	1,577
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(7,848)	(2,946)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	607	1,198
<b>Net cash outflow from operating activities</b>	<b>(1,442)</b>	<b>(171)</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 17 Inventories

	Consumable Stores		Maintenance Materials		Total	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
	£000	£000	£000	£000	£000	£000
<b>Balance outstanding at start of year</b>	145	201	0	0	145	201
Purchases	520	556	0	0	520	556
Recognised as an expense in year	(491)	(615)	0	0	(491)	(615)
Written off balances	(1)	0	0	0	(1)	0
Reversals of write-offs in previous years		3	0			3
<b>Balance outstanding at year end</b>	<b>173</b>	<b>145</b>	<b>0</b>	<b>0</b>	<b>173</b>	<b>145</b>

(28)

## Note 18 Debtors

	Long term debtors		Short term debtors	
	2014/15	2013/14	2014/15	2013/14
	£000	£000	£000	£000
Central Government Bodies	0		438	1,464
Other Local Authorities	0	0	1,327	1,457
Other entities and individuals	0	0	2,746	1,363
Other entities and individuals - Pre-Payments	0	0	631	662
Council Tax Payers	0	0	189	156
<b>Total</b>	<b>0</b>	<b>0</b>	<b>5,331</b>	<b>5,102</b>

## Note 19 Cash and Cash Equivalents

Cash and cash equivalents at the end of the reporting period can be reconciled to the related items in the Balance Sheet as follows:

	2014/15	2013/14
	£000	£000
Cash and Bank balances	1	1
Short Term Investments	0	0
Short Term Deposits - call accounts	6,400	9,000
Bank Overdraft	(302)	(331)
<b>Total</b>	<b>6,099</b>	<b>8,670</b>

Note: Bank overdrafts are shown separately from cash and cash equivalents where they are not an integral part of an Authority's cash management.

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 20

### Assets Held for Sale

	Current		Non Current	
	2014/15	2013/14	2014/15	2013/14
	£000's	£000's	£000's	£000's
<b>Balance outstanding at start of year</b>	<b>870</b>	<b>941</b>	<b>0</b>	<b>0</b>
Additions	32	0	0	0
Transferred from Non-Current Assets during year:				
- Property Plant and Equipment	1,127	0	0	0
Revaluation losses	0	(10)	0	0
Revaluation gains	0	390	0	0
Assets declassified as held for sale:				
- Other assets/liabilities in disposal groups	0	(451)	0	0
<b>Balance outstanding at year-end</b>	<b>2,029</b>	<b>870</b>	<b>0</b>	<b>0</b>



# Bromsgrove District Council

## Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

### Note 21 Creditors

	Long term Creditors		Short term Creditors	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Central government bodies	0	0	(772)	(688)
Other local authorities	0	0	(1,956)	(2,153)
Other Entities and Individuals	0	0	(3,721)	(2,659)
Council Tax Payers	0	0	(105)	(204)
Council Tax Preceptors	0	0	(698)	(608)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>(7,252)</b>	<b>(6,312)</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 22

### Provisions

	Balance as at 1 April 2014	Increase in provision during year	Utilised during year	Balance as at 31 March 2015
	£000	£000	£000	£000
Business Rates Appeals	(-369)	(-123)	0	(-492)
MMI Clawback	0	0	0	0
Employee benefits	(-141)	(-12)	0	(-153)
	<b>(-510)</b>	<b>(-135)</b>	<b>0</b>	<b>(-645)</b>

<b>Current Provisions</b>	(-510)	(-135)	0	(-645)
<b>Long Term Provisions</b>	0	0	0	0
	<b>(-510)</b>	<b>(-135)</b>	<b>0</b>	<b>(-645)</b>

### Comparative Year

	Balance as at 1 April 2013	Increase in provision during year	Utilised during year	Balance as at 31 March 2014
	£000	£000	£000	£000
Business Rates Appeals	0	(-369)	0	(-369)
MMI Clawback	(-40)	0	(-40)	0
Employee benefits	(-144)	0	(-3)	(-141)
	<b>(-184)</b>	<b>(-369)</b>	<b>(-43)</b>	<b>(-510)</b>

<b>Current Provisions</b>	(-184)	(-369)	(-43)	(-510)
<b>Long Term Provisions</b>	0	0	0	0
	<b>(-184)</b>	<b>(-369)</b>	<b>(-43)</b>	<b>(-510)</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 23 Reserves

### Analysis of Movement on Reserves - Current Year

	USABLE RESERVES				UNUSABLE RESERVES							TOTAL AUTHORITY RESERVES	
	Capital Receipts Reserve	Capital Grants Unapplied Account	Earmarked Reserves	General Fund	TOTAL USABLE RESERVES	Capital Adjustment Account	Revaluation Reserve	Available for Sale Financial Instruments Reserve	Pensions Reserve	Collection Fund Adjustment Account	Accumulated Absences Account / Employee Statutory Adjustment Account		TOTAL UNUSABLE RESERVES
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance as at 1 April 2014</b>	1,746	16	1,413	8,191	<b>11,366</b>	28,266	4,819	0	27,267	(565)	(141)	<b>59,646</b>	<b>71,012</b>
<b>Movements during the year:</b>													
Applied Capital Grants				(524)	<b>(524)</b>	524						<b>524</b>	<b>0</b>
Unapplied Capital Grants received in year		0		0	<b>0</b>							<b>0</b>	<b>0</b>
Unapplied Capital Grants transferred to CAA in year		(6)			<b>(6)</b>	6						<b>6</b>	<b>0</b>
Direct Revenue Financing	7			(453)	<b>(453)</b>	453						<b>453</b>	<b>0</b>
Depreciation & impairment adjustment	7			6,472	<b>6,472</b>	(6,472)						<b>(6,472)</b>	<b>0</b>
Net Revenue expenditure funded from capital under statute	7			624	<b>624</b>	(624)						<b>(624)</b>	<b>0</b>
Surplus/(Deficit) on the Provision of Services				5,799	<b>5,799</b>							<b>0</b>	<b>5,799</b>
Transfers to or from earmarked reserves			(420)	420	<b>0</b>							<b>0</b>	<b>0</b>
Net movements on Pension Reserve	47			598	<b>598</b>				(598)			<b>(598)</b>	<b>0</b>
Disposal of Non Current Assets/Capital Sales	7	83		(83)	<b>0</b>	0	0					<b>0</b>	<b>0</b>
Capital Receipts used to finance capital expenditure		(1,798)			<b>(1,798)</b>	1,798						<b>1,798</b>	<b>0</b>
Amount by which council tax and non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated	7			117	<b>117</b>					(117)		<b>(117)</b>	<b>0</b>
Adjustments in relation to Short-term compensated absences				12	<b>12</b>						(12)	<b>(12)</b>	<b>0</b>
Movement in Investment Property Valuations				31	<b>31</b>	(31)						<b>(31)</b>	<b>0</b>
Revaluation	12				<b>0</b>		(391)		(8,363)			<b>(8,754)</b>	<b>(8,754)</b>
Other Movements		0		0	<b>0</b>	31	(31)					<b>0</b>	<b>0</b>
<b>Total movements on reserves during the year (Change in Net Worth)</b>	<b>(1,715)</b>	<b>(6)</b>	<b>(420)</b>	<b>13,013</b>	<b>10,872</b>	<b>(4,315)</b>	<b>(422)</b>	<b>0</b>	<b>(8,961)</b>	<b>(117)</b>	<b>(12)</b>	<b>(13,827)</b>	<b>(2,955)</b>
<b>Balance as at 31 March 2015</b>	<b>31</b>	<b>10</b>	<b>993</b>	<b>21,204</b>	<b>22,238</b>	<b>23,951</b>	<b>4,397</b>	<b>0</b>	<b>18,306</b>	<b>(682)</b>	<b>(153)</b>	<b>45,819</b>	<b>68,057</b>

Analysis of Movement on Reserves - Comparative Year

	USABLE RESERVES				UNUSABLE RESERVES							TOTAL AUTHORITY RESERVES	
	Capital Receipts Reserve	Capital Grants Unapplied Account	Earmarked Reserves	General Fund	TOTAL USABLE RESERVES	Capital Adjustment Account	Revaluation Reserve	Available for Sale Financial Instruments Reserve	Pensions Reserve	Collection Fund Adjustment Account	Accumulated Absences Account		TOTAL UNUSABLE RESERVES
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance as at 1 April 2013</b>	3,036	36	1,993	3,094	<b>8,159</b>	27,995	4,796	0	(29,658)	106	(144)	<b>3,095</b>	<b>11,254</b>
<b>Movements during the year:</b>													
Applied Capital Grants				(1,016)	<b>(1,016)</b>	1,016						<b>1,016</b>	<b>0</b>
Unapplied Capital Grants received in year		0		0	<b>0</b>							<b>0</b>	<b>0</b>
Unapplied Capital Grants transferred to CAA in year		(20)			<b>(20)</b>	20						<b>20</b>	<b>0</b>
Direct Revenue Financing				(62)	<b>(62)</b>	62						<b>62</b>	<b>0</b>
Depreciation & impairment adjustment				1,634	<b>1,634</b>	(1,634)						<b>(1,634)</b>	<b>0</b>
Net Revenue expenditure funded from capital under statute Surplus/(Deficit) on the Provision of Services				799	<b>799</b>	(799)						<b>(799)</b>	<b>0</b>
Transfers to or from earmarked reserves			(580)	580	<b>0</b>							<b>0</b>	<b>1,462</b>
Net movements on Pension Reserve				1,114	<b>1,114</b>				(1,114)			<b>(1,114)</b>	<b>0</b>
Disposal of Non Current Assets/Capital Sales	171			(51)	<b>120</b>	(120)	0					<b>(120)</b>	<b>0</b>
Capital Receipts used to finance capital expenditure	(1,461)				<b>(1,461)</b>	1,461						<b>1,461</b>	<b>0</b>
Amount by which council tax and non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated				671					(671)			<b>(671)</b>	<b>(671)</b>
Adjustments in relation to Short-term compensated absences Revaluation				(3)	<b>(3)</b>		257	0	3,505		3	<b>3</b>	<b>3,762</b>
Movement in Investment Property Values				(31)	<b>(31)</b>	31						<b>31</b>	<b>0</b>
Other Movements	0			0	<b>0</b>	234	(234)					<b>0</b>	<b>0</b>
<b>Total movements on reserves during the year (Change in Net Worth)</b>	<b>(1,290)</b>	<b>(20)</b>	<b>(580)</b>	<b>5,097</b>	<b>2,536</b>	<b>271</b>	<b>23</b>	<b>0</b>	<b>2,391</b>	<b>(671)</b>	<b>3</b>	<b>2,017</b>	<b>4,553</b>
<b>Balance as at 31 March 2014</b>	<b>1,746</b>	<b>16</b>	<b>1,413</b>	<b>8,191</b>	<b>10,695</b>	<b>28,266</b>	<b>4,819</b>	<b>0</b>	<b>(27,267)</b>	<b>(565)</b>	<b>(141)</b>	<b>5,112</b>	<b>15,807</b>

(28,657)

# Bromsgrove District Council

## Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

### Note 24

#### Useable Reserves

##### Capital Receipts Reserve

These are receipts from the sale of Council assets, which have not yet been used to finance capital expenditure.

	<b>31/03/2015</b>	<b>31/03/2014</b>
	£000	£000
<b>Balance 1 April</b>	<b>1,746</b>	<b>3,036</b>
Capital Receipts in year	83	171
Deferred Receipts realised	0	0
	<b>1,829</b>	<b>3,207</b>
<b>Less:</b>		
Capital Receipts Pooled	0	0
Capital Receipts used for financing	(1,798)	(1,461)
<b>Balance 31 March</b>	<b>31</b>	<b>1,746</b>

##### Capital Grants Unapplied

	<b>31/03/2015</b>	<b>31/03/2014</b>
	£000	£000
<b>Balance on 1 April</b>	<b>16</b>	<b>36</b>
Unapplied Capital Grants received in year	0	
Unapplied Capital Grants transferred to CAA in year	(6)	(20)
<b>Balance on 31 March</b>	<b>10</b>	<b>16</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 25 Unusable Reserves

	31/03/2015	31/03/2014
	£000	£000
Capital Adjustment Account	24,341	28,656
Financial Instruments Adjustment Account	0	0
Revaluation Reserve	4,397	4,819
Available for Sale Financial Instruments Reserve	0	0
Pensions Reserve	(36,228)	(27,267)
Deferred Capital Receipts Reserve (England and Wales)	0	0
Collection Fund Adjustment Account	(448)	(565)
Unequal Pay Back Pay Account	0	0
Accumulating Compensated Absences Adjustment Account	(153)	(141)
<b>Total Unusable Reserves</b>	<b>(8,091)</b>	<b>5,502</b>

### 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. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	31/03/2015		31/03/2014	
	£000	£000	£000	£000
<b>Balance at 1 April</b>		<b>28,656</b>		<b>27,995</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non current assets	(1,298)		(1,571)	
Revaluation losses on Property, Plant and Equipment	(4,789)		311	
Amortisation of Intangible Assets	(385)		(374)	
Revenue expenditure funded from capital under statute	(624)		(799)	
Movement in market value of assets held for sale			390	
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	0		(120)	
		<b>(7,096)</b>		<b>(2,163)</b>
Adjusting amounts written out of the Revaluation Reserve		31		234
<b>Net written out amount of the cost of non current assets consumed in the year</b>		<b>(7,065)</b>		<b>(1,929)</b>

<b>Capital financing applied in the year:</b>				
Use of the Capital Receipts Reserve to finance new capital expenditure	1,798		1,461	
Use of the Major Repairs Reserve to finance new capital expenditure	0		0	
Application of grants to capital financing from the Capital Grants Unapplied Account	6		20	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	524		1,016	
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	0		0	
Borrowing or liabilities met from the Major Repairs Reserve	0		0	
Capital expenditure charged against the General Fund and HRA balances	453		62	
		<b>2,781</b>		<b>2,559</b>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(31)		31
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		0		0
<b>Balance at 31 March</b>		<b>24,341</b>		<b>28,656</b>

### **Revaluation Reserve**

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment and Intangible Assets

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.

	<b>31/03/2015</b>	<b>31/03/2014</b>
	£000	£000
<b>Balance at 1 April</b>	4,819	4,796
Upward revaluation of assets	0	257
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(391)	0
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	<b>(391)</b>	<b>257</b>
Difference between fair value depreciation and historical cost depreciation	(31)	(234)
Revaluation balances on assets scrapped or disposed of	0	0
Amount written off to the Capital Adjustment Account	<b>(31)</b>	<b>(234)</b>
<b>Balance at 31 March</b>	<b>4,397</b>	<b>4,819</b>

### **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.

	<b>31/03/2015</b>	<b>31/03/2014</b>
	£000	£000
<b>Balance at 1 April</b>	<b>(27,267)</b>	<b>(29,658)</b>
Remeasurements of the net defined benefit liability/(asset)	(8,363)	3,505
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,539)	(2,946)
Employers pensions contributions and direct payments to pensioners payable in the year	1,941	1,832
<b>Balance at 31 March</b>	<b>(36,228)</b>	<b>(27,267)</b>

#### **Collection Fund Adjustment Account**

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

	<b>31/03/2015</b>	<b>31/03/2014</b>
	£000	£000
<b>Balance at 1 April</b>	<b>(565)</b>	<b>106</b>
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	117	(671)
<b>Balance at 31 March</b>	<b>(448)</b>	<b>(565)</b>

#### **Accumulated Absences Account**

The Accumulating Compensated Absences Adjustment 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 e.g. 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.

	<b>31/03/2015</b>	<b>31/03/2014</b>
	£000	£000
<b>Balance at 1 April</b>	<b>(141)</b>	<b>(144)</b>
Settlement or cancellation of accrual made at the end of the preceding year	141	144
Amounts accrued at the end of the current year	(153)	(141)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		
<b>Balance at 31 March</b>	<b>(153)</b>	<b>(141)</b>



**Bromsgrove District Council**  
**Notes to the Financial Statements**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**Note 26 Cash Flow Statement - operating activities**

The cash flows from operating activities include the following items

	2014/15 £000	2013/14 £000
Interest Paid		
Interest Received	56	79
Dividends Received		

	2014/15 £000	2013/14 £000
<b>Adjustment to surplus or deficit on the provision of services for noncash movements</b>		
Depreciation	1,298	1,333
Impairment & downward valuations	4,789	
Amortisation	385	
Increase/(Decrease) in provisions	135	325
(Increase)/Decrease in Inventories	(28)	56
(Increase)/Decrease in Debtors	(724)	(1,403)
Increase/(Decrease) in Creditors	984	1,378
Movement in pension liability	598	1,139
Other items charged to the net surplus or deficit on provision of services	286	0
	<b>7,723</b>	<b>2,828</b>

<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>		
Proceeds from the sale of PP&E, investment property and intangible assets	(83)	(174)
Any other items	(524)	(1,024)
	<b>(607)</b>	<b>(1,198)</b>

**Note 27 Cash Flow From Investing Activities**

	2014/15 £000	2013/14 £000
Purchase of PP&E, investment property and intangible assets	6,150	1,760
Purchase of Short Term Investments (not considered to be cash equivalents)		1,000
Proceeds from the sale of PP&E, investment property and intangible assets	(83)	(174)
Proceeds from Short Term Investments (not considered to be cash equivalents)	(1,000)	
Proceeds from Long Term Investments		0
Other Receipts from Investing Activities	(496)	(512)
<b>Net Cash flows from Investing Activities</b>	<b>4,571</b>	<b>2,074</b>

**Note 28 Cash flows from Financing Activities**

	2014/15 £000	2013/14 £000
Other Receipts from Financing Activities		(2)
Repayment of Short and Long Term Borrowing	(4)	(11)
Other payments for Financing Activities	684	
<b>Net Cash flows from Financing Activities</b>	<b>680</b>	<b>(13)</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 29 Amounts Reported for Resource Allocation Decisions

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

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

The income and expenditure of the Council's departments recorded in the budget reports for the year is as follows:  
Support service recharges are disclosed net in the expenditure section of the note.

The income and expenditure of the Authority's principal [directorates] recorded in the budget reports for the year is as follows:

2014/15	Finance & Resources	Community Services	Environmental Services	Planning/Leisure/Regulatory	Corporate	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	-1501	-610	-4736	-1204	-1361	<b>-9412</b>
Government grants	-17216	-323	0	0	-68	<b>-17607</b>
<b>Total Income</b>	<b>-18717</b>	<b>-933</b>	<b>-4736</b>	<b>-1204</b>	<b>-1429</b>	<b>-27019</b>
Employee expenses	1634	480	3544	1299	2922	<b>9879</b>
Other service expenses	18550	1745	3890	572	1775	<b>26532</b>
Capital Charges	67	677	1065	46	461	<b>2316</b>
Support service recharges	80	113	1086	459	-1763	<b>-25</b>
<b>Total Expenditure</b>	<b>20331</b>	<b>3015</b>	<b>9585</b>	<b>2376</b>	<b>3395</b>	<b>38702</b>
<b>Net Expenditure</b>	<b>1614</b>	<b>2082</b>	<b>4849</b>	<b>1172</b>	<b>1966</b>	<b>11683</b>

2013/14	Finance & Resources	Community Services	Environmental Services	Planning/Leisure/Regulatory	Corporate/Legal	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	-1151	-638	-3553	-1973	-2126	<b>-9441</b>
Government grants	-16294	-315	0	-1	-5	<b>-16615</b>
<b>Total Income</b>	<b>-17445</b>	<b>-953</b>	<b>-3553</b>	<b>-1974</b>	<b>-2131</b>	<b>-26056</b>
Employee expenses	809	380	3386	1385	3713	<b>9673</b>
Other service expenses	17580	2131	2371	3120	2261	<b>27463</b>
Capital Charges	12	182	637	420	470	<b>1721</b>
Support service recharges	-252	116	1023	654	-1546	<b>-5</b>
<b>Total Expenditure</b>	<b>18149</b>	<b>2809</b>	<b>7417</b>	<b>5579</b>	<b>4898</b>	<b>38852</b>
<b>Net Expenditure</b>	<b>704</b>	<b>1856</b>	<b>3864</b>	<b>3605</b>	<b>2767</b>	<b>12796</b>

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.

	<b>2014/15</b>	<b>2013/14</b>
	£000	£000
Net expenditure in the [Directorate] Analysis	11,683	12,796
Net expenditure of services and support services not included in the Analysis	5339	-227
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	0	31
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-39	0
<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>16,983</b>	<b>12,600</b>

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.

	<b>Directorate Analysis</b>	<b>Amounts not reported to management for decision making</b>	<b>Services and Support Services not in Analysis</b>	<b>Amounts not included in I&amp;E</b>	<b>Allocation of Recharges</b>	<b>Net Cost of Services</b>	<b>Corporate Amounts</b>	<b>Total</b>
<b>2014/15</b>	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	-9412	0		74	0	-9338	-60	<b>-9398</b>
Surplus or deficit on associates and joint ventures	-	-	-	-	-	0	-	<b>0</b>
Interest and investment income	-	-	-	-	-	0	-64	<b>-64</b>
Income from council tax	-	-	-	-	-	0	-7685	<b>-7685</b>
Government grants and contributions	-17607	0	-	-	-	-17607	-5271	<b>-22878</b>
<b>Total Income</b>	<b>-27019</b>	<b>0</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>-26945</b>	<b>-13080</b>	<b>-40025</b>
Employee expenses	9879	-520	0	0	0	9359	-	<b>9359</b>
Other service expenses	26532	0	-	-	0	26532	-	<b>26532</b>
Support Service recharges	-25	0	-	-	0	-25	-	<b>-25</b>
Depreciation, amortisation and impairment	2316	5859	0	-	-	8175	-	<b>8175</b>
Trading Services/Investment Properties				-113		-113	74	<b>-39</b>
Precepts & Levies	-	-	-	-	-	0	748	<b>748</b>
Pensions net interests						0	1157	<b>1157</b>
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	0	-83	<b>-83</b>
<b>Total expenditure</b>	<b>38702</b>	<b>5339</b>	<b>0</b>	<b>-113</b>	<b>0</b>	<b>43928</b>	<b>1896</b>	<b>45824</b>
<b>Surplus or deficit on the provision of services</b>	<b>11683</b>	<b>5339</b>	<b>0</b>	<b>-39</b>	<b>0</b>	<b>16983</b>	<b>-11184</b>	<b>5799</b>

<b>2013/14</b>	<b>Directorate Analysis</b>	<b>Amounts not reported to management for decision making</b>	<b>Services and Support Services not in Analysis</b>	<b>Amounts not included in I&amp;E</b>	<b>Allocation of Recharges</b>	<b>Net Cost of Services</b>	<b>Corporate Amounts</b>	<b>Total</b>
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	-9441	0	115	0	25	-9301	0	<b>-9301</b>
Surplus or deficit on associates and joint ventures	-	-	-	-	-	0	-116	<b>-116</b>
Interest and investment income	-	-	-	-	-	0	-79	<b>-79</b>
Income from council tax	-	-	-	-	-	0	-7430	<b>-7430</b>
Income from non domestic rates							0	<b>0</b>
Government grants and contributions	-16615	0	1	-	0	-16614	-5101	<b>-21715</b>
<b>Total Income</b>	<b>-26056</b>	<b>0</b>	<b>116</b>	<b>0</b>	<b>25</b>	<b>-25915</b>	<b>-12726</b>	<b>-38641</b>
Employee expenses	9673	-99	-3	0	454	10025	-	<b>10025</b>
Other service expenses	27463	0	-91	0	-479	26893	-	<b>26893</b>
Support Service recharges	-5	-	-22	-	0	-27	-	<b>-27</b>
Depreciation, amortisation and impairment	1721	-128	31	-	0	1624	-	<b>1624</b>
Trading Services/Investment Properties							86	<b>86</b>
Precepts & Levies	-	-	-	-	-	0	700	<b>700</b>
Pensions net interest							1233	<b>1233</b>
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	0	-434	<b>-434</b>
<b>Total expenditure</b>	<b>38852</b>	<b>-227</b>	<b>-85</b>	<b>0</b>	<b>-25</b>	<b>38515</b>	<b>1585</b>	<b>40100</b>
<b>Surplus or deficit on the provision of</b>	<b>12796</b>	<b>-227</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>12600</b>	<b>-11141</b>	<b>1459</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 30 Significant Trading Operations

External Trading Services

	2014/15			2013/14			2012/13
	Expenditure	Income	Expenditure/ (Income)	Expenditure	Income	Expenditure/ (Income)	Expenditure/ (Income)
	£000	£000	£000	£000	£000	£000	
Market Services	74	(60)	14	100	(97)	3	(8)
			0			0	0
			0			0	0
<b>Total</b>	<b>74</b>	<b>-60</b>	<b>14</b>	<b>100</b>	<b>-97</b>	<b>3</b>	<b>-8</b>

These are activities of a commercial nature, which are financed substantially by charges made to the recipient of the services. Trading operations are incorporated into the Comprehensive Income and Expenditure Statement and are charged as Financing and Investment Income and Expenditure



## Exit Packages

The 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:

### Bromsgrove District Council

Exit package cost band (including special payments)	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	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
£0-£20,000	1	0	9	20	10	20	£91,153	£250,627
£20,001 - £40,000	0	0	2	0	2	0	£67,088	£0
£40,001 - £60,000	0	0	1	0	1	0	£43,776	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
£80,001 - £100,000	0	0	1	0	1	0	£90,389	£0
£100,001 - £150,000	0	0	0	0	0	0	£0	£0
<b>Total cost included in bandings</b>							<b>£292,406</b>	<b>£250,627</b>
Add: Amounts provided for in CIES not included i							£0	
<b>Total cost</b>							<b>£292,406</b>	<b>£250,627</b>

The total cost of £250,627 in the table above for 2014/2015 includes £191415 for exit packages that have been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year.

### Redditch Borough Council

Exit package cost band (including special payments)	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	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
£0-£20,000	3	0	8	34	11	34	£62,280	£185,193
£20,001 - £40,000	1	0	2	1	3	1	£83,408	£22,773
£40,001 - £60,000	0	0	1	0	1	0	£52,375	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
£80,001 - £100,000	0	0	0	0	0	0	£0	£0
£100,001 - £200,000	1	0	0	0	1	0	£189,507	£0
<b>Total cost included in bandings</b>							<b>£387,570</b>	<b>£207,966</b>
Add: Amounts provided for in CIES not included i							£0	
<b>Total cost</b>							<b>£387,570</b>	<b>£207,966</b>

The total cost of £207,966 in the table above for 2014/2015 includes £58,259 for exit packages that have been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year.

## Note 33 External Audit Costs

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the Councils external auditors.

	2014/15	2013/14
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	67	64
Fees payable in respect of statutory inspections	0	0
Fees payable for the certification of grant claims and returns for the year	0	13
Refund of audit fees	-4	-14
	<b>63</b>	<b>63</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 34 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15

	2014/15	2013/14
	£000	£000
<b>Credited to Taxation and Non-Specific Grant Income</b>		
Revenue Support Grant	1716	2293
Non-ringfenced government grants	1794	1102
Capital Grants	524	1016
Donations	0	0
<b>Total</b>	<b>4034</b>	<b>4411</b>

	2014/15	2013/14
	£000	£000
<b>Credited to Services</b>		
DWP Admin Grant	268	388
Council Tax Family Annexe	12	0
CSP CYP Investment	2	0
DCLG Local Council Tax Support Admin Subsidy	73	0
DWP Local Data Sharing	10	17
DWP Migrants access to benefits	2	0
DWP Setup Housing Benefit & Reduction in sentence scheme	5	0
DWP Housing Benefit subsidy	15877	15616
DWP Housing Benefit Reform	0	21
Heritage Lottery Funding	79	73
IER funding - Cabinet Office	68	0
DCLG NNDR Cost of Collection	124	125
DFG REFcus	324	315
SFSI Single Fraud Investigation Service - Local Welfare Provision Grant	1	0
Hereford & Worcester Sports Partnership	0	2
WCC Sports Partnership	13	1
WCC Essential Living Fund	85	94
WCC Recycling incentive	12	79
DWP Discretionary Housing	72	69
DCLG New Burdens	77	42
Community Right to Challenge	9	9
Assets Community Value	8	8
Other Grants	0	4
Donations		
<b>Total</b>	<b>17121</b>	<b>16863</b>

## Long-term Liabilities

Grants Received in Advance (Capital)	2014/15	2013/14
	£000	£000
Section 106	-891	-622
Grant B	-17	-17
Grant C	0	0
	<b>-908</b>	<b>-639</b>



# Bromsgrove District Council

## Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

### Note 35

#### Related Parties

##### Related Parties

The Authority 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 Authority.

##### Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 29 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2015 are shown in Note 39.

##### Members

Members of the council have direct control over the council's financial and operating policies. The total of members allowances paid in 2014/15 is shown in Note 35. The Council maintains a register of Councillors interests that is regularly updated and available online for public inspection.

During 2014/15, many Redditch Borough Councillors were also County Councillors and/or elected members of the parish council.

The Council awarded grants totalling £101,660 to the Citizens Advice Bureau, in which two members have an interest. In this instance, proper consideration was given to the declarations of interest.

##### Officers

There were no disclosures made by officers in 2014/15.

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

As host of the Worcester Regulatory Shared Service, Bromsgrove District Council were paid £380k for hosting Environmental Health and Licensing.

As part of the shared services with Bromsgrove District Council, Redditch Borough Council was paid £2,575K for services hosted by Bromsgrove and received £2,730K for services hosted by Redditch.

The Council has been involved in shared service arrangements for Markets, Economic Development and Land Drainage with Wyre Forest District Council. The Council has paid £166k to Wyre Forest for services hosted by them.

A shared service arrangement has also been set up between the Council, Bromsgrove and Wyre Forest for the provision of Building Control. Redditch Borough Council paid Bromsgrove District Council £132k for this service.

For the provision of Car Park Services, the Council paid £202k to Wychavon District Council.

Under the Internal Audit Shared Service, the Council paid £64k to Worcester City Council.

# Bromsgrove District Council

## Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

### Note 36 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), 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

<b>Capital Expenditure and Capital Financing</b>	<b>2014/15</b>	<b>2013/14</b>
	£000	£000
Opening Capital Financing Requirement	<b>(315)</b>	<b>0</b>
<b>Capital Investment</b>		
Property, Plant and Equipment	5,769	1,740
Intangible Assets	148	20
Revenue Expenditure Funded from Capital under Statute	624	484
	<b>6,574</b>	<b>2,244</b>
<b>Sources of finance</b>		
Capital receipts	(1,798)	(1,461)
Government grants and other contributions	(530)	(1,036)
Other Contributions		
<b>Sums set aside from revenue:</b>		
Direct revenue contributions:		
General	(453)	(62)
	<b>(2,781)</b>	<b>(2,559)</b>
Closing Capital Finance Requirement	<b>3,478</b>	<b>(315)</b>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrowing (unsupported by government financial assistance)	3,793	0
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>3,793</b>	<b>0</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 37

### Leases

#### Operating and Finance Leases

##### Operating Leases (Council as lessor)

The Council, in accordance with its statutory and discretionary responsibilities, leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for small local businesses
- any other purposes

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2014/15	2013/14
	£000	£000
No later than 1 year	30	42
Later than 1 year and no later than 5 years	103	103
Later than 5 years	242	268
	<b>375</b>	<b>413</b>

The Council leases out Land and Buildings on operating leases these include Sanders Park and Victoria Ground. The income for these have been credited to the I&E. The amounts received in 2013/14 were £42k.

##### Council as Lessee:

##### Operating Leases (Council as lessee)

The Council has acquired its office copiers and printers by entering into operating leases.

The expenditure charged to services in the CIES during the year in relation to these leases was:

	2014/15	2013/14
	£000	£000
Minimum lease payments	19	64
	<b>19</b>	<b>64</b>

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, land and buildings by way of operating lease agreements. One of these is the lease of Qyatt House for use by Regulatory Services, although this agreement has now ended. The rentals on these leases have been charged to the I&E Account when payable. The amount paid under the arrangements in 2014/15 was £76k (2013/14 £76k). Future commitments under existing leases are:

No sub-lease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under operating lease agreements are used exclusively by the Council.

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

	2014/15	2013/14
	£000	£000
Minimum lease rentals payable:		
No later than 1 year	5	13
Later than 1 year and no later than 5 years	14	36
Later than 5 years	0	15
	<b>19</b>	<b>64</b>

# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 38 Defined Benefit Pension Schemes

figures are a combination of Bromsgrove and 11.05% of Worcestershire Regulatory Services

### Retirement Benefits

#### Participation in the Local Authority Pension Scheme

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Authority participates in two post-employment schemes:

- (i) The Local Government Pension Scheme, administered locally by Worcestershire County Council - this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.
- (ii) Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However there are no investment assets built up to meet these liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The scheme is operated under the the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Worcestershire County Council. Policy is determined in accordance with the Public Service Pensions Act 2013.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

#### Transactions relating to Post-Employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Authority is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement on Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Discretionary Benefits	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
<b>Comprehensive Income and Expenditure Statement</b>				
<i>Cost of services:</i>				
Opening adjustments	(29)			
<i>Service cost comprising:</i>				
Current service cost	1,276	1,468		0
Past service cost	135	270	0	0
(Gain)/loss from settlements	0	0	0	0
<i>Financing and Investment Income and Expenditure:</i>				
Net Interest expense	1,074	1,126	83	82
<b>Total post-employment benefits charged to the Surplus of Deficit on the Provision of Services</b>	<b>2,456</b>	<b>2,864</b>	<b>83</b>	<b>82</b>

*Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement*

Remeasurement of the net defined benefit liability comprising:

Return on plan assets (excluding the amount included in the net interest expense)	(3,829)	(1,924)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	0	452	0	9
Actuarial gains and losses arising on changes in financial assumptions	11,986	(4,704)	180	(44)
Other	26	2,693	0	13
<i>Total post employment benefits charged to the Comprehensive Income and Expenditure Statement</i>	<b>10,639</b>	<b>(619)</b>	<b>263</b>	<b>60</b>

**Movement in Reserves Statement**

Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(2,456)	(2,864)	(83)	(82)
<b>Actual amount charged against the general fund balance for pensions in the year:</b>				
Employers' contributions payable to scheme	1,802	1,695		
Retirement benefits payable to pensioners			139	137

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

	Local Government Pension Scheme		Discretionary Benefits	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Present value of the defined obligation	86,565	72,107	2,076	1,952
Fair value of plan assets	(52,412)	(46,791)	0	0
Other movements in the liability (asset)	0	0	0	0
<b>Net liability arising from the defined benefit obligation</b>	<b>34,153</b>	<b>25,316</b>	<b>2,076</b>	<b>1,952</b>

**Reconciliation of movements in the fair value of scheme assets**

	Local Government Pension Scheme		Discretionary Benefits	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Opening fair value of scheme assets	46,791	43,542	0	0
Opening adjustments	29			
Interest income	2,058	1,824		0
Remeasurement gain/(loss):				
the return on plan assets, excluding the amount included in the net interest expense	3,829	1,924		
Administration Expenses	(26)	(25)		
The effect of changes in foreign exchange rates				
Contributions from employer	1,802	1,695	139	137
Contributions from employees into the scheme	452	419		
Benefits/transfers paid	(2,523)	(2,588)	(139)	(137)
Other (if applicable)				
<b>Closing value of scheme assets</b>	<b>52,412</b>	<b>46,791</b>	<b>0</b>	<b>0</b>

**Reconciliation of present value of the scheme liabilities:**

	Local Government Pension Scheme		Discretionary Benefits	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
<b>Opening balance at 1 April</b>	72,107	71,172	1,952	2,029
Current service cost	1,276	1,468		
Interest cost	3,132	2,950	83	82
Contributions from scheme participants	452	419		
Remeasurement (gains) and losses:				
Actuarial (gains)/losses from changes in demographic assumptions		452		9
Actuarial (gains)/losses from changes in financial assumptions	11,986	(4,704)	180	(44)
Other (if applicable)		2,668		13
Past service cost	0	67		
Losses/(gains) on curtailments where relevant	135	203		
Liabilities assumed on entity combinations				
Benefits/transfers paid	(2,523)	(2,588)	(139)	(137)

Liabilities extinguished on settlements (where relevant)

0

**Balance as at 31 March**

**86,565                      72,107                      2,076                      1,952**

**Local government pension scheme assets comprised:**

	Fair value of scheme assets	
	31/03/2014 £000	31/03/2015 £000
Cash and cash equivalents	1,077	803
Bonds:		
by sector		
Corporate	2,828	3,265
Government	0	0
sub-total bonds	<b>2,828</b>	<b>3,265</b>
Private equity		
UK	16,883	16,271
Overseas	24,111	29,881
sub-total private equity	<b>40,994</b>	<b>46,152</b>
<b>Total assets</b>	<b>44,899</b>	<b>50,220</b>

All scheme assets have quoted prices in active markets

The risks relating to assets in the scheme are also analysed by company size below:

**Basis for estimating assets and liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Mercers, an independent firm of actuaries, estimates for the County Council Pension Fund being based on the latest full valuation of the scheme as at 1 April 2013.

The significant assumptions used by the actuary are set out below:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2014/15	2013/14	2014/15	2013/14

**Long-term expected rate of return on assets in the scheme:**

Equity investments	7.00	7.00
Bonds	4.50	3.40
Other	0	0

**Mortality assumptions:**

*Longevity at 65 current pensioners:*

Men	23.4	23.3	0.0	23.3
Women	25.8	25.7	0.0	25.7

*Longevity at 65 for future pensioners:*

Men	25.6	25.5		25.5
Women	28.1	28.0		28.0

**Financial assumptions:**

Rate of inflation	2.0%	2.4%	2.0%	2.4%
Rate of increase in salaries	3.5%	3.9%	3.5%	3.9%
Rate of increase in pensions	2.0%	2.4%	2.0%	2.4%
Discount Rate	3.2%	4.4%	3.2%	4.4%

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

**Impact on the Authority's cashflows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2014.

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

The Authority anticipates to pay £1.849m expected contributions to the scheme in 2015/16

The weighted average duration of the defined benefit obligation for scheme members is 18 years

# Bromsgrove District Council

## Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

### **Note 39          Contingent Liabilities**

#### **Personal Search Fees**

A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not been issued. The solicitors acting jointly for all the local authorities affected by the claim have negotiated a settlement with the claimants and the Council is in the process of taking steps for the case to be settled. The cost to the Council of settling the claim will be circa £100k including legal costs.

#### **National Non Domestic Rates Potential Appeals**

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

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

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



# Bromsgrove District Council

Notes to the Financial Statements  
FOR THE YEAR ENDED 31 MARCH 2015

## Note 40 Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by Cabinet in the annual treasury management strategy. The council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

### Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch Ratings Services.

Fitch Ratings is an international credit rating agency (one of three nationally recognised rating agencies alongside Moody's and Standard & Poor's). Fitch Ratings 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 credit criteria in respect of financial assets held by the authority are as detailed below:

Financial Asset Category	Minimum Criteria (Fitch ratings)	Maximum Investment
Term Deposits	Long Term: A- & Short Term: F1	£3 million
Deposits with Debt Management Account –		£no upper limit *

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

At 31st March 2015, Bromsgrove District Council had no investments although £6.4m is held in HSBC, Bank of Scotland and Santander call accounts. All of these banking institutions meet the minimum criteria.

The Authority does not generally allow credit for customers. An aged analysis of the Council's sundry debtor balances at 31st March 2015 is shown in the table below:

	31/03/2015	31/03/2014
	£000	£000
Less than three months	892	609
Three to six months	82	9
Six months to one year	0	32
More than one year	0	15
	<b>974</b>	<b>665</b>

### Liquidity Risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

### Market Risk

#### Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. 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 Surplus or Deficit on the Provision of Services will rise
  - borrowings at fixed rates – the fair value of the liabilities borrowings will fall
  - investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
  - investments at fixed rates – the fair value of the assets will fall
- Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus of Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. It has a number of strategies for managing interest rate risk and these are addressed in the Treasury Management Strategy. In 2014/15, the Council had no variable rate investments or borrowings.

### Price Risk

The Council, excluding its exposure to the Pension Fund, does not invest in equity shares.

# Bromsgrove District Council

## Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

The Collection Fund 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.

Restated 2013/14				2014/15				
Business Rates £000	Business Rates Supplement £000	Council Tax £000	Total £000	Collection Fund	Business Rates £000	Business Rates Supplement £000	Council Tax £000	Total £000
				<b>INCOME</b>				
		(51,780)	(51,780)	Council Tax Receivable			(53,612)	(53,612)
(26,316)			(26,316)	Business Rates Receivable	(26,873)			(26,873)
				Transitional Protection Payments Receivable				0
				Reconciliation adjustments				0
				Business Rates Supplements receivable				0
<b>(26,316)</b>	<b>0</b>	<b>(51,780)</b>	<b>(78,096)</b>	<b>Total amounts to be credited</b>	<b>(26,873)</b>	<b>0</b>	<b>(53,612)</b>	<b>(80,485)</b>
				<b>EXPENDITURE</b>				
				<b>Apportionment of Previous Year Surplus/Deficit</b>				
			0	Central Government	(276)			(276)
			0	Billing Authority	(221)		99	(122)
			0	County Council	(50)		472	422
			0	Fire Authority	(5)		33	28
			0	Police Authority			81	81
				<b>Precepts, demands and shares</b>				
13,396			13,396	Central Government	13,222			13,222
10,717		7,367	18,084	Billing Authority	10,578		7,557	18,135
2,411		35,246	37,657	County Council	2,380		36,138	38,518
268		2,498	2,766	Fire Authority	264		2,561	2,825
		6,062	6,062	Police Authority			6,219	6,219
				<b>Business Rate Supplement:</b>				
			0	Payment to levying authority's Business Rate Supplement Revenue Account				0
			0	Administrative Costs				0
			0	Doubtful debts				0
				<b>Charges to Collection Fund</b>				
310			310	Write-offs of uncollectable amounts				0
		14	14	Increase/(decrease) in allowance for impairment	333		231	564
923			923	Increase/(decrease) in allowance for appeals	306			306
			0	Transitional Protection Payments Payable				0
125			125	Charge to General Fund for allowable collection costs for non-domestic rates	124			124
				<b>Other transfers to General Fund in accordance with non-domestic rates regulations</b> [report separately for each major Scheme where transfers are material]				
			0	Enterprise Zone Growth				0
			0	Renewable Energy				0
			0	Enterprise Zone /New Development Deal				0
			0	Adjustment of previous years' community charges				0
<b>28,150</b>	<b>0</b>	<b>51,187</b>	<b>79,337</b>	<b>Total amounts to be debited</b>	<b>26,655</b>	<b>0</b>	<b>53,391</b>	<b>80,046</b>
<b>1,834</b>	<b>0</b>	<b>(593)</b>	<b>1,241</b>	<b>Surplus /(deficit) arising during the year</b>	<b>(218)</b>	<b>0</b>	<b>(221)</b>	<b>(439)</b>
0	0	(745)	(745)	Surplus/(deficit) b/f at 1 April 2014	1,834	0	(1,338)	496
<b>1,834</b>	<b>0</b>	<b>(1,338)</b>	<b>496</b>	<b>Surplus/(deficit) c/f at 31 March 2015</b>	<b>1,616</b>	<b>0</b>	<b>(1,559)</b>	<b>57</b>

The 2013/14 Collection Fund account has been restated. The increase in the allowance for Council tax impairment was previously reported at £175,000, this being the total sum set aside for impairment. The charge for the year should have been £14,000 this being the contribution required to achieve the £175,000 balance.

# Bromsgrove District Council

## Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

### Note 1 - Council Tax Income

The amount of Council Tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings expressed in relation to those dwellings in Band D. Once this has been determined, the Council Tax payable for each band is established as follows: (The actual amount payable for each property is also subject to discounts where applicable.)

#### FOR THE YEAR ENDED 31 MARCH 2015

Band	Valuation band limits		Calculated number of dwellings	Adjusted number of properties	Ratio to Band D	Equated number of dwellings	Council Tax Payable BDC Only
	£	£					
			0	(5.05)		(2.81)	
A	Up to & including	40,000	3,519	1,665.86	6/9	1,110.57	133.49
B		40,001 - 52,000	7,143	5,188.54	7/9	4,035.53	155.74
C		52,001 - 68,000	8,538	6,912.75	8/9	6,144.66	174.99
D		68,001 - 88,000	7,586	6,613.95	9/9	6,613.95	200.24
E		88,001 - 120,000	6,623	6,024.03	11/9	7,362.70	244.74
F		120,001 - 160,000	3,373	3,124.08	13/9	4,512.56	289.24
G		160,001 - 320,000	2,628	2,461.47	15/9	4,102.44	333.73
H	More Than	320,001	334	291.48	18/9	582.96	400.48
						Adjustment	0.99
						Council tax base	<u>34,117.93</u>

#### FOR THE YEAR ENDED 31 MARCH 2014

Band	Valuation band limits		Calculated number of dwellings	Adjusted number of properties	Ratio to Band D	Equated number of dwellings	Council Tax Payable BDC Only
	£	£					
A(disabled)			0	3.50		1.94	
A	Up to & including	40,000	3,467	1,616.62	6/9	1,077.75	131.01
B		40,001 - 52,000	7,118	5,108.86	7/9	3,973.56	152.84
C		52,001 - 68,000	8,500	6,826.93	8/9	6,068.38	174.68
D		68,001 - 88,000	7,578	6,593.99	9/9	6,593.99	196.51
E		88,001 - 120,000	6,587	5,969.74	11/9	7,296.35	240.18
F		120,001 - 160,000	3,334	3,093.27	13/9	4,468.06	283.85
G		160,001 - 320,000	2,620	2,449.04	15/9	4,081.73	327.52
H	More Than	320,001	327	281.99	18/9	563.98	393.02
						Adjustment	0.99
						Council tax base	<u>33,784</u>

### Note 2 - Non-Domestic Rates

Non-Domestic Rates are organised on a local basis. The Government specifies an amount and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2014/15 the amount was 47.1p (46.2p 2013/14). The Council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected between itself, central government and major preceptors in proportions specified by central government. This is shown in the Comprehensive Income and Expenditure Statement and analysed at Note 11. The total rateable value @ 31 March 2015 was £69,169,631 (31 March 2014 = £68,278,453).

## **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 XX September 2015

Signed on behalf of Bromsgrove District Council

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

**XX September 2015**

### **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 2015.



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

Date: 6th July 2015

# Bromsgrove District Council

## Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2015

### Glossary

#### **AAA FITCH RATING**

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

#### **AA FITCH RATING**

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

#### **A FITCH RATING**

High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

#### **ACCOUNTING PERIOD**

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

#### **ACCRUALS**

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

#### **ACTUARIAL GAINS AND LOSSES**

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

#### **ASSET**

An item having value to the authority in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

#### **AUDIT OF ACCOUNTS**

An independent examination of the Authority's financial affairs.

#### **BALANCE SHEET**

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

#### **BORROWING**

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest

charges over and above the original amount.

**BUDGET**

The forecast of net revenue and capital expenditure over the accounting period.

**CAPITAL EXPENDITURE**

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

**CAPITAL FINANCING**

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

**CAPITAL PROGRAMME**

The capital schemes the Authority intends to carry out over a specific period of time.

**CAPITAL RECEIPT**

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

**CLAW-BACK**

Where average council house rents are set higher than the government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the authority, i.e. it is "clawed-back" by the government.

**CIPFA**

The Chartered Institute of Public Finance and Accountancy

**COLLECTION FUND**

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

**COMMUNITY ASSETS**

Assets that the 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 historical buildings.

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

**CONSISTENCY**

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

**CONTINGENT ASSET**

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's accounts.

**CONTINGENT LIABILITY**

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

**CORPORATE AND DEMOCRATIC CORE**

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost 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.

**CREDITOR**

Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

**CURRENT SERVICE COST (PENSIONS)**

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

**DEBTOR**

Amount owed to the Authority for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

**DEFINED BENEFIT PENSION SCHEME**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

**DEPRECIATION**

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

**DISCRETIONARY BENEFITS (PENSIONS)**

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

**EQUITY**

The Authority's value of total assets less total liabilities.

**EVENTS AFTER THE BALANCE SHEET DATE**

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

**EXPECTED RETURN ON PENSION ASSETS**

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

**FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

**FINANCE LEASE**

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

**GOING CONCERN**

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

**GOVERNMENT GRANTS**

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities

of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

### **HOUSING BENEFITS**

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

### **HOUSING REVENUE ACCOUNT (HRA)**

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

### **IMPAIRMENT**

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

### **INFRASTRUCTURE ASSETS**

Fixed assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

### **INTANGIBLE ASSETS**

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

### **INTEREST COST (PENSIONS)**

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

### **INVESTMENTS (PENSION FUND)**

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

### **LIABILITY**

A liability is where the Authority owes payment to an individual or another organisation.

A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.

A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

### **LIQUID RESOURCES**

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

Readily convertible to known amounts of cash at or close to the carrying amount; or

Traded in an active market

### **LONG-TERM CONTRACT**

A contract entered into for the design, manufacture or construction of a single 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 more than one accounting period.

### **MATERIALITY**

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

### **MINIMUM REVENUE PROVISION (MRP)**



The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

**NET BOOK VALUE**

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

**NET DEBT**

The Authority's borrowings less cash and liquid resources.

**NON-DISTRIBUTED COSTS**

These are overheads for which no user now benefits and as such are not apportioned to services

**NON-DOMESTIC RATES (NDR)**

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government and major preceptors. In Scotland it is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

**NON-OPERATIONAL ASSETS**

Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

**OPERATING LEASE**

A lease where the ownership of the fixed asset remains with the lessor.

**OPERATIONAL ASSETS**

Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

**PAST SERVICE COST (PENSIONS)**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

**PENSION SCHEME LIABILITIES**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**PRECEPT**

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

**PRIOR YEAR ADJUSTMENT**

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

**PROVISION**

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

**PUBLIC WORKS LOAN BOARD (PWLB)**

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government

can borrow itself.

#### **RATEABLE VALUE**

The annual assumed rental of a hereditament, which is used for NNDR purposes.

#### **RELATED PARTIES**

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

#### **RELATED PARTY TRANSACTIONS**

The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

#### **REMUNERATION**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

#### **RESERVES**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

#### **RESIDUAL VALUE**

The net realisable value of an asset at the end of its useful life.

#### **RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

#### **REVENUE EXPENDITURE**

The day-to-day expenses of providing services.

#### **REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)**

Expenditure which ordinarily would be revenue, but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction

#### **REVENUE SUPPORT GRANT**

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

#### **STOCKS**

Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

#### **TEMPORARY BORROWING**

Money borrowed for a period of less than one year.

#### **TRUST FUNDS**

Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

#### **USEFUL ECONOMIC LIFE (UEL)**

The period over which the Authority will derive benefits from the use of a fixed asset.